

India

ADD (no change)

Consensus ratings*: Buy 14 Hold 3 Sell 3

Current price:	Rs166
Target price:	Rs200
Previous target:	Rs200
Up/downside:	20.5%
InCred Research / Consensus:	12.6%
Reuters:	OILI.NS
Bloomberg:	OINL.IN
Market cap:	US\$2,430m Rs180,391m
Average daily turnover:	US\$3.1m Rs231.6m
Current shares o/s:	1,084.4m
Free float:	43.3%

*Source: Bloomberg

Key changes in this note

➤ No change



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(1.6)	27.9	75.1
Relative (%)	(5.7)	12.4	19.6

Major shareholders	% held
Government of India	56.7
LIC	12.1
Indian Oil	4.9



Analyst(s)



Avadhoot SABNIS

T (91) 22 4161 1542

E avadhoot.sabis@incredcapital.com

Oil India

NRL addition boosts consolidated profits

- 1QFY22 standalone revenues and operating EBITDA were exactly in line with our estimates.
- Consolidated EPS was double of standalone due to the contribution from the recent significant increase in its stake in Numaligarh Refinery (NRL).
- Maintain Add rating and SOP-based target price of Rs200. A sharp drop in oil price is the main risk to rating.

Consolidated earnings reflect impact of NRL acquisition

OIL standalone reported net profit of Rs5.1bn in 1QFY22 compared to our estimate of Rs4.4bn. Revenues (Rs30.1bn) and EBITDAX (Rs13.68bn) were exactly in line with our estimates. EBITDA was higher than estimated as exploration expenses (a highly volatile item) was Rs1.35bn vs our estimate of Rs3bn. OIL bought a 54.16% stake in NRL on 26 Mar 2021 increasing its total stake from 26% to 80.16%. Consequent to the pre-agreed stake sale to the Assam government, OIL's stake will ultimately drop to 69.63% (77.06% as on 30 Jun 2021). NRL is very profitable and declared a net profit of Rs7bn in 1Q. Consequently, OIL's consolidated EPS at Rs9.7 is twice its standalone EPS of Rs4.7.

Management commentary provided update on operations

OIL has kept FY22 capex unchanged at Rs41bn (actual capex was Rs10bn in 1Q). Around 60% of OIL crude is sold to NRL at contracted prices. NRL is currently executing its refinery expansion project (from 3mt to 9mt) and the capex has been revised from Rs220bn to Rs280bn to make the refinery more ready to move into petrochemicals (as and when NRL decides to grow in that segment). All issues relating to the Bhagjan well blowout (in FY21) have now been resolved and that field is now back to normal production. OIL has an aggressive plan to grow its domestic gas production by 5mmscmd by FY24. All this additional gas will be sold at the current regulated gas price. OIL also hopes to raise its domestic oil production though it gave no firm guidance on that. Given OIL's poor historical track record, we have assumed no growth in domestic oil or gas production. OIL's standalone debt was around Rs140bn as at Jun 2021 and would have risen by over Rs50bn to fund the NRL acquisition.

Compelling valuation post acquisition

OIL's stock price recovered from the lows of 2020 (following the collapse in global oil/gas prices) on account of a jump in global oil prices, but the stock remains undervalued, in our view. Our Brent crude price assumption is conservative and we note the rebound in domestic gas price will be sharper due to the lag impact of the recent rise in global gas prices. Further, we believe that the positive impact of NRL consolidation is not yet fully factored in.

Financial Summary

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	206,399	224,976	274,030	273,504	255,225
Operating EBITDA (Rsm)	57,114	58,071	88,171	97,167	89,452
Net Profit (Rsm)	47,011	35,278	46,287	51,181	44,672
Core EPS (Rs)	43.4	32.5	42.7	47.2	41.2
Core EPS Growth	51.5%	(25.0%)	31.2%	10.6%	(12.7%)
FD Core P/E (x)	3.72	4.85	3.69	3.34	3.83
DPS (Rs)	10.6	5.0	8.0	10.0	8.0
Dividend Yield	7.67%	3.01%	4.81%	6.01%	4.81%
EV/EBITDA (x)	0.81	2.05	1.28	1.64	2.57
P/FCFE (x)	(7.76)	(5.41)	5.97	31.24	(80.45)
Net Gearing	28.8%	63.0%	40.9%	47.0%	58.5%
P/BV (x)	0.87	0.80	0.67	0.59	0.54
ROE	18.9%	16.3%	18.7%	17.8%	13.9%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)			1.31	1.21	1.00

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 13 AUG 2021

NRL addition boosts consolidated profits

1QFY22 revenues and EBITDAX were in line. Exploration expenses (a very volatile item) at Rs1.35bn was well below our estimate of Rs3bn, resulting in higher-than-expected EBITDA and net profit. FY21 quarterly results have been impacted by costs relating to the blowout of the Bhagjan well, which has been reported as exceptional.

Figure 1: OIL standalone quarterly result trends (Rs m)

Quarter ended	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	yoy %	qoq %
Net sales	17,439	21,690	21,260	25,795	30,070	72.4%	16.6%
EBITDAX	5,542	8,366	7,562	7,922	13,681	146.9%	72.7%
Exploration expenses	3,570	993	8,500	3,675	1,350	-62.2%	-63.3%
EBITDA	1,972	7,373	-938	4,247	12,331	525.3%	190.3%
Interest	-1,278	-1,217	-1,223	-1,270	-2,221	73.8%	74.9%
DD&A	-3,585	-3,737	-3,879	-4,176	-3,975	10.9%	-4.8%
Other income	1,306	1,112	3,712	13,301	638	-51.1%	-95.2%
Exceptional	-934	-1,341	-1,514	-701	0	-100.0%	-100.0%
Profit before tax	-2,519	2,190	-3,842	11,402	6,774	-368.9%	-40.6%
Total Tax	33	200	12,879	-2,926	-1,694	0.0%	0.0%
Net profit	-2,486	2,390	9,037	8,476	5,079	-304.3%	-40.1%
Quarterly EPS (Rs)	-2.3	2.2	8.3	7.8	4.7	-304.3%	-40.1%
Crude sales volume (mmt)	0.733	0.724	0.723	0.703	0.722	-1.5%	2.7%
Gas sales volume (bcm)	0.576	0.553	0.586	0.555	0.608	5.6%	9.5%
INR/USD	75.87	74.38	73.76	72.89	73.77	-2.8%	1.2%
Crude price US\$/bbl	30.43	42.74	44.09	59.80	67.15	120.7%	12.3%
Gas price US\$/mmbtu	2.68	2.74	2.03	2.09	2.02	-24.7%	-3.4%
Lifting costs, US\$/boe	9.85	10.90	11.82	15.48	10.52	6.8%	-32.0%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

OIL has declared consolidated results including NRL from FY20. Consequently, prior year quarters have been restated. 1QFY22 consolidated EPS of Rs9.7 is double that of the standalone entity (Rs4.7) indicating the significant positive impact of NRL consolidation.

Figure 2: OIL consolidated quarterly result trends (Rs m)

Quarter ended	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	yoy %	qoq %
Net sales	41,946	54,681	63,300	65,049	62,052	47.9%	-4.6%
EBITDA	7,782	18,761	11,608	18,869	21,610	177.7%	14.5%
Interest	-1,679	-1,616	-1,617	-1,692	-2,601	54.9%	53.7%
DD&A	-4,268	-4,405	-4,586	-5,182	-4,721	10.6%	-8.9%
Other income	1,399	1,305	1,333	6,885	714	-48.9%	-89.6%
Exceptional	-934	-1,341	-1,514	-701	0	-100.0%	-100.0%
Profit share from Associates/JVs	2,957	547	-188	1,965	1,778	-39.9%	-9.5%
Profit before tax	5,257	13,250	5,036	20,143	16,781	219.2%	-16.7%
Total Tax	-1,481	-2,669	10,643	-8,719	-4,634	212.9%	-46.8%
Profit after tax	3,776	10,581	15,679	11,424	12,147	221.7%	6.3%
Minority interest	-917	-1,670	-1,675	-1,919	-1,601	74.6%	-16.6%
Net profit	2,859	8,911	14,004	9,505	10,545	268.8%	10.9%
Quarterly EPS (Rs)	2.64	8.22	12.91	8.76	9.72	268.8%	10.9%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

NRL remains highly profitable due to the tax benefits that it enjoys (applicable to all North-East India refiners). Given the high tax benefit its earnings are less driven by trends in underlying refining margins.

Figure 3: NRL consolidated quarterly earnings (Rs m)

Quarter ended	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	yoy %	qoq %
Net sales	21,627	32,765	39,665	42,699	37,990	75.7%	-11.0%
EBITDA	6,249	11,632	11,718	13,868	9,775	56.4%	-29.5%
Interest	-13	-13	-12	-54	-3	-80.5%	-95.4%
DD&A	-661	-654	-680	-1,478	-723	9.3%	-51.1%
Other income	97	195	245	393	85	-12.5%	-78.5%
Profit share from Associates/JVs	392	81	64	263	210	-46.5%	-20.3%
Profit before tax	6,063	11,240	11,334	12,992	9,344	54.1%	-28.1%
Total Tax	-1,439	-2,851	-2,863	-3,316	-2,349	63.2%	-29.1%
Net profit	4,624	8,390	8,471	9,676	6,994	51.3%	-27.7%
Crude thruput (mt)	0.63	0.64	0.72	0.72	0.64	2.4%	-10.7%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

We have assumed no growth in either domestic oil or gas production. Our Brent oil forecasts remain conservative.

Figure 4: OIL key assumptions

Year to 31 March	2019	2020	2021	2022F	2023F	2024F
Domestic oil production (mmt)	3.32	3.13	2.96	2.96	2.96	2.96
Domestic gas production (bcm)	2.87	2.80	2.64	2.60	2.50	2.50
Brent crude price (US\$/bbl)	70.20	61.00	44.85	60.00	55.00	50.00
Gas price including subsidy (US\$/mmbtu)	3.57	3.84	2.33	2.75	4.50	4.00
Rupee/US dollar average	69.92	70.90	74.23	75.00	75.00	75.00

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

FY20/21 consolidated financials have been restated assuming the stake in NRL at 80.16% (end-Mar 2021). Hence, FY20 EPS has been restated from Rs35.2 to Rs43.35. Our forecasts (FY22-24F) assume NRL consolidation based on a final stake of 69.63%. The contribution from joint ventures (other than NRL) reflect post-tax earnings from overseas operations.

Figure 5: OIL consolidated earnings (Rs bn)

Year ending March	2020	2021	2022F	2023F	2024F
Total sales	206.40	224.98	274.03	273.50	255.23
EBITDAX	69.17	75.07	100.08	106.23	98.48
Exploration expenses	12.06	17.00	11.91	9.06	9.03
EBITDA	57.11	58.07	88.17	97.17	89.45
Interest exp	-6.47	-6.61	-8.62	-7.64	-6.95
DD & A	-18.19	-18.85	-18.84	-19.74	-20.54
Other income	7.27	5.79	9.59	9.39	9.31
Associates/JVs	10.57	5.28	7.03	6.20	5.45
Profit before tax	50.30	43.69	77.33	85.39	76.71
Tax	-3.29	-8.41	-31.04	-34.21	-32.04
Net profit	47.01	35.28	46.29	51.18	44.67
EPS (Rs)	43.35	32.53	42.68	47.20	41.19
DPS (Rs)	10.60	5.00	8.00	10.00	8.00

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

After a sharp drop in FY21, we expect OIL's standalone PBT to rise sharply in FY22-24F on the back of improvements in oil and gas prices. FY21 EPS has been boosted by the large write back of tax, consequent to the settlement of old disputes.

Figure 6: OIL standalone earnings (Rs bn)

Year ending March	2020	2021	2022F	2023F	2024F
Total sales	121.29	86.18	111.97	113.12	103.25
EBITDAX	51.03	31.60	48.75	52.16	44.96
Exploration expenses	12.06	17.00	11.91	9.06	9.03
EBITDA	38.98	14.61	36.84	43.10	35.93
Interest exp	-4.99	-4.99	-7.15	-6.17	-5.49
DD & A	-15.70	-15.38	-15.91	-16.60	-17.20
Other income	2.91	12.99	13.87	14.29	14.20
Profit before tax	21.20	7.23	27.65	34.62	27.44
Tax	4.64	10.19	-6.97	-8.72	-6.92
Net profit	25.84	17.42	20.68	25.89	20.53
EPS (Rs)	23.8	16.1	19.1	23.9	18.9
Book value per share (Rs)	225	240	251	266	276
ROE	10%	7%	8%	9%	7%
Net debt equity	14%	46%	34%	29%	26%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

NRL's earnings nearly doubled in FY21 due to an increase in its tax benefit (captured in its gross refining margin [GRM]). Given the enhanced profitability, OIL has acquired an additional stake at just 3.1x FY22F EV/EBITDA and 4.3x FY22F P/E. Consequently, the acquisition would be highly EPS accretive for OIL, though it will raise gearing due to NRL's ongoing expansion plans. We have assumed NRL's dividend payout at around 30% over FY22-24F.

Figure 7: NRL earnings (Rs bn)

Year ending March	2020	2021	2022F	2023F	2024F
Total sales	120.45	136.76	162.06	160.38	151.98
EBITDA	18.14	43.47	51.33	54.06	53.52
Interest exp	-0.02	-0.09	-0.02	-0.02	-0.02
DD & A	-2.49	-3.47	-2.92	-3.13	-3.34
Other income	3.24	1.41	1.86	2.28	2.28
Profit before tax	18.87	41.31	50.24	53.18	52.43
Tax	-3.53	-10.47	-12.66	-13.40	-13.21
Net profit	15.33	30.84	37.58	39.78	39.22
EPS (Rs)	20.8	41.9	51.1	54.1	53.3
Book value per share (Rs)	73.3	76.2	115.3	155.4	194.7
ROE	28%	56%	53%	40%	30%
Net debt equity	-6%	-4%	-4%	38%	78%
Refinery throughput (mmt)	2.4	2.7	2.8	2.9	2.9
GRM (US\$/bbl)	23.6	37.4	39.4	40.0	40.0

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Sensitivity to oil/gas prices has reduced due to the large contribution from NRL's earnings.

Figure 8: OIL sensitivity analysis

Year to 31 March	2022F	2023F	2024F
EPS (Rs) under existing assumptions	42.7	47.2	41.2
<u>EPS sensitivity assuming:</u>			
\$1/bbl change in oil price	1.7%	1.5%	1.7%
\$0.50/mmbtu change in gas price	4.1%	3.5%	4.0%
Rs1 change in INR/USD exchange rate	1.3%	1.2%	1.2%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

We have valued domestic reserves based on DCF and the NRL stake at the recent transaction value.

Figure 9: OIL SOP valuation

	Rsm	Rs/share	Value (US\$/boe)
DCF value of domestic proved reserves	1,52,101	140	5.5
Net cash	-1,49,467	-138	
NRL stake at transaction value	1,11,160	103	
IOC stake at discount to market value	38,994	35	
Mozambique valuation	22,500	21	
Russian assets at cost	42,000	39	
Total	2,17,288	200	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

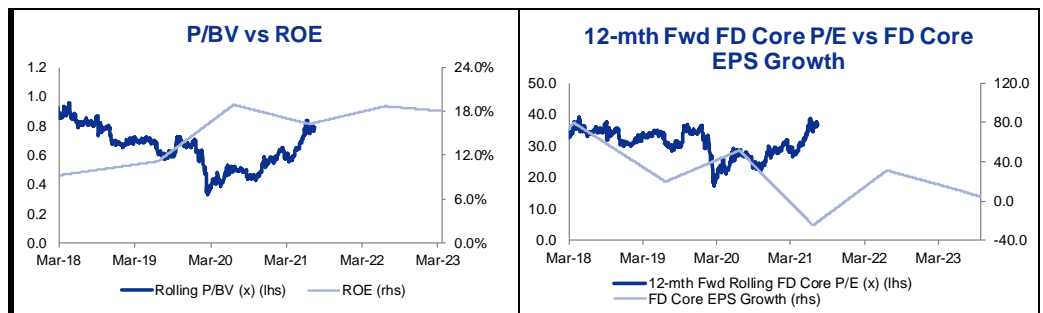
On 26 Mar 2021, BPCL sold its 61.65% stake in NRL to OIL, Engineers India (EIL) and the Assam Government (GOA) for Rs98.76bn. GOA intends to raise its stake in NRL to 26% and, hence, will buy an additional 10.53% stake from OIL in FY22 at the same valuation (3.1% bought in 1Q). GOA implemented the first phase (3.1% stake) on 1 Jun 2021. Post all transactions, OIL's ultimate stake in NRL will be 69.63%

Figure 10: Chronology of NRL transaction

<u>NRL shareholding pre transaction</u>	Shares	% stake	value Rsm
BPCL	453.55	61.65%	
OIL	191.28	26.00%	
Assam govt	90.86	12.35%	
<u>NRL transaction on 25 Mar 21</u>			
Sale by BPCL	453.55	61.65%	98760
Bought by OIL	398.44	54.16%	86760
Bought by EIL	32.15	4.37%	7000
Bought by Assam govt	22.96	3.12%	5000
<u>Second stage transaction in FY22</u>			
Purchase by Assam govt/sale by OIL	77.46	10.53%	16866
<u>Final shareholding</u>			
OIL	512.26	69.63%	
Assam govt	191.28	26.00%	
EIL	32.15	4.37%	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Net Revenues	206,399	224,976	274,030	273,504	255,225
Gross Profit	69,173	75,069	100,078	106,226	98,484
Operating EBITDA	57,114	58,071	88,171	97,167	89,452
Depreciation And Amortisation	(18,186)	(18,851)	(18,836)	(19,736)	(20,545)
Operating EBIT	38,928	39,220	69,334	77,431	68,907
Financial Income/(Expense)	(6,467)	(6,605)	(8,618)	(7,637)	(6,950)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	7,273	5,788	9,587	9,394	9,306
Profit Before Tax (pre-EI)	39,735	38,403	70,303	79,188	71,263
Exceptional Items					
Pre-tax Profit	39,735	38,403	70,303	79,188	71,263
Taxation	(248)	(2,289)	(19,629)	(22,125)	(20,128)
Exceptional Income - post-tax					
Profit After Tax	39,487	36,114	50,675	57,063	51,135
Minority Interests	(3,042)	(6,118)	(11,414)	(12,082)	(11,911)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	10,566	5,282	7,026	6,200	5,448
Net Profit	47,011	35,278	46,287	51,181	44,672
Recurring Net Profit	47,011	35,278	46,287	51,181	44,672
Fully Diluted Recurring Net Profit	47,011	35,278	46,287	51,181	44,672

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	57,114	58,071	88,171	97,167	89,452
Cash Flow from Invt. & Assoc.	7,273	5,788	9,587	9,394	9,306
Change In Working Capital	89,739	(83,053)	(4,021)	(6,304)	(2,999)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(6,523)	(145)	156	176	160
Other Operating Cashflow	(92,357)	(7,833)	20,014	4,193	4,776
Net Interest (Paid)/Received	(6,467)	(6,605)	(8,618)	(7,637)	(6,950)
Tax Paid	(4,427)	(428)	(19,473)	(21,950)	(19,969)
Cashflow From Operations	44,353	(34,205)	85,815	75,039	73,777
Capex	(82,463)	(36,807)	(55,590)	(100,770)	(123,360)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	41,000	(14,133)	7,489	(900)	(1,200)
Other Investing Cashflow					
Cash Flow From Investing	(41,463)	(50,940)	(48,101)	(101,670)	(124,560)
Debt Raised/(repaid)	(26,650)	51,803	(7,507)	32,406	48,541
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(14,131)	(5,530)	(8,567)	(10,410)	(9,109)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(40,780)	46,272	(16,073)	21,996	39,432
Total Cash Generated	(37,890)	(38,873)	21,641	(4,635)	(11,351)
Free Cashflow To Equity	(23,760)	(33,343)	30,208	5,775	(2,242)
Free Cashflow To Firm	9,356	(78,540)	46,333	(18,994)	(43,834)

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	61,662	26,823	48,028	41,395	27,453
Total Debtors	17,825	19,827	23,836	23,899	22,512
Inventories	30,628	28,588	32,388	32,268	31,667
Total Other Current Assets	39,131	41,322	42,338	45,388	49,454
Total Current Assets	149,246	116,560	146,590	142,951	131,086
Fixed Assets	176,611	184,650	217,296	294,271	393,054
Total Investments	207,767	221,901	214,412	215,312	216,512
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	384,378	406,551	431,708	509,583	609,566
Short-term Debt	751	50,018	25,013	12,013	13
Current Portion of Long-Term Debt					
Total Creditors	147,815	66,915	71,719	68,409	67,488
Other Current Liabilities					
Total Current Liabilities	148,566	116,933	96,733	80,422	67,501
Total Long-term Debt	123,736	126,273	143,770	189,176	249,717
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	123,736	126,273	143,770	189,176	249,717
Total Provisions	42,839	42,694	42,850	43,025	43,185
Total Liabilities	315,141	285,899	283,352	312,623	360,404
Shareholders Equity	207,787	226,090	269,185	305,196	336,750
Minority Interests	10,696	11,123	25,762	34,716	43,499
Total Equity	218,483	237,213	294,947	339,912	380,250

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	49.8%	9.0%	21.8%	(0.2%)	(6.7%)
Operating EBITDA Growth	2.2%	1.7%	51.8%	10.2%	(7.9%)
Operating EBITDA Margin	27.7%	25.8%	32.2%	35.5%	35.0%
Net Cash Per Share (Rs)	(57.94)	(137.83)	(111.36)	(147.36)	(204.98)
BVPS (Rs)	191.61	208.49	248.23	281.44	310.54
Gross Interest Cover	6.02	5.94	8.05	10.14	9.92
Effective Tax Rate	0.6%	6.0%	27.9%	27.9%	28.2%
Net Dividend Payout Ratio	29.4%	15.4%	18.7%	21.2%	19.4%
Accounts Receivables Days	27.41	30.54	29.08	31.85	33.19
Inventory Days	56.96	72.09	63.97	70.54	74.44
Accounts Payables Days	226.82	261.42	145.45	152.88	158.23
ROIC (%)	25.0%	14.1%	21.2%	17.7%	12.0%
ROCE (%)	10.9%	11.0%	16.8%	16.3%	12.7%
Return On Average Assets	10.4%	8.8%	11.6%	11.2%	8.9%

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 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:

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.