

India

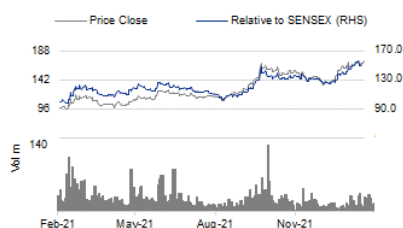
ADD (no change)

Consensus ratings*:	Buy 23	Hold 3	Sell 4
Current price:	Rs168		
Target price:	Rs200 ▲		
Previous target:	Rs190		
Up/downside:	19.0%		
InCred Research / Consensus:	4.3%		
Reuters:	ONGC.NS		
Bloomberg:	ONGC IN		
Market cap:	US\$28,064m		
	Rs2,115,374m		
Average daily turnover:	US\$41.9m		
	Rs3155.0m		
Current shares o/s:	12,580.1m		
Free float:	39.6%		

*Source: Bloomberg

Key changes in this note

- FY22F EPS increased by 17%
- FY23F EPS increased by 11%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.5	9.5	69.1
Relative (%)	8.9	12.9	49.8

Major shareholders	% held
Government of India	60.4
LIC	10.4
Indian Oil Corporation	7.8

Analyst(s)



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Oil & Natural Gas

Lower exploration expense boosts profits

- 3QFY22 standalone revenue and EBITDAX were in line, with net profit coming in 27% above our estimate due to lower exploration expenses.
- We raise FY22F/23F EPS estimates by 11-17% due to US\$5-7/bbl increase in Brent forecasts and inventory gains during 9MFY22 at refining subsidiaries.
- We maintain our Add rating and raise our SOP-based target price to Rs200 from Rs190. A sharp drop in oil price is the main risk to our rating.

Exploration expenses swing bottomline impact

ONGC reported 3QFY22 standalone revenue of Rs284.7bn (up 67% yoy) and operational profit (EBITDAX) of Rs159.7bn (up 91% yoy), both of which were in line with our estimates. Volumes of crude oil (5.08mt, down 3.9% yoy) and natural gas (4.32bcm down 4.3% yoy) were in line. Exploration expenses (which are unpredictable) at Rs11.4bn were lower than our estimate (Rs23.5bn) resulting in net profit at Rs87.6bn coming in at 27% above our estimate. We have maintained our FY22F exploration expense estimate implying a very high charge of Rs39bn in 4QFY22. ONGC declared a second interim dividend of Rs1.75/sh (first interim dividend of Rs5.5/sh declared with 2QFY22 results).

We raise FY22-23F EPS estimates by 11-17%

In view of the sharp run up in global prices, we have raised our Brent crude forecasts for FY22F by US\$7/bbl to US\$77/bbl and for FY23F by US\$5/bbl to US\$70/bbl. Accordingly, we raise our FY22-23F EPS by 11-17%, also incorporating higher profits at the refining subsidiaries – Mangalore Refinery (MRPL) and Hindustan Petroleum (HPCL) – during 9MFY22 due to inventory gains. Current high prices of close to US\$90/bbl also reflect some geopolitical risk premium, in our view. The ultimate outcome of the situation in Ukraine as well as clarity on the removal of Iran sanctions could likely provide better clarity on where crude prices will settle. Recent quarterly trends in ONGC crude and gas production do not indicate any significant growth. However, our numbers are conservative and hence this has not been a disappointment. For the 98/2 block, we estimate gas production at 1/5/10 mmscmd over FY22F/23F/24F and oil production at 10/30kbd over FY23F/24F. Our standalone capex estimate of Rs320bn p.a. over FY22-24F is at the higher end of management forecasts.

Our oil/gas price assumptions are conservative

Our EPS estimates are based on Brent crude oil forecasts of US\$77/70/60 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 2% for every US\$1/bbl increase in Brent and by 3.3% for every US\$0.50/mmbtu increase in gas price. The next change in domestic gas price due from 1 Apr 2022 (when prices could nearly double from current levels) will be a key re-rating catalyst, in our view. We have assumed dividend payout at 45-50% of standalone net profit and the resultant dividend yield (7.1% for FY23F) also provides downside support, in our view.

Financial Summary	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	3,968,029	3,040,010	4,920,136	4,378,642	4,020,415
Operating EBITDA (Rsm)	563,102	494,661	778,457	844,937	752,649
Net Profit (Rsm)	109,072	162,488	434,523	393,174	319,675
Core EPS (Rs)	8.7	12.9	34.5	31.3	25.4
Core EPS Growth	(63.7%)	49.0%	167.4%	(9.5%)	(18.7%)
FD Core P/E (x)	19.39	13.02	4.87	5.38	6.62
DPS (Rs)	5.0	3.6	14.0	12.0	10.0
Dividend Yield	3.58%	2.14%	8.33%	7.14%	5.95%
EV/EBITDA (x)	4.96	5.57	3.46	3.09	3.31
P/FCFE (x)	86.80	(264.81)	16.91	11.43	16.60
Net Gearing	52.3%	49.7%	43.2%	38.4%	33.2%
P/BV (x)	1.02	0.96	0.83	0.78	0.72
ROE	5.1%	7.6%	18.3%	14.9%	11.3%
% Change In Core EPS Estimates			17.42%	11.22%	(0.16%)
InCred Research/Consensus EPS (x)			1.16	0.93	0.76

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 11 FEB 2022

Lower exploration expense boosts profits

Figure 1: ONGC's consolidated quarterly result trends

Rs bn	Dec'20	Mar'21	Jun'21	Sep'21	Dec'21	yoy %	qoq %
Net sales	1002.9	1141.7	1081.4	1220.3	1456.9	45.3%	19.4%
EBITDAX	133.0	178.7	175.3	185.4	225.6	69.6%	21.7%
Exploration expenses	20.2	23.9	12.5	7.8	11.4	-43.7%	45.2%
EBITDA	112.8	154.8	162.9	177.5	214.2	89.9%	20.6%
Interest	(10.3)	(11.2)	(14.4)	(13.8)	(13.9)	35.4%	0.9%
DD&A	(64.9)	(54.2)	(64.2)	(62.3)	(68.5)	5.5%	9.9%
Other income	21.3	40.4	11.7	14.2	21.3	0.1%	50.4%
Profit from associates/JVs	2.5	6.8	6.0	5.4	7.0	178.9%	30.1%
Profit before tax	61.4	136.6	101.9	121.0	160.1	160.8%	32.3%
Tax	(23.7)	(27.2)	(33.5)	66.5	(43.7)	84.2%	-165.8%
Minority interest	(11.2)	(15.6)	(8.6)	(6.9)	(7.1)	-37.1%	1.6%
Net profit	26.4	93.9	59.9	180.6	109.3	313.6%	-39.5%
Quarterly EPS (Rs)	2.1	7.5	4.8	14.4	8.7	313.6%	-39.5%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: ONGC's standalone quarterly result trends

Rs bn	Dec'20	Mar'21	Jun'21	Sep'21	Dec'21	yoy %	qoq %
Net sales	170.2	211.9	230.2	243.5	284.7	67.3%	16.9%
EBITDAX	83.5	101.2	121.5	132.3	159.7	91.3%	20.7%
Exploration expenses	18.4	19.7	11.5	7.0	11.2	-39.2%	60.0%
EBITDA	65.1	81.5	110.0	125.3	148.5	128.2%	18.5%
Interest	(6.0)	(5.7)	(6.2)	(5.8)	(5.8)	-2.8%	0.5%
DD&A	(44.3)	(17.9)	(41.7)	(39.4)	(43.4)	-2.0%	10.0%
Other income	12.2	31.3	5.3	31.5	14.9	22.4%	-52.6%
Profit before tax	27.0	89.3	67.5	111.5	114.2	322.9%	2.4%
Total Tax	(14.4)	(21.9)	(24.2)	72.0	(26.6)	84.3%	-137.0%
Net profit	12.6	67.3	43.3	183.5	87.6	596.6%	-52.2%
Quarterly EPS (Rs)	1.0	5.4	3.4	14.6	7.0	596.6%	-52.2%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: ONGC's standalone quarterly sales breakdown

Rs bn	Dec'20	Mar'21	Jun'21	Sep'21	Dec'21	yoy %	qoq %
<u>Crude oil</u>							
Own fields	106.2	142.6	158.2	164.3	186.7	75.8%	13.6%
JVs	20.3	23.6	26.3	28.3	29.2	43.9%	3.1%
Total crude oil	126.5	166.2	184.4	192.7	215.9	70.7%	12.0%
<u>Natural gas</u>							
Own fields	23.5	22.8	20.9	21.6	34.0	44.7%	57.2%
JVs	2.5	3.2	3.4	4.8	5.8	129.0%	19.7%
Total natural gas	26.0	26.0	24.4	26.5	39.8	52.8%	50.3%
Oil/gas products	21.0	25.2	28.2	31.7	34.9	66.7%	10.3%
Profit petroleum	-4.1	-6.7	-8.0	-8.8	-8.2	100.5%	-7.0%
Total	170.2	211.9	230.2	243.5	284.7	67.3%	16.9%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: ONGC's standalone quarterly sales volume details

	Dec'20	Mar'21	Jun'21	Sep'21	Dec'21	yoy %	qoq %
<u>Crude oil (mmt)</u>							
Own fields	4.43	4.47	4.36	4.26	4.38	-1.2%	2.8%
Other JVs	0.86	0.75	0.73	0.73	0.71	-17.7%	-3.9%
Total crude oil	5.29	5.22	5.09	4.99	5.08	-3.9%	1.8%
<u>Natural gas (bcm)</u>							
Own fields	4.32	4.19	3.89	4.03	4.09	-5.4%	1.3%
JVs	0.20	0.20	0.20	0.22	0.24	20.8%	8.7%
Total natural gas	4.52	4.39	4.09	4.25	4.32	-4.3%	1.7%
<u>Oil/gas products (tmt)</u>							
LPG	245	236	229	223	206	-15.9%	-7.6%
Naphtha	229	213	244	244	215	-6.1%	-11.9%
C2/C3	290	251	292	289	281	-3.1%	-2.8%
Others	20	26	19	21	22	10.0%	4.8%
Total products	784	726	784	777	724	-7.7%	-6.8%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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

Rs bn	Dec'20	Mar'21	Jun'21	Sep'21	Dec'21	yoy %	qoq %
INR/USD	73.7	72.9	73.7	74.1	75.0	1.7%	1.2%
Own domestic crude price US\$/bbl	43.2	58.1	65.6	69.4	75.7	75.3%	9.2%
Domestic gas price (US\$/mmbtu)	2.1	2.1	2.1	2.0	3.1	49.8%	52.4%
Cash lifting costs, incl forex (US\$/boe)	7.6	9.8	8.9	8.7	9.4	23.1%	8.1%

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	77.0	70.0	60.0
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	2.6	5.5	5.0
Domestic opex (US\$/boe)	10.2	8.0	9.2	9.5	9.5
ONGC domestic upstream operations					
<u>Oil production (mt)</u>					
Own crude	20.63	20.18	19.36	19.46	20.05
Share from JVs	2.73	2.35	2.30	2.30	2.30
Total	23.35	22.53	21.65	21.75	22.35
<u>Gas production (bcm)</u>					
Own gas	23.75	21.87	20.77	21.86	23.29
Share from JVs	1.12	0.94	1.00	1.00	1.00
Total	24.86	22.82	21.77	22.86	24.29
<u>ONGC Videsh production</u>					
Oil production (mt)	9.76	8.51	8.47	7.99	7.01
Gas (bcm)	5.23	4.53	4.32	4.32	4.32
<u>HPCL</u>					
Consolidated refinery throughput (mmt)	43.33	37.97	41.79	52.53	55.03
Parent refinery GRM (US\$/bbl)	1.02	3.86	5.05	5.40	5.50
Auto fuel volumes (mmt)	24.95	22.47	24.51	25.35	26.20
Auto fuel margins (Rs/kl)	2,439	3,467	3,000	3,000	3,000
<u>MRPL</u>					
Refinery throughput (mmt)	13.95	11.48	15.90	16.30	16.30
Refinery GRM (US\$/bbl)	-0.23	3.71	5.46	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	3,040.0	4,920.1	4,378.6	4,020.4
EBITDAX	653.3	566.0	849.5	912.9	823.7
Exploration expenses	90.2	71.4	71.0	68.0	71.0
EBITDA	563.1	494.7	778.5	844.9	752.6
Debt charges (incl exch losses)	-70.0	-50.8	-58.3	-72.8	-72.8
Depn, depltn, amrtsn (DD&A)	-363.1	-246.2	-261.2	-265.0	-281.4
Other income	50.1	93.2	68.8	71.7	74.8
Profit before tax	180.1	290.9	527.7	578.8	473.2
Taxation	-75.1	-87.7	-76.8	-172.1	-140.3
Profit after tax	105.1	203.2	450.8	406.7	332.9
Share in Associate/JVs	10.5	10.2	20.3	20.5	21.5
Minority interest	6.5	50.9	36.6	34.1	34.7
Group profit	109.1	162.5	434.5	393.2	319.7
FDEPS (Rs)	8.7	12.9	34.5	31.3	25.4

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	1,042.7	1,102.8	1,007.2
EBITDAX	492.9	328.1	578.9	637.2	563.6
Exploration expenses	86.8	63.9	69.0	66.0	69.0
EBITDA	406.0	264.3	509.9	571.2	494.6
Debt charges (incl exch losses)	-28.2	-22.1	-25.2	-25.2	-24.3
Depn, depltn, amrtsn (DD&A)	-235.2	-149.5	-163.4	-170.5	-179.0
Other income	61.1	71.4	72.3	59.4	61.3
Profit before tax	203.7	164.0	393.7	434.9	352.5
Taxation	-69.2	-51.6	-16.2	-112.2	-90.9
Profit after tax	134.4	112.5	377.5	322.7	261.6
FDEPS (Rs)	10.7	8.9	30.0	25.7	20.8

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	119.6	135.3	142.4
Debt charges	-11.4	-9.6	-10.0	-24.1	-25.3
Depreciation	-33.7	-36.3	-40.9	-49.7	-55.8
Other income	8.1	26.4	16.9	17.5	18.2
Profit before tax	18.3	140.6	85.5	79.0	79.6
Taxation	12.6	-35.3	-20.9	-19.3	-19.4
Profit after tax	31.0	105.2	64.6	59.7	60.1
Associate/JV contribution	-4.6	1.4	7.6	8.1	9.4
Net profit	26.4	106.6	72.2	67.8	69.5
FDEPS (Rs)	17.3	70.6	50.6	47.8	49.0

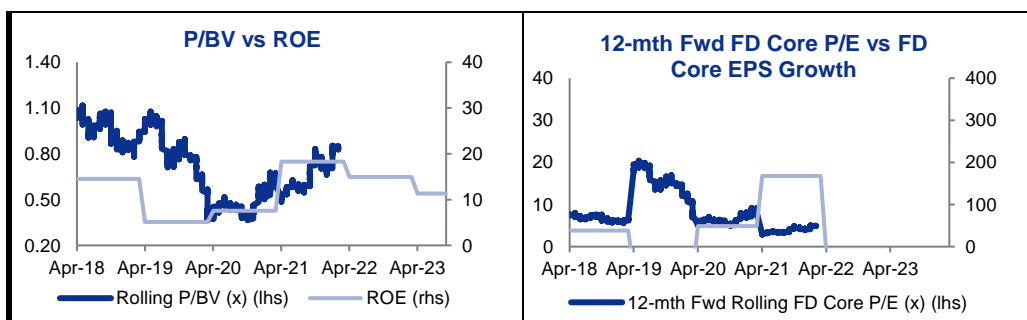
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

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	27,79,182	37,056	221	4,478	8.3
Valuation of overseas P1 reserves	4,46,610	5,955	36		
Subsidiary HPCL shares at 20% discount to market price	1,93,154	2,575	15		
Investments (IOC/GAIL/MRPL) at 20% discount to market price	3,04,656	4,062	24		
Net cash/(debt) (excluding abandonment deposits)	-12,02,266	-16,030	-96		
Target price			200		

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	3,040,010	4,920,136	4,378,642	4,020,415
Gross Profit	653,337	566,016	849,461	912,941	823,653
Operating EBITDA	563,102	494,661	778,457	844,937	752,649
Depreciation And Amortisation	(363,098)	(246,197)	(261,222)	(264,991)	(281,396)
Operating EBIT	200,004	248,464	517,234	579,947	471,253
Financial Income/(Expense)	(69,998)	(50,790)	(58,299)	(72,842)	(72,843)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	50,131	93,230	68,755	71,733	74,775
Profit Before Tax (pre-EI)	180,137	290,904	527,691	578,837	473,185
Exceptional Items					
Pre-tax Profit	180,137	290,904	527,691	578,837	473,185
Taxation	(75,080)	(87,661)	(76,847)	(172,126)	(140,332)
Exceptional Income - post-tax					
Profit After Tax	105,057	203,243	450,843	406,711	332,853
Minority Interests	(6,530)	(50,948)	(36,599)	(34,065)	(34,657)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	10,544	10,193	20,278	20,528	21,480
Net Profit	109,072	162,488	434,523	393,174	319,675
Recurring Net Profit	109,072	162,488	434,523	393,174	319,675
Fully Diluted Recurring Net Profit	109,072	162,488	434,523	393,174	319,675

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	563,102	494,661	778,457	844,937	752,649
Cash Flow from Invt. & Assoc.	50,131	93,230	68,755	71,733	74,775
Change In Working Capital	56,587	44,365	(32,307)	57,830	31,275
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(15,185)	(7,656)	(75,819)	9,178	7,205
Other Operating Cashflow	(144,237)	(16,216)	9,256	14,692	19,266
Net Interest (Paid)/Received	(69,998)	(50,790)	(58,299)	(72,842)	(72,843)
Tax Paid	(75,080)	(87,661)	(76,847)	(172,126)	(140,332)
Cashflow From Operations	365,321	469,933	613,196	753,401	671,995
Capex	(681,665)	(417,488)	(480,861)	(484,734)	(458,634)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	124,346	(105,371)	(60,895)	(54,983)	(55,001)
Other Investing Cashflow					
Cash Flow From Investing	(557,320)	(522,859)	(541,756)	(539,717)	(513,636)
Debt Raised/(repaid)	216,586	44,938	53,660	(28,684)	(30,961)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(84,351)	(22,015)	(114,481)	(213,236)	(129,577)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	132,235	22,922	(60,821)	(241,920)	(160,537)
Total Cash Generated	(59,764)	(30,004)	10,619	(28,236)	(2,178)
Free Cashflow To Equity	24,588	(7,988)	125,100	185,000	127,399
Free Cashflow To Firm	(122,001)	(2,136)	129,738	286,526	231,203

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	126,099	190,719	213,482	265,304
Total Debtors	115,475	185,788	214,777	202,134	181,045
Inventories	330,512	445,733	446,130	428,198	414,148
Total Other Current Assets	502,813	426,147	445,728	462,883	480,197
Total Current Assets	1,059,290	1,183,767	1,297,354	1,306,697	1,340,694
Fixed Assets	2,880,540	3,026,350	3,189,343	3,355,339	3,475,753
Total Investments	675,790	781,161	842,056	897,039	952,041
Intangible Assets	142,367	135,386	135,386	135,386	135,386
Total Other Non-Current Assets					
Total Non-current Assets	3,698,696	3,942,897	4,166,785	4,387,764	4,563,180
Short-term Debt	315,745	306,576	277,223	214,787	202,575
Current Portion of Long-Term Debt					
Total Creditors	669,983	810,873	827,532	871,942	885,392
Other Current Liabilities					
Total Current Liabilities	985,729	1,117,449	1,104,755	1,086,729	1,087,966
Total Long-term Debt	971,187	1,025,294	1,108,307	1,142,059	1,123,311
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	971,187	1,025,294	1,108,307	1,142,059	1,123,311
Total Provisions	553,266	557,953	482,135	491,313	498,518
Total Liabilities	2,510,182	2,700,696	2,695,198	2,720,101	2,709,796
Shareholders Equity	2,069,677	2,209,811	2,543,112	2,728,692	2,926,381
Minority Interests	178,128	216,158	225,830	245,668	267,697
Total Equity	2,247,805	2,425,969	2,768,942	2,974,360	3,194,078

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	(5.9%)	(23.4%)	61.8%	(11.0%)	(8.2%)
Operating EBITDA Growth	(26.1%)	(12.2%)	57.4%	8.5%	(10.9%)
Operating EBITDA Margin	14.2%	16.3%	15.8%	19.3%	18.7%
Net Cash Per Share (Rs)	(93.51)	(95.85)	(94.97)	(90.89)	(84.31)
BVPS (Rs)	164.52	175.66	202.15	216.90	232.62
Gross Interest Cover	2.86	4.89	8.87	7.96	6.47
Effective Tax Rate	41.7%	30.1%	14.6%	29.7%	29.7%
Net Dividend Payout Ratio	69.4%	27.9%	40.5%	38.4%	39.4%
Accounts Receivables Days	13.34	18.09	14.86	17.38	17.39
Inventory Days	37.54	57.26	39.98	46.04	48.09
Accounts Payables Days	76.66	109.24	73.45	89.49	100.32
ROIC (%)	4.5%	5.5%	10.7%	11.7%	9.3%
ROCE (%)	6.4%	8.4%	13.5%	14.2%	11.4%
Return On Average Assets	3.6%	5.1%	9.7%	8.6%	7.0%

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 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.