

ABSOLUTE CLEAN ENERGY
THAILAND / UTILITIES - RENEWABLES

ACE TB

BUY

UNCHANGED

กำไรง่าย ๆ ไม่ได้อย่างที่คิด

- เราหันมามองเป็นบวกน้อยลงจากโอกาสที่โครงการใหม่จะล่าช้า ความไม่แน่นอนเกี่ยวกับวันเริ่มดำเนินงานเชิงพาณิชย์ (COD) ของโครงการขนาด 9.9MW และราคาก๊าซที่ปรับตัวสูงขึ้น
- เราคาดว่ากำไรสุทธิ 4Q21 จะทรงตัวที่ 420 ลบ. (+2.1% q-q, +2.3% y-y)
- คงแนะนำซื้อหลังปรับลดราคาเป้าหมายจาก 5.2 เป็น 4.6 บาท (SoTP)

TARGET PRICE	THB4.60
CLOSE	THB3.38
UP/DOWNSIDE	+36.1%
PRIOR TP	THB5.20
CHANGE IN TP	-11.5%
TP vs CONSENSUS	-3.8%

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	5,858	7,543	11,262	11,400
Net profit	1,507	1,558	1,818	2,612
EPS (THB)	0.15	0.15	0.18	0.26
vs Consensus (%)	-	-	(15.9)	(11.6)
EBITDA	1,861	2,319	3,390	4,455
Core net profit	1,357	1,558	1,818	2,612
Core EPS (THB)	0.13	0.15	0.18	0.26
Chg. In EPS est. (%)	-	(17.7)	(15.9)	(14.4)
EPS growth (%)	53.9	14.8	16.7	43.6
Core P/E (x)	25.3	22.1	18.9	13.2
Dividend yield (%)	0.4	2.4	3.0	3.8
EV/EBITDA (x)	20.3	16.9	12.6	10.2
Price/book (x)	2.9	2.7	2.5	2.3
Net debt/Equity (%)	28.7	38.4	62.5	75.0
ROE (%)	11.9	12.6	13.8	18.4

ได้รับผลกระทบจากปัจจัยภายนอกที่ควบคุมไม่ได้

เราหันมามองแนวโน้มกำไรสุทธิของ ACE ในปี 2021-23 เป็นบวกน้อยลงจากปัจจัย 3 ประการ ข้อแรกโรงไฟฟ้าพลังชีวมวลใหม่อาจล่าช้าจากกรอบเวลาที่คาดเดาไม่ได้ในการอนุมัติสัญญาซื้อขายไฟฟ้า (PPA) สำหรับโรงไฟฟ้าชีวมวล 10 โครงการของ ACE ซึ่งมีกำหนดได้รับ PPA ภายในปี 2022 ข้อสองความไม่แน่นอนที่กำลังเกิดขึ้นสำหรับ COD ของโรงไฟฟ้าชีวมวลขนาด 9.9MW ที่ได้ PPA แล้วในอำเภอนาบอน จังหวัดกำแพงเพชรจากปัญหาการประท้วงของประชาชนในพื้นที่ ข้อสุดท้ายราคาก๊าซในประเทศไทยที่ปรับตัวขึ้นเมื่อเร็ว ๆ นี้ได้กดดันอัตรากำไรขั้นต้นของ ACE สำหรับโรงไฟฟ้าขนาดเล็ก (SPP) ขนาด 90MW

4 โครงการเพื่อการเติบโตที่แน่นอนแล้ว พร้อมอีก 13 โครงการที่รอการอนุมัติ

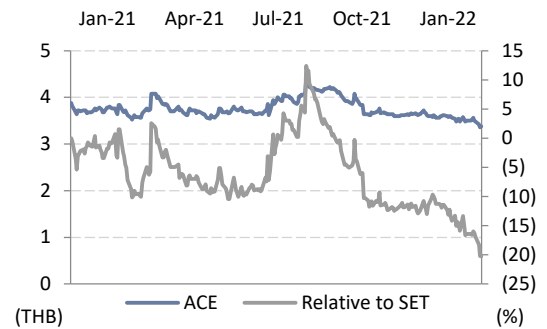
จาก 17 โครงการเพื่อการเติบโตของ ACE ที่อยู่ระหว่างดำเนินการ เราเชื่อว่ามีเพียง 4 โครงการ (ประกอบด้วย 1 โครงการชีวมวลและอีก 3 โครงการโรงไฟฟ้าไฮบริดขนาดเล็ก) ที่แน่นอนแล้วว่าจะได้เริ่มดำเนินงานเชิงพาณิชย์ตามกำหนดในปลายปี 2022 COD ของโครงการอื่นที่ค้างอยู่ยังมีความไม่แน่นอนจากกำหนดการที่ยังไม่แน่ชัดว่าผู้กำกับกิจการจะสรุปวันเซ็นสัญญา PPA และศาลออกคำสั่งเมื่อไร ซึ่งทำให้เราเปลี่ยนสมมติฐานของเราดังนี้: 1) เปลี่ยน COD ของโครงการชีวมวล 6 แห่ง (หมายเลข 31-35, 37) จากปี 2022 เป็นปี 2023-24; และ 2) ย้ายกำไรสุทธิของโรงไฟฟ้าจากขยะ (WTE) ออกจากประมาณการกำไรในปี 2022-23 จากความไม่แน่นอนในเรื่องวันเซ็น PPA

คาดผลประกอบการ 4Q21 จะออกมาดี

เราคาดว่า ACE จะรายงานกำไรสุทธิ 4Q21 ที่ 420 ลบ. (+2.1% q-q, +2.3% y-y) พร้อมการดำเนินงานที่เปลี่ยนแปลงเพียงเล็กน้อยสำหรับโรงไฟฟ้าของ ACE เว้นแต่ COD ของหนึ่งใน 9 โรงไฟฟ้าชีวมวลขนาด 9.9MW ในกำแพงเพชรในเดือน ธ.ค. 21 เราคาดว่าอัตรากำไรขั้นต้นจะอยู่ที่ 34% (ทรงตัว q-q) เนื่องจากต้นทุนวัตถุดิบยังทรงตัว q-q ในขณะที่เราคาดว่า EBITDA margin จะแตะ 37% ลดลงเล็กน้อย q-q จากต้นทุนก๊าซที่สูงขึ้นสำหรับ SPP ส่วนแบ่งกำไรจะเพิ่มจากโรงไฟฟ้าในกำแพงเพชรที่เริ่มดำเนินงานเป็นระยะเวลา 1 เดือน (COD ในเดือน ธ.ค. 21)

คงแนะนำซื้อหลังปรับลดราคาเป้าหมายเป็น 4.6 บาท

เราปรับลดราคาเป้าหมายจาก 5.2 เป็น 4.6 บาทเพื่อสะท้อนประมาณการกำไรต่อหุ้น (EPS) และสมมติฐานที่เปลี่ยนไป อย่างไรก็ตามเรายังคิดว่าราคาหุ้นของ ACE จะปรับตัวดีขึ้นใน 2H22 เมื่อเราคาดว่าผู้กำกับดูแลกิจการจะค่อย ๆ ให้ PPA สำหรับโครงการของ ACE ที่ค้างอยู่ พร้อมกับความเสี่ยงขาขึ้นที่อาจได้จากโครงการ WTE ที่พร้อมประมูลภายในปีสิ้นปี 2022



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.6)	(8.6)	(14.6)
Relative to country (%)	(10.0)	(10.5)	(21.7)
Mkt cap (USD m)	1,031		
3m avg. daily turnover (USD m)	3.6		
Free float (%)	57		
Major shareholder	Mr. Wirachai Songmetta (22%)		
12m high/low (THB)	4.60/3.34		
Issued shares (m)	10,176.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We project ACE's net profit to grow at a 37.8% CAGR from 2019-22, driven by: 1) new capacity growth, from 240MW at end-2020 to 470MW by end-2022, with the majority of the new capacity coming from committed biomass power plants, including 88MW from very small power producers (VSPPs) and 80MW from small power producers (SPPs) with 15 biomass projects. One is under construction and 13 were recently ruled in favour of to regain their power purchase agreements (PPAs) from the Provincial Electricity Authority following a judgement by arbitration; 2) inorganic growth from M&A, which we project to add 50-100MW to ACE's power plant portfolio; and 3) winning 50MW out of 150MW-worth of capacity from biomass, biogas, hybrid SPP biomass/biogas plants, and solar farms under the PPC scheme.

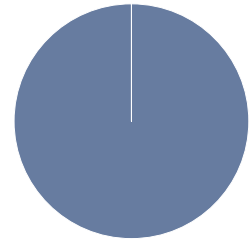
Company profile

ACE is a leading biomass power plant producer and is expanding into waste-to-energy power plant.

www.ace-energy.co.th

Principal activities (revenue, 2020)

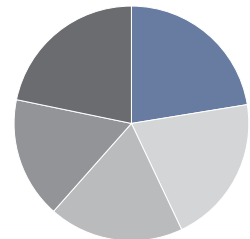
■ Power - 100.0 %



Source: Absolute Clean Energy

Major shareholders

- Mr. Wirachai Songmetta - 22.4 %
- Mr. Pornmett Songmetta - 20.5 %
- Mr. Teerawut Songmetta - 18.6 %
- Mr. Natt Songmetta - 16.7 %
- Others - 21.8 %



Source: Absolute Clean Energy

Catalysts

We see two key catalysts for ACE's net profit in 2021-22: 1) 1.9x capacity growth from 240MW in 2020 to 470MW in 2022; and 2) a margin expansion on lower feedstock costs.

Risks to our call

The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) higher costs of biomass feedstock.

Event calendar

Date	Event
Feb 2022	4Q21/2021 results announcement

Key assumptions

	2021E	2022E	2023E
Utilisation rate (%)	90	95	90
Gas price (THB/mmbtu)	226	210	195

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in gas price, we estimate 2021 earnings would decline 1.2%, and vice versa, all else being equal.
- For every 1% increase in utilisation rate, we estimate 2021 earnings would increase 1.7%, and vice versa, all else being equal.

Source: FSSIA estimates

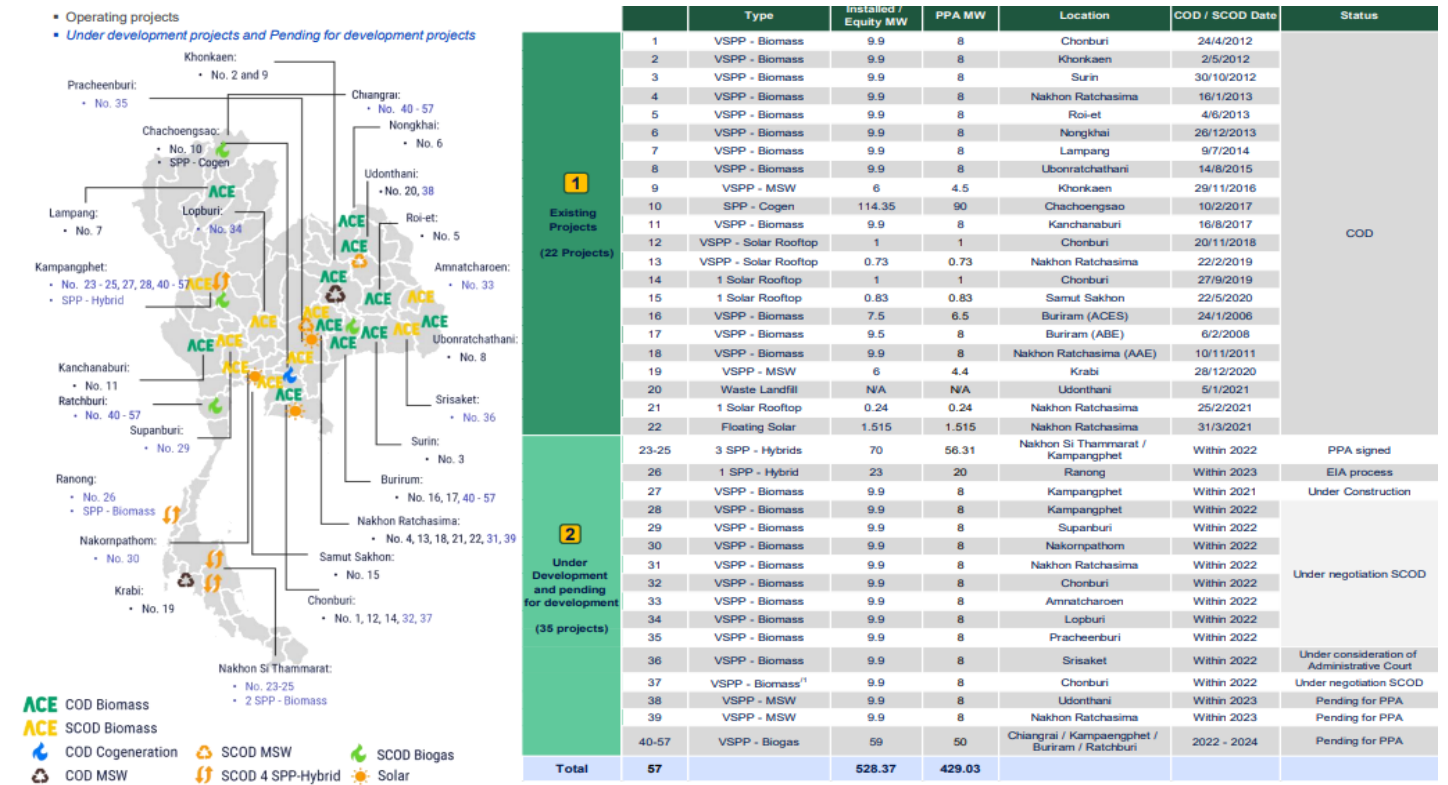
Low-hanging fruit is less juicy than expected

We turn less bullish on ACE's net profit outlook in 2021-23 due to three factors. First, the potential delays for its new biomass power plants based on the uncertain pace of regulatory approval for ACE's remaining 10 biomass projects, which are scheduled to receive PPAs within 2022.

Second, the ongoing uncertainty around the COD for its 9.9MW PPA-granted biomass power plant in Nabon, Kamphangphet (number 28 in Exhibit 1) caused by local public protests.

Finally, the recent hike in the gas price in Thailand has also eroded ACE's gross margin for its 90MW SPP.

Exhibit 1: Power plant locations and capacities



Source: ACE

As of 4Q21, ACE operates a total of 23 power plants, including a new 9.9MW biomass power plant, COD in Dec-21 (number 27 in Exhibit 1), with a total capacity of 258MW and an equity capacity of 207MW.

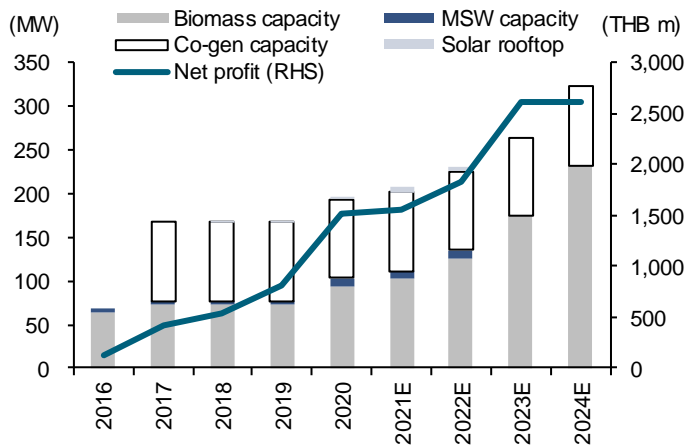
ACE still has five power projects under construction (1,2,3), eight biomass projects pending for PPAs to be signed, one biomass project under the court's consideration, and three WTE projects pending PPAs.

- 1) One biomass power plant (number 28), scheduled to COD in 2022;
- 2) Three hybrid SPPs (numbers 23-25), scheduled to COD in 2022;
- 3) One hybrid SPP power plant (number 26), recently granted an environmental impact assessment (EIA) in Ranong province, scheduled to COD in 1Q23;
- 4) Eight biomass projects (numbers 29-35 and 37), currently under negotiation with the buyer, the Provincial Electricity Authority of Thailand (PEA);
- 5) One biomass power plant (number 36), currently under the Administrative Court's consideration;
- 6) Three WTE power plants (numbers 38-40), pending PPAs from the regulator;

7) 18 biogas power plant projects with a total of 50MW, won under the Power Plant for Community (PPC) process in 4Q21, scheduled to COD by 2024.

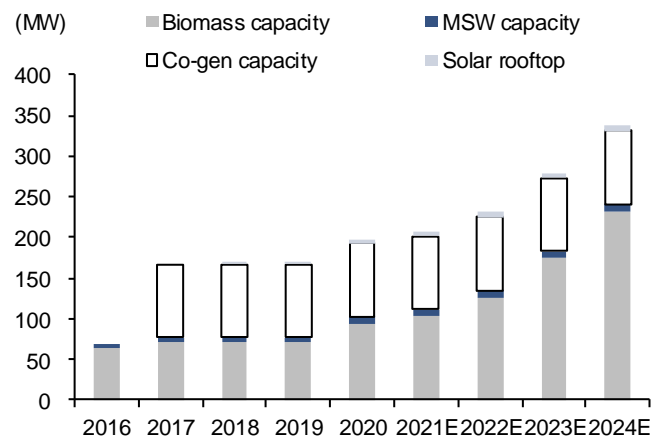
Of ACE's total 17 growth projects, only four (one biomass (28) and three hybrid SPPs (23-25)) are secured projects likely to COD on schedule at the end of 2022. Other pending projects still have uncertain COD timelines given the unpredictable schedule of the regulator for finalising the PPA signing dates and the court issuing a verdict.

Exhibit 2: Equity capacity breakdown by plant type



Sources: ACE; FSSIA estimates

Exhibit 3: Capacity breakdown by plant type

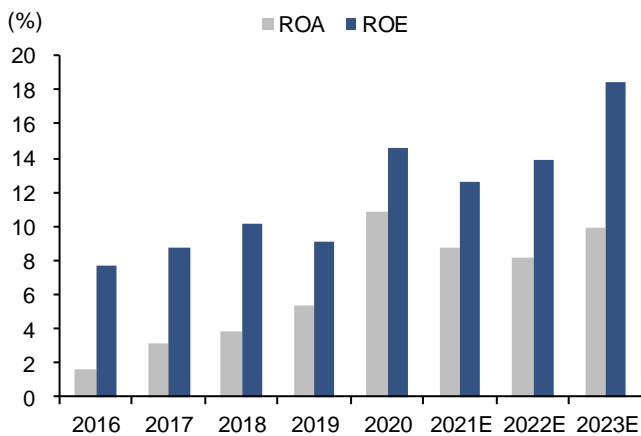


Sources: ACE; FSSIA estimates

As a result, we change our assumptions by:

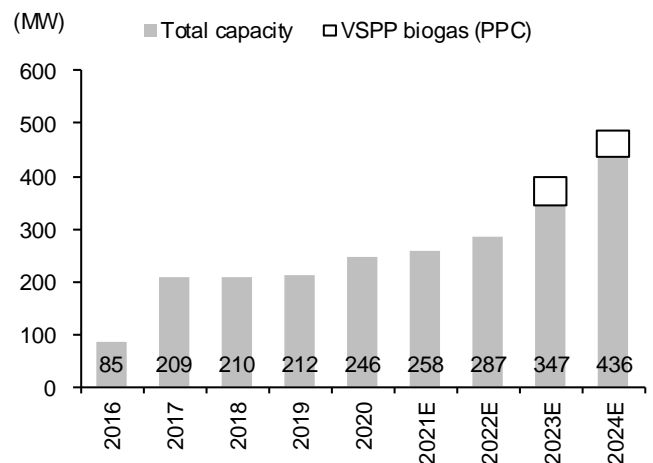
- 1) Shifting the CODs of six biomass projects (numbers 31-35, 37) from 2022 to 2023-24;
- 2) Removing the net profits from three WTE power plants from our earnings forecasts for 2022-23 given the uncertainty over the PPA signing dates.

Exhibit 4: Projected ROA and ROE after our assumption changes



Sources: ACE; FSSIA estimates

Exhibit 5: Capacity after our assumption changes



Sources: ACE; FSSIA estimates

Expect healthy 4Q21 results

We project ACE to post a healthy 4Q21 net profit of THB420m, up 2.1% q-q and 2.3% y-y, with little change operationally for ACE's power plants except that it started up one of its 9.9MW biomass power plants in Kamhangphet in Dec-21.

- Gross margin of 34%, flat q-q, given that feedstock costs have remained stable q-q, while we expect its EBITDA margin to reach 37%, slightly dropping q-q as a result of the higher gas cost for its SPP;
- Additional net profit from the one-month start-up of a new 9.9MW biomass power plant in Kamhangphet (COD in Dec-21);
- Utilisation rates of the three biomass power plants acquired from Uawithya (UWC TB, not rated) should remain stable q-q;
- Absence of a one-time gain of THB70m in 3Q21, mainly from FX impact;
- ACE still has 10 biomass power plants pending for PPAs to be signed, but could be delayed due to the government's uncertain policy;
- Additional 50MW from 18 biogas power plant projects that were recently won under the PPC process remains pending, with the PPAs scheduled to be signed by Jan-22.

Exhibit 6: 4Q21 results forecast

	3Q20	3Q21	----- 4Q21E -----		
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Revenue	1,501	1,468	1,875	27.8	24.9
Operating costs	(966)	(911)	(1,680)	84.5	73.9
EBITDA	535	557	696	24.8	30.0
<i>EBITDA margin (%)</i>	36	38	37	<i>nm</i>	<i>nm</i>
Depn & amort.	(139)	(167)	(108)	(35.0)	(22.2)
EBIT	396	390	587	50.4	48.3
Interest expense	(28)	(36)	(44)	22.4	58.8
Interest & invt inc	-	-	-	<i>nm</i>	<i>nm</i>
Other income	14	8	(1)	(111.0)	(106.5)
Associates' contrib	-	-	-	<i>nm</i>	<i>nm</i>
Exceptionals	38	84	(20)	<i>nm</i>	<i>nm</i>
Pretax profit	419	446	372	(16.5)	(11.2)
Tax	(9)	(35)	47	(236.0)	(626.8)
<i>Tax rate (%)</i>	2	8	(13)	<i>nm</i>	<i>nm</i>
Minority interests	-	0	(0)	(201.9)	<i>nm</i>
Net profit	410	411	420	2.1	2.3
Non-recurring	36	70	(153)	(318.8)	(528.3)
Core net profit	375	341	573	67.8	52.9
EPS (THB)	0.04	0.04	0.04	2.1	2.3
Core EPS (THB)	0.04	0.03	0.06	67.8	52.9

Sources: ACE; FSSIA estimates

EPS and TP revisions

We lower our EPS forecasts for 2021-23 by 14.4-17.7% to incorporate: 1) our changes in the estimated CODs of six biomass projects by 1-3 years; 2) cutting the net profits from three WTE power plants from our EPS forecasts in 2022-23; and 3) 13.3-23.8% higher gas prices estimated in 2021-22.

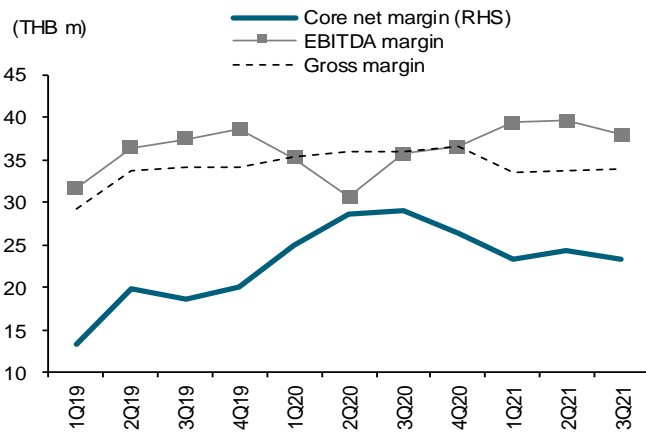
Exhibit 7: EPS and assumption changes

	Current			Previous			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Revenue	7,543	11,262	11,400	7,559	11,294	11,453	(0.2)	(0.3)	(0.5)
Gross profit	3,375	4,629	5,025	3,720	4,984	5,494	(9.3)	(7.1)	(8.5)
Operating profit	1,716	2,095	3,040	2,058	2,447	3,506	(16.6)	(14.4)	(13.3)
Net profit	1,558	1,818	2,612	1,892	2,161	3,051	(17.7)	(15.9)	(14.4)
EPS	0.15	0.18	0.26	0.19	0.21	0.30	(17.7)	(15.9)	(14.4)
Assumptions	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Utilisation rate (%)	90	95	90	90	95	90	0.0	0.0	0.0
Gas price (THB/mmbtu)	256	260	195	226	210	195	13.3	23.8	0.0

Note: Change of items in percentage terms are represented in ppt change
Sources: ACE; FSSIA estimates

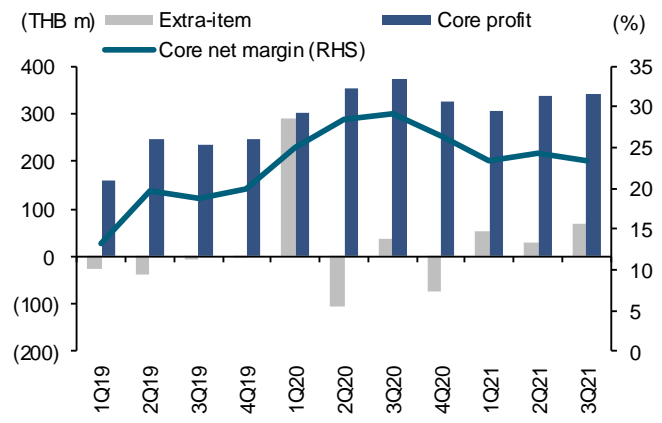
While our EPS cuts are mostly due to external factors, including the PPA signing delay by the regulator and Administrative Court, the public protests, and higher gas costs, we remain positive on ACE's net profit growth outlook in 2021-23 given the high operational reliability and efficiency of its 23 projects currently in operation.

Exhibit 8: Quarterly core net profit margin, EBITDA margin, and gross margin



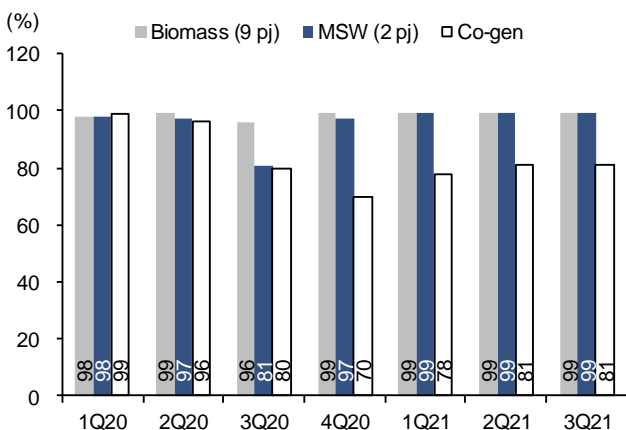
Source: ACE

Exhibit 9: Quarterly core net profit margin, core net profit, and extra items



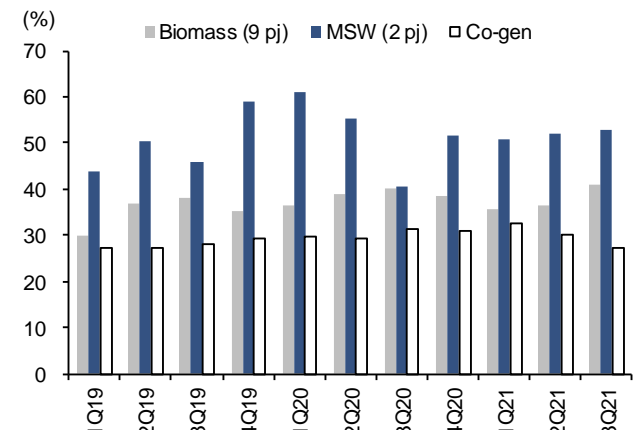
Source: ACE

Exhibit 10: Capacity factor



Source: ACE

Exhibit 11: Gross profit margin



Source: ACE

We cut our SoTP-based TP from THB5.2 to THB4.6 to reflect the changes in our EPS forecasts and assumptions. However, we still expect ACE's share price to outperform by 2H22 when we think the regulator will gradually begin granting PPAs for ACE's pending projects, along with the potential upside from WTE projects available for bidding by end-2022.

Exhibit 12: SoTP valuation target price

Sum-of-parts valuation estimate	THB m	THB/share	Comments
Operating power plants (A)		2.58	
ACP1 (Biomass, 24 Apr 2012)	1,688	0.17	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
ACP2 (Biomass, 4 Jun 2013)	1,655	0.16	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
ACP3 (Biomass, 16 Aug 2017)	1,593	0.16	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
ALCP1 (Biomass, 26 Dec 2013)	1,626	0.16	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
ALCP2 (Biomass, 14 Aug 2015)	1,436	0.14	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
AAPP1 (Biomass, 30 Oct 2012)	1,891	0.19	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
AAPP2 (Biomass, 16 Jan 2013)	1,403	0.14	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
AAP1 (Biomass, 2 May 2012)	895	0.09	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
ABA1 (Biomass, 9 Jul 2014)	1,547	0.15	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
MSW Khonkaen (WTE, 29 Nov 2016)	943	0.09	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
AAA1 (10 Feb 2017) -SPP	9,543	0.94	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
ACE SOLAR3 (20 Sep 2018) -Solar rooftop	50	0.00	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
ACE SOLAR3 (28 Nov 2019) -Solar rooftop	50	0.00	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Solar (22 Feb 2019) -Solar rooftop	29	0.00	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Solar (May 2020) -Solar rooftop	33	0.00	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
SBM (Biomass, 24 Jan 2006)	283	0.03	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
UAB (Biomass, 6 Feb 2008)	339	0.03	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
UKB (Biomass, 11 Oct 2011)	355	0.03	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
MSW Krabi (4Q20)	888	0.09	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Under construction (B)		0.35	
Kampangphet (Biomass, 2021)	1,638	0.16	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
BPP3 (SPP Hybrid, 2022)	1,921	0.19	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Under EIA approval process (C)		0.63	
BPP2 (SPP Hybrid, 2022)	2,401	0.24	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
ACE solar 1 (SPP Hybrid, 2022)	1,795	0.18	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
ACE solar 2 (SPP Hybrid, 2022)	2,209	0.22	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Under negotiation with PEA (D)		1.43	
Kampangphet (Biomass, 2022)	1,632	0.16	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Supanburi (Biomass, 2022)	1,632	0.16	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Nakornpathom (Biomass, 2022)	1,632	0.16	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Nakhorn Ratchaima (Biomass, 2022)	1,362	0.13	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Chonburi (Biomass, 2022)	1,362	0.13	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Amnatcharoen (Biomass, 2022)	1,362	0.13	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Lopburi (Biomass, 2022)	1,362	0.13	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Pracheenburi (Biomass, 2022)	1,362	0.13	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Srisaket (Biomass, 2022)	1,362	0.13	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Chonburi (Biomass, 2022)	1,362	0.13	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Solar (1Q21) - Floating Solar	74	0.01	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Solar (4Q20) - solar rooftop	12	0.00	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Under Power Plant for Community (E)		0.42	
VSPB biogas (COD 2023-24)	4,245	0.42	DCF WACC 6.1%, Risk free rate 2.3%, Risk premium 8.5%
Value of secured projects		2.9	Including operating & committed projects (A+B)
Value of secured and EIA-approved waiting projects		3.6	Including operating, committed, and EIA-waiting projects (A+B+C)
Value of PPC projects		0.4	50MW for 18 projects
Value of all projects		5.4	Including the projects under negotiation with PEA (A+B+C+D)
Net debt	(8,456)	(0.8)	At end-2022E
Residual ordinary equity	46,514	4.6	

Sources: ACE; FSSIA estimates

Financial Statements

Absolute Clean Energy

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	5,055	5,858	7,543	11,262	11,400
Cost of goods sold	(2,836)	(3,675)	(4,168)	(6,633)	(6,376)
Gross profit	2,220	2,183	3,375	4,629	5,025
Other operating income	-	-	-	-	-
Operating costs	(330)	(322)	(1,056)	(1,239)	(570)
Operating EBITDA	1,889	1,861	2,319	3,390	4,455
Depreciation	(527)	(541)	(603)	(1,295)	(1,415)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,362	1,320	1,716	2,095	3,040
Net financing costs	(516)	(88)	(150)	(259)	(349)
Associates	0	0	0	0	0
Recurring non-operating income	33	168	30	30	30
Non-recurring items	(67)	149	0	0	0
Profit before tax	812	1,549	1,596	1,867	2,721
Tax	3	(43)	(38)	(48)	(76)
Profit after tax	815	1,507	1,558	1,818	2,645
Minority interests	0	0	0	0	(33)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	815	1,507	1,558	1,818	2,612
Non-recurring items & goodwill (net)	67	(149)	0	0	0
Recurring net profit	882	1,357	1,558	1,818	2,612
Per share (THB)					
Recurring EPS *	0.09	0.13	0.15	0.18	0.26
Reported EPS	0.08	0.15	0.15	0.18	0.26
DPS	0.03	0.01	0.08	0.10	0.13
Diluted shares (used to calculate per share data)	10,176	10,176	10,176	10,176	10,176
Growth					
Revenue (%)	4.6	15.9	28.8	49.3	1.2
Operating EBITDA (%)	20.3	(1.5)	24.6	46.2	31.4
Operating EBIT (%)	31.1	(3.1)	30.0	22.1	45.1
Recurring EPS (%)	45.2	53.9	14.8	16.7	43.6
Reported EPS (%)	35.8	84.8	3.4	16.7	43.6
Operating performance					
Gross margin inc. depreciation (%)	33.5	28.0	36.7	29.6	31.7
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	37.4	31.8	30.7	30.1	39.1
Operating EBIT margin (%)	26.9	22.5	22.7	18.6	26.7
Net margin (%)	17.4	23.2	20.7	16.1	22.9
Effective tax rate (%)	-0.4	2.7	2.4	2.6	2.8
Dividend payout on recurring profit (%)	34.6	9.7	52.3	56.0	50.6
Interest cover (X)	2.7	17.0	11.6	8.2	8.8
Inventory days	18.1	29.2	38.4	33.9	42.5
Debtor days	59.5	51.4	41.9	31.1	34.4
Creditor days	42.6	25.7	25.7	22.7	28.4
Operating ROIC (%)	12.3	11.0	12.3	11.6	13.0
ROIC (%)	8.2	8.1	8.4	8.5	10.2
ROE (%)	10.8	11.9	12.6	13.8	18.4
ROA (%)	9.2	9.3	9.4	9.1	11.1

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2019	2020	2021E	2022E	2023E
Power	5,055	5,858	7,543	11,262	11,400

Sources: Absolute Clean Energy; FSSIA estimates

Financial Statements

Absolute Clean Energy

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	882	1,357	1,558	1,818	2,612
Depreciation	527	541	603	1,295	1,415
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(554)	87	(107)	(221)	(105)
Cash flow from operations	855	1,986	2,054	2,892	3,922
Capex - maintenance	(527)	(541)	(603)	(851)	(1,101)
Capex - new investment	(70)	(1,036)	(2,084)	(4,593)	(4,213)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	3,410	8,348	0	0	0
Cash flow from investing	2,813	6,770	(2,687)	(5,444)	(5,314)
Dividends paid	(4,854)	(9,433)	(814)	(1,018)	(1,323)
Equity finance	4,405	0	0	0	0
Debt finance	(3,326)	928	1,923	5,132	732
Other financing cash flows	73	160	0	0	33
Cash flow from financing	(3,701)	(8,345)	1,109	4,114	(558)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(33)	411	476	1,562	(1,950)
Free cash flow to firm (FCFF)	4,080.91	8,862.22	(483.09)	(2,293.15)	(1,043.24)
Free cash flow to equity (FCFE)	415.75	9,843.49	1,289.80	2,579.82	(626.75)

Per share (THB)

FCFF per share	0.40	0.87	(0.05)	(0.23)	(0.10)
FCFE per share	0.04	0.97	0.13	0.25	(0.06)
Recurring cash flow per share	0.14	0.19	0.21	0.31	0.40

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	10,424	11,904	14,591	19,591	24,591
Less: Accumulated depreciation	(2,364)	(2,809)	(3,411)	(4,262)	(5,363)
Tangible fixed assets (net)	8,059	9,095	11,180	15,329	19,228
Intangible fixed assets (net)	48	50	50	50	50
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	72	483	959	2,521	572
A/C receivable	820	829	904	1,017	1,131
Inventories	185	402	475	757	727
Other current assets	357	127	164	245	248
Current assets	1,435	1,841	2,502	4,539	2,678
Other assets	4,603	5,444	5,444	5,444	5,444
Total assets	14,145	16,430	19,175	25,361	27,399
Common equity	10,793	11,993	12,736	13,537	14,827
Minorities etc.	0	0	0	0	33
Total shareholders' equity	10,793	11,993	12,736	13,537	14,860
Long term debt	1,911	3,082	4,345	8,977	9,210
Other long-term liabilities	68	142	142	142	142
Long-term liabilities	1,979	3,224	4,488	9,120	9,352
A/C payable	249	269	318	506	486
Short term debt	1,084	841	1,500	2,000	2,500
Other current liabilities	40	103	133	198	201
Current liabilities	1,373	1,213	1,951	2,704	3,187
Total liabilities and shareholders' equity	14,145	16,430	19,175	25,361	27,399
Net working capital	1,073	986	1,093	1,314	1,419
Invested capital	13,784	15,575	17,766	22,136	26,140

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

Per share (THB)

Book value per share	1.06	1.18	1.25	1.33	1.46
Tangible book value per share	1.06	1.17	1.25	1.33	1.45

Financial strength

Net debt/equity (%)	27.1	28.7	38.4	62.5	75.0
Net debt/total assets (%)	20.7	20.9	25.5	33.3	40.7
Current ratio (x)	1.0	1.5	1.3	1.7	0.8
CF interest cover (x)	1.9	125.3	23.5	28.7	11.3

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	39.0	25.3	22.1	18.9	13.2
Recurring P/E @ target price (x) *	53.1	34.5	30.1	25.7	17.9
Reported P/E (x)	42.2	22.8	22.1	18.9	13.2
Dividend yield (%)	0.9	0.4	2.4	3.0	3.8
Price/book (x)	3.2	2.9	2.7	2.5	2.3
Price/tangible book (x)	3.2	2.9	2.7	2.6	2.3
EV/EBITDA (x) **	19.8	20.3	16.9	12.6	10.2
EV/EBITDA @ target price (x) **	26.3	27.0	22.3	16.3	13.0
EV/invested capital (x)	2.7	2.4	2.2	1.9	1.7

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

Sources: Absolute Clean 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	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
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	SEDI	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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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* 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	AMANAH	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)

Disclaimer:

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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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

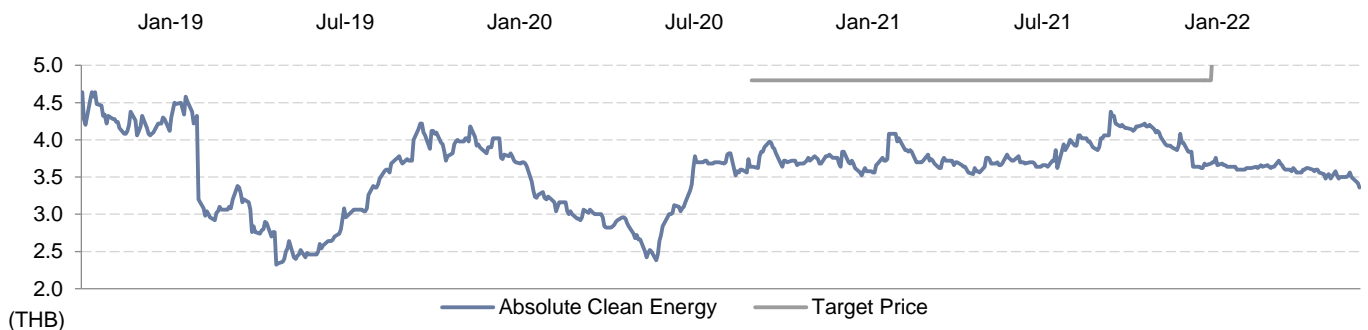
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History of change in investment rating and/or target price

Absolute Clean Energy (ACE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Dec-2020	BUY	4.80	10-May-2021	BUY	4.80	11-Oct-2021	BUY	5.20
01-Mar-2021	BUY	4.80	07-Jun-2021	BUY	4.80			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 30-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Absolute Clean Energy	ACE TB	THB 3.38	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) higher costs of biomass feedstock.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 12-Jan-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.