

1 DECEMBER 2020

THAILAND / TOURISM & LEISURE

S HOTELS AND RESORTS SHR TB

BUY

FROM HOLD

TARGET PRICE	THB3.40
CLOSE	THB2.40
UP/DOWNSIDE	+41.7%
PRIOR TP	THB1.90
CHANGE IN TP	+78.9%
TP vs CONSENSUS	+32.8%

The Maldives coast is clear

หุ้น Catch-Up ในกลุ่มท่องเที่ยว

ธุรกิจโรงแรมของ SHR กำลังส่งสัญญาณการฟื้นตัวในระดับสูง โดยเฉพาะในมัลดีฟส์ SHR อาจเป็นหุ้น Catch-Up ได้ เนื่องจากราคาหุ้นฟื้นกลับเพียง 30% (เทียบกับกลุ่มฯ ที่ฟื้นตัวเฉลี่ย 46%) ตั้งแต่ 30 ต.ค. นอกจากนี้ราคาหุ้นยังลดลง 55% ตั้งแต่หลัง IPO ในเดือน พ.ย. 2019 ซึ่งเป็นอัตราที่สูงกว่าบริษัทอื่นที่ลดลงเฉลี่ย 30% ในช่วงดังกล่าว

คาดการณ์การจองห้องเฉลี่ยของ 2 โรงแรมในมัลดีฟส์จะถึง 70% ภายใต้อันตรกิริยา ค.ค. 2020

ในที่ประชุมนักวิเคราะห์ ผู้บริหารของ SHR ระบุว่าอัตราการจองห้อง (OCC) ของโรงแรม 2 แห่งของบริษัทในมัลดีฟส์ (43% ของรายได้รวมในรอบ 9M20) กำลังฟื้นตัวอย่างมีนัยสำคัญ โดยคาดว่าจะแตะ 41% ในเดือน พ.ย. และ 70% ในเดือน ธ.ค. เทียบกับค่าเฉลี่ยที่ 9% ใน 3Q20 ซึ่งมากพอที่จะทำให้ EBITDA พลิกกลับมาเป็นบวกใน 4Q20 โดยมัลดีฟส์เปิดพรมแดนต้อนรับนักท่องเที่ยวต่างชาติในวันที่ 15 ก.ค. ทำให้จำนวนนักท่องเที่ยวค่อย ๆ เพิ่มขึ้นนับแต่นั้นเป็นต้นมา โดยมีตลาดนักท่องเที่ยวสำคัญประกอบด้วยรัสเซีย อินเดีย และสหราชอาณาจักร เราคาดว่ากระแสดังกล่าวจะเป็นไปอย่างต่อเนื่อง เนื่องจากฤดูท่องเที่ยวของมัลดีฟส์อยู่ในช่วง ธ.ค. - เม.ย. นอกจากนี้ สายการบินจะเริ่มเปิดเที่ยวบินไปมัลดีฟส์มากขึ้นจาก 16 สายการบินในปัจจุบันเป็นประมาณ 26 สายการบินภายในสิ้นปี 2020

ฐานะทางการเงินดี และอาจมี Upside จากการควบรวมกิจการ

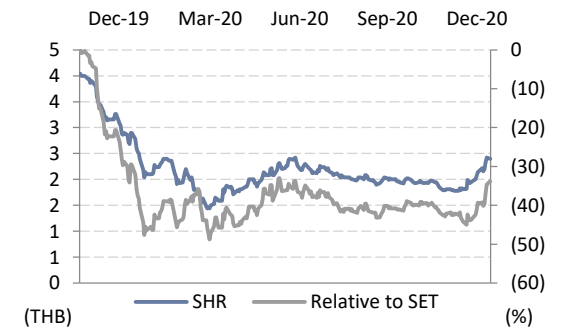
SHR มีฐานะทางการเงินดี โดยมีอัตราส่วนหนี้สินต่อทุนอยู่ที่ 0.5x บริษัทฯ มีแผนกู้ไม่เกินอัตราหนี้สินต่อทุนเพิ่มที่ 1.5x ซึ่งหมายความว่าบริษัทฯ สามารถกู้ได้สูงถึง 18 พัน ลบ. เงินจำนวนดังกล่าวจะทำให้บริษัทฯ สามารถซื้อโรงแรมระดับบนได้สูงถึง 1,800 ห้อง เทียบกับ 1,532 ห้องที่บริษัทฯ มีอยู่ในปัจจุบัน (ไม่รวม 3,115 ห้องในสหราชอาณาจักรซึ่งอยู่ภายใต้การดำเนินงานของกิจการร่วมทุน) SHR จัดสรรงบเพื่อการควบรวมกิจการไว้ที่ 2.0 พัน ลบ. ต่อปี และจะซื้อโรงแรมที่มีกำไรสุทธิที่แน่นอน นอกจากนี้ SHR ยังมีแผน 1) เปิดธุรกิจบริหารโรงแรมในปี 2021 เพื่อขยายรูปแบบธุรกิจที่ใช้สินทรัพย์ต่ำของบริษัทฯ; และ 2) ดัดแปลงโรงแรม Outrigger 2 แห่งที่ดำเนินงานภายใต้สัญญาบริหารโดยบุคคลที่สามเป็นโรงแรมภายใต้แบรนด์ของบริษัทฯ ในปี 2021 กลยุทธ์ทั้งสองดังกล่าวจะช่วยเพิ่ม EBITDA Margin ของบริษัทฯ ได้ในระยะยาว

ปรับเพิ่มคำแนะนำเป็นซื้อ เนื่องจากหุ้นมีการซื้อขายโดยมีส่วนลด 52% จากมูลค่าสินทรัพย์

เราปรับเพิ่มประมาณการกำไรของเราในปี 2020-2022 เพื่อสะท้อนแนวโน้มของโรงแรมในมัลดีฟส์ที่ดีขึ้น และปรับลดค่า WACC จาก 11.5% เป็น 9.5% เพื่อสะท้อนความเสี่ยงที่ลดลงของอุตสาหกรรมท่องเที่ยวโลก นอกจากนี้เราปรับเพิ่มคำแนะนำเป็นซื้อหลังปรับเพิ่มราคาเป้าหมายเป็น 3.4 บาท (DCF) เนื่องจาก SHR ผ่านจุดต่ำสุดไปเรียบร้อยแล้ว โดยผลขาดทุนสุทธิของบริษัทฯ ควรลดลงและพลิกเป็นกำไรได้ในปี 2022 นอกจากนี้หุ้นยังมีการซื้อขายโดยมีส่วนลดสูงถึง 52% เมื่อเทียบกับมูลค่าสินทรัพย์สุทธิที่ 5.0 บาททำให้มี Downside จำกัด

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	3,818	1,600	2,838	4,318
Net profit	(467)	(1,629)	(636)	80
EPS (THB)	(0.13)	(0.45)	(0.18)	0.02
vs Consensus (%)	-	nm	nm	-
EBITDA	934	(719)	512	1,310
Core net profit	(87)	(1,999)	(636)	80
Core EPS (THB)	(0.02)	(0.56)	(0.18)	0.02
Chg. In EPS est. (%)	nm	nm	nm	3,908.7
EPS growth (%)	nm	nm	nm	nm
Core P/E (x)	(99.7)	(4.3)	(13.6)	107.3
Dividend yield (%)	-	-	-	0.4
EV/EBITDA (x)	13.6	(22.3)	31.4	11.3
Price/book (x)	0.5	0.5	0.6	0.6
Net debt/Equity (%)	22.9	46.5	48.6	40.2
ROE (%)	(0.6)	(11.8)	(4.1)	0.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	34.8	18.8	(40.9)
Relative to country (%)	14.4	10.6	(33.2)
Mkt cap (USD m)	285		
3m avg. daily turnover (USD m)	0.8		
Free float (%)	38		
Major shareholder	S Hotels and Resorts Inter (49%)		
12m high/low (THB)	4.12/1.41		
Issued shares (m)	3,593.64		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 1 ธันวาคม 2020

Investment thesis

SHR raised THB7.5b at THB5.20/shr during its IPO in Nov-19. Its share price has fallen since then, mainly due to operating losses from two hotels under the Crossroads Maldives project and the impact from the COVID-19 outbreak.

Maldives has reopened its borders to international tourists since 15 July 2020. SHR's two hotels in Maldives (43% of total revenue as of 9M20) should capture the strong tourism recovery during the high season from Dec-Apr. Meanwhile, other hotels in other countries (Thailand and Fiji) should continue to recover in 2021 along with global tourism.

SHR's share price is attractive as it is trading at a deep discount to its replacement cost value of THB5.0/shr and has a potential upside from M&A deals, considering that it has a strong balance sheet with only 0.5x D/E as of 9M20.

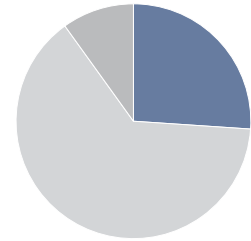
Company profile

SHR is the holding company of all of the resorts and hotels under the Singha Estate (S TB, not rated) group.

www.shotelsresorts.com

Principal activities (revenue, 2019)

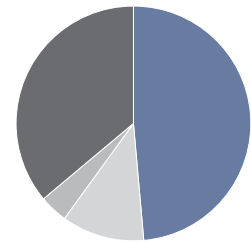
- Self-managed - 26.1 %
- Outrigger - 64.0 %
- Crossroads Ph1 (Maldives hotels) - 9.9 %



Source: S Hotels and Resorts

Major shareholders

- S Hotels and Resorts Inter - 48.6 %
- S Hotels and Resorts (SG) - 11.4 %
- Thai NVDR - 3.9 %
- Others - 36.1 %



Source: S Hotels and Resorts

Catalyst

Key growth drivers include 1) a faster OCC ramp-up rate following a global tourism recovery; 2) the availability of a COVID-19 vaccine; and 3) M&A deals

Risk to our call

Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Event calendar

Date	Event
Feb 2021	4Q20 results announcement

Key assumptions

	2020E	2021E	2022E
	(%)	(%)	(%)
Self-Managed - Number of rooms (no.)	297	297	297
Self-Managed - Occupancy rate (OCC)	27.0	40.0	60.0
Self-Managed - RevPAR growth	(68.1)	63.0	54.5
Outrigger - Number of rooms (no.)	859	859	859
Outrigger - Occupancy rate (OCC)	26.0	40.0	65.0
Outrigger - RevPAR growth	(20.0)	10.0	4.0
Project Crossroads - Number of rooms (no.)	376	376	376
Project Crossroads - Occupancy rate (OCC)	29.0	50.0	60.0
Project Crossroads - RevPAR growth	(34.4)	93.0	36.0

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in OCC, we project a 2021 loss reduction of 20%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2021 loss reduction of 3%, and vice versa, all else being equal.

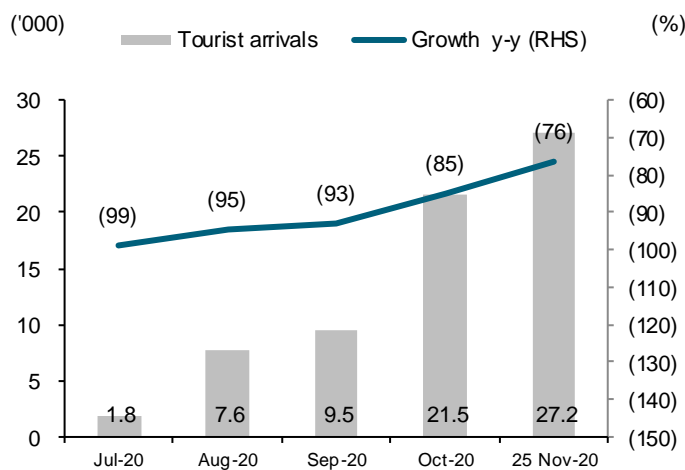
Source: FSSIA estimates

Maldives hotel industry is on the road to recovery

Maldives has reopened its borders to international tourists since 15 July. Tourist arrivals have steadily increased m-m. A total of 67,564 tourists have arrived in Maldives between 15 July and 25 November. The key tourist arrival markets are Russia (22% of total tourists), India (11%) and the UK (8%). Based on 27.2k tourist arrivals during 1-25 November, tourist arrivals have recovered to 24% of pre COVID-19 levels (monthly tourist arrivals were 142k in 2019).

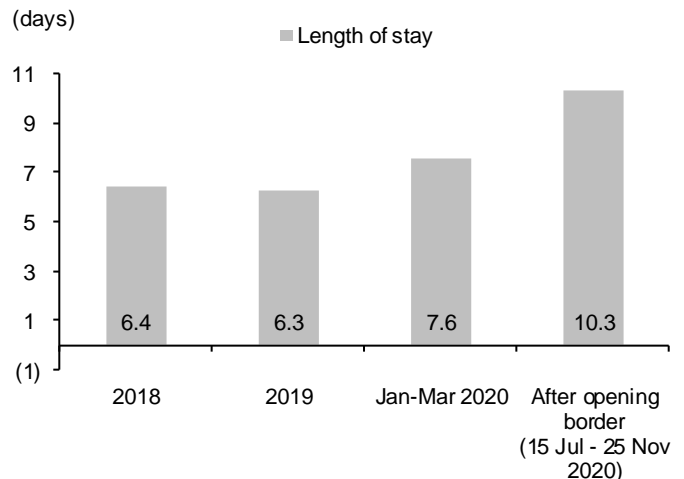
In addition, the Maldives government has allowed 'split stays' since 31 August, permitting tourists to travel from one resort to another to enable longer stays in the country during holidays. The average length of stay for tourists after reopening the borders has been 10.3 days – longer compared to 6.3 days in 2019.

Exhibit 1: Tourist arrivals after border reopening



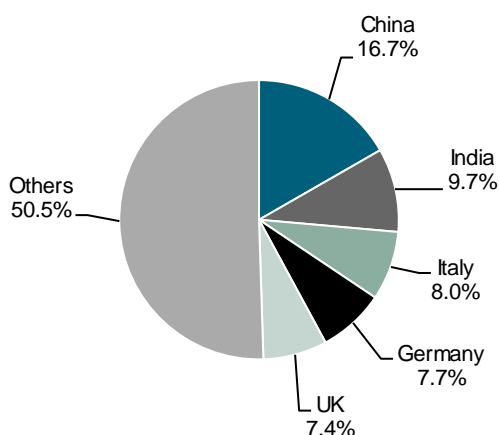
Source: Ministry of Tourism, Republic of Maldives

Exhibit 2: Length of stay after border reopening is longer than average



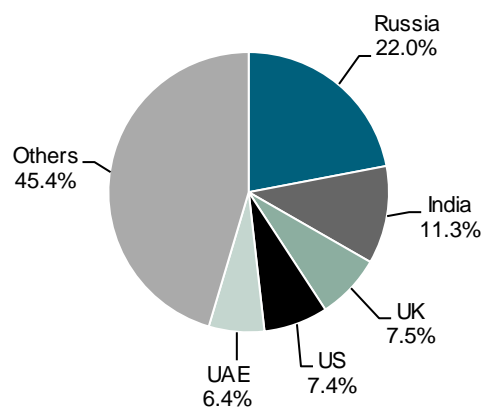
Source: Ministry of Tourism, Republic of Maldives

Exhibit 3: Key source markets as of 2019 (1.70m tourist arrivals)



Source: Ministry of Tourism, Republic of Maldives

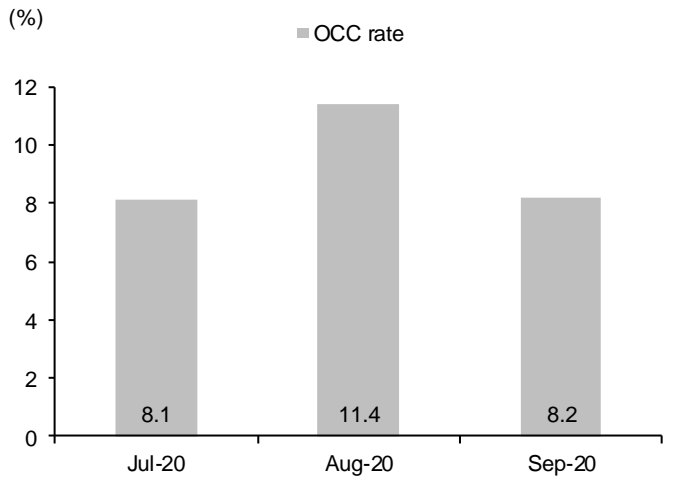
Exhibit 4: Key source markets after border reopening from 15 July to 25 November 2020 (67,564 tourist arrivals)



Source: Ministry of Tourism, Republic of Maldives

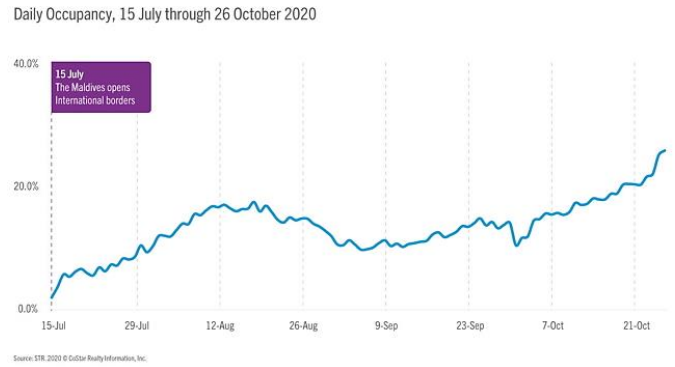
As of 25 November, 368 facilities (resorts, hotels and safari vessels) have reopened, accounting for 38% of registered facilities. Based on the Maldives Ministry of Tourism, OCC has gradually ramped up to 8% in September. We do not have a more recent update on OCC in October and November from the ministry. However, it should significantly improve following the higher tourist arrivals. According to STR, OCC ramped up to 26% on 26 October.

Exhibit 5: Maldives OCC ramp-up trend from Ministry of Tourism, Republic of Maldives



Source: Ministry of Tourism, Republic of Maldives

Exhibit 6: Maldives OCC ramp-up trend from STR

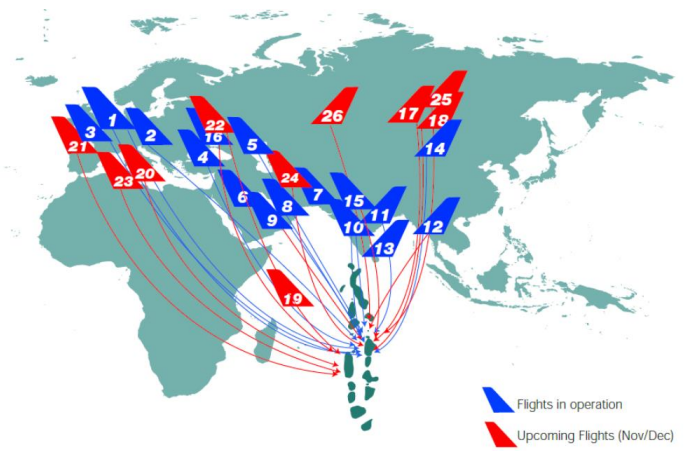


Sources: STR; <https://www.hotelnewsresource.com/article113277.html>

Expect more tourist arrivals due to more upcoming scheduled flights

As of 25 November, 16 airlines have resumed operations, and the Maldives government expects 26 airlines to resume operations by the end of this year. We estimate that currently there are c124 flight movements from/to Maldives per week, accounting for only 29% of the 428 flight movements per week average as of 2018 from 38 operating airlines. Thus, we expect tourist arrivals to accelerate in December up to 1Q21, along with an increase in flight movements.

Exhibit 7: List of operating airlines to Maldives



Source: Ministry of Tourism, Republic of Maldives

Exhibit 8: List of operating airlines to Maldives



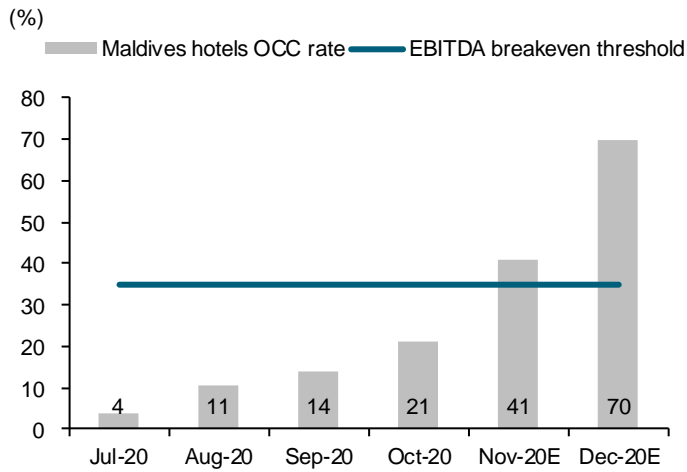
Source: Ministry of Tourism, Republic of Maldives

SHR's two Maldives hotels are expected to hit 70% OCC by Dec-20

SHR reopened its two hotels in Maldives (SAii Lagoon Maldives and Hard Rock Hotel Maldives) under the name of 'Project Crossroads' on 15 July. The OCC for these hotels has gradually ramped up to a recorded average of 9% in 3Q20. However, SHR provided the latest data in its analyst meeting, noting that OCC has increased to 21% in October, and expects it to jump to 41% in November and 70% in December, based on forward bookings.

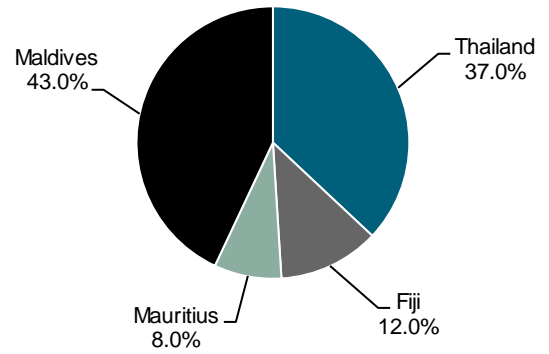
The overall OCC of SHR's Maldives hotels is better than the average for Maldives hotels. We believe this is due to its key advantage in that the two hotels are easy to access by speed boat, within 10-15 minutes from Male. The OCC in 4Q20 should be sufficient to surpass the OCC EBITDA breakeven threshold of 30-40%.

Exhibit 9: OCC of two hotels in Maldives



Source: SHR's estimates

Exhibit 10: Revenue contribution by hotel location, 9M20



Source: SHR

Exhibit 11: Hard Rock Hotel reviews

Hard Rock Hotel Maldives
 ●●●●● 243 reviews | #1 of 47 Hotels in Male

5.0 Excellent ●●●●● 243 reviews
 #1 of 47 hotels in Male

- Location
- Cleanliness
- Service
- Value

Travellers' Choice

Source: Tripadvisor

Exhibit 12: SAii Lagoon Maldives, Curio Collection by Hilton reviews

SAii Lagoon Maldives, Curio Collection by Hilton
 ●●●●● 335 reviews

4.5 Excellent ●●●●● 335 reviews
 #3 of 47 hotels in Male

- Location
- Cleanliness
- Service
- Value

Travellers' Choice

Source: Tripadvisor

Recap: 3Q20 results review

SHR reported a 3Q20 core loss of THB596m, in line with our estimate, and improving compared to its THB783m core loss in 2Q20.

Revenue fell by 87% y-y. Hotels in all segments (self-managed hotels, Outrigger hotels and Project Crossroads hotels) had OCC of lower than 10%. Meanwhile, the JV hotels in the UK had an OCC of 33% and turned profitable, with an income share of THB1m in 3Q20 (vs a THB48m share of loss in 2Q20).

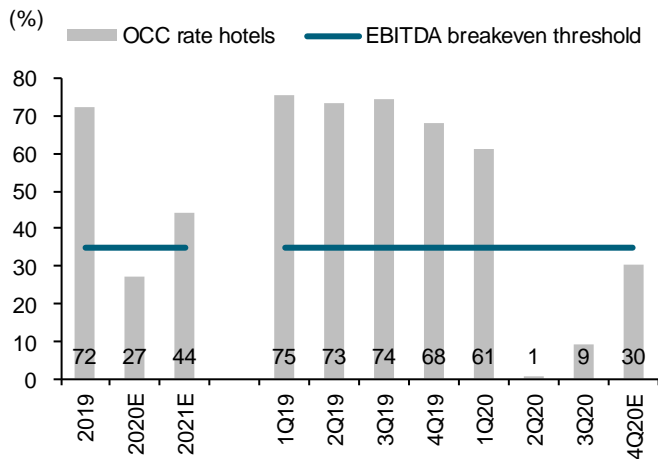
EBITDA remained negative at a THB277m loss in 3Q20; an improvement compared to the THB457m EBITDA loss in 2Q20.

Exhibit 13: 3Q20 results review

	3Q19	4Q19	1Q20	2Q20	3Q20		9M19	9M20		2020E	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
Sales	888	1,178	1,145	7	114	1,607	(87)	2,640	1,266	(1)	1,600
- Self-Managed Hotels	211	236	262	0	31						
- Outrigger Hotels	593	647	524	2	29						
- Project Crossroads Hotels	83	296	358	5	54						
COGS (Incl. depreciation)	(595)	(808)	(764)	(266)	(382)	43	(36)	(1,682)	(1,413)	(16)	(1,873)
Gross profit	293	370	380	(260)	(268)	3	nm	957	(147)	nm	(273)
SG&A	(128)	(328)	(418)	(424)	(279)	(34)	118	(742)	(1,120)	51	(1,412)
Operating profit	165	42	(37)	(683)	(547)	(20)	nm	216	(1,267)	nm	(1,685)
Other income	64	52	50	58	46	(20)	(27)	147	155	5	209
- Interest income from JV	27	28	34	28	34						121
- Other income	37	25	16	30	13						88
Interest expense	(109)	(110)	(101)	(96)	(91)	(5)	(17)	(315)	(288)	(9)	(380)
Pretax profit	120	(15)	(88)	(721)	(591)	(18)	nm	48	(1,400)	nm	(1,856)
Income Tax	(17)	(96)	36	(14)	(7)	(54)	(61)	(44)	15	(135)	20
Associates	49	22	(111)	(48)	1	nm	(97)	(2)	(157)	9,814	(163)
Minority interest	0	0	0	0	0			0	0	n/a	0
Core profit	152	(89)	(163)	(783)	(596)	(24)	nm	3	(1,542)	nm	(1,999)
Extraordinaries, GW & FX	(250)	(78)	398	(28)	(3)	(88)	(99)	(303)	367	n/a	370
Net unrealized loss on FX	12	(10)	(26)	(24)	(3)	(86)	nm	(41)	(52)	n/a	
Non-recurring items	(262)	(68)	423	(4)		nm	nm	(262)	419	n/a	
Reported net profit	(98)	(167)	235	(811)	(600)	(26)	512	(300)	(1,175)	292	(1,629)
Shares outstanding (end Q, m)	3,594	3,594	3,594	3,594	3,594	0	0	3,594	3,594	0	3,594
Core EPS (THB)	0.04	(0.02)	(0.05)	(0.22)	(0.17)	(23.85)	(493.10)	0.00	(0.43)	nm	(0.56)
EPS (THB)	(0.03)	(0.05)	0.07	(0.23)	(0.17)	(26.05)	511.76	(0.08)	(0.33)	291.94	(0.45)
COGS (Excl. depreciation)	(450)	(570)	(527)	(21)	(147)	605	(67)	(1,245)	(695)	(44)	(907)
Depreciation	(145)	(239)	(237)	(246)	(235)	(4)	62	(437)	(717)	64	(965)
EBITDA	385	330	124	(457)	(277)	(39)	nm	736	(611)	(183)	(783)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	(%)
Gross margin	33	31	33	nm	(235)	nm	nm	36	(12)	nm	(17)
SG&A/Revenue	14	28	36	nm	244	nm	nm	28	88	6,038	88
EBITDA margin	43	28	11	nm	(243)	nm	nm	26	(43)	nm	(43)
Net profit margin	(11)	(14)	21	nm	(526)	nm	nm	(11)	(93)	nm	(102)
Operating stats											
Self-Managed Hotels											
OCC (%)	73.0	69.6	64.9	0.5	9.9	9	(10)				
ADR (THB)	7,103	7,350	9,760	2,706	3,940	46	(45)				
RevPAR (THB)	5,185	5,117	6,336	12	390	3,060	(92)				
Outrigger Hotels											
OCC (%)	81.0	82.2	59.3	0.2	8.2	8	(8)				
ADR (THB)	5,466	6,222	7,004	7,524	1,684	(78)	(69)				
RevPAR (THB)	4,428	5,112	4,152	17	138	711	(97)				
Project Crossroads Hotels											
OCC (%)	29.0	35.7	60.6	0.8	9.4	9	(9)				
ADR (THB)	10,471	13,162	10,893	6,902	7,704	12	(26)				
RevPAR (THB)	2,991	4,694	6,606	55	727	1,217	(76)				

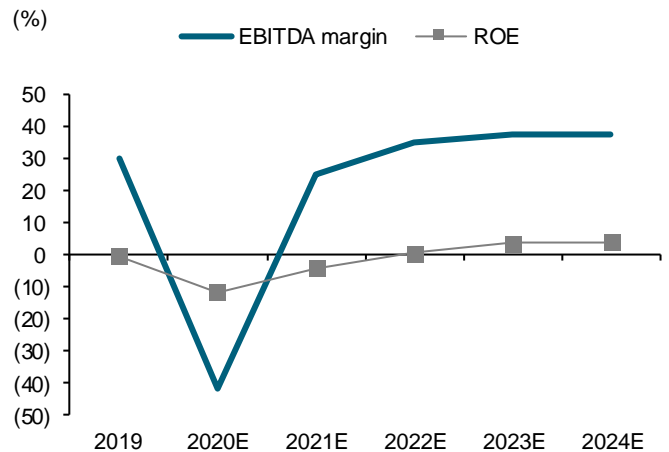
1) Gross profit calculated by revenue – COGS including depreciation; 2) EBITDA calculated by operating profit + operating income + depreciation
Sources: SHR; FSSIA estimates

Exhibit 14: Hotel OCC (excluding UK hotels)



Sources: SHR; FSSIA estimates

Exhibit 15: Margin and ROE should gradually recover



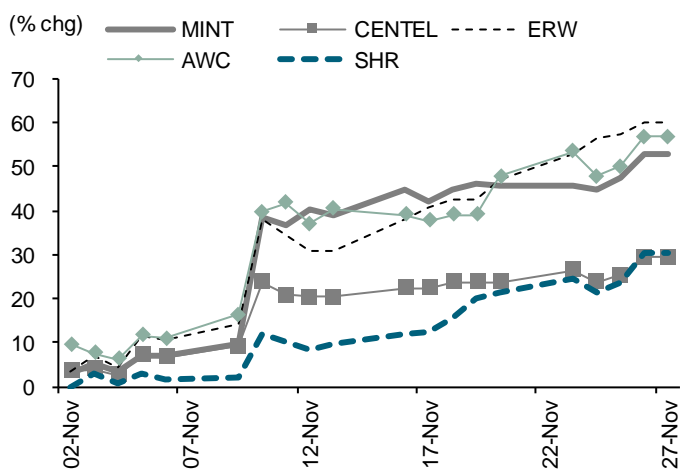
Sources: SHR; FSSIA estimates

Exhibit 16: Change of key assumptions

	2020E			2021E			2022E		
	Old (THB)	New (THB)	Change (%)	Old (THB)	New (THB)	Change (%)	Old (THB)	New (THB)	Change (%)
Self-Managed - OCC rate (%)	26.0	27.0	1.0	40.0	40.0	0.0	60.0	60.0	0.0
Self-Managed - RevPAR	1,719	1,785	3.8	2,909	2,909	0.0	4,494	4,494	0.0
Outrigger - OCC rate (%)	26.0	26.0	0.0	40.0	40.0	0.0	65.0	65.0	0.0
Outrigger - RevPAR	1,245	1,245	0.0	2,107	2,107	0.0	3,562	3,562	0.0
Project Crossroads - OCC rate (%)	28.0	29.0	1.0	40.0	50.0	10.0	50.0	60.0	10.0
Project Crossroads - RevPAR	3,226	2,798	(13.3)	4,608	5,400	17.2	6,480	7,344	13.3
Revenue (THB b)	1.7	1.6	(5.0)	2.7	2.8	6.7	4.1	4.3	4.7
EBITDA margin (%)	(48.0)	(42.1)	5.9	19.3	25.1	5.8	33.5	34.4	0.9
Core earnings (THB m)	(2,160)	(1,999)	7.4	(872)	(636)	27.0	2	80	nm

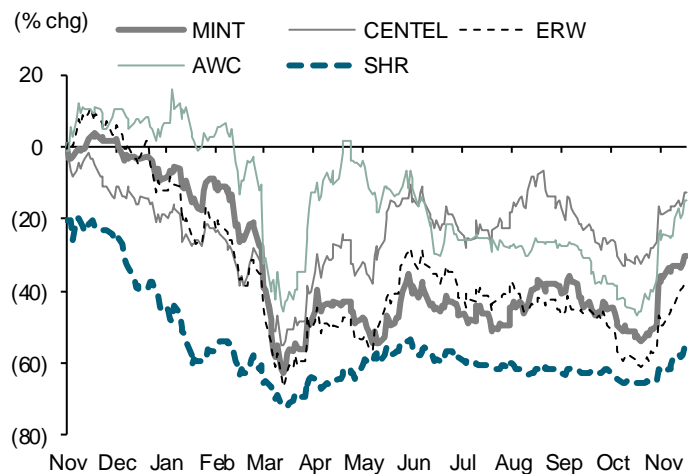
*Note: Change of items in percentage terms are represented in ppt change
Source: FSSIA estimates

Exhibit 17: Share price performance of sector companies under coverage since 30 Oct 2020



Source: Bloomberg

Exhibit 18: Share price performance of sector companies under coverage since 12 Nov 2019 (SHR's first day of trading)



Source: Bloomberg

Exhibit 19: DCF valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0		Pre-tax cost of debt	4.5
Market risk premium		8.0		Marginal tax rate	20.0
Stock beta		1.2			
Cost of equity, Ke		12.6		Net cost of debt, Kd	3.6
Weight applied		65.0		Weight applied	35.0
WACC		9.5			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		9.0	2.5	WACC 9.5%, risk-free rate 3%, risk premium 8%	
Terminal value		9.0	2.5	Terminal growth 2.5%	
Cash & liquid assets		0.4	0.1	At end-2021E	
Investments		1.7	0.5	At end-2021E	
Debt		(7.9)	(2.2)	At end-2021E	
Minorities		0.0	0.0	At end-2021E	
Residual ordinary equity		12.3	3.4		

Source: FSSIA estimates

Exhibit 20: Net asset value calculation

Net asset value	(THB b)	Comment
Total replacement cost	23	
Add : Land	5	As of 2019
Add : Cash and cash equivalents	2	As of 3Q20
Less: Estimated depreciation	(5)	
Less: Debt	(8)	As of 3Q20
Less: Minorities	(0)	As of 3Q20
Net Value	18	
No. of shares (m)	3,594	
FV per share (THB)	5.0	

Source: FSSIA estimates

Exhibit 21: Replacement cost calculation for SHR

Asset	Room	Shareholdings	Capex/room	Cost	
	(no.)	(%)	(THB m)	(THB b)	
1	Phi Phi Island Village Beach Resort	201	100	7.0	1.4
2	Santiburi Koh Samui	96	100	15.0	1.2
3	Outrigger Koh Samui	52	100	8.0	0.4
4	Outrigger Laguna Phuket Beach Resort	255	100	8.0	2.0
5	Outrigger Fiji Beach Resort	253	100	8.0	2.0
6	Castaway Island Fiji	65	100	8.0	0.5
7	Outrigger Konotta Maldives Resort	53	100	8.0	0.4
8	Outrigger Mauritius Beach Resort	181	100	8.0	1.4
9	SAii Lagoon Maldives	198	100	15.0	3.0
10	Hard Rock Hotel Maldives	178	100	15.0	2.7
11	UK hotels (Mercure & Holiday Inn)	3,115	50	5.0	7.8
Total	4,647				22.9

Sources: SHR; FSSIA estimates

Financial Statements

S Hotels and Resorts

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	2,576	3,818	1,600	2,838	4,318
Cost of goods sold	(1,087)	(1,815)	(907)	(1,225)	(1,764)
Gross profit	1,489	2,004	693	1,614	2,555
Other operating income	-	-	-	-	-
Operating costs	(798)	(1,070)	(1,412)	(1,101)	(1,245)
Operating EBITDA	691	934	(719)	512	1,310
Depreciation	(383)	(676)	(965)	(1,025)	(1,050)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	308	258	(1,685)	(512)	260
Net financing costs	(293)	(425)	(380)	(372)	(327)
Associates	84	20	(163)	(6)	(25)
Recurring non operating income	330	220	46	198	174
Non recurring items	139	(380)	370	0	0
Profit before tax	485	(327)	(1,649)	(686)	107
Tax	(35)	(140)	20	50	(26)
Profit after tax	450	(467)	(1,629)	(636)	80
Minority interests	(218)	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	232	(467)	(1,629)	(636)	80
Non recurring items & goodwill (net)	(139)	380	(370)	0	0
Recurring net profit	93	(87)	(1,999)	(636)	80
Per share (THB)					
Recurring EPS *	0.04	(0.02)	(0.56)	(0.18)	0.02
Reported EPS	0.11	(0.13)	(0.45)	(0.18)	0.02
DPS	0.00	0.00	0.00	0.00	0.01
Diluted shares (used to calculate per share data)	2,156	3,594	3,594	3,594	3,594
Growth					
Revenue (%)	139.8	48.2	(58.1)	77.4	52.1
Operating EBITDA (%)	61.8	35.2	nm	nm	155.8
Operating EBIT (%)	15.5	(16.4)	nm	nm	nm
Recurring EPS (%)	(99.6)	nm	nm	nm	nm
Reported EPS (%)	(99.0)	nm	nm	nm	nm
Operating performance					
Gross margin inc depreciation (%)	43.0	34.8	(17.0)	20.8	34.8
Gross margin of key business (%)	43.0	34.8	(17.0)	20.8	34.8
Operating EBITDA margin (%)	26.8	24.5	(45.0)	18.0	30.3
Operating EBIT margin (%)	12.0	6.8	(105.3)	(18.1)	6.0
Net margin (%)	3.6	(2.3)	(124.9)	(22.4)	1.9
Effective tax rate (%)	13.2	423.2	19.0	20.0	20.0
Dividend payout on recurring profit (%)	-	-	-	-	40.0
Interest cover (X)	2.2	1.1	(4.3)	(0.8)	1.3
Inventory days	30.4	44.7	91.3	53.0	51.6
Debtor days	20.6	24.6	68.6	43.3	33.3
Creditor days	135.1	239.5	517.2	300.1	292.1
Operating ROIC (%)	2.6	(4.5)	(6.7)	(2.0)	1.0
ROIC (%)	4.1	(7.1)	(5.6)	(1.1)	1.5
ROE (%)	1.5	(0.6)	(11.8)	(4.1)	0.5
ROA (%)	3.1	(5.4)	(6.0)	(1.3)	1.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue By Division (THB m)					
Self-managed	1,099	995	318	518	800
Outrigger	1,477	2,444	649	1,098	1,855
Crossroads Ph1 (Maldives hotels)	0	379	634	1,223	1,663

Sources: S Hotels and Resorts; FSSIA estimates

Financial Statements

S Hotels and Resorts

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	93	(87)	(1,999)	(636)	80
Depreciation	383	676	965	1,025	1,050
Associates & minorities	-	-	-	-	-
Other non-cash items	527	(219)	365	(5)	(5)
Change in working capital	253	644	(744)	208	358
Cash flow from operations	1,256	1,014	(1,412)	592	1,484
Capex - maintenance	(15,143)	(3,441)	(1,598)	(680)	(285)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(21)	49	59	59	59
Other investments (net)	-	-	-	-	-
Cash flow from investing	(15,164)	(3,393)	(1,540)	(621)	(226)
Dividends paid	0	0	0	0	0
Equity finance	13,986	7,271	(355)	0	0
Debt finance	7,413	(2,183)	1,021	(1,000)	(1,000)
Other financing cash flows	(10,979)	(916)	0	0	0
Cash flow from Financing	10,420	4,172	666	(1,000)	(1,000)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(3,487)	1,794	(2,286)	(1,029)	257
Free cash flow to firm (FCFF)	(13,614.79)	(1,953.71)	(2,572.08)	342.87	1,584.23
Free cash flow to equity (FCFE)	(17,472.89)	(5,477.52)	(1,930.98)	(1,029.16)	257.21
Per share (THB)					
FCFF per share	(3.79)	(0.54)	(0.72)	0.10	0.44
FCFE per share	(4.86)	(1.52)	(0.54)	(0.29)	0.07
Recurring cash flow per share	0.47	0.10	(0.19)	0.11	0.31
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed asset (gross)	21,050	23,204	23,786	24,470	24,760
Less: Accumulated depreciation	(2,952)	(2,247)	(2,191)	(3,216)	(4,266)
Tangible fixed assets (Net)	18,098	20,957	21,594	21,254	20,494
Intangible fixed assets (Net)	1,208	1,112	1,112	1,112	1,112
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	1,844	1,796	1,737	1,678	1,619
Cash & equivalents	1,953	3,747	1,462	433	690
A/C receivable	226	288	314	360	429
Inventories	142	303	151	204	294
Other current assets	640	789	331	586	892
Current assets	2,962	5,127	2,257	1,583	2,305
Other assets	278	171	171	171	171
Total assets	24,390	29,162	26,871	25,798	25,702
Common equity	11,984	17,923	15,939	15,303	15,383
Minorities etc.	0	0	0	0	0
Total Shareholders' equity	11,984	17,923	15,939	15,303	15,383
Long term debt	2,824	7,465	8,486	7,486	6,486
Other long-term liabilities	866	866	866	866	866
Long-term liabilities	3,689	8,332	9,353	8,353	7,353
A/C payable	667	1,714	857	1,157	1,666
Short term debt	7,206	382	382	382	382
Other current liabilities	843	811	340	603	917
Current liabilities	8,717	2,907	1,579	2,142	2,965
Total liabilities and shareholders' equity	24,390	29,162	26,871	25,798	25,702
Net working capital	(502)	(1,146)	(401)	(609)	(967)
Invested capital	20,926	22,889	24,213	23,606	22,429
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	5.56	4.99	4.44	4.26	4.28
Tangible book value per share	5.00	4.68	4.13	3.95	3.97
Financial strength					
Net debt/Equity (%)	67.4	22.9	46.5	48.6	40.2
Net debt/total assets (%)	33.1	14.1	27.6	28.8	24.0
Current ratio (x)	0.3	1.8	1.4	0.7	0.8
CF interest cover (x)	(58.7)	(11.9)	(4.1)	(1.8)	1.8
Valuation					
Recurring P/E (x) *	55.5	(99.7)	(4.3)	(13.6)	107.3
Recurring P/E @ target price (x) *	78.6	(141.2)	(6.1)	(19.2)	152.0
Reported P/E (x)	22.3	(18.5)	(5.3)	(13.6)	107.3
Dividend yield (%)	-	-	-	-	0.4
Price/book (x)	0.4	0.5	0.5	0.6	0.6
Price/tangible book (x)	0.5	0.5	0.6	0.6	0.6
EV/EBITDA (x) **	19.2	13.6	(22.3)	31.4	11.3
EV/EBITDA @ target price (x) **	22.3	17.5	(27.3)	38.4	14.0
EV/invested capital (x)	0.6	0.6	0.7	0.7	0.7
* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income					

Sources: S Hotels and Resorts; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

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

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

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:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by ThaiPat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. ThaiPat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of ThaiPat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

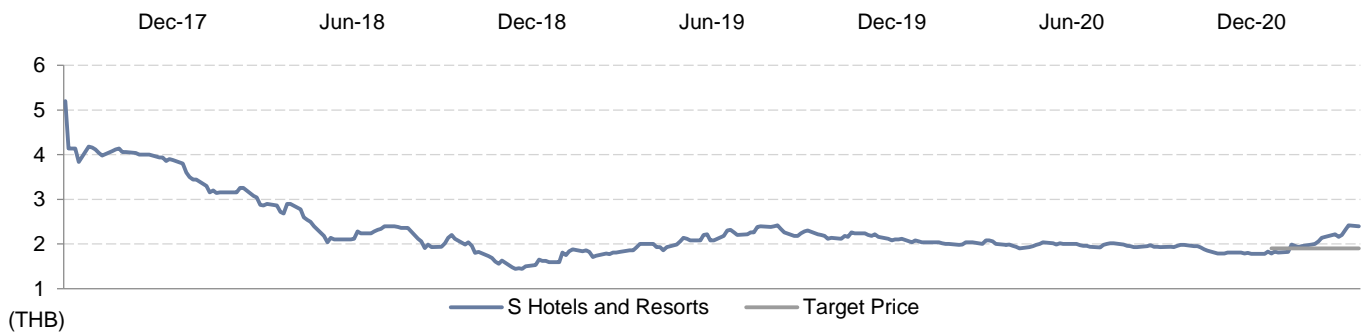
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

S Hotels and Resorts (SHR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Nov-2020	HOLD	1.90	-	-	-	-	-	-

Teerapol Udomvej, CFA Started covering this stock from 03-Nov-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
S Hotels and Resorts	SHR TB	THB 2.40	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

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 30-Nov-2020 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.