

SCG PACKAGING SCGP TB

THAILAND / INDUSTRIAL

BUY
UNCHANGED

SCGP repackaging for growth

- SCGP เสร็จสิ้นการซื้อหุ้น 85% ใน Deltalab ซึ่งมีอัตรากำไรสุทธิ (Net profit margin) ในรอบ 12 เดือนของผลิตภัณฑ์ดูแลสุขภาพสูงถึง 22.9%
- แรงกดดันด้านต้นทุนจากราคา AOCC สิ้นสุดลงในเดือน ต.ค. 21 เนื่องจากความต้องการของโรงงานผลิตกระดาษในสหรัฐฯ ถดถอย
- คงแนะนำซื้อ แต่ลดราคาเป้าหมายจาก 82 เป็น 77 บาท

TARGET PRICE	THB77.00
CLOSE	THB65.50
UP/DOWNSIDE	+17.6%
PRIOR TP	THB82.00
CHANGE IN TP	-6.1%
TP vs CONSENSUS	+9.3%

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	92,786	140,976	130,818	133,715
Net profit	6,457	7,716	10,774	13,051
EPS (THB)	1.50	1.80	2.51	3.04
vs Consensus (%)	-	(9.8)	1.4	8.4
EBITDA	16,496	17,476	21,251	24,143
Core net profit	6,638	7,716	10,774	13,051
Core EPS (THB)	1.55	1.80	2.51	3.04
Chg. In EPS est. (%)	-	(23.6)	(17.3)	(13.4)
EPS growth (%)	(13.3)	16.2	39.6	21.1
Core P/E (x)	42.4	36.4	26.1	21.5
Dividend yield (%)	0.9	1.1	1.4	1.4
EV/EBITDA (x)	19.0	18.0	14.6	12.4
Price/book (x)	3.2	3.0	2.8	2.6
Net debt/Equity (%)	9.6	10.6	5.7	(3.8)
ROE (%)	10.1	8.5	11.1	12.4

เสริมกิจการให้แข็งแกร่งด้วยธุรกิจผลิตภัณฑ์ดูแลสุขภาพใหม่

เมื่อวันที่ 9 ธ.ค. 21 SCGP ประกาศว่าการซื้อหุ้น 85% ใน Deltalab S.L. (Deltalab) ที่ราคา €84.9 ล้าน (3.3 พัน ลบ.) สำเร็จเป็นที่เรียบร้อย Deltalab เป็นบริษัทจดทะเบียนในสเปน และเป็นผู้ผลิตและจัดจำหน่ายวัสดุอุปกรณ์ทางการแพทย์คุณภาพสูงด้วยสินค้ากว่า 15,000 SKU และกำลังการผลิตต่อปีรวม 250 ล้านชิ้น โดยมีการทำการตลาดในกว่า 125 ประเทศ

ราคาซื้ออยู่ในระดับที่น่าสนใจที่เพียง 5.2x ของค่า P/E

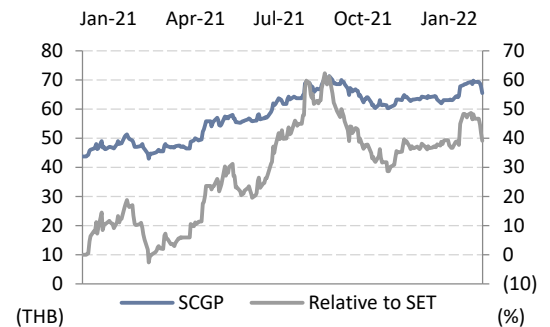
เราคาดว่าราคา SCGP จ่ายที่ €84.9 ล้านสำหรับหุ้น 85% คิดเป็นเพียง 5.2x ของค่า P/E ในรอบ 12 เดือน (ต.ค. 20 ถึง ก.ย. 21) ในขณะที่กำไรสุทธิจากการดำเนินงานในปี 2018-20 คิดเป็นค่า P/E ที่ 7-8x ซึ่งเราคิดว่าอยู่ในระดับที่น่าสนใจมากเมื่อพิจารณาจาก Net profit margin ในรอบ 12 เดือนที่สูงถึง 22.9% (กำไรสุทธิจากการดำเนินงาน €19.3 ล้าน/รายได้ €84.3 ล้าน) และแนวโน้มการเติบโตของกำไรสุทธิที่อยู่ในระดับสูงของกลุ่มผลิตภัณฑ์ดูแลสุขภาพที่มีอัตรากำไรสูง ในปี 2022 เราคาดว่ากำไรสุทธิจะปรับตัวดีขึ้นจากกำไรที่ได้จากการซื้อกิจการจำนวนมาก อัตรากำไรขั้นต้นที่ปรับตัวดีขึ้นจากราคาบรรจุภัณฑ์ที่ใช้แล้วที่ผลิตจากกระดาษลูกฟูกของอเมริกา (American Old Corrugated Container หรือ AOCC) ที่ลดลง และปริมาณการผลิตที่เพิ่มขึ้นในเวียดนาม อินโดนีเซีย และไทยหลังการกลับมาเปิดเศรษฐกิจ

แรงกดดันด้านต้นทุนจากราคา AOCC กำลังลดลง

จากข้อมูลที่ได้จากการสำรวจ (Fastmarkets RISI pricing survey) แรงกดดันต่ออัตรากำไรจากราคา AOCC สิ้นสุดลงในเดือน ต.ค. 21 หลังปรับตัวสูงขึ้น 11 เดือนติดต่อกันเนื่องจากความต้องการของโรงงานผลิตกระดาษในสหรัฐฯ ถดถอย ซึ่งทำให้ส่วนเพิ่ม (Premium) สำหรับราคา AOCC ลดลง ปัจจุบันราคา AOCC เฉลี่ยอยู่ที่ USD164/ตัน ลดลง USD3/t m-ม จากจุดสูงสุดในรอบ 30 ปีในเดือน ก.ย. ในขณะที่ AOCC Asia Index price (ราคา CIF จากสหรัฐฯ มาเอเชีย) อยู่ที่ USD295/t จากเดือน ต.ค. - พ.ย. 2021 ซึ่งทำให้เราคาดว่าอัตรากำไรขั้นต้นของ SCGP จะค่อย ๆ ปรับตัวดีขึ้น

Timing the repackaging-for-growth play

เราแนะนำซื้อ แต่ปรับลดราคาเป้าหมายจาก 82 เป็น 77 บาท ราคาดังกล่าวยังคิดจาก 17x ของค่า 2022E EV/EBITDA ซึ่งเป็นระดับการประเมินมูลค่าที่สูงกว่าบริษัทอื่นในกลุ่มจากส่วนแบ่งตลาดของบริษัท แนวโน้มการเติบโตของกำไรสุทธิที่อยู่ในระดับสูงจากการซื้อกิจการและการเป็นพันธมิตรรวมถึงการเติบโตจากภายใน และอัตรากำไรที่สูงขึ้นจากกลยุทธ์ในการลดต้นทุน เราปรับลดประมาณการกำไรต่อหุ้นปี 2021-23 ลง 13-24% เพื่อสะท้อน 1) ราคา AOCC ที่สูงขึ้นในปี 2021 อีก 35% เทียบกับราคาขายเฉลี่ยของกระดาษบรรจุภัณฑ์ที่เพิ่มขึ้น 24%; 2) ราคาเยื่อกระดาษที่สูงขึ้น 2.6-7.5% และราคากระดาษ Recycle ที่ปรับตัวสูงขึ้น 8-35%; และ 3) การควมรวมผลประกอบการทางการเงินของ Deltalab ตั้งแต่เดือน ธ.ค. 21



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.0	6.5	55.0
Relative to country (%)	(0.1)	4.3	40.0
Mkt cap (USD m)	8,382		
3m avg. daily turnover (USD m)	26.2		
Free float (%)	30		
Major shareholder	Siam Cement (69%)		
12m high/low (THB)	71.50/41.75		
Issued shares (m)	4,292.92		

Sources: Bloomberg consensus; FSSIA estimates



Suwat Sinsadok, CFA, FRM, ERP

suwat.sin@fssia.com
+66 2611 3558

Siriluck Pinthusoonthorn

siriluck.pin@fssia.com
+66 2611 3562

Investment thesis

We project SCGP to have net profit growth in 2021-23. We think this will be driven by the company’s capacity growth, margin expansion, and mergers and partnerships (M&P) strategy that should allow it to not only grow its net profit and market presence, but also enhance its long-term value creation for shareholders via its solid brand recognition, superior cost control, and operational excellence.

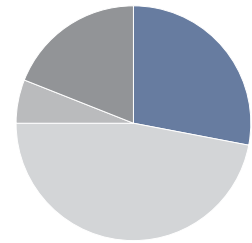
Company profile

SCG Packaging is the largest packaging producer in ASEAN, commanding a 36% market share as of 2020, according to Frost and Sullivan. SCGP’s 68.8% stake is owned by Siam Cement. The company grows its business, mostly via acquisitions, in many countries.

www.scgpackaging.com

Principal activities (revenue, 2020)

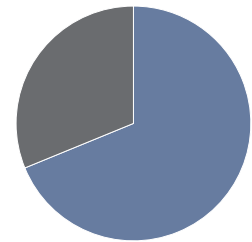
- Fibrous chain - 28.0 %
- Performance and Polymer packaging - 47.0 %
- Packaging paper - 6.0 %
- Fibre-based packaging - 19.0 %



Source: SCG Packaging

Major shareholders

- Siam Cement - 68.8 %
- Others - 31.2 %



Source: SCG Packaging

Catalysts

We see three key drivers for SCGP: 1) a potential margin expansion on lower raw material costs and improving production efficiency; 2) organic and inorganic capacity growth; and 3) market expansion in ASEAN countries and its entrance into new consumer packaging markets via M&P.

Risks to our call

Downside risks to our EV/EBITDA-based TP include a lower-than-expected demand for packaging, rising raw material costs of recycled paper and higher energy costs.

Event calendar

Date	Event
Feb 2021	2021 results announcement

Key assumptions

	2021E	2022E	2023E
Packaging paper ASP (THB/tonne)	18,900	16,523	16,523
Fibre-based packaging ASP (THB/tonne)	23,005	23,005	23,005
Packaging sales volume (mtpa)	4.6	4.6	4.8
Fibrous sales volume (mtpa)	1.1	1.1	1.1
Recycled paper price (USD/tonne)	250	200	200
Pulp price (USD/tonne)	450	430	426

Source: FSSIA estimates

Earnings sensitivity

- For every 1% change in recycled paper price, we estimate a 0.7% change in 2021 EPS, all else being equal.
- For every 1% change in packaging paper price, we estimate a 1.5% change in 2021 EPS, all else being equal.
- For every 1% change in pulp price, we estimate a 0.1% change in 2021 EPS, all else being equal.

Source: FSSIA estimates

Detalab acquisition underlines stronger earnings growth ahead

On 9 Dec-21, SCGP announced the completion of its 85% acquisition of Detalab at a cost of €84.9m (THB3.3b). Based in Spain, Detalab is a leading European manufacturer and distributor of high-quality medical supplies and labware with over 15,000 SKUs and an annual production capacity of 250m pieces, marketed in over 125 countries.

Exhibit 1: Summary of expansion projects: mergers and partnerships

No.	Closing date	Company name	Country	Equity % bought	Max investment cost	Assets*	Revenue	Net profit	Competitive position	Products / solutions	Announced capacity *	Annual capacity **
					(THB m)	(THB m)	(THB m)	(THB m)			(metric tonne)	(metric tonne)
1	30-Aug-19	Visy Packaging (Thailand) Limited (Visy)	Thailand	80.0%	4,341	2,010	1,777	n/a	Leading food packaging provider with world class technology	High-quality of rigid packaging	2,097m pieces	2,997m pieces
2	12-Sep-19	PT Fajar Surya Wisesa Tbk. (Fajar)	Indonesia	55.0%	21,150	24,100	21,900	3,100	Leader in packaging paper in Indonesia	Packaging paper	1.4	1.8
3	18-Dec-20	Bien Hoa Packaging Joint Stock Company (SOVI)	Vietnam	94.1%	2,700	1,380	2,100	200	Top box company in Vietnam with consumer-linked portfolio	Corrugated Carton	0.1	0.1
4	13-Jan-21	GO-Pak UK Limited (Go-Pak)	UK	100.0%	5,480	1,650	2,800	450	Leader in foodservice packaging in UK with global customer network	Foodservice packaging	4 billion pieces	4 billion pieces
5	23-Jul-21	Duy Tan Plastics Manufacturing Corporation (Duy Tan)	Vietnam	70.0%	9,120	7,130	7,170	930	No.1 rigid packaging producer in Vietnam	Rigid polymer packaging & plastic housewares	0.116	0.116
6	13-Aug-21	PT Indonesia Dirtajaya Aneka Industri Box, PT Bahana Buana Box and PT Rapi-pack Asritama (collectively Intan Group)	Indonesia	75.0%	2,088	1,836	3,231	158	Top box company in Indonesia with consumer-linked portfolio	Corrugated Carton	0.21	0.21
7	31-Aug-21	Visy Packaging (Thailand) Limited (Visy) (acquisition of additional 20% shares)	Thailand	20.0%	1,373	n/a	n/a	n/a	Leading food packaging provider with world class technology	High-quality of rigid packaging	n/a	2.997
8	9-Dec-21	Detalab, S.L. (Detalab)	Spain	85.0%	3,270	1,720	3,245	740	A recognized European manufacturers and distributor of high-quality medical supplies & labware	High-quality medical supplies & labware	15,000 SKUs and annual output of 250m pieces	15,000 SKUs and annual output of 250m pieces

*As of announcement date; **As of Dec 2021 / full-year basis without pro-rating from consolidation / start-up date

Source: SCGP

In the past 12 months, SCGP has completed five M&A, expanding both geographically and strategically into new business segments and markets. The major mergers & partnerships (M&P) include the acquisitions of container producers and rigid packaging producers in Vietnam, Indonesia, and the healthcare and labware manufacturer Detalab in Spain.

Exhibit 2: M&A in the past 12 months



Source: SCGP

Deltalab generated a revenue of €84.3m (THB3.25b) and a core net profit of €19.3m (THB740m) in the last 12 months (Oct-20 to Sep-21) with total assets worth €44.7m (THB1.7b). At the acquisition cost of €84.9m for an 85% stake, we estimate that SCGP paid only 5.2x LTM12m P/E, which we think is highly attractive given the high net profit margin of 22.9% (€19.3m core net profit/€84.3m revenue) and the strong net profit growth outlook for the high-margin healthcare product segment.

Exhibit 3: The Deltalab deal and its business profile

Strategic Rationale :

- 1 Elevate SCGP's customers and products portfolio & enriching global services capabilities.
- 2 Establish essentials foundation for future expansions in high growth Asia Pacific market
- 3 Adding synergy to existing productions related fundamental

Key Financial (FY2020)

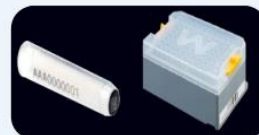
SCGP M&P of 85% stake

Revenue : approx.73 Million Euro (~2,800 MB)
Total assets : approx. 54 Million Euro (~2,100 MB)
Deal closing : to be completed

Company information

Establishment : 1976
Locations : HQ in Barcelona, Spain
 : 2 product sites in Barcelona & Madrid
 : 4 distribution centers: Barcelona, Madrid, Valencia, & Murcia)

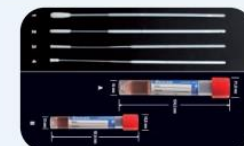
Highlight products:



Cold (cryogenic) storage system for vaccine & molecular biology



Blood collection tubes & micro tubes



Swab test set



Liquid containers & tubes for vacuum system

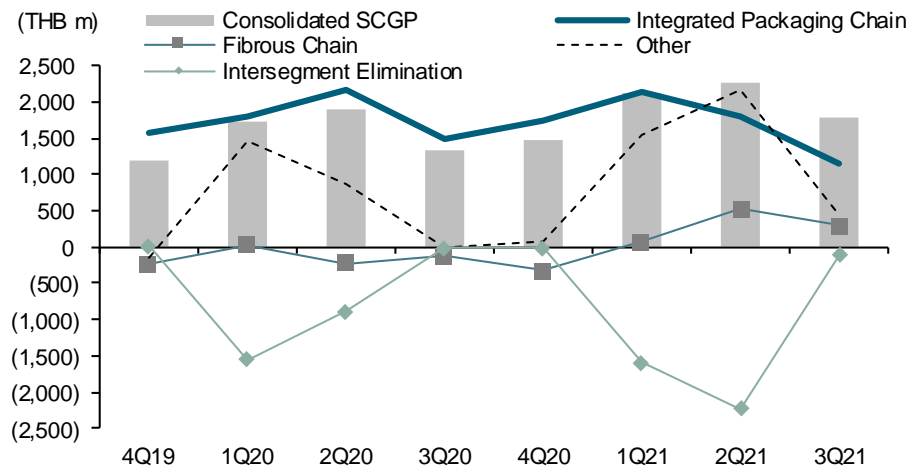
Over 15,000 SKUs and 250 million pieces per year



Source: SCGP

In 1Q22 onward, we project that SCGP's net profit will improve meaningfully, driven by the earnings from multiple acquisitions, an improving gross margin as a result of the softening price of AOCC, and rising production volumes in Vietnam, Indonesia, and Thailand as economic activity gradually recovers to a normal level by 2H22, based on our estimate.

Exhibit 4: Quarterly net profit breakdown

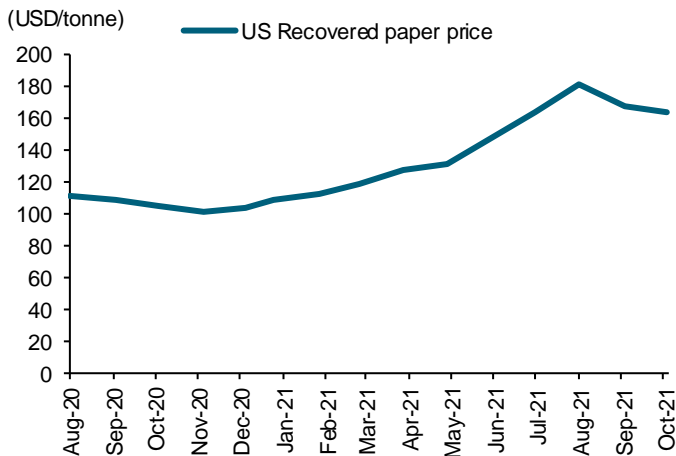


Source: SCGP

AOCC cost pressure is subsiding in 4Q21

SCGP's margin pressure from the AOCC price finally ended in Oct-21 after rising for 11 consecutive months as US mill demand pulled back, pushing down premiums for AOCC, according to a Fastmarkets RISI pricing survey. Rising US domestic demand amid the tight supply hiked up the price of AOCC over the past 11 months, exacerbated by a demand surge from export markets to Asia. The tight supply conditions and logistics disruptions are now gradually improving, effectively lessening the price of AOCC in both the domestic US market and for export to Asia.

Exhibit 5: Average US recovered paper price



Source: [Fastmarkets](#)

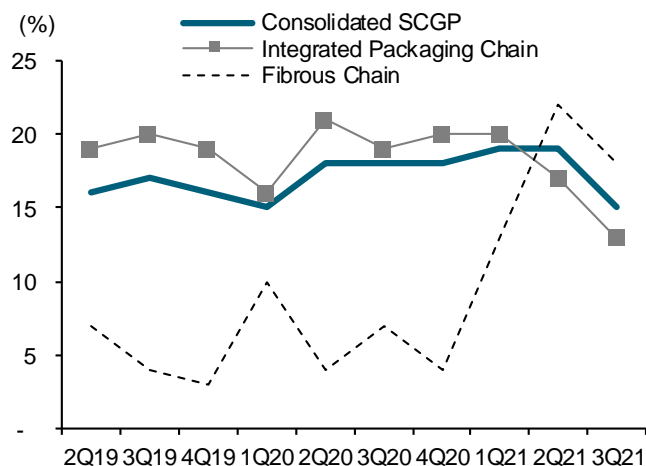
Exhibit 6: US recovered paper average – Jun-Oct 2021

	US average (USD/tonne)				
	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21
Mixed paper	56	75	94	98	96
Boxboard cuts OBM	86	105	35	142	139
OCC OBM	109	129	159	167	164
DLK OBM	119	139	174	181	178
SRPN	74	93	110	118	115
OMG	110	120	134	141	140
CGS	107	117	131	139	137
SCN	155	165	175	183	184
WBN	233	243	255	259	258
Unprinted SBS	298	308	318	323	321
HWS	315	325	355	340	338
HWEC	337	347	357	362	362
SOP	127	143	156	163	164
CBS	126	141	154	162	163
Heavy print SBS	151	166	180	188	189
SWL	180	196	210	218	218
MWL	188	203	218	227	228
Light print SBS	187	205	220	230	232

Source: [Fastmarkets](#)

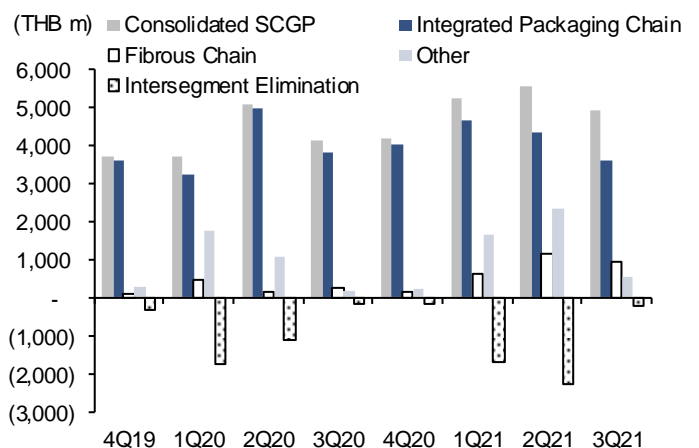
The AOCC average price is now at USD164/tonne, down USD3/t m-m from the 30-year peak level in September, while the AOCC Asia Index price (CIF from US to Asia) was USD295/t in Oct-Nov 2021. We project SCGP's gross margin to improve gradually by 1-3 pts q-q in 4Q21, and then continue to improve into 1Q22 to SCGP's normal EBITDA margin at 17-18% by 2H22 when we expect the price of AOCC to normalise below USD200/t for the AOCC Asia Index from the US to Asia, down from the USD310/t peak in 3Q21 and USD308/t in Oct-Nov 2021.

Exhibit 7: Quarterly EBITDA margin



Source: SCGP

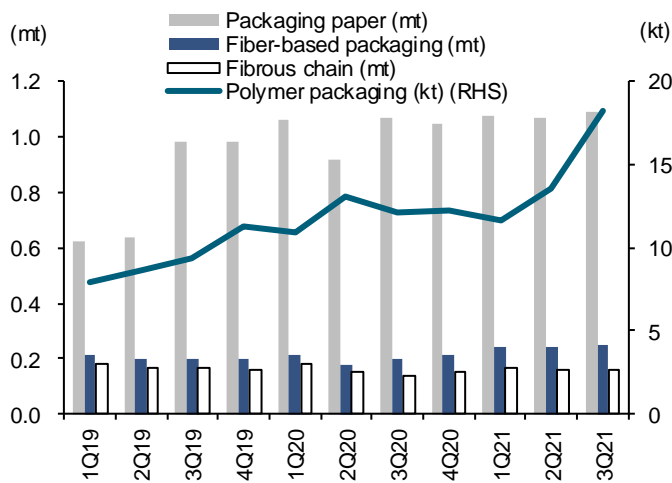
Exhibit 8: Quarterly EBITDA breakdown



Source: SCGP

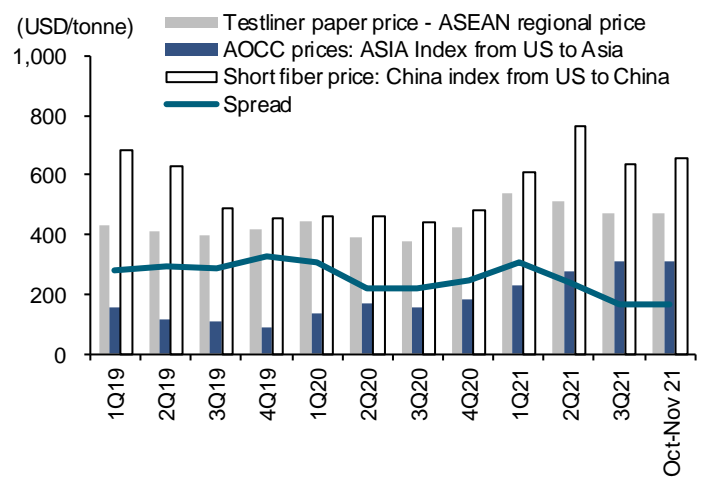
In addition, we project SCGP's earnings in 4Q21-1H22 to rise from the higher sales volume of polymer packaging, the consolidation of Deltalab's financial performance starting in Dec-21, and the higher sales volumes of fibrous chain and fibre-based packaging on the back of a gradual rise in the utilisation rates of SCGP's plants in Vietnam after the complete lockdown in 3Q21.

Exhibit 9: Sales volume breakdown by business



Source: SCGP

Exhibit 10: SCGP's product margin



Source: SCGP

Attractive play on reopening and consumer megatrends

We maintain BUY but trim our target price from THB82 to THB77, still based on 17x 2022E EV/EBITDA – a valuation premium compared to its peers due to SCGP's market presence, strong net profit growth outlook from M&P and organic growth, and the margin expansion from its cost-reduction strategy.

We cut our EPS forecasts for 2021-23 by 13-24% to reflect 1) the higher AOCC price in 2021 by 35% vs the 24% rise in the packaging paper average selling price; 2) the 2.6-7.5% higher pulp price and 8-35% higher recycled paper price (AOCC); and 3) the consolidation of Deltalab's financial performance starting in Dec-21.

Exhibit 11: Key changes in EPS and assumptions

	Current			Previous			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Revenue	140,976	130,818	133,715	120,789	127,572	130,468	16.7	2.5	2.5
Gross profit	34,394	36,949	37,515	34,806	39,500	40,231	(1.2)	(6.5)	(6.8)
Operating profit	11,217	14,710	17,430	14,021	17,446	19,906	(20.0)	(15.7)	(12.4)
Net profit	7,716	10,774	13,051	10,099	13,027	15,070	(23.6)	(17.3)	(13.4)
EPS (THB/share)	1.80	2.51	3.04	2.35	3.03	3.51	(23.6)	(17.3)	(13.4)
Key assumptions									
Packaging paper ASP (THB/tonne)	18,900	16,523	16,523	15,201	16,523	16,523	24.3	0.0	0.0
Fibre-based packaging ASP (THB/tonne)	23,005	23,005	23,005	23,005	23,005	23,005	0.0	0.0	0.0
Packaging sales volume (mtpa)	4.6	4.6	4.8	4.6	4.6	4.8	0.0	0.0	0.0
Fibrous sales volume (mtpa)	1.1	1.1	1.1	1.1	1.1	1.1	0.0	0.0	0.0
Recycled paper price (USD/tonne)	250	200	200	185	185	185	35.1	8.1	8.1
Pulp price (USD/tonne)	450	430	426	439	400	400	2.6	7.5	6.4

Sources: SCGP; FSSIA estimates

Exhibit 12: Peer comparisons

Company	BBG code	Rec	Share Price	Target price	Upside	Market Cap	3Y EPS CAGR	----- PE -----		---- ROE ----		---- PBV ----		EV / EBITDA	
								21E	22E	21E	22E	21E	22E	21E	22E
			(LCY)	(LCY)	(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
ASIA															
SCG Packaging	SCGP TB	BUY	65.50	77.00	17.6	8,382	25.3	36.4	26.1	8.5	11.1	3.0	2.8	18.0	14.6
Eastern Polymer Group	EPG TB	BUY	12.30	15.50	26.0	1,027	16.8	28.3	22.6	11.3	13.3	3.1	2.9	19.7	16.7
Polyplex Pcl	PTL TB	NA	24.20	NA	NA	638	26.1	8.5	6.6	17.7	17.1	1.4	1.2	5.7	5.2
United Paper Pcl	UTP TB	NA	17.70	NA	NA	343	5.3	12.0	11.2	26.3	24.9	3.0	2.6	8.3	7.6
Lee & Man Paper Manufac	2314 HK	NA	5.52	NA	NA	3,010	7.5	5.6	5.5	13.8	13.2	0.7	0.7	5.7	5.6
Nine Dragons Paper	2689 HK	NA	8.26	NA	NA	5,023	23.7	4.5	4.6	15.9	13.5	0.7	0.6	4.9	4.9
ASIA avg						18,423	24.6	20.8	15.7	12.2	12.7	2.0	1.8	11.9	10.1
Europe															
Ds Smith Plc	SMDS LN	NA	398	NA	NA	7,403	14.1	16.9	13.4	9.5	11.2	1.5	1.5	8.7	7.8
Mondi Plc	MNDI LN	NA	1,855	NA	NA	12,198	10.4	15.6	13.4	16.6	17.7	2.4	2.2	9.1	8.1
Smurfit Kappa Group	SKG LN	NA	4,140	NA	NA	14,527	n/a	18.7	15.4	17.2	18.3	3.1	2.7	9.3	8.1
Europe avg						34,128	59.6	17.2	14.2	15.3	16.5	2.5	2.3	9.1	8.0
USA															
Amcor Plc-Cdi	AMC AU	NA	16.70	NA	NA	18,365	n/a	16.2	14.9	24.7	25.6	3.9	3.8	12.2	11.7
Amcor Plc	AMCR US	NA	11.99	NA	NA	18,383	14.0	16.2	14.9	24.7	25.6	4.0	3.8	12.2	11.7
USA avg						36,748	43.6	16.2	14.9	24.7	25.6	3.9	3.8	12.2	11.7
Polymer packaging															
Ds Smith Plc	SMDS LN	NA	398	NA	NA	7,403	14.1	16.9	13.4	9.5	11.2	1.5	1.5	8.7	7.8
Polymer packaging avg						7,403	14.1	16.9	13.4	9.5	11.2	1.5	1.5	8.7	7.8
Overall average						96,702	45.5	42.7	32.5	53.9	60.0	1.8	1.6	17.9	15.1

Share prices as of 6 Jan 2022

Sources: Bloomberg; FSSIA estimates

Financial Statements

SCG Packaging

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	89,070	92,786	140,976	130,818	133,715
Cost of goods sold	(65,661)	(66,149)	(106,582)	(93,869)	(96,200)
Gross profit	23,409	26,637	34,394	36,949	37,515
Other operating income	-	-	-	-	-
Operating costs	(9,753)	(10,141)	(16,917)	(15,698)	(13,371)
Operating EBITDA	13,656	16,496	17,476	21,251	24,143
Depreciation	(5,991)	(7,183)	(6,259)	(6,541)	(6,713)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	7,665	9,313	11,217	14,710	17,430
Net financing costs	(1,491)	(1,674)	(1,246)	(1,058)	(1,058)
Associates	53	66	0	0	0
Recurring non-operating income	1,070	850	80	80	80
Non-recurring items	(304)	(181)	0	0	0
Profit before tax	6,940	8,308	10,052	13,732	16,453
Tax	(1,049)	(1,002)	(1,585)	(2,105)	(2,549)
Profit after tax	5,891	7,306	8,466	11,626	13,903
Minority interests	(623)	(848)	(750)	(852)	(852)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	5,269	6,457	7,716	10,774	13,051
Non-recurring items & goodwill (net)	304	181	0	0	0
Recurring net profit	5,573	6,638	7,716	10,774	13,051
Per share (THB)					
Recurring EPS *	1.78	1.55	1.80	2.51	3.04
Reported EPS	1.69	1.50	1.80	2.51	3.04
DPS	0.63	0.60	0.75	0.90	0.90
Diluted shares (used to calculate per share data)	3,126	4,293	4,293	4,293	4,293
Growth					
Revenue (%)	2.1	4.2	51.9	(7.2)	2.2
Operating EBITDA (%)	(2.6)	20.8	5.9	21.6	13.6
Operating EBIT (%)	(11.2)	21.5	20.4	31.1	18.5
Recurring EPS (%)	(53.1)	(13.3)	16.2	39.6	21.1
Reported EPS (%)	(56.6)	(10.7)	19.5	39.6	21.1
Operating performance					
Gross margin inc. depreciation (%)	19.6	21.0	20.0	23.2	23.0
Gross margin of key business (%)	19.6	21.0	20.0	23.2	23.0
Operating EBITDA margin (%)	15.3	17.8	12.4	16.2	18.1
Operating EBIT margin (%)	8.6	10.0	8.0	11.2	13.0
Net margin (%)	6.3	7.2	5.5	8.2	9.8
Effective tax rate (%)	15.2	12.2	15.8	15.3	15.5
Dividend payout on recurring profit (%)	35.3	38.8	41.7	35.9	29.6
Interest cover (X)	5.9	6.1	9.1	14.0	16.6
Inventory days	72.7	71.8	57.1	75.2	69.6
Debtor days	59.5	62.0	44.5	52.6	55.9
Creditor days	51.8	56.3	46.3	61.1	56.5
Operating ROIC (%)	6.9	7.2	(2.1)	(2.6)	(3.1)
ROIC (%)	6.8	6.5	(1.7)	(2.2)	(2.6)
ROE (%)	13.4	10.1	8.5	11.1	12.4
ROA (%)	6.3	5.7	4.8	6.5	7.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Fibrous chain	24,940	25,980	39,473	36,629	37,440
Performance and Polymer packaging	41,863	43,609	66,259	61,485	62,846
Packaging paper	5,344	5,567	8,459	7,849	8,023
Fibre-based packaging	16,923	17,629	26,785	24,855	25,406

Sources: SCG Packaging; FSSIA estimates

Financial Statements

SCG Packaging

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	5,573	6,638	7,716	10,774	13,051
Depreciation	5,991	7,183	6,259	6,541	6,713
Associates & minorities	41	42	(5,000)	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(1,775)	1,461	(2,904)	(1,202)	(1,704)
Cash flow from operations	9,829	15,325	6,071	16,114	18,060
Capex - maintenance	(3,180)	(3,181)	0	0	0
Capex - new investment	(27,295)	(8,409)	(5,000)	(8,000)	(3,000)
Net acquisitions & disposals	41	42	(5,000)	0	0
Other investments (net)	(13,675)	1,215	(300)	0	0
Cash flow from investing	(44,109)	(10,334)	(10,300)	(8,000)	(3,000)
Dividends paid	(1,969)	(2,576)	(3,220)	(3,864)	(3,864)
Equity finance	0	0	0	0	0
Debt finance	31,081	(16,115)	(11,382)	0	0
Other financing cash flows	7,230	41,627	5,808	910	910
Cash flow from financing	36,342	22,936	(8,794)	(2,954)	(2,954)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	2,061	27,927	(13,022)	5,160	12,106
Free cash flow to firm (FCFF)	(32,661.71)	6,442.31	(2,982.85)	9,171.52	16,117.74
Free cash flow to equity (FCFE)	4,030.63	30,502.42	(9,802.47)	9,023.36	15,969.57

Per share (THB)

FCFF per share	(7.61)	1.50	(0.69)	2.14	3.75
FCFE per share	0.94	7.11	(2.28)	2.10	3.72
Recurring cash flow per share	3.71	3.23	2.09	4.03	4.60

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	180,525	195,012	205,012	213,012	216,012
Less: Accumulated depreciation	(97,662)	(107,741)	(114,000)	(120,541)	(127,254)
Tangible fixed assets (net)	82,864	87,271	91,012	92,471	88,758
Intangible fixed assets (net)	18,426	18,624	18,624	18,624	18,624
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	787	829	829	829	829
Cash & equivalents	4,959	32,886	19,863	25,024	37,130
A/C receivable	15,198	16,334	18,060	19,662	21,299
Inventories	13,276	12,760	20,559	18,107	18,557
Other current assets	1,950	939	1,427	1,324	1,353
Current assets	35,383	62,919	59,910	64,117	78,339
Other assets	2,053	2,786	2,786	2,786	2,786
Total assets	139,513	172,429	173,160	178,826	189,336
Common equity	42,952	88,738	93,292	100,261	109,507
Minorities etc.	19,864	21,103	21,853	22,705	23,557
Total shareholders' equity	62,816	109,841	115,145	122,966	133,064
Long term debt	16,318	12,052	12,052	12,052	12,052
Other long-term liabilities	6,365	7,300	7,000	7,000	7,000
Long-term liabilities	22,683	19,351	19,052	19,052	19,052
A/C payable	10,059	10,365	16,701	14,709	15,074
Short term debt	43,230	31,382	20,000	20,000	20,000
Other current liabilities	725	1,489	2,263	2,100	2,146
Current liabilities	54,014	43,237	38,963	36,808	37,220
Total liabilities and shareholders' equity	139,513	172,429	173,160	178,826	189,336
Net working capital	19,640	18,179	21,083	22,285	23,989
Invested capital	123,770	127,689	134,334	136,994	134,985

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

Per share (THB)

Book value per share	13.74	20.67	21.73	23.36	25.51
Tangible book value per share	7.85	16.33	17.39	19.02	21.17

Financial strength

Net debt/equity (%)	86.9	9.6	10.6	5.7	(3.8)
Net debt/total assets (%)	39.1	6.1	7.0	3.9	(2.7)
Current ratio (x)	0.7	1.5	1.5	1.7	2.1
CF interest cover (x)	22.0	24.2	(2.9)	17.1	18.9

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	36.7	42.4	36.4	26.1	21.5
Recurring P/E @ target price (x) *	43.2	49.8	42.8	30.7	25.3
Reported P/E (x)	38.9	43.5	36.4	26.1	21.5
Dividend yield (%)	1.0	0.9	1.1	1.4	1.4
Price/book (x)	4.8	3.2	3.0	2.8	2.6
Price/tangible book (x)	8.3	4.0	3.8	3.4	3.1
EV/EBITDA (x) **	20.4	19.0	18.0	14.6	12.4
EV/EBITDA @ target price (x) **	23.1	22.0	20.9	17.0	14.5
EV/invested capital (x)	2.3	2.4	2.3	2.3	2.2

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

Sources: SCG Packaging; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

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

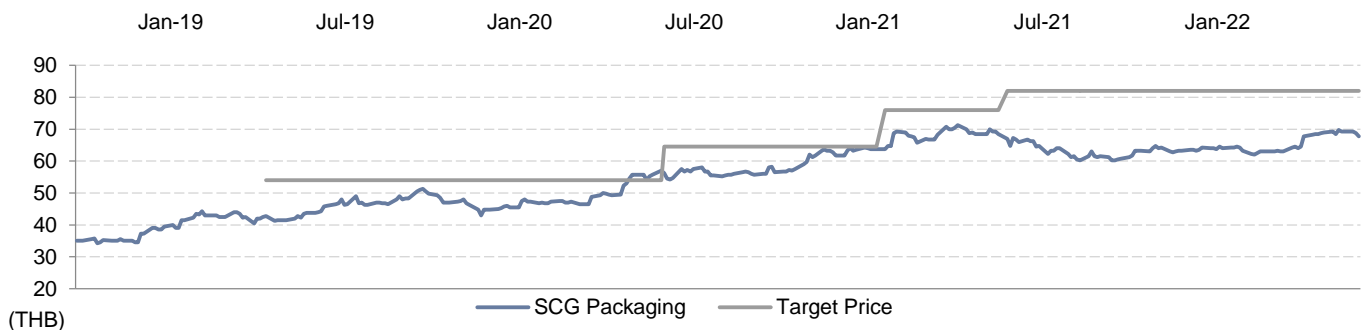
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. 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

SCG Packaging (SCGP TB)



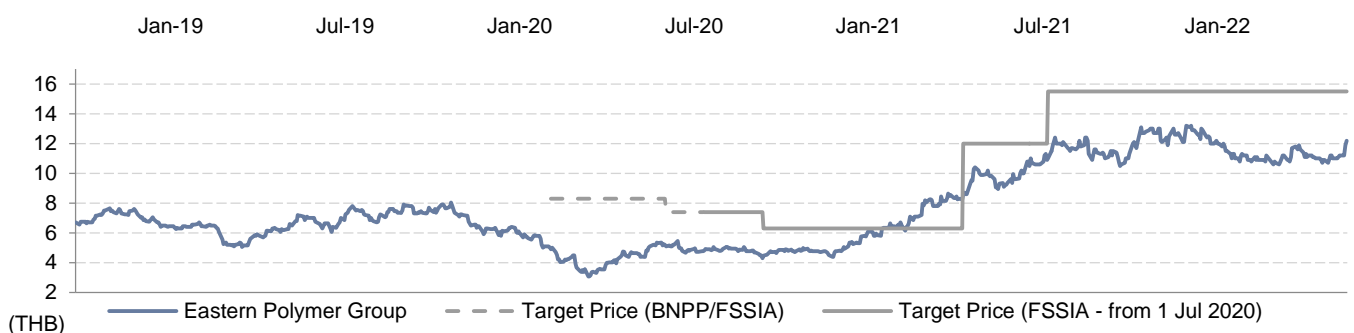
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Dec-2020	BUY	54.00	23-Jul-2021	BUY	76.00	-	-	-
10-May-2021	BUY	64.50	03-Sep-2021	BUY	82.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 24-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Eastern Polymer Group (EPG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Feb-2020	BUY	8.30	20-Aug-2020	BUY	6.30	22-Apr-2021	BUY	15.50
29-May-2020	BUY	7.40	08-Feb-2021	BUY	12.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 29-May-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SCG Packaging	SCGP TB	THB 65.50	BUY	Downside risks to our EV/EBITDA-based TP include a lower-than-expected demand for packaging, rising raw material costs of recycled paper and higher energy costs.
Eastern Polymer Group	EPG TB	THB 12.30	BUY	Downside risks to our EV/EBITDA-based target price include 1) a sharp rise in feedstock prices, driven mostly by a higher oil price; and 2) lower-than-expected demand for plastics used for insulators and the automobile and packaging industries.

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 06-Jan-2022 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.