

Vietnam

ADD (no change)

Consensus ratings*: Buy 4 Hold 0 Sell 2

Current price:	VND11,750
Target price:	VND15,800
Previous target:	VND15,800
Up/downside:	34.5%
CGS-CIMB / Consensus:	3.3%
Reuters:	DPM.HM
Bloomberg:	DPM VN
Market cap:	US\$197.9m
	VND4,598,178m
Average daily turnover:	US\$0.14m
	VND3,274m
Current shares o/s:	391.4m
Free float:	19.8%
*Source: Bloomberg	

Key changes in this note

- FY20-21F EPS increased by 7%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6.4	-14.9	-47.6
Relative (%)	-4.5	-6.8	-51.1

Major shareholders

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

Analyst(s)

Hinh DINH

T (84) 168 527 4887

E hinh.dinh@vndirect.com.vn

PetroVietnam Fertilizer and Chemicals

Moderate recovery in FY20F

- 4QFY19 revenue declined by 1.6% yoy; net profit surged by 57.2% yoy as 4Q19 gas input price slumped by 25% yoy, based on our estimates.
- FY19 revenue and net profit fell by 17.4% yoy and 46.0% yoy, respectively, to come in at 100.9% and 145.8% of our full-year forecasts.
- Reiterate Add, with an unchanged target price of VND15.8k.

Better 4Q19 results on lower gas input price

PetroVietnam Fertilizer and Chemicals Corporation's (DPM) 4Q19 revenue eased by 1.6% yoy as urea sales volume jumped by 36.2% yoy but with a 16.5% yoy decline in ASP. However, 4Q19 net profit surged by 57.2% yoy to VND234bn, thanks to: 1) a 3.7-pt yoy higher GPM on lower gas input prices, and 2) a 20.7% rise in financial income due to its higher cash balance. DPM's FY19 net revenue fell by 17.4% yoy, in line at 100.9% of our full-year forecast. FY19 net profit was VND377.7bn (-46.0% yoy), exceeding our full-year forecast by 45.8%, due to the 57.2% surge in 4Q19 net profit.

FY20F urea sales volume could rise by 15% yoy

After completing its 72-day maintenance period and running at full capacity since 1 May 2019, DPM recorded a 2H19 urea sales volume of 430,000 tonnes (+14.2% yoy). As we are not aware of any upcoming long maintenance plan in 2020, we forecast FY20F urea sales volume to increase by 15% yoy to 794,000 tonnes, or 1% above DPM's 2020 plan.

We raise FY20-21F GPM on lower gas input prices

We lower our forecast of FY20F average Brent crude oil price by 5% to US\$62/barrel, as further oversupply is expected on the oil market, and cut FY20F and FY21F gas input price by 8.7%. Following this, we raise FY20F GPM to 18.9% and FY21F GPM to 20.2% (vs. our previous forecasts of 18.3% and 19.7%, respectively).

We expect a moderate recovery in FY20F

We revise up FY20F net profit by 7% to VND544bn (+44.0% yoy), on the back of 1) a 0.7-pt yoy higher GPM due to lower gas input prices, and 2) a 16.4% yoy rise in financial income due to higher cash balance.

Reiterate Add, with an unchanged TP of VND15,800

Our TP price is based on a 40:30:30 weighting of: 1) FY20-24F DCF valuation, 2) 8.0x FY20F EPS, and 3) 0.7x FY20F P/BV. We believe that the recovery of DPM's business results will extend through FY20F, thus we reiterate our Add call. Potential re-rating catalysts include: 1) better-than-expected new gas contract terms, and 2) favourable oil price movements. Downside risks include further delays in the amended VAT policy.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	9,297	7,684	9,063	9,717	10,222
Operating EBITDA (VNDb)	1,321	994	1,195	1,379	1,356
Net Profit (VNDb)	699.6	377.7	544.6	723.3	731.4
Core EPS (VND)	1,787	965	1,391	1,848	1,869
Core EPS Growth	0.7%	(46.0%)	44.2%	32.8%	1.1%
FD Core P/E (x)	6.57	12.18	8.44	6.36	6.29
DPS (VND)	1,999	1,000	1,000	1,500	1,500
Dividend Yield	17.0%	8.5%	8.5%	12.8%	12.8%
EV/EBITDA (x)	2.52	2.01	1.63	1.04	0.88
P/FCFE (x)	33.42	2.78	17.74	4.99	7.08
Net Gearing	(17.4%)	(34.0%)	(33.9%)	(39.6%)	(41.7%)
P/BV (x)	0.57	0.58	0.56	0.56	0.55
ROE	8.77%	4.70%	6.75%	8.80%	8.75%
% Change In Core EPS Estimates			7.06%	6.91%	0.76%
CGS-CIMB/Consensus EPS (x)			1.23	1.25	1.01

SOURCES: VND RESEARCH, COMPANY REPORTS

Moderate recovery in FY20F

4Q19 results showed signs of strong recovery

Figure 1: Results comparison

FYE Dec (VND bn)	4Q19	4Q18	% yoy chg	2019	2018	% yoy	vs FY19F	Commentary
Brent crude oil (US\$/barrel)	62.6	68.6	-8.7%	64.2	71.7	-10.5%	100.0%	
Gas input price (US\$/barrel)	5.0	6.6	-25.0%	6.2	6.3	-1.7%	96.6%	Average fuel oil price in 4Q19 declined sharply by 35% yoy, leading to 25% yoy decrease in DPM's 4Q19 gas input price
Urea sales volume	237	174	36.2%	691.2	812.0	-14.9%	101.6%	4Q19 urea consumption surged by 23.2% qoq and 36.2% yoy to 237,000 tonnes, as DPM's plants operated at full capacity to compensate for a drop in output in 1H19 due to a long maintenance period. However, 4Q19 urea ASP dropped by 16.5% yoy to VND6,388/tonne.
Average urea sales price (VND/kg)	6,388	7,650	-16.5%	7,024	7,042	-0.3%	97.9%	
Net revenue	2,285.0	2,321.5	-1.6%	7,684	9,297	-17.4%	100.9%	
Gross profit	557.0	479.7	16.1%	1,402.1	1,899.5	-26.2%	112.0%	
Gross profit margin	24.4%	20.7%	+3.7pts	18.2%	20.4%	-2.2pts	+2.0pts	Gross profit margin increased to 24.4% in 4Q19 from 20.7% in 4Q18 thanks to (1) a 25% decline in 4Q19 gas input price, and (2) higher contribution of urea which has higher GPM than DPM's other products. Therefore, FY2019 GPM exceeded our expectation by 2.0pts.
Selling expenses	202.1	180.0	12.3%	554.8	612.3	-9.4%	108.8%	Selling expenses in 4Q19 increased by 12.3% yoy, following by a 30% yoy increase in 4Q19 urea sales volume.
G&A expenses	95.6	111.8	-14.5%	415.3	485.7	-14.5%	97.4%	
SG&A/net revenue (%)	13.0%	12.6%	+0.4pts	12.6%	11.8%	+0.8pts	+0.3pts	
Operating income	259.3	187.9	38.0%	432.0	801.4	-46.1%	137.1%	
Financial income	59.5	49.3	20.7%	140.0	123.7	13.2%	126.1%	4Q19 financial income rose significantly by 20.7% yoy thanks to the higher cash balance.
Financial expenses	26.4	32.6	-18.9%	107.6	73.8	45.9%	97.3%	
Profit before tax	290.0	214.9	34.9%	467.1	870.6	-46.4%	142.5%	Pre-tax and net profit surged in 4Q19, thanks to: 1) a sharp increase in urea sales volume in 4Q19, 2) a sharp decline in gas input price in 4Q19, and 3) a surge in 4Q19 financial income. FY2019 net profit surpassed our forecast by 46%.
Net profit	234.0	148.8	57.2%	377.7	699.6	-46.0%	145.8%	

Source: VND RESEARCH, Financial reports

2020F: We expect a moderate recovery

FY20F urea sales volume could rise by 15% yoy >

DPM's urea and NH₃ plants were shut for a 72-day maintenance period in 1H19, causing 1H19 urea sales volume to drop by 40% yoy to 261,000 tonnes. Post maintenance, the plants have been running at full capacity since 1 May 2019, and DPM's 2H19 urea sales volume reached 430,000 tonnes (+14.2% yoy). As we are not aware of any upcoming long maintenance plan in 2020, we forecast FY20F urea sales volume to increase by 15% to 794,000 tonnes, or 1% above DPM's 2020 plan.

We raise FY20-21F GPM on lower gas input prices >

GPM increased significantly to 24.4% in 4Q19 from 20.7% in 4Q18 (vs. 15.7% in 9M19), thanks to: 1) a 25% decline in 4Q19 gas input, and 2) higher contribution of urea, which has higher GPM than DPM's other products. We lower our FY20F average Brent crude oil price forecast by 5% to US\$62/barrel, as oversupply is expected on the oil market, and cut FY20F and FY21F gas input price by 8.7%. Following this, we raise FY20F GPM to 18.9% and FY21F GPM to 20.2% (vs. our previous forecasts of 18.3% and 19.7%, respectively).

We expect a moderate recovery in FY20F ►

We revise up FY20F net profit by 7% to VND544bn (+44.0% yoy), thanks to 1) a 0.7-pt yoy higher GPM as gas input price is expected to drop, and 2) a 16.4% yoy rise in financial income due to higher cash balance.

Earnings revision ►

Figure 2: Earnings revision

Unit: VNDbn, otherwise noted	2020F			2021F			2022F Note
	Old	New	%Δ	Old	New	%Δ	
Brent crude oil (average, US\$/bbl)	65.0	62.0	-5%	68.6	65.4	-5%	66.8 As oil prices showed sharp correction in 4Q19, we revise down FY20F average oil price to US\$62/bbl
Urea ASP (VND/kg)	7,245	7,064	-2%	7,317	7,105	-3%	7,237 We revise down FY20-21F ASP assumption as 2019 price level was lower than our expectation due to supply surplus in the urea market
Urea volume ('000 tonnes)	794	794	0%	802	802	0%	810
NPK volume ('000 tonnes)	124	150	21%	158	175	11%	200 We raise our forecast for DPM's NPK consumption in FY20-21F period following the improvement in 4Q19 sales volume.
Other fertilizers ('000 tonnes)	240	189	-21%	240	220	-8%	220 We adjust the FY20F sales volume to be in line with the company's 2020 target
Net revenue	9,273	9,063	-2%	9,804	9,717	-1%	10,222
Gross profit	1,700	1,711	1%	1,936	1,965	2%	2,005
Gross profit margin	18.3%	18.9%	+0.6pts	19.7%	20.2%	+0.5pts	19.6%
Selling expenses	622	626	1%	647	661	2%	695
G&A expenses	489	482	-1%	517	509	-2%	531
Operating profit	590	604	2%	773	796	3%	779
Financial income	124	163	32%	126	167	33%	175 We update DPM's financial income to reflect higher-than-expected cash balance in 2019
Financial expenses	96	104	8%	79	87	10%	70
Pre-tax profit	631	672	7%	834	887	6%	896
Net profit	509	545	7%	677	723	7%	731
Basic EPS (VND/share)	1,300	1,391	7%	1,729	1,848	7%	1,869
Adjusted EPS (VND/share)	1,127	1,206	7%	1,500	1,603	7%	1,621

SOURCES: VND RESEARCH, COMPANY REPORTS

Reiterate Add, with an unchanged TP of VND15,800

Our TP price is based on a 40:30:30 weighting of: 1) FY20-24F DCF valuation, 2) 8.0x FY20F EPS, and 3) 0.7x FY20F P/BV.

We think that DPM's share price movement has not reflected the strong recovery of its 4Q19 business results due to the negative impact of the novel coronavirus (nCoV) outbreaks. We believed the recovery of DPM's business results will extend through FY20F. Therefore, we reiterate our Add rating on DPM, with a total return of 43.0%, including a potential price gain of 34.5% and a FY20F dividend yield of 8.5%.

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

General assumptions (in VND bn, otherwise noted)	2020F	2021F	2022F	2023F	2024F	Terminal
Net income	545	723	731	742	742	
Tax rate (%)	17.1%	17.1%	17.1%	17.2%	16.8%	
Interest expense	98	81	64	48	33	
-Changes in working capital	(284)	182	(86)	19	(49)	
-Net Capex	(349)	(359)	(369)	(380)	(391)	
+Depreciation & Amortisation	591	583	577	547	547	
FCFF	584	1,198	906	968	877	7,273
PV of FCFF	516	935	625	590	472	3,917
PV of DCF (5 years)	3,138					Risk free rate (10-year VGB yield) 4%
PV of Terminal value	3,917					Equity risk premium 10%
Enterprise Value	7,056					Beta (Source: BB, adj. beta) 1.0
Less: Total debt	1,241					WACC 13%
Less: Total liability relating to PVTex investment	1,311					Terminal growth rate 1%
Less: Minority interest	165					
Plus: Cash and Cash equiv.	4,012					
Implied EV	8,350					
No. of o/s shares (m)	391					
Implied value per share (VND)		21,334				

SOURCES: VND RESEARCH

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

	FY19F
EPS FY2020F (VND)	1,207
Target multiple (x)	8.0
Implied value per share (VND)	9,656
BVPS FY2020F (VND)	21,276
Target multiple (x)	0.7
Implied value per share (VND)	14,893

SOURCES: VND RESEARCH

Figure 5: Blended target price

Valuation method	Implied value per share (VND)	Weight (%)	Weighted value per share (VND)
DCF	21,334	40%	8,534
P/E	9,656	30%	2,897
P/BV	14,893	30%	4,468
Fair value			15,899
Target price (rounded down)			15,800

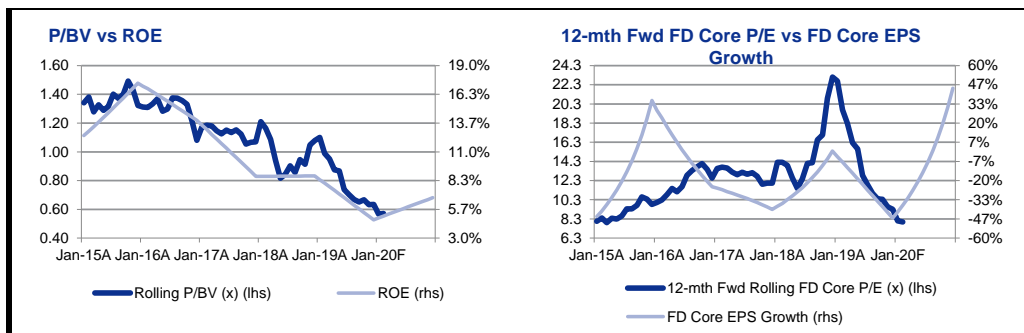
SOURCES: VND RESEARCH

Figure 6: Peer comparison for urea producers, as of 10 Feb 2020

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 (%)	
						FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F
Fatima Fertilizer Co Ltd	FATIMA PA	NR	24	N/A	329.0	3.4	3.3	0.6	0.5	N/A	19.1	N/A	N/A	N/A	N/A
Stanley Agricultural Group Co Ltd	002588 CH	NR	4	N/A	692.8	34.8	17.4	1.1	1.0	3.3	6.1	N/A	N/A	0.5	0.7
Engro Fertilizers Ltd	EFERT PA	NR	66	N/A	568.0	5.5	5.2	1.9	1.8	35.5	36.7	3.1	2.9	18.1	17.9
Fauji Fertilizer Co Ltd	FFC PA	NR	105	N/A	864.1	7.3	6.9	2.6	1.8	31.2	42.4	4.0	3.7	11.5	11.6
Engro Corp Ltd	ENGRO PA	NR	327	N/A	1,219.8	9.4	7.2	1.1	1.0	11.4	13.0	6.3	4.7	8.5	9.3
Hubei Xinyangfeng Fertilizer Co Ltd	000902 CH	NR	7	N/A	1,355.0	10.9	9.2	1.4	1.2	12.8	14.0	6.4	5.3	2.3	2.8
Average					838.1	11.9	8.2	1.4	1.2	18.8	21.9	5.0	4.1	8.2	8.5
Median					778.5	8.4	7.1	1.2	1.1	12.8	16.5	5.2	4.2	8.5	9.3
PetroVietnam Ca Mau	DCM VN	ADD	5,800	9,900	132.2	9.4	9.5	0.5	0.5	5.3	5.1	0.8	N/A	6.9	7.8
PetroVietnam Fertilizer and Chemicals	DPM VN	ADD	11,750	15,800	197.9	8.4	6.4	0.6	0.6	6.8	8.8	1.6	1.0	8.5	12.8

SOURCES: VND RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	9,297	7,684	9,063	9,717	10,222
Gross Profit	1,899	1,402	1,711	1,965	2,005
Operating EBITDA	1,321	994	1,195	1,379	1,356
Depreciation And Amortisation	(519)	(562)	(591)	(583)	(577)
Operating EBIT	801	432	604	796	779
Financial Income/(Expense)	50	32	60	81	105
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	19	3	9	11	12
Profit Before Tax (pre-EI)	871	467	672	887	896
Exceptional Items					
Pre-tax Profit	871	467	672	887	896
Taxation	(158)	(78)	(115)	(152)	(153)
Exceptional Income - post-tax					
Profit After Tax	712	389	557	736	743
Minority Interests	(13)	(11)	(13)	(13)	(12)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	700	378	545	723	731
Recurring Net Profit	700	378	545	723	731
Fully Diluted Recurring Net Profit	700	378	545	723	731

Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	1,321	994	1,195	1,379	1,356
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(754)	566	(284)	182	(86)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(84)	34	(2)	(1)	(1)
Other Operating Cashflow	(18)	54	(5)	6	7
Net Interest (Paid)/Received	60	24	65	86	111
Tax Paid	(144)	(46)	(115)	(152)	(153)
Cashflow From Operations	381	1,626	854	1,500	1,233
Capex	(891)	(43)	(349)	(359)	(369)
Disposals Of FAs/subsidiaries	5	2	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	64	59	(49)	(23)	(18)
Cash Flow From Investing	(822)	18	(398)	(382)	(387)
Debt Raised/(repaid)	578	7	(196)	(196)	(196)
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(783)	(392)	(391)	(587)	(587)
Preferred Dividends					
Other Financing Cashflow	0	0	(9)	(2)	(9)
Cash Flow From Financing	(204)	(385)	(597)	(786)	(793)
Total Cash Generated	(645)	1,260	(141)	333	53
Free Cashflow To Equity	138	1,652	259	922	649
Free Cashflow To Firm	(378)	1,751	554	1,200	910

SOURCES: CGS-CIMB 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	3,870	4,203	4,256
Total Debtors	521	289	406	401	440
Inventories	1,663	1,351	1,652	1,691	1,792
Total Other Current Assets	317	292	344	369	388
Total Current Assets	5,172	5,944	6,273	6,664	6,876
Fixed Assets	4,453	3,932	3,694	3,474	3,270
Total Investments	47	45	45	45	45
Intangible Assets	860	858	867	870	873
Total Other Non-Current Assets	602	660	706	722	732
Total Non-current Assets	5,962	5,496	5,312	5,111	4,921
Short-term Debt	202	177	133	89	44
Current Portion of Long-Term Debt					
Total Creditors	1,178	1,375	1,468	1,664	1,703
Other Current Liabilities	133	509	600	643	677
Total Current Liabilities	1,514	2,061	2,201	2,396	2,424
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	3,258	3,298	3,165
Shareholders' Equity	8,087	7,996	8,149	8,285	8,430
Minority Interests	168	165	178	191	203
Total Equity	8,255	8,161	8,327	8,476	8,632

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	16.3%	(17.4%)	18.0%	7.2%	5.2%
Operating EBITDA Growth	53.3%	(24.7%)	20.2%	15.4%	(1.7%)
Operating EBITDA Margin	14.2%	12.9%	13.2%	14.2%	13.3%
Net Cash Per Share (VND)	3,674	7,080	7,220	8,571	9,208
BVPS (VND)	20,662	20,429	20,821	21,169	21,538
Gross Interest Cover	12.81	4.04	6.15	9.78	12.08
Effective Tax Rate	18.2%	16.7%	17.1%	17.1%	17.1%
Net Dividend Payout Ratio	112%	104%	72%	81%	80%
Accounts Receivables Days	11.11	15.72	11.84	12.85	12.68
Inventory Days	71.19	87.55	74.75	78.70	77.35
Accounts Payables Days	17.60	25.98	24.02	24.45	24.79
ROIC (%)	14.5%	6.1%	11.0%	14.2%	14.9%
ROCE (%)	10.2%	6.0%	8.2%	10.3%	10.3%
Return On Average Assets	6.19%	3.16%	4.33%	5.63%	5.43%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Oil Price (US\$/bbl)	71.2	64.2	62.0	65.4	66.8
Volume Growth (%)	2.2%	-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: CGS-CIMB RESEARCH, COMPANY REPORTS

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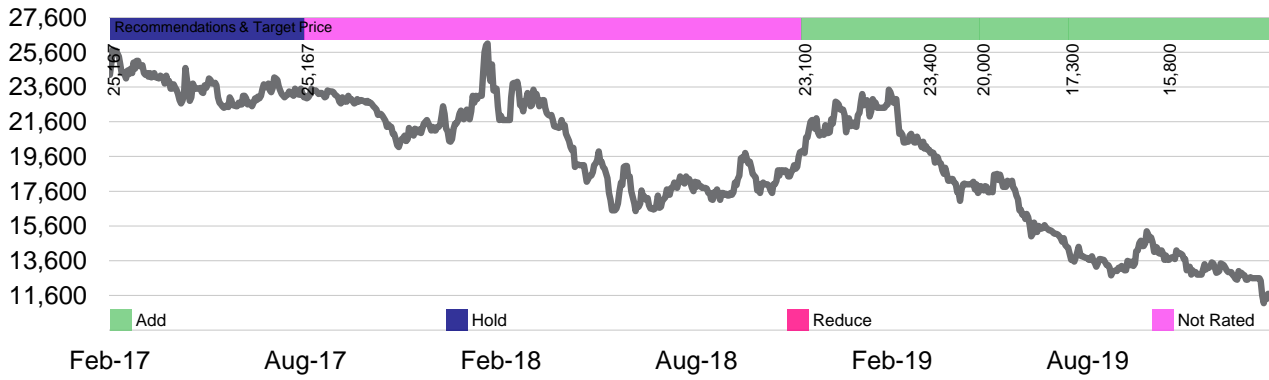
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— Price Close



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, **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 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.

Hien Tran Khanh – Deputy Head of Research

Email: hien.trankhanh@vndirect.com.vn

Hinh DINH –

Email: hinh.dinh@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi | Tel: +84 2439724568

Email: research@vndirect.com.vn | Website: <https://vndirect.com.vn>