

9 JULY 2021

THAILAND / RECREATION FACILITIES & SVCS

MAJOR CINEPLEX GROUP

MAJOR TB

HOLD

FROM BUY

TARGET PRICE	THB23.00
CLOSE	THB21.30
UP/DOWNSIDE	+8.0%
PRIOR TP	THB22.00
CHANGE IN TP	+4.5%
TP vs CONSENSUS	-8.3%

Cinema closures are coming?

ขาย SF ให้ CPN

MAJOR ประกาศขายหุ้นทั้งหมด (30.36%) ใน Siam Future Development (SF TB, not rated) ให้แก่ Central Pattana (CPN TB, BUY, TP THB64) ที่ราคา 12บาท/หุ้น การขายหุ้นทั้งหมด 647 ล้านหุ้นใน SF จะให้เงินสด 7.8พัน ลบ. แก่ MAJOR พร้อมกำไรที่บริษัทฯ จะรับรู้ได้อีก 4.5พัน ลบ. (คิดจากต้นทุนที่ 5 บาท/หุ้น) บริษัทฯ จะจัดประชุมผู้ถือหุ้นสามัญเพื่ออนุมัติการขายดังกล่าวในเดือน ส.ค. 21 ซึ่งหมายความว่าบริษัทฯ อาจรับรู้รายการดังกล่าวใน 3Q21

กำไรระยะสั้นแต่ระยะยาวยังน่าสงสัย

การขายหุ้น SF จะช่วยฐานะทางการเงินของ MAJOR ได้มากในแง่ของ 1) ทำให้ฐานะเงินสดสุทธิของบริษัทฯ เป็นบวก; 2) ช่วยผ่อนคลายปัญหาทางการเงินหลังจากที่สัดส่วนหนี้สินต่อทุน (ไม่รวมสัญญาเช่าทางการเงิน) อยู่ที่ 1.25x ในปี 2020 ใกล้ถึงเพดานที่ 1.5x; 3) การรับรู้กำไรพิเศษจำนวนมากกว่า 2.8พัน ลบ. (หลังหักภาษี); และ 4) การลดค่าใช้จ่ายทางการเงิน (ไม่รวมสัญญาเช่าทางการเงิน) ได้กว่า 130-150 ลบ. ต่อปี อย่างไรก็ตามแม้ว่าการขายหุ้น SF จะช่วยบริษัทฯ ได้ในหลายทาง SF เป็นปัจจัยหนุนสำคัญให้แก่กำไรสุทธิของ MAJOR มาเป็นเวลาหลายปี โดยเรคาดว่า SF จะให้ส่วนแบ่งกำไร 300-400 ลบ. ต่อปี แก่ MAJOR ในอนาคต ดังนั้นการสูญเสียการลงทุนดังกล่าวจึงมีแนวโน้มที่จะกระทบกำไรของบริษัทฯ ในอนาคต

หนังทำเงินกลับมาแล้ว แต่ไม่ใช่ในประเทศไทย

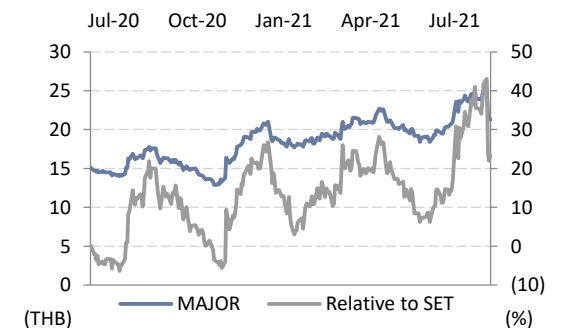
ในระยะสั้นแนวโน้มของ MAJOR ยังไม่แน่นอน เนื่องจากสถานการณ์ Covid-19 ในประเทศดูแย่ลง เราเชื่อว่าโรงภาพยนตร์จะยังไม่กลับมาเปิดจนถึงเดือน ก.ย. 21 หรือกลางไตรมาส 4Q21 ในกรณีเลวร้าย ในทางตรงกันข้ามโรงภาพยนตร์ส่วนมากในประเทศอื่นได้กลับมาเปิดและกำลังฉายหนังทำเงินแล้ว เราได้ปรับลดประมาณการกำไรของเราเพื่อสะท้อนการขาย SF และผลกระทบจากปัญหาการแพร่ระบาด Covid-19 ที่ยาวนานเกินคาด โดยเรคาดว่า MAJOR จะยังคงขาดทุนในปีนี้ที่ 405 ลบ. (ไม่รวมกำไรจาก SF) ก่อนพลิกมาเป็นกำไรได้ในปี 2022 ที่ 733 ลบ.

ปรับลดคำแนะนำเป็นถือหลังปรับราคาเป้าหมายเป็น 23 บาท

เราเชื่อว่าราคาหุ้นของ MAJOR ได้สะท้อนการขายดังกล่าว เนื่องจากหุ้นปรับตัวเพิ่มกว่า 20% ตั้งแต่เดือนที่แล้วแม้ว่าแนวโน้มจะชะลอลงลง ดังจากแนวโน้มชะลอลงที่จะต่อเนื่องไปอย่างน้อยอีก 1 ไตรมาส เราปรับลดคำแนะนำของเราเป็นถือจากซื้อหลังปรับราคาเป้าหมายปี 2022 เป็น 23 จาก 22 บาท (DCF, WACC = 8.6, TG = 1%) แม้ว่าบริษัทฯ อาจจะมีสูญเสียกระแสเงินสดบางส่วนจาก SF กำไรจำนวนมากอาจช่วยชดเชยกระแสเงินสดที่เสียไปดังกล่าว

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	3,765	3,168	8,645	9,405
Net profit	(527)	2,419	733	1,013
EPS (THB)	(0.59)	2.70	0.82	1.13
vs Consensus (%)	-	847.4	(25.3)	(16.9)
EBITDA	111	363	2,001	2,277
Core net profit	(460)	(405)	733	1,013
Core EPS (THB)	(0.51)	(0.45)	0.82	1.13
Chg. In EPS est. (%)	nm	nm	(27.1)	(22.9)
EPS growth (%)	nm	nm	nm	38.2
Core P/E (x)	(41.4)	(47.0)	26.0	18.8
Dividend yield (%)	-	4.1	4.1	5.1
EV/EBITDA (x)	205.3	43.7	7.8	6.7
Price/book (x)	2.9	2.3	2.3	2.2
Net debt/Equity (%)	54.2	(38.7)	(42.0)	(45.5)
ROE (%)	(6.7)	(5.4)	8.7	11.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(7.4)	0.5	38.3
Relative to country (%)	(3.2)	1.5	22.1
Mkt cap (USD m)	587		
3m avg. daily turnover (USD m)	5.1		
Free float (%)	53		
Major shareholder	Poolvaraluk Family (37%)		
12m high/low (THB)	26.25/12.60		
Issued shares (m)	894.67		

Sources: Bloomberg consensus; FSSIA estimates



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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 9 กรกฎาคม 2021

Investment thesis

Major Cineplex (MAJOR) is Thailand's leading lifestyle entertainment company and was established in 1995 with cinema ownership and operations as its core business. The company is the biggest cinema operator in Thailand, with a total of 815 screens and 171 locations nationwide and internationally.

Although its outlook remains weak in the short term, the strong lineup of blockbusters in the future should help MAJOR recover from its loss faster than other sectors. We expect the company to turn profitable in 4Q21, if the Covid situation in Thailand improves and all of the blockbusters can be shown in cinemas. MAJOR is a dividend play company that typically pays 90% of its payout ratio, reflecting a 5-6% dividend yield p.a.

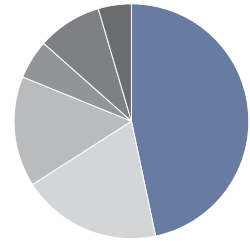
Company profile

MAJOR operates five core businesses, namely 1) cinemas; 2) entertainment; 3) retail space bowling; 4) film distribution; and 5) advertising media.

www.majorcineplex.com

Principal activities (revenue, 2020)

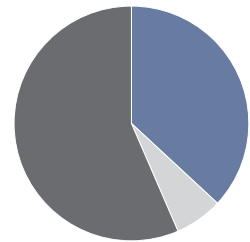
- Cinema - 46.7 %
- Concession - 19.2 %
- Advertisement - 15.2 %
- Entertainment - 5.4 %
- Rental - 8.9 %
- Movie content - 4.6 %



Source: Major Cineplex Group

Major shareholders

- Poolvaraluk Family - 36.9 %
- GIC Private Limited - 6.6 %
- Others - 56.5 %



Source: Major Cineplex Group

Catalysts

- Its financial results should turn profitable starting from 4Q21;
- Healthier financial position with no debt after selling its shareholding in SF;
- Solid dividend yield track record at 5-6% p.a.

Risks to our call

The key upside and downside risks to our DCF-based TP are a slower or faster-than-expected recovery in domestic consumption, the growing popularity of online movies, and a delay in the Covid-19 vaccine rollout.

Event calendar

Date	Event
Aug-21	2Q21 results announcement

Key assumptions

	2020	2021E	2022E	2023E
Average ticket price (THB)	141.0	150	163	165
Guest count (m)	14.5	13.0	31.0	32.2

Source: FSSIA estimates

Earnings sensitivity

- For every 1 million increase in cinema guest count, we project 2022 earnings to rise by 0.7%, and vice versa, all else being equal;
- For every 1% increase in cinema profit margin, we project 2022 earnings to rise by 4.8%, and vice versa, all else being equal.

Source: FSSIA estimates

Selling SF to CPN

MAJOR announced the sale of all of its shares (30.36%) in SF to CPN at a price of THB12/shr. Selling all 647m of its shares in SF will generate MAJOR cash of THB7.8b with a THB4.5b gain to be recognised (based on the cost of THB5/shr). An extraordinary general meeting of shareholders to approve this deal will be held in Aug-21. This means that the company may recognise this transaction in 3Q21. The company will gain THB7b cash, with a THB2.8b extra gain (after tax).

Exhibit 1: Share of profit (loss) from associates

Share of profit (loss)	----- 2018 -----		----- 2019 -----		2019 (restated)		----- 2020 -----	
	(THB m)	(%)	(THB m)	(%)	(THB m)	(%)	(THB m)	(%)
Siam Future Development Plc.	126	48	165	56	556	82	603	82
Major Cineplex Lifestyle Fund	110	42	123	42	149	22	41	6
Others	27	10	6	2	(25)	(4)	95	13
Share of profit (loss)	262	100	294	100	680	100	740	100

Source: MAJOR

Expected benefits for the company

According to MAJOR, the transaction will benefit the company in the following ways:

- 1) Realisation of a post-tax gain from the sale of SF shares of approximately THB2.8b;
- 2) Improved performance due to lower finance costs as a result of a partial debt repayment funded by the proceeds from this transaction;
- 3) Lower debt to equity ratio, in accordance with the partial debt repayment, resulting in better financial flexibility which will help support its business expansion, including any business opportunities in the future.

Usage of funding

- 1) To gradually repay its debt of approximately THB5.3b;
- 2) To fund a business expansion of approximately THB265m;
- 3) To reserve working capital of approximately THB2.2b.

We think this is a good deal for MAJOR because the company's D/E (excl. financial lease) is now at 1.3x, almost hitting its debt covenant threshold at 1.5x. Selling SF will help the company achieve a net cash position and should make investors feel more comfortable with MAJOR's financial position.

However, although it may help the company to achieve a net cash position, and it is possible that MAJOR could have around THB5b cash in 2022, it is unknown what the company will do with this cash, as its business expansion plan should slow down from the past due to the Covid situation. We believe the company may spend some cash to pay a dividend to its shareholders as it may be unable to pay a dividend for two consecutive years due to its loss making in 2020-21E. We anticipate that MAJOR should pay a special dividend of around THB1b per share, reflecting over a 4.5% dividend yield.

Exhibit 2: Share of profit from SF (implied IAS40)

MAJOR take equity from SF	2016	2017	2018	2019	2020
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Take equity SF (operating)	105	127	126	165	109
Take equity SF - gain from IP (IAS40)				391	494
Take equity SF - net profit	105	127	126	556	603
Dividend received from SF	89	113	46*	134	126

*Excluding share dividend

Source: MAJOR

Exhibit 3: MAJOR's net profit (excluding SF)

	2016	2017	2018	2019	2019 (restated)	2020
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Net profit (loss)	1,203	1,198	1,299	1,198	1,434*	(540)
Deduct take equity - SF (operating)	(105)	(127)	(126)	(165)	(165)	(109)
Deduct take equity - SF (gain from IAS40)					(391)	(494)
Plus income tax from take equity - SF	21	25	25	33	111	121
Net profit (loss) **excluding SF	1,119	1,096	1,198	1,066	989	(1,022)

*2019 (restated): affected by adjustment of new accounting standard (TFRS16, IAS40)

**MAJOR's dividend paid from the net profit of the company excluding profit from SF (non-cash)

Source: MAJOR

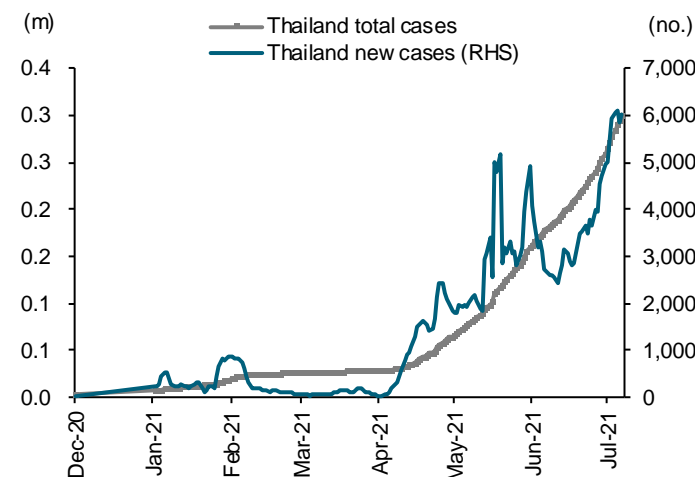
Moreover, MAJOR will no longer recognise a share of profit from SF starting in 4Q21, which should slightly impact the company's 2021 results but significantly impact its future outlook. According to Bloomberg's consensus data, SF could have a 2021-22E core profit of THB1.25b-1.38b, respectively. This means, based on the 30.36% shareholding in SF by MAJOR, the company would lose a 2021E share of profit from SF of over THB95m (only in 4Q21) and a 2022E share of profit of THB419m (this may include the asset revaluation gain).

Covid in Thailand is getting worse

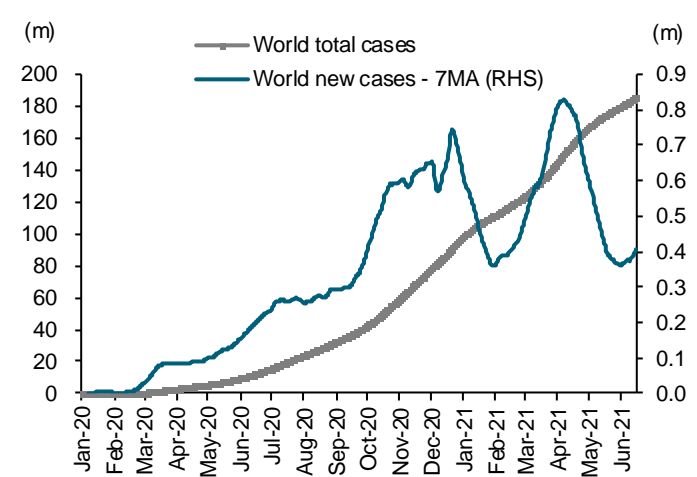
Due to the longer-than-expected Covid outbreak in Thailand, the number of newly infected cases is still rising and reaching new highs every day. On 8 Jul-21, the number of new Covid cases and deaths was 7,058 and 75 cases, respectively. Today's infected cases are still rising compared to the 7-day average of 6,000 cases per day. It means that the number of new cases is still in an uptrend. We believe that if the Thai government does not have a strategy to maintain or reduce the new infected cases very soon, the timeframe in which Thailand can resume economic activities and reopen cinemas would also have to be postponed continuously.

Based on our base case scenario, we expect that the Thai government will have a more intense lockdown compared to the current situation, acting as fast as possible. In this case, we believe that new infected cases may not reach 10,000 cases per day. We anticipate that Thailand should be able to maintain the newly infected cases and can reopen cinemas in early Sep-21.

On the other hand, our worst-case scenario is if the Covid situation gets worse every day and the government implements no further restrictions, lockdowns, or takes action too late to have any impact when the Covid outbreak becomes worse and new infected cases reach 10,000 cases per day. In this case, we believe that cinemas would be able to reopen in late Oct-21.

Exhibit 4: Thailand daily Covid cases

Source: www.worldometers.info

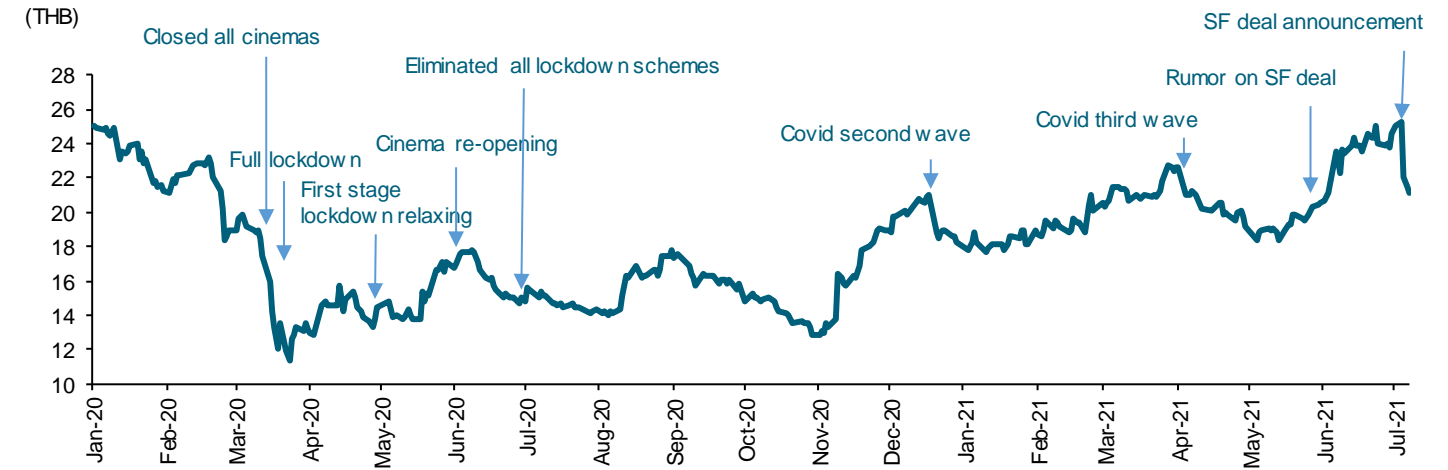
Exhibit 5: World daily Covid cases

Source: www.worldometers.info

How much would a lockdown impact MAJOR's share price?

The third wave of Covid that forced MAJOR to close most of its cinemas in Bangkok in Apr-21 should have pressured its share price, however, thanks to the rumoured SF deal that was published in a local newspaper, MAJOR's share price surged by over 24% within one month, even though the Covid situation in Thailand was getting worse every day. If the government announces a full lockdown, similar to the first lockdown during the pandemic, we believe MAJOR's share price may decline continuously to reach THB18. THB18 was the lowest share price level during the early stage of the third wave of Covid-19. Therefore, we think the maximum drawdown of MAJOR's share price should be to THB18, then remain sideways or gradually increase when the situation gets better.

Exhibit 6: MAJOR's share price performance and events



Source: MAJOR

Blockbusters already on cinema screens globally

Much of the world can already enjoy *Fast and Furious 9* (FF9) at the cinema. It already hit over USD500m at the box office. *Black Widow* (BW) is also scheduled to be released on 9 Jul worldwide and will be on the Disney+ platform (excl. Thailand) for an additional fee of USD29.99. We believe this is a key change to MAJOR's short-term outlook, as moviegoers in Thailand will have to watch these blockbusters later than other countries for the first time in history. Based on the Covid situation in Thailand, we anticipate that theatres may be able to reopen in early Sep-21, which is over a month delay from other countries. Note that MAJOR expects BW and FF9 to be shown in Thai cinemas on 29 Jul and 12 Aug, respectively.

Moreover, free downloads/views of the movies from illegal sources will be released faster than MAJOR can reopen cinemas, which will be a huge impact on MAJOR's box office revenue, in our view. Note that *Mulan*, the movie from Disney in 2020, also released on Disney+ on the same day as cinemas. Illegal sources also released the movie on the same day as the official release. This means that releasing new movies to subscription video-on-demand (SVOD) platforms makes it easier for illegal sources to capture the movies and release them to people through websites for free. We think this is another downside risk to MAJOR's box-office revenue once the cinemas reopen. This is because some people may not want to wait for cinemas to reopen to watch these blockbusters. They can get a good quality copy from an illegal source and enjoy watching these movies from home for free. They can also avoid Covid by not going to the cinema where there could be large crowds of people.

Lead-time shortening is a future downside risk.

Meanwhile, BW will be on Disney+ Hotstar (Thailand) on 6 Oct. All Disney+ subscribers in Thailand can watch BW for free within only 2.5 months from the cinema release. This is a very short window for the movie industry. Normally, movies on the second screen via DVD, blue-ray discs, or SVOD need to have a lead time of at least three months. Reducing the window now may be a sign that the future movie industry's lead time between the cinema screen and second screen will keep shortening. This could be a downside risk for the cinema industry in that moviegoers may have less motivation to go to the cinema since they can wait only 2-2.5 months to watch movies on the second screen.

Financial highlights

Weak 2Q21E results

Most of MAJOR's cinemas have been temporarily closed since 10 Apr-21. 461 cinema screens (from 871 screens) and 86 branches in 28 provinces are now closed during the third wave of Covid-19. Bangkok, the province that generates almost 50% of MAJOR's cinema revenue, remains closed. There were only a few movies that were released in 2Q21, which had to be shown only in rural areas. Therefore, we expect MAJOR's 2Q21 revenue to come in at only THB295m (-65% q-q, +42% y-y). On the cost side, MAJOR's SG&A should slightly decrease from 1Q21. MAJOR is still trying to minimise its costs as much as possible. As a result, we expect the company to make a greater core loss in 2Q21 at THB262m vs THB120m in 1Q21 and a THB430m core loss in 2Q20.

Exhibit 7: 2Q21E results preview

	2Q20	1Q21	2Q21E	Change		1H20	1H21E	Change	2021E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Admissions	59	419	166	(61)	182	727	585	(20)	1,440
Concession sales	33	195	(33)	(117)	(200)	278	162	(42)	634
Advertisement	26	98	55	(44)	114	243	153	(37)	450
Bowling	8	32	20	(38)	152	75	52	(31)	140
Rental fee	56	87	70	(19)	25	155	157	1	385
Movie content	27	22	18	(18)	(33)	52	40	(24)	120
Revenue	208	853	295	(65)	42	1,530	1,149	(25)	3,168
Operating costs	(435)	(750)	(355)	(53)	(18)	(1,485)	(1,105)	(26)	(2,385)
Gross profit	(227)	103	(59)	(158)	(74)	45	43	(4)	783
SG&A expenses	(376)	(370)	(345)	(7)	(8)	(962)	(715)	(26)	(1,690)
EBIT	(603)	(267)	(404)	51	(113)	(916)	(672)	(27)	(907)
Depn & amort.	323	302	303	0	(6)	642	605	(6)	1,157
Other income	58	92	60	(35)	4	75	152	103	113
EBITDA	(222)	126	(42)	(133)	(81)	(200)	85	n.a.	363
<i>EBITDA margin (%)</i>	<i>(106)</i>	<i>15</i>	<i>(14)</i>	<i>nm</i>	<i>nm</i>	<i>(13)</i>	<i>7</i>	<i>nm</i>	<i>11</i>
Interest expense	(38)	(70)	(74)	5	96	(94)	(144)	54	(150)
Associates	165	94	85	(10)	(49)	237	179	(24)	340
Extra items	(56)	(0)	-	n.a.	n.a.	(60)	(0)	n.a.	2,824
Pretax profit	(473)	(151)	(333)	120	(30)	(759)	(485)	(36)	2,220
Tax	(13)	23	67	188	(611)	18	90	397	189
<i>Tax rate (%)</i>	<i>3</i>	<i>(15)</i>	<i>(20)</i>	<i>nm</i>	<i>nm</i>	<i>(2)</i>	<i>(19)</i>	<i>nm</i>	<i>9</i>
Minority interests	11	8	5	(40)	(56)	11	13	26	10
Net profit	(475)	(120)	(262)	118	(45)	(730)	(382)	(48)	2,419
Core net profit	(430)	(120)	(262)	118	(39)	(622)	(382)	(39)	(405)
EPS (THB)	(0.53)	(0.13)	(0.29)	118	(45)	(1)	(0)	(48)	2.70
Core EPS (THB)	(0.48)	(0.13)	(0.29)	118	(39)	(1)	(0)	(39)	(0.45)

Sources: MAJOR; FSSIA estimates

Earnings estimate cuts

Due to the impact of the longer-than-expected Covid outbreak in Thailand and the downside risk of the possibility of underperforming blockbusters that have already been shown globally but not in Thailand, we cut our revenue assumption by 48% y-y to THB3.2b (-16% y-y) for 2021, mainly due to a huge cinema guest count cut, while every business should also take another hit from Covid-19. Cinemas should be back to full operations in 4Q21, in our view. Most of the blockbusters besides BW and FF9 are still on schedule to release this year, such as *Venom*, *Shang-Chi*, *007*, etc.

At this moment, we anticipate that there will be more restrictions on the transportation between each province and more intense social distancing applied, perhaps even a full lockdown. If there is a full lockdown, we think it would be more beneficial to MAJOR than this current situation because the company has almost no revenue from the cinema business. Closing all of its cinemas would reduce its operating costs more than the decline in its revenue. Hence, we expect that the company's costs should be maintained or even slightly decline from last year. As a result, we expect MAJOR to make another huge core net loss of THB405m in 2021.

Exhibit 8: Changes in assumptions

	----- New -----		----- Previous -----		----- Change -----	
	2021E (THB m)	2022E (THB m)	2021E (THB m)	2022E (THB m)	2021E (THB m)	2022E (THB m)
Guest count (m)	13	31	25	33	(48)	(6)
Revenue	3,168	8,645	6,112	9,265	(48)	(7)
Gross profit	783	2,918	1,792	3,077	(56)	(5)
EBIT	(794)	889	(80)	895	n.a.	(1)
Core net profit	(405)	733	215	1,005	n.a.	(27)
Margin	(%)	(%)	(%)	(%)	(ppt)	(ppt)
GPM	24.7	33.7	29.3	33.2	(4.6)	0.5
NPM	(12.8)	8.5	3.5	10.8	(16.3)	(2.3)

Source: FSSIA estimates

Valuation and recommendation

MAJOR will have to face a challenging situation once again. The company will likely continue to make a loss until 3Q21 before recovering significantly in 4Q21, contingent upon the Covid situation in Thailand improving. Although its performance may look sluggish, the divestment of SF should bring MAJOR some relief from its debt covenant pressure. Therefore, we revise up our 2022 TP to THB23 from THB22, reflecting the huge amount of cash that the company is set to receive at the end of this year. We recommend a wait-and-see approach to the softening of MAJOR's share price on the Covid situation in Thailand and its 2Q21 results before taking any action. This is why we downgrade our recommendation on MAJOR to HOLD from Buy.

Exhibit 9: DCF valuation

		2022E	2023E	2024E	2025E	2026E	2027E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
EBITDA		2,001	2,277	2,362	2,409	2,413	2,402
(less) tax on EBIT		(159)	(227)	(256)	(274)	(283)	(288)
decrease in working cap		(57)	(59)	(62)	(64)	(67)	(69)
(less) capex & investments		(475)	(175)	(75)	(75)	(75)	(75)
Free cash flow		1,299	1,409	1,417	1,449	1,447	1,204
WACC (%)	8.6						
Terminal growth (%)	1						
PV of FCF		1,299	1,298	1,202	1,132	1,041	797
Total PV of FCF	6,768						
Terminal value	10,618						
Net debt+cash	3,330						
Minority interest	(144)						
Equity value	20,573						
No. of shares (m)	895						
Equity value / share (THB)	23						

Sources: MAJOR; FSSIA estimates

Financial Statements

Major Cineplex Group

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	10,697	3,765	3,168	8,645	9,405
Cost of goods sold	(5,270)	(1,922)	(1,228)	(4,615)	(4,950)
Gross profit	5,427	1,843	1,940	4,030	4,454
Other operating income	121	168	113	115	118
Operating costs	(2,637)	(1,900)	(1,690)	(2,144)	(2,295)
Operating EBITDA	2,911	111	363	2,001	2,277
Depreciation	(1,579)	(1,242)	(1,157)	(1,112)	(1,070)
Goodwill amortisation	0	0	0	0	-
Operating EBIT	1,332	(1,131)	(794)	889	1,207
Net financing costs	(234)	(175)	(150)	(91)	(72)
Associates	680	740	340	95	115
Recurring non-operating income	680	740	340	95	115
Non-recurring items	12	(67)	2,824	0	0
Profit before tax	1,789	(633)	2,220	892	1,250
Tax	(355)	93	189	(159)	(227)
Profit after tax	1,434	(540)	2,409	733	1,023
Minority interests	(27)	13	10	0	(10)
Preferred dividends	0	0	0	-	-
Other items	-	-	-	-	-
Reported net profit	1,407	(527)	2,419	733	1,013
Non-recurring items & goodwill (net)	(10)	67	(2,824)	0	0
Recurring net profit	1,397	(460)	(405)	733	1,013
Per share (THB)					
Recurring EPS *	1.56	(0.51)	(0.45)	0.82	1.13
Reported EPS	1.57	(0.59)	2.70	0.82	1.13
DPS	0.65	0.00	0.87	0.88	1.08
Diluted shares (used to calculate per share data)	895	895	895	895	895
Growth					
Revenue (%)	7.5	(64.8)	(15.9)	172.8	8.8
Operating EBITDA (%)	21.0	(96.2)	227.2	451.1	13.8
Operating EBIT (%)	16.7	nm	nm	nm	35.8
Recurring EPS (%)	31.6	nm	nm	nm	38.2
Reported EPS (%)	9.6	nm	nm	(69.7)	38.2
Operating performance					
Gross margin inc. depreciation (%)	36.0	16.0	24.7	33.7	36.0
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	27.2	2.9	11.5	23.1	24.2
Operating EBIT margin (%)	12.4	(30.0)	(25.1)	10.3	12.8
Net margin (%)	13.1	(12.2)	(12.8)	8.5	10.8
Effective tax rate (%)	20.0	20.0	20.0	20.0	120.0
Dividend payout on recurring profit (%)	41.6	-	(191.8)	107.2	95.4
Interest cover (X)	8.6	(2.2)	(3.0)	10.8	18.4
Inventory days	8.7	22.7	35.1	9.3	8.7
Debtor days	37.8	79.8	68.7	25.5	23.8
Creditor days	145.4	298.1	419.8	114.5	109.4
Operating ROIC (%)	18.8	(20.8)	(17.4)	22.2	(8.1)
ROIC (%)	12.8	(2.2)	(3.2)	9.3	(3.3)
ROE (%)	20.2	(6.7)	(5.4)	8.7	11.9
ROA (%)	10.1	(1.9)	(1.7)	4.8	6.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Cinema	5,856	1,758	1,440	4,553	4,808
Concession	2,097	725	634	2,063	2,244
Advertisement	1,584	573	450	1,100	1,350
Entertainment	419	203	140	267	308

Sources: Major Cineplex Group; FSSIA estimates

Financial Statements

Major Cineplex Group

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	1,397	(460)	(405)	733	1,013
Depreciation	1,579	1,242	1,157	1,112	1,070
Associates & minorities	(680)	(740)	(340)	(95)	(115)
Other non-cash items	285	143	2,824	0	0
Change in working capital	76	18	226	57	59
Cash flow from operations	2,657	202	3,462	1,807	2,027
Capex - maintenance	(431)	(211)	(275)	(345)	(395)
Capex - new investment	(431)	(211)	(275)	(345)	(395)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(84)	141	4,607	58	75
Cash flow from investing	(946)	(281)	4,057	(632)	(715)
Dividends paid	(895)	0	(447)	(777)	(786)
Equity finance	0	0	0	0	0
Debt finance	295	669	(1,187)	(2,100)	(600)
Other financing cash flows	(742)	5	(711)	(136)	(119)
Cash flow from financing	(1,342)	674	(2,345)	(3,013)	(1,505)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	189	0	0	0	0
Net other adjustments	189	0	0	0	0
Movement in cash	559	595	5,173	(1,838)	(193)
Free cash flow to firm (FCFF)	1,945.56	95.53	7,668.73	1,266.86	1,384.03
Free cash flow to equity (FCFE)	1,453.43	594.86	5,620.63	(1,060.44)	592.70
Per share (THB)					
FCFF per share	2.17	0.11	8.57	1.42	1.55
FCFE per share	1.62	0.66	6.28	(1.19)	0.66
Recurring cash flow per share	2.89	0.21	3.62	1.96	2.20
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	15,918	15,776	5,771	5,524	5,408
Less: Accumulated depreciation	(9,826)	(10,465)	(846)	(817)	(789)
Tangible fixed assets (net)	6,092	5,311	4,924	4,708	4,618
Intangible fixed assets (net)	2,871	2,663	2,442	2,236	2,046
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	6,147	6,809	2,509	2,509	2,509
Cash & equivalents	962	1,557	6,730	4,892	4,699
A/C receivable	1,055	592	600	609	619
Inventories	121	118	118	118	118
Other current assets	236	296	131	138	144
Current assets	2,374	2,562	7,579	5,757	5,580
Other assets	384	333	367	403	444
Total assets	17,868	17,678	17,821	15,613	15,197
Common equity	7,334	6,482	8,454	8,410	8,637
Minorities etc.	146	144	144	144	144
Total shareholders' equity	7,480	6,626	8,598	8,553	8,781
Long term debt	1,500	2,505	2,100	1,000	400
Other long-term liabilities	3,640	3,538	3,385	3,249	3,130
Long-term liabilities	5,140	6,043	5,485	4,249	3,530
A/C payable	1,745	1,395	1,430	1,466	1,503
Short term debt	2,515	2,640	1,300	300	300
Other current liabilities	989	974	1,009	1,045	1,084
Current liabilities	5,248	5,009	3,739	2,811	2,887
Total liabilities and shareholders' equity	17,868	17,678	17,822	15,614	15,197
Net working capital	(1,321)	(1,363)	(1,589)	(1,646)	(1,706)
Invested capital	14,173	13,752	8,652	8,210	7,911
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	8.20	7.25	9.45	9.40	9.66
Tangible book value per share	4.99	4.27	6.72	6.90	7.37
Financial strength					
Net debt/equity (%)	40.8	54.2	(38.7)	(42.0)	(45.5)
Net debt/total assets (%)	17.1	20.3	(18.7)	(23.0)	(26.3)
Current ratio (x)	0.5	0.5	2.0	2.0	1.9
CF interest cover (x)	9.0	5.6	40.3	(6.8)	14.7
Valuation					
Recurring P/E (x) *	13.6	(41.4)	(47.0)	26.0	18.8
Recurring P/E @ target price (x) *	14.7	(44.7)	(50.8)	28.1	20.3
Reported P/E (x)	13.5	(36.1)	7.9	26.0	18.8
Dividend yield (%)	3.1	-	4.1	4.1	5.1
Price/book (x)	2.6	2.9	2.3	2.3	2.2
Price/tangible book (x)	4.3	5.0	3.2	3.1	2.9
EV/EBITDA (x) **	7.6	205.3	43.7	7.8	6.7
EV/EBITDA @ target price (x) **	8.2	219.0	47.9	8.6	7.3
EV/invested capital (x)	1.6	1.7	1.8	1.9	1.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Major Cineplex Group; 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	SE-ED	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:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	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)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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ANALYST(S) CERTIFICATION

Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

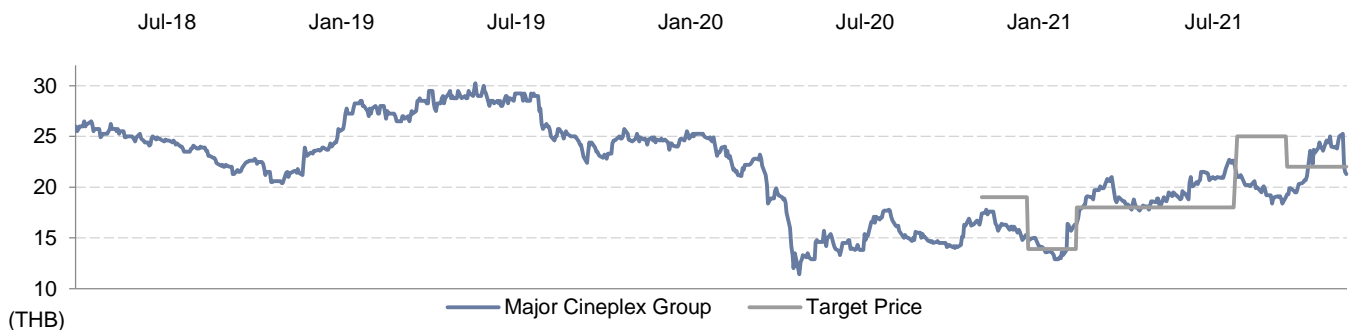
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History of change in investment rating and/or target price

Major Cineplex Group (MAJOR TB)



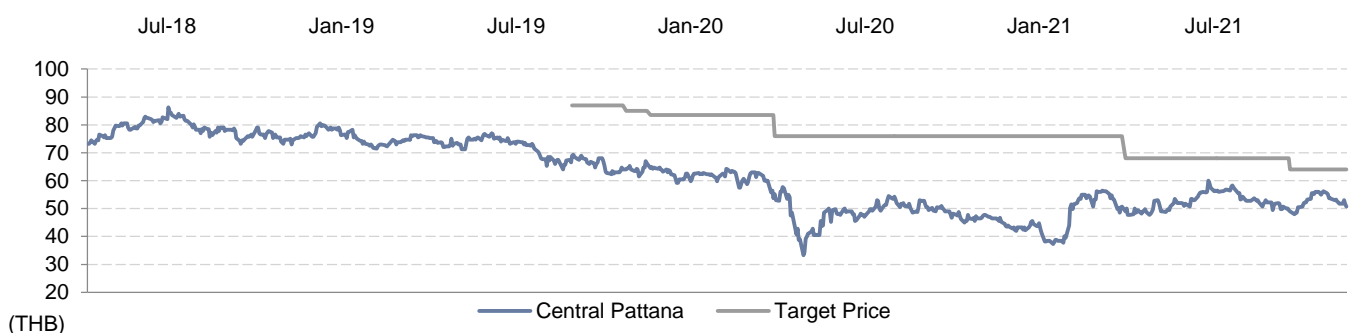
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Aug-2020	BUY	19.00	05-Nov-2020	HOLD	13.90	02-Apr-2021	BUY	25.00
02-Sep-2020	HOLD	19.00	17-Nov-2020	HOLD	18.00	17-May-2021	BUY	22.00
06-Oct-2020	HOLD	13.90	27-Jan-2021	HOLD	18.00			

Naruedom Mujjalinkool started covering this stock from 27-Aug-2020

Price and TP are in local currency

Source: FSSIA estimates

Central Pattana (CPN TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Sep-2019	BUY	87.00	27-Feb-2020	BUY	76.00	22-Jan-2021	BUY	68.00
21-Oct-2019	BUY	85.00	02-Apr-2020	BUY	76.00	02-Apr-2021	BUY	68.00
11-Nov-2019	BUY	83.50	25-Dec-2020	BUY	68.00	19-May-2021	BUY	64.00

Karun Intrachai started covering this stock from 25-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Major Cineplex Group	MAJOR TB	THB 21.30	HOLD	The key upside and downside risks to our DCF-based TP are a slower or faster-than-expected recovery in domestic consumption, the growing popularity of online movies, and a delay in the Covid-19 vaccine rollout.
Central Pattana	CPN TB	THB 50.75	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental rate, occupancy rate, returns on its new investments, capex and interest rate.

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 08-Jul-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.