

15 NOVEMBER 2021

THAILAND / UTILITIES - RENEWABLES

# ENERGY ABSOLUTE EA TB

**BUY**  
UNCHANGED

TARGET PRICE THB76.00  
CLOSE THB66.50  
UP/DOWNSIDE +14.3%  
TP vs CONSENSUS +9.1%

## กำไรจากธุรกิจยานยนต์ไฟฟ้า (EV) มาถึงแล้ว

### กำไรดีจากโรงไฟฟ้าพลังลม แบตเตอรี่ และรถโดยสารไฟฟ้า (e-bus)

EA รายงานกำไรสุทธิ (NP) 3Q21 ที่ 1.6 พัน ลบ. (+44% y-y, +36% q-q) ต่ำกว่าที่เราคาด 2% แต่สูงกว่าที่ตลาดคาด 4% จากการเติบโตที่สูงขึ้นของโรงไฟฟ้าพลังลม กำไรที่สูงขึ้นจากธุรกิจไบโอดีเซล และ NP 139 ลบ. จากธุรกิจใหม่ของ EA กล่าวคือ การผลิตและขายแบตเตอรี่และ e-bus (77 คันใน 3Q21) ใน 3Q21 NP จากการดำเนินงานอยู่ที่ 1.6 พัน ลบ. (+44% y-y, +35% q-q) โรงไฟฟ้าพลังลมของ EA รายงานกำไรที่สูงขึ้นจากการผลิตไฟฟ้าที่เพิ่มขึ้นและราคาไบโอดีเซลที่สูงขึ้น

### ในที่สุดธุรกิจ EV ก็มีกำไรใน 3Q21

ใน 3Q21 EA บันทึกรายได้ 557 ลบ. จากธุรกิจแบตเตอรี่และ EV ซึ่งคาดว่าจะมี NP 139 ลบ. จากการขาย e-bus จำนวน 77 คัน ผู้บริหารคาดว่าจะส่งมอบ e-buses และรถกระบะไฟฟ้า (e-truck) อีก 300 คันใน 4Q21 และยานยนต์ไฟฟ้ากว่า 2,000 คันในปี 2022 ยอดขายไฟฟ้าเพิ่ม 12% y-y จากปริมาณขายไฟฟ้าที่สูงขึ้นเป็น 211GWh (+34% y-y) ซึ่งช่วยชดเชยราคาขายเฉลี่ย (ASP) ที่ลดลงของโรงไฟฟ้าพลังลมเป็น 6.0 บาท/kWh (-1.8% y-y) ปริมาณขายของโรงไฟฟ้าพลังแสงอาทิตย์ลดลงเหลือ 146GWh (-2% y-y) พร้อม ASP ที่สูงขึ้นเป็น 9.8 บาท/kWh (+0.3% y-y) ปริมาณขายไบโอดีเซลลดลง 25% y-y เป็น 34 ล้านลิตรจากผลกระทบของ Covid-19 แต่ชดเชยได้จาก ASP ที่สูงขึ้น 60% y-y เป็น 34.6 บาท/ลิตร

### แนวโน้มการเติบโตในธุรกิจ EV หลายประการรออยู่ข้างหน้า

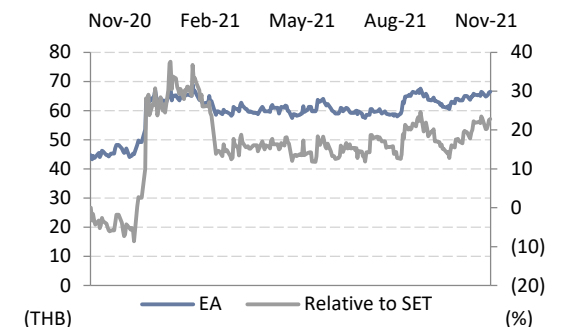
เราคิดว่าการเติบโตของ NP ของ EA จะเร่งตัวขึ้นตั้งแต่ 4Q21 ซึ่งจะกระตุ้นอัตราการเติบโตของ NP เป็น 19% y-y ในปี 2022E และ 14% y-y ในปี 2023E โดยจะได้ปัจจัยผลักดันจากการเริ่มต้นของโครงการเพื่อการเติบโตในระดับสูงหลายโครงการ ประกอบด้วย การส่งมอบ e-bus จำนวน 200-300 คันซึ่งคาดว่าจะอยู่ใน 4Q21 และโรงผลิตแบตเตอรี่ขนาด 1GWh ระยะที่ 1 ในเดือน ธ.ค. 21; การส่งมอบ EV จำนวน 2,000-3,000 คันในปี 2022; และการก่อสร้างสถานีชาร์จ EV ที่กำลังดำเนินการอยู่

### อุตสาหกรรม EV ของไทยกำลังเติบโต (โดย EA)

เราคาดว่าแนวโน้มที่ราคาเป้าหมาย 76 บาท (SoTP) ซึ่งรวมถึงธุรกิจใหม่ ๆ ของบริษัทฯ EA เป็นหุ้นเด่นของเราในกลุ่มพลังงานหมุนเวียนของไทยจากแนวโน้ม NP ที่อยู่ในระดับสูงของโครงการเพื่อการเติบโตในระดับสูงหลายโครงการ ซึ่งเราคิดว่าจะเริ่มเร่งตัวขึ้นตั้งแต่ 4Q21 เป็นต้นไป เราคาดว่ากำไรและการขายแบตเตอรี่และ EV ในช่วง 2H21 จนถึงปี 2022 จะเป็นปัจจัยผลักดันการเติบโตที่สำคัญของ EA

## KEY STOCK DATA

| YE Dec (THB m)      | 2020   | 2021E  | 2022E  | 2023E  |
|---------------------|--------|--------|--------|--------|
| Revenue             | 17,080 | 24,179 | 33,496 | 49,254 |
| Net profit          | 5,205  | 8,192  | 9,742  | 11,143 |
| EPS (THB)           | 1.40   | 2.20   | 2.61   | 2.99   |
| vs Consensus (%)    | -      | 29.0   | 25.6   | 24.4   |
| EBITDA              | 9,211  | 11,854 | 14,432 | 16,415 |
| Core net profit     | 5,155  | 8,192  | 9,742  | 11,143 |
| Core EPS (THB)      | 1.38   | 2.20   | 2.61   | 2.99   |
| EPS growth (%)      | (12.7) | 58.9   | 18.9   | 14.4   |
| Core P/E (x)        | 48.1   | 30.3   | 25.5   | 22.3   |
| Dividend yield (%)  | 0.5    | 0.4    | 0.4    | 0.4    |
| EV/EBITDA (x)       | 31.0   | 23.5   | 18.5   | 15.4   |
| Price/book (x)      | 8.9    | 7.1    | 5.7    | 4.6    |
| Net debt/Equity (%) | 121.9  | 76.1   | 36.4   | 2.6    |
| ROE (%)             | 20.1   | 26.1   | 24.8   | 22.8   |



| Share price performance        | 1 Month                   | 3 Month | 12 Month |
|--------------------------------|---------------------------|---------|----------|
| Absolute (%)                   | 3.9                       | 13.2    | 48.6     |
| Relative to country (%)        | 4.5                       | 6.2     | 21.5     |
| Mkt cap (USD m)                | 7,557                     |         |          |
| 3m avg. daily turnover (USD m) | 23.0                      |         |          |
| Free float (%)                 | 40                        |         |          |
| Major shareholder              | Mr. Somphote Ahunai (23%) |         |          |
| 12m high/low (THB)             | 71.75/42.50               |         |          |
| Issued shares (m)              | 3,730.00                  |         |          |

Sources: Bloomberg consensus; FSSIA estimates



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The President of Finansia Syrus Securities PCL is also EA's Independent Director and on EA's Audit Committee.

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 15 พฤศจิกายน 2021

## Exhibit 1: Summary of 3Q21/9M21 operations

|                          | 3Q20         | 2Q21         | ----- 3Q21 ----- |             |             | 9M20          | 9M21          | Chg.         | 2021E         |
|--------------------------|--------------|--------------|------------------|-------------|-------------|---------------|---------------|--------------|---------------|
|                          | (THB m)      | (THB m)      | (THB m)          | (q-q %)     | (y-y %)     | (THB m)       | (THB m)       | (y-y %)      | (THB m)       |
| <b>Revenue</b>           | <b>3,773</b> | <b>4,923</b> | <b>5,040</b>     | <b>2.4</b>  | <b>33.6</b> | <b>12,634</b> | <b>14,666</b> | <b>16.1</b>  | <b>24,179</b> |
| Operating costs          | (1,629)      | (2,690)      | (2,572)          | (4.4)       | 57.9        | (5,889)       | (7,496)       | 27.3         | (10,633)      |
| <b>EBITDA</b>            | <b>2,144</b> | <b>2,233</b> | <b>2,467</b>     | <b>10.5</b> | <b>15.1</b> | <b>6,745</b>  | <b>7,170</b>  | <b>6.3</b>   | <b>11,854</b> |
| <i>EBITDA margin (%)</i> | <i>56.8</i>  | <i>45.4</i>  | <i>49.0</i>      | <i>nm</i>   | <i>nm</i>   | <i>53.4</i>   | <i>48.9</i>   | <i>(8.4)</i> | <i>49.0</i>   |
| Depn & amort.            | (682)        | (722)        | (695)            | (3.7)       | 1.9         | (2,016)       | (2,108)       | 4.6          | (2,494)       |
| EBIT                     | 1,462        | 1,511        | 1,772            | 17.3        | 21.2        | 4,729         | 5,062         | 7.0          | 9,360         |
| Interest expense         | (421)        | (379)        | (323)            | (14.6)      | (23.3)      | (1,262)       | (1,093)       | (13.4)       | (1,753)       |
| Interest & invt inc      | -            | -            | -                | nm          | nm          | -             | -             | nm           | -             |
| Other income             | 28           | 12           | 139              | 1,095.3     | 398.8       | 104           | 154           | nm           | 101           |
| Associates' contrib      | (3)          | (8)          | 6                | nm          | nm          | (19)          | (27)          | 42.8         | (4)           |
| Exceptionals             | 25           | 17           | 37               | 120.1       | 48.0        | 82            | 85            | nm           | -             |
| <b>Pretax profit</b>     | <b>1,090</b> | <b>1,153</b> | <b>1,631</b>     | <b>41.4</b> | <b>49.6</b> | <b>3,634</b>  | <b>4,182</b>  | <b>15.1</b>  | <b>8,568</b>  |
| Tax                      | (4)          | (12)         | (9)              | (27.7)      | 120.7       | (12)          | (59)          | 388.9        | (17)          |
| <i>Tax rate (%)</i>      | <i>0.4</i>   | <i>1.1</i>   | <i>0.5</i>       | <i>nm</i>   | <i>nm</i>   | <i>(0.1)</i>  | <i>0.5</i>    | <i>nm</i>    | <i>0.2</i>    |
| Minority interests       | 33           | 50           | (5)              | nm          | nm          | 98            | 96            | (2.7)        | (320)         |
| <b>Net profit</b>        | <b>1,119</b> | <b>1,191</b> | <b>1,616</b>     | <b>35.7</b> | <b>44.4</b> | <b>3,720</b>  | <b>4,219</b>  | <b>13.4</b>  | <b>8,192</b>  |
| Non-recurring            | 25           | 17           | 37               | 120.8       | 47.3        | 102           | 84            | (17.4)       | -             |
| <b>Core net profit</b>   | <b>1,094</b> | <b>1,174</b> | <b>1,580</b>     | <b>34.5</b> | <b>44.4</b> | <b>3,619</b>  | <b>4,135</b>  | <b>14.3</b>  | <b>8,192</b>  |
| EPS (THB)                | 0.30         | 0.32         | 0.43             | 35.7        | 44.4        | 1.00          | 1.13          | 13.4         | 2.20          |
| Core EPS (THB)           | 0.29         | 0.31         | 0.42             | 34.5        | 44.4        | 0.97          | 1.11          | 14.3         | 2.20          |

Sources: EA; FSSIA estimates

## Exhibit 2: 3Q21/9M21 key performance

|                                     | Unit      | 3Q20   | 2Q21   | 3Q21   | ----- Change ----- |         | 9M20   | 9M21    | Change  |
|-------------------------------------|-----------|--------|--------|--------|--------------------|---------|--------|---------|---------|
|                                     |           |        |        |        | (q-q %)            | (y-y %) |        |         | (y-y %) |
| <b>Biodiesel</b>                    |           |        |        |        |                    |         |        |         |         |
| - Revenue                           | THB m     | 970    | 1,401  | 1,167  | (16.7)             | 20.3    | 3,850  | 4,155   | 7.9     |
| - Sales volume                      | m litre   | 45     | 41     | 34     | (18.6)             | (24.8)  | 143    | 117     | (17.8)  |
| - Average selling price             | THB/litre | 21.6   | 33.8   | 34.6   | 2.3                | 59.9    | 27.0   | 35.4    | 31.3    |
| <b>Glycerin</b>                     |           |        |        |        |                    |         |        |         |         |
| - Revenue                           | THB m     | 64     | 81     | 92     | 13.9               | 43.9    | 208    | 229     | 10.0    |
| - Sales volume                      | m kg      | 4      | 3      | 3      | (2.6)              | (20.4)  | 12     | 9       | (22.3)  |
| - Average selling price             | THB/kg    | 17.0   | 26.2   | 30.7   | 17.0               | 81.1    | 17.6   | 24.9    | 41.8    |
| <b>Crude palm oil</b>               |           |        |        |        |                    |         |        |         |         |
| - Revenue                           | THB m     | 203.58 | 644.42 | 427.79 | (33.6)             | 110.1   | 434.49 | 1317.22 | 203.2   |
| - Sales volume                      | m kg      | 10.23  | 19.9   | 11.21  | (43.7)             | 9.6     | 21.28  | 38.45   | 80.7    |
| - Average selling price             | THB/kg    | 19.9   | 32.38  | 38.16  | 17.9               | 91.8    | 20.42  | 34.26   | 67.8    |
| <b>PCM</b>                          |           |        |        |        |                    |         |        |         |         |
| - Revenue                           | THB m     | 0      | 24.08  | 10.85  | (54.9)             | nm      | 0      | 35.45   | nm      |
| <b>Battery and Electric Vehicle</b> |           |        |        |        |                    |         |        |         |         |
| - Revenue                           | THB m     | 65.92  | na     | 557.42 | na                 | 745.6   | 110.94 | 660.64  | 495.5   |
| <b>Solar power</b>                  |           |        |        |        |                    |         |        |         |         |
| - Revenue                           | THB m     | 1,448  | 1,597  | 1,424  | (10.8)             | (1.6)   | 4,680  | 4,558   | (2.6)   |
| - Sales volume                      | GWh       | 149    | 167    | 146    | (12.6)             | (2.0)   | 479    | 572     | 19.4    |
| - Average selling price             | THB/kWh   | 9.7    | 9.6    | 9.8    | 2.0                | 0.3     | 9.8    | 9.7     | (1.2)   |
| - Availability factor*              | %         | 24     | 27     | 24     | (3.5)              | (0.5)   | 79     | 94      | 15.3    |
| <b>Wind power</b>                   |           |        |        |        |                    |         |        |         |         |
| - Revenue                           | THB m     | 968    | 989    | 1,277  | 29.2               | 32.0    | 3,111  | 3,498   | 12.4    |
| - Sales volume                      | GWh       | 157    | 163    | 211    | 29.4               | 34.4    | 502    | 556     | 10.8    |
| - Average selling price             | THB/kWh   | 6.2    | 6.1    | 6.0    | (0.2)              | (1.8)   | 6.2    | 6.3     | 1.5     |
| - Availability factor*              | %         | 19     | 19     | 25     | 5.7                | 6.4     | 59     | 66      | 6.4     |
| <b>Biogas</b>                       |           |        |        |        |                    |         |        |         |         |
| - Revenue                           | THB m     | 0      | 7.06   | 4.81   | (31.9)             | nm      | 3.54   | 16.18   | 357.1   |
| - Sales volume                      | GWh       | 0      | 2.34   | 1.89   | (19.2)             | nm      | 1.24   | 5.43    | 337.9   |
| - Average selling price             | THB/kWh   | 0      | 3.02   | 2.54   | (15.9)             | nm      | 2.85   | 2.98    | 4.6     |

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\*Note: Change is represented in ppt change  
Sources: EA; FSSIA estimates

## Financial Statements

### Energy Absolute

| Profit and Loss (THB m) Year Ending Dec           | 2019          | 2020          | 2021E         | 2022E         | 2023E         |
|---|---------------|---------------|---------------|---------------|---------------|
| Revenue   | 14,887        | 17,080        | 24,179        | 33,496        | 49,254        |
| Cost of goods sold                                | (4,413)       | (6,591)       | (10,633)      | (16,719)      | (29,883)      |
| <b>Gross profit</b>                               | <b>10,474</b> | <b>10,489</b> | <b>13,546</b> | <b>16,777</b> | <b>19,371</b> |
| Other operating income                            | -             | -             | -             | -             | -             |
| Operating costs                                   | (946)         | (1,278)       | (1,693)       | (2,345)       | (2,955)       |
| <b>Operating EBITDA</b>                           | <b>9,528</b>  | <b>9,211</b>  | <b>11,854</b> | <b>14,432</b> | <b>16,415</b> |
| Depreciation                                      | (2,517)       | (2,730)       | (2,494)       | (3,694)       | (4,500)       |
| Goodwill amortisation                             | 0             | 0             | 0             | 0             | 0             |
| <b>Operating EBIT</b>                             | <b>7,010</b>  | <b>6,480</b>  | <b>9,360</b>  | <b>10,738</b> | <b>11,916</b> |
| Net financing costs                               | (1,226)       | (1,627)       | (1,753)       | (1,706)       | (1,443)       |
| Associates  | (14)          | (61)          | 860           | 983           | 985           |
| Recurring non-operating income                    | 53            | 126           | 961           | 1,084         | 1,086         |
| Non-recurring items                               | 178           | 50            | 0             | 0             | 0             |
| <b>Profit before tax</b>                          | <b>6,016</b>  | <b>5,029</b>  | <b>8,568</b>  | <b>10,116</b> | <b>11,559</b> |
| Tax   | 11            | 18            | (55)          | (45)          | (111)         |
| <b>Profit after tax</b>                           | <b>6,027</b>  | <b>5,047</b>  | <b>8,513</b>  | <b>10,071</b> | <b>11,448</b> |
| Minority interests                                | 55            | 157           | (320)         | (330)         | (305)         |
| Preferred dividends                               | 0             | 0             | 0             | 0             | 0             |
| Other items                                       | -             | -             | -             | -             | -             |
| <b>Reported net profit</b>                        | <b>6,082</b>  | <b>5,205</b>  | <b>8,192</b>  | <b>9,742</b>  | <b>11,143</b> |
| <b>Non-recurring items &amp; goodwill (net)</b>   | <b>(178)</b>  | <b>(50)</b>   | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| <b>Recurring net profit</b>                       | <b>5,903</b>  | <b>5,155</b>  | <b>8,192</b>  | <b>9,742</b>  | <b>11,143</b> |
| <b>Per share (THB)</b>                            |               |               |               |               |               |
| Recurring EPS *                                   | 1.58          | 1.38          | 2.20          | 2.61          | 2.99          |
| Reported EPS                                      | 1.63          | 1.40          | 2.20          | 2.61          | 2.99          |
| DPS   | 0.25          | 0.30          | 0.25          | 0.25          | 0.25          |
| Diluted shares (used to calculate per share data) | 3,730         | 3,730         | 3,730         | 3,730         | 3,730         |
| <b>Growth</b>                                     |               |               |               |               |               |
| Revenue (%)                                       | 28.9          | 14.7          | 41.6          | 38.5          | 47.0          |
| Operating EBITDA (%)                              | 37.8          | (3.3)         | 28.7          | 21.8          | 13.7          |
| Operating EBIT (%)                                | 38.0          | (7.6)         | 44.4          | 14.7          | 11.0          |
| Recurring EPS (%)                                 | 51.2          | (12.7)        | 58.9          | 18.9          | 14.4          |
| Reported EPS (%)                                  | 22.2          | (14.4)        | 57.4          | 18.9          | 14.4          |
| <b>Operating performance</b>                      |               |               |               |               |               |
| Gross margin inc. depreciation (%)                | 53.4          | 45.4          | 45.7          | 39.1          | 30.2          |
| Gross margin of key business (%)                  | 54.6          | 45.7          | 45.7          | 39.1          | 30.2          |
| Operating EBITDA margin (%)                       | 64.0          | 53.9          | 49.0          | 43.1          | 33.3          |
| Operating EBIT margin (%)                         | 47.1          | 37.9          | 38.7          | 32.1          | 24.2          |
| Net margin (%)                                    | 39.7          | 30.2          | 33.9          | 29.1          | 22.6          |
| Effective tax rate (%)                            | -0.2          | -0.4          | 0.7           | 0.5           | 1.1           |
| Dividend payout on recurring profit (%)           | 15.8          | 21.7          | 11.4          | 9.6           | 8.4           |
| Interest cover (X)                                | 5.8           | 4.1           | 5.9           | 6.9           | 9.0           |
| Inventory days                                    | 45.0          | 44.1          | 37.6          | 38.0          | 36.3          |
| Debtor days                                       | 67.1          | 71.4          | 56.6          | 47.0          | 38.0          |
| Creditor days                                     | 67.5          | 64.0          | 58.1          | 58.8          | 56.1          |
| Operating ROIC (%)                                | 11.8          | 9.5           | (3.4)         | (4.0)         | (4.8)         |
| ROIC (%)  | 10.9          | 8.2           | (3.0)         | (3.5)         | (4.0)         |
| ROE (%)   | 28.4          | 20.1          | 26.1          | 24.8          | 22.8          |
| ROA (%)   | 10.6          | 8.5           | 9.3           | 9.9           | 10.5          |
| * Pre exceptional, pre-goodwill and fully diluted |               |               |               |               |               |
| <b>Revenue by Division (THB m)</b>                |               |               |               |               |               |
| Methyl ester Biodiesel products                   | 6,570         | 6,570         | 6,570         | 6,570         | 6,570         |
| Pure glycerine products                           | 350           | 360           | 361           | 361           | 361           |
| Electricity from solar and wind power             | 7,957         | 9,784         | 8,252         | 15,759        | 21,648        |
| Head office and others                            | 100           | 100           | 101           | 101           | 101           |

Sources: Energy Absolute; FSSIA estimates

## Financial Statements

### Energy Absolute

| Cash Flow (THB m) Year Ending Dec   | 2019           | 2020            | 2021E          | 2022E           | 2023E          |
|---|----------------|-----------------|----------------|-----------------|----------------|
| Recurring net profit  | 5,903          | 5,155           | 8,192          | 9,742           | 11,143         |
| Depreciation  | 2,517          | 2,730           | 2,494          | 3,694           | 4,500          |
| Associates & minorities   | (14)           | (61)            | 860            | 983             | 985            |
| Other non-cash items  | -              | -               | -              | -               | -              |
| Change in working capital   | (9,651)        | 4,045           | 1,554          | 2,055           | 3,821          |
| <b>Cash flow from operations</b>  | <b>(1,245)</b> | <b>11,869</b>   | <b>13,101</b>  | <b>16,474</b>   | <b>20,449</b>  |
| Capex - maintenance   | (2,517)        | (2,730)         | (2,494)        | (3,694)         | (4,500)        |
| Capex - new investment  | (3,784)        | (4,486)         | (1,006)        | (194)           | (1,000)        |
| Net acquisitions & disposals  | (68)           | (1,429)         | 0              | 0               | 0              |
| Other investments (net)   | (49)           | (7,546)         | 860            | 983             | 985            |
| <b>Cash flow from investing</b>   | <b>(6,418)</b> | <b>(16,192)</b> | <b>(2,640)</b> | <b>(2,905)</b>  | <b>(4,515)</b> |
| Dividends paid  | (746)          | (746)           | (1,119)        | (933)           | (933)          |
| Equity finance  | 0              | 0               | 0              | 0               | 0              |
| Debt finance  | 12,725         | (2,873)         | 8,639          | (10,990)        | (2,035)        |
| Other financing cash flows  | 235            | 863             | (1,400)        | (1,248)         | 336            |
| <b>Cash flow from financing</b>   | <b>12,214</b>  | <b>(2,756)</b>  | <b>6,120</b>   | <b>(13,171)</b> | <b>(2,632)</b> |
| Non-recurring cash flows  | -              | -               | -              | -               | -              |
| Other adjustments   | 0              | 0               | 0              | 0               | 0              |
| <b>Net other adjustments</b>  | <b>0</b>       | <b>0</b>        | <b>0</b>       | <b>0</b>        | <b>0</b>       |
| <b>Movement in cash</b>   | <b>4,551</b>   | <b>(7,079)</b>  | <b>16,582</b>  | <b>398</b>      | <b>13,302</b>  |
| Free cash flow to firm (FCFF)   | (6,277.07)     | (2,685.77)      | 12,214.99      | 15,274.42       | 17,376.56      |
| Free cash flow to equity (FCFE)   | 5,296.76       | (6,332.72)      | 17,700.69      | 1,330.39        | 14,234.69      |
| <b>Per share (THB)</b>  |                |                 |                |                 |                |
| FCFF per share  | (1.68)         | (0.72)          | 3.27           | 4.10            | 4.66           |
| FCFE per share  | 1.42           | (1.70)          | 4.75           | 0.36            | 3.82           |
| Recurring cash flow per share   | 2.25           | 2.10            | 3.10           | 3.87            | 4.46           |
| Balance Sheet (THB m) Year Ending Dec   | 2019           | 2020            | 2021E          | 2022E           | 2023E          |
| Tangible fixed assets (gross)   | 59,819         | 67,122          | 70,622         | 74,122          | 77,622         |
| Less: Accumulated depreciation  | (8,448)        | (11,265)        | (13,759)       | (17,453)        | (21,953)       |
| <b>Tangible fixed assets (net)</b>  | <b>51,371</b>  | <b>55,857</b>   | <b>56,863</b>  | <b>56,669</b>   | <b>55,669</b>  |
| <b>Intangible fixed assets (net)</b>  | <b>3,683</b>   | <b>4,130</b>    | <b>4,130</b>   | <b>4,130</b>    | <b>4,130</b>   |
| Long-term financial assets  | -              | -               | -              | -               | -              |
| Invest. in associates & subsidiaries  | 100            | 1,529           | 1,529          | 1,529           | 1,529          |
| Cash & equivalents  | 10,029         | 2,951           | 19,532         | 19,930          | 33,232         |
| A/C receivable  | 3,175          | 3,511           | 3,987          | 4,647           | 5,616          |
| Inventories   | 758            | 833             | 1,355          | 2,130           | 3,807          |
| Other current assets  | 71             | 94              | 133            | 184             | 270            |
| <b>Current assets</b>   | <b>14,033</b>  | <b>7,389</b>    | <b>25,007</b>  | <b>26,890</b>   | <b>42,925</b>  |
| Other assets  | 1,033          | 9,578           | 9,578          | 9,578           | 9,578          |
| <b>Total assets</b>   | <b>70,220</b>  | <b>78,484</b>   | <b>97,107</b>  | <b>98,797</b>   | <b>113,832</b> |
| Common equity   | 23,365         | 27,812          | 34,885         | 43,694          | 53,904         |
| Minorities etc.   | 1,502          | 1,815           | 2,136          | 2,465           | 2,771          |
| <b>Total shareholders' equity</b>   | <b>24,866</b>  | <b>29,627</b>   | <b>37,021</b>  | <b>46,159</b>   | <b>56,675</b>  |
| Long term debt  | 36,977         | 31,090          | 39,729         | 28,739          | 26,704         |
| Other long-term liabilities   | 2,306          | 4,203           | 4,203          | 4,203           | 4,203          |
| <b>Long-term liabilities</b>  | <b>39,283</b>  | <b>35,292</b>   | <b>43,932</b>  | <b>32,941</b>   | <b>30,907</b>  |
| A/C payable   | 1,021          | 1,289           | 2,095          | 3,293           | 5,887          |
| Short term debt   | 4,968          | 7,983           | 7,983          | 7,983           | 7,983          |
| Other current liabilities   | 81             | 4,293           | 6,078          | 8,420           | 12,381         |
| <b>Current liabilities</b>  | <b>6,070</b>   | <b>13,564</b>   | <b>16,155</b>  | <b>19,696</b>   | <b>26,250</b>  |
| <b>Total liabilities and shareholders' equity</b>   | <b>70,220</b>  | <b>78,484</b>   | <b>97,107</b>  | <b>98,797</b>   | <b>113,832</b> |
| Net working capital   | 2,902          | (1,143)         | (2,698)        | (4,753)         | (8,574)        |
| Invested capital  | 59,089         | 69,951          | 69,403         | 67,154          | 62,332         |
| * Includes convertibles and preferred stock which is being treated as debt  |                |                 |                |                 |                |
| <b>Per share (THB)</b>  |                |                 |                |                 |                |
| Book value per share  | 6.26           | 7.46            | 9.35           | 11.71           | 14.45          |
| Tangible book value per share   | 5.28           | 6.35            | 8.25           | 10.61           | 13.34          |
| <b>Financial strength</b>   |                |                 |                |                 |                |
| Net debt/equity (%)   | 128.4          | 121.9           | 76.1           | 36.4            | 2.6            |
| Net debt/total assets (%)   | 45.5           | 46.0            | 29.0           | 17.0            | 1.3            |
| Current ratio (x)   | 2.3            | 0.5             | 1.5            | 1.4             | 1.6            |
| CF interest cover (x)   | 8.4            | (0.1)           | 11.7           | 1.9             | 11.6           |
| Valuation   | 2019           | 2020            | 2021E          | 2022E           | 2023E          |
| <b>Recurring P/E (x) *</b>  | <b>42.0</b>    | <b>48.1</b>     | <b>30.3</b>    | <b>25.5</b>     | <b>22.3</b>    |
| <b>Recurring P/E @ target price (x) *</b>   | <b>48.0</b>    | <b>55.0</b>     | <b>34.6</b>    | <b>29.1</b>     | <b>25.4</b>    |
| Reported P/E (x)  | 40.8           | 47.7            | 30.3           | 25.5            | 22.3           |
| Dividend yield (%)  | 0.4            | 0.5             | 0.4            | 0.4             | 0.4            |
| Price/book (x)  | 10.6           | 8.9             | 7.1            | 5.7             | 4.6            |
| Price/tangible book (x)   | 12.6           | 10.5            | 8.1            | 6.3             | 5.0            |
| EV/EBITDA (x) **  | 29.5           | 31.0            | 23.5           | 18.5            | 15.4           |
| EV/EBITDA @ target price (x) **   | 33.3           | 34.9            | 26.5           | 21.0            | 17.5           |
| EV/invested capital (x)   | 4.8            | 4.1             | 4.0            | 4.0             | 4.0            |
| * Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income |                |                 |                |                 |                |

Sources: Energy Absolute; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

| EXCELLENT LEVEL |        |        |       |       |       |        |        |        |        |        |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|--------|
| AAV             | ADVANC | AF     | AIRA  | AKP   | AKR   | ALT    | AMA    | AMATA  | AMATAV | ANAN   |
| AOT             | AP     | ARIP   | ARROW | ASP   | BAFS  | BANPU  | BAY    | BCP    | BCPG   | BDMS   |
| BEC             | BEM    | BGRIM  | BIZ   | BKI   | BLA   | BOL    | BPP    | BRR    | BTS    | BWG    |
| CENTEL          | CFRESH | CHEWA  | CHO   | CIMBT | CK    | CKP    | CM     | CNT    | COL    | COMAN  |
| COTTO           | CPALL  | CPF    | CPI   | CPN   | CSS   | DELTA  | DEMCO  | DRT    | DTAC   | DTC    |
| DV8             | EA     | EASTW  | ECF   | ECL   | EGCO  | EPG    | ETE    | FNS    | FPI    | FPT    |
| FSMART          | GBX    | GC     | GCAP  | GEL   | GFPT  | GGC    | GPSC   | GRAMMY | GUNKUL | HANA   |
| HARN            | HMPRO  | ICC    | ICHI  | III   | ILINK | INTUCH | IRPC   | IVL    | JKN    | JSP    |
| JWD             | K      | KBANK  | KCE   | KKP   | KSL   | KTB    | KTC    | LANNA  | LH     | LHFG   |
| LIT             | LPN    | MAKRO  | MALEE | MBK   | MBKET | MC     | MCOT   | METCO  | MFEC   | MINT   |
| MONO            | MOONG  | MSC    | MTC   | NCH   | NCL   | NEP    | NKI    | NOBLE  | NSI    | NVD    |
| NYT             | OISHI  | ORI    | OTO   | PAP   | PCSGH | PDJ    | PG     | PHOL   | PLANB  | PLANET |
| PLAT            | PORT   | PPS    | PR9   | PREB  | PRG   | PRM    | PSH    | PSL    | PTG    | PTT    |
| PTTEP           | PTTGC  | PYLON  | Q-CON | QH    | QTC   | RATCH  | RS     | S      | S & J  | SAAM   |
| SABINA          | SAMART | SAMTEL | SAT   | SC    | SCB   | SCC    | SCCC   | SCG    | SCN    | SDC    |
| SEAFCO          | SEOIL  | SE-ED  | SELIC | SENA  | SIRI  | SIS    | SITHAI | SMK    | SMPC   | SNC    |
| SONIC           | SORKON | SPALI  | SPI   | SPRC  | SPVI  | SSSC   | SST    | STA    | SUSCO  | SUTHA  |
| SVI             | SYMC   | SYNTEC | TACC  | TASCO | TCAP  | TFMAMA | THANA  | THANI  | THCOM  | THG    |
| THIP            | THRE   | THREL  | TIP   | TIPCO | TISCO | TK     | TKT    | TTB    | TMILL  | TNDT   |
| TNL             | TOA    | TOP    | TPBI  | TQM   | TRC   | TSC    | TSR    | TSTE   | TSTH   | TTA    |
| TTCL            | TTW    | TU     | TVD   | TVI   | TVO   | TWPC   | U      | UAC    | UBIS   | UV     |
| VGI             | VIH    | WACOAL | WAVE  | WHA   | WHAUP | WICE   | WINNER | TRUE   |        |        |

| VERY GOOD LEVEL |         |        |       |        |       |        |        |        |        |       |
|-----------------|---------|--------|-------|--------|-------|--------|--------|--------|--------|-------|
| 2S              | ABM     | ACE    | ACG   | ADB    | AEC   | AEONTS | AGE    | AH     | AHC    | AIT   |
| ALLA            | AMANAHA | AMARIN | APCO  | APCS   | APURE | AQUA   | ASAP   | ASEFA  | ASIA   | ASIAN |
| ASIMAR          | ASK     | ASN    | ATP30 | AUCT   | AWC   | AYUD   | B      | BA     | BAM    | BBL   |
| BFIT            | BGC     | BJC    | BJCHI | BROOK  | BTW   | CBG    | CEN    | CGH    | CHARAN | CHAYO |
| CHG             | CHOTI   | CHOW   | CI    | CIG    | CMC   | COLOR  | COM7   | CPL    | CRC    | CRD   |
| CSC             | CSP     | CWT    | DCC   | DCON   | DDD   | DOD    | DOHOME | EASON  | EE     | ERW   |
| ESTAR           | FE      | FLOYD  | FN    | FORTH  | FSS   | FTE    | FVC    | GENCO  | GJS    | GL    |
| GLAND           | GLOBAL  | GLOCON | GPI   | GULF   | GYT   | HPT    | HTC    | ICN    | IFS    | ILM   |
| IMH             | INET    | INSURE | IRC   | IRCP   | IT    | ITD    | ITEL   | J      | JAS    | JCK   |
| JCKH            | JMART   | JMT    | KBS   | KCAR   | KGI   | KIAT   | KOOL   | KTIS   | KWC    | KWM   |
| L&E             | LALIN   | LDC    | LHK   | LOXLEY | LPH   | LRH    | LST    | M      | MACO   | MAJOR |
| MBAX            | MEGA    | META   | MFC   | MGT    | MILL  | MITSIB | MK     | MODERN | MTI    | MVP   |
| NETBAY          | NEX     | NINE   | NTV   | NWR    | OCC   | OGC    | OSP    | PATO   | PB     | PDG   |
| PDI             | PICO    | PIMO   | PJW   | PL     | PM    | PPP    | PRIN   | PRINC  | PSTC   | PT    |
| QLT             | RCL     | RICHY  | RML   | RPC    | RWI   | S11    | SALEE  | SAMCO  | SANKO  | SAPPE |
| SAWAD           | SCI     | SCP    | SE    | SEG    | SFP   | SGF    | SHR    | SIAM   | SINGER | SKE   |
| SKR             | SKY     | SMIT   | SMT   | SNP    | SPA   | SPC    | SPCG   | SR     | SRICHA | SSC   |
| SSF             | STANLY  | STI    | STPI  | SUC    | SUN   | SYNEX  | T      | TAE    | TAKUNI | TBSP  |
| TCC             | TCMC    | TEAM   | TEAMG | TFG    | TIGER | TITLE  | TKN    | TKS    | TM     | TMC   |
| TMD             | TMI     | TMT    | TNITY | TNP    | TNR   | TOG    | TPA    | TPAC   | TPCORP | TPOLY |
| TPS             | TRITN   | TRT    | TRU   | TSE    | TVT   | TWP    | UEC    | UMI    | UOBKH  | UP    |
| UPF             | UPOIC   | UT     | UTP   | UWC    | VL    | VNT    | VPO    | WIIK   | WP     | XO    |
| YUASA           | ZEN     | ZIGA   | ZMICO |        |       |        |        |        |        |       |

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

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

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

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

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

## Anti-corruption Progress Indicator 2020

| CERTIFIED |        |        |        |        |        |        |         |        |        |        |
|-----------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|
| 2S        | ADVANC | AI     | AIE    | AIRA   | AKP    | AMA    | 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     | SEAOL  | SE-ED  | SELIC  |
| SENA      | SGP    | SIRI   | SITHAI | SMIT   | SMK    | SMPC   | SNC     | SNP    | SORKON | SPACK  |
| SPC       | SPI    | SPRC   | SRICHA | SSF    | SSSC   | SST    | STA     | SUSCO  | SVI    | SYNTEC |
| TAE       | TAKUNI | TASCO  | TBSP   | TCAP   | TCMC   | TFG    | TFI     | TFMAMA | THANI  | THCOM  |
| THIP      | THRE   | THREL  | TIP    | TIPCO  | TISCO  | TKT    | TTB     | TMD    | TMILL  | TMT    |
| TNITY     | TNL    | TNP    | TNR    | TOG    | TOP    | TPA    | TPCORP  | TPP    | TRU    | TSC    |
| TSTH      | TTCL   | TU     | TVD    | TVI    | TVO    | TWPC   | U       | UBIS   | UEC    | UKEM   |
| UOBKH     | UWC    | VGI    | VIH    | VNT    | WACOAL | WHA    | WHAUP   | WICE   | WIJK   | XO     |
| ZEN       | TRUE   |        |        |        |        |        |         |        |        |        |
| DECLARED  |        |        |        |        |        |        |         |        |        |        |
| 7UP       | ABICO  | AF     | ALT    | AMARIN | AMATA  | AMATAV | ANAN    | APURE  | B52    | BKD    |
| BM        | BROCK  | BUI    | CHO    | CI     | COTTO  | DDD    | EA      | EFORL  | EP     | ERW    |
| ESTAR     | ETE    | EVER   | FSMART | GPI    | ILINK  | IRC    | J       | JKN    | JMART  | JMT    |
| JSP       | JTS    | KWG    | LDC    | MAJOR  | META   | NCL    | NOBLE   | NOK    | PK     | PLE    |
| ROJNA     | SAAM   | SAPPE  | SCI    | SE     | SHANG  | SINGER | SKR     | SPALI  | SSP    | STANLY |
| SUPER     | SYNEX  | THAI   | TKS    | TOPP   | TRITN  | TTA    | UPF     | UV     | WIN    | ZIGA   |

| Level     |   |
|-----------|---|
| Certified | This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties. |
| Declared  | This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)  |

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

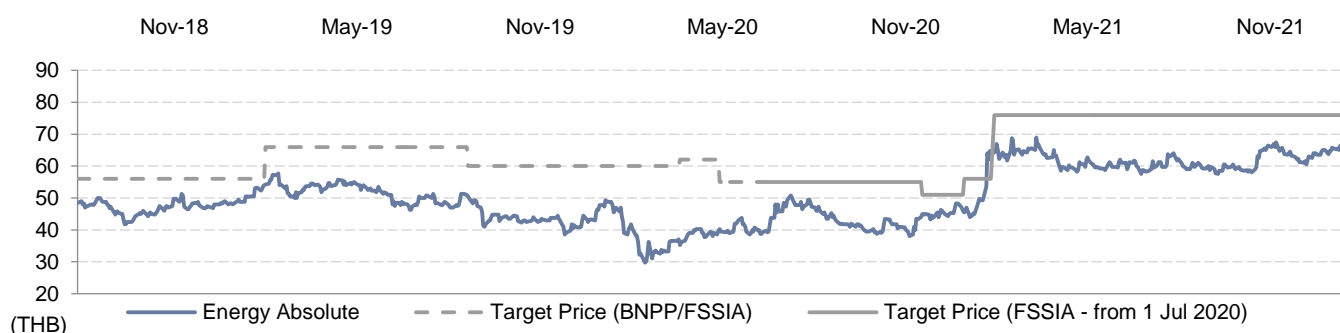
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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#### History of change in investment rating and/or target price

##### Energy Absolute (EA TB)



| Date        | Rating | Target price | Date        | Rating | Target price | Date        | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 15-Nov-2018 | BUY    | 56.00        | 20-May-2020 | BUY    | 55.00        | 15-Dec-2020 | BUY    | 56.00        |
| 26-Apr-2019 | BUY    | 66.00        | 09-Jul-2020 | BUY    | 55.00        | 08-Jan-2021 | BUY    | 76.00        |
| 17-Oct-2019 | BUY    | 60.00        | 17-Jul-2020 | BUY    | 55.00        |             |        |              |
| 16-Apr-2020 | BUY    | 62.00        | 09-Nov-2020 | BUY    | 51.00        |             |        |              |

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

Price and TP are in local currency

Source: FSSIA estimates

| Company         | Ticker | Price     | Rating | Valuation & Risks   |
|-----------------|--------|-----------|--------|---|
| Energy Absolute | EA TB  | THB 66.50 | BUY    | Downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand; 2) lower crude prices; and 3) lower-than-expected demand for batteries. |

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 12-Nov-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.