

Vietnam

ADD (no change)

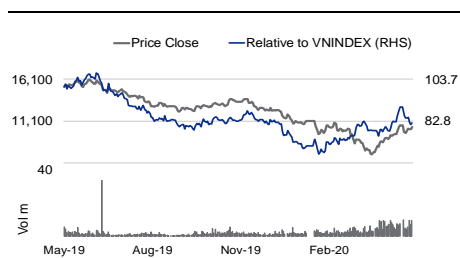
Consensus ratings*: Buy 10 Hold 1 Sell 0

Current price:	VND10,400
Target price:	VND16,800
Previous target:	VND16,800
Up/downside:	61.5%
CGS-CIMB / Consensus:	10.2%
Reuters:	POW.HM
Bloomberg:	POW VN
Market cap:	US\$1,044m
	VND24,355,464m
Average daily turnover:	US\$1.77m
	VND41,465m
Current shares o/s:	2,342m
Free float:	20.0%

*Source: Bloomberg

Key changes in this note

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	21.9	-1.4	-23.5
Relative (%)	11.7	9.5	-11.2

Major shareholders	% held
Vietnam Oil and Gas Group	79.9
Norges Bank	1.3
Amersham Industries Limited	0.7

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PetroVietnam Power Corporation

1Q20 earnings hurt by FX loss

- POW's 1Q20 revenue slumped 5.5% yoy to VND7,975bn, following a 4.3% yoy drop in electricity sales volume.
- 1Q20 net profit plunged to VND444bn (-49.5% yoy); below at only 15.2% of our full-year forecast.
- We reiterate our Add call with a TP of VND16,800.

Subdued output from hydropower plants and NT1 plants

Gas supply shortage from Block 06.1 and Block 11.2 of Nam Con Son basin led to a 17.4% yoy drop in the 1Q20 output of gas-fired plant Nhon Trach 1 (NT1). Meanwhile, the El Nino effect in 2019 had lasting ramifications on reservoir water levels in 1Q20, leading to a 60% yoy lower hydropower output. Consequently, gas-fired power revenue fell 11.4% yoy and hydropower revenue plunged 67% yoy in 1Q20.

Coal-fired power enjoyed a 50% yoy increase in output

POW's coal-fired power plant, Vung Ang 1 (VA1) manufactured 1,850m kWh (+50% yoy) in 1Q20, raising its utilisation rate to 95% in 1Q20 from 63% in 1Q19. Coal supply shortage led to a sharp yoy decline in output in 1H19; however the problem had been solved in 3Q19 thanks to sufficient coal supply from Vinacomin. In 1Q20, VA1 accounted for 35.1% of POW's total electricity output (vs. 22% in 1Q19) and 35% in terms of total revenue. We expect VA1 to maintain a strong performance for the rest of 2020, given stable coal supply and no technical issues expected.

1Q20 bottomline hit by lower gross margin and greater FX loss

POW's net revenue slipped 5.5% yoy to VND7,975bn in 1Q20 due to 4.3% yoy lower sales volume. However, net profit fell as much as 49.5% yoy to VND444bn as: 1) 1Q20 gross profit margin shrank 2.8% pts yoy due to lower revenue contribution from hydropower and gas-fired power (only 65% of 1Q20 POW's revenue versus 78% in 1Q19); and 2) unrealised foreign exchange loss surged to VND138bn (+722% yoy) as Vietnamese dong depreciated 1.8% vs. US dollar in 1Q20.

Reiterate Add with a target price of VND16,800

We expect POW to achieve our FY20 forecasts as: 1) Hydropower output should return to normal by 2H20F. Note that 2H is usually the high season for POW's hydropower segment. 2) Technical issues at Block 11.2 should be resolved by 3Q20F, according to industry players, leading to sufficient gas supply for NT1. 3) POW should not report further FX loss assuming a stable USD/VND exchange rate until year-end. We keep our Add call with a TP of VND16,800, based on equal weighting of DCF and target 2020F EV/EBITDA of 5.5x. Downside risks include 1) unstable supply of coal and gas, and 2) unexpected technical issues that could disrupt operations. Re-rating catalyst: higher than expected electricity output during the hottest season from May to July in Vietnam.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	32,662	35,421	39,260	41,050	40,460
Operating EBITDA (VNDb)	7,604	7,048	7,402	7,541	7,590
Net Profit (VNDb)	1,921	2,491	2,916	3,185	3,356
Core EPS (VND)	850	1,064	1,245	1,360	1,433
Core EPS Growth	(17.1%)	25.1%	17.1%	9.2%	5.4%
FD Core P/E (x)	12.23	9.78	8.35	7.65	7.26
DPS (VND)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	5.44	5.36	4.85	4.81	5.20
P/FCFE (x)	18.54	11.84	20.43	84.34	56.10
Net Gearing	61.5%	39.9%	29.0%	26.0%	30.5%
P/BV (x)	0.99	0.90	0.81	0.73	0.67
ROE	7.8%	9.7%	10.2%	10.1%	9.6%
CGS-CIMB/Consensus EPS (x)			1.02	1.00	0.93

SOURCES: VND RESEARCH, COMPANY REPORTS

1Q20 earnings hurt by FX loss

Figure 1: POW's sales volume by power plants

Unit: m kWh	1Q20	1Q19	yoy%	4Q19	qoq%
Gas-fired	3,313	4,009	-17%	3,936	-15.8%
Hydro	105	260	-60%	191	-45.3%
Coal-fired	1,850	1,234	50%	1,952	-5.3%
Total	5,267	5,503	-4.3%	6,080	-13.4%

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 2: Results comparison

FYE Dec (VND bn)	1Q20	1Q19	yoy%	4Q19	qoq%	% of FY20F	Comment
			chg		chg	forecast	
Output (m kWh)							
POW total output	5,267.5	5,503.2	-4.3%	6,079.7	-13.4%	23.8%	
Gas-fired	3,313.3	4,009.4	-17.4%	3,936.2	-15.8%	22.0%	
Ca Mau 1 & 2	1,802.6	1,929.1	-6.6%	1,834.9	-1.8%	25.0%	
Nhon Trach 1 (NT1)	339.8	852.2	-60.1%	837.1	-59.4%	10.8%	Due to gas supply shortage from block 6.1 & 11.2
Nhon Trach 2 (NT2)	1,170.8	1,228.2	-4.7%	1,264.2	-7.4%	24.8%	
Hydropower	104.6	260.0	-59.8%	191.3	-45.3%	8.5%	The plants are refilling water to the prescribed water level. 1Q is usually low season for POW's hydropower plants.
Hua Na	51.5	131.0	-60.7%	82.2	-37.4%	7.5%	
Đadrinh	53.1	126.7	-58.1%	107.2	-50.5%	9.8%	
Nam Cat	-	2.3	-100.0%	1.9	-100.0%	0.0%	Divested in 2019
Coal-fired	1,849.6	1,233.8	49.9%	1,952.2	-5.3%	31.6%	Sufficient coal-supply from Vinacomin from 4Q19
Vung Ang 1 (VA1)	1849.6	1233.8	49.9%	1952.2	-5.3%	31.6%	
Revenue (VNDbn)	7,975.4	8,435.6	-5.5%	9,182.1	-13.1%	20.3%	
COGS (VNDbn)	(6,955.5)	(7,123.1)	-2.4%	(7,929.5)	-12.3%		
Gross profit (VNDbn)	1,019.9	1,312.5	-22.3%	1,252.5	-18.6%	17.2%	
Gross profit margin (%)	12.8%	15.6%	-2.8% pts	13.6%	-0.9% pts		GPM among POW's three types of power plants)
SG&A expenses (VNDbn)	(82.3)	(121.9)	-32.5%	(677.9)	-87.9%		
EBIT (VNDbn)	937.6	1,190.6	-21.3%	574.6	63.2%		
Financial income (VNDbn)	86.7	101.2	-14.3%	87.3	-0.7%		
Financial expenses (VND bn)	(410.6)	(322.3)	27.4%	(324.9)	26.4%		Unrealised FX loss of VND138bn.
Pretax Profit (VNDbn)	614.1	1,007.1	-39.0%	399.9	53.6%	15.7%	
Pretax margin (%)	7.7%	11.9%	-4.2% pts	4.4%	3.3% pts		
Net Profit (VNDbn)	444.1	878.8	-49.5%	345.9	46.0%	15.2%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Reiterate Add with a target price of VND16,800 ►

Figure 3: FCF Forecast

VND bn	2020F	2021F	2022F	2023F	2024F	2025F
EBITDA	7,402	7,541	7,590	7,567	7,788	7,666
(-) Depreciation and Amortisation, ex NT 3&4	(2,654)	(2,654)	(2,654)	(2,654)	(2,654)	(2,654)
EBIT	4,747	4,887	4,936	4,912	5,134	5,012
(-) Tax	(720)	(734)	(774)	(751)	(834)	(803)
Tax rate (%)	0	0	0	0	0	0
EBIAT	4,027	4,153	4,161	4,161	4,299	4,208
(+) Depreciation and Amortisation	2,654	2,654	2,654	2,654	2,654	2,654
(+) (Increase)/decrease in net working capital	312	(618)	449	16	(41)	143
(-) Capital Expenditure, ex NT 3&4	(393)	(411)	(405)	(426)	(431)	(450)
Unleveraged Free cash flow (FCFF)	6,601	5,778	6,860	6,405	6,481	6,556

As POW has not provided specific guidance on the electricity pricing mechanism for NT3 & 4 yet, we await further details before incorporating these power plants into our DCF model.

SOURCES: VND RESEARCH

Figure 4: DCF Valuation

VND bn			
Risk-free rate	4.0%	Present value of FCF	38,541
Beta	0.95	Present value of Terminal Value	20,305
Equity risk premium (ERP)	10.5%	Enterprise value	58,847
Cost of Equity - ke	14.0%	(-) Debt (exclude NT 3 &4)	(15,216)
		(+) Cash (exclude NT 3 &4)	7,699
Cost of Debt - kd	9.0%	Equity value including Minority Interest	51,330
Tax	20.0%	(-) Minority Interest	(3,029)
Cost of Debt - kd (after tax)	7.2%	(-) Preferred share	-
Target debt to capital ratio	30.0%	Implied equity value	48,301
WACC	11.9%	Outstanding share (mn shares)	2,342
Terminal growth rate	2.5%	Price per share (VND)	20,625

SOURCES: VND RESEARCH ESTIMATES

Figure 5: POW's target price based on two valuation methods

Method	FY20	Target	Implied value	Weight	Weight value
	EBITDA	multiple			
	VND bn	x	VND per share	%	VND per share
EV/EBITDA, 1-yr forward	7,402	5.5	12,880	50%	6,440
DCF, 10y			20,625	50%	10,312
Fair Value					16,752
Target price (rounded)					16,800

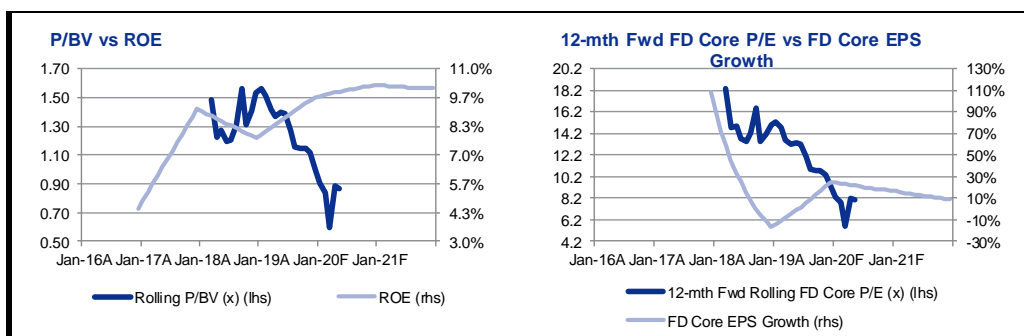
SOURCES: VND RESEARCH ESTIMATES

Figure 6: Regional peer comparison

Company	Ticker	Recom.	Price	TP	Mkt cap	P/E (x)	3-year EPS	P/BV (x)	EV/EBITDA (x)	ROE (%)	D/E				
			LC\$	LC\$	US\$ m	TTM	CY20F CAGR (%)	TTM	CY20F	TTM	CY20F	(x)			
International peers															
First Gen Corp	FGEN PM Equity	NR	17.80	na	1,309.8	4.55	5.02	29.66	0.62	0.56	4.03	3.82	14.57	11.69	0.75
An Hui Wenergy Co Ltd	000543 CH Equity	NR	3.85	na	1,252.9	10.35	na	94.22	0.64	na	na	na	6.25	na	0.61
Dian Swastatika Sentosa Tbk PT	DSSA IJ Equity	NR	21,250	na	1,097.6	22.10	na	6.73	0.74	na	8.08	na	3.50	na	0.84
SJVN Ltd	SJVN IN Equity	NR	21.10	na	1,066.9	6.08	na	1.97	0.74	na	na	na	12.42	na	0.19
Malakoff Corp Bhd	MLK MK Equity	ADD	0.88	1.05	992.3	14.31	14.61	(0.70)	0.68	0.67	5.77	6.35	5.02	4.60	1.86
JSW Energy Ltd	JSW IN Equity	NR	40.65	na	886.3	9.59	na	213.05	0.56	na	3.82	na	6.06	na	0.78
Guodian Changyuan Electric Pow	000966 CH Equity	NR	4.12	na	645.5	11.73	5.75	na	1.09	1.09	na	na	9.60	16.50	0.92
Average					1,035.9	11.2	8.5	57.5	0.7	0.8	5.4	5.1	8.2	10.9	0.8
Domestic peers															
Power Generation Corp 3 Co Ltd	PGV VN Equity	NR	11,700	na	1,059.2	14.60	na	na	1.07	na	7.97	na	7.93	na	4.66
HAI Phong Thermal Power JSC	HND VN Equity	NR	18,500	na	372.1	7.89	7.83	73.64	1.49	1.26	4.09	4.00	19.72	17.40	0.87
Pha Lai Thermal Power JSC	PPC VN Equity	NR	25,500	na	338.7	7.03	8.49	24.29	1.34	1.28	6.73	7.59	19.34	15.98	0.02
PetroVietnam Nhon Trach 2 Power	NT2 VN Equity	NR	21,050	na	246.9	8.22	8.47	(11.46)	1.40	1.34	4.67	5.13	18.07	16.93	0.45
Average					504.2	9.4	8.3	28.8	1.3	1.3	5.9	5.6	16.3	16.8	1.5
PetroVietnam Power Corp	POW VN Equity	ADD	10,400	16,800	1,044.5	9.97	8.35	13.20	0.87	0.81	5.56	4.85	9.36	10.20	0.59

SOURCES: VND RESEARCH, COMPANY REPORTS, BLOOMBERG (Date as at 13 May 2020)

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	32,662	35,421	39,260	41,050	40,460
Gross Profit	4,477	5,123	5,925	6,057	6,103
Operating EBITDA	7,604	7,048	7,402	7,541	7,590
Depreciation And Amortisation	(3,920)	(3,132)	(2,654)	(2,654)	(2,654)
Operating EBIT	3,683	3,917	4,747	4,887	4,936
Financial Income/(Expense)	(1,264)	(877)	(917)	(704)	(493)
Pretax Income/(Loss) from Assoc.	50	57	60	60	60
Non-Operating Income/(Expense)	22	48	15	17	22
Profit Before Tax (pre-EI)	2,492	3,145	3,905	4,260	4,524
Exceptional Items	0	0	0	0	0
Pre-tax Profit	2,492	3,145	3,905	4,260	4,524
Taxation	(205)	(307)	(584)	(632)	(702)
Exceptional Income - post-tax	0	0	0	0	0
Profit After Tax	2,287	2,837	3,321	3,628	3,822
Minority Interests	(366)	(346)	(406)	(443)	(467)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0	0
Other Adjustments - post-tax	0	0	0	0	0
Net Profit	1,921	2,491	2,916	3,185	3,356
Recurring Net Profit	1,921	2,491	2,916	3,185	3,356
Fully Diluted Recurring Net Profit	1,921	2,491	2,916	3,185	3,356

Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	7,604	7,048	7,402	7,541	7,590
Cash Flow from Inv. & Assoc.	0	0	0	0	0
Change In Working Capital	(1,114)	(2,057)	(312)	618	(449)
(Incr)/Decr in Total Provisions	(69)	766	0	0	0
Other Non-Cash (Income)/Expense	22	48	15	17	22
Other Operating Cashflow	(45)	24	(160)	(96)	92
Net Interest (Paid)/Received	(1,307)	(1,152)	(1,007)	(890)	(750)
Tax Paid	(96)	(326)	(584)	(632)	(702)
Cashflow From Operations	4,996	4,352	5,354	6,558	5,803
Capex	(219)	(137)	(3,264)	(6,741)	(8,859)
Disposals Of FAs/subsidiaries	125	4	0	0	0
Acq. Of Subsidiaries/investments	891	(207)	(606)	(760)	(420)
Other Investing Cashflow	759	299	174	228	276
Cash Flow From Investing	1,555	(42)	(3,696)	(7,273)	(9,003)
Debt Raised/(repaid)	(5,284)	(2,254)	(466)	1,003	3,635
Proceeds From Issue Of Shares	0	2	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(349)	(119)	0	0	0
Preferred Dividends	0	0	0	0	0
Other Financing Cashflow	0	0	79	14	(5)
Cash Flow From Financing	(5,633)	(2,370)	(386)	1,017	3,630
Total Cash Generated	919	1,940	1,272	303	429
Free Cashflow To Equity	1,267	2,056	1,192	289	434
Free Cashflow To Firm	7,858	5,462	2,665	176	(2,450)

SOURCES: VND 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	3,361	5,741	7,619	8,682	9,532
Total Debtors	7,531	8,701	9,597	9,470	9,498
Inventories	4,187	3,912	4,549	4,748	4,647
Total Other Current Assets	172	192	226	224	224
Total Current Assets	15,251	18,546	21,990	23,125	23,901
Fixed Assets	40,113	37,250	35,465	36,769	41,279
Total Investments	1,314	1,205	3,659	6,501	8,255
Intangible Assets	64	71	71	71	71
Total Other Non-Current Assets	1,369	1,097	1,184	1,150	1,099
Total Non-current Assets	42,860	39,623	40,379	44,491	50,705
Short-term Debt	706	3,954	7,028	8,367	8,896
Current Portion of Long-Term Debt	5,848	5,195	4,000	2,000	1,330
Total Creditors	5,900	6,684	6,977	7,128	7,108
Other Current Liabilities	5,116	3,598	4,559	5,098	4,595
Total Current Liabilities	17,571	19,431	22,565	22,592	21,929
Total Long-term Debt	13,304	8,406	6,146	7,852	11,645
Hybrid Debt - Debt Component	0	0	0	0	0
Total Other Non-Current Liabilities	422	729	656	526	568
Total Non-current Liabilities	13,725	9,135	6,801	8,377	12,212
Total Provisions	0	0	0	0	0
Total Liabilities	31,296	28,565	29,366	30,970	34,142
Shareholders' Equity	24,506	26,979	29,974	33,174	36,525
Minority Interests	2,309	2,624	3,029	3,472	3,939
Total Equity	26,815	29,603	33,004	36,646	40,464

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	9.9%	8.4%	10.8%	4.6%	(1.4%)
Operating EBITDA Growth	(9.73%)	(7.31%)	5.01%	1.88%	0.65%
Operating EBITDA Margin	23.3%	19.9%	18.9%	18.4%	18.8%
Net Cash Per Share (VND)	(7,044)	(5,045)	(4,080)	(4,072)	(5,269)
BVPS (VND)	10,464	11,520	12,799	14,165	15,596
Gross Interest Cover	2.82	3.40	4.71	5.49	6.58
Effective Tax Rate	8.2%	9.8%	15.0%	14.8%	15.5%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	79.76	83.63	85.29	84.77	85.56
Inventory Days	49.99	48.78	46.45	48.49	49.91
Accounts Payables Days	70.85	75.80	74.99	73.56	75.62
ROIC (%)	7.6%	9.2%	11.6%	12.4%	12.3%
ROCE (%)	8.5%	9.0%	10.1%	9.7%	8.9%
Return On Average Assets	6.33%	6.92%	8.00%	7.64%	7.06%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Power Despatched (GWh)	21,007.0	22,540.3	22,128.0	22,346.7	21,614.6
Capacity (MW)	4,208.2	4,208.2	4,205.0	4,205.0	4,205.0
Average Capacity Utilisation (%)	57.0%	61.1%	60.1%	60.7%	58.7%
Avg tariff/ASP per kwh (% chg)	8.0%	0.3%	13.2%	3.5%	1.9%
Fuel Cost Per Kwh (% Change)	16.9%	-3.4%	29.4%	5.8%	1.3%
Industry Reserve Margin (%)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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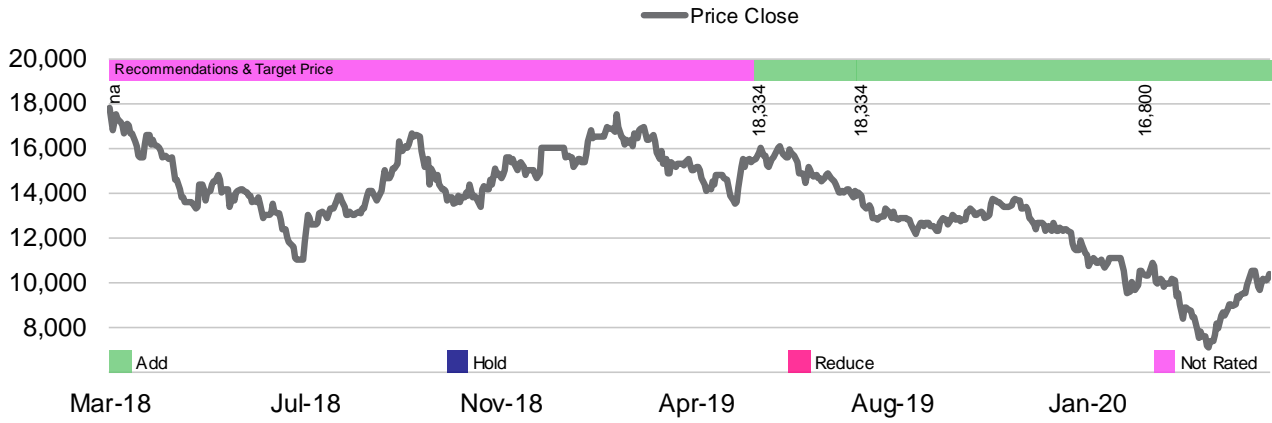
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PetroVietnam Power Corporation (POW VN)



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, **BPCG** – 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.

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