

India
ADD (no change)

Consensus ratings*: Buy 14 Hold 3 Sell 4

Current price:	Rs151
Target price:	Rs200
Previous target:	Rs200
Up/downside:	32.5%
InCred Research / Consensus:	39.1%
Reuters:	OILI.NS
Bloomberg:	OINL.IN
Market cap:	US\$2,207m Rs164,125m
Average daily turnover:	US\$2.8m Rs211.7m
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 (%)	15.0	27.3	47.4
Relative (%)	10.5	21.2	(0.7)

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

Analyst(s)

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Oil India

NRL consolidated

- OIL's 4QFY21 standalone net profit was 10% above our estimate due to higher dividend income.
- OIL raised its stake in NRL from 26% to 80.16% on 26 Mar 2021 leading to full consolidation. FY20/21 financials have been restated for NRL consolidation.
- Maintain Add rating and SOP-based target price of Rs200. A sharp drop in oil price is the main risk to rating.

Reasonable cost control given poor production performance

OIL's 4QFY21 standalone EBITDA was Rs4.25bn vs our estimate of Rs5bn due to lower sales value of crude, though net profit at Rs8.5bn was 10% higher due to better dividend income. Excluding the costs relating to the Bhagjan well blowout (Rs4.5bn reported as exceptional), Rs1.95bn relating to impairment for investment in overseas assets and Rs1bn forex gain (compared to Rs5bn loss in FY20), cash lifting costs were US\$11.6/boe in FY21 vs US\$11.1/boe. This was reasonable given that production dropped 6% in FY21. Our estimates for domestic oil and gas production assume no growth over actual FY21 levels (so at least 5% below management guidance). Management indicated that exploration activities around Bhagjan would be unimpacted, despite the well blowout.

FY20/21 financials restated for NRL consolidation

On 26 Mar 2021, OIL acquired a part of BPCL's stake in Numaligarh Refinery (NRL), increasing its stake from 26% to 80.16% (it will finally settle at 69.63% in FY22F after partial sale to the Assam government). This will result in full consolidation of NRL (accounted as JV earlier) which OIL has reported with retrospective effect, restating its FY20/21 consolidated earnings. NRL is hugely profitable due to a tax benefit linked to excise duty and we estimate its FY22F net profit at Rs37.6bn vs Rs16.1bn for OIL standalone (excluding dividend from NRL). OIL bought the additional stake at a compelling valuation of 3.1x FY22F EV/EBITDA and 4.3x FY22F P/E, and the transaction will be highly EPS accretive. The only negative from the transaction is that it will raise OIL's consolidated net debt equity (to a still reasonable level of 59% in FY24F) as NRL is currently executing its plan to expand its refining capacity from 3mt to 9mt.

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 significantly undervalued, in our view. Our Brent crude price assumption is conservative and we note that 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 factored in (the main reason why our earnings is virtually double of Bloomberg consensus estimates).

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)	42.91	32.90	43.17	47.73	41.66
DPS (Rs)	10.6	5.0	8.0	10.0	8.0
Dividend Yield	8.43%	3.30%	5.29%	6.61%	5.29%
EV/EBITDA (x)	0.52	1.77	1.09	1.48	2.39
P/FCFE (x)	(7.06)	(4.92)	5.43	28.42	(73.20)
Net Gearing	28.8%	63.0%	40.9%	47.0%	58.5%
P/BV (x)	0.79	0.73	0.61	0.54	0.49
ROE	18.9%	16.3%	18.7%	17.8%	13.9%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)			1.60	1.50	0.00

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 22 JUN 2021

NRL consolidated

FY21 standalone results have been impacted by costs relating to the blowout of Bhagjan well (Rs4.5bn reported as exceptional). Total opex in FY21 includes Rs1.95bn towards impairment of investment relating to overseas assets. Excluding these items and forex gains of Rs1bn, cash lifting costs in FY21 were US\$11.6/boe, down from US\$12.9/boe in FY20.

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

Quarter ended	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	yoy %	qoq %
Net sales	25,896	17,439	21,690	21,260	25,795	-0.4%	21.3%
EBITDAX	6,572	5,542	8,366	7,562	7,922	20.6%	4.8%
Exploration expenses	17,586	3,570	993	8,500	3,675	-79.1%	-56.8%
EBITDA	-11,014	1,972	7,373	-938	4,247	-138.6%	-552.8%
Interest	-1,327	-1,278	-1,217	-1,223	-1,270	-4.3%	3.9%
DD&A	-2,528	-3,585	-3,737	-3,879	-4,176	65.2%	7.6%
Other income	9,942	1,306	1,112	3,712	13,301	33.8%	258.3%
Exceptional	0	-934	-1,341	-1,514	-701		
Profit before tax	-4,928	-2,519	2,190	-3,842	11,402	-331.4%	-396.8%
Total Tax	14,184	33	200	12,879	-2,926	-120.6%	-122.7%
Net profit	9,256	-2,486	2,390	9,037	8,476	-8.4%	-6.2%
Quarterly EPS (Rs)	8.5	-2.3	2.2	8.3	7.8	-8.4%	-6.2%
Crude sales volume (mmt)	0.748	0.733	0.724	0.723	0.703	-6.0%	-2.8%
Gas sales volume (bcm)	0.531	0.576	0.553	0.586	0.555	4.5%	-5.3%
INR/USD	72.38	75.87	74.38	73.76	72.89	0.7%	-1.2%
Crude price US\$/bbl	52.18	30.43	42.74	44.09	59.80	14.6%	35.6%
Gas price US\$/mmbtu	3.54	2.67	2.74	2.03	2.09	-40.9%	3.0%
Lifting costs, US\$/boe	17.65	9.85	10.90	11.82	16.07	-8.9%	36.0%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

OIL has declared consolidated results including NRL from FY20. Consequently, prior year quarters have been restated (only 4QFY20, 3QFY21 and 4QFY21 restated numbers currently available).

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

Quarter ended	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	yoy %	qoq %
Net sales	45,404	17,497	21,759	63,300	65,049	43.3%	2.8%
EBITDA	-127	1,812	7,122	11,608	18,869		62.6%
Interest	-1,700	-1,667	-1,603	-1,617	-1,692	-0.5%	4.6%
DD&A	-3,582	-3,606	-3,751	-4,586	-5,182	44.7%	13.0%
Other income	7,868	1,302	1,110	1,333	6,885	-12.5%	416.4%
Exceptional	-2,295	-934	-1,341	-1,514	-701		
Profit share from Associates/JVs	4,716	3,695	2,649	-188	1,965	-58.3%	-1147.0%
Profit before tax	4,879	602	4,186	5,036	20,143	312.9%	300.0%
Total Tax	12,415	-339	-368	10,643	-8,719	-170.2%	-181.9%
Net profit	17,294	263	3,818	15,679	11,424	-33.9%	-27.1%
Quarterly EPS (Rs)	15.95	0.24	3.52	14.46	10.53	-33.9%	-27.1%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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

Figure 3: 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 final stake of 69.63%. The contribution from JVs (other than NRL) reflect post-tax earnings from overseas operations.

Figure 4: 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 improvement in oil and gas prices. FY21 EPS has been boosted by large write back of tax, consequent to the settlement of old disputes.

Figure 5: 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 FY22 P/E. Consequently, the acquisition would be highly EPS accretive for OIL, though it will raise its gearing due to NRL's ongoing expansion plans. We have assumed NRL's dividend payout at around 30% over FY22-24F.

Figure 6: 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 7: 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 8: 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 ESTIMATES, COMPANY REPORTS

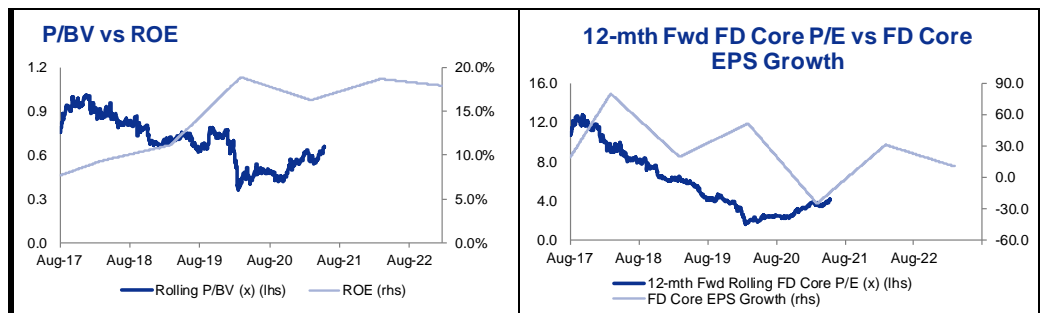
On 26 Mar 2021, BPCL sold its 61.65% stake in NRL to OIL, Engineers India (EIL) and the Assam Government (GOA) for Rs98.76bn. GOA intends to raise its stake in NRL to 26% and, hence, will buy an additional 10.53% stake from OIL in FY22 at the same valuation. GOA implemented the first phase of this purchase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

Figure 9: Chronology of NRL transaction

	Shares	% stake	value Rsm
NRL shareholding pre transaction			
BPCL	453.55	61.65%	
OIL	191.28	26.00%	
Assam government	90.86	12.35%	
NRL transaction on 25 Mar 21			
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 government	22.96	3.12%	5000
Second stage transaction in FY22			
Purchase by Assam government/sale by OIL	77.46	10.53%	16866
Final shareholding			
OIL	512.26	69.63%	
Assam government	191.28	26.00%	
EIL	32.15	4.37%	

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	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, **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.