

23 MARCH 2021

THAILAND / DIVERSIFIED FINANCIALS

SINGER THAILAND SINGER TB

BUY

FROM HOLD

TARGET PRICE	THB50.00
CLOSE	THB37.75
UP/DOWNSIDE	+32.5%
PRIOR TP	THB28.00
CHANGE IN TP	+78.6%
TP vs CONSENSUS	+69.5%

งานเลี้ยงยังไม่จบ

คาดการณ์กำไรสุทธิจะพุ่งสูงสุดในรอบ 120 ปี

เราคาดว่า SINGER จะรายงานกำไรสุทธิสูงเป็นประวัติการณ์ถึง 659 ลบ. (+49% y-y) ในปี 2021 โดยได้แรงหนุนจาก 1) การเติบโตของสินค้าที่แข็งแกร่งถึง 46% y-y จากการเติบโตที่ดีของสินค้าที่ขายเป็นปกติ; 2) การเพิ่มของยอดขายเครื่องใช้ไฟฟ้าภายในบ้านถึง 20% y-y; และ 3) อัตรากำไรขั้นต้นที่ทรงตัวสำหรับสินค้าเครื่องใช้ไฟฟ้าและเครื่องใช้ภายในบ้านจากนโยบายการตั้งราคาให้ผู้จัดจำหน่ายสามารถแข่งขันได้

ราคาหุ้นอาจเคลื่อนไหวในทิศทางตาม KTC ในอดีต

เราเชื่อว่าราคาหุ้นของ SINGER อาจมีรูปแบบการเคลื่อนไหวเดียวกับ KTC ในช่วงปี 2012-13 และ 2018 โดยจะเปลี่ยนมาเป็นการซื้อขายในช่วงค่า P/BV ที่สูงขึ้นตามผลการประกอบการ เราเห็นว่าในปัจจุบัน SINGER มีลักษณะคล้ายคลึงกับ KTC ในช่วงปี 2011-12 ประกอบด้วยการพลิกฟื้นของกำไรสุทธิและการเปลี่ยนตัวผู้จัดการหุ้นหลัก/ผู้บริหาร นอกจากนี้ราคาหุ้นของ SINGER ยังไม่ได้ปรับตัวขึ้นแรงในปี 2019 ถึงต้นปี 2020 เนื่องจากตลาดไม่เชื่อว่า SINGER จะสามารถรายงานการเติบโตที่ยั่งยืน อย่างไรก็ตามหลังจาก SINGER ได้พิสูจน์ให้เห็นแล้วว่าบริษัทสามารถรายงานผลการประกอบการที่ดี ราคาหุ้นก็เริ่มปรับตัวขึ้นในกลางปี 2020 จนถึงปัจจุบัน โดยเฉพาะในช่วงสองอาทิตย์สุดท้าย เราเชื่อว่าราคาหุ้นอาจปรับขึ้นต่อเนื่อง โดยจะปรับขึ้นจากที่เคยซื้อขายที่ 1-2.5x ของค่า P/BV ไปสูงสุดที่ 7x เนื่องจากเราเห็นว่าในปัจจุบันตลาดยังประเมินผลการประกอบการของ SINGER ไว้ต่ำเกินไป โดยตลาดอาจปรับประมาณการกำไรต่อหุ้นเมื่อ SINGER รายงานผลการประกอบการในครั้งต่อไป

กลยุทธ์ปาล์มเมืองอาจช่วยหนุนการเติบโตให้ยั่งยืน

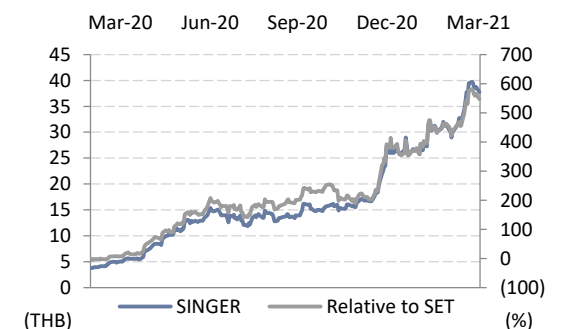
SINGER มีจุดแข็งในด้านฐานลูกค้าในต่างจังหวัดที่มีอยู่เป็นจำนวนมาก ในปี 2021 บริษัทฯ ใช้กลยุทธ์ขยายฐานลูกค้าเข้าสู่เมืองมากยิ่งขึ้น SINGER ได้ปรับภาพลักษณ์ของบริษัทฯ โดยใช้ โน้ต อุดมเป็นผู้สร้างอิทธิพลต่อผู้บริโภค นอกจากนี้บริษัทฯ เพิ่งเปิดช่องทางขายสินค้าใหม่ผ่าน Line messaging app โดยได้เพิ่มสินค้าเครื่องใช้ไฟฟ้าให้มากยิ่งขึ้น เช่น หม้อทอด เครื่องฟอกอากาศ ฯลฯ เพื่อจับฐานลูกค้าใหม่ เรามองว่ากลยุทธ์ดังกล่าวจะช่วยเพิ่มยอดขายเริ่มตั้งแต่ปี 2022 เป็นต้นไป

ปรับเพิ่มคำแนะนำเป็นซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 50 บาท

เราปรับเพิ่มประมาณการกำไรสุทธิปี 2021-22 อีก 12%/16% และปรับราคาเป้าหมายเพิ่มจาก 28 เป็น 50 บาท เราปรับคำแนะนำเป็นซื้อจากถือ เนื่องจากบริษัทฯ สามารถรายงานผลการประกอบการที่ดีขึ้นในปี 2020 พร้อมคุณภาพสินทรัพย์ที่ดี นอกจากนี้ เรายังคาดว่าจะกำไรสุทธิอาจโตต่อเนื่องไปอีก 3 ปีข้างหน้า พร้อมความเสี่ยงจากประโยชน์ที่อาจจะได้จากกลุ่มผู้ถือหุ้นใหญ่ของบริษัทฯ

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	439	748	1,064	1,294
Net profit	443	659	905	1,074
EPS (THB)	1.09	1.42	1.87	2.08
vs Consensus (%)	-	7.3	13.1	-
Core net profit	443	659	905	1,074
Core EPS (THB)	1.09	1.42	1.87	2.08
Chg. In EPS est. (%)	-	10.0	16.9	-
EPS growth (%)	136.7	30.6	31.5	11.2
Core P/E (x)	34.7	26.5	20.2	18.1
Dividend yield (%)	0.6	0.9	1.2	1.4
Price/book (x)	6.1	5.2	4.2	3.3
ROE (%)	17.2	21.3	22.9	20.9
ROA (%)	5.9	6.2	6.4	6.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	24.8	67.0	790.3
Relative to country (%)	17.8	51.9	540.7
Mkt cap (USD m)	556		
3m avg. daily turnover (USD m)	8.7		
Free float (%)	21		
Major shareholder	JAYMART Public Company (33%)		
12m high/low (THB)	41.75/3.70		
Issued shares (m)	455		

Sources: Bloomberg consensus; FSSIA estimates



Yuvanart Suwanumphai

yuvanart.suw@fssia.com

+66 2611 3554

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 23 มีนาคม 2021

Investment thesis

SINGER is one of the major players in electrical and home appliance sales and providing instalment loans. It started its auto title loan business, focusing on trucks, in 2017 under the name "Rod Tum Ngern". We expect SINGER to deliver strong net profit growth of 49%/37% in 2021-22, respectively, supported by 1) remarkable 2021-22E loan growth of 46%/40%; 2) an increase in 2021-22E electrical and home appliance sales by 20%/10% y-y; and 3) a stable gross profit margin for its electrical products and home appliances due to competitive dealer pricing policies.

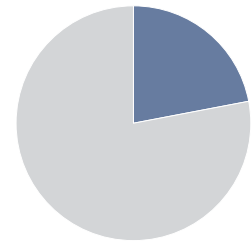
Company profile

Singer Thailand PCL operates two business lines: 1) the distribution of various electrical products and appliances, together with commercial appliances under the "Singer" brand through its outlets and sales representatives; and 2) a loan provider. SINGER offers loans for more than 90% of its electrical products and appliances. SINGER entered into auto title loans in 2017, specializing in trucks for fleets.

www.singerthai.co.th

Principal activities (revenue, 2020)

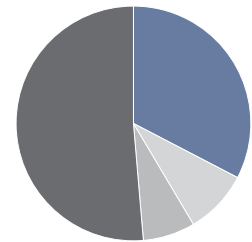
- Net interest income - 22.0 %
- Non-interest income - 78.0 %



Source: Singer Thailand

Major shareholders

- JAYMART Public Company - 32.6 %
- Kara Family - 8.8 %
- Ngamrueangpong Family - 7.2 %
- Others - 51.4 %



Source: Singer Thailand

Catalysts

Potential share price catalysts for SINGER include: 1) the spin-off of its lending business; 2) stronger-than-expected loan growth; and 3) a credit rating upgrade from the Thai Rating and Information Services (TRIS).

Risks to our call

Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.

Event calendar

Date	Event
Mid-May 2021	1Q21 results announcement

Key assumptions

Year to Dec	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	659	905	1,074
Net profit growth	48.6	37.3	18.8
NIM	15.47	15.14	14.88
Loan growth	46.3	39.9	20.4
Credit cost (bp)	300	300	300
Revenue from sales of goods growth	20.0	15.0	15.0
Gross margin	45.0	45.0	45.0
SG&A to revenue ratio	37.7	36.0	35.8

Source: FSSIA estimates

Earnings sensitivity

Year to Dec		2021E		
Loan growth	±2ppt	44.3	46.3	48.3
% change in net profit		(1.4)	-	-
NIM (%)	±5bp	15.42	15.47	15.52
% change in net profit		(0.6)	-	0.6
Credit cost (bps)	±10bp	290.0	300.0	310.0
% change in net profit		0.6	-	(0.6)

Source: FSSIA estimates

SINGER's share price could repeat KTC's price pattern

What happened to KTC in 2012-13 and 2017-18?

2012-13

Event: Going back to before 2011, Krungthai Card (KTC TB, REDUCE, TP THB50)'s operations were weak due to its poor risk management, in our view. Its non-performing loan (NPL) ratio was c4-5% and its bad debt recovery to write-off ratio was very low at c20%. Therefore, its ROE was in the range of 3-5%. However, after the change of its CEO to Mr. Rathian Srimongkol in 2011, KTC's operations showed substantial improvement. In 2012, KTC's EPS turned around to THB0.1/share from a loss of THB0.63/ share. Its ROE increased continuously in the following year (Ex. 1).

Share price: Its share price in 2012-13 shifted to trade at 1-2x P/BV vs below 1x P/BV in 2011-12.

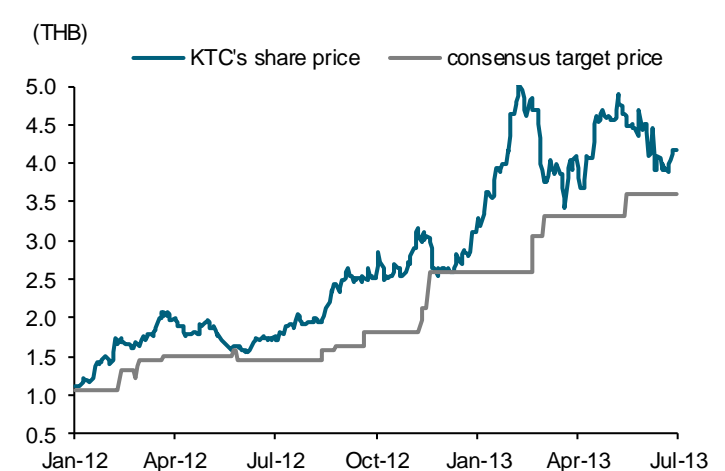
EPS revision: The market's EPS forecasts lagged behind the increase in KTC's share price. Most analysts revised up their EPS forecasts and target prices once the earnings results were released. This implies that most analysts did not believe that KTC would deliver strong performance. However, KTC's share price continued to increase as long as the company was able to deliver robust net profits and trade at a reasonable price.

Exhibit 1: KTC's P/BV and ROE during 2011-13



Sources: Bloomberg; FSSIA's compilation

Exhibit 2: KTC's 2012-13 share price vs consensus target price



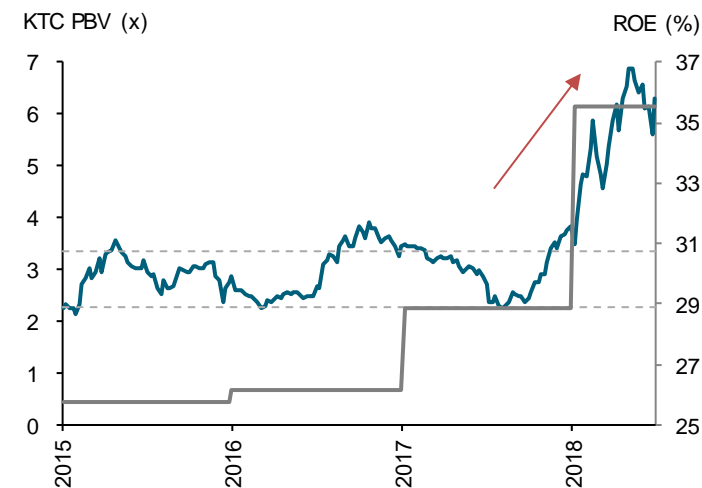
Sources: Bloomberg; FSSIA's compilation

2017-18

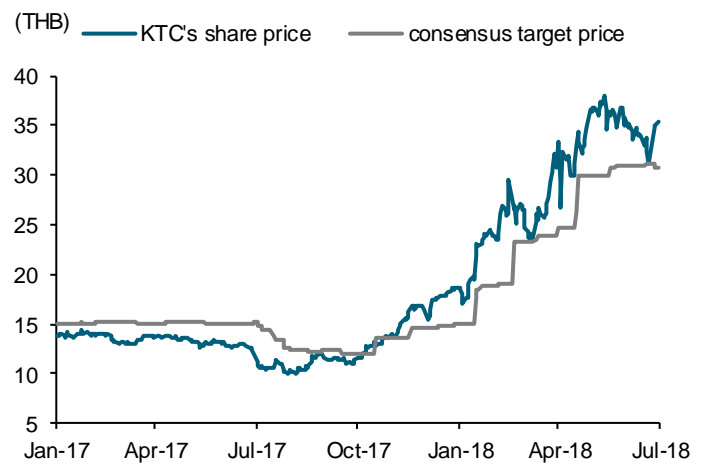
Event: In Sep 2017, the Bank of Thailand reduced the ceiling for credit card interest rate charges from 20% to 18%. This had a negative direct impact on KTC's profitability margin. However, under the leadership of Mr. Rathian Srimongkol, KTC's EPS rose significantly by 55% in 2018.

Share price: Its share price declined in late 2017 due to the concern over its 2018 performance. However, after KTC proved that it was able to survive in the lower margin environment, its share price started to take off in early 2018. Again, KTC's share price in late 2017 to mid-2018 shifted to trade at the maximum 7x P/BV vs 2-3.5x P/BV in 2015-17.

EPS revision: Once again, the market's EPS forecasts lagged behind the increase in KTC's share price. Most analysts revised up their forecasts once the earnings results were released.

Exhibit 3: KTC's P/BV and ROE during 2015-18

Sources: Bloomberg; FSSIA's compilation

Exhibit 4: KTC's 2017-18 share price vs consensus target price

Sources: Bloomberg; FSSIA's compilation

What could happen to SINGER in early 2021?

Back to 2021, we believe SINGER's share price is presently in a similar position to KTC's share price in 2012-13 and 2018, shifting to trade at a higher P/BV range following the proof of its performance.

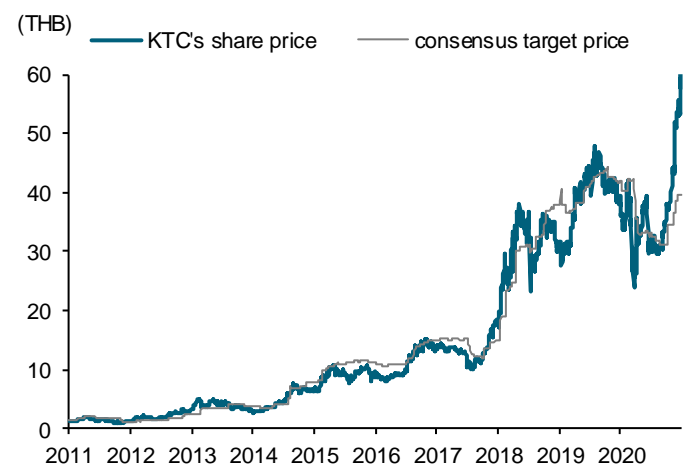
We think that SINGER's current characteristics are very similar to KTC's in 2011-12, namely:

- 1) The turnaround of its performance in 2019;
- 2) The change in its major shareholder to JAYMART Public Company (JMART TB, not rated), which was able to improve SINGER's performance.

Also, SINGER's share price performance and analyst expectations are similar to KTC's during the periods outlined above. SINGER's share price did not move noticeably in 2019 to early 2020, as the market consensus did not believe that SINGER would be able to deliver sustainable growth. However, after SINGER proved it was able to deliver robust performance, its share price started to take off in mid-2020 to present, especially during the last two weeks after its 4Q20 results announcement and the analyst meeting where its management provided good guidance.

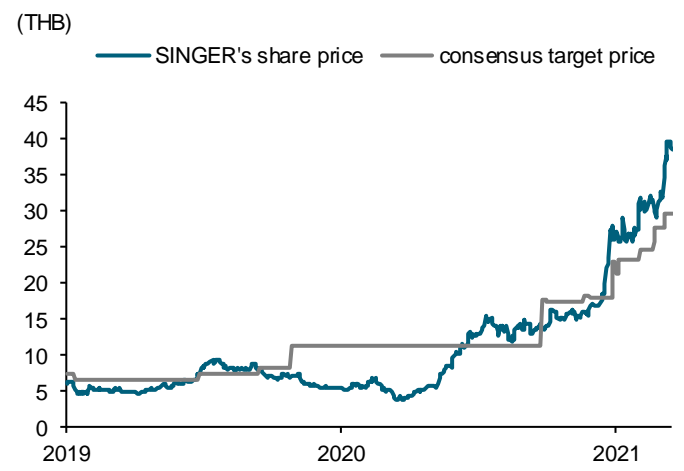
We believe its share price could continue to rally, going from being traded at 1-2.5x P/BV to the maximum 7x P/BV, as we think that the market is presently underestimating SINGER's performance. An EPS upgrade may occur once SINGER's next results are released.

Exhibit 5: KTC’s share price vs consensus target price



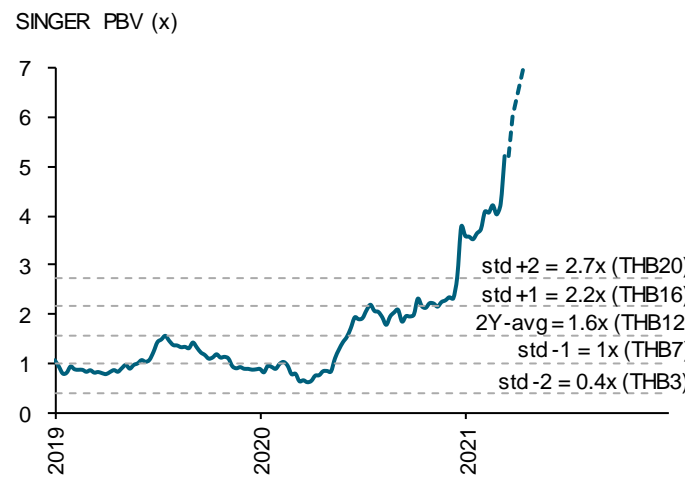
Sources: Bloomberg; FSSIA’s compilation

Exhibit 6: SINGER’s share price vs consensus target price



Sources: Bloomberg; FSSIA’s compilation

Exhibit 7: SINGER’s one-year prospective P/BV band



Sources: Bloomberg; FSSIA’s compilation

Exhibit 8: FSSIA’s vs Bloomberg consensus’ earnings forecast

	----- Net profit -----		Target
	2021E	2022E	price
	(THB m)	(THB m)	(THB)
FSSIA	659	905	50
Bloomberg	610	788	29.5

Sources: Bloomberg; FSSIA’s compilation

“The forest surrounds the city” could support sustainable growth

In 2021, the company’s strategy is to expand its customer base into more cities from its currently large provincial customer base. SINGER has rebranded its image by using Mr. Note Udom as its influencer. Moreover, it just has launched a new product sales channel through the Line messaging app under @SingerConnect. It has also added more electrical products such as fryers, air purifiers, etc. to capture a new customer base. We think this strategy will help increase sales starting from 2022. Additionally, we see that the company might cross-sell its products, i.e., insurance and mobile phones from JMART, to its urban customer base.

Exhibit 9: SINGER’s new advertisement



Sources: SINGER

Exhibit 10: Line official account of SINGER “@SingerConnect”



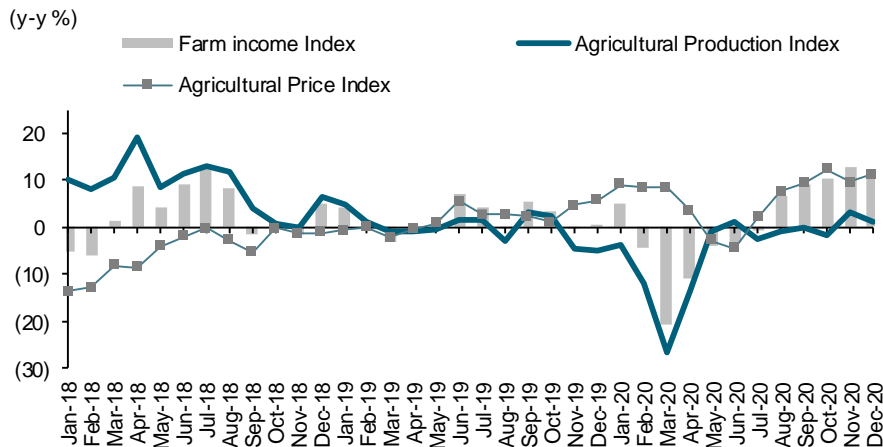
Sources: SINGER

The existing business should continue to post robust growth

The strategy of expanding its customer base could take at least one year to start generating profits. However, we expect its existing business to focus on rural customers and think that both its traditional business that has been operating for more than 100 years, i.e., electrical appliance instalment sales, and its new businesses that started 4-5 years ago, i.e., the auto title loan business, will continue to experience robust growth.

Robust electrical and home appliance loan growth to continue

One of SINGER’s main businesses is selling electrical products and home appliances under the “Singer” brand to low- to middle-income retail customers in rural areas who are unable to access banking services, i.e., credit card and personal loans. It books sales of goods at marked-up margins by around 40-45%. SINGER then offers instalment plans or hire purchase (HP) contracts for periods of 12-36 months for the products it sells. Approximately 95% of its products are sold under the instalment sales service program.

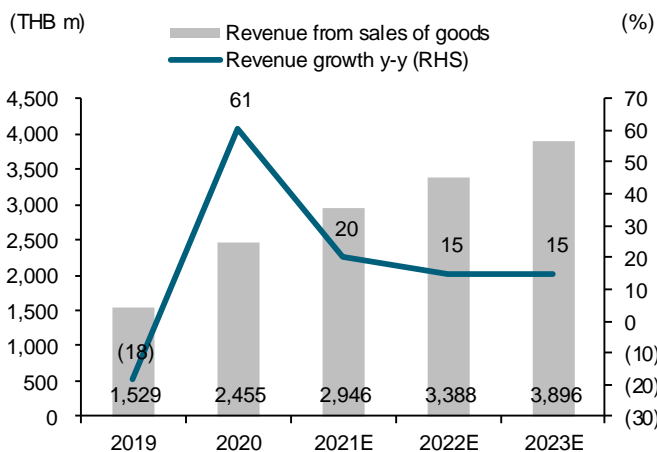
Exhibit 11: Change in farm income index

Sources: Office of Agricultural Economics (OAE); FSSIA's compilation

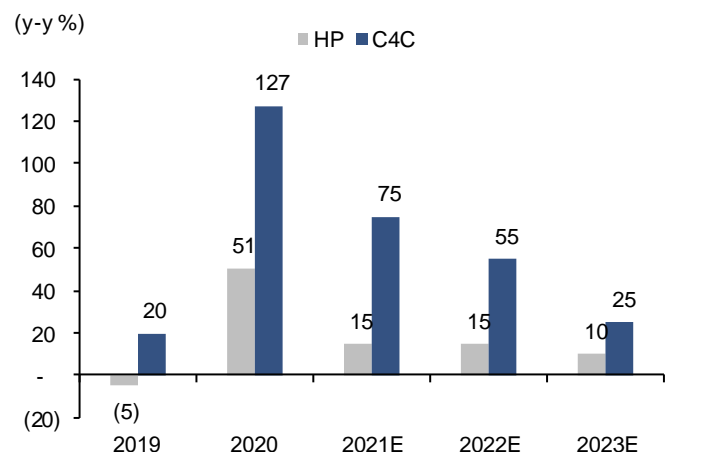
After seeing a strong turnaround in its electrical appliance sales, with 61% y-y revenue growth in 2020, we believe that that growth momentum will be maintained in 2021. We expect the momentum to be backed up by 1) a solid and continued rebound in farm incomes which increased by 12% in Dec 2020 from a 21% y-y drop in Mar 2020, resulting in a higher demand for home appliances in rural areas; 2) its strong branding; and 3) its nationwide branch and sales distribution networks. The company plans to increase the number of its electrical appliance franchisees, doubling to 4,000.

We believe its electrical and home appliances sales will increase by 20% y-y in 2021 vs the company's target of 25% y-y. Also, we expect its HP loans for electrical products and home appliances to rise moderately by 15% y-y in 2021.

Exhibit 12: Revenue growth of electrical and home appliance sales and gross margin



Sources: SINGER; FSSIA's compilation

Exhibit 13: Loan growth by type

Sources: SINGER; FSSIA's compilation

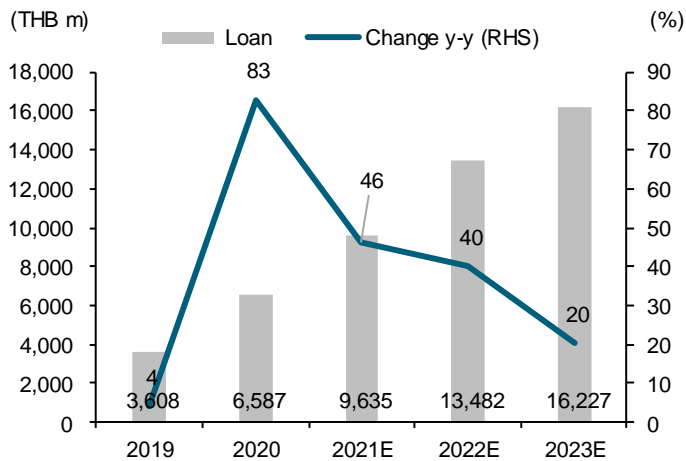
Significant increase in auto title loans

We project SINGER to experience remarkable loan growth in 2021-22 at 46% y-y and 40% y-y, respectively, due mainly to an aggressive auto title loan expansion.

SINGER started its auto title loan business in 2017 under the name "Rod Tum Ngern". At present, its loan portfolio is comprised of 49% auto title loans, or THB2.7b, vs 36% at the end of 2018. The company plans to grow its auto title loans aggressively, especially truck title loans for the fleet segment. Hence, the proportion of its auto title loans should account for more than 60% in 2021, according to management.

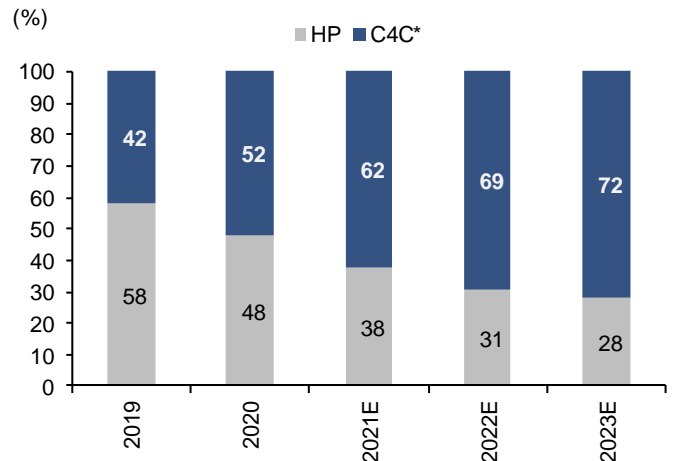
We forecast SINGER's auto title loans to continue to increase substantially at 85% y-y and 48% y-y in 2021-22, respectively, vs 77% as of 9M20, supported by 1) its unique marketing strategy to approach untapped clients; and 2) the expansion of the auto title loan market.

Exhibit 14: Loan growth



Sources: SINGER; FSSIA estimates

Exhibit 15: Loan breakdown



*C4C = Car for cash

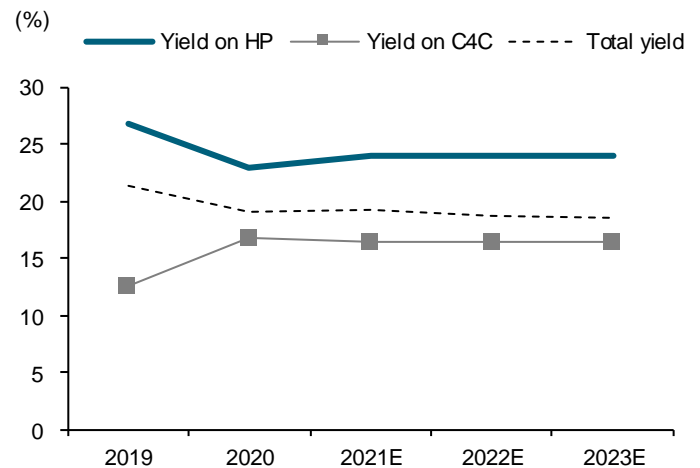
Sources: SINGER; FSSIA estimates

Exhibit 16: Main characteristics of SINGER's loans

Characteristic	Value
Electrical appliance portfolio	
Portfolio size as of 3Q20	THB 2.8b
Average interest rate	23-24%
Instalment period	12-36 months
Loan-to-value (LTV)	90-95%
Average ticket size	THB 20,000-50,000
Auto title portfolio (C4C)	
Portfolio size as of 3Q20	THB 2.7b
Average interest rate	16-17%
Instalment period	48-60 months
Loan-to-value (LTV)	60-80%
Lending range	
- Large and medium-size operators	THB3m-30m
- Retail	THB50k - THB3m

Source: SINGER

Exhibit 17: Loan yield by product



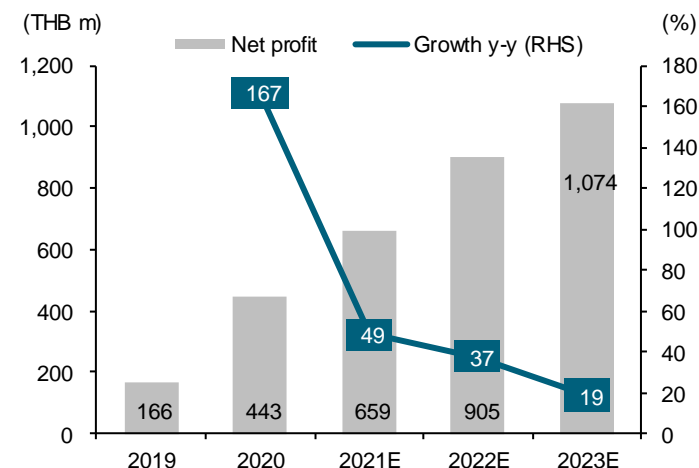
Sources: SINGER; FSSIA estimates

Notable net profit growth

We expect SINGER to deliver a record high net profit of THB659m (+49% y-y) in 2021, backed by 1) remarkable 2021E loan growth of 46% y-y thanks mainly to the solid growth of its auto title loans; 2) an increase in electrical and home appliance sales by 20% y-y; and 3) a stable gross profit margin for its electrical products and home appliances due to competitive dealer pricing policies.

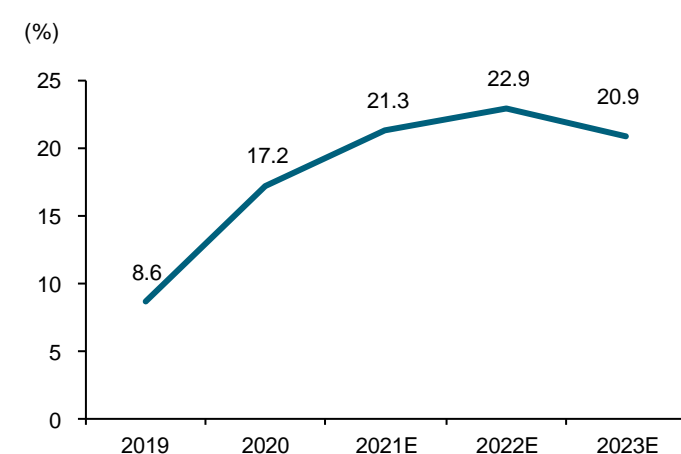
Note that SINGER's 2021-22E EPS could increase at a slower rate than its net profit at 16% y-y and 24% y-y, respectively, due to the exercise of SINGER-W1 and SINGER-W2. We assume that all of the outstanding SINGER-W1 warrants will be exercised in 2020. 50% of SINGER-W2 will be exercised at the end of 2021 and the rest of SINGER-W2 will be exercised at the end of 2022.

Exhibit 18: Net profit growth



Sources: SINGER; FSSIA estimates

Exhibit 19: ROE could climb to 21.3% in 2021



Sources: SINGER; FSSIA estimates

Exhibit 20: SINGER's warrants

	SINGER W-1	SINGER W-2
Total warrants (m units)	65.75	65.75
Outstanding warrants (m units)	12.11	65.73
Last exercise date	23-Apr-21	23-Apr-23
Exercise price (THB per share)	7.0	14.0
Exercise ratio (Warrant : Common stock)	1:1	1:1
Cash from conversion (THB m)	85	920

Sources: SINGER; FSSIA estimates

Net profit and TP revisions

We revise up our 2021-22E net profit by 12%/16% to reflect our 1) higher 2021-22 loan growth assumptions from 42%/37% to 46%/40%; 2) lower cost of fund assumptions from 5.3%/5.3% to 5.2%/5.0%; and 3) lower credit cost assumptions from 400/450 bps to 300/300 bps.

Exhibit 21: Key changes in assumptions

	2020	2021E			2022E			2023E
	Actual	Old	New	Change	Old	New	Change	New
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)
Net interest income	748	1,156	1,254	8.5	1,606	1,750	8.9	2,211
Non-interest income*	2,651	2,720	3,170	16.6	2,980	3,643	22.2	4,186
Operating income*	3,398	3,876	4,425	14.1	4,587	5,393	17.6	6,397
Operating expenses	2,819	2,843	3,433	20.7	3,127	3,982	27.3	4,657
PPOP before tax*	580	1,033	992	(4.0)	1,459	1,411	(3.3)	1,740
Provision (Reversal)	141	310	243	(21.6)	500	347	(30.7)	446
Taxes expenses	(4)	134	90	(32.8)	177	160	(10.0)	220
Minority interest	-	0	-		0	-		-
Normalized profit	443	589	659	11.8	781	905	15.8	1,074
Extraordinary items	-	0	-		0	-		-
Net profit	443	589	659	11.8	781	905	15.8	1,074
EPS (THB)	1.09	1.26	1.42	12.8	1.56	1.87	19.7	2.08
Key statistic and ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Asset quality ratio								
Gross NPLs (THB m)	292	406	394	(3.0)	528	512	(3.0)	563
Gross NPLs / Loans	4.43	4.3	4.1		4.1	3.8		3.47
Loan loss reserve/NPLs	98	101	86		124	81		95
Credit cost (bp)	276	400	300		450	300		300
Profitability ratio								
Cost to income ratio	82.9	73.3	77.6		68.2	73.8		72.8
Average yield	19.1	19.4	19.6		18.8	19.0		18.7
Cost of funds	5.42	5.30	5.20		5.30	5.00		5.0
Net interest margin (NIM)	14.7	14.9	15.5		14.4	15.1		14.9
% growth								
Loan growth (y-y)	82.6	42.4	46.3		37.1	39.9		20.4

*Including share of profits from associates

Source: FSSIA estimates

We revise up our GGM-based TP to THB50 from THB28 to reflect our higher ROE and long-term growth assumptions, leading to a higher target 2021E P/BV of 6.9x from 3.8x. Our target price implies a 35x 2021E P/E with 49% 2021E net profit growth.

Exhibit 22: SINGER – GGM-derived target price

Target price (THB)	50 (from 28)
Recommendation	BUY (from HOLD)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	11.0 (unchanged)
Terminal growth (%)	10.3 (from 9.6)
ROE target (%)	22.0 (from 19)
Target PBV (x)	6.9 (from 3.8)
Risk to TP	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.

Source: FSSIA estimates

Exhibit 23: SINGER – financial statements

Year to Dec	2019	2020	2021E	2022E	2023E
Profit and loss statement	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Revenue from sales of goods	1,529	2,455	2,946	3,388	3,896
Cost of sales of goods	837	1,347	1,620	1,863	2,143
Gross profit	693	1,108	1,326	1,524	1,753
Interest income from hire-purchase contracts and loans	753	972	1,593	2,200	2,780
Interest expense	163	225	338	450	569
Net interest income	590	748	1,254	1,750	2,211
Revenue from rendering of services	78	71	82	88	95
Cost of rendering of services	47	37	43	46	50
Net rendering services	31	34	39	42	46
Other income	250	160	184	212	244
Operating income	1,563	2,051	2,803	3,528	4,253
Distribution costs	624	1,066	1,326	1,558	1,870
Administrative expenses	374	406	487	560	644
Total operating expenses	998	1,472	1,813	2,119	2,514
PPOP (Pre provision operating profit)	565	580	992	1,411	1,740
Expected credit loss	409	141	243	347	446
Pretax profit	156	439	748	1,064	1,294
Tax expense	(10)	(4)	90	160	220
Extra items	-	-	-	-	-
Net profit	166	443	659	905	1,074

Source: SINGER; FSSIA estimates

Exhibit 24: Key financial highlights

Year to Dec	2019	2020	2021E	2022E	2023E
Change y-y	(%)	(%)	(%)	(%)	(%)
Revenue from sales of goods	(18.5)	60.5	20.0	15.0	15.0
Net interest income	9.3	26.7	67.7	39.5	26.3
Norm profit	na.	166.6	48.6	37.3	18.8
Net profit	na.	166.6	48.6	37.3	18.8
Net EPS	na.	136.7	30.6	31.5	7.8
Norm EPS	na.	136.7	30.6	31.5	7.8
Loan	4.1	82.6	46.3	39.9	20.4
- HP	(5.0)	50.5	15.0	15.0	10.0
- C4C	20.0	127.1	75.0	55.0	25.0
NPL	(8.1)	(12.7)	35.0	30.0	10.0
Profitability ratio	(%)	(%)	(%)	(%)	(%)
Gross margin	45.3	45.1	45.0	45.0	45.0
Operating margin	59.9	56.1	58.4	59.9	60.6
PPOP margin	21.6	15.8	20.6	23.9	24.8
Net profit margin	6.4	12.1	13.7	15.3	15.3
SG&A to revenue ratio	38.2	40.2	37.7	36.0	35.8
Loan yield	21.3	19.1	19.6	19.0	18.7
Cost of funds	5.8	5.4	5.2	5.0	5.0
Asset quality ratio	(%)	(%)	(%)	(%)	(%)
NPL ratio	9.3	4.4	4.1	3.8	3.5
Coverage ratio	25.2	98.3	85.7	81.0	95.1
Liquidity ratio	(%)	(%)	(%)	(%)	(%)
Debt/equity	1.5	2.3	2.6	2.6	2.4
Int. bearing debt/equity	1.2	1.9	2.2	2.3	2.1

Source: SINGER; FSSIA estimates

Financial Statements

Singer Thailand

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	753	972	1,593	2,200	2,780
Interest expense	(163)	(225)	(338)	(450)	(569)
Net interest income	590	748	1,254	1,750	2,211
Net fees & commission	31	34	39	42	46
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	1,779	2,616	3,131	3,601	4,141
Non interest income	1,810	2,651	3,170	3,643	4,186
Total income	2,400	3,398	4,425	5,393	6,397
Staff costs	-	-	-	-	-
Other operating costs	(1,835)	(2,819)	(3,433)	(3,982)	(4,657)
Operating costs	(1,835)	(2,819)	(3,433)	(3,982)	(4,657)
Pre provision operating profit	565	580	992	1,411	1,740
Provision for bad and doubtful debt	(409)	(141)	(243)	(347)	(446)
Other provisions	-	-	-	-	-
Operating profit	156	439	748	1,064	1,294
Recurring non operating income	0	0	0	0	0
Associates	0	0	0	0	0
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	156	439	748	1,064	1,294
Tax	10	4	(90)	(160)	(220)
Profit after tax	166	443	659	905	1,074
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	166	443	659	905	1,074
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	166	443	659	905	1,074
Per share (THB)					
Recurring EPS *	0.46	1.09	1.42	1.87	2.08
Reported EPS	0.46	1.09	1.42	1.87	2.08
DPS	0.10	0.24	0.36	0.47	0.54
Growth					
Net interest income (%)	9.3	26.7	67.7	39.5	26.3
Non interest income (%)	(16.0)	46.5	19.6	14.9	14.9
Pre provision operating profit (%)	42.3	2.6	71.1	42.3	23.3
Operating profit (%)	nm	181.7	70.6	42.2	21.6
Reported net profit (%)	nm	166.6	48.6	37.3	18.8
Recurring EPS (%)	nm	136.7	30.6	31.5	11.2
Reported EPS (%)	nm	136.7	30.6	31.5	11.2
Income Breakdown					
Net interest income (%)	24.6	22.0	28.3	32.4	34.6
Net fees & commission (%)	1.3	1.0	0.9	0.8	0.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	74.1	77.0	70.8	66.8	64.7
Operating performance					
Gross interest yield (%)	21.30	19.08	19.64	19.03	18.71
Cost of funds (%)	5.78	5.42	5.20	5.00	5.00
Net interest spread (%)	15.52	13.66	14.44	14.03	13.71
Net interest margin (%)	16.7	14.7	15.5	15.1	14.9
Cost/income(%)	76.5	82.9	77.6	73.8	72.8
Cost/assets(%)	33.4	37.2	32.2	28.2	26.2
Effective tax rate (%)	(6.7)	(1.0)	12.0	15.0	17.0
Dividend payout on recurring profit (%)	21.7	21.9	25.0	25.0	25.8
ROE (%)	8.6	17.2	21.3	22.9	20.9
ROE - COE (%)	(2.2)	6.4	10.5	12.1	10.1
ROA (%)	3.0	5.9	6.2	6.4	6.0
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Singer Thailand; FSSIA estimates

Financial Statements

Singer Thailand

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	3,608	6,587	9,635	13,482	16,227
Total provisions	(84)	(287)	(337)	(414)	(535)
interest in suspense	4	17	24	34	41
Net customer loans	3,528	6,318	9,322	13,102	15,732
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	321	403	424	445	467
Cash & equivalents	552	715	281	290	641
Other interesting assets	-	-	-	-	-
Tangible fixed assets	426	433	441	448	456
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	1,080	1,378	1,588	1,853	2,113
Total assets	5,907	9,247	12,055	16,138	19,409
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	2,850	5,442	7,570	10,429	12,331
Non interest bearing liabilities	713	995	1,099	1,192	1,294
Hybrid Capital	-	-	-	-	-
Total liabilities	3,563	6,437	8,669	11,620	13,625
Share capital	402	413	425	457	490
Reserves	1,942	2,398	2,962	4,060	5,293
Total equity	2,344	2,810	3,387	4,518	5,784
Minority interests	0	0	0	0	0
Total liabilities & equity	5,907	9,247	12,055	16,138	19,409
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	3,537	5,098	8,111	11,558	14,855
Average interest bearing liabilities	2,826	4,146	6,506	8,999	11,380
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)	334	292	394	512	563
Per share (THB)					
Book value per share	5.84	6.17	7.25	9.03	11.57
Tangible book value per share	5.84	6.17	7.25	9.03	11.57
Growth					
Gross customer loans	4.1	82.6	46.3	39.9	20.4
Average interest earning assets	22.0	44.1	59.1	42.5	28.5
Total asset (%)	16.0	56.6	30.4	33.9	20.3
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	39.7	30.4	28.1	28.0	29.8
Tangible equity/assets (%)	39.7	30.4	28.1	28.0	29.8
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	(8.1)	(12.7)	35.0	30.0	10.0
NPL/gross loans (%)	9.3	4.4	4.1	3.8	3.5
Total provisions/gross loans (%)	2.3	4.4	3.5	2.6	3.3
Total provisions/NPL (%)	25.2	98.3	85.7	81.0	95.1
Valuation					
Recurring P/E (x) *	82.1	34.7	26.5	20.2	18.1
Recurring P/E @ target price (x) *	108.7	45.9	35.2	26.7	24.0
Reported P/E (x)	82.1	34.7	26.5	20.2	18.1
Dividend yield (%)	0.3	0.6	0.9	1.2	1.4
Price/book (x)	6.5	6.1	5.2	4.2	3.3
Price/tangible book (x)	6.5	6.1	5.2	4.2	3.3
Price/tangible book @ target price (x)	8.6	8.1	6.9	5.5	4.3

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Singer Thailand; 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	ICHI	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	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
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	WIIK	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	HL	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:

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 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANA	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	SEAOL	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	TMB	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:

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

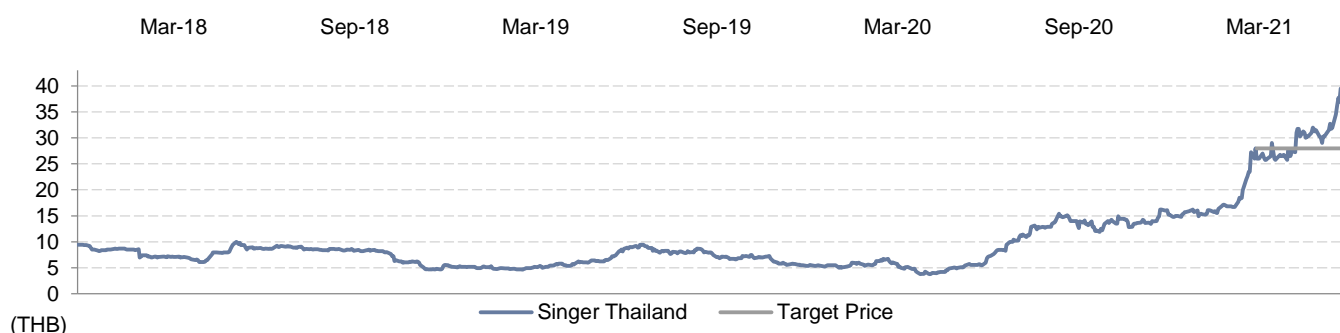
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Singer Thailand (SINGER TB)



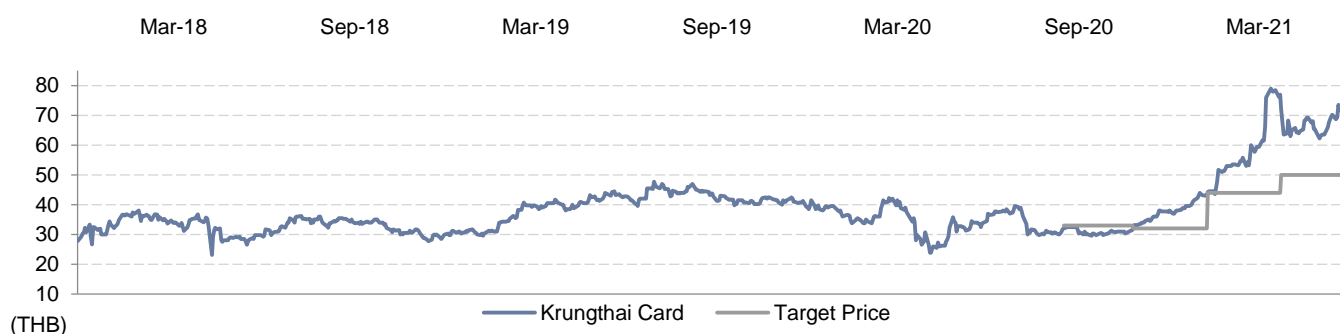
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Dec-2020	HOLD	28.00	-	-	-	-	-	-

Yuvanart Suwanumphai started covering this stock from 29-Dec-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	17-Nov-2020	HOLD	44.00	-	-	-
14-Sep-2020	HOLD	32.00	19-Jan-2021	REDUCE	50.00	-	-	-

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
Singer Thailand	SINGER TB	THB 37.75	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Krungthai Card	KTC TB	THB 75.25	REDUCE	Upside risks to our GGM-derived TP include 1) stronger-than-expected auto title loan growth; and 2) a better-than-expected bad debt recovery.

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 22-Mar-2021 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.