

16 AUGUST 2021

THAILAND / CONSUMER STAPLES

# CP ALL CPALL TB

## BUY

UNCHANGED

TARGET PRICE	THB76.00
CLOSE	THB57.50
UP/DOWNSIDE	+32.2%
PRIOR TP	THB80.00
CHANGE IN TP	-5.0%
TP vs CONSENSUS	+10.2%

## กำไรสุทธิ 2Q21 มีแนวโน้มเป็นจุดต่ำสุด

ผลประกอบการ 2Q21 อ่อนแอจากค่าใช้จ่ายดอกเบี้ยพิเศษ

CPALL รายงานกำไรสุทธิ 2Q21 จำนวน 2.2 พัน ลบ. (-16% q-q, -24% y-y) เมื่อหักกำไรอัตราแลกเปลี่ยนจำนวน 284 ลบ. ที่เกี่ยวข้องกับการ rollover bridging loan กำไรจากการดำเนินงานอยู่ที่ 1.9 พัน ลบ. สูงกว่าที่ตลาดคาด 6% จากผลประกอบการของธุรกิจร้านสะดวกซื้อที่ดีเกินคาด กำไร 1H21 คิดเป็น 46% ของประมาณการรวมทั้งปีของเราที่ 10.4 พัน ลบ.

ผลประกอบการร้านสะดวกซื้อดีเกินคาดเล็กน้อย

ใน 2Q21 อัตราการเติบโตโดยยอดขายสาขาเดิม (SSSG) อยู่ที่ 2.1% (เทียบกับ -17.1% ใน 1Q21 และ -20.2% ใน 2Q20) ยอดขายออนไลน์เพิ่มขึ้นเป็นประมาณ 12% เทียบกับ 10% ใน 1Q21 ด้วยยอดขายต่อใบเสร็จเฉลี่ยที่กว่า 150 บาท ซึ่งช่วยชดเชยยอดขายในร้านที่อ่อนแอได้บางส่วน อัตรากำไรขั้นต้นของธุรกิจร้านสะดวกซื้อเพิ่มขึ้นเป็น 26.5% เทียบกับ 23.3% ใน 1Q21 จากสัดส่วนของอาหารที่อยู่ในระดับสูงที่ 74.9% เทียบกับ 72.8% ใน 1Q21 และอัตรากำไรขั้นต้นของสินค้าที่ไม่ใช่อาหารที่อยู่ในระดับสูงจากผลิตภัณฑ์ดูแลสุขภาพ ในภาพรวมอัตรากำไรขั้นต้นลดลง 20bps y-y จากสัดส่วนของยอดขาย MAKRO ที่เพิ่มขึ้น ค่าใช้จ่ายดอกเบี้ยเพิ่มขึ้นเป็น 3.5 พัน ลบ. เทียบกับ 2.9 พัน ลบ. ใน 1Q21 จากค่าใช้จ่ายพิเศษจำนวน 700 ลบ. ที่เกี่ยวข้องกับการ rollover bridging loan ดังนั้นเราจึงคาดว่าค่าใช้จ่ายดอกเบี้ยจะลดลงเหลือ 2.7-2.8 พัน ลบ. ต่อไตรมาสใน 2H21 รายได้จากการลงทุนใน Lotus ตีตลาดโดยออกมาเป็นผลขาดทุนจำนวน 129 ลบ. จาก: 1) SSSG ของ Lotus ที่ตีตลาดเป็นเลขตัวเดียวในระดับกลางถึงต่ำ; 2) ค่าใช้จ่ายที่เกี่ยวข้องกับการปรับตราสินค้าของ Lotus; และ 3) ค่าใช้จ่ายดอกเบี้ยที่สูงเกินคาดจากเงินกู้ระยะสั้นที่อยู่ในรูปเงินเหรียญสหรัฐฯ จากค่าเงินบาทที่อ่อนแอ

แนวโน้ม 3Q21 มีความท้าทาย

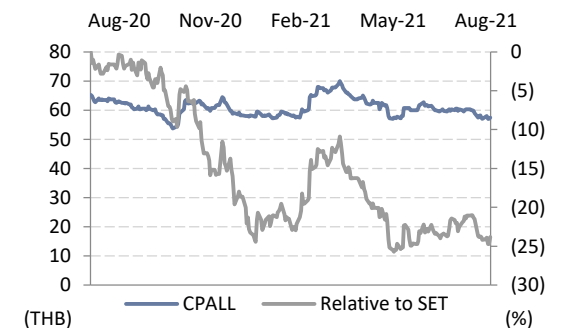
ใน 3Q21 SSSG อาจพลิกเป็นลบที่ 10% โดยได้แรงกดดันจากอำนาจการซื้อที่อ่อนแอ การจำกัดชั่วโมงและกิจกรรมในการดำเนินงาน การใช้จ่ายของนักท่องเที่ยวที่หายไป และการบริโภคที่อ่อนแอ ประมาณ 70% ของสาขารวมอยู่ในพื้นที่สีแดงซึ่งเปิดดำเนินงานได้ในช่วงที่ 4 - 2 หุ่ CPALL ได้เลื่อนรายการแสดงปีส่งเสริมการขาย ซึ่งโดยปกติจะเริ่มในปลายเดือน ก.ค. เนื่องจากพฤติกรรมผู้บริโภคเปลี่ยนไป CPALL คาดว่าจะบันทึกกำไรพิเศษจากการขายธุรกิจขนส่งเป็นจำนวนเงิน 2 ลบ. ใน 4Q21

คาดการณ์กำไรจะฟื้นตัวตั้งแต่ 1Q22 เป็นต้นไป

เราปรับลดประมาณการกำไรปี 2021-23 ลง 10.5-30.9% เนื่องจากเราปรับลดสมมติฐาน SSSG ปี 2021 เป็น -6.6% จาก -2.0% และปรับลดประมาณการรายได้จากการลงทุนจาก Lotus เพื่อสะท้อนการฟื้นตัวของบริโภคที่ช้าเกินคาดและการจำกัดชั่วโมงการทำงานจากปัญหาโรคระบาดที่ต่อเนื่อง เรายังชอบ CPALL จากรูปแบบร้านสะดวกซื้อที่ดีและคาดว่ากำไรของบริษัทจะฟื้นตัวภายใน 1Q22 ปัจจุบัน CPALL มีการซื้อขายที่ 30.4x ของค่า 2022E P/E หรือคิดเป็นเกือบ -0.5SD ของค่าเฉลี่ย 5 ปีย้อนหลังที่ 32.1x และอาจลดลงเหลือ 24x ของค่า 2023E P/E หลังสถานการณ์กลับมาเป็นปกติเหมือนช่วงก่อน Covid

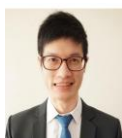
## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	546,207	553,392	613,222	679,552
Net profit	16,102	10,406	17,014	21,288
EPS (THB)	1.79	1.16	1.89	2.37
vs Consensus (%)	-	(21.0)	(8.5)	(7.7)
EBITDA	39,116	35,902	42,388	48,220
Core net profit	15,876	10,406	17,014	21,288
Core EPS (THB)	1.77	1.16	1.89	2.37
Chg. In EPS est. (%)	-	(30.9)	(16.4)	(10.5)
EPS growth (%)	(31.1)	(34.5)	63.5	25.1
Core P/E (x)	32.5	49.6	30.4	24.3
Dividend yield (%)	2.2	0.8	1.3	1.6
EV/EBITDA (x)	19.4	21.8	18.2	15.8
Price/book (x)	6.7	6.2	5.5	4.9
Net debt/Equity (%)	187.4	195.1	171.0	146.8
ROE (%)	16.7	10.4	15.7	17.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.0)	(0.9)	(15.1)
Relative to country (%)	(2.1)	0.5	(26.3)
Mkt cap (USD m)	15,502		
3m avg. daily turnover (USD m)	41.5		
Free float (%)	40		
Major shareholder	CP Group (45%)		
12m high/low (THB)	70.25/53.50		
Issued shares (m)	8,983.10		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 16 สิงหาคม 2021

## Investment thesis

The convenience store (CVS) format has the most resilient same-store sales growth (SSSG) in Thailand under varying economic conditions. The sector is far from saturation, in our view, and this suggests that CPALL can potentially achieve its target to expand its stores by 700 branches annually to 13,000 by the end of 2021.

On top of its SSSG growth and expansion plan, CPALL plans to increase its GPM by 10-20bps per year by focusing on high-margin ready-to-eat products and non-food high-margin products. We think CPALL's current retail sales GPM of 26-27% could rise from a greater high-margin product volume.

The key upside risk is a faster-than-expected recovery of the tourism industry. In 2019, tourists in Thailand spent THB1.9t, accounting for 12% of GDP, 20% of which (THB380b) was from food & beverage spending. Note that 4-5% of CPALL's sales are derived from tourism.

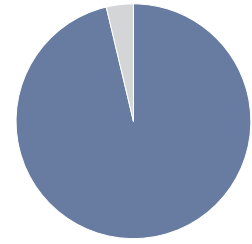
## Company profile

CP All is the market leader in the convenience store segment, with at least a 50% market share in terms of store numbers. At the end of 2019, it operated 11,712 stores. It now owns 94% of Siam Makro (MAKRO TB).

[www.cpall.co.th](http://www.cpall.co.th)

## Principal activities (revenue, 2020)

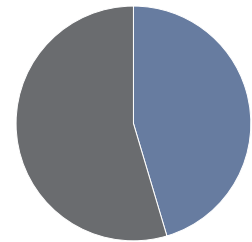
- Sales - 96.3 %
- Other income - 3.7 %



Source: CP All

## Major shareholders

- CP Group - 45.4 %
- Others - 54.6 %



Source: CP All

## Catalysts

Potential catalysts for CPALL include the recovery of Thailand's economy and increasing consumer confidence, as well as a higher proportion of food products to drive its GPM.

## Risks to our call

The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.

## Event calendar

Date	Event
November 2021	3Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
SSSG	(6.6)	6.0	8.0
New store growth	5.3	5.1	4.8
GPM (CVS only)	27.7	28.0	28.3
SG&A to sales	19.8	19.5	19.5

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in SSSG we estimate 2021 EPS would rise 0.7%, and vice versa, all else being equal.
- For every 0.1% increase in GPM we estimate 2021 EPS would rise 1.1%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales we estimate 2021 EPS would fall 1.3%, and vice versa, all else being equal.

Source: FSSIA estimates



## Weak 2Q21 results but slightly above expectations

CPALL reported a 2Q21 net profit of THB2.2b (-16% q-q, -24% y-y). Excluding an FX gain of THB284m related to a bridging loan rollover, 2Q21 core profit was at THB1.9b, beating BBG's consensus estimate by 6% due to the stronger-than-expected CVS performance. 1H21 earnings account for 46% of our full-year estimate.

SSSG in 2Q21 was at 2.1% (vs -17.1% in 1Q21, and -20.2% in 2Q20). Online sales rose to c12% vs 10% in 1Q21, with an average ticket size of above THB150, which partly offset the weak offline sales. 2Q21 CVS GPM rose to 26.5% vs 23.3% in 1Q21 on the high contribution from foods at 74.9% vs 72.8% in 1Q21 and the high GPM for non-foods due to healthcare products. Overall GPM dropped 20bps y-y in 2Q21 due to the high contribution from MAKRO. Interest expenses rose to THB3.5b vs THB2.9b in 1Q21 following a one-off expense of THB700m related to the bridging loan rollover. Hence, we expect interest expenses to drop THB2.7b-2.8b per quarter in 2H21. Equity income from Lotus was a THB129m loss due to: 1) Lotus' SSSG was negative at low to mid-single digits; 2) expenses related to Lotus' rebranding; and 3) higher-than-expected interest expenses from USD bridging due to the weaker THB.

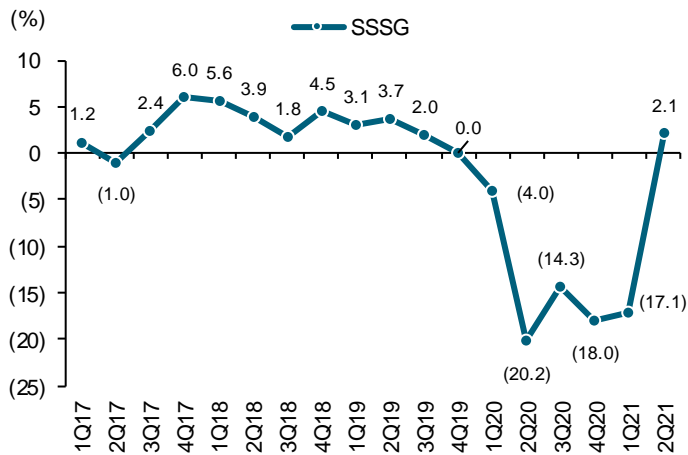
CPALL announced it would divest its logistics subsidiaries – All Now Management and All Now Logistics – to The Charoen Pokphand Group (CPG, not listed) (52%), Charoen Pokphand Foods (CPF TB, BUY, TP THB34) (19%), True Corporation (TRUE, HOLD, THB3.3 TP) (10%), and Ekachai Distribution (9%). The transaction value is THB2.45b and is expected to be completed by 4Q21, with CPALL booking a one-off gain in that quarter.

### Exhibit 1: 2Q21 results summary

Year to Dec 31	2Q20	3Q20	4Q20	1Q21	2Q21	Change			1H21		2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(%21E)	(THB m)	(y-y%)	(THB m)	(y-y%)
Total revenue	127,989	135,457	137,004	133,339	137,370	3	7	25	270,709	(1)	553,392	1
<b>Retail sales</b>	<b>123,101</b>	<b>129,990</b>	<b>131,823</b>	<b>128,549</b>	<b>132,146</b>	<b>3</b>	<b>7</b>	<b>25</b>	<b>260,694</b>	<b>(1)</b>	<b>533,647</b>	<b>1</b>
Other income	4,888	5,467	5,181	4,790	5,224	9	7	26	10,015	4	19,745	(3)
<b>Gross profit</b>	<b>31,330</b>	<b>34,034</b>	<b>33,994</b>	<b>32,070</b>	<b>33,287</b>	<b>4</b>	<b>6</b>	<b>25</b>	<b>65,357</b>	<b>(3)</b>	<b>135,105</b>	<b>(0)</b>
Operating costs	(26,013)	(27,307)	(27,232)	(26,217)	(27,438)	5	5	25	(53,655)	1	(109,452)	1
Operating profit	5,317	6,727	6,763	5,852	5,849	(0)	10	23	11,702	(16)	25,653	(7)
Other income	38	32	44	33	22	(35)	(44)	6	54	(33)	359	129
Interest expense	(1,976)	(1,991)	(2,678)	(2,901)	(3,529)	22	79	30	(6,430)	67	(11,770)	38
<b>Profit before tax</b>	<b>3,379</b>	<b>4,768</b>	<b>4,129</b>	<b>2,984</b>	<b>2,341</b>	<b>(22)</b>	<b>(31)</b>	<b>16</b>	<b>5,326</b>	<b>(48)</b>	<b>14,242</b>	<b>(25)</b>
Tax	(434)	(682)	(511)	(370)	(234)	(37)	(46)	8	(605)	(61)	(2,848)	3
Equity income	(0)	(1)	(63)	36	(129)	(461)	54,834	24	(93)	nm	(547)	762
Minority interests	(55)	(99)	(144)	(110)	(72)	(35)	30	16	(182)	15	(441)	10
Non-recurring items	(2)	11	161	59	284	377	nm	nm	343	541	0	(100)
Reported net profit	2,887	3,998	3,573	2,599	2,190	(16)	(24)	21	4,789	(44)	10,406	(35)
<b>Recurring net profit</b>	<b>2,890</b>	<b>3,986</b>	<b>3,411</b>	<b>2,540</b>	<b>1,906</b>	<b>(25)</b>	<b>(34)</b>	<b>18</b>	<b>4,446</b>	<b>(48)</b>	<b>10,406</b>	<b>(34)</b>
EPS (THB)	0.32	0.45	0.40	0.29	0.24	(16)	(24)	21	0.53	(44)	1.16	(35)
<b>Recurring EPS (THB)</b>	<b>0.32</b>	<b>0.44</b>	<b>0.38</b>	<b>0.28</b>	<b>0.21</b>	<b>(25)</b>	<b>(34)</b>	<b>18</b>	<b>0.49</b>	<b>(48)</b>	<b>1.16</b>	<b>(34)</b>
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>		<b>(%)</b>		<b>(%)</b>	<b>(ppt)</b>
Retail sales margin	21.5	22.0	21.9	21.2	21.2	0.0	(0.2)		21.2		21.6	0.3
Operating margin	4.2	5.0	4.9	4.4	4.3	(0.1)	0.1		4.3		4.6	0.4
Recurring net margin	2.3	2.9	2.5	1.9	1.4	(0.5)	(0.9)		1.6		1.9	1.0
SG&A / Sales	20.3	20.2	19.9	19.7	20.0	0.3	(0.4)		19.8		19.8	(0.0)
Effective tax rate	12.8	14.3	12.4	12.4	10.0	(2.4)	(2.8)		11.4		20.0	(5.6)
<b>Operating statistics</b>												
SSSG (%)	(20.2)	(14.3)	(18.0)	(17.1)	2.1							
Number of stores (no.)	12,089	12,225	12,432	12,587	12,743							
New stores (%)	0.9	1.1	1.7	1.2	1.2							
Average daily sales/store (THB)	66,950	69,068	68,514	65,024	67,767							
Spending/ticket (THB)	79	75	76	77	82							
Customer/store/day (no.)	841	917	916	845	823							

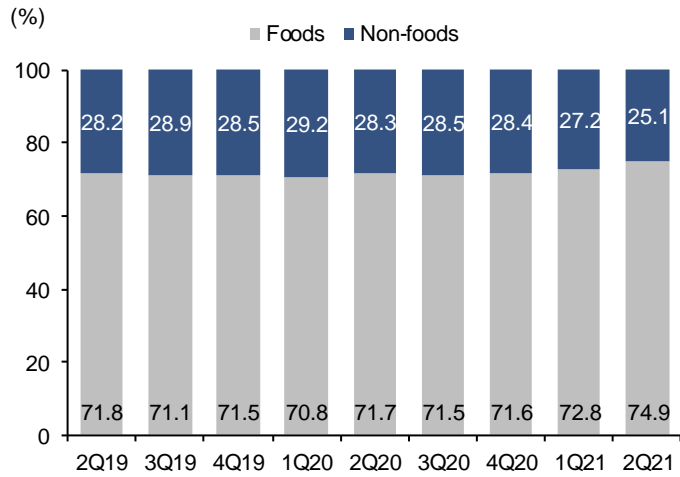
Sources: CPALL; FSSIA estimates

**Exhibit 2: Quarterly SSSG**



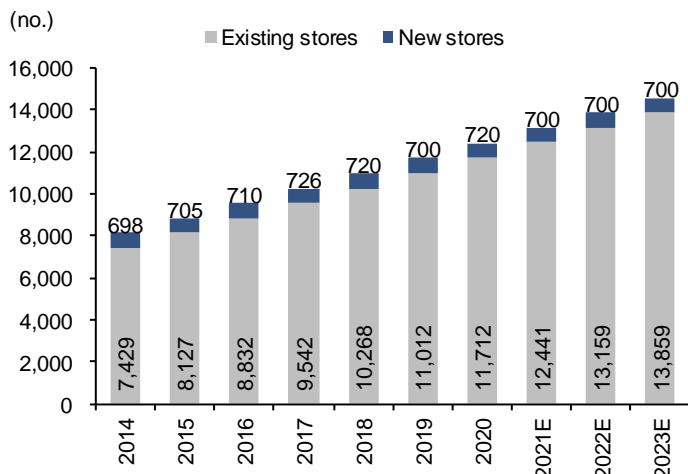
Sources: CPALL; FSSIA estimates

**Exhibit 4: Product sales mix**



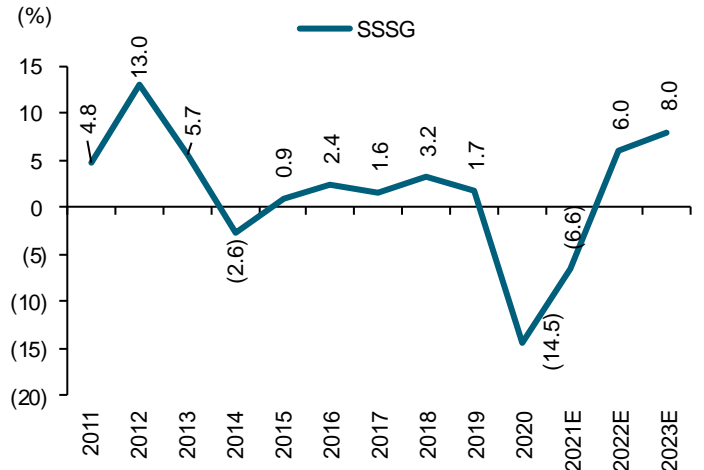
Sources: CPALL; FSSIA estimates

**Exhibit 6: New store opening plan**



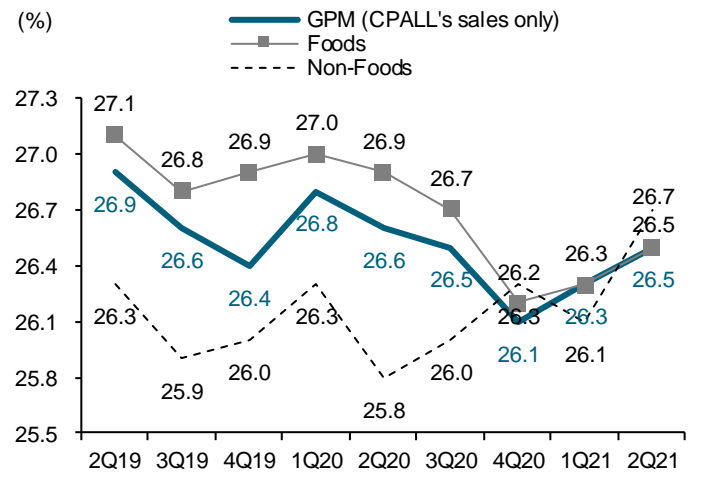
Sources: CPALL; FSSIA estimates

**Exhibit 3: Yearly SSSG**



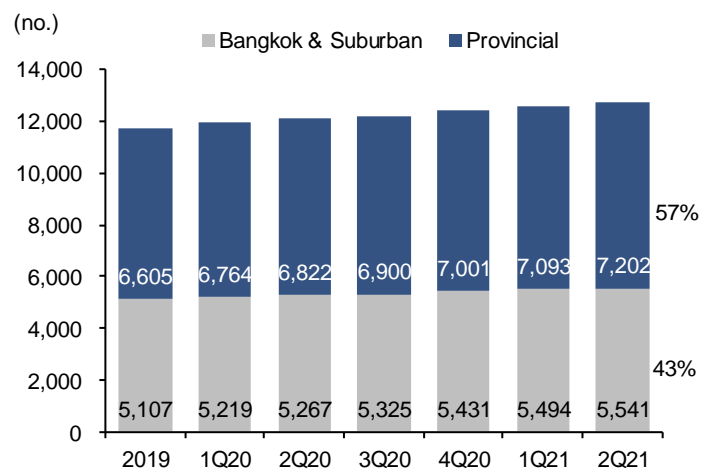
Sources: CPALL; FSSIA estimates

**Exhibit 5: GPM of each product**



Sources: CPALL; FSSIA estimates

**Exhibit 7: Store breakdown by location**



Sources: CPALL; FSSIA estimates

## NP and TP revisions

We revise down our 2021-23E net profit by 10.5-30.9% as we cut our SSSG assumption in 2021 to -6.6% from -2.0% and lower our equity income forecast from Lotus to reflect the slower-than-expected consumption recovery and restricted operating hours from the ongoing pandemic. We still like CPALL due to its solid CVS format and expect its earnings to recover by 1Q22. CPALL is trading at 30.4x 2022E P/E or at almost -0.5SD of its 5-year average at 32.1x, and could drop to 24x 2023E P/E after the situation returns to pre-Covid normalcy.

### Exhibit 8: Revised assumptions

	Current			Previous			Change (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Retail sales (THB m)	533,647	591,342	655,306	548,013	607,404	666,354	(2.6)	(2.6)	(1.7)
SSSG (%)	(6.6)	6.0	8.0	(2.0)	6.0	6.0	(4.6)	0.0	2.0
Gross margin (%)	27.7	28.0	28.3	27.8	28.0	28.3	(0.1)	0.0	0.0
No. of new stores (no.)	700	700	700	700	700	700	0	0	0
SG&A to sales (%)	19.8	19.5	19.5	19.5	19.4	19.4	0.3	0.0	0.1
Interest expenses (THB m)	11,770	10,024	9,776	11,011	9,763	9,454	6.9	2.7	3.4
Equity income (THB m)	(547)	292	555	853	1,732	2,067	(164.1)	(83.1)	(73.2)
Net profit (THB m)	10,406	17,014	21,288	15,067	20,361	23,774	(30.9)	(16.4)	(10.5)

Note: Change of items in percentage terms are represented in ppt change

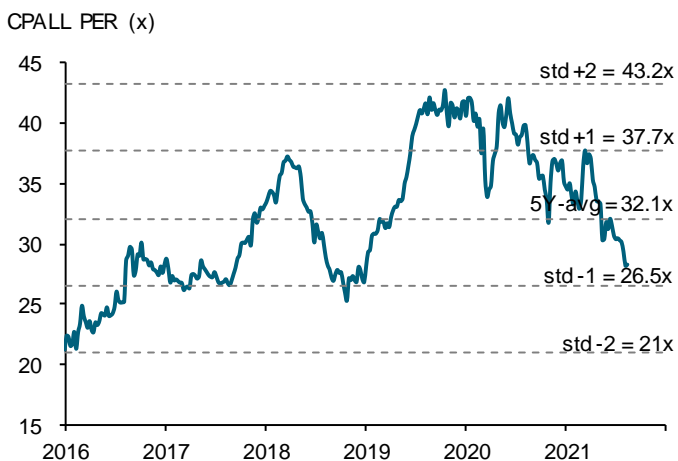
Source: FSSIA estimates

### Exhibit 9: DCF-derived TP

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.0	
Terminal growth	2.0	
NPV		264
Add: terminal value		559
Sum of PV		823
Add: investment		86
Less: debt		220
Less: minorities		16
Residual ordinary equity		679
No. of shares (m)		8,983
<b>Residual ordinary equity (THB/share)</b>		<b>76</b>

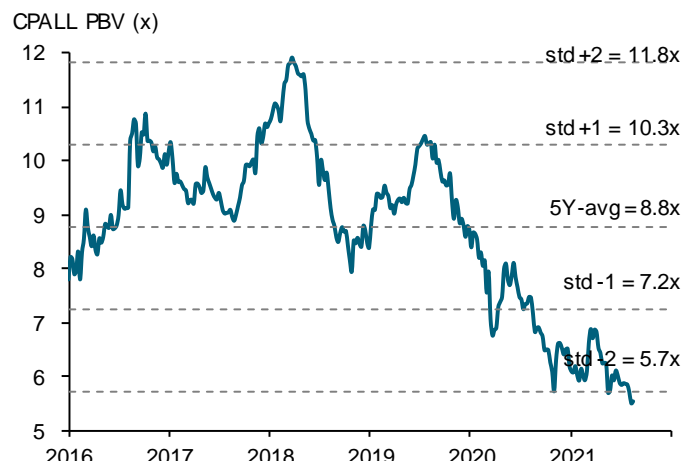
Source: FSSIA estimates

### Exhibit 10: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

### Exhibit 11: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates



## Financial Statements

CP All

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	570,712	546,207	553,392	613,222	679,552
Cost of goods sold	(414,843)	(399,233)	(408,039)	(451,538)	(498,635)
<b>Gross profit</b>	<b>155,868</b>	<b>146,974</b>	<b>145,353</b>	<b>161,684</b>	<b>180,916</b>
Other operating income	0	0	0	0	0
Operating costs	(110,753)	(107,858)	(109,452)	(119,296)	(132,697)
<b>Operating EBITDA</b>	<b>45,115</b>	<b>39,116</b>	<b>35,902</b>	<b>42,388</b>	<b>48,220</b>
Depreciation	(11,220)	(11,647)	(10,248)	(11,169)	(12,158)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>33,896</b>	<b>27,469</b>	<b>25,653</b>	<b>31,219</b>	<b>36,062</b>
Net financing costs	(6,427)	(8,369)	(11,411)	(9,710)	(9,479)
Associates	0	(63)	(547)	292	555
Recurring non-operating income	0	(63)	(547)	292	555
Non-recurring items	(705)	226	0	0	0
<b>Profit before tax</b>	<b>26,764</b>	<b>19,262</b>	<b>13,695</b>	<b>21,801</b>	<b>27,138</b>
Tax	(4,070)	(2,759)	(2,848)	(4,302)	(5,317)
<b>Profit after tax</b>	<b>22,694</b>	<b>16,503</b>	<b>10,847</b>	<b>17,499</b>	<b>21,821</b>
Minority interests	(351)	(400)	(441)	(485)	(533)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>22,343</b>	<b>16,102</b>	<b>10,406</b>	<b>17,014</b>	<b>21,288</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>705</b>	<b>(226)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>23,049</b>	<b>15,876</b>	<b>10,406</b>	<b>17,014</b>	<b>21,288</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.57	1.77	1.16	1.89	2.37
Reported EPS	2.49	1.79	1.16	1.89	2.37
DPS	1.25	1.25	0.46	0.76	0.95
Diluted shares (used to calculate per share data)	8,983	8,983	8,983	8,983	8,983
<b>Growth</b>					
Revenue (%)	8.3	(4.3)	1.3	10.8	10.8
Operating EBITDA (%)	6.2	(13.3)	(8.2)	18.1	13.8
Operating EBIT (%)	5.8	(19.0)	(6.6)	21.7	15.5
Recurring EPS (%)	10.3	(31.1)	(34.5)	63.5	25.1
Reported EPS (%)	6.8	(27.9)	(35.4)	63.5	25.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	25.3	24.8	24.4	24.5	24.8
Gross margin of key business (%)	28.1	28.0	27.7	28.0	28.3
Operating EBITDA margin (%)	7.9	7.2	6.5	6.9	7.1
Operating EBIT margin (%)	5.9	5.0	4.6	5.1	5.3
Net margin (%)	4.0	2.9	1.9	2.8	3.1
Effective tax rate (%)	14.8	14.4	20.0	20.0	20.0
Dividend payout on recurring profit (%)	48.7	70.7	40.0	40.0	40.0
Interest cover (X)	5.3	3.3	2.2	3.2	3.9
Inventory days	26.9	28.9	28.6	27.3	27.3
Debtor days	6.0	6.1	5.9	5.6	5.6
Creditor days	83.2	83.2	72.9	63.9	63.7
Operating ROIC (%)	50.5	37.2	26.3	27.0	29.5
ROIC (%)	11.8	7.4	5.0	6.0	6.9
ROE (%)	25.8	16.7	10.4	15.7	17.8
ROA (%)	7.7	5.2	3.8	4.7	5.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales	550,901	525,884	533,647	591,342	655,306
Other income	19,811	20,323	19,745	21,880	24,246

Sources: CP All; FSSIA estimates



## Financial Statements

CP All

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	23,049	15,876	10,406	17,014	21,288
Depreciation	11,220	11,647	10,248	11,169	12,158
Associates & minorities	351	464	987	192	(22)
Other non-cash items	-	-	-	-	-
Change in working capital	(2,112)	(6,528)	(12,712)	2,990	3,832
<b>Cash flow from operations</b>	<b>32,508</b>	<b>21,459</b>	<b>8,929</b>	<b>31,366</b>	<b>37,256</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(16,015)	(15,763)	(19,334)	(20,667)	(22,289)
Net acquisitions & disposals	(811)	(86,238)	(549)	290	553
Other investments (net)	(185)	(2,567)	(6,528)	6,116	4,694
<b>Cash flow from investing</b>	<b>(17,010)</b>	<b>(104,568)</b>	<b>(26,410)</b>	<b>(14,261)</b>	<b>(17,042)</b>
Dividends paid	(11,229)	(11,229)	(4,162)	(6,806)	(8,515)
Equity finance	(710)	(193)	0	0	0
Debt finance	(8,530)	104,638	12,181	(9,878)	(15,363)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(20,469)</b>	<b>93,216</b>	<b>8,019</b>	<b>(16,684)</b>	<b>(23,878)</b>
Non-recurring cash flows	0	0	0	0	0
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>(4,971)</b>	<b>10,107</b>	<b>(9,462)</b>	<b>421</b>	<b>(3,664)</b>
Free cash flow to firm (FCFF)	22,218.88	(74,583.44)	(5,710.82)	27,128.71	29,990.03
Free cash flow to equity (FCFE)	6,967.48	21,528.55	(5,299.68)	7,226.77	4,851.32

### Per share (THB)

FCFF per share	2.47	(8.30)	(0.64)	3.02	3.34
FCFE per share	0.78	2.40	(0.59)	0.80	0.54
Recurring cash flow per share	3.85	3.12	2.41	3.16	3.72

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	181,036	192,440	210,775	230,394	251,581
Less: Accumulated depreciation	(64,954)	(72,241)	(81,491)	(91,612)	(102,668)
<b>Tangible fixed assets (net)</b>	<b>116,082</b>	<b>120,199</b>	<b>129,284</b>	<b>138,782</b>	<b>148,913</b>
<b>Intangible fixed assets (net)</b>	<b>128,096</b>	<b>128,096</b>	<b>128,096</b>	<b>128,096</b>	<b>128,096</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	36	85,588	85,590	85,592	85,594
Cash & equivalents	30,519	40,626	31,164	31,585	27,921
A/C receivable	9,447	8,828	8,944	9,911	10,983
Inventories	31,538	31,749	32,092	35,500	39,189
Other current assets	419	202	204	226	251
<b>Current assets</b>	<b>71,923</b>	<b>81,404</b>	<b>72,404</b>	<b>77,222</b>	<b>78,344</b>
Other assets	59,480	108,067	110,885	113,844	116,951
<b>Total assets</b>	<b>375,617</b>	<b>523,354</b>	<b>526,259</b>	<b>543,536</b>	<b>557,899</b>
Common equity	93,739	96,759	103,002	113,211	125,984
Minorities etc.	14,629	14,836	15,277	15,761	16,294
<b>Total shareholders' equity</b>	<b>108,368</b>	<b>111,595</b>	<b>118,279</b>	<b>128,972</b>	<b>142,278</b>
Long term debt	129,193	221,503	234,711	225,216	210,091
Other long-term liabilities	25,139	66,874	65,692	72,794	80,668
<b>Long-term liabilities</b>	<b>154,333</b>	<b>288,377</b>	<b>300,403</b>	<b>298,010</b>	<b>290,759</b>
A/C payable	94,514	87,577	75,324	82,689	91,283
Short term debt	15,948	28,276	27,249	26,865	26,628
Other current liabilities	2,456	7,529	5,005	7,000	6,951
<b>Current liabilities</b>	<b>112,917</b>	<b>123,383</b>	<b>107,578</b>	<b>116,554</b>	<b>124,862</b>
<b>Total liabilities and shareholders' equity</b>	<b>375,617</b>	<b>523,354</b>	<b>526,259</b>	<b>543,536</b>	<b>557,899</b>
Net working capital	(55,565)	(54,328)	(39,089)	(44,051)	(47,811)
Invested capital	248,129	387,622	414,767	422,263	431,744

\* Includes convertibles and preferred stock which is being treated as debt

### Per share (THB)

Book value per share	8.22	8.55	9.25	10.39	11.81
Tangible book value per share	(6.04)	(5.70)	(5.01)	(3.87)	(2.45)

### Financial strength

Net debt/equity (%)	105.8	187.4	195.1	171.0	146.8
Net debt/total assets (%)	30.5	40.0	43.9	40.6	37.4
Current ratio (x)	0.6	0.7	0.7	0.7	0.6
CF interest cover (x)	4.6	5.5	2.2	3.9	3.9

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>22.4</b>	<b>32.5</b>	<b>49.6</b>	<b>30.4</b>	<b>24.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>29.6</b>	<b>43.0</b>	<b>65.6</b>	<b>40.1</b>	<b>32.1</b>
Reported P/E (x)	23.1	32.1	49.6	30.4	24.3
Dividend yield (%)	2.2	2.2	0.8	1.3	1.6
Price/book (x)	7.0	6.7	6.2	5.5	4.9
Price/tangible book (x)	(9.5)	(10.1)	(11.5)	(14.8)	(23.5)
EV/EBITDA (x) **	14.8	19.4	21.8	18.2	15.8
EV/EBITDA @ target price (x) **	18.4	23.7	26.4	22.1	19.2
EV/invested capital (x)	2.7	2.0	1.9	1.8	1.8

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

Sources: CP All; 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	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SEDI	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

Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

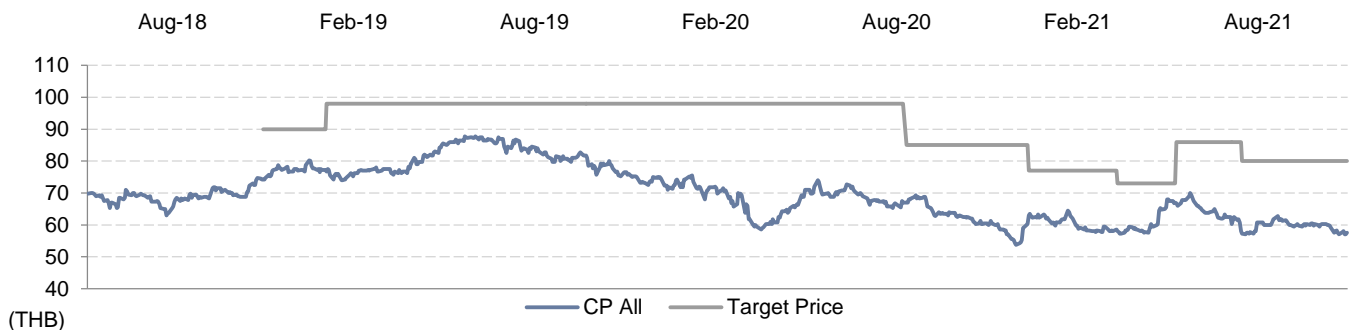
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

#### CP All (CPALL TB)



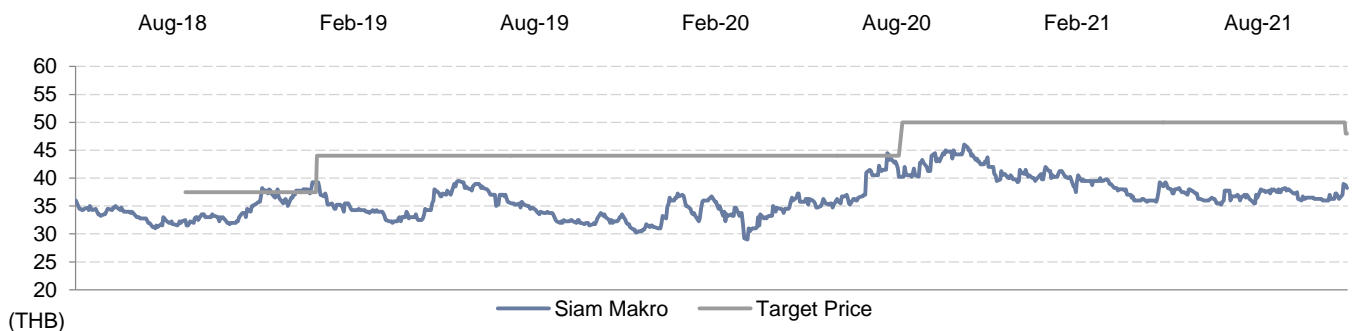
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jan-2019	BUY	90.00	19-Oct-2020	BUY	85.00	17-Mar-2021	BUY	86.00
12-Mar-2019	BUY	98.00	09-Nov-2020	BUY	77.00	17-Mar-2021	BUY	86.00
02-Apr-2020	BUY	98.00	13-Nov-2020	BUY	77.00	13-May-2021	BUY	80.00
24-Jul-2020	BUY	85.00	25-Jan-2021	BUY	73.00			
13-Aug-2020	BUY	85.00	23-Feb-2021	BUY	73.00			

Karun Intrachai started covering this stock from 24-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

#### Siam Makro (MAKRO TB)



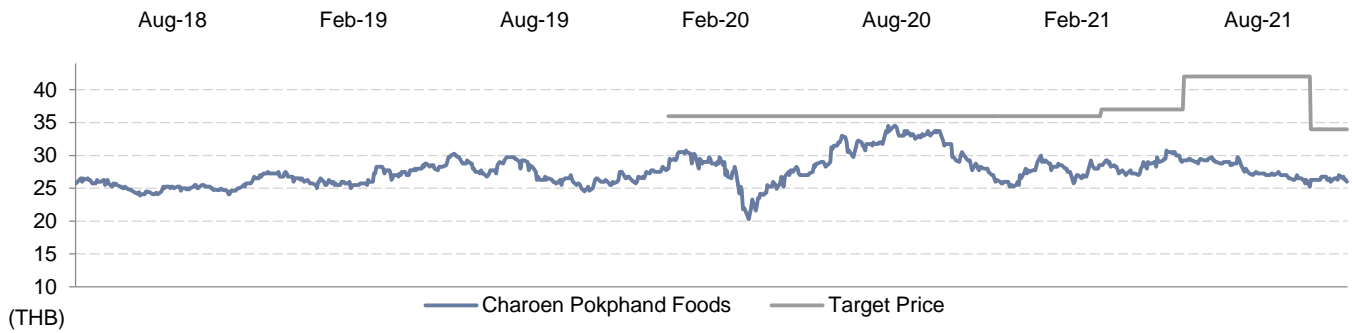
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Nov-2018	BUY	37.50	24-Jul-2020	BUY	50.00	25-Mar-2021	BUY	50.00
12-Mar-2019	BUY	44.00	19-Nov-2020	BUY	50.00	12-May-2021	BUY	50.00
02-Apr-2020	BUY	44.00	25-Jan-2021	BUY	50.00	11-Aug-2021	BUY	48.00

Karun Intrachai started covering this stock from 24-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

## Charoen Pokphand Foods (CPF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Jan-2020	BUY	36.00	13-Jan-2021	BUY	37.00	07-Apr-2021	BUY	42.00
02-Apr-2020	BUY	36.00	25-Mar-2021	BUY	42.00	12-Jul-2021	BUY	34.00

Karun Intrachai started covering this stock from 13-Jan-2021

Price and TP are in local currency

Source: FSSIA estimates

## True Corporation (TRUE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Dec-2020	REDUCE	3.00	02-Mar-2021	HOLD	3.30	-	-	-

Naruedom Mujjalinkool started covering this stock from 29-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
CP All	CPALL TB	THB 57.50	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.
Siam Makro	MAKRO TB	THB 38.25	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) lower-than-expected GPM improvement; and 3) operation losses from its overseas business.
Charoen Pokphand Foods	CPF TB	THB 26.00	BUY	The key downside risks to our SoTP-based target price are the volatile pork prices in both Thailand and Vietnam which could hurt revenues and the company's gross margin.
True Corporation	TRUE TB	THB 3.08	HOLD	The key upside and downside risks to our DCF-based TP are if the 5G subscription gains and ARPU are better or worse than our expectation, if the company can reduce its costs better or worse than we expect, and if there is a faster or slower-than-expected adoption of 5G use cases.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 13-Aug-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.