

Vietnam

**HOLD** (no change)

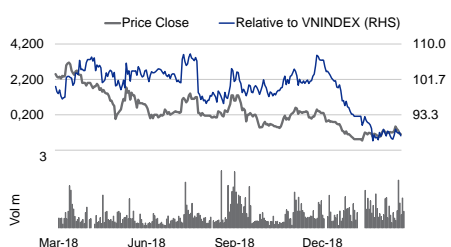
Consensus ratings\*: Buy 0 Hold 1 Sell 0

Current price:	VND9,100
Target price:	VND9,900
Previous target:	VND9,700
Up/downside:	8.8%
CGS-CIMB / Consensus:	na
Reuters:	DCM.HM
Bloomberg:	DCM VN
Market cap:	US\$207.6m VND4,817,540m
Average daily turnover:	US\$0.27m VND6,195m
Current shares o/s:	529.4m
Free float:	15.9%

\*Source: Bloomberg

**Key changes in this note**

- FY19F EPS increased by 359%.
- FY20F EPS increased by 131%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-0.3	-9.9	-28.4
Relative (%)	-0.3	-18.3	-12.7

Major shareholders	% held
Vietnam National Oil and Gas Group	75.6
PVFCapital	8.5

**Analyst(s)**



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# PetroVietnam Ca Mau Fertilizer

## Brighter 2019F prospects

- We expect the government to continue to subsidise DCM's gas input price, and to a greater extent than previously forecasted.
- DCM's NPK plant is well on track for a trial run by the end of 2Q19F.
- Maintain Hold. We raise our TP to VND9,900.

### 2018 results in line with expectations

DCM posted a 2018 net revenue of VND6,689bn, up 16.4% from 2017 as a result of a significant increase in urea ASP (est. 16-18% yoy) and an impressive rise in the trading volume of other fertilisers. However, net profit only increased 2.5% yoy, in line with our expectation, as the company's 2018 profit remained regulated by PVN's policy, which guaranteed a fixed ROE of urea segment at 12% during FY15-18 by adjusting the gas price that PVN sold to DCM.

### Brighter 2019F prospects on more lenient gas price policy

We hold our belief that PVN would still give certain support to DCM through partial subsidy of its gas input cost until the company fully depreciates its plant and repays the debt incurred through plant construction. However, we revise downward our 2019 gas price assumption from a 20% discount to the market level (benchmarked as DPM's gas input price) to one based on DCM's 2019 guidance of VND6,941bn in total revenue (+1.7% yoy) and VND256bn in profit before tax (-63.8% yoy). As such, we still expect DCM's net profit to fall in FY19F, but at a slower pace of 66.9% yoy vs. our previous forecast of 93% yoy. Our forecast for FY19F EPS more than tripled as a result.

### NPK plant well on track for trial run in 2Q19F

The construction of DCM's 300,000-tonne nitrogen, phosphorus, and potassium (NPK) plant stays on schedule; it is slated for trial run at end-2Q19F. The company expects to produce 80,000 tonnes and sell 60,000 tonnes of NPK in 2019. In our estimate, this could lead to an additional VND494bn of NPK revenue in total 2019F revenue, but with a loss of VND69bn at the bottomline. We expect the NPK plant to generate profit starting from 2022F, at a utilisation rate of 80%.

### Maintain Hold

Despite raising our earnings forecasts for FY19-22F on weaker gas input price hike, we maintain a Hold rating for DCM, as the increase in gas price still has a strong impact on DCM's net profit. We also raise our TP accordingly, based on a combination of a 5-year DCF, and target FY19F P/E and P/BV maintained at 10x and 1x, respectively. Upside risk to our call includes a more favourable gas price policy and higher urea ASP growth. Downside risks include a less positive FY19F gas price policy, and lower fertiliser consumption volume.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (VNDb)	5,748	6,689	6,925	7,799	8,420
Operating EBITDA (VNDb)	2,019	2,084	1,571	1,648	1,583
Net Profit (VNDb)	637.9	654.0	216.7	230.4	223.2
Core EPS (VND)	1,205	1,235	409	435	422
Core EPS Growth	2.9%	2.5%	(66.9%)	6.3%	(3.1%)
FD Core P/E (x)	7.55	7.37	22.24	20.91	21.58
DPS (VND)	505.5	900.1	500.0	500.0	500.0
Dividend Yield	5.55%	9.89%	5.49%	5.49%	5.49%
EV/EBITDA (x)	2.77	2.29	2.89	2.00	1.31
P/FCFE (x)	3.6	NA	188.2	4.6	4.6
Net Gearing	12.0%	(1.3%)	(5.0%)	(25.1%)	(45.2%)
P/BV (x)	0.79	0.77	0.78	0.78	0.79
ROE	10.7%	10.6%	3.5%	3.7%	3.6%
% Change In Core EPS Estimates			359%	131%	0%
CIMB/consensus EPS (x)					

SOURCES: VND RESEARCH, COMPANY REPORTS

## Brighter 2019F prospects

### 2018 results in line with expectations

**Figure 1: Results comparison**

FYE Dec (VND bn)	4Q18	4Q17	% yoy	FY18	FY17	% yoy	vs. FY18 forecast	Comments
<b>Net revenue</b>	<b>2,043.3</b>	<b>1,550.7</b>	<b>31.8%</b>	<b>6,689.3</b>	<b>5,747.8</b>	<b>16.4%</b>	<b>119.6%</b>	Net revenue exceeded our forecast due to a higher-than-expected surge in urea ASP and higher trading volumes of other fertiliser.
<b>Gross profit</b>	<b>241.3</b>	<b>144.0</b>	<b>67.6%</b>	<b>1,432.4</b>	<b>1,381.3</b>	<b>3.7%</b>	<b>106.6%</b>	
<i>Gross profit margin</i>	<i>11.8%</i>	<i>9.3%</i>	<i>+2.5% pts</i>	<i>21.4%</i>	<i>24.0%</i>	<i>-2.6% pts</i>	<i>-2.6% pts</i>	
Selling expenses	51.1	37.7	35.5%	331.5	333.6	-0.6%	102.2%	In line with our forecast
G&A expenses	96.8	66.5	45.6%	320.1	337.4	-5.1%	97.0%	In line with our forecast
<b>Operating profit</b>	<b>93.4</b>	<b>39.8</b>	<b>134.9%</b>	<b>780.8</b>	<b>710.4</b>	<b>9.9%</b>	<b>113.3%</b>	
Financial income	55.5	48.4	14.6%	176.2	168.8	4.4%	93.3%	
Financial expenses	38.5	46.2	-16.7%	260.1	202.9	28.2%	131.6%	Financial expenses was higher than our expectation due to higher FX losses.
<b>Pre-tax profit</b>	<b>111.0</b>	<b>43.1</b>	<b>157.4%</b>	<b>706.2</b>	<b>679.3</b>	<b>3.9%</b>	<b>103.3%</b>	
<b>Net profit</b>	<b>96.2</b>	<b>39.1</b>	<b>145.8%</b>	<b>654.0</b>	<b>637.9</b>	<b>2.5%</b>	<b>101.9%</b>	Net profit was in line with our forecast, as earnings could be projected with high certainty in light of the 12% fixed ROE gas price policy.

SOURCES: VND RESEARCH, COMPANY REPORTS

We credit the 16.4% increase in DCM's FY18 net revenue to the surge in urea ASP (estimated at 16-18% yoy) and a strong improvement in the trading volume of other fertilisers (approx. 160,000 tonnes vs. 2017's 69,000 tonnes). Higher sales volume of premium product lines such as N46.Plus and N46.Nano C+, which fetch higher ASPs, might be another reason for the increase in topline, which outperformed its 2018 target by 24.2% and our forecast by 19.6%.

It is notable that there were usually large discrepancies in the company's quarterly results, as DCM often adjusts its 4Q COGS to arrive at the 12% ROE guaranteed by PVN, causing difficulty in comparing quarterly performance on a year-on-year basis.

However, net profit in 2018 closely matched the company's guidance and our forecast, since net profit growth was limited by the fixed ROE policy at 12%, no matter how high revenue could extend. This policy expired at the end of 2018 and a new gas price contract would be effective from 2019 onwards.

### Brighter 2019F prospects on more lenient gas price policy

DCM's 2019 targets of VND6,941bn in total revenue (+1.7% yoy) and VND256bn in profit before tax (-63.8% yoy) are much higher than our previous forecasts, which were based on the assumption that the company's gas input price stays 20% below market price. We revise our gas price input assumption downwards based on DCM's 2019 guidance. Under this scenario, the company would still see a net profit decline of 66.9% yoy in 2019F (vs. our previous forecast of a 99.3% decline), in our estimate.

**Figure 2: Forecast revisions**

Unit: VNDbn, otherwise noted	2019F			2020F			2021F			Note
	Old	New	%Δ	Old	New	%Δ	Old	New	%Δ	
Brent crude oil (average, US\$/bbl)	73.7	65.0	-12%	73.7	67.0	-9%	73.7	68.6	-7%	As oil prices showed sharp correction in 4Q18, we revise down 2019 average oil price to US\$65/bbl.
Urea ASP (VND/kg)	6,164	6,593	7%	6,318	6,758	7%	6,476	6,927	7%	We revise up 2019 urea ASP on a high 2018 base and we expect short-to-medium term price level to remain favourable.
Urea volume ('000 tonnes)	804	782	-3%	804	763	-5%	804	758	-6%	We adjust downward urea volume from 2019 onwards assuming DCM would use in-house urea to produce NPK, hence lower external sales volume.
NPK volume ('000 tonnes)	105	60	-43%	180	150	-17%	210	195	-7%	We reduce the utilisation rate assumed for DCM's NPK plant as we are quite concerned about the harsh competition in the market after the addition of new NPK capacity in 2018-2019F (DPM's new plant at 350,000 tonnes in 2018, BFC's plant upgrade of 200,000 tonnes in 2019F).
Other fertiliser volume ('000 tonnes)	73	140	92%	76	147	93%	80	154	93%	We revise up forecast for 2019 trading volume on a high 2018 base (~160k tonnes) and the company's high 2019 guidance (185k tonnes).
<b>Net revenue</b>	<b>6,675</b>	<b>6,925</b>	<b>4%</b>	<b>7,551</b>	<b>7,799</b>	<b>3%</b>	<b>8,058</b>	<b>8,420</b>	<b>4%</b>	
<b>Gross profit</b>	<b>789</b>	<b>903</b>	<b>15%</b>	<b>886</b>	<b>933</b>	<b>5%</b>	<b>1,015</b>	<b>906</b>	<b>-11%</b>	We assume weaker gas price hike in 2019 than previously forecasted, based on DCM's 2019 business guidance, which leads to lower COGS.
Selling expenses	380	343	-10%	425	368	-14%	452	392	-13%	We adjust the assumption of SG&A expenses/revenue similar to 2018 level.
G&A expenses	386	332	-14%	431	357	-17%	458	381	-17%	
<b>Operating profit</b>	<b>23</b>	<b>227</b>	<b>897%</b>	<b>29</b>	<b>208</b>	<b>611%</b>	<b>104</b>	<b>132</b>	<b>27%</b>	
Financial income	189	139	-27%	200	153	-24%	223	193	-13%	DCM paid US\$50m of long term debt in advance in 2018, hence we lower forecast for financial income and interest expense from 2019 onwards.
Financial expense	198	142	-28%	127	123	-3%	95	96	2%	
<b>Pre-tax profit</b>	<b>50</b>	<b>234</b>	<b>365%</b>	<b>106</b>	<b>249</b>	<b>134%</b>	<b>238</b>	<b>241</b>	<b>1%</b>	
<b>Net profit</b>	<b>47</b>	<b>217</b>	<b>359%</b>	<b>100</b>	<b>230</b>	<b>131%</b>	<b>223</b>	<b>223</b>	<b>0%</b>	
Basic EPS (VND/share)	89	409	360%	189	435	130%	421	422	0%	
Adjusted EPS (VND/share)	79	360	356%	166	383	131%	371	371	0%	

SOURCES: VND RESEARCH

## Valuation

We increase our target price for DCM to VND9,900 to reflect the changes in our assumptions in terms of gas input price policy and sales volume. Our target price is based on a 50:25:25 combination of a 5-year DCF valuation, target FY19F P/E of 10x, and target FY19F P/BV of 1x, equal to 3-year historical average P/E and P/BV. We maintain our Hold rating for DCM, as we expect the company's 2019 earnings to be squeezed by the upward revision in gas price policy, though the effects should level off in later years.

Our valuation already takes into account the possible impact of a change in VAT policy on the company's business results, effective from 2020F. The new gas price policy for 2019 has not been publicly disclosed; however, it should be noted that if DCM's gas price policy remains in the form of a fixed-ROE policy, the positive effects of the VAT change would be nullified. Specifically, lower COGS caused by tax deductions would be countered by corresponding increases in gas input price to maintain ROE at a certain level. In this case, DCM could not benefit directly from the VAT amendment.

**Figure 3: DCF model - key assumption and inputs, based on our estimates**

General assumptions (in VND bn, otherwise noted)	2019F	2020F	2021F	2022F	2023F	Terminal
Net income	217	230	223	226	225	
Tax rate (%)	6.7%	6.7%	6.7%	6.7%	6.7%	
Interest expense	122	104	77	42	25	
-Changes in working capital	(444)	25	12	14	16	
-Net Capex	(620)	(179)	(185)	(200)	(215)	
+Depreciation & Amortisation	1,343	1,439	1,451	1,469	1,488	
FCFF	609	1,612	1,572	1,549	1,538	6,333
PV of FCFF	550	1,314	1,157	1,029	923	3,799
PV of DCF (5 years)	4,973					
PV of Terminal value	3,799					
Enterprise Value	8,772					
Less: Total debt	2,704					
Less: Minority interest	30					
Plus: Cash and Cash equiv.	286					
Implied EV	6,323					
No. of o/s shares (m)	529					
Implied value per share (VND)		11,944				
				Risk free rate (10-year VGB yield)		5%
				Equity risk premium		11%
				Beta (Source: BB, adj. beta)		0.7
				WACC		11%
				Terminal growth rate		2%
				Exit EV/EBITDA		4.0x

SOURCES: VND RESEARCH

**Figure 4: P/E and P/BV valuation - key inputs**

	FY19F
EPS (VND)	409
Target multiple (based on historical 3-year average P/E)	10x
Implied value per share (VND)	4,092
BVPS (VND)	11,696
Target multiple (based on historical 3-year average P/BV)	1x
Implied value per share (VND)	11,696

SOURCES: VND RESEARCH

**Figure 5: Blended target price**

Valuation method	Implied value per share (VND)	Weight (%)	Weighted value per share (VND)
DCF	11,944	50%	5,972
P/E	4,092	25%	1,023
P/BV	11,696	25%	2,924
Fair value			9,919
Target price (rounded down)			9,900

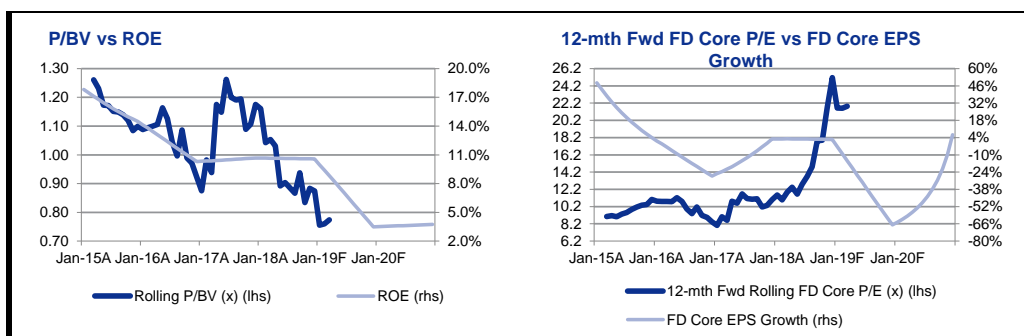
SOURCES: VND RESEARCH

**Figure 6: Global peer comparison**

Company	Bloomberg		Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
	Ticker	Recom.				FY19F	FY20F	FY19F	FY20F	FY19F	FY20F	FY19F	FY20F	FY19F	FY20F
Grupa Azoty Zaklady Azotowe Pulawy SA	ZAP PW	NR	110	N/A	559.0	17.0	6.8	0.0	0.0	3.9%	9.4%	4.9	2.6	5.4%	4.5%
Fatima Fertilizer Co Ltd	FATIMA PA	NR	32	N/A	478.5	5.0	4.8	0.9	0.8	18.6%	17.4%	N/A	N/A	10.0%	12.4%
Stanley Agricultural Group Co Ltd	002588 CH	NR	5	N/A	885.2	19.3	15.1	1.3	1.2	7.4%	10.3%	N/A	N/A	1.2%	1.5%
Engro Fertilizers Ltd	EFERT PA	NR	72	N/A	687.3	6.5	6.1	2.1	2.0	32.6%	33.3%	3.3	3.1	13.5%	14.0%
Fauji Fertilizer Co Ltd	FFC PA	NR	105	N/A	954.8	8.7	8.2	4.0	3.8	48.8%	51.6%	N/A	N/A	8.5%	9.5%
Engro Corp Ltd	ENGRO PA	NR	325	N/A	1,220.1	12.5	9.2	1.1	1.0	8.8%	11.9%	8.5	7.5	7.0%	8.5%
Hubei Xinyangfeng Fertilizer Co Ltd	000902 CH	NR	11	N/A	2,072.3	16.7	13.7	2.2	2.0	13.4%	14.7%	N/A	N/A	1.8%	2.3%
<b>Average</b>					<b>979.6</b>	<b>12.3</b>	<b>9.1</b>	<b>1.7</b>	<b>1.6</b>	<b>19.1%</b>	<b>21.2%</b>	<b>5.6</b>	<b>4.4</b>	<b>6.8%</b>	<b>7.5%</b>
<b>Median</b>					<b>885.2</b>	<b>12.5</b>	<b>8.2</b>	<b>1.3</b>	<b>1.2</b>	<b>13.4%</b>	<b>14.7%</b>	<b>4.9</b>	<b>3.1</b>	<b>7.0%</b>	<b>8.5%</b>
PetroVietnam Ca Mau	DCM VN	HOLD	9,100	9,900	207.6	22.2	20.9	0.8	0.8	3.5%	3.7%	2.9	2.0	5.5%	5.5%
PetroVietnam Fertilizer and Chemicals	DPM VN	ADD	20,000	23,400	337.3	10.4	7.3	0.9	0.9	9.1%	12.2%	3.6	2.5	5.0%	5.0%

SOURCES: VND RESEARCH, COMPANY REPORTS, BLOOMBERG (AS AT 23 MAR 2019)

## BY THE NUMBERS



### Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>Total Net Revenues</b>	<b>5,748</b>	<b>6,689</b>	<b>6,925</b>	<b>7,799</b>	<b>8,420</b>
<b>Gross Profit</b>	<b>2,662</b>	<b>2,713</b>	<b>2,246</b>	<b>2,373</b>	<b>2,357</b>
<b>Operating EBITDA</b>	<b>2,019</b>	<b>2,084</b>	<b>1,571</b>	<b>1,648</b>	<b>1,583</b>
Depreciation And Amortisation	(1,309)	(1,303)	(1,343)	(1,439)	(1,451)
<b>Operating EBIT</b>	<b>710</b>	<b>781</b>	<b>227</b>	<b>208</b>	<b>132</b>
Financial Income/(Expense)	(34)	(84)	(3)	29	97
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	3	9	10	11	12
<b>Profit Before Tax (pre-EI)</b>	<b>679</b>	<b>706</b>	<b>234</b>	<b>249</b>	<b>241</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>679</b>	<b>706</b>	<b>234</b>	<b>249</b>	<b>241</b>
Taxation	(38)	(47)	(16)	(17)	(16)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>641</b>	<b>659</b>	<b>218</b>	<b>232</b>	<b>225</b>
Minority Interests	(3)	(5)	(2)	(2)	(2)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>638</b>	<b>654</b>	<b>217</b>	<b>230</b>	<b>223</b>
Recurring Net Profit	638	654	217	230	223
<b>Fully Diluted Recurring Net Profit</b>	<b>638</b>	<b>654</b>	<b>217</b>	<b>230</b>	<b>223</b>

### Cash Flow

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>EBITDA</b>	<b>2,019</b>	<b>2,084</b>	<b>1,571</b>	<b>1,648</b>	<b>1,583</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	489	(314)	(444)	25	12
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(96)	(37)	(3)	(9)	(7)
Other Operating Cashflow	(93)	(202)	4	6	11
Net Interest (Paid)/Received	(26)	16	3	34	97
Tax Paid	(27)	(29)	(16)	(17)	(16)
<b>Cashflow From Operations</b>	<b>2,266</b>	<b>1,517</b>	<b>1,115</b>	<b>1,687</b>	<b>1,681</b>
Capex	(120)	(330)	(620)	(179)	(185)
Disposals Of FAs/subsidiaries	0	0	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	354	(240)	(1)	(5)	(3)
<b>Cash Flow From Investing</b>	<b>234</b>	<b>(569)</b>	<b>(621)</b>	<b>(184)</b>	<b>(189)</b>
Debt Raised/(repaid)	(1,150)	(2,082)	(468)	(450)	(450)
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(268)	(477)	(265)	(265)	(265)
Preferred Dividends					
Other Financing Cashflow	0	0	0	0	0
<b>Cash Flow From Financing</b>	<b>(1,418)</b>	<b>(2,558)</b>	<b>(733)</b>	<b>(715)</b>	<b>(715)</b>
Total Cash Generated	1,083	(1,610)	(239)	788	778
<b>Free Cashflow To Equity</b>	<b>1,350</b>	<b>(1,134)</b>	<b>26</b>	<b>1,053</b>	<b>1,042</b>
<b>Free Cashflow To Firm</b>	<b>2,683</b>	<b>1,090</b>	<b>615</b>	<b>1,607</b>	<b>1,569</b>

SOURCES: VND RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	3,996	2,788	2,549	3,337	4,114
Total Debtors	400	453	459	482	498
Inventories	371	984	1,128	1,286	1,407
Total Other Current Assets	71	87	90	101	109
<b>Total Current Assets</b>	<b>4,839</b>	<b>4,312</b>	<b>4,225</b>	<b>5,205</b>	<b>6,129</b>
Fixed Assets	7,470	6,298	5,925	4,671	3,406
Total Investments	0	0	0	0	0
Intangible Assets	32	39	34	29	28
Total Other Non-Current Assets	116	382	36	41	44
<b>Total Non-current Assets</b>	<b>7,617</b>	<b>6,718</b>	<b>5,996</b>	<b>4,740</b>	<b>3,478</b>
Short-term Debt					
Current Portion of Long-Term Debt	1,062	1,185	694	694	694
Total Creditors	1,185	1,592	1,287	1,455	1,578
Other Current Liabilities	278	306	317	357	385
<b>Total Current Liabilities</b>	<b>2,525</b>	<b>3,083</b>	<b>2,298</b>	<b>2,506</b>	<b>2,657</b>
Total Long-term Debt	3,674	1,519	1,542	1,092	641
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	103	157	157	157	157
<b>Total Non-current Liabilities</b>	<b>3,777</b>	<b>1,676</b>	<b>1,699</b>	<b>1,248</b>	<b>798</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>6,303</b>	<b>4,759</b>	<b>3,997</b>	<b>3,754</b>	<b>3,455</b>
Shareholders' Equity	6,127	6,240	6,192	6,158	6,116
Minority Interests	26	30	32	34	35
<b>Total Equity</b>	<b>6,154</b>	<b>6,271</b>	<b>6,224</b>	<b>6,191</b>	<b>6,152</b>

### Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	17.1%	16.4%	3.5%	12.6%	8.0%
Operating EBITDA Growth	(2.7%)	3.2%	(24.6%)	4.9%	(3.9%)
Operating EBITDA Margin	35.1%	31.2%	22.7%	21.1%	18.8%
Net Cash Per Share (VND)	(1,398)	158	590	2,930	5,249
BVPS (VND)	11,574	11,787	11,696	11,632	11,553
Gross Interest Cover	3.88	5.50	1.87	2.01	1.73
Effective Tax Rate	5.59%	6.71%	6.71%	6.71%	6.71%
Net Dividend Payout Ratio	42%	73%	122%	115%	119%
Accounts Receivables Days	0.26	0.51	0.94	0.91	0.92
Inventory Days	44.04	62.19	82.39	81.39	81.05
Accounts Payables Days	66.58	54.38	45.24	29.77	29.65
ROIC (%)	8.2%	11.2%	3.6%	3.4%	2.8%
ROCE (%)	7.66%	9.46%	4.04%	4.21%	3.96%
Return On Average Assets	5.31%	6.33%	2.08%	2.01%	1.31%

### Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Oil Price (US\$/bbl)	54.2	71.2	65.0	67.0	68.6
Volume Growth (%)	6.4%	-9.3%	-0.3%	-2.4%	-0.7%
Ratio Of Up To Downstream (x)	N/A	N/A	N/A	N/A	N/A
Operating Cash Cost (US\$/bbl)	N/A	N/A	N/A	N/A	N/A
Ratio Of High To Low Margin (x)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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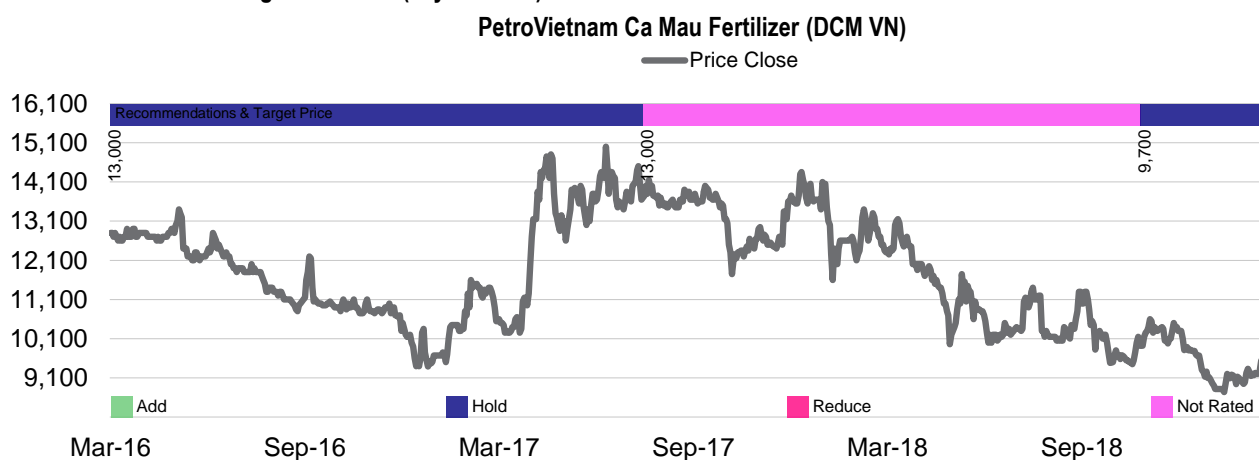
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2018		
758 companies under coverage for quarter ended on 31 December 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.2%	4.2%
Hold	25.1%	2.1%
Reduce	13.7%	0.4%

**Spitzer Chart for stock being researched ( 2 year data )**



## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, Declared, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **DELTA** – Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HREIT** – Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD\*** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **SAMART** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, Declared, **TMB** – Excellent, Certified, **TNR** – Very Good, Declared, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

\* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

### RECOMMENDATION FRAMEWORK

#### Stock Ratings

##### Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% 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.

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