

12 MAY 2021

THAILAND / UTILITIES - CONVENTIONAL

## ELECTRICITY GENERATING EGCO TB

BUY  
UNCHANGED

|                 |           |
|-----------------|-----------|
| TARGET PRICE    | THB245.00 |
| CLOSE           | THB175.00 |
| UP/DOWNSIDE     | +40.0%    |
| TP vs CONSENSUS | -3.9%     |

## ผลขาดทุนจากอัตราแลกเปลี่ยนกระทบผลประกอบการ 1Q21

## ผลประกอบการ 1Q21 อ่อนแอจากผลขาดทุนจากอัตราแลกเปลี่ยน

EGCO รายงานกำไรสุทธิ (NP) 1Q21 ที่ 585 ลบ. ลดลง 67.5% q-q แต่พลิกจากที่เคยขาดทุนสุทธิ (NL) 413 ลบ. ใน 1Q20 เมื่อหักผลขาดทุนจากอัตราแลกเปลี่ยนจำนวน 1.2 พัน ลบ. NP จากการดำเนินงานอยู่ที่ 1.6 พัน ลบ. ลดลง 34% y-y แต่ดีขึ้นจากที่เคย NL 376 ลบ. ใน 4Q20 กำไรดังกล่าวต่ำกว่าที่เราคาด 18% และต่ำกว่าตลาดคาด 22% โดยมีปัจจัยผลักดันสำคัญประกอบด้วย NPs ที่ลดลงของ XPCL และ KEGCO ซึ่งหักลบกับ NPs ที่เพิ่มขึ้น q-q ของ BLCP, GPG, Paju, Quezon, NTPC รวมถึงโรงไฟฟ้าขนาดเล็ก (SPPs) และโรงไฟฟ้าพลังงานหมุนเวียนขนาดเล็กมาก (VSPPs) รายได้ลดลงเหลือ 7.1 พัน ลบ. (-18.6% y-y, -4.4% q-q) จากปริมาณขายไฟฟ้าที่ลดลง y-y

## กำไรสุทธิจากการดำเนินงานลดลงใน 1Q21

NP จากการดำเนินงานจำนวน 1.6 พัน ลบ. ถูกจุดโดยส่วนแบ่งกำไรของ XPCL (2 ลบ.) และ KEGCO (34 ลบ.) ซึ่งหักลบกับ NPs ที่สูงขึ้น q-q ของ BLCP (140 ลบ.), GPG (280 ลบ.), Paju (429 ลบ.), Quezon (815 ลบ.), NTPC (410 ลบ.), SPPs (324 ลบ.) VSPPs (357 ลบ.) รวมถึงธุรกิจอื่น ๆ (111 ลบ.) NPs ของ 3 โรงไฟฟ้าหลักของ EGCO ลดลงต่อเนื่อง y-y โดย NP ของ BLCP ลดลงเหลือ 140 ลบ. ในขณะที่ NP ของ KEGCO ลดลงเหลือ 34 ลบ. (-86% q-q) จากค่าความพร้อมจ่าย (AP) ที่ลดลง ท้ายที่สุด NP ของ XPCL อยู่ที่เพียง 2 ลบ. จากระดับหน้าที่ลดลงตามฤดูกาล

## NP ใน 2Q21 ควรฟื้นตัว q-q

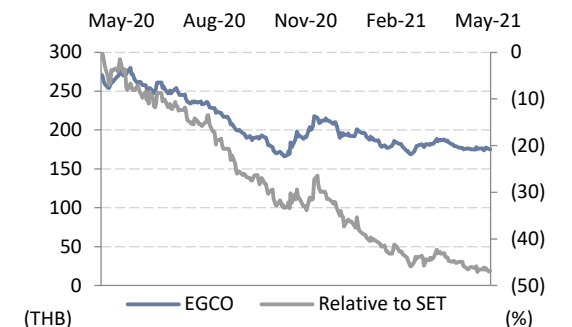
เราคาดว่า NP ของ EGCO จะฟื้นตัวใน 2Q21 โดยมีปัจจัยผลักดันจาก 1) โรงไฟฟ้าพลังก๊าซขนาด 1.8GW ของ Paju ในเกาหลีใต้จากความต้องการที่ใกล้เพิ่มขึ้นตามฤดูกาล; 2) โรงไฟฟ้าพลังน้ำขนาด 1.28GW ของ Xayaburi (XPCL, EGCO ถือหุ้น 12.5%) ซึ่งเริ่มดำเนินงานเชิงพาณิชย์ (COD) ในเดือน ต.ค. 19 จากระดับน้ำที่สูงขึ้น ซึ่งช่วยผลักดันอัตราความสามารถในการผลิตไฟฟ้า (Capacity Factor) ให้สูงขึ้น; 3) โรงไฟฟ้าที่ใช้เทคโนโลยีเซลล์เชื้อเพลิงขนาด 19.8MW ของ Gangdong (Gangdong, EGCO ถือหุ้น 49%) ในเกาหลีใต้ ซึ่งเริ่ม COD ในเดือน ต.ค. 20; 4) โรงไฟฟ้าพลังลมนอกชายฝั่งขนาด 640MW ของ Yunlin ในไต้หวัน (Yunlin, EGCO ถือหุ้น 25%) ซึ่งมีกำหนด COD ใน 3Q21; 5) Thai Pipeline Network (TPN, EGCO ถือหุ้น 44.6%) ซึ่งมีกำหนด COD ใน 4Q21; and 5) โรงไฟฟ้าพลังน้ำขนาด 644MW ของ Nam Theun 1 ในลาว (NT1PC, EGCO ถือหุ้น 25%) ซึ่งมีกำหนด COD ใน 2Q22

## คงคำแนะนำซื้อ

เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 245 บาท (SoTP) ในขณะที่ผลกระทบระยะสั้นจากอัตราแลกเปลี่ยนอาจมีผลให้ NP รายไตรมาสที่ออกมาที่มีความผันผวนสูง เรามองว่า NP จากการดำเนินงานของ EGCO ควรยังอยู่ในระดับที่ดีในปี 2021 จาก NP ที่คาดว่าจะฟื้นตัวของโรงไฟฟ้าของบริษัทฯ

## KEY STOCK DATA

| YE Dec (THB m)      | 2020   | 2021E  | 2022E  | 2023E  |
|---------------------|--------|--------|--------|--------|
| Revenue             | 33,578 | 40,105 | 41,225 | 42,390 |
| Net profit          | 8,733  | 13,061 | 17,076 | 16,531 |
| EPS (THB)           | 16.59  | 24.81  | 32.43  | 31.40  |
| vs Consensus (%)    | -      | 22.2   | 42.0   | 21.0   |
| EBITDA              | 8,838  | 11,360 | 14,359 | 13,632 |
| Core net profit     | 8,215  | 13,061 | 17,076 | 16,531 |
| Core EPS (THB)      | 15.60  | 24.81  | 32.43  | 31.40  |
| EPS growth (%)      | (35.8) | 59.0   | 30.7   | (3.2)  |
| Core P/E (x)        | 11.2   | 7.1    | 5.4    | 5.6    |
| Dividend yield (%)  | 4.9    | 4.1    | 4.3    | 4.3    |
| EV/EBITDA (x)       | 18.5   | 13.8   | 10.0   | 9.7    |
| Price/book (x)      | 0.9    | 0.8    | 0.7    | 0.7    |
| Net debt/Equity (%) | 68.7   | 57.1   | 40.8   | 27.9   |
| ROE (%)             | 7.9    | 12.3   | 14.5   | 12.7   |



| Share price performance        | 1 Month       | 3 Month | 12 Month |
|--------------------------------|---------------|---------|----------|
| Absolute (%)                   | (2.2)         | (4.9)   | (35.2)   |
| Relative to country (%)        | (3.0)         | (9.1)   | (47.2)   |
| Mkt cap (USD m)                | 2,962         |         |          |
| 3m avg. daily turnover (USD m) | 11.6          |         |          |
| Free float (%)                 | 50            |         |          |
| Major shareholder              | EGAT (25%)    |         |          |
| 12m high/low (THB)             | 283.00/163.50 |         |          |
| Issued shares (m)              | 526.47        |         |          |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 12 พฤษภาคม 2021

## Exhibit 1: Summary of 1Q21 operations

|                          | 1Q20         | 4Q20         | 1Q21         |                  | 2020             | 2021E         | Chg.          | Comments    |  |
|--------------------------|--------------|--------------|--------------|------------------|------------------|---------------|---------------|-------------|--|
|                          | (THB m)      | (THB m)      | (THB m)      | (q-q %)          |                  |               |               |             | (y-y %)  |
| <b>Revenue</b>           | <b>8,729</b> | <b>7,435</b> | <b>7,109</b> | <b>(4.4)</b>     | <b>(18.6)</b>    | <b>33,578</b> | <b>40,105</b> | <b>19.4</b> | <b>Lower due to lower AP</b>                                 |
| Operating costs          | (6,823)      | (5,566)      | (5,442)      | (2.2)            | (20.2)           | (22,126)      | (25,624)      | 15.8        | Lower due to lower electricity demand                        |
| <b>EBITDA</b>            | <b>1,906</b> | <b>1,868</b> | <b>1,667</b> | <b>(10.8)</b>    | <b>(12.6)</b>    | <b>8,838</b>  | <b>11,360</b> | <b>28.5</b> | <b>Lower due to lower sales volume</b>                       |
| <i>EBITDA margin (%)</i> | 21.8         | 25.1         | 23.4         | <i>nm</i>        | <i>nm</i>        | 26.3          | 28.3          | <i>nm</i>   |  |
| Depn & amort.            | (774)        | (784)        | (759)        | (3.2)            | (1.9)            | (3,131)       | (3,174)       | 1.4         |  |
| EBIT                     | 1,133        | 1,084        | 908          | (16.2)           | (19.8)           | 5,707         | 8,186         | 43.4        |  |
| Interest expense         | (4,481)      | 741          | (2,276)      | <i>nm</i>        | (49.2)           | (4,221)       | (4,144)       | (1.8)       | FX loss of THB1.2b in 1Q21                                   |
| Interest & invt inc      | -            | -            | -            | <i>nm</i>        | <i>nm</i>        | -             | -             | <i>nm</i>   |  |
| Other income             | 602          | 1,810        | 521          | (71.2)           | (13.5)           | 2,079         | 2,590         | 24.6        |  |
| Associates' contrib      | 1,685        | (131)        | 1,721        | <i>nm</i>        | 2.1              | 5,699         | 7,306         | 28.2        | Higher due to higher NPs from BLCP, KEGCO and XPCL           |
| Exceptional              | 926          | (1,514)      | (286)        | (81.1)           | (130.8)          | 518           | -             | <i>nm</i>   |  |
| <b>Pretax profit</b>     | <b>(135)</b> | <b>1,990</b> | <b>588</b>   | <b>(70.5)</b>    | <b><i>nm</i></b> | <b>9,782</b>  | <b>14,110</b> | <b>44.2</b> | <b>Lower q-q due to lower AP for BLCP and KEGCO</b>          |
| Tax                      | (272)        | (173)        | 6            | <i>nm</i>        | (102.0)          | (1,022)       | (874)         | (14.5)      |  |
| <i>Tax rate (%)</i>      | (201.4)      | 8.7          | (0.9)        | <i>nm</i>        | <i>nm</i>        | 10.4          | 6.2           | <i>nm</i>   |  |
| Minority interests       | (7)          | (13)         | (8)          | (36.3)           | 23.4             | (27)          | (175)         | 551.4       |  |
| <b>Net profit</b>        | <b>(413)</b> | <b>1,804</b> | <b>585</b>   | <b>(67.5)</b>    | <b><i>nm</i></b> | <b>8,733</b>  | <b>13,061</b> | <b>49.6</b> |  |
| Non-recurring            | (2,820)      | 2,180        | (993)        | <i>nm</i>        | (64.8)           | 518           | -             | <i>nm</i>   |  |
| <b>Core net profit</b>   | <b>2,407</b> | <b>(376)</b> | <b>1,578</b> | <b><i>nm</i></b> | <b>(34.4)</b>    | <b>8,215</b>  | <b>13,061</b> | <b>59.0</b> | <b>18% below our estimate, 22% below Bloomberg consensus</b> |
| EPS (THB)                | (0.79)       | 3.43         | 1.11         | (67.5)           | (241.6)          | 16.59         | 24.81         | 49.6        |  |
| Core EPS (THB)           | 4.57         | (0.71)       | 3.00         | <i>nm</i>        | (34.4)           | 15.60         | 24.81         | 59.0        |  |

Sources: EGCO; FSSIA estimates

## Exhibit 2: 1Q21 key performance

| Operating profit   | 1Q20       | 4Q20       | 1Q21       | (q-q%)      | (y-y%)        |
|--|------------|------------|------------|-------------|---------------|
| <b>IPP (Domestics)</b>   |            |            |            |             |               |
| KEGCO  | 376        | 245        | 34         | (86.1)      | (91.0)        |
| BLCP   | 187        | (126)      | 140        | <i>nm</i>   | (25.1)        |
| GPG  | 305        | 129        | 280        | 117.1       | (8.2)         |
| <b>IPP (Overseas)</b>  |            |            |            |             |               |
| Paju ES  | 713        | 64         | 429        | 570.3       | (39.8)        |
| XPCL   | (121)      | 40         | 2          | (95.0)      | <i>nm</i>     |
| Quezon   | 565        | 757        | 815        | 7.7         | 44.2          |
| NTPC   | 311        | 176        | 410        | 133.0       | 31.8          |
| <b>Other Overseas (NT1PC, SBPL, BRWF, SEG, SEGSD, GDFC and Yunlin)</b> | <b>370</b> | <b>172</b> | <b>284</b> | <b>65.1</b> | <b>(23.2)</b> |
| <b>SPP (EGCO Cogen, RG, BPU, KLU, CWF, GYG, NKCC and NED)</b>          | <b>325</b> | <b>252</b> | <b>324</b> | <b>28.6</b> | <b>(0.3)</b>  |
| <b>VSP (SPP2, SPP3, SPP4, SPP5, TWF, Solarco and GPS)</b>              | <b>326</b> | <b>260</b> | <b>357</b> | <b>37.3</b> | <b>9.5</b>    |
| <b>Other Businesses (ESCO, PEPOI, QMS, MME, EE and TPN)</b>            | <b>41</b>  | <b>108</b> | <b>111</b> | <b>2.8</b>  | <b>170.7</b>  |

Source: EGCO

## Exhibit 3: 1Q21 FX gain/loss

| (THB m)              | 1Q20           | 1Q21           | (y-y%)        | (THB m)                   | 1Q20         | 1Q21        | (y-y%)        |
|----------------------|----------------|----------------|---------------|---------------------------|--------------|-------------|---------------|
| <b>Total subs FX</b> | <b>(2,920)</b> | <b>(1,159)</b> | <b>(60.3)</b> | <b>Total JVEs FX</b>      | <b>(177)</b> | <b>(52)</b> | <b>(70.6)</b> |
| EGCO                 | (2,338)        | (803)          | (65.6)        | BLCP                      | (73)         | (41)        | (43.6)        |
| KEGCO                | (519)          | (226)          | (56.6)        | GPG                       | 17           | (2)         | (114.4)       |
| EGCO Cogen           | 0              | 0              | (100.0)       | GEC (NKCC, GYG)           | 0            | (0)         | <i>nm</i>     |
| ESCO                 | (0)            | 0              | (100.0)       | NTPC                      | (132)        | (24)        | (81.5)        |
| PEPOI                | (0)            | 1              | (2,575.0)     | MME                       | 6            | 2           | (58.0)        |
| QPL                  | 1              | (6)            | (1,249.1)     | SBPL                      | 0            | 1           | 693.3         |
| QMS                  | 0              | 1              | 663.6         | SEG                       | (1)          | (1)         | (17.1)        |
| YEH                  | 0              | 0              | (100.0)       | SEGSD                     | (8)          | (2)         | (72.8)        |
| KLU                  | 0              | 1              | 850.0         | XPCL                      | 7            | (16)        | (316.4)       |
| BPU                  | 16             | 9              | (47.7)        | PAJU ES                   | (6)          | (19)        | 234.9         |
| BRWF                 | 2              | (0)            | (111.4)       | E&E                       | (0)          | (0)         | 100.0         |
| EGCO Plus            | (81)           | (134)          | 65.9          | <b>Under construction</b> | <b>12</b>    | <b>50</b>   | <b>304.1</b>  |

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|              |                |                |               |  |  |  |  |  |
|--------------|----------------|----------------|---------------|--|--|--|--|--|
| <b>Total</b> | <b>(3,097)</b> | <b>(1,211)</b> | <b>(60.9)</b> |  |  |  |  |  |
|--------------|----------------|----------------|---------------|--|--|--|--|--|

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Source: EGCO

## Financial Statements

### Electricity Generating

| Profit and Loss (THB m) Year Ending Dec           | 2019          | 2020          | 2021E         | 2022E         | 2023E         |
|---|---------------|---------------|---------------|---------------|---------------|
| Revenue   | 37,511        | 33,578        | 40,105        | 41,225        | 42,390        |
| Cost of goods sold                                | (25,353)      | (22,126)      | (25,624)      | (23,658)      | (25,460)      |
| <b>Gross profit</b>                               | <b>12,158</b> | <b>11,451</b> | <b>14,481</b> | <b>17,567</b> | <b>16,930</b> |
| Other operating income                            | -             | -             | -             | -             | -             |
| Operating costs                                   | (2,890)       | (2,613)       | (3,121)       | (3,208)       | (3,299)       |
| <b>Operating EBITDA</b>                           | <b>9,268</b>  | <b>8,838</b>  | <b>11,360</b> | <b>14,359</b> | <b>13,632</b> |
| Depreciation                                      | (3,067)       | (3,131)       | (3,174)       | (3,250)       | (3,327)       |
| Goodwill amortisation                             | 0             | 0             | 0             | 0             | 0             |
| <b>Operating EBIT</b>                             | <b>6,201</b>  | <b>5,707</b>  | <b>8,186</b>  | <b>11,109</b> | <b>10,305</b> |
| Net financing costs                               | (1,553)       | (3,360)       | (3,972)       | (3,503)       | (2,975)       |
| Associates  | 6,405         | 4,838         | 7,306         | 8,316         | 8,018         |
| Recurring non-operating income                    | 9,076         | 6,917         | 9,896         | 10,906        | 10,608        |
| Non-recurring items                               | 262           | 518           | 0             | 0             | 0             |
| <b>Profit before tax</b>                          | <b>13,986</b> | <b>9,782</b>  | <b>14,110</b> | <b>18,512</b> | <b>17,938</b> |
| Tax   | (859)         | (1,022)       | (874)         | (1,246)       | (1,202)       |
| <b>Profit after tax</b>                           | <b>13,127</b> | <b>8,760</b>  | <b>13,236</b> | <b>17,266</b> | <b>16,736</b> |
| Minority interests                                | (67)          | (27)          | (175)         | (190)         | (205)         |
| Preferred dividends                               | 0             | 0             | 0             | 0             | 0             |
| Other items                                       | -             | -             | -             | -             | -             |
| <b>Reported net profit</b>                        | <b>13,059</b> | <b>8,733</b>  | <b>13,061</b> | <b>17,076</b> | <b>16,531</b> |
| <b>Non-recurring items &amp; goodwill (net)</b>   | <b>(262)</b>  | <b>(518)</b>  | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| <b>Recurring net profit</b>                       | <b>12,797</b> | <b>8,215</b>  | <b>13,061</b> | <b>17,076</b> | <b>16,531</b> |
| <b>Per share (THB)</b>                            |               |               |               |               |               |
| Recurring EPS *                                   | 24.31         | 15.60         | 24.81         | 32.43         | 31.40         |
| Reported EPS                                      | 24.81         | 16.59         | 24.81         | 32.43         | 31.40         |
| DPS   | 6.50          | 8.50          | 7.25          | 7.50          | 7.50          |
| Diluted shares (used to calculate per share data) | 526           | 526           | 526           | 526           | 526           |
| <b>Growth</b>                                     |               |               |               |               |               |
| Revenue (%)                                       | 5.6           | (10.5)        | 19.4          | 2.8           | 2.8           |
| Operating EBITDA (%)                              | 40.3          | (4.6)         | 28.5          | 26.4          | (5.1)         |
| Operating EBIT (%)                                | 80.2          | (8.0)         | 43.4          | 35.7          | (7.2)         |
| Recurring EPS (%)                                 | 36.3          | (35.8)        | 59.0          | 30.7          | (3.2)         |
| Reported EPS (%)                                  | (38.0)        | (33.1)        | 49.6          | 30.7          | (3.2)         |
| <b>Operating performance</b>                      |               |               |               |               |               |
| Gross margin inc. depreciation (%)                | 24.2          | 24.8          | 28.2          | 34.7          | 32.1          |
| Gross margin of key business (%)                  | 24.2          | 24.8          | 28.2          | 34.7          | 32.1          |
| Operating EBITDA margin (%)                       | 24.7          | 26.3          | 28.3          | 34.8          | 32.2          |
| Operating EBIT margin (%)                         | 16.5          | 17.0          | 20.4          | 26.9          | 24.3          |
| Net margin (%)                                    | 34.1          | 24.5          | 32.6          | 41.4          | 39.0          |
| Effective tax rate (%)                            | 11.3          | 20.7          | 12.8          | 12.2          | 12.1          |
| Dividend payout on recurring profit (%)           | 26.7          | 54.5          | 29.2          | 23.1          | 23.9          |
| Interest cover (X)                                | 9.8           | 3.8           | 4.6           | 6.3           | 7.0           |
| Inventory days                                    | -             | -             | -             | -             | -             |
| Debtor days                                       | 45.8          | 45.8          | 45.6          | 48.0          | 50.3          |
| Creditor days                                     | 49.3          | 43.5          | 38.6          | 43.1          | 39.9          |
| Operating ROIC (%)                                | 8.6           | 7.3           | 11.3          | 15.1          | 13.9          |
| ROIC (%)  | 7.8           | 5.4           | 8.2           | 9.9           | 9.4           |
| ROE (%)   | 12.5          | 7.9           | 12.3          | 14.5          | 12.7          |
| ROA (%)   | 6.9           | 5.2           | 7.8           | 9.4           | 8.8           |
| * Pre exceptional, pre-goodwill and fully diluted |               |               |               |               |               |
| <b>Revenue by Division (THB m)</b>                |               |               |               |               |               |
| Electricity generation                            | 36,524        | 32,654        | 39,176        | 40,308        | 41,472        |
| Other business                                    | 987           | 924           | 928           | 917           | 917           |

Sources: Electricity Generating; FSSIA estimates

## Financial Statements

### Electricity Generating

| Cash Flow (THB m) Year Ending Dec  | 2019            | 2020            | 2021E           | 2022E           | 2023E           |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Recurring net profit   | 12,797          | 8,215           | 13,061          | 17,076          | 16,531          |
| Depreciation   | 3,067           | 3,131           | 3,174           | 3,250           | 3,327           |
| Associates & minorities  | 6,405           | 4,838           | 7,306           | 8,316           | 8,018           |
| Other non-cash items   | -               | -               | -               | -               | -               |
| Change in working capital  | 1,258           | (3,935)         | (1,997)         | (977)           | (575)           |
| <b>Cash flow from operations</b>   | <b>23,527</b>   | <b>12,250</b>   | <b>21,543</b>   | <b>27,664</b>   | <b>27,300</b>   |
| Capex - maintenance  | (3,067)         | (3,131)         | (3,174)         | (3,250)         | (3,327)         |
| Capex - new investment   | (3,580)         | (3,032)         | (174)           | (250)           | (327)           |
| Net acquisitions & disposals   | (31,302)        | (9,331)         | 0               | 0               | 0               |
| Other investments (net)  | 21,474          | 10,714          | 7,306           | 8,316           | 8,018           |
| <b>Cash flow from investing</b>  | <b>(16,474)</b> | <b>(4,780)</b>  | <b>3,958</b>    | <b>4,815</b>    | <b>4,364</b>    |
| Dividends paid   | (3,254)         | (3,253)         | (4,475)         | (3,817)         | (3,948)         |
| Equity finance   | 0               | 0               | 0               | 0               | 0               |
| Debt finance   | (7,607)         | 3,108           | (10,000)        | (10,000)        | (10,000)        |
| Other financing cash flows   | (10,582)        | (10,576)        | (14,089)        | (15,940)        | (15,177)        |
| <b>Cash flow from financing</b>  | <b>(21,442)</b> | <b>(10,720)</b> | <b>(28,564)</b> | <b>(29,757)</b> | <b>(29,126)</b> |
| Non-recurring cash flows   | -               | -               | -               | -               | -               |
| Other adjustments  | 0               | 0               | 0               | 0               | 0               |
| <b>Net other adjustments</b>   | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Movement in cash</b>  | <b>(14,389)</b> | <b>(3,251)</b>  | <b>(3,063)</b>  | <b>2,722</b>    | <b>2,539</b>    |
| Free cash flow to firm (FCFF)  | 8,306.30        | 11,690.31       | 29,645.11       | 36,123.56       | 34,809.08       |
| Free cash flow to equity (FCFE)  | (11,135.70)     | 1.90            | 1,411.81        | 6,538.85        | 6,487.29        |
| <b>Per share (THB)</b>   |                 |                 |                 |                 |                 |
| FCFF per share   | 15.78           | 22.21           | 56.31           | 68.62           | 66.12           |
| FCFE per share   | (21.15)         | 0.00            | 2.68            | 12.42           | 12.32           |
| Recurring cash flow per share  | 42.30           | 30.74           | 44.71           | 54.40           | 52.95           |
| <b>Balance Sheet (THB m) Year Ending Dec</b>   |                 |                 |                 |                 |                 |
| Tangible fixed assets (gross)  | 81,165          | 76,050          | 79,050          | 82,050          | 85,050          |
| Less: Accumulated depreciation   | (28,384)        | (26,300)        | (29,474)        | (32,724)        | (36,051)        |
| <b>Tangible fixed assets (net)</b>   | <b>52,782</b>   | <b>49,750</b>   | <b>49,576</b>   | <b>49,326</b>   | <b>48,999</b>   |
| <b>Intangible fixed assets (net)</b>   | <b>11,702</b>   | <b>10,907</b>   | <b>10,907</b>   | <b>10,907</b>   | <b>10,907</b>   |
| Long-term financial assets   | -               | -               | -               | -               | -               |
| Invest. in associates & subsidiaries   | 87,281          | 96,612          | 96,612          | 96,612          | 96,612          |
| Cash & equivalents   | 20,488          | 17,237          | 14,174          | 16,896          | 19,435          |
| A/C receivable   | 3,613           | 4,811           | 5,212           | 5,624           | 6,048           |
| Inventories  | 0               | 0               | 0               | 0               | 0               |
| Other current assets   | 11,693          | 12,864          | 15,364          | 15,793          | 16,240          |
| <b>Current assets</b>  | <b>35,794</b>   | <b>34,911</b>   | <b>34,750</b>   | <b>38,313</b>   | <b>41,723</b>   |
| Other assets   | 20,963          | 22,257          | 22,257          | 22,257          | 22,257          |
| <b>Total assets</b>  | <b>208,523</b>  | <b>214,438</b>  | <b>214,103</b>  | <b>217,416</b>  | <b>220,498</b>  |
| Common equity  | 104,490         | 102,243         | 110,829         | 124,088         | 136,670         |
| Minorities etc.  | 616             | 591             | 766             | 956             | 1,161           |
| <b>Total shareholders' equity</b>  | <b>105,106</b>  | <b>102,834</b>  | <b>111,595</b>  | <b>125,044</b>  | <b>137,831</b>  |
| Long term debt   | 78,986          | 76,716          | 66,716          | 56,716          | 46,716          |
| Other long-term liabilities  | 11,951          | 18,597          | 18,597          | 18,597          | 18,597          |
| <b>Long-term liabilities</b>   | <b>90,937</b>   | <b>95,313</b>   | <b>85,313</b>   | <b>75,313</b>   | <b>65,313</b>   |
| A/C payable  | 2,769           | 2,510           | 2,907           | 2,684           | 2,888           |
| Short term debt  | 5,792           | 11,170          | 11,170          | 11,170          | 11,170          |
| Other current liabilities  | 3,918           | 2,610           | 3,117           | 3,205           | 3,295           |
| <b>Current liabilities</b>   | <b>12,479</b>   | <b>16,290</b>   | <b>17,194</b>   | <b>17,058</b>   | <b>17,353</b>   |
| <b>Total liabilities and shareholders' equity</b>  | <b>208,523</b>  | <b>214,438</b>  | <b>214,103</b>  | <b>217,416</b>  | <b>220,498</b>  |
| Net working capital  | 8,620           | 12,555          | 14,552          | 15,529          | 16,105          |
| Invested capital   | 181,348         | 192,081         | 193,904         | 194,632         | 194,880         |
| * Includes convertibles and preferred stock which is being treated as debt   |                 |                 |                 |                 |                 |
| <b>Per share (THB)</b>   |                 |                 |                 |                 |                 |
| Book value per share   | 198.48          | 194.21          | 210.52          | 235.70          | 259.60          |
| Tangible book value per share  | 176.25          | 173.49          | 189.80          | 214.98          | 238.88          |
| <b>Financial strength</b>  |                 |                 |                 |                 |                 |
| Net debt/equity (%)  | 61.2            | 68.7            | 57.1            | 40.8            | 27.9            |
| Net debt/total assets (%)  | 30.8            | 32.9            | 29.8            | 23.5            | 17.4            |
| Current ratio (x)  | 2.9             | 2.1             | 2.0             | 2.2             | 2.4             |
| CF interest cover (x)  | (3.9)           | 1.9             | 1.4             | 2.9             | 3.3             |
| <b>Valuation</b>   |                 |                 |                 |                 |                 |
| <b>Recurring P/E (x) *</b>   | <b>7.2</b>      | <b>11.2</b>     | <b>7.1</b>      | <b>5.4</b>      | <b>5.6</b>      |
| <b>Recurring P/E @ target price (x) *</b>  | <b>10.1</b>     | <b>15.7</b>     | <b>9.9</b>      | <b>7.6</b>      | <b>7.8</b>      |
| Reported P/E (x)   | 7.1             | 10.5            | 7.1             | 5.4             | 5.6             |
| Dividend yield (%)   | 3.7             | 4.9             | 4.1             | 4.3             | 4.3             |
| Price/book (x)   | 0.9             | 0.9             | 0.8             | 0.7             | 0.7             |
| Price/tangible book (x)  | 1.0             | 1.0             | 0.9             | 0.8             | 0.7             |
| EV/EBITDA (x) **   | 16.9            | 18.5            | 13.8            | 10.0            | 9.7             |
| EV/EBITDA @ target price (x) **  | 20.9            | 22.7            | 17.0            | 12.6            | 12.4            |
| EV/invested capital (x)  | 0.9             | 0.9             | 0.8             | 0.7             | 0.7             |
| * Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income |                 |                 |                 |                 |                 |

Sources: Electricity Generating; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

| EXCELLENT LEVEL |        |        |       |       |       |        |        |        |        |       |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|-------|
| AAV             | ADVANC | AF     | AIRA  | AKP   | AKR   | ALT    | AMA    | AMATA  | AMATAV | ANAN  |
| AOT             | AP     | ARIP   | ARROW | ASP   | BAFS  | BANPU  | BAY    | BCP    | BCPG   | BDMS  |
| BEC             | BEM    | BGRIM  | BIZ   | BKI   | BLA   | BOL    | BPP    | BRR    | BTS    | BWG   |
| CENTEL          | CFRESH | CHEWA  | CHO   | CIMBT | CK    | CKP    | CM     | CNT    | COL    | COMAN |
| COTTO           | CPALL  | CPF    | CPI   | CPN   | CSS   | DELTA  | DEMCO  | DRT    | DTAC   | DTC   |
| DV8             | EA     | EASTW  | ECF   | ECL   | EGCO  | EPG    | ETE    | FNS    | FPI    | FPT   |
| FSMART          | GBX    | GC     | GCAP  | GEL   | GFPT  | GGC    | GPSC   | GRAMMY | GUNKUL | HANA  |
| HARN            | HMPRO  | ICC    | ICI   | III   | ILINK | INTUCH | IRPC   | IVL    | JKN    | JSP   |
| JWD             | K      | KBANK  | KCE   | KKP   | KSL   | KTB    | KTC    | LANNA  | LH     | LHFG  |
| LIT             | LPN    | MAKRO  | MALEE | MBK   | MBKET | MC     | MCOT   | METCO  | MFEC   | MINT  |
| MONO            | MOONG  | MSC    | MTC   | NCH   | NCL   | NEP    | NKI    | NOBLE  | NSI    | NVD   |
| NYT             | OISHI  | ORI    | OTO   | PAP   | PAP   | PCSGH  | PDJ    | PG     | PHOL   | PLANB |
| PLAT            | PORT   | PPS    | PR9   | PREB  | PRG   | PRM    | PSH    | PSL    | PTG    | PTT   |
| PTTEP           | PTTGC  | PYLON  | Q-CON | QH    | QTC   | RATCH  | RS     | S      | S & J  | SAAM  |
| SABINA          | SAMART | SAMTEL | SAT   | SC    | SCB   | SCC    | SCCC   | SCG    | SCN    | SDC   |
| SEAFCO          | SEAOIL | 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    | WIJK   | WP     | XO    |
| YUASA           | ZEN     | ZIGA   | ZMICO |        |       |        |        |        |        |       |

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

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

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

#### Suwat Sinsadok 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

#### Electricity Generating (EGCO TB)



| Date        | Rating | Target price | Date        | Rating | Target price | Date        | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 15-Nov-2018 | HOLD   | 248.00       | 21-Feb-2020 | BUY    | 376.00       | 28-Sep-2020 | BUY    | 245.00       |
| 21-Feb-2019 | BUY    | 375.00       | 10-Apr-2020 | BUY    | 372.00       |             |        |              |
| 25-Sep-2019 | BUY    | 386.00       | 10-Apr-2020 | BUY    | 372.00       |             |        |              |

Suwat Sinsadok started covering this stock from 15-Nov-2018

Price and TP are in local currency

Source: FSSIA estimates

| Company                | Ticker  | Price      | Rating | Valuation & Risks   |
|------------------------|---------|------------|--------|---|
| Electricity Generating | EGCO TB | THB 175.00 | BUY    | Downside risks to our SoTP-based TP include 1) lower-than expected demand for electricity in Thailand; 2) delays in project commencement or commercial operation dates (COD); and 3) government intervention in electricity tariff subsidies. |

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 11-May-2021 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.