

India

ADD (no change)

Consensus ratings*:	Buy 14 Hold 5 Sell 2
Current price:	Rs217
Target price:	Rs255
Previous target:	Rs265
Up/downside:	17.5%
InCred Research / Consensus:	10.2%
Reuters:	OILI.NS
Bloomberg:	OINL IN
Market cap:	US\$3,153m Rs234,936m
Average daily turnover:	US\$4.9m Rs366.2m
Current shares o/s:	1,084.4m
Free float:	43.3%

*Source: Bloomberg

Key changes in this note

- FY22F EPS decreased by 4%
- FY23F EPS decreased by 13.2%
- FY24F EPS decreased by 14.7%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(9.5)	32.5	139.4
Relative (%)	(9.0)	21.3	73.2

Major shareholders	% held
Government of India	56.7
LIC	11.9
Indian Oil	4.9

Analyst(s)



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Oil India

Excise cut to hit NRL

- OIL's 2QFY22 operational earnings were better than we estimated, though net profit was hit by higher exploration expenses (which are highly volatile).
- The recent cut in diesel and gasoline excise will likely impact NRL's tax benefits and we cut our NRL GRM estimates, impacting OIL's consolidated EPS.
- We maintain our Add rating and lower our SOP-based target price to Rs255 from Rs265. A sharp drop in oil price is the main risk to our rating.

Lower profits due to higher exploration expenses

OIL reported 2QFY22 standalone net profit of Rs5bn (up 111% yoy) vs. our estimate of Rs6bn due to higher exploration expenses (which were Rs6.8bn vs. our estimate of Rs2bn). Operational profit (EBITDAX) at Rs15.9bn was better than we estimated (Rs14.5bn) due to slightly better revenues and lower lifting costs. Oil/gas volumes were in line. OIL declared an interim dividend of Rs3.5/sh. 2Q consolidated EPS of Rs10.6 was more than double that of the standalone (Rs4.7) due to the high profit contribution from the refining subsidiary Numaligarh Refinery (NRL).

Management commentary provided update on operations

OIL's standalone capex (including equity contributions to JVs) would be Rs41bn in FY22F and Rs42bn in FY23F. NRL's 6mt capex expansion would cost Rs280bn, which would be funded on a 70:30 debt/equity ratio and OIL may need to infuse additional equity of Rs30bn in FY24/25F. The higher exploration expense in 2QFY22 was on account of a single high-cost well of Rs4.5bn in the KG basin block (most of such high-cost wells have now been fully expensed). OIL expects crude production at 3m-3.1mt in FY22F rising to 3.2mt (best case) in FY23F with a significant jump expected after that. It estimates gas production at close to 3bcm in FY22F rising to 3.2-3.25bcm by FY24 (our estimates are significantly below management guidance).

Excise duty cut will lower NRL earnings

NRL enjoys high gross refining margin (GRM) due to a tax benefit linked to the excise duty on oil products. Effective from 4 Nov 2021, the Indian government (GOI) cut the excise duty on diesel by Rs10/l to Rs21.8/ and on gasoline by Rs5/l to Rs27.9/l. This will reduce NRL's tax benefit and, hence, we cut our NRL GRM estimates over FY22-24F which will lower our OIL consolidated EPS by 4-15%. In line with the historical trend, we believe that GOI will raise the excise duty back again if global oil prices weaken.

Our oil/gas price assumptions are conservative

Our EPS estimates are based on Brent crude oil forecasts of US\$70/65/60 per barrel over FY22-24F and domestic gas price of US\$5.5/5 per mmbtu over FY23-24F. We believe these assumptions are conservative. Our FY23F EPS forecast will rise by 1.5% for every US\$1/bbl increase in Brent and by 4.1% for every US\$0.50/mmbtu increase in gas price. The strong dividend yield (6% fir FY23F) is a key re-rating catalyst, in our view.

Financial Summary	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	186,125	176,295	304,288	300,484	280,138
Operating EBITDA (Rsm)	54,339	57,533	88,776	91,362	82,772
Net Profit (Rsm)	47,010	35,279	47,199	49,683	42,894
Core EPS (Rs)	43.4	32.5	43.5	45.8	39.6
Core EPS Growth	51.5%	(25.0%)	33.8%	5.3%	(13.7%)
FD Core P/E (x)	5.00	6.66	4.98	4.73	5.48
DPS (Rs)	10.6	5.0	10.0	14.0	12.0
Dividend Yield	5.89%	2.31%	4.62%	6.46%	5.54%
EV/EBITDA (x)	1.35	2.96	1.86	2.51	3.60
P/FCFE (x)	(16.66)	(19.56)	57.39	(17.83)	32.82
Net Gearing	27.1%	64.1%	50.8%	65.0%	78.8%
P/BV (x)	1.01	0.99	0.90	0.81	0.74
ROE	18.0%	15.1%	19.0%	18.0%	14.1%
% Change In Core EPS Estimates			(3.99%)	(13.24%)	(14.71%)
InCred Research/Consensus EPS (x)			1.02	0.94	0.68

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 11 NOV 2021

Excise cut to hit NRL

2QFY22 EBITDAX at Rs15.9bn was better than our estimate of Rs14.5bn due to slightly better revenue and lower lifting costs. Oil/gas volumes were in line. Exploration expenses at Rs6.8bn were higher than our estimate of Rs2bn which resulted in net profit of Rs5bn coming in lower than our estimate of Rs6bn. FY21 quarterly results were impacted by costs relating to the blowout of the Bhagjan well, which was reported as exceptional.

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

Quarter ended	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	yoy %	qoq %
Net sales	21,690	21,260	25,795	30,037	33,112	52.7%	10.2%
EBITDAX	8,366	7,562	7,922	13,648	15,934	90.5%	16.7%
Exploration expenses	993	8,500	3,675	1,350	6,800	584.9%	403.7%
EBITDA	7,373	-938	4,247	12,298	9,134	23.9%	-25.7%
Interest	-1,217	-1,223	-1,270	-2,221	-1,870	53.6%	-15.8%
DD&A	-3,737	-3,879	-4,176	-3,975	-4,202	12.4%	5.7%
Other income	1,112	3,712	13,301	671	3,676	230.6%	447.9%
Exceptional	-1,341	-1,514	-701	0	0		
Profit before tax	2,190	-3,842	11,402	6,774	6,738	207.7%	-0.5%
Total Tax	200	12,879	-2,926	-1,694	-1,693	0.0%	-0.1%
Net profit	2,390	9,037	8,476	5,079	5,045	111.1%	-0.7%
Quarterly EPS (Rs)	2.2	8.3	7.8	4.7	4.7	111.1%	-0.7%
Crude sales volume (mmt)	0.724	0.723	0.703	0.722	0.739	2.1%	2.4%
Gas sales volume (bcm)	0.553	0.586	0.555	0.608	0.674	21.9%	10.9%
INR/USD	74.38	73.76	72.89	73.77	74.09	-0.4%	0.4%
Crude price US\$/bbl	42.74	44.09	59.80	67.15	71.35	66.9%	6.3%
Gas price US\$/mmbtu	2.74	2.03	2.09	2.02	2.03	-26.0%	0.3%
Lifting costs, US\$/boe	10.90	11.82	15.48	10.52	10.34	-5.2%	-1.8%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

2QFY22 consolidated EPS of Rs10.62 is more than twice that of the standalone entity (Rs4.7), indicating the significant positive impact of NRL consolidation. The contributions from OIL's JVs largely reflect post-tax earnings from overseas operations.

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

Quarter ended	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	yoy %	qoq %
Net sales	54,651	63,300	65,049	62,019	72,541	32.7%	17.0%
EBITDA	18,731	11,608	18,869	21,577	23,144	23.6%	7.3%
Interest	-1,616	-1,617	-1,692	-2,601	-2,256	39.6%	-13.3%
DD&A	-4,405	-4,586	-5,182	-4,721	-4,992	13.3%	5.7%
Other income	1,335	1,333	6,885	747	1,660	24.4%	122.2%
Exceptional	-1,341	-1,514	-701	0	0	0.0%	0.0%
Profit share from Associates/JVs	547	-188	1,965	1,778	1,011	85.0%	-43.1%
Profit before tax	13,250	5,036	20,143	16,781	18,567	40.1%	10.6%
Total Tax	-2,669	10,643	-8,719	-4,634	-4,024	50.8%	-13.2%
Profit after tax	10,581	15,679	11,424	12,147	14,543	37.4%	19.7%
Minority interest	-1,664	-1,675	-1,919	-1,601	-3,027	81.8%	89.0%
Net profit	8,916	14,004	9,505	10,545	11,516	29.2%	9.2%
Quarterly EPS (Rs)	8.22	12.91	8.76	9.72	10.62	29.2%	9.2%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

NRL remains highly profitable due to the tax benefit that it enjoys (applicable to all North-East India refiners), though the benefit will reduce from Nov 2021. 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	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	yoy %	qoq %
Net sales	32,765	39,665	42,699	37,990	45,136	37.8%	18.8%
EBITDA	11,632	11,718	13,868	9,775	13,555	16.5%	38.7%
Interest	-13	-12	-54	-3	-3	-80.3%	4.0%
DD&A	-654	-680	-1,478	-723	-778	19.0%	7.7%
Other income	195	245	393	85	92	-52.7%	9.1%
Profit share from Associates/JVs	81	64	263	210	57	-30.0%	-73.0%
Profit before tax	11,240	11,334	12,992	9,344	12,923	15.0%	38.3%
Total Tax	-2,851	-2,863	-3,316	-2,349	-3,299	15.7%	40.4%
Net profit	8,390	8,471	9,676	6,994	9,624	14.7%	37.6%
Crude throughput (mt)	0.64	0.72	0.72	0.64	0.68	5.1%	5.6%
GRM (US\$/bbl)	40.55	37.66	45.12	35.68			

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Our assumptions for oil and gas prices remain very 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	3.01	2.95	2.89
Domestic gas production (bcm)	2.87	2.80	2.64	3.02	3.02	3.02
Brent crude price (US\$/bbl)	70.20	61.00	44.85	70.00	65.00	60.00
Gas price including subsidy (US\$/mmbtu)	3.57	3.84	2.33	2.60	5.50	5.00
Rupee/US dollar average	69.92	70.90	74.23	75.00	75.00	75.00

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

The FY20/21 consolidated financials were restated assuming the stake in NRL was 80.16% (end-Mar 2021). Our forecasts (FY22-24F) assume NRL consolidation based on a final stake of 69.63%. OIL's consolidated EPS is nearly twice its standalone EPS due to the high profitability of NRL, though it will be impacted by the NRL GRM cut due to lower tax benefit.

Figure 5: OIL consolidated earnings (Rs bn)

Year ending March	2020	2021	2022F	2023F	2024F
Total sales	186.13	176.30	304.29	300.48	280.14
EBITDAX	66.53	74.56	101.69	103.74	94.91
Exploration expenses	12.19	17.03	12.91	12.38	12.14
EBITDA	54.34	57.53	88.78	91.36	82.77
Interest exp	-6.47	-6.61	-9.72	-8.59	-7.91
DD & A	-21.34	-18.95	-20.05	-20.63	-21.18
Other income	13.20	6.43	9.22	8.61	8.77
Associates/JVs	10.57	5.28	7.91	7.10	6.33
Profit before tax	50.30	43.69	76.13	77.85	68.78
Tax & Minority interest	-3.29	-8.41	-28.93	-28.16	-25.89
Net profit	47.01	35.28	47.20	49.68	42.89
EPS (Rs)	43.35	32.53	43.53	45.82	39.56
DPS (Rs)	10.60	5.00	10.00	14.00	12.00

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 was boosted by the large writeback of tax, consequent to the settlement of old disputes.

Figure 6: OIL's standalone earnings (Rs bn)

Year ending March	2020	2021	2022F	2023F	2024F
Total sales	121.29	86.18	130.65	137.54	125.60
EBITDAX	51.03	31.31	56.07	64.98	56.69
Exploration expenses	12.06	17.03	12.91	12.38	12.14
EBITDA	38.98	14.28	43.16	52.60	44.55
Interest exp	-4.99	-4.99	-8.20	-7.07	-6.38
DD & A	-15.70	-15.38	-17.07	-17.75	-18.26
Other income	2.91	13.31	13.05	12.96	12.91
Profit before tax	21.20	7.23	30.94	40.74	32.82
Tax	4.64	10.19	-7.80	-10.27	-8.27
Net profit	25.84	17.42	23.14	30.47	24.55
EPS (Rs)	23.8	16.1	21.3	28.1	22.6
Book value per share (Rs)	225	242	254	268	279
ROE	10%	7%	9%	11%	8%
Net debt equity	14%	49%	41%	38%	37%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

NRL's earnings nearly doubled in FY21 due to an increase in its tax benefit (captured in its GRM). However, this tax benefit will reduce from Nov 2021 following a cut in auto fuel taxes and we have accordingly cut our GRM estimates for FY22-24F.

Figure 7: NRL earnings (Rs bn)

Year ending March	2020	2021	2022F	2023F	2024F
Total sales	120.45	136.76	173.64	162.94	154.54
EBITDA	18.14	43.47	45.62	38.76	38.22
Interest exp	-0.02	-0.09	-0.02	-0.02	-0.02
DD & A	-2.49	-3.47	-2.97	-2.88	-2.92
Other income	3.24	1.73	1.50	1.50	1.50
Profit before tax	18.87	41.63	44.11	37.35	36.77
Tax	-3.53	-10.47	-11.12	-9.41	-9.27
Net profit	15.33	31.16	33.00	27.94	27.50
EPS (Rs)	20.8	42.4	44.9	38.0	37.4
Book value per share (Rs)	73.3	78.3	112.8	139.4	165.8
ROE	28%	56%	47%	30%	25%
Net debt equity	-6%	-4%	1%	65%	110%
Refinery throughput (mmt)	2.4	2.7	2.8	2.9	2.9
GRM (US\$/bbl)	23.6	36.7	35.7	30.6	30.6

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: OIL – Change in estimates

Year to 31 March	Old			New			Change %		
	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F
NRL GRM (US\$/bbl)	39.4	40.0	40.0	35.7	30.6	30.6	-9.2%	-23.5%	-23.5%
EBITDAX (Rs bn)	106.2	118.8	110.0	101.7	103.7	94.9	-4.2%	-12.7%	-13.7%
EBITDA (Rs bn)	93.3	106.5	97.9	88.8	91.4	82.8	-4.8%	-14.2%	-15.4%
Net profit (Rs bn)	49.2	57.3	50.3	47.2	49.7	42.9	-4.0%	-13.2%	-14.7%
EPS (Rs)	45.3	52.8	46.4	43.5	45.8	39.6	-4.0%	-13.2%	-14.7%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Sensitivity to oil/gas prices has increased due to the cut in NRL's earnings.

Figure 9: OIL's sensitivity analysis

Year to 31 March	2022F	2023F	2024F
EPS (Rs) under existing assumptions	43.5	45.8	39.6
<u>EPS sensitivity assuming:</u>			
\$1/bbl change in oil price	1.7%	1.5%	1.7%
\$0.50/mmbtu change in gas price	4.3%	4.1%	4.8%
Rs1 change in INR/USD exchange rate	1.3%	1.5%	1.5%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

We have cut our value of the NRL stake in view of the lower excise and, hence, cut OIL's TP to Rs255 from Rs265

Figure 10: OIL's SOP valuation

	Rsm	Rs/share	Value (US\$/boe)
DCF value of domestic proved reserves	2,18,482	201	8.5
Net cash	-1,59,080	-147	
NRL stake at transaction value	98,933	91	
IOC stake at discount to market value	53,659	49	
Mozambique valuation	16,950	16	
Russian assets valuation	48,000	44	
Total	2,76,943	255	

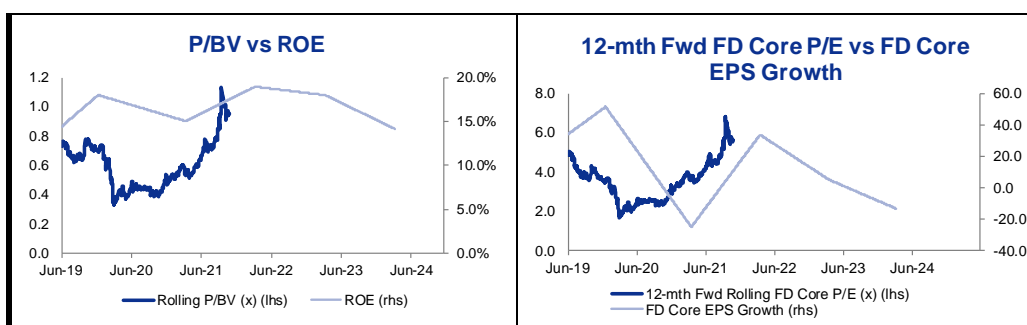
SOURCES: INCRED RESEARCH, COMPANY REPORTS

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. Post all transactions, OIL's ultimate stake in NRL will be 69.63%.

Figure 11: 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	186,125	176,295	304,288	300,484	280,138
Gross Profit	66,527	74,562	101,687	103,742	94,913
Operating EBITDA	54,339	57,533	88,776	91,362	82,772
Depreciation And Amortisation	(21,340)	(18,954)	(20,048)	(20,631)	(21,184)
Operating EBIT	32,999	38,579	68,728	70,732	61,588
Financial Income/(Expense)	(6,467)	(6,605)	(9,725)	(8,594)	(7,906)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	13,202	6,431	9,220	8,614	8,771
Profit Before Tax (pre-EI)	39,734	38,405	68,223	70,752	62,453
Exceptional Items					
Pre-tax Profit	39,734	38,405	68,223	70,752	62,453
Taxation	(248)	(2,227)	(18,913)	(19,679)	(17,536)
Exceptional Income - post-tax					
Profit After Tax	39,486	36,178	49,310	51,073	44,917
Minority Interests	(3,042)	(6,181)	(10,021)	(8,485)	(8,353)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	10,566	5,282	7,910	7,096	6,331
Net Profit	47,010	35,279	47,199	49,683	42,894
Recurring Net Profit	47,010	35,279	47,199	49,683	42,894
Fully Diluted Recurring Net Profit	47,010	35,279	47,199	49,683	42,894

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	54,339	57,533	88,776	91,362	82,772
Cash Flow from Invt. & Assoc.	13,202	6,431	9,220	8,614	8,771
Change In Working Capital	90,364	(95,695)	12,310	(6,495)	(5,745)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(6,989)	2,272	150	156	139
Other Operating Cashflow	(58,869)	(7,131)	1,113	343	1,065
Net Interest (Paid)/Received	(6,467)	(6,605)	(9,725)	(8,594)	(7,906)
Tax Paid	(4,448)	(436)	(18,763)	(19,523)	(17,397)
Cashflow From Operations	81,132	(43,631)	83,082	65,864	61,698
Capex	(82,741)	(37,967)	(59,540)	(115,540)	(115,540)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	10,900	2,963	(5,301)	(5,700)	(6,200)
Other Investing Cashflow					
Cash Flow From Investing	(71,841)	(35,004)	(64,841)	(121,240)	(121,740)
Debt Raised/(repaid)	(23,704)	66,627	(14,147)	42,200	67,200
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(23,407)	(20,472)	(10,302)	(14,314)	(13,447)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(47,111)	46,155	(24,449)	27,886	53,753
Total Cash Generated	(37,820)	(32,480)	(6,208)	(27,490)	(6,288)
Free Cashflow To Equity	(14,413)	(12,008)	4,094	(13,176)	7,158
Free Cashflow To Firm	15,758	(72,030)	27,966	(46,782)	(52,136)

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	61,624	34,980	34,421	12,766	11,458
Total Debtors	15,020	18,556	19,977	19,237	17,680
Inventories	30,636	32,216	36,490	36,354	35,621
Total Other Current Assets	38,961	40,089	27,278	33,858	40,438
Total Current Assets	146,241	125,841	118,166	102,216	105,198
Fixed Assets	173,975	182,078	213,834	301,363	388,578
Total Investments	237,867	234,904	240,205	245,905	252,105
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	411,842	416,982	454,039	547,268	640,683
Short-term Debt	738	43,005	25,001	1	1
Current Portion of Long-Term Debt					
Total Creditors	145,255	61,477	67,469	66,679	65,223
Other Current Liabilities					
Total Current Liabilities	145,993	104,482	92,469	66,679	65,224
Total Long-term Debt	126,695	151,055	154,913	222,113	289,313
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	126,695	151,055	154,913	222,113	289,313
Total Provisions	42,590	39,189	38,541	38,697	38,836
Total Liabilities	315,278	294,726	285,923	327,489	393,373
Shareholders Equity	232,108	236,664	261,081	290,855	315,472
Minority Interests	10,696	11,433	25,201	31,140	37,036
Total Equity	242,804	248,097	286,282	321,995	352,508

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	35.1%	(5.3%)	72.6%	(1.3%)	(6.8%)
Operating EBITDA Growth	(2.8%)	5.9%	54.3%	2.9%	(9.4%)
Operating EBITDA Margin	29.2%	32.6%	29.2%	30.4%	29.5%
Net Cash Per Share (Rs)	(60.69)	(146.70)	(134.17)	(193.05)	(256.23)
BVPS (Rs)	214.04	218.24	240.76	268.22	290.92
Gross Interest Cover	5.10	5.84	7.07	8.23	7.79
Effective Tax Rate	0.6%	5.8%	27.7%	27.8%	28.1%
Net Dividend Payout Ratio	29.4%	15.4%	23.0%	30.6%	30.3%
Accounts Receivables Days	27.65	34.76	23.11	23.82	24.05
Inventory Days	65.36	112.75	61.89	67.57	70.92
Accounts Payables Days	256.34	370.86	116.15	124.44	129.96
ROIC (%)	21.8%	13.6%	22.3%	16.3%	11.0%
ROCE (%)	10.5%	10.3%	16.0%	14.8%	11.3%
Return On Average Assets	10.2%	8.4%	11.6%	10.6%	8.2%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	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 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.