

## Singapore

**ADD** (no change)

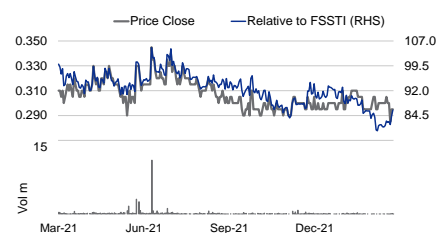
Consensus ratings\*: Buy 4 Hold 0 Sell 0

Current price:	S\$0.295
Target price:	S\$0.36
Previous target:	S\$0.36
Up/downside:	22.0%
CGS-CIMB / Consensus:	0.0%
Reuters:	HYPH.SI
Bloomberg:	HYP SP
Market cap:	US\$67.12m
	S\$91.09m
Average daily turnover:	US\$0.01m
	S\$0.02m
Current shares o/s:	308.8m
Free float:	24.1%

\*Source: Bloomberg

### Key changes in this note

- FY22F EPS lowered by 0.9%.
- FY23F EPS lowered by 1.2%.
- Introduced FY24F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	0	-3.3	-7.8
Relative (%)	-1	-6.8	-19

### Major shareholders

	% held
INOMED HOLDINGS PTE LTD	38.8
Tan Kia King	24.7
Tan Chwee Choon	12.3

### Analyst(s)



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# Hyphens Pharma International

## Quality earnings to come in FY22F

- GP jumped 10.2% yoy in FY21 due to lower revenue contribution from Vietnam; we expect FY22F GPM to normalise to 37.7% following reopenings.
- Novem acquisition was completed earlier than expected; we forecast Novem to add c.S\$1.5m to bottomline in FY22F (c.22% of FY21 net profit).
- Reiterate Add. Our TP remains at S\$0.36. We expect Novem and reopening of its operating markets to drive 18.7% yoy net profit growth in FY22F.

### GP margins expected to ease, offset by revenue growth

HYP's GP improved 5.1% yoy to S\$48.1m in 2H21 due to higher specialty pharma portfolio margins. GP rose 10.2% yoy to 38.2% in FY21. Gross margins improved due to lower sales in Vietnam (-10.8% yoy in FY21) on strict Covid-19 related lockdowns in 3Q21. As Vietnam and HYP's other markets reopen, we expect FY22F GP margins to ease due to normalised contribution across HYP's operating markets. But lower GP margins should not be a cause for concern as it should be supported by improved sales momentum from Vietnam as well as the Medical Hypermart segment, which typically records lower gross margins compared to other segments. Vietnam is HYP's second-largest market at c.33% revenue contribution in FY21. We expect revenue to increase 15.2% yoy to S\$140.9m in FY22F as revenue normalises on economic reopening, especially in Vietnam.

### Expect Novem acquisition to contribute c.S\$1.5m to bottomline

FY21 revenue and core profit was in line at 99%/103% of our estimates. HYP completed the acquisition of Novem by end-FY21, ahead of our expected end-FY22F. This implies that Novem's full FY22F earnings will be reflected in HYP's books. We expect Novem to contribute c.S\$1.5m (c.22% of FY21 net profit) to HYP's FY22F bottomline, based on Novem's FY18-20 net profit of S\$1.5m-2m, which would be partially offset by finance costs and goodwill amortisation in relation to the acquisition. HYP's inventory days jumped to 118 days in FY21 (vs. 80 days in FY20) because Novem's books were consolidated in their entirety in FY21 despite only contributing a month's worth of revenue. Management guided that Novem tends to keep six months' worth of inventory as Novem's tender contracts with restructured hospitals typically require them to keep at least five months' worth of stock on hand. We thus adjust FY22F inventory days to 107 days.

### Reiterate Add with a DCF-based TP of S\$0.36

We lift FY22F/23F revenue forecasts by 3.0%/2.9% to factor in Novem's sales and gradual reopening of HYP's operating markets, especially in Singapore and Vietnam (collectively accounted for c.84% of FY21 sales). We also trim our FY22F-23F EPS by 0.9-1.2% on higher distribution cost assumptions as it grows the business on better market conditions in FY22F. Our DCF-based TP stays at S\$0.36 (WACC: 9.1%). We expect a higher dividend payout of 0.8 Scts in FY22F, up c.20% from FY21 on contribution from Novem and a dividend policy of a minimum 30% payout ratio. Re-rating catalysts: more earnings-accretive acquisitions. Downside risks: reimposed lockdowns in its operating markets.

### Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (S\$m)	121.0	125.9	145.0	151.4	158.0
Operating EBITDA (S\$m)	7.04	8.26	11.13	11.82	12.54
Net Profit (S\$m)	6.16	6.85	8.13	8.66	9.33
Core EPS (S\$)	0.021	0.023	0.026	0.028	0.030
Core EPS Growth	(5.7%)	11.1%	15.5%	6.5%	7.7%
FD Core P/E (x)	14.38	12.95	11.05	10.52	9.77
DPS (S\$)	0.006	0.007	0.008	0.008	0.009
Dividend Yield	2.10%	2.27%	2.68%	2.85%	3.08%
EV/EBITDA (x)	8.68	8.34	6.13	5.44	4.54
P/FCFE (x)	17.21	NA	17.48	14.21	9.13
Net Gearing	(58.3%)	(35.6%)	(37.1%)	(39.6%)	(46.0%)
P/BV (x)	1.88	1.62	1.50	1.36	1.24
ROE	13.5%	13.4%	14.1%	13.6%	13.3%
% Change In Core EPS Estimates			(0.90%)	(1.18%)	(0.28%)
CGS-CIMB/Consensus EPS (x)			1.05	1.00	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Quality earnings to come in FY22F

**Figure 1: Results comparison**

FYE Dec 31 (S\$ m)	2H21	2H20	yoy % chg	1H21	hoh % chg	FY21	FY20	yoy % chg	Prev FY21F	Comments
Revenue	62.1	60.6	2.5%	65.4	-5.0%	125.9	121.0	4.1%	126.6	In line.
<b>Gross profit</b>	<b>23.3</b>	<b>22.2</b>	<b>5.1%</b>	<b>24.8</b>	<b>-5.7%</b>	<b>48.1</b>	<b>43.6</b>	<b>10.2%</b>	<b>47.1</b>	In line.
Gross profit margin (%)	37.6%	36.6%	2.6%	37.9%	-0.7%	38.2%	36.1%	5.9%	37.2%	FY21 gross margin improved yoy due to better product mix with higher contribution from the Specialty Pharma segment.
Operating costs	(20.4)	(21.3)	-3.9%	(19.8)	3.1%	(40.3)	(38.6)	4.2%	(39.2)	
<b>EBIT</b>	<b>4.8</b>	<b>3.1</b>	<b>56.1%</b>	<b>6.6</b>	<b>-27.1%</b>	<b>10.6</b>	<b>9.3</b>	<b>13.5%</b>	<b>9.1</b>	Includes S\$0.42m transaction costs in acquiring Novem, offset by S\$0.46m in foreign exchange gains.
Interest expense	(0.0)	(0.1)	-20.3%	(0.0)	-2.1%	(0.1)	(0.1)	-13.6%	(0.1)	
Interest & invt income	0.0	0.1	-68.1%	0.0	0.0%	0.1	0.2	-58.9%	0.2	
Exceptionals	0.0	0.0	n.m	0.0	n.m	0.0	0.0	n.m	0.0	
Pretax profit	3.0	2.0	54.5%	5.2	-42.1%	8.3	7.1	16.2%	8.2	In line.
Tax	(0.5)	(0.1)	534.6%	(0.9)	-45.9%	(1.4)	(0.9)	49.2%	(1.7)	
Tax rate (%)	16.4%	4.0%	310.8%	17.5%	-6.5%	17.1%	13.3%	28.5%	21.1%	
Minority interests	0.0	0.0	n.m	0.0	n.m	0.0	0.0	n.m	0.0	
Net profit	2.5	1.9	34.6%	4.3	-41.3%	6.8	6.2	11.1%	6.5	
<b>Core net profit</b>	<b>2.5</b>	<b>1.9</b>	<b>34.6%</b>	<b>4.3</b>	<b>-41.3%</b>	<b>6.8</b>	<b>6.2</b>	<b>11.1%</b>	<b>6.5</b>	In line.
EPS (Scts)	0.8	0.6	33.7%	1.4	-41.5%	2.3	2.1	10.7%	2.2	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: We maintain our DCF-based TP of S\$0.36 (WACC: 9.7%)**

FCF calculation (S\$ m)	FY23F	FY24F	FY25F	FY26F	FY27F	Terminal Value
FCF	8.23	11.80	9.60	13.13	10.93	84.20
PV of the FCFs	7.50	9.80	7.27	9.06	6.88	52.95
Discount Factor	0.91	0.83	0.76	0.69	0.63	

WACC	Rationale
Rf	1.8% Singapore 10-year Treasury Yield
Beta	1.0 Pegged to 1x due to low liquidity
Cost of equity	11.0% Higher discount to SG/VN average of c.7% due to liquidity risk
WACC	9.7%
Terminal growth	1.0% Conservative terminal growth due to smaller scale

Valuation	
Enterprise value	93.46
Less: net cash/(debt)	16.19
Less: minority interest	-
Add: associates	-
<b>Equity value</b>	<b>109.65</b>
Number of shares	308.78
<b>Equity value per share</b>	<b>0.360</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: We lower our FY22F-23F EPS by 0.9-1.2%**

FYE Dec 31 (S\$ m)	New			Old		% change	
	FY22F	FY23F	FY24F	FY22F	FY23F	FY22F	FY23F
Revenue	145.0	151.4	158.0	140.9	147.1	3.0%	2.9%
<b>Gross profit</b>	<b>54.6</b>	<b>57.2</b>	<b>59.9</b>	<b>52.8</b>	<b>55.3</b>	3.4%	3.5%
Gross profit margin (%)	37.7%	37.8%	37.9%	37.5%	37.6%	0.4%	0.5%
EBIT	9.9	10.6	11.3	9.8	10.5	0.7%	0.7%
<b>Reported PATMI</b>	<b>8.1</b>	<b>8.7</b>	<b>9.3</b>	<b>8.2</b>	<b>8.8</b>	-0.9%	-1.2%
Core PATMI	8.1	8.7	9.3	8.2	8.8	-0.9%	-1.2%
NPM (%)	5.6%	5.7%	5.9%	5.8%	6.0%	-3.7%	-4.0%
EPS (Scts)	2.6	2.8	3.0	2.7	2.8	-0.9%	-1.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## ESG in a nutshell

Refinitiv and MSCI do not report HYP's ESG. Nevertheless, HYP has been actively pursuing E, S, and G pillars by sourcing for sustainable products, and taking on initiatives with social causes to reach out to the needy, especially during the initial outbreak of Covid-19 in 2020, as well as abiding by its corporate governance policies. HYP makes special efforts to engage stakeholders through formal and informal channels to align with HYP's sustainability efforts. Since its listing in 2018, HYP has not been involved in controversies

### Keep your eye on

HYP has not faced any controversies since its listing in 2018.

### Implications

As a pharmaceutical distributor and manufacturer, customer reputation is especially pertinent to HYP. Hence, the absence of controversy is a positive for HYP.

### ESG highlights

On its governance pillar, there were no reported cases in relation to breaches of code of corporate governance, corruption, and bribery in FY20. There were also no reported instances of non-compliance in laws and regulation, as well as personal data violation and customer privacy.

### Implications

We think HYP's solid governance record is backed by a strong management team which has been effectively communicating expectations to its stakeholders. This is a positive for HYP, in our view.

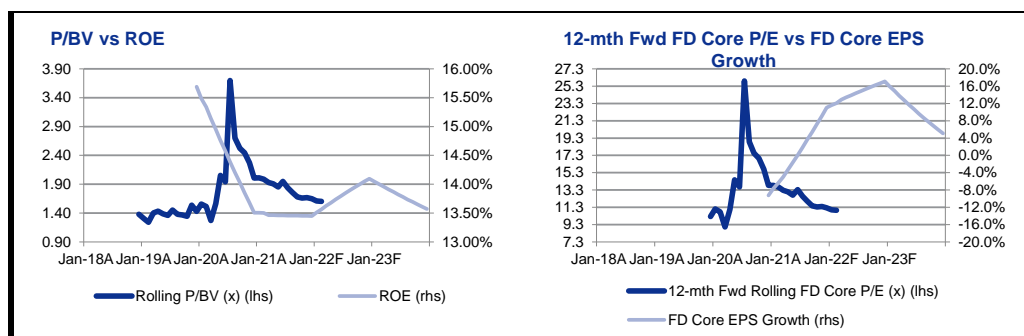
### Trends

As part of its Environment pillar, in FY20, HYP reached out to its suppliers to collect data on packaging materials for its products, in compliance with the Mandatory Packaging Reporting (MPR) framework. HYP also communicates with its waste management consultants to determine its 3R plan for measures to reduce, reuse, and recycle its packaging materials.

### Implications

Moving forward, HYP plans to continue to seek partners who share a similar mindset of promoting a sustainable future according to their 2020 sustainability report. We have not factored this into our valuations.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

**BY THE NUMBERS**

**Profit & Loss**

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>123.1</b>	<b>126.8</b>	<b>145.0</b>	<b>151.4</b>	<b>158.0</b>
<b>Gross Profit</b>	<b>45.8</b>	<b>49.0</b>	<b>54.6</b>	<b>57.2</b>	<b>59.9</b>
<b>Operating EBITDA</b>	<b>7.0</b>	<b>8.3</b>	<b>11.1</b>	<b>11.8</b>	<b>12.5</b>
Depreciation And Amortisation	0.0	0.0	(1.3)	(1.3)	(1.3)
<b>Operating EBIT</b>	<b>7.0</b>	<b>8.3</b>	<b>9.9</b>	<b>10.6</b>	<b>11.3</b>
Financial Income/(Expense)	0.1	(0.0)	(0.1)	(0.1)	(0.0)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>7.1</b>	<b>8.3</b>	<b>9.8</b>	<b>10.4</b>	<b>11.2</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>7.1</b>	<b>8.3</b>	<b>9.8</b>	<b>10.4</b>	<b>11.2</b>
Taxation	(0.9)	(1.4)	(1.7)	(1.8)	(1.9)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>6.2</b>	<b>6.8</b>	<b>8.1</b>	<b>8.7</b>	<b>9.3</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>6.2</b>	<b>6.8</b>	<b>8.1</b>	<b>8.7</b>	<b>9.3</b>
Recurring Net Profit	6.2	6.8	8.1	8.7	9.3
<b>Fully Diluted Recurring Net Profit</b>	<b>6.2</b>	<b>6.8</b>	<b>8.1</b>	<b>8.7</b>	<b>9.3</b>

**Cash Flow**

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>7.04</b>	<b>8.26</b>	<b>11.13</b>	<b>11.82</b>	<b>12.54</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(3.81)	(3.46)	(3.07)	(2.51)	0.33
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense			(1.26)	(1.26)	(1.26)
Other Operating Cashflow	1.96	2.66	2.29	2.33	2.36
Net Interest (Paid)/Received	0.07	(0.02)	(0.08)	(0.13)	(0.05)
Tax Paid	(1.06)	(1.42)	(1.71)	(1.66)	(1.77)
<b>Cashflow From Operations</b>	<b>4.20</b>	<b>6.02</b>	<b>7.31</b>	<b>8.58</b>	<b>12.15</b>
Capex	(0.36)	(0.56)	(0.35)	(0.35)	(0.35)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	0.00	(14.16)	0.00	0.00	0.00
Other Investing Cashflow	(0.83)	(0.27)	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>(1.19)</b>	<b>(14.99)</b>	<b>(0.35)</b>	<b>(0.35)</b>	<b>(0.35)</b>
Debt Raised/(repaid)	2.14	3.68	(1.82)	(1.82)	(1.82)
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid	(3.00)	(1.86)	(2.07)	(2.44)	(2.59)
Preferred Dividends					
Other Financing Cashflow	(0.78)	(0.91)	0.00	0.00	0.00
<b>Cash Flow From Financing</b>	<b>(1.65)</b>	<b>0.91</b>	<b>(3.89)</b>	<b>(4.26)</b>	<b>(4.42)</b>
Total Cash Generated	1.36	(8.07)	3.07	3.97	7.39
<b>Free Cashflow To Equity</b>	<b>5.15</b>	<b>(5.30)</b>	<b>5.14</b>	<b>6.41</b>	<b>9.98</b>
<b>Free Cashflow To Firm</b>	<b>3.12</b>	<b>(8.88)</b>	<b>7.12</b>	<b>8.44</b>	<b>11.93</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

**Balance Sheet**

(S\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	27.53	19.46	22.53	26.51	33.89
Total Debtors	29.42	28.54	33.77	36.73	36.87
Inventories	16.89	25.08	26.50	27.60	28.75
Total Other Current Assets	0.56	0.64	0.64	0.64	0.64
<b>Total Current Assets</b>	<b>74.40</b>	<b>73.72</b>	<b>83.44</b>	<b>91.47</b>	<b>100.15</b>
Fixed Assets	4.81	4.17	3.48	2.76	2.00
Total Investments	0.00	0.31	0.31	0.31	0.31
Intangible Assets	7.89	20.15	18.89	17.64	16.38
Total Other Non-Current Assets	0.05	0.07	0.07	0.07	0.07
<b>Total Non-current Assets</b>	<b>12.74</b>	<b>24.69</b>	<b>22.75</b>	<b>20.77</b>	<b>18.75</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	34.66	40.85	42.61	42.34	42.13
Other Current Liabilities	1.35	1.71	1.66	1.77	1.91
<b>Total Current Liabilities</b>	<b>36.00</b>	<b>42.56</b>	<b>44.28</b>	<b>44.11</b>	<b>44.04</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3.56	0.88	0.88	0.88	0.88
<b>Total Non-current Liabilities</b>	<b>3.56</b>	<b>0.88</b>	<b>0.88</b>	<b>0.88</b>	<b>0.88</b>
Total Provisions	0.41	0.34	0.34	0.34	0.34
<b>Total Liabilities</b>	<b>39.97</b>	<b>43.78</b>	<b>45.50</b>	<b>45.33</b>	<b>45.26</b>
Shareholders' Equity	47.18	54.63	60.69	66.91	73.64
Minority Interests					
<b>Total Equity</b>	<b>47.18</b>	<b>54.63</b>	<b>60.69</b>	<b>66.91</b>	<b>73.64</b>

**Key Ratios**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	1.3%	4.1%	15.2%	4.4%	4.4%
Operating EBITDA Growth	(11.7%)	17.4%	34.8%	6.1%	6.1%
Operating EBITDA Margin	5.82%	6.56%	7.68%	7.81%	7.94%
Net Cash Per Share (S\$)	0.09	0.06	0.07	0.09	0.11
BVPS (S\$)	0.16	0.18	0.20	0.22	0.24
Gross Interest Cover	63.98	86.95	62.26	51.87	92.79
Effective Tax Rate	13.3%	17.1%	17.0%	17.0%	17.0%
Net Dividend Payout Ratio	48.7%	27.2%	25.5%	28.2%	27.8%
Accounts Receivables Days	87.85	84.03	78.42	85.00	85.23
Inventory Days	67.0	98.4	104.1	104.9	105.1
Accounts Payables Days	151.1	156.7	142.8	147.0	147.4
ROIC (%)	29.3%	27.6%	22.7%	22.4%	22.7%
ROCE (%)	15.7%	16.3%	17.2%	16.6%	16.1%
Return On Average Assets	7.30%	7.40%	8.01%	8.03%	8.10%

**Key Drivers**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Specialty pharma principals gross margin	N/A	-	0.5	0.5	0.5
Proprietary brands gross margin	N/A	-	0.6	0.6	0.6
Medical hypermart and digital gross margin	N/A	-	0.2	0.2	0.2

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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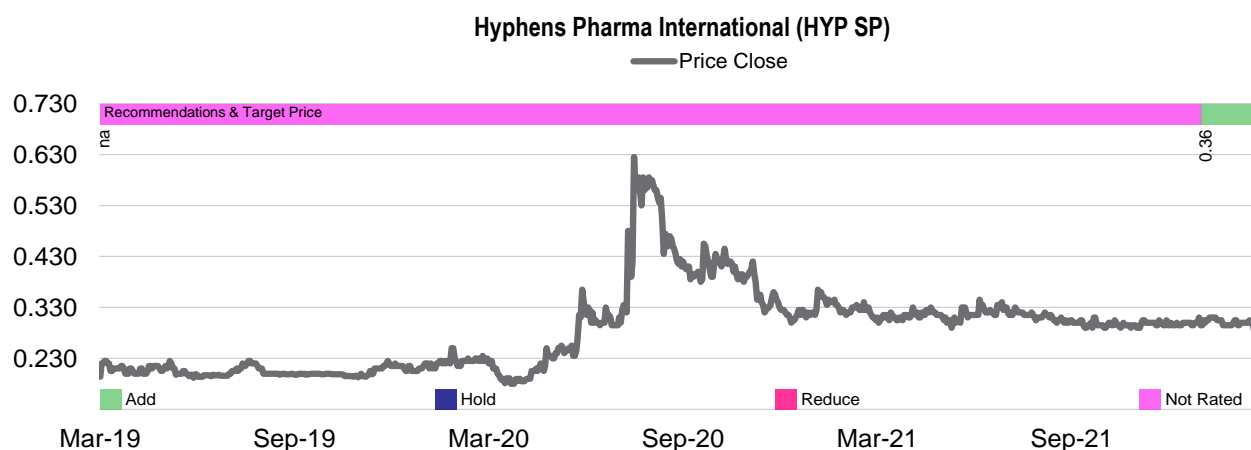
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**Spitzer Chart for stock being researched ( 2 year data )**

**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021**

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

**Recommendation Framework**
**Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

