

## Vietnam

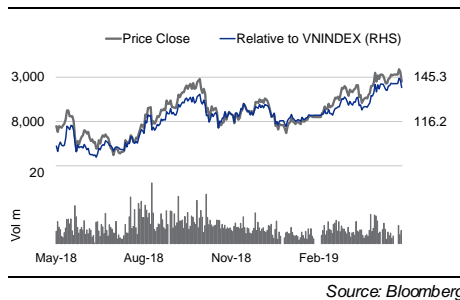
**ADD** (no change)

Consensus ratings\*: Buy 8 Hold 1 Sell 0

Current price:	VND22,500
Target price:	VND25,000
Previous target:	VND25,000
Up/downside:	11.1%
CGS-CIMB / Consensus:	5.0%
Reuters:	PVS.HM
Bloomberg:	PVS VN
Market cap:	US\$462.4m
	VND10,754,242m
Average daily turnover:	US\$3.20m
	VND74,399m
Current shares o/s:	478.0m
Free float:	34.0%
*Source: Bloomberg	

**Key changes in this note**

➤ No major changes.



Price performance	1M	3M	12M
Absolute (%)	0.4	21.6	40
Relative (%)	3.6	16.2	46.7

Major shareholders	% held
PetroVietnam Group	51.4
VinaCapital	5.5
Dragon Capital	4.0

**Analyst(s)**

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# PetroVietnam Technical Services

## Strong 1Q results backed by M&C segment

- PVS's 1Q19 pre-tax profit rose 61.9% yoy, thanks to wider gross margin and higher profit from associates.
- We maintain our Add rating with a target price of VND25,000.

### Strong 1Q19 revenue growth of 23.0% yoy

PVS reported 1Q19 net revenue of VND4,095bn (+23.0% yoy) which formed c.31.5% of the company's guidance and 30.0% of our full-year forecast. Double-digit revenue growth was driven by strong growth in offshore vessel (+21.3% yoy), port base (+27.7% yoy), mechanical and engineering (M&C) (+31.3% yoy, thanks to faster-than-expected progress of Sao Vang Dai Nguyet project), countering the decline in revenue from seismic survey (SS) (-39.1% yoy) and operation and maintenance (O&M) (-26.6% yoy).

### GPM expansion supported by SS, O&M and port base segments

PVS recorded lower loss in the seismic survey segment of VND13bn in 1Q19 (VND145bn in 1Q18) as the company discontinued this business since end-2018. Meanwhile, O&M segment posted VND6bn in gross profit, compared to a loss of VND1bn in 1Q18 thanks to rising demand from warming global oil and gas market. Gross margin of port base segment also improved (+0.4% pt), which buffered margin contraction of FSO/FPSO and M&C segments.

### Higher profit from FSO/FPSO joint ventures boosted bottomlines

Profit from FSO/FPSO joint ventures soared +163.7% yoy in 1Q19 which we believe was thanks to higher charter rate of FPSO Lam Son. Consequently, pre-tax profit rose 61.9% yoy to VND481bn, accounting for 68.7% of the company's 2019 guidance and 31.9% of our full-year forecast. However, net profit grew at a slower pace of 45.6% yoy as PVS reported a profit of VND16bn in non-controlling interest (vs. a loss of VND64bn in 1Q18), due to substantially lower loss of its seismic survey/ROV subsidiary. 1Q19 net profit was roughly in line with our expectations, accomplishing 30.7% of our full-year forecast.

### Maintain Add with an unchanged TP of VND25,000

We tweak our FY19-21F EPS forecasts as we update our numbers following the release of the 2018 audited accounts. We maintain our Add rating for PVS on the back of prospective 1Q results (driven by faster-than-expected progress of Sao Vang Dai Nguyet project) and other big projects in the pipeline (Su Tu Trang 2, Nam Du - U Minh). Our TP remains at VND25,000, based on a combination of DCF (weight: 50%) and target FY19-21F P/E of 7.8x (weight: 50%). Potential re-rating catalysts include the revival of the suspended Ca Rong Do project. Downside risks include geopolitical issues which could affect the progress of PVS' potential projects such as Block B-O Mon, Blue Whale, Su Tu Trang 2, and low oil price that discourages the recovery of upstream activities.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (VNDb)	16,812	14,638	13,628	21,181	26,363
Operating EBITDA (VNDb)	691	940	1,336	1,696	2,007
Net Profit (VNDb)	800	1,047	1,200	1,581	2,026
Core EPS (VND)	1,792	2,265	2,510	3,307	4,239
Core EPS Growth	(22.9%)	26.4%	10.8%	31.8%	28.2%
FD Core P/E (x)	12.56	9.93	8.96	6.80	5.31
DPS (VND)	594	1,064	1,219	1,124	1,272
Dividend Yield	2.64%	4.73%	5.42%	5.00%	5.65%
EV/EBITDA (x)	0.47	(0.84)	(2.08)	(2.37)	(2.89)
P/FCFE (x)	62.86	10.29	3.74	6.12	4.54
Net Gearing	(50.7%)	(56.1%)	(65.3%)	(69.1%)	(72.9%)
P/BV (x)	0.94	0.91	0.79	0.73	0.66
ROE	7.6%	9.3%	9.4%	11.2%	13.1%
% Change In Core EPS Estimates			0.44%	0.57%	0.54%
CIMB/consensus EPS (x)			1.39	1.53	1.50

SOURCES: VND RESEARCH, COMPANY REPORTS

## Strong 1Q results backed by M&C segment

### 1Q19 highlights

**Figure 1: 1Q19 results overview**

FYE Dec (VNDbn)	1Q18	1Q19	% yoy	vs. FY19 forecast
Net revenue	3,328	4,095	23.0%	30.0%
Gross profit	320	424	32.2%	28.9%
Gross profit margin	9.6%	10.3%	+0.7% pts	
Selling expenses	18	21	13.8%	22.2%
G&A expenses	123	136	11.2%	22.7%
Operating profit	179	266	48.4%	34.6%
Financial income	64	47	-26.7%	10.7%
Financial expenses	14	11	-24.9%	54.9%
Gain/loss from investment in JVs	68	179	163.7%	69.2%
Pre-tax profit	297	481	61.9%	31.7%
Net profit	253	369	45.6%	30.7%

SOURCES: VND RESEARCH, COMPANY REPORTS

**Figure 2: 1Q19 revenue and gross profit breakdown**

FYE Dec (VNDbn)	1Q18	1Q19	% yoy	vs. FY19 forecast
<b>Net revenue</b>	<b>3,328</b>	<b>4,095</b>	<b>23.0%</b>	<b>30.0%</b>
Offshore support vessel	322	390	21.3%	20.9%
FSO/FPSO	351	385	9.6%	15.9%
Seismic survey	89	54	-39.1%	N/A
Port base	304	388	27.7%	24.0%
Mechanical & engineering (M&C)	2,028	2,663	31.3%	41.7%
Operation and maintenance (O&M)	156	115	-26.6%	10.7%
Other services	78	100	27.8%	37.0%
<b>Gross profit</b>	<b>320</b>	<b>424</b>	<b>32.2%</b>	<b>28.9%</b>
Offshore support vessel	35	42	21.7%	31.2%
FSO/FPSO	48	46	-3.1%	27.4%
Seismic survey	(145)	(13)	N/A	N/A
Port base	65	84	30.0%	22.2%
Mechanical & engineering (M&C)	327	240	-26.5%	34.2%
Operation and maintenance (O&M)	(1)	6	N/A	10.3%
Other services	(7)	18	N/A	96.2%
<b>Gross profit margin</b>	<b>9.6%</b>	<b>10.3%</b>	<b>+0.7% pts</b>	
Offshore support vessel	10.8%	10.8%	-	
FSO/FPSO	13.6%	12.0%	-1.6% pts	
Seismic survey	N/A	N/A		
Port base	21.2%	21.6%	+0.4% pts	
Mechanical & engineering (M&C)	16.1%	9.0%	-7.1% pts	
Operation and maintenance (O&M)	N/A	5.4%		
Other services	N/A	18.0%		

SOURCES: VND RESEARCH, COMPANY REPORTS

## Maintain Add with an unchanged TP of VND25,000

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

VNDbn	Dec-16A	Dec-17A	Dec-18E	Dec-19F	Dec-20F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35F
Total revenue	18,682	16,812	14,638	13,628	21,181	33,248	36,759	39,014	4.2%
% yoy	0.0%	-10.0%	-12.9%	-6.9%	55.4%	2.8%	1.6%	1.0%	
COGS & OPEX	(18,532)	(16,806)	(14,265)	(12,859)	(20,001)	(31,368)	(34,680)	(36,808)	
Unlevered profit / EBIT	151	6	373	769	1,180	1,880	2,079	2,207	4.3%
Operating margin	0.8%	0.0%	2.5%	5.6%	5.6%	5.7%	5.7%	5.7%	
Effective tax rate	-27.6%	-22.2%	-41.3%	-22.2%	-22.2%	-22.2%	-22.2%	-22.2%	
EBIT * (1-Tax) or NOPAT	109	4	219	598	918	1,462	1,617	1,716	4.3%
+ Depreciation and amortisation	871	685	567	567	516	674	748	794	
% of revenue	4.7%	4.1%	3.9%	4.2%	2.4%	2.0%	2.0%	2.0%	
- Capex	(448)	(436)	(355)	(330)	(513)	(805)	(890)	(945)	
% of revenue	-2.4%	-2.6%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	
+ Change in working capital	(962)	677	(710)	8	(1,293)	(1,172)	(1,315)	(1,400)	
% of revenue	-5.1%	4.0%	-4.9%	0.1%	-6.1%	-3.5%	-3.6%	-3.6%	
Interest and other financial activities, net	1,106	999	604	749	821	1,344	1,485	1,576	
% of revenue	5.9%	5.9%	4.1%	5.5%	3.9%	4.0%	4.0%	4.0%	
<b>Unlevered free cash flow (UFCF)</b>	<b>676,055</b>	<b>1,929,879</b>	<b>324,692</b>	<b>1,592,444</b>	<b>448,751</b>	<b>1,502,554</b>	<b>1,643,882</b>	<b>1,741,122</b>	
% yoy	0.0%	185.5%	-83.2%	390.4%	-71.8%	0.8%	2.2%	1.0%	

SOURCES: VND RESEARCH ESTIMATES, COMPANY REPORTS

Figure 4: Cost of equity

Cost of equity	
Risk Free Rate	5.0%
Beta	1.5
Risk Premium	11.0%
<b>Cost of Equity</b>	<b>21.5%</b>

SOURCES: VND RESEARCH

Figure 5: WACC and terminal growth

VNDbn	
Equity Value	9,942
Debt	914
Cost of Debt	6.0%
Tax Rate	22.0%
<b>WACC</b>	<b>20.1%</b>
Perpetual Growth Rate	1.0%

SOURCES: VND RESEARCH

Figure 6: Blended target price

Method	Implied share price		Weighted share price
	(VND)	Weight (%)	
DCF	23,895	50%	11,948
FY19-21F target P/E of 7.8x	26,145	50%	13,073
<b>Blended value</b>			<b>25,020</b>
<b>Target price</b>			<b>25,000</b>

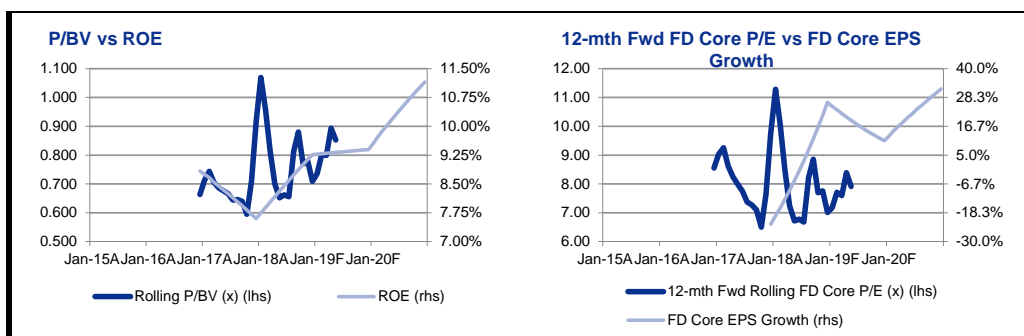
SOURCES: VND RESEARCH

Figure 7: Peer comparison

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$m)	P/E (x)			3-yr fw CAGR EPS (%)	P/BV (x)			ROE (%)			ROA (%)			
						TTM	FY19F	FY20F		TTM	FY19F	FY20F	TTM	FY19F	FY20F	TTM	FY19F	FY20F	
<b>PV Technical Services</b>	<b>PVS VN</b>	<b>ADD</b>	<b>22,500</b>	<b>25,000</b>	<b>462</b>	<b>10.3</b>	<b>9.0</b>	<b>6.8</b>	<b>23.2%</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>	<b>8.9%</b>	<b>9.4%</b>	<b>11.2%</b>	<b>4.4%</b>	<b>5.0%</b>	<b>5.9%</b>	
Yinson Holdings	YNS MK	ADD	4.81	5.89	1,251	22.1	22.0	22.2	27.5%	1.6	1.6	1.6	8.0%	6.1%	3.7%	3.3%	3.8%	2.8%	
Sembcorp Marine	SMM SP	ADD	1.59	2.21	2,423	N/A	96.8	64.6	-45.2%	1.4	1.4	1.4	-3.3%	1.5%	2.2%	-0.9%	0.4%	0.7%	
Hyundai Engineering	000720 KS	HOLD	51,300	62,000	4,883	14.8	12.2	11.3	12.0%	0.9	0.9	0.8	6.0%	7.2%	7.3%	2.1%	2.5%	2.7%	
Keppel Corp	KEP SP	ADD	6.56	8.41	8,736	14.7	12.4	10.8	5.2%	1.0	1.0	1.0	7.0%	8.4%	9.1%	2.8%	3.7%	4.1%	
Malaysia Marine Eng	MMHE MK	NOT RATED	0.76	N/A	293	N/A	253.3	36.2	N/A	0.5	0.5	0.5	-5.2%	-0.2%	1.2%	-4.0%	-0.2%	0.9%	
<b>Average (all)</b>					<b>3,008</b>	<b>15.4</b>	<b>67.6</b>	<b>25.3</b>	<b>4.6%</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>	<b>3.6%</b>	<b>5.4%</b>	<b>5.8%</b>	<b>1.3%</b>	<b>2.5%</b>	<b>2.8%</b>	
<b>Average (excluding PVS)</b>						<b>3,517</b>	<b>17.2</b>	<b>79.3</b>	<b>29.0</b>	<b>-0.1%</b>	<b>1.0</b>	<b>1.1</b>	<b>1.0</b>	<b>2.5%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>0.7%</b>	<b>2.0%</b>	<b>2.2%</b>

SOURCES: BLOOMBERG, CGS-CIMB RESEARCH (DATA AS OF MAY 06)

## BY THE NUMBERS



### Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>Total Net Revenues</b>	<b>16,812</b>	<b>14,638</b>	<b>13,628</b>	<b>21,181</b>	<b>26,363</b>
<b>Gross Profit</b>	<b>809</b>	<b>1,119</b>	<b>1,464</b>	<b>2,260</b>	<b>2,835</b>
<b>Operating EBITDA</b>	<b>691</b>	<b>940</b>	<b>1,336</b>	<b>1,696</b>	<b>2,007</b>
Depreciation And Amortisation	(685)	(567)	(567)	(516)	(515)
<b>Operating EBIT</b>	<b>6</b>	<b>373</b>	<b>769</b>	<b>1,180</b>	<b>1,491</b>
Financial Income/(Expense)	210	440	417	385	379
Pretax Income/(Loss) from Assoc.	461	723	259	322	552
Non-Operating Income/(Expense)	328	(559)	73	114	142
<b>Profit Before Tax (pre-EI)</b>	<b>1,005</b>	<b>976</b>	<b>1,518</b>	<b>2,001</b>	<b>2,564</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>1,005</b>	<b>976</b>	<b>1,518</b>	<b>2,001</b>	<b>2,564</b>
Taxation	(223)	(403)	(338)	(445)	(570)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>782</b>	<b>573</b>	<b>1,181</b>	<b>1,556</b>	<b>1,994</b>
Minority Interests	19	474	19	25	32
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>800</b>	<b>1,047</b>	<b>1,200</b>	<b>1,581</b>	<b>2,026</b>
Recurring Net Profit	800	1,047	1,200	1,581	2,026
<b>Fully Diluted Recurring Net Profit</b>	<b>800</b>	<b>1,047</b>	<b>1,200</b>	<b>1,581</b>	<b>2,026</b>

### Cash Flow

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>EBITDA</b>	<b>691.2</b>	<b>939.9</b>	<b>1,336.2</b>	<b>1,696.4</b>	<b>2,006.5</b>
Cash Flow from Inv. & Assoc.	(704.4)	(996.8)	(695.5)	(724.1)	(947.4)
Change In Working Capital	676.5	(710.4)	7.8	(1,292.8)	(823.6)
(Incr)/Decr in Total Provisions	187.4	90.3	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	313.9	36.4	182.3	304.5	557.8
Other Operating Cashflow	494.5	1,054.7	1,195.2	1,143.4	1,142.1
Net Interest (Paid)/Received	(44.5)	(35.7)	(10.5)	(9.5)	(8.8)
Tax Paid	(629.7)	(186.8)	(175.0)	(230.6)	(295.5)
<b>Cashflow From Operations</b>	<b>984.9</b>	<b>191.6</b>	<b>1,840.4</b>	<b>887.2</b>	<b>1,631.1</b>
Capex	(435.8)	(354.5)	(330.1)	(513.0)	(638.5)
Disposals Of FAs/subsidiaries	9.0	2.2	2.2	2.2	2.2
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(31.1)	1,427.6	1,427.6	1,427.6	1,427.6
<b>Cash Flow From Investing</b>	<b>(458.0)</b>	<b>1,075.3</b>	<b>1,099.7</b>	<b>916.8</b>	<b>791.3</b>
Debt Raised/(repaid)	(367.0)	(256.0)	(63.1)	(47.7)	(53.4)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(284.0)	(508.8)	(582.8)	(537.5)	(607.8)
Preferred Dividends					
Other Financing Cashflow	0.0	0.0	0.0	0.0	0.0
<b>Cash Flow From Financing</b>	<b>(651.1)</b>	<b>(764.8)</b>	<b>(645.9)</b>	<b>(585.1)</b>	<b>(661.2)</b>
Total Cash Generated	(124.1)	502.0	2,294.3	1,218.8	1,761.1
<b>Free Cashflow To Equity</b>	<b>159.9</b>	<b>1,010.8</b>	<b>2,877.1</b>	<b>1,756.3</b>	<b>2,368.9</b>
<b>Free Cashflow To Firm</b>	<b>571.4</b>	<b>1,302.5</b>	<b>2,950.7</b>	<b>1,813.5</b>	<b>2,431.1</b>

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	7,286	8,037	10,331	11,550	13,311
Total Debtors	5,402	5,006	4,845	7,530	9,372
Inventories	438	494	387	602	749
Total Other Current Assets	438	591	550	855	1,065
<b>Total Current Assets</b>	<b>13,564</b>	<b>14,129</b>	<b>16,114</b>	<b>20,538</b>	<b>24,497</b>
Fixed Assets	3,679	2,634	2,396	2,393	2,516
Total Investments	4,965	4,937	4,937	4,937	4,937
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	1,664	1,390	1,161	970	810
<b>Total Non-current Assets</b>	<b>10,308</b>	<b>8,961</b>	<b>8,495</b>	<b>8,301</b>	<b>8,264</b>
Short-term Debt	255	721	671	634	592
Current Portion of Long-Term Debt					
Total Creditors	3,388	3,277	3,010	4,668	5,868
Other Current Liabilities	3,717	2,827	2,862	4,448	5,536
<b>Total Current Liabilities</b>	<b>7,360</b>	<b>6,825</b>	<b>6,543</b>	<b>9,750</b>	<b>11,996</b>
Total Long-term Debt	901	193	180	169	158
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,530	3,366	3,366	3,366	3,366
<b>Total Non-current Liabilities</b>	<b>4,431</b>	<b>3,559</b>	<b>3,546</b>	<b>3,536</b>	<b>3,524</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>11,791</b>	<b>10,384</b>	<b>10,089</b>	<b>13,285</b>	<b>15,520</b>
Shareholders' Equity	10,745	11,872	13,668	14,677	16,333
Minority Interests	1,336	833	852	877	909
<b>Total Equity</b>	<b>12,081</b>	<b>12,705</b>	<b>14,520</b>	<b>15,553</b>	<b>17,241</b>

### Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	(10.0%)	(12.9%)	(6.9%)	55.4%	24.5%
Operating EBITDA Growth	(32.3%)	36.0%	42.2%	27.0%	18.3%
Operating EBITDA Margin	4.11%	6.42%	9.80%	8.01%	7.61%
Net Cash Per Share (VND)	13,724	14,903	19,835	22,485	26,281
BVPS (VND)	24,054	24,839	28,597	30,707	34,171
Gross Interest Cover	0.2	13.9	97.6	165.1	226.8
Effective Tax Rate	22.2%	41.3%	22.2%	22.2%	22.2%
Net Dividend Payout Ratio	35.5%	48.6%	48.6%	34.0%	30.0%
Accounts Receivables Days	125.1	129.8	131.9	106.9	117.0
Inventory Days	23.82	12.58	13.22	9.57	10.48
Accounts Payables Days	81.45	84.63	91.47	71.99	79.25
ROIC (%)	0.1%	6.6%	15.3%	27.2%	36.9%
ROCE (%)	2.3%	6.5%	8.3%	10.0%	11.0%
Return On Average Assets	2.48%	0.94%	3.55%	4.67%	5.49%

### 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 (%)	-4.6%	-0.5%	-0.8%	0.4%	-0.2%
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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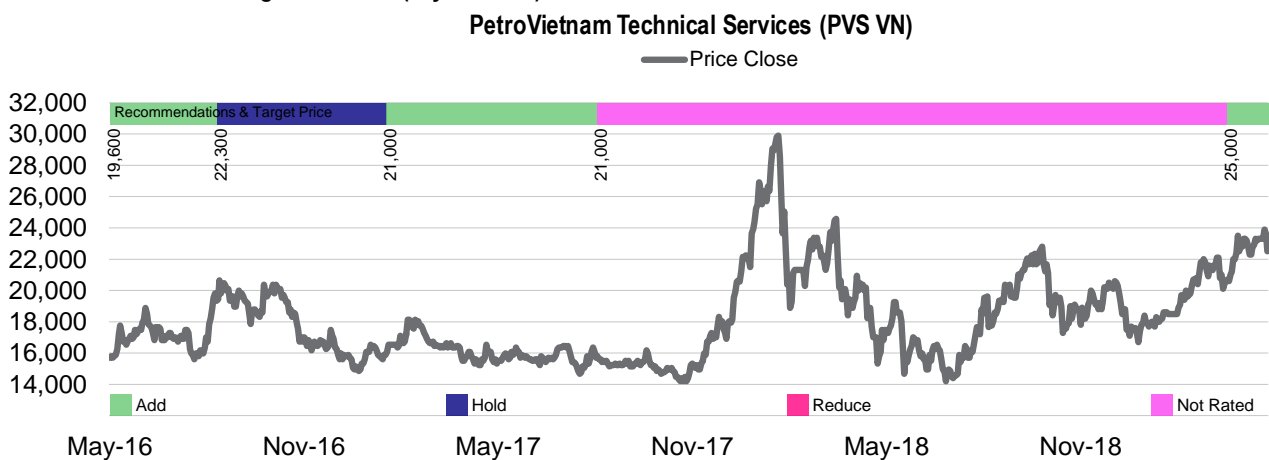
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**Spitzer Chart for stock being researched ( 2 year data )**



## 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, **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, **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, **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, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **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, **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, **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, **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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