

17 DECEMBER 2020

THAILAND / DIVERSIFIED FINANCIALS

AEON THANA SINSAP (THAILAND)

BUY
UNCHANGED

AEONTS TB

TARGET PRICE	THB230.00
CLOSE	THB174.00
UP/DOWNSIDE	+32.2%
PRIOR TP	THB146.00
CHANGE IN TP	+57.5%
TP vs CONSENSUS	+46.4%

ฟ้าหลังฝน

คาดการณ์โรสุทธิในรอบปีบัญชี 2021 จะสูงกว่าใน 2019

เราคาดว่ากำไรสุทธิของ AEONTS ใน 3QFY20 จะลดลง 7% y-y และ 5% q-q เหลือ 920 ลบ. จากผลตอบแทนสินเชื่อที่ลดลงหลังบริษัท ได้รับผลกระทบจากการปรับลดเพดานอัตราดอกเบี้ยเต็มไตรมาส อย่างไรก็ตาม เราคาดว่ากำไรสุทธิของบริษัท ใน FY21 จะเพิ่ม 23% y-y จาก 1) การลดลงของผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) จากการกลับรายการ ECL สะสมบางรายการ; 2) การเพิ่มของปริมาณสินเชื่อจากการฟื้นตัวทางเศรษฐกิจและการเพิ่มวงเงินสินเชื่อ; และ 3) การลดลงของต้นทุนต่อรายได้จากการใช้ระบบดิจิทัล

ประวัติศาสตร์อาจซ้ำรอย

เราคาดว่าอัตราส่วนสำรองต่อสินเชื่อเฉลี่ยของ AEONTS ใน FY21 จะลดลงอย่างเห็นได้ชัดจาก 1) การควบคุมคุณภาพสินทรัพย์อย่างได้ผล; และ 2) การบันทึก ECL เชิงรุก ซึ่งทำให้อัตราส่วนสำรองหนี้สงสัยจะสูญต่อสินเชื่อต่อคุณภาพ (Coverage Ratio) เพิ่มขึ้นเป็น 351% ใน 2QFY20 จาก 119% ใน FY19 นอกจากนี้ เรายังคาดว่าอัตราการเติบโตของสินเชื่อใน FY21 จะกลับสู่ระดับ 9.2% y-y เทียบกับ 1.4% y-y ใน FY20E โดยได้แรงหนุนจากการขยายวงเงินสินเชื่อให้กับลูกค้าที่มีรายได้ต่อเดือนต่ำกว่า 30,000 บาทมากขึ้น ตามนโยบายบรรเทาหนี้ชั่วคราวของธนาคารแห่งประเทศไทย AEONTS จัดสรรสำรองพิเศษเชิงรุกในช่วงนำท่วมในปี 2011 ทำให้สำรองลดลงอย่างมีนัยสำคัญและกำไรสุทธิโตอย่างเห็นได้ชัดใน FY12-13 นอกจากนี้ บริษัท ยังเพิ่มวงเงินสินเชื่อให้กับลูกค้าในปี 2017 ซึ่งชดเชยการปรับลดเพดานอัตราดอกเบี้ยบัตรเครดิตจาก 20% เป็น 18% ได้ทั้งหมด ทำให้กำไรสุทธิโตอย่างโดดเด่นถึง 23% ใน FY17 ดังนั้นเราจึงเชื่อว่า AEONTS จะสามารถรายงานผลประกอบการที่ดีในปีหน้าจากการใช้กลยุทธ์ทั้งสองดังกล่าว

ควบคุมต้นทุนเข้มงวดขึ้นจาก COVID-19

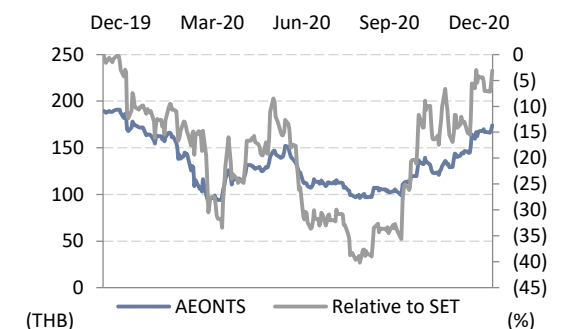
จากแรงกดดันด้านรายได้อันเกิดจากปัญหาการแพร่ระบาด COVID-19 AEONTS ควรสามารถลดค่าใช้จ่ายในการดำเนินงานของบริษัท เป็นครั้งแรกในรอบ 10 ปีใน FY20 โดยได้แรงหนุนจากลดสาขาและพนักงาน ร่วมกับการใช้ระบบดิจิทัลของบริษัท ทั้งนี้ เราคาดว่าการบริหารต้นทุนอย่างได้ผลของบริษัท จะต่อเนื่องไปใน FY21

คงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 230 บาท (GGM)

เราปรับเพิ่มประมาณการกำไรต่อหุ้นของเราสำหรับ FY20-22 ขึ้น 5.5%/9.2%/11.4% เพื่อสะท้อนสมมติฐาน ECL ที่ลดลงและรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิที่สูงขึ้น นอกจากนี้เรายังปรับราคาเป้าหมายของเราขึ้นเป็น 230 บาท (GGM) ซึ่งคิดเป็น FY21E P/BV ที่ 2.9x เท่ากับ 1.5 STD เหนือค่าเฉลี่ย 3 ปี เราชอบ AEONTS มากกว่า KTC เนื่องจากหุ้นมี Valuation ที่ถูกกว่า ในขณะที่ถ้ามีโอกาสโตสูงกว่าในปีหน้า เราเชื่อว่าราคาหุ้นยังมีโอกาสจะปรับขึ้นได้ เนื่องจากคาด ROE ในปี FY21E ของบริษัท อาจสูงสุดในรอบ 5 ปีที่ 21.7% ในอดีตราคาหุ้นของ AEONTS พุ่งสูงสุดที่ 237 บาทในปี 2019 โดยมีผลตอบแทนเมื่อเทียบกับส่วนผู้ถือหุ้นในปี FY19 อยู่ที่ 20.5%

KEY STOCK DATA

YE Feb (THB m)	2019	2020E	2021E	2022E
Operating profit	5,156	3,962	5,171	5,925
Net profit	3,975	3,270	4,017	4,565
EPS (THB)	15.90	13.08	16.07	18.26
vs Consensus (%)	-	(0.9)	1.0	(2.4)
Core net profit	3,975	3,270	4,017	4,565
Core EPS (THB)	15.90	13.08	16.07	18.26
Chg. In EPS est. (%)	-	5.5	9.2	11.4
EPS growth (%)	13.4	(17.7)	22.8	13.6
Core P/E (x)	10.9	13.3	10.8	9.5
Dividend yield (%)	2.9	2.3	2.8	3.1
Price/book (x)	2.1	2.5	2.2	1.9
ROE (%)	20.5	17.3	21.7	21.3
ROA (%)	4.5	3.4	4.5	4.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	23.0	64.9	(10.1)
Relative to country (%)	12.1	43.9	(6.0)
Mkt cap (USD m)	1,450		
3m avg. daily turnover (USD m)	7.8		
Free float (%)	21		
Major shareholder	AEON Group (44%)		
12m high/low (THB)	195.00/88.00		
Issued shares (m)	250		

Sources: Bloomberg consensus; FSSIA estimates



Yuvanart Suwanumphai

yuvanart.suw@fssia.com
+66 2611 3554

The Chairman Of The Board of Finansia Syrus Securities PCL is also AEONTS's Director.

Investment thesis

AEONTS is one of Thailand's largest non-bank consumer finance companies, with expertise in unsecured lending. Its market share in the credit card and personal loan segments appears sustainable, and has ranged between 9-11% in recent years.

Furthermore, AEONTS' strengths are a nationwide branch network and well-established risk management practices, together with support from its Japan-based parent.

We expect its FY21 net profit to surge 23% y-y vs a drop of 18% y-y in FY20E due to an ECL reduction, an increase in loan volume and a lower cost to income ratio. Moreover, we believe there is room for its share price to re-rate due to its FY21E ROE, which could be the strongest in the past five years at 21.7%. AEONTS' share price hit its peak at THB237 in 2019 with an FY19 ROE of 20.5%. Therefore, we maintain our BUY call.

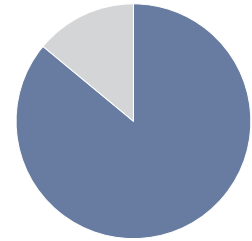
Company profile

The company's business is providing a variety of retail finance services, including credit cards, personal loans, hire-purchase loans and others.

www.aeon.co.th

Principal activities (revenue, 2019)

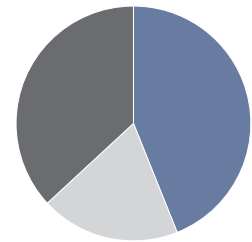
- Net interest income - 86.0 %
- Non-interest income - 14.0 %



Source: Aeon Thana Sinsap (Thailand)

Major shareholders

- AEON Group - 43.9 %
- ACS Capital Corporation - 19.2 %
- Others - 36.9 %



Source: Aeon Thana Sinsap (Thailand)

Catalyst

Potential share price catalysts for AEONTS include: 1) lower credit cost from better than expected non-performing loans (NPL); and 2) better operating cost control, especially for marketing and staff expenses.

Risk to our call

Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality.

Event calendar

Date	Event
23 Dec 2020	MPC meeting
2 nd week of Jan 2021	3QFY20 results announcement
15 Feb 2021	GDP 4Q20/2020 announcement

Key assumptions

Year to Feb	FY20E	FY21E	FY22E
	(%)	(%)	(%)
Net profit (THB m)	3,270	4,017	4,565
Net profit growth	(17.7)	22.8	13.6
NIM	18.63	18.34	18.36
Loan growth	1.4	9.2	8.0
Fee growth	(18.0)	15.0	3.8
Non-NII growth*	(7.5)	7.9	4.4
Credit cost (bp)	795	690	680
Cost to income	43.1	42.6	41.4

*Including share of profits from associates
Source: FSSIA estimates

Earnings sensitivity

Year to Feb		FY21E		
Loan growth	±2ppt	7.2	9.2	11.2
% change in net profit		(3.2)	-	3.2
NIM (%)	±5bp	18.29	18.34	18.39
% change in net profit		(1.4)	-	1.4
Credit cost (bps)	±10bp	680.0	690.0	700.0
% change in net profit		1.3	-	(1.3)

Source: FSSIA estimates

Expect 3QFY20 net profit to dip from a lower loan yield

We estimate AEONTS to post a 3QFY20 net profit of THB920m (-7% y-y, -5% q-q). The expected soft net profit growth would mainly come from a lower yield on loans due to the full impact of the lower interest rate ceiling on personal loans (from 28% to 25%) and credit cards (from 18% to 16%), effective 1 Aug 2020. We, therefore, expect its 3QFY20 NIM to slide to 18.2% vs 20.7% in 3QFY19 and 19.1% in 2QFY20.

However, we forecast its Non-NII to increase by 5% y-y, 42% q-q, backed up by better bad debt recovery and a gain from NPL sales. Moreover, we expect its ECL to decline by 12% y-y, 2% q-q, due to 1) effective asset management, leading to a relatively stable NPL rate q-q; and 2) a sufficient loan loss reserve to cover potential future losses.

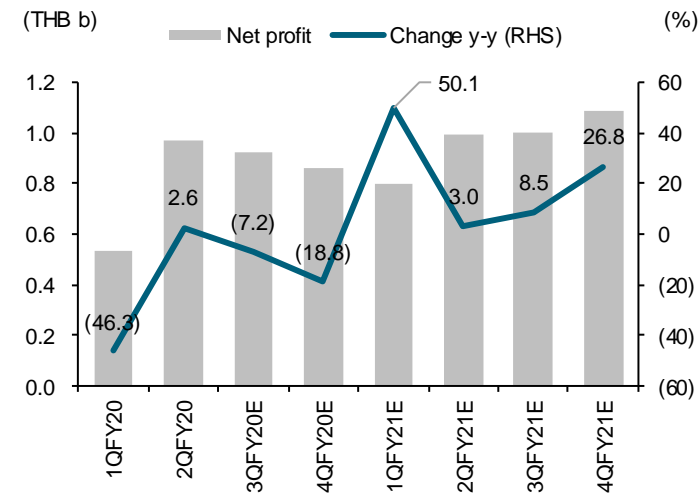
Exhibit 1: AEONTS – summary of 3QFY20E earnings preview

Year-end Feb 28	3QFY19	2QFY20	3QFY20E		9MFY20E	Chg.	% of	FY20E	3QFY20E Comments	
	(THBm)	(THBm)	(THBm)	(y-y%)	(q-q%)	(THBm)	(y-y%)	20E		(THBm)
Net interest income	4,589	4,212	4,013	(13)	(5)	12,729	(5.7)	75	16,928	Drop y-y, q-q from a lower yield on loans
Non-interest income	834	613	873	5	42	2,067	4.7	76	2,720	Expect NPL sales at THB250m
Operating income*	5,423	4,825	4,886	(10)	1	14,796	(4.4)	75	19,648	
Operating expenses	2,353	2,019	2,201	(6)	9	6,306	(9.0)	74	8,472	
PPOP before tax*	3,070	2,805	2,685	(13)	(4)	8,490	(0.7)	76	11,176	
Expected credit loss	1,786	1,590	1,565	(12)	(2)	5,546	16.2	77	7,225	
Tax	257	286	224	(13)	(22)	663	(12.0)	77	866	
Minority interest	36	(37)	(23)	(163)	(39)	(135)	(232.4)		(185)	
Normalised profit	991	966	920	(7)	(5)	2,416	(17.2)	74	3,270	
Extraordinary items	0	0	0			0			0	
Net profit	991	966	920	(7)	(5)	2,416	(17.2)	74	3,270	Bloomberg consensus forecasts THB909m for 3QFY20
EPS (THB)	3.96	3.87	3.68	(7)	(5)	9.66	(17.2)	74	13.08	
Asset quality ratio	(%)	(%)	(%)	(ppt)	(ppt)				(%)	
Gross NPLs (THB m)	3,136	3,415	3,449	10	1				3,714	
NPL ratio	3.49	3.88	3.91	0.4	0.0				4.06	
Coverage ratio	121	351	351	229.5	0.3				319	
Credit cost (bps)	807	721	710	(97.5)	(10.7)				795	
Profitability ratio	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)		(%)	
Cost to income ratio	43.4	41.9	45.0	1.6	3.2	42.6	(2.1)		34.8	
Average yield	23.2	21.6	20.6	(2.6)	(1.0)	21.6	(1.8)		21.0	
Cost of funds	3.2	3.4	3.3	0.0	(0.1)	3.3	0.0		3.2	Lower cost of funds q-q due to the drawdown of the GSB's low-interest-rate soft loans
NIM	20.7	19.1	18.2	(2.5)	(0.9)	19.2	(1.7)		18.6	
Non-int inc/total income	15.4	12.7	17.9	2.5	5.2	14.0	1.2		39.2	
Loan growth	(%)	(%)	(%)						(%)	
Year-to-date	8.9	(2.5)	(2.2)							
y-y	10.4	1.0	(1.7)						1.4	
q-q	3.1	(0.5)	0.3							

*Including share of profits from associates;

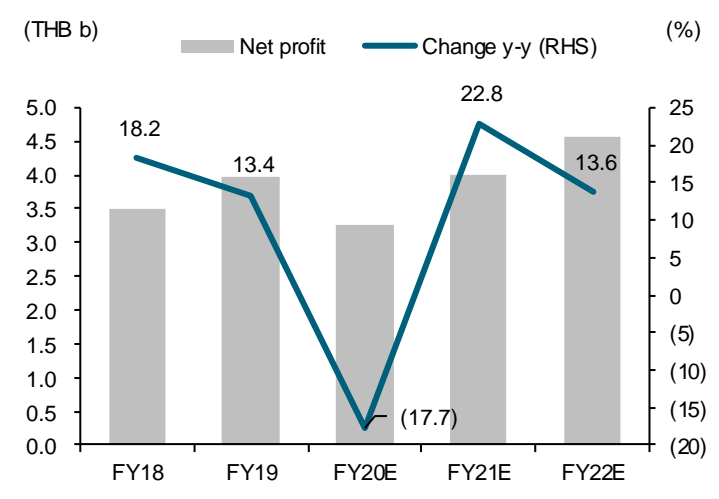
Sources: AEONTS; FSSIA estimates

Exhibit 2: Quarterly core profit



Sources: AEONTS; FSSIA estimates

Exhibit 3: Yearly core profit



Sources: AEONTS; FSSIA estimates

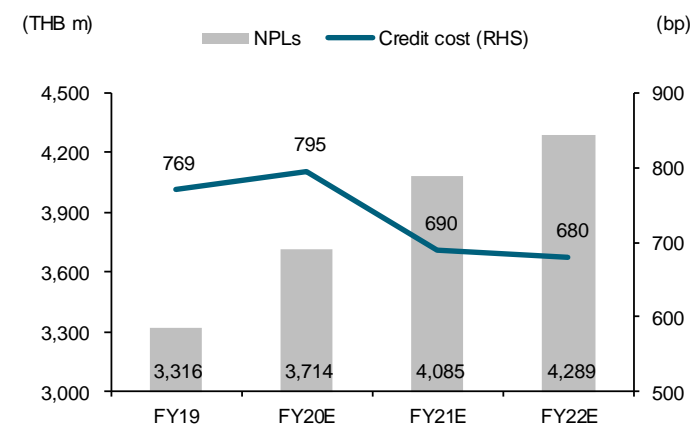
History could repeat itself

We expect AEONTS' FY21 credit cost to substantially decline, owing to 1) its effective asset quality control with a relatively stable FY21E NPL ratio of 4.1% vs 4.06% in FY20E; and 2) its proactive ECL stockpiling by deducting THB7.1b of its retained earnings together with a THB1b management overlay buildup in 1QFY20, leading to an increase in its coverage ratio by 351% in 2QFY20, from 119% in FY19.

We expect feeble FY20 loan growth at 1.4% y-y due to its tightened credit underwriting standard. However, due to the anticipated economic recovery and its ability to control its asset quality, AEONTS' management expects to lend more aggressively starting in 2Q21 by more actively expanding its customers' credit lines – in line with the Bank of Thailand's temporary debt assistance policy – from 1.5x to 2.0x of monthly income for customers with monthly income lower than THB30k.

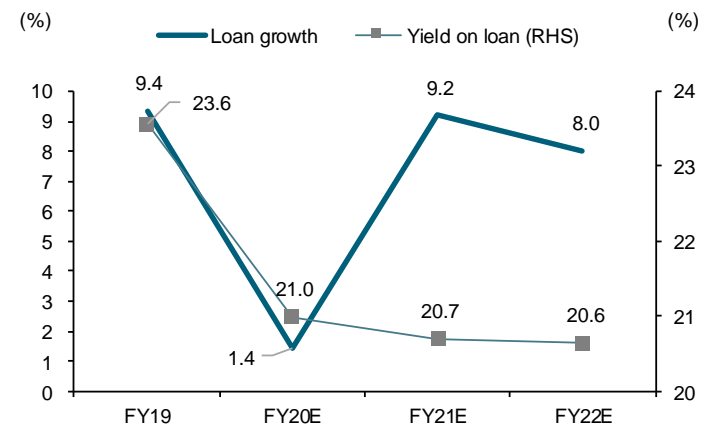
AEONTS has so far expanded the credit lines for only select groups of customers. This has generated total new lending of THB500m-600m. The company expects to increase the credit lines for c200k eligible customers, and expects to see a positive impact from this in FY21. We, therefore, project its FY21 loan growth to get back on track at 9.2% y-y.

Exhibit 4: NPLs vs credit cost during FY19-22E



Sources: AEONTS; FSSIA estimates

Exhibit 5: Loan growth vs yield on loans during FY19-22E

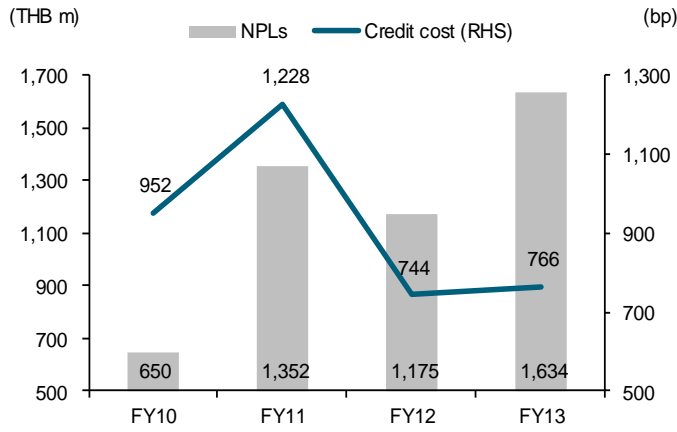


Sources: AEONTS; FSSIA estimates

AEONTS proactively set aside extra provisions during the severe flooding in 2011, leading to significantly lower provisions and noticeably higher net profit growth in FY12-13. The company also increased its customers' credit lines in 2017, which was able to completely offset the cap on credit card interest rate charges from 20% to 18%, resulting in outstanding net profit growth of 23% in FY17.

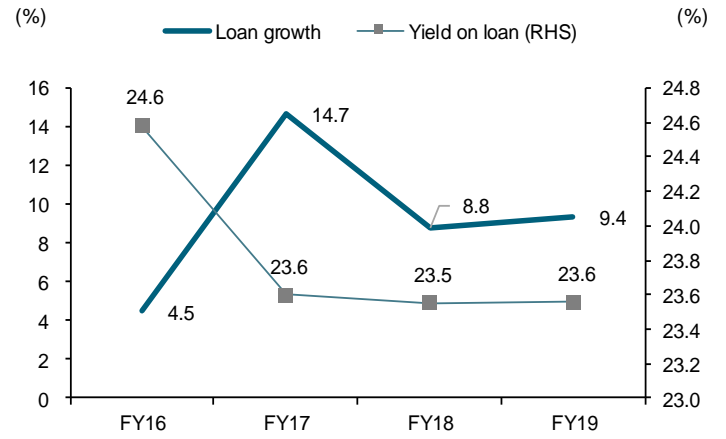
Hence, we believe AEONTS can deliver solid performance next year by implementing these two strategies.

Exhibit 6: NPLs vs credit cost during FY10-13



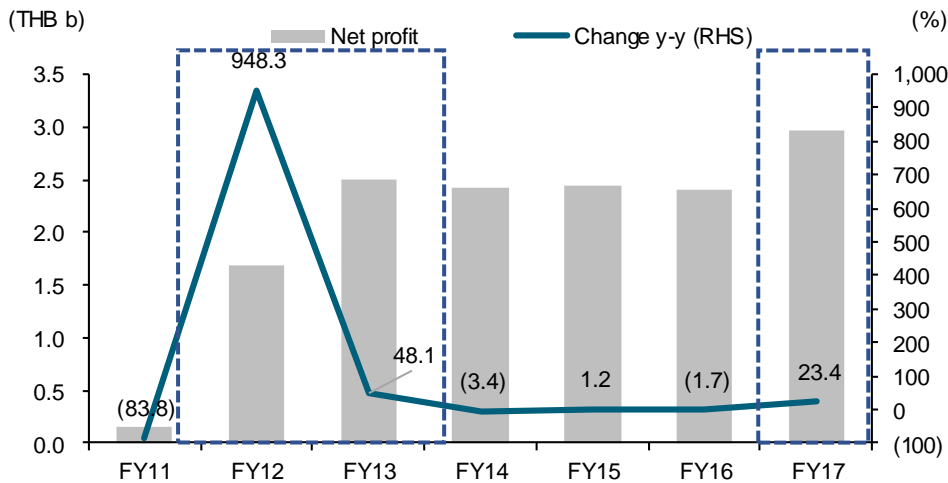
Sources: AEONTS; FSSIA's compilation

Exhibit 7: Loan growth vs yield on loans during FY16-19



Sources: AEONTS; FSSIA's compilation

Exhibit 8: Net profit growth

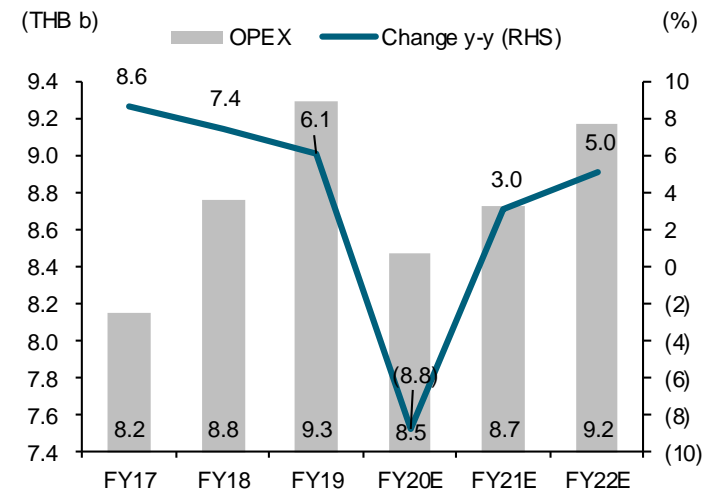


Sources: AEONTS; FSSIA's compilation

Better cost control from COVID-19

Due to the top-line pressure from COVID-19, AEONTS should be able to reduce its OPEX for the first time in ten years in FY20, backed up by its branch and staff rationalization, plus its digital platform implementation. We expect the effective cost management to continue in FY21.

Exhibit 9: A drop in OPEX for the first time in ten years in FY20E



Sources: AEONTS; FSSIA estimates

Exhibit 10: AEONTS' networks nationwide

YE Feb	FY19	2QFY20
	(no.)	(no.)
Branches	105	102
ATMs	413	408
Dealers	6,631	6,496

Sources: AEONTS; FSSIA's compilation

EPS and TP revisions

We revise up our EPS forecasts for FY20-22 by 5.5%/9.2%/11.4%. We lower our FY20-22 credit cost assumptions to 795/690/680 bps vs our previous assumptions of 842/775/785, to reflect the better-than-expected asset quality. Additionally, we increase our FY20-22 Non-NII assumptions by 1.2%/4.3%/4.3% to reflect the better-than-expected bad debt recovery.

Exhibit 11: Key changes in assumptions

YE Feb	-----FY20E-----				-----FY21E-----			-----FY22E-----		
	FY19	Old	New	Change	Old	New	Change	Old	New	Change
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Net interest income	18,139	16,952	16,928	(0.1)	17,495	17,561	0.4	19,081	19,089	0.0
Non-interest income	2,940	2,687	2,720	1.2	2,814	2,935	4.3	2,936	3,063	4.3
Operating income	21,079	19,639	19,648	0.0	20,309	20,496	0.9	22,018	22,152	0.6
Operating expenses	9,289	7,927	8,472	6.9	8,172	8,730	6.8	8,585	9,170	6.8
PPOP before tax	11,790	11,713	11,176	(4.6)	12,138	11,766	(3.1)	13,433	12,982	(3.4)
Expected credit loss (Reversal)	6,646	7,652	7,225	(5.6)	7,420	6,606	(11.0)	8,125	7,069	(13.0)
Tax expenses	1,024	934	866	(7.3)	943	1,032	9.4	1,062	1,183	11.4
Minority interest	145	27	(185)	(796.5)	94	111	17.2	149	166	
Normalised profit	3,975	3,100	3,270	5.5	3,680	4,017	9.2	4,098	4,565	11.4
Extraordinary items	-	0	-		0	-		0	-	
Net profit	3,975	3,100	3,270	5.5	3,680	4,017	9.2	4,098	4,565	11.4
EPS (THB)	15.90	12.40	13.08	5.5	14.72	16.07	9.2	16.39	18.26	11.4
Key statistics and ratios										
Asset quality ratio	(%)	(%)	(%)	(ppt)	(%)	(%)	(ppt)	(%)	(%)	(ppt)
Gross NPLs	3,316	3,979	3,714	(6.7)	4,576	4,085	(10.7)	4,805	4,289	(10.7)
Gross NPLs/loans	3.7	4.3	4.1		4.6	4.1		4.5	4.0	
Loan loss reserve/NPLs	119	285	319		247	275		248	251	
Credit cost (bp)	769	842	795		775	690		785	680	
Profitability ratio	(%)	(%)	(%)		(%)	(%)		(%)	(%)	
Cost to income ratio	44.1	40.4	43.1		40.2	42.6		39.0	41.4	
Average yield	23.6	21.0	21.0		20.6	20.7		20.7	20.6	
Cost of funds	3.3	3.2	3.2		3.3	3.3		3.3	3.3	
Net interest margin (NIM)	21.0	18.7	18.6		18.3	18.3		18.4	18.4	
Loan growth (y-y %)	9.4	1.4	1.4		9.2	9.2		7.1	8.0	

*Including share of profits from associates

Sources: AEONTS; FSSIA estimates

We revise up our GGM-based TP from THB146 to THB230, as we 1) increase our EPS forecast, leading to a higher book value; and 2) revise up our target FY21E P/BV from 1.8x to 2.9x as a result of our higher average long-term ROE target of 19.9% from 17% and our lower cost of equity assumption to 10.2% from 11.2%, thanks to the greater prospects of an economic recovery.

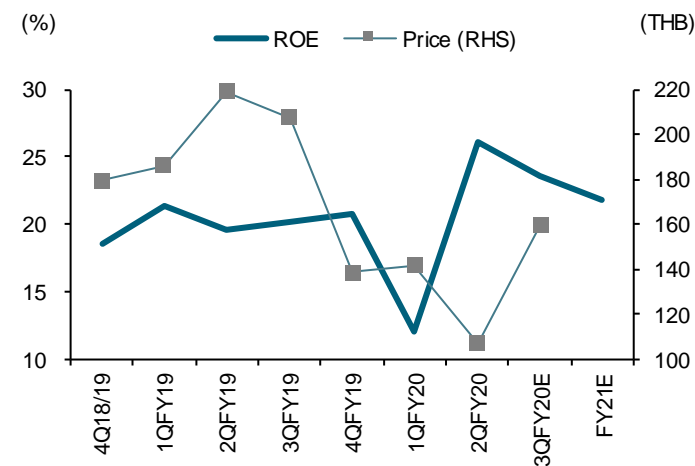
Exhibit 12: GGM-derived target price

Target price (THB)	230.0 (from 146.0)
Recommendation	BUY
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	10.2 (from 11.2)
Terminal growth (%)	5.0 (from 3.6)
ROE target (%)	19.9 (from 17)
Risk to TP	Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality.

Source: FSSIA estimates

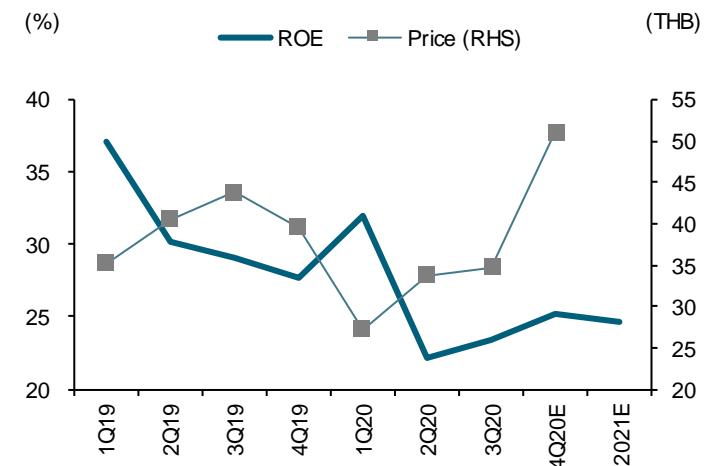
Our TP implies a 2.9x FY21E P/BV, 1.5 STD above its three-year average. We prefer AEONTS to KTC due to its cheaper valuation and stronger earnings growth potential next year. We believe there is room for its share price to re-rate due to its FY21E ROE, which could be the strongest in the past five years at 21.7%. AEONTS' share price hit its peak at THB237 in 2019 with an FY19 ROE of 20.5%.

Exhibit 13: AEONTS – ROE vs share price at the end of quarter



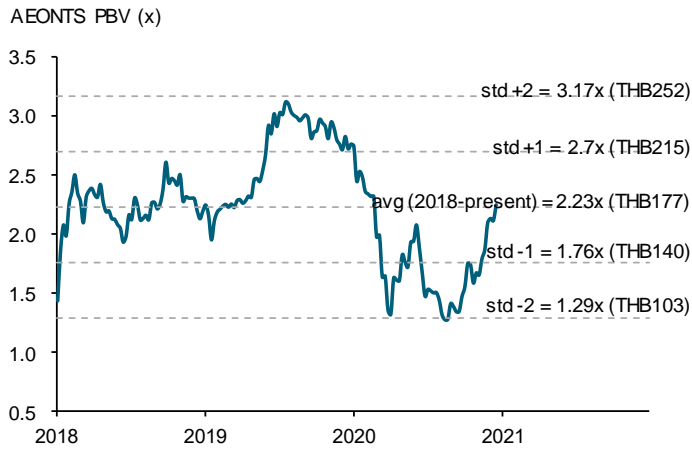
Sources: Bloomberg; FSSIA estimates

Exhibit 14: KTC – ROE vs share price at the end of quarter



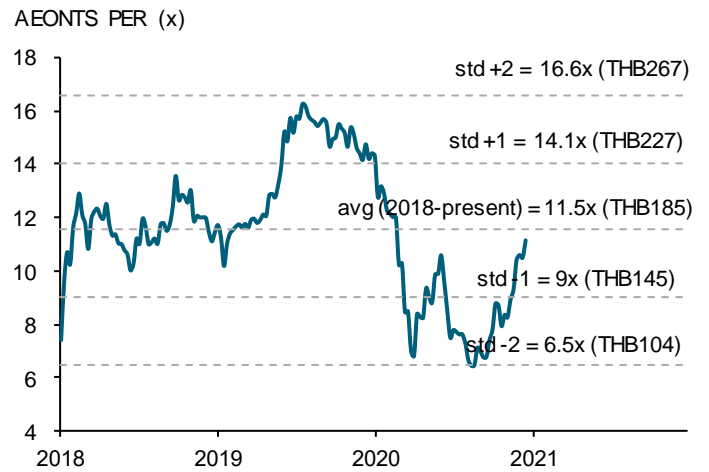
Sources: Bloomberg; FSSIA estimates

Exhibit 15: AEONTS – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 16: AEONTS – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Key valuations of companies under coverage

Company	BBG	Rec	---Share price---		Up (down) side	- EPS growth -		----- PE -----		-- DivYld --		---- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)		20E (%)	21E (%)	20E (x)	21E (x)	20E (%)	21E (%)	20E (%)	21E (%)	20E (x)	21E (x)
Aeon Thana Sinsap (Thailand)	AEONTS TB	BUY	174.00	230.00	32	(17.7)	22.8	13.3	10.8	2.3	2.8	17.3	21.7	2.5	2.2
Krungthai Card	KTC TB	HOLD	54.75	44.00	(20)	(2.1)	12.5	26.1	23.2	1.6	1.8	25.4	24.6	6.2	5.3
Muangthai Capital	MTC TB	BUY	56.50	70.00	24	14.5	23.8	24.7	20.0	0.6	0.8	26.9	26.5	6.0	4.8
Srisawad Corp	SAWAD TB	BUY	62.50	72.00	15	16.6	21.1	18.9	15.6	0.3	0.3	21.5	21.2	3.7	3.0
Ratchthani Leasing	THANI TB	BUY	3.96	4.30	9	(18.4)	(11.1)	9.4	10.4	4.2	4.8	20.5	19.1	1.7	1.9
Coverage						1.1	17.6	20.5	17.4	1.2	1.5	22.5	23.1	4.3	3.7

Share prices as of 16 Dec 2020
Source: FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Profit and Loss (THB m) Year Ending Feb	2018	2019	2020E	2021E	2022E
Interest Income	18,644	20,348	19,081	19,823	21,465
Interest expense	(2,175)	(2,209)	(2,152)	(2,262)	(2,376)
Net interest income	16,469	18,139	16,928	17,561	19,089
Net fees & commission	266	268	219	252	262
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	513	531	531	558	586
Other income	1,219	2,154	1,980	2,137	2,228
Non interest income	1,998	2,953	2,731	2,947	3,075
Total income	18,467	21,091	19,660	20,508	22,165
Staff costs	(8,521)	(9,091)	(8,273)	(8,521)	(8,947)
Other operating costs	(233)	(198)	(199)	(209)	(222)
Operating costs	(8,754)	(9,289)	(8,472)	(8,730)	(9,170)
Pre provision operating profit	9,713	11,802	11,187	11,777	12,995
Provision for bad and doubtful debt	(5,285)	(6,646)	(7,225)	(6,606)	(7,069)
Other provisions	-	-	-	-	-
Operating profit	4,429	5,156	3,962	5,171	5,925
Recurring non operating income	6	(13)	(11)	(12)	(13)
Associates	6	(13)	(11)	(12)	(13)
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	4,434	5,143	3,951	5,159	5,913
Tax	(868)	(1,024)	(866)	(1,032)	(1,183)
Profit after tax	3,567	4,120	3,085	4,127	4,730
Minority interests	(60)	(145)	185	(111)	(166)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,506	3,975	3,270	4,017	4,565
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	3,506	3,975	3,270	4,017	4,565
Per share (THB)					
Recurring EPS *	14.03	15.90	13.08	16.07	18.26
Reported EPS	14.03	15.90	13.08	16.07	18.26
DPS	4.70	5.00	3.92	4.82	5.48
Growth					
Net interest income (%)	12.5	10.1	(6.7)	3.7	8.7
Non interest income (%)	5.1	47.8	(7.5)	7.9	4.4
Pre provision operating profit (%)	15.7	21.5	(5.2)	5.3	10.3
Operating profit (%)	19.3	16.4	(23.2)	30.5	14.6
Reported net profit (%)	18.2	13.4	(17.7)	22.8	13.6
Recurring EPS (%)	18.2	13.4	(17.7)	22.8	13.6
Reported EPS (%)	18.2	13.4	(17.7)	22.8	13.6
Income Breakdown					
Net interest income (%)	89.2	86.0	86.1	85.6	86.1
Net fees & commission (%)	1.4	1.3	1.1	1.2	1.2
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	2.8	2.5	2.7	2.7	2.6
Other income (%)	6.6	10.2	10.1	10.4	10.1
Operating performance					
Gross interest yield (%)	23.55	23.56	20.99	20.70	20.65
Cost of funds (%)	3.54	3.32	3.18	3.30	3.28
Net interest spread (%)	20.01	20.24	17.81	17.40	17.37
Net interest margin (%)	20.8	21.0	18.6	18.3	18.4
Cost/income(%)	47.4	44.0	43.1	42.6	41.4
Cost/assets(%)	10.4	10.2	9.2	9.4	9.2
Effective tax rate (%)	19.6	19.9	21.9	20.0	20.0
Dividend payout on recurring profit (%)	33.5	31.4	30.0	30.0	30.0
ROE (%)	20.8	20.5	17.3	21.7	21.3
ROE - COE (%)	10.0	9.7	6.5	10.9	10.5
ROA (%)	4.2	4.5	3.4	4.5	4.7
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); FSSIA estimates

Financial Statements

Aeon Thana Sinsap (Thailand)

Balance Sheet (THB m) Year Ending Feb	2018	2019	2020E	2021E	2022E
Gross customer loans	82,511	90,231	91,534	99,958	107,967
Total provisions	(2,879)	(3,961)	(11,845)	(11,254)	(10,766)
interest in suspense	0	0	0	0	0
Net customer loans	79,632	86,270	79,690	88,704	97,201
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	0	0	0	0	0
Cash & equivalents	4,068	4,994	2,172	3,455	1,226
Other interesting assets	-	-	-	-	-
Tangible fixed assets	957	885	763	658	567
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	2,464	3,247	6,125	3,566	4,401
Total assets	87,122	95,396	88,750	96,382	103,395
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	63,658	69,259	66,223	70,701	74,236
Non interest bearing liabilities	5,075	5,012	5,263	5,526	5,802
Hybrid Capital	-	-	-	-	-
Total liabilities	68,733	74,271	71,485	76,227	80,038
Share capital	250	250	250	250	250
Reserves	17,804	20,478	16,816	19,628	22,823
Total equity	18,054	20,728	17,066	19,878	23,073
Minority interests	334	397	199	278	284
Total liabilities & equity	87,122	95,396	88,750	96,382	103,395
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	79,167	86,371	90,883	95,746	103,962
Average interest bearing liabilities	61,496	66,458	67,741	68,462	72,469
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	2,283	3,316	3,714	4,085	4,289
Per share (THB)					
Book value per share	72.22	82.91	68.26	79.51	92.29
Tangible book value per share	72.22	82.91	68.26	79.51	92.29
Growth					
Gross customer loans	8.8	9.4	1.4	9.2	8.0
Average interest earning assets	11.5	9.1	5.2	5.4	8.6
Total asset (%)	7.9	9.5	(7.0)	8.6	7.3
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	20.7	21.7	19.2	20.6	22.3
Tangible equity/assets (%)	20.7	21.7	19.2	20.6	22.3
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	28.3	45.3	12.0	10.0	5.0
NPL/gross loans (%)	2.8	3.7	4.1	4.1	4.0
Total provisions/gross loans (%)	3.5	4.4	12.9	10.4	10.0
Total provisions/NPL (%)	126.1	119.5	318.9	275.5	251.0
Valuation					
Recurring P/E (x) *	12.4	10.9	13.3	10.8	9.5
Recurring P/E @ target price (x) *	16.4	14.5	17.6	14.3	12.6
Reported P/E (x)	12.4	10.9	13.3	10.8	9.5
Dividend yield (%)	2.7	2.9	2.3	2.8	3.1
Price/book (x)	2.4	2.1	2.5	2.2	1.9
Price/tangible book (x)	2.4	2.1	2.5	2.2	1.9
Price/tangible book @ target price (x)	3.2	2.8	3.4	2.9	2.5

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Aeon Thana Sinsap (Thailand); 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	CENTEL
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	AMANAHA	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

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

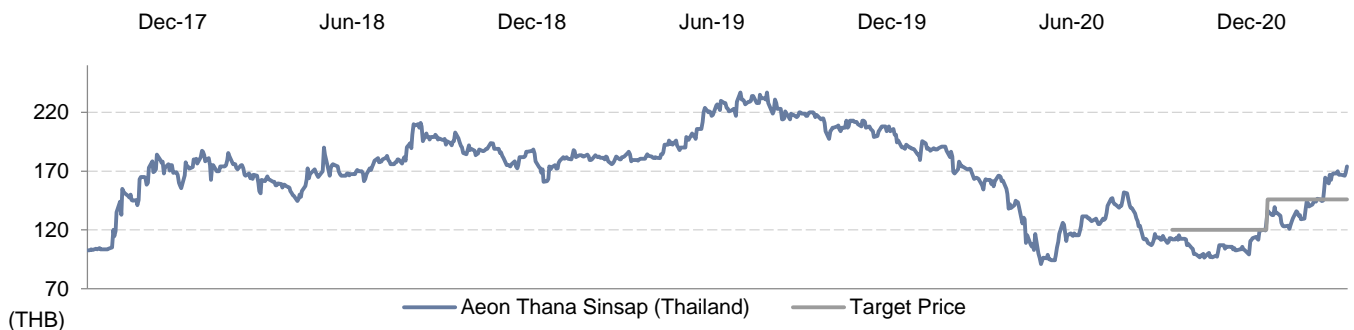
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History of change in investment rating and/or target price

Aeon Thana Sinsap (Thailand) (AEONTS TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jul-2020	HOLD	120.00	21-Sep-2020	BUY	120.00	07-Oct-2020	BUY	146.00

Yuvanart Suwanumphai Started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Krungthai Card (KTC TB)



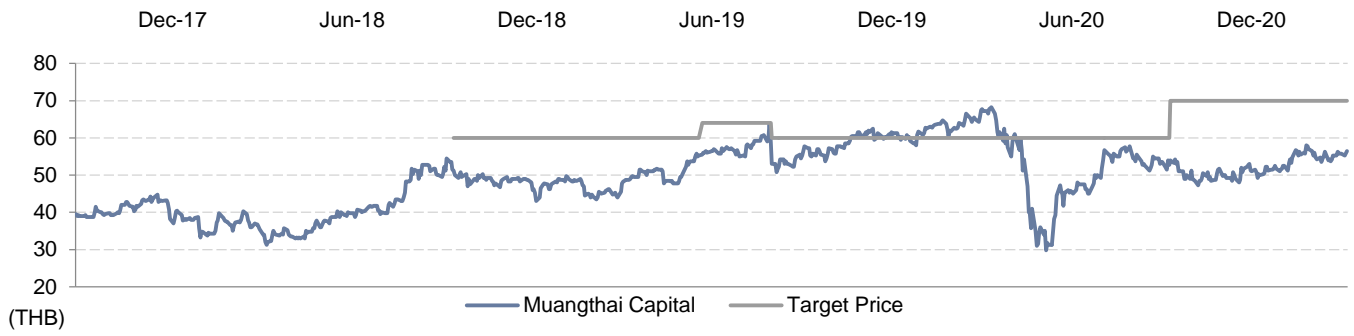
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jul-2020	HOLD	33.00	14-Sep-2020	HOLD	32.00	17-Nov-2020	HOLD	44.00

Yuvanart Suwanumphai Started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Muangthai Capital (MTC TB)



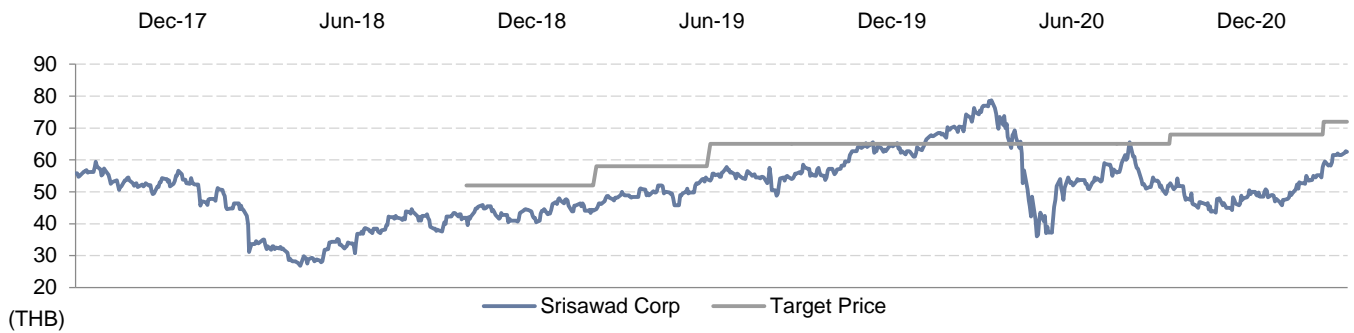
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Nov-2018	BUY	60.00	09-Aug-2019	HOLD	60.00	16-Jul-2020	BUY	70.00
10-Jun-2019	BUY	64.00	02-Apr-2020	HOLD	60.00			

Yuvanart Suwanumphai Started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Srisawad Corp (SAWAD TB)



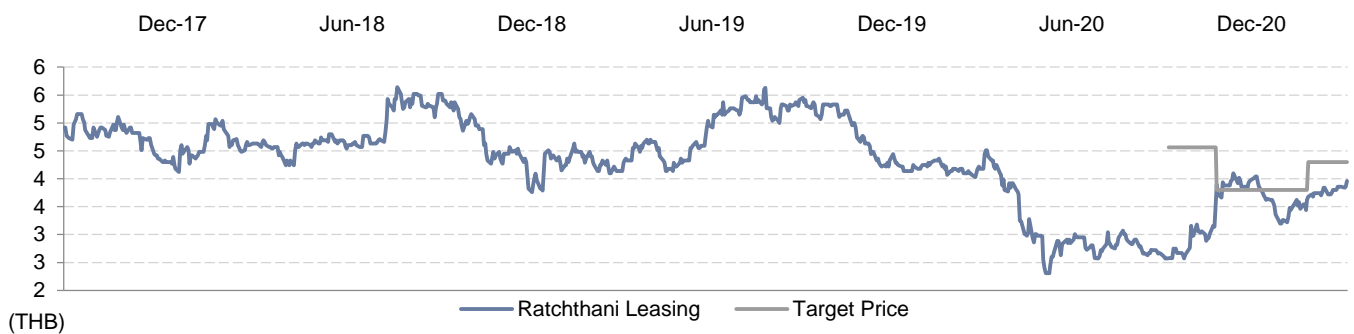
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Nov-2018	BUY	52.00	20-Nov-2019	HOLD	65.00	03-Aug-2020	BUY	68.00
11-Mar-2019	BUY	58.00	02-Apr-2020	HOLD	65.00	25-Nov-2020	BUY	72.00
17-Jun-2019	BUY	65.00	16-Jul-2020	BUY	68.00			

Yuvanart Suwanumphai Started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Ratchthani Leasing (THANI TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jul-2020	BUY	4.56	26-Aug-2020	BUY	3.80	12-Nov-2020	BUY	4.30

Yuvanart Suwanumphai Started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 174.00	BUY	Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality.
Krungthai Card	KTC TB	THB 54.75	HOLD	Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is a better-than-expected bad debt recovery.
Muangthai Capital	MTC TB	THB 56.50	BUY	Downside risks to our GGM-based TP include the expansion into auto-title loans by the Government Savings Bank; further weakening asset quality could potentially hit both loan yield and credit cost.
Srisawad Corp	SAWAD TB	THB 62.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand.
Ratchthani Leasing	THANI TB	THB 3.96	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.

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 16-Dec-2020 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.