

SRINANAPORN MARKETING

THAILAND / CONSUMER DISCRETIONARY

SNNP TB

BUY

UNCHANGED

| | |
|-----------------|----------|
| TARGET PRICE | THB25.00 |
| CLOSE | THB20.20 |
| UP/DOWNSIDE | +23.8% |
| PRIOR TP | THB20.00 |
| CHANGE IN TP | +25.0% |
| TP vs CONSENSUS | +8.7% |

The right mix of 'rights' for growth

- We project SNNP's NP to grow from THB94m in 2020 to THB733m in 2024, driven by rising sales volumes and a better gross margin.
- We project SNNP to post a strong net profit of THB120m in 3Q22, up 3% q-q and 94% y-y.
- Maintain BUY and raise our TP to 25.

The road to strong and visible growth

We project SNNP's net profit to grow from a mere THB94m in 2020 to THB733m in 2024, driven by rising sales volumes in both domestic and overseas markets and improving gross and net profit margins. In our view, key drivers will be the success of its new product launches, its highly effective cost control management, and the right growth strategy of building production plants in Cambodia and Vietnam.

'Five rights' could drive quarterly net profit to THB0.2b

Since 4Q21, SNNP's quarterly net profits have exceeded THB100m, with a quarterly net profit growth trajectory that reached THB116m in 2Q22. We believe SNNP's quarterly core net profit has reached a new base at over THB100m which could rise to the THB200m mark by the end of 2023. In addition, we think the key success factors for SNNP's sustainable net profit growth are its 'four rights' which comprise products, markets, channels, efficient operations, and – a fifth – the expected tourism boom, which could provide a surprising earnings upside for SNNP given that revenue from tourists used to account for over 5% of SNNP's total revenue in 2019 before the Covid-19 pandemic.

Expect a strong 3Q22 net profit of THB120m

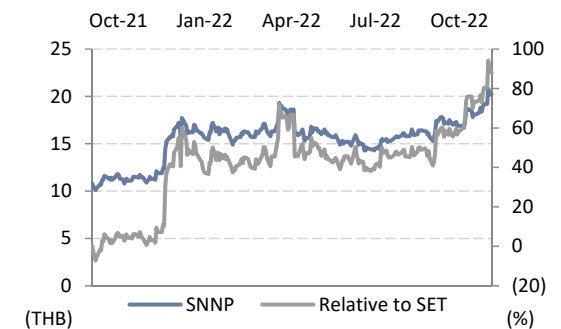
We project SNNP to post a strong 3Q22 net profit of THB120m, up 3% q-q and 94% y-y. Key drivers include 1) 12% q-q higher estimated revenue from stronger sales of its existing and new products; 2) a higher gross profit margin projected at 28.6% on lower raw material costs and labour expenses; and 3) a lower expected SG&A to sales ratio from 15.7% in 2Q22 to 15.1% in 3Q22 due to economies of scale and effective cost control.

Maintain Buy with a new, higher TP at THB25

We maintain BUY and raise our TP from THB20, previously based on 37x 2022E P/E, to THB25, now based on 38.5x 2023E P/E, to reflect our EPS forecast upgrades and the valuation rollover to 2023. SNNP remains our top pick in the Thai food and beverage sector on its strong and visible earnings growth outlook and the potential upside from demand growth amid Thailand's resurgent tourism and increased sales in Vietnam.

KEY STOCK DATA

| YE Dec (THB m) | 2021 | 2022E | 2023E | 2024E |
|----------------------|-------|-------|-------|-------|
| Revenue | 4,391 | 5,051 | 5,809 | 6,507 |
| Net profit | 437 | 514 | 624 | 733 |
| EPS (THB) | 0.46 | 0.54 | 0.65 | 0.76 |
| vs Consensus (%) | - | 5.5 | (0.5) | (1.0) |
| EBITDA | 618 | 833 | 992 | 1,157 |
| Core net profit | 308 | 514 | 624 | 733 |
| Core EPS (THB) | 0.32 | 0.54 | 0.65 | 0.76 |
| Chg. In EPS est. (%) | - | - | - | - |
| EPS growth (%) | 146.6 | 66.6 | 21.5 | 17.4 |
| Core P/E (x) | 62.9 | 37.7 | 31.1 | 26.5 |
| Dividend yield (%) | 1.1 | 1.9 | 2.3 | 2.6 |
| EV/EBITDA (x) | 31.6 | 23.7 | 20.0 | 17.1 |
| Price/book (x) | 6.8 | 6.5 | 6.1 | 5.7 |
| Net debt/Equity (%) | (4.3) | 3.9 | 5.3 | 5.2 |
| ROE (%) | 20.2 | 17.6 | 20.2 | 22.3 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|----------------------------------|---------|----------|
| Absolute (%) | 19.5 | 32.0 | 83.6 |
| Relative to country (%) | 19.0 | 29.6 | 85.7 |
| Mkt cap (USD m) | 511 | | |
| 3m avg. daily turnover (USD m) | 4.0 | | |
| Free float (%) | 34 | | |
| Major shareholder | Concord I. Capital Limited (21%) | | |
| 12m high/low (THB) | 21.50/9.90 | | |
| Issued shares (m) | 960.00 | | |

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

As one of Thailand's leading producers and distributors of snacks and jelly, with three highly recognised brands – 'Bento' (squid and fish strips), 'Jele' (jelly), and 'Lotus' (biscuit sticks), Srinaporn Marketing (SNNP) has been an iconic snack market leader in Thailand over the past three decades. After three years of restructuring efforts in 2018-20, we think SNNP will now reap the benefits from higher net margins, rising sales volumes, and improving operational and distribution efficiency. Unlike other snacks, which have seen demand sharply dwindle after a few years due to health concerns and high prices, we think SNNP's seafood snacks and jelly products are 'core snacks', which have seen consistent demand growth in the past three decades.

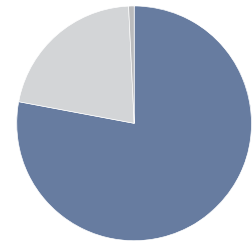
Company profile

Founded in 1972 by the Kraipisitkul family as a snack wholesaler under the name Sriwivat, SNNP has been operating for more than 30 years and is currently a market leader with strong brands in snack and beverage products.

<https://snnp.co.th>

Principal activities (revenue, 2021)

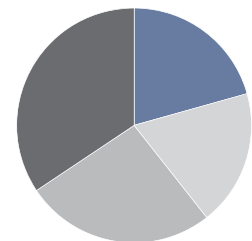
- Domestic - 78.0 %
- Overseas - 21.3 %
- Others - 0.8 %



Source: Srinaporn Marketing

Major shareholders

- Concord I. Capital Limited - 20.6 %
- Ascend I. Holding Company Limited - 18.8 %
- Chaisathaporn family - 26.3 %
- Others - 34.4 %



Source: Srinaporn Marketing

Catalysts

Potential catalysts are 1) revenue growth driven by higher utilisation rates and the new production plant in Vietnam (COD in 2022); and 2) a net margin rise from 2.1% in 2020 to 9.1-10.2% in 2021-23, driven by lower SG&A and interest expenses, along with higher sales volumes from traditional trade, rising from 48% in 2020 to 52% of the total sales volume in 2023, based on our estimate.

Risks to our call

The key downside risks to our DCF-based TP are 1) slower-than-expected demand growth and market penetration overseas, especially in Cambodia and Vietnam; 2) a lower-than-expected profit margin due to high raw material and transportation costs; and 3) higher-than-expected SG&A expenses from overseas operations.

Event calendar

| Date | Event |
|----------|---------------------------|
| Nov 2022 | 3Q22 results announcement |

Key assumptions

| SNNP | 2022E (THB m) | 2023E (THB m) | 2024E (THB m) |
|-------------------|------------------|------------------|------------------|
| Total sales | 5,012 | 5,766 | 6,457 |
| Sales growth (%) | 15.0 | 15.0 | 0.0 |
| Domestic sales | 3,759 | 4,209 | 4,520 |
| Overseas sales | 1,253 | 1,557 | 1,937 |
| GPM (%) | 27.0 | 27.1 | 27.3 |
| SG&A to sales (%) | 15.0 | 14.5 | 14.0 |

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in utilisation rate, we estimate that 2022 earnings would rise by 2.4%, and vice versa, all else being equal.
- For every 1% increase in THB/USD, we estimate that 2022 earnings would rise by 1.7%, and vice versa, all else being equal.
- For every 1% increase in electricity tariff, we estimate that 2022 earnings would drop by 0.2%, and vice versa, all else being equal.

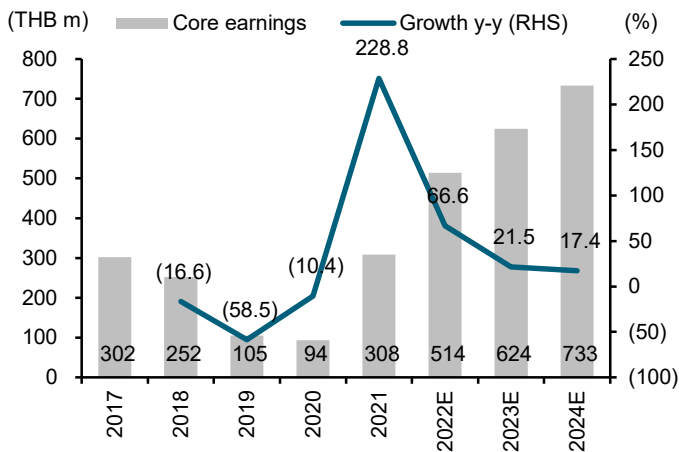
Source: FSSIA estimates

The right mix of ‘rights’ for growth

After a period of poor net profit performance in 2019-20 due to Covid-19 and global lockdowns, SNNP has delivered continuous net profit growth from 2021-1H22. Key drivers are the success of its new product launches, highly effective cost control management, and – in our view – the right growth strategy of building production plants in Cambodia and Vietnam.

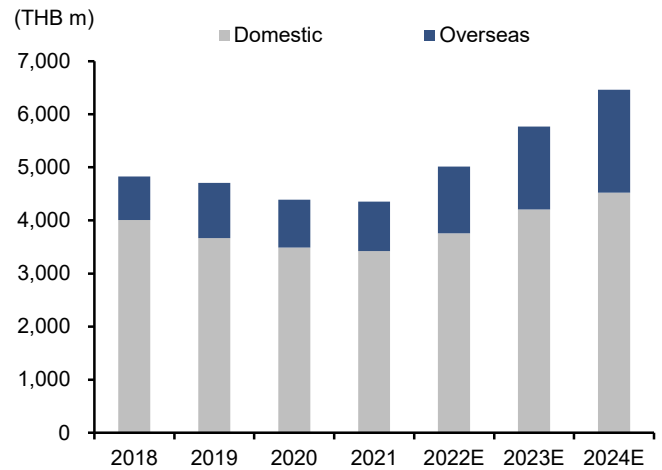
We project SNNP’s net profit to grow from a mere THB94m in 2020 to THB733m in 2024, driven by rising sales volumes in both domestic and overseas markets and its improving gross and net profit margins.

Exhibit 1: Core earnings vs core earnings growth



Sources: SNNP; FSSIA estimates

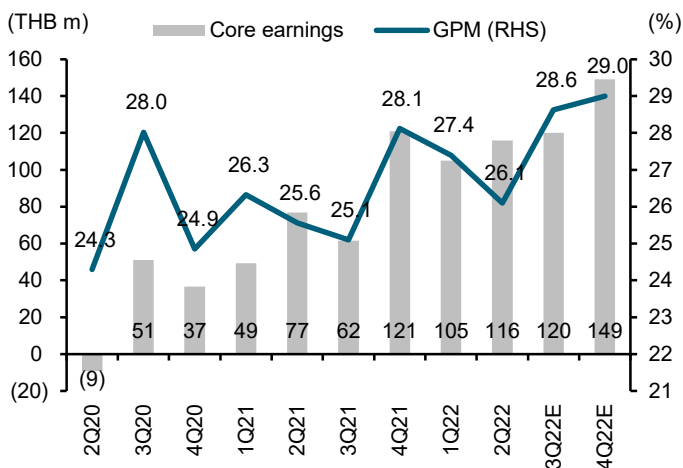
Exhibit 2: Revenue breakdown



Sources: SNNP; FSSIA estimates

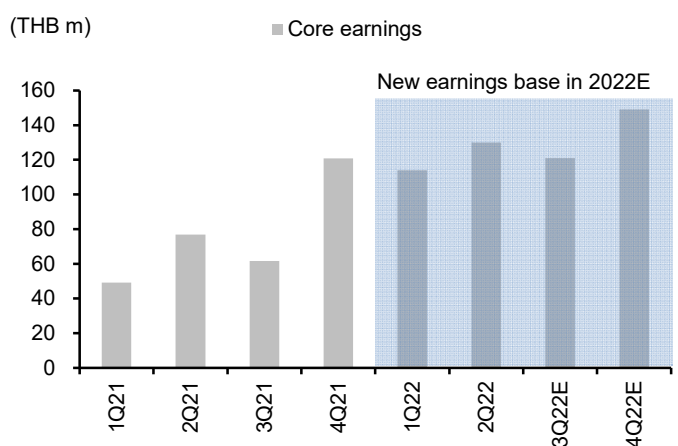
Since 4Q21, SNNP’s quarterly net profits have exceeded THB100m, with a quarterly net profit growth trajectory that reached THB116m in 2Q22. We believe SNNP’s quarterly core net profit has reached a new base at over THB100m that could potentially rise to reach the THB200m mark by the end of 2023.

Exhibit 3: Quarterly net profit and gross profit margin



Sources: SNNP; FSSIA estimates

Exhibit 4: Quarterly core earnings



Sources: SNNP; FSSIA estimates

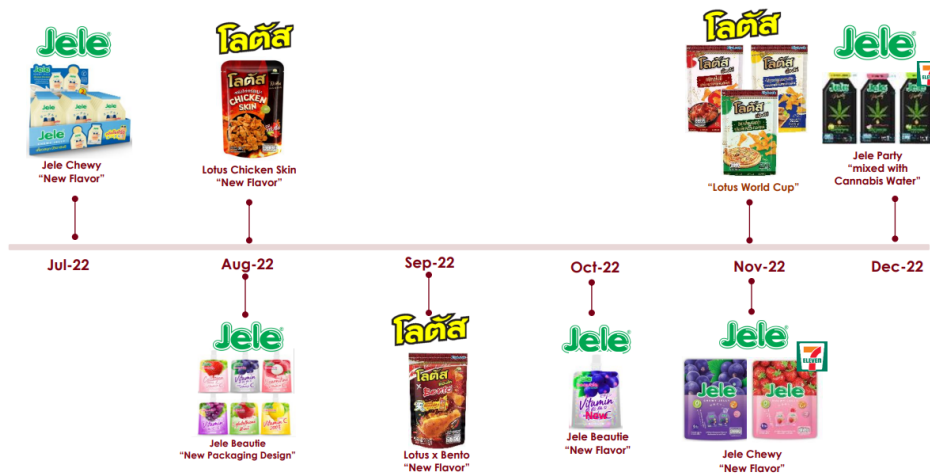
We think the key success factors behind SNNP’s sustainable net profit growth are its four ‘rights’ of products, markets, channels, and efficient operations – along with a fifth in the form of Thailand’s potential for a resurgent tourist boom.

Right products. SNNP has been successful in growing its revenue and net profit based on its core brand equity, which includes strong brand awareness, high-demand products, and competitive prices. SNNP’s core branded products include Jele (jelly), Bento (squid seafood snack), Lotus (biscuit sticks), and a successful new cannabis water product under its Magic Farm brand.

In 1H22, SNNP generated around 7% of its revenue from new products – cannabis water, Jele Chewy gum, and Lotus Chicken skin. We estimate that these new products should generate around 10-15% of SNNP’s total net profit going forward thanks to their high gross margins of over 30% compared to 26-28% for existing products.

We think SNNP’s ‘brand extension’ strategy that leverages its successful mainstay brands is sound and should allow SNNP to grow its revenue in both established and new markets and reach new customer segments, similar to what SNNP has already achieved for Bento, Jele, and Lotus with new flavors, packaging, sizes, and formats.

Exhibit 5: 2022 new product launch plan

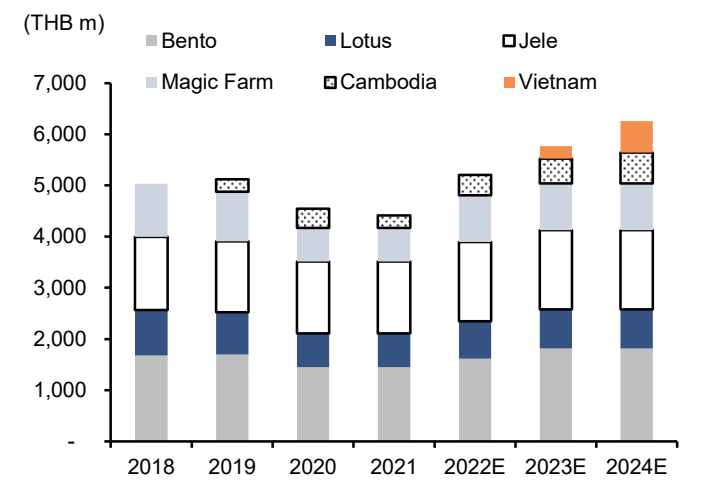


Source: SNNP

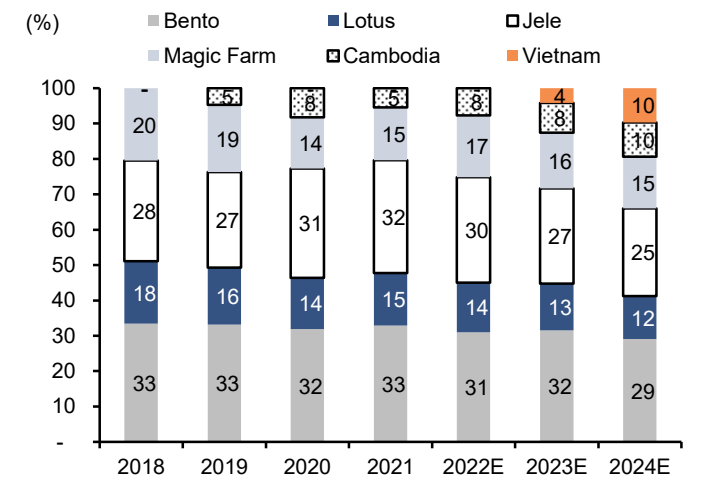
Right markets. While SNNP has long marketed its products in high-growth overseas markets, mainly the CLMV market, which includes Cambodia, Laos, Myanmar, and Vietnam, SNNP is now strengthening its presence by building production plants in Cambodia and Vietnam.

Exhibit 6: Revenue breakdown by brand and market

Exhibit 7: Revenue breakdown by brand and market (%)



Sources: SNNP; FSSIA estimates

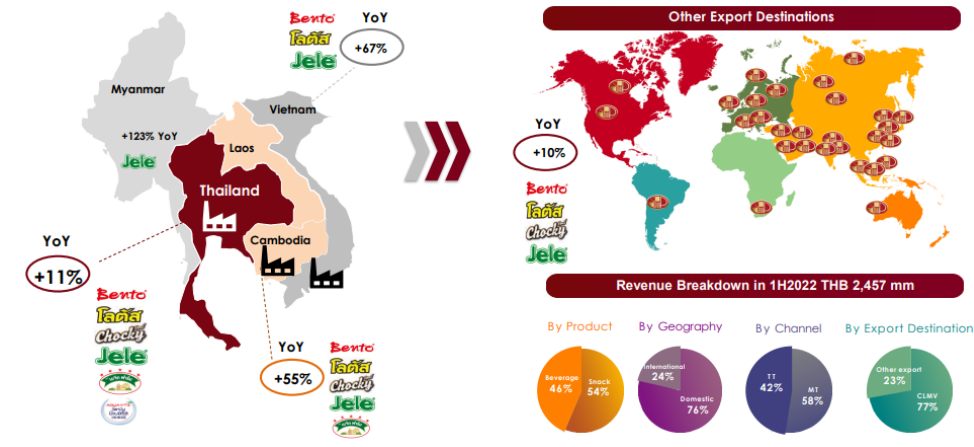


Sources: SNNP; FSSIA estimates

In 2022, we project revenue from the CLMV market to contribute around 9% of SNNP's total revenue but rise to 20% by 2024 as SNNP ramps up production at its plant in Vietnam.

In 1H22, SNNP's revenue growth came mostly from the CLMV market, mainly Myanmar (+123% y-y), Vietnam (+67% y-y) and Cambodia (+55% y-y). While revenue growth in the CLMV market was far higher than in Thailand at 11% y-y in 1H22, Thailand remains SNNP's core market, accounting for almost 90% of total revenue.

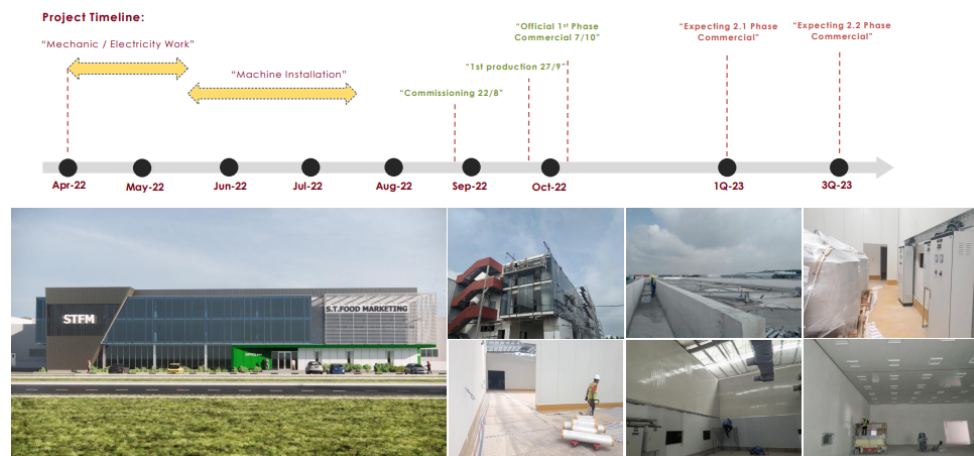
Exhibit 8: Revenue contributions in 1H22



Source: SNNP

In 3Q22, management indicated that its Vietnam plant had already started up production in its first phase and was on track to reach full operations by 3Q23. We think SNNP's strong brand position backed by the imminent launch of new, lower-priced, more localised products that not only better suit local customers but also create new market segments with new flavors and products, should result in strong sales growth.

Exhibit 9: Progress of SNNP's plant in Vietnam



Source: SNNP

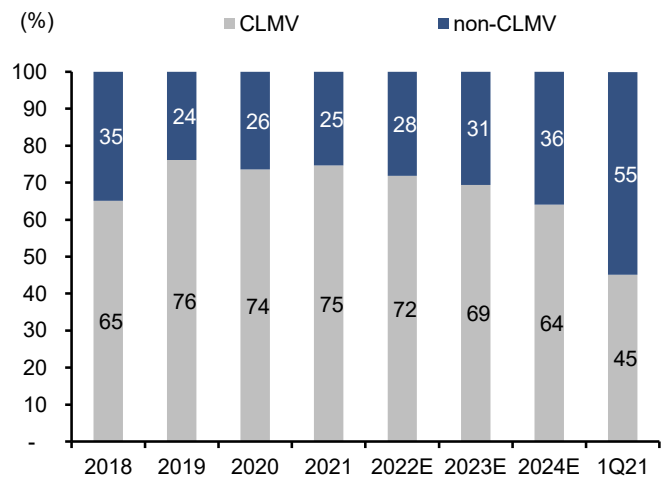
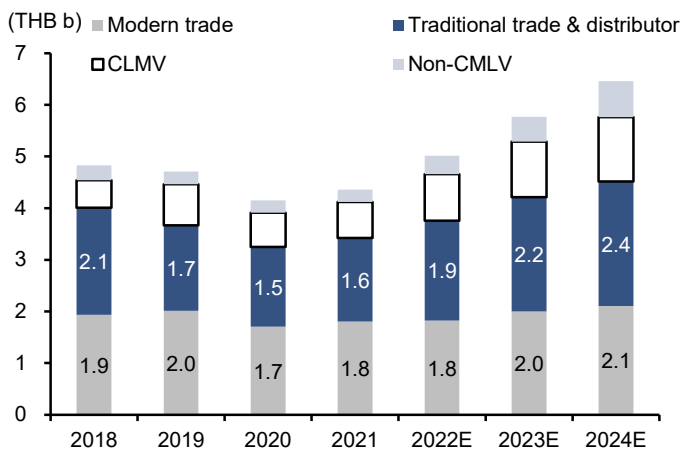
Right channels. In our view, SNNP is an example of a food and beverage sector company whose success is the result of a dynamic and focused marketing strategy that targets the right channels for distributing its products under an optimised cost structure.

Unlike most of its peers, SNNP has successfully balanced its distribution networks both geographically and via marketing channels. Increasingly, the revenue contribution from overseas markets has risen continuously to account for over 20% of total revenue in 1H22.

Meanwhile, the revenue contributions from the modern trade and traditional trade formats are highly optimised in favour of the traditional trade channel, which commands a higher gross margin than modern trade by 1-2% due to SNNP's higher bargaining power with mom-and-pop stores.

Exhibit 10: Revenue by distribution channel

Exhibit 11: Revenue by overseas markets



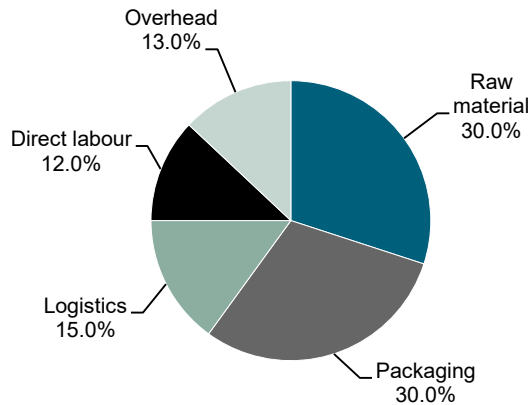
Sources: SNNP; FSSIA estimates

Sources: SNNP; FSSIA estimates

Right operations for higher efficiency. In 2Q22, SNNP saw its gross margin decline to 26.1% from 27.4% in 1Q22, due to 1) the higher labour cost for overtime production in Thailand and the subpar utilisation rate at its new plant in Vietnam due to the lack of workers; and 2) the higher raw material cost of wheat starch (3-5% of total COGS) and palm oil (2%) as a result of the supply disruptions caused by the impact of the Russia-Ukraine war.

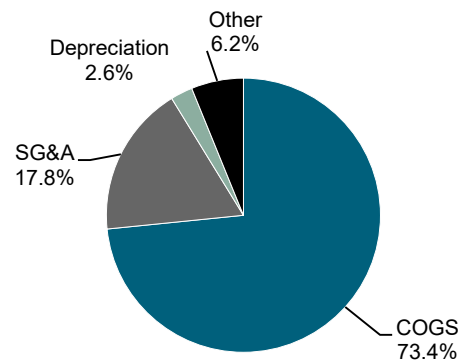
In 3Q22, we project SNNP to see a higher gross margin at 28.6%, driven by the lower cost of raw materials and labour as SNNP needs less overtime production in Thailand now that it has achieved a higher utilisation rate at its production plant in Vietnam.

Exhibit 12: Cost structure



Sources: SNNP; FSSIA estimates

Exhibit 13: COGS structure



Sources: SNNP; FSSIA estimates

Right time amid a rise in tourist arrivals. As Thailand has seen monthly tourist arrivals significantly increase from less than 0.1m in Jan-22 to over 1.2m in Sep-22, we think SNNP is one of the few companies in Thailand's food and beverage sector that stands to greatly benefit from the potential resurgence of tourism in Thailand after two years of disruption due to the Covid-19 pandemic.

In Sep-22, management indicated that SNNP saw its sales revenue from the Big C Ratchadamri branch in Bangkok hit THB6m/month, up from a mere THB20,000/month in Jan-22, driven mainly by the higher sales volumes from Vietnamese tourists who flock there to purchase souvenirs – and snacks – to bring home.

SNNP added that the revenue generated from sales at all other Big C (over 300) branches was roughly equal to the revenue generated from Big C Ratchadamri alone in 2019 prior to the Covid-19 pandemic, according to management. Hence, we think SNNP should see a significant earnings upside from the expected rise in tourist arrival numbers in the next six to 12 months.

3Q22 results preview

We project SNNP to post a strong 3Q22 net profit of THB120m, up 3% q-q and 94% y-y. Key drivers include 1) 12% q-q higher estimated revenue on stronger sales of its existing and new products; 2) a higher gross profit margin projected at 28.6% due to lower raw material costs and labour expenses; and 3) a lower expected SG&A to sales ratio from 15.7% in 2Q22 to 15.1% in 3Q22 due to the benefits from economies of scale and effective cost control.

Exhibit 14: 3Q22 results preview

| Profit & Loss Statement | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22E | ----- Change ----- | |
|-----------------------------|------------|------------|------------|------------|------------|--------------------|--------------|
| YE Dec 31 | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) |
| Total revenue | 986 | 1,222 | 1,144 | 1,339 | 1,473 | 10 | 49 |
| Retail sales | 978 | 1,210 | 1,133 | 1,323 | 1,482 | 12 | 52 |
| Cost of sales | 732 | 870 | 823 | 978 | 1,058 | 8 | 44 |
| Gross profit | 254 | 352 | 321 | 361 | 424 | 17 | 67 |
| Operating costs | 162 | 197 | 179 | 210 | 223 | 6 | 38 |
| Operating profit | 92 | 155 | 142 | 152 | 165 | 9 | 80 |
| Operating EBITDA | 132 | 195 | 181 | 190 | 193 | 1 | 46 |
| Interest expense | (4) | (0) | (0) | (0) | 0 | (100) | (100) |
| Profit before tax | 87 | 154 | 142 | 152 | 154 | 2 | 76 |
| Tax | (17) | (32) | (29) | (30) | (29) | (2) | 66 |
| Associates | (11) | (6) | (8) | (6) | (5) | (20) | (53) |
| Minority interests | (2) | (5) | (0) | (0) | (0) | 126 | (86) |
| Non-recurring items | 0 | 0 | 0 | 0 | 0 | nm | nm |
| Reported net profit | 62 | 121 | 105 | 116 | 120 | 3 | 94 |
| Recurring net profit | 62 | 121 | 105 | 116 | 120 | 3 | 94 |
| EPS (THB) | 0.06 | 0.13 | 0.11 | 0.12 | 0.12 | 3 | 94 |
| Recurring EPS (THB) | 0.06 | 0.13 | 0.11 | 0.12 | 0.12 | 3 | 94 |
| Key Ratios | (%) | (%) | (%) | (%) | (%) | (ppt) | (ppt) |
| Sales margin | 25.1 | 28.1 | 27.4 | 26.1 | 28.6 | 2.5 | 3.5 |
| EBIT margin | 9.3 | 12.7 | 12.4 | 11.3 | 11.2 | (0.1) | 1.9 |
| Recurring net margin | 7.1 | 10.0 | 9.9 | 9.1 | 8.4 | (0.7) | 1.3 |
| SG&A / Sales | 16.4 | 16.2 | 15.6 | 15.7 | 15.1 | (0.5) | (1.3) |
| Effective tax rate | 19.9 | 21.0 | 20.4 | 19.5 | 18.8 | (0.7) | (1.1) |
| Inventory Days | 43.4 | 46.9 | 55.0 | 57.4 | 0.0 | (57.4) | (43.4) |
| Operating statistics | | | | | | | |
| Domestic sales | 792 | 865 | 899 | 967 | 988 | 2 | 25 |
| Oversea sales | 186 | 345 | 235 | 356 | 494 | 39 | 166 |
| % Domestic sales | 81 | 71 | 79 | 73 | 67 | | |
| % Oversea sales | 19 | 29 | 21 | 27 | 33 | | |

Sources: SNNP; FSSIA estimates

TP lifted to THB25

We maintain BUY and raise our TP from 20, previously based on 37x 2022E P/E, to THB25, now based on 38.5x 2023E P/E, to reflect our EPS forecast upgrades and the valuation rollover to 2023. SNNP remains our top pick in the Thai food and beverage sector on its strong and visible earnings growth outlook and the potential upsides from demand growth amid Thailand's expected tourism recovery and rising sales in the Vietnam market.

Exhibit 15: Key changes in assumptions

| | Current | | | Previous | | | Change | | |
|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|--------------|--------------|
| | 2022E (THB m) | 2023E (THB m) | 2024E (THB m) | 2022E (THB m) | 2023E (THB m) | 2024E (THB m) | 2022E (%) | 2023E (%) | 2024E (%) |
| Total sales | 5,012 | 5,766 | 6,457 | 5,078 | 5,766 | 6,457 | (1.3) | 0.0 | 0.0 |
| Sales growth (%) | 15.0 | 15.0 | - | 18 | 14 | - | (2.6) | 1.5 | 0.0 |
| Domestic sales | 3,759 | 4,209 | 4,520 | 3,809 | 4,209 | 4,520 | (1.3) | 0.0 | 0.0 |
| Overseas sales | 1,253 | 1,557 | 1,937 | 1,270 | 1,557 | 1,937 | (1.3) | 0.0 | 0.0 |
| GPM (%) | 27.0 | 27.1 | 27.3 | 26.6 | 26.7 | 26.8 | 0.4 | 0.4 | 0.5 |
| SG&A to sales (%) | 15.0 | 14.5 | 14.0 | 15.0 | 14.5 | 14.0 | 0.0 | 0.0 | 0.0 |
| Net profit | 514 | 624 | 733 | 512 | 621 | 721 | 0.3 | 0.5 | 1.7 |

Sources: SNNP; FSSIA estimates

Financial Statements

Srinanaporn Marketing

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|--------------|--------------|--------------|--------------|--------------|
| Revenue | 4,436 | 4,391 | 5,051 | 5,809 | 6,507 |
| Cost of goods sold | (3,058) | (3,036) | (3,460) | (3,975) | (4,439) |
| Gross profit | 1,378 | 1,355 | 1,590 | 1,835 | 2,068 |
| Other operating income | 0 | 0 | 0 | 0 | 0 |
| Operating costs | (997) | (737) | (758) | (842) | (911) |
| Operating EBITDA | 381 | 618 | 833 | 992 | 1,157 |
| Depreciation | (206) | (173) | (199) | (228) | (256) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 175 | 445 | 634 | 764 | 901 |
| Net financing costs | (81) | (40) | (5) | (9) | (9) |
| Associates | 0 | (26) | 3 | 15 | 16 |
| Recurring non-operating income | 0 | (26) | 3 | 15 | 16 |
| Non-recurring items | 0 | 129 | 0 | 0 | 0 |
| Profit before tax | 94 | 507 | 632 | 770 | 908 |
| Tax | (19) | (86) | (113) | (140) | (165) |
| Profit after tax | 74 | 422 | 519 | 630 | 743 |
| Minority interests | 20 | 16 | (5) | (6) | (10) |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | 94 | 437 | 514 | 624 | 733 |
| Non-recurring items & goodwill (net) | 0 | (129) | 0 | 0 | 0 |
| Recurring net profit | 94 | 308 | 514 | 624 | 733 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.13 | 0.32 | 0.54 | 0.65 | 0.76 |
| Reported EPS | 0.13 | 0.46 | 0.54 | 0.65 | 0.76 |
| DPS | 0.00 | 0.22 | 0.37 | 0.46 | 0.53 |
| Diluted shares (used to calculate per share data) | 720 | 960 | 960 | 960 | 960 |
| Growth | | | | | |
| Revenue (%) | (6.6) | (1.0) | 15.0 | 15.0 | 12.0 |
| Operating EBITDA (%) | 9.4 | 62.1 | 34.8 | 19.2 | 16.6 |
| Operating EBIT (%) | (11.3) | 154.7 | 42.5 | 20.5 | 17.9 |
| Recurring EPS (%) | (15.5) | 146.6 | 66.6 | 21.5 | 17.4 |
| Reported EPS (%) | (15.5) | 249.5 | 17.5 | 21.5 | 17.4 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 26.4 | 26.9 | 27.6 | 27.7 | 27.8 |
| Gross margin of key business (%) | 25.7 | 26.4 | 27.0 | 27.1 | 27.3 |
| Operating EBITDA margin (%) | 8.6 | 14.1 | 16.5 | 17.1 | 17.8 |
| Operating EBIT margin (%) | 3.9 | 10.1 | 12.6 | 13.2 | 13.8 |
| Net margin (%) | 2.1 | 7.0 | 10.2 | 10.7 | 11.3 |
| Effective tax rate (%) | 20.8 | 21.2 | 18.0 | 18.5 | 18.5 |
| Dividend payout on recurring profit (%) | - | 66.9 | 70.0 | 70.0 | 70.0 |
| Interest cover (X) | 2.2 | 10.4 | 131.8 | 84.3 | 99.2 |
| Inventory days | 50.0 | 49.9 | 48.2 | 49.5 | 50.1 |
| Debtor days | 91.5 | 89.6 | 88.2 | 88.8 | 89.9 |
| Creditor days | 116.7 | 110.8 | 99.0 | 98.6 | 99.9 |
| Operating ROIC (%) | 5.9 | 15.2 | 19.5 | 21.1 | 23.5 |
| ROIC (%) | 4.8 | 11.2 | 15.8 | 17.4 | 19.2 |
| ROE (%) | 53.8 | 20.2 | 17.6 | 20.2 | 22.3 |
| ROA (%) | 3.4 | 8.0 | 11.4 | 12.2 | 13.4 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Domestic | 3,490 | 3,423 | 3,759 | 4,209 | 4,520 |
| Overseas | 903 | 935 | 1,253 | 1,557 | 1,937 |
| Others | 43 | 33 | 38 | 44 | 49 |

Sources: Srinanaporn Marketing; FSSIA estimates

Financial Statements

Srinaporn Marketing

| Cash Flow (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Recurring net profit | 94 | 308 | 514 | 624 | 733 |
| Depreciation | 206 | 173 | 199 | 228 | 256 |
| Associates & minorities | 1 | 29 | (5) | (6) | (10) |
| Other non-cash items | (9) | 8 | (3) | 17 | 10 |
| Change in working capital | 142 | (179) | (155) | (124) | (115) |
| Cash flow from operations | 434 | 338 | 549 | 740 | 874 |
| Capex - maintenance | 0 | (367) | (400) | (300) | (315) |
| Capex - new investment | 0 | 0 | 0 | 0 | 0 |
| Net acquisitions & disposals | (233) | 274 | (51) | (58) | (53) |
| Other investments (net) | 32 | 0 | 0 | 0 | 0 |
| Cash flow from investing | (201) | (93) | (451) | (358) | (368) |
| Dividends paid | 0 | (206) | (360) | (437) | (513) |
| Equity finance | 0 | 2,386 | 0 | 0 | 0 |
| Debt finance | (292) | (2,436) | 587 | 0 | 0 |
| Other financing cash flows | 0 | 0 | 0 | 0 | 0 |
| Cash flow from financing | (292) | (257) | 227 | (437) | (513) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | (59) | (11) | 326 | (54) | (7) |
| Free cash flow to firm (FCFF) | 314.37 | 285.98 | 103.12 | 392.10 | 515.17 |
| Free cash flow to equity (FCFE) | (58.45) | (2,190.58) | 685.50 | 382.86 | 505.93 |

Per share (THB)

| | | | | | |
|-------------------------------|--------|--------|------|------|------|
| FCFF per share | 0.33 | 0.30 | 0.11 | 0.41 | 0.54 |
| FCFE per share | (0.06) | (2.28) | 0.71 | 0.40 | 0.53 |
| Recurring cash flow per share | 0.41 | 0.54 | 0.73 | 0.90 | 1.03 |

| Balance Sheet (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|--------------|--------------|--------------|--------------|--------------|
| Tangible fixed assets (gross) | 2,724 | 2,724 | 3,124 | 3,424 | 3,739 |
| Less: Accumulated depreciation | (1,060) | (866) | (1,064) | (1,293) | (1,549) |
| Tangible fixed assets (net) | 1,664 | 1,858 | 2,060 | 2,131 | 2,191 |
| Intangible fixed assets (net) | 0 | 0 | 0 | 0 | 0 |
| Long-term financial assets | 0 | 0 | 0 | 0 | 0 |
| Invest. in associates & subsidiaries | 0 | 137 | 137 | 137 | 137 |
| Cash & equivalents | 173 | 162 | 488 | 434 | 427 |
| A/C receivable | 1,031 | 1,126 | 1,315 | 1,512 | 1,693 |
| Inventories | 418 | 412 | 501 | 576 | 643 |
| Other current assets | 3 | 2 | 2 | 3 | 3 |
| Current assets | 1,625 | 1,702 | 2,306 | 2,525 | 2,767 |
| Other assets | 687 | 454 | 522 | 601 | 673 |
| Total assets | 3,976 | 4,152 | 5,025 | 5,394 | 5,767 |
| Common equity | 221 | 2,838 | 2,992 | 3,179 | 3,399 |
| Minorities etc. | 239 | 253 | 253 | 253 | 253 |
| Total shareholders' equity | 460 | 3,091 | 3,245 | 3,432 | 3,652 |
| Long term debt | 721 | 13 | 600 | 600 | 600 |
| Other long-term liabilities | 73 | 122 | 139 | 160 | 180 |
| Long-term liabilities | 794 | 135 | 739 | 760 | 780 |
| A/C payable | 968 | 877 | 1,000 | 1,148 | 1,282 |
| Short term debt | 1,744 | 16 | 16 | 16 | 16 |
| Other current liabilities | 11 | 34 | 26 | 37 | 37 |
| Current liabilities | 2,722 | 927 | 1,041 | 1,201 | 1,336 |
| Total liabilities and shareholders' equity | 3,976 | 4,152 | 5,025 | 5,394 | 5,767 |
| Net working capital | 473 | 630 | 793 | 905 | 1,020 |
| Invested capital | 2,825 | 3,080 | 3,512 | 3,775 | 4,021 |

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

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|------|
| Book value per share | 0.31 | 2.96 | 3.12 | 3.31 | 3.54 |
| Tangible book value per share | 0.31 | 2.96 | 3.12 | 3.31 | 3.54 |

Financial strength

| | | | | | |
|---------------------------|-------|--------|-------|------|------|
| Net debt/equity (%) | 497.8 | (4.3) | 3.9 | 5.3 | 5.2 |
| Net debt/total assets (%) | 57.6 | (3.2) | 2.5 | 3.4 | 3.3 |
| Current ratio (x) | 0.6 | 1.8 | 2.2 | 2.1 | 2.1 |
| CF interest cover (x) | 0.3 | (53.4) | 142.8 | 42.4 | 55.8 |

| Valuation | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|--------------|-------------|-------------|-------------|-------------|
| Recurring P/E (x) * | 155.0 | 62.9 | 37.7 | 31.1 | 26.5 |
| Recurring P/E @ target price (x) * | 191.9 | 77.8 | 46.7 | 38.5 | 32.8 |
| Reported P/E (x) | 155.0 | 44.4 | 37.7 | 31.1 | 26.5 |
| Dividend yield (%) | - | 1.1 | 1.9 | 2.3 | 2.6 |
| Price/book (x) | 65.8 | 6.8 | 6.5 | 6.1 | 5.7 |
| Price/tangible book (x) | 65.8 | 6.8 | 6.5 | 6.1 | 5.7 |
| EV/EBITDA (x) ** | 44.8 | 31.6 | 23.7 | 20.0 | 17.1 |
| EV/EBITDA @ target price (x) ** | 53.9 | 39.0 | 29.3 | 24.6 | 21.1 |
| EV/invested capital (x) | 6.0 | 6.3 | 5.6 | 5.3 | 4.9 |

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

Sources: Srinaporn Marketing; 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 | SEAFECO | 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 | PPP | SCI | SRICHA | TMD | VPO |
| ALLA | BJC | DCON | HPT | KIAT | MITSIB | 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 | WIJK |
| 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 | |

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

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 | WIIK |
| 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 | |
|-----------|---|
| 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) |

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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

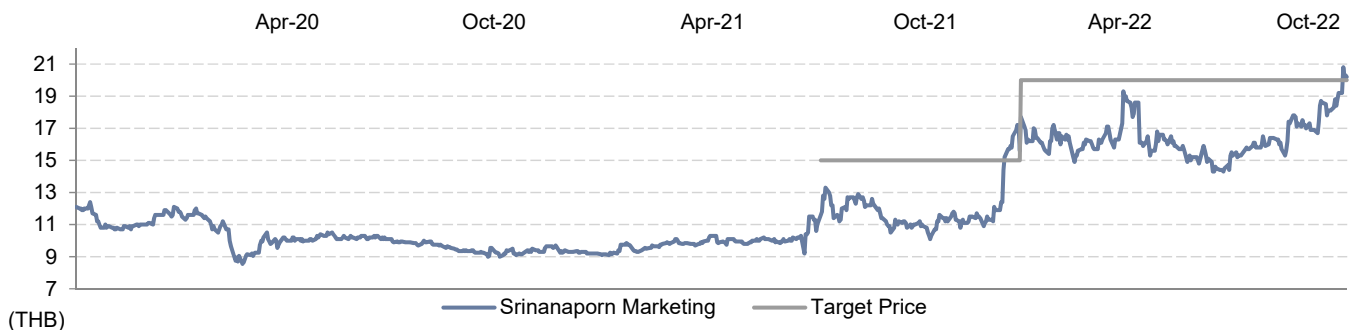
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Srinaporn Marketing (SNNP TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 30-Jul-2021 | BUY | 15.00 | 20-Jan-2022 | BUY | 20.00 | - | - | - |

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 30-Jul-2021

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|---------------------|---------|-----------|--------|---|
| Srinaporn Marketing | SNNP TB | THB 20.20 | BUY | The key downside risks to our DCF-based TP are 1) slower-than-expected demand growth and market penetration overseas, especially in Cambodia and Vietnam; 2) a lower-than-expected profit margin due to high raw material and transportation costs; and 3) higher-than-expected SG&A expenses from overseas operations. |

Source: FSSIA estimates

Additional Disclosures

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

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All share prices are as at market close on 28-Oct-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.