

Vietnam

HOLD (previously ADD)

Consensus ratings*: Buy 5 Hold 1 Sell 0

Current price:	VND17,150
Target price:	VND17,100
Previous target:	VND15,800
Up/downside:	-0.3%
CGS-CIMB / Consensus:	7.2%
Reuters:	DPM.HM
Bloomberg:	DPM VN
Market cap:	US\$289.6m
	VND6,711,383m
Average daily turnover:	US\$1.95m
	VND45,777m
Current shares o/s:	391.4m
Free float:	28.5%

*Source: Bloomberg

Key changes in this note

- FY20F EPS forecast increased by 41.1%.
- FY21-22F EPS forecasts decreased by 6.6-26.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	22.5	20.4	31.9
Relative (%)	17.3	16.8	41.3

Major shareholders	% held
PetroVietnam	59.6
Edgbaston	4.9
Nghe An Agricultural Materials and Food JSC	3.9

Analyst(s)



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PetroVietnam Fertilizer and Chemicals

Fairly priced at this point

- Strong net profit growth expected in FY20F off a low FY19 base, but FY21-22F outlook seems less promising on rising gas input costs.
- Our TP is raised to VND17,100. We downgrade our rating from Add to Hold as the strong FY20F results appear to have been priced in.

1H20 results buoyed by oil price decline and cost-cutting efforts

DPM's urea production/sales volume saw significant jumps of 62.3%/60.0% yoy in 1H20, as its plant underwent a 72-day maintenance in 1H19. This helped offset the 18.0% yoy decline in urea prices, leading to an 11% yoy increase in 1H20 net revenue. However, net profit ballooned by nearly five times to VND407bn, fueled by (1) the 8.0% pts expansion in gross margin, driven by the 42.4% drop in benchmark fuel oil price, (2) reduced SG&A expenses, from 12.1% in 1H19 to 11.5% of revenue in 1H20, thanks to continued cost-cutting efforts, and (3) higher interest income (+58.0% yoy) and lower interest expense (-11.3% yoy). 1H20 net profit was higher at 74.8% of our FY20F forecasts mainly due to lower-than-expected oil price and operating expenses.

2H20F results look solid on strong support from low oil price

We expect DPM's 2H20F urea sales volume to remain solid on high rice export prices in 8M20 (+12.9% yoy), giving local farmers the extra funds to reinvest in their crops, thus boosting full-year volume by 15% yoy. Meanwhile, we cut our FY20F oil price forecast from US\$62/bbl to US\$43/bbl, leading to a 4.7% pts upward revision in overall gross margin. We now expect FY20F net profit at VND768bn (+103% yoy), driven by a 33% drop in oil price and stronger financial profit (+145% yoy) on quick debt payment.

Rising risk from further increases in transportation tariffs

We estimate DPM's transportation tariff to increase from average US\$1.4/mmbtu in FY19 to US\$1.7/mmbtu in FY20F due to higher contributions of the high-cost supply, especially the fields at Cuu Long basin. This could worsen in FY21-24F as the cheap supply (e.g. from Bach Ho field) continues to deplete; therefore we expect rising transportation tariffs (along with higher oil prices) to put pressure on DPM's gas input costs going forward.

Downgrade from Add to Hold on valuation grounds

We raise our FY20F EPS forecast by 41% to reflect lower oil price, but cut those in FY21-22F by 7-27% due to upward revisions in gas transportation tariffs. This leads to a higher TP of VND17,100, based on a 40:30:30 combination of DCF, target FY20F P/E of 8.0x and target FY20F P/BV of 0.7x. We downgrade our rating from Add to Hold as the stock has become fairly priced following gains in 2Q in response to lower oil prices. Upside risks include lower-than-expected transportation tariffs and oil prices. Downside risks are lower-than-expected urea and NPK selling prices.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	9,297	7,684	7,990	8,730	9,140
Operating EBITDA (VNDb)	1,321	994	1,474	1,306	1,083
Net Profit (VNDb)	699.6	377.7	768.3	675.4	536.8
Core EPS (VND)	1,787	965	1,963	1,726	1,371
Core EPS Growth	1%	(46%)	103%	(12%)	(21%)
FD Core P/E (x)	9.59	17.77	8.74	9.94	12.51
DPS (VND)	1,999	1,027	1,000	1,000	1,000
Dividend Yield	11.7%	6.0%	5.8%	5.8%	5.8%
EV/EBITDA (x)	4.12	4.13	2.37	2.06	2.06
P/FCFE (x)	48.78	4.04	8.00	6.59	9.96
Net Gearing	(17.4%)	(34.0%)	(39.8%)	(47.7%)	(52.1%)
P/BV (x)	0.83	0.84	0.80	0.78	0.76
ROE	8.77%	4.70%	9.39%	7.93%	6.15%
% Change In Core EPS Estimates			41.1%	(6.6%)	(26.6%)
CGS-CIMB/Consensus EPS (x)			1.28	1.19	1.00

SOURCES: VND RESEARCH, COMPANY REPORTS

Fairly priced at this point

1H20 results buoyed by oil price decline and cost-cutting efforts

Figure 1: 1H20 results overview

FYE Dec (VND bn)	2Q20	2Q19	% yoy	1H20	1H19	% yoy	% of FY20F forecasts	Comments
Brent crude oil (US\$/bbl)	33.4	68.5	-51.2%	42.1	66.2	-36.4%		
Gas input price (est., US\$/mmbtu)	3.8	6.1	-37.4%	4.4	6.0	-27.9%		The benefit from lower oil price was undermined by higher transportation tariff, as the gas depletion at Bach Ho field caused DPM to buy gas from higher-cost sources such as other fields at Cuu Long and Nam Con Son basins.
Urea sales volume	231	127	82.3%	418	261	60.0%		2Q20 urea consumption jumped 82.3% yoy as the plant only operated two out of three months in 2Q19.
Average urea sales price (VND/kg)				6,125	7,469	-18.0%		
Net revenue	2,179.6	1,931.2	12.9%	3,877	3,505	10.6%	42.8%	
Gross profit	570.5	262.4	117.4%	909.3	531.0	71.3%	53.1%	
Gross profit margin	26.2%	13.6%	12.6% pts	23.5%	15.1%	+8.3% pts		Gross profit margin increased 12.6% pts to 26.2% in 2Q20 as oil price fell to the five-year trough and stayed low in 2Q.
Selling expenses	134	119	13.2%	274	219	24.8%	43.7%	
G&A expenses	96	115	-16.5%	171	205	-16.6%	35.6%	
SG&A/net revenue (%)	10.6%	12.1%	-1.5% pts	11.5%	12.1%	-0.6% pts	+0.6% pts	
Operating income	339.9	28.5	1092.6%	464.5	106.3	336.9%	76.9%	
Financial income	42.0	31.4	33.4%	73.0	46.9	55.6%	44.7%	Interest income rose 58.0% yoy on higher cash balance
Financial expenses	21.9	27.5	-20.5%	50.0	55.3	-9.6%	48.2%	Lower interest pressure as DPM paid off its long-term debt (-10% as at end-2Q20 vs. 2Q19).
Profit before tax	364.6	36.3	903.3%	493.4	101.7	385.1%	73.4%	
Net profit	302.8	31.4	864.5%	407.6	83.2	390.2%	74.8%	

SOURCES: VND RESEARCH, COMPANY REPORTS

2H20F results look solid on strong support from low oil prices

Fertiliser demand expected to stay solid ➤

We expect urea demand in 2H20F to be supported by (1) good 2019/2020 winter-spring crop and high 8M20 export price of rice (+12.9% yoy), providing farmers with the extra funds to reinvest in agricultural inputs, such as seeds, fertilisers, chemicals, etc., and (2) improved weather conditions compared to the El Nino-affected 2019, given a higher chance of La Nina (60%) in the 2020/2021 winter in the northern hemisphere. Therefore, we maintain our forecast of a 15% increase in urea sales volume in FY20F (794,000 tonnes), which is 1% above DPM's 2020F plan.

Gross margin boosted by lower gas input prices ➤

In 1H20, oil price declined by an average of 36.4% yoy to the lowest level in five years, hence DPM's gross margin improved by 8.3% pts yoy to 23.5%. We expect oil prices to stay around the 1H level of US\$42-43/bbl, therefore we cut our full-year oil price forecast from US\$62/bbl earlier to US\$43/bbl. This leads to an FY20F GPM of 23.6%, 4.7% pts higher than our previous forecast of 18.9%.

Growing concern over rising gas input costs

In 1H20, DPM finalised its gas supply contract with PVGas (GAS VN, Hold, TP:VND70,000), in which DPM would receive gas from other fields at Cuu Long and Nam Con Son basins in compensation for the gas shortage at Bach Ho field, at a ratio of 60:40 (2019: 50:50). The transportation tariffs for other fields at Cuu Long/Nam Con Son basins are much higher than for Bach Ho (US\$3.22/mmbtu and US\$1.41-1.44/mmbtu vs. US\$1.02/mmbtu). This would lead to much higher

gas input costs in FY20F of US\$1.7/mmbtu vs. FY19F's US\$1.4/mmbtu, in our estimation, as DPM is running at full capacity in FY20F, which implies higher contribution of supplemental gas than in FY19.

From FY21F onwards, we believe DPM would bear the double effect of increasing oil price and greater mobilisation of high-cost supply. This could be partially alleviated by a negotiation to receive more gas from Nam Con Son than Cuu Long, to take advantage of the lower tariffs. But we expect the company's gross margin to still be hurt strongly by the higher gas cost, hence our FY21F/FY22F net profit forecasts are set to fall by 12%/21% yoy.

Earnings revision

Figure 2: Forecast revision

Unit: VNDbn, otherwise noted	2020F			2021F			2022F			Note
	Old	New	%Δ	Old	New	%Δ	Old	New	%Δ	
Brent crude oil (average, US\$/bbl)	62.0	43.0	-30.6%	65.4	50.0	-23.5%	66.8	55.0	-17.7%	We lower oil price forecast to reflect 1H20 numbers and our expectation of lower long-term oil price.
Urea ASP (VND/kg)	7,064	6,283	-11.1%	7,105	6,472	-8.9%	7,237	6,536	-9.7%	We revise down 2020F forecast as urea price in 1H20 remained subdued due to high inventory, but we expect a soft recovery in ASP from 2H20F as demand picks up.
Urea volume ('000 tonnes)	794	794	-	802	802	-	810	810	-	
NPK volume ('000 tonnes)	150	125	-16.7%	175	150	-14.3%	200	175	-12.5%	In 1H20, the NPK plant still encountered some technical issues and had to stop operation for a few days. 1H20 sales volume was only 43,000 tonnes. Therefore, we reduce our sales volume assumption to reflect weaker-than-expected performance of this plant.
Other fertilizers ('000 tonnes)	189	189	-	220	220	-	220	220	-	
Net revenue	9,063	7,990	-11.8%	9,717	8,730	-10.2%	10,222	9,140	-10.6%	
Gross profit	1,711	1,888	10.3%	1,965	1,806	-8.1%	2,005	1,621	-19.2%	We increase FY21-22F transportation tariff forecast from US\$1.5/mmbtu to US\$2.1/mmbtu, assuming supplemental gas supply from Cuu Long and Nam Con Son at 40:60 ratio.
Gross profit margin	18.9%	23.6%	+4.7% pts	20.2%	20.7%	+0.5% pts	19.6%	17.7%	-1.9% pts	
Selling expenses	626	552	-11.8%	661	594	-10.2%	695	612	-11.9%	
G&A expenses	482	425	-11.8%	509	468	-8.1%	531	488	-8.2%	
Operating profit	604	912	51.0%	796	744	-6.4%	779	521	-33.1%	
Financial income	163	172	5.5%	167	194	16.0%	175	212	21.1%	
Financial expenses	104	93	-10.3%	87	78	-10.2%	70	63	-10.1%	
Pre-tax profit	672	1,000	48.8%	887	872	-1.7%	896	683	-23.8%	
Net profit	545	768	41.1%	723	675	-6.6%	731	537	-26.6%	
Basic EPS (VND/share)	1,391	1,963	41.1%	1,848	1,726	-6.6%	1,869	1,371	-26.6%	
Adjusted EPS (VND/share)	1,113	1,570	41.1%	1,478	1,380	-6.6%	1,495	1,097	-26.6%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Downgrade from Add to Hold

We raise our FY20F EPS forecast by 41% to reflect lower oil prices, but cut those in FY21-22F by 7-27% due to upward revisions in gas transportation tariffs. This leads to a higher TP of VND17,100, based on a 40:30:30 combination of DCF, target FY20F P/E of 8.0x and target FY20F P/BV of 0.7x. We downgrade our rating from Add to Hold, as the stock has become fairly priced after the strong gains in 2Q in response to the lower oil prices.

Figure 3: DCF valuation summary

General assumptions (in VND bn, otherwise noted)	2020F	2021F	2022F	2023F	2024F	Terminal
Net income	768	675	537	357	290	
Tax rate (%)	21.4%	20.5%	19.4%	15.4%	10.5%	
Interest expense	87	72	57	42	29	
-Changes in working capital	(186)	104	(108)	(28)	(64)	
-Net Capex	(116)	(117)	(118)	(119)	(120)	
+Depreciation & Amortisation	562	562	562	561	561	
FCFF	1,097	1,282	918	807	692	6,171
PV of FCFF	986	1,036	667	528	407	3,627
PV of DCF (5 years)	3,625					
PV of Terminal value	3,627					
Enterprise Value	7,251					
Less: Total debt	1,241					
Less: Total liability relating to PVTex investment	1,311					
Less: Minority interest	165					
Plus: Cash and Cash equiv.	4,012					
Implied EV	8,546					
No. of o/s shares (m)	391					
Implied value per share (VND)		21,834				

SOURCES: VND RESEARCH

Figure 4: P/E and P/BV valuations

	FY20F
EPS FY2020F (VND)	1,570
Target multiple (x)	8.0
Implied value per share (VND)	12,563
BVPS FY2020F (VND)	21,862
Target multiple (x)	0.7
Implied value per share (VND)	15,303

SOURCES: VND RESEARCH,

Figure 5: Blended target price

Valuation method	Implied value per share (VND)	Weight (%)	Weighted value per share (VND)
DCF	21,834	40%	8,734
P/E	12,563	30%	3,769
P/BV	15,303	30%	4,591
Fair value			17,094
Target price (rounded up)			17,100

SOURCES: VND RESEARCH,

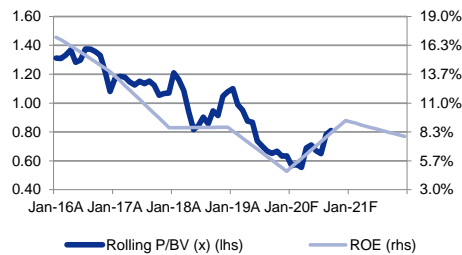
Figure 6: Peer comparison

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x) FY20F	P/E (x) FY21F	P/BV (x) FY20F	P/BV (x) FY21F	Recurring FY20F	Recurring FY21F	EV/EBITDA FY20F	EV/EBITDA FY21F	Dividend FY20F	Dividend FY21F
Fatima Fertilizer Co Ltd	FATIMA PA	NR	31	N/A	396.3	4.9	5.9	0.7	0.7	17.1	12.8	NA	NA	6.4	6.4
Engro Fertilizers Ltd	EFERT PA	NR	62	N/A	499.3	7.7	7.2	1.8	1.7	23.8	25.3	4.1	3.8	11.5	11.7
Chambal Fertilizers and Chemicals Ltd	CHMB IN	NR	143	N/A	807.2	5.1	4.8	1.3	1.1	26.0	22.6	NA	NA	3.5	4.6
Fauji Fertilizer Co Ltd	FFC PA	NR	110	N/A	838.6	8.0	7.8	NA	NA	46.8	45.8	NA	NA	10.5	11.0
Engro Corp Ltd	ENGRO PA	NR	312	N/A	1,083.7	8.5	7.5	1.2	1.1	12.6	13.4	4.3	3.2	6.9	8.3
Hubei Xinyangfeng Fertilizer Co Ltd	000902 CH	NR	12	N/A	2,207.7	19.0	14.9	2.1	1.9	11.4	13.3	11.0	8.6	2.1	2.7
Average					972.1	8.9	8.0	1.4	1.3	22.9	22.2	6.4	5.2	6.8	7.4
Median					822.9	7.8	7.4	1.3	1.1	20.4	18.0	4.3	3.8	6.6	7.3
PetroVietnam Fertilizer and Chemicals	DPM VN	HOLD	17,150	17,100	289.6	8.7	9.9	0.8	0.8	9.4%	7.9%	2.4	2.1	5.8%	5.8%

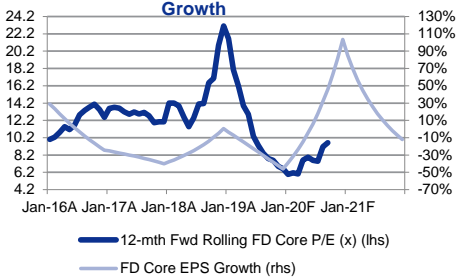
SOURCES: VND RESEARCH, BLOOMBERG (DATA AS AT 14 SEP 20)

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	9,297	7,684	7,990	8,730	9,140
Gross Profit	1,899	1,402	1,888	1,806	1,621
Operating EBITDA	1,321	994	1,474	1,306	1,083
Depreciation And Amortisation	(519)	(562)	(562)	(562)	(562)
Operating EBIT	801	432	912	744	521
Financial Income/(Expense)	50	32	79	116	149
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	19	3	9	12	13
Profit Before Tax (pre-EI)	871	467	1,000	872	683
Exceptional Items					
Pre-tax Profit	871	467	1,000	872	683
Taxation	(158)	(78)	(214)	(179)	(133)
Exceptional Income - post-tax					
Profit After Tax	712	389	787	693	550
Minority Interests	(13)	(11)	(18)	(18)	(14)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	700	378	768	675	537
Recurring Net Profit	700	378	768	675	537
Fully Diluted Recurring Net Profit	700	378	768	675	537

Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	1,321	994	1,474	1,306	1,083
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(754)	782	(186)	104	(108)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(84)	29	(1)	(1)	(1)
Other Operating Cashflow	(18)	(28)	4	6	7
Net Interest (Paid)/Received	60	29	85	122	155
Tax Paid	(144)	(46)	(214)	(179)	(133)
Cashflow From Operations	381	1,759	1,162	1,358	1,003
Capex	(891)	(118)	(116)	(117)	(118)
Disposals Of FAs/subsidiaries	5	3	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	64	61	(11)	(26)	(15)
Cash Flow From Investing	(822)	(54)	(127)	(144)	(133)
Debt Raised/(repaid)	578	(43)	(196)	(196)	(196)
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(783)	(402)	(391)	(391)	(391)
Preferred Dividends					
Other Financing Cashflow	0	0	(9)	(2)	(9)
Cash Flow From Financing	(204)	(445)	(597)	(590)	(597)
Total Cash Generated	(645)	1,260	438	625	273
Free Cashflow To Equity	138	1,662	839	1,018	674
Free Cashflow To Firm	(378)	1,812	1,123	1,287	928

SOURCES: VND RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	2,672	4,012	4,450	5,075	5,348
Total Debtors	521	289	358	360	393
Inventories	1,663	1,351	1,372	1,510	1,640
Total Other Current Assets	317	292	304	332	347
Total Current Assets	5,172	5,944	6,483	7,277	7,728
Fixed Assets	4,453	3,932	3,497	3,063	2,631
Total Investments	47	45	45	45	45
Intangible Assets	860	858	855	852	848
Total Other Non-Current Assets	602	660	664	683	690
Total Non-current Assets	5,962	5,496	5,061	4,643	4,214
Short-term Debt	202	177	133	89	44
Current Portion of Long-Term Debt					
Total Creditors	1,178	1,375	1,269	1,492	1,534
Other Current Liabilities	133	509	529	578	605
Total Current Liabilities	1,514	2,061	1,931	2,158	2,184
Total Long-term Debt	1,032	1,064	912	760	608
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	334	155	145	143	134
Total Non-current Liabilities	1,365	1,218	1,057	903	741
Total Provisions	0	0	0	0	0
Total Liabilities	2,879	3,279	2,988	3,061	2,925
Shareholders' Equity	8,087	7,996	8,373	8,657	8,802
Minority Interests	168	165	184	202	215
Total Equity	8,255	8,161	8,557	8,859	9,018

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	16.3%	(17.4%)	4.0%	9.3%	4.7%
Operating EBITDA Growth	53.3%	(24.7%)	48.3%	(11.4%)	(17.1%)
Operating EBITDA Margin	14.2%	12.9%	18.4%	15.0%	11.8%
Net Cash Per Share (VND)	3,674	7,080	8,701	10,798	11,998
BVPS (VND)	20,662	20,429	21,392	22,118	22,489
Gross Interest Cover	12.81	4.04	10.42	10.27	9.07
Effective Tax Rate	18.2%	16.7%	21.4%	20.5%	19.4%
Net Dividend Payout Ratio	112%	106%	51%	58%	73%
Accounts Receivables Days	11.11	15.72	12.48	12.73	12.71
Inventory Days	71.19	87.55	81.63	75.95	76.46
Accounts Payables Days	17.60	25.98	26.46	23.64	24.50
ROIC (%)	14.5%	6.1%	16.6%	14.2%	11.0%
ROCE (%)	10.2%	6.0%	11.4%	9.7%	7.6%
Return On Average Assets	6.19%	3.16%	6.15%	4.92%	3.36%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Oil Price (US\$/bbl)	71.2	64.2	43.0	50.0	55.0
Volume Growth (%)	2.3%	-14.9%	14.9%	1.0%	1.0%
Ratio Of Up To Downstream (x)	N/A	N/A	N/A	N/A	N/A
Operating Cash Cost (US\$/bbl)	N/A	N/A	N/A	N/A	N/A
Ratio Of High To Low Margin (x)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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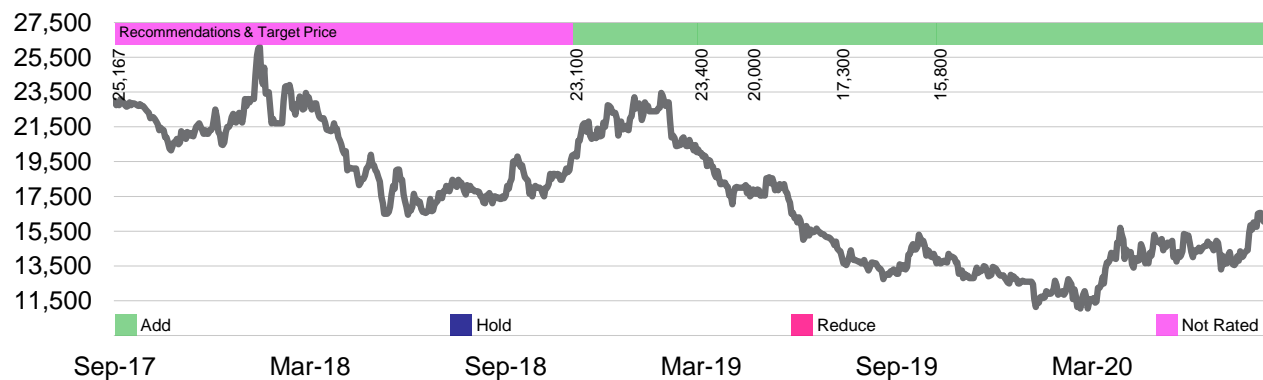
institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

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)

PetroVietnam Fertilizer and Chemicals (DPM VN)

— Price Close



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, **BGP** – Excellent, Certified, **BPG** – 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, **CENEL** – 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, **KTG** – 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 reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% 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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