

Vietnam

ADD (no change)

Consensus ratings*: Buy 5 Hold 1 Sell 0

Current price:	VND16,600
Target price:	VND21,000
Previous target:	VND21,000
Up/downside:	26.5%
CGS-CIMB / Consensus:	0.2%
Reuters:	PVT.HM
Bloomberg:	PVT VN
Market cap:	US\$200.1m
	VND4,671,907m
Average daily turnover:	US\$0.23m
	VND5,325m
Current shares o/s:	281.4m
Free float:	27.6%
*Source: Bloomberg	

Key changes in this note

No major changes.



Price performance	1M	3M	12M
Absolute (%)	1.5	-5.7	1.5
Relative (%)	1.3	-1	8

Major shareholders	% held
PetroVietnam Group	51.0
Yurie Vietnam Securities	6.2
PVcom Bank	5.1

Analyst(s)

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PetroVietnam Transportation Corp

A long-term bet

- PVT reported a 1Q19 net profit of VND147bn (+15.5% yoy) mainly due to strong performance of the transportation segment (gross profit +55.4% yoy).
- We expect an EPS CAGR of 8.9% in FY18-21F, on the back of the expansion of Vietnam's refinery capacity and growing demand for fossil fuels.
- Maintain Add rating and target price of VND21,000.

1Q19 results within expectations

In 1Q19, PVT recorded a 4.5% yoy growth in net revenue (VND1,863bn) but a 15.5% yoy increase in net profit (VND147bn). This was mainly due to a 1.8% pt expansion in gross margin, supported by two months of operations of the Nghi Son refinery plant (unlisted, NSRP) in 1Q19 vs. no operations in 1Q18, and contribution from six new vessels acquired in 2Q18-1Q19. The bottomline made up 44.5% of the company's full-year guidance (the company often sets low targets at the beginning of the year), but 20.8% of our full-year forecast, which we deem in-line.

Fleet rejuvenation remains the focus in FY19-20F

In FY19-20F, PVT plans to spend over VND5,500bn to acquire 12 new tankers, including one VLCC, one VLGC, one Aframax, five LPG tankers, and four other refined oil/bulk vessels. We expect a younger fleet to benefit PVT in the long term in terms of (1) favourable acquisition cost as tanker prices are currently at historical lows, (2) a more diversified fleet that could respond to various transportation demand from NSRP (about 10m tonnes of crude oil, 2,400 tonnes of gasoline and 3,800 tonnes of diesel), and new coal power plants scheduled to come on-stream in 2020F.

We project EPS CAGR of 8.9% in FY18-21F

We expect PVT's transportation volume of crude oil and oil products to increase 26.9% yoy in FY19F as NSRP reaches full utilisation in 2019, boosting FY19F revenue and net profit by 14.2% and 8.0%, respectively. However, revenue and net profit growth would be dampened in FY20F due to the scheduled 52-day maintenance shutdown of Binh Son refinery plant (BSR VN, Not rated), the client accounting for 60-70% of PVT's transport revenue in FY17-18, before recovering in FY21F.

Maintain Add and unchanged target price of VND21,000

We largely maintain our FY19-20F forecasts with minor tweaks to reflect audited 2018 results. With that, our TP stays at VND21,000 on the basis of a 50:50 combination of DCF valuation and target P/E of 9x on average FY19-20F EPS. Downside risks: (1) lower-than-expected transport charter rates (2) lower utilisation rate of NSRP in 2019F, and (3) further delays in the development of new coal-based power plants. Re-rating catalyst includes the divestment of PetroVietnam (unlisted) from PVT from 51% to 36%.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (VNDb)	6,148	7,523	8,593	8,508	9,687
Operating EBITDA (VNDb)	1,181	1,402	1,700	1,754	1,877
Net Profit (VNDb)	450	652	704	676	777
Core EPS (VND)	1,599	2,317	2,502	2,403	2,762
Core EPS Growth	3.4%	44.9%	8.0%	(3.9%)	14.9%
FD Core P/E (x)	10.35	7.14	6.61	6.89	5.99
DPS (VND)	1,081	1,103	1,048	1,121	1,157
Dividend Yield	6.53%	6.66%	6.33%	6.77%	6.99%
EV/EBITDA (x)	4.37	4.08	3.78	4.08	3.51
P/FCFE (x)	5.32	NA	10.26	6.30	NA
Net Gearing	(4.9%)	2.7%	15.8%	28.8%	21.0%
P/BV (x)	1.26	1.16	0.89	0.84	0.77
ROE	12.4%	16.9%	15.2%	12.5%	13.4%
% Change In Core EPS Estimates			0.2%	0.2%	
CIMB/consensus EPS (x)			1.13	1.04	1.03

SOURCES: VND RESEARCH, COMPANY REPORTS

A long-term bet

1Q19 results in line with expectations ►

In 1Q19, PVT recorded VND1,863bn (+4.5% yoy) in net revenue and VND223bn (+13.6% yoy) in net profit. The results accounted for 33.9% and 44.5% of the company's full-year targets, respectively, but in line with our expectations at c.21% of our forecasts. Note that PVT often set conservative targets at the beginning of the financial year.

Figure 1: 1Q19 results overview

FYE Dec (VNDbn)	1Q18	1Q19	vs. FY19		Comment
			% yoy	forecast	
Net revenue	1,782.3	1,862.5	4.5%	21.7%	
Transportation	898.8	1,139.7	26.8%		Transportation revenue increased strongly thanks to (1) the contribution of new tankers acquired from 2Q18 to early-2019, namely PVT Hera (in May 2018), PVT Sapphire (in Nov 2018), three new LPG vessels (Thang Long Gas, Lady Favia and Lady Linn) and the refined oil vessel PVT Synergy (in 1Q19), and (2) Nghi Son refinery plant (unlisted, NSRP) starting operation from 2H18, which offered additional transportation volume in terms of crude oil and oil products.
FSO/FPSO	260.1	235.5	-9.5%		Revenue from FSO leasing and O&M services declined as the FSO Dai Hung Queen performed periodic maintenance in 1Q19, implying a recovery in subsequent quarterly revenue.
Trading & services	623.4	487.3	-21.8%		
Gross profit	230.7	274.7	19.1%	20.8%	
Transportation	120.8	187.8	55.4%		
FSO/FPSO	101.0	76.5	-24.3%		Lower gross margin due to the maintenance of FSO Dai Hung Queen
Trading & services	8.8	10.4	18.1%		
Gross profit margin	12.9%	14.7%	+1.8% pts		
Transportation	13.4%	16.5%	+3.0% pts		Higher contribution of higher-margin transportation of oil products
FSO/FPSO	38.8%	32.5%	-6.4% pts		
Trading & services	1.4%	2.1%	+0.7% pts		
Selling expenses	2.0	3.0	50.6%	26.2%	
G&A expenses	43.2	49.0	13.5%	17.3%	
Operating profit	185	223	20.0%	21.7%	
Financial income	34.1	43.2	26.7%	26.4%	Higher interest income
Financial expenses	38.0	50.2	32.2%	24.7%	Higher interest expense resulting from increasing debt balance to finance PVT's fleet rejuvenation
Pre-tax profit	195.9	222.5	13.6%	21.0%	
Net profit	126.9	146.5	15.5%	20.8%	Higher deferred tax

SOURCES: VND RESEARCH, COMPANY REPORTS

Fleet rejuvenation remains key in FY19-20F ►

Figure 2: PVT's capex plan in 2019-20F

Subsidiaries	Type	Size	Exp. cost (US\$m)	Exp. cost (VNDbn)
Parent company	1x refined oil vessel	10,000-20,000 DWT	18	414
	1x bulk vessel	50,000-80,000 DWT	19	442
Pacific	1x VLCC	> 200,000 DWT	42	959
	1x Aframax	80,000-120,000 DWT	20	460
Phuong Dong Viet*	3x LPG vessels	13,000-20,000 DWT	41	941
Gas Shipping	1x VLGC	75,000-85,000 cbm	50	1,152
	1x LPG vessel	3,500-5,000 cbm	14	322
NVTrans	1x coal tanker/barge	10,000-15,000 DWT	4	95
	1x LPG vessel	3,000 cbm	6	144
PVT Vung Tau*	1x Handysize	15,000-35,000 DWT	28	633
Total	12 vessels		242	5,561

*based on our estimates

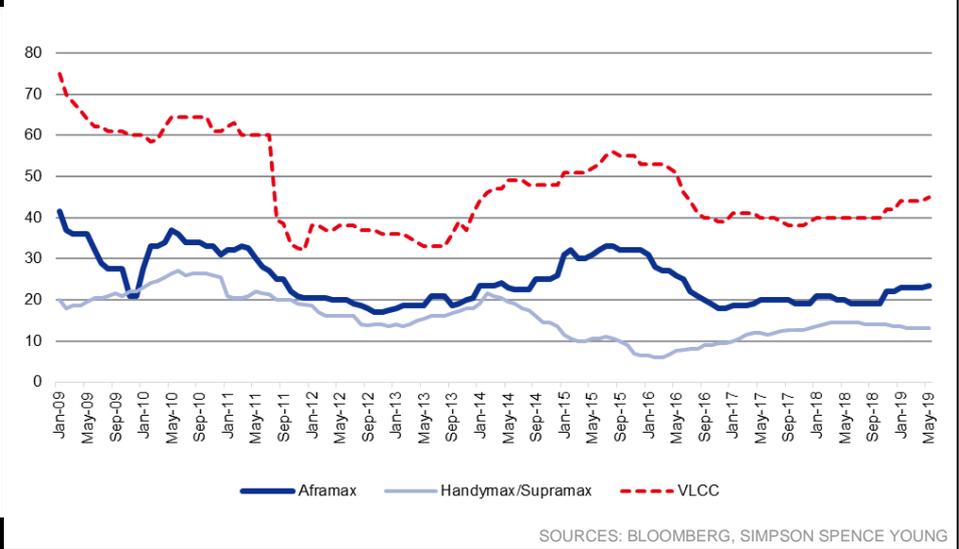
SOURCES: VND RESEARCH, COMPANY REPORTS

PVT plans to spend over VND5,500bn in the next two years to rejuvenate its ageing vessels and meet increasing demand for crude oil, oil products and coal transportation from NSRP and newly-commissioned coal power plants, namely Thai Binh 2, Song Hau 1, and Long Phu 1, in 2020F. On 10 Jun, PVT announced that it received the delivery of the LPG carrier Gas Lotus (owned by NVTrans), which has already secured a 3-year contract with Japan's Nippon Gas Line (unlisted).

The most notable upcoming investment of the company is in a VLCC for crude transportation from Kuwait to NSRP. Currently, PVT is working on short-term contracts with NSRP (~30% of transportation volume) and will tender for a long-term contract with NSRP once the bidding opens in 2H19F. Therefore, we expect the VLCC investment to be made in 2020F and start to contribute to profitability from late-2020F onwards.

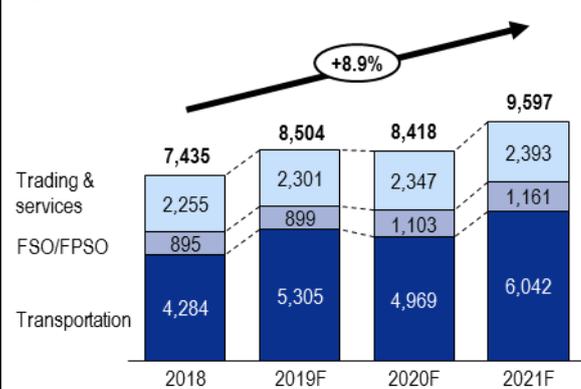
The currently low prices of tankers are favourable for PVT's fleet restructuring. This would also help the company to better comply with the impending IMO 2020 regulation which lowers the sulphur content limit of bunker fuels and hence creates the need for vessel renovation.

Figure 3: Average prices of 10-year-old vessels, US\$m



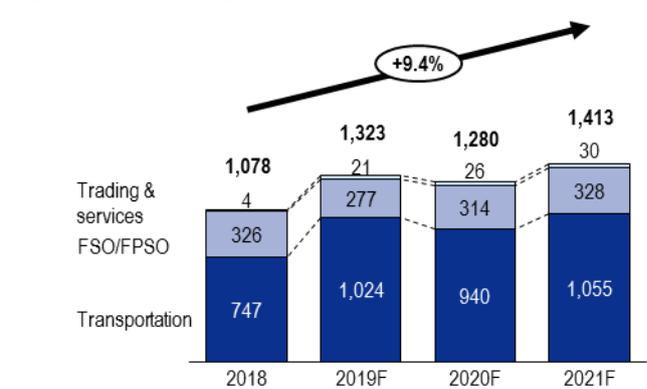
FY20F results would be impacted by BSR's expected maintenance before recovering in 2021F ➤

Figure 4: FY18-21F sales breakdown, VND bn



SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 5: FY18-21F gross profit breakdown, VND bn



SOURCES: VND RESEARCH, COMPANY REPORTS

We project a 26.9% increase in transportation volume for PVT in 2019F on the basis of NSRP reaching full utilisation in 2019F, and PVT meeting 25-30% of the refinery's annual demand, equivalent to 2.5m tonnes of crude oil, 600k tonnes of gasoline and ~900k tonnes of diesel. This will translate to a 14.2% increase in net revenue and 8.0% growth in net profit in FY19F.

However, transportation volume could decline by 7.4% in FY20F due to the scheduled 52-day maintenance shutdown of BSR, which should take a toll on FY20F revenue and net profit growth. The loss from BSR would be partly offset by an additional coal transportation revenue of c.VND200bn-300bn from newly-commissioned coal-based power plants.

Valuation ➤

Figure 6: DCF model – summary of free cash flow

VNDbn	Dec-17A	Dec-18F	Dec-19F	Dec-20F	Dec-21F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35F
Total revenue	6,148	7,523	8,593	8,508	9,358	11,841	14,118	15,676	4.2%
% growth yoy	-8.7%	22.4%	14.2%	-1.0%	10.0%	4.9%	2.9%	1.7%	
COGS & OPEX	(5,544)	(6,721)	(7,587)	(7,541)	(8,295)	(10,495)	(12,514)	(13,894)	
Unlevered profit / EBIT	603	802	1,006	967	1,064	1,346	1,604	1,781	4.2%
Operating margin	9.8%	10.7%	11.7%	11.4%	11.4%	11.4%	11.4%	11.4%	
Effective tax rate	-20.5%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	
EBIT * (1-Tax) or NOPAT	480	642	805	773	851	1,076	1,284	1,425	4.2%
+ D&A	578	600	694	788	866	1,096	1,307	1,451	
% of revenue	9.4%	8.0%	8.1%	9.3%	9.3%	9.3%	9.3%	9.3%	
- CapEx	(426)	(1,399)	(1,890)	(1,872)	(711)	(900)	(1,073)	(1,191)	
% of revenue	-6.9%	-18.6%	-22.0%	-22.0%	-7.6%	-7.6%	-7.6%	-7.6%	
+ Δ WC	(146)	30	70	3	35	(33)	25	46	
% of revenue	-2.4%	0.4%	0.8%	0.0%	0.4%	-0.3%	0.2%	0.3%	
Financial and other income / expense, net	67	173	47	45	(47)	132	(14)	(32)	
% of revenue	1.1%	2.3%	0.5%	0.5%	-0.5%	1.1%	-0.1%	-0.2%	
UFCF	553	45	(275)	(263)	994	1,372	1,529	1,699	
% growth yoy	-38.8%	-91.8%	-705.1%	-4.4%	-478.5%	14.7%	5.2%	-0.7%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 7: Cost of equity

Cost of equity	
Risk Free Rate	5.0%
Beta	1.1
Risk Premium	11.0%
Cost of Equity	17.0%

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 8: WACC and terminal growth rate

VNDbn	
Equity Value	4,975
Debt	2,988
Cost of Debt	7.0%
Tax Rate	20.0%
WACC	12.7%
Perpetual Growth Rate	1.7%

SOURCES: VND RESEARCH, COMPANY REPORTS

We use a blended valuation method of DCF (weight of 50%) and two-year average FY19-20F P/E of 9.0x (weight of 50%). We maintain an Add rating and unchanged target price of VND21,000.

Figure 9: Blended target price, based on our estimates

Method	Implied share price (VND)	Weight (%)	Weighted share price (VND)
DCF	19,813	50%	9,907
FY19-21F target P/E of 9.0x	22,073	50%	11,036
Target price			20,943
Target price (rounded up)			21,000

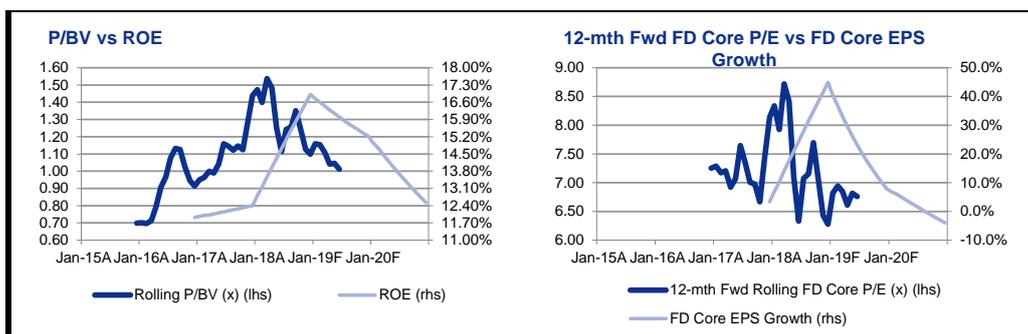
SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 10: Global peer comparison

Company	Bloomberg Ticker	Recom.	Share Price (local cur.)	Target Price (local cur.)	Market Cap (US\$ m)	P/E (x)			P/BV (x)			ROE (%)			ROA (%)		
						TTM	FY19F	FY20F	TTM	FY19F	FY20F	TTM	FY19F	FY20F	TTM	FY19F	FY20F
PVTrans	PVT VN	ADD	16,600	21,000	200	6.9	6.6	6.9	1.2	0.9	0.8	17.5%	15.2%	12.5%	6.8%	8.2%	7.6%
Vietnam Petroleum Trans	VIP VN	NOT RATED	5,630	NA	16	9.0	NA	NA	0.3	NA	NA	3.7%	NA	NA	2.6%	NA	NA
Vietnam Tanker JSC	VTO VN	NOT RATED	7,890	NA	27	6.5	NA	NA	0.5	NA	NA	8.2%	NA	NA	5.1%	NA	NA
Jinhui Shipping & Trans	JNSTF US	NOT RATED	1	NA	104	NA	3.2	2.4	NA	NA	NA	3.3%	NA	NA	2.2%	NA	NA
Eusu Holdings Co Ltd	000700 KS	NOT RATED	8,100	NA	178	15.9	NA	NA	0.9	NA	NA	6.1%	NA	NA	0.8%	NA	NA
Shipping Corp of India Ltd	SCI IN	NOT RATED	31	NA	208	NA	NA	NA	0.2	NA	NA	-0.9%	NA	NA	-0.4%	NA	NA
Average (excl. PVT)					107	10.5	3.2	2.4	0.5			4.1%			2.1%		

SOURCES: BLOOMBERG, VND RESEARCH (DATA AS AT JUN 12)

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	6,148	7,523	8,593	8,508	9,687
Gross Profit	846	1,083	1,327	1,285	1,418
Operating EBITDA	1,181	1,402	1,700	1,754	1,877
Depreciation And Amortisation	(578)	(600)	(694)	(788)	(821)
Operating EBIT	603	802	1,006	967	1,055
Financial Income/(Expense)	27	49	(18)	(70)	(14)
Pretax Income/(Loss) from Assoc.	27	26	30	30	34
Non-Operating Income/(Expense)	13	97	34	85	87
Profit Before Tax (pre-EI)	671	975	1,053	1,011	1,163
Exceptional Items					
Pre-tax Profit	671	975	1,053	1,011	1,163
Taxation	(137)	(195)	(211)	(202)	(233)
Exceptional Income - post-tax					
Profit After Tax	534	780	842	809	930
Minority Interests	(84)	(128)	(138)	(133)	(153)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	450	652	704	676	777
Recurring Net Profit	450	652	704	676	777
Fully Diluted Recurring Net Profit	450	652	704	676	777

Cash Flow

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	1,181	1,402	1,700	1,754	1,877
Cash Flow from Inv. & Assoc.	(186)	(271)	(271)	(271)	(271)
Change In Working Capital	(146)	30	70	3	(55)
(Incr)/Decr in Total Provisions	51	88	0	0	0
Other Non-Cash (Income)/Expense	(510)	(427)	(647)	(743)	(714)
Other Operating Cashflow	622	440	1,181	1,062	466
Net Interest (Paid)/Received	(151)	(99)	(181)	(232)	(198)
Tax Paid	(116)	(232)	(211)	(202)	(233)
Cashflow From Operations	745	931	1,640	1,371	871
Capex	(426)	(1,399)	(1,890)	(1,872)	(671)
Disposals Of FAs/subsidiaries	16	128	58	58	58
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	791	(392)	221	221	221
Cash Flow From Investing	381	(1,663)	(1,611)	(1,593)	(392)
Debt Raised/(repaid)	(249)	311	425	961	(639)
Proceeds From Issue Of Shares	49	49	49	49	49
Shares Repurchased					
Dividends Paid	(304)	(310)	(295)	(316)	(325)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(504)	49	179	695	(915)
Total Cash Generated	621	(683)	208	473	(436)
Free Cashflow To Equity	876	(422)	454	739	(160)
Free Cashflow To Firm	1,276	(634)	210	10	677

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	2,920	2,851	2,430	2,525	2,315
Total Debtors	816	1,088	1,088	1,077	1,226
Inventories	95	151	139	138	158
Total Other Current Assets	63	159	0	0	0
Total Current Assets	3,895	4,249	3,656	3,740	3,700
Fixed Assets	4,967	5,627	6,824	7,908	7,758
Total Investments	248	200	200	200	200
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	93	126	126	126	126
Total Non-current Assets	5,308	5,953	7,149	8,233	8,083
Short-term Debt	537	663	758	971	829
Current Portion of Long-Term Debt					
Total Creditors	691	793	853	844	961
Other Current Liabilities	745	948	0	0	0
Total Current Liabilities	1,973	2,405	1,610	1,815	1,791
Total Long-term Debt	2,153	2,325	2,655	3,403	2,906
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	416	333	333	333	333
Total Non-current Liabilities	2,569	2,658	2,988	3,736	3,239
Total Provisions	0	0	0	0	0
Total Liabilities	4,542	5,063	4,599	5,551	5,030
Shareholders' Equity	3,687	4,023	5,228	5,576	6,060
Minority Interests	974	1,117	979	846	693
Total Equity	4,662	5,140	6,207	6,422	6,753

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	(8.7%)	22.4%	14.2%	(1.0%)	13.9%
Operating EBITDA Growth	19.1%	18.7%	21.3%	3.2%	7.0%
Operating EBITDA Margin	19.2%	18.6%	19.8%	20.6%	19.4%
Net Cash Per Share (VND)	819	(489)	(3,494)	(6,569)	(5,046)
BVPS (VND)	13,102	14,293	18,577	19,813	21,532
Gross Interest Cover	3.98	6.60	7.25	5.43	6.94
Effective Tax Rate	20.5%	20.0%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	67.6%	47.6%	41.9%	46.7%	41.9%
Accounts Receivables Days	45.11	46.19	46.20	46.55	43.38
Inventory Days	6.24	6.99	7.29	7.03	6.55
Accounts Payables Days	46.07	41.31	40.38	41.97	38.90
ROIC (%)	10.5%	14.0%	14.9%	10.6%	10.0%
ROCE (%)	10.8%	13.0%	13.2%	11.1%	11.6%
Return On Average Assets	5.60%	7.63%	8.15%	7.60%	7.92%

Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Petroleum TCE rate (yoy chg %)	N/A	N/A	N/A	N/A	N/A
Chemical TCE rate (yoy chg %)	N/A	N/A	N/A	N/A	N/A
Fleet Size (no. Of Vessels)	22.0	23.0	25.0	28.0	28.0
No. Of LNG Tankers	3	3	3	3	3
No. Of Petroleum Tankers	N/A	N/A	N/A	N/A	N/A
No. Of Chemical Tankers	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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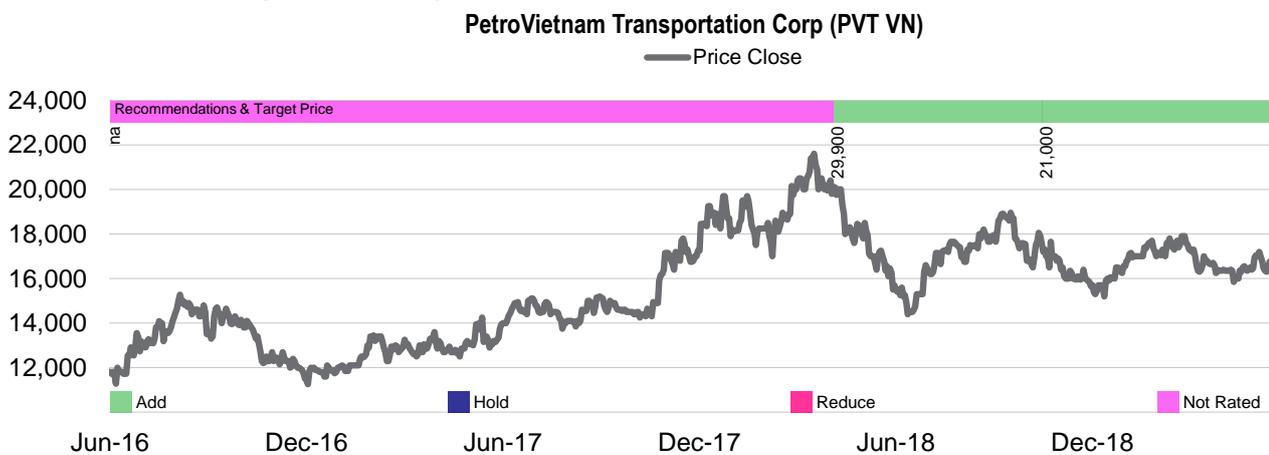
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Spitzer Chart for stock being researched (2 year data)



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, **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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