EQUITY RESEARCH - COMPANY REPORT

14 JULY 2021

THAILAND / UTILITIES - CONVENTIONAL

GLOBAL POWER SYNERGY GPSC TB

BUY

UNCHANGED

TARGET PRICE	THB110.00
CLOSE	THB74.50
UP/DOWNSIDE	+47.7%
PRIOR TP	THB112.00
CHANGE IN TP	-1.8%
TP vs CONSENSUS	+25.3%

From India with love

เข้าสู่ตลาดพลังงานหมุนเวียนของอินเดีย

เมื่อวันที่ 13 ก.ค. 2021 GPSC ประกาศว่าบริษัทฯ ได้ซื้อหุ้น 41.6% ใน Avaada Energy Private Limited (Avaada) ซึ่งเป็นผู้พัฒนาและดำเนินกิจการโรงไฟฟ้าพลังแสงอาทิตย์กำลังการผลิตรวม 3.7GW ในอินเดียประกอบด้วยโรงไฟฟ้าที่ดำเนินงานอยู่มีกำลังการผลิต 1,392MW (ค่าไฟฟ้า INR2.62-4.5/kWh) และโรงไฟฟ้าที่กำลังก่อสร้างมีกำลังการผลิต 2,352MW (กำหนดเริ่มดำเนินงานเชิงพาณิชย์ในปี 2021-22) ต้นทุนในการซื้ออยู่ที่ 14,825 ลบ. การซื้อดังกล่าวสร้างความแปลกใจเชิงบวกเนื่องจาก 1) เราคิดว่าต้นทุนในการซื้อที่ 10 ลบ./MW เป็นราคาที่สมเหตุสมผล แม้ว่าจะต้องลงทุนเพิ่มสำหรับอีก 2.35GW ที่เหลือที่กำลังก่อสร้าง บริษัทฯ จะใช้เงินสดที่ได้จากโครงการที่กำลังดำเนินงานอยู่เพื่อลงทุนในโครงการที่กำลังก่อสร้างดังกล่าว; และ 2) การซื้อและควบรวมกิจการดังกล่าวน่าจะช่วยเพิ่มกำไรต่อหุ้นในปี 2021 ได้ 3.7% เมื่อรวมผลการดำเนินงานเต็มปี

ทำไมต้องเป็น Avaada? ทำไมต้องเป็นอินเดีย?

ผู้บริหารระบุถึงเหตุผลหลายประการที่ GPSC ต้องเข้าสู่ตลาดพลังงานหมุนเวียนในอินเดีย ประการแรกจากข้อมูลของ GPSC อินเดียเป็นตลาดไฟฟ้าโตเร็วด้วยอัตราการเติบโตที่ 5.3% CAGR จากปี 2020-30 ประการที่สองอินเดียกำลังมุ่งเน้นในด้านพลังงานแสงอาทิตย์ โดยกำลังเพิ่มการผลิตจาก 35GW ในปี 2020 เป็น 100GW ในปี 2022 และ 350GW ในปี 2030 ประการที่สามอินเดียมีกฎระเบียบที่เอื้อต่อการทำธุรกิจพลังงานหมุนเวียน โดยมีสัญญาซื้อขายไฟฟ้า (PPA) ยาวถึง 25 ปีและอัตราค่าไฟฟ้าที่ INR2.56-4.5/kWh (1.13-1.98บาท/kWh) ประการที่สี่ PPAs สำหรับพลังงานหมุนเวียนมีความแน่นอนสูงด้วยผู้ซื้อที่หลากหลายประกอบด้วย รัฐบาลกลาง (30%), รัฐบาลระดับมลรัฐ (58%) รวมถึงผู้ใช้เชิงพาณิชย์และอุตสาหกรรม (12%) ประการที่ห้าอินเดียมีแสงอาทิตย์สูงโดยคาดว่าจะมีค่า Capacity Factor เฉลี่ยที่ 18.74% (สูงสุด 22.15% และต่ำสุด 16.64%) ประการที่หกต้นทุนของการลงทุนต่ำสำหรับโรงไฟฟ้าพลังแสงอาทิตย์โดยอยู่ที่ USD0.4-0.5ล้าน/MW ต่ำกว่าตลาดเอเชียอื่นซึ่งอยู่ที่ USD1.0-1.5ล้าน/MW ถึง 50%

3 กลยุทธ์เพื่อการเติบโต

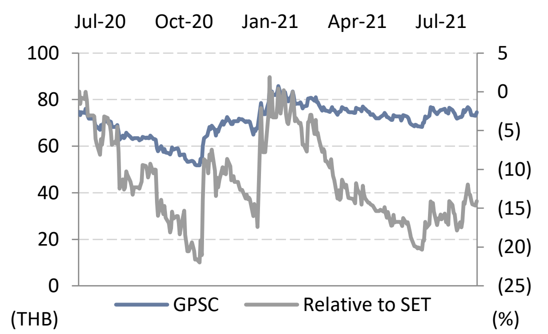
เราเชื่อว่าการซื้อ Avaada มีความเหมาะสมในด้านยุทธศาสตร์สำหรับ 3 กลยุทธ์เพื่อการเติบโตของ GPSC ซึ่งประกอบด้วย 1) การผสานประโยชน์ของกิจการในปัจจุบันเพื่อเสริมสร้างประสิทธิภาพในการดำเนินงาน; 2) การเลือกโตทั้งในและต่างประเทศในธุรกิจพลังงานหมุนเวียนผ่านการลงทุนร่วมกับบริษัทแม่ (PTT) โดยมีไทย อินเดีย ไต้หวัน และเวียดนามเป็น 4 ตลาดสำคัญ; และ 3) ธุรกิจยานยนต์ไฟฟ้าและแบตเตอรี่ที่มีการเติบโตสูง

คงแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 110 บาท

เราคงคำแนะนำซื้อหลังปรับลดราคาเป้าหมายจาก 112 เป็น 110 บาท (SoTP) เพื่อสะท้อนการปรับประมาณการกำไรต่อหุ้น เนื่องจากเรารวมรายได้จากการลงทุนและเงินลงทุนใน Avaada และปรับการประเมินมูลค่าไปในปี 2021

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	69,578	84,043	84,286	94,336
Net profit	7,508	9,381	10,142	10,433
EPS (THB)	2.66	3.33	3.60	3.70
vs Consensus (%)	-	8.3	11.7	6.1
EBITDA	20,892	21,180	21,124	22,235
Core net profit	7,113	9,381	10,142	10,433
Core EPS (THB)	2.52	3.33	3.60	3.70
Chg. In EPS est. (%)	-	0.5	4.5	4.9
EPS growth (%)	27.6	31.9	8.1	2.9
Core P/E (x)	29.5	22.4	20.7	20.1
Dividend yield (%)	4.4	2.6	2.6	2.6
EV/EBITDA (x)	14.5	15.2	15.0	14.0
Price/book (x)	2.0	2.0	1.9	1.8
Net debt/Equity (%)	75.1	86.8	78.0	69.3
ROE (%)	7.0	9.0	9.4	9.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.3)	3.5	1.4
Relative to country (%)	2.8	1.5	(13.4)

Mkt cap (USD m)	6,442
3m avg. daily turnover (USD m)	25.7
Free float (%)	25
Major shareholder	PTTGC Plc (23%)
12m high/low (THB)	88.00/50.50
Issued shares (m)	2,819.73

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 14 กรกฎาคม 2021

Investment thesis

Backed by the PTT Group as a major shareholder, GPSC is the fourth largest utility company in Thailand by market capitalisation, with its operations comprising the generation of electricity, steam and other utilities. Currently, the company has an electricity generating capacity of 5,055MW as of 2020 and solid expansion plans to increase its capacity to 6,613MW from 2021 onward.

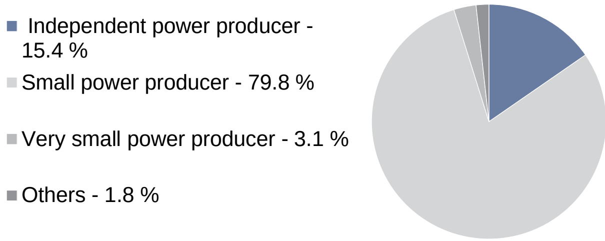
Established as a power investment arm of the PTT Group – Thailand's leading energy company – GPSC has long leveraged its solid ties with the group to expand its electricity generation capacity growth and capture domestic and international opportunities. Currently, GPSC generates electricity mainly from natural gas (80%), and most of its capacity is aimed at supporting PTT Group companies, including PTT (PTT TB, BUY), PTT Global Chemical (PTTGC TB, BUY), Thai Oil (TOP TB, BUY) and IRPC (IRPC TB, BUY).

Company profile

GPSC is PTT Group's power flagship company. It operates small power producers, is an independent power producer and has a presence in renewable energy.

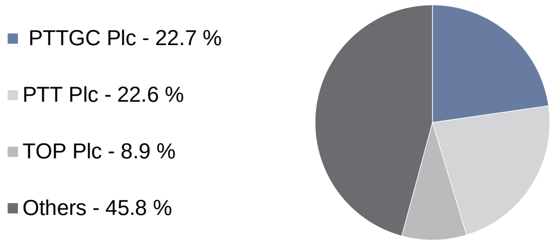
www.gpscgroup.com

Principal activities (revenue, 2020)



Source: Global Power Synergy

Major shareholders



Source: Global Power Synergy

Catalysts

Higher utilisation rates of power plants and rising demand for electricity in Thailand and Japan are key potential growth drivers.

Risks to our call

The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) lower-than-expected demand from industrial users.

Event calendar

Date	Event
Aug 2021	2Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Gas cost (THB/mmbtu)	272	275	278
Tariff (THB/KWh)	3.23	3.26	3.29
Capacity (MW)	7,492	7,492	7,492
CAPEX (THB m)	(21,325)	(6,000)	(6,000)

Source: FSSIA estimates

Earnings sensitivity

- Ceteris Paribus, for every 1% increase in gas price, we estimate 2021 earnings will decline 1.1%, and vice versa.
- Ceteris Paribus, for every 1% increase in interest rate, we estimate 2021 earnings will decline 1.1%, and vice versa.

Source: FSSIA estimates

Acquisition of solar farms in India

On 13 July 2021, GPSC announced that it acquired a 41.6% stake in Avaada, a developer and operator of solar farms with a 3.7GW capacity in India, comprising 1,392MW operating (tariff INR2.62-4.5/kWh) and 2,352MW under construction, with commercial operation dates (CODs) in 2021-22. The acquisition cost is THB14,825m. This is a positive surprise to us considering that:

1) we think the acquisition cost is reasonable at THB10m/MW, even with the additional investment for the remaining 2.35GW under construction, to be funded by the cash flow generated from the existing projects;

2) the M&A will be EPS accretive in 2021 by 3.7% when the full-year operations of all solar farms are added.

ESG enhancement with Avaada. With Avaada, we estimate that GPSC's equity capacity will rise to 6.6GW, up by 30.8% from 5.1GW as of 2020. The addition of Avaada should also drive GPSC's equity capacity from renewables to exceed its 30% target, making GPSC a much greener company and more attractive for investors as one of the Thai power companies with a solid environment, social, and governance (ESG) outlook.

Exhibit 1: Acquisition details and capacities of GPSC and Avaada

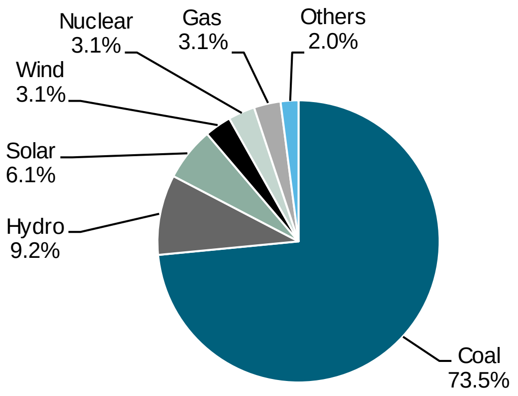
Avaada Energy		Unit
Stake acquired	41.6	%
Acquisition cost	14,825	THB m
Implied acquisition cost per MW	9.5	THB m/MW
Avaada Energy's capacity		
Operating capacity	1,392	MW
Under-construction capacity	2,352	MW
Total capacity	3,744	MW
GPSC's capacity	**1Q21**	
Equity capacity (41.6%)	1,558	MW
Current operating equity capacity	4,752	MW
% increase	32.8	%

Sources: GPSC; FSSIA estimates

Management indicated several reasons for GPSC to enter into renewables in India and sees India as one of four key countries to grow its capacity.

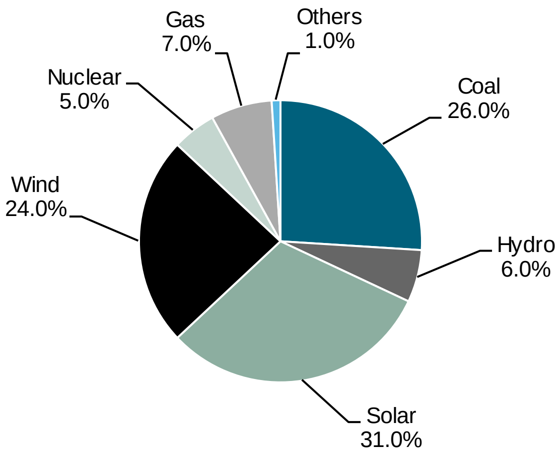
- India is a fast-growing power market with a 5.3% CAGR from 2020-30, according to GPSC.
- India is focusing on solar power, rising from 35GW in 2020 to 100GW in 2022 and 350GW in 2030.
- India has favourable regulations for renewables with 25-year power purchase agreements (PPAs) and INR2.56-4.5/kWh tariffs (THB1.13-1.98/kWh).
- The PPAs for renewables are highly secured with diversified buyers, including the central government (30%), state government (58%) and commercial and industrial users (12%).
- India has strong sunlight with an expected average 18.74% capacity factor (max 22.15% and min 16.64%).
- The investment cost is low for solar farms at USD0.4m-0.5m/MW; 50% lower than other Asian markets at USD1.0m-1.5m/MW.

Exhibit 2: India's generation matrix evolution as of 2020 (total 1,542b kWh)



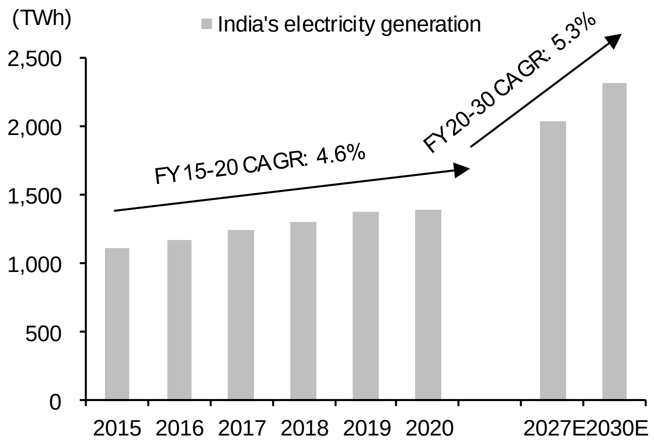
Source: GPSC

Exhibit 3: India's generation matrix evolution estimated as of 2050 (total 5,271b kWh)



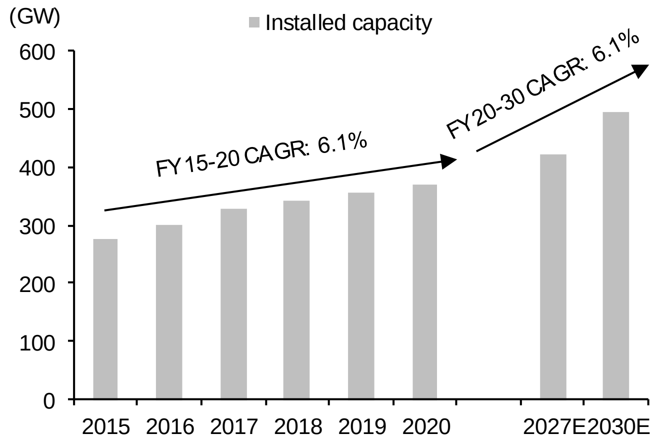
Source: GPSC

Exhibit 4: Strong underlying demand



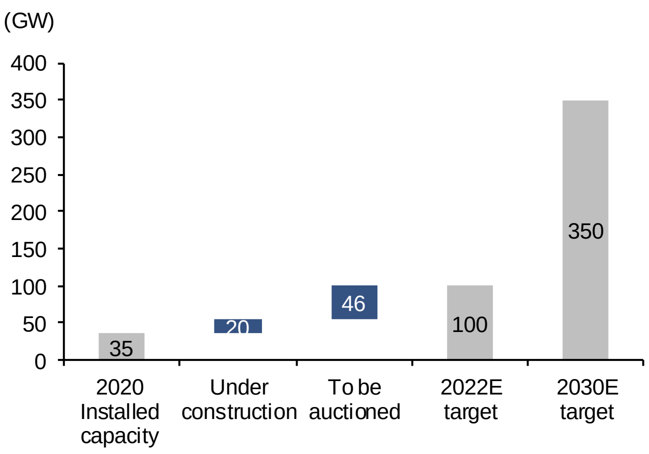
Source: GPSC

Exhibit 5: India's installed capacity



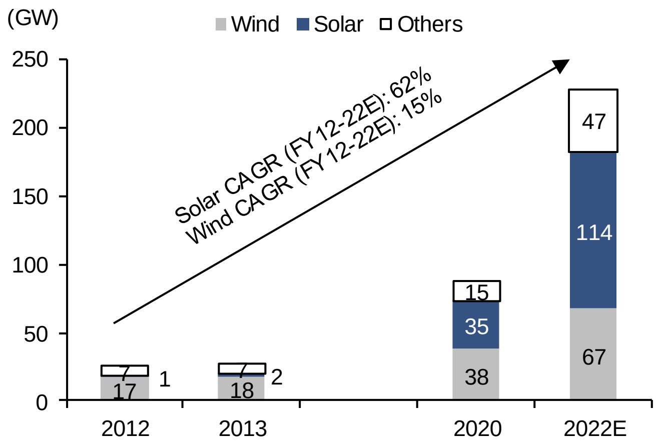
Source: GPSC

Exhibit 6: India's solar target



Source: GPSC

Exhibit 7: Capacity additions expected in India's renewable sector



Source: GPSC

EPS accretive by 3.7% with the acquisition of Avaada. Our analysis indicates that GPSC's EPS would rise by 3.7% post-acquisition of the 41.6% stake in Avaada, and it would realise an additional THB0.9b-1.0b annual net profit contribution from Avaada in the form of equity income, based on our following assumptions:

Exhibit 8: GPSC's EPS changes pre- and post-acquisition of the 41.6% stake in Avaada

2021 financial forecasts	Pre-Avaada	Post-Avaada	% increase	Unit
Net profit	9,381	9,724	3.7	THB m
EBITDA	21,180	24,180	14.2	THB m
Interest expense	3,106	3,699	19.1	THB m
# shares outstanding	2,820	2,820	0.0	m shares
EPS	**3.33**	**3.45**	**3.7**	**THB/share**
Share price as of 13 July 2021	73.25	73.25	0.0	THB/share
Implied P/E	22.0	21.2	(3.5)	x

Sources: GPSC; FSSIA estimates

Tariff structure. Avaada's feed-in-tariff structure is INR2.62-4.5/kWh (THB1.15-1.98/kWh) for the operating solar farms (1.39GW) and INR2.56-3.6/kWh (THB1.13-1.58/kWh) for the projects under construction (2.35GW).

Exhibit 9: Avaada's feed-in-tariff structure and estimated profitability

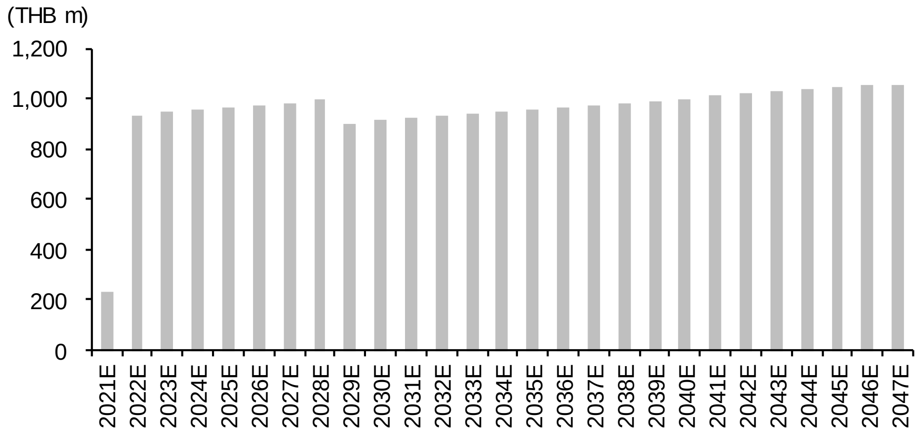
Exchange rate (THB/INR)	0.44	THB/INR		
Avaada's electricity tariff	Feed-in-tariff	Feed-in-tariff	Net margin at 30%	Net profit per MW
	(INR/kWh)	(THB/kWh)	(THB/kWh)	(THB m/MW)
Operating solar farms - min	2.62	1.15	0.35	0.5
Operating solar farms - max	4.50	1.98	0.59	0.6
Under-construction solar farms - min	2.56	1.13	0.34	0.5
Under-construction solar farms - max	3.60	1.58	0.48	0.6
Estimated average net profit per unit	**3.32**	**1.46**	**0.44**	**0.6**
EIRR	10-15			

Sources: GPSC; FSSIA estimates

Other assumptions include: 1) a net margin at 30%, based on management's guidance; 2) a PPA lifetime of 25 years; 3) an EIRR in the 10-15% range; 4) an investment cost per MW of USD0.5m/MW; and 5) an interest rate at 11%.

We estimate that GPSC's 41.6% acquisition of Avaada's 3.7GW solar farms at the THB14.8b acquisition cost will add THB3.1/share value to GPSC.

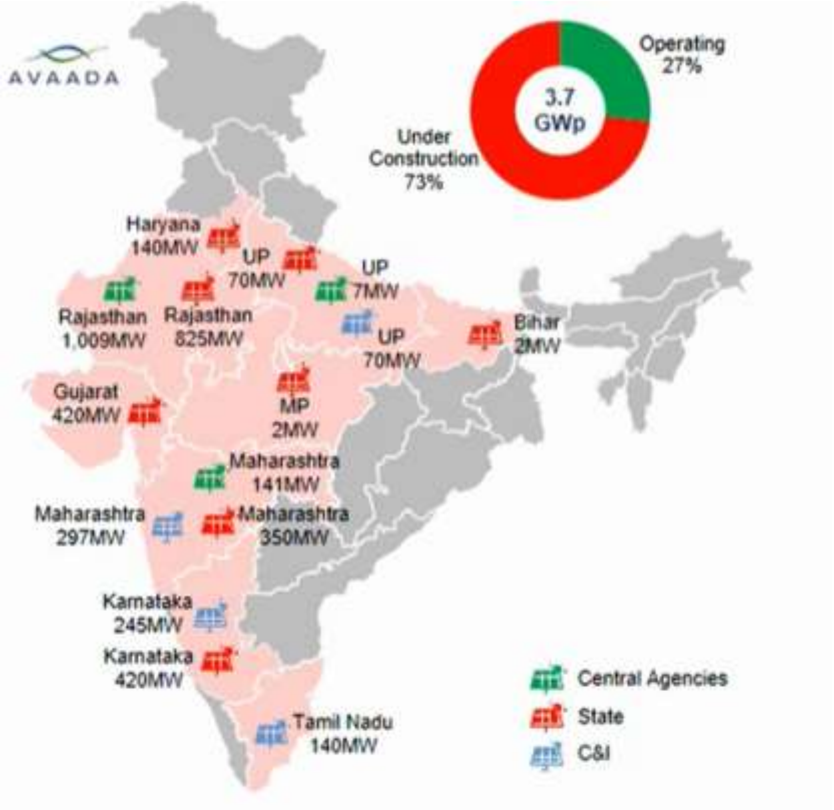
Exhibit 10: Net profit projections for Avaada based on GPSC's 41.6% stake



Sources: GPSC; FSSIA estimates

Strategic fit for GPSC's growth target. We believe the acquisition of Avaada's large-scale solar farms in India is a strategic fit for GPSC's "3S" growth strategy.

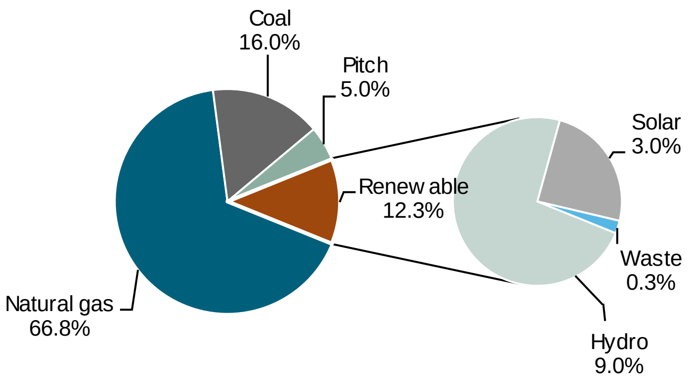
Exhibit 11: Avaada's solar farm projects are located in high irradiance zones



Source: GPSC

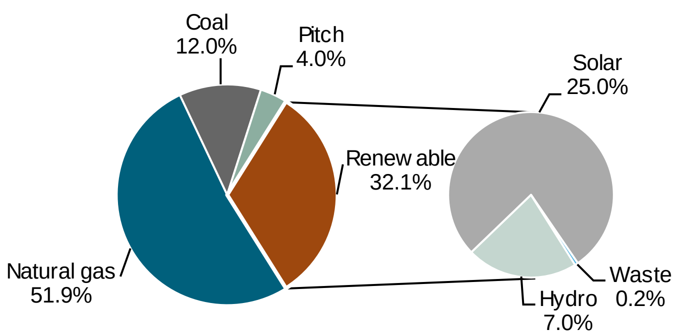
Strategy #1: Synergy & integration to focus on the existing assets to enhance operational efficiency. At end-2020, GPSC had a total of 5GW of equity capacity, with renewable energy accounting for 12.3% of its total equity capacity. With Avaada, we project GPSC's renewable capacity to account for 32.1% in 2021, surpassing the 30% strategic target that GPSC has set to achieve by 2025.

Exhibit 12: GPSC's current capacity portfolio breakdown by fuel type as of 2020 (total capacity of 5,055MW)



Source: GPSC

Exhibit 13: GPSC's target capacity portfolio breakdown by fuel type as of 2021 onward (total capacity of 6,613MW)



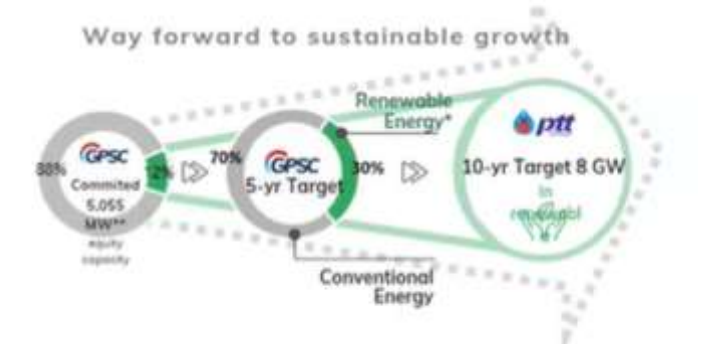
Source: GPSC

Strategy #2: Selective growth opportunities, both domestic and overseas, and renewable energy via co-investment with its parent (PTT)'s strength, focusing on Thailand, India, Taiwan, and Vietnam as four key markets. Avaada will be a first big step for GPSC to achieve its growth strategy overseas.

Exhibit 14: Potential growth

Source: GPSC

Exhibit 15: GPSC's growth target



Source: GPSC

Strategy #3: S-curve business of EVs and batteries. GPSC is now ramping up its first phase 30MWh battery plant for 3Q21, and plans to expand to 100MWh in 2023-24. With the large-scale solar farms from Avaada, we think GPSC could increase the potential demand for its batteries to be used with solar farms in India, potentially allowing the company to scale up its battery plant to over 3-5GWh to achieve economies of scale and reduce its battery cost, based on our estimate.

Exhibit 16: Equity capacity breakdown

Source: GPSC

Exhibit 17: 3S growth strategy

Source: GPSC

Healthy balance sheet post-acquisition of Avaada. Thanks to GPSC's capital increase in 2020, we estimate that the company will see its net debt-to-equity (DE) rise from 0.7x in 1Q21 to 0.8x post-acquisition of Avaada, with its net debt-to-EBITDA rising from 3.7x in 1Q21 to 3.9x post-acquisition. Hence, GPSC still has the debt capacity to fund its next M&A, in our view.

Exhibit 18: GPSC's financial position pre- and post-acquisition of Avaada

1Q21 financial position			Unit
Cash	25,163		THB m
Debt	104,464		THB m
Debt with Avaada's funding	119,289		THB m
Equity	114,096		THB m
Net debt	79,301		THB m
Net debt with Avaada's funding	94,126		THB m
	Pre-Avaada	**Post-Avaada**	**Unit**
DE	0.9	1.0	x
Net DE	0.7	0.8	x
Net debt-to-EBITDA	3.7	3.9	x

Sources: GPSC; FSSIA estimates

Maintain BUY; TP revised to THB110

We raise our EPS forecasts for 2021-23 by 0.5-4.9% to reflect 1) the incorporation of equity income from the 41.6% stake in Avaada starting in 4Q21 onward; 2) the higher capacity from the additional capacity from Avaada; and 3) the higher capex in 2021 to include the THB14.8b acquisition cost of Avaada.

Exhibit 19: Key change in assumptions

	---------------------- Current -----------------				---------------- Previous ------------------				----------------- Change (%) --------------		
	2021E	2022E	2023E		2021E	2022E	2023E		*2021E*	*2022E*	*2023E*
Revenue	84,043	84,286	94,336		84,043	84,286	94,336		*0.0*	*0.0*	*0.0*
Gross profit	13,301	13,674	14,895		13,301	13,674	14,895		*0.0*	*0.0*	*0.0*
Operating profit	11,639	12,006	13,025		11,639	12,006	13,025		*0.0*	*0.0*	*0.0*
Core net profit	9,381	10,142	10,433		9,338	9,709	9,949		*0.5*	*4.5*	*4.9*
EPS (THB/shr)	3.33	3.60	3.70		3.31	3.44	3.53		*0.5*	*4.5*	*4.9*
Key assumptions											
Gas cost (THB/mmbtu)	272	275	278		272	275	278		*0.0*	*0.0*	*0.0*
Tariff (THB/KWh)	3.23	3.26	3.29		3.23	3.26	3		*0.0*	*0.0*	*0.0*
Capacity (MW)	7,492	7,492	7,492		6,576	6,576	7,492		*13.9*	*13.9*	*0.0*
CAPEX (THB m)	(21,325)	(6,000)	(6,000)		(6,500)	(6,000)	(6,000)		*228.1*	*0.0*	*0.0*

Sources: GPSC; FSSIA estimates

We revise our SoTP-based target price to THB110 from THB112 as we include our EPS forecast revisions and roll over our valuation from 2020 to 2021. We believe the recent move to acquire Avaada should add a THB3.1/share value to GPSC and further strengthen its long-term growth strategy to focus on four key countries – Thailand, India, Taiwan, and Vietnam – which are all low-risk, high-growth markets for a utilities company, in our view.

Exhibit 20: SoTP valuation

Cost of equity assumptions	**(%)**			**Cost of debt assumptions**	**(%)**
Risk-free rate	2.3			Pretax cost of debt	3.0
Market risk premium	8.5			Marginal tax rate	20.0
Stock beta	0.90				
Cost of equity, Ke	10.0			Net cost of debt, Kd	2.4
Weight applied	30.0			Weight applied	70.0
WACC (%)	4.6				
DCF valuation estimate	**THB m**	**THB/share**		**Comments**	
Core operating assets	143,732	51		Include all SPPs and two hydropower plants, WACC 4.6%	
Investments	26,891	10		Estimated value for affiliates post 2015, assume EIRR of 12%	
Cash	2,136	1		At end-2021E	
Debt	(102,825)	(36)		At end-2021E	
Minorities	(10,184)	(4)		At end-2021E	
Residual ordinary equity - Exc. ERU	**59,750**	**20**			
GLOW	117,037	41.5		Excluding SPP replacement projects	
XPCL	9,992	3.5		Assume EIRR 12%, COD Oct 2019	
ERU - TOP	4,461	1.6		Assume EIRR 9.4%, COD 2023E	
GLOW SPP replacement	115,071	40.8		Including GEN phase 2, GSPP2&3, and GSPP11#1	
Avaada	8,705	3.1		Assume EIRR 14%	
Target price	**306,312**	**110**			

Sources: GPSC; FSSIA estimates

Financial Statements

Global Power Synergy

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	66,562	69,578	84,043	84,286	94,336
Cost of goods sold	(47,985)	(47,742)	(62,748)	(62,945)	(70,879)
Gross profit	**18,578**	**21,836**	**21,296**	**21,342**	**23,457**
Other operating income	918	1,402	1,546	1,451	648
Operating costs	(670)	(2,346)	(1,662)	(1,668)	(1,870)
Operating EBITDA	**18,826**	**20,892**	**21,180**	**21,124**	**22,235**
Depreciation	(7,079)	(8,706)	(7,995)	(7,668)	(8,561)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**11,748**	**12,186**	**13,185**	**13,457**	**13,674**
Net financing costs	(4,822)	(4,022)	(3,106)	(3,970)	(3,733)
Associates	837	924	1,577	2,831	2,962
Recurring non-operating income	837	924	1,577	2,831	2,962
Non-recurring items	(1,514)	395	0	0	0
Profit before tax	**6,248**	**9,483**	**11,656**	**12,317**	**12,902**
Tax	(247)	(993)	(1,058)	(979)	(1,210)
Profit after tax	**6,001**	**8,490**	**10,599**	**11,338**	**11,692**
Minority interests	(1,940)	(982)	(1,218)	(1,196)	(1,259)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	**4,061**	**7,508**	**9,381**	**10,142**	**10,433**
Non-recurring items & goodwill (net)	**1,514**	**(395)**	**0**	**0**	**0**
Recurring net profit	**5,575**	**7,113**	**9,381**	**10,142**	**10,433**
Per share (THB)					
Recurring EPS *	1.98	2.52	3.33	3.60	3.70
Reported EPS	1.44	2.66	3.33	3.60	3.70
DPS	1.30	3.30	1.90	1.95	1.95
Diluted shares (used to calculate per share data)	2,820	2,820	2,820	2,820	2,820
Growth					
Revenue (%)	167.5	4.5	20.8	0.3	11.9
Operating EBITDA (%)	220.8	11.0	1.4	(0.3)	5.3
Operating EBIT (%)	188.9	3.7	8.2	2.1	1.6
Recurring EPS (%)	(11.8)	27.6	31.9	8.1	2.9
Reported EPS (%)	(35.8)	84.9	24.9	8.1	2.9
Operating performance					
Gross margin inc. depreciation (%)	17.3	18.9	15.8	16.2	15.8
Gross margin of key business (%)	17.3	18.9	15.8	16.2	15.8
Operating EBITDA margin (%)	28.3	30.0	25.2	25.1	23.6
Operating EBIT margin (%)	17.6	17.5	15.7	16.0	14.5
Net margin (%)	8.4	10.2	11.2	12.0	11.1
Effective tax rate (%)	4.6	11.6	10.5	10.3	12.2
Dividend payout on recurring profit (%)	65.8	130.8	57.1	54.2	52.7
Interest cover (X)	2.6	3.3	4.8	4.1	4.5
Inventory days	28.0	49.6	42.1	47.7	45.1
Debtor days	48.7	56.4	39.5	39.3	35.1
Creditor days	28.4	32.6	26.6	30.2	28.5
Operating ROIC (%)	13.8	9.0	(2.2)	(2.1)	(12.7)
ROIC (%)	7.4	4.7	(1.3)	(1.3)	(8.2)
ROE (%)	7.9	7.0	9.0	9.4	9.2
ROA (%)	7.2	4.4	3.9	4.1	2.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2019	2020	2021E	2022E	2023E
Independent power producer	14,993	10,695	14,901	5,140	14,820
Small power producer	50,215	55,525	65,068	74,713	75,081
Very small power producer	581	2,136	2,851	3,208	3,208
Others	773	1,222	1,224	1,225	1,227

Sources: Global Power Synergy; FSSIA estimates

Financial Statements

Global Power Synergy

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	5,575	7,113	9,381	10,142	10,433
Depreciation	7,079	8,706	7,995	7,668	8,561
Associates & minorities	837	924	1,577	2,831	2,962
Other non-cash items	1,957	1,317	1,318	1,318	1,319
Change in working capital	992	(10,510)	(1,079)	(15)	(629)
Cash flow from operations	**16,439**	**7,551**	**19,193**	**21,943**	**22,646**
Capex - maintenance	(7,079)	(8,706)	(6,295)	(5,868)	(6,761)
Capex - new investment	(72,735)	(1,296)	(16,728)	(1,931)	(1,037)
Net acquisitions & disposals	2,354	(540)	0	0	0
Other investments (net)	0	0	0	0	0
Cash flow from investing	**(77,460)**	**(10,543)**	**(23,024)**	**(7,799)**	**(7,799)**
Dividends paid	0	0	(6,485)	(5,498)	(5,498)
Equity finance	0	0	0	0	0
Debt finance	81,105	5,705	(1,490)	(6,000)	(6,000)
Other financing cash flows	(6,157)	(1,264)	(6,348)	(2,954)	(3,024)
Cash flow from financing	**74,948**	**4,441**	**(14,323)**	**(14,452)**	**(14,523)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**13,927**	**1,450**	**(18,153)**	**(308)**	**325**
Free cash flow to firm (FCFF)	(55,880.92)	1,032.24	(724.98)	18,136.07	18,599.13
Free cash flow to equity (FCFE)	13,927.18	1,450.02	(11,668.07)	5,190.66	5,823.18
Per share (THB)					
FCFF per share	(19.82)	0.37	(0.26)	6.43	6.60
FCFE per share	4.94	0.51	(4.14)	1.84	2.07
Recurring cash flow per share	5.48	6.41	7.19	7.79	8.25

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	120,025	127,437	148,762	154,762	160,762
Less: Accumulated depreciation	(18,753)	(27,460)	(33,755)	(39,623)	(46,384)
Tangible fixed assets (net)	**101,272**	**99,978**	**115,007**	**115,140**	**114,378**
Intangible fixed assets (net)	**7,578**	**6,072**	**6,072**	**6,072**	**6,072**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	10,625	11,165	11,165	11,165	11,165
Cash & equivalents	18,839	20,289	2,136	1,828	2,153
A/C receivable	12,405	9,084	9,084	9,084	9,084
Inventories	6,724	6,253	8,219	8,245	9,284
Other current assets	952	7,828	9,455	9,482	10,613
Current assets	**38,919**	**43,454**	**28,894**	**28,639**	**31,134**
Other assets	93,622	95,987	95,987	95,987	95,987
Total assets	**252,017**	**256,656**	**257,126**	**257,003**	**258,737**
Common equity	100,893	102,901	105,797	110,440	115,375
Minorities etc.	9,283	8,966	10,184	11,380	12,639
Total shareholders' equity	**110,176**	**111,867**	**115,981**	**121,820**	**128,013**
Long term debt	79,356	92,321	99,825	95,825	89,825
Other long-term liabilities	25,736	30,405	25,736	25,736	25,736
Long-term liabilities	**105,093**	**122,726**	**125,561**	**121,561**	**115,561**
A/C payable	4,581	3,952	5,194	5,210	5,867
Short term debt	19,253	11,993	3,000	1,000	1,000
Other current liabilities	12,914	6,118	7,390	7,412	8,295
Current liabilities	**36,748**	**22,063**	**15,584**	**13,621**	**15,162**
Total liabilities and shareholders' equity	**252,017**	**256,656**	**257,126**	**257,003**	**258,737**
Net working capital	2,585	13,096	14,174	14,190	14,819
Invested capital	215,683	226,298	242,406	242,554	242,422
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	35.78	36.49	37.52	39.17	40.92
Tangible book value per share	33.09	34.34	35.37	37.01	38.76
Financial strength					
Net debt/equity (%)	72.4	75.1	86.8	78.0	69.3
Net debt/total assets (%)	31.7	32.7	39.2	37.0	34.3
Current ratio (x)	1.1	2.0	1.9	2.1	2.1
CF interest cover (x)	19.0	1.7	2.6	2.8	2.8

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	**37.7**	**29.5**	**22.4**	**20.7**	**20.1**
Recurring P/E @ target price (x) *	**55.6**	**43.6**	**33.1**	**30.6**	**29.7**
Reported P/E (x)	51.7	28.0	22.4	20.7	20.1
Dividend yield (%)	1.7	4.4	2.6	2.6	2.6
Price/book (x)	2.1	2.0	2.0	1.9	1.8
Price/tangible book (x)	2.3	2.2	2.1	2.0	1.9
EV/EBITDA (x) **	15.9	14.5	15.2	15.0	14.0
EV/EBITDA @ target price (x) **	21.2	19.3	19.9	19.7	18.5
EV/invested capital (x)	1.4	1.3	1.3	1.3	1.3

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Global Power Synergy; 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	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	AMANAH	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	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	TPIPP	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	AMANAH	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	WIIK	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 th e 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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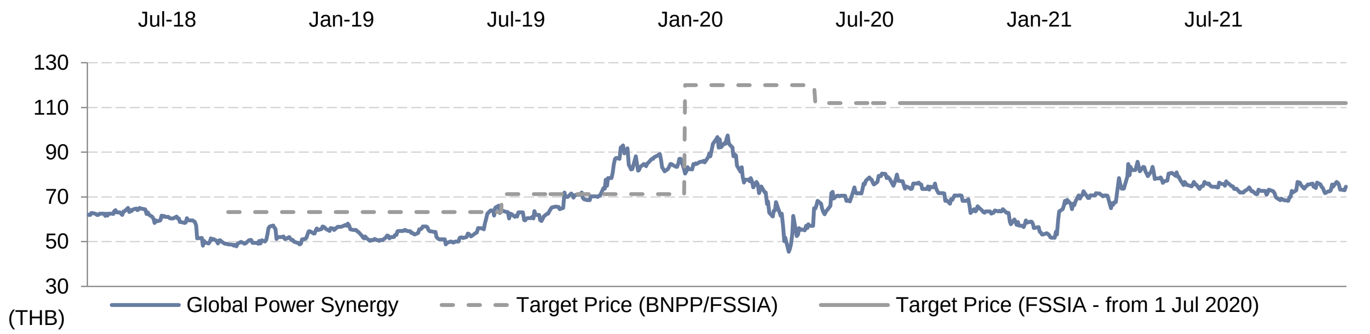
 Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Global Power Synergy (GPSC TB)



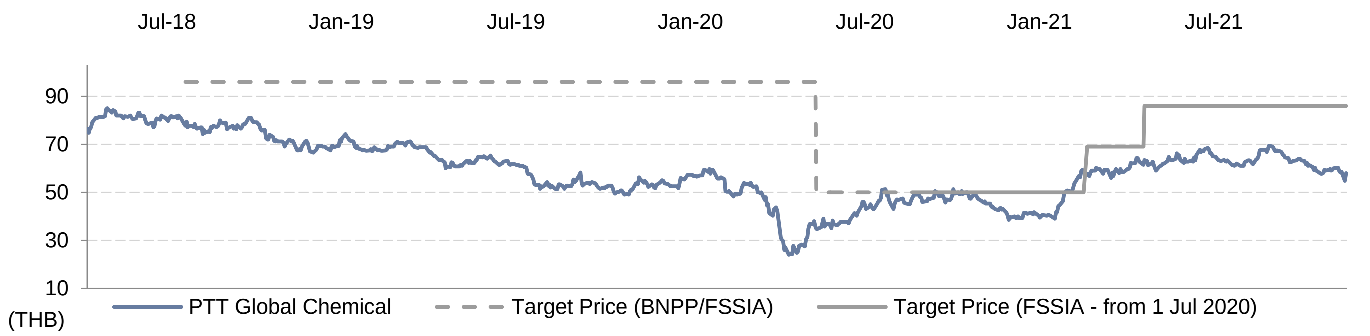
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Nov-2018 11-Jul-2019	BUY BUY	63.25 71.27	17-Dec-2019 08-Apr-2020	BUY BUY	120.00 112.00	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

PTT Global Chemical (PTTGC TB)



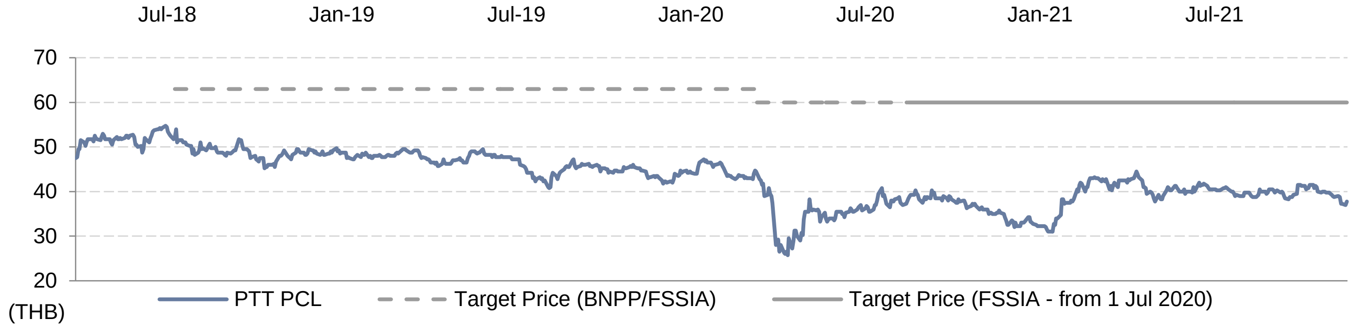
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018 09-Apr-2020	BUY BUY	96.00 50.00	08-May-2020 27-Nov-2020	BUY BUY	50.00 69.00	18-Jan-2021	BUY	86.00

Suwat Sinsadok started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

PTT PCL (PTT TB)



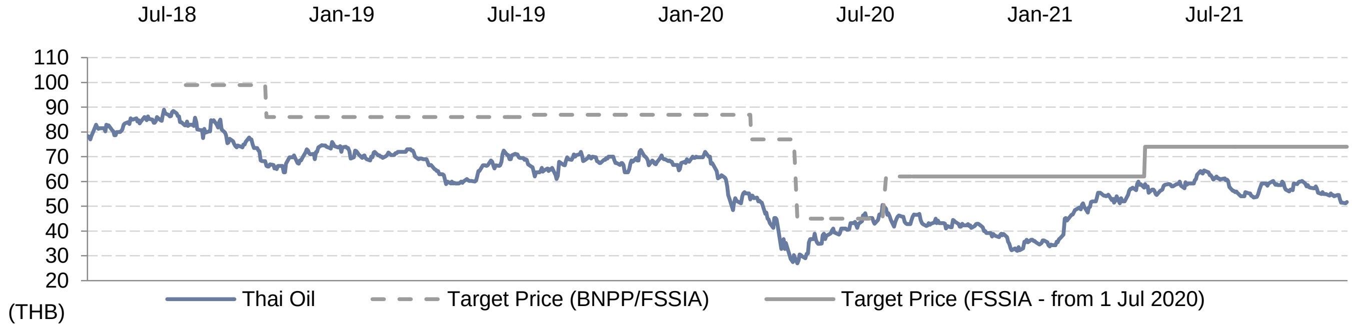
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	63.00	21-Feb-2020	BUY	60.00	-	-	-

Suwat Sinsadok started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

Thai Oil (TOP TB)



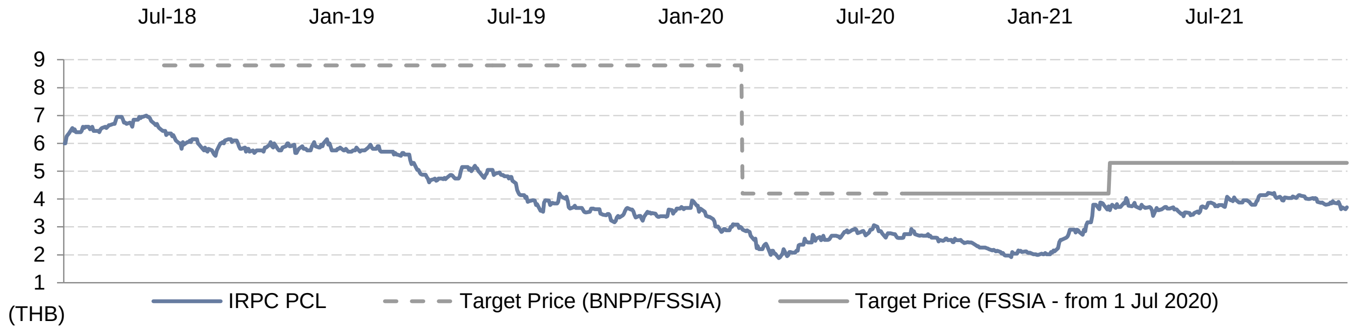
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	99.00	12-Feb-2020	BUY	77.00	08-Jun-2020	BUY	62.00
18-Dec-2018	BUY	86.00	23-Mar-2020	BUY	45.00	21-Aug-2020	BUY	62.00
06-Aug-2019	BUY	87.00	08-Jun-2020	BUY	62.00	18-Jan-2021	BUY	74.00

Suwat Sinsadok started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

IRPC PCL (IRPC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	8.80	14-Feb-2020	BUY	4.20	22-Dec-2020	BUY	5.30
13-Feb-2019	BUY	8.80	08-May-2020	BUY	4.20			

Suwat Sinsadok started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Global Power Synergy	GPSC TB	THB 74.50	BUY	The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) lower-than-expected demand from industrial users.
PTT Global Chemical	PTTGC TB	THB 58.00	BUY	The key downside risks to our EV/EBITDA-based TP are the weaker-than-expected HDPE price and HDPE-naphtha margin.
PTT PCL	PTT TB	THB 37.75	BUY	Risks to our SoTP-based valuation are the oil price and potential earnings downside from government intervention.
Thai Oil	TOP TB	THB 51.75	BUY	Downside risks to our EV/EBITDA-based TP are a sharp rise in oil price and weak demand for refined oil products.
IRPC PCL	IRPC TB	THB 3.70	BUY	Key risks to our positive view and EV/EBITDA-based target price are weaker-than-expected oil product demand growth and lower-than-expected PP-naphtha and SM-benzene margins.

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 13-Jul-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.