

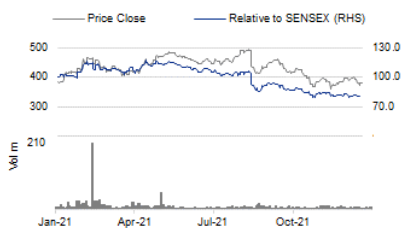
India

REDUCE (no change)

Consensus ratings*:	Buy 35	Hold 2	Sell 1
Current price:	Rs382		
Target price:	Rs375		
Previous target:	Rs375		
Up/downside:	-1.8%		
InCred Research / Consensus:	-30.8%		
Reuters:	BPCL.NS		
Bloomberg:	BPCL IN		
Market cap:	US\$11,075m		
	Rs828,857m		
Average daily turnover:	US\$33.9m		
	Rs2538.9m		
Current shares o/s:	2,169.2m		
Free float:	41.1%		
*Source: Bloomberg			

Key changes in this note

- FY22F EPS increased by 10.8%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(0.9)	(8.2)	1.2
Relative (%)	(1.5)	(7.9)	(14.6)

Major shareholders	% held
Govt of India	53.0
LIC	5.9
BPCL trust (treasury shares)	1.5

Analyst(s)



Avadhoot SABNIS
 T (91) 22 4161 1542
 E avadhoot.sabnis@incredcapital.com

Bharat Petroleum

Likely to come back to capex mode

- BPCL's 3QFY22 results were impacted by one-time inventory loss due to excise cuts as well as loss on LPG sales due to government price controls.
- With rising uncertainty on the timing of its strategic sale, BPCL is likely to materially step up its capex guidance, in our view.
- We reiterate our Reduce rating and Rs375 TP. The key catalyst is the lack of success in executing a strategic sale of the government holding.

3QFY22 was characterised by unusual events

The government implemented sharp excise cuts in auto fuels on 3 Nov 2021 which resulted in large inventory losses for BPCL (likely around Rs17.5bn) which was a negative surprise. The government also did not allow BPCL to pass on the rise in global LPG prices from Nov 2021. We estimate the resultant loss for BPCL at Rs13bn in 3QFY22. This will continue in 4QFY22 but the per tonne loss will come down due to the seasonal drop in LPG prices. We believe the government will reimburse these losses by the end of 4QFY22 as even auto fuel marketing margins (MMs) will drop sharply in 4Q due to rising global oil prices. On the positive side, MMs in 3QFY22 were at record levels as domestic auto fuel retail prices remained unchanged since the excise duty change on 3 Nov 2021. We believe this is due to pending state elections and normal price movements should resume from 10 Mar 2022 (election results day). This price freeze benefited BPCL in 3QFY22 due to the fall in global prices in Nov/Dec 2021. However, the sharp jump in global price in Jan 2022, if sustained, will squeeze MMs in 4QFY22. Finally, gross refinery margins (GRMs) were robust in 3QFY22 with the added benefit of inventory gains, in our view.

Management commentary provided an update on operations

The government has officially pushed back the strategic sale of its holding in BPCL to FY23F and management could not provide any guidance. However, we sense that capex which has been relatively subdued (relative to peers) due to the pending sale, may now come back. BPCL has guided for capex at Rs100bn each in FY23F/24F but stated that it was currently evaluating large projects like a Rs300bn new petchem cracker at its Bina refinery. At its Kochi refinery, the petchem project has been fully commissioned and BPCL has scrapped its earlier plans for a polyol project and is now considering a polypropylene plant (capex not disclosed). Excluding lease liabilities, consolidated debt at Dec 2021 was Rs530bn while standalone was Rs242bn (lease liabilities of Rs80bn for standalone).

Maintain Reduce, Rs375 TP

BPCL's significant premium valuations relative to its peers is based on government's plan to execute a strategic sale of its holdings, rather than just the fundamentals of the business. While the sale has officially been pushed back to FY23F, it may not finally materialise in our view. Once this view is accepted by the market, we expect BPCL's valuation to potentially correct significantly, to bring it in line with its peers. Main risk to our view is the successful completion of this strategic sale.

Financial Summary	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	2,845,719	2,301,626	3,010,931	2,873,645	2,763,645
Operating EBITDA (Rsm)	93,018	200,888	186,276	164,681	165,763
Net Profit (Rsm)	30,554	161,649	98,940	81,919	81,432
Core EPS (Rs)	15.5	81.9	46.3	38.3	38.1
Core EPS Growth	(60.8%)	427.0%	(43.4%)	(17.2%)	(0.6%)
FD Core P/E (x)	24.60	4.67	8.25	9.96	10.02
DPS (Rs)	16.5	79.0	20.0	18.0	18.0
Dividend Yield	5.76%	22.79%	5.73%	5.16%	5.16%
EV/EBITDA (x)	12.31	4.73	6.79	7.80	7.82
P/FCFE (x)	(4.65)	3.77	(9.58)	(92.97)	3,095.18
Net Gearing	153.2%	74.0%	141.1%	136.2%	130.2%
P/BV (x)	2.06	1.41	1.85	1.70	1.57
ROE	8.1%	35.9%	20.3%	17.8%	16.3%
% Change In Core EPS Estimates			10.84%	(0.18%)	(0.22%)
InCred Research/Consensus EPS (x)			1.01	0.78	0.73

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 2 FEB 2022

Likely to come back to capex mode

BPCL's 9MFY22 numbers exclude Numaligarh Refinery (NRL) which was sold in Mar 2021. There was an accounting gain of Rs13.8bn in 1QFY22 on the conversion of Bharat PetroResources (BPRL) from a JV to subsidiary (included in other income in Figure 1). Bharat Oman Refineries Ltd. (BORL) reported a profit of Rs3.7bn in 3QFY22. BPRL (100% subsidiary for oil exploration) reported a hit of Rs3.7bn on account of the declaration of force majeure at its Mozambique project (included as part of EBITDA in Figure 1).

HPCL disclosed a one-time loss of Rs17.46bn due to a cut in excise duties in auto fuels in 3QFY22. We estimate a similar impact for BPCL (included in its reported inventory loss in marketing). We estimate BPCL's inventory gain in refining at Rs12bn in 3QFY22 based on peer group data. We estimate the loss on account of LPG price control at Rs13.4bn in 3QFY22. Excluding these items, EBITDA was above our estimates mainly due to higher GRMs. However, in our view, these higher GRMs were mainly due to inventory gains. Excluding these, numbers were modestly above estimates. BPCL's debt (excluding lease liabilities of Rs80bn) at Rs242bn rose 15% qoq and the company declared a second interim dividend of Rs5/sh (on top of first interim dividend of Rs5/sh along with 2Q results).

Broadly industry transportation volumes have been trending below our expectations, though we expect a recovery as soon as Covid abates.

Figure 1: BPCL's consolidated quarterly results (Rs m)

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	yoy %	qoq %
Net sales	6,60,749	7,66,799	7,09,464	7,64,389	9,53,260	44%	25%
EBITDA	49,690	59,039	30,452	49,653	47,520	-4%	-4%
Interest	-3,454	-5,791	-5,823	-6,620	-6,608	91%	0%
Depreciation	-10,728	-11,237	-11,499	-13,495	-13,316	24%	-1%
Other income	7,345	71,494	17,978	7,065	5,886	-20%	-17%
Share of profit from associates/JVs	-7,268	4,356	2,608	4,758	4,508	-162%	-5%
Profit before tax	35,585	1,17,861	33,716	41,361	37,989	7%	-8%
Tax	-16,579	-11,441	-4,988	-9,352	-9,938	-40%	6%
Minority interest	-3,354	-3,406	0	0	0	0%	0%
Net profit	15,652	1,03,013	28,728	32,009	28,050	79%	-12%
EPS (Rs)	8.0	49.2	13.4	15.0	13.2	66%	-12%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: BPCL's standalone quarterly results (Rs m)

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	yoy %	qoq %
EBITDA	38,863	46,612	31,757	44,777	42,130	8%	-6%
Interest	-2,510	-4,776	-4,867	-3,940	-4,460	78%	13%
Depreciation	-9,936	-9,998	-11,446	-11,681	-11,680	18%	0%
Other income	15,146	90,536	4,517	6,805	6,826	-55%	0%
Profit before tax	41,562	1,22,374	19,961	35,961	32,817	-21%	-9%
Tax	-13,786	-2,973	-4,945	-9,020	-8,192	-41%	-9%
Net profit	27,776	1,19,401	15,016	26,941	24,625	-11%	-9%
EPS (Rs)	14.12	57.05	7.03	12.65	11.56	-18%	-9%
Operating data							
Refining throughput (mmt)	7.24	8.39	6.84	7.16	7.95	10%	11%
Domestic sales volumes (mmt)	11.10	11.17	9.63	9.91	11.15	0%	13%
Exports (mmt)	0.25	0.63	0.31	0.48	0.55	120%	15%
Singapore Reuters GRM (US\$/bbl)	1.20	1.80	2.00	3.70	6.10	408%	65%
Reported GRM-BPCL (US\$/bbl)	2.47	6.64	4.12	6.04	9.69	292%	60%
GRM ex-inventory -BPCL(US\$/bbl)	1.23	2.46					
GRM ex-inventory -Mumbai(US\$/bbl)	1.41	3.96					
GRM ex-inventory -Kochi(US\$/bbl)	1.06	1.11					
Other financial data							
Staff costs	12,890	15,295	8,160	7,694	8,921	-31%	16%
Inventory gains/(loss)							
In refining	5,020	18,130					
In marketing	2,690	18,290	8,150	2,270	-14,230		
Forex (loss)/gain	760	290	-470	520	-360		
Total debt excluding lease liabilities	2,46,740	2,63,150	2,15,770	2,10,008	2,41,640	-2%	15%
Capex	29,780	26,710	15,100	27,800	25,130	-16%	-10%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Transportation fuels marketing performance

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	yoy %	qoq %
Gasoline sales (mmt)	2.09	2.05	1.75	2.08	2.18	4.3%	4.8%
Diesel sales (mmt)	5.10	5.02	4.43	4.26	4.95	-2.9%	16.2%
Jet fuel sales (mmt)	0.24	0.29	0.19	0.22	0.33	37.5%	50.0%
Gasoline market share	26.1%	26.2%	25.8%	26.3%	26.5%		
Diesel market share	24.0%	24.4%	24.1%	24.7%	24.2%		
Jet fuel market share	20.6%	21.5%	20.3%	19.9%	21.5%		

SOURCES: INCRED RESEARCH, COMPANY REPORTS

4QFY21 final dividend of Rs58/sh was 21% of FY21 standalone book value and was paid in Oct 2021. This, along with addition of BORL debt from Jun 2021, will result in a sharp jump in net debt equity ratios over FY22-24F. In addition to capital gains (Rs94.2bn) related to NRL, FY21 other income included forex gains of Rs2bn and Rs17.7bn from NRL dividends.

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

Y/E Mar	2020	2021	2022F	2023F	2024F
EBITDA	72,207	1,61,900	1,74,768	1,49,557	1,49,486
Interest	-21,819	-13,284	-18,816	-16,445	-16,445
Depreciation	-37,869	-39,781	-47,914	-51,071	-52,772
Other income	14,191	1,17,340	22,739	21,134	21,611
Pre-tax profit	26,710	2,26,175	1,30,777	1,03,175	1,01,880
Tax	122	-35,758	-34,002	-26,826	-26,489
Net profit	26,832	1,90,417	96,775	76,350	75,391
EPS (Rs)	13.6	96.4	45.3	35.7	35.3
Book value per share (Rs)	168.9	276.3	227.0	244.5	261.8
ROE	7.7%	43.4%	18.8%	15.2%	13.9%
Net debt equity	128%	37%	69%	64%	59%
Staff costs	36,915	54,178	33,000	34,650	36,383

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Our estimates for FY22F consider inventory gains in refining (our estimate based on peer group data) earned in 9MFY22. We assume that the government will fully reimburse the losses on account of LPG borne in 3Q/4QFY22 as marketing profitability will also be under strain in 4QFY22F on account of an auto fuel price freeze till the state election results are announced.

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	27,922	82,041	82,305	82,305
Auto fuels	90,544	1,15,643	1,05,958	1,09,698	1,13,521
LPG/kero marketing	26,005	27,531	28,033	28,565	29,110
Balance products/lubricants/pipeline	47,237	45,306	47,550	48,889	50,277
Sub total	2,35,050	2,16,402	2,63,582	2,69,457	2,75,212
Less: Labour cost	-36,915	-54,178	-33,000	-34,650	-36,383
Less: other operational expenses	-78,749	-74,584	-79,504	-85,250	-89,344
Sub total	1,19,387	87,640	1,51,078	1,49,557	1,49,486
<u>Plus: Non-operational items</u>					
Subsidy borne	0	0	0	0	0
Inventory in refining	-28,850	31,750	27,500		
Inventory in marketing	-18,330	42,510	-3,810		
EBITDA	72,207	1,61,900	1,74,768	1,49,557	1,49,486

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

We have only increased the GRM estimate for FY22F reflecting the actuals for 9MFY22 which include our estimate of inventory gains (none assumed for FY23F/24F). This results in a 10.8% increase in our FY22F EPS estimate.

Figure 6: BPCL assumptions

Y/E Mar	2020	2021	2022F	2023F	2024F
Brent crude oil, US\$/bbl	61.00	44.90	70.00	65.00	60.00
Rupee dollar rate yr avg	70.89	74.23	75.00	75.00	75.00
BPCL refinery throughput (mmt)	31.91	26.40	29.90	32.00	32.00
BPCL reported refinery GRM (\$/bbl)	2.50	4.06	6.51	4.57	4.57
BPCL ex-inventory GRM (US\$/bbl)	4.20	1.85	4.88	4.57	4.57
Auto fuel volumes (mmt)	27.67	24.68	26.91	27.83	28.75
Auto fuels margins (Rs/kl)	2,583	3,694	3,100	3,101	3,103
BORL throughput (mmt)	7.82	6.12	7.30	7.96	8.42
BORL GRM (US\$/bbl)	3.45	5.83	7.50	7.00	7.00

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

BORL has historically struggled to report a profit. Recent profitability has been hit by the exhaustion of indirect tax benefit (annual hit of Rs6bn estimated). Poor profits led to net debt of Rs111bn in FY21, which will be added to BPCL's consolidated debt from 30 Jun 2021 (when BORL became a 100% subsidiary).

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

Y/E Mar	2020	2021	2022F	2023F	2024F
EBITDA	3,800	11,049	19,986	19,602	20,755
Interest	-7,120	-5,585	-6,150	-5,779	-5,378
Depreciation	-7,179	-7,545	-7,533	-7,721	-7,909
Other income	-1,675	990	1,015	1,006	1,006
Pre-tax profit	-12,174	-1,092	7,319	7,107	8,473
Tax	4,139	328	-2,488	-2,416	-2,881
Net profit	-8,035	-763	4,830	4,691	5,592
EPS (Rs)	-2.5	-0.2	1.5	1.4	1.7
DPS (Rs)					
Book value per share (Rs)	11.2	10.9	12.4	13.9	15.6
ROE	-20.0%	-2.1%	12.8%	11.0%	11.7%
Net debt equity	230%	312%	245%	193%	143%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Our SOP-based TP separately values the Mozambique gas assets at broadly option value (US\$2/boe on reserves approved for development).

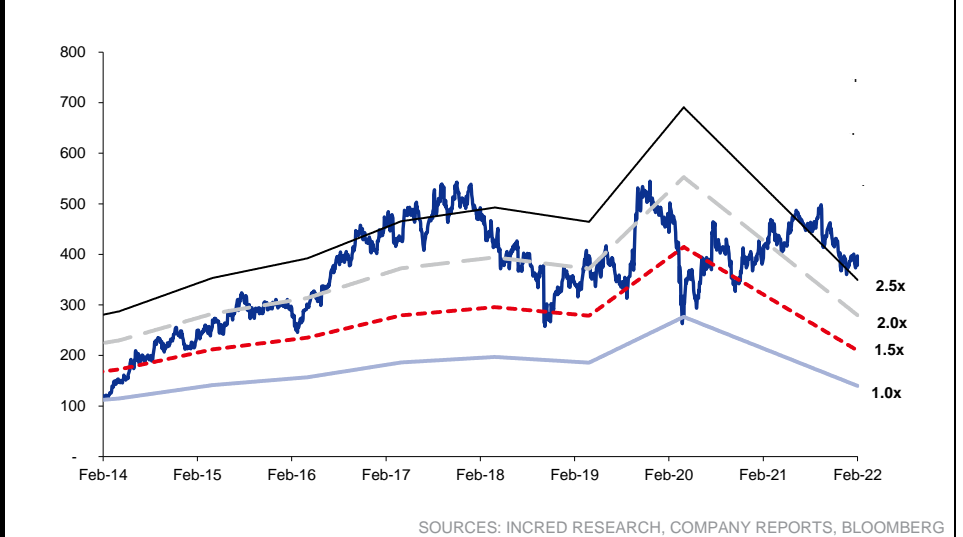
BPCL's stock price movement since Sep 2019 has been guided by news flow on the strategic sale of the government's holding in the company (which could be at a significant premium to normal market valuation) rather than just the fundamentals of the business. This sale has been pushed to FY23F and in our view may not materialise, which places the stock's current premium valuation (relative to peers) at risk.

Figure 8: Our SOP valuation of BPCL

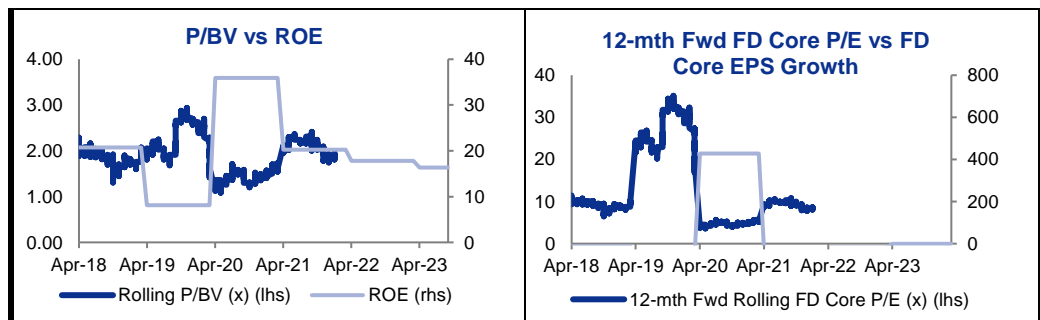
	Book value	P/BV (x)	Value per share (Rs)
Core refining and marketing business at Sep23F P/BV	230	2	354
E&P value for Mozambique gas assets			21
Target price			375

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
Total Net Revenues	2,845,719	2,301,626	3,010,931	2,873,645	2,763,645
Gross Profit	306,694	427,639	394,580	378,679	387,659
Operating EBITDA	93,018	200,888	186,276	164,681	165,763
Depreciation And Amortisation	(46,741)	(43,342)	(55,378)	(58,723)	(60,612)
Operating EBIT	46,277	157,546	130,898	105,958	105,151
Financial Income/(Expense)	(26,370)	(17,234)	(28,824)	(26,083)	(25,682)
Pretax Income/(Loss) from Assoc.	14,007	(3,255)	15,888	15,431	15,001
Non-Operating Income/(Expense)	2,602	87,263	17,189	15,575	16,052
Profit Before Tax (pre-EI)	36,516	224,320	135,151	110,881	110,523
Exceptional Items					
Pre-tax Profit	36,516	224,320	135,151	110,881	110,523
Taxation	142	(51,122)	(36,490)	(29,242)	(29,370)
Exceptional Income - post-tax					
Profit After Tax	36,658	173,198	98,661	81,639	81,153
Minority Interests	(6,104)	(11,549)	279	279	279
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	30,554	161,649	98,940	81,919	81,432
Recurring Net Profit	30,554	161,649	98,940	81,919	81,432
Fully Diluted Recurring Net Profit	30,554	161,649	98,940	81,919	81,432

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	93,018	200,888	186,276	164,681	165,763
Cash Flow from Invt. & Assoc.	2,602	87,263	17,189	15,575	16,052
Change In Working Capital	(1,090)	71,215	(25,800)	9,419	18,647
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(1,695)	(33,486)	(30,011)	(2,672)	(2,991)
Net Interest (Paid)/Received	(26,370)	(17,234)	(28,824)	(26,083)	(25,682)
Tax Paid	142	(51,122)	(36,490)	(29,242)	(29,370)
Cashflow From Operations	66,607	257,524	82,340	131,678	142,420
Capex	(197,000)	(75,644)	(190,026)	(132,408)	(136,156)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(31,211)	18,466	22,446	(8,050)	(6,000)
Other Investing Cashflow					
Cash Flow From Investing	(228,211)	(57,178)	(167,580)	(140,458)	(142,156)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares		52,273	4,989		
Shares Repurchased					
Dividends Paid	(57,423)	(42,323)	(162,356)	(38,880)	(38,453)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(57,423)	9,950	(157,368)	(38,880)	(38,453)
Total Cash Generated	(219,026)	210,296	(242,608)	(47,660)	(38,189)
Free Cashflow To Equity	(161,603)	200,346	(85,240)	(8,780)	264
Free Cashflow To Firm	(135,233)	217,580	(56,417)	17,303	25,945

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Cash And Equivalents	63,733	149,044	60,483	60,484	60,485
Total Debtors	53,780	78,348	97,369	93,542	91,137
Inventories	222,426	267,060	349,695	340,254	327,143
Total Other Current Assets	169,127	102,062	116,512	113,241	110,796
Total Current Assets	509,066	596,514	624,060	607,521	589,561
Fixed Assets	781,335	813,637	948,285	1,021,970	1,097,514
Total Investments	218,200	199,734	177,288	185,338	191,338
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	999,535	1,013,371	1,125,573	1,207,308	1,288,852
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	369,672	435,858	520,526	513,406	514,092
Other Current Liabilities					
Total Current Liabilities	369,672	435,858	520,526	513,406	514,092
Total Long-term Debt	654,755	545,318	684,911	713,692	732,981
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	654,755	545,318	684,911	713,692	732,981
Total Provisions	98,286	93,158	97,363	100,812	104,711
Total Liabilities	1,122,713	1,074,334	1,302,800	1,327,909	1,351,784
Shareholders Equity	365,325	535,551	440,930	479,737	518,313
Minority Interests	20,563		1,590	(4)	(1,916)
Total Equity	385,888	535,551	442,520	479,733	516,397

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	(4.6%)	(19.1%)	30.8%	(4.6%)	(3.8%)
Operating EBITDA Growth	(41.2%)	116.0%	(7.3%)	(11.6%)	0.7%
Operating EBITDA Margin	3.3%	8.7%	6.2%	5.7%	6.0%
Net Cash Per Share (Rs)	(300.49)	(200.70)	(292.30)	(305.77)	(314.80)
BVPS (Rs)	185.74	271.25	206.40	224.57	242.63
Gross Interest Cover	1.75	9.14	4.54	4.06	4.09
Effective Tax Rate		22.8%	27.0%	26.4%	26.6%
Net Dividend Payout Ratio	141.7%	106.4%	47.3%	51.4%	51.7%
Accounts Receivables Days	7.88	10.48	10.65	12.12	12.20
Inventory Days	32.47	47.67	43.02	50.47	51.26
Accounts Payables Days	55.73	78.45	66.71	75.63	78.92
ROIC (%)	4.0%	14.3%	9.9%	7.5%	7.1%
ROCE (%)	4.6%	14.1%	11.4%	8.8%	8.2%
Return On Average Assets	3.9%	11.9%	7.2%	5.7%	5.4%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CGET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **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** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **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** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – 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 2021 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 August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

Stock Ratings

Definition:

Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	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:

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.