

## Malaysia

**ADD** (no change)

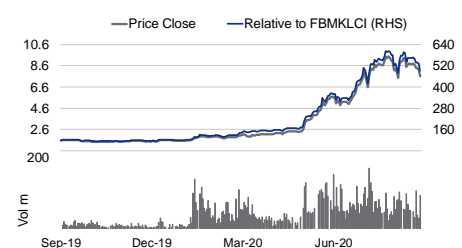
Consensus ratings\*: Buy 18 Hold 5 Sell 0

Current price:	RM7.64
Target price:	RM9.20
Previous target:	RM9.20
Up/downside:	20.4%
CGS-CIMB / Consensus:	8.9%
Reuters:	TPGC.KL
Bloomberg:	TOPG MK
Market cap:	US\$14,926m RM62,093m
Average daily turnover:	US\$115.0m RM490.1m
Current shares o/s:	8,215m
Free float:	60.6%

\*Source: Bloomberg

**Key changes in this note**

➤ No changes.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-18.6	39.9	386.6
Relative (%)	-14.9	42.3	391.9

**Major shareholders**

	% held
Tan Sri Dato Sri Lim and family	29.4
Firstway United Corp.	5.1
EPF	4.9

**Analyst(s)**

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# Top Glove Corporation

## Aiming for top results

- We reiterate our positive view on TOPG post a recent conference call with management which yielded no major surprises.
- TOPG expects higher ASP, particularly for nitrile gloves at +20% mom in Sep and Oct 20, and another +10% in Nov 20 due to strong demand for gloves.
- Maintain Add with an unchanged TP of RM9.20 (18x CY21 P/E).

### Order visibility for NBR gloves extended to 20 months

Owing to Covid-19, Top Glove (TOPG) continues to witness robust glove demand as its sales lead time for nitrile glove is now >20 months until end-CY21 (natural rubber gloves: 13 months; vinyl gloves: 8 months; surgical gloves: 4 months), from 18 months in Jun 20. Despite increased newsflow on potential discovery of a Covid-19 vaccine, TOPG believes that glove usage globally will remain strong even in the event of a discovery of a Covid-19 vaccine, mainly due to increasing healthcare and hygiene awareness in developing countries, as well as increased usage in both medical and non-medical sectors.

### Continues to see increasing ASP trend

TOPG expects further ASP increases for nitrile gloves at +20% mom in Sep and Oct 20, and potentially another +10% mom in Nov 20. Besides, TOPG also sees ASPs for latex gloves increasing 5% mom in Sep and Oct 20. This is also supported by TOPG recently receiving more spot orders until end-CY20F as it expects to allocate up to 30% (from 20-25% previously) of its total capacity for spot orders going forward. Note that our current FY20F/21F/22F ASP growth estimates stand at +22%/+45%/-36%.

### Increase in raw material prices mitigated by ASP spike

We gather that TOPG has recently seen shortages in supply of nitrile butadiene (NBR), leading to 10-15% mom increases in NBR costs. TOPG expects NBR supply to remain acute in the near term as new supply is expected to kick-in only by end-CY21F. However, TOPG said it is not overly concerned about this as the quantum of ASP hikes will be more than sufficient to offset the raw material price increases.

### CBP issue likely to be resolved soon

On 7 Sep, TOPG said it had submitted to the US Customs and Border Protection (CBP) the Independent Auditors' Report in relation to remediation payments. This is post the completion of the report which also addresses the relevant areas of concern identified by CBP. TOPG had on 10 Aug made a first payment of RM4.4m of the estimated remediation fee of RM53m; a second payment is expected by 10 Sep. We believe this is a one-off impact that should not affect its profitability in the longer term.

### Maintain Add with an unchanged TP of RM9.20

No changes to our FY20-22F EPS. We retain our Add call and ex-3-for-1 bonus issue TP of RM9.20 (18x CY21 P/E, in line with its 5-year mean). We like TOPG as the key beneficiary of the current supply-demand dynamics in the glove sector due to Covid-19 as it is the largest glove maker globally by capacity (85.2bn pieces p.a. as at 31 Aug 20).

**Financial Summary**

	Aug-18A	Aug-19A	Aug-20F	Aug-21F	Aug-22F
Revenue (RMm)	4,214	4,802	6,995	13,529	9,368
Operating EBITDA (RMm)	692	697	2,235	6,760	2,665
Net Profit (RMm)	434	371	1,589	5,313	1,905
Core EPS (RM)	0.05	0.05	0.19	0.65	0.23
Core EPS Growth	32%	(15%)	329%	234%	(64%)
FD Core P/E (x)	144.6	169.4	39.5	11.8	33.0
DPS (RM)	0.09	0.07	0.29	0.99	0.35
Dividend Yield	1.1%	0.9%	3.8%	12.9%	4.6%
EV/EBITDA (x)	93.63	93.36	29.00	9.37	23.32
P/FCFE (x)	548.6	338.8	81.1	19.1	42.6
Net Gearing	85.6%	92.6%	62.1%	9.2%	(9.2%)
P/BV (x)	26.39	25.87	19.41	10.66	9.16
ROE	20%	15%	56%	116%	30%
CGS-CIMB/Consensus EPS (x)			1.06	1.32	1.27

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

### Re-rating catalysts and downside risks ►

Potential re-rating catalysts include stronger-than-expected margin expansion and better-than-expected increase in selling prices. Downside risks: discovery of a cure/vaccine for Covid-19, stiffer competition leading to downward pressure on pricing, and a spike in raw material prices.

### 3-for-1 bonus issue goes ex ►

TOPG's shares went ex-bonus on 3 Sep 20, post the issuance of 5476.9m new bonus shares, increasing the group's share base to 8,215.5m shares. The enlarged share base assumes all the outstanding employees' share option scheme (ESOS) of RM23.5m is granted and US\$30.3m (RM123.5m) 5-year Guaranteed Exchangeable Bonds are converted into 20.2m new TOPG shares. The bonus issue is expected to enhance the trading liquidity as well as affordability of TOPG shares. Post this exercise, our ex-bonus TP is adjusted to RM9.20, based on an unchanged 18x CY21F P/E (in line with its 5-year mean).

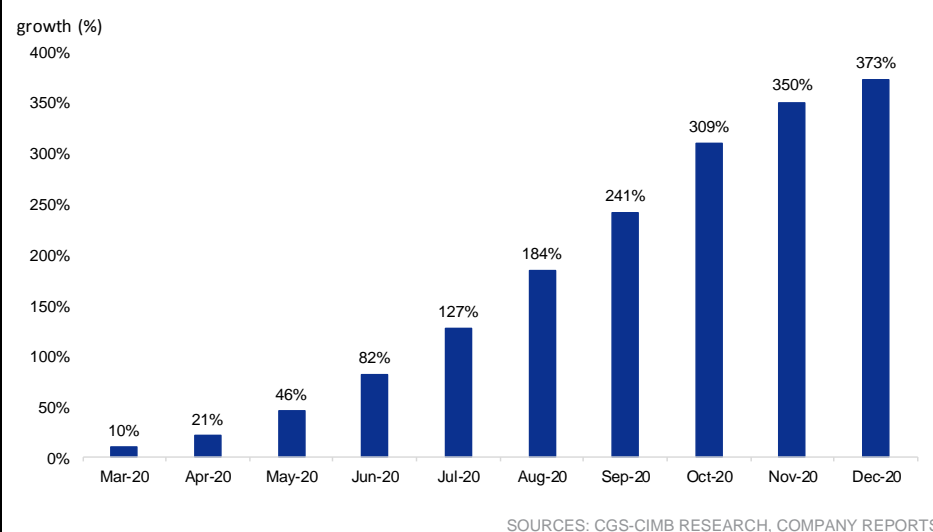
### Expecting record-high revenue and net profit in 4QFY8/20 ►

TOPG is set to announce its 4QFY8/20 results by 17 Sep 20. We expect TOPG to record a historical-high net profit of RM1.0bn-1.1bn in 4QFY20 based on our forecast, which marks the first billion net profit achieved in a single quarter. This is on the back of: i) spikes in ASPs being fully reflected in the quarters ahead, ii) additional new capacity coming on-stream as scheduled, and iii) better economies of scale.

### ASP assumptions ►

Based on the ASP assumptions as guided by TOPG's management, we estimate that the blended ASP for FY20F will be US\$54.4 per thousand pieces, higher than our forecast of US\$38 per thousand pieces. We do not revise our ASPs for FY21F as we assume new supply will kick in by 2H21F which could lower ASPs.

**Figure 1: Changes in blended ASPs from pre Covid-19 (Feb-20) vs. Covid-19 outbreak period (Mar-Dec-20)**

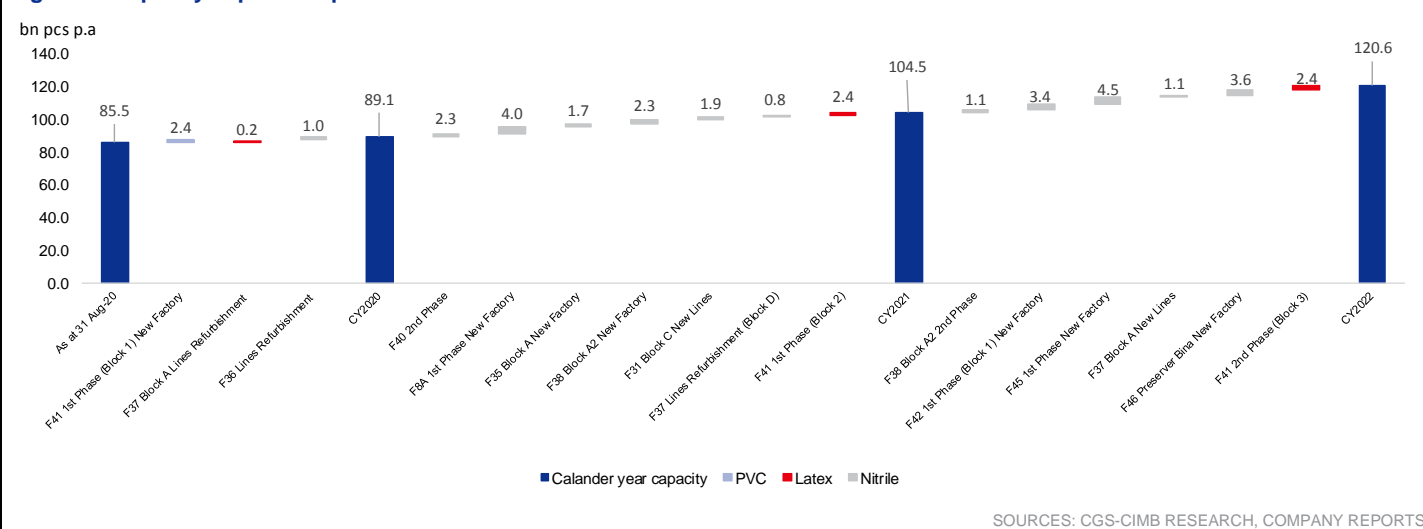


**Figure 2: Expansion plans**

Factories	To commence production by (Calendar quarter)	Location	Glove type	Number of production lines	Capacity (pcs per annum)	
<b>Current: 35 glove factories (as of 31/8/2020)</b>				<b>All</b>	<b>724 lines</b>	<b>85.5 bn</b>
Expansion in progress : Glove						
F41 1st Phase (Block 1) New Factory	3rd quarter 2020	Binh Duong, Vietnam	PVC	20 lines	2.4 bn	
F37 Block A Lines Refurbishment	3rd quarter 2020	Kluang, Malaysia	Latex	2 lines	0.2 bn	
F36 Lines Refurbishment	4th quarter 2020	Kota Bharu, Malaysia	Nitrile	7 lines	1.0 bn	
<b>Total new capacity in CY2020</b>				<b>29 lines</b>	<b>3.6 bn (+4.2%)</b>	
<b>Total capacity by CY2020</b>				<b>753 lines</b>	<b>89.1 bn</b>	
F40 2nd Phase	1st quarter 2021	Klang, Malaysia	Nitrile	16 lines	2.3 bn	
F8A 1st Phase New Factory	1st quarter 2021	Sadao, Thailand	Nitrile	28 lines	4.0 bn	
F35 Block A New Factory	1st quarter 2021	Klang, Malaysia	Surgical/ Nitrile	12 lines	1.7 bn	
F38 Block A2 New Factory	2nd quarter 2021	Kulim, Malaysia	Nitrile	16 lines	2.3 bn	
F31 Block C New Lines	2nd quarter 2021	Klang, Malaysia	Nitrile	14 lines	1.9 bn	
F37 Lines Refurbishment (Block D)	2nd quarter 2021	Kluang, Malaysia	Nitrile	6 lines	0.8 bn	
F41 1st Phase (Block 2)	3rd quarter 2021	Binh Duong, Vietnam	PVC	20 lines	2.4 bn	
<b>Total new capacity in CY2021</b>				<b>112 lines</b>	<b>15.4 bn (+17.3%)</b>	
<b>Total capacity by CY2021</b>				<b>865 lines</b>	<b>104.5 bn</b>	
F38 Block A2 2nd Phase	1st quarter 2022	Kulim, Malaysia	Nitrile	8 lines	1.1 bn	
F42 1st Phase (Block 1) New Factory	1st quarter 2022	Banting, Malaysia	Nitrile	24 lines	3.4 bn	
F45 1st Phase New Factory	1st quarter 2022	Ipoh, Malaysia	Nitrile	16 lines	4.5 bn	
F37 Block A New Lines	2nd quarter 2022	Kluang, Malaysia	Nitrile	8 lines	1.1 bn	
F46 Preserver Bina New Factory	2nd quarter 2022	Klang, Malaysia	Nitrile	26 lines	3.6 bn	
F41 2nd Phase (Block 3)	3rd quarter 2022	Binh Duong, Vietnam	PVC	20 lines	2.4 bn	
<b>Total new capacity in CY2022</b>				<b>118 lines</b>	<b>16.1 bn (+15.4%)</b>	
<b>Total new capacity from expansion in CY2020 to CY2022</b>				<b>259 lines</b>	<b>35.1 bn (+41.0%)</b>	
<b>Grand total by December 2022: 42 glove factories</b>				<b>983 lines</b>	<b>120.6 bn</b>	

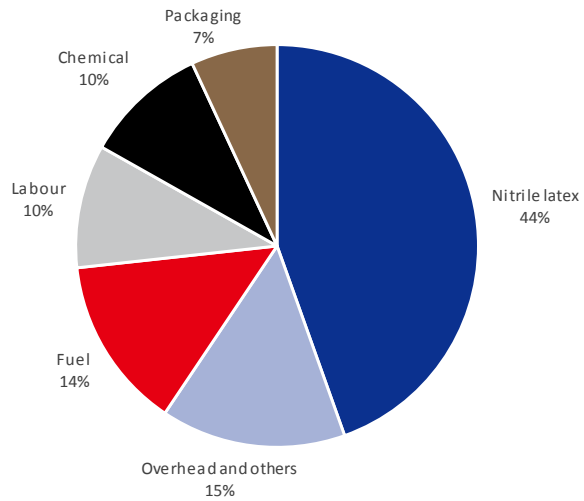
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Capacity expansion plans**



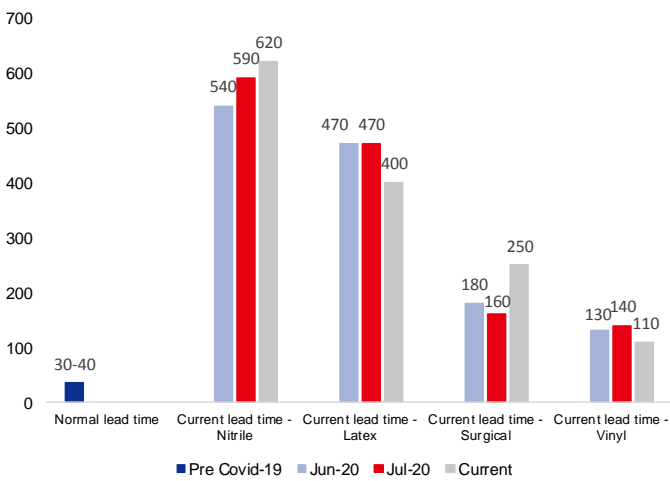
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: 9MFY8/20 cost breakdown**



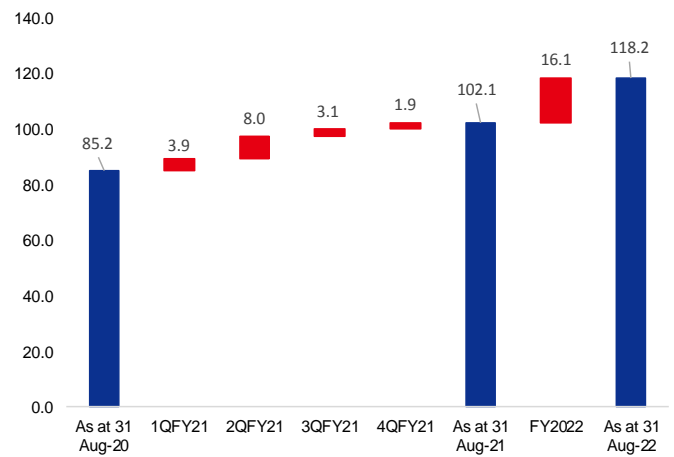
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Order lead time for each type of glove**



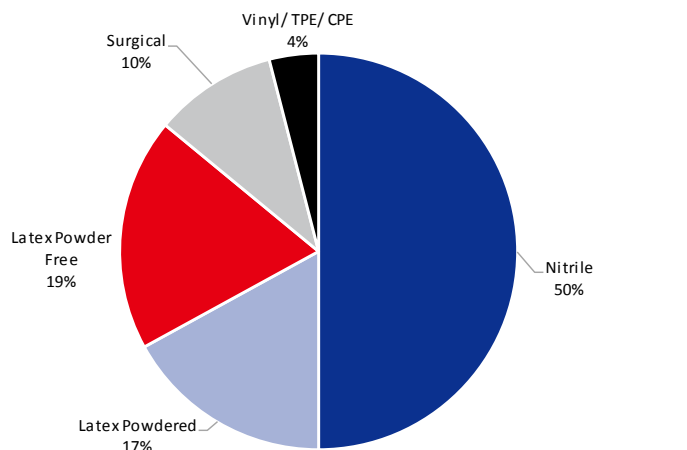
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Total capacity increase by quarter**



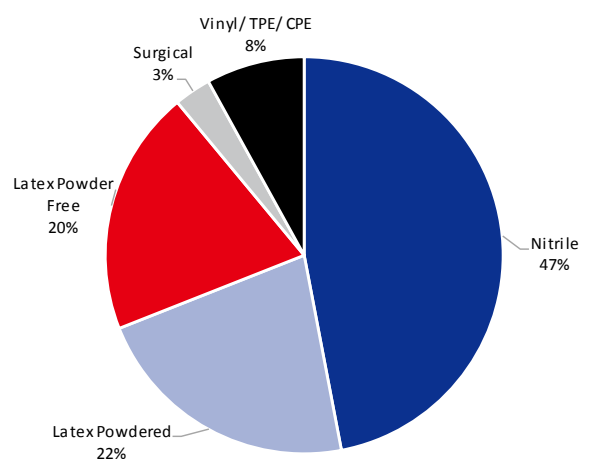
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: Product mix by revenue for 9MFY8/20**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: Product mix by volume for 9MFY8/20**



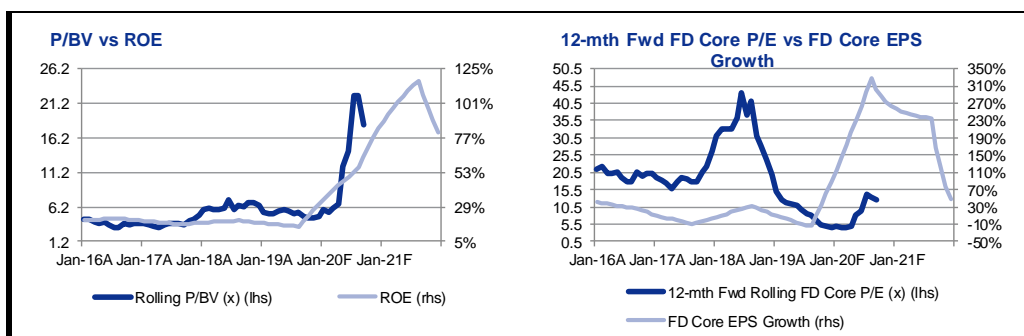
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 9: Sector Comparisons (CGS-CIMB's Malaysia glove sector coverage)**

Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		Dividend Yield (%)	
						CY20F	CY21F		CY20F	CY21F	CY20F	CY21F	CY20F	CY21F
Hartalega Holdings	HART MK	Add	13.60	24.30	11,185	30.8	40.2	47.4%	14.9	11.9	53.7%	56.1%	1.9%	2.6%
Kossan Rubber Industries	KRI MK	Add	12.50	17.00	3,836	23.0	16.5	37.1%	8.7	6.6	43.1%	45.6%	1.8%	2.4%
Supermax Corp	SUCB MK	Add	8.41	13.50	5,212	19.0	14.0	71.5%	10.4	7.1	67.7%	59.4%	2.1%	2.8%
<b>Top Glove Corporation</b>	<b>TOPG MK</b>	<b>Add</b>	<b>7.64</b>	<b>9.20</b>	<b>14,898</b>	<b>22.1</b>	<b>15.0</b>	<b>36.0%</b>	<b>15.2</b>	<b>10.1</b>	<b>82.4%</b>	<b>80.6%</b>	<b>2.2%</b>	<b>3.3%</b>
<b>Weighted average</b>						<b>24.5</b>	<b>23.1</b>	<b>45.0%</b>	<b>13.7</b>	<b>9.8</b>	<b>66.8%</b>	<b>65.9%</b>	<b>2.1%</b>	<b>2.9%</b>
<b>Consumer Discretionary</b>														
Riverstone Holdings	RSTON SP	Add	3.59	5.55	1,942	19.0	15.4	58.5%	7.1	5.3	44.7%	39.5%	2.1%	2.6%
<b>Weighted Subsector Average</b>						<b>19.0</b>	<b>15.4</b>	<b>58.5%</b>	<b>7.1</b>	<b>5.3</b>	<b>44.7%</b>	<b>39.5%</b>	<b>2.1%</b>	<b>2.6%</b>
<b>Weighted Average</b>						<b>24.2</b>	<b>22.7</b>	<b>45.7%</b>	<b>13.3</b>	<b>9.6</b>	<b>65.6%</b>	<b>64.5%</b>	<b>2.1%</b>	<b>2.9%</b>
<b>Simple Average</b>						<b>22.5</b>	<b>19.9</b>	<b>50.6%</b>	<b>11.0</b>	<b>8.0</b>	<b>57.6%</b>	<b>55.2%</b>	<b>2.1%</b>	<b>2.7%</b>

SOURCES: CGS-CIMB, BLOOMBERG

## BY THE NUMBERS



### Profit & Loss

(RMm)	Aug-18A	Aug-19A	Aug-20F	Aug-21F	Aug-22F
<b>Total Net Revenues</b>	<b>4,214</b>	<b>4,802</b>	<b>6,995</b>	<b>13,529</b>	<b>9,368</b>
<b>Gross Profit</b>	<b>1,029</b>	<b>1,129</b>	<b>2,794</b>	<b>7,396</b>	<b>3,349</b>
<b>Operating EBITDA</b>	<b>692</b>	<b>697</b>	<b>2,235</b>	<b>6,760</b>	<b>2,665</b>
Depreciation And Amortisation	-142	-195	-224	-255	-290
<b>Operating EBIT</b>	<b>550</b>	<b>502</b>	<b>2,011</b>	<b>6,504</b>	<b>2,375</b>
Financial Income/(Expense)	-23	-69	-68	-20	11
Pretax Income/(Loss) from Assoc.	2	-2	-2	-2	-2
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>529</b>	<b>431</b>	<b>1,942</b>	<b>6,482</b>	<b>2,385</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>529</b>	<b>431</b>	<b>1,942</b>	<b>6,482</b>	<b>2,385</b>
Taxation	-91	-57	-349	-1,167	-477
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>438</b>	<b>374</b>	<b>1,592</b>	<b>5,316</b>	<b>1,908</b>
Minority Interests	-4	-3	-3	-3	-3
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>434</b>	<b>371</b>	<b>1,589</b>	<b>5,313</b>	<b>1,905</b>
Recurring Net Profit	434	371	1,589	5,313	1,905
<b>Fully Diluted Recurring Net Profit</b>	<b>434</b>	<b>371</b>	<b>1,589</b>	<b>5,313</b>	<b>1,905</b>

### Cash Flow

(RMm)	Aug-18A	Aug-19A	Aug-20F	Aug-21F	Aug-22F
<b>EBITDA</b>	<b>692</b>	<b>697</b>	<b>2,235</b>	<b>6,760</b>	<b>2,665</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	-237	-73	-293	-888	522
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	-2	-2	-1	0	0
Net Interest (Paid)/Received	-23	-69	-68	-20	11
Tax Paid	-91	-57	-349	-1,167	-477
<b>Cashflow From Operations</b>	<b>340</b>	<b>495</b>	<b>1,524</b>	<b>4,685</b>	<b>2,722</b>
Capex	-459	-632	-500	-550	-600
Disposals Of FAs/subsidiaries	0	0	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	-1,238	130	0	0	0
<b>Cash Flow From Investing</b>	<b>-1,696</b>	<b>-502</b>	<b>-500</b>	<b>-550</b>	<b>-600</b>
Debt Raised/(repaid)	1,471	192	-250	-850	-650
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased					
Dividends Paid	-202	-217	-781	-2,656	-943
Preferred Dividends					
Other Financing Cashflow	13	12	0	0	0
<b>Cash Flow From Financing</b>	<b>1,283</b>	<b>-13</b>	<b>-1,031</b>	<b>-3,506</b>	<b>-1,593</b>
Total Cash Generated	-74	-20	-7	629	529
<b>Free Cashflow To Equity</b>	<b>114</b>	<b>185</b>	<b>774</b>	<b>3,285</b>	<b>1,472</b>
<b>Free Cashflow To Firm</b>	<b>-1,322</b>	<b>72</b>	<b>1,100</b>	<b>4,181</b>	<b>2,145</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Aug-18A	Aug-19A	Aug-20F	Aug-21F	Aug-22F
Total Cash And Equivalents	165	159	150	777	1,304
Total Debtors	646	597	869	1,681	1,164
Inventories	508	615	702	1,025	1,003
Total Other Current Assets	300	163	163	163	163
<b>Total Current Assets</b>	<b>1,619</b>	<b>1,534</b>	<b>1,885</b>	<b>3,646</b>	<b>3,634</b>
Fixed Assets	2,065	2,464	2,637	2,932	3,243
Total Investments	166	164	164	164	164
Intangible Assets	1,304	1,221	1,221	1,221	1,221
Total Other Non-Current Assets	116	267	267	267	267
<b>Total Non-current Assets</b>	<b>3,651</b>	<b>4,115</b>	<b>4,289</b>	<b>4,584</b>	<b>4,894</b>
Short-term Debt	883	1,042	792	442	92
Current Portion of Long-Term Debt					
Total Creditors	500	471	537	784	768
Other Current Liabilities	69	158	56	56	56
<b>Total Current Liabilities</b>	<b>1,451</b>	<b>1,671</b>	<b>1,385</b>	<b>1,282</b>	<b>915</b>
Total Long-term Debt	1,330	1,379	1,379	879	579
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	95	156	156	156	156
<b>Total Non-current Liabilities</b>	<b>1,425</b>	<b>1,535</b>	<b>1,535</b>	<b>1,035</b>	<b>735</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>2,876</b>	<b>3,206</b>	<b>2,920</b>	<b>2,317</b>	<b>1,650</b>
Shareholders' Equity	2,378	2,426	3,234	5,890	6,852
Minority Interests	15	17	20	23	26
<b>Total Equity</b>	<b>2,394</b>	<b>2,443</b>	<b>3,254</b>	<b>5,913</b>	<b>6,878</b>

### Key Ratios

	Aug-18A	Aug-19A	Aug-20F	Aug-21F	Aug-22F
Revenue Growth	23.6%	13.9%	45.7%	93.4%	(30.8%)
Operating EBITDA Growth	43%	1%	221%	202%	(61%)
Operating EBITDA Margin	16.4%	14.5%	31.9%	50.0%	28.5%
Net Cash Per Share (RM)	-0.25	-0.28	-0.25	-0.07	0.08
BVPS (RM)	0.29	0.30	0.39	0.72	0.83
Gross Interest Cover	15.6	6.3	26.5	140.7	101.2
Effective Tax Rate	17.2%	13.3%	18.0%	18.0%	20.0%
Net Dividend Payout Ratio	54.0%	50.0%	49.2%	50.0%	49.5%
Accounts Receivables Days	46.14	47.23	38.34	34.39	55.42
Inventory Days	47.21	55.82	57.39	51.39	61.51
Accounts Payables Days	52.62	48.21	43.91	39.32	47.06
ROIC (%)	26%	11%	43%	124%	37%
ROCE (%)	16%	11%	39%	103%	33%
Return On Average Assets	11.2%	8.1%	28.1%	74.1%	22.6%

### Key Drivers

	Aug-18A	Aug-19A	Aug-20F	Aug-21F	Aug-22F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	18.2%	7.5%	16.6%	45.7%	-6.0%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	0.0%	0.0%	0.0%	0.0%	0.0%
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
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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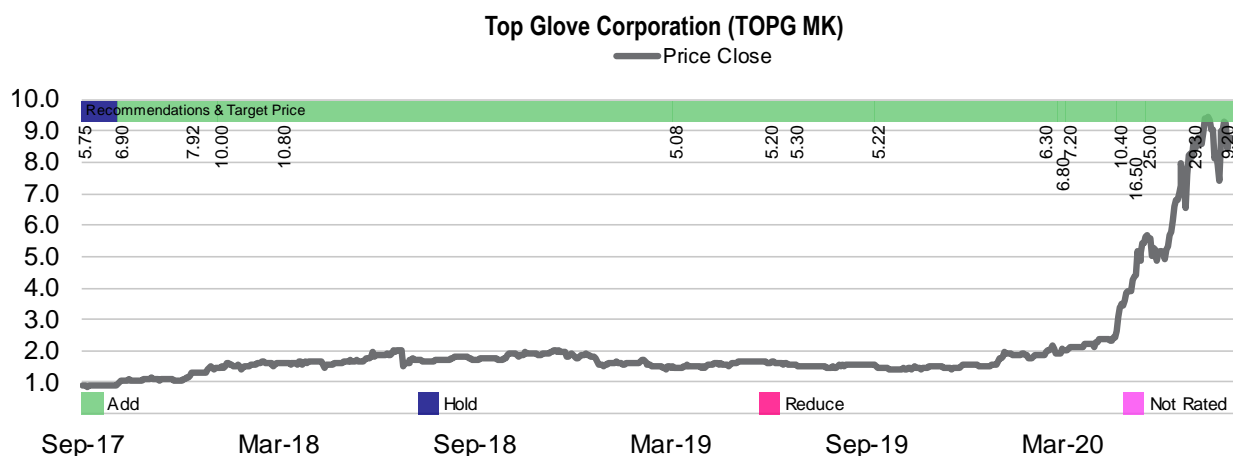
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020		
800 companies under coverage for quarter ended on 30 June 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.1%	0.4%
Hold	25.9%	0.1%
Reduce	14.0%	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, **CENDEL** – 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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