

Vietnam

HOLD (no change)

Consensus ratings*: Buy 3 Hold 7 Sell 0

Current price:	VND102,200
Target price:	VND105,700
Previous target:	VND105,700
Up/downside:	3.4%
CGS-CIMB / Consensus:	-2.7%
Reuters:	GAS.HM
Bloomberg:	GAS VN
Market cap:	US\$8,431m
	VND195,605,696m
Average daily turnover:	US\$1.29m
	VND29,571m
Current shares o/s:	1,914m
Free float:	4.2%

*Source: Bloomberg
Key changes in this note

➤ No change.


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.7	-7.9	5.4
Relative (%)	-2.5	-7.7	-6.6

Major shareholders	% held
PetroVietnam Group	95.8
Others	4.2

Analyst(s)

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PetroVietnam Gas JSC

Weak oil price casts a shadow on 3Q results

- GAS's 3Q19 net profit fell 9.9% yoy due to lower gas selling price (average FO price declined 14.3% yoy) and an 8.0% yoy rise in operating costs.
- 9M19 net profit was fairly in line with our expectation at VND8,933bn (+0.6% yoy), accounting for 80.3% of our full-year forecast.
- We maintain our Hold rating with a TP of VND105,700.

Operating expense spike hurts 3Q19 bottomline

GAS's 3Q19 revenue rose just 3.3% yoy to VND19,038bn on the back of a 15.1% yoy rise in dry gas sales volume, a 29.8% yoy growth in LPG sales volume, and a 31.4% yoy increase in gas price for take-or-pay (TOP) volume sold to GENCO 3's (PGV VN, Not rated) plants. These slightly outweighed the 14.3% yoy decline in average fuel oil (FO) price and a 38.6% yoy plunge in the benchmark LPG contract price. 3Q19 COGS increased 7.9% yoy, probably due to the continued booking of decommissioning expenses. In addition, a 9.5% yoy spike in SG&A expenses has dragged 3Q19 net profit down by 9.9% yoy.

9M19 results fairly in line with expectation

9M19 revenue and net profit rose 2.5% yoy and 0.6% yoy, respectively, forming 75.7% and 80.3% of our full-year forecast. We maintain our 2019 forecasts, as we expect a sluggish 4Q as a result of low Singapore MFO price (benchmark for gas price) and the booking of the remaining decommissioning cost (VND390bn out of VND800bn booked in 1H19). Although we expect the company to receive retrospective revenue of c.VND1,358bn from the TOP gas price adjustment applied to BOT power plants, this would barely compensate for the low gas selling price and higher expenses. Thus, we expect FY19F net profit to slip 2.9% yoy to VND11,119bn.

Investment projects on track

During Aug-Oct 2019, GAS awarded the main EPC and other relevant contracts in the Nam Con Son 2 Phase 2 project to contractors, with total value estimated at VND9,060bn (details in Figure 3). This would guarantee infrastructure for the Sao Vang Dai Nguyet production coming online in 4Q20F. In late 2Q19, GAS also signed the EPC contract for LNG Thi Vai project (VND286bn) which started construction in Oct 2019 and is scheduled to go into operation in 2022F.

Maintain Hold with a TP of VND105,700

We keep our Hold call with a TP of VND105,700 as removal of TOP price policy would compensate for lower gas/LPG selling price (as a result of lower oil price) and increasing costs (decommissioning expenses). Our TP is based on an equal weighting of DCF and target P/E of 18x on average FY19-20F EPS. Upside risks include higher oil price and higher profit-booking of subsidiaries (PVPipe, PVCoating). Downside risks include lower-than-expected oil price and delays in signing important gas price contracts with partners (e.g. fertiliser clients, BOT plants, Petronas Gas (PTG MK, Hold, TP: RM17.2)).

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)	20.20	17.08	17.59	15.41	15.35
DPS (VND)	3,796	4,000	5,750	5,551	5,572
Dividend Yield	3.71%	3.91%	5.63%	5.43%	5.45%
EV/EBITDA (x)	12.50	10.51	10.67	9.31	8.98
P/FCFE (x)	27.0	241.5	15.0	18.1	12.8
Net Gearing	(41.7%)	(50.0%)	(44.3%)	(31.3%)	(17.1%)
P/BV (x)	4.71	4.34	4.82	5.09	5.47
ROE	24.0%	26.5%	26.0%	32.2%	34.4%
CGS-CIMB/Consensus EPS (x)			0.90	1.01	0.92

SOURCES: VND RESEARCH, COMPANY REPORTS

Weak oil price casts a shadow on 3Q results

9M19 results fairly in line with expectation ➤

3Q19 net profit was weaker yoy due to lower oil price (-14.3% yoy) and higher operating cost (+8.0% yoy).

9M19 net profit was flat vs. 9M18, as benefit from the upward revision in TOP price offset the negative effects of lower oil price (-3.9% yoy) and the booking of decommissioning costs (VND390bn booked in 1H19).

Figure 1: 9M19 results overview

FYE Dec (VNDbn)	3Q18	3Q19	% yoy	9M18	9M19	% yoy	vs. FY19 forecast
Net revenue	18,426	19,038	3.3%	56,614	58,030	2.5%	75.7%
Gross profit	4,795	4,330	-9.7%	13,571	13,150	-3.1%	77.0%
Gross profit margin	26.0%	22.7%	-3.3% pts	24.0%	22.7%	-1.3% pts	
Selling expenses	664	741	11.7%	1,945	1,941	-0.2%	72.5%
G&A expenses	290	303	4.3%	832	835	0.3%	72.8%
Operating profit	3,841	3,286	-14.4%	10,794	10,373	-3.9%	78.3%
Financial income	450	447	-0.6%	1,018	1,129	10.9%	81.8%
Financial expenses	226	48	-78.5%	535	183	-65.9%	41.6%
Pre-tax profit	4,063	3,688	-9.2%	11,280	11,317	0.3%	79.0%
Net profit	3,201	2,884	-9.9%	8,880	8,933	0.6%	80.3%

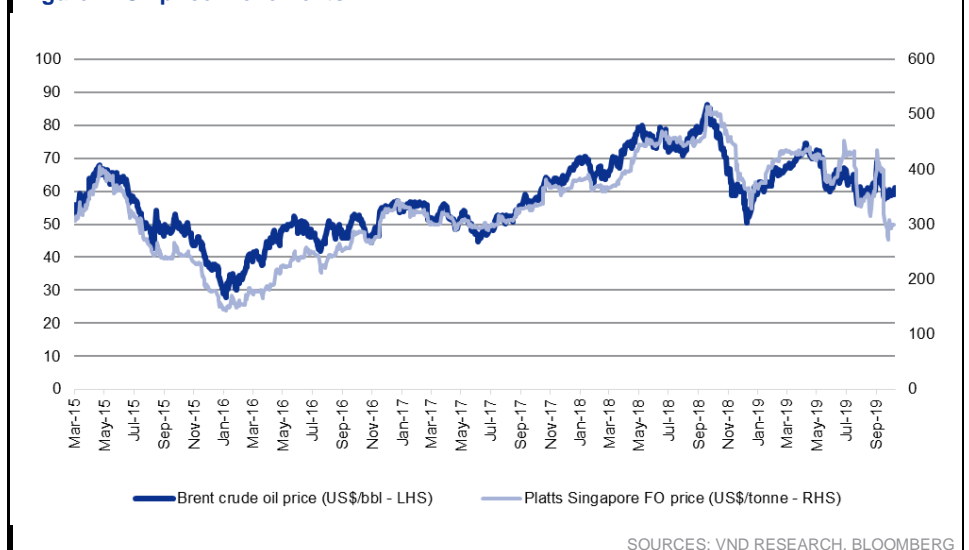
SOURCES: VND RESEARCH, COMPANY REPORTS

For 10M19, GAS reported VND64,576bn in revenue and VND11,983bn in pretax profit, forming 84.2% and 83.6% of our full-year forecast, respectively.

We expect weak 4Q performance, hence in-line full year results, due to the following reasons:

- We expect Marine Fuel Oil (MFO) price (the benchmark for gas selling price) to decline at a faster rate than Brent crude in 4Q, in preparation for the implementation of IMO 2020 starting from Jan 2020. The regulation requires ocean-going vessels to use fuel oil with sulphur content of less than 0.5% from Jan 2020 onwards, which we believe would lower demand for high-sulphur fuel oil (HSFO) and boost demand for low-sulphur fuel oil (LSFO) and blended oil that meet the requirements.
- The benchmark for Vietnam's gas selling price is Singapore Platts Fuel Oil (180 centistoke, 3.5% sulphur content at 50°C) which is a type of high-sulfur fuel oil. In our observation, the price of such FO has started to bear the effect of IMO 2020 and has declined at a faster rate than Brent crude oil (which is considered sweet – low-sulphur oil) in Oct MTD. Hence, we expect 4Q FO price to stay low, averaging US\$320/tonne (-28.7% yoy) in 4Q, which will affect GAS's selling price.

Figure 2: Oil price movements



- GAS would continue to book decommissioning cost in 4Q19, with VND390bn booked in 1H19 out of VND800bn expected for the full year.

Historically, there are two pricing schemes for GAS' selling volumes:

- TOP volume: fixed price (increases by c.2% p.a. for inflation effect), which is lower than market price.
- Above TOP volume: market price based on the formula: 46% FO + transportation tariff.

GAS removed the above policy on 20 Mar 2019 and companies would pay market price for all volumes onwards. However until now, only GENCO 3 has signed the new appendix for the gas price contract and paid the new price.

It should be noted that GAS could earn retrospective revenue from the change in price policy applied to TOP volumes. GAS has yet to sign the appendix in terms of price adjustment for 1.7bn cubic metres (bcm) sold to BOT power plants (PM2.2 and PM3), which we expect to happen in 4Q19. Accordingly, the company could receive c.VND1,358bn of retrospective profit for the volume sold from Mar 20 to end-2019. We believe this could barely offset the negative effect of lower oil price and higher operating costs. As such, we expect FY19F net profit to fall by 2.9% yoy to VND11,119bn.

Nam Con Son 2 Phase 2 project on track ►

During Aug – Oct 2019, GAS awarded the EPC and relevant contracts of Nam Con Son 2 Phase 2 project to the contractors. The pipeline with a designed capacity of 7bcm/year is crucial to GAS's ability to expand capacity as it will help recover and transport gas from the newly-developed Sao Vang Dai Nguyet fields and Su Tu Trang field to shore.

Figure 3: Nam Con Son 2 Phase 2 bidding packages

Bidding package	Contractors	Value (VND bn)
EPC-1 - Subsea pipeline	Technip FMC, PTSC as subcontractor	2,844
EPC-2 - GPP Dinh Co 2	NA, bidding expected to be opened in 3Q20F	NA
EPC-3 - Onshore pipeline and infrastructure	VSP - Lilama - Nageco JV	1,363
SVDN infield and pipeline connecting SVDN and NCS 2	PTSC, Technip FMC as subcontractor	2,200
Steel plate supply	Huyn dai	920
Steel pipe supply	PVPipe	750
Pipe coating	PVCoating	983

SOURCES: VND RESEARCH

Maintain Hold rating with a TP of VND105,700

Figure 4: 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 5: 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 6: 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

Figure 7: 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

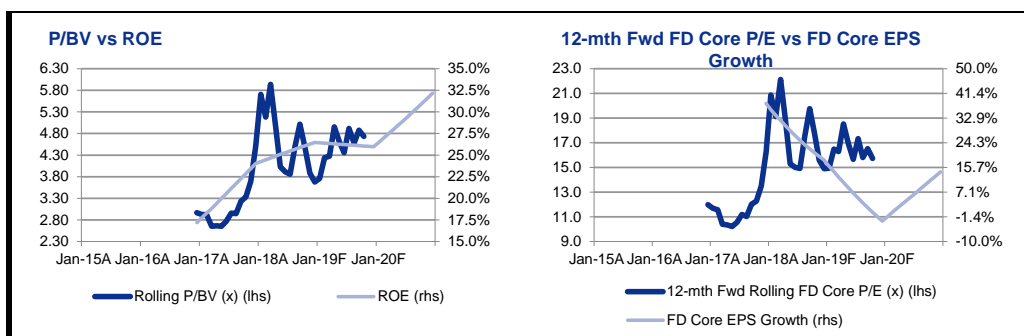
Figure 8: Global peer comparison

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	102,200	105,700	8,431	17.4	17.6	15.4	3.6%	4.3	4.8	5.1	26.1%	26.0%	32.2%	18.6%	17.6%	21.7%
PTT PLC	PTT TB	HOLD	45	48	42,082	12.2	11.9	10.3	0.9%	1.5	1.4	1.3	12.1%	11.8%	12.6%	4.5%	4.5%	5.1%
China Gas Holdings	384 HK	NOT RATED	32	NA	21,565	19.9	17.5	14.5	18.4%	4.8	3.9	3.3	25.8%	24.3%	24.1%	8.6%	8.7%	9.2%
Petronas Gas Bhd	PTG MK	HOLD	17	17	7,847	17.9	17.4	18.3	0.1%	2.5	2.4	2.4	14.1%	14.2%	13.1%	9.9%	10.0%	9.3%
Toho Gas Ltd	9533 JP	NOT RATED	4,170	NA	4,074	17.5	24.9	24.1	8.6%	1.3	1.3	1.3	7.6%	5.2%	5.1%	4.7%	3.2%	3.2%
Indraprastha Gas	IGL IN	NOT RATED	384	NA	3,795	31.9	25.6	22.7	15.9%	6.2	5.4	4.6	21.2%	21.9%	21.7%	14.9%	15.7%	15.1%
Average (all)					14,632	19.5	19.2	17.5	7.9%	3.4	3.2	3.0	17.8%	17.2%	18.1%	10.2%	9.9%	10.6%
Average (excluding PV GAS)					15,873	19.9	19.5	18.0	8.8%	3.3	2.9	2.6	16.2%	15.5%	15.3%	8.5%	8.4%	8.4%

Note: Not Rated forecasts based on Bloomberg consensus estimates, trailing 12 months (TTM).

SOURCES: VND RESEARCH, BLOOMBERG (DATA AS AT OCT 29)

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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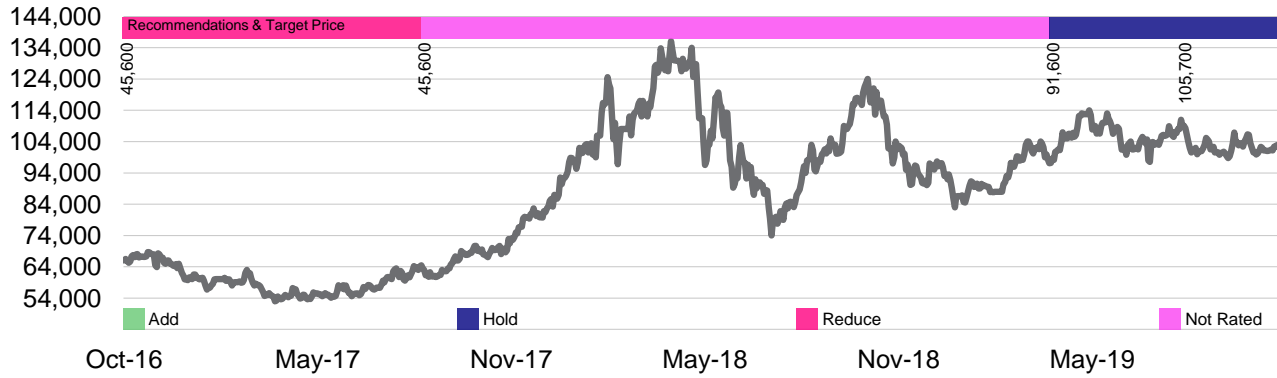
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— Price Close



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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