

Vietnam

HOLD (no change)

Consensus ratings*: Buy 5 Hold 6 Sell 0

Current price:	VND109,000
Target price:	VND105,700
Previous target:	VND91,600
Up/downside:	-3.0%
CGS-CIMB / Consensus:	-5.9%
Reuters:	GAS.HM
Bloomberg:	GAS VN
Market cap:	US\$8,987m
	VND208,620,544m
Average daily turnover:	US\$1.24m
	VND29,143m
Current shares o/s:	1,914m
Free float:	4.2%

*Source: Bloomberg

Key changes in this note

- FY19F EPS increased by 7.8%.
- FY20F EPS increased by 32.9%.
- FY21F EPS increased by 34.2%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	11.8	-3.4	25.4
Relative (%)	8	-4.1	21.6

Major shareholders	% held
PetroVietnam Group	95.8
Others	4.2

Analyst(s)



Mai PHAM

T (84) 94 328 0850

E mai.phamle@vndirect.com.vn

PetroVietnam Gas JSC

Higher TOP price could outweigh higher costs

- 1H19 net profit increased 6.3% yoy, forming 80.1% of management's FY19F guidance and 53.1% of our full-year forecast.
- We raise our FY19-21F EPS by 7.8-34.2% to reflect a 1-20% increase in TOP gas price, offsetting higher decommissioning costs (total c.VND2.3tr).
- Maintain Hold with a higher target price of VND105,700.

1H19 results: in line with expectations

GAS recorded a 1.6% yoy increase in 2Q19 net revenue, but its net profit fell 2.0% yoy due to (1) a lower gas selling price which is benchmarked to Singapore oil price (which declined by 7.5% yoy), and (2) as GAS incurred field decommissioning expenses of VND390bn in 2Q19 (a total of c.VND2.3tr expected in 2019-2022F). Despite sluggish 2Q19, 1H19 revenue rose 2.1% yoy thanks to higher gas sales volume (+0.9% yoy) and higher average oil price (+2.6% yoy, in our estimation). 2H19 net profit came in at VND6,037bn (+6.3% yoy), forming 80.1% of the company's full-year guidance and 53.1% of our FY19F forecast.

Change in TOP price policy could offset higher costs

We raise our FY19-2021F EPS forecasts to reflect: (1) a change in take-or-pay (TOP) gas price policy from a fixed price basis to floating price benchmarked to fuel oil price in Singapore (effective from 20 Mar 2019), and (2) potential decommissioning expenses of VND800bn in 2019F, VND1tr in 2020F and VND400bn in 2021F. We estimate the increase in gas selling price could yield c.VND3tr-4tr additional revenue annually, which could outweigh the decommissioning costs.

Initiating a new capex cycle

Although we expect PV GAS to start a new capex cycle from 2H19 onwards, we lower our FY19-21F capex forecasts by 36-60% as we believe the progress of new projects has been slower than our expectations. Notable projects include the LNG Thi Vai project with a total investment value of c.US\$286m (EPC contract awarded in Jun 2019) and the Nam Con Son 2 Phase 2 pipeline (total value of over VND18,200bn) to provide the pipeline for the ongoing Sao Vang Dai Nguyet gas field.

Maintain Hold; TP increased to VND105,700

We raise our TP to VND105,700 on the back of our higher FY19-21F EPS forecasts to reflect the benefit from the gas price increase and better cash flow due to lower capex. The target price is based on an equal weighting of DCF and target P/E of 18x on average FY19-20F EPS. GAS's stock price has been rising recently (+9.5% since Jun 2019), which is in line with Singapore fuel oil price movement (+13.7% in the same period). Upside risks include higher gas selling prices (particularly for its fertiliser clients) and higher oil prices. Downside risks include lower-than-expected oil price and further depletion/operational issues at the gas fields.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (VNDb)	64,522	75,612	76,696	85,562	91,060
Operating EBITDA (VNDb)	14,341	16,553	16,720	19,805	21,186
Net Profit (VNDb)	9,685	11,454	11,119	12,697	12,745
Core EPS (VND)	5,060	5,984	5,810	6,634	6,659
Core EPS Growth	38.0%	18.3%	(2.9%)	14.2%	0.4%
FD Core P/E (x)	21.54	18.21	18.76	16.43	16.37
DPS (VND)	3,796	4,000	5,750	5,551	5,572
Dividend Yield	3.48%	3.67%	5.28%	5.09%	5.11%
EV/EBITDA (x)	13.41	11.29	11.45	9.97	9.60
P/FCFE (x)	28.8	257.6	16.0	19.3	13.7
Net Gearing	(41.7%)	(50.0%)	(44.3%)	(31.3%)	(17.1%)
P/BV (x)	5.03	4.63	5.14	5.43	5.83
ROE	24.0%	26.5%	26.0%	32.2%	34.4%
% Change In Core EPS Estimates			7.8%	32.9%	34.2%
CGS-CIMB/Consensus EPS (x)			0.93	1.04	1.00

SOURCES: VND RESEARCH, COMPANY REPORTS

Higher TOP price could outweigh higher decommissioning costs

1H19 results in line with our expectation

2Q19 net profit was weaker yoy due to a lower oil price (-7.5% yoy), which led to a lower gas selling price, and VND390bn of field decommissioning expenses.

Figure 1: 1H19 results overview

FYE Dec (VNDbn)	2Q18	2Q19	% yoy	1H18	1H19	% yoy	vs. FY19 forecast
Net revenue	20,025	20,353	1.6%	38,188	38,993	2.1%	50.7%
Gross profit	4,783	4,439	-7.2%	8,776	8,785	0.1%	50.9%
Gross profit margin	23.9%	21.8%	-2.1% pts	23.0%	22.5%	-0.5% pts	
Selling expenses	664	559	-15.8%	1,281	1,177	-8.1%	43.8%
G&A expenses	347	287	-17.2%	542	535	-1.4%	46.6%
Operating profit	3,772	3,593	-4.7%	6,953	7,074	1.7%	52.7%
Financial income	266	288	8.0%	568	682	20.0%	49.2%
Financial expenses	137	74	-46.1%	309	134	-56.6%	31.2%
Pre-tax profit	3,908	3,801	-2.7%	7,218	7,618	5.5%	52.5%
Net profit	3,071	3,008	-2.0%	5,679	6,037	6.3%	53.1%

SOURCES: VND RESEARCH, COMPANY REPORTS

Earnings revision

Figure 2: Forecast revision

VNDbn	2019F			2020F			2021F			Note
	Old	New	% change	Old	New	% change	Old	New	% change	
Net revenue	74,677	76,696	2.7%	80,631	85,562	6.1%	87,774	91,060	3.7%	Higher gas price applied to take-or-pay volumes (c.3,550m m ³ /year). We also add in revenue from the operation of the Sao Vang Dai Nguyet starting from 4Q20F.
Gross profit	15,801	17,074	8.1%	15,520	20,031	29.1%	16,389	21,081	28.6%	Booking decommissioning cost of VND800bn in 2019F, VND1tr in 2020F and VND400bn in 2021F
Selling expenses	2,604	2,677	2.8%	2,812	2,986	6.2%	3,061	3,178	3.8%	
G&A expenses	1,116	1,147	2.7%	1,205	1,279	6.1%	1,312	1,361	3.7%	Adjusted in line with net revenue
Pre-tax profit	13,305	14,330	7.7%	12,327	16,363	32.7%	12,256	16,425	34.0%	
Net profit	10,313	11,119	7.8%	9,555	12,697	32.9%	9,500	12,745	34.2%	
Core EPS (VND)	5,388	5,810	7.8%	4,992	6,634	32.9%	4,963	6,659	34.2%	

SOURCES: VND RESEARCH, COMPANY REPORTS

We expect net profit in FY20F to increase at a faster pace than in FY19F, as the change in gas price policy will have a full-year impact in FY20 vs. three quarters in FY19. The policy change took effect from 20 Mar 2019.

We also expect the Sao Vang - Dai Nguyet gas fields to start contributing from 4Q20F onwards, as scheduled by the government. Taking this into account, we assume the gas fields would generate c.300m m³ of gas in 2020F, increasing to 750m m³ of gas in 2021F and reach a maximum capacity of 1,500m m³ of gas/year in 2023F. As we do not have the gas price details for the fields yet, we assume the input gas price to be equal to that of the adjacent gas fields Hai Thach – Moc Tinh, equivalent to US\$6.8-7/mmbtu. The new gas source would help PV GAS counter the depletion of the current gas fields in the Cuu Long and Nam Con Son basins.

Maintained Hold; TP raised to VND105,700

Figure 3: DCF model – summary of free cash flow (FCF)

VNDbn	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35
Net revenue	64,522	75,612	76,696	85,562	91,060	151,451	181,483	202,104	5.9%
% growth y-o-y	9.2%	17.2%	1.4%	11.6%	6.4%	5.0%	3.0%	1.7%	
COGS & OPEX	(52,895)	(61,887)	(63,444)	(69,795)	(74,518)	(135,549)	(162,427)	(180,883)	
Unlevered profit / EBIT	11,627	13,725	13,251	15,766	16,542	15,902	19,056	21,221	2.0%
Operating margin	18.0%	18.2%	17.3%	18.4%	18.2%	10.5%	10.5%	10.5%	
Effective tax rate	-21.1%	-19.5%	-20.8%	-20.8%	-20.8%	-20.8%	-20.8%	-20.8%	
EBIT * (1-Tax) or NOPAT	14,076	16,397	16,011	19,049	19,987	19,214	23,024	25,640	2.0%
+ D&A	2,713	2,829	3,469	4,038	4,644	7,352	8,853	9,857	
% of revenue	4.2%	3.7%	4.5%	4.7%	5.1%	4.9%	4.9%	4.9%	
- CapEx	(2,180)	(692)	(3,835)	(6,845)	(7,285)	(3,029)	(3,630)	(4,042)	
% of revenue	-3.4%	-0.9%	-5.0%	-8.0%	-8.0%	-2.0%	-2.0%	-2.0%	
+ Δ WC	(302)	(447)	(439)	(669)	(1,009)	(1,347)	(1,652)	(1,839)	
% of revenue	-0.5%	-0.6%	-0.6%	-0.8%	-1.1%	-0.9%	-0.9%	-0.9%	
Interest and other financial activities, net	961	815	1,079	597	(117)	697	728	813	
% of revenue	1.5%	1.1%	1.4%	0.7%	-0.1%	0.5%	0.4%	0.4%	
UFCF	15,268	18,901	16,284	16,171	16,220	22,887	27,322	30,429	
% growth y-o-y	42.0%	23.8%	-13.8%	-0.7%	0.3%	6.0%	3.0%	1.7%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 4: Cost of equity

Cost of equity	
Risk Free Rate	5.0%
Beta	1.20
Risk Premium	11.0%
Cost of Equity	18.2%

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 5: WACC and terminal growth

VNDbn	
Equity Value	165,748
Debt	4,886
Cost of Debt	7.5%
Tax Rate	20.0%
WACC	17.9%
Perpetual Growth Rate	1.7%

SOURCES: VND RESEARCH, COMPANY REPORTS

Our DCF-based target price is raised on better cash flow from additional revenue from the gas price policy change and lower capex forecast over FY19-21F.

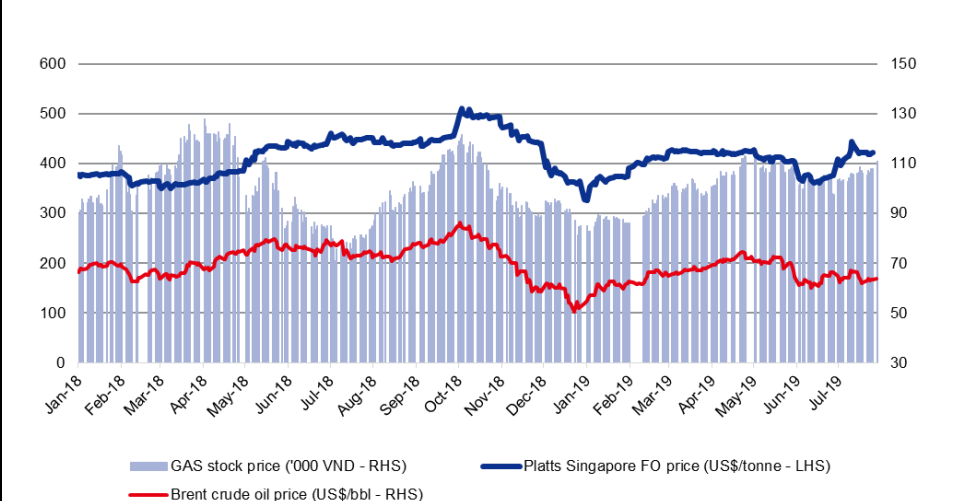
The target P/E multiple of 18.0x is deduced from peer average P/E of 18.0x over FY19-20F.

Figure 6: Blended target price

Method	Implied share price (VND)	Weight (50%)	Weighted share price (VND)
DCF	99,514	50%	49,757
FY19-20F target P/E of 18.0x	111,990	50%	55,995
Blended value			105,752
Target price			105,700

SOURCES: VND RESEARCH

Figure 7: GAS's stock price vs. oil price



SOURCES: VND RESEARCH, BLOOMBERG

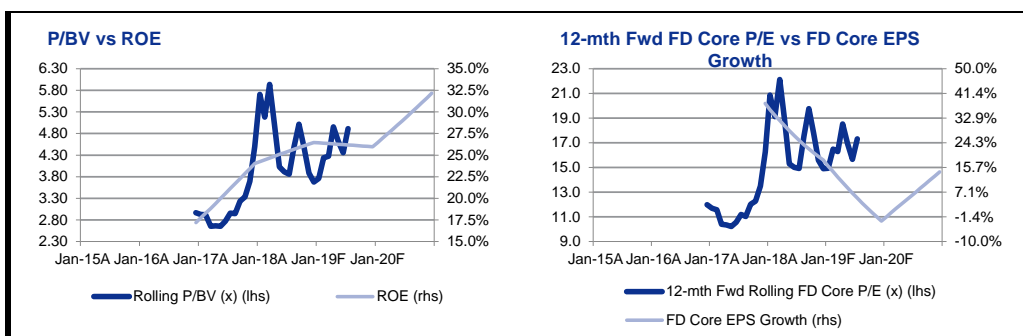
Figure 8: Global peer comparison

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			3-year EPS (%)	P/BV (x)			ROE (%)			ROA (%)		
						TTM	FY19F	FY20F		TTM	FY19F	FY20F	TTM	FY19F	FY20F	TTM	FY19F	FY20F
PV GAS	GAS VN	HOLD	109,000	105,700	8,987	18.1	18.8	16.4	3.6%	4.7	5.1	5.4	26.9%	26.0%	32.2%	17.7%	17.6%	21.7%
PTT PLC	PTT TB	ADD	47.3	55.5	43,793	12.4	10.4	9.7	5.5%	1.5	1.4	1.3	12.5%	14.2%	14.0%	4.6%	5.5%	5.7%
Indraprastha Gas	IGL IN	NOT RATED	300	N/A	3,050	24.9	21.7	18.2	0.0%	4.9	4.0	3.3	21.2%	20.0%	19.4%	14.9%	15.3%	NA
China Gas Holdings	384 HK	ADD	32.0	40.0	21,647	19.9	17.7	14.6	18.4%	4.8	4.1	3.4	25.8%	25.1%	25.2%	8.6%	8.5%	9.3%
Toho Gas Ltd	9533 JP	NOT RATED	4,150	N/A	4,066	20.7	24.8	24.0	0.0%	1.3	1.3	1.3	6.4%	5.2%	5.1%	3.9%	3.2%	3.2%
Petronas Gas Bhd	PTG MK	HOLD	16.2	18.0	7,761	17.4	17.1	18.0	0.1%	2.5	2.4	2.3	14.4%	14.2%	13.1%	10.1%	10.0%	9.3%
Average (all)					14,884	18.9	18.4	16.8	4.6%	3.3	3.1	2.8	17.9%	17.4%	18.2%	10.0%	10.0%	9.8%
Average (excluding PV GAS)					16,063	19.1	18.3	16.9	4.8%	3.0	2.6	2.3	16.1%	15.7%	15.4%	8.4%	8.5%	6.9%

*Not Rated forecasts based on Bloomberg consensus estimates, trailing 12 months (TTM)

SOURCES: VND RESEARCH, BLOOMBERG (as at 30 JUL 2019)

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	64,522	75,612	76,696	85,562	91,060
Gross Profit	15,163	17,491	17,074	20,031	21,081
Operating EBITDA	14,341	16,553	16,720	19,805	21,186
Depreciation And Amortisation	(2,713)	(2,829)	(3,469)	(4,038)	(4,644)
Operating EBIT	11,627	13,725	13,251	15,766	16,542
Financial Income/(Expense)	842	860	941	443	(280)
Pretax Income/(Loss) from Assoc.	(1)	(4)	(4)	(4)	(4)
Non-Operating Income/(Expense)	119	(41)	141	157	167
Profit Before Tax (pre-EI)	12,588	14,540	14,330	16,363	16,425
Exceptional Items					
Pre-tax Profit	12,588	14,540	14,330	16,363	16,425
Taxation	(2,650)	(2,831)	(2,984)	(3,407)	(3,420)
Exceptional Income - post-tax					
Profit After Tax	9,938	11,709	11,346	12,956	13,005
Minority Interests	(253)	(255)	(227)	(259)	(260)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	9,685	11,454	11,119	12,697	12,745
Recurring Net Profit	9,685	11,454	11,119	12,697	12,745
Fully Diluted Recurring Net Profit	9,685	11,454	11,119	12,697	12,745

Cash Flow

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	14,341	16,553	16,720	19,805	21,186
Cash Flow from Inv. & Assoc.	(1,225)	(1,401)	(1,132)	(1,134)	(1,193)
Change In Working Capital	3,158	(170)	458	(408)	(368)
(Incr)/Decr in Total Provisions	99	24	0	0	0
Other Non-Cash (Income)/Expense	(1,753)	(2,013)	(2,390)	(3,442)	(4,761)
Other Operating Cashflow	2,467	2,989	9,970	8,721	13,516
Net Interest (Paid)/Received	(302)	(447)	(439)	(669)	(1,009)
Tax Paid	(2,400)	(3,113)	(2,984)	(3,407)	(3,420)
Cashflow From Operations	14,386	12,422	20,203	19,466	23,951
Capex	(2,180)	(692)	(3,835)	(6,845)	(7,285)
Disposals Of FAs/subsidiaries	17	19	10	12	15
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(6,529)	(6,641)	(3,682)	(3,758)	(3,758)
Cash Flow From Investing	(8,691)	(7,315)	(7,507)	(10,592)	(11,029)
Debt Raised/(repaid)	1,555	(4,297)	339	1,940	2,328
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(7,265)	(7,656)	(11,006)	(10,624)	(10,664)
Preferred Dividends					
Other Financing Cashflow	(20)	48	48	48	48
Cash Flow From Financing	(5,729)	(11,905)	(10,619)	(8,636)	(8,288)
Total Cash Generated	(35)	(6,798)	2,078	239	4,635
Free Cashflow To Equity	7,250	810	13,036	10,814	15,251
Free Cashflow To Firm	5,996	5,555	13,136	9,543	13,931

SOURCES: VND RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	27,079	28,308	23,905	19,607	15,774
Total Debtors	9,175	10,214	9,833	10,970	11,675
Inventories	1,645	1,948	1,843	2,026	2,163
Total Other Current Assets	357	462	462	462	462
Total Current Assets	38,257	40,932	36,044	33,065	30,074
Fixed Assets	15,396	18,609	18,975	21,782	24,422
Total Investments	281	280	280	280	280
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	7,955	2,793	2,793	2,793	2,793
Total Non-current Assets	23,632	21,682	22,048	24,855	27,496
Short-term Debt	1,738	1,490	1,593	2,185	2,461
Current Portion of Long-Term Debt					
Total Creditors	2,529	2,901	2,771	3,091	3,290
Other Current Liabilities	6,645	7,455	7,455	7,455	7,455
Total Current Liabilities	10,912	11,847	11,819	12,731	13,206
Total Long-term Debt	7,312	3,396	3,631	4,979	7,031
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	394	505	505	505	505
Total Non-current Liabilities	7,706	3,901	4,136	5,484	7,536
Total Provisions	0	0	0	0	0
Total Liabilities	18,618	15,747	15,956	18,216	20,742
Shareholders' Equity	41,490	45,073	40,569	38,396	35,780
Minority Interests	1,782	1,794	1,567	1,308	1,048
Total Equity	43,272	46,867	42,137	39,705	36,828

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	9.2%	17.2%	1.4%	11.6%	6.4%
Operating EBITDA Growth	21.9%	15.4%	1.0%	18.4%	7.0%
Operating EBITDA Margin	22.2%	21.9%	21.8%	23.1%	23.3%
Net Cash Per Share (VND)	9,420	12,238	9,760	6,501	3,282
BVPS (VND)	21,678	23,550	21,197	20,061	18,694
Gross Interest Cover	41.51	31.19	48.78	39.14	24.74
Effective Tax Rate	21.1%	19.5%	20.8%	20.8%	20.8%
Net Dividend Payout Ratio	75.0%	66.8%	99.0%	83.7%	83.7%
Accounts Receivables Days	59.55	46.80	47.70	44.49	45.38
Inventory Days	10.86	11.28	11.61	10.80	10.93
Accounts Payables Days	17.63	15.66	15.90	14.95	15.19
ROIC (%)	32.0%	43.3%	44.8%	53.3%	48.1%
ROCE (%)	25.6%	29.2%	29.5%	35.8%	37.1%
Return On Average Assets	15.6%	17.7%	17.6%	21.7%	22.9%

Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Oil Price (US\$/bbl)	54.0	72.0	65.0	68.0	70.0
Volume Growth (%)	-6.7%	0.9%	-2.5%	1.0%	3.1%
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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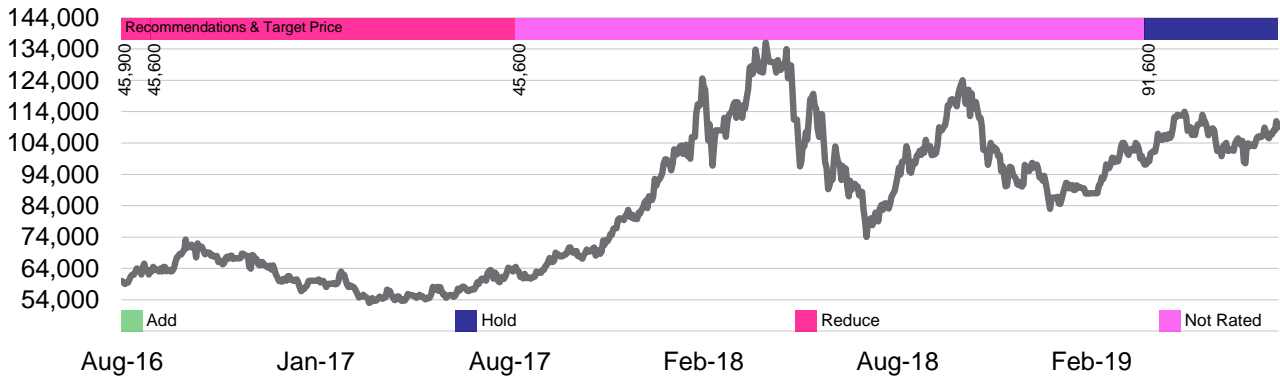
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PetroVietnam Gas JSC (GAS VN)

— 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, **TPIPP** – 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.

Hien Tran Khanh – Deputy Head of Research

Email: hien.trankhanh@vndirect.com.vn

Mai PHAM – AnalystEmail: mai.phamle@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>