

India

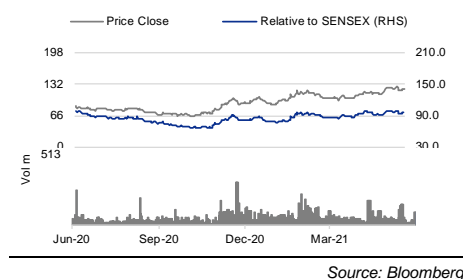
ADD (no change)

Consensus ratings*:	Buy 24	Hold 4	Sell 4
Current price:	Rs122		
Target price:	Rs150		
Previous target:	Rs150		
Up/downside:	23.0%		
InCred Research / Consensus:	6.8%		
Reuters:	ONGC.NS		
Bloomberg:	ONGC IN		
Market cap:	US\$20,694m		
	Rs1,534,794m		
Average daily turnover:	US\$48.2m		
	Rs3577.0m		
Current shares o/s:	12,580.1m		
Free float:	39.6%		

*Source: Bloomberg

Key changes in this note

➤ -2%/0.3% tweak in FY22/FY23F EPS



Price performance	1M	3M	12M
Absolute (%)	7.9	16.4	46.8
Relative (%)	3.7	7.0	(2.9)

Major shareholders	% held
Government of India	60.4
LIC	10.9
Indian Oil Corporation	7.8

Analyst(s)

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Oil & Natural Gas

Impairment reversals on higher prices

- 4QFY21 standalone net profit was more than double our estimate on reversal of impairment charge. Core earnings was 4% lower than our estimate.
- Our Brent forecasts (US\$60/55/50 over FY22F/23F/24F) remain conservative. A US\$1/bbl change in Brent price would impact FY22F EPS by 2.8%.
- Maintain Add rating and our SOP-based TP of Rs150. A sharp drop in oil price is the main risk to rating.

Impairment reversal driving profits

ONGC reported standalone 4QFY21 net profit of Rs67.3bn, well above our forecast of Rs31.9bn largely due to reversal of impairment charge of Rs26.1bn (reported as exceptional, but included as part of depreciation in our model) and lower exploration write offs. Operationally, EBITDA before exploration expenses (EBITDAX) at Rs101.2bn was 4% below our expectation largely due to miss on revenue. Net sales at Rs211.9bn was below our estimate of Rs216.9bn due to lower volumes on petroleum products and higher profit petroleum (both crude and gas revenue were in line). Cash opex at US\$9.8/boe was also in line. Reported EBITDA at Rs81.5bn was significantly above our estimate of Rs71.9bn due to lower exploration expenses (seasonal 4Q increase in dry wells write-off did not materialise this time). ONGC declared a final dividend of Rs1.85/sh, slightly higher than our estimate of Rs1.75/sh.

Management commentary provided an update on operations

Compared to actual domestic oil/gas production of 45.35mtoe in FY21, ONGC broadly guided for production of 48.7/49/52mtoe over FY22F/23F/24F (our estimates are 12-13% lower given ONGC's poor past track record). Covid outbreak has resulted in delay and uncertainty around ramp up of the key 98/2 block production. But broadly ONGC guided for production of gas at 1.2/3/4bcm over FY22F/23F/24F and of oil at 1.8m/2.2mt over FY23F/24F. ONGC Petro-Additions (OPAL) (accounted by ONGC as a JV) finally turned around recording a profit of Rs2.7bn in 4QFY21 (though for FY21, it was a loss of Rs7.97bn) and management expects a profit trend going forward. Capex in FY21 was Rs280bn and in FY22F it will be Rs295bn (may go up to Rs320bn). ONGC believes that domestic gas price has bottomed out and should rise by at least 50-60%.

Maintain Add and TP of Rs150

ONGC's stock price has recovered from the lows of 2020 (following the sharp drop in global oil/gas prices) on account of a jump in global oil prices, but the stock remains undervalued, in our view. Our assumption on Brent crude price is conservative and we note that the rebound in domestic gas price will be sharper due to the lag impact of the sharp rise in global gas prices. ONGC dividend payout has generally been 50% of standalone profits and hence resultant dividend yield of around 6% is a key re-rating catalyst. A sharp drop in oil price is the main risk to our rating.

Financial Summary

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	3,968,029	3,044,060	4,032,179	3,694,203	3,396,938
Operating EBITDA (Rsm)	563,102	494,661	657,513	704,089	654,752
Net Profit (Rsm)	109,072	162,489	236,957	256,701	217,146
Core EPS (Rs)	8.7	12.9	18.8	20.4	17.3
Core EPS Growth	(63.7%)	49.0%	45.8%	8.3%	(15.4%)
FD Core P/E (x)	14.20	9.45	6.48	5.98	7.07
DPS (Rs)	5.0	3.6	8.0	8.0	7.0
Dividend Yield	4.93%	2.95%	6.56%	6.56%	5.74%
EV/EBITDA (x)	3.93	4.44	3.38	3.05	3.16
P/FCFE (x)	62.98	155.54	26.07	25.30	125.34
Net Gearing	52.3%	48.2%	48.2%	43.6%	38.5%
P/BV (x)	0.74	0.68	0.64	0.60	0.57
ROE	5.1%	7.5%	10.2%	10.4%	8.3%
% Change In Core EPS Estimates			(2.00%)	0.34%	0.00%
InCred Research/Consensus EPS (x)			1.04	1.02	0.00

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 25 JUN 2021

Impairment reversals on higher prices

Figure 1: ONGC consolidated quarterly result trends

Rs bn	Mar'20	Jun'20	Sep'20	Dec'20	Mar'21	yoy %	qoq %
Net sales	1044.9	625.0	836.2	1002.9	1141.7	9.3%	13.8%
EBITDAX	67.8	100.0	154.3	133.0	178.7	163.4%	34.3%
Exploration expenses	31.4	11.6	15.6	20.2	23.9	-24.1%	18.0%
EBITDA	36.4	88.4	138.7	112.8	154.8	325.4%	37.2%
Interest	(21.9)	(15.0)	(10.5)	(10.3)	(11.2)	-49.1%	8.8%
DD&A	(158.0)	(58.5)	(68.6)	(64.9)	(54.2)	-65.7%	-16.6%
Other income	35.3	10.8	19.6	21.3	40.4	14.5%	89.8%
Profit from associates/JVs	3.0	(5.6)	6.5	2.5	6.8	127.4%	170.4%
Profit before tax	(105.3)	20.1	85.7	61.4	136.6	-229.8%	122.6%
Tax	39.5	13.6	(0.1)	2.9	3.2	-91.9%	10.9%
Minority interest	3.9	(9.7)	(14.7)	(11.2)	(15.6)	-501.9%	38.9%
Net profit	(61.9)	1.2	43.4	26.4	93.9	-251.7%	255.2%
Quarterly EPS (Rs)	(4.9)	0.1	3.4	2.1	7.5	-251.7%	255.2%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: ONGC standalone quarterly result trends

Rs bn	Mar'20	Jun'20	Sep'20	Dec'20	Mar'21	yoy %	qoq %
Net sales	214.6	130.1	169.2	170.2	211.9	-1.2%	24.5%
EBITDAX	85.9	59.1	84.4	83.5	101.2	17.9%	21.3%
Exploration expenses	30.4	11.3	14.5	18.4	19.7	-35.0%	7.4%
EBITDA	55.5	47.8	69.9	65.1	81.5	46.8%	25.2%
Interest	(8.7)	(4.9)	(3.2)	(6.0)	(5.7)	-34.6%	-4.9%
DD&A	(99.0)	(38.2)	(49.2)	(44.3)	(17.9)	-82.0%	-59.7%
Other income	13.3	4.4	22.4	12.2	31.3	136.3%	157.0%
Profit before tax	(38.9)	9.0	39.9	27.0	89.3	-329.4%	230.5%
Total Tax	7.9	(4.1)	(11.1)	(14.4)	(21.9)	-376.4%	52.0%
Net profit	(31.0)	5.0	28.8	12.6	67.3	-317.3%	435.2%
Quarterly EPS (Rs)	(2.5)	0.4	2.3	1.0	5.4	-317.3%	435.2%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: ONGC standalone quarterly sales breakdown

Rs bn	Mar'20	Jun'20	Sep'20	Dec'20	Mar'21	yoy %	qoq %
<u>Crude oil</u>							
Own fields	125.1	72.8	100.7	106.2	142.6	14.0%	34.3%
JVs	19.2	11.5	15.5	20.3	23.6	23.3%	16.3%
Total crude oil	144.2	84.3	116.2	126.5	166.2	15.2%	31.4%
<u>Natural gas</u>							
Own fields	41.2	29.7	31.3	23.5	22.8	-44.5%	-2.8%
JVs	2.0	1.0	1.8	2.5	3.2	57.7%	25.8%
Total natural gas	43.2	30.6	33.1	26.0	26.0	-39.8%	-0.1%
Oil/gas products	27.1	15.5	21.3	21.0	25.2	-7.3%	20.0%
Profit petroleum	-3.1	-1.7	-2.9	-4.1	-6.7	115.3%	64.4%
Total	214.6	130.1	169.2	170.2	211.9	-1.2%	24.5%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: ONGC standalone quarterly sales volume trends

	Mar'20	Jun'20	Sep'20	Dec'20	Mar'21	yoy %	qoq %
<u>Crude oil (mmt)</u>							
Own fields	4.69	4.44	4.37	4.43	4.47	-4.7%	1.0%
Other JVs	0.74	0.71	0.68	0.86	0.75	1.0%	-12.7%
Total crude oil	5.43	5.15	5.06	5.29	5.22	-3.9%	-1.2%
<u>Natural gas (bcm)</u>							
Own fields	4.52	4.12	4.35	4.32	4.19	-7.3%	-3.0%
JVs	0.15	0.11	0.20	0.20	0.20	37.0%	1.5%
Total natural gas	4.66	4.24	4.55	4.52	4.39	-5.9%	-2.8%
<u>Oil/gas products (tmt)</u>							
LPG	260	277	253	245	236	-9.2%	-3.7%
Naphtha	274	218	254	229	213	-22.3%	-7.0%
C2/C3	304	161	301	290	251	-17.4%	-13.4%
Others	28	24	28	20	26	-7.1%	30.0%
Total products	866	680	836	784	726	-16.2%	-7.4%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 5: ONGC standalone quarterly oil/gas pricing

Rs bn	Mar'20	Jun'20	Sep'20	Dec'20	Mar'21	yoy %	qoq %
INR/USD	72.4	75.9	74.4	73.7	72.9	0.7%	-1.2%
Own domestic crude price US\$/bbl	49.0	28.7	41.4	43.2	58.1	18.4%	34.4%
Domestic gas price (US\$/mmbtu)	3.5	2.7	2.7	2.1	2.1	-40.2%	1.4%
Cash lifting costs, incl forex (US\$/boe)	13.2	6.8	7.4	7.6	9.8	-25.9%	28.2%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 6: ONGC key assumptions

Year to 31 Mar	2020	2021	2022F	2023F	2024F
Brent oil price (US\$/bbl)	61.0	44.9	60.0	55.0	50.0
Rupee US dollar average	70.9	74.2	75.0	75.0	75.0
Gas price for older fields (US\$/mmbtu)	3.8	2.3	2.8	4.5	4.0
Domestic opex (US\$/boe)	10.2	8.0	8.5	8.5	8.5
ONGC domestic upstream operations					
<u>Oil production (mt)</u>					
Own crude	20.63	20.18	19.78	19.87	20.46
Share from JVs	2.73	2.35	2.35	2.35	2.35
Total	23.35	22.53	22.13	22.22	22.81
<u>Gas production (bcm)</u>					
Own gas	23.75	21.87	21.54	22.23	23.62
Share from JVs	1.12	0.94	0.93	0.93	0.93
Total	24.86	22.82	22.46	23.16	24.54
<u>ONGC Videsh production</u>					
Oil production (mt)	9.76	8.51	7.91	7.38	6.53
Gas (bcm)	5.23	4.53	4.32	4.32	4.32
<u>HPCL</u>					
Consolidated refinery throughput (mmt)	43.33	37.98	45.69	52.53	55.03
Parent refinery GRM (US\$/bbl)	1.02	3.86	3.30	5.40	5.50
Auto fuel volumes (mmt)	24.95	22.54	25.64	26.68	27.57
Auto fuel margins (Rs/kl)	2,439	3,531	3,000	2,676	2,679
<u>MRPL</u>					
Refinery throughput (mmt)	13.95	11.48	15.90	16.30	16.30
Refinery GRM (US\$/bbl)	-0.23	3.71	4.00	5.00	6.00

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 7: ONGC consolidated earnings, Rs bn

Year to 31 Mar	2020	2021	2022F	2023F	2024F
Net sales	3,968.0	3,044.1	4,032.2	3,694.2	3,396.9
EBITDAX	653.3	566.0	740.5	783.4	737.8
Exploration expenses	90.2	71.4	83.0	79.4	83.0
EBITDA	563.1	494.7	657.5	704.1	654.8
Debt charges (incl exch losses)	-70.0	-50.8	-63.6	-76.6	-75.6
Deprn, depltn, amrtsn (DD&A)	-363.1	-246.2	-270.0	-284.4	-298.6
Other income	50.1	93.2	67.5	71.4	74.9
Profit before tax	180.1	290.9	391.4	414.5	355.5
Taxation	-75.1	-87.7	-145.3	-144.6	-123.1
Profit after tax	105.1	203.2	246.1	269.9	232.4
Share in Associate/JVs	10.5	10.2	16.5	16.3	15.2
Minority interest	6.5	50.9	25.6	29.5	30.4
Group profit	109.1	162.5	237.0	256.7	217.1
FDEPS (Rs)	8.7	12.9	18.8	20.4	17.3

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: ONGC standalone earnings, Rs bn

Year to 31 Mar	2020	2021	2022F	2023F	2024F
Net sales	962.1	681.4	904.8	916.4	863.3
EBITDAX	492.9	328.1	495.6	515.2	473.2
Exploration expenses	86.8	63.9	80.7	77.1	80.7
EBITDA	406.0	264.3	414.9	438.1	392.5
Debt charges (incl exch losses)	-28.2	-22.1	-20.3	-19.1	-17.3
Deprn, depltn, amrtsn (DD&A)	-235.2	-149.5	-166.3	-171.6	-179.6
Other income	61.1	71.4	77.5	65.1	67.2
Profit before tax	203.7	164.0	305.8	312.6	262.8
Taxation	-100.7	-72.3	-106.7	-108.4	-95.9
Profit after tax	134.4	112.5	204.9	209.4	176.1
FDEPS (Rs)	10.7	8.9	16.3	16.6	14.0

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: HPCL consolidated earnings, Rs bn

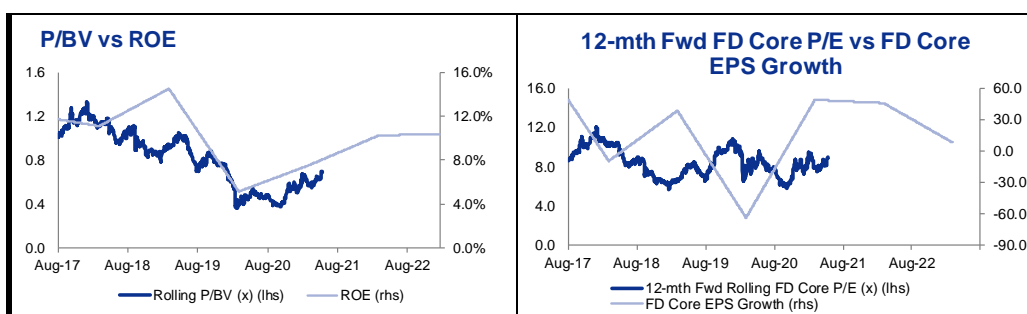
Year to 31 Mar	2020	2021	2022F	2023F	2024F
EBITDA	55.3	160.0	107.4	132.7	140.4
Debt charges	-11.4	-9.6	-12.3	-26.1	-27.0
Depreciation	-33.7	-36.3	-40.6	-48.2	-53.0
Other income	8.1	26.4	15.5	16.3	17.1
Profit before tax	18.3	140.6	70.0	74.7	77.6
Taxation	12.6	-35.3	-17.5	-18.6	-19.4
Profit after tax	31.0	105.2	52.6	56.1	58.2
Associate/JV contribution	-4.6	1.4	4.8	7.1	7.4
Net profit	26.4	106.6	57.3	63.2	65.6
FDEPS (Rs)	17.3	70.6	39.4	44.4	46.1

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: ONGC SOP valuation

	Valuation		per share		Reserves Value
	Rs m	US\$m	Rs	m boe US\$/boe	
Valuation of domestic P1 reserves	21,91,052	29,214	174	4,650	6.3
Valuation of overseas P1 reserves	4,20,744	5,610	33		
Subsidiary HPCL shares at 20% discount to market price	1,68,231	2,243	13		
Investments (IOC/GAIL/MRPL) at 20% discount to market price	2,32,772	3,104	19		
Net cash/(debt) (excluding abandonment deposits)	-11,19,978	-14,933	-89		
Target price			150		

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Net Revenues	3,968,029	3,044,060	4,032,179	3,694,203	3,396,938
Gross Profit	653,337	566,016	740,521	783,447	737,760
Operating EBITDA	563,102	494,661	657,513	704,089	654,752
Depreciation And Amortisation	(363,098)	(246,197)	(270,006)	(284,438)	(298,602)
Operating EBIT	200,004	248,464	387,507	419,651	356,150
Financial Income/(Expense)	(69,998)	(50,790)	(63,638)	(76,580)	(75,552)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	50,131	93,230	67,530	71,447	74,870
Profit Before Tax (pre-EI)	180,137	290,904	391,399	414,518	355,468
Exceptional Items					
Pre-tax Profit	180,137	290,904	391,399	414,518	355,468
Taxation	(75,080)	(87,661)	(145,306)	(144,604)	(123,100)
Exceptional Income - post-tax					
Profit After Tax	105,057	203,243	246,093	269,914	232,368
Minority Interests	(6,530)	(50,948)	(25,602)	(29,487)	(30,386)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	10,544	10,194	16,467	16,273	15,164
Net Profit	109,072	162,489	236,957	256,701	217,146
Recurring Net Profit	109,072	162,489	236,957	256,701	217,146
Fully Diluted Recurring Net Profit	109,072	162,489	236,957	256,701	217,146

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	563,102	494,661	657,513	704,089	654,752
Cash Flow from Invt. & Assoc.	50,131	93,230	67,530	71,447	74,870
Change In Working Capital	56,587	10,643	(29,096)	19,956	27,180
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(15,185)	3,613	27,746	27,632	23,050
Other Operating Cashflow	(149,151)	14,308	(13,772)	(4,276)	(5,388)
Net Interest (Paid)/Received	(69,998)	(50,790)	(63,638)	(76,580)	(75,552)
Tax Paid	(75,080)	(87,661)	(145,306)	(144,604)	(123,100)
Cashflow From Operations	360,407	478,003	500,976	597,665	575,812
Capex	(676,751)	(459,344)	(476,309)	(465,498)	(452,998)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	124,346	(47,969)	(50,086)	(54,416)	(15,949)
Other Investing Cashflow					
Cash Flow From Investing	(552,406)	(507,313)	(526,395)	(519,913)	(468,947)
Debt Raised/(repaid)	216,586	39,177	84,296	(17,086)	(94,620)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(84,351)	(22,015)	(108,819)	(100,642)	(89,949)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	132,235	17,162	(24,524)	(117,728)	(184,569)
Total Cash Generated	(59,764)	(12,148)	(49,943)	(39,976)	(77,704)
Free Cashflow To Equity	24,587	9,867	58,877	60,666	12,245
Free Cashflow To Firm	(122,001)	21,480	38,219	154,332	182,416

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	110,490	144,952	160,709	182,782	170,779
Total Debtors	115,475	140,276	190,724	180,702	166,389
Inventories	330,512	335,668	400,468	386,392	371,993
Total Other Current Assets	502,813	456,683	466,463	474,463	482,649
Total Current Assets	1,059,290	1,077,579	1,218,364	1,224,339	1,191,810
Fixed Assets	2,880,540	3,052,759	3,211,537	3,348,722	3,455,593
Total Investments	675,790	723,759	773,845	828,261	844,210
Intangible Assets	142,367	142,367	142,367	142,367	142,367
Total Other Non-Current Assets					
Total Non-current Assets	3,698,696	3,918,885	4,127,749	4,319,349	4,442,170
Short-term Debt	315,745	316,977	367,583	328,747	224,877
Current Portion of Long-Term Debt					
Total Creditors	669,983	664,453	760,384	764,242	770,897
Other Current Liabilities					
Total Current Liabilities	985,729	981,430	1,127,967	1,092,989	995,774
Total Long-term Debt	971,187	1,009,133	1,042,823	1,064,573	1,073,823
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	971,187	1,009,133	1,042,823	1,064,573	1,073,823
Total Provisions	553,266	556,879	584,624	612,257	635,307
Total Liabilities	2,510,182	2,547,441	2,755,414	2,769,819	2,704,903
Shareholders Equity	2,069,677	2,243,939	2,380,564	2,543,464	2,677,502
Minority Interests	178,128	205,085	210,135	230,406	251,576
Total Equity	2,247,805	2,449,024	2,590,700	2,773,870	2,929,078

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	(5.9%)	(23.3%)	32.5%	(8.4%)	(8.0%)
Operating EBITDA Growth	(26.1%)	(12.2%)	32.9%	7.1%	(7.0%)
Operating EBITDA Margin	14.2%	16.3%	16.3%	19.1%	19.3%
Net Cash Per Share (Rs)	(93.51)	(93.89)	(99.34)	(96.22)	(89.66)
BVPS (Rs)	164.52	178.37	189.23	202.18	212.83
Gross Interest Cover	2.86	4.89	6.09	5.48	4.71
Effective Tax Rate	41.7%	30.1%	37.1%	34.9%	34.6%
Net Dividend Payout Ratio	69.4%	27.9%	42.5%	39.2%	40.6%
Accounts Receivables Days	13.34	15.33	14.98	18.35	18.65
Inventory Days	37.54	49.06	40.81	49.33	52.05
Accounts Payables Days	76.66	98.28	79.00	95.59	105.36
ROIC (%)	4.5%	5.4%	7.9%	8.3%	6.9%
ROCE (%)	6.4%	8.4%	10.5%	10.8%	9.2%
Return On Average Assets	3.6%	5.2%	6.0%	6.3%	5.4%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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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 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, **CENDEL** – 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, **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.