

## India

**REDUCE** (no change)

Consensus ratings\*: Buy 35 Hold 1 Sell 1

Current price:	Rs448
Target price:	Rs410
Previous target:	Rs410
Up/downside:	-8.5%
InCred Research / Consensus:	-23.2%
Reuters:	BPCL.NS
Bloomberg:	BPCL IN
Market cap:	US\$13,092m
	Rs972,133m
Average daily turnover:	US\$60.4m
	Rs4483.0m
Current shares o/s:	2,169.2m
Free float:	41.4%

\*Source: Bloomberg

**Key changes in this note**

➤ No change



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(0.6)	(0.2)	6.2
Relative (%)	(4.4)	(11.4)	(25.8)

Major shareholders	% held
Govt of India	53.0
LIC	5.7
BPCL trust (treasury shares)	1.5

**Analyst(s)**

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# Bharat Petroleum

## Lower consolidated on NRL absence

- With the exclusion of NRL, BPCL's consolidated profit (excluding the accounting gain on BORL consolidation) matched its standalone profit.
- A large dividend and BORL consolidation will raise net debt equity from 69% in FY21 to 154% in FY22F. High gearing will impact valuations, in our view.
- We reiterate Reduce and SOP-based TP of Rs410, incorporating the large dividend. Upside risk is a successful strategic sale at a premium valuation.

### Meeting our estimates was negative from a relative standpoint

BPCL followed its peers in not disclosing the level of inventory gains in reported earnings (though 1QFY22 marketing gains were disclosed at Rs8bn), making it difficult to work out core profitability. 1Q standalone results were in line with our estimates, which was a negative in a relative sense, given that HPCL/IOC profits were well above our expectations. BPCL's reported standalone 1Q EBITDA of Rs31.8bn compared to our estimate of Rs30.4bn (which included inventory gains of Rs17.4bn, Rs7.4bn in refining and Rs10bn in marketing). 1QFY22 consolidated profits excluded Numaligarh Refinery (NRL) as it was sold in Mar 2021 but included an accounting gain of Rs13.8bn on converting Bharat Oman Refinery (BORL) from a JV to 100% subsidiary. Excluding this gain, consolidated profit matched standalone, indicating no additional profit contribution from balance subsidiaries/JVs.

### Management commentary provided an update on operations

1Q capex was Rs40bn which included Rs24bn for raising its stake in BORL to 100%. FY22F capex guidance was maintained at Rs100bn (excluding this Rs24bn for BORL). The Kochi petchem project (capex revised upwards from Rs52.46bn to Rs62.85bn) consists of three units of which two are operational and one is under commissioning. This project is expected to add US\$1/bbl to Kochi GRM (contribution in 1Q was minimal at Rs100m). Government subsidy dues were negligible at Rs2.3bn as on Jun 2021. BPCL could not provide any update on government plans to sell its stake to strategic investors. BORL reported a loss of Rs640m in 1QFY22 (mainly due to quarterly indirect tax hit of Rs1.5bn) and had a debt of just over Rs108bn (which would now be consolidated with BPCL). The Mozambique gas project has been delayed (note that the operator TOTAL has indicated at least one year delay relative to earlier completion schedule of CY24).

### Maintain Reduce, Rs410 TP

While the large FY21 final dividend of Rs58/sh has provided a short-term positive upside, we believe it will be compensated by the longer-term negative of higher gearing (especially on consolidation of BORL debt). BPCL's significant premium valuations relative to its peers indicate that investors are focusing on the strategic sale by the government, rather than the fundamentals of the business itself. Our valuation does not consider any potential upside from a successful sale. However, given the second Covid wave, we believe that the sale will be pushed back to 2HFY22F.

### Financial Summary

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	2,845,719	2,301,626	2,627,546	2,532,252	2,406,404
Operating EBITDA (Rsm)	93,018	200,888	158,710	175,016	171,718
Net Profit (Rsm)	30,554	161,649	75,780	84,667	82,049
Core EPS (Rs)	15.5	81.8	35.5	39.6	38.4
Core EPS Growth	(60.8%)	426.3%	(56.6%)	11.7%	(3.1%)
FD Core P/E (x)	15.18	79.89	34.67	38.73	37.53
DPS (Rs)	16.5	79.0	18.0	18.0	18.0
Dividend Yield	4.91%	19.43%	4.40%	4.40%	4.40%
EV/EBITDA (x)	14.68	5.64	9.14	8.40	8.67
P/FCFE (x)	(5.45)	3.98	(6.54)	(62.27)	(69.26)
Net Gearing	153.2%	69.0%	153.7%	147.4%	142.4%
P/BV (x)	2.41	1.63	2.22	2.05	1.91
ROE	8.1%	35.5%	15.5%	18.8%	16.9%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)			0.85	0.81	0.73

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 12 AUG 2021

## Lower consolidated on NRL absence

1QFY22 numbers exclude NRL which was sold in Mar 2021. There is an accounting gain of Rs13.8bn on conversion of BORL from a JV to subsidiary wef 30 Jun 2021 (reported as exceptional, but included in other income in Figure 1). Excluding this gain, consolidated profits were equivalent to standalone indicating no additional profit contribution from other subsidiaries/JVs. BORL reported a loss of Rs640m in 1Q.

EBITDA was Rs31.8bn in 1QFY22 compared to our estimate of Rs30.4bn (which included inventory gains of Rs17.4bn, Rs7.4bn in refining and Rs10bn in marketing). For 1QFY22, BPCL reported GRM of US\$4.12/bbl which compares to our estimate of US\$4.5/bbl (US\$2.5/bbl core plus US\$2/bbl inventory gains). We estimate that auto fuel marketing margins were down 36% qoq in 1QFY22. There were additional costs of Rs771m relating to issue of shares to employees at discounted price (reported as exceptional, but included in staff costs by us). In line with seasonal trends, BPCL debt dropped from Rs263bn in Mar 2021 to Rs216bn in Jun 2021. Consolidated debt would go up by at least Rs108bn due to BORL being accounted as a 100% subsidiary rather than JV from 30 Jun 2021.

Broadly gasoline volumes have shown some positive surprise while diesel has disappointed. Jet fuel volumes are still well below pre-Covid levels.

Figure 1: BPCL consolidated quarterly results (Rs m)

	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	yoy %	qoq %
Net sales	3,79,993	4,94,086	6,60,749	7,66,799	7,09,464	87%	-7%
EBITDA	42,599	49,425	49,690	59,039	30,452	-29%	-48%
Interest	-6,911	-1,078	-3,454	-5,791	-5,823	-16%	1%
Depreciation	-10,728	-10,650	-10,728	-11,237	-11,499	7%	2%
Other income	5,370	3,047	7,345	71,494	17,978	235%	-75%
Share of profit from associates/JVs	478	-678	-7,268	4,356	2,608	446%	-40%
Profit before tax	30,807	40,067	35,585	1,17,861	33,716	9%	-71%
Tax	-8,930	-14,172	-16,579	-11,441	-4,988	-44%	-56%
Minority interest	-1,524	-3,265	-3,354	-3,406	0	-100%	-100%
Net profit	20,354	22,630	15,652	1,03,013	28,728	41%	-72%
EPS (Rs)	10.3	11.5	8.0	49.2	13.4	30%	-73%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: BPCL standalone quarterly results (Rs m)

	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	yoy %	qoq %
EBITDA	39,158	37,266	38,863	46,612	31,757	-19%	-32%
Interest	-5,871	-126	-2,510	-4,776	-4,867	-17%	2%
Depreciation	-9,959	-9,888	-9,936	-9,998	-11,446	15%	14%
Other income	5,933	5,726	15,146	90,536	4,517	-24%	-95%
Profit before tax	29,262	32,978	41,562	1,22,374	19,961	-32%	-84%
Tax	-8,500	-10,500	-13,786	-2,973	-4,945	-42%	66%
Net profit	20,762	22,478	27,776	1,19,401	15,016	-28%	-87%
EPS (Rs)	10.56	11.43	14.12	57.05	7.03	-33%	-88%

### Operating data

Refining throughput (mmt)	5.14	5.63	7.24	8.39	6.84	33%	-18%
Domestic sales volumes (mmt)	7.53	8.94	11.10	11.17	9.63	28%	-14%
Exports (mmt)	0.79	0.28	0.25	0.63	0.31	-61%	-51%
Singapore Reuters GRM (US\$/bbl)	-0.94	0.08	1.20	1.80	2.00	-313%	11%
Reported GRM-BPCL (US\$/bbl)	0.39	5.80	2.47	6.64	4.12	956%	-38%
GRM ex-inventory -BPCL(US\$/bbl)	1.93	1.54	1.23	2.46			
GRM ex-inventory -Mumbai(US\$/bbl)	1.14	2.23	1.41	3.96			
GRM ex-inventory -Kochi(US\$/bbl)	2.80	0.84	1.06	1.11			

### Other financial data

Staff costs	9,029	16,965	12,890	15,295	8,160	-10%	-47%
<u>Inventory gains/(loss)</u>							
In refining	-4,380	13,030	5,020	18,130			
In marketing	10,030	11,500	2,690	18,290			
EBITDA excl inventory, forex, excep	34,078	12,736	31,153	20,667			
Forex (loss)/gain	-570	1,520	760	290	-470		
Total debt excluding lease liabilities	3,45,450	2,78,480	2,46,740	2,63,150	2,15,770	-38%	-18%
Capex	6,770	19,710	29,780	26,710	15,100	123%	-43%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Transportation fuels marketing performance

	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	yoy %	qoq %
Gasoline sales (mmt)	1.25	1.81	2.09	2.05	1.75	40.0%	-14.6%
Diesel sales (mmt)	3.50	3.86	5.10	5.02	4.43	26.6%	-11.8%
Jet fuel sales (mmt)	0.09	0.18	0.24	0.29	0.19	111.1%	-34.5%
Gasoline market share	24.9%	25.5%	26.1%	26.2%	25.8%		
Diesel market share	23.3%	24.4%	24.0%	24.4%	24.0%		
Jet fuel market share	23.2%	22.4%	20.6%	21.5%	20.2%		

SOURCES: INCRED RESEARCH, COMPANY REPORTS

4QFY21 final dividend of Rs58/sh is 21% of FY21 standalone book value and will be paid in Sep 2021F. This will result in a sharp jump in net debt equity ratios over FY22-24F. FY21 interest costs were lower due to forex gains of Rs2.5bn and interest capitalization of Rs2.6bn. In addition to NRL capital gains (Rs94.2bn), FY21 other income included forex gains of Rs2bn and Rs17.7bn from NRL dividends.

**Figure 4: BPCL standalone P&L (Rs m)**

Y/E Mar	2020	2021	2022F	2023F	2024F
EBITDA	72,207	1,61,900	1,46,173	1,54,920	1,50,597
Interest	-21,819	-13,284	-22,271	-22,216	-22,048
Depreciation	-37,869	-39,781	-44,252	-47,140	-48,704
Other income	14,191	1,17,341	22,175	20,318	20,560
Pre-tax profit	26,710	2,26,176	1,01,825	1,05,882	1,00,405
Tax	122	-35,759	-33,602	-34,941	-33,134
Net profit	26,832	1,90,417	68,223	70,941	67,272
EPS (Rs)	13.6	96.3	31.9	33.2	31.5
Book value per share (Rs)	168.9	271.2	211.0	226.3	239.7
ROE	7.7%	43.9%	13.8%	15.2%	13.5%
Net debt equity	128%	42%	82%	76%	72%
Staff costs	36,915	54,179	36,000	37,800	39,690

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Core earnings (excluding inventory) were weak in FY21 but should rebound over FY22-24F on the back of improving GRMs and domestic oil demand growth. Auto fuel marketing margins were exceptionally high in FY21 and should moderate over FY22-24F. FY21 staff costs of Rs54bn included Rs7.8bn redundancy costs and Rs9.4bn cost of share issue to employees.

**Figure 5: BPCL standalone EBITDA working (Rs m)**

Y/E Mar	2020	2021	2022F	2023F	2024F
<u>Gross margins from all business segments</u>					
Refinery (excl inventory)	71,264	28,148	61,650	81,450	76,725
Auto fuels	90,544	1,09,195	1,10,307	1,02,731	1,06,465
LPG/kero marketing	26,005	27,531	28,534	29,640	30,793
Balance products/lubricants/pipeline	47,237	43,869	49,252	50,676	52,153
Sub total	2,35,050	2,08,743	2,49,743	2,64,497	2,66,137
Less: Labour cost	-36,915	-54,179	-36,000	-37,800	-39,690
Less: other operational expenses	-78,749	-66,923	-67,571	-71,777	-75,850
Sub total	1,19,387	87,640	1,46,173	1,54,920	1,50,597
<u>Plus: Non-operational items</u>					
Subsidy borne	0	0	0	0	0
Inventory in refining	-28,850	31,750			
Inventory in marketing	-18,330	42,510			
EBITDA	72,207	1,61,900	1,46,173	1,54,920	1,50,597

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

In FY21, BPCL sought to compensate for poor core GRMs by raising auto fuel marketing margins to unsustainable levels. We believe that GRMs in FY22-24F will recover while marketing margins will moderate. The second wave of Covid has resulted in some volume impact in FY22F.

**Figure 6: BPCL assumptions**

Y/E Mar	2020	2021	2022F	2023F	2024F
Brent crude oil, US\$/bbl	61.00	44.90	60.00	55.00	50.00
Rupee dollar rate yr avg	70.89	74.23	75.00	75.00	75.00
BPCL refinery throughput (mmt)	31.91	26.50	31.10	32.00	32.00
BPCL reported refinery GRM (\$/bbl)	2.50	4.06	3.52	4.53	4.26
BPCL ex-inventory GRM (US\$/bbl)	4.20	1.85	3.52	4.53	4.26
Auto fuel volumes (mmt)	27.67	24.67	27.96	29.09	30.06
Auto fuels margins (Rs/kl)	2,583	3,490	3,102	2,776	2,781
BORL throughput (mmt)	7.82	6.12	7.21	7.96	8.42
BORL GRM (US\$/bbl)	4.18	7.36	7.00	8.00	8.00

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

BORL has historically struggled to report a profit. Since commencement of the refinery operations in FY12, it has reported a cumulative loss of Rs11bn. Recent profitability has been hit by exhaustion of indirect tax benefit (Rs6bn annual hit). Poor profits have led to net debt of Rs108bn in FY21 which will be added to BPCL consolidated debt from 30 Jun 2021 (when BORL became a 100% subsidiary). 1QFY22 GRM was US\$5.2/bbl resulting in net loss of Rs640m.

**Figure 7: BORL standalone P&L (Rs m)**

Y/E Mar	2020	2021	2022F	2023F	2024F
EBITDA	3,800	11,360	9,865	17,424	18,449
Interest	-7,120	-5,585	-6,041	-5,543	-4,787
Depreciation	-7,179	-7,545	-7,533	-7,721	-7,909
Other income	-1,675	679	1,015	1,006	1,006
Pre-tax profit	-12,174	-1,092	-2,694	5,165	6,759
Tax	4,139	328	916	-1,756	-2,298
Net profit	-8,035	-763	-1,778	3,409	4,461
EPS (Rs)	-2.5	-0.2	-0.5	1.1	1.4
DPS (Rs)					
Book value per share (Rs)	11.2	10.9	10.4	11.4	12.8
ROE	-20.0%	-2.1%	-5.2%	9.6%	11.4%
Net debt equity	230%	304%	308%	257%	198%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Our SOP-based TP separately values the large FY21 final dividend of Rs58/share. The stock should go ex-dividend next month.

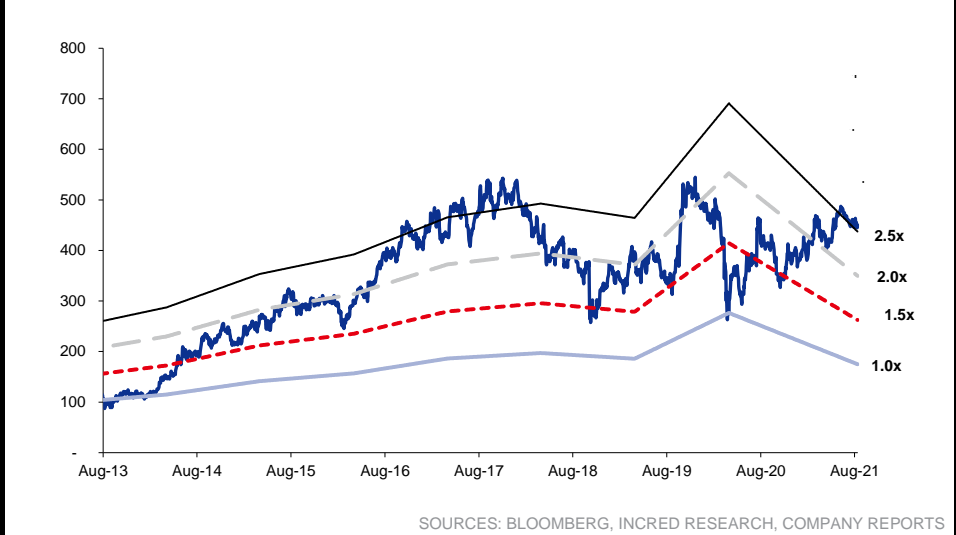
The BPCL stock price movement has been guided by news flow on the strategic sale of the government's holding in the company (which could be a significant premium over normal market valuation) rather than fundamentals of the business itself. We believe that the sale is pushed back to at least 2HFY22F. The current stock price is also supported by a large dividend of Rs58/share payable next month.

**Figure 8: Our SOP valuation of BPCL**

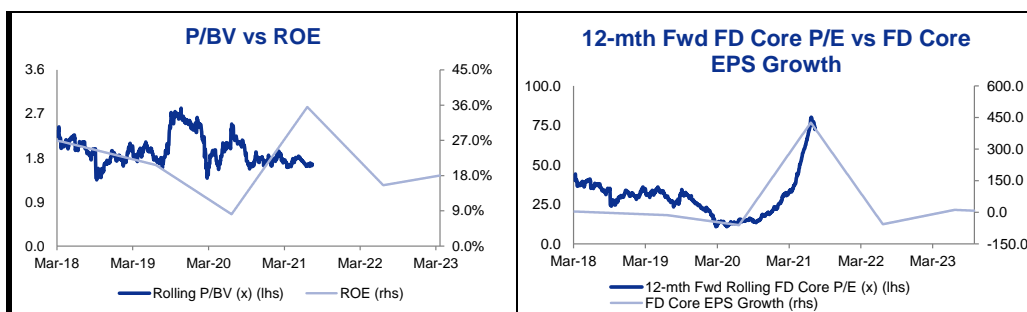
	Book value	P/BV (x)	Value per share (Rs)
Core refining and marketing business at Mar23F P/BV	219	1.5	331
Special dividend payable in FY22			58
E&P value for Mozambique gas assets			21
Target price			410

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 9: BPCL's P/BV (x) chart**



## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>Total Net Revenues</b>	<b>2,845,719</b>	<b>2,301,626</b>	<b>2,627,546</b>	<b>2,532,252</b>	<b>2,406,404</b>
<b>Gross Profit</b>	<b>306,694</b>	<b>427,639</b>	<b>361,450</b>	<b>384,920</b>	<b>390,131</b>
<b>Operating EBITDA</b>	<b>93,018</b>	<b>200,888</b>	<b>158,710</b>	<b>175,016</b>	<b>171,718</b>
Depreciation And Amortisation	(46,741)	(43,342)	(51,758)	(54,834)	(56,586)
<b>Operating EBIT</b>	<b>46,277</b>	<b>157,546</b>	<b>106,952</b>	<b>120,182</b>	<b>115,132</b>
Financial Income/(Expense)	(26,370)	(17,234)	(32,842)	(32,290)	(31,365)
Pretax Income/(Loss) from Assoc.	14,007	(3,255)	15,587	16,568	16,568
Non-Operating Income/(Expense)	2,602	87,263	15,529	13,663	13,905
<b>Profit Before Tax (pre-EI)</b>	<b>36,516</b>	<b>224,320</b>	<b>105,225</b>	<b>118,124</b>	<b>114,240</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>36,516</b>	<b>224,320</b>	<b>105,225</b>	<b>118,124</b>	<b>114,240</b>
Taxation	142	(51,122)	(29,222)	(33,233)	(31,967)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>36,658</b>	<b>173,198</b>	<b>76,003</b>	<b>84,891</b>	<b>82,273</b>
Minority Interests	(6,104)	(11,549)	(223)	(223)	(223)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>30,554</b>	<b>161,649</b>	<b>75,780</b>	<b>84,667</b>	<b>82,049</b>
Recurring Net Profit	30,554	161,649	75,780	84,667	82,049
<b>Fully Diluted Recurring Net Profit</b>	<b>30,554</b>	<b>161,649</b>	<b>75,780</b>	<b>84,667</b>	<b>82,049</b>

### Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>93,018</b>	<b>200,888</b>	<b>158,710</b>	<b>175,016</b>	<b>171,718</b>
Cash Flow from Invt. & Assoc.	2,602	87,263	15,529	13,663	13,905
Change In Working Capital	(1,090)	84,848	(16,045)	10,767	16,935
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(1,695)	(27,853)	(36,419)	(9,724)	(9,724)
Net Interest (Paid)/Received	(26,370)	(17,234)	(32,842)	(32,290)	(31,365)
Tax Paid	142	(51,122)	(29,222)	(33,233)	(31,967)
<b>Cashflow From Operations</b>	<b>66,607</b>	<b>276,790</b>	<b>59,711</b>	<b>124,200</b>	<b>129,501</b>
Capex	(197,000)	(57,176)	(238,147)	(132,450)	(136,198)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(31,211)	2,879	31,971	(7,125)	(7,125)
Other Investing Cashflow					
<b>Cash Flow From Investing</b>	<b>(228,211)</b>	<b>(54,297)</b>	<b>(206,176)</b>	<b>(139,575)</b>	<b>(143,323)</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares		55,119	4,989		
Shares Repurchased					
Dividends Paid	(57,423)	(41,524)	(158,511)	(38,453)	(38,453)
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	<b>(57,423)</b>	<b>13,596</b>	<b>(153,522)</b>	<b>(38,453)</b>	<b>(38,453)</b>
Total Cash Generated	(219,026)	236,089	(299,988)	(53,828)	(52,275)
<b>Free Cashflow To Equity</b>	<b>(161,603)</b>	<b>222,493</b>	<b>(146,465)</b>	<b>(15,375)</b>	<b>(13,822)</b>
<b>Free Cashflow To Firm</b>	<b>(135,233)</b>	<b>239,727</b>	<b>(113,623)</b>	<b>16,915</b>	<b>17,544</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS



## BY THE NUMBERS...cont'd

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Total Cash And Equivalents	63,733	128,247	58,813	58,814	58,816
Total Debtors	53,780	52,755	79,186	76,697	73,671
Inventories	222,426	214,668	299,671	290,740	276,270
Total Other Current Assets	169,127	104,477	111,922	109,750	107,299
<b>Total Current Assets</b>	<b>509,066</b>	<b>500,147</b>	<b>549,592</b>	<b>536,002</b>	<b>516,057</b>
Fixed Assets	781,335	795,169	981,557	1,059,173	1,138,785
Total Investments	218,200	215,321	183,351	190,476	197,601
Intangible Assets					
Total Other Non-Current Assets					
<b>Total Non-current Assets</b>	<b>999,535</b>	<b>1,010,490</b>	<b>1,164,908</b>	<b>1,249,649</b>	<b>1,336,386</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	369,672	382,126	480,699	477,875	474,863
Other Current Liabilities					
<b>Total Current Liabilities</b>	<b>369,672</b>	<b>382,126</b>	<b>480,699</b>	<b>477,875</b>	<b>474,863</b>
Total Long-term Debt	654,755	504,067	720,966	747,999	773,378
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>	<b>654,755</b>	<b>504,067</b>	<b>720,966</b>	<b>747,999</b>	<b>773,378</b>
Total Provisions	98,286	79,616	81,945	92,171	102,502
<b>Total Liabilities</b>	<b>1,122,713</b>	<b>965,809</b>	<b>1,283,609</b>	<b>1,318,046</b>	<b>1,350,742</b>
Shareholders Equity	365,325	544,829	430,891	467,605	501,700
Minority Interests	20,563				
<b>Total Equity</b>	<b>385,888</b>	<b>544,829</b>	<b>430,891</b>	<b>467,605</b>	<b>501,700</b>

<b>Key Ratios</b>					
	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Revenue Growth	(4.6%)	(19.1%)	14.2%	(3.6%)	(5.0%)
Operating EBITDA Growth	(41.2%)	116.0%	(21.0%)	10.3%	(1.9%)
Operating EBITDA Margin	3.3%	8.7%	6.0%	6.9%	7.1%
Net Cash Per Share (Rs)	(300.49)	(190.07)	(309.96)	(322.61)	(334.49)
BVPS (Rs)	185.74	275.54	201.70	218.89	234.85
Gross Interest Cover	1.75	9.14	3.26	3.72	3.67
Effective Tax Rate		22.8%	27.8%	28.1%	28.0%
Net Dividend Payout Ratio	141.7%	106.5%	55.5%	49.7%	51.3%
Accounts Receivables Days	7.88	8.45	9.16	11.23	11.40
Inventory Days	32.47	42.57	41.42	50.18	51.32
Accounts Payables Days	55.73	73.21	69.49	81.47	86.24
ROIC (%)	4.0%	15.0%	8.1%	8.5%	7.7%
ROCE (%)	4.6%	14.4%	9.4%	9.8%	8.8%
Return On Average Assets	3.9%	12.3%	6.2%	6.2%	5.8%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A



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## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2020, Anti-Corruption 2020

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Excellent, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Very Good, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Very Good, n/a, **DELTA** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, n/a, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – Excellent, Declared, **JMT** – Very Good, Declared, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – n/a, n/a, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – n/a, n/a, **OR** – n/a, n/a, **ORI** – Excellent, Certified, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RBF** – Good, n/a, **RS** – Excellent, n/a, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – n/a, n/a, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – n/a, n/a, **SHR** – Very Good, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Declared, **SPRC** – Excellent, Certified, **SSP** – Good, Declared, **STEC** – n/a, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, n/a, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, n/a, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2020 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of January 30, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

### Recommendation Framework

#### Stock Ratings

Definition:

<b>Add</b>	The stock's total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	The stock's total return is expected to fall below 0% or more 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:

<b>Overweight</b>	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
<b>Neutral</b>	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
<b>Underweight</b>	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

#### Country Ratings

Definition:

<b>Overweight</b>	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
<b>Neutral</b>	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
<b>Underweight</b>	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.