

# NEX POINT NEX TB

THAILAND / TECHNOLOGY

## BUY

UNCHANGED

## Brisk growth for e-buses and trucks

- We project a 4Q21 net loss of THB24m due to the sales and delivery delay of e-buses caused by the resurgence of Covid-19.
- We expect NEX to transform from a loss-maker to one of Thailand's leading EV players in 2022 onward.
- Maintain BUY and raise our SOTP TP from THB25 to THB26.

TARGET PRICE	THB26.00
CLOSE	THB19.40
UP/DOWNSIDE	+34.0%
PRIOR TP	THB25.00
CHANGE IN TP	+4.0%
TP vs CONSENSUS	+9.5%

### KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	1,404	1,250	18,684	21,454
Net profit	(214)	(115)	1,254	1,969
EPS (THB)	(0.13)	(0.07)	0.75	1.18
vs Consensus (%)	-	nm	(30.7)	(20.1)
EBITDA	(124)	(7)	199	483
Core net profit	(214)	(115)	1,254	1,969
Core EPS (THB)	(0.13)	(0.07)	0.75	1.18
Chg. In EPS est. (%)	nm	nm	(35.8)	(29.7)
EPS growth (%)	nm	nm	nm	57.0
Core P/E (x)	(152.1)	(283.1)	25.9	16.5
Dividend yield (%)	-	0.5	1.5	2.6
EV/EBITDA (x)	(252.9)	(4,558.7)	156.2	61.5
Price/book (x)	11.0	11.4	8.3	6.0
Net debt/Equity (%)	(43.1)	(49.8)	(38.4)	(53.0)
ROE (%)	(12.4)	(4.0)	37.0	42.2

### 2021 likely to be the last losing year due to delay in e-bus sales

We now expect NEX to post a net loss of THB115m in 2021, down from our previously projected net profit of THB439m, due to the delay in the sales and deliveries of e-buses caused by the Covid-19 pandemic that effectively pushed back the manufacturing plant's commercial operation date (COD) by two quarters. However, we expect the e-bus sales delay in 2H21 to be fully rectified in 2022, potentially driving up NEX's net profit to THB1.25b in 2022 and THB2b in 2023, representing a strong financial turnaround for NEX.

### Visible e-bus growth in 2022

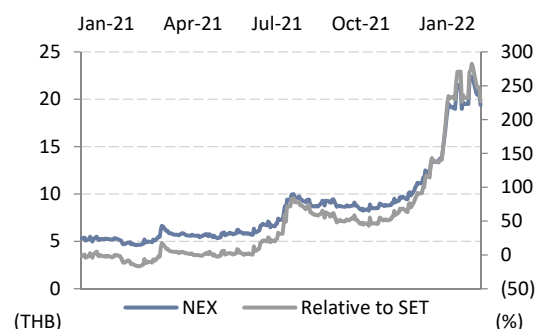
In 2022, we expect NEX to fully transform from a loss-making, computer and electronics-driven company to one of Thailand's leading EV players, with a strong marketing and service network nationwide and a stake in Absolute Assembly (AAB, not listed), one of the first manufacturers of commercial EVs in Thailand. By 2023, we expect the gross profit from EVs to account for over 95% of NEX's total gross profit, strengthening its earnings sustainability and growth as an EV first mover in Thailand.

### E-trucks should be a key catalyst in 2023

In 2023, NEX is likely to secure several contracts to sell its e-trucks to many private companies and municipal governments – currently in the testing process – including garbage e-trucks for municipal governments and truck tractors for private companies in many industries like food & beverages, logistics, and electronics. Hence, we project that NEX will add over 3,000 e-truck orders within 2022 to be delivered in 2023 onward. The orders could see an additional upside if NEX succeeds in its e-truck testing with a Japanese partner – currently in the testing process with the final test results scheduled to be finalised by 3Q22.

### Target price upgrade to THB26

We maintain BUY and raise our SOTP-based TP from THB25 to THB26 to reflect our EPS revisions. We revise down our EPS forecasts for 2022-23 by 30-36% to reflect our higher net loss estimates for NEX's legacy businesses and our lower net profit margin assumptions by 3-5 ppts for NEX's marketing business. We raise our sales volume assumptions for e-buses and e-trucks in 2022-23, but cut our sales volume estimate for e-buses to zero from 500 in 2021 to reflect the sales and delivery delays.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	9.0	123.0	259.3
Relative to country (%)	6.3	118.8	229.9
Mkt cap (USD m)	978		
3m avg. daily turnover (USD m)	9.1		
Free float (%)	35		
Major shareholder	EA Mobility Holding (40%)		
12m high/low (THB)	23.00/4.56		
Issued shares (m)	1,674.45		

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 believe NEX is a turnaround company due to its business transformation from an electronic parts company into an EV company in 2021 onward. NEX's net profit growth should be driven by the EV industry's growth, its first-mover advantage, and integrated business model to capture Thailand's EV demand growth.

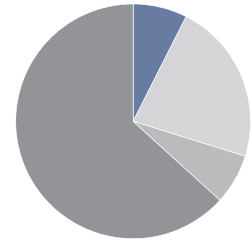
### Company profile

Nex is one of the leaders in the comprehensive commercial vehicle industry in Thailand.

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

### Principal activities (revenue, 2020)

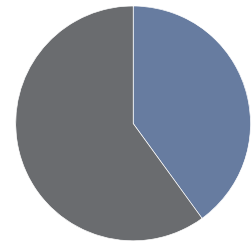
- Electronic products - 7.4 %
- Computer and software system - 22.4 %
- Logistic service - 6.9 %
- Bus business - 63.2 %



Source: Nex Point

### Major shareholders

- EA Mobility Holding - 40.0 %
- Others - 60.0 %



Source: Nex Point

### Catalysts

Key potential drivers for NEX are 1) net profit sharing from its EV venture via a 45% stake in Absolute Assembly, a manufacturer of EVs; 2) earnings from the commencement of the marketing and sales of EV buses and e-trucks under NEX as a key trading and marketing arm for the EA group; and 3) sustainable net profits from its high-margin repair and maintenance services covering both ICE and EV clients.

### Risks to our call

Downside risks to our SOTP-based TP include: 1) a lower-than-expected bus sales volume; 2) delays in bus deliveries; and 3) risk from regulatory changes.

### Event calendar

Date	Event
Feb 2022	4Q21/2021 results announcement

### Key assumptions

	2021E	2022E	2023E
EV bus sales (buses)	0	2,000	1,500
E-truck sales (trucks)	0	1,200	2,000
Number of vehicles for maintenance service	700	3,000	4,200
E-buses produced & sales (buses) - AAB	120	3,000	4,200
E-trucks produced & sales (trucks) - AAB	0	1,000	1,000
NEX Express (passengers)	70,080	473,040	630,720
NEX Express ticket (THB)	209	209	209

Source: FSSIA estimates

### Earnings sensitivity

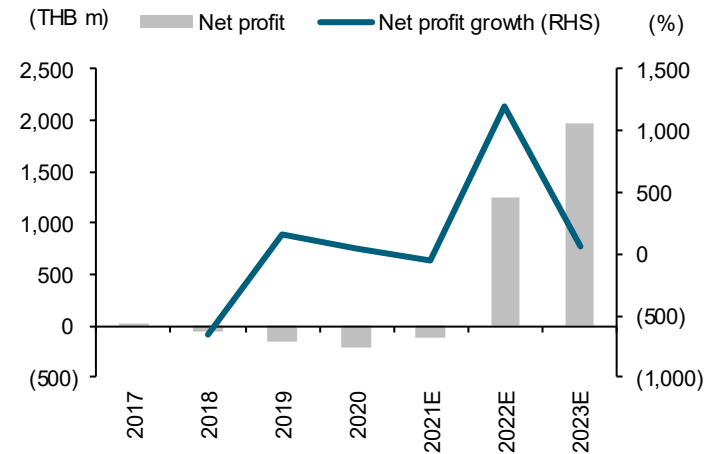
- Ceteris Paribus, for every 1% increase in AAB's utilisation rate, we estimate 2021 earnings would increase 2%, and vice versa.

Source: FSSIA estimates

## Brisk growth for e-buses and e-trucks

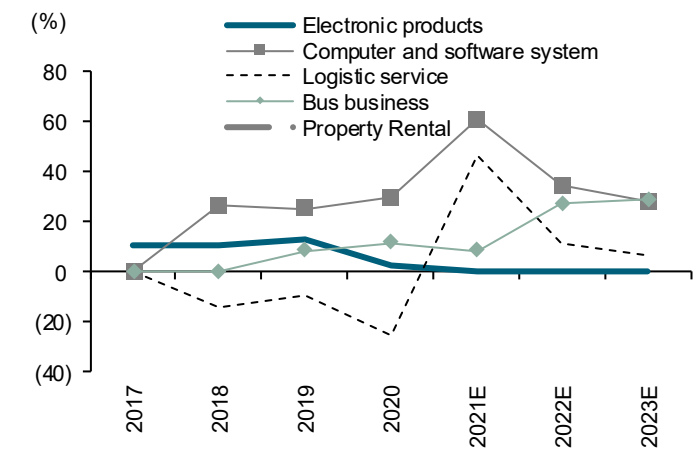
We now expect a lower net profit in 2021, projecting NEX to post a net loss of THB115m, down from our previously projected net profit of THB439m, due to the delay in the sales and deliveries of e-buses caused by the Covid-19 pandemic that effectively pushed back the manufacturing plant's COD by two quarters.

**Exhibit 1: Net profit and net profit growth**



Sources: NEX; FSSIA estimates

**Exhibit 2: Gross profit margin (%)**

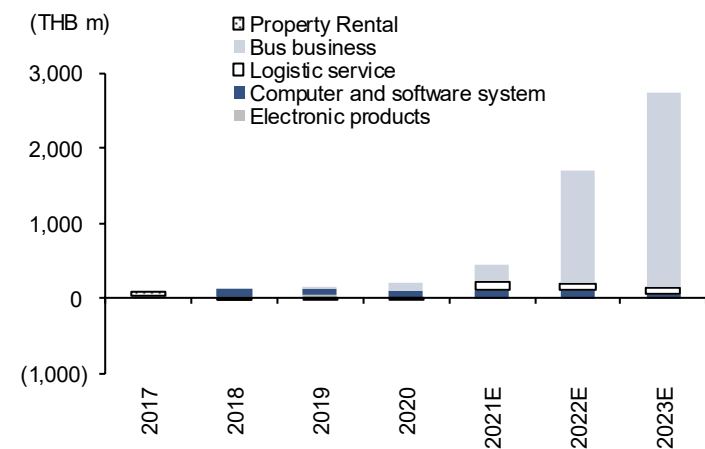


Sources: NEX; FSSIA estimates

However, we expect the e-bus sales delay in 2H21 to be fully rectified in 2022, potentially driving up NEX's net profit to THB1.25b in 2022 and THB2b in 2023, representing a strong financial turnaround for NEX. We forecast NEX's net margin for its EV ventures, mainly for e-buses and e-trucks, to rise from 8% in 2021 to 27% in 2022 and 29% in 2023, as NEX should benefit financially as a marketer of commercial EVs (e-buses and e-trucks) for AAB, owned 45% by NEX and 55% by Energy Absolute (EA TB, BUY, TP THB122).

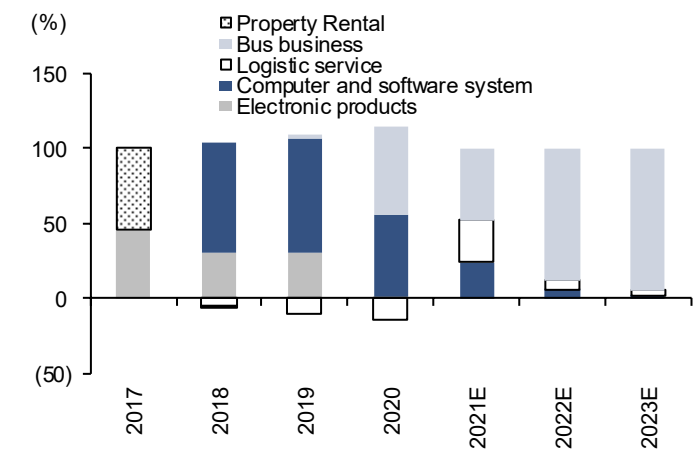
In 2022, we expect NEX to fully transform from a loss-making, computer and electronics-driven company to one of Thailand's leading EV players, with a strong marketing and service network nationwide and a stake in AAB, one of the first manufacturers of commercial EVs in Thailand. By 2023, we expect the gross profit from EVs to account for over 95% of NEX's total gross profit, strengthening its earnings sustainability and growth as an EV first mover in Thailand.

**Exhibit 3: Gross profit breakdown by business**



Sources: NEX; FSSIA estimates

**Exhibit 4: Gross profit breakdown by business (%)**



Sources: NEX; FSSIA estimates

**What's next for the EV growth outlook in 2022-23?** According to management, in 1H22, NEX is due to sign a number of sales agreements for e-buses with a host of customers, all being private companies who are operators of fixed route intracity (Bangkok and metropolitan area) and intercity buses (from Bangkok to other provinces).

#### Exhibit 5: Projected sales of e-buses and e-trucks for NEX in 2021-23

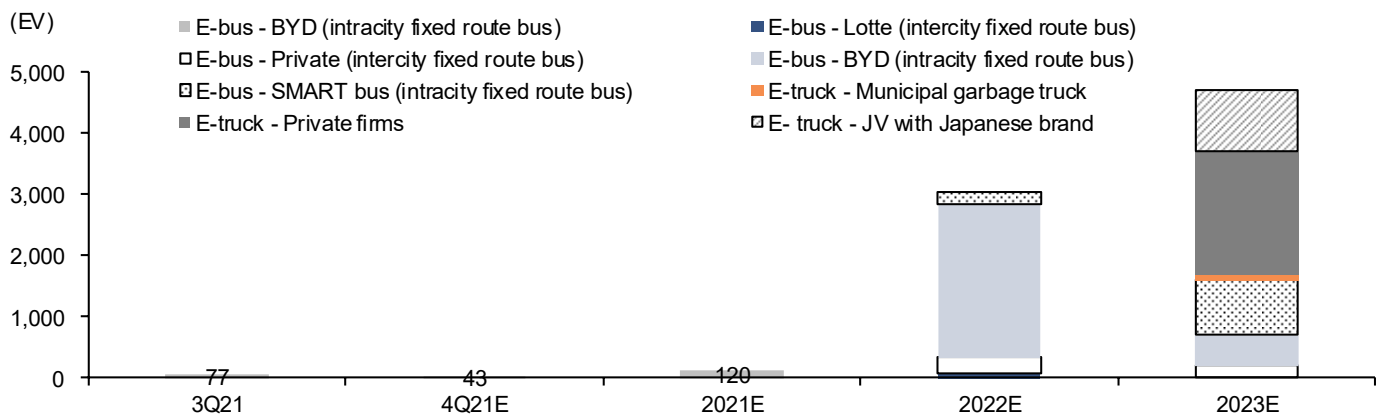
	3Q21	4Q21E	2021E	2022E	2023E
E-bus - BYD (intracity fixed route bus)	77	43	120		
E-bus - Lotte (intercity fixed route bus)				86	
E-bus - Private (intercity fixed route bus)				250	200
E-bus - BYD (intracity fixed route bus)				2,500	500
E-bus - SMART bus (intracity fixed route bus)				200	900
E-truck - Municipal garbage truck					100
E-truck - Private firms					2,000
E-truck - JV with Japanese brand					1,000
<b>Total</b>	<b>77</b>	<b>43</b>	<b>120</b>	<b>3,036</b>	<b>4,700</b>

Sources: NEX; FSSIA estimates

Meanwhile, in 2023, NEX is likely to secure several contracts to sell its e-trucks to many private companies and municipal governments. Currently, NEX is in the process of allowing its potential customers to test its e-trucks, including garbage e-trucks for municipal governments and truck tractors for private companies in many industries like food & beverages, logistics, and electronics.

Hence, we project that NEX will add over 3,000 e-truck orders within 2022 to be delivered in 2023 onward. The orders could see an additional upside if NEX succeeds in its e-truck testing with a Japanese partner – currently in the testing process with the final test results scheduled to be finalised by 3Q22.

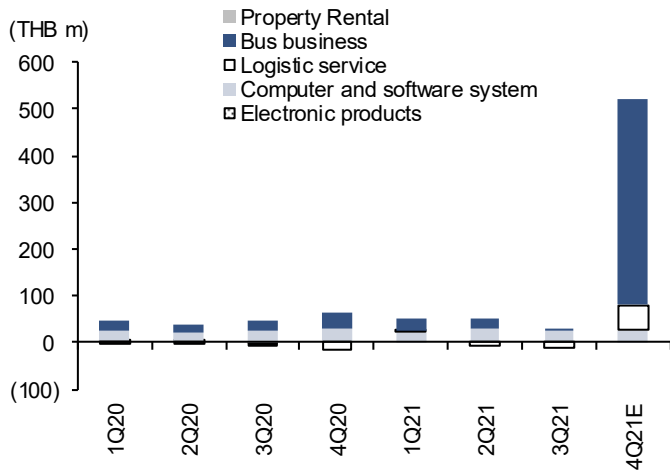
#### Exhibit 6: Projected sales volumes of e-buses and e-trucks in 2021-23



Sources: NEX; FSSIA estimates

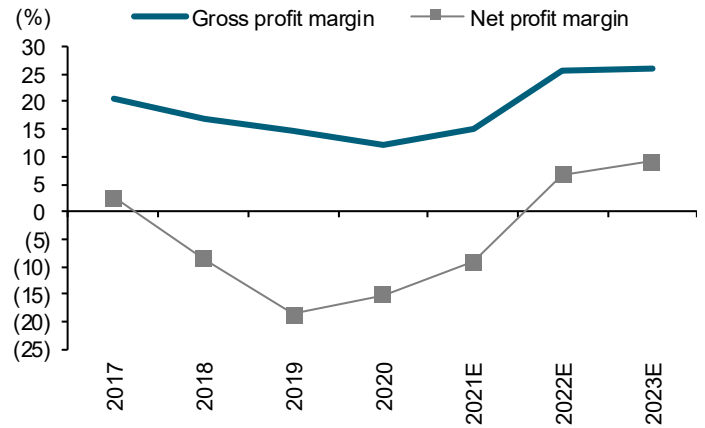
With our revised sales volume projections for e-buses and e-trucks to be delivered by 2Q22 onward after AAB completes its production process employee training in Mar-22, we expect NEX's overall net margin to improve from 15% in 2021 to over 25% in 2022-23, boosted by high-margin sales and its manufacturing plant (NEX holds 45% of AAB) to more than offset NEX's loss-making legacy businesses of electronics, computer and software systems, property rentals, and logistics services.

**Exhibit 7: Quarterly gross profit breakdown by business**



Sources: NEX; FSSIA estimates

**Exhibit 8: Gross and net profit margins**



Sources: NEX; FSSIA estimates

**The first catalyst should come from the government's incentive package**

We believe the soon-to-be-announced incentive package, which has been delayed for the cabinet's approval by one month and is likely to be submitted again on 25 Jan-22, will lead to a demand boom for EVs in Thailand, particularly for imported passenger EVs from China and Europe thanks to potential price cuts of up to 20-30% from excise and import tax cuts, based on our estimates.

Thailand has set clear goals for a net-zero emissions target. We believe the 30/30 pledge set by the government that targets an increase to 30% zero emission vehicles (ZEVs) out of the total vehicles produced by 2030 (725k units), 50% of the vehicles in use (440k) by 2030, and 13k fast-charging stations, should be highly achievable, given the recently announced regulations by the Provincial Electricity Authority of Thailand (PEA).

While Thailand could import EVs from China without import tax under the free trade agreement, the zero-import tax only applies to four-wheel vehicles, but not EV buses, trucks, and boats, which are still subject to a 40% import tax. This translates to higher cost and better price competitiveness for local EV producers.

**Exhibit 9: ZEV targets for Thailand's EV industry**

	2022E	2025E	2030E	2035E	Unit
<b>Usage</b>					
No. of EVs	30,000	225,000	440,000	1,154,000	EV
% of total vehicles in use	4	30	50	100	%
<b>Production</b>					
No. of EVs	30,000	225,000	725,000	1,350,000	EV
Accumulated	50,000	400,000	2,935,000	8,265,000	EV
% of total vehicle production	2	10	30	50	%

Source: NEVPC

The upcoming EV promotion plan supplements previous policies issued by Thailand's Board of Investment (BOI), offering incentives covering all major aspects of the EV supply chain, with a focus on battery EVs (BEVs), the local production of critical parts, and the inclusion of commercial vehicles of all sizes, as well as ships.

At present, the price of imported EVs, despite benefitting from zero import tax under the bilateral free trade agreement between Thailand and China, remains high thanks to the excise tax, value-added tax (VAT), and other taxes, that together account for over 25% of the final retail selling price.

**Exhibit 10: EV promotion plan for passenger BEVs and motorbike BEVs**

Policy	Beneficiary	Amount	Effective promotion duration
1 Subsidy from energy fund	Consumers/EV buyers	Up to THB0.2m per EV	1-3 years
2 Excise tax reduction	Producers/EV buyers	From 8% to 2-4%	2-3 years
3 Import duty tax reduction	Producers/EV buyers	From 20-40% to 0-10%	2-3 years

Conditions for eligibility	
1	Must be domestic manufacturers
2	Must produce EVs at 1.0x to 1.5x the number of imported and subsidised EVs during the promotion's duration
3	Must produce and use a domestically produced battery (from cell level) for EVs produced domestically
4	Must produce the same models as the imported models

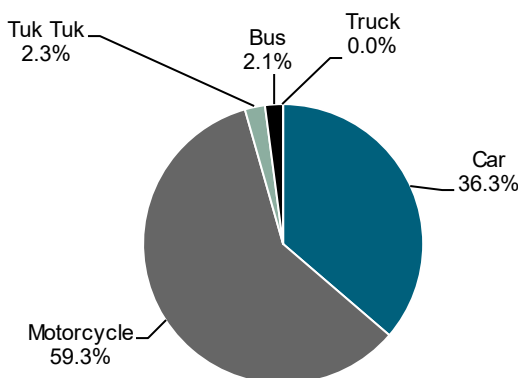
Source: Bangkok Post

In its most recent move to approve the comprehensive EV promotion plan by the National Electric Vehicle Policy Committee (NEVPC), the Thai government has clearly signalled that Thailand is committed to fully transforming the country's existing internal combustion engine (ICE)-based automotive industry into an EV industry.

According to the Electric Vehicle Association of Thailand (EVAT), Thailand is now ahead of its ASEAN peers in transitioning its automotive industry from an ICE-based industry to an EV industry.

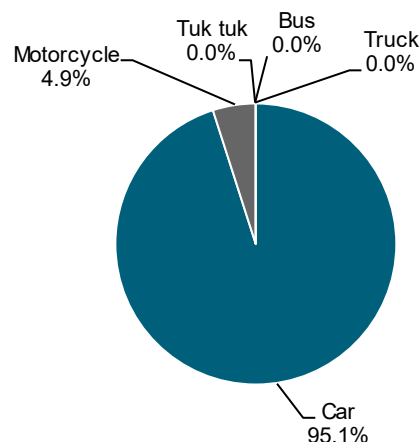
According to EVAT, the number of BEVs remains low, with registered BEVs from 2018 to Dec-21 totalling 11,382 – comprising 6,749 e-bikes, 4,132 EV cars, 238 e-buses, and 263 e-tricycles (Tuk-Tuks) with no BEV e-trucks. Hybrid EVs (HEVs) and plug-in hybrid EVs (PHEVs) amounted to 227,727, comprising 219,121 cars, 11,382 motorbikes, one bus and one truck.

**Exhibit 11: Proportion of BEVs by vehicle type as of Dec 2021**



Source: Department of Land Transportation (DLT)

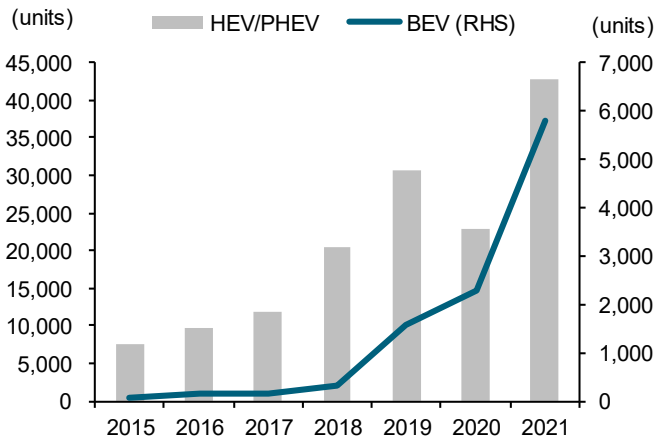
**Exhibit 12: Proportion of HEVs/PHEVs by vehicle type as of Dec 2021**



Source: DLT

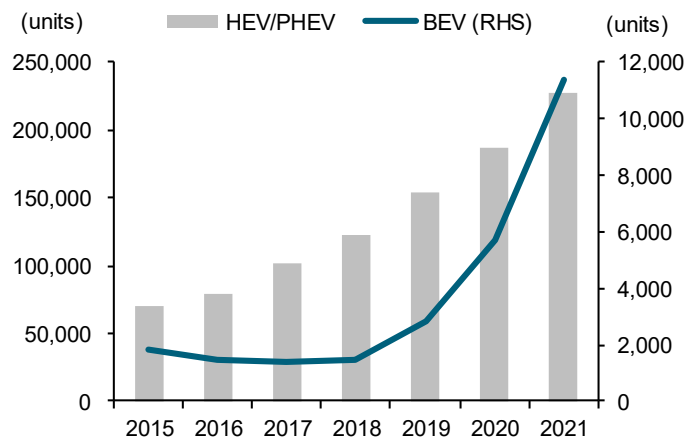
**Expect over 4x growth in new EVs in 2022.** While the number of new EV registrations has grown by only 5% y-y in 2021 vs 3.5% y-y in 2020 as consumers await the government’s plan to subsidise the price of EVs and offer multiple tax incentives for producers in the EV value chain (batteries, EVs, charging stations), we believe that in 2022, assuming the government’s incentive plan for EVs is announced within 1Q22, the number of new EV registrations should jump markedly to over 10,000 – up over 4x from a mere 2,267 and 2x from 5,781 new BEVs in 2020 and 2021, respectively.

**Exhibit 13: Number of new EV registrations**



Source: Department of Land Transportation (DLT)

**Exhibit 14: Number of accumulated EV registrations**



Source: DLT

**The sole winner of Thailand’s commercial EV segment until 2024.** NEX is Thailand’s only producer with a fully integrated EV value chain including a manufacturing plant (AAB). It has an extensive marketing and distribution channel for commercial EVs, 12 service centres located nationwide, and is the only producer with an integrated battery manufacturing plant to comply with the government’s 40% local content requirement. Hence, we think NEX and EA will greatly benefit from the upcoming boom that we expect to see in Thailand’s EV market with little competition in the domestic market at least until 2024.

It is not until 2024 when we believe that a number of newcomers, mostly incumbent producers of ICE vehicles in Thailand, will be able to complete and establish battery and EV manufacturing plants in Thailand. This should allow NEX to grab market share for e-buses and e-trucks in Thailand, thanks to the Thai government’s clear and strong EV policy.

## Expect a 4Q21 net loss of THB24m

We project NEX to post a net loss of THB24m in 4Q21, slightly worse than the net loss of THB20m in 3Q21 but an improvement from the net loss of THB153m in 4Q20. Key points are as follows:

- THB35m net profit from the sale and delivery of 43 e-buses in 4Q21, down from 77 e-buses delivered in 3Q21;
- A higher SG&A expense due to bonuses and higher employee compensation;
- A net loss of THB80m due to FX loss.

### Exhibit 15: 4Q21 results forecast

	4Q20	3Q21	----- 4Q21E-----		
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
<b>Revenue</b>	<b>140</b>	<b>112</b>	<b>744</b>	<b>564.2</b>	<b>430.2</b>
Operating costs	(154)	(123)	(470)	282.0	204.9
<b>EBITDA</b>	<b>(14)</b>	<b>(11)</b>	<b>24</b>	<b>(319.3)</b>	<b>(274.8)</b>
<i>EBITDA margin (%)</i>	<i>(9.8)</i>	<i>(9.8)</i>	<i>3.2</i>	<i>nm</i>	<i>nm</i>
Depn & amort.	(22)	(23)	(2)	(93.2)	(92.6)
EBIT	(35)	(34)	22	(165.3)	(163.4)
Interest expense	(3)	(2)	4	(310.4)	(255.4)
Interest & invt inc	-	-	-	nm	nm
Other income	0	4	3	(22.5)	720.7
Associates' contrib	(5)	19	(80)	(511.8)	1,493.2
Exceptionals	(99)	-	-	nm	(100.0)
<b>Pretax profit</b>	<b>(141)</b>	<b>(13)</b>	<b>(50)</b>	<b>291.1</b>	<b>(64.9)</b>
Tax	(5)	(3)	(3)	19.9	(36.1)
<i>Tax rate (%)</i>	<i>(3.3)</i>	<i>(19.7)</i>	<i>(6.0)</i>	<i>nm</i>	<i>nm</i>
Minority interests	(7)	(4)	7	(260.5)	(208.0)
<b>Net profit</b>	<b>(153)</b>	<b>(20)</b>	<b>(24)</b>	<b>24.5</b>	<b>(84.0)</b>
Non-recurring	(5)	-	-	nm	(100.0)
<b>Core net profit</b>	<b>(148)</b>	<b>(20)</b>	<b>(24)</b>	<b>24.5</b>	<b>(83.5)</b>
EPS (THB)	(0.04)	(0.01)	(0.04)	744.1	8.3
Core EPS (THB)	(0.04)	(0.01)	(0.04)	744.1	12.0

Sources: NEX; FSSIA estimates



## EPS and target price revisions

We maintain BUY and raise our SOTP-based TP from THB25 to THB26 to reflect our EPS revisions. We revise down our EPS forecasts for 2022-23 by 30-36% to reflect our higher net loss estimates for NEX's legacy businesses, the lower projected selling prices of e-buses and e-trucks by THB0.5m, and our lower net profit margin assumptions by 3-5 ppts following management's guidance for a lower net margin for the distribution and marketing business.

We raise our sales volume assumptions for e-buses and e-trucks in 2022-23, but cut our sales volume estimate for e-buses to zero from 500 in 2021 to reflect the sales and delivery delays. In 2021, we expect NEX to benefit via its 45% stake in AAB for the sale of 120 e-buses, but it should start to realise revenue from both the marketing and production of e-buses in 2022, as NEX will be a key marketer for e-buses and e-trucks produced by AAB from 2022 onward, based on management's guidance.

### Exhibit 16: Changes in EPS forecasts and assumptions

	Current			Previous			Change		
	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (%)	2022E (%)	2023E (%)
Revenue	1,250	18,684	21,454	3,036	6,924	11,061	(58.8)	169.8	94.0
Gross profit	243	2,441	3,058	426	1,836	2,880	(42.8)	33.0	6.2
Operating profit	(71)	125	403	58	931	1,472	(222.1)	(86.6)	(72.6)
Net profit	(115)	1,254	1,969	439	1,952	2,800	(126.1)	(35.8)	(29.7)
EPS (THB/shr)	(0.1)	0.7	1.2	0.3	1.2	1.7	(126.1)	(35.8)	(29.7)
<b>Key assumptions</b>									
EV bus sales (buses)	0	2,000	1,500	500	1,000	1,500	(100.0)	100.0	0.0
E-truck sales (trucks)	0	1,200	2,000	0	250	550	0.0	380.0	263.6
Number of vehicles for maintenance service	700	3,000	4,200	700.0	3,000	4,200	0.0	0.0	0.0
E-buses produced & sales (buses) - AAB	120	3,000	4,200	600	3,000	4,200	(80.0)	0.0	0.0
E-trucks produced & sales (trucks) - AAB	0	1,000	1,000	50	1,000	1,000	(100.0)	0.0	0.0
NEX Express (passengers)	70,080	473,040	630,720	70,080	473,040	630,720	0.0	0.0	0.0
NEX Express ticket (THB)	209	209	209	209	209	209	0.0	0.0	0.0

Sources: NEX; FSSIA estimates

### Exhibit 17: SOTP target price

Cost of equity assumptions (%)		Cost of debt assumptions (%)	
Risk free rate	2.3	Pretax cost of debt	4.6
Market risk premium	8.5	Marginal tax rate	20.0
Stock beta	1.20		
DCF assumptions			
Cost of equity, Ke	12.5	Net cost of debt, Kd	3.4
Weight applied	25.0	Weight applied	75.0
WACC (%)	5.7		

SOP valuation estimate	THB m	THB/share	Valuation methodology
Electronics & computer	1,626	1.0	FY22E P/E at 5x
EV bus - seller	8,188	4.9	FY22E P/E at 15x
Maintenance service	3,588	2.1	FY22E P/E at 15x
NEX Express (BKK-Korat route)	286	0.2	FY22E P/E at 10x
AAB - EV bus (2Q21)	16,565	9.9	FY22E P/E at 17x
EV truck - seller	8,640	5.2	FY22E P/E at 12x
AAB - EV truck (1Q22E)	3,213	1.9	FY22E P/E at 12x
Net debt	1,588	0.9	At end -2022E
Minorities	(204)	(0.1)	At end -2022E
<b>Residual ordinary equity</b>	<b>30,296</b>	<b>26.0</b>	

Sources: NEX; FSSIA estimates

## Financial Statements

Nex Point

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	783	1,404	1,250	18,684	21,454
Cost of goods sold	(695)	(1,168)	(1,007)	(16,243)	(18,396)
<b>Gross profit</b>	<b>88</b>	<b>236</b>	<b>243</b>	<b>2,441</b>	<b>3,058</b>
Other operating income	-	-	-	-	-
Operating costs	(196)	(360)	(250)	(2,242)	(2,574)
<b>Operating EBITDA</b>	<b>(107)</b>	<b>(124)</b>	<b>(7)</b>	<b>199</b>	<b>483</b>
Depreciation	(25)	(63)	(64)	(74)	(81)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>(132)</b>	<b>(187)</b>	<b>(71)</b>	<b>125</b>	<b>403</b>
Net financing costs	(10)	(16)	(2)	(2)	(2)
Associates	0	(6)	(73)	1,139	1,632
Recurring non-operating income	15	11	(53)	1,159	1,652
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>(126)</b>	<b>(192)</b>	<b>(125)</b>	<b>1,283</b>	<b>2,053</b>
Tax	(15)	(8)	11	(29)	(84)
<b>Profit after tax</b>	<b>(141)</b>	<b>(200)</b>	<b>(115)</b>	<b>1,254</b>	<b>1,969</b>
Minority interests	(5)	(13)	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(147)</b>	<b>(214)</b>	<b>(115)</b>	<b>1,254</b>	<b>1,969</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(147)</b>	<b>(214)</b>	<b>(115)</b>	<b>1,254</b>	<b>1,969</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.09)	(0.13)	(0.07)	0.75	1.18
Reported EPS	(0.09)	(0.13)	(0.07)	0.75	1.18
DPS	0.00	0.00	0.10	0.30	0.50
Diluted shares (used to calculate per share data)	1,674	1,674	1,674	1,674	1,674
<b>Growth</b>					
Revenue (%)	19.5	79.2	(10.9)	1,394.3	14.8
Operating EBITDA (%)	nm	nm	nm	nm	142.7
Operating EBIT (%)	nm	nm	nm	nm	221.7
Recurring EPS (%)	nm	nm	nm	nm	57.0
Reported EPS (%)	nm	nm	nm	nm	57.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	8.2	12.3	14.3	12.7	13.9
Gross margin of key business (%)	8.2	12.3	14.3	12.7	13.9
Operating EBITDA margin (%)	(13.7)	(8.8)	(0.5)	1.1	2.3
Operating EBIT margin (%)	(16.8)	(13.3)	(5.7)	0.7	1.9
Net margin (%)	(18.7)	(15.2)	(9.2)	6.7	9.2
Effective tax rate (%)	-11.9	-4.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	-	-	(145.9)	40.1	42.5
Interest cover (X)	(12.0)	(11.1)	(68.8)	715.2	1,144.2
Inventory days	10.8	22.3	42.0	20.7	36.6
Debtor days	58.0	32.7	38.2	3.3	4.2
Creditor days	55.8	38.7	50.7	24.9	44.2
Operating ROIC (%)	(41.4)	(27.3)	(9.1)	10.1	20.8
ROIC (%)	(15.5)	(10.7)	(5.4)	46.6	59.6
ROE (%)	(32.5)	(12.4)	(4.0)	37.0	42.2
ROA (%)	(15.6)	(8.3)	(3.2)	22.6	22.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Electronic products	273	105	714	7,210	11,893
Computer and software system	343	314	174	307	195
Logistic service	119	97	265	839	1,253
Bus business	48	888	0	10,000	7,500

Sources: Nex Point; FSSIA estimates

## Financial Statements

Nex Point

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	(147)	(214)	(115)	1,254	1,969
Depreciation	25	63	64	74	81
Associates & minorities	0	(6)	(73)	1,139	1,632
Other non-cash items	-	-	-	-	-
Change in working capital	(132)	(66)	5	(1,191)	(265)
<b>Cash flow from operations</b>	<b>(254)</b>	<b>(223)</b>	<b>(119)</b>	<b>1,276</b>	<b>3,417</b>
Capex - maintenance	(24)	(23)	(64)	(74)	(81)
Capex - new investment	(90)	(434)	(136)	(26)	(19)
Net acquisitions & disposals	0	(476)	0	0	0
Other investments (net)	29	(406)	(73)	1,139	1,632
<b>Cash flow from investing</b>	<b>(84)</b>	<b>(1,339)</b>	<b>(273)</b>	<b>1,039</b>	<b>1,532</b>
Dividends paid	0	0	0	(167)	(502)
Equity finance	230	2,685	0	0	0
Debt finance	(16)	(54)	0	0	0
Other financing cash flows	116	256	545	(2,079)	(3,064)
<b>Cash flow from financing</b>	<b>330</b>	<b>2,886</b>	<b>545</b>	<b>(2,246)</b>	<b>(3,566)</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>(8)</b>	<b>1,324</b>	<b>154</b>	<b>69</b>	<b>1,383</b>
Free cash flow to firm (FCFF)	(328.40)	(1,546.22)	(389.77)	2,316.75	4,950.29
Free cash flow to equity (FCFE)	(238.37)	(1,360.24)	153.79	236.32	1,884.85

### Per share (THB)

FCFF per share	(0.20)	(0.92)	(0.23)	1.38	2.96
FCFE per share	(0.14)	(0.81)	0.09	0.14	1.13
Recurring cash flow per share	(0.07)	(0.09)	(0.07)	1.47	2.20

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	277	591	391	291	191
Less: Accumulated depreciation	(89)	(56)	(119)	(193)	(274)
<b>Tangible fixed assets (net)</b>	<b>187</b>	<b>536</b>	<b>272</b>	<b>98</b>	<b>(83)</b>
<b>Intangible fixed assets (net)</b>	<b>120</b>	<b>201</b>	<b>201</b>	<b>201</b>	<b>201</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	476	476	476	476
Cash & equivalents	86	1,410	1,564	1,633	3,015
A/C receivable	123	129	133	204	284
Inventories	18	124	107	1,731	1,961
Other current assets	192	207	185	2,759	3,168
<b>Current assets</b>	<b>420</b>	<b>1,871</b>	<b>1,989</b>	<b>6,326</b>	<b>8,428</b>
Other assets	201	534	534	534	534
<b>Total assets</b>	<b>929</b>	<b>3,617</b>	<b>3,472</b>	<b>7,635</b>	<b>9,556</b>
Common equity	486	2,961	2,847	3,933	5,399
Minorities etc.	79	204	204	204	204
<b>Total shareholders' equity</b>	<b>566</b>	<b>3,166</b>	<b>3,051</b>	<b>4,137</b>	<b>5,604</b>
Long term debt	42	0	0	0	0
Other long-term liabilities	84	167	167	167	167
<b>Long-term liabilities</b>	<b>126</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>
A/C payable	97	150	130	2,089	2,366
Short term debt	57	45	45	45	45
Other current liabilities	83	90	80	1,198	1,375
<b>Current liabilities</b>	<b>237</b>	<b>285</b>	<b>255</b>	<b>3,332</b>	<b>3,786</b>
<b>Total liabilities and shareholders' equity</b>	<b>929</b>	<b>3,617</b>	<b>3,472</b>	<b>7,635</b>	<b>9,556</b>
Net working capital	154	220	215	1,407	1,671
Invested capital	662	1,967	1,698	2,715	2,800

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

### Per share (THB)

Book value per share	0.29	1.77	1.70	2.35	3.22
Tangible book value per share	0.22	1.65	1.58	2.23	3.10

### Financial strength

Net debt/equity (%)	2.2	(43.1)	(49.8)	(38.4)	(53.0)
Net debt/total assets (%)	1.4	(37.7)	(43.7)	(20.8)	(31.1)
Current ratio (x)	1.8	6.6	7.8	1.9	2.2
CF interest cover (x)	(14.3)	(57.4)	162.4	147.1	1,061.4

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>(221.5)</b>	<b>(152.1)</b>	<b>(283.1)</b>	<b>25.9</b>	<b>16.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(296.9)</b>	<b>(203.8)</b>	<b>(379.4)</b>	<b>34.7</b>	<b>22.1</b>
Reported P/E (x)	(221.5)	(152.1)	(283.1)	25.9	16.5
Dividend yield (%)	-	-	0.5	1.5	2.6
Price/book (x)	66.8	11.0	11.4	8.3	6.0
Price/tangible book (x)	88.6	11.8	12.3	8.7	6.2
EV/EBITDA (x) **	(303.8)	(252.9)	(4,558.7)	156.2	61.5
EV/EBITDA @ target price (x) **	(406.9)	(342.2)	(6,175.0)	211.6	84.4
EV/invested capital (x)	49.2	15.9	18.4	11.5	10.6

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

Sources: Nex Point; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	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	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	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

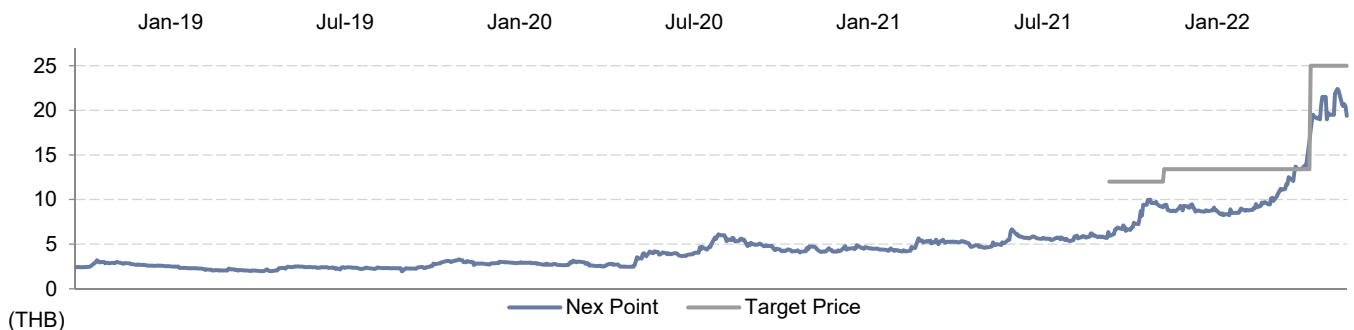
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

**Nex Point (NEX TB)**



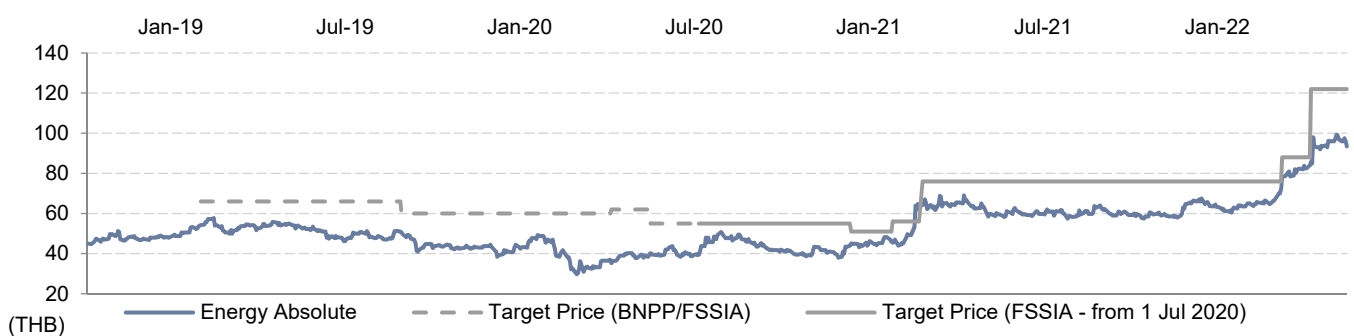
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Jun-2021	BUY	12.00	09-Aug-2021	BUY	13.40	13-Dec-2021	BUY	25.00

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 23-Jun-2021

Price and TP are in local currency

Source: FSSIA estimates

**Energy Absolute (EA TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
26-Apr-2019	BUY	66.00	20-May-2020	BUY	55.00	08-Jan-2021	BUY	76.00
17-Oct-2019	BUY	60.00	09-Nov-2020	BUY	51.00	18-Nov-2021	BUY	88.00
16-Apr-2020	BUY	62.00	15-Dec-2020	BUY	56.00	13-Dec-2021	BUY	122.00

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 09-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Nex Point	NEX TB	THB 19.40	BUY	Downside risks to our SOTP-based TP include: 1) a lower-than-expected bus sales volume; 2) delays in bus deliveries; and 3) risk from regulatory changes.
Energy Absolute	EA TB	THB 93.50	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 14-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.