

Vietnam

ADD (no change)

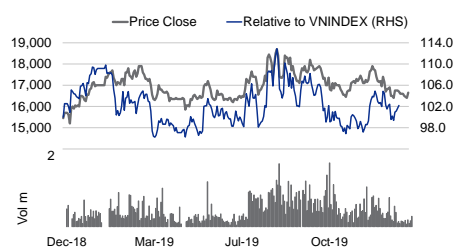
Consensus ratings*: Buy 5 Hold 1 Sell 0

Current price:	VND16,650
Target price:	VND21,000
Previous target:	VND21,000
Up/downside:	26.1%
CGS-CIMB / Consensus:	2.9%
Reuters:	PVT.HM
Bloomberg:	PVT VN
Market cap:	US\$202.2m
	VND4,685,979m
Average daily turnover:	US\$0.34m
	VND7,838m
Current shares o/s:	281.4m
Free float:	27.6%

*Source: Bloomberg

Key changes in this note

➤ No change



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.9	-5.1	8.8
Relative (%)	-0.6	-1.4	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

Modest impact from IMO 2020

- 9M19 net profit rose 17.0% yoy, in line at 69.8% of our full-year forecast, thanks to contribution from new vessels.
- We believe IMO 2020 would have limited impact on PVT; affected vessels could pass on the higher costs to customers.
- Maintain Add and TP of VND21,000.

Sustainably positive 9M results on top of an expanding fleet

PVT reported a 37.8% yoy surge in 3Q net profit, thanks to the contribution of eight newly-acquired tankers within 3Q18-3Q19 and effective cost-cutting efforts that boosted its transportation segment gross margin by 3.3% pts. 9M19 net profit grew at a slower rate of 17.0% yoy, as 9M18 bottomline was boosted by a VND78.7bn non-operating income from asset sale in 2Q18. Excluding the effect of the one-off gain, 9M19 net profit jumped 44.0% yoy and formed 69.8% of our full-year forecast; we deem this as in line since 4Q is usually a strong season for PVT.

We expect international charter rates to remain strong in 2020F

Global tanker rates increased 9-64% qoq in 4Q19F, especially for very large crude carriers (VLCCs), due to the combination of higher transportation demand in winter, lower supply as ships were taken off the market to retrofit scrubbers, and sanctions on COSCO Dalian and Venezuelan-calling vessels. We expect tanker rates to cool down in 2Q20F but remain strong for the rest of 2020F due to solid fundamentals, supported by limited supply additions and growth of long-ranged US oil exports. This should benefit PVT's international fleet, especially its two crude oil tankers, and help offset lower domestic revenue due to the scheduled 52-day maintenance of client Dung Quat refinery in 2020F.

Modest risk from IMO 2020

PVT has been preparing to comply with International Maritime Organisation's new regulation dubbed IMO 2020 (requires ocean-going vessels to use marine fuels with no more than 0.5% sulphur content), by acquiring scrubber-fitted vessels over 2018-19 (11 new tankers). Some remaining vessels operating in international waters (we estimate c. 2-3 ships) might need to resort to using compliant fuels in 2020F (at higher costs), but we believe the cost could be passed on to charterers given the expected strong tanker freight rates in 2020F. Hence, we see limited impact from IMO 2020 on PVT's operation.

Maintain Add, with unchanged target price of VND21,000

Our TP stays unchanged at VND21,000, based on an equal weighting of DCF and target P/E of 9x on FY19-20F EPS. Potential re-rating catalyst include higher transportation volume from Nghi Son refinery. Key downside risks include: (1) lower-than-expected charter rates, and (2) delays in the construction of coal-based power plants in Vietnam.

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)	450.1	652.1	704.2	676.3	777.4
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)	10.41	7.19	6.65	6.93	6.03
DPS (VND)	1,081	1,103	1,000	1,000	1,000
Dividend Yield	6.49%	6.62%	6.01%	6.01%	6.01%
EV/EBITDA (x)	4.39	4.10	3.79	4.07	3.47
P/FCFE (x)	5.35	NA	10.32	6.34	NA
Net Gearing	(4.9%)	2.7%	15.6%	27.8%	19.4%
P/BV (x)	1.27	1.16	0.89	0.83	0.76
ROE	12.4%	16.9%	15.2%	12.4%	13.2%
% Change In Core EPS Estimates			0%	0%	0%
CGS-CIMB/Consensus EPS (x)			1.35	0.96	1.13

SOURCES: VND RESEARCH, COMPANY REPORTS

Modest impact from IMO 2020

Robust 9M19 growth driven by an expanding fleet ▶

Figure 1: 9M19 results overview

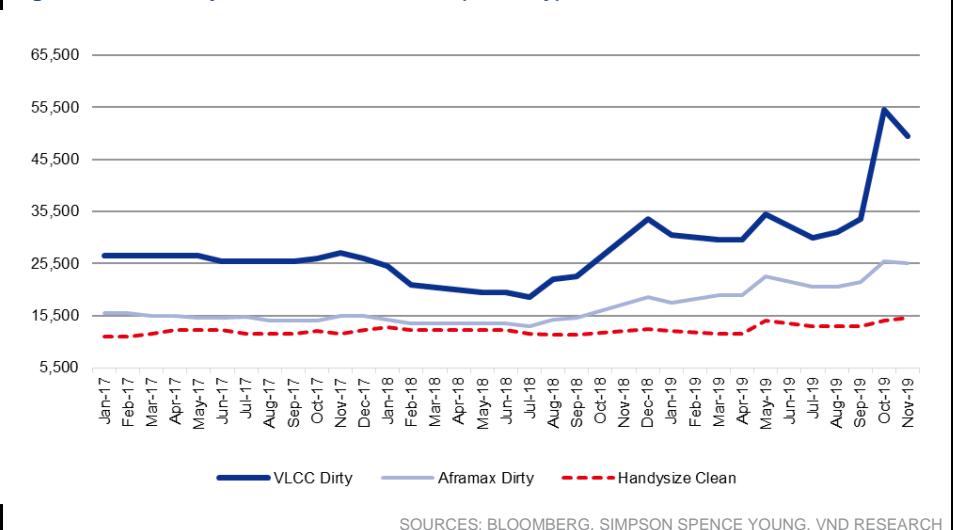
FYE Dec (VNDbn)	3Q18	3Q19	% yoy	9M18	9M19	% yoy	vs. FY19 forecast	Comment
Net revenue	1,736	1,743	0.4%	5,611	5,826	3.8%	67.8%	
Transportation	991	1,207	21.9%	3,021	3,606	19.4%		Transportation revenue maintained a strong momentum thanks to (1) the contribution of eight new tankers acquired from 3Q18 to 3Q2019, including crude oil tanker PVT Apollo (May 19), coal tanker PVT Sapphire (Nov 18), two oil product tankers PVT Synergy (1Q19) and Neptune (Aug 19), four LPG tankers Thang Long Gas (Sep 18), Lady Favia (Dec 18), Lady Linn (Jan 19), and Gas Lotus (Jun 19).
FSO/FPSO	114	262	129.4%	557	802	44.0%		Due to additional revenue from pre-operation work for Sao Vang Dai Nguyet project.
Trading & services	631	274	-56.6%	2,033	1,418	-30.3%		
Gross profit	213	277	30.3%	671	854	27.3%	64.3%	
Transportation	128	196	53.1%	420	588	40.0%		
FSO/FPSO	74	71	-4.4%	237	244	2.9%		
Trading & services	10	10	-4.6%	13	21	60.1%		
Gross profit margin	12.2%	15.9%	+3.6% pts	12.0%	14.7%	+2.7% pts		
Transportation	13.0%	16.3%	+3.3% pts	13.9%	16.3%	+2.4% pts		Thanks to effective operation of new tankers and cost-cutting efforts
FSO/FPSO	64.7%	27.0%	-37.7% pts	42.6%	30.5%	-12.1% pts		PVT pre-booked some expenses in 1Q19 to prepare for the maintenance of the FSO Dai Hung Queen (which has been delayed to 2020F)
Trading & services	1.7%	3.7%	+2.0% pts	0.6%	1.5%	+0.8% pts		
Selling expenses	3	3	7.0%	7	9	37.2%	79.0%	
G&A expenses	60	67	12.3%	159	161	1.4%	52.1%	
Operating profit	149	206	38.0%	477	683	43.2%	67.9%	
Financial income	44	48	8.5%	140	154	9.7%	94.2%	
Financial expenses	63	54	-14.3%	136	148	9.2%	82.0%	
Pre-tax profit	148	209	41.4%	623	721	15.6%	68.5%	One-off profit of VND78.7bn from the sale of Hercules M vessel in 2Q18
Net profit	101	139	37.8%	420	491	17.0%	69.8%	
Core net profit	101	139	37.8%	341	491	44.0%		

SOURCES: VND RESEARCH, COMPANY REPORTS

We expect strong charter rate in 2020F ▶

Global charter rates rallied in 4Q19 due to a combination of (1) high seasonal demand for the winter, (2) some tankers were taken off the market to retrofit scrubbers to comply with the upcoming IMO 2020, (3) the US imposed sanctions on COSCO Dalian ships starting from 25 Sep 2019, and (4) some charterers (Unipecc, ExxonMobil, Equinor, etc.) stopped using vessels that called at Venezuelan ports as a result of US sanctions on Venezuela.

Figure 2: Global 1-year time charter rates (US\$/day)



SOURCES: BLOOMBERG, SIMPSON SPENCE YOUNG, VND RESEARCH

We expect global tanker rates to stay high in 1Q20F before moderating towards year-end as seasonal demand wears off and supply from the scrubber-fitted vessels return to the market. However, freight rates should be supported by limited supply additions (until 2022F) and continued sanctions on Venezuela and Iran.

We maintain our 2020F net profit forecast of VND676.3bn, down 3.9% from 2019F, as one of the company's main customers (Dung Quat refinery) has scheduled a 52-day maintenance shutdown in 2020F and this would take a toll on transportation volumes, albeit partially offset by high international charter rates and additional coal transportation revenue of c.VND200bn-300bn from new coal-based power plants (e.g: Vinh Tan 4 and Duyen Hai 3 expansion). We project 2021F net profit could increase 14.9% yoy off the low-base of 2020F as Dung Quat refinery returns to normal operation.

Maintain Add, with unchanged TP of VND21,000 ➤

Figure 3: DCF model – summary of free cash flow

VNDbn	Dec-17A	Dec-18A	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 4: 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

Figure 5: 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

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 6: 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

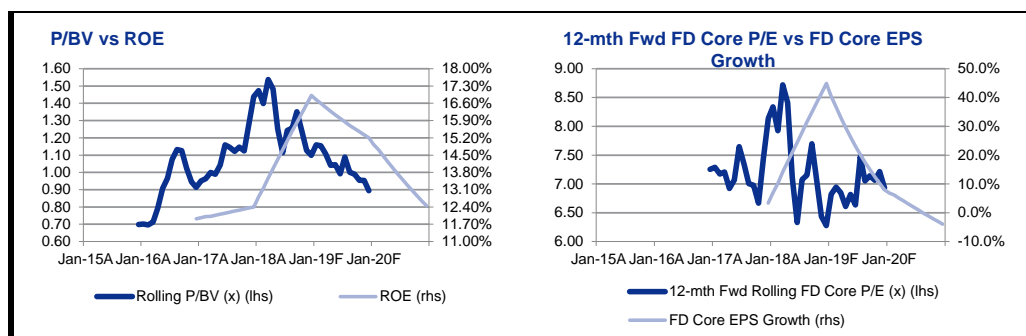
SOURCES: VND RESEARCH

Figure 7: Global peer comparison

Company	Bloomberg		Share Price (local cur.)	Target Price (local cur.)	Market Cap (US\$ m)	P/E (x)			P/BV (x)			ROE (%)			ROA (%)		
	Ticker	Recom.				TTM	FY19F	FY20F	TTM	FY19F	FY20F	TTM	FY19F	FY20F	TTM	FY19F	FY20F
PVTrans	PVT VN	ADD	16,650	21,000	202	6.5	6.7	6.9	1.1	0.9	0.8	18.2%	15.2%	12.4%	7.0%	8.2%	7.6%
Vietnam Petroleum Trans	VIP VN	NOT RATED	5,000	NA	14	18.3	NA	NA	0.3	NA	NA	1.7%	NA	NA	1.2%	NA	NA
Vietnam Tanker JSC	VTO VN	NOT RATED	7,400	NA	25	6.1	NA	NA	0.5	NA	NA	8.5%	NA	NA	5.0%	NA	NA
Eusu Holdings Co Ltd	000700 KS	NOT RATED	6,670	NA	149	26.3	NA	NA	0.7	NA	NA	3.0%	NA	NA	1.1%	NA	NA
Shipping Corp of India Ltd	SCI IN	NOT RATED	62	NA	404	NA	34.36	7.03	0.4	NA	NA	-0.9%	1.2%	5.6%	-0.4%	NA	NA
Great Eastern Shipping Co L	GESCO IN	NOT RATED	299	NA	617	NA	42.74	12.16	0.7	NA	NA	-0.3%	1.6%	5.4%	-0.1%	NA	NA
Average (excl. PVT)					242	16.9			0.5			2.4%			1.3%		

SOURCES: BLOOMBERG, VND RESEARCH (DATA AS AT 26 DEC)

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)	(281)	(281)	(281)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(504)	49	192	729	(871)
Total Cash Generated	621	(683)	221	507	(392)
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	2,443	2,573	2,407
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	3,670	3,788	3,791
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	5,242	5,624	6,151
Minority Interests	974	1,117	979	846	693
Total Equity	4,662	5,140	6,220	6,470	6,845

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)	(3,446)	(6,401)	(4,721)
BVPS (VND)	13,102	14,293	18,625	19,982	21,857
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%	40.0%	41.6%	36.2%
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%	11.0%	11.6%
Return On Average Assets	5.60%	7.63%	8.15%	7.58%	7.88%

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	25.0	33.0	35.0	36.0
No. Of LNG Tankers	N/A	N/A	N/A	N/A	N/A
No. Of Petroleum Tankers	8	8	11	11	11
No. Of Chemical Tankers	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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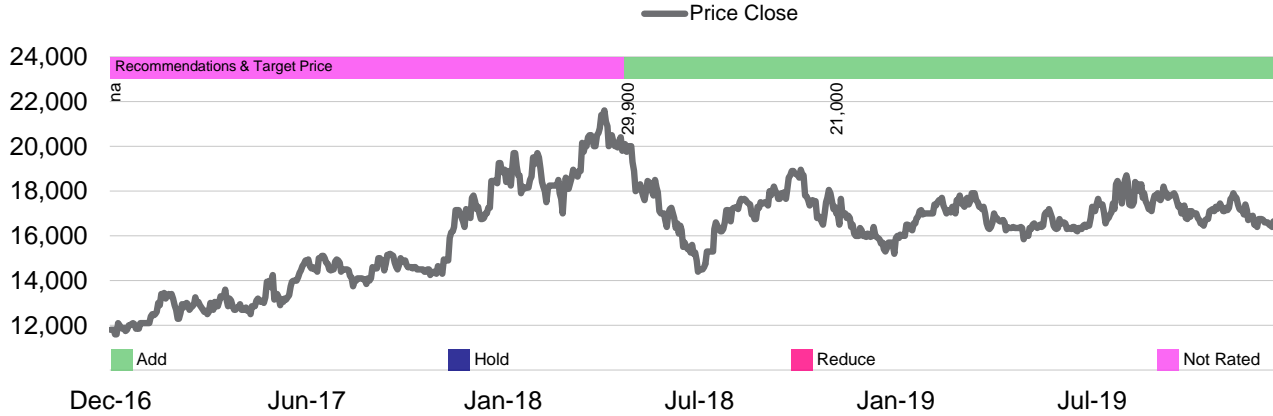
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PetroVietnam Transportation Corp (PVT VN)



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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