

CENTRAL PATTANA CPN TB

THAILAND / REAL ESTATE

BUY

UNCHANGED

TARGET PRICE	THB85.00
CLOSE	THB60.75
UP/DOWNSIDE	+39.9%
PRIOR TP	THB82.00
CHANGE IN TP	+3.7%
TP vs CONSENSUS	+25.2%

A dark horse on lifestyle prosperity

- We think CPN stands as one of the most attractive plays to benefit from the economic reopening and the return of tourists.
- Three drivers for net profit growth: the expansion of the rental business, effective cost control, and acquisition of a stake in SF.
- Maintain BUY and raise our DCF-based TP from THB82 to THB85.

Attractive domestic play on tourism and domestic demand

We think CPN stands as one of the most attractive domestic plays to capture the benefits of the economic reopening (rental, office business), the acquisition of SF, and the return of tourists (hotel business). In our view, CPN has a low risk from external factors such as the high energy prices, rising inflation to erode the purchasing power of consumers, and the interest uptrend thanks to the pent-up demand for retail products, its timely expansion to increase NLA, and effective cost control.

High pricing power, better cost structure, and NLA expansion

We see three drivers for CPN's net profit growth that we estimate at a 64% CAGR in 2021-24, rising from THB3.4b in 2021 to THB16.9b in 2024. The first driver is the rental business expansion with new shopping malls, improving margins, and higher occupancy rates for offices and hotels due to a rising number of tourists. The second is CPN's effective cost control to lower the variable cost portion. The third is the THB24.2b acquisition of a 99.73% stake in Siam Future Development (SF TB, delisted) in May-22, which we estimate to boost CPN's net profit by THB0.8b-1.2b, or 30-40%, annually in 2022-24.

New growth engines from SF, Dusit Central Park, and new hotels

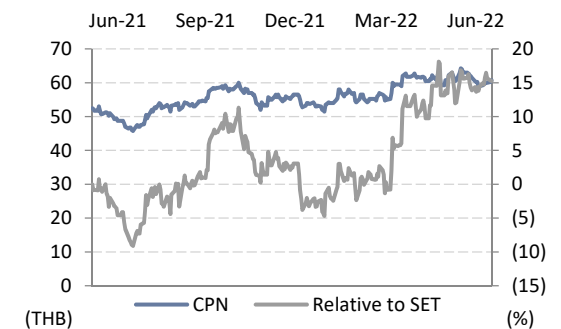
Including 0.36m square metres (sqm) of net leasable area (NLA) from the acquisition of SF in May-22, CPN's current NLA stands at 2.2m sqm, with an average retail occupancy rate of 91%. With SF's flagship Mega Bangna (49% owned by SF) and 18 small retail projects, we estimate that SF will contribute at least THB1b in revenue and THB0.7b in net profit annually to CPN in 2023 onward. In 4Q23, CPN plans to open a new 32,000-sqm mixed-use project, Central Westville, to meet the demand for the mid to high-income people living on Ratchapruerk Road. Its stake in the Dusit Central Park mixed-use complex and the launch of 37 hotels under 3 new brands should complete CPN's long-term growth roadmap.

Maintain BUY and lift TP to THB85

We maintain BUY and raise our DCF-based TP from THB82 to THB85 to reflect our EPS revisions. We revise up our core EPS forecasts for 2022-24 by 14.5-21.5% to reflect 1) our higher revenue assumptions by 14.9-16.5% to incorporate the consolidation of SF, increasing NLA by 17.5-19.7% in 2022-24; and 2) a slightly higher gross profit margin to reflect CPN's lower cost structure after the Covid-19 pandemic.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	24,515	40,465	48,600	53,465
Net profit	7,148	11,629	15,425	16,922
EPS (THB)	1.59	2.59	3.44	3.77
vs Consensus (%)	-	30.5	38.8	32.3
EBITDA	12,356	21,538	26,879	29,541
Core net profit	3,380	11,629	15,425	16,921
Core EPS (THB)	0.75	2.59	3.44	3.77
Chg. In EPS est. (%)	-	14.1	14.1	13.3
EPS growth (%)	(39.9)	244.1	32.6	9.7
Core P/E (x)	80.7	23.4	17.7	16.1
Dividend yield (%)	1.0	1.6	2.1	2.3
EV/EBITDA (x)	32.3	20.0	17.2	16.7
Price/book (x)	3.7	3.4	3.0	2.7
Net debt/Equity (%)	143.7	166.7	181.8	192.2
ROE (%)	4.8	15.2	18.1	17.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	10.0	14.6
Relative to country (%)	2.8	16.5	14.4
Mkt cap (USD m)	7,722		
3m avg. daily turnover (USD m)	18.0		
Free float (%)	47		
Major shareholder	Chirathivat Family (37%)		
12m high/low (THB)	64.50/45.25		
Issued shares (m)	4,488.00		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

We think CPN stands as one of the most attractive domestic plays to capture the benefits of the economic reopening (rental, office business), the acquisition of SF, and the return of tourists (hotel business). In our view, CPN has a low risk from external factors such as the high energy prices, rising inflation to erode the purchasing power of consumers, and the interest uptrend thanks to the pent-up demand for retail products, its timely expansion to increase NLA, and effective cost control.

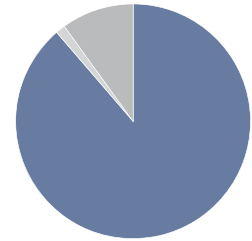
Company profile

Central Pattana PCL is Thailand's largest retail developer with about a 20% market share of Bangkok's shopping centres by leasable area. It currently manages 38 shopping centres, 17 community malls, ten office buildings, two hotels and 22 residential projects. CPN is the flagship company of the Central Group (not listed).

www.centralpattana.co.th

Principal activities (revenue, 2021)

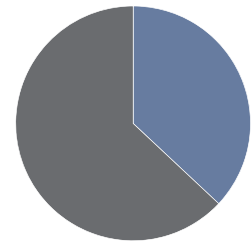
- Revenue from rent and services - 88.7 %
- Revenue from food and beverage - 1.3 %
- Revenue from hotel operation - 10.0 %



Source: Central Pattana

Major shareholders

- Chirathivat Family - 37.0 %
- Others - 63.0 %



Source: Central Pattana

Catalysts

We see three drivers for CPN's net profit growth that we estimate at a 64% CAGR in 2021-24: 1) stronger earnings growth from retail rents driven by the NLA expansion with new shopping malls, improving margins on gradually lower rental rate discounts, and higher occupancy rates for offices and hotels; 2) effective cost control to lower the variable cost portion; and 3) the acquisition of SF which we expect will boost CPN's net profit by THB0.8b-1.2b, or 30-40%, annually.

Risks to our call

Key downside risks to our DCF-derived TP are deviations to our estimates on rental rate, occupancy rate, returns on its new investments, capex and interest rate.

Event calendar

Date	Event
August 2022	2Q22 results announcement

Key assumptions

	2022E	2023E	2024E
NLA (sqm m)	2.29	2.38	2.52
Retail rental rate (THB/sqm)	1,379	1,586	1,634
Occupancy rate (%)	90.0	92.0	93.0
Residential sales (THB m)	2,600	3,600	4,000
Blended GPM (%)	47.8	51.0	51.4
SG&A to sales (%)	16.0	15.0	15.0

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in rental rate, we project 2022 earnings to rise by 3%, and vice versa, all else being equal.
- For every 1% increase in occupancy rate, we project 2022 earnings to rise by 1%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we project 2022 earnings to drop by 2.8%, and vice versa, all else being equal.

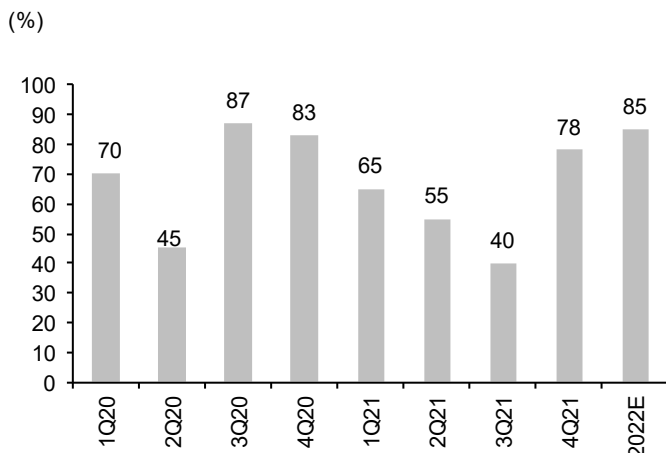
Source: FSSIA estimates

A dark horse on lifestyle prosperity

Since 1Q20 when the Covid-19 pandemic hit the global economy, CPN, as the Central Group’s property development arm to strive for growth in retail and retail-related businesses, has suffered from the sharp drop in domestic retail demand as a result of the multiple economic shutdowns during 2020-21, with its quarterly net profits plunging to below THB1b – far lower than the two-year, pre-Covid average level of THB2.7b in 2018-19.

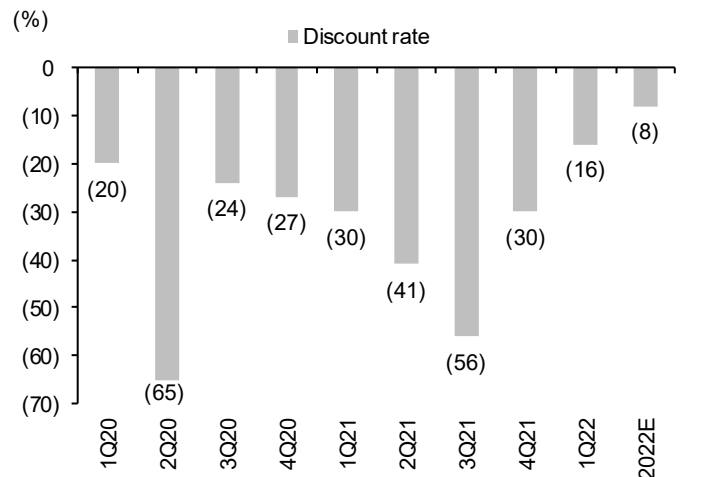
However, since 4Q21, CPN’s quarterly net profits have continued to improve, rising from almost zero in 3Q21 to THB2.16b in 1Q22 – around 80% of the pre-Covid net profit average of THB2.7b.

Exhibit 1: % of traffic at CPN’s retail shopping malls



Sources: CPN; FSSIA estimates

Exhibit 2: Estimated discount rates of CPN’s rental rates for tenants in shopping malls



Sources: CPN; FSSIA estimates

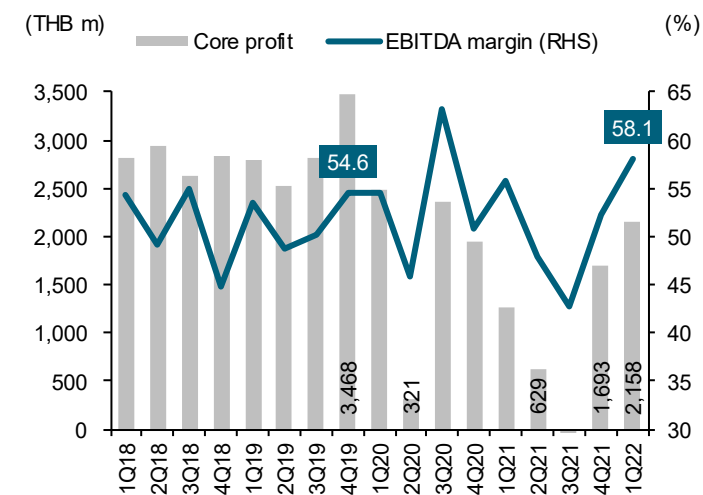
We see three drivers for CPN’s net profit growth that we estimate at a 64% CAGR in 2021-24, rising from THB3.4b in 2021 to THB16.9b in 2024. We expect these three catalysts to catapult CPN’s core net profit to surpass its historical peak level of THB10.8b in 2018.

The first driver would be the net profit growth from the rental business expansion with new shopping malls to be opened, improving margins due to a gradual decline in rental rate discounts, improvements in the occupancy rates for offices, lower discounts on the rental rates for offices, and higher effective average room rates as a result of the rising number of tourists in both the domestic and international markets.

Second is CPN’s effective cost control to lower the variable cost portion as a result of the company’s cost streamlining effort during the Covid-19 period.

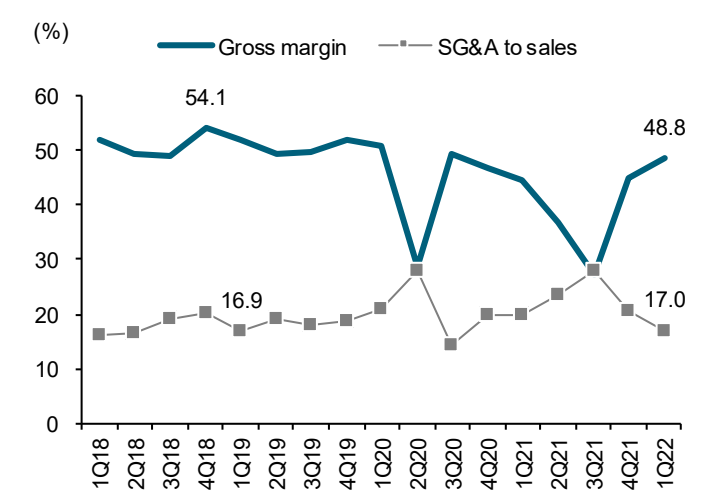
Third is the acquisition of a 99.73% stake in SF in May-22 worth THB24.2b. We project the acquisition to boost CPN’s net profit by THB0.8b-1.2b, or 30-40%, annually in 2022-24.

Exhibit 3: Core net profit vs EBITDA margin



Source: CPN

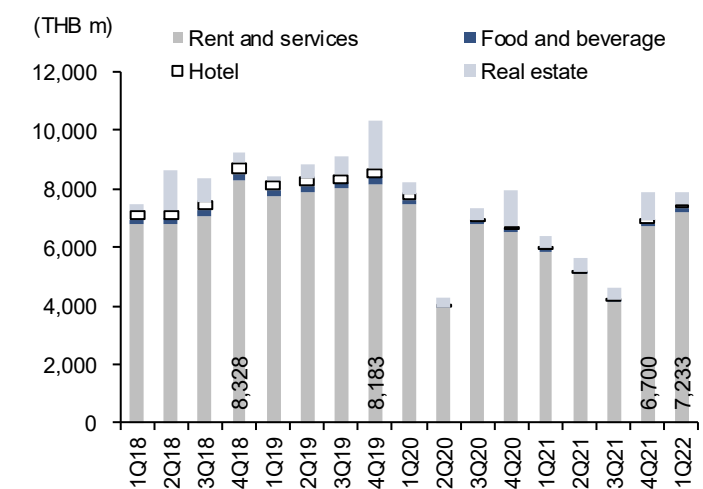
Exhibit 4: Gross margin vs SG&A to sales



Source: CPN

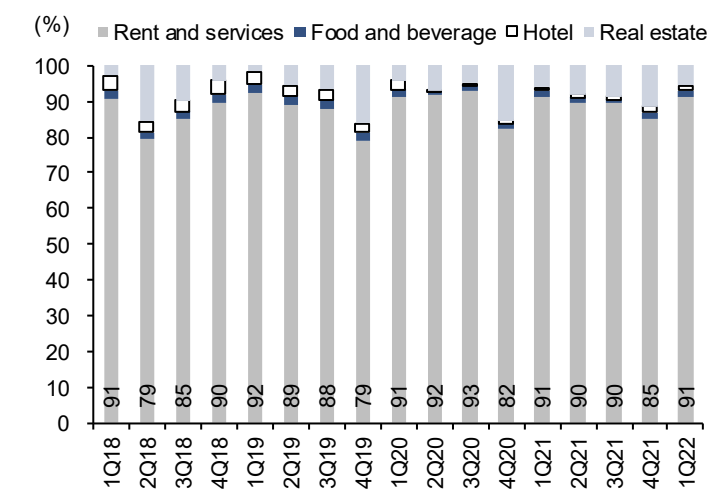
The improvements are manifest in CPN’s EBITDA margin recovery, which increased from 42.8% in 3Q21 to 58.1% in 1Q22, with revenues improving across all of CPN’s business segments, including retail rent and services (RR, +75% from 3Q21 bottom), food and beverages (F&B, +177%), hotels (+249%), and real estate (+10%). The most significant declines in revenue during the Covid-19 period were for hotels and real estate due to the multiple lockdowns and the ban on foreign tourist arrivals.

Exhibit 5: Quarterly revenue breakdown by segment



Source: CPN

Exhibit 6: Quarterly revenue breakdown by segment (%)



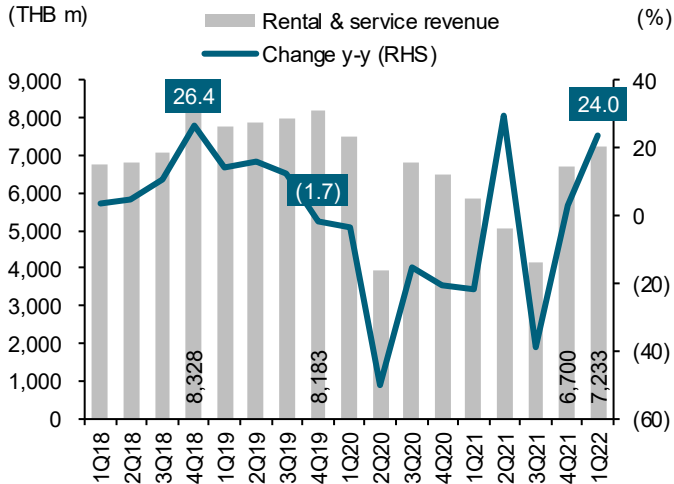
Source: CPN

CPN has been able to sufficiently curb its costs in response to the demand shocks, resulting in mostly profitable quarterly results in 2020-21. The SG&A to sales ratio has declined from its 28% peak in 3Q21 due to a one-time expense to only 17% in 1Q22, slightly higher than the 16.5% average during the pre-Covid period in 2018-19.

Driver #1: Rental net profit is in an uptrend

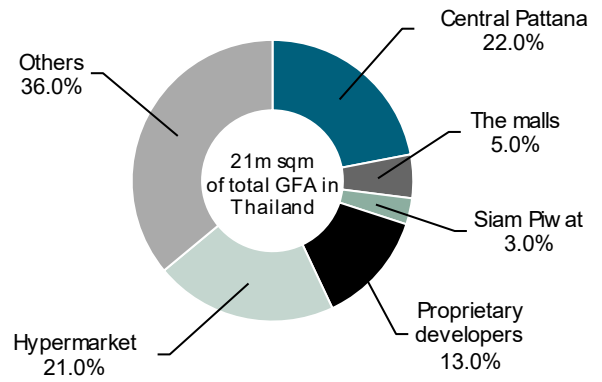
In the past two quarters in 4Q21-1Q22, CPN has already witnessed a meaningful improvement in rental revenue, rising from THB4.1b in 3Q21 to THB7.2b in 1Q22, growing by 24% y-y. As a market leader in Thailand's retail industry, CPN is now ready to expand its retail rental business in the post-pandemic era, according to management.

Exhibit 7: Rental revenue and growth



Source: CPN

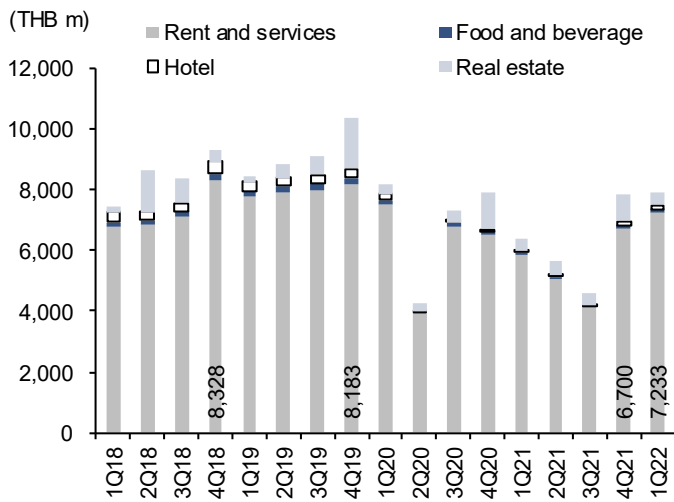
Exhibit 8: Market share of CPN's NLA



Source: CPN

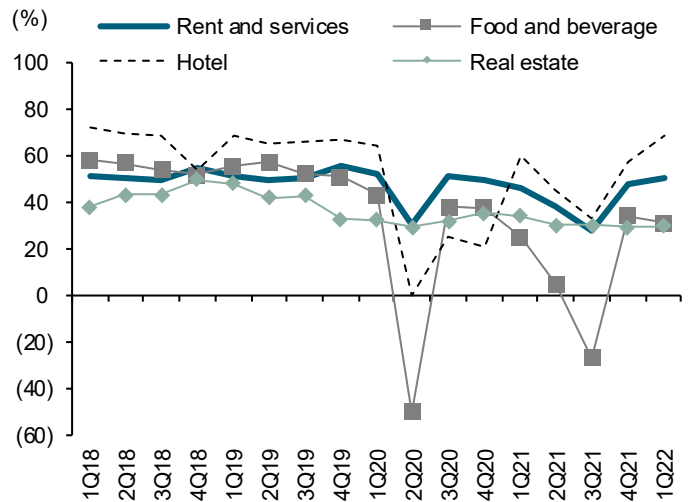
In 1Q22, rental gross profit grew to THB3.6b, still lower than the THB4.5b average during the pre-Covid period in 2018-19. During the two-year Covid pandemic period, CPN successfully streamlined its cost structure for the retail rental business, resulting in the retail rental unit's gross margin staying above 30%. It has currently risen to 50%, the pre-Covid gross margin level, even with lower revenue.

Exhibit 9: Quarterly revenue breakdown by segment



Source: CPN

Exhibit 10: Gross profit margin by segment

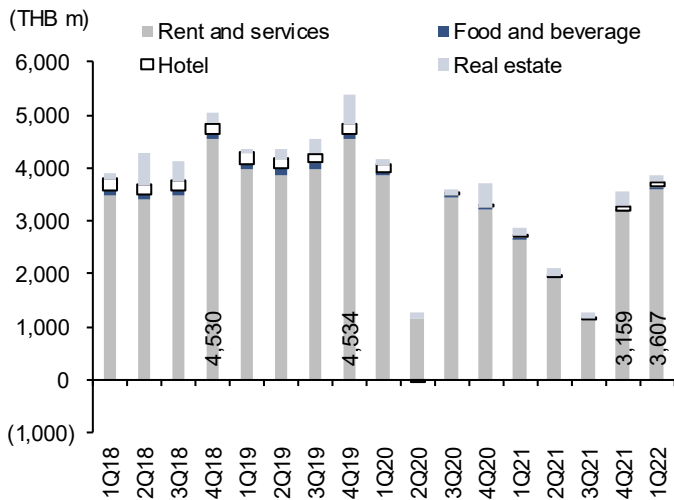


Source: CPN

Including 0.36m sqm of NLA from the acquisition of SF in May-22, CPN's current NLA stands at 2.2m sqm, with average retail occupancy rate of 91%. With a gross profit of THB3.6b in 1Q22, CPN's rental segment generated a high gross margin of 50% in 1Q22 and is likely to improve further as CPN continues to open new malls.

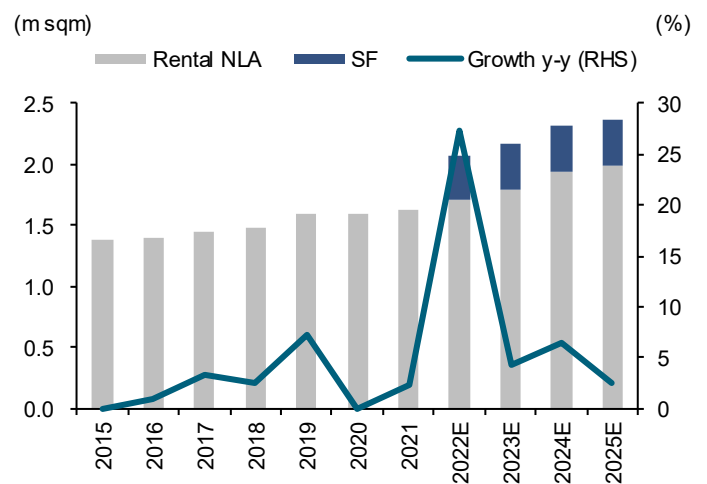
In 4Q23, CPN plans to open a new 32,000-sqm mixed-use project, Central Westville, under a semi-outdoor retail model offering affluent and quality lifestyle experiences to meet the demand from the mid to high-income people living on Ratchapruk Road where Westville will be located.

Exhibit 11: Gross profit breakdown by segment



Source: CPN

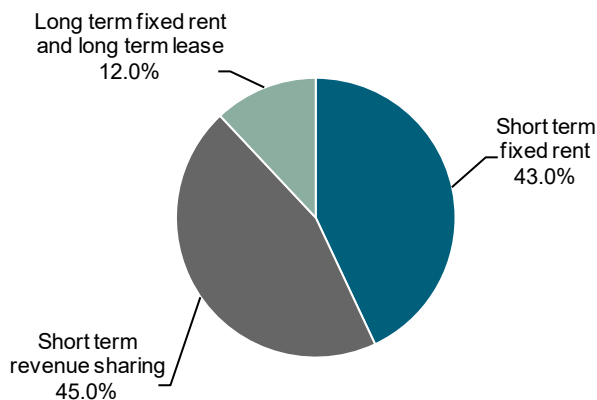
Exhibit 12: Retail rental NLA



Source: CPN

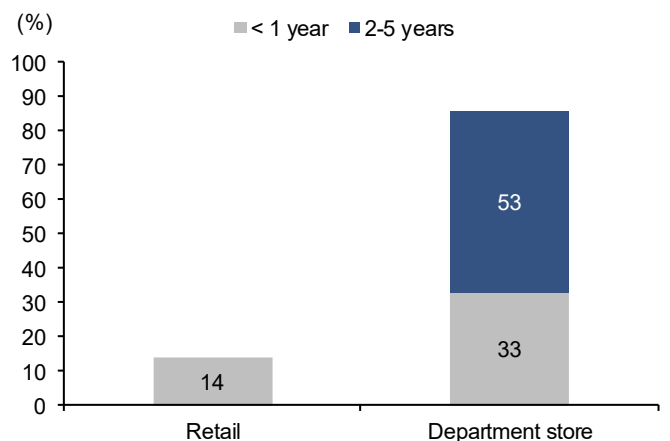
Rental contract structure. We think that on top of the increasing NLA, CPN will see upsides from the higher rental rate as 1) most of the rental contracts are short term, accounting for 88% of total NLA; 2) the revenue sharing upsides for the short-term revenue-sharing contracts, mostly for movie theatres, department stores (mostly Central department stores run by Central Retail Corporation (CRC TB, BUY, TP THB43)) and foreign brand shops. In particular, the revenue generated from these short-term revenue-sharing contracts (45% of total NLA) should rise in tandem with higher traffic.

Exhibit 13: Rental rate structure



Source: CPN

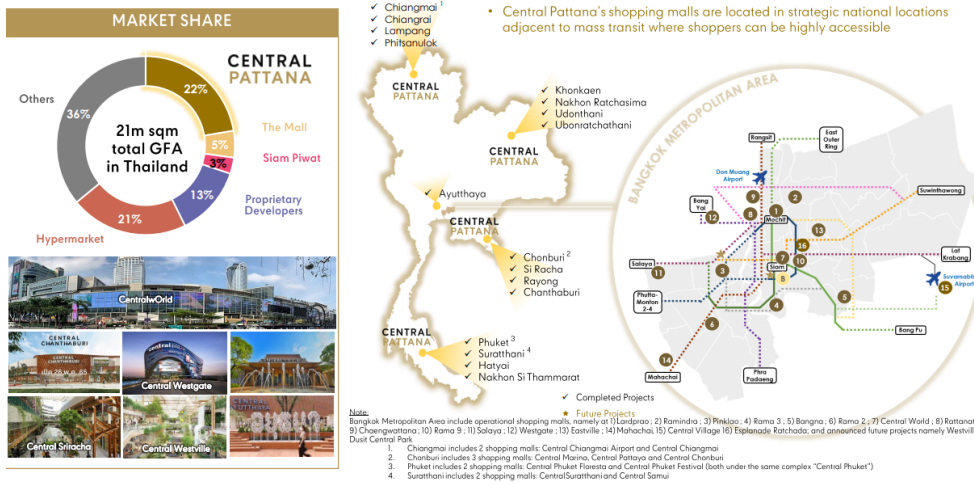
Exhibit 14: Expiry profile for long-term lease contract



Source: CPN

The number of retail projects for CPN and SF will total 56 projects, comprising 38 shopping malls, 17 community malls, and one super-regional mall (JV for Mega-Bangna mall under SF) located in Thailand and one retail property in Malaysia. For non-retail businesses, CPN owns ten offices, 22 residential projects, and two hotels.

Exhibit 15: Strategic locations of CPN's shopping malls



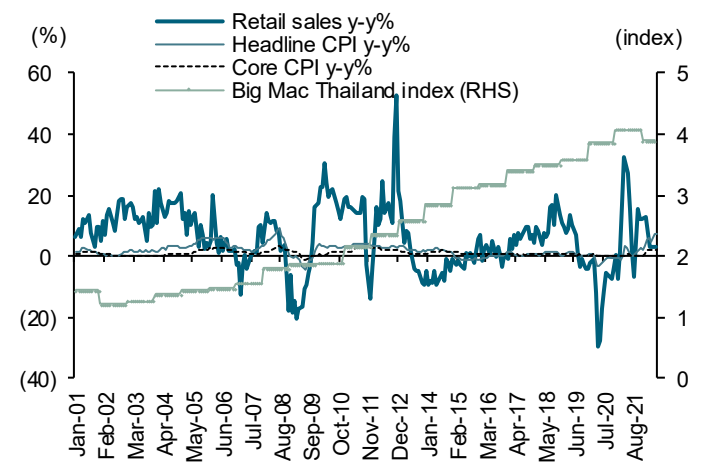
Source: CPN

For the retail rental segment, CPN now operates 38 shopping malls with one new 20,000-sqm mall, Central Chanthaburi, recently opened on 26 May-22 in Chanthaburi province in eastern Thailand. It is the largest and most comprehensive mixed-use development in the eastern region. With capex of THB2.5b, this new mall is expected to turn profitable by 2H23 as the traffic from the gem traders and wealthy Cambodians crossing the border should drive it to profitability by 2024, according to management.

Retail rental revenue vs Thailand's GDP. Since 2001, Thailand's retail sales growth has been moving in tandem with the changes in average wage and GDP per capita, but less so with the changes in headline and core Consumer Price Index (CPI), and the Big Mac Thailand index, a key proxy for purchasing power.

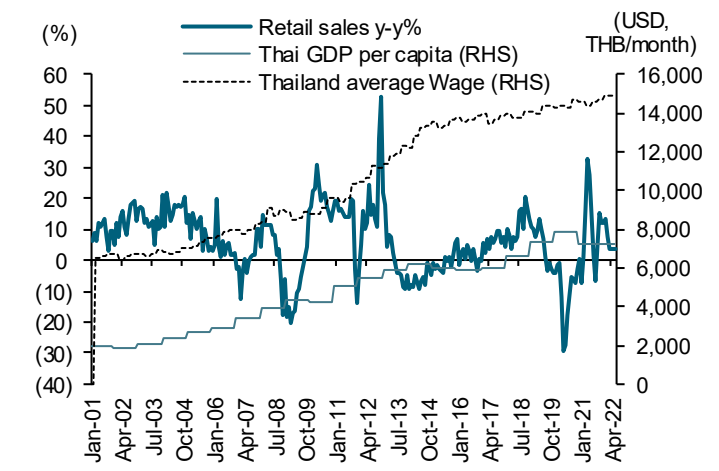
The high correlation between retail sales growth and the average wage is understandable as higher wages increase the purchasing power and demand for retail products. Similarly, rising GDP per capita reflects the overall higher income that directly supports retail sales growth.

Exhibit 16: Retail sales growth, headline CPI, core CPI, Big Mac (Thailand) index



Source: BoT

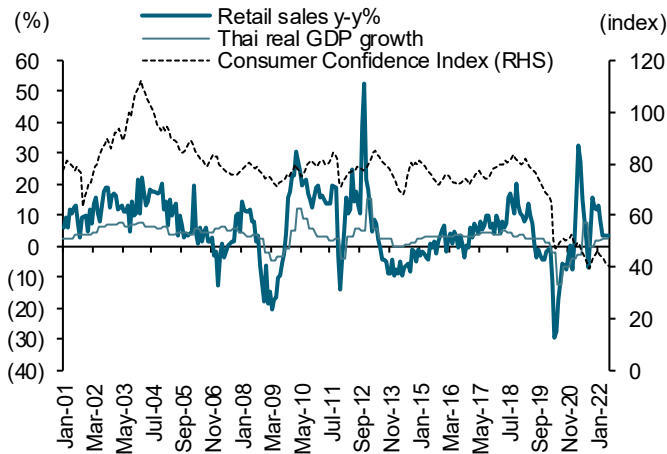
Exhibit 17: Retail sales growth, GDP per capita, average wage



Source: BoT

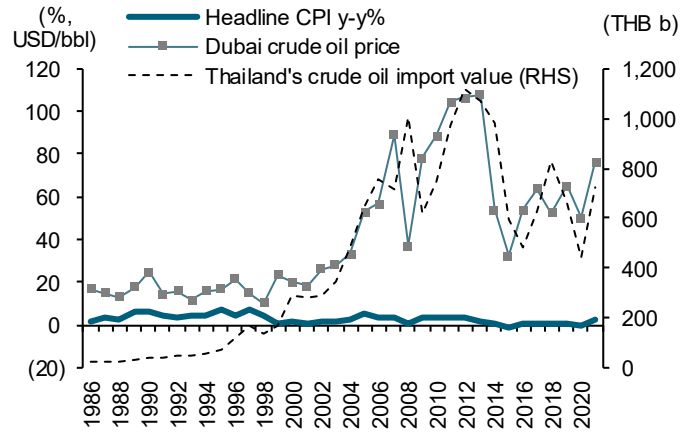
Meanwhile, there is not a strong link between retail sales growth and changes in the crude oil price and Thailand's crude oil import value, as the country's cash outflows may not have a direct impact on domestic retail sales growth, but rather on the government's balance sheet and budget, in our view.

Exhibit 18: Retail sales, GDP growth, and Consumer Confidence Index



Source: Bank of Thailand (BoT)

Exhibit 19: Headline CPI, Dubai crude oil price, Thailand's crude import value



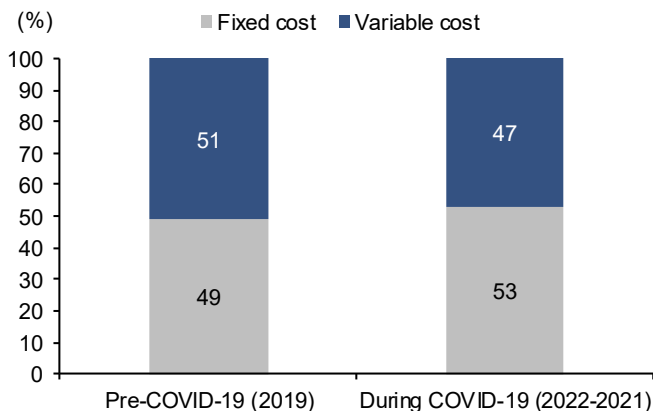
Source: BoT

Driver #2: Effective cost control

Facing the demand shocks and unprecedented shutdowns enforced by the government during 2020-21 in the Covid-19 pandemic period, CPN has effectively been able to adapt and reduce its variable cost portion, mainly for personnel expenses, which now stand at 47%, down from 51% in the pre-Covid period. Meanwhile, the fixed cost portion has risen from 49% to 53% as a result of the lower overall costs on the declining variable. This reflects CPN's cost resiliency to optimise its cost structure to align with changes in the demand and supply environments.

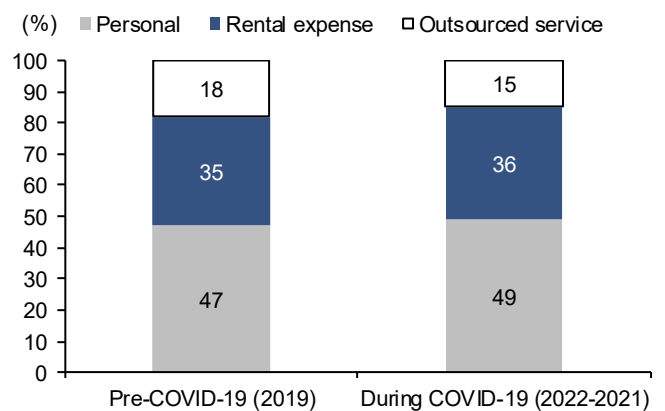
Within its fixed costs, the outsourced service expenses are now permanently streamlined and CPN confirmed that the company could retain its existing cost structure with lower fixed costs, mainly in the form of lower outsourced service expenses.

Exhibit 20: Pre- and during Covid (2020-21) cost structures (fixed vs variable)



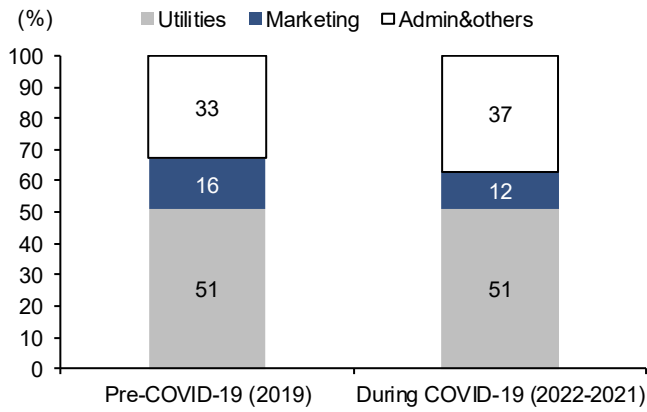
Source: CPN

Exhibit 21: Pre- and during Covid fixed cost structures by expenses



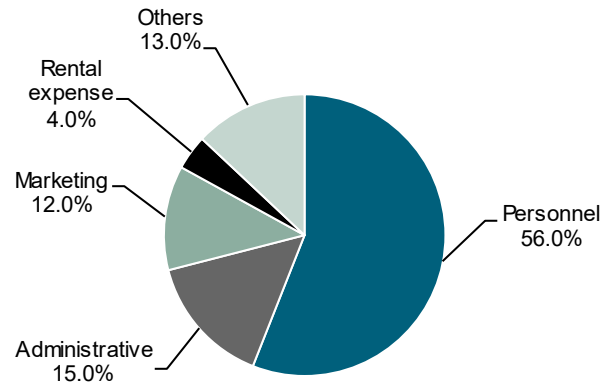
Source: CPN

Exhibit 22: Variable cost structure pre- and during Covid



Source: CPN

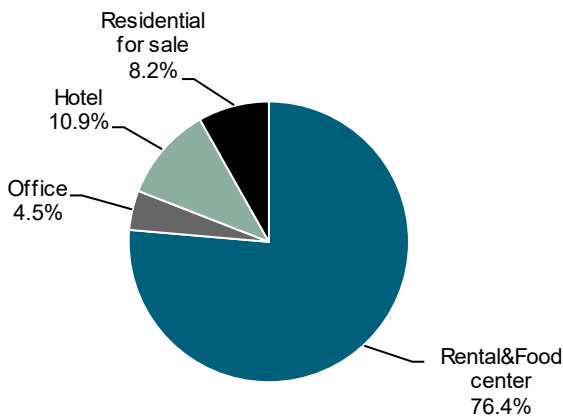
Exhibit 23: SG&A expense breakdown



Source: CPN

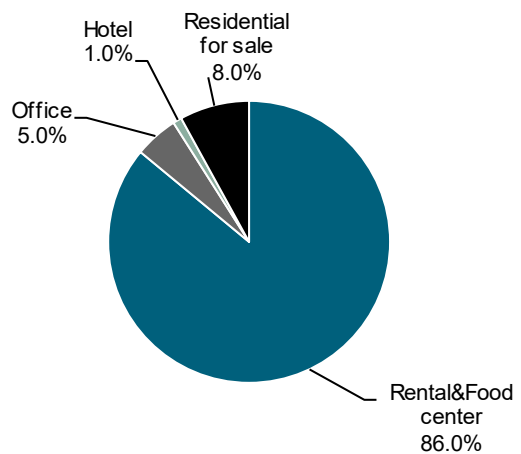
CPN's revenue structure also changed during the Covid pandemic period, with the rental revenue portion increasing from 76% in the pre-Covid (2019) period to 86% during the Covid-19 period (2020-21). This, in our view, reflects CPN's higher rental revenue resiliency compared to the revenues from its hotel and residential sales businesses.

Exhibit 24: Pre-Covid revenue structure (2019)



Source: CPN

Exhibit 25: During Covid revenue structure (1Q22)

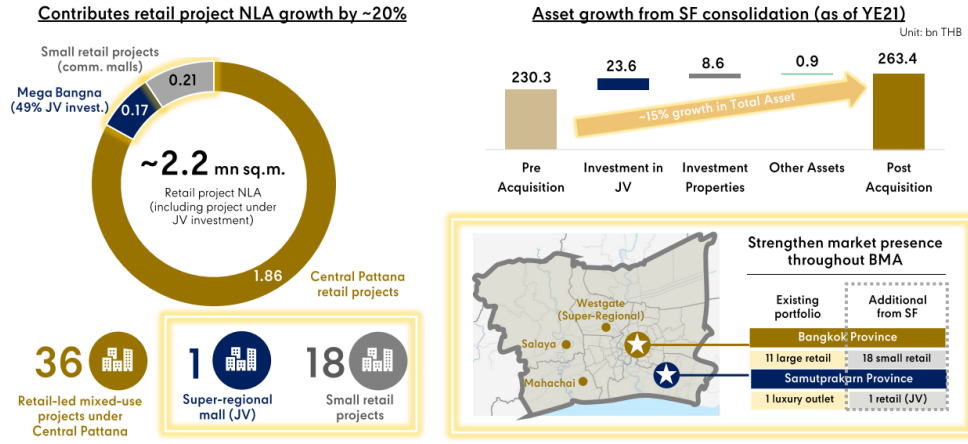


Source: CPN

Driver #3: SF's acquisition in May 2022

In May-22, CPN further strengthened its retail business competitiveness by acquiring a 99.73% stake in SF, one of Thailand's major players in the retail industry with a flagship super-regional mall, Mega Bangna (49% owned by SF), and 18 small retail projects. After the acquisition of SF, CPN's NLA increased by 20% to 2.2m sqm, and its asset size grew from THB230b to THB263b.

Exhibit 26: SF's asset portfolio



Source: CPN

With THB433m net profit and THB291.8b revenue in 1Q22 and THB0.7b net profit in 2021, we think the consolidation of SF beginning in May-22 will further strengthen CPN's net profit growth outlook, both in terms of strong revenue and NLA and an enhanced EBITDA margin thanks to Mega Bangna's strong earnings contribution in the range of THB0.4b-0.5b annually.

According to management, the 18 community malls under SF generated THB280m in revenue, with a share of profit of THB130m in 1Q22 from Mega Bangna. we estimate that SF will contribute at least THB1b in revenue and THB0.7b in net profit annually to CPN in 2023 onward.

Driver #4: Hotels emerging as CPN's next catalyst

On top of CPN's two existing hotels, Centara Udon (280 rooms) and Hilton Pattaya (320 rooms), CPN is poised to grow its hotel business via the investment in Dusit Central Park (DUSIT) and the launch of three new brands for low to mid-level hotel chains.

Exhibit 27: Dusit Central Park

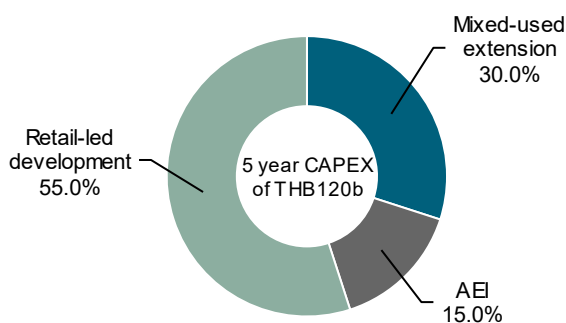


Source: CPN

DUSIT: THB0.2b net profit upside by 2024. This project is a high-end lifestyle complex with a 250-room hotel (commercial operation date (COD) in 2H23), two condominiums with 390 units for sale (40% owned by CPN), a retail (85%) complex with 80,000 sqm of NLA, and an office building (100%) with 90,000 sqm of NLA. The project's full COD is scheduled in 2024.

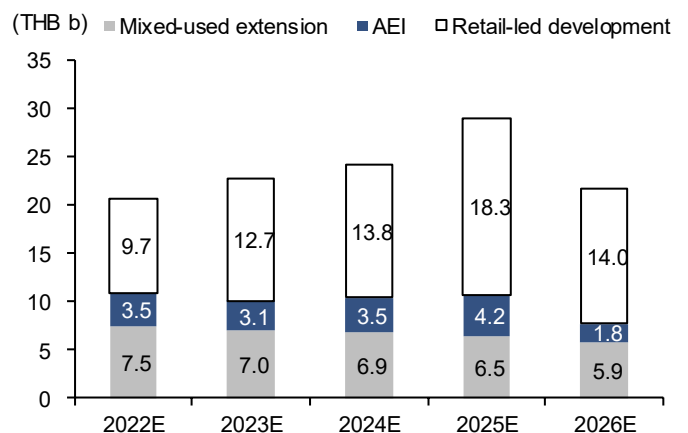
With THB21b invested in DUSIT out of CPN's total 2022E capex of THB20.7b, we expect CPN to receive a THB2b net profit contribution annually from DUSIT, which would start from the COD of the hotel in 2H23, followed by the two condominiums, the retail shopping mall, and office building.

Exhibit 28: 5-year capital expenditure breakdown (2022-26)



Source: CPN

Exhibit 29: Capital expenditure plan (THB120b in 2022-26)



Source: CPN

Budget hotels. On 9 Jun-22, according to [Brand Inside](#), CPN announced that it plans to invest THB10b for 37 new budget to mid-level hotels with a total of 4,000 rooms in 27 provinces during 2022-27. There will be three hotel chains:

“**Go! Hotel**” (target 25 hotels) for the premium budget segment at an average room rate of THB1,000/night.

“**Centara One**” (target 8 hotels) for the lifestyle midscale segment at a room rate of THB1,700/night.

“**Centara**” (target 4 hotels) for the upscale segment at a room rate of THB2,000/night.

Exhibit 30: Opening of CPN’s new hotel business



Source: [Brand Inside](#)

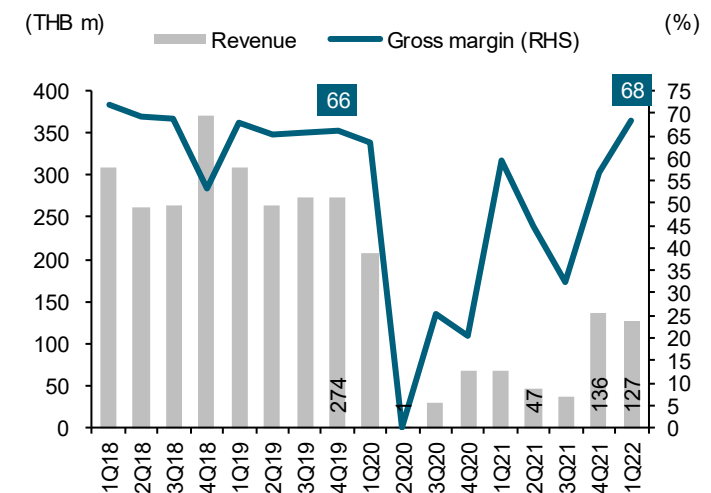
Exhibit 31: Opening of CPN’s new hotel business with a target of 37 hotels



Source: [Brand Inside](#)

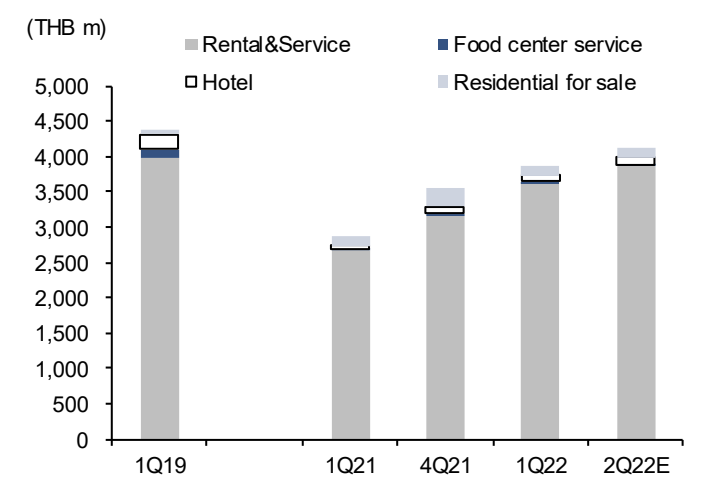
We expect the revenue from hotels to rise from THB1b in the pre-Covid period to over THB4b by 2025, accounting for over 10% of CPN’s total revenue and generating annual net profits of over THB0.4b.

Exhibit 32: Hotel revenue and gross margin



Sources: CPN; FSSIA estimates

Exhibit 33: Gross profit breakdown by segment



Source: CPN

EPS and target price revisions

We revise up our core EPS forecasts for 2022-24 by 14.5-21.5% to reflect 1) our higher revenue assumptions by 14.9-16.5% to incorporate the consolidation of SF, increasing NLA by 17.5-19.7% in 2022-24; and 2) a slightly higher gross profit margin to reflect CPN's lower cost structure after the Covid-19 pandemic.

We raise our DCF-based TP from THB82 to THB85 to reflect our EPS revisions. We think CPN stands as one of the most attractive domestic plays to capture the benefits of the economic reopening (rental, office business), the acquisition of SF, and the return of tourists (hotel business). In our view, CPN has a low risk from external factors such as the high energy prices, rising inflation to erode the purchasing power of consumers, and the interest uptrend thanks to the pent-up demand for retail products, its timely expansion to increase NLA, and effective cost control.

Exhibit 34: Key changes in assumptions and EPS forecasts

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Revenue (THB m)	40,465	48,600	53,465	34,743	41,954	46,545	16.5	15.8	14.9
NLA (sqm m)	2.29	2.38	2.52	1.92	2.01	2.15	19.7	18.8	17.5
Retail rental rate (THB/sqm)	1,379	1,586	1,634	1,379	1,586	1,634	0.0	0.0	0.0
Occupancy rate (%)	90.0	92.0	93.0	90.0	92.0	93.0	0.0	0.0	0.0
Residential sales (THB m)	2,600	3,600	4,000	2,600	3,600	4,000	0.0	0.0	0.0
Blended GPM (%)	47.8	51.0	51.4	47.7	50.9	51.3	0.1	0.2	0.1
SG&A to sales (%)	16.0	15.0	15.0	16.0	15.0	15.0	0.0	0.0	0.0
Net profit (THB m)	11,629	15,425	16,922	10,156	12,696	14,458	14.5	21.5	17.0
Core EPS (THB/share)	2.6	3.4	3.8	2.3	2.8	3.2	14.5	21.5	17.0

Sources: CPN; FSSIA estimates

Exhibit 35: DCF-based target price

DCF valuation estimate	(THB m)	(THB/share)	Comments
Core operating assets	538,635	120	WACC 6%, terminal growth 3%
Net debt	(149,035)	(33)	Net debt at end-2022E
Minorities	(9,055)	(2)	
Residual ordinary equity	380,546	85	

Sources: CPN; FSSIA estimates

Financial Statements

Central Pattana

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	26,730	24,515	40,465	48,600	53,465
Cost of goods sold	(8,063)	(6,660)	(12,452)	(14,431)	(15,905)
Gross profit	18,667	17,855	28,013	34,169	37,560
Other operating income	-	-	-	-	-
Operating costs	(5,137)	(5,499)	(6,474)	(7,290)	(8,020)
Operating EBITDA	13,531	12,356	21,538	26,879	29,541
Depreciation	(7,906)	(8,124)	(8,663)	(9,373)	(10,088)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	5,624	4,231	12,875	17,506	19,453
Net financing costs	(696)	(1,790)	(1,936)	(2,037)	(2,404)
Associates	772	704	1,363	1,508	1,584
Recurring non-operating income	1,976	1,827	3,800	4,134	4,466
Non-recurring items	3,936	3,769	0	0	1
Profit before tax	10,840	8,037	14,739	19,604	21,516
Tax	(1,223)	(807)	(3,028)	(4,097)	(4,512)
Profit after tax	9,617	7,230	11,710	15,507	17,003
Minority interests	(60)	(81)	(81)	(81)	(81)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	9,557	7,148	11,629	15,425	16,922
Non-recurring items & goodwill (net)	(3,936)	(3,769)	0	0	(1)
Recurring net profit	5,621	3,380	11,629	15,425	16,921
Per share (THB)					
Recurring EPS *	1.25	0.75	2.59	3.44	3.77
Reported EPS	2.13	1.59	2.59	3.44	3.77
DPS	0.70	0.60	0.98	1.29	1.42
Diluted shares (used to calculate per share data)	4,488	4,488	4,488	4,488	4,488
Growth					
Revenue (%)	(27.2)	(8.3)	65.1	20.1	10.0
Operating EBITDA (%)	(28.9)	(8.7)	74.3	24.8	9.9
Operating EBIT (%)	(52.8)	(24.8)	204.3	36.0	11.1
Recurring EPS (%)	(51.7)	(39.9)	244.1	32.6	9.7
Reported EPS (%)	(18.6)	(25.2)	62.7	32.6	9.7
Operating performance					
Gross margin inc. depreciation (%)	40.3	39.7	47.8	51.0	51.4
Gross margin of key business (%)	45.1	41.3	47.8	51.0	51.4
Operating EBITDA margin (%)	50.6	50.4	53.2	55.3	55.3
Operating EBIT margin (%)	21.0	17.3	31.8	36.0	36.4
Net margin (%)	21.0	13.8	28.7	31.7	31.6
Effective tax rate (%)	19.9	22.6	22.6	22.6	22.6
Dividend payout on recurring profit (%)	55.9	79.7	37.7	37.7	37.7
Interest cover (X)	10.9	3.4	8.6	10.6	9.9
Inventory days	-	-	-	-	-
Debtor days	71.5	96.1	88.4	100.9	105.1
Creditor days	286.5	319.5	222.7	240.5	241.9
Operating ROIC (%)	3.3	1.9	5.5	6.9	7.2
ROIC (%)	3.4	2.1	4.7	5.0	4.7
ROE (%)	8.0	4.8	15.2	18.1	17.8
ROA (%)	3.2	2.0	4.4	4.7	4.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Revenue from rent and services	23,716	21,748	35,842	42,831	47,187
Revenue from food and beverage	446	325	913	1,005	1,055
Revenue from hotel operation	2,568	2,443	3,709	4,765	5,223

Sources: Central Pattana; FSSIA estimates

Financial Statements

Central Pattana

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	5,621	3,380	11,629	15,425	16,921
Depreciation	7,906	8,124	8,663	9,373	10,088
Associates & minorities	(60)	558	0	0	0
Other non-cash items	60	81	81	81	81
Change in working capital	(1,024)	(1,750)	(4,581)	(1,890)	(1,352)
Cash flow from operations	12,503	10,394	15,792	22,989	25,739
Capex - maintenance	(65,031)	(14,748)	(20,700)	(21,400)	(21,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	15,781	(30,928)	(21,830)	(26,931)	(29,064)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(49,249)	(45,676)	(42,530)	(48,331)	(50,064)
Dividends paid	(3,142)	(2,693)	(4,381)	(5,811)	(6,374)
Equity finance	(9,754)	(144)	0	0	0
Debt finance	55,812	34,951	31,213	30,991	30,547
Other financing cash flows	0	0	0	0	0
Cash flow from financing	42,917	32,114	26,832	25,180	24,172
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	6,170	(3,168)	94	(161)	(153)
Free cash flow to firm (FCFF)	(36,050.39)	(33,492.06)	(24,802.45)	(23,304.35)	(21,921.42)
Free cash flow to equity (FCFE)	19,065.78	(331.39)	4,474.51	5,649.44	6,221.20

Per share (THB)

FCFF per share	(8.03)	(7.46)	(5.53)	(5.19)	(4.88)
FCFE per share	4.25	(0.07)	1.00	1.26	1.39
Recurring cash flow per share	3.01	2.71	4.54	5.54	6.04

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	233,513	246,508	267,208	288,608	309,608
Less: Accumulated depreciation	(70,289)	(76,660)	(85,323)	(94,696)	(104,784)
Tangible fixed assets (net)	163,224	169,848	181,885	193,912	204,824
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	10,141	42,381	74,621	106,861	139,102
Cash & equivalents	9,225	6,057	6,151	5,990	5,837
A/C receivable	5,507	7,395	12,207	14,661	16,128
Inventories	0	0	0	0	0
Other current assets	9,032	10,062	16,609	19,948	21,945
Current assets	23,765	23,515	34,967	40,598	43,910
Other assets	24,522	27,677	45,684	54,869	60,361
Total assets	221,652	263,421	337,157	396,241	448,197
Common equity	68,790	73,102	80,351	89,965	100,513
Minorities etc.	8,333	8,973	9,055	9,136	9,217
Total shareholders' equity	77,123	82,075	89,405	99,101	109,730
Long term debt	71,117	94,176	117,888	141,430	164,635
Other long-term liabilities	42,979	43,677	72,094	86,588	95,256
Long-term liabilities	114,096	137,853	189,981	228,018	259,890
A/C payable	5,400	6,259	8,939	10,077	11,004
Short term debt	17,905	29,796	37,298	44,747	52,088
Other current liabilities	7,128	7,437	11,533	14,297	15,483
Current liabilities	30,432	43,492	57,770	69,121	78,576
Total liabilities and shareholders' equity	221,652	263,420	337,157	396,240	448,196
Net working capital	2,012	3,762	8,343	10,234	11,586
Invested capital	199,900	243,668	310,534	365,876	415,873

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

Per share (THB)

Book value per share	15.33	16.29	17.90	20.05	22.40
Tangible book value per share	15.33	16.29	17.90	20.05	22.40

Financial strength

Net debt/equity (%)	103.5	143.7	166.7	181.8	192.2
Net debt/total assets (%)	36.0	44.8	44.2	45.5	47.1
Current ratio (x)	0.8	0.5	0.6	0.6	0.6
CF interest cover (x)	28.4	0.8	3.3	3.8	3.6

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	48.5	80.7	23.4	17.7	16.1
Recurring P/E @ target price (x) *	67.9	112.9	32.8	24.7	22.5
Reported P/E (x)	28.5	38.1	23.4	17.7	16.1
Dividend yield (%)	1.2	1.0	1.6	2.1	2.3
Price/book (x)	4.0	3.7	3.4	3.0	2.7
Price/tangible book (x)	4.0	3.7	3.4	3.0	2.7
EV/EBITDA (x) **	26.7	32.3	20.0	17.2	16.7
EV/EBITDA @ target price (x) **	34.7	41.1	25.1	21.2	20.4
EV/invested capital (x)	1.8	1.6	1.4	1.3	1.2

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

Sources: Central Pattana; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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* 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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

Level	
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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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: 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

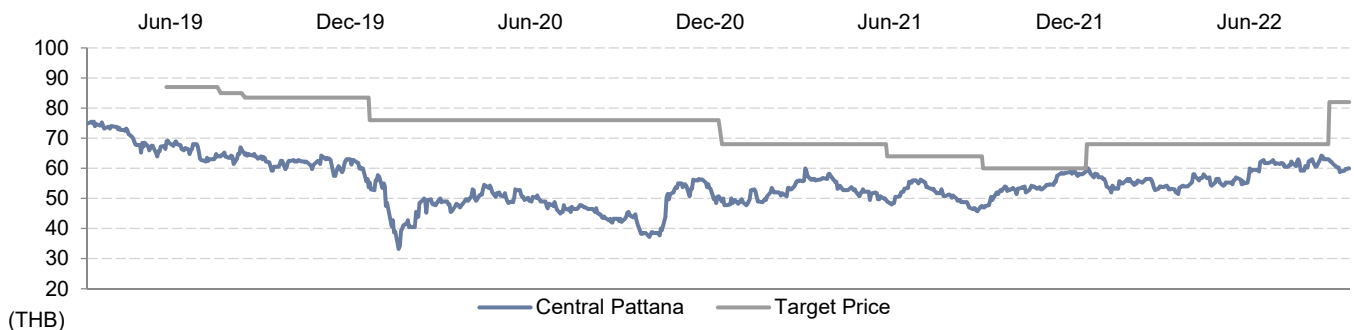
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History of change in investment rating and/or target price

Central Pattana (CPN TB)



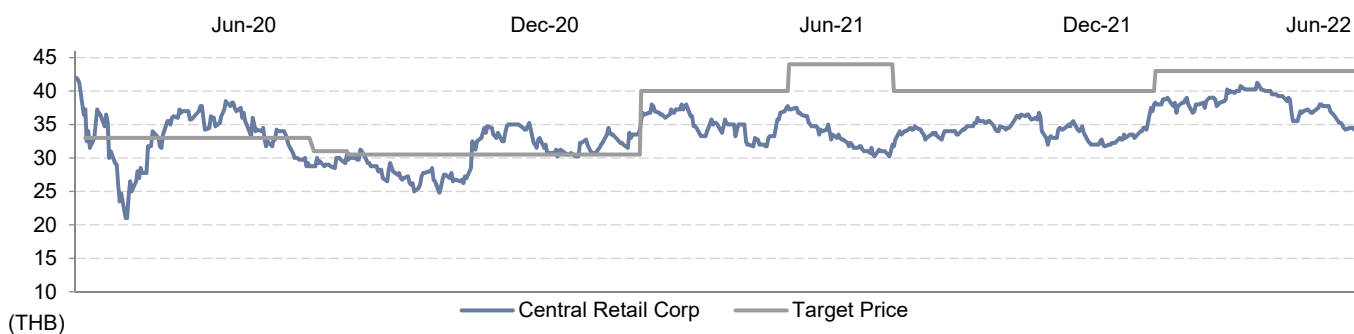
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Sep-2019	BUY	87.00	27-Feb-2020	BUY	76.00	10-Aug-2021	BUY	60.00
21-Oct-2019	BUY	85.00	25-Dec-2020	BUY	68.00	08-Nov-2021	BUY	68.00
11-Nov-2019	BUY	83.50	19-May-2021	BUY	64.00	06-Jun-2022	BUY	82.00

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 25-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Central Retail Corp (CRC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Feb-2020	REDUCE	33.00	02-Mar-2021	BUY	40.00	09-Feb-2022	BUY	43.00
24-Jul-2020	HOLD	31.00	09-Jun-2021	BUY	44.00			
18-Aug-2020	HOLD	30.50	18-Aug-2021	BUY	40.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Central Pattana	CPN TB	THB 60.75	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental rate, occupancy rate, returns on its new investments, capex and interest rate.
Central Retail Corp	CRC TB	THB 35.25	BUY	The key downside risks to our DCF-based TP include 1) new waves of Covid-19; and 2) lower-than-expected sales from the high-margin fashion business.

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 28-Jun-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.