

India

ADD (no change)

Consensus ratings*:	Buy 22	Hold 4	Sell 4
Current price:	Rs116		
Target price:	Rs150		
Previous target:	Rs150		
Up/downside:	29.3%		
InCred Research / Consensus:	-2.2%		
Reuters:	ONGC.NS		
Bloomberg:	ONGC IN		
Market cap:	US\$19,672m		
	Rs1,460,570m		
Average daily turnover:	US\$43.9m		
	Rs3257.4m		
Current shares o/s:	12,580.1m		
Free float:	39.6%		
*Source: Bloomberg			

Key changes in this note

➤ No change



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(3.6)	0.9	47.7
Relative (%)	(7.6)	(11.3)	0.9

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

Awaiting some volume recovery

- 1QFY22 operational EBITDA was in line. ONGC attributed the volume decline to the impact of the second Covid wave and cyclone Tauktae in May 2021.
- 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.

Operational EBITDA in line

1QFY22 standalone revenues (Rs230.2bn) and EBITDAX (Rs175.3bn) were in line. Oil and gas sales volumes (available prior to results) dropped qoq by 2.5% and 6.8% respectively, which management attributed to the second Covid wave and cyclone Tauktae which hit the western coast of India in May 2021. Net profit was 5% below our expectations due to slightly higher interest expense/lower other income. 1Q consolidated EPS at Rs4.8bn was 39% above standalone. Subsidiary Hindustan Petroleum (HPCL) reported earnings above our estimates (due to higher inventory gains, in our view) while ONGC Videsh has reported a net profit of Rs9.2bn (loss of Rs3.3bn in 1QFY21) on the back of higher oil pricing.

Management commentary provided an update on operations

FY22F standalone capex will be in the range of Rs298bn-324bn depending on the impact of Covid. ONGC has provided projections over FY22F/23F/24F/25F for domestic oil (mt) at 22.81/25.26/27.06/27.35 and for gas (bcm) at 24.79/27.36/33.46/35.76 respectively. This includes yet-to-be-found resources of 1.5mt in oil and 2.1bcm in gas. Given ONGC's poor historical track record, our estimates remain well below these projections (16% below for oil and 27% for gas for FY24F). Production ramp up from the 98/2 block remains uncertain due to the Covid impact (project materials ordered from different countries with each facing different challenges). In the best-case scenario, 98/2 gas production goes to 3mmscmd by Dec 2021 and averages at 8.2mmscmd in FY23F, touching a peak of 14.5mmscmd in FY24F. Similarly, oil production starts from Jun 2022, averages at 36kbd in FY23F and touches a peak of 45kbd in FY24F. In line with our expectations, ONGC expects at least a 50-60% jump in domestic gas price in 2HFY22F. ONGC Petro Additions (OPAL) has managed to report a profit for the second consecutive quarter in 1QFY22, though we note that this may not sustain as petchem prices have dropped since then.

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. Also, monthly production data has to show positive yoy trend for re-rating to materialize in our view. The 6%+ dividend yield provides strong downside support.

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)	13.51	8.99	6.16	5.69	6.73
DPS (Rs)	5.0	3.6	8.0	8.0	7.0
Dividend Yield	5.18%	3.10%	6.89%	6.89%	6.03%
EV/EBITDA (x)	3.80	4.29	3.26	2.94	3.05
P/FCFE (x)	59.93	148.02	24.81	24.08	119.28
Net Gearing	52.3%	48.2%	48.2%	43.6%	38.5%
P/BV (x)	0.71	0.65	0.61	0.57	0.55
ROE	5.1%	7.5%	10.2%	10.4%	8.3%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)			0.91	0.88	0.78

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

Awaiting some volume recovery

Figure 1: ONGC's consolidated quarterly result trends

Rs bn	Jun'20	Sep'20	Dec'20	Mar'21	Jun'21	yoy %	qoq %
Net sales	625.0	836.2	1002.9	1141.7	1081.4	73.0%	-5.3%
EBITDAX	100.0	154.3	133.0	178.7	175.3	75.3%	-1.9%
Exploration expenses	11.6	15.6	20.2	23.9	12.5	7.2%	-47.8%
EBITDA	88.4	138.7	112.8	154.8	162.9	84.3%	5.2%
Interest	(15.0)	(10.5)	(10.3)	(11.2)	(14.4)	-3.8%	29.1%
DD&A	(58.5)	(68.6)	(64.9)	(54.2)	(64.2)	9.8%	18.6%
Other income	10.8	19.6	21.3	40.4	11.7	8.0%	-71.1%
Profit from associates/JVs	(5.6)	6.5	2.5	6.8	6.0	-207.8%	-11.0%
Profit before tax	20.1	85.7	61.4	136.6	101.9	406.6%	-25.4%
Tax	(9.2)	(27.7)	(23.7)	(27.2)	(33.5)	263.0%	23.2%
Minority interest	(9.7)	(14.7)	(11.2)	(15.6)	(8.6)	-11.2%	-44.6%
Net profit	1.2	43.4	26.4	93.9	59.9	4898.0%	-36.3%
Quarterly EPS (Rs)	0.1	3.4	2.1	7.5	4.8	4898.0%	-36.3%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: ONGC's standalone quarterly result trends

Rs bn	Jun'20	Sep'20	Dec'20	Mar'21	Jun'21	yoy %	qoq %
Net sales	130.1	169.2	170.2	211.9	230.2	76.9%	8.6%
EBITDAX	59.1	84.4	83.5	101.2	121.5	105.7%	20.0%
Exploration expenses	11.3	14.5	18.4	19.7	11.5	2.1%	-41.7%
EBITDA	47.8	69.9	65.1	81.5	110.0	130.1%	35.0%
Interest	(4.9)	(3.2)	(6.0)	(5.7)	(6.2)	26.0%	9.0%
DD&A	(38.2)	(49.2)	(44.3)	(17.9)	(41.7)	9.0%	133.3%
Other income	4.4	22.4	12.2	31.3	5.3	22.2%	-83.0%
Profit before tax	9.0	39.9	27.0	89.3	67.5	647.1%	-24.4%
Total Tax	(4.1)	(11.1)	(14.4)	(21.9)	(24.2)	492.7%	10.1%
Net profit	5.0	28.8	12.6	67.3	43.3	774.0%	-35.6%
Quarterly EPS (Rs)	0.4	2.3	1.0	5.4	3.4	774.0%	-35.6%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: ONGC's standalone quarterly sales breakdown

Rs bn	Jun'20	Sep'20	Dec'20	Mar'21	Jun'21	yoy %	qoq %
<u>Crude oil</u>							
Own fields		72.8	100.7	106.2	142.6	117.3%	10.9%
JVs		11.5	15.5	20.3	23.6	127.8%	11.4%
Total crude oil		84.3	116.2	126.5	166.2	118.8%	11.0%
<u>Natural gas</u>							
Own fields		29.7	31.3	23.5	22.8	-29.4%	-8.3%
JVs		1.0	1.8	2.5	3.2	258.3%	8.5%
Total natural gas		30.6	33.1	26.0	26.0	-20.4%	-6.3%
Oil/gas products		15.5	21.3	21.0	25.2	82.4%	12.0%
Profit petroleum		-1.7	-2.9	-4.1	-6.7	366.3%	19.0%
Total		130.1	169.2	170.2	211.9	230.2	76.9%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: ONGC's standalone quarterly sales volume trends

	Jun'20	Sep'20	Dec'20	Mar'21	Jun'21	yoy %	qoq %
Crude oil (mmt)							
Own fields	4.44	4.37	4.43	4.47	4.36	-1.9%	-2.6%
Other JVs	0.71	0.68	0.86	0.75	0.73	3.4%	-2.3%
Total crude oil	5.15	5.06	5.29	5.22	5.09	-1.2%	-2.5%
Natural gas (bcm)							
Own fields	4.12	4.35	4.32	4.19	3.89	-5.7%	-7.2%
JVs	0.11	0.20	0.20	0.20	0.20	79.5%	0.5%
Total natural gas	4.24	4.55	4.52	4.39	4.09	-3.4%	-6.8%
Oil/gas products (tmt)							
LPG	277	253	245	236	229	-17.3%	-3.0%
Naphtha	218	254	229	213	244	11.9%	14.6%
C2/C3	161	301	290	251	292	81.4%	16.3%
Others	24	28	20	26	19	-20.8%	-26.9%
Total products	680	836	784	726	784	15.3%	8.0%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 5: ONGC's standalone quarterly oil & gas pricing

Rs bn	Jun'20	Sep'20	Dec'20	Mar'21	Jun'21	yoy %	qoq %
INR/USD	75.9	74.4	73.7	72.9	73.7	-2.8%	1.2%
Own domestic crude price US\$/bbl	28.7	41.4	43.2	58.1	65.6	128.4%	13.0%
Domestic gas price (US\$/mmbtu)	2.7	2.7	2.1	2.1	2.1	-22.6%	-2.2%
Cash lifting costs, incl forex (US\$/boe)	6.8	7.4	7.6	9.8	8.9	30.3%	-9.4%

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					
Oil production (mt)					
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
Gas production (bcm)					
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
ONGC Videsh production					
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
HPCL					
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
MRPL					
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's 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
Depn, 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's 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
Depn, 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's 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

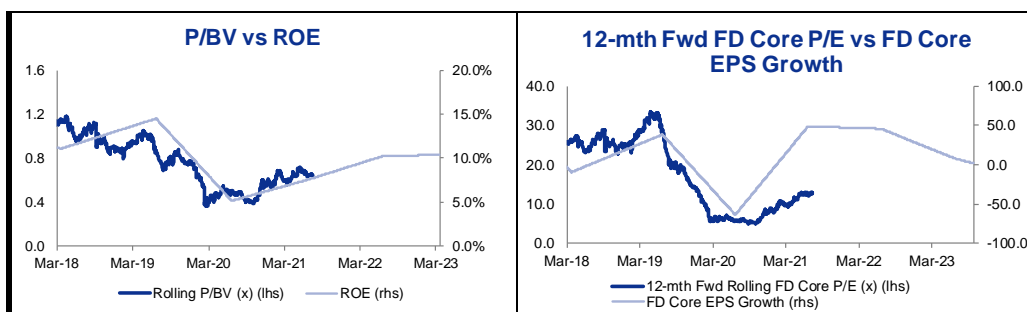
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: ONGC's 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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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.