

India

ADD (no change)

Consensus ratings*: Buy 34 Hold 2 Sell 0

Current price:	Rs147
Target price:	Rs200 ▲
Previous target:	Rs180
Up/downside:	36.1%
InCred Research / Consensus:	4.1%
Reuters:	GAIL.NS
Bloomberg:	GAIL IN
Market cap:	US\$8,743m
	Rs654,513m
Average daily turnover:	US\$26.0m
	Rs1943.7m
Current shares o/s:	4,440.4m
Free float:	48.2%

*Source: Bloomberg

Key changes in this note

- FY22F EPS increased by 25%
- FY23F EPS increased by 12%
- FY24F EPS increased by 5%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	12.1	(2.1)	13.0
Relative (%)	12.9	(0.5)	(3.4)

Major shareholders	% held
Govt of India	51.8
LIC	6.2
ONGC	4.9

Analyst(s)



Avadhoot SABNIS

T (91) 22 4161 1542

E avadhoot.sabnis@incredcapital.com

GAIL India

Record profits

- 3QFY22 standalone net profit was 18% above our expectations due to record gas trading income (Rs17.5bn vs our forecast of Rs12bn).
- Global oil and gas prices remain elevated and well above our estimates which, if sustained, could offer significant upside to our earnings estimates.
- We raise our TP to Rs200 (1.3x FY24F P/BV, 12.6% ROE in FY24F) on 5-25% EPS increase over FY22-24F and reiterate our Add rating.

Another record quarter for gas trading

Consolidated gas trading EBIT was Rs19.7bn in 3QFY22, up 91% qoq (to put that in context our earlier estimate for trading EBIT in FY24F was Rs19.3bn). While a rise in profits was expected given the state of the gas market, GAIL's ability to deliver on the promise was heartening. Gas transmission and trading volumes were marginally below expectations while the profits from LPG and petrochem were broadly in line. We have raised our estimates for gas trading profits over FY22-24F from Rs29.8bn/21.6bn/19.3bn to Rs46.8bn/Rs34.6bn/24.3bn respectively given our view that spot prices will remain elevated over a longer period. This change is driving our EPS increase of 5-25% over FY22-24F. Accordingly, we raise dividend assuming 45% payout on standalone profits.

Management commentary provided an update on operations

As expected, management could not provide adequate details on the record performance of the trading business, other than hinting the obvious i.e. that higher profits were due to some volumes being sold at record spot prices. In relation to the US LNG, surprisingly, less cargoes are being sold abroad (six in 3QFY22 vs eight in 2Q and 12 in 1Q), indicating higher demand potential within India. Out of five new fertilizer units, two are already operational (currently taking the total to 3.2mmscmd) while the balance three have been delayed to Dec 2022 and could provide additional demand of 5.7mmscmd. We note that in the current context of high global spot gas prices, any delay in demand from long-term customers is a positive. Capex has been maintained at Rs75bn for FY22F and for FY23F.

Maintain Add, raise TP to Rs200

Given the underlying macro environment on global oil/gas prices, we believe there is significant upside for GAIL's trading business (as evidenced by now record profits in 2Q/3QFY22). However, estimating exact profits would be difficult given the volatility in underlying commodity prices and, given the nature of the business, management is unlikely to provide any guidance. However, we believe the tightness in the global gas market (resulting in higher trading profits) will not materially change over the next four quarters and will eventually settle at higher-than-historical levels (i.e. prevalent in pre-Covid years). Hence, a rerating of the stock may be gradual as GAIL would need to demonstrate the level and sustainability of its gas trading margins. We believe the stock price does not reflect the structural change in global gas markets and reiterate our Add rating (TP Rs200).

Financial Summary

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	725,084	573,719	990,347	1,033,121	987,978
Operating EBITDA (Rsm)	90,250	72,438	142,585	119,756	110,916
Net Profit (Rsm)	94,220	61,364	111,362	88,659	82,176
Core EPS (Rs)	20.9	13.6	25.1	20.0	18.5
Core EPS Growth	43.9%	(34.8%)	84.1%	(20.4%)	(7.3%)
FD Core P/E (x)	7.06	10.82	5.88	7.38	7.96
DPS (Rs)	6.4	5.0	10.0	8.0	7.5
Dividend Yield	5.21%	3.39%	6.78%	5.43%	5.09%
EV/EBITDA (x)	6.91	8.18	3.91	5.05	5.55
P/FCFE (x)	43.71	23.62	19.51	29.11	25.52
Net Gearing	11.5%	10.1%	6.1%	14.2%	16.2%
P/BV (x)	1.35	1.25	1.11	1.03	0.98
ROE	19.8%	12.0%	19.8%	14.5%	12.6%
% Change In Core EPS Estimates			24.66%	12.32%	4.77%
InCred Research/Consensus EPS (x)			1.14	1.00	0.88

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 3 FEB 2022

Record profits

GAIL's consolidated earnings include contributions from subsidiaries (mainly GAIL Gas and Konkan LNG). There is also a large contribution from a host of JVs and associates (mainly city gas and petchem companies). The difference between standalone and consolidated gas trading EBIT mainly reflects the contribution from Konkan LNG which runs the Dabhol LNG terminal.

Figure 1: GAIL's consolidated quarterly results

Rs m	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	yoy	qoq
Net sales	1,37,963	1,56,636	1,57,379	1,75,715	2,17,581	2,61,451	66.9%	20.2%
EBITDA	14,231	22,445	28,824	26,395	36,216	46,268	106.1%	27.8%
Interest	-317	-374	-577	-524	-465	-466	24.5%	0.3%
Depreciation	-5,459	-5,609	-5,459	-5,900	-6,039	-6,076	8.3%	0.6%
Other income	2,949	2,192	4,475	1,138	2,743	4,214	92.2%	53.6%
Share of Joint ventures	2,915	4,804	4,925	4,294	4,824	4,257	-11.4%	-11.7%
Profit before tax	14,320	23,459	32,189	25,403	37,280	48,198	105.5%	29.3%
Tax	-3,638	-4,488	-6,376	-3,831	-8,554	-10,197	127.2%	19.2%
Minority interest	436	-134	-480	-194	107	-193	43.8%	-280.8%
Net profit	11,118	18,836	25,333	21,378	28,833	37,808	100.7%	31.1%
EPS (Rs)	2.5	4.2	5.6	4.8	6.5	8.5	103.9%	31.1%
Segment EBIT								
Natural gas transmission	10,212	9,907	9,495	9,149	10,400	9,775	-1.3%	-6.0%
LPG Transportation	882	931	885	867	821	810	-13.1%	-1.4%
Natural gas trading	-3,346	-1,579	6,712	4,498	10,292	19,655		91.0%
Petrochemicals	1,763	4,341	6,089	1,383	3,633	3,646	-16.0%	0.4%
LPG and Liquid Hydrocarbons	2,802	2,827	4,744	6,341	6,823	8,550	202.4%	25.3%
City gas	728	905	898	785	1,245	1,305	44.2%	4.8%
Others	965	1,030	579	739	941	1,162	12.8%	23.4%
Total	14,006	18,361	29,401	23,763	34,156	44,902	144.5%	31.5%
Segment capital employed								
Natural gas transmission	3,45,342	3,47,434	3,56,300	3,79,874	4,02,774	4,07,260	17.2%	1.1%
LPG Transportation	9,488	9,563	9,581	9,501	9,481	9,446	-1.2%	-0.4%
Natural gas trading	0	0	0	0	0	0		
Petrochemicals	90,852	91,198	91,094	91,459	92,100	90,012	-1.3%	-2.3%
LPG and Liquid Hydrocarbons	6,601	7,195	7,531	6,722	7,565	12,473	73.4%	64.9%
City gas	29,112	32,102	34,380	35,530	37,649	41,351	28.8%	9.8%
Others	14,067	13,968	14,323	14,806	15,166	16,149	15.6%	6.5%
Unallocated	14,550	35,199	19,591	24,776	37,237	46,500	32.1%	24.9%
Total	5,10,012	5,36,659	5,32,798	5,62,668	6,01,972	6,23,192	16.1%	3.5%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Standalone EBITDA was 7% above estimates mainly due to record earnings from gas trading (Rs17.5bn vs our forecast of Rs12bn). Despite a 60% jump in regulated gas price from 1 Oct 2021, LPG segment EBIT improved 25% qoq as global LPG prices also touched record levels during the quarter.

Figure 2: GAIL's standalone quarterly results

Rs m	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	yoy	qoq
EBITDA	13,381	19,195	25,648	24,113	34,751	42,281	120.3%	21.7%
Interest	-274	-331	-459	-466	-424	-394	18.9%	-7.1%
Depreciation	-4,843	-4,895	-4,758	-5,086	-5,244	-5,322	8.7%	1.5%
Other income	7,239	4,708	5,684	1,976	7,740	6,518	38.4%	-15.8%
Exceptional items	0	0	0	0	0	0		
Profit before tax	15,503	18,677	26,116	20,537	36,823	43,084	130.7%	17.0%
Tax	-3,107	-3,804	-7,039	-5,238	-8,194	-10,204	168.3%	24.5%
Net profit	12,397	14,873	19,077	15,299	28,630	32,880	121.1%	14.8%
Tax rate	20.0%	20.4%	27.0%	25.5%	22.3%	23.7%		
EPS (Rs)	2.75	3.30	4.23	3.45	6.45	7.40	124.5%	14.8%
Segment EBIT								
Natural gas transmission	10,212	9,907	9,495	9,149	10,400	9,775	-1.3%	-6.0%
LPG Transportation	882	931	885	867	821	810	-13.1%	-1.4%
Natural gas trading	-3,640	-737	2,809	3,776	10,789	17,497		62.2%
Petrochemicals	1,763	4,341	6,089	1,383	3,633	3,646	-16.0%	0.4%
LPG and Liquid Hydrocarbons	2,802	2,827	4,744	6,341	6,823	8,550	202.4%	25.3%
Others	913	1,017	621	686	975	1,253	23.2%	28.5%
Total	12,932	18,286	24,642	22,203	33,442	41,531	127.1%	24.2%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Gas transmission and marketing volumes have yet to move up materially as new fertiliser plants are yet to be commissioned. Volumes for LPG and petchem have been in line and their higher prices in 3QFY22 have compensated for the increase in gas input costs.

GAIL's EBITDA will rebound sharply over FY22-24F mainly due to better gas trading margins and higher volumes in gas transmission and petchem. With new pipeline projects coming on stream, we also expect interest and depreciation costs to rise sharply.

We have primarily raised our estimates for gas trading profits in FY22F/23F/24F from Rs29.8bn/21.6bn/19.3bn to Rs46.8bn/Rs34.6bn/24.3bn respectively given our view that spot prices will remain elevated over a longer period. This change is primarily driving our EPS increase of 5-25% over FY22-24F.

Figure 3: GAIL's quarterly operational trends

	2QFY21	3QFY21	4QFY21	1QFY22	3QFY22	yoy %	qoq %
Natural gas sales (mmscmd)	95.6	91.4	96.0	97.7	96.6	1.0%	-1.2%
Natural gas transmission (mmscmd)	110.3	109.8	107.7	114.3	114.3	3.6%	0.0%
LPG Transportation (kt)	1088	1054	1023	1054	1057	-2.8%	0.3%
Petrochemicals production (kt)	233	224	133	216	234	0.4%	8.3%
Petrochemicals sales (kt)	231	234	138	221	217	-6.1%	-1.8%
Petchem pricing (Rs/t)	83,117	93,974	97,754	1,02,534	1,09,770	32.1%	7.1%
LPG and Liquid Hydrocarbons (kt)	319	257	250	262	275	-13.8%	5.0%
LPG and Liquid Hydrocarbons pricing (Rst/)	27,519	33,660	40,602	42,416	55,738	102.5%	31.4%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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

YE Mar	2020	2021	2022F	2023F	2024F
EBITDA	83,694	64,450	1,34,598	1,11,769	1,02,928
Depreciation	-18,360	-19,079	-21,010	-22,675	-23,062
Interest	-1,085	-1,559	-2,097	-3,317	-3,042
Other income	15,184	20,045	20,255	15,618	15,903
Pre-tax profit	79,433	63,858	1,31,745	1,01,394	92,728
Tax	-13,227	-14,956	-33,200	-25,551	-23,367
Net profit	66,206	48,902	98,546	75,843	69,360
EPS (Rs)	14.7	10.9	22.2	17.1	15.6
Book value per share (Rs)	97.5	103.5	118.2	127.0	135.1
ROE	15.0%	10.8%	19.9%	13.9%	11.9%
Net debt equity	11%	10%	6%	16%	18%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 5: Our assumptions for GAIL

Year ending Mar	2020	2021	2022F	2023F	2024F
Brent crude price (US\$/bbl)	61.0	44.9	77.0	65.0	60.0
Rupee US dollar average	70.9	74.2	75.0	75.0	75.0
<u>Gas transmission volumes (mmscmd)</u>					
HVJ/DVPL -old	28.3	28.3	28.3	28.3	28.3
HVJ/DVPL -new	40.7	40.4	45.0	51.0	60.0
Jagdishpur Haldia	0.0	0.1	1.0	8.0	9.0
Dahej-Uran	16.2	15.4	16.0	16.0	16.0
Dabhol-Bangalore	0.9	1.6	1.6	1.6	1.6
Kochi-Mangalore	3.0	3.3	4.7	6.0	6.8
Other pipelines	19.2	15.1	16.8	16.8	16.8
Total	108.4	104.1	112.4	119.7	129.5
<u>Transmission tariffs (Rs/mcm)</u>					
HVJ/DVPL-old network	1,612	1,612	1,612	1,612	1,612
HVJ/DVPL new	1,612	1,612	1,612	1,612	1,612
Jagdishpur Haldia	2,488	2,488	2,488	2,488	2,488
Dahej-Uran	1,481	1,481	1,481	1,481	1,481
Dabhol-Bangalore	1,676	1,676	1,676	1,676	1,676
Kochi-Mangalore	1,088	1,088	1,088	1,088	1,088
Cost of internal gas consumption (US\$/mmbtu)	8.62	7.03	9.06	9.83	9.06
Gas trading profits (Rs bn)	22.64	-7.13	46.78	34.56	24.33
LPG & liquid hydrocarbon sales (000 tonnes)	1,266	1,137	1,043	1,043	1,043
LPG realisation (Rs/t)	35,832	31,834	49,520	47,858	43,704
Polyethylene sales (t)	7,38,034	8,71,256	8,22,640	8,22,640	8,22,640
Polyethylene prices (Rs/t)	69,498	78,155	94,749	83,844	80,210

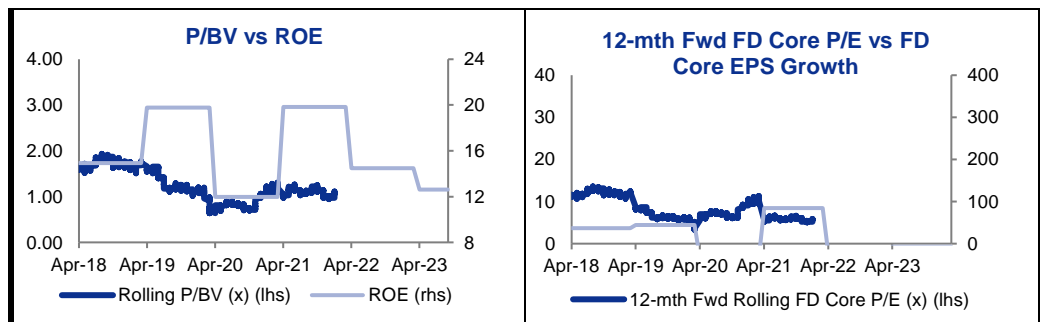
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

GAIL's valuations reached trough levels in 2020 as the sharp fall in global oil and gas prices exposed its trading business to heavy losses. However, the subsequent rally in global oil/gas prices resulted in a sharp rebound in valuations. Despite the large upward move in global oil and gas prices in recent months, GAIL's valuations have not kept pace. We believe the re-rating of the stock will be gradual as the market realises that while GAIL's trading profits could fall from recent new highs, they will remain structurally higher compared to its previous history.

Figure 6: GAIL's P/BV (x) chart



SOURCES: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Net Revenues	725,084	573,719	990,347	1,033,121	987,978
Gross Profit	131,105	118,857	180,952	159,986	153,113
Operating EBITDA	90,250	72,438	142,585	119,756	110,916
Depreciation And Amortisation	(20,802)	(21,738)	(23,670)	(25,334)	(25,721)
Operating EBIT	69,448	50,700	118,915	94,421	85,194
Financial Income/(Expense)	(3,089)	(1,793)	(2,331)	(3,551)	(3,276)
Pretax Income/(Loss) from Assoc.	22,466	17,146	17,500	17,500	17,500
Non-Operating Income/(Expense)	15,464	11,202	11,412	6,775	7,060
Profit Before Tax (pre-EI)	104,289	77,255	145,496	115,145	106,479
Exceptional Items					
Pre-tax Profit	104,289	77,255	145,496	115,145	106,479
Taxation	(9,143)	(15,826)	(34,070)	(26,421)	(24,237)
Exceptional Income - post-tax					
Profit After Tax	95,146	61,429	111,427	88,724	82,241
Minority Interests	(926)	(65)	(65)	(65)	(65)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	94,220	61,364	111,362	88,659	82,176
Recurring Net Profit	94,220	61,364	111,362	88,659	82,176
Fully Diluted Recurring Net Profit	94,220	61,364	111,362	88,659	82,176

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	90,250	72,438	142,585	119,756	110,916
Cash Flow from Invt. & Assoc.	15,464	11,202	11,412	6,775	7,060
Change In Working Capital	9,928	41,343	4,411	(349)	(673)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(24,707)	493	484	423	406
Other Operating Cashflow	3,458	(46,096)	(28,261)	(28,260)	(28,260)
Net Interest (Paid)/Received	(3,089)	(1,793)	(2,331)	(3,551)	(3,276)
Tax Paid	(9,143)	(15,826)	(34,070)	(26,421)	(24,237)
Cashflow From Operations	82,161	61,761	94,230	68,373	61,936
Capex	(106,501)	(70,210)	(61,470)	(110,796)	(72,550)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments	(7,328)	26,963	7,500	7,500	7,500
Other Investing Cashflow					
Cash Flow From Investing	(113,829)	(43,247)	(53,970)	(103,296)	(65,050)
Debt Raised/(repaid)	46,878	9,611	(6,464)	57,409	28,764
Proceeds From Issue Of Shares					
Shares Repurchased		(10,463)			
Dividends Paid	(39,425)	(22,376)	(39,963)	(36,411)	(33,525)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	7,453	(23,228)	(46,427)	20,998	(4,760)
Total Cash Generated	(24,216)	(4,715)	(6,167)	(13,926)	(7,875)
Free Cashflow To Equity	15,210	28,124	33,797	22,486	25,650
Free Cashflow To Firm	(28,579)	20,306	42,592	(31,372)	162

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	12,502	24,932	36,266	39,840	49,466
Total Debtors	58,483	45,950	73,646	76,737	73,373
Inventories	31,830	29,897	33,832	36,458	37,267
Total Other Current Assets	47,805	36,286	36,286	36,286	36,286
Total Current Assets	150,620	137,065	180,030	189,321	196,391
Fixed Assets	499,592	550,892	590,695	678,159	726,991
Total Investments	98,930	125,892	133,392	140,892	148,392
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	598,522	676,784	724,087	819,051	875,383
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	132,946	147,583	183,625	188,993	185,765
Other Current Liabilities					
Total Current Liabilities	132,946	147,583	183,625	188,993	185,765
Total Long-term Debt	69,115	78,726	72,262	129,671	158,435
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	69,115	78,726	72,262	129,671	158,435
Total Provisions	53,529	54,742	55,226	55,650	56,056
Total Liabilities	255,589	281,051	311,113	374,313	400,256
Shareholders Equity	492,683	531,823	592,029	633,085	670,543
Minority Interests	870	975	975	975	975
Total Equity	493,553	532,798	593,004	634,059	671,518

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	(4.8%)	(20.9%)	72.6%	4.3%	(4.4%)
Operating EBITDA Growth	(6.6%)	(19.7%)	96.8%	(16.0%)	(7.4%)
Operating EBITDA Margin	12.4%	12.6%	14.4%	11.6%	11.2%
Net Cash Per Share (Rs)	(12.55)	(11.94)	(8.11)	(20.23)	(24.54)
BVPS (Rs)	109.24	118.06	133.33	142.57	151.01
Gross Interest Cover	22.48	28.28	51.01	26.59	26.01
Effective Tax Rate	8.8%	20.5%	23.4%	22.9%	22.8%
Net Dividend Payout Ratio	36.8%	36.7%	39.9%	40.1%	40.5%
Accounts Receivables Days	28.25	33.22	22.04	26.57	27.73
Inventory Days	17.47	24.77	14.37	14.69	16.12
Accounts Payables Days	78.23	112.55	74.68	77.88	81.92
ROIC (%)	10.3%	7.4%	16.1%	11.1%	9.3%
ROCE (%)	14.8%	9.9%	19.2%	13.4%	11.0%
Return On Average Assets	13.6%	8.0%	13.2%	9.6%	8.1%

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.