

PTG ENERGY

PTG TB

THAILAND / OIL & GAS

BUY

UNCHANGED

From bane to boon for COCO model

- PTG's net profit in 4Q21 could see a downside of up to THB0.2b-0.3b due to a weak marketing margin from the price cap policy.
- Earnings could recover from 2Q22 onward based on the projected lower oil price and improved earnings from biodiesel and non-oil.
- Maintain BUY with unchanged SoTP-TP of THB18.3.

TARGET PRICE	THB18.30
CLOSE	THB15.20
UP/DOWNSIDE	+20.4%
PRIOR TP	THB18.30
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-3.5%

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	104,590	133,935	145,475	159,391
Net profit	1,894	1,609	1,873	2,253
EPS (THB)	1.13	0.96	1.12	1.35
vs Consensus (%)	-	18.2	3.4	4.4
EBITDA	5,831	5,453	5,712	6,096
Core net profit	1,857	1,572	1,836	2,216
Core EPS (THB)	1.11	0.94	1.10	1.33
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	19.0	(15.3)	16.8	20.7
Core P/E (x)	13.7	16.1	13.8	11.5
Dividend yield (%)	-	1.0	1.3	1.3
EV/EBITDA (x)	6.0	6.1	5.4	4.5
Price/book (x)	3.2	2.9	2.6	2.3
Net debt/Equity (%)	121.2	86.3	52.4	17.8
ROE (%)	25.6	19.0	20.0	21.5

Short-term earnings downside under COCO business model

While the government's price cap officially ended in Oct-21 (effective 5-31 Oct-21), all oil station operators, including PTG, have indicated that they will voluntarily raise their biodiesel prices at a lower rate than the cost inflation as requested by the government. However, unlike its local peers, over 75% of PTG's total oil station sales volume comes from biodiesel, resulting in a more negative impact for PTG from the government's price cap policy.

Expect marketing margin to narrow in 4Q21-1Q22

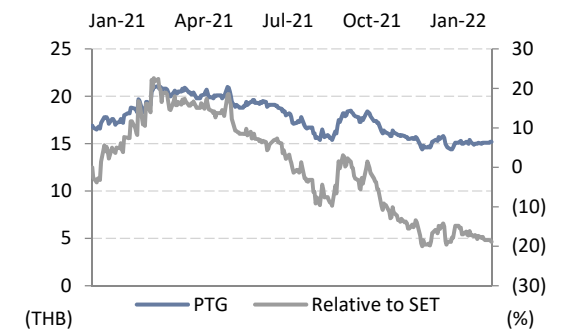
From the three new policies announced by Thailand's Energy Regulatory Commission (ERC), we expect to see a negative impact on PTG's earnings in 4Q21, which could pressure PTG's marketing margin (MM) and net profit. We expect PTG's MM could remain weak in the range of THB1.5-1.6/litre in 4Q21, down from THB1.7/litre in 3Q21. As every THB0.1/litre lower MM could result in a THB0.1b net loss for PTG, based on our calculation, we think PTG's net profit in 4Q21 could see a downside of up to THB0.2b-0.3b, unless the government allows oil station operators to increase their MMs.

Better all-around by 2Q22

We believe PTG's highly resilient business model with its lean cost structure should allow it to see a sharp rebound in its earnings recovery in 2Q22 onward, backed by 1) our projected lower crude oil price below USD75/bbl by 2Q22 – the level that would extricate PTG's MM from the diesel price cap of THB28/litre – due to rising supplies from OPEC+ and US shale oil; 2) improving earnings from biodiesel as a result of the lower crude palm oil (CPO) price and rising demand for B100; and 3) an improvement in non-oil EBITDA, particularly from the PunThai and Coffee World café chains that we expect to greatly benefit from the economic reopening and the return of tourists to Thailand.

Thailand's most resilient oil station play

We maintain our BUY rating and our SoTP-TP of THB18.3. While we turn more cautious on its 4Q21 net profit outlook due to the government's price cap policy, we think PTG will see a significant earnings recovery in 2022 on the back of higher demand and an improving MM. We think PTG remains one of Thailand's most resilient oil station plays due to its competitive cost management under the COCO business model.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.7	(3.8)	(7.9)
Relative to country (%)	(4.7)	(6.8)	(17.2)
Mkt cap (USD m)	764		
3m avg. daily turnover (USD m)	8.5		
Free float (%)	48		
Major shareholder	Ratchakrit Holding (25%)		
12m high/low (THB)	21.90/14.00		
Issued shares (m)	1,670.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

PTG is one of Thailand's leading service station plays, with 2,094 oil and mixed stations at end-2020. We think PTG's growth strategy is sound, focusing on not only volume growth from its existing oil stations and non-oil businesses, but also on backward integration in the methyl ester (ME), or B100, business in order to strengthen its business integration and diversification. We project PTG to have net profit growth of 6.37% CAGR from 2020-23, with improvements in both growth and sustainability thanks to PTG's cost competitiveness, business agility, and a sound growth strategy for horizontal and vertical expansion.

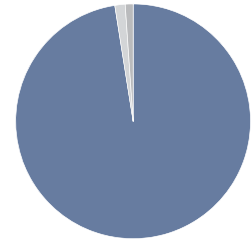
Company profile

PTG is an oil station play in Thailand with backward integration in the biodiesel business, thereby diversifying its business portfolio. PTG's core business is retail fuel sales via its own fuel stations under the name of PT Station, mostly located along secondary roads, with fuel sales to the diesel-based truck segment. PTG's non-oil ventures consist of 1) convenience stores, (PT Max Mart); 2) a coffee house chain (PunThai); and 3) automotive stores (Autobacs).

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Principal activities (revenue, 2020)

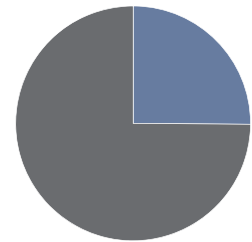
- Sales of petroleum products and others - 97.5 %
- Sales of consumable products - 1.4 %
- Others - 1.1 %



Source: PTG Energy

Major shareholders

- Ratchakrit Holding - 25.1 %
- Others - 74.9 %



Source: PTG Energy

Catalysts

Key potential net profit catalysts include 1) higher sales volumes; 2) a higher marketing margin; and 3) improving EBITDA from non-oil businesses, such as the convenience store and food & beverage segments.

Risks to our call

The downside risks to our SoTP-based TP include 1) a government cap on oil prices; and 2) weaker demand for diesel and gasoline.

Event calendar

Date	Event
Feb 2022	4Q21/2021 results announcement

Key assumptions

	2021E	2022E	2023E
Sales volume (oil) (m litres/year)	5,108	5,516	6,068
Marketing margin (LPG & station) (THB/litre)	1.80	1.83	1.85
Utilisation of biodiesel (%)	100	100	100

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in marketing margin, we estimate 2021 earnings would rise by 4.3%, and vice versa, all else being equal.

Source: FSSIA estimates

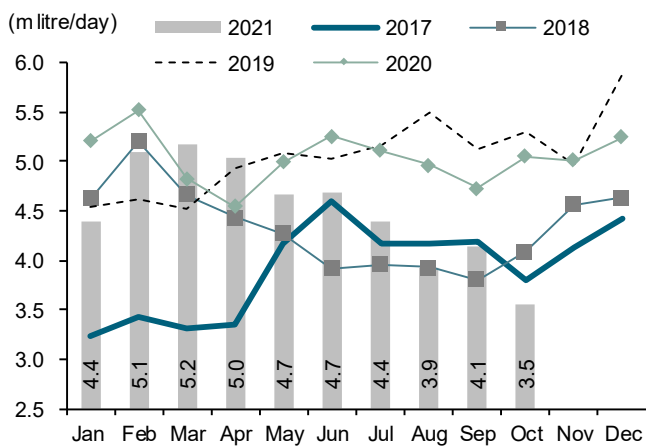
Triple pressures could turn to triple drivers by 2Q22

While the government’s price cap officially ended in Oct-21 (effective 5-31 Oct-21), all oil station operators, including PTG, have indicated that they will raise their biodiesel prices voluntarily at a lower rate than the cost inflation, as requested by the government. However, unlike its local peers, over 75% of PTG’s total oil station sales volume is biodiesel, resulting in a more negative impact for PTG from the government’s price cap policy.

The following paragraphs are excerpted from our report, “[Thailand Energy - Reintroduction of diesel price cap, B7 policy](#)”, dated 25 Nov-21, to clarify the ERC’s policies. Please note that where they appear, target prices and recommendations for stocks under FSSIA coverage have been updated to 04 Jan-22 for ease of reference.

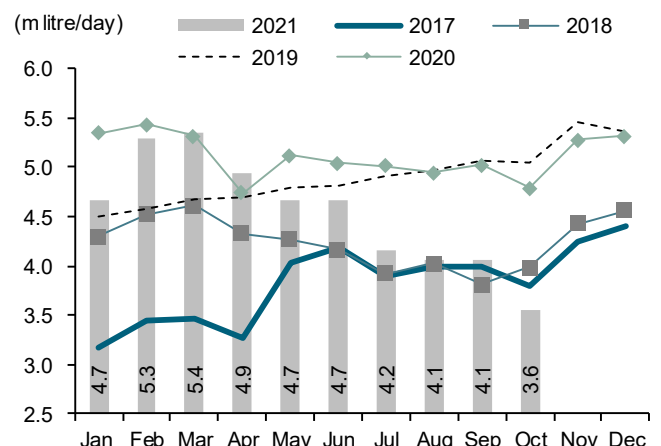
On 24 Nov-21, the Thai regulator, the ERC, revealed that the agency, after over 10 years, will reintroduce its policies of 1) a diesel price cap at THB28/litre; 2) cut the biodiesel types from three (B7, B10, and B20) to one only (B7) – a blended fuel of 7% crude palm oil (CPO)-based methyl ester (B100) and 93% diesel produced from refineries; and 3) a marketing margin (MM) cap at THB1.4/litre, down by THB0.4/litre. These three policies will be enforced for four months starting from 1 Dec-21 to 31 Mar-22 with the goal of alleviating the cost of living. It is also in response to the request made by truck drivers who demanded a price fixed at THB25/litre for diesel.

Exhibit 1: Thailand’s biodiesel production



Source: Department of Energy Business (DOEB)

Exhibit 2: Thailand’s biodiesel consumption

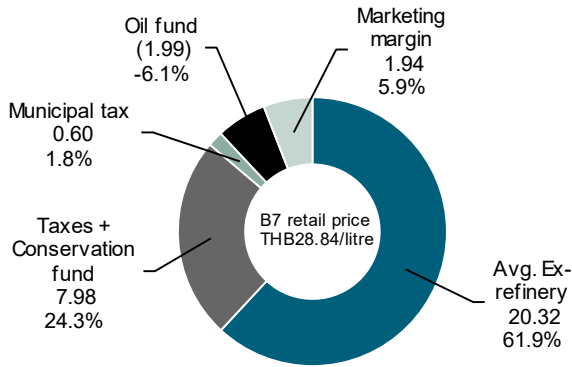


Source: DOEB

The three reintroduced policies by the ERC for four months are a negative surprise for us and the market, following the ERC’s previous mandate of a three-week cap on the THB30/litre diesel price and THB1.4/litre MM in Oct-21. We estimate that the impact from these three policies will be significant for downstream oil station operators. PTG, as a pure play and with its less diversified business portfolio, will likely feel the hardest pinch, followed by Bangchak Corporation (BCP TB, BUY, TP THB38), Susco (SUSCO TB, BUY, TP THB3.5), Esso Thailand (ESSO TB, HOLD, TP THB8.9), and PTT Oil and Retail Business (OR TB, BUY, TP THB36), from the most to least impacted companies, in our estimation.

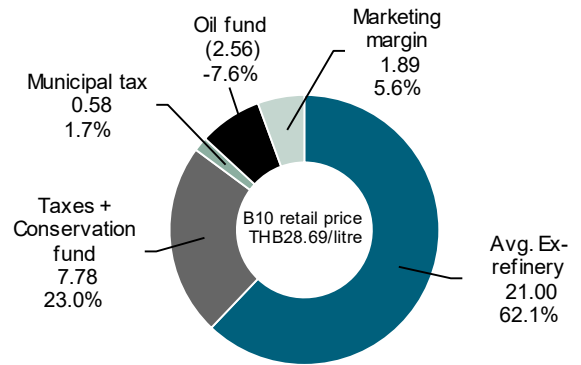
Impacts from the new policies. Rather than cutting any of the multiple taxes imposed on the prices of fuels, including diesel, the ERC has instead chosen to push the burden onto private oil station operators. Based on the retail price of diesel on 24 Nov-21 at THB28.8/litre for B7 and THB28.7/litre for B10, the aggregate taxes account for 26.1% of the B7 price and 24.7% of B10, while the ex-refinery price accounts for 61.9% of B7 and 62.1% of B10. The MM represents only 5.6-5.9% of the total retail price of B7 and B10.

Exhibit 3: Price structure – Diesel B7 (THB28.8/litre retail price at USD82.3/bbl Brent crude oil price on 24 Nov-21)



Price as of 24 November 2021
Source: Energy Planning and Policy Office (EPPO)

Exhibit 4: Price structure – Diesel B10 (THB28.7/litre retail price at USD82.3/bbl Brent crude oil price on 24 Nov-21)

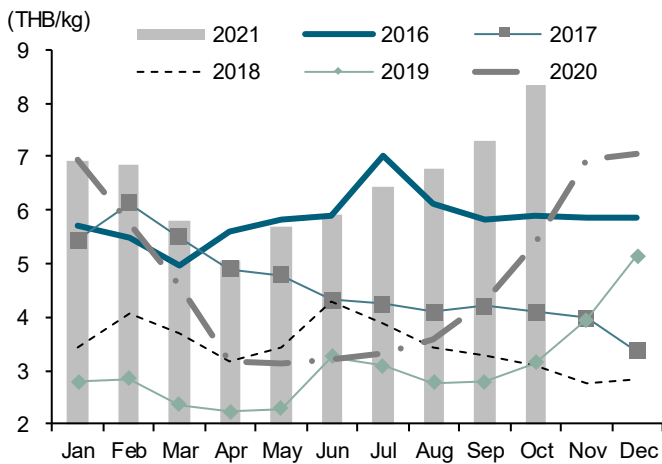


Price as of 24 November 2021
Source: EPPO

The ERC has decided to reduce the diesel price by putting the subsidy cost on the shoulders of the private oil station operators, including:

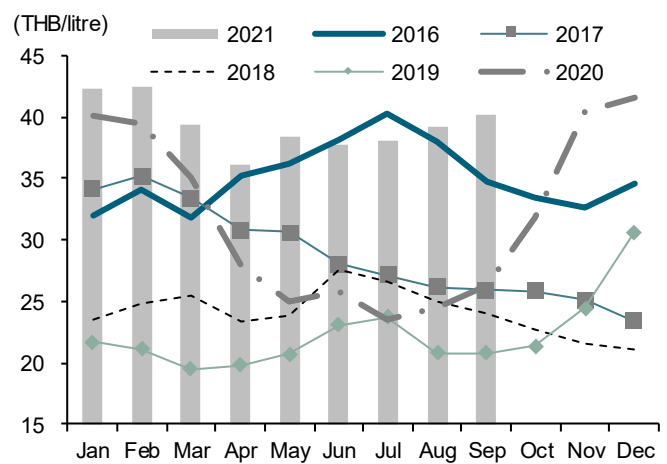
- 1) A lower MM by THB0.4/litre, which could reduce earnings by THB0.2b-0.4b per quarter for oil station plays.
- 2) Cutting the demand for B100 by 1-4% in 4Q21-1Q22, the period when only B7 will be supplied and the production of B10 and B20 will be cut, effectively eliminating the demand for B100 by 70m litres in 4Q21 and 250m litres in 1Q22, based on our estimates. The main reason to cut the B100 blending into the biodiesel price for B7 is due to the currently high prices of CPO at THB43/kg and B100 at THB40/litre – much higher than the ex-refinery price of diesel at THB20-21/litre. Hence, the reduction in the B100 blend could reduce the price of biodiesel by THB0.4/litre, based on our estimate.
- 3) The THB28/litre diesel price cap implies a USD80-82/bbl Brent crude price range. We think the THB31-34/USD currency exchange rate could still pose a downside risk for oil station operators' earnings if the Brent crude price spikes further.

Exhibit 5: Thailand – palm price



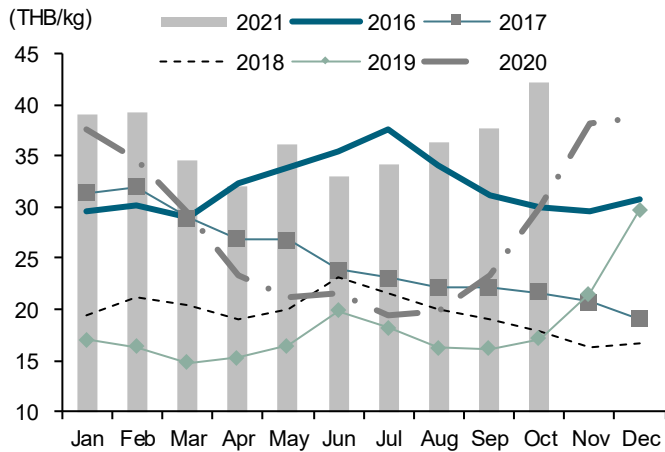
Source: Department of Internal Trade (DIT)

Exhibit 6: Thailand – B100 price



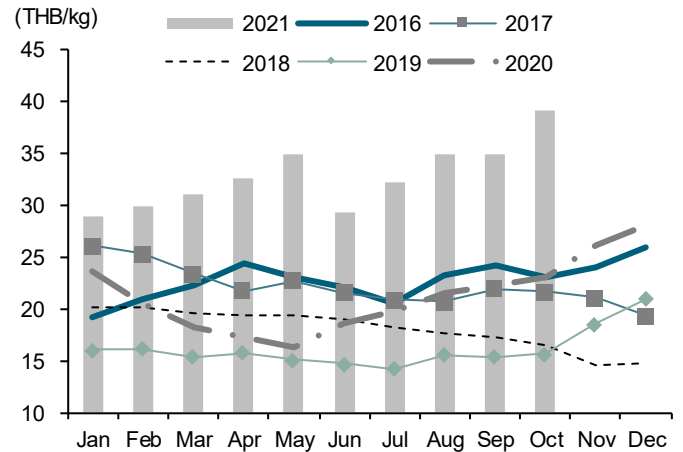
Source: DIT

Exhibit 7: Thailand – CPO price



Source: DIT

Exhibit 8: Malaysia – CPO price



Source: DIT

From the three new policies announced by the ERC, we expect to see a negative impact on PTG’s earnings in 4Q21, which could pressure PTG’s MM and earnings in three ways:

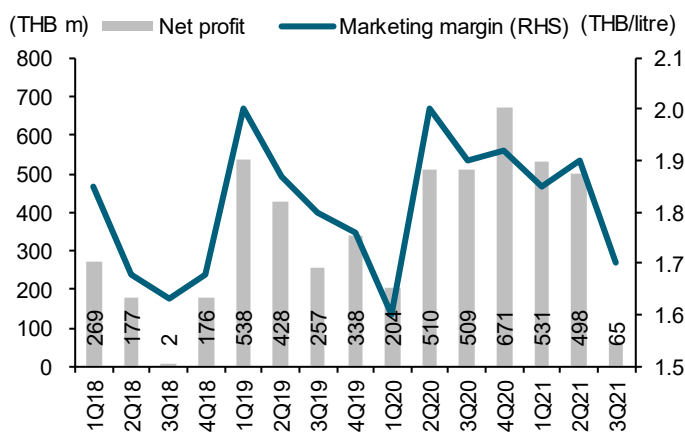
1) Pressure on oil stations

PTG faced a highly unfavourable MM decline when the government’s price cap on diesel at THB30/litre officially ended in Oct-21 (effective 5-31 Oct-21), along with the lower demand due to flooding in the provinces. Hence, we estimate that PTG’s MM remained weak in the range of THB1.2-1.3/litre in Oct-21.

Starting in November, we believe PTG’s oil sales volume began to rebound meaningfully, driven by a demand recovery for both oil stations and the commercial segment following the easing of the lockdown, the reopening of the economy, and the resumption of tourism.

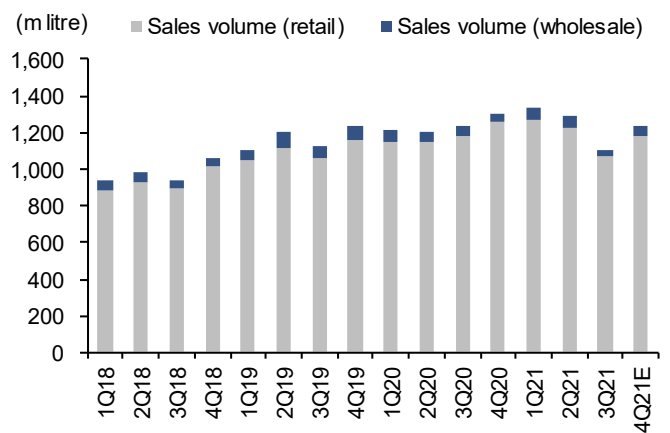
However, on 25 Nov-21, the government’s indirect mandate called for the diesel price cap to last until at least the end of 2021 at THB28/litre. Consequently, we project PTG to continue to see weak profits in Nov-21 and Dec-21, as its capped MM will likely outweigh the impact of the higher demand for PTG’s oil stations and non-oil businesses from the economic reopening.

Exhibit 9: Net profit vs marketing margin



Source: PTG; FSSIA estimates

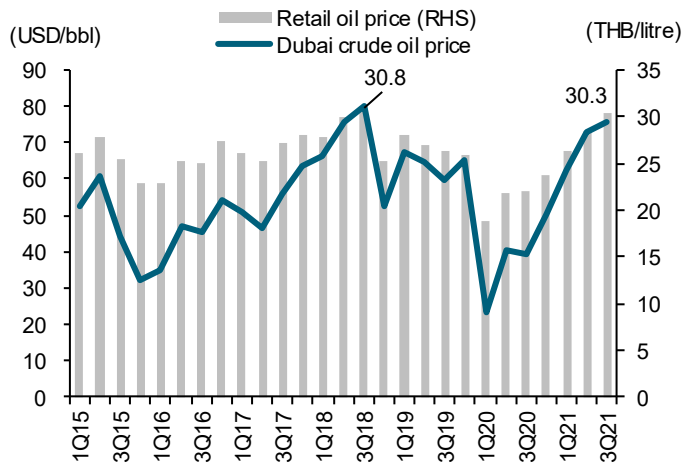
Exhibit 10: Sales volume breakdown



Sources: PTG; FSSIA estimates

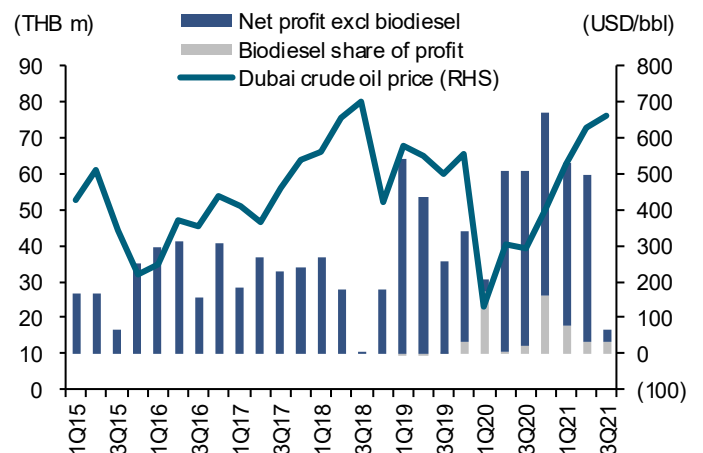
We expect PTG's MM could remain weak in the range of THB1.5-1.6/litre in 4Q21, down from THB1.7/litre in 3Q21. As every THB0.1/litre lower MM could result in a THB0.1b net loss for PTG, based on our calculation, we think PTG's net profit in 4Q21 could see a downside of up to THB0.2b-0.3b unless the government allows oil station operators to increase their MMs.

Exhibit 11: Dubai crude oil price vs retail oil price



Source: Bloomberg

Exhibit 12: Net profit breakdown and Dubai crude oil price

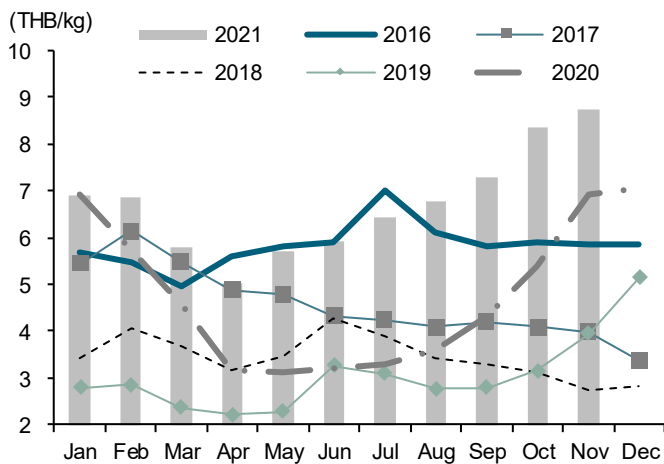


Sources: PTG; Bloomberg

2) Pressure on biodiesel

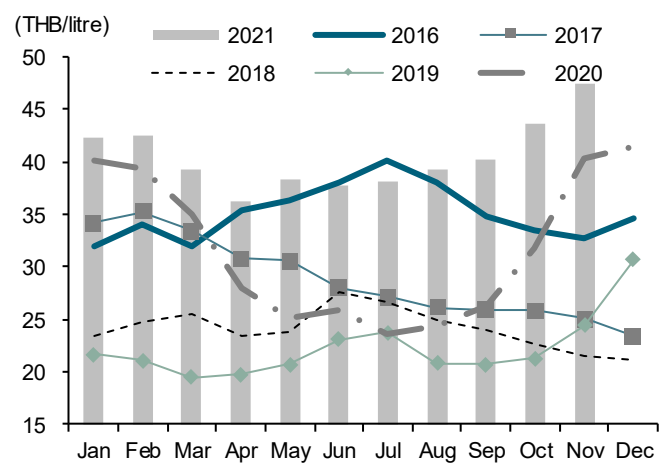
With the prices of palm and crude palm oil (CPO) rising sharply in 3Q-4Q21, PTG, unlike other local peers with a longer inventory period, has suffered from the higher CPO cost due to its very low inventory days. Hence, PTG should not see any inventory gain from the price hike but rather suffer from the higher CPO cost.

Exhibit 13: Palm price



Source: DIT

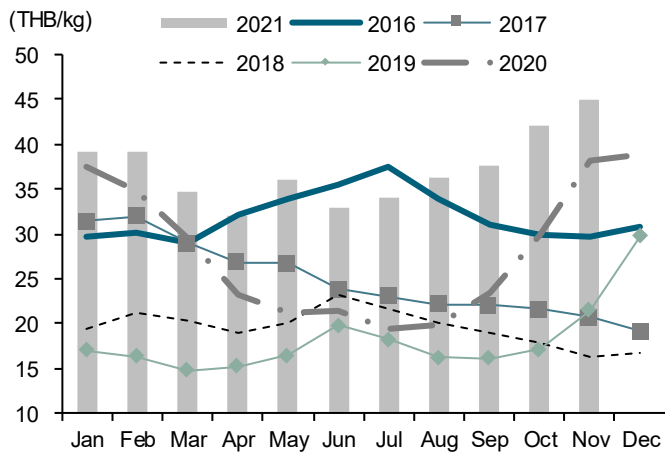
Exhibit 14: B100 price



Source: BCP

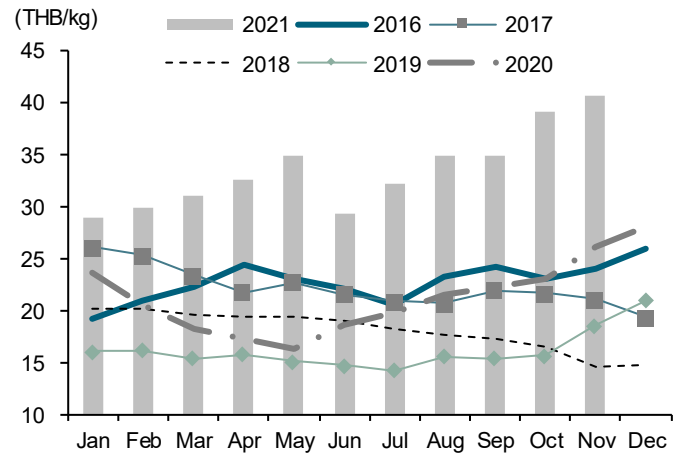
The sharp rise in the CPO feedstock price should remain until 1Q22, and then the CPO price should begin to subside in 2Q22 due to the likely higher palm and CPO supplies in Thailand, Malaysia, and Indonesia, if the economic reopening allows the palm harvest to accelerate after a complete halt during 2020.

Exhibit 15: CPO price – Thailand



Source: DIT

Exhibit 16: CPO price – Malaysia

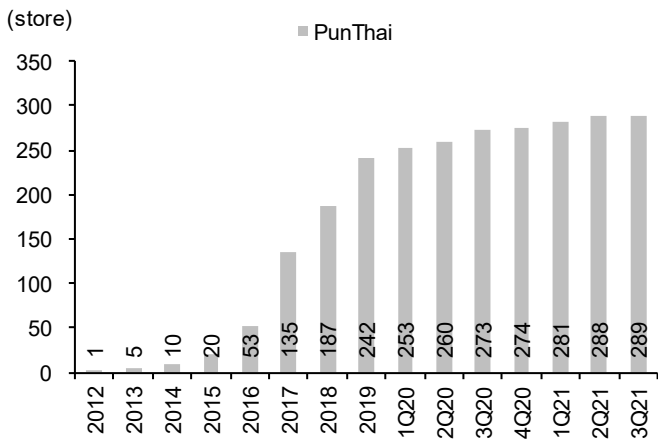


Source: DIT

3) Pressure on non-oil EBITDA

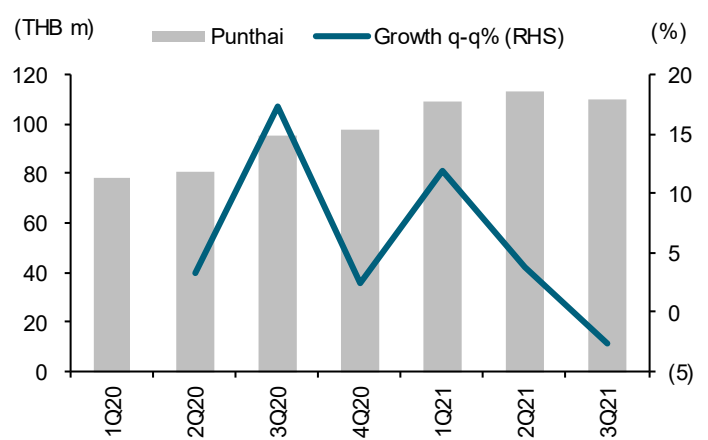
We believe that the key culprit for PTG’s non-oil slump is the resurgence of Covid-19, leading to a drop in sales for its non-oil businesses due to the prolonged lockdown, especially for Coffee World stores which are mostly located in airports.

Exhibit 17: Number of stores – PunThai



Source: PTG

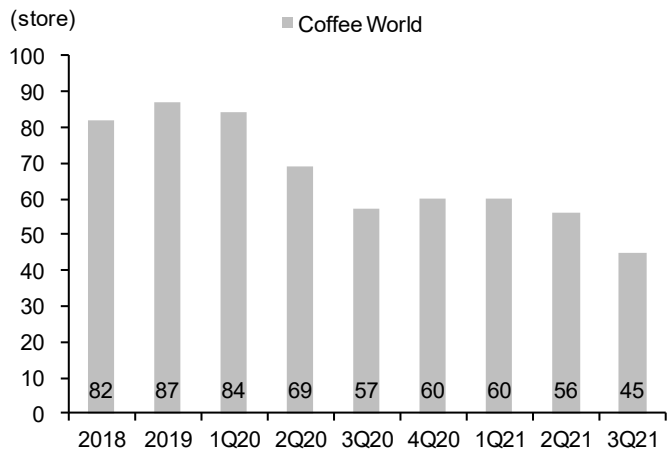
Exhibit 18: Sales and sales growth – PunThai



Source: PTG

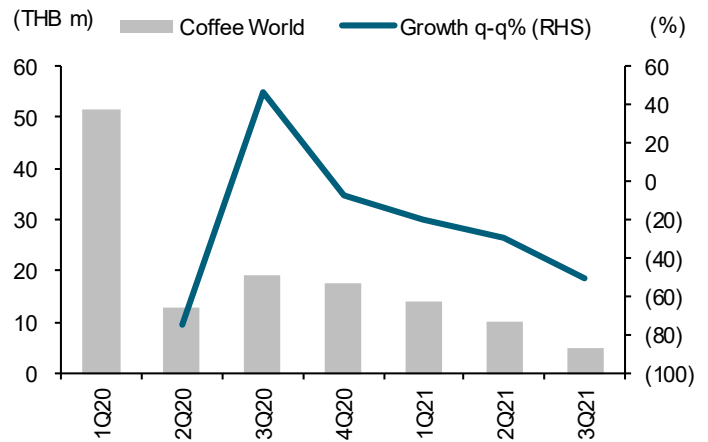
For PunThai, PTG increased its sales volume through deliveries, and it has come closer to the breakeven level of 100 cups sold per day in 4Q21. However, for Coffee World, EBITDA remained at a loss in 4Q21 given that most of its coffee sales volume is from branches inside airports, which remain in the doldrums due to the sparse number of foreign tourists.

Exhibit 19: Number of stores - Coffee World



Source: PTG

Exhibit 20: Sales and sales growth – Coffee World

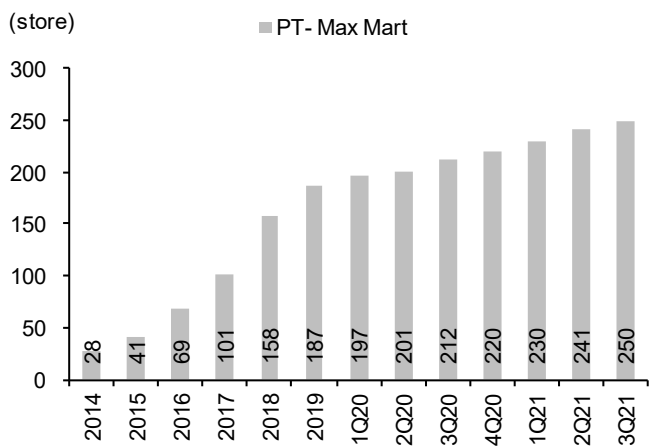


Source: PTG

Max Mart, PTG’s own flagship convenience store (CVS) chain, has seen its revenue flatten in 9M21 due to the multiple lockdowns despite the branch expansion to 250 branches at the end of 3Q21.

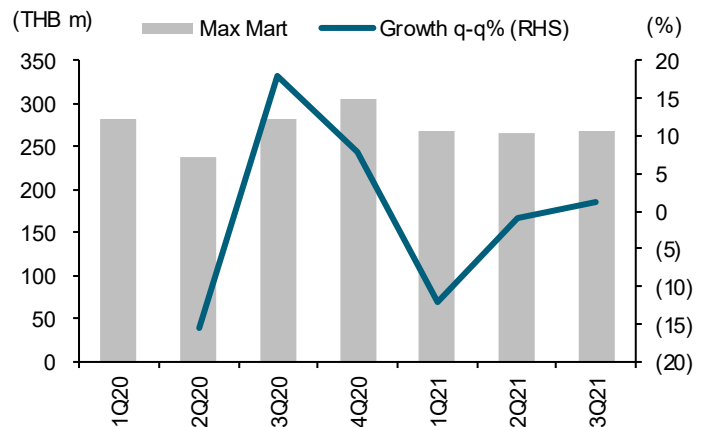
We expect the sales recovery to accelerate in 4Q21 into 2022 thanks to Thailand’s economic reopening, which should lead to rising net profit contributions from the Max Mart venture to PTG, based on our estimate.

Exhibit 21: Number of stores – Max Mart



Source: PTG

Exhibit 22: Sales and sales growth – Max Mart



Source: PTG

Triple drivers through 2022

Starting in 2Q22, we project that PTG's earnings should improve its net profit growth momentum via three key drivers:

Driver #1: The decreasing price trend of crude oil

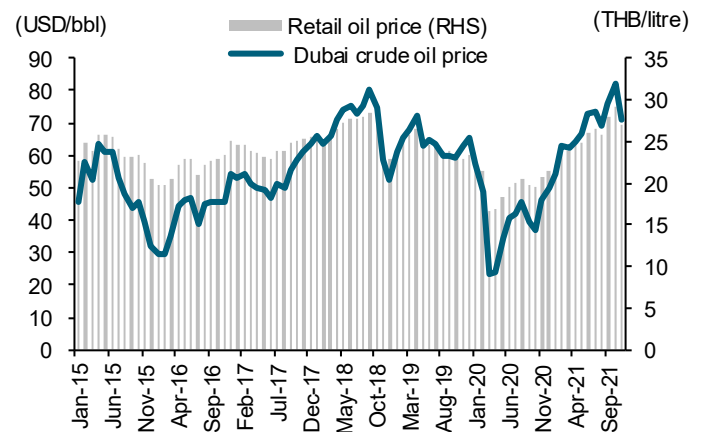
We expect PTG to be able to capture the margin or at least maintain its earnings, if the oil price gradually declines toward the range of USD70-75/bbl, resulting in a retail oil price of THB28/litre, based on our calculation. We think this could offset the incurred losses during the government price cap during Oct-21.

We expect the oil price to stay above USD75-85/bbl in 4Q21, supported by the limited supply increase from OPEC+ and the slow rise in US shale oil production. However, we project that the oil price should start to soften q-q down to USD60/bbl by Mar-Apr 2022, and may enter a downtrend in 2H22 as a result of higher supplies from US shale oil and OPEC+. Our oil price assumptions are USD72/68/68 per bbl for 2021-23 for Dubai and USD75/70/70 per bbl for Brent oil.

Exhibit 23: Key assumptions of price structure for retail diesel in Thailand

	Case I	Case II	Unit
Dubai crude oil price	73.2	75.0	USD/bbl
Singapore GRM*	3.2	3.2	USD/bbl
THB/USD exchange rate*	33.7	33.7	THB/USD
Other expense	4.3	4.3	THB/litre
Crude ex-refinery	19.5	19.9	THB/litre
Tax*	8.3	8.3	THB/litre
Retail oil price	27.8	28.2	THB/litre

Exhibit 24: Retail diesel price vs Dubai crude oil price



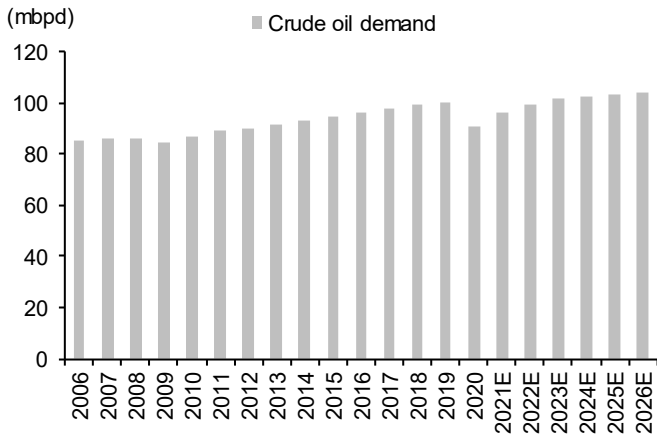
*Prices as of 7 Dec 2021
Sources: Bloomberg; EPPO

Sources: EPPO; Bloomberg

The following paragraphs are excerpted from our report, "[Thailand Oil & Gas - Finding winners amidst oil & gas price uptrend](#)", dated 23 Sep-21, to clarify our oil price view.

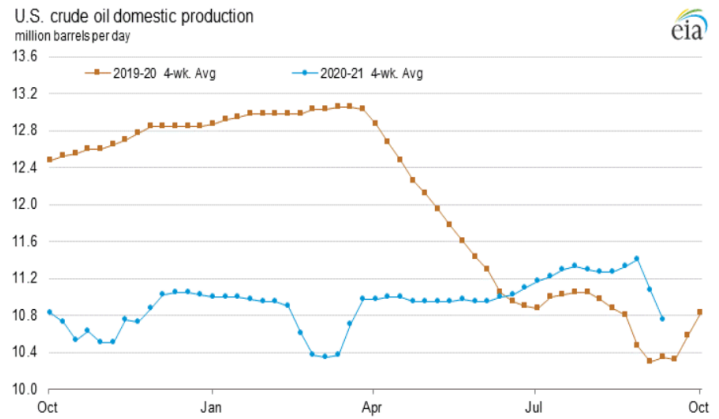
Our oil price view is much less positive than that of OPEC and the Energy Information Administration (EIA), since we project the demand growth to be mostly matched by the supply growth from both US shale oil producers and OPEC+. We think the supply growth from US shale oil producers and OPEC+ will rise at a faster rate than OPEC+ and the EIA project.

Exhibit 25: World crude oil demand by Statista



Source: EIA

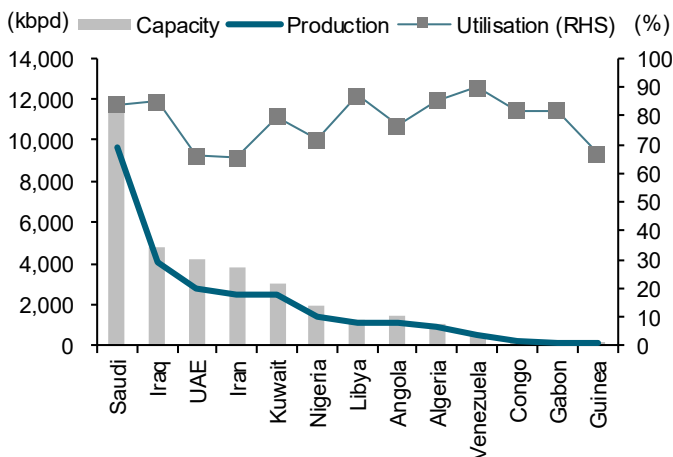
Exhibit 26: US crude oil production



Source: EIA

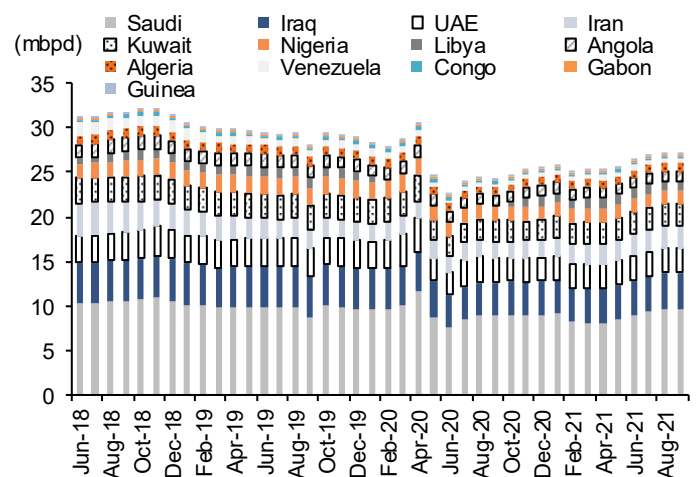
According to OPEC, the global oil demand is projected to surpass the supply by 1-2mbpd in 2H22, potentially driving the oil price higher or at least sustaining it at a high level above USD70/bbl in 4Q21. OPEC's oil production has been cut significantly since May-20, dropping from 30-31mbpd down to 23-26mbpd during May-20 to Sep-21, leading the oil price to rise and stay above USD70/bbl since Jun-20.

Exhibit 27: OPEC crude oil capacity, production, and utilisation



Source: EIA

Exhibit: OPEC crude oil production

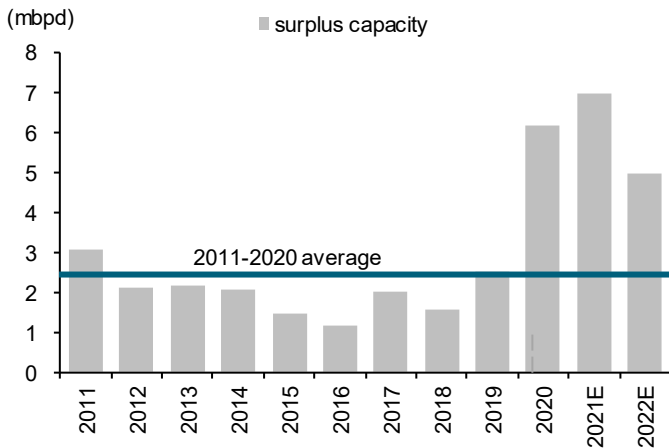


Source: EIA

However, starting from Aug-21 and lasting until May-22, according to OPEC+, the group has decided to gradually raise its oil production level by 0.4mbpd monthly. This, in our view, will effectively put a cap on the global oil price upside at below USD80/bbl, even though we project demand to recover back to the pre-Covid-19 level at over 100mbpd by mid-2022.

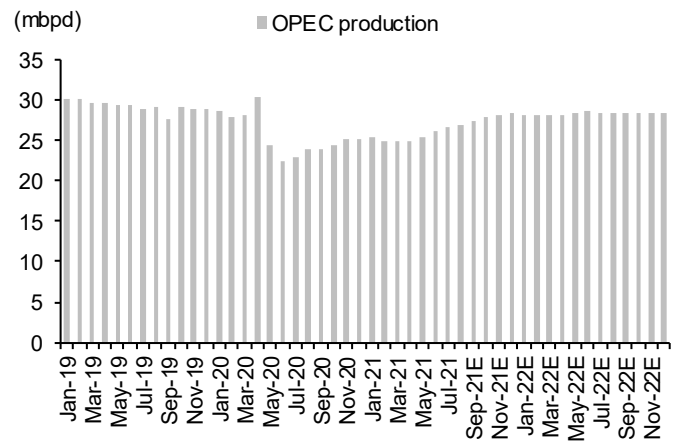
We also believe that if the global oil demand is stronger than expected and exceeds the supply increase in 2022, OPEC would still have a sufficient capacity surplus of over 6mbpd to fill any demand-supply gap left by other oil producers. As a result, we see a limited oil price upside in 2022-23 and expect a contango oil price curve during the same period, declining from the current USD70-75/bbl down to the USD55-65/bbl level in the next 24 months.

Exhibit 28: OPEC surplus crude oil production capacity



Note: Blue line represents 2011-2020 average (2.4 million barrels per day)
Source: EIA

Exhibit 29: OPEC production

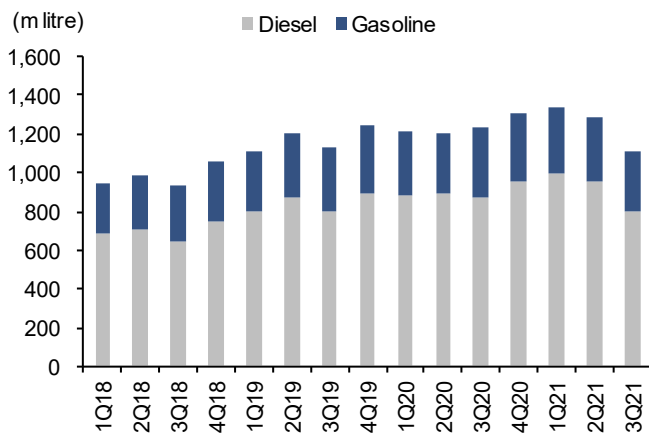


Source: EIA

After several years of building its brand awareness, PTG has started to expand into Bangkok and metropolitan areas to capture higher sales volumes of higher-margin gasoline and enhance its profitability, which accounted for 29% of PTG's total sales volume in 2020, up from 23% in 2011.

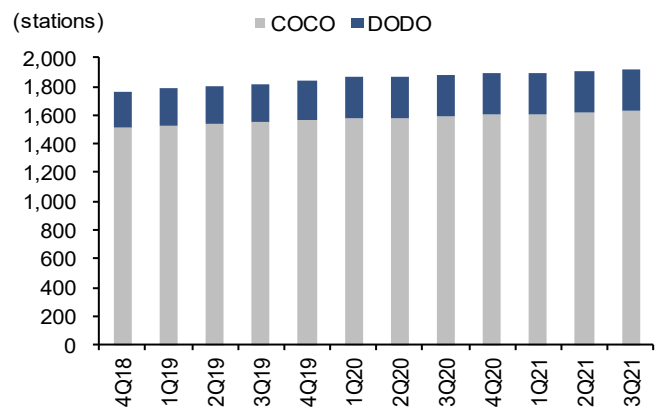
PTG is also selectively adding its non-oil businesses into its stations to increase customer traffic, including CVS, coffee shops, marts, auto-part shops and LPG, emphasising its one-stop service value proposition to clients.

Exhibit 30: Sales volume breakdown by product



Source: PTG

Exhibit 31: Number of stations, breakdown by business type



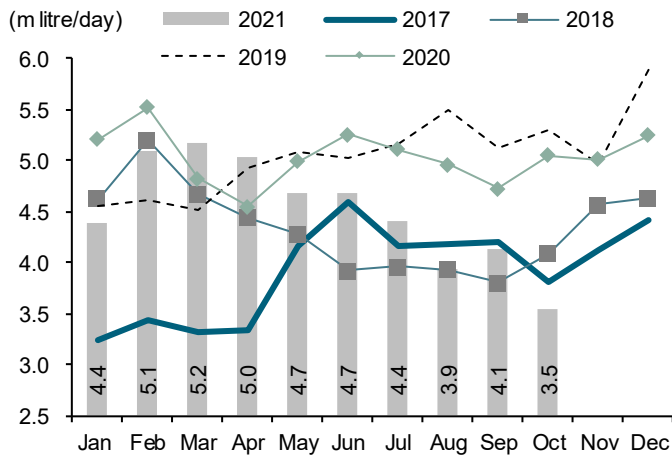
Source: PTG

Driver #2: Sustainable biodiesel earnings

Its biodiesel associate should generate sustainable earnings for PTG in the range of THB0.3b annually, based on our estimate, thanks to the high demand for biodiesel due to the government’s promotional campaign. The demand for diesel should rebound strongly in 4Q21 onward due to an improving Covid-19 situation in Thailand and a higher CPO price due to the improving demand-supply balance.

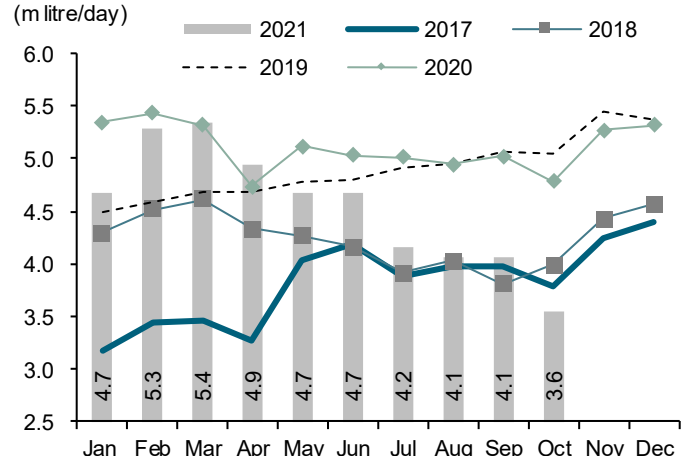
According to PTG’s management, PTG has postponed its capacity expansion due to the unpredictable nature of government policy. Consequently, PTG plans to instead diversify into oleo chemicals, a downstream business from biodiesel, which should provide higher margins and more sustainable earnings.

Exhibit 32: Biodiesel production



Source: Department of Energy Business (DOEB)

Exhibit 33: Biodiesel consumption



Source: DOEB

Driver #3: From a ‘bitter coffee’ world to a ‘sweet toffee’ world

In 4Q21, according to management, Pun Thai has seen its EBITDA reaching breakeven, and expects it to rise further in 2022 to reach PTG’s target of a 30-40% proportion of its total EBITDA by 2024.

For Coffee World, we believe a gradual increase in the number of tourists to Thailand should lead to much-improved EBITDA. Management expects EBITDA to hit breakeven by mid-2022, with the chain likely turning profitable in 2H22 thanks to a higher number of cups sold and the new products that PTG intends to introduce into the cafés to gain higher sales per day.

Exhibit 34: PunThai’s new menu for Oct-Nov 2021



Source: PTG

Exhibit 35: PunThai coffee shop



Source: PTG

Time to bottom fish ahead of an earnings recovery

While we project PTG's net profit to meaningfully recover in 2Q22, we believe its share price has priced in the earnings and margin downsides due to the MM squeeze, which should be offset by rising sales volumes that are likely to continue in 2022.

We maintain BUY and our SoTP-based target price of THB18.3. We believe PTG's earnings recovery will be the most resilient among local oil station plays in Thailand, given its high fixed cost structure (large proportion of company-owned, company-operated (COCO) stations), high sales volumes (ranked 2nd in Thailand currently), and promising EBITDA growth from its non-oil businesses, particularly the food and beverage-based PunThai and Coffee World café chains.

Exhibit 36: SoTP valuation

PTG valuation	(THB m)	(THB/shr)	Comments
Oil stations	32,163	19.3	At 20x 2022E P/E
Biodiesel	3,445	2.1	At 13x 2022E P/E
Net debt	(5,116)	(3.1)	FY22E net debt
Total value	30,491	18.3	

Source: FSSIA estimates

Financial Statements

PTG Energy

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	120,183	104,590	133,935	145,475	159,391
Cost of goods sold	(107,111)	(90,939)	(119,964)	(130,477)	(143,107)
Gross profit	13,072	13,650	13,970	14,997	16,285
Other operating income	-	-	-	-	-
Operating costs	(7,907)	(7,820)	(8,517)	(9,285)	(10,189)
Operating EBITDA	5,164	5,831	5,453	5,712	6,096
Depreciation	(3,015)	(2,885)	(3,238)	(3,303)	(3,369)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,149	2,946	2,215	2,410	2,728
Net financing costs	(335)	(1,104)	(354)	(226)	(80)
Associates	40	376	0	0	0
Recurring non-operating income	108	452	80	84	88
Non-recurring items	0	0	0	0	0
Profit before tax	1,923	2,294	1,941	2,267	2,736
Tax	(359)	(388)	(332)	(394)	(483)
Profit after tax	1,563	1,906	1,609	1,873	2,253
Minority interests	(3)	(12)	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	1,561	1,894	1,609	1,873	2,253
Non-recurring items & goodwill (net)	0	(37)	(37)	(37)	(37)
Recurring net profit	1,561	1,857	1,572	1,836	2,216
Per share (THB)					
Recurring EPS *	0.93	1.11	0.94	1.10	1.33
Reported EPS	0.93	1.13	0.96	1.12	1.35
DPS	0.00	0.00	0.15	0.20	0.20
Diluted shares (used to calculate per share data)	1,670	1,670	1,670	1,670	1,670
Growth					
Revenue (%)	11.3	(13.0)	28.1	8.6	9.6
Operating EBITDA (%)	53.8	12.9	(6.5)	4.7	6.7
Operating EBIT (%)	144.8	37.1	(24.8)	8.8	13.2
Recurring EPS (%)	149.8	19.0	(15.3)	16.8	20.7
Reported EPS (%)	149.8	21.4	(15.0)	16.4	20.3
Operating performance					
Gross margin inc. depreciation (%)	8.4	10.3	8.0	8.0	8.1
Gross margin of key business (%)	0.1	0.1	0.1	0.1	0.1
Operating EBITDA margin (%)	4.3	5.6	4.1	3.9	3.8
Operating EBIT margin (%)	1.8	2.8	1.7	1.7	1.7
Net margin (%)	1.3	1.8	1.2	1.3	1.4
Effective tax rate (%)	19.1	22.1	19.0	19.0	19.0
Dividend payout on recurring profit (%)	-	-	15.9	18.2	15.1
Interest cover (X)	6.7	3.1	6.5	11.0	35.2
Inventory days	6.8	8.6	7.4	8.0	8.0
Debtor days	-	-	-	-	-
Creditor days	-	-	-	-	-
Operating ROIC (%)	17.8	21.7	17.3	22.3	32.4
ROIC (%)	10.8	9.0	4.4	5.0	5.9
ROE (%)	25.8	25.6	19.0	20.0	21.5
ROA (%)	8.2	8.2	4.4	4.9	5.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Sales of petroleum products and others	116,535	101,970	119,659	137,608	151,368
Sales of consumable products	2,415	1,500	1,500	1,500	1,500
Others	1,233	1,120	12,776	6,367	6,523

Sources: PTG Energy; FSSIA estimates

Financial Statements

PTG Energy

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	1,561	1,857	1,572	1,836	2,216
Depreciation	3,015	2,885	3,238	3,303	3,369
Associates & minorities	69	76	80	84	88
Other non-cash items	-	-	-	-	-
Change in working capital	(1,354)	(853)	292	(89)	(76)
Cash flow from operations	3,291	3,965	5,182	5,134	5,597
Capex - maintenance	(873)	(928)	(981)	(1,133)	(1,282)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(2,392)	(810)	(1,047)	(503)	37
Cash flow from investing	(3,265)	(1,738)	(2,029)	(1,636)	(1,244)
Dividends paid	(334)	(835)	(835)	(868)	(1,002)
Equity finance	0	0	0	0	0
Debt finance	1,063	1,045	(2,612)	(2,500)	(3,000)
Other financing cash flows	(725)	(2,534)	(201)	(192)	(191)
Cash flow from financing	4	(2,324)	(3,649)	(3,561)	(4,193)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	29	(97)	(496)	(63)	159
Free cash flow to firm (FCFF)	360.06	3,330.60	3,507.16	3,724.38	4,432.37
Free cash flow to equity (FCFE)	363.08	738.03	339.27	805.71	1,161.07

Per share (THB)	2019	2020	2021E	2022E	2023E
FCFF per share	0.22	1.99	2.10	2.23	2.65
FCFE per share	0.22	0.44	0.20	0.48	0.70
Recurring cash flow per share	2.78	2.89	2.93	3.13	3.40

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	17,970	17,365	19,365	21,365	23,365
Less: Accumulated depreciation	(6,511)	(6,511)	(9,563)	(13,084)	(17,069)
Tangible fixed assets (net)	11,458	10,853	9,802	8,280	6,296
Intangible fixed assets (net)	214	229	229	229	229
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	2,570	2,195	2,195	2,195	2,195
Cash & equivalents	1,038	942	446	384	542
A/C receivable	0	0	0	0	0
Inventories	2,217	2,088	2,754	2,996	3,286
Other current assets	1,595	829	1,188	1,515	1,877
Current assets	4,850	3,859	4,389	4,894	5,705
Other assets	3,559	24,902	24,902	24,902	24,902
Total assets	22,652	42,037	41,516	40,500	39,327
Common equity	6,648	7,884	8,658	9,663	10,913
Minorities etc.	60	96	96	96	96
Total shareholders' equity	6,707	7,980	8,754	9,759	11,010
Long term debt	3,857	6,282	3,500	4,000	2,000
Other long-term liabilities	474	19,289	19,289	19,289	19,289
Long-term liabilities	4,330	25,572	22,789	23,289	21,289
A/C payable	0	0	0	0	0
Short term debt	5,711	4,330	4,500	1,500	500
Other current liabilities	5,904	4,156	5,473	5,952	6,528
Current liabilities	11,614	8,486	9,973	7,452	7,028
Total liabilities and shareholders' equity	22,652	42,037	41,516	40,500	39,327
Net working capital	(2,092)	(1,239)	(1,531)	(1,441)	(1,365)
Invested capital	15,710	36,940	35,597	34,164	32,256

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)	2019	2020	2021E	2022E	2023E
Book value per share	3.98	4.72	5.18	5.79	6.53
Tangible book value per share	3.85	4.58	5.05	5.65	6.40

Financial strength	2019	2020	2021E	2022E	2023E
Net debt/equity (%)	127.2	121.2	86.3	52.4	17.8
Net debt/total assets (%)	37.7	23.0	18.2	12.6	5.0
Current ratio (x)	0.4	0.5	0.4	0.7	0.8
CF interest cover (x)	2.1	1.7	2.0	4.6	15.5

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	16.3	13.7	16.1	13.8	11.5
Recurring P/E @ target price (x) *	19.6	16.5	19.4	16.6	13.8
Reported P/E (x)	16.3	13.4	15.8	13.6	11.3
Dividend yield (%)	-	-	1.0	1.3	1.3
Price/book (x)	3.8	3.2	2.9	2.6	2.3
Price/tangible book (x)	3.9	3.3	3.0	2.7	2.4
EV/EBITDA (x) **	6.6	6.0	6.1	5.4	4.5
EV/EBITDA @ target price (x) **	7.6	6.9	7.0	6.3	5.4
EV/invested capital (x)	2.2	1.0	0.9	0.9	0.9

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: PTG Energy; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

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* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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ANALYST(S) CERTIFICATION

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

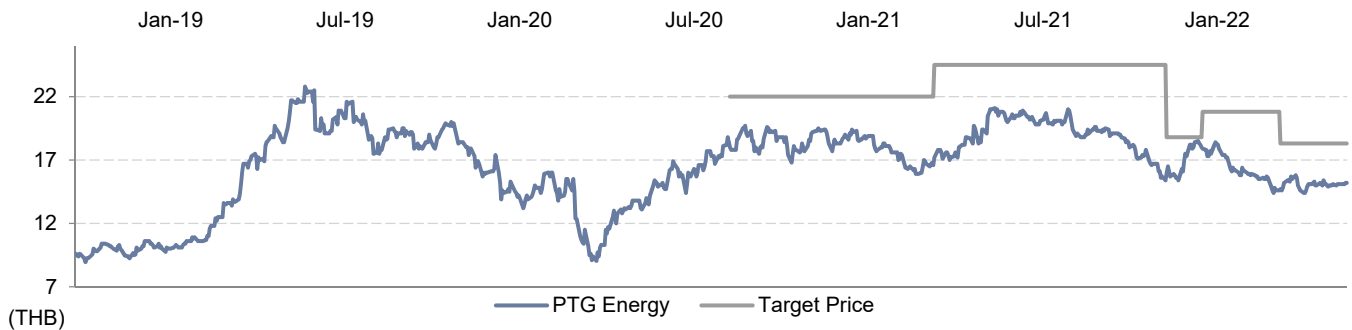
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

PTG Energy (PTG TB)



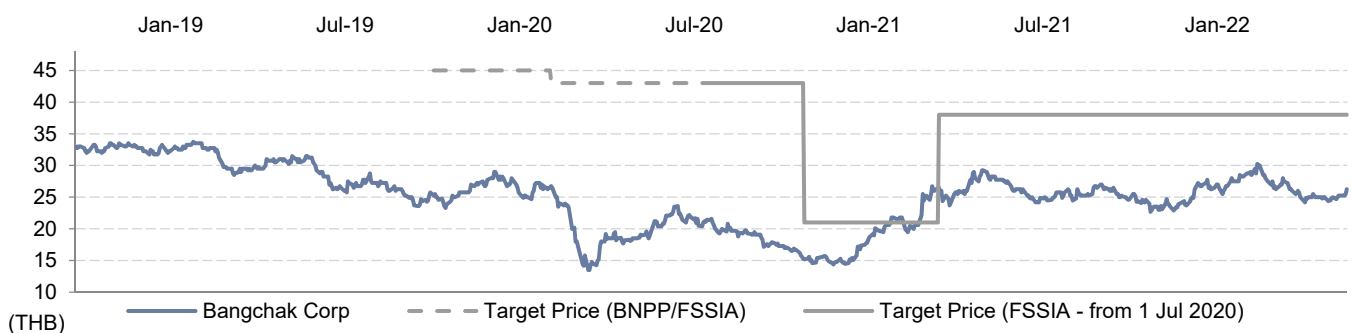
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
22-Jul-2020	BUY	22.00	02-Aug-2021	BUY	18.80	08-Nov-2021	BUY	18.30
14-Jan-2021	BUY	24.50	02-Sep-2021	BUY	20.80			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 22-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Bangchak Corp (BCP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Nov-2019	BUY	45.00	24-Sep-2020	BUY	21.00	-	-	-
20-Feb-2020	BUY	43.00	18-Jan-2021	BUY	38.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 08-Nov-2019

Price and TP are in local currency

Source: FSSIA estimates

Susco (SUSCO TB)



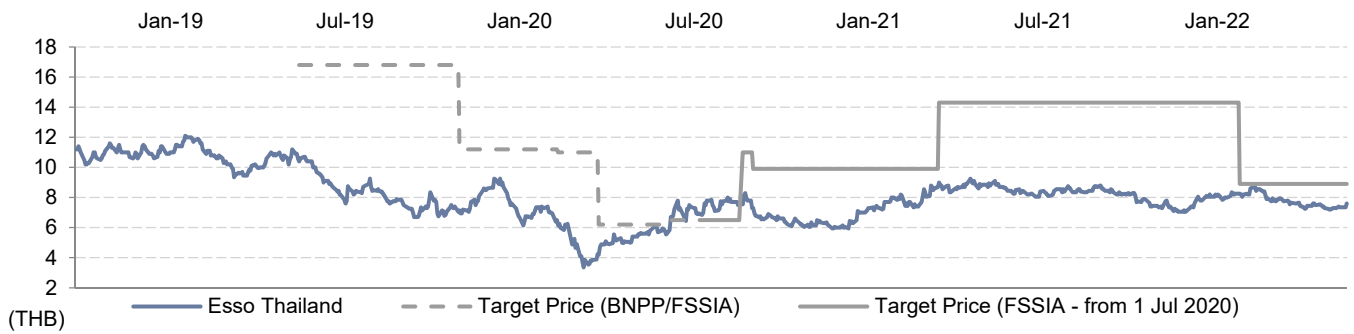
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Dec-2020	BUY	4.00	09-Aug-2021	BUY	3.50	-	-	-

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 29-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Esso Thailand (ESSO TB)



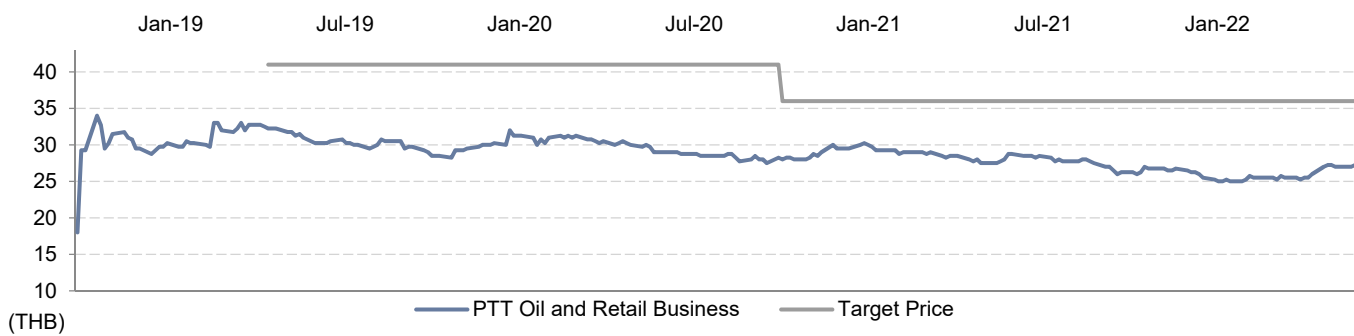
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jul-2019	BUY	16.80	01-Apr-2020	BUY	6.20	11-Aug-2020	BUY	9.90
03-Dec-2019	BUY	11.20	26-May-2020	BUY	6.50	18-Jan-2021	BUY	14.30
26-Feb-2020	BUY	11.00	31-Jul-2020	BUY	11.00	04-Oct-2021	HOLD	8.90

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 26-May-2020

Price and TP are in local currency

Source: FSSIA estimates

PTT Oil and Retail Business (OR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Mar-2021	BUY	41.00	09-Aug-2021	BUY	36.00	-	-	-

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 30-Mar-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
PTG Energy	PTG TB	THB 15.20	BUY	The downside risks to our SoTP-based TP include 1) a government cap on oil prices; and 2) weaker demand for diesel and gasoline.
Bangchak Corp	BCP TB	THB 26.25	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) higher crude premiums; and 3) unplanned shutdowns of the company's refinery plants.
Susco	SUSCO TB	THB 3.28	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet fuel demand.
Esso Thailand	ESSO TB	THB 7.60	HOLD	The downside risks to our SoTP-based TP on ESSO include 1) lower-than-expected demand for petroleum products; 2) a higher crude premium; and 3) unplanned shutdowns of its refinery and petrochemical plants. The upside risks include 1) higher-than-expected demand for petroleum products; and 2) a lower crude premium.
PTT Oil and Retail Business	OR TB	THB 27.25	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 05-Jan-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.