

Singapore

**ADD** (no change)

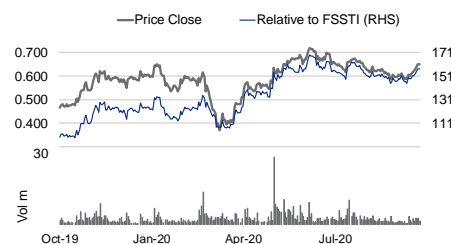
Consensus ratings\*: Buy 3 Hold 0 Sell 0

Current price:	S\$0.65
Target price:	S\$0.96
Previous target:	S\$0.96
Up/downside:	47.7%
CGS-CIMB / Consensus:	4.3%
Reuters:	JAPF.SI
Bloomberg:	JAP SP
Market cap:	US\$983.5m
	S\$1,332m
Average daily turnover:	US\$1.03m
	S\$1.41m
Current shares o/s:	2,050m
Free float:	19.0%

\*Source: Bloomberg

**Key changes in this note**

- FY20F core EPS reduced by 1.29%.
- FY21F core EPS increased by 0.31%.
- FY22F core EPS reduced by 1.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	6.6	-6.5	42.9
Relative (%)	5.3	-2	60.9

Major shareholders	% held
Rangi Management Ltd	51.8
Morze International Ltd	15.2
Tasburgh Ltd	5.2

**Analyst(s)**



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# Japfa Ltd

## Swine and raw milk mitigate Indo poultry

- Average Jul-Aug 20 Vietnam swine prices were still above VND75k/kg while China raw milk prices in 3Q20 were also higher qoq.
- Steady prices seen in these two segments likely helped to mitigate the weak Indonesia poultry business in 3Q20F, in our view.
- We continue to like JAP's prospects for the year. Reiterate Add with an unchanged TP based on 12x FY21F EPS (close to 4-year average mean).

### Vietnam swine prices still high

According to Charoen Pokphand Foods (CPF TB, Add, TP: THB39.75), Vietnam swine prices rose to an average of VND80k/kg (Fig 1) in Jul-Aug 20 (up >100% yoy). CPF's management believes Sep 20 prices were still high at VND75k-80k/kg. This implies a still-strong 3Q20F, in our view, with the Animal Protein Other (APO) segment EBIT having already posted an earnings turnaround in 2Q20, from a loss in 2Q19.

### China raw milk prices steady

3Q20 average China's raw milk prices (as at 23 Sep) of Rmb3.7/kg was up c.3.9% qoq and 2.3% yoy, lending a positive bias to JAP's dairy segment, whose EBIT had already risen by c.21% yoy to US\$19.6m in 2Q20 (2Q19:US\$16.2m).

### Indonesia poultry still weak

According to JAP, average 3Q20 day-old chick (DOC) prices fell c.20% to c.Rp3.3k, while average 3Q20 broiler prices were down to Rp14.6k (-c.13% yoy). Our Indonesia team believes weak disposable income in Indonesia due to the ongoing impact of Covid-19 could cap the demand recovery for Indo poultry in 2H20F; moreover the oversupply issue within the broiler industry still exists. We foresee 3Q20F and 2H20F prospects remaining weak for this segment.

### 3Q20F preview

We expect JAP to report a 3Q20F EBIT of c.US\$62m (up c.28% yoy), led by strong earnings from its APO and dairy segments. We see 3Q20F core net profit growing 123.0% yoy to US\$26.3m, with the benefits of the higher EBIT being further upheld by lower effective taxes and MI (Indo poultry carries the most leakage). We adjust our FY20-22F core EPS forecasts marginally, post some housekeeping adjustments, especially within the Indonesia poultry business.

### Maintain Add; diversification bears fruit

With the Vietnam swine and China raw milk segments mitigating the weakness in the Indonesia poultry segment, we reiterate our positive view on JAP and keep our Add call. Our TP is maintained at S\$0.96, still based on 12x CY21F P/E (close to JAP's 4-year average mean). Potential catalysts are better poultry, Vietnam swine and dairy operating metrics. Downside risks are the reverse, as well as higher corn prices.

### Financial Summary

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (US\$m)	3,533	3,890	3,361	3,636	3,780
Operating EBITDA (US\$m)	448.0	458.5	390.7	446.5	484.1
Net Profit (US\$m)	100.4	119.9	130.3	121.6	125.4
Core EPS (US\$)	0.063	0.065	0.065	0.059	0.061
Core EPS Growth	425%	3%	1%	(9%)	3%
FD Core P/E (x)	7.45	7.41	6.98	8.09	7.84
DPS (US\$)	0.020	0.010	0.010	0.010	0.010
Dividend Yield	4.17%	2.08%	2.08%	2.08%	2.08%
EV/EBITDA (x)	5.10	5.37	5.68	5.22	4.98
P/FCFE (x)	4.12	8.03	6.24	NA	NA
Net Gearing	92.8%	90.8%	54.4%	53.2%	49.8%
P/BV (x)	1.14	1.01	0.90	0.82	0.75
ROE	15.8%	14.4%	13.6%	10.6%	10.0%
% Change In Core EPS Estimates			(1.29%)	0.31%	(1.60%)
CGS-CIMB/Consensus EPS (x)			1.10	0.96	0.91

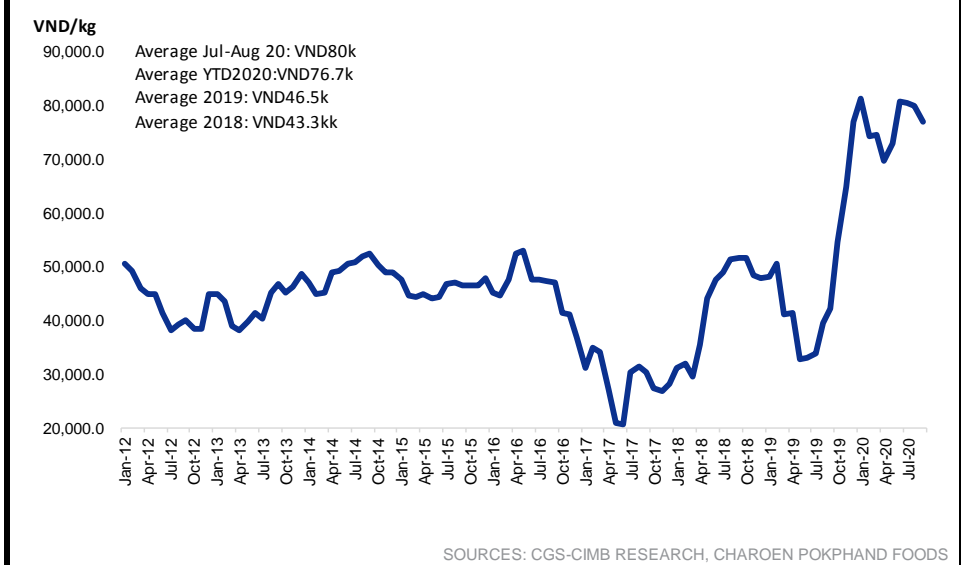
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Swine and raw milk mitigate Indo poultry

### Vietnam swine prices still above VND75k/kg ➤

Vietnam swine prices rose to VND80k/kg in Jul and VND79k/kg in Aug 20, significantly above the VND33k-39k/kg range in July-Aug 19. According to CPF's management, Sep 20 prices were still high at VND75k-80k/kg, in line with our channel checks that indicate prices in the country's southern province are hovering around VND74-80.5k during the month. This has been a stellar year for the Vietnam swine fattening business, with average 8M20 swine prices of VND76.7k/kg being c.65% higher yoy (vs. the entire 2019 average price of VND46.5k/kg).

**Figure 1: Farm-gate swine prices (VND/kg)**



### China raw milk prices steadily higher ➤

Average Sep 20 (ending 23 Sep) China raw milk prices rose to Rmb3.89/kg, up c.4% yoy. Average 9M20 China raw milk prices have risen 1.5% to Rmb3.71/kg (vs. the entire 2019 average price of Rmb3.65/kg).

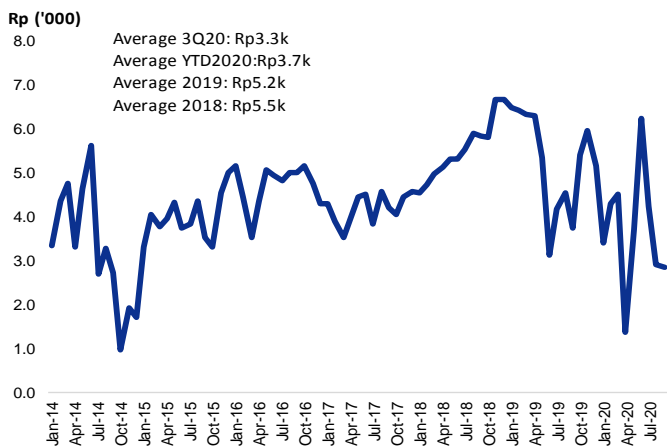
**Figure 2: China raw milk prices**



### 3Q20 Indonesia poultry prices still languishing ➤

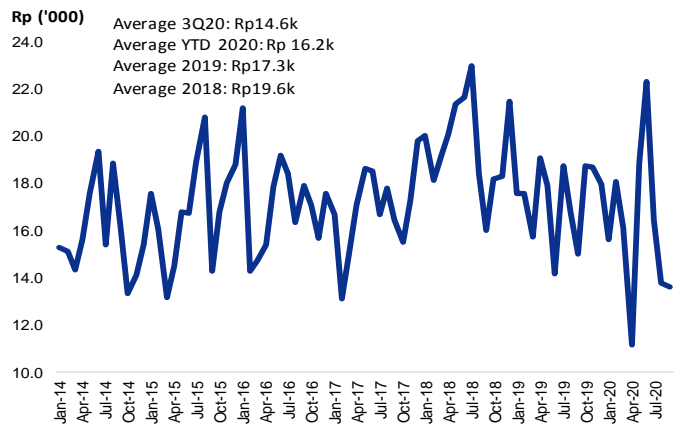
DOC prices dwindled below Rp3k in Aug 20 and Sep 20; similarly, broiler prices drifted below Rp14k in Aug-Sep 20. This has been a tough year for the Indonesia poultry industry, with average 9M20 DOC prices being 29.1% lower yoy at Rp3.7k (vs. the entire 2019 average price of Rp5.2k) and broiler prices falling 6.3% yoy to Rp16.2k (vs. the entire 2019 average price of Rp17.3k).

**Figure 3: Historical average DOC**



Note: Average monthly market prices of West Java; Broiler DOC  
SOURCES: CGS-CIMB RESEARCH, JAPFA LTD

**Figure 4: Historical average live-bird (broiler) prices**



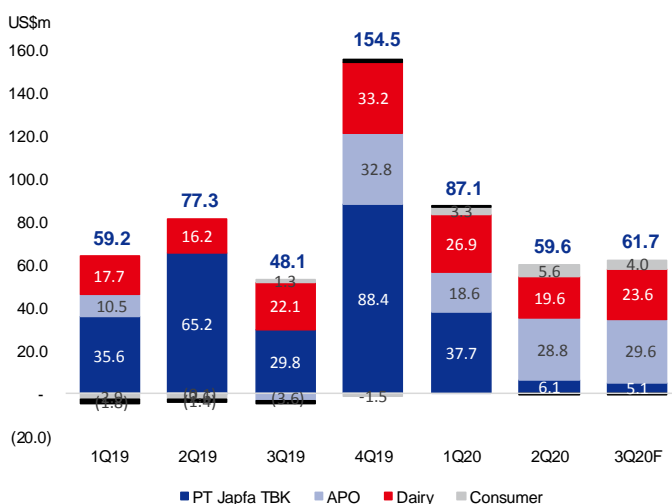
Note: Average monthly market prices of West Java. Livebird weight range: 1.6-1.8kg  
SOURCES: CGS-CIMB RESEARCH, JAPFA LTD

### 3QFY20F preview and forecast changes ➤

We forecast JAP's 3Q20F EBIT to be c.US\$62m (+4% qoq, +28% yoy) spurred mainly by the positive turnaround in its APO division (which is benefiting from the significantly higher Vietnam swine prices) and upheld by steady profits in the dairy business. The better EBIT, coupled with lower effective taxes and MI (due to a weak Indo poultry segment), should have led to 3Q20F core net profit growing c.123.0% yoy to US\$26.2m, in our view.

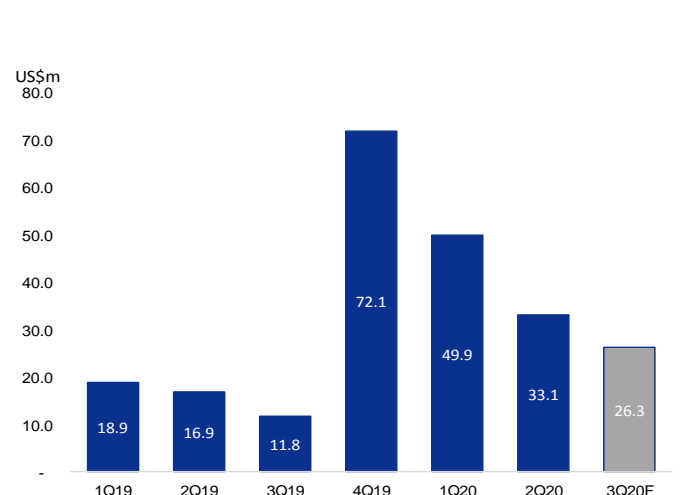
We revise our FY20-22F core net profit forecasts marginally, as while we assume lower PT Japfa TBK EBIT due to the weakness in the Indonesian poultry business, this is counterweighed by lower tax and MI expenses.

**Figure 5: APO turnaround and steady dairy segment to help propel 3Q20F EBIT up 28% yoy**



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 6: Expect core net profit to grow >100% yoy in 3Q20F**



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

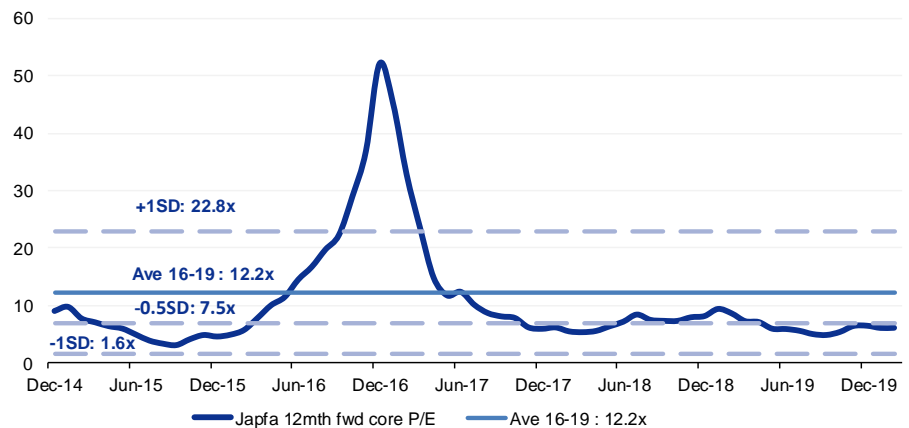
**Figure 7: Forecast revisions**

FYE Dec (US\$m)	New			Old			Change		
	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2020F
Revenue	3,360.5	3,636.2	3,779.9	3,711.9	4,166.2	4,459.9	-9.5%	-12.7%	-15.2%
Gross profit	697.6	776.3	817.8	756.1	870.3	930.7	-7.7%	-10.8%	-12.1%
GPM (%)	20.8%	21.3%	21.6%	18.8%	20.9%	20.9%	10.4%	2.2%	3.7%
EBIT	272.8	332.8	356.8	313.9	362.2	386.8	-13.1%	-8.1%	-7.8%
OPM (%)	8.1%	9.2%	9.4%	8.5%	8.7%	8.7%			
Finance costs	(107.9)	(107.7)	(118.5)	(102.5)	(99.8)	(105.8)	5.3%	7.9%	12.0%
Tax	(23.9)	(54.2)	(58.9)	(25.8)	(65.0)	(71.0)	-7.0%	-16.6%	-17.0%
MI	(9.2)	(49.3)	(53.9)	(49.9)	(76.1)	(82.5)	-81.6%	-35.3%	-34.7%
<b>Core net profit</b>	<b>134.0</b>	<b>121.6</b>	<b>125.4</b>	<b>135.8</b>	<b>121.2</b>	<b>127.5</b>	-1.3%	0.3%	-1.6%
<b>Core EPS</b>	<b>6.5</b>	<b>5.9</b>	<b>6.1</b>	<b>6.6</b>	<b>5.9</b>	<b>6.2</b>	-1.3%	0.3%	-1.6%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

### Maintain Add ➤

We like that JAP's diversification strategy (five proteins over five countries) in a bid to cushion the group against cyclicity in any one market or protein group has panned out. Its Vietnam swine and China raw milk segments have helped to mitigate the weakness in the Indonesia poultry segment in 3Q20F, in our view. We peg JAP's TP to 12x CY21F P/E, close to its 4-year average mean of 12.2x CY21F P/E. Our TP is maintained at S\$0.96. Maintain Add.

**Figure 8: Japfa's 12mth fwd core P/E**


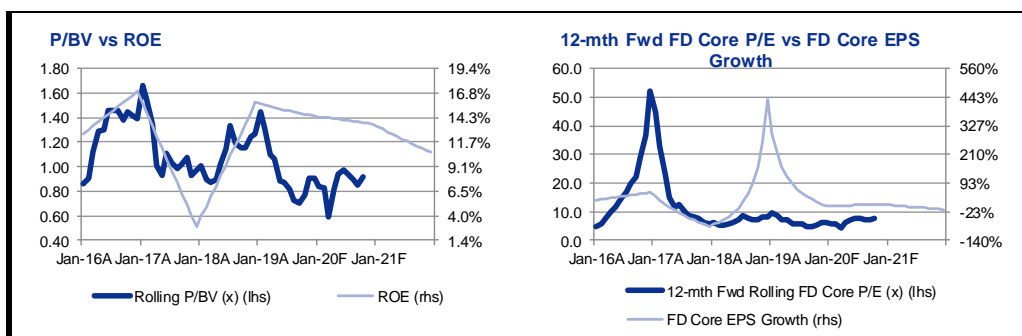
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 9: Peers Comparison**

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x)		2-year EPS CAGR (%)	P/BV (x) CY20F	Recurring ROE (%) CY20F	Dividend Yield (%) CY20F
Japfa Ltd	JAP SP	Add	0.65	0.96	983	7.2	8.1	-4.5%	0.90	13.7%	2.1%
<b>Animal protein peers</b>											
Japfa Comfeed Indonesia Tbk P	JPFA IJ	Not rated	1,135	NA	904	11.9	8.0	4.7%	1.15	9.4%	2.4%
Charoen Pokphand Indonesia	CPIN IJ	Reduce	5,950	4,000	6,637	34.8	22.3	8.2%	4.34	13.2%	1.4%
Malindo Feedmill	MAIN IJ	Reduce	540.0	620.0	82	31.7	7.4	1.8%	0.58	1.9%	0.0%
China Modern Dairy Holdings	1117 HK	Add	1.05	1.65	875	13.7	8.5	66.4%	0.74	5.6%	0.0%
China Mengniu Dairy	2319 HK	Add	38.40	40.50	19,554	39.8	28.0	8.8%	4.11	10.7%	0.8%
<b>Simple average</b>						<b>26.4</b>	<b>14.8</b>	<b>18.0%</b>	<b>2.18</b>	<b>8.2%</b>	<b>0.9%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

## BY THE NUMBERS



### Profit & Loss

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>Total Net Revenues</b>	<b>3,533</b>	<b>3,890</b>	<b>3,361</b>	<b>3,636</b>	<b>3,780</b>
<b>Gross Profit</b>	<b>770</b>	<b>814</b>	<b>698</b>	<b>776</b>	<b>818</b>
<b>Operating EBITDA</b>	<b>448</b>	<b>458</b>	<b>391</b>	<b>447</b>	<b>484</b>
Depreciation And Amortisation	(106)	(119)	(118)	(114)	(127)
<b>Operating EBIT</b>	<b>342</b>	<b>339</b>	<b>273</b>	<b>333</b>	<b>357</b>
Financial Income/(Expense)	(78)	(104)	(105)	(108)	(119)
Pretax Income/(Loss) from Assoc.	0	1	(0)	0	0
Non-Operating Income/(Expense)	(20)	12	(5)	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>244</b>	<b>247</b>	<b>163</b>	<b>225</b>	<b>238</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>244</b>	<b>247</b>	<b>163</b>	<b>225</b>	<b>238</b>
Taxation	(65)	(62)	(24)	(54)	(59)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>178</b>	<b>185</b>	<b>139</b>	<b>171</b>	<b>179</b>
Minority Interests	(78)	(65)	(9)	(49)	(54)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>100</b>	<b>120</b>	<b>130</b>	<b>122</b>	<b>125</b>
Recurring Net Profit	116	120	134	122	125
<b>Fully Diluted Recurring Net Profit</b>	<b>116</b>	<b>120</b>	<b>134</b>	<b>122</b>	<b>125</b>

### Cash Flow

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>EBITDA</b>	<b>448.0</b>	<b>458.5</b>	<b>390.7</b>	<b>446.5</b>	<b>484.1</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(67.1)	(47.2)	135.1	(38.1)	(19.8)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	15.4	59.8	153.1	78.6	86.7
Other Operating Cashflow	65.0	118.0	(139.6)	38.1	19.8
Net Interest (Paid)/Received	(82.5)	(107.1)	(107.9)	(107.7)	(118.5)
Tax Paid	(72.2)	(95.9)	(23.9)	(54.2)	(58.9)
<b>Cashflow From Operations</b>	<b>306.6</b>	<b>386.1</b>	<b>407.5</b>	<b>363.2</b>	<b>393.3</b>
Capex	(221.4)	(277.2)	(330.0)	(250.0)	(250.0)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	0.0	0.0	254.4	0.0	0.0
Other Investing Cashflow	(64.1)	(47.1)	(47.1)	(47.1)	(47.1)
<b>Cash Flow From Investing</b>	<b>(285.6)</b>	<b>(324.3)</b>	<b>(122.7)</b>	<b>(297.1)</b>	<b>(297.1)</b>
Debt Raised/(repaid)	189.2	48.6	(134.8)	(137.7)	(148.5)
Proceeds From Issue Of Shares	0.0	0.0	92.6	0.0	0.0
Shares Repurchased	(223.0)	0.0			
Dividends Paid	(6.5)	(27.3)	(13.2)	(14.6)	(14.6)
Preferred Dividends					
Other Financing Cashflow	(43.2)	(43.7)			
<b>Cash Flow From Financing</b>	<b>(83.6)</b>	<b>(22.4)</b>	<b>(55.4)</b>	<b>(152.4)</b>	<b>(163.2)</b>
Total Cash Generated	(62.6)	39.5	229.4	(86.2)	(66.9)
<b>Free Cashflow To Equity</b>	<b>210.1</b>	<b>110.4</b>	<b>150.0</b>	<b>(71.6)</b>	<b>(52.3)</b>
<b>Free Cashflow To Firm</b>	<b>103.5</b>	<b>168.9</b>	<b>392.7</b>	<b>173.9</b>	<b>214.8</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS... cont'd**
**Balance Sheet**

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	168	209	274	328	423
Total Debtors	194	226	179	194	202
Inventories	817	795	683	733	759
Total Other Current Assets	160	155	155	155	155
<b>Total Current Assets</b>	<b>1,340</b>	<b>1,384</b>	<b>1,290</b>	<b>1,410</b>	<b>1,539</b>
Fixed Assets	1,010	1,179	1,137	1,273	1,396
Total Investments	11	11	11	11	11
Intangible Assets	365	386	433	481	528
Total Other Non-Current Assets	163	349	349	349	349
<b>Total Non-current Assets</b>	<b>1,549</b>	<b>1,926</b>	<b>1,931</b>	<b>2,114</b>	<b>2,284</b>
Short-term Debt	440	584	584	584	584
Current Portion of Long-Term Debt					
Total Creditors	389	390	366	394	408
Other Current Liabilities	23	30	30	30	30
<b>Total Current Liabilities</b>	<b>852</b>	<b>1,003</b>	<b>980</b>	<b>1,007</b>	<b>1,021</b>
Total Long-term Debt	777	793	509	629	749
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	92	208	208	208	208
<b>Total Non-current Liabilities</b>	<b>869</b>	<b>1,001</b>	<b>717</b>	<b>837</b>	<b>957</b>
Total Provisions	37	19	19	19	19
<b>Total Liabilities</b>	<b>1,759</b>	<b>2,024</b>	<b>1,716</b>	<b>1,863</b>	<b>1,997</b>
Shareholders' Equity	779	881	1,090	1,197	1,308
Minority Interests	351	406	415	465	518
<b>Total Equity</b>	<b>1,130</b>	<b>1,287</b>	<b>1,506</b>	<b>1,662</b>	<b>1,826</b>

**Key Ratios**

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	10.8%	10.1%	(13.6%)	8.2%	4.0%
Operating EBITDA Growth	56.5%	2.3%	(14.8%)	14.3%	8.4%
Operating EBITDA Margin	12.7%	11.8%	11.6%	12.3%	12.8%
Net Cash Per Share (US\$)	(0.57)	(0.63)	(0.40)	(0.43)	(0.44)
BVPS (US\$)	0.42	0.48	0.53	0.58	0.64
Gross Interest Cover	4.14	3.17	2.53	3.09	3.01
Effective Tax Rate	26.8%	25.3%	14.7%	24.1%	24.7%
Net Dividend Payout Ratio	26.3%	11.0%	11.2%	12.0%	11.7%
Accounts Receivables Days	19.29	19.72	22.07	18.74	19.11
Inventory Days	98.3	95.6	101.5	90.4	92.0
Accounts Payables Days	66.84	46.19	51.97	48.49	49.36
ROIC (%)	13.8%	11.1%	7.7%	9.8%	9.7%
ROCE (%)	15.8%	13.5%	10.4%	12.1%	11.8%
Return On Average Assets	8.41%	8.48%	6.68%	7.46%	7.30%

**Key Drivers**

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
ASP (% chg, main prod./serv.)	3.4%	4.4%	-2.9%	2.0%	2.0%
Unit sales grth (% , main prod./serv.)	5.9%	11.1%	-9.5%	10.0%	5.0%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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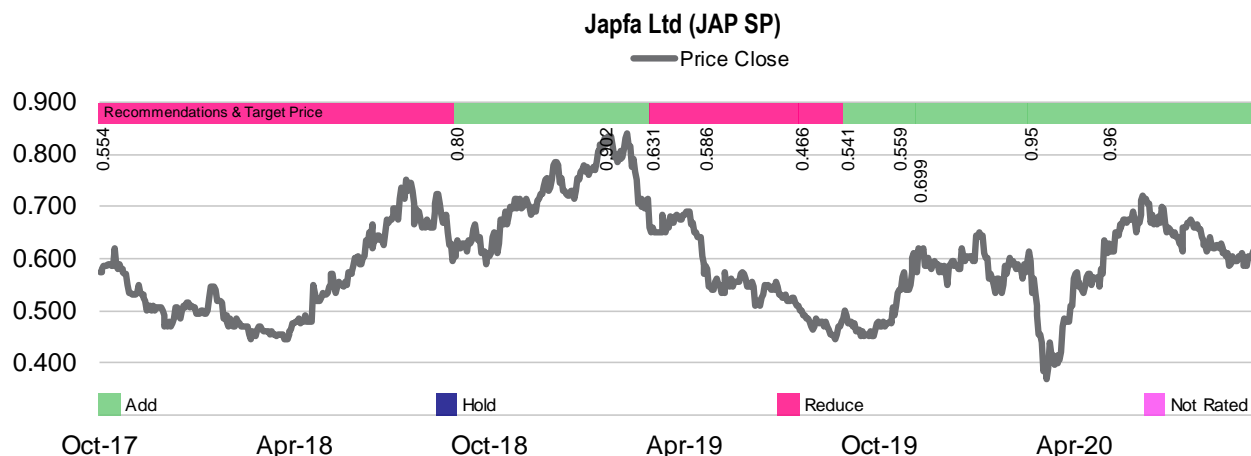
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2020		
795 companies under coverage for quarter ended on 30 September 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	63.0%	0.5%
Hold	25.2%	0.1%
Reduce	11.8%	0.3%

### 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 2019, Anti-Corruption 2019

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, n/a, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHAYO** - Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TNR** – Very Good, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

**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.

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