

Vietnam

ADD (no change)

Consensus ratings*: Buy 2 Hold 3 Sell 2

Current price:	VND18,000
Target price:	VND20,000
Previous target:	VND23,400
Up/downside:	11.1%
CGS-CIMB / Consensus:	2.7%
Reuters:	DPM.HM
Bloomberg:	DPM VN
Market cap:	US\$302.0m
	VND7,044,017m
Average daily turnover:	US\$0.36m
	VND8,248m
Current shares o/s:	391.4m
Free float:	19.8%

*Source: Bloomberg

Key changes in this note

➤ FY19-21F basic EPS lowered by 23-38%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.2	-19.7	-2.7
Relative (%)	0	-25.1	7.2

Major shareholders	% held
PetroVietnam	59.6
Edgbaston	4.9
Nghe An Agricultural Materials and Food JSC	3.9

Analyst(s)



Hinh DINH

T (84) 168 527 4887

E hinh.dinh@vndirect.com.vn

PetroVietnam Fertilizer and Chemicals

High input prices cast shadow on 2019F outlook

- 1Q19 net profit plunged 71% yoy to make up just 7% of our FY19F forecast.
- Subdued urea and NPK sales volume and a possible gas transportation tariff hike could act as possible headwinds for DPM in 2019F, in our view.
- We maintain our Add rating with a lower TP of VND20,000.

Disappointing 1Q19 results

PetroVietnam Fertilizer and Chemicals (DPM) posted a 1Q19 revenue of VND1,574bn, down 24.5% yoy as the operations of urea and NH₃ plants were disrupted for 41 days since mid-Feb due to maintenance, leading to a 40% drop in urea sales volume. 1Q19 gross profit margin shrank 5.2% pts yoy to 17.1% as gas input price spiked on the back of 1) increasing gas transportation tariffs, and 2) higher fuel oil (FO) prices. Consequently, 1Q19 net profit dived 70.8% yoy to VND51.8bn, well short of our expectations at just 6.9% of our previous full-year forecast.

71-day maintenance shutdown to dampen FY19F sales volume

This year's maintenance shutdown from 19 Feb to 30 Apr was much longer than the usual 24 days per annum seen previously, and exceeded our earlier expectation of 23 days. According to the company, it extended the maintenance period in order to fix some technical issues relating to the NH₃ plant. Thus, we cut our FY19F urea and NPK sales volumes by 13% to 706,000 tons and 150,000 tons, respectively.

Possible gas transportation tariff hike to hurt FY19F gross margins

Transportation tariff, which accounted for 17.1% of gas input price in FY18, will be likely be raised by the government this year. Although no official announcement has yet been made, DPM has adopted a 40% transportation tariff hike, which led to a 7.9% increase in gas input price in 1Q19. Therefore, we revise up our FY19F gas input price to US\$6.3/mmbtu, some 7.9% higher than our previous forecast, on the back of the new tariff. Consequently, our FY19F gross margin is down 5.3% pts vs. our previous expectation.

Maintain Add with a lower TP of VND20,000

We cut our FY19-21F EPS by 23-38% to reflect higher gas input prices and longer maintenance shutdown. We also lower our target multiple to 9.3x (previously 10.3x) amid negative market sentiment on the possible rise of gas transportation tariff and delay of amended VAT policy for fertiliser products. Our TP of VND20,000 is based on a 40:30:30 weighting of: (1) a FY19-23F DCF valuation, (2) 9.3x of FY20F EPS, (3) 0.93x of FY20F P/BV. Re-rating catalysts include favourable oil price movements in 2H19F. Potential downside risks include (1) higher-than-expected gas transportation tariffs, and (2) further delays in the amended VAT policy.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (VNDb)	7,996	9,297	8,998	10,246	10,655
Operating EBITDA (VNDb)	862	1,321	1,209	1,389	1,551
Net Profit (VNDb)	694.5	699.6	470.7	662.4	823.5
Core EPS (VND)	1,774	1,787	1,203	1,693	2,104
Core EPS Growth	(39.4%)	0.7%	(32.7%)	40.7%	24.3%
FD Core P/E (x)	10.12	10.07	14.97	10.64	8.55
DPS (VND)	1,018	1,999	1,000	1,500	1,800
Dividend Yield	5.7%	11.1%	5.6%	8.3%	10.0%
EV/EBITDA (x)	5.33	4.37	4.17	3.51	2.96
P/FCFE (x)	NA	51.19	8.38	11.39	8.17
Net Gearing	(32.7%)	(17.4%)	(26.1%)	(28.0%)	(31.1%)
P/BV (x)	0.89	0.87	0.86	0.85	0.84
ROE	8.72%	8.77%	5.79%	8.07%	9.92%
% Change In Core EPS Estimates			(37.7%)	(38.0%)	(23.3%)
CIMB/consensus EPS (x)			0.90	0.92	0.98

SOURCES: VND RESEARCH, COMPANY REPORTS

High input prices cast shadow on 2019F outlook

Disappointing 1Q19 results on longer-than-expected maintenance shutdown and higher gas input prices

Figure 1: 1Q19 results review

(VND bn)	1Q19	1Q18	% yoy chg	as % of FY19F	Comments
Brent crude oil (average, US\$/bbl)	63.8	67.2	-5.1%	98.2%	
Gas input price (est., US\$/mmbtu)	6.5	5.7	13.2%	122.4%	Average fuel oil price increased 8.3% yoy in 1Q19 and DPM applied temporary transportation tariff of 1.4US\$/MMBTU to calculate gas input price (versus 0.98US\$/MMBTU for entire FY2018), leading to significant increase in DPM's gas input price.
Net revenue	1,574.0	2,083.6	-24.5%	16.4%	Urea and NH3 plants were under maintenance for 41 days in 1Q19, hence leading to lower-than-expected urea and NPK sales volume.
Gross profit	268.6	465.1	-42.2%	12.2%	
Gross profit margin	17.1%	22.3%	-5.2% pts		GPM declined sharply mainly due to the gas input price hike
Selling expenses	100.4	143.9	-30.2%	14.2%	SG&A fell both absolutely and as % of net revenue as a result of DPM's continuing efforts to cut expenses.
G&A expenses	90.3	122.6	-26.3%	14.1%	
Operating profit	77.8	198.6	-60.8%	9.0%	
Financial income	15.5	16.0	-3.3%	11.9%	Interest expense shot up from VND0.6bn in 1Q18 to VND27.83bn in 1Q19, while financial income declined 3.3% yoy, due to lower cash balance and higher long-term debt to finance the NH3-NPK project.
Financial expenses	27.8	0.6	4569.9%	34.8%	
Pre-tax profit	66.2	219.3	-69.8%	7.1%	Pre-tax and net profit plummeted in 1Q19 due to (1) lower urea & NPK sales volume, (2) gas input price hike and (3) higher interest expenses
Net profit	51.8	180.2	-71.3%	6.7%	

SOURCES: VND RESEARCH, COMPANY REPORTS

2019F outlook turns cloudier

71-day maintenance shutdown to slash FY19F's urea and NPK sales volumes by 13% ➤

This year's maintenance shutdown from 19 Feb to 30 Apr was much longer than the usual 24 days per annum seen previously, and exceeded our earlier expectation of 23 days. According to the company, it extended the maintenance period in order to fix some technical issues relating to the NH3 plant. Thus, we cut our FY19F urea and NPK sales volumes by 13% to 706,000 tons and 150,000 tons, respectively. Nevertheless, DPM said that it had bought insurance for business interruptions, therefore the company would probably be able to claim for the loss incurred from the unexpected shutdown caused by technical issues. However, we have not taken this into account in our forecasts.

We lower FY19-21F gross profit margins due to possible gas transportation tariff hike ➤

The temporary gas transportation tariff of US\$1.4/mmbtu is based on DPM's forecast of an average FO price of US\$368/mt in 2019, although this is not the official tariff as the government has yet to approved it. Nevertheless, DPM's continued use of the temporary tariff while tariff negotiations are ongoing suggests that the gas transportation tariff hike is imminent. As such, we factor in this new tariff into our model and forecast an FY19F gas input price of US\$6.3/mmbtu (inclusive of VAT), which is 7.9% higher than our previous forecast. Following this, we lower DPM's FY19F gross profit margin to 17.6%, from 22.9% previously. We also cut FY20-23F gross profit margins by 3.8-6.4% pts.

Amended VAT policy could be delayed until 2021 ➤

There are no indications that changes in VAT policy for fertiliser products will be approved by the National Assembly in 2019 because the change in VAT policy is not on the list submitted to parliament to review and approve in the May 2019 National Assembly meeting, as well as the Nov 2019 meeting. Therefore, fertiliser

companies may have to wait until 2021, at the earliest, to benefit from changes in VAT policy on fertiliser products.

Earnings revision ►

Figure 2: Forecast revision

Unit: VNDbn, otherwise noted	2019F			2020F			2021F			Note
	Old	New	%Δ	Old	New	%Δ	Old	New	%Δ	
Brent crude oil (average, US\$/bbl)	65.0	65.0	0%	67.0	67.0	0%	68.6	68.6	0%	
Urea ASP (VND/kg)	7,020	7,176	2%	7,167	7,248	1%	7,318	7,318	0%	We expect that DPM's urea and NH3 plants close longer-than-expected could lead to tight supply in the short term and pull urea price up slightly
Urea volume ('000 tonnes)	811	706	-13%	828	805	-3%	828	805	-3%	We reduce 2019F urea sales volume by 13% vs the old forecast as urea and NH3 plants has been under 71-day maintenance, which is longer than normal 24-day maintenance as we expected.
Net revenue	9,608	8,998	-6%	10,247	10,246	0%	10,637	10,655	0%	
Gross profit	2,202	1,586	-28%	2,587	1,928	-25%	2,582	2,147	-17%	We apply temporary gas transportation tariff of 1.4US\$/MMBTU to calculate gas input price for 2019-2023F period. We also adjust the gas cost in 2020 to include the 10% VAT charged on natural gas, as the VAT law amendment has not been submitted to parliament to review and approve this year. We think that fertiliser companies may have to wait as earliest as 2021 to benefit from changes in VAT policy on fertiliser products.
Selling expenses	708	585	-17%	733	659	-10%	749	672	-10%	
G&A expenses	630	467	-26%	653	528	-19%	668	547	-18%	We adjust DPM's SG&A expenses to reflect lower-than-expected revenue and the continuing efforts of DPM to cut expenses
Operating profit	864	533	-38%	1,201	740	-38%	1,166	928	-20%	
Pre-tax profit	933	581	-38%	1,320	818	-38%	1,324	1,019	-23%	
Net profit	756	471	-38%	1,069	662	-38%	1,074	824	-23%	
Basic EPS (VND/share)	1,932	1,203	-38%	2,731	1,693	-38%	2,745	2,104	-23%	
Adjusted EPS (VND/share)	1,642	1,034	-37%	2,321	1,456	-37%	2,333	1,809	-22%	

SOURCES: VND RESEARCH

Lower TP of VND20,000; maintain Add

We cut our target price by 14.5% to VND20,000 on the back of 1) FY19-23F EPS downward revision; and 2) lowered target multiple P/E to 9.3x. Our TP of VND20,000 is based on a 40:30:30 weighting of: (1) a FY19-23F DCF valuation, (2) 9.3x of FY20F EPS, (3) 0.93x of FY20F P/BV. The DCF valuation also takes into account DPM's potential debt obligation to PVTex. Meanwhile, we use FY2020F EPS to estimate DPM's stock price in the P/E method for eliminating extraordinary business results in 2019 and adjust the target P/E to 9.3x vs. 10.3x previously to reflect the higher gas transportation tariff. This target P/E of 9.3x is equal to 0.5 s.d. above historical 6-year average P/E of 7.2x, as we still believe that DPM has plenty of room to improve its business results when the NH3 plant increases its utilisation rate gradually until reaching full capacity in 2023, and when the amended VAT policy takes effect in 2021.

DPM's stock price has fallen sharply in the past one year, and further dropped by more than 20% since the negative news relating to longer-than-expected maintenance shutdown and higher transportation tariff emerged. We believe these concerns are likely to have been priced in. Therefore, we maintain our Add rating for DPM with a total upside of 16.7%, including a potential price gain of 11.1% and dividend yield of 5.6%.

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	471	662	824	851	847	
Tax rate (%)	17.5%	17.5%	17.7%	17.1%	16.7%	
Interest expense	78	63	52	41	31	
-Changes in working capital	183	(166)	(71)	(122)	(42)	
-Net Capex	(350)	(360)	(370)	(381)	(392)	
+Depreciation & Amortisation	676	649	622	597	547	
FCFF	1,044	837	1,047	979	986	9,959
PV of FCFF	931	666	744	620	557	5,625
PV of DCF (5 years)	3,518					Risk free rate (10-year VGB yield) 5%
PV of Terminal value	5,625					Equity risk premium 11%
Enterprise Value	9,143					Beta (Source: BB, adj. beta) 0.8
Less: Total debt	1,234					WACC 13%
Less: Total liability relating to PVTex investment	1,311					Terminal growth rate 2%
Less: Minority interest	168					
Plus: Cash and Cash equiv.	2,672					
Implied EV	9,102					
No. of o/s shares (m)	391					
Implied value per share (VND)	23,256					

SOURCES: VND RESEARCH

Figure 4: P/E and P/BV valuations - key inputs

	FY19F
EPS FY2020F (VND)	1,693
Target multiple (based on historical 6-year average P/E + 0.5 s.d.)	9
Implied value per share (VND)	15,740
BVPS FY2020F (VND)	21,539
Target multiple (based on historical 6-year average P/BV)	0.93x
Implied value per share (VND)	19,989

SOURCES: VND RESEARCH

Figure 5: Blended target price

Valuation method	Implied value per share (VND)	Weight (%)	Weighted value per share (VND)
DCF	23,256	40%	9,302
P/E	15,740	30%	4,722
P/BV	19,989	30%	5,997
Fair value			20,021
Target price (rounded down)			20,000

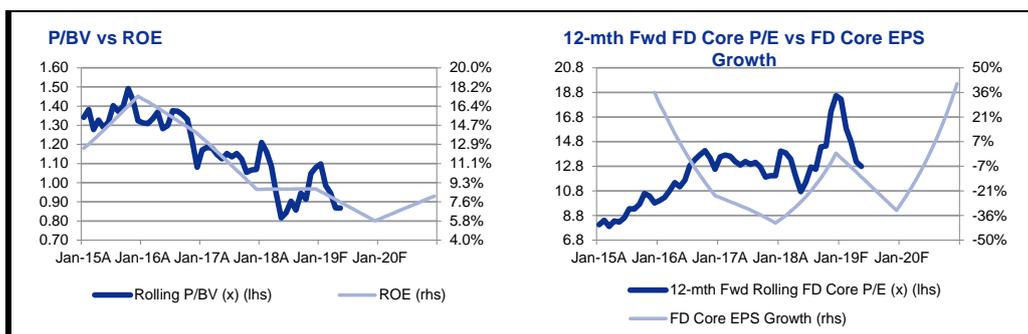
SOURCES: VND RESEARCH

Figure 6: Peer comparison for urea producers

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	99	N/A	496.0	6.1	6.4	0.0	0.0	9.4%	8.5%	2.2	2.0	5.0%	5.0%
Fatima Fertilizer Co Ltd	FATIMA PA	NR	26	N/A	390.5	4.2	3.9	0.8	0.6	N/A	21.0%	N/A	N/A	10.5%	8.6%
Stanley Agricultural Group Co Ltd	002588 CH	NR	5	N/A	806.4	13.9	11.9	1.1	1.0	10.3%	12.0%	N/A	N/A	1.7%	1.9%
Engro Fertilizers Ltd	EFERT PA	NR	68	N/A	644.2	6.1	5.8	2.0	1.9	32.6%	33.3%	3.1	2.9	14.5%	15.0%
Fauji Fertilizer Co Ltd	FFC PA	NR	101	N/A	913.5	8.1	7.8	4.0	3.7	48.8%	51.6%	N/A	N/A	10.0%	9.7%
Engro Corp Ltd	ENGRO PA	NR	278	N/A	1,133.1	8.6	6.8	0.9	1.0	12.5%	13.8%	7.2	4.9	8.4%	9.2%
Hubei Xinyangfeng Fertilizer Co Ltd	000902 CH	NR	10	N/A	1,976.7	13.5	11.5	1.9	1.7	14.2%	14.7%	N/A	N/A	1.9%	2.1%
Average					908.7	8.6	7.7	1.5	1.4	21.3%	22.1%	4.2	3.3	7.4%	7.4%
Median					806.4	8.1	6.8	1.1	1.0	13.3%	14.7%	3.1	2.9	8.4%	8.6%
PetroVietnam Ca Mau	DCM VN	HOLD	8,470	9,900	192.3	20.7	19.5	0.7	0.7	3.5%	3.7%	2.7	1.8	5.9%	5.9%
PetroVietnam Fertilizer and Chemicals	DPM VN	ADD	18,000	20,000	302.0	15.0	10.6	0.9	0.9	5.8%	8.1%	4.2	3.5	5.6%	8.3%

SOURCES: VND RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	7,996	9,297	8,998	10,246	10,655
Gross Profit	2,303	2,419	2,261	2,576	2,769
Operating EBITDA	862	1,321	1,209	1,389	1,551
Depreciation And Amortisation	(191)	(519)	(676)	(649)	(622)
Operating EBIT	670	801	533	740	928
Financial Income/(Expense)	163	50	30	56	71
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	19	19	17	21	20
Profit Before Tax (pre-EI)	853	871	581	818	1,019
Exceptional Items					
Pre-tax Profit	853	871	581	818	1,019
Taxation	(145)	(158)	(102)	(143)	(181)
Exceptional Income - post-tax					
Profit After Tax	708	712	479	675	839
Minority Interests	(13)	(13)	(9)	(12)	(15)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	694	700	471	662	824
Recurring Net Profit	694	700	471	662	824
Fully Diluted Recurring Net Profit	694	700	471	662	824

Cash Flow

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	862	1,321	1,209	1,389	1,551
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(681)	(754)	183	(166)	(71)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(11)	(84)	1	(3)	(1)
Other Operating Cashflow	(97)	(18)	6	10	9
Net Interest (Paid)/Received	158	60	42	67	82
Tax Paid	(150)	(144)	(102)	(143)	(181)
Cashflow From Operations	81	381	1,338	1,155	1,389
Capex	(1,392)	(891)	(350)	(360)	(370)
Disposals Of FAs/subsidiaries	24	5	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(680)	64	143	(29)	(9)
Cash Flow From Investing	(2,048)	(822)	(206)	(388)	(379)
Debt Raised/(repaid)	629	578	(292)	(147)	(147)
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(398)	(783)	(391)	(587)	(705)
Preferred Dividends					
Other Financing Cashflow	0	0	0	0	0
Cash Flow From Financing	230	(204)	(683)	(735)	(852)
Total Cash Generated	(1,737)	(645)	449	32	158
Free Cashflow To Equity	(1,338)	138	840	619	862
Free Cashflow To Firm	(1,967)	(378)	1,211	829	1,062

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	3,257	2,672	3,121	3,152	3,310
Total Debtors	257	521	295	364	407
Inventories	1,223	1,663	1,666	1,870	1,912
Total Other Current Assets	281	317	307	349	363
Total Current Assets	5,017	5,172	5,389	5,735	5,992
Fixed Assets	939	4,453	4,131	3,846	3,598
Total Investments	47	47	47	47	47
Intangible Assets	896	860	863	867	870
Total Other Non-Current Assets	3,366	602	452	473	475
Total Non-current Assets	5,247	5,962	5,493	5,233	4,990
Short-term Debt	0	202	0	0	0
Current Portion of Long-Term Debt					
Total Creditors	720	1,178	1,134	1,262	1,284
Other Current Liabilities	697	133	129	147	153
Total Current Liabilities	1,418	1,514	1,263	1,409	1,437
Total Long-term Debt	629	1,032	942	795	647
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	174	334	334	334	334
Total Non-current Liabilities	803	1,365	1,275	1,128	981
Total Provisions	0	0	0	0	0
Total Liabilities	2,221	2,879	2,539	2,538	2,418
Shareholders' Equity	7,872	8,087	8,166	8,242	8,361
Minority Interests	171	168	176	189	204
Total Equity	8,043	8,255	8,343	8,431	8,565

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	0.9%	16.3%	(3.2%)	13.9%	4.0%
Operating EBITDA Growth	(38.6%)	53.3%	(8.5%)	14.9%	11.6%
Operating EBITDA Margin	10.8%	14.2%	13.4%	13.6%	14.6%
Net Cash Per Share (VND)	6,713	3,674	5,567	6,024	6,804
BVPS (VND)	20,113	20,662	20,865	21,057	21,361
Gross Interest Cover	3,595	13	7	12	18
Effective Tax Rate	17.0%	18.2%	17.5%	17.5%	17.7%
Net Dividend Payout Ratio	57%	112%	83%	89%	86%
Accounts Receivables Days	5.87	11.11	12.63	8.15	9.43
Inventory Days	68.80	76.56	90.17	84.36	87.53
Accounts Payables Days	24.78	18.93	21.98	19.51	19.25
ROIC (%)	15.9%	14.5%	7.5%	11.5%	14.6%
ROCE (%)	9.8%	10.2%	7.0%	9.4%	11.5%
Return On Average Assets	5.49%	6.19%	4.08%	5.66%	7.00%

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 (%)	-3.5%	2.2%	-13.0%	14.0%	0.0%
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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PetroVietnam Fertilizer and Chemicals (DPM VN)



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.

Hien Tran Khanh – Deputy Head of Research

Email: hien.trankhanh@vndirect.com.vn

Hinh DINH – Analyst

Email: hinh.dinh@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi | Tel: +84 2439724568

Email: research@vndirect.com.vn | Website: <https://vndirect.com.vn>