

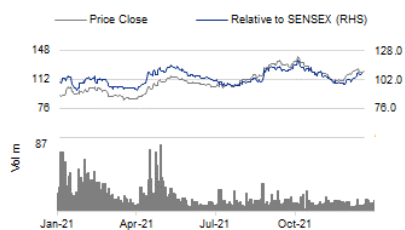
India

ADD (no change)

Consensus ratings*:	Buy 28	Hold 5	Sell 2
Current price:	Rs124		
Target price:	Rs160		
Previous target:	Rs160		
Up/downside:	29.0%		
InCred Research / Consensus:	2.0%		
Reuters:	IOC.NS		
Bloomberg:	IOCL IN		
Market cap:	US\$15,655m		
	Rs1,171,592m		
Average daily turnover:	US\$19.3m		
	Rs1441.2m		
Current shares o/s:	9,414.1m		
Free float:	48.5%		
<small>*Source: Bloomberg</small>			

Key changes in this note

- FY22F EPS increased by 9.3%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	11.6	(4.9)	26.0
Relative (%)	10.9	(4.5)	6.3

Major shareholders	% held
Government of India	51.5
ONGC	14.2
LIC	8.0

Analyst(s)



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Indian Oil Corp

Dividend still provides support

- IOC's 3QFY22 results were impacted by a one-time inventory loss due to excise cuts as well as loss on sale of LPG due to government price controls.
- 3QFY22 normalised GRM of US\$8.95/bbl (excluding any inventory impact) was exceptionally high (well above benchmark), which we view as a one-off.
- We maintain our Add rating and Rs160 TP. A sharp reversal in gross refining margin (GRM) is the key risk.

3QFY22 was characterised by unusual events

The government implemented sharp excise cuts in auto fuels on 3 Nov 2021 which resulted in large inventory losses for IOC (likely around Rs35bn) which was a negative surprise. The government also did not allow IOC to pass on the rise in global LPG prices from Nov 2021. We estimate the resultant loss for IOC at Rs23bn in 3QFY22. This will continue in 4QFY22 but the per tonne loss will come down due to the seasonal drop in LPG prices. We believe the government will reimburse these losses by the end of 4QFY22 as even auto fuel marketing margins (MMs) will drop sharply in 4Q due to rising global oil prices. On the positive side, MMs in 3QFY22 were at record levels as domestic auto fuel retail prices remained unchanged since the excise duty change on 3 Nov 2021. We believe this is due to pending state elections and normal price movements should resume from 10 Mar 2022 (election results day). This price freeze benefited IOC in 3QFY22 due to the fall in global prices in Nov/Dec 2021. However, the sharp jump in global prices in Jan 2022, if sustained, will squeeze MMs in 4QFY22.

GRM performance has been exceptional

IOC reported an exceptionally high GRM of US\$12.03/bbl in 3QFY22 which would have included inventory gains (which we estimate at US\$3.68/bbl). More importantly, the normalised GRM (which does not include any inventory impact) was US\$8.95/bbl and way above Singapore GRM of US\$6.1/bbl. We believe this GRM performance is a one-off though it has resulted in 3QFY22 net profit coming in well above our expectations (after considering the impact of inventory in refining and marketing). IOC has declared a second interim dividend of Rs4/sh (first interim was Rs5/sh along with 2QFY22 results).

Maintain Add, Rs160 TP

Current negative issues relating to price freeze in LPG and auto fuels are related to pending state elections. Based on historical trends, we believe that pricing and margins will get back to normal levels post elections. While it is possible that the government may not reimburse LPG losses, we believe this would be one-off as LPG prices rise exponentially only for a few winter months (they have started declining from Jan 2022). More importantly, GRMs are showing a very positive trend and could provide significant upside to our earnings forecast. Despite an aggressive capex plan and a near 50% dividend payout, we expect IOC's net debt to equity to remain around 70-80%. We find valuations very attractive and view the 8%+ dividend yield as a key re-rating catalyst.

Financial Summary	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	4,843,622	3,639,496	5,746,190	5,369,112	5,160,525
Operating EBITDA (Rsm)	117,610	405,849	454,803	380,577	412,103
Net Profit (Rsm)	(8,931)	216,382	249,449	190,569	204,673
Core EPS (Rs)	(1.0)	23.6	27.2	20.8	22.3
Core EPS Growth	(105.3%)	(2,522.7%)	15.3%	(23.6%)	7.4%
FD Core P/E (x)	(127.93)	5.28	4.58	6.00	5.58
DPS (Rs)	4.3	12.0	12.0	10.0	11.0
Dividend Yield	4.13%	9.64%	9.64%	8.04%	8.84%
EV/EBITDA (x)	17.61	4.55	3.92	5.02	4.77
P/FCFE (x)	17.72	13.01	14.42	11.32	12.61
Net Gearing	119.8%	90.3%	74.0%	79.1%	77.1%
P/BV (x)	1.20	1.02	0.88	0.83	0.77
ROE	(0.9%)	20.9%	20.7%	14.3%	14.4%
% Change In Core EPS Estimates			9.25%		(1.63%)
InCred Research/Consensus EPS (x)			1.27	1.04	0.98

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 2 FEB 2022

Dividend still provides support

Virtually half the profit from JVs comes from overseas exploration and production assets where the earnings contributions move in line with oil prices.

HPCL disclosed a one-time loss of Rs17.46bn due to a cut in excise duties in auto fuels in 3QFY22. A similar impact for IOC would be around Rs35bn. IOC does not disclose inventory gains and using peer group data we estimate that 3QFY22 gains in refining would be Rs35bn and loss in marketing would be Rs36bn (including the above loss on account of the excise cut). We estimate the loss on account of LPG price control at Rs23bn in 3QFY22. Excluding these items, EBITDA was above our estimate mainly due to higher GRMs. However, in our view, these higher GRMs were mainly due to inventory gains. Excluding these, the numbers were still considerably above expectations with IOC reporting a near all-time high of US\$8.95/bbl for its normalised GRM (which does not include any inventory impact). We believe this high level of GRM is a one-off which is unlikely to repeat. IOC declared a second interim dividend of Rs4/sh (on top of the first interim dividend of Rs5/sh along with 2Q results).

Figure 1: IOC's consolidated quarterly result trends (Rs m)

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22
EBITDA	97,938	1,43,404	1,14,989	1,11,965	1,07,736
Interest	-7,336	-12,031	-13,834	-11,143	-11,191
Depreciation	-27,231	-29,489	-29,313	-30,123	-31,120
Other income	9,590	7,129	4,992	8,591	11,432
Share of profit from associates/joint ventures	2,759	5,675	3,467	4,220	3,303
Profit before tax	75,719	1,14,688	80,302	83,510	80,161
Tax	-34,695	-23,239	-18,895	-21,156	-17,547
Profit after tax	41,024	91,449	61,406	62,354	62,614
Minority interest	2,567	-1,184	-309	-317	-1,183
Net profit	43,591	90,265	61,097	62,037	61,431
EPS (Rs)	4.75	9.83	6.65	6.76	6.69

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: IOC's standalone quarterly result trends (Rs m)

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	yoy %	qoq %
EBITDA	96,219	1,35,018	1,11,261	1,06,281	98,621	2%	-7%
Interest	-6,286	-10,729	-12,570	-9,857	-9,791	56%	-1%
Depreciation	-24,667	-25,795	-26,342	-27,057	-27,787	13%	3%
Other income	12,695	11,017	5,636	14,337	13,753	8%	-4%
Profit before tax	77,962	1,09,511	77,985	83,704	74,796	-4%	-11%
Tax	-28,796	-21,698	-18,571	-20,103	-16,188	-44%	-19%
Net profit	49,166	87,813	59,414	63,601	58,608	19%	-8%
EPS (Rs)	5.36	9.56	6.47	6.93	6.38	19%	-8%
Operating data							
Refining throughput (mmt)	17.86	17.59	16.72	15.28	17.40	-3%	14%
Pipeline throughput (mmt)	21.81	21.85	19.88	19.53	21.78	0%	11%
Domestic oil sales volumes (mmt)	19.65	19.44	17.24	17.20	19.20	-2%	12%
Exports (mmt)	1.59	1.37	1.57	1.23	1.56	-2%	27%
Singapore GRM (US\$/bbl)	1.20	1.80	2.00	3.70	6.10	408%	65%
IOC standalone reported GRM (US\$/bbl)	2.19	10.59	6.58	6.55	12.03	449%	84%
IOC normalised GRM (US\$/bbl)	1.27	2.50	2.24	4.82	8.95	605%	86%
Other financial data							
Staff costs	28,823	31,353	24,278	26,819	26,883	-7%	0%
Inventory gains/(loss)							
In refining	9,190						
In marketing	17,110						
EBITDA excl forex, inventory and provisions	69,919						
Forex (loss/gain)	3,700	310	-5,900	1,680	-150		
Total debt (Rs bn)	725	1,023	939	924	883	22%	-4%
Capex	83,020	1,13,900	39,000	69,240	77,360	-7%	12%
EBITDA+other income break up							
Refining	-3,260	63,780	24,920	20,280	75,930		
Marketing	71,300	34,430	54,250	53,770	-3,990		
Pipelines	16,990	16,080	15,740	14,500	16,490		
Petchem	19,540	22,480	19,890	18,120	9,820		
Others	4,350	9,270	2,110	13,950	14,130		
Total (including other income)	1,08,920	1,46,040	1,16,910	1,20,620	1,12,380		

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Broadly, industry transportation fuel volumes have been trending below our expectations though we expect improvement in the medium term due to the abatement of Covid's impact.

IOC has a large capex program over FY22-24F and we estimate the dividend payout on its standalone earnings will be 50%. However, with strong internal cash generation, we expect net debt equity to remain in the 70-80% range though absolute net debt levels will rise. This debt level remains well below its peers especially after considering off balance sheet debt of JVs (like in HPCL).

Our estimates for FY22F consider inventory gains in refining and marketing earned in 9MFY22 (our estimate is based on peer group data in the absence of a disclosure from IOC). We assume the government will fully reimburse the losses on account of LPG borne in 3Q/4QFY22F as marketing profitability will also be under pressure in 4QFY22F on account of an auto fuel price freeze till the state election results are announced.

Figure 3: Transportation fuels marketing performance

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	yoy %	qoq %
Gasoline sales (mmt)	3.21	3.10	2.73	3.13	3.25	1.2%	3.8%
Diesel sales (mmt)	9.04	8.82	7.88	7.30	8.69	-3.8%	19.1%
Jet fuel sales (mmt)	0.74	0.84	0.61	0.70	0.95	27.7%	34.6%
Gasoline market share	40.0%	39.6%	40.3%	39.5%	39.5%		
Diesel market share	42.6%	42.8%	42.8%	42.3%	42.6%		
Jet fuel market share	63.5%	62.1%	64.6%	63.6%	61.6%		

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: IOC's standalone P&L (Rs m)

Y/E Mar	2020	2021	2022F	2023F	2024F
EBITDA	1,14,247	3,80,632	4,39,164	3,70,759	4,00,318
Depreciation	-87,661	-98,043	-1,08,303	-1,10,719	-1,21,121
Interest	-59,795	-30,940	-46,809	-42,832	-42,800
Other income	-3,732	45,507	39,812	27,236	26,580
Pre-tax profit	-36,941	2,97,156	3,23,864	2,44,443	2,62,976
Tax	50,073	-78,796	-81,614	-61,600	-66,270
Net profit	13,132	2,18,360	2,42,251	1,82,844	1,96,706
EPS (Rs)	1.4	23.8	26.4	19.9	21.4
Book value per share (Rs)	102.1	120.4	136.2	144.2	154.7
ROE	1.3%	21.4%	20.6%	14.2%	14.3%
Net debt equity	111%	80%	67%	74%	74%
Staff costs (Rs m)	87,927	1,07,120	1,05,000	1,10,250	1,15,763

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 5: IOC's standalone EBITDA working (Rs m)

Y/E Mar	2020	2021	2022F	2023F	2024F
<u>Gross margins from all business segments</u>					
Refinery (excl inventory)	1,51,246	80,337	2,00,302	1,96,867	2,23,362
Auto fuels	1,46,429	1,78,859	1,74,139	1,80,112	1,86,117
LPG/kero marketing	51,023	53,120	53,987	54,950	55,943
Pipeline	82,152	75,580	84,649	91,421	95,993
Petrochem	49,501	73,924	71,208	82,800	87,850
Balance products/lubricants	83,491	74,336	81,025	85,735	88,586
Sub total	5,63,841	5,36,156	6,65,311	6,91,884	7,37,852
Less: Labour cost	-87,927	-1,07,120	-1,05,000	-1,10,250	-1,15,763
Less Exceptional provision/reversal	6,268				
Less: balance opex	-2,01,666	-1,91,194	-1,94,526	-2,10,875	-2,21,771
Sub total	2,80,516	2,37,842	3,65,785	3,70,759	4,00,318
<u>Plus: Non-operational items</u>					
Subsidy borne	0	0	0	0	0
Inventory in refining	-1,48,360	1,11,000	88,379		
Inventory in marketing	-17,910	31,790	-15,000		
EBITDA	1,14,246	3,80,632	4,39,164	3,70,759	4,00,318

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

We have mainly increased the GRM estimate for IOC standalone and Chennai Petroleum (CPCL) for FY22F reflecting the actuals for 9MFY22 which include inventory gains (none assumed for FY23F/24F). This is the main factor driving our FY22F EPS increase of 9.3%.

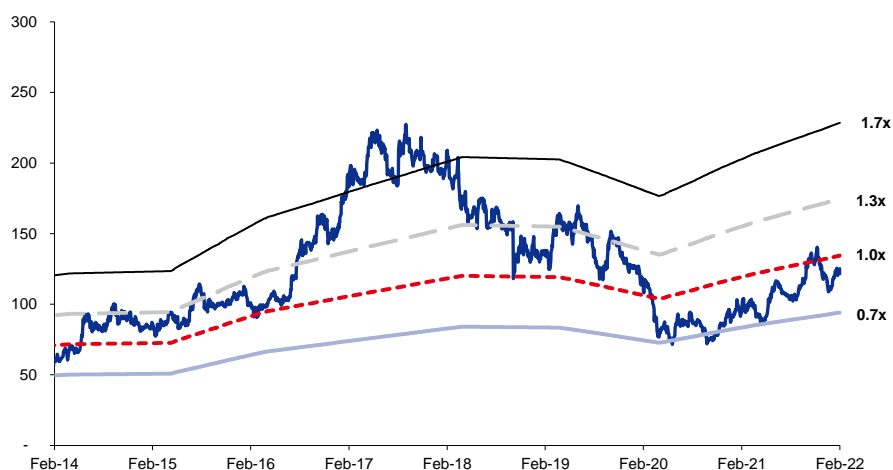
Figure 6: IOC assumptions

Y/E Mar	2020	2021	2022F	2023F	2024F
Brent crude oil, US\$/bbl	61.0	44.9	70.0	65.0	60.0
Rupee dollar rate yr avg	70.9	74.2	75.0	75.0	75.0
IOC crude throughput (mmt)	69.4	62.4	67.2	75.4	77.4
IOC reported GRM (US\$/bbl)	0.1	5.6	7.8	4.8	5.3
IOC ex-inventory GRM (US\$/bbl)	4.2	2.3	5.4	4.8	5.3
CPCL crude throughput (mmt)	10.2	8.2	8.5	10.2	10.2
CPCL GRM (US\$/bbl)	(1.2)	7.1	5.8	4.0	4.5
Auto fuel volumes (mmt)	48.3	42.1	45.9	47.4	49.0
Auto fuels margins (Rs/kl)	2,404	3,360	3,000	3,000	3,000
Petchem margins (US\$/t)					
PP less naphtha	494	592	490	480	480
PE less naphtha	409	529	450	450	450
PTA less naphtha	323	192	214	214	234
MEG less naphtha	235	249	259	236	236

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

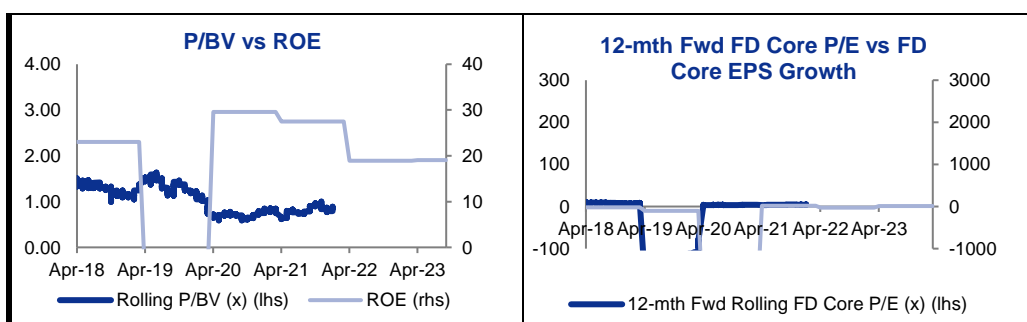
Valuations in 2020 dropped close to trough levels due to a sharp downturn in refining, large inventory losses and no clarity on demand improvement. Valuations have since recovered from trough levels due to massive inventory gains and robust marketing margins. Further re-rating is contingent on the improvement of core GRMs and normalisation of Indian oil demand, in our view.

Figure 7: IOC's P/BV (x) chart



SOURCES: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Net Revenues	4,843,622	3,639,496	5,746,190	5,369,112	5,160,525
Gross Profit	579,281	884,907	929,405	880,721	932,415
Operating EBITDA	117,610	405,849	454,803	380,577	412,103
Depreciation And Amortisation	(123,702)	(109,415)	(114,731)	(117,184)	(127,625)
Operating EBIT	(6,092)	296,434	340,073	263,393	284,478
Financial Income/(Expense)	(65,787)	(35,891)	(51,591)	(47,552)	(47,520)
Pretax Income/(Loss) from Assoc.	13,661	11,969	16,021	15,573	15,143
Non-Operating Income/(Expense)	(13,552)	34,995	29,949	21,175	20,520
Profit Before Tax (pre-EI)	(71,770)	307,507	334,451	252,589	272,621
Exceptional Items					
Pre-tax Profit	(71,770)	307,507	334,451	252,589	272,621
Taxation	53,007	(89,885)	(82,131)	(61,771)	(67,078)
Exceptional Income - post-tax					
Profit After Tax	(18,763)	217,622	252,320	190,818	205,543
Minority Interests	9,832	(1,240)	(2,871)	(249)	(870)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(8,931)	216,382	249,449	190,569	204,673
Recurring Net Profit	(8,931)	216,382	249,449	190,569	204,673
Fully Diluted Recurring Net Profit	(8,931)	216,382	249,449	190,569	204,673

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	117,610	405,849	454,803	380,577	412,103
Cash Flow from Invt. & Assoc.	(13,552)	34,995	29,949	21,175	20,520
Change In Working Capital	20,048	167,506	53,595	(11,150)	31,396
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(50,704)	25,252	1,149	527	718
Other Operating Cashflow	(103,934)	44,177	2,746	(1,359)	(1,583)
Net Interest (Paid)/Received	(65,787)	(35,891)	(51,591)	(47,552)	(47,520)
Tax Paid	53,007	(89,885)	(82,131)	(61,771)	(67,078)
Cashflow From Operations	(43,312)	552,003	408,520	280,447	348,556
Capex	(313,832)	(242,949)	(263,436)	(312,486)	(316,432)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	92,290	(89,837)	(12,682)	(2,500)	
Other Investing Cashflow					
Cash Flow From Investing	(221,542)	(332,786)	(276,118)	(314,986)	(316,432)
Debt Raised/(repaid)	330,253	(131,372)	(53,146)	135,438	58,453
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(58,023)	(96,405)	(96,401)	(110,173)	(100,073)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	272,230	(227,777)	(149,547)	25,266	(41,620)
Total Cash Generated	7,375	(8,560)	(17,146)	(9,273)	(9,497)
Free Cashflow To Equity	65,398	87,845	79,255	100,900	90,577
Free Cashflow To Firm	(199,068)	255,108	183,992	13,013	79,644

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	144,326	147,735	146,610	152,910	158,460
Total Debtors	132,595	138,003	185,774	176,317	169,639
Inventories	670,108	834,275	875,413	880,520	850,487
Total Other Current Assets	304,413	159,847	164,538	166,583	168,670
Total Current Assets	1,251,442	1,279,860	1,372,335	1,376,330	1,347,256
Fixed Assets	1,811,575	1,945,109	2,093,814	2,289,115	2,477,923
Total Investments	234,343	324,180	336,862	339,362	339,362
Intangible Assets	10	10	19,285	19,285	19,285
Total Other Non-Current Assets					
Total Non-current Assets	2,045,928	2,269,300	2,449,961	2,647,763	2,836,570
Short-term Debt	698,974	475,800	338,156	471,594	528,046
Current Portion of Long-Term Debt					
Total Creditors	810,267	1,005,853	1,153,293	1,139,838	1,136,611
Other Current Liabilities					
Total Current Liabilities	1,509,241	1,481,653	1,491,449	1,611,432	1,664,656
Total Long-term Debt	598,929	690,731	775,229	777,229	779,230
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	598,929	690,731	775,229	777,229	779,230
Total Provisions	226,455	248,636	249,540	250,067	250,784
Total Liabilities	2,334,625	2,421,020	2,516,218	2,638,728	2,694,671
Shareholders Equity	953,979	1,118,380	1,293,546	1,372,681	1,475,698
Minority Interests	8,766	9,759	12,533	12,684	13,458
Total Equity	962,745	1,128,139	1,306,079	1,385,365	1,489,155

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	(8.3%)	(24.9%)	57.9%	(6.6%)	(3.9%)
Operating EBITDA Growth	(68.2%)	245.1%	12.1%	(16.3%)	8.3%
Operating EBITDA Margin	2.4%	11.2%	7.9%	7.1%	8.0%
Net Cash Per Share (Rs)	(125.65)	(110.97)	(105.30)	(119.37)	(125.13)
BVPS (Rs)	103.91	121.81	140.89	149.51	160.73
Gross Interest Cover	(0.09)	8.26	6.59	5.54	5.99
Effective Tax Rate		29.2%	24.6%	24.5%	24.6%
Net Dividend Payout Ratio	(76.1%)	36.0%	33.2%	36.4%	37.2%
Accounts Receivables Days	10.95	13.57	10.28	12.31	12.23
Inventory Days	61.69	99.67	64.78	71.40	74.72
Accounts Payables Days	75.40	120.32	81.81	93.24	98.26
ROIC (%)	(0.2%)	10.7%	11.6%	8.2%	8.3%
ROCE (%)	0.9%	13.8%	14.8%	10.7%	10.7%
Return On Average Assets	(0.7%)	9.8%	10.1%	7.3%	7.5%

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 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.