

Vietnam

ADD (no change)

Consensus ratings*: Buy 3 Hold 0 Sell 2

Current price:	VND14,000
Target price:	VND15,800
Previous target:	VND17,300
Up/downside:	12.9%
CGS-CIMB / Consensus:	3.4%
Reuters:	DPM.HM
Bloomberg:	DPM VN
Market cap:	US\$236.1m
	VND5,478,680m
Average daily turnover:	US\$0.25m
	VND5,710m
Current shares o/s:	391.4m
Free float:	19.8%
*Source: Bloomberg	

Key changes in this note

➤ FY19-21F EPS lowered 14-31%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.9	-3.5	-23.1
Relative (%)	4.5	-5	-35.7

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

Headwinds still blowing

- DPM's 3Q19 revenue decreased 13.7% yoy; net profit plunged 61% yoy.
- 9M19 revenue and net profit declined 22.6% and 73.9% yoy, respectively accounting for 61.5% and 38.3% of our full-year forecasts.
- Maintain Add. We lower our TP to VND15,800 to reflect lower urea and NPK sales volume due to the adverse weather in Mekong Delta in 3Q19.

Streak of disappointment lingered in 3Q19

DPM's net revenue and net profit fell 13.7% and 61.0% in 3Q19, respectively. Nevertheless, the quarter's urea sales volume hit 192,652 tonnes (vs. only 261,000 tonnes sold in 1H19), signaling a recovery as its urea and NH₃ plants resumed operations after a long maintenance shutdown. 3Q19 gross profit margin climbed to 16.6% from 15.1% in 1H19, as the average fuel oil price in 3Q19 declined c.14% yoy, leading to a 4% yoy decrease in DPM's 3Q19 gas input price.

FY19F fertiliser sales volumes cut due to drought

Urea and NPK (nitrogen, phosphorus, potassium) sales volume in 9M19 accounted for only 66.7% and 43.1% of our full-year forecast, respectively, as fertiliser demand weakened in the drought-stricken Mekong Delta in 3Q19. We cut our FY19F urea sales volume forecast by 5.9% to 640,000 tonnes, and our forecast for FY19F NPK sales volume by 25% to 90,000 tonnes.

FY19-21F gross margin revised down on lower urea ASP forecasts

After a strong rise in 1H19, DPM's average selling price (ASP) fell below our expectation in 3Q19 due to weak urea demand and difficulties facing Vietnam's rice exports, the main driver for urea need. We cut our FY19-21F urea ASP forecasts by 4% and FY19-21F gross margin by 0.6% pts to 16.4-19.7%. Consequently, our FY19-21F EPS decline by 14-31%.

Maintain Add, with lower TP of VND15,800

We cut our TP by 8.7% to VND15,800 to reflect the downward revision to our FY19-21F EPS. Our TP is based on a 40:30:30 weighting of: (1) a FY19-23F DCF valuation, (2) 8.0x FY20F EPS, and (3) 0.9x FY20F P/BV. DPM's 3Q19 urea sales volume and net profit showed improvements versus 1H19, followed by a slight recovery in its share price in the past month. We believe the recovery of DPM's business results will extend through 4Q19F and FY20F, thus DPM remains an Add. Potential re-rating catalysts includes better-than-expected new gas contract terms. Downside risks include further delays in the amended VAT policy.

Financial Summary

	Dec-18A	Dec-19F	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	9,297	7,617	9,273	9,804	10,436
Operating EBITDA (VNDb)	1,321	934	1,202	1,378	1,410
Net Profit (VNDb)	699.6	259.1	508.7	676.6	725.9
Core EPS (VND)	1,787	662	1,300	1,729	1,855
Core EPS Growth	0.7%	(63.0%)	96.3%	33.0%	7.3%
FD Core P/E (x)	7.83	21.15	10.77	8.10	7.55
DPS (VND)	1,999	1,000	1,100	1,500	1,600
Dividend Yield	14.3%	7.1%	7.9%	10.7%	11.4%
EV/EBITDA (x)	3.19	4.04	3.00	2.41	2.20
P/FCFE (x)	39.82	7.72	12.91	7.98	8.10
Net Gearing	(17.4%)	(23.2%)	(25.2%)	(28.3%)	(30.7%)
P/BV (x)	0.68	0.69	0.68	0.67	0.67
ROE	8.77%	3.23%	6.36%	8.38%	8.88%
% Change In Core EPS Estimates		(30.9%)	(18.3%)	(14.3%)	(11.1%)
CGS-CIMB/Consensus EPS (x)		0.82	1.14	0.99	

SOURCES: VND RESEARCH, COMPANY REPORTS

Headwinds still blowing

Disappointing results in 9M19

DPM's 9M19 revenue fell 22.6% yoy to VND5,399bn as its sales of urea and other fertiliser products dropped 29.1% yoy and 29.6% yoy, respectively. This was mainly due to the shutdown of its urea and NH₃ plants for a 72-day maintenance in 1H19, and the weaker demand for fertilisers during the quarter amid drought at the Mekong Delta. 9M19 net profit plunged 73.9% yoy due to: (1) a 5.5% increase in gas input price, (2) loss from the new combined NH₃-NPK plant which operated at a utilisation rate of as low as 27.6% in 9M19, and (3) financial expenses doubling as interest was no longer capitalised after the NH₃-NPK project became operational in Aug 2018.

Figure 1: Results comparison

FYE Dec (VND bn)	3Q19	3Q18	% yoy chg	9M19	9M18	% yoy chg	as % of FY19F	Comments
Brent crude oil (average, US\$/bbl)	62.0	75.8	-18.2%	64.8	72.7	-11.0%	99.6%	
Gas input price (est., US\$/mmbtu)	6.5	6.7	-4.0%	6.6	6.2	5.5%	99.5%	Average fuel oil price in 3Q19 declined about 14% yoy, leading to 4% yoy decrease in DPM's 3Q19 gas input price.
Urea ASP (VND/kg)	6,939	7,049	-1.6%	7,244	6,877	5.3%	97.1%	
Net revenue	1,893.3	2,193.0	-13.7%	5,399	6,976	-22.6%	61.5%	According to DPM, urea sales volume in 3Q19 totalled 192,652 tonnes (-5.2% yoy) while NPK sales volume reached 10,776 tonnes, much lower than DPM's target and our expectation. Moreover, 9M19 sales volume of other fertiliser products (trading activities) plunged 29.6% yoy. Per DPM, the demand for fertiliser products weakened in 3Q19 due to the drought in the Mekong Delta.
Gross profit	314.1	490.4	-35.9%	845.1	1,419.8	-40.5%	56.6%	
Gross profit margin	16.6%	22.4%	-5.8% pts	15.7%	20.4%	-4.7% pts		3Q19 gross profit margin was 16.6%, down from 22.4% in 3Q18, due to loss from the new combined NH ₃ -NPK plant. Its NPK output in 9M19 was only 51,695 tonnes, implying an utilisation rate of 27.6%, well below our expectation of 50%.
Selling expenses	133.4	159.4	-16.3%	352.7	432.4	-18.4%	60.6%	SG&A fell due to lower-than-expected revenue amid DPM's continuing efforts to cut expenses.
G&A expenses	114.3	142.0	-19.5%	319.7	373.9	-14.5%	69.7%	
Operating profit	66.4	189.0	-64.9%	172.7	613.5	-71.9%	38.1%	
Financial income	33.6	21.3	57.9%	80.5	74.4	8.3%	77.2%	Interest expense soared to VND80.4bn in 9M19 from VND34.2bn in 9M18 due to higher long-term debt to finance the NH ₃ -NPK project.
Financial expenses	25.9	22.8	13.8%	81.2	41.2	97.1%	73.4%	
Pre-tax profit	75.4	190.4	-60.4%	177.1	655.7	-73.0%	38.2%	Pre-tax and net profit plummeted in 9M19 due to (1) lower urea and NPK sales volume, (2) gas input price hike and (3) higher interest expenses
Net profit	60.6	155.5	-61.0%	143.7	550.8	-73.9%	38.3%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Earnings forecasts revision

We cut FY19F urea and NPK sales volume forecasts on adverse weather conditions ►

The sales volume of urea and NPK (nitrogen, phosphorus, potassium) trailed our expectation due to weak fertiliser demand in the drought-stricken Mekong Delta in 3Q19. 9M19 urea and NPK sales volumes reached 66.7% and 43.1% of our full-year forecasts, respectively. We cut our FY19F urea sales volume forecast by 5.9% to 640,000 tonnes, and FY19F NPK sales volume forecast by 25% to 90,000 tonnes. We also revise down our FY20/21F NPK sales volume forecasts by 15%/9% to 124,000/158,000 tonnes, as we envisage that the new NH₃-NPK plant may operate at a lower-than-expected utilisation rate due to NPK oversupply in the domestic market.

We revise down FY19-21F GPM on lower urea ASP forecasts and losses from the new NH3-NPK plant ➤

We revise down FY19-21F urea ASP by 4% as 3Q19 prices were lower than our expectation due to weak urea demand as a result of adverse weather conditions and difficulties facing Vietnam's rice exports. With the El Nino phenomenon leading to a decrease in rainfall, the total flow of water from the upper Mekong River to the Mekong Delta region in 3Q19 was about 30% lower than the 3Q average of many years, resulting in drought in the Mekong Delta region. In addition, Vietnamese rice exports fell 9.8% yoy in 9M19 to US\$ 2.24bn, because the ASP in the nine-month period dropped 15% yoy to the lowest level in 12 years. We expect that Vietnamese rice exports may continue to face difficulties in the medium term due to lower import demand from key markets such as China and the Philippines, as well as more fierce competition from other rice suppliers such as Thailand and India.

We also lower our utilisation rate forecast for the NH3-NPK plant for the FY19-21F period due to NPK oversupply in the domestic market triggering more losses from the NH3-NPK plant. Hence, we revise down our FY19-21F GPM forecasts by 0.6% pts to 16.4-19.7%.

Our FY19-21F EPS forecasts are cut 14-31%.

Figure 2: Forecast revision

	2019F			2020F			2021F			Note
	Old	New	%Δ	Old	New	%Δ	Old	New	%Δ	
<i>Unit: VNDbn, otherwise noted</i>										
Brent crude oil (average, US\$/bbl)	65.0	63.9	-2%	67.0	65.0	-3%	68.6	68.6	0%	
Urea ASP (VND/kg)	7,460	7,173	-4%	7,535	7,245	-4%	7,608	7,317	-4%	We revise down FY19 ASP assumption as 3Q19 price level was much lower than our expectation due to weak urea demand stemmed from adverse weather
Urea volume ('000 tonnes)	690	640	-7%	794	794	0%	802	802	0%	We adjust the FY19F sales volume to be in line with lower-than-expected sales volume in 9M19 due to (1) adverse weather, and (2) an unexpected decline for Vietnamese rice exports, the main driver for fertiliser demand. We also cut FY20-21F NPK sales volume forecasts as the NPK domestic market is expected to face more fierce competition due to oversupply
NPK volume ('000 tonnes)	120	90	-25%	146	124	-15%	173	158	-9%	
Other fertilizers ('000 tonnes)	240	233	-3%	240	240	0%	240	240	0%	
Net revenue	8,775	7,617	-13%	10,027	9,273	-8%	10,508	9,804	-7%	
Gross profit	1,494	1,252	-16%	1,898	1,700	-10%	2,134	1,936	-9%	We revise down FY19F and FY20F gross profit margin as the NH3-NPK plant is expected to operate at a lower utilisation rate, which will erode its GPM
Gross profit margin	17.0%	16.4%	-0.6pts	18.9%	18.3%	-0.6pts	20.3%	19.7%	-0.6pts	
Selling expenses	582	510	-12%	658	622	-6%	670	647	-4%	
G&A expenses	453	427	-6%	517	489	-5%	540	517	-4%	
Operating profit	453	315	-30%	723	590	-18%	924	773	-16%	
Financial income	111	111	0%	125	124	-1%	124	126	2%	
Financial expenses	111	111	0%	96	96	0%	79	79	0%	
Pre-tax profit	464	328	-29%	770	631	-18%	988	834	-16%	
Net profit	375	259	-31%	622	509	-18%	789	677	-14%	
Basic EPS (VND/share)	958	662	-31%	1,590	1,300	-18%	2,016	1,729	-14%	
Adjusted EPS (VND/share)	824	574	-30%	1,368	1,127	-18%	1,734	1,500	-14%	

SOURCES: VND RESEARCH, COMPANY REPORTS

We expect a recovery in 4Q19F

We saw a slight recovery in DPM's business results in 3Q19, with urea sales volume and gross profit margin improving versus 1H19. We expect this momentum to extend through 4Q19F. We forecast 4Q19F GPM of 18.3%, up from 16.6% in 3Q19, as we expect gas input price to decline further while urea and NPK average selling prices remain stable. Specifically, fuel oil prices have fallen by over 20% since the beginning of Oct, which could lead to the further decline in DPM's gas input price in 4Q19F. Besides, we expect the market demand for fertiliser products to improve in 4Q19F, as the farming industry starts cultivating Winter-Spring crops.

In talks with GAS to finalise a new gas contract for 2020 and beyond ➤

DPM said the government and parent firm PetroVietnam (Unlisted) have affirmed that they would continue to prioritise gas sources with preferential prices for DPM in 2019 and the following years to ensure sustainable development of agriculture and rural areas. The gas supply to DPM will continue to be sourced from Nam Con Son basin, or mixed from Nam Con Son and Cuu Long basins. DPM has used a temporary gas transportation tariff of US\$1.4/mmbtu to prepare a financial report from the beginning of FY19, while under the previous contract, the gas transportation tariff for the FY14-19 period was 1US\$/mmbtu. Per DPM, it may book a retrospective profit for FY19F from the difference between the temporary and official transportation tariffs if the authorities still accept the US\$1/mmbtu tariff in the 2014-19 contract used for FY19 instead of the temporary transportation tariff.

TP lowered to VND15,800; maintain Add

We cut our TP by 8.7% to VND15,800 on the back of the downward revision to our FY19-21F EPS. Our TP is based on a 40:30:30 weighting of: (1) FY19-23F DCF valuation, (2) 8.0x FY20F EPS, and (3) 0.9x FY20F P/BV. We use FY20F EPS to estimate DPM's stock price in the P/E method as we view FY19F results as an anomaly due to its plants' 72-day maintenance shutdown. Our DCF valuation also takes into account DPM's potential debt obligation to PVTex.

DPM's 3Q19 urea sales volume and net profit showed improvements versus 1H19. We believe that the recovery of DPM's business results will extend through 4Q19F and FY20F. Therefore, we maintain our Add rating on DPM, with a total upside of 20.0%, including a potential price gain of 12.9% and FY19F dividend yield of 7.1%.

Figure 3: DCF model - key assumption and inputs, based on our estimates

General assumptions (in VND bn, otherwise noted)	2019F	2020F	2021F	2022F	2023F	Terminal
Net income	259	509	677	726	770	
Tax rate (%)	17.5%	17.5%	17.5%	17.5%	17.1%	
Interest expense	105	91	74	57	40	
-Changes in working capital	122	(119)	(36)	(77)	(76)	
-Net Capex	(350)	(360)	(370)	(381)	(392)	
+Depreciation & Amortisation	619	612	605	600	570	
FCFF	737	717	937	915	906	8,265
PV of FCFF	651	560	647	558	488	4,451
PV of DCF (5 years)	2,903					Risk free rate (10-year VGB yield) 5%
PV of Terminal value	4,451					Equity risk premium 11%
Enterprise Value	7,354					Beta (Source: BB, adj. beta) 0.8
Less: Total debt	1,234					WACC 13%
Less: Total liability relating to PVTex investment	1,311					Terminal growth rate 2%
Less: Minority interest	168					
Plus: Cash and Cash equiv.	2,672					
Implied EV	7,314					
No. of o/s shares (m)	391					
Implied value per share (VND)	18,686					

SOURCES: VND RESEARCH

Figure 4: P/E and P/BV valuation - key inputs

	FY19F
EPS FY2020F (VND)	1,127
Target multiple (based on historical 6-year average P/E)	8
Implied value per share (VND)	9,019
BVPS FY2020F (VND)	21,012
Target multiple (based on historical 6-year average P/BV)	0.9x
Implied value per share (VND)	18,755

SOURCES: VND RESEARCH

Figure 5: Blended target price

Valuation method	Implied value per share (VND)	Weight (%)	Weighted value per share (VND)
DCF	18,686	40%	7,474
P/E	9,019	30%	2,706
P/BV	18,755	30%	5,627
Fair value			15,807
Target price (rounded down)			15,800

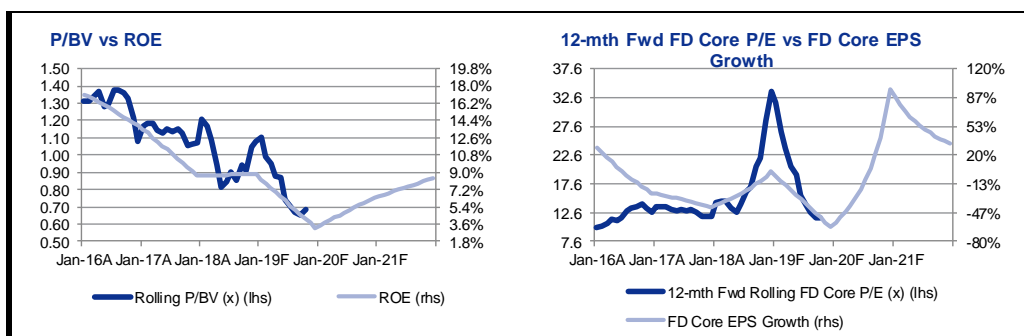
SOURCES: VND RESEARCH

Figure 6: Peer comparison for urea producers, as of 30 Oct 2019

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						FY19F	FY20F	FY19F	FY20F	FY19F	FY20F	FY19F	FY20F	FY19F	FY20F
Grupa Azoty Zaklady Azotowe Pulawy SA	ZAP PW	NR	91	N/A	456.1	4.1	6.8	0.0	0.0	N/A	N/A	1.4	1.8	N/A	5.5
Fatima Fertilizer Co Ltd	FATIMA PA	NR	26	N/A	350.5	3.6	3.5	0.6	0.6	15.0	18.0	N/A	N/A	12.7	N/A
Stanley Agricultural Group Co Ltd	002588 CH	NR	4	N/A	631.3	9.2	7.1	0.9	0.8	10.3	12.0	N/A	N/A	2.6	3.4
Engro Fertilizers Ltd	EFERT PA	NR	71	N/A	607.5	5.9	5.7	2.0	2.0	35.0	36.2	3.8	3.5	15.7	15.3
Fauji Fertilizer Co Ltd	FFC PA	NR	95	N/A	777.4	7.6	7.2	2.0	2.4	42.0	41.8	4.5	4.5	10.7	11.6
Engro Corp Ltd	ENGRO PA	NR	288	N/A	1,069.4	8.1	6.4	0.9	0.8	11.7	13.6	5.9	4.3	8.9	9.7
Hubei Xinyangfeng Fertilizer Co Ltd	000902 CH	NR	8	N/A	1,562.3	11.8	10.5	1.6	1.4	13.3	14.2	6.7	5.7	2.2	2.6
Average					779.2	7.2	6.7	1.2	1.1	21.2	22.7	4.5	4.0	8.8	8.0
Median					631.3	7.6	6.8	0.9	0.8	14.2	16.1	4.5	4.3	9.8	7.6
PetroVietnam Ca Mau	DCM VN	ADD	7,390	9,900	168.6	9.8	11.9	0.6	0.6	6.4	5.3	2.1	1.3	5.4	6.1
PetroVietnam Fertilizer and Chemicals	DPM VN	ADD	14,000	15,800	236.1	21.2	10.8	0.7	0.7	3.2	6.4	4.0	3.0	7.1	7.9

SOURCES: VND RESEARCH, BLOOMBERG, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19F	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	9,297	7,617	9,273	9,804	10,436
Gross Profit	1,899	1,252	1,700	1,936	2,036
Operating EBITDA	1,321	934	1,202	1,378	1,410
Depreciation And Amortisation	(519)	(619)	(612)	(605)	(600)
Operating EBIT	801	315	590	773	810
Financial Income/(Expense)	50	0	28	46	66
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	19	12	14	15	17
Profit Before Tax (pre-EI)	871	328	631	834	894
Exceptional Items					
Pre-tax Profit	871	328	631	834	894
Taxation	(158)	(57)	(110)	(146)	(156)
Exceptional Income - post-tax					
Profit After Tax	712	270	521	688	738
Minority Interests	(13)	(11)	(12)	(12)	(12)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	700	259	509	677	726
Recurring Net Profit	700	259	509	677	726
Fully Diluted Recurring Net Profit	700	259	509	677	726

Cash Flow

(VNDb)	Dec-18A	Dec-19F	Dec-20F	Dec-21F	Dec-22F
EBITDA	1,321	934	1,202	1,378	1,410
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(754)	122	(119)	(36)	(77)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(84)	3	(3)	(1)	(1)
Other Operating Cashflow	(18)	7	9	10	12
Net Interest (Paid)/Received	60	6	33	52	72
Tax Paid	(144)	(57)	(110)	(146)	(156)
Cashflow From Operations	381	1,015	1,010	1,257	1,259
Capex	(891)	(350)	(360)	(370)	(381)
Disposals Of FAs/subsidiaries	5	0	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	64	175	(38)	(12)	(15)
Cash Flow From Investing	(822)	(174)	(398)	(382)	(395)
Debt Raised/(repaid)	578	(130)	(188)	(188)	(188)
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(783)	(391)	(431)	(587)	(626)
Preferred Dividends					
Other Financing Cashflow	0	0	0	0	0
Cash Flow From Financing	(204)	(522)	(618)	(775)	(814)
Total Cash Generated	(645)	319	(6)	100	50
Free Cashflow To Equity	138	710	424	687	676
Free Cashflow To Firm	(378)	946	703	949	921

SOURCES: VND RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-18A	Dec-19F	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	2,672	2,991	2,984	3,084	3,134
Total Debtors	521	322	455	448	495
Inventories	1,663	1,482	1,702	1,751	1,869
Total Other Current Assets	317	260	316	334	356
Total Current Assets	5,172	5,054	5,458	5,617	5,854
Fixed Assets	4,453	4,188	3,940	3,708	3,493
Total Investments	47	47	47	47	47
Intangible Assets	860	863	867	870	873
Total Other Non-Current Assets	602	420	451	455	463
Total Non-current Assets	5,962	5,517	5,303	5,080	4,876
Short-term Debt	202	162	121	81	40
Current Portion of Long-Term Debt					
Total Creditors	1,178	891	1,155	1,170	1,270
Other Current Liabilities	133	109	133	141	150
Total Current Liabilities	1,514	1,162	1,409	1,391	1,460
Total Long-term Debt	1,032	942	795	647	500
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	334	334	334	334	334
Total Non-current Liabilities	1,365	1,275	1,128	981	833
Total Provisions	0	0	0	0	0
Total Liabilities	2,879	2,438	2,537	2,372	2,293
Shareholders' Equity	8,087	7,955	8,033	8,122	8,222
Minority Interests	168	179	191	203	215
Total Equity	8,255	8,134	8,224	8,325	8,437

Key Ratios

	Dec-18A	Dec-19F	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	16.3%	(18.1%)	21.7%	5.7%	6.4%
Operating EBITDA Growth	53.3%	(29.3%)	28.6%	14.7%	2.3%
Operating EBITDA Margin	14.2%	12.3%	13.0%	14.1%	13.5%
Net Cash Per Share (VND)	3,674	4,822	5,286	6,020	6,628
BVPS (VND)	20,662	20,324	20,524	20,752	21,007
Gross Interest Cover	12.81	3.00	6.49	10.45	14.20
Effective Tax Rate	18.2%	17.5%	17.5%	17.5%	17.5%
Net Dividend Payout Ratio	112%	151%	85%	87%	86%
Accounts Receivables Days	11.11	15.90	11.82	13.07	12.74
Inventory Days	71.19	90.17	76.95	80.09	78.66
Accounts Payables Days	17.60	23.13	20.22	21.31	21.13
ROIC (%)	14.5%	4.4%	9.0%	12.0%	13.0%
ROCE (%)	10.2%	4.6%	7.8%	9.9%	10.4%
Return On Average Assets	6.19%	2.49%	4.62%	5.98%	6.27%

Key Drivers

	Dec-18A	Dec-19F	Dec-20F	Dec-21F	Dec-22F
Oil Price (US\$/bbl)	71.2	63.9	65.0	68.6	70.0
Volume Growth (%)	2.2%	-21.2%	24.1%	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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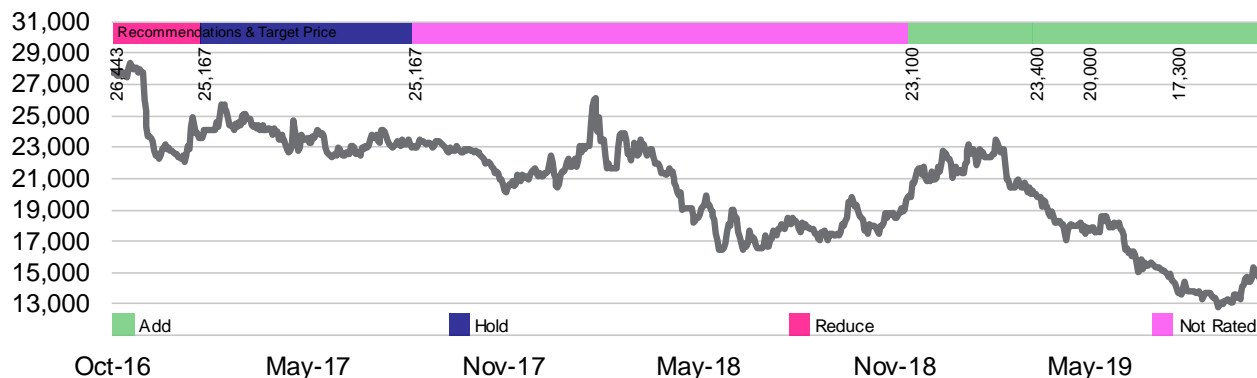
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2019		
777 companies under coverage for quarter ended on 30 September 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	58.8%	0.9%
Hold	26.3%	0.0%
Reduce	14.9%	0.1%

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 2018, Anti-Corruption 2018

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **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, Declared, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, Declared, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **DELTA** – Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **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, **HREIT** – Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD*** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **JWD** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **OSP** – not available, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PR9** – not available, n/a, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **S** – Very Good, n/a, **SAMART** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, 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** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, Declared, **TMB** – Excellent, Certified, **TNR** – Very Good, Declared, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Very Good, Certified, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

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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