

Vietnam

ADD (no change)

Consensus ratings*: Buy 4 Hold 2 Sell 0

Current price:	VND11,650
Target price:	VND14,400
Previous target:	VND18,100
Up/downside:	23.6%
CGS-CIMB / Consensus:	4.7%
Reuters:	PVT.HM
Bloomberg:	PVT VN
Market cap:	US\$141.1m
	VND3,278,778m
Average daily turnover:	US\$0.77m
	VND18,107m
Current shares o/s:	281.4m
Free float:	27.6%

*Source: Bloomberg

Key changes in this note

- FY20F EPS decreased by 24.1%.
- FY21F EPS decreased by 15.7%.
- FY22F EPS decreased by 14.4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	14.8	0.9	-30.5
Relative (%)	4.3	-6.8	-24.3

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

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PetroVietnam Transportation Corp

Pummelled by Covid-19

- 1Q20 results were below estimates due to a weaker-than-expected transportation segment and high FX loss.
- We cut FY20-22F EPS by 24.1-14.4%. Reiterate Add with a lower TP of VND14,400.

1Q20 net profit fell short of expectations

The company reported a 15.3% yoy decline in 1Q20 net revenue to VND1,578bn, mainly due to the contracting trading segment (-68.9% yoy). However, 1Q net profit halved to VND67bn vs. VND147bn in 1Q19 on top of a 56% surge in financial expense but 49% lower financial income. High capex in FY19 squeezed cash balance while a 2% increase in US\$/VND rate led to an additional VND25bn FX loss to the bottomline. 1Q net profit only made up 11%/13% of our/consensus forecasts, below expectations due to a weaker-than-expected transportation segment and higher FX loss.

Business operation hit by lockdown measures

The impact of Covid-19 restrictions has been stronger than our expectation in terms of: (1) lower crude transport demand from refineries during Mar-May as reduced demand for oil-related products prompted refineries to lower capacity and delay input delivery, (2) higher operating costs as vessels need to implement prevention measures and comply with quarantine regulations at ports, especially those running in international waters, and (3) reduced trading activities to contain the spread of Covid-19. As a result, we revise our crude oil volume down by 11%, trading revenue by 30% and GPM of crude oil, refined oil and LPG segments by 1-2% in FY20F. We also cut FY21-22F gross profits accordingly as it should take time for GPMs to return to pre-pandemic levels.

Key investments could be delayed further

PVT guided for FY20F capex of US\$315.8bn but we think the company may delay high-value investment deals in FY20F as the prices of larger-size vessels are on the rise while net profit is expected to be hit by rising operating costs. Hence, we cut our FY20F capex estimate by 29% and lift that for FY21F by 88%, assuming the VLCC investment is delayed to FY21F. In addition, we expect PVT to forgo paying cash dividends in FY20-21F to support its high capex before paying out VND1,000/share from FY22F.

Reiterate Add but lower TP to VND14,400

Our TP is based on a 50:50 combination of DCF and target FY20-22F P/E of 7.7x. We lower our TP on 24.1-14.4% cuts to our FY20-22F EPS forecasts but reiterate Add as PVT's long-term prospects remain solid on increasing transportation demand for Nghi Son refinery and the expansion of LPG and coal transport segments. Downside risks include oil price declines and lower-than-expected crude oil transportation demand.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	7,523	7,758	6,189	7,107	7,803
Operating EBITDA (VNDb)	1,402	1,678	1,511	1,684	1,789
Net Profit (VNDb)	652.1	689.6	460.9	510.1	550.4
Core EPS (VND)	2,317	2,450	1,638	1,812	1,956
Core EPS Growth	44.9%	5.8%	(33.2%)	10.7%	7.9%
FD Core P/E (x)	5.03	4.75	7.11	6.43	5.96
DPS (VND)	1,103	1,200	0	0	1,000
Dividend Yield	9.5%	10.3%	0.0%	0.0%	8.6%
EV/EBITDA (x)	3.10	3.06	3.53	3.51	3.34
P/FCFE (x)	NA	18.10	13.78	NA	NA
Net Gearing	2.7%	13.1%	17.4%	29.0%	32.9%
P/BV (x)	0.82	0.75	0.70	0.68	0.70
ROE	16.9%	16.4%	10.2%	10.8%	11.6%
% Change In Core EPS Estimates			(24.1%)	(15.7%)	(14.4%)
CGS-CIMB/Consensus EPS (x)			0.98	0.97	0.91

SOURCES: VND RESEARCH, COMPANY REPORTS

Stronger-than-expected impact from Covid-19

1Q20 fell short of expectations on the back of weaker transportation profit and higher FX loss ►

Figure 1: 1Q20 results overview

FYE Dec (VNDbn)	1Q19	1Q20	% yoy	vs. FY20 forecast	Comment
Net revenue	1,862	1,578	-15.3%	19.3%	
Transportation	1,140	1,156	1.4%		Higher transportation revenue from the refined oil and LPG segments (+10.2% yoy) offset the decline in revenue from crude oil transportation (-8.0% yoy). Ballooning inventory in Mar 20 at both Binh Son and Nghi Son refineries prompted the refineries to reduce its crude input and step up the product delivery to customers. In addition, LPG imports into Vietnam increased 15.9% yoy in 1Q20 due to higher residential demand could be a reason for higher LPG transportation revenue.
FSO/FPSO	235	271	15.0%		
Trading & services	487	151	-68.9%		Lower than expected as PVT deliberately narrowed its trading business to mitigate risks from covid-19.
Gross profit	275	226	-17.8%	19.8%	
Transportation	188	135	-28.1%		Lower than expected due to a surge in operating costs of vessels running in international water and the advance booking of VND38bn drydock expense for one crude oil vessel.
FSO/FPSO	76	72	-5.7%		
Trading & services	10	19	77.6%		
Gross profit margin	14.7%	14.3%	-0.4% pts		
Transportation	16.5%	11.7%	-4.8% pts		Lower than expected due to a surge in operating costs of vessels running in international water and the advance booking of VND38bn drydock expense for one crude oil vessel.
FSO/FPSO	32.5%	26.6%	-5.9% pts		
Trading & services	2.1%	12.2%	+10.1% pts		
Selling expenses	3	2	-31.9%	16.7%	
G&A expenses	49	47	-4.1%	15.9%	
Operating profit	223	177	-20.7%	21.2%	
Financial income	43	22	-49.1%	12.9%	Lower cash balance yoy due to high capex in FY19
Financial expenses	50	78	55.8%	36.3%	Higher than expected due to the VND25bn yoy increase in FX loss in 1Q20. The USD/VND exchange rate increased by 1.5-2% during 1Q20 vs. remaining flat in 1Q19, hence higher FX loss.
Pre-tax profit	223	120	-46.0%	13.2%	
Net profit	147	67	-54.0%	11.1%	Lower than expected due to weaker transportation profit and higher FX loss

SOURCES: VND RESEARCH, COMPANY REPORTS

Earnings revisions ►

Figure 2: Forecast revisions

Unit: VNDbn	2020F			2021F			2022F			Note
	Old	New	%Δ	Old	New	%Δ	Old	New	%Δ	
Net revenue	8,189	6,189	-24.4%	8,605	7,107	-17.4%	9,159	7,803	-14.8%	We made the following changes to net revenue assumption: - Cut trading revenue by 30% (-30% yoy) from unchanged earlier, following low 1Q results. We expect the trading segment to rebound by 30%/10% in FY21/22F. - Reduce crude oil transportation volume projection by 11% in FY20F to factor in weaker demand from refineries.
Gross profit	1,141	931	-18.3%	1,219	1,057	-13.3%	1,309	1,142	-12.8%	
Gross profit margin	13.9%	15.0%	+1.1% pts	14.2%	14.9%	+0.7% pts	14.3%	14.6%	+0.3% pts	We reduce the gross margin assumptions of crude oil/refined oil/LPG segments by 1%/2%/2% to reflect higher operating costs due to covid-19 outbreak. GPM is higher vs. previous forecast due to lower contribution of the low-margin trading segment.
Selling expenses	(12)	(9)	-23.7%	(13)	(11)	-16.6%	(14)	(12)	-14.0%	
G&A expenses	(295)	(223)	-24.4%	(310)	(256)	-17.4%	(330)	(281)	-14.8%	Adjusted in line with net revenue
Operating profit	833	699	-16.1%	896	790	-11.8%	965	849	-12.0%	
Financial income	176	153	-12.8%	159	166	4.1%	144	152	5.6%	We reduce FY20F capex forecast by 29% and increase FY21F capex forecast by 88%, assuming that the company would delay the investment of a VLCC into FY21F. This implies stronger debt pressure in FY21-22F.
Financial expenses	(221)	(204)	-7.9%	(208)	(240)	15.3%	(210)	(230)	9.5%	
Pre-tax profit	908	689	-24.1%	904	763	-15.7%	961	823	-14.4%	
Net profit	607	461	-24.1%	605	510	-15.7%	643	550	-14.4%	

SOURCES: VND RESEARCH

According to 2020 Annual General Meeting documents, PVT proposed a FY19 stock dividend payment of 100:15 instead of cash dividends to retain funds to finance its high capex. Although we think the company will not achieve its target

capex of US\$315.8m in FY20F, we expect it to continue investing in LPG/coal tankers to cater to increasing demand in the domestic market. Therefore, we project that PVT could forgo paying cash dividend in FY20-21F to support high capex before paying VND1,000/share from FY22F.

Reiterate Add, with lower target price of VND14,400

Figure 3: DCF model – summary of free cash flow

VNDbn	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35F
Total revenue	7,523	7,758	6,189	7,107	7,803	8,705	9,784	10,486	3.6%
% growth yoy	22.4%	3.1%	-20.2%	10.0%	8.0%	4.9%	2.9%	1.7%	
COGS & OPEX	(6,721)	(6,830)	(5,490)	(6,317)	(6,954)	(7,772)	(8,736)	(9,363)	
Unlevered profit / EBIT	802	928	699	790	849	933	1,048	1,123	3.2%
Operating margin	10.7%	12.0%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	
Effective tax rate	-20.0%	-19.2%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	
EBIT * (1-Tax) or NOPAT	642	749	559	632	679	746	839	899	3.2%
+ D&A	600	750	812	893	940	1,057	1,188	1,274	
% of revenue	8.0%	9.7%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	
- CapEx	(1,399)	(1,924)	(1,238)	(1,635)	(936)	(662)	(744)	(797)	
% of revenue	-18.6%	-24.8%	-20.0%	-7.6%	-7.6%	-7.6%	-7.6%	-7.6%	
+ Δ WC	30	525	104	(42)	(32)	(29)	(33)	(35)	
% of revenue	0.4%	6.8%	1.7%	0.4%	0.4%	1.6%	0.8%	1.1%	
Financial and other income / expense, net	173	88	(10)	(27)	(26)	(35)	(41)	(44)	
% of revenue	2.3%	1.1%	-0.2%	-0.5%	-0.5%	1.1%	-0.1%	-0.3%	
UFCF	45	188	227	(179)	625	1,077	1,209	1,296	

SOURCES: VND RESEARCH

Figure 4: Cost of equity

Cost of equity	
Risk Free Rate	4.0%
Beta	1.1
Risk Premium	11.0%
Cost of Equity	16.0%

SOURCES: VND RESEARCH

Figure 5: WACC and terminal growth rate

VNDbn	
Equity Value	4,787
Debt	3,433
Cost of Debt	7.0%
Tax Rate	20.0%
WACC	11.7%
Perpetual Growth Rate	1.1%

SOURCES: VND RESEARCH

Figure 6: PVT's historical P/E from 2015 to date



SOURCES: VND RESEARCH, BLOOMBERG

Figure 7: Blended target price

Method	Implied share price (VND)	Weight (%)	Weighted share price (VND)
DCF	14,983	50%	7,491
FY20-22F target P/E of 7.7x	13,874	50%	6,937
Target price			14,428
Target price (rounded)			14,400

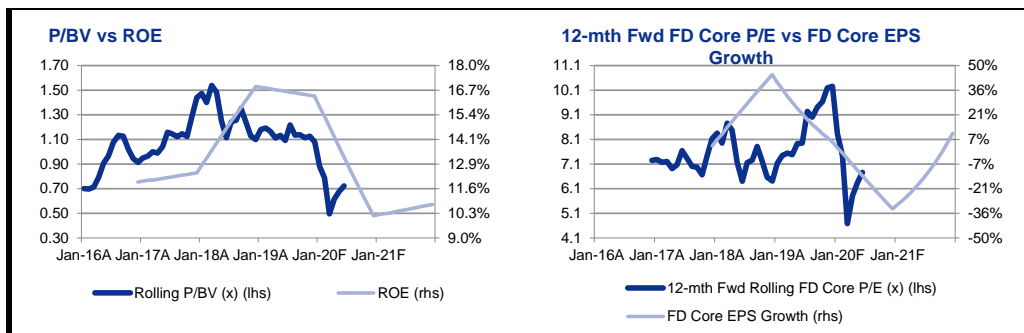
SOURCES: VND RESEARCH

Figure 8: 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	FY20F	FY21F	TTM	FY20F	FY21F	TTM	FY20F	FY21F	TTM	FY20F	FY21F
PVTTrans	PVT VN	ADD	11,650	14,400	141	5.4	7.1	6.4	0.7	0.7	0.7	14.3%	10.2%	10.8%	5.6%	5.4%	5.9%
Vietnam Petroleum Trans	VIP VN	NOT RATED	5,220	NA	15	5.9	NA	NA	0.3	NA	NA	5.3%	NA	NA	4.0%	NA	NA
Vietnam Tanker JSC	VTO VN	NOT RATED	7,700	NA	26	7.1	NA	NA	0.5	NA	NA	7.3%	NA	NA	4.6%	NA	NA
Eusu Holdings Co Ltd	000700 KS	NOT RATED	6,150	NA	134	NA	NA	NA	0.7	NA	NA	0.0%	NA	NA	1.1%	NA	NA
Shipping Corp of India Ltd	SCI IN	NOT RATED	49	NA	300	NA	4.6	5.5	0.3	NA	NA	4.6%	6.3%	5.1%	2.4%	NA	NA
Great Eastern Shipping Co L	GESCO IN	NOT RATED	223	NA	435	NA	NA	5.2	0.5	NA	NA	3.0%	8.5%	8.5%	1.5%	NA	NA
Average (excl. PVT)					182	6.5	4.6	5.3	0.5			4.0%	7.4%	6.8%	2.7%		

SOURCES: VND RESEARCH, BLOOMBERG (DATA AS AT 09 JUN)

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	7,523	7,758	6,189	7,107	7,803
Gross Profit	1,083	1,191	931	1,057	1,142
Operating EBITDA	1,402	1,678	1,511	1,684	1,789
Depreciation And Amortisation	(600)	(750)	(812)	(893)	(940)
Operating EBIT	802	928	699	790	849
Financial Income/(Expense)	49	28	(51)	(74)	(77)
Pretax Income/(Loss) from Assoc.	26	34	22	25	27
Non-Operating Income/(Expense)	97	26	19	22	24
Profit Before Tax (pre-EI)	975	1,016	689	763	823
Exceptional Items					
Pre-tax Profit	975	1,016	689	763	823
Taxation	(195)	(195)	(138)	(153)	(165)
Exceptional Income - post-tax					
Profit After Tax	780	821	551	610	658
Minority Interests	(128)	(131)	(90)	(100)	(108)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	652	690	461	510	550
Recurring Net Profit	652	690	461	510	550
Fully Diluted Recurring Net Profit	652	690	461	510	550

Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	1,402	1,678	1,511	1,684	1,789
Cash Flow from Inv. & Assoc.	(271)	(220)	(220)	(220)	(220)
Change In Working Capital	30	525	104	(42)	(32)
(Incr)/Decr in Total Provisions	88	66	0	0	0
Other Non-Cash (Income)/Expense	(427)	(665)	(822)	(921)	(966)
Other Operating Cashflow	440	331	994	513	552
Net Interest (Paid)/Received	(99)	(144)	(204)	(240)	(230)
Tax Paid	(232)	(243)	(138)	(153)	(165)
Cashflow From Operations	931	1,328	1,226	621	728
Capex	(1,399)	(1,924)	(1,238)	(1,635)	(936)
Disposals Of FAs/subsidiaries	128	20	20	20	20
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(392)	308	217	217	217
Cash Flow From Investing	(1,663)	(1,596)	(1,000)	(1,397)	(699)
Debt Raised/(repaid)	311	449	12	609	(171)
Proceeds From Issue Of Shares	49	86	86	86	86
Shares Repurchased	(0)	(0)	(0)	(0)	(0)
Dividends Paid	(310)	(338)	0	0	(281)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	49	198	98	695	(367)
Total Cash Generated	(683)	(70)	324	(81)	(337)
Free Cashflow To Equity	(422)	181	238	(167)	(142)
Free Cashflow To Firm	(634)	(124)	430	(536)	259

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	2,851	2,687	2,419	2,339	2,001
Total Debtors	1,088	865	783	900	988
Inventories	151	127	101	116	128
Total Other Current Assets	159	162	129	149	163
Total Current Assets	4,249	3,841	3,432	3,502	3,280
Fixed Assets	5,627	6,781	7,207	7,949	7,945
Total Investments	200	213	213	213	213
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	126	163	163	163	163
Total Non-current Assets	5,953	7,157	7,583	8,324	8,320
Short-term Debt	663	1,015	765	900	862
Current Portion of Long-Term Debt					
Total Creditors	793	652	614	705	774
Other Current Liabilities	948	856	683	784	861
Total Current Liabilities	2,405	2,523	2,062	2,390	2,498
Total Long-term Debt	2,325	2,419	2,681	3,155	3,022
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	333	365	365	365	365
Total Non-current Liabilities	2,658	2,784	3,045	3,520	3,386
Total Provisions	0	0	0	0	0
Total Liabilities	5,063	5,306	5,107	5,909	5,884
Shareholders' Equity	4,023	4,381	4,689	4,798	4,705
Minority Interests	1,117	1,310	1,219	1,119	1,011
Total Equity	5,140	5,691	5,908	5,917	5,716

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	22.4%	3.1%	(20.2%)	14.8%	9.8%
Operating EBITDA Growth	18.7%	19.7%	(9.9%)	11.4%	6.3%
Operating EBITDA Margin	18.6%	21.6%	24.4%	23.7%	22.9%
Net Cash Per Share (VND)	(489)	(2,653)	(3,647)	(6,099)	(6,689)
BVPS (VND)	14,293	15,567	16,659	17,049	16,717
Gross Interest Cover	6.60	5.48	4.29	4.12	4.62
Effective Tax Rate	20.0%	19.2%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	47.6%	49.0%	NA	NA	51.1%
Accounts Receivables Days	46.19	45.93	48.73	43.21	44.13
Inventory Days	6.99	7.73	7.92	6.53	6.67
Accounts Payables Days	41.31	38.30	41.86	38.85	39.58
ROIC (%)	14.0%	13.7%	8.5%	8.9%	8.7%
ROCE (%)	13.0%	13.3%	9.2%	9.9%	10.2%
Return On Average Assets	7.63%	7.53%	5.38%	5.86%	6.15%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
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)	25.0	32.0	34.0	36.0	38.0
No. Of LNG Tankers	N/A	N/A	N/A	N/A	N/A
No. Of Petroleum Tankers	9	12	13	14	15
No. Of Chemical Tankers	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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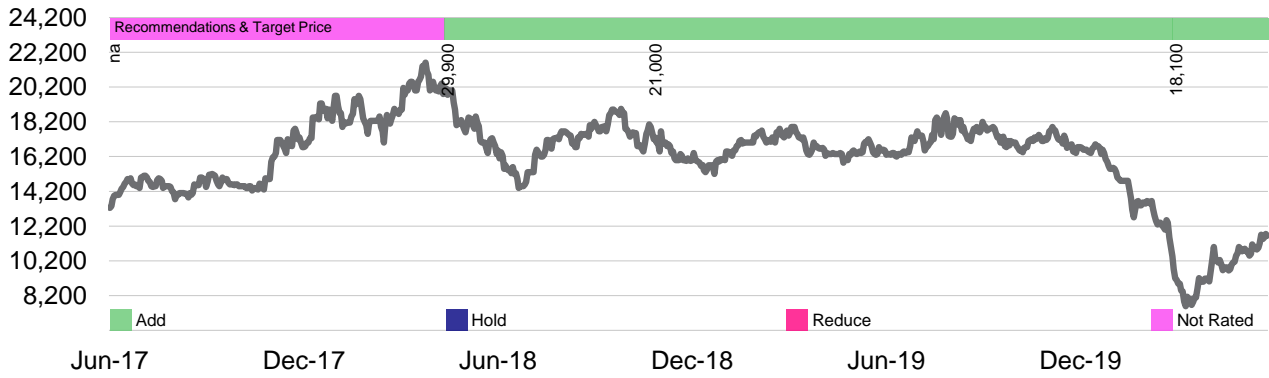
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— Price Close



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, **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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