

Malaysia

ADD (no change)

Consensus ratings*: Buy 6 Hold 3 Sell 0

Current price:	RM5.40
Target price:	RM7.00
Previous target:	RM6.50
Up/downside:	29.6%
CGS-CIMB / Consensus:	40.7%

Reuters:	SUPM.KL
Bloomberg:	SUCB MK
Market cap:	US\$1,605m
	RM6,974m
Average daily turnover:	US\$11.23m
	RM48.60m
Current shares o/s:	1,360m
Free float:	62.5%

*Source: Bloomberg

Key changes in this note

- FY20-22F EPS raised by 8.1-10.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	170	239.6	225.3
Relative (%)	164.9	244.8	234.8

Major shareholders

	% held
Dato' Seri Thai Kim Sim, Stanley	20.7
Datin Seri Tan Bee Geok, Cheryl	15.3
Amanah Saham Nasional	1.5

Analyst(s)

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Supermax Corp

Glove is 'gold' due to Covid-19

- The positive takeaways from SUCB's 3QFY3/20 results briefing were lower tax rates and higher OBM contributions.
- We expect SUCB to deliver sequentially better results in 4QFY20F, mainly thanks to higher ASPs from its manufacturing-cum-distribution model.
- Reiterate Add, with a higher TP of RM7.00 (27x CY21 P/E).

3QFY20: Great but more to come ...

Supermax Corp (SUCB) attributed its strong qoq growth for 3QFY6/20 (revenue: +16%, EBITDA margin: +8.5% pts and net profit: >100%) to the surge in gloves demand due to Covid-19. This has led to: i) higher sales volume (+23.8% qoq), ii) higher contribution from its distribution business, and iii) a rise in average selling prices (ASPs).

Higher ASPs to drive sequentially stronger 4QFY20F results

SUCB highlighted that the majority of orders with substantial price increase (expectations of +10-15% monthly from Jun 20 onwards, post raising ASPs by 25-30% mom in Apr 20) would be captured in 4QFY6/20 onwards, as the bulk of orders with lower ASPs have been shipped out in 3QFY20. Hence, we expect better margins for SUCB, from higher ASPs and declining raw material prices. Also, its subsidiaries (distribution centres) in certain countries, such as UK and the US, will enjoy lower tax rates due to tax incentives.

SUCB's manufacturing-cum-distribution model paying dividends

We also attribute SUCB's ability to raise its ASPs more aggressively vs. its peers (mainly OEM suppliers) to its manufacturing-cum-distribution model — SUCB distributes its own brand manufacturing (OBM) gloves via in-house as well as independent distributors. We gather that SUCB is able to garner higher margins and better pricing power from its OBM gloves as it is able to sell to end-customers directly. As of Mar 20 (following the Covid-19 outbreak) 95% of its sales mix is OBM gloves, much higher than the 70% in Jan 20.

Glove usage to expand to more countries and beyond healthcare

While it is enjoying a surge in demand for gloves due to Covid-19, SUCB expects global glove demand to remain robust post-pandemic, with better healthcare standards and awareness, especially in countries with lower glove usage. SUCB also expects new consumption beyond healthcare (e.g. retail, F&B, etc.) to drive global glove demand.

Retain Add, with a higher TP of RM7.00

We raise our FY20-22F EPS by 8.1-10.6% to account for: i) lower tax rate, and ii) higher ASPs (with more OBM sales contribution). Accordingly, our TP is raised to RM7.00, still based on 27x CY21 P/E, in line with +2 s.d. of its 5-year mean. We view SUCB as a key beneficiary of the strong glove demand from Covid-19, on top of its distribution business, which garners better margins in these times. It continues to be a laggard play, trading at a 45% discount to the Malaysian glove sector's average CY21F P/E of 35x, while it has the highest 3-year EPS CAGR of 21.2% (vs. average of 15.6%).

Financial Summary

	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
Revenue (RMm)	1,304	1,489	2,072	2,570	2,670
Operating EBITDA (RMm)	211.7	230.6	417.3	590.8	530.3
Net Profit (RMm)	106.7	123.8	257.7	376.1	323.9
Core EPS (RM)	0.08	0.09	0.19	0.28	0.24
Core EPS Growth	59%	10%	120%	46%	(14%)
FD Core P/E (x)	68.87	62.65	28.51	19.53	22.68
DPS (RM)	0.04	0.03	0.08	0.11	0.10
Dividend Yield	0.74%	0.64%	1.40%	2.05%	1.76%
EV/EBITDA (x)	35.19	31.93	17.79	12.61	14.04
P/FCFE (x)	44.8	107.6	134.9	51.2	48.1
Net Gearing	28.5%	19.4%	21.9%	19.9%	17.0%
P/BV (x)	7.25	6.52	5.73	4.87	4.32
ROE	10.3%	11.0%	21.4%	27.0%	20.2%
% Change In Core EPS Estimates			10.6%	8.1%	7.5%
CGS-CIMB/Consensus EPS (x)			1.50	1.64	1.45

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Glove is 'gold' due to Covid-19

Capacity expansion to increase by 45.8% by end-2022F ▶

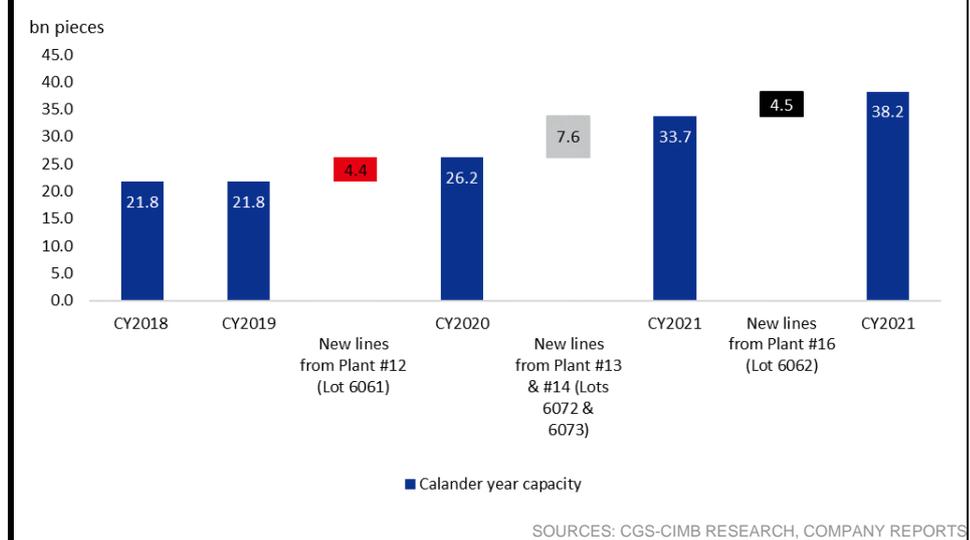
SUCB targets its total glove production capacity to rise by 45.8% to 38.2bn pieces by end-2022. Albeit slightly delayed owing to the Movement Control Order (MCO), SUCB expects Block B of its Plant 12 (2.2bn pieces p.a.) to be fully commissioned by end-2HCY20. Concurrently, it is constructing three new plants (Plants 13, 14 and 16), with a total capacity of 12.1bn pieces p.a.

Figure 1: Capacity expansion plans

New Capacity Expansion	Capex (RM m)	Target Completion Date (Calendar Year)
Plant #12 (Lot 6061)		
- Block B (production machineries only)	65.0	2HCY20
Acquisition cost for property at Lots 6062, 6072 & 6073	85.0	
Less Rental Income for Lot 6072 & 6073 (Estimated monthly rental of RM250k x 12)	(3.0)	
Plant #13}	180.0	1QCY21
Plant #14} (Lots 6072 & 6073)	185.0	3QCY21
Plant #16} (Lot 6062)	190.0	4QCY22
Total CAPEX (2020-2022F)	702.0	by end-2022F

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

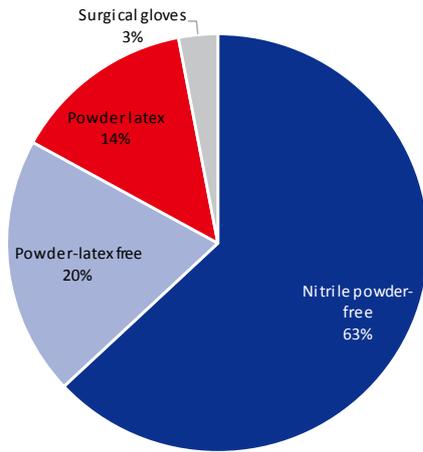
Figure 2: Expansion plans (2018-2022F)



Higher glove demand since the Covid-19 outbreak ▶

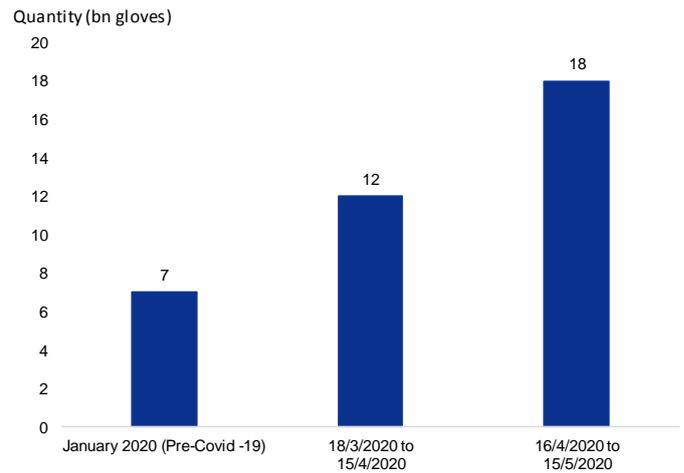
Post Covid-19, SUCB has seen an increase in its order book by 300-500%, with its lead time now extending to 10-12 months. We gather that most of these are OBM orders, part of which is direct purchases from non-government organisations and government agencies globally. To ensure no cancellation of these orders, SUCB is requiring its customers to pay a 30-50% deposit to secure their orders and ensure delivery on time.

Figure 3: Product mix by revenue for 9MFY20



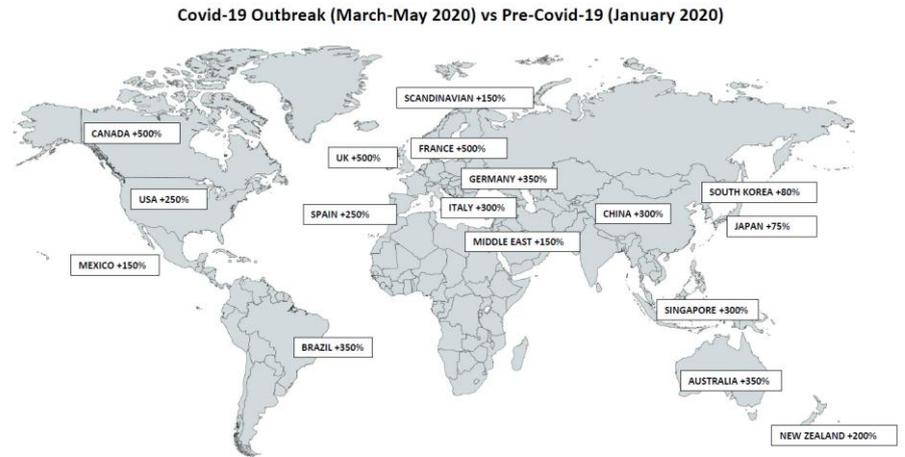
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Order books pre- and post-Covid-19



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Demand growth from various countries

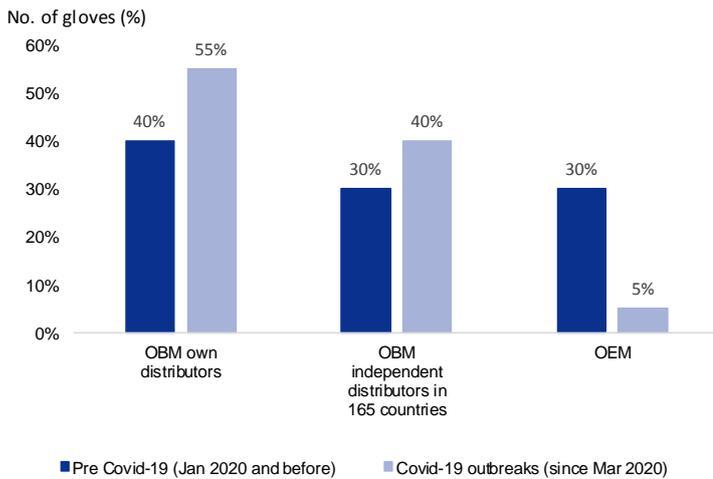


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Shifting towards OBM model ▶

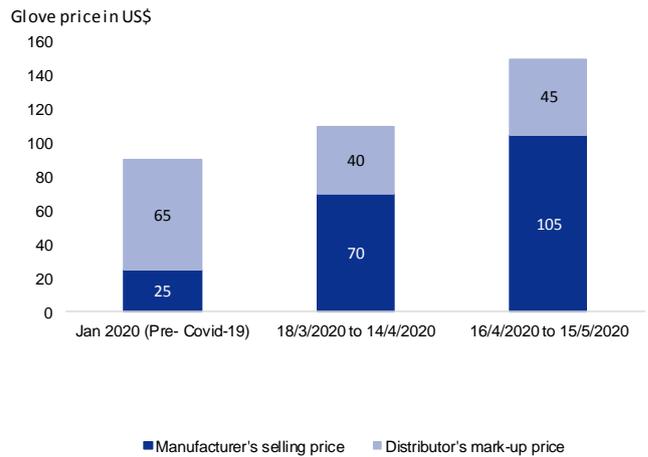
Pre-Covid-19 (before Jan 20), OBM sales contribution stood at 70% of SUCB's total sales volume — 40% was sales to its own distributors while 30% was to independent distributors to more than 165 countries. The remaining 30% of its sales was derived from OEM customers. Post-Covid-19 impact (since Mar 20), SUCB has seen an increase in demand for its OBM gloves. As a result, contribution from its OBM segment has increased to a total of 95%, with the remaining 5% from its OEM customers. With the higher revenue contribution from OBM sales, we expect SUCB to record higher ASPs and margins vs. its peers, which are mainly OEM manufacturers.

Figure 6: Pre- and post-Covid-19 total sales contribution



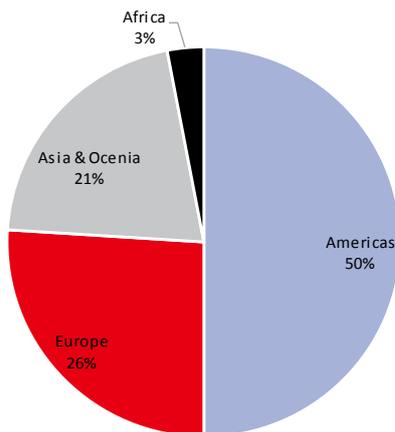
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Pre- and post-Covid-19 glove price in the market



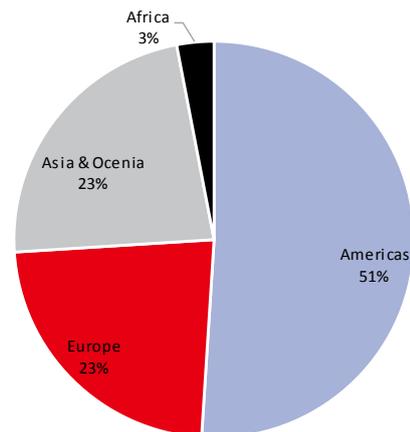
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: Group's sales by geographical area (FY19)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Group's sales by geographical area (9MFY20)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Other briefing highlights ➤

- Since the Covid-19 outbreak, SUCB has seen an increase in direct orders from government agencies and non-government organisations. These orders are mainly for its OBM products and typically have higher selling prices (spot prices).
- Given the current strong global glove demand, glove makers, including SUCB, are practicing reverse billing now (whoever pays higher will get the capacity allocation). Therefore, SUCB expect its ASPs to sustain at a higher level given the current scenario, where demand of gloves is outstripping supply.
- The bulk of its expansion plans will mainly focus on nitrile gloves (NBR), which has stronger demand and better margins. In the event that demand for NBR gloves outweigh that of natural latex gloves (NR), SUCB may look to convert some existing NR production lines to produce NBR gloves.
- The contact lens segment expects to turn around with continuous product development and new market penetration. With its ongoing subscription model for its contact lens business, SUCB is seeing more recurring orders after its customers purchased its products.

Re-rating catalysts and downside risks ►

Potential re-rating catalysts include better-than-expected demand for gloves and higher-than-expected increase in selling prices. Downside risks: discovery of a cure/vaccine for Covid-19, stiff pricing competition, and a spike in raw material prices.

Figure 3: Earnings revision

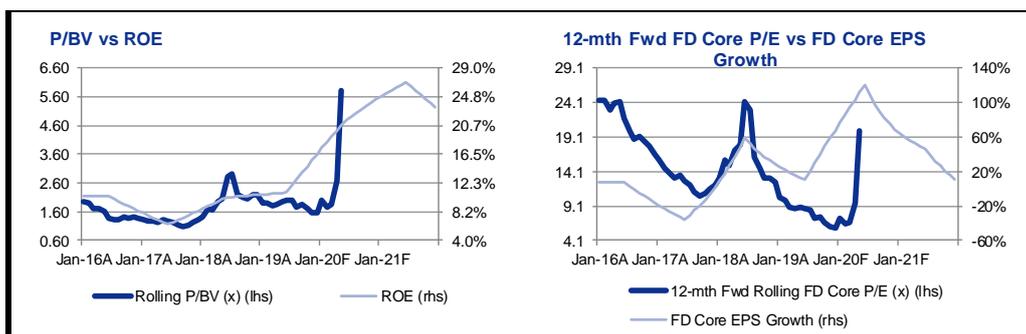
RM m	2019A	2020F			2021F			2022F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	1,489	2,072	2,072	0%	2,576	2,570	0%	2,676	2,670	0%
EBITDA	231	402	417	4%	580	591	2%	528	530	1%
Core pretax profit	164	336	356	6%	503	521	4%	436	449	3%
Core net profit	117	233	258	11%	348	376	8%	301	324	8%
Core EPS (sen)	9	17	19	11%	26	28	8%	22	24	8%

SOURCES: CIMB, COMPANY REPORTS

Figure 4: 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 (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY20F	CY21F		CY20F	CY21F	CY20F	CY21F	CY20F	CY21F	CY20F	CY21F
Hartalega Holdings	HART MK	Add	10.00	10.80	7,790	46.6	40.2	14.9%	12.1	10.9	28.0%	25.8%	31.5	30.0	1.3%	1.3%
Kossan Rubber Industries	KRI MK	Hold	8.63	8.50	2,540	33.6	31.6	17.7%	6.8	6.0	22.2%	20.2%	21.5	20.8	1.2%	1.3%
Supermax Corp	SUCB MK	Add	5.40	7.00	1,605	23.1	20.9	21.9%	5.3	4.6	24.7%	23.4%	14.6	13.3	1.8%	1.9%
Top Glove Corporation	TOPG MK	Add	11.66	10.40	6,891	36.7	35.6	17.4%	10.0	8.8	29.6%	26.3%	24.6	23.6	1.3%	1.4%
Weighted average						39.2	35.7	16.8%	10.0	8.9	27.5%	25.0%	26.2	25.0	1.3%	1.4%

SOURCES: CGS-CIMB, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(RMm)	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
Total Net Revenues	1,304	1,489	2,072	2,570	2,670
Gross Profit	439	466	737	992	956
Operating EBITDA	212	231	417	591	530
Depreciation And Amortisation	(42)	(44)	(60)	(67)	(75)
Operating EBIT	170	187	357	523	455
Financial Income/(Expense)	(14)	(20)	(14)	(14)	(14)
Pretax Income/(Loss) from Assoc.	6	5	13	11	8
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	162	173	356	521	449
Exceptional Items	0	0	0	0	0
Pre-tax Profit	162	173	356	521	449
Taxation	(52)	(49)	(96)	(141)	(121)
Exceptional Income - post-tax					
Profit After Tax	110	124	260	380	328
Minority Interests	(3)	0	(3)	(4)	(4)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	107	124	258	376	324
Recurring Net Profit	107	117	258	376	324
Fully Diluted Recurring Net Profit	107	117	258	376	324

Cash Flow

(RMm)	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
EBITDA	211.7	230.6	417.3	590.8	530.3
Cash Flow from Inv. & Assoc.					
Change In Working Capital	56.8	0.0	(79.6)	(67.7)	(14.3)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	0.0	0.0	0.0	0.0	0.0
Other Operating Cashflow	(13.2)	66.3	26.7	24.7	21.7
Net Interest (Paid)/Received	(14.0)	(19.7)	(13.7)	(13.7)	(13.7)
Tax Paid	(64.1)	(49.0)	(96.2)	(140.6)	(121.3)
Cashflow From Operations	177.2	228.2	254.5	393.5	402.7
Capex	(58.9)	(115.7)	(200.0)	(250.0)	(250.0)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(58.9)	(115.7)	(200.0)	(250.0)	(250.0)
Debt Raised/(repaid)	45.7	(44.3)	0.0	0.0	0.0
Proceeds From Issue Of Shares					
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(75.7)	(32.8)	(103.1)	(150.4)	(129.6)
Preferred Dividends					
Other Financing Cashflow	(14.0)	(19.7)	(13.7)	(13.7)	(13.7)
Cash Flow From Financing	(44.0)	(96.8)	(116.8)	(164.2)	(143.3)
Total Cash Generated	74.3	15.7	(62.3)	(20.7)	9.5
Free Cashflow To Equity	164.0	68.2	54.5	143.5	152.7
Free Cashflow To Firm	132.3	132.2	68.2	157.2	166.5

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(RMm)	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
Total Cash And Equivalents	145	174	111	91	100
Total Debtors	203	197	273	338	351
Inventories	188	183	232	275	298
Total Other Current Assets	36	77	175	176	177
Total Current Assets	572	631	792	880	927
Fixed Assets	896	972	1,012	1,194	1,369
Total Investments	197	202	202	202	202
Intangible Assets	29	29	29	29	29
Total Other Non-Current Assets	2	1	1	1	1
Total Non-current Assets	1,123	1,204	1,244	1,427	1,601
Short-term Debt	374	350	350	350	350
Current Portion of Long-Term Debt					
Total Creditors	192	229	274	314	336
Other Current Liabilities		49	49	49	49
Total Current Liabilities	566	627	673	713	735
Total Long-term Debt	62	42	42	42	42
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
Total Non-current Liabilities	62	42	42	42	42
Total Provisions	49	40	40	40	40
Total Liabilities	677	709	754	794	817
Shareholders' Equity	1,013	1,127	1,282	1,507	1,702
Minority Interests	10	0	0	5	10
Total Equity	1,023	1,127	1,282	1,512	1,712

Key Ratios

	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
Revenue Growth	15.8%	14.2%	39.1%	24.0%	3.9%
Operating EBITDA Growth	42.1%	8.9%	81.0%	41.6%	(10.2%)
Operating EBITDA Margin	16.2%	15.5%	20.1%	23.0%	19.9%
Net Cash Per Share (RM)	(0.21)	(0.16)	(0.21)	(0.22)	(0.21)
BVPS (RM)	0.74	0.83	0.94	1.11	1.25
Gross Interest Cover	12.15	9.48	26.04	38.16	33.16
Effective Tax Rate	32.0%	28.4%	27.0%	27.0%	27.0%
Net Dividend Payout Ratio	34.3%	27.2%	29.1%	29.1%	29.1%
Accounts Receivables Days	59.64	41.41	31.54	32.96	35.82
Inventory Days	79.63	66.14	56.93	58.62	61.01
Accounts Payables Days	81.54	64.24	54.17	55.59	57.86
ROIC (%)	14.6%	16.1%	30.2%	37.4%	27.6%
ROCE (%)	11.1%	12.2%	21.8%	28.6%	22.3%
Return On Average Assets	10.1%	10.9%	19.1%	24.6%	19.1%

Key Drivers

	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
ASP (% chg, main prod./serv.)	0.0%	13.7%	28.7%	25.8%	14.9%
Unit sales grth (% , main prod./serv.)	2.8%	-8.2%	87.0%	101.6%	45.8%
Util. rate (% , main prod./serv.)	79.0%	79.0%	85.0%	87.0%	78.0%
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
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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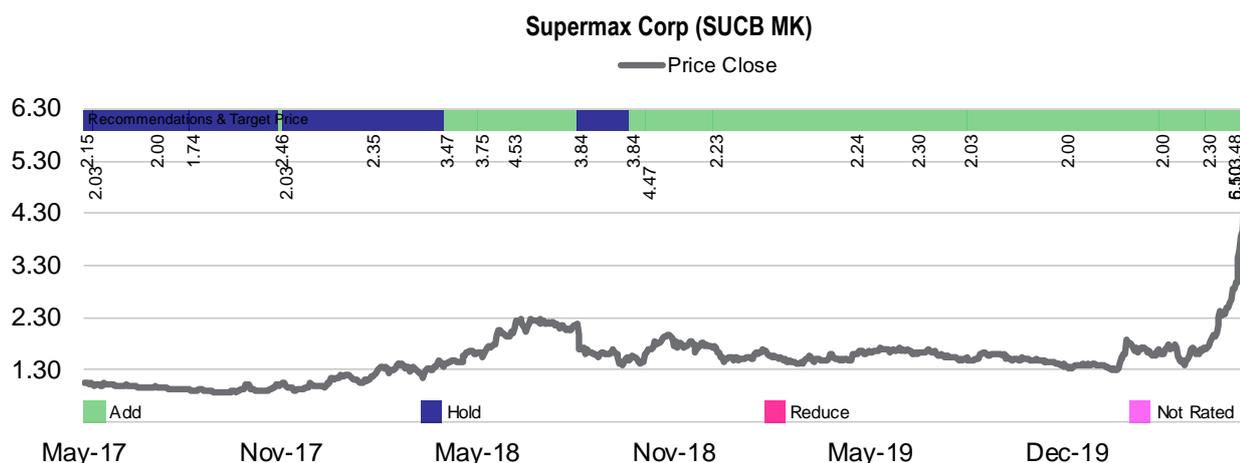
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Spitzer Chart for stock being researched (2 year data)



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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