

## Singapore

**ADD** (no change)

Consensus ratings\*: Buy 3 Hold 1 Sell 0

Current price:	S\$0.49
Target price:	S\$0.61
Previous target:	S\$0.55
Up/downside:	24.5%
CGS-CIMB / Consensus:	15.1%
Reuters:	CHSN.SI
Bloomberg:	CSSC SP
Market cap:	US\$360.7m
	S\$475.7m
Average daily turnover:	US\$0.25m
	S\$0.33m
Current shares o/s:	976.3m
Free float:	35.0%

\*Source: Bloomberg

**Key changes in this note**

➤ FY21-22F EPS raised by 4.8-6.1%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.2	3.2	11.4
Relative (%)	3.2	-0.4	17.3

**Major shareholders**

Success More Group Limited % held 63.3

**Analyst(s)**

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# China Sunshine Chemical Holdings

## Riding the upturn

- Sunshine reported 2H20 net profit of Rmb136m (+66% hoh, +11% yoy). FY20 results was in line with our expectations, but ahead of consensus estimates.
- We see continued ASP uptrend, supported by robust downstream demand and higher raw material prices; this could support better profit spreads ahead.
- Reiterate Add with a higher TP of S\$0.61 (1.05x FY21F P/BV).

**Solid set of 2H20 results**

China Sunshine reported 2H20 net profit of Rmb136m (+66% hoh, +11% yoy), riding the sequential ASP recovery in 2H which allowed the company to capture better profit spreads. This was despite the Rmb32m forex loss incurred in 2H due to the depreciation of the US\$ against Rmb. FY20 net profit came in at Rmb219m (-40% yoy), in line with our expectation (102% of our forecast) but above Bloomberg consensus' (108%).

**Downstream demand recovery continues**

We believe downstream demand will remain strong in CY21F. We expect China's tyre manufacturing industry (Dec: -1% mom, +14% yoy) to remain robust with the continued growth in the auto industry (China Association of Automobile Manufacturers expects new vehicle sales in China to grow 4% in 2021F). We expect the export volume of China's rubber accelerators (Dec: +13% mom, +24% yoy) to also stay strong with the resumption of economic activities in the overseas markets. We understand that Sunshine's 20kt rubber accelerator capacity added in mid-2020 has been well absorbed, with growing utilisation rate, and forecast its sales volume will grow 13% in FY21F.

**ASPs trending higher**

Post a two-year downtrend, average prices in the rubber accelerator and anti-oxidant industries had recovered 40% and 38% respectively since Sep 2020 to date. We see further upside in the coming months, supported by 1) robust downstream demand, and 2) rise in raw material costs. The price of aniline, a key raw material, has surged since Oct (+105% to date) riding on higher oil prices. There is typically a time lag of 1-2 months for Sunshine to recognise higher selling prices as its pricing contracts are mostly negotiated on monthly/quarterly basis; hence we expect further uptick in its ASPs in 1H21F. We see stronger profit spread ahead, and forecast FY21F net profit of Rmb300m (+37%).

**Maintain Add with a higher TP of S\$0.61**

Maintain Add. We raise our FY21-22F EPS forecasts by 4.8%-6.1% to reflect higher ASP assumptions. Our TP rises to S\$0.61, now based on 1.05x FY21F P/BV (0.5 s.d. above its 10-year historical mean) vs. 0.92x (mean) previously. Potential re-rating catalyst is stronger-than-expected selling price uptrend. Key risks include worse than-expected pricing competition and resurgence of Covid-19 cases, impacting demand.

**Financial Summary**

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue (Rmbm)	2,692	2,334	2,708	2,962	3,137
Operating EBITDA (Rmbm)	528.0	402.1	527.4	590.3	659.1
Net Profit (Rmbm)	388.9	218.8	299.6	337.4	382.0
Core EPS (Rmb)	0.38	0.23	0.31	0.35	0.39
Core EPS Growth	(38.6%)	(40.0%)	36.9%	12.6%	13.2%
FD Core P/E (x)	6.41	10.67	7.77	6.90	6.10
DPS (Rmb)	0.050	0.051	0.062	0.069	0.079
Dividend Yield	2.07%	2.14%	2.57%	2.90%	3.28%
EV/EBITDA (x)	2.01	2.49	2.10	1.69	1.25
P/FCFE (x)	6.59	16.23	NA	13.83	9.70
Net Gearing	(50.0%)	(48.7%)	(41.2%)	(41.0%)	(42.2%)
P/BV (x)	0.91	0.86	0.78	0.72	0.65
ROE	15.0%	8.3%	10.5%	10.9%	11.2%
% Change In Core EPS Estimates			6.12%	4.79%	
CGS-CIMB/Consensus EPS (x)			1.07	0.85	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

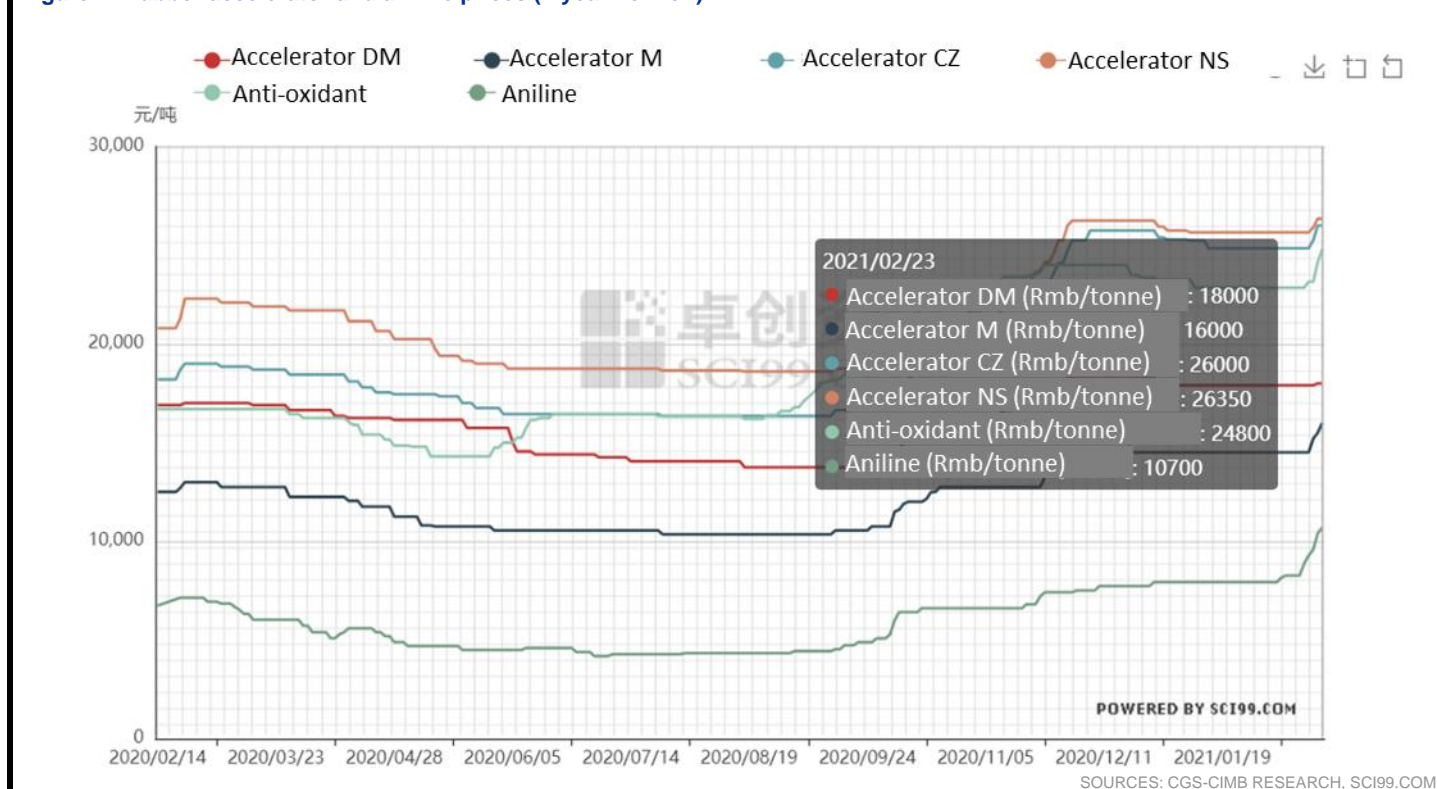
## Riding the upturn

Figure 1: Results comparison

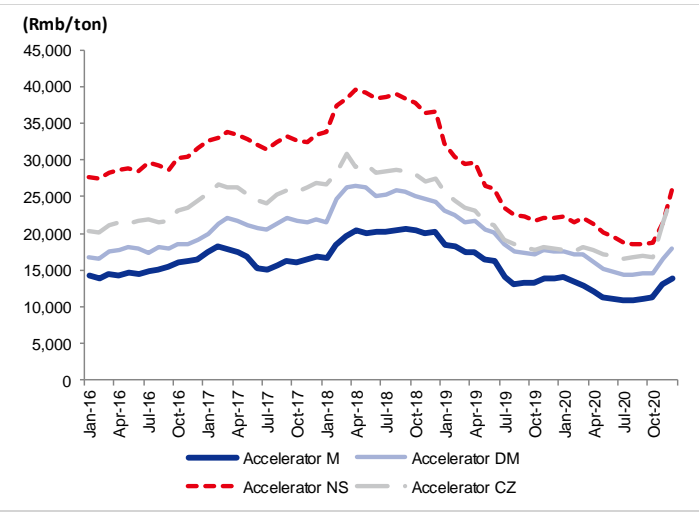
FYE Dec (Rmb)	2HFY20	2HFY19	yoy % chg	FY20	FY19	yoy % chg	Prev. Comments FY20F
<b>Revenue</b>	<b>1,291</b>	<b>1,278</b>	<b>1</b>	<b>2,334</b>	<b>2,692</b>	<b>(13)</b>	<b>FY20 revenue formed 102%/98% of our/consensus full-year forecast</b>
Cost of goods sold	(933)	(985)	(5)	(1,733)	(1,911)	(9)	(1,706)
Gross profit	358	293	22	600	781	(23)	586
Gross margin (%)	27.8%	22.9%	21	25.7%	29.0%	(11)	25.6%
OpEx	(194)	(160)	21	(321)	(367)	(13)	(291)
Operating profit	165	133	24	280	414	(32)	295
Operating margin (%)	12.7%	10.4%	23	12.0%	15.4%	(22)	12.9%
Pretax profit	186	133	40	301	453	(34)	295
Tax	(49)	(10)	413	(82)	(64)	28	(81)
Tax rate (%)	26.5%	7.2%	266	27.2%	14.1%	93	27.5%
Net profit	136	123	11	219	389	(44)	214
<b>Core net profit</b>	<b>136</b>	<b>123</b>	<b>11</b>	<b>219</b>	<b>363</b>	<b>(40)</b>	<b>FY20 core net profit formed 102%/108% of our/consensus full-year forecast</b>
EPS (S cts)	14.0	12.6	12	22.5	39.8	(65)	21.9
Core EPS (S cts)	14.0	20.8	(32)	22.5	37.2	(62)	21.9

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Rubber accelerator and aniline prices (1-year horizon)

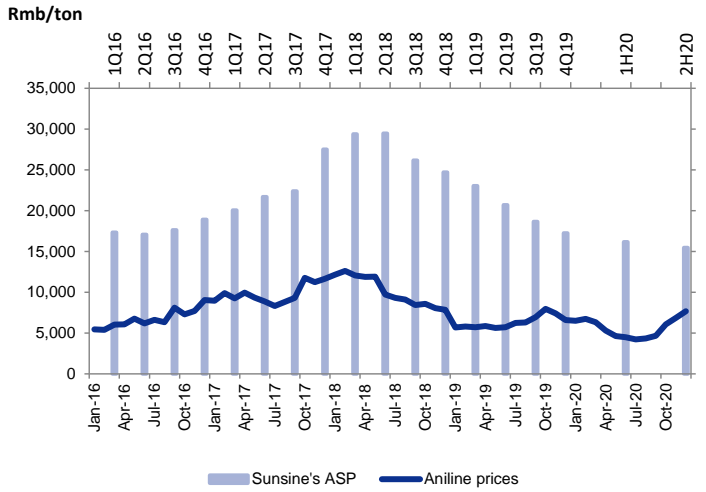


**Figure 3: Price trend of key rubber accelerators in China**



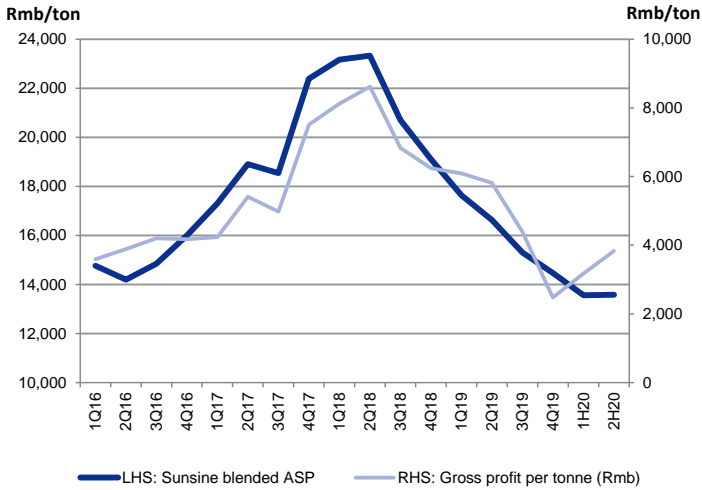
SOURCES: CGS-CIMB RESEARCH, CHINA PETROLEUM AND CHEMICAL INDUSTRY FEDERATION

**Figure 4: Aniline prices vs. Sunsine's ASP for rubber accelerators**



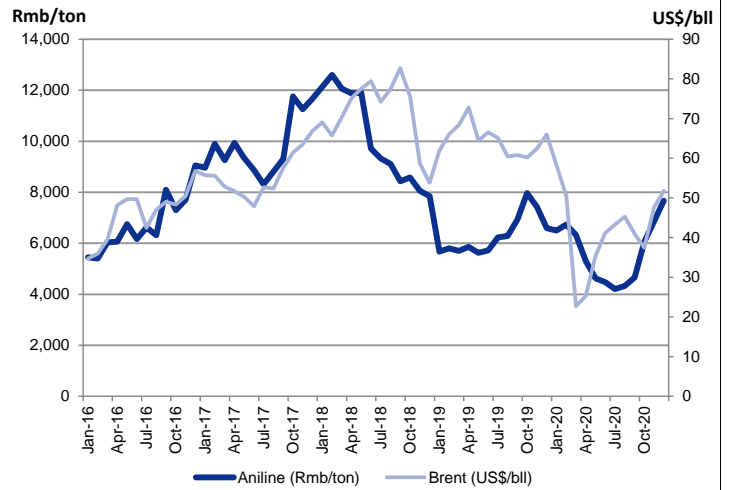
SOURCES: CGS-CIMB RESEARCH, CHINA PETROLEUM AND CHEMICAL INDUSTRY FEDERATION

**Figure 5: Sunsine's blended ASP and gross profit per tonne**

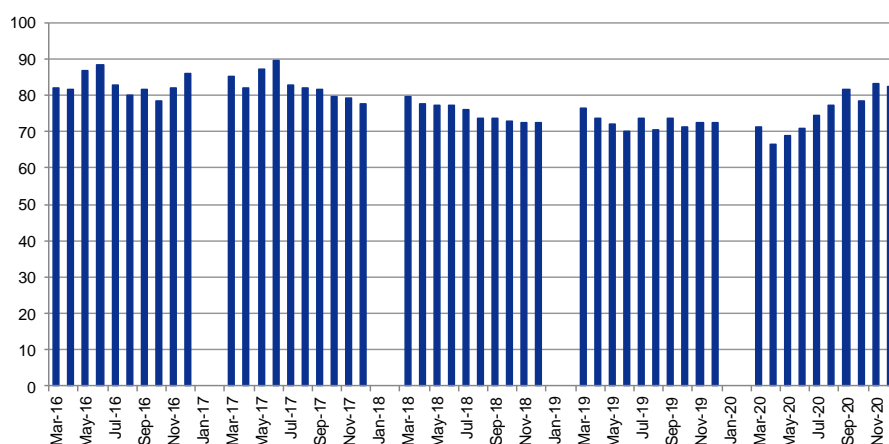


SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

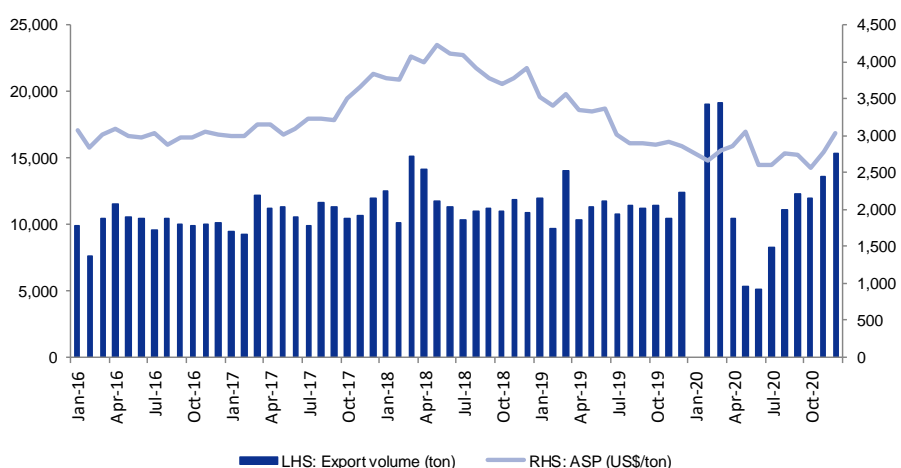
**Figure 6: Aniline prices vs. Brent**



SOURCES: CGS-CIMB RESEARCH, CEIC, BLOOMBERG

**Figure 7: Rubber tyre production volume in China (millions)**


SOURCES: CGS-CIMB RESEARCH, NATIONAL BUREAU OF STATISTICS

**Figure 8: Monthly export data of rubber accelerators (China)**


SOURCES: CGS-CIMB RESEARCH, CHINA PETROLEUM AND CHEMICAL INDUSTRY FEDERATION

**Figure 9: Earnings revision**

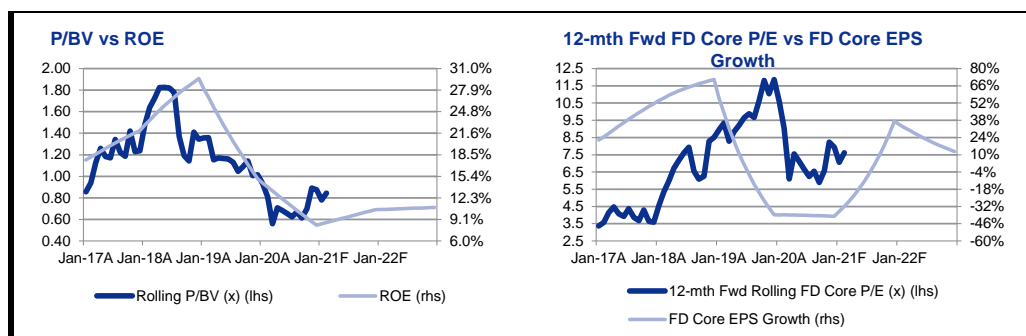
Earnings revision	FY21F			FY22F		
	Old	New	% chg	Old	New	% chg
(Rmbm)						
Revenue	2,697	2,708	0.4%	2,951	2,962	0.4%
EBITDA	505	527	4.4%	571	590	3.4%
Net profit	284	300	5.6%	324	337	4.3%
Core net profit	284	300	5.6%	324	337	4.3%
Core EPS (Rmb cents)	29.1	30.8	6.1%	33.1	34.7	4.8%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 10: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY20F	CY21F		CY20F	CY21F	CY20F	CY21F	CY22F	CY20F	CY21F	CY20F	CY21F
China Sunshine Chemical H	CSSC SP	ADD	0.49	0.61	361	10.64	7.77	-0.5%	0.86	0.78	7.9%	10.5%	10.9%	2.75	2.14	2.1%	2.6%
<b>Rubber chemical peers</b>																	
Shandong Yanggu Huatai	300121 CH	Not rated	14.10	na	779	27.1	17.5	36.7%	na	na	12.9%	14.1%	na	na	na	na	na
Eastman Chemical Co	EMN US	Not rated	113.4	na	14,967	32.1	14.6	15.0%	2.48	2.22	8.0%	16.1%	15.7%	11.3	10.0	2.4%	2.5%
LANXESS AG	LXS GY	Not rated	62.54	na	6,512	20.2	15.5	27.0%	1.58	1.47	8.0%	9.1%	10.4%	9.2	7.8	1.5%	1.7%
<b>Simple average (rubber chemical peers)</b>						<b>26.5</b>	<b>15.9</b>	<b>26.2%</b>	<b>2.03</b>	<b>1.84</b>	<b>9.6%</b>	<b>13.1%</b>	<b>13.0%</b>	<b>10.2</b>	<b>8.9</b>	<b>2.0%</b>	<b>2.1%</b>
<b>Tyre manufacturers</b>																	
Anhui Zhongding	000887 CH	Not rated	10.01	na	1,867	25.5	16.9	12.5%	1.31	1.23	5.1%	7.2%	8.8%	2.3	1.9	1.6%	2.4%
Shandong Linglong Tyre C	601966 CH	Not rated	44.00	na	8,958	26.0	22.8	11.1%	4.17	3.61	17.4%	17.2%	17.2%	16.4	14.0	1.3%	1.5%
Bridgestone Corp	5108 JP	Not rated	4,314	na	28,053	na	12.5	-5.5%	1.37	1.23	-1.0%	9.0%	10.2%	8.3	5.4	2.6%	3.0%
Yokohama Rubber	5101 JP	Not rated	1,910	na	2,951	11.6	10.1	-6.4%	0.71	0.67	6.3%	6.8%	7.6%	7.1	5.8	3.5%	3.5%
Cie Generale des Etab.	ML FP	Not rated	118.6	na	25,631	33.7	13.6	3.5%	1.67	1.51	4.9%	11.3%	13.0%	6.8	5.7	1.9%	2.6%
Goodyear Tire & Rubber C	GT US	Not rated	16.90	na	3,852	na	20.6	na	1.25	1.18	-33.8%	5.1%	11.4%	18.5	6.3	3.9%	0.4%
Cooper Tire & Rubber Co	CTB US	Not rated	57.11	na	2,841	20.1	15.1	29.4%	2.04	na	10.8%	13.1%	13.0%	6.7	5.9	0.7%	0.7%
Apollo Tyres Ltd	APTY IN	Not rated	241.4	na	1,998	29.0	17.6	22.9%	1.29	1.24	5.7%	7.5%	8.8%	11.6	6.8	1.1%	1.2%
Cheng Shin Rubber Ind	2105 TT	Not rated	44.45	na	5,025	30.5	20.0	34.6%	1.78	1.71	6.1%	9.2%	10.1%	7.6	6.5	2.9%	4.6%
Hankook Tire & Technolog	161390 KS	Add	50,800	58,000	5,680	16.59	11.3	15.2%	0.84	0.79	4.8%	7.3%	7.5%	5.0	4.5	1.2%	1.3%
Kumho Tire Co Inc	073240 KS	Not rated	4,025	na	991	na	na	-12.4%	0.96	1.02	-11.4%	-5.7%	-3.6%	na	na	na	na
Nexen Tire Corp	002350 KS	Not rated	8,200	na	713	na	9.9	-5.4%	0.54	0.53	1.3%	5.3%	5.9%	7.0	5.0	1.3%	1.3%
<b>Simple average (tyre manufacturers)</b>						<b>24.1</b>	<b>15.5</b>	<b>9.0%</b>	<b>1.50</b>	<b>1.34</b>	<b>1.3%</b>	<b>7.8%</b>	<b>9.1%</b>	<b>8.8</b>	<b>6.2</b>	<b>2.0%</b>	<b>2.1%</b>

SOURCES: CGS-CIMB, COMPANY REPORTS, BLOOMBERG

**BY THE NUMBERS**

**Profit & Loss**

(Rmbm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>Total Net Revenues</b>	<b>2,692</b>	<b>2,334</b>	<b>2,708</b>	<b>2,962</b>	<b>3,137</b>
<b>Gross Profit</b>	<b>781</b>	<b>600</b>	<b>752</b>	<b>845</b>	<b>930</b>
<b>Operating EBITDA</b>	<b>528</b>	<b>402</b>	<b>527</b>	<b>590</b>	<b>659</b>
Depreciation And Amortisation	(114)	(122)	(114)	(124)	(132)
<b>Operating EBIT</b>	<b>414</b>	<b>280</b>	<b>414</b>	<b>466</b>	<b>527</b>
Financial Income/(Expense)	13	21	(1)	(1)	(1)
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>427</b>	<b>301</b>	<b>413</b>	<b>465</b>	<b>527</b>
Exceptional Items	26	0	0	0	0
<b>Pre-tax Profit</b>	<b>453</b>	<b>301</b>	<b>413</b>	<b>465</b>	<b>527</b>
Taxation	(64)	(82)	(114)	(128)	(145)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>389</b>	<b>219</b>	<b>300</b>	<b>337</b>	<b>382</b>
Minority Interests	0	0	0	0	0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>389</b>	<b>219</b>	<b>300</b>	<b>337</b>	<b>382</b>
Recurring Net Profit	367	219	300	337	382
<b>Fully Diluted Recurring Net Profit</b>	<b>367</b>	<b>219</b>	<b>300</b>	<b>337</b>	<b>382</b>

**Cash Flow**

(Rmbm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>EBITDA</b>	<b>528.0</b>	<b>402.1</b>	<b>527.4</b>	<b>590.3</b>	<b>659.1</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	20.1	47.0	(186.5)	(63.4)	(43.7)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(24.1)	20.0	0.0	0.0	0.0
Net Interest (Paid)/Received	12.7	20.8	(0.5)	(0.5)	(0.5)
Tax Paid	(121.1)	(63.0)	(113.6)	(128.0)	(144.9)
<b>Cashflow From Operations</b>	<b>415.6</b>	<b>426.9</b>	<b>226.9</b>	<b>398.4</b>	<b>470.0</b>
Capex	(72.4)	(279.3)	(280.0)	(230.0)	(230.0)
Disposals Of FAs/subsidiaries	0.0	(42.4)	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	60.0	0.0	0.0	0.0
Other Investing Cashflow	13.2	22.1	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(59.2)</b>	<b>(239.6)</b>	<b>(280.0)</b>	<b>(230.0)</b>	<b>(230.0)</b>
Debt Raised/(repaid)	0.0	(43.4)	0.0	0.0	0.0
Proceeds From Issue Of Shares	(19.6)	(7.6)	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(135.5)	(48.8)	(51.1)	(59.9)	(67.5)
Preferred Dividends					
Other Financing Cashflow	7.3	0.1	0.0	0.0	0.0
<b>Cash Flow From Financing</b>	<b>(147.8)</b>	<b>(99.7)</b>	<b>(51.1)</b>	<b>(59.9)</b>	<b>(67.5)</b>
Total Cash Generated	208.6	87.6	(104.3)	108.5	172.5
<b>Free Cashflow To Equity</b>	<b>356.4</b>	<b>143.9</b>	<b>(53.1)</b>	<b>168.4</b>	<b>240.0</b>
<b>Free Cashflow To Firm</b>	<b>356.9</b>	<b>188.6</b>	<b>(52.6)</b>	<b>168.9</b>	<b>240.5</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(Rmbm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Cash And Equivalents	1,280	1,326	1,222	1,330	1,503
Total Debtors	693	716	705	771	816
Inventories	247	198	268	290	302
Total Other Current Assets	0	0	0	0	0
<b>Total Current Assets</b>	<b>2,220</b>	<b>2,239</b>	<b>2,195</b>	<b>2,391</b>	<b>2,622</b>
Fixed Assets	650	865	1,031	1,136	1,235
Total Investments	0	0	0	0	0
Intangible Assets	49	68	68	68	68
Total Other Non-Current Assets	0	0	0	0	0
<b>Total Non-current Assets</b>	<b>699</b>	<b>933</b>	<b>1,099</b>	<b>1,205</b>	<b>1,303</b>
Short-term Debt	0	0	0	0	0
Current Portion of Long-Term Debt					
Total Creditors	323	410	283	308	322
Other Current Liabilities	24	42	42	42	42
<b>Total Current Liabilities</b>	<b>347</b>	<b>451</b>	<b>325</b>	<b>350</b>	<b>363</b>
Total Long-term Debt	0	0	0	0	0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	9	0	0	0	0
<b>Total Non-current Liabilities</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>357</b>	<b>451</b>	<b>325</b>	<b>350</b>	<b>363</b>
Shareholders' Equity	2,562	2,721	2,969	3,247	3,561
Minority Interests	0	0	0	0	0
<b>Total Equity</b>	<b>2,562</b>	<b>2,721</b>	<b>2,969</b>	<b>3,247</b>	<b>3,561</b>

### Key Ratios

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue Growth	(18.0%)	(13.3%)	16.0%	9.4%	5.9%
Operating EBITDA Growth	(34.3%)	(23.8%)	31.2%	11.9%	11.7%
Operating EBITDA Margin	19.6%	17.2%	19.5%	19.9%	21.0%
Net Cash Per Share (Rmb)	1.31	1.37	1.26	1.37	1.55
BVPS (Rmb)	2.62	2.80	3.06	3.34	3.67
Gross Interest Cover	828	215	827	932	1,055
Effective Tax Rate	14.1%	27.2%	27.5%	27.5%	27.5%
Net Dividend Payout Ratio	13.4%	22.8%	20.0%	20.0%	20.0%
Accounts Receivables Days	98.5	110.4	95.7	90.9	92.4
Inventory Days	44.36	46.94	43.43	48.09	48.99
Accounts Payables Days	63.43	77.34	64.62	50.91	52.06
ROIC (%)	32.2%	21.7%	29.7%	26.7%	27.5%
ROCE (%)	17.5%	11.4%	14.5%	15.0%	15.5%
Return On Average Assets	12.4%	6.5%	9.3%	9.8%	10.2%

### Key Drivers

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Accelerators ASP (Rmb/tonne)	19,846.6	15,781.2	16,433.0	16,926.0	17,433.7
Insoluble Sulphur ASP (Rmb/tonne)	8,945.0	7,470.2	7,730.5	7,962.4	8,201.3
Anti-oxidant ASP (Rmb/tonne)	13,163.3	13,268.2	12,738.4	13,120.6	13,514.2
Accelerators sales volume (tonne)	88.3	91.0	105.8	109.0	112.3
Insoluble Sulphur sales volume (tonne)	29.9	30.7	32.4	38.9	39.7
Anti-oxidant ASP sales volume (tonne)	47.3	46.0	52.0	57.2	58.9

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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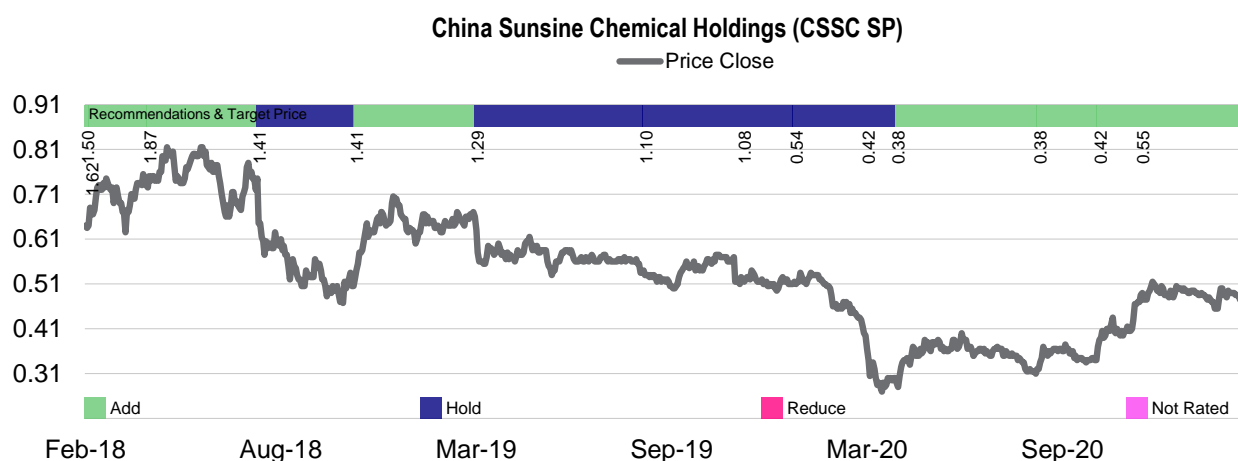
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2020		
688 companies under coverage for quarter ended on 31 December 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	67.0%	0.9%
Hold	21.7%	0.0%
Reduce	11.3%	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 2020, Anti-Corruption 2020**

**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, **AU** – Good, n/a, **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, **BEM** – Excellent, n/a, **BGRIM** – Very Good, Certified, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Certified, **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, n/a, **CK** – Excellent, n/a, **COL** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** - Excellent, Certified, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DOHOME** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, Declared, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, Declared, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **JKN** – Excellent, Declared, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – not available, n/a, **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, Declared, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – not available, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **PTTOR** – not available, n/a, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **RBF** – not available, n/a, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAK** – not available, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – not available, n/a, **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, **SSP** - Good, Declared, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **THCOM** – 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, **TIPIP** – not available, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **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 2020 from Thai Institute of Directors Association (IOD)

2 AGM Level 2019 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 June 24, 2019) 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 2019" 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)

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**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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