

**I Vietnam**
**HOLD** (no change)

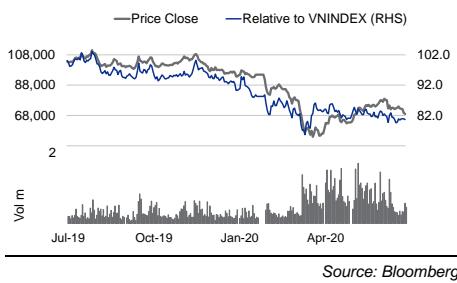
Consensus ratings\*: Buy 2 Hold 6 Sell 0

Current price:	VND69,000
Target price:	VND70,000
Previous target:	VND61,800
Up/downside:	1.4%
CGS-CIMB / Consensus:	0.6%
Reuters:	GAS.HM
Bloomberg:	GAS VN
Market cap:	US\$5,693m
Average daily turnover:	VND132,062,552m
Current shares o/s:	US\$2.22m
Free float:	VND51,945m
Current shares o/s:	1,914m
Free float:	4.2%

\*Source: Bloomberg

**Key changes in this note**

- FY20-22F EPS increased by 2.2-6.8%.



Price performance	1M	3M	12M
Absolute (%)	-7.3	26.4	-29.2
Relative (%)	-2.7	1.8	-16
<b>Major shareholders</b>			% held
PetroVietnam Group	95.8		
Others	4.2		

**Analyst(s)**

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# PetroVietnam Gas JSC

## Higher-than-expected resiliency

- Management estimated 1H20 profit after tax declined 35.9% yoy to VND3,930bn, which was slightly higher at 55.5% of our full-year forecast.
- We reiterate our Hold call with a higher TP of VND70,000.

### Estimated 1H20 results slightly ahead of our expectation

The company estimated its 1H20 revenue at VND33,438bn (-14.2% yoy), pretax profit at VND4,941bn (-35.2% yoy), and profit after tax at VND3,930bn (-35.9% yoy), on the back of dry gas sales volume of 4.6bn m<sup>3</sup> (-11.3% yoy), LPG sales volume of 923k tonnes (+1.0% yoy) and condensate volume of 31k tonnes (-22.1% yoy). A 42.4% yoy slump in benchmark oil price (Singapore Fuel Oil – FO) and a 13.6% yoy decline in LPG benchmark price were the main reasons for the fall in profit after tax. However, 1H20 profit after tax mildly exceeded our expectation, accounting for 55.5% of FY20F forecast, which we believe was due to higher-than-expected LPG volume and gross margin.

### More clarity on some customers' gas pricing scheme in FY20F

GAS has finalised a new pricing formula for its fertiliser customer Dam Phu My (DPM VN, Add, TP: VND15,800) for FY19-20F and the pricing scheme for the upcoming Sao Vang Dai Nguyet project. Based on these schemes, GAS has the flexibility of reallocating its gas supply to customers from depleting fields (with low exploration costs) to newer fields (with higher exploration costs). This allows GAS to transfer the risk of rising input costs to the customers. This presents a slight upside risk to our forecasts as GAS could earn additional revenue from upward revisions in transportation tariffs.

### Forecast revision

We lift our FY20-22F EPS assumptions by 2.2-6.8% to reflect: (1) new pricing formula applied to DPM, (2) a 3% downward revision in gas volume in FY20F, taking into account lower supply from Block 11.2 which encountered technical issues from Mar to Jul, and (3) a 0.5% pt upward revision in the LPG segment's gross margin assumption.

### Reiterate Hold with a higher TP of VND70,000

The higher FY20-22F EPS forecasts lead to an increase in our P/E-based fair value from VND61,800 to VND63,700. In addition, we reintroduce the DCF method into our valuation model, as we see lower correlation between oil price and GAS stock price after global oil price surpassed the US\$40/bbl level and as investors resume a more long-term view towards GAS. Our new TP is VND70,000, based on an equal weighting of DCF and target FY20-22F P/E unchanged at 12.3x. Upside risks are higher-than-expected oil price and dry gas sales volumes. Downside risks include lower-than-expected oil price and delays in Sao Vang Dai Nguyet project.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	75,612	75,005	63,466	76,845	82,814
Operating EBITDA (VNDb)	16,553	16,340	11,534	16,749	17,449
Net Profit (VNDb)	11,454	11,902	7,426	10,943	11,376
Core EPS (VND)	5,984	6,219	3,880	5,718	5,944
Core EPS Growth	18.3%	3.9%	(37.6%)	47.4%	4.0%
FD Core P/E (x)	11.53	11.10	17.78	12.07	11.61
DPS (VND)	4,000	4,300	3,500	3,000	3,000
Dividend Yield	5.80%	6.23%	5.07%	4.35%	4.35%
EV/EBITDA (x)	6.67	6.50	9.54	6.75	6.41
P/FCFE (x)	163.0	22.0	11.9	12.2	28.0
Net Gearing	(50.0%)	(53.6%)	(50.6%)	(43.8%)	(45.9%)
P/BV (x)	2.93	2.72	3.02	3.03	3.00
ROE	26.5%	25.4%	16.1%	25.1%	26.0%
% Change In Core EPS Estimates			6.79%	1.55%	2.16%
CGS-CIMB/Consensus EPS (x)			0.97	1.14	1.03

SOURCES: VND RESEARCH, COMPANY REPORTS

## Higher-than-expected resiliency

### 1H20 estimated results slightly ahead of expectation ➤

**Figure 1: 1H20 company's estimated results overview**

	1H19	1H20	% yoy	% of FY20F forecasts	% of FY20F guidance
Dry gas volume (bn m3)	5.18	4.60	-11.3%	48.1%	47.1%
LPG (mt)	0.91	0.92	1.0%	55.2%	71.0%
Condensate (k ton)	39.80	31.00	-22.1%	35.6%	56.3%
Brent crude oil price (US\$/bbl)	66.2	42.1	-36.4%	-	-
Singapore FO price (US\$/tonne)	407.3	234.6	-42.4%	-	-
Revenue (VNDbn)	38,992	33,438	-14.2%	52.2%	50.5%
Pre-tax profit (VNDbn)	7,628	4,941	-35.2%	56.0%	59.6%
Profit after tax (VNDbn)	6,131	3,930	-35.9%	55.5%	59.2%

SOURCES: VND RESEARCH, COMPANY REPORTS

### Forecast revision ➤

We make the following changes to our FY20-22F EPS assumptions:

- We revise the pricing formula applied to customer DPM. Specifically, 65% of DPM's gas supply would come from the Bach Ho – Rong Doi Moi fields, which enjoy low transportation tariff of US\$1.02/mmbtu in FY20F. 21% of DPM's gas supply would be from other fields in Cuu Long basin and hence incur high transportation tariff of US\$3.22/mmbtu. Meanwhile, the remaining 14% of the gas supply comes from Nam Con Son basin and incurs a transportation tariff of US\$1.42/mmbtu. The transportation tariffs are subject to a 2% increase p.a. from FY21F onwards, per DPM.
- For FY20F, we cut our dry gas volume forecast by 3% to take into account the effect of lower supply from Block 11.2, which encountered technical issues from Mar and is expected to resume full capacity in Jul 20.
- We raise the gross margin assumption of LPG segment by 0.5% pt in FY20F, as we expect higher premium over benchmark price, given solid LPG demand in 1H20 (1H volume up 1.0% yoy).

**Figure 2: Forecast revision**

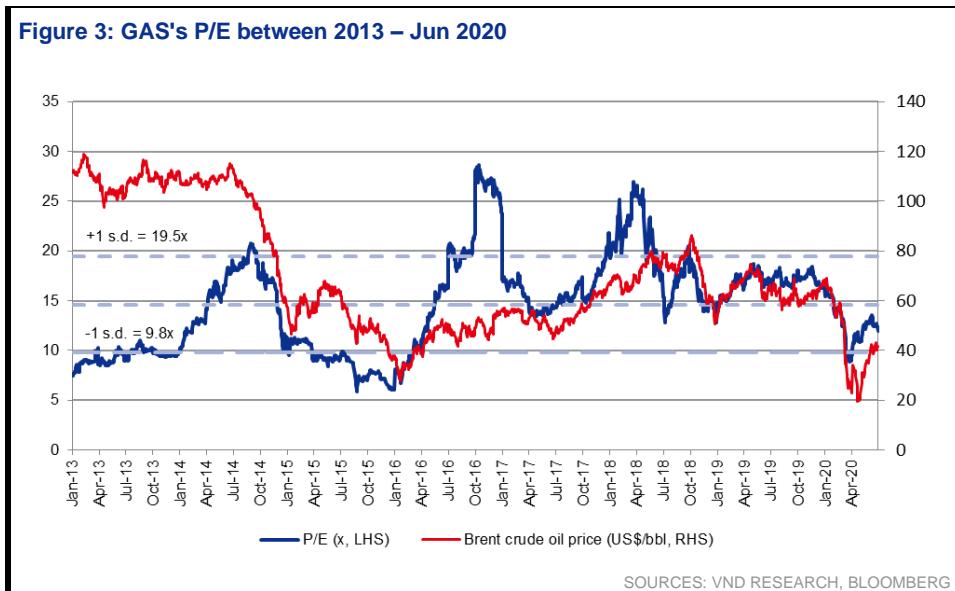
Unit: VNDbn, otherwise noted	2020F			2021F			2022F		
	Old	New	% change	Old	New	% change	Old	New	% change
Net revenue	64,075	63,466	-1.0%	75,931	76,845	1.2%	81,854	82,814	1.2%
COGS	53,758	52,558	-2.2%	59,982	60,598	1.0%	65,176	65,729	0.8%
Gross profit	10,317	10,908	5.7%	15,949	16,247	1.9%	16,678	17,085	2.4%
Gross margin (%)	16.1%	17.2%	+1.1% pts	21.0%	21.1%	+0.1% pts	20.4%	20.6%	+0.2% pts
Pre-tax profit	8,817	9,401	6.6%	13,665	13,854	1.4%	14,120	14,402	2.0%
Net profit	6,954	7,426	6.8%	10,776	10,943	1.5%	11,136	11,376	2.2%
Core EPS (VND)	3,633	3,880	6.8%	5,630	5,718	1.5%	5,818	5,944	2.2%

SOURCES: VND RESEARCH

## Valuation ➤

Target P/E for FY20-22F stays unchanged at 12.3x, -0.5 s.d. from 7-year historical mean.

**Figure 3: GAS's P/E between 2013 – Jun 2020**



SOURCES: VND RESEARCH, BLOOMBERG

We expect oil price to remain above the US\$40/bbl from 2H20F onwards as demand for oil and gas products returns post-Covid-19 lockdowns, and the correlation between GAS's share price and oil price to contract amid lower volatility. As investors resume a more long-term perspective towards GAS, we reintroduce the DCF method into our valuation model.

**Figure 4: DCF valuation – summary of free cash flow (FCF)**

VNDbn	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35
Net revenue	75,612	75,005	63,466	76,845	82,814	114,780	137,540	153,168	6.0%
% growth y-o-y	17.2%	-0.8%	-15.4%	21.1%	7.8%	5.0%	3.0%	1.7%	
COGS & OPEX	(61,887)	(61,356)	(55,325)	(63,947)	(69,339)	(102,728)	(123,098)	(137,085)	
Unlevered profit / EBIT	13,725	13,649	8,141	12,897	13,475	12,052	14,442	16,083	4.6%
Operating margin	18.2%	18.2%	12.8%	16.8%	16.3%	10.5%	10.5%	10.5%	
Effective tax rate	-19.5%	-19.8%	-19.8%	-19.8%	-19.8%	-19.8%	-19.8%	-19.8%	
EBIT * (1-Tax) or NOPAT	16,397	16,351	9,753	15,450	16,143	14,437	17,300	19,266	4.6%
+ D&A	2,829	2,691	3,393	3,851	3,974	5,665	6,822	7,599	
% of revenue	3.7%	3.6%	5.3%	5.0%	4.8%	4.9%	5.0%	5.0%	
- CapEx	(692)	(2,690)	(5,077)	(6,148)	(3,313)	(2,296)	(2,751)	(3,063)	
% of revenue	-0.9%	-3.6%	-8.0%	-8.0%	-4.0%	-2.0%	-2.0%	-2.0%	
+ Δ WC	(170)	(968)	1,993	(973)	(430)	(196)	(237)	(243)	
% of revenue	-0.2%	-1.3%	3.1%	-1.3%	-0.5%	-0.2%	-0.2%	-0.2%	
Interest and other financial activities, net	815	1,419	1,260	957	927	1,469	1,792	2,000	
% of revenue	1.1%	1.9%	2.0%	1.2%	1.1%	1.3%	1.3%	1.3%	
<b>UFCF</b>	<b>19,179</b>	<b>16,803</b>	<b>11,321</b>	<b>13,138</b>	<b>17,301</b>	<b>19,080</b>	<b>22,927</b>	<b>25,559</b>	

SOURCES: VND RESEARCH, COMPANY REPORTS

**Figure 5: Cost of equity**

### Cost of equity

Risk Free Rate	4.0%
Beta	1.3
Risk Premium	11.0%
<b>Cost of Equity</b>	<b>18.5%</b>

SOURCES: VND RESEARCH

**Figure 6: WACC and terminal growth**

### VNDbn

Equity Value	179,337
Debt	2,796
Cost of Debt	8.2%
Tax Rate	20.0%
<b>WACC</b>	<b>18.3%</b>
<b>Perpetual Growth Rate</b>	<b>1.7%</b>

SOURCES: VND RESEARCH

**Figure 7: Blended target price**

Method	Implied share price (VND)	Weighted share price (VND)	
		Weight (%)	
DCF	76,528	50%	38,264
FY20-22F target P/E of 12.3x	63,719	50%	31,859
Blended value			70,123
Target price			70,000

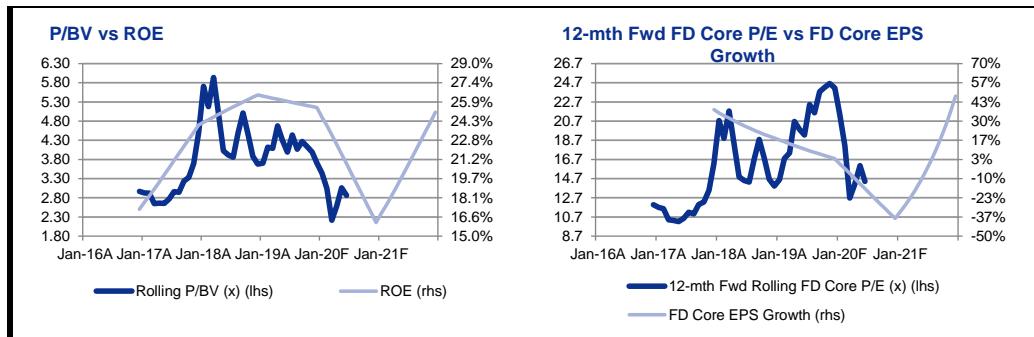
SOURCES: VND RESEARCH

**Figure 8: Gas distributor comparison table**

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Market Cap (US\$ m)	Target P/E (x)				3-year EPS		P/BV (x)				ROE (%)			ROA (%)		
					TTM	FY20F	FY21F	CAGR (%)	TTM	FY20F	FY21F	TTM	FY20F	FY21F	TTM	FY20F	FY21F	TTM	FY20F	FY21F
PV GAS	GAS VN	HOLD	69,000	70,000	5,693	12.0	17.8	12.1	-1.5%	2.6	3.0	3.0	23.6%	16.1%	25.1%	17.6%	12.3%	18.1%		
PTT PLC	PTT TB	ADD	37.8	46.5	34,878	17.4	18.9	14.8	-7.0%	1.2	1.2	1.2	7.0%	6.5%	7.9%	2.5%	2.5%	3.2%		
China Gas Holdings	384 HK	NOT RATED	24.8	NA	16,665	14.1	11.9	10.5	14.6%	3.3	2.6	2.2	24.5%	23.3%	22.8%	8.3%	9.1%	9.3%		
Petronas Gas Bhd	PTG MK	HOLD	17.0	15.8	7,792	18.8	18.4	18.3	-1.8%	2.6	2.4	2.4	13.8%	13.5%	13.2%	9.3%	9.2%	9.0%		
Toho Gas Ltd	9533 JP	NOT RATED	5,480	NA	5,398	35.8	28.0	36.4	5.2%	1.8	1.7	1.6	5.0%	6.4%	4.8%	2.9%	3.8%	3.1%		
Indraprastha Gas	IGL IN	NOT RATED	444	NA	4,120	24.9	28.2	21.0	11.2%	5.8	5.1	4.6	25.8%	22.3%	22.1%	18.2%	NA	NA		
Average (all)					12,424	20.5	20.5	18.9	3.4%	2.9	2.7	2.5	16.6%	14.7%	16.0%	9.8%	7.4%	8.5%		
Average (excluding PV GAS)					13,771	22.2	21.1	20.2	4.4%	2.9	2.6	2.4	15.2%	14.4%	14.2%	8.2%	6.1%	6.1%		

SOURCES: CGS-CIMB RESEARCH, VND RESEARCH, BLOOMBERG (DATA AS AT 01 JUL )

## BY THE NUMBERS



<b>Profit &amp; Loss</b>					
(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>Total Net Revenues</b>	<b>75,612</b>	<b>75,005</b>	<b>63,466</b>	<b>76,845</b>	<b>82,814</b>
<b>Gross Profit</b>	<b>17,491</b>	<b>16,919</b>	<b>10,908</b>	<b>16,247</b>	<b>17,085</b>
<b>Operating EBITDA</b>	<b>16,553</b>	<b>16,340</b>	<b>11,534</b>	<b>16,749</b>	<b>17,449</b>
Depreciation And Amortisation	(2,829)	(2,691)	(3,393)	(3,851)	(3,974)
<b>Operating EBIT</b>	<b>13,725</b>	<b>13,649</b>	<b>8,141</b>	<b>12,897</b>	<b>13,475</b>
Financial Income/(Expense)	860	1,424	1,234	926	893
Pretax Income/(Loss) from Assoc.	(4)	(1)	(0)	(1)	(1)
Non-Operating Income/(Expense)	(41)	(4)	26	32	34
<b>Profit Before Tax (pre-EI)</b>	<b>14,540</b>	<b>15,068</b>	<b>9,401</b>	<b>13,854</b>	<b>14,402</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>14,540</b>	<b>15,068</b>	<b>9,401</b>	<b>13,854</b>	<b>14,402</b>
Taxation	(2,831)	(2,983)	(1,861)	(2,742)	(2,851)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>11,709</b>	<b>12,086</b>	<b>7,540</b>	<b>11,112</b>	<b>11,551</b>
Minority Interests	(255)	(183)	(114)	(169)	(175)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>11,454</b>	<b>11,902</b>	<b>7,426</b>	<b>10,943</b>	<b>11,376</b>
Recurring Net Profit	11,454	11,902	7,426	10,943	11,376
<b>Fully Diluted Recurring Net Profit</b>	<b>11,454</b>	<b>11,902</b>	<b>7,426</b>	<b>10,943</b>	<b>11,376</b>

<b>Cash Flow</b>					
(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	16,553	16,340	11,534	16,749	17,449
Cash Flow from Invt. & Assoc.	(1,401)	(1,585)	(1,225)	(1,302)	(1,347)
Change In Working Capital	(170)	(968)	1,993	(973)	(156)
(Incr)/Decr in Total Provisions	24	836	0	0	0
Other Non-Cash (Income)/Expense	(2,013)	(1,272)	(2,133)	(2,894)	(3,048)
Other Operating Cashflow	2,989	2,458	10,685	10,731	1,762
Net Interest (Paid)/Received	(447)	(276)	(286)	(419)	(430)
Tax Paid	(3,113)	(2,853)	(1,861)	(2,742)	(2,851)
<b>Cashflow From Operations</b>	<b>12,422</b>	<b>12,681</b>	<b>18,707</b>	<b>19,149</b>	<b>11,379</b>
Capex	(692)	(2,690)	(5,077)	(6,148)	(3,313)
Disposals Of FAs/subsidiaries	19	1	10	12	11
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(6,641)	(2,033)	(3,419)	(3,419)	(3,419)
<b>Cash Flow From Investing</b>	<b>(7,315)</b>	<b>(4,722)</b>	<b>(8,487)</b>	<b>(9,555)</b>	<b>(6,721)</b>
Debt Raised/(repaid)	(4,297)	(1,950)	890	1,241	58
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(7,656)	(8,230)	(6,699)	(5,742)	(5,742)
Preferred Dividends					
Other Financing Cashflow	48	(8)	(8)	(8)	(8)
<b>Cash Flow From Financing</b>	<b>(11,905)</b>	<b>(10,188)</b>	<b>(5,817)</b>	<b>(4,509)</b>	<b>(5,692)</b>
Total Cash Generated	(6,798)	(2,229)	4,403	5,085	(1,034)
<b>Free Cashflow To Equity</b>	<b>810</b>	<b>6,009</b>	<b>11,110</b>	<b>10,835</b>	<b>4,716</b>
<b>Free Cashflow To Firm</b>	<b>5,555</b>	<b>8,234</b>	<b>10,506</b>	<b>10,013</b>	<b>5,088</b>

SOURCES: VND RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

<b>Balance Sheet</b>					
(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	28,308	29,391	26,320	24,429	25,487
Total Debtors	10,214	10,359	8,704	10,539	11,357
Inventories	1,948	1,575	1,594	1,838	1,993
Total Other Current Assets	462	491	494	497	500
<b>Total Current Assets</b>	<b>40,932</b>	<b>41,815</b>	<b>37,111</b>	<b>37,302</b>	<b>39,338</b>
Fixed Assets	18,609	15,850	17,534	19,830	19,168
Total Investments	280	533	533	533	533
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	2,793	3,981	3,981	3,981	3,981
<b>Total Non-current Assets</b>	<b>21,682</b>	<b>20,363</b>	<b>22,047</b>	<b>24,344</b>	<b>23,682</b>
Short-term Debt	1,490	1,341	1,144	1,194	1,150
Current Portion of Long-Term Debt					
Total Creditors	2,901	2,117	2,108	2,553	2,751
Other Current Liabilities	7,455	6,507	7,072	7,685	8,352
<b>Total Current Liabilities</b>	<b>11,847</b>	<b>9,964</b>	<b>10,324</b>	<b>11,432</b>	<b>12,253</b>
Total Long-term Debt	3,396	1,456	2,542	3,733	3,834
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	505	1,144	1,601	2,002	2,302
<b>Total Non-current Liabilities</b>	<b>3,901</b>	<b>2,600</b>	<b>4,144</b>	<b>5,734</b>	<b>6,136</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>15,747</b>	<b>12,564</b>	<b>14,468</b>	<b>17,167</b>	<b>18,390</b>
Shareholders' Equity	45,073	48,507	43,698	43,654	43,981
Minority Interests	1,794	1,108	993	825	649
<b>Total Equity</b>	<b>46,867</b>	<b>49,615</b>	<b>44,691</b>	<b>44,479</b>	<b>44,630</b>

<b>Key Ratios</b>					
	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	17.2%	(0.8%)	(15.4%)	21.1%	7.8%
Operating EBITDA Growth	15.4%	(1.3%)	(29.4%)	45.2%	4.2%
Operating EBITDA Margin	21.9%	21.8%	18.2%	21.8%	21.1%
Net Cash Per Share (VND)	12,238	13,895	11,826	10,189	10,712
BVPS (VND)	23,550	25,344	22,831	22,808	22,979
Gross Interest Cover	31.19	69.07	39.14	42.23	43.02
Effective Tax Rate	19.5%	19.8%	19.8%	19.8%	19.8%
Net Dividend Payout Ratio	66.8%	69.1%	90.2%	52.5%	50.5%
Accounts Receivables Days	46.80	50.06	54.97	45.70	48.25
Inventory Days	11.28	11.07	11.03	10.33	10.64
Accounts Payables Days	15.66	14.38	13.41	12.90	13.53
ROIC (%)	43.3%	46.1%	27.6%	44.6%	40.8%
ROCE (%)	29.2%	29.4%	19.2%	29.1%	29.9%
Return On Average Assets	17.7%	17.5%	10.8%	17.2%	17.4%

<b>Key Drivers</b>					
	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Oil Price (US\$/bbl)	71.2	64.4	45.0	55.0	57.0
Volume Growth (%)	0.9%	2.4%	-8.6%	3.3%	-1.3%
Ratio Of Up To Downstream (x)	N/A	N/A	N/A	N/A	N/A
Operating Cash Cost (US\$/bbl)	N/A	N/A	N/A	N/A	N/A
Ratio Of High To Low Margin (x)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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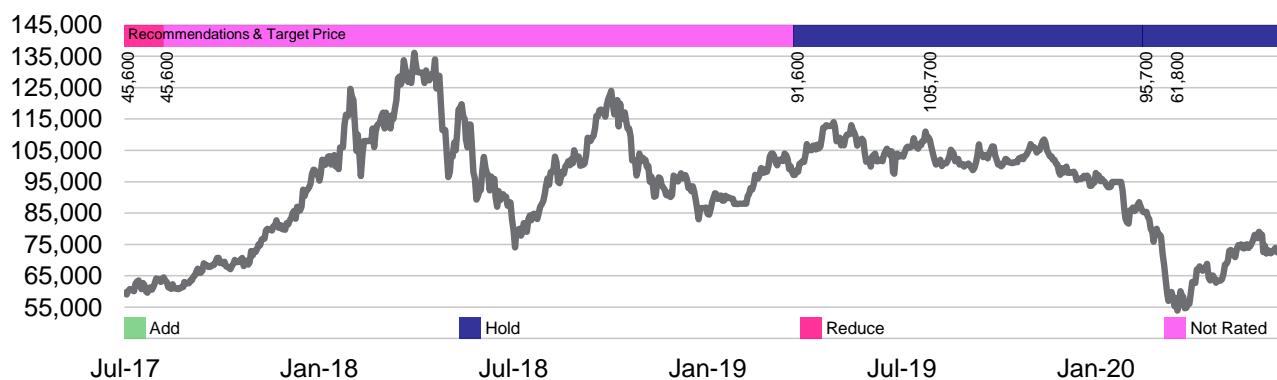
institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2020		
811 companies under coverage for quarter ended on 31 March 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.8%	0.1%
Hold	27.6%	0.0%
Reduce	11.6%	0.0%

#### Spitzer Chart for stock being researched ( 2 year data )

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 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, **BCP** – 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, **CENTEL** – 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.

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