

16 MARCH 2023

EQUITY RESEARCH - TRANSFER OF COVERAGE

# BRITANIA BRI TB

## THAILAND / PROPERTY DEVELOPMENT

**FINANSIA**  
 FSS INTERNATIONAL INVESTMENT ADVISORY

**BUY**

### หุ้นอยู่ในช่วง Growth phase

- แผนธุรกิจเชิงรุกในปี 2023 จะขับเคลื่อนการเติบโตของยอดขาย ยอดโอน และกำไร
- เราคาดว่ากำไรปกติปี 2023 จะกระโดดเพิ่ม 41% y-y เป็น 1.5 พันลบ. โดยมีปัจจัยหนุนจากการเปิดตัวโครงการใหม่จำนวนมาก
- แนะนำซื้อที่ราคาเป้าหมาย 14 บาท (อิง 2023E P/E ที่ 8x)

TARGET PRICE	THB14.00
CLOSE	THB12.10
UP/DOWNSIDE	+15.7%
TP vs CONSENSUS	-0.2%

### ดาวรุ่งดวงใหม่ในตลาดแนวราบ

BRI เป็นผู้พัฒนาที่อยู่อาศัยแนวราบในประเทศไทย บริษัท มีจุดแข็งอยู่ที่: 1) บริษัท มุ่งพัฒนาผลิตภัณฑ์ที่ตอบสนองต่อความต้องการและการใช้ชีวิตของผู้บริโภค; 2) พอร์ตของบริษัท มีการกระจายพอร์ตในแง่ของกลุ่มผลิตภัณฑ์อันประกอบด้วย 4 แปรณต์หลักรวมถึงทำเลที่ตั้งของโครงการซึ่งอยู่ในกรุงเทพฯ และปริมณฑลและการขยายธุรกิจเข้าสู่ตลาดต่างจังหวัด; 3) บริษัท ได้รับการสนับสนุนอย่างเต็มที่จากผู้ถือหุ้นหลักอย่าง Origin Property (ORI TB, NR); และ 4) บริษัท มีปัจจัยสำคัญที่อาจหนุนการเติบโตอยู่ที่โครงการเปิดตัวใหม่เพิ่มขึ้นอย่างรวดเร็วโดยมีมูลค่าโครงการรวมเพิ่มขึ้น 36.4 พันลบ. ในปี 2022 จาก 867 ลบ. ในปี 2017

### พร้อมโตต่อเนื่องจากแผนธุรกิจเชิงรุก

BRI เปิดเผยแผนธุรกิจเชิงรุกสำหรับปี 2023 บริษัท วางแผนเปิด 20 โครงการใหม่ มูลค่ารวม 22.5 พันลบ. (+88% y-y) ซึ่งกระจายพอร์ตในแง่กลุ่มผลิตภัณฑ์และทำเลที่ตั้ง โดยยังเน้นในกลุ่ม Mid to High-end ภายใต้แบรนด์ Britania และ Grand Britania นอกจากนี้บริษัท มุ่งขยายธุรกิจเข้าสู่ 4 จังหวัดใหม่ ขณะที่บริษัท ตั้งเป้ายอดขายที่ 13 พันลบ. (+18% y-y) และตั้งเป้ายอดโอน 8 พันลบ. (+48% y-y)

### แนวโน้มปี 2023 สดใส

เราคาดว่ากำไรปกติปี 2023 จะทำสถิติสูงสุดใหม่ที่ 1.5 พันลบ. (+41% y-y) โดยได้ปัจจัยหนุนจากโครงการเปิดตัวใหม่จำนวนมากและความต้องการโครงการแนวราบที่อยู่ในระดับสูง เราคาดว่ารายได้จากการโอนจะกระโดดเพิ่ม 32% y-y เป็น 7.1 พันลบ. และคาดว่ารายได้จากการบริหารโครงการจะอยู่ที่ 500 ลบ. (เทียบกับ 444 ลบ. ในปี 2022) จากโครงการภายใต้กิจการร่วมค้าที่ดำเนินงานอยู่ในปัจจุบัน เบื้องต้นเราคาดว่ากำไรปกติ 1Q23 จะลดลง q-q จากฐานที่สูงใน 4Q22 แต่เพิ่มขึ้น y-y หลักๆ จากการรับรู้ Backlog ณ สิ้นปี 2022 ราว 1 พันลบ. ขณะที่โมเมนตัมกำไรจะเร่งตัวขึ้นในช่วง 2H23 และแตะระดับสูงสุดของปีใน 4Q23 ตามโครงการเปิดตัวใหม่ซึ่งจะแบ่งเป็นสัดส่วนที่ 22:78 ในช่วง 1H และ 2H

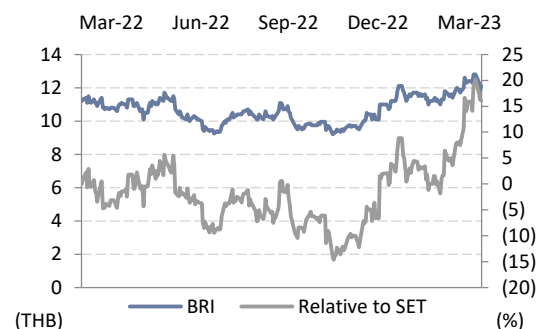
### แนะนำซื้อที่ราคาเป้าหมาย 14 บาท

เราแนะนำซื้อ BRI ที่ราคาเป้าหมาย 14 บาท (อิง 2023E P/E ที่ 8x) ใกล้เคียงค่าเฉลี่ยของกลุ่มอสังหาฯ เรามองว่า BRI เป็นหุ้นเติบโตที่น่าสนใจจากแผนการขยายธุรกิจเชิงรุกหนุนการเพิ่มส่วนแบ่งตลาดต่อเนื่อง ปัจจุบันหุ้นมีการซื้อขายที่ 6.9x ของค่า 2023E P/E นอกจากนี้หุ้นยังให้ผลตอบแทนในรูปแบบเงินปันผลในระดับสูงถึง 6% ในงวดปี 2022 (XD ในวันที่ 3 พ.ค.)

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	5,848	7,610	8,435	9,746
Net profit	1,471	1,485	1,623	1,824
EPS (THB)	1.72	1.74	1.90	2.14
vs Consensus (%)	-	5.3	(5.5)	(1.4)
EBITDA	1,607	1,944	2,109	2,371
Core net profit	1,053	1,485	1,623	1,824
Core EPS (THB)	1.24	1.74	1.90	2.14
EPS growth (%)	74.8	41.0	9.3	12.4

Core P/E (x)	9.8	6.9	6.4	5.7
Dividend yield (%)	6.0	6.0	6.6	7.4
EV/EBITDA (x)	9.6	7.4	6.6	5.4
Price/book (x)	2.1	1.8	1.5	1.3
Net debt/Equity (%)	103.3	70.8	52.9	31.5
ROE (%)	25.5	28.1	26.2	25.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.2	10.0	13.1
Relative to country (%)	11.5	13.8	20.5
Mkt cap (USD m)	298		
3m avg. daily turnover (USD m)	1.5		
Free float (%)	27		
Major shareholder	Origin Property (70%)		
12m high/low (THB)	13.10/9.20		
Issued shares (m)	852.81		

Sources: Bloomberg consensus; FSSIA estimates



Thanyatorn Songwutti

 thanyatorn.s@fssia.com  
 +66 2646 9805

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 16 มีนาคม 2023

## Investment thesis

The key potential growth driver is a rapid increase in new launches. BRI has launched 30 projects worth THB36.4b within four brand segments as of end-2022, increasing from its initial launches in 2017 worth THB867m. It focuses on developing products to meet customers' needs and lifestyles via outstanding home designs, usable areas, different project styles and amenities. Its portfolio is flexible and well diversified in terms of product segment and location. It also has full support from its major shareholder Origin Property, which helps with brand reputation, bargaining power with suppliers, liquidity, and business strategies.

In 2022, transfer revenue constituted 92.4% of total revenue. The remaining 7.6% was from project management revenue from newly launched JV projects.

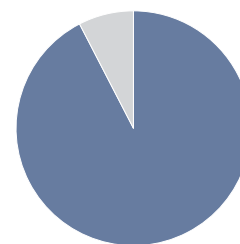
## Company profile

Britania was established by Origin Property (ORI) in 2016. It operates low-rise residential projects in Bangkok and its vicinity as well as in industrial estates and the upcountry market. It offers detached homes, semi-detached homes, and townhomes under various brands and price ranges, including Belgravia (THB20m-50m/unit), Grand Britania (THB8m-20m/unit), Britania (THB4m-8m/unit), and Brighton (THB2.5m-4m/unit).

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

## Principal activities (revenue, 2022)

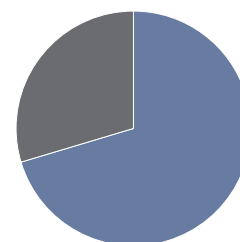
- Transfer revenue - 92.4 %
- Project management - 7.6 %



Source: Britania

## Major shareholders

- Origin Property - 70.4 %
- Others - 29.6 %



Source: Britania

## Catalysts

Key catalysts include 1) the success of new launches; 2) higher-than-expected inventory presales; 3) faster-than-expected construction progress and backlog realisation; and 4) new JV project developments which leave room for one-time gains on investments.

## Risks to our call

Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) a slower-than-expected economic recovery and weak purchasing power; 3) intense competition; 4) construction delays and labour shortages; 5) an increase in raw material costs; and 6) challenging new launches in the upcountry market.

## Event calendar

Date	Event
May 2023	1Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
Transfer revenue (THB m)	7,110	7,935	9,246
Project management (THB m)	500	500	500
Property GPM (%)	32	32	32
GPM (%)	36.5	36.0	35.5
SG&A to sales (%)	11.4	11.5	11.6

Source: FSSIA estimates

## Earnings sensitivity

- For every 5% increase in transfers, we estimate 2023 net profit to rise by 3.7%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2023 net profit to rise by 1.8%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2023 net profit to fall by 2%, and vice versa, all else being equal.

Source: FSSIA estimates



## Robust 4Q22 and 2022 performance

BRI reported a 4Q22 net profit of THB411m (+24% q-q, +174% y-y). Excluding gains from investments on new JV projects worth THB95m, the company's core profit jumped to THB316m (+29% q-q, +110% y-y). This was mainly supported by transfer revenue which rose by 14% q-q and 41% y-y to THB1.4b on the back of more new projects. Also, project management revenue increased to THB231m in 4Q22 from THB72m in 3Q22 from a growing number of newly launched JV projects. The property gross margin at 32.4% was relatively stable from 3Q22 but up from 31.3% in 4Q21 due to the new projects which have a higher margin.

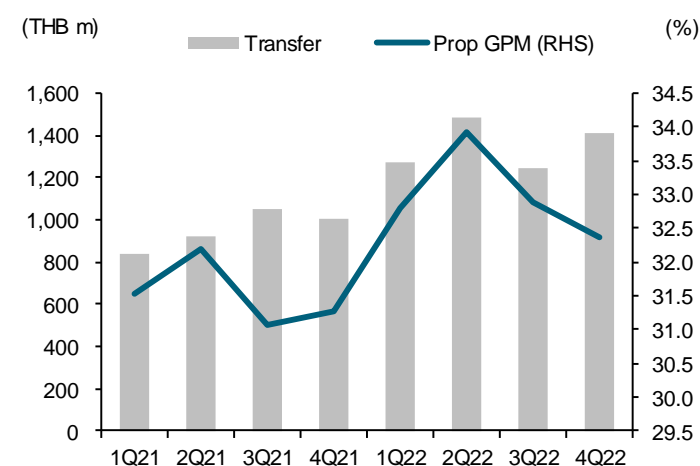
On a full-year basis, 2022 performance hit a record high with a net profit of THB1.5b (+144% y-y) and a normalised profit of THB1b (+75% y-y). This was supported by transfers worth THB5.4b (+42% y-y) and project management revenue of THB444m. The property gross margin rose to 33% in 2022 from 31.5% in 2021.

### Exhibit 1: 4Q22 results review

	4Q21	1Q22	2Q22	3Q22	4Q22	Change		2021	2022	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Total revenue	1,003	1,337	1,556	1,314	1,641	24.9	63.7	3,808	5,848	53.6
Cost of sales	689	852	980	834	954	14.5	38.4	2,608	3,620	38.8
Gross profit	314	484	576	480	687	43.1	119.2	1,199	2,228	85.8
SG&A	129	152	163	162	183	12.8	42.4	445	660	48.3
Operating profit	185	333	413	318	504	58.5	172.4	754	1,568	107.9
Interest expense	2	1	3	1	4	172.7	130.7	9	10	13.2
Tax expense	38	96	103	87	115	31.9	205.4	151	400	164.9
Reported net profit	150	352	376	331	411	24.4	173.7	602	1,471	144.1
Core profit	150	208	284	245	316	29.1	110.4	602	1,053	74.8
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			<b>(ppt)</b>
Property gross margin	31.3	32.8	33.9	32.9	32.4	(0.5)	1.1	31.5	33.0	1.5
Gross margin	31.3	36.2	37.0	36.6	41.9	5.3	10.6	31.5	38.1	6.6
SG&A / Sales	12.8	11.4	10.5	12.3	11.2	(1.2)	(1.7)	11.7	11.3	(0.4)
Operating margin	18.5	24.9	26.5	24.2	30.7	6.5	12.3	19.8	26.8	7.0
Net margin	15.0	26.4	24.2	25.2	25.0	(0.1)	10.1	15.8	25.1	9.3
Norm margin	15.0	15.6	18.3	18.6	19.3	0.6	4.3	15.8	18.0	2.2
<b>Revenue breakdown</b>										
Residential	1,003	1,268	1,484	1,242	1,411	13.6	40.7	3,808	5,404	41.9
Project management	0	69	73	72	231	220.5	na	0	444	na

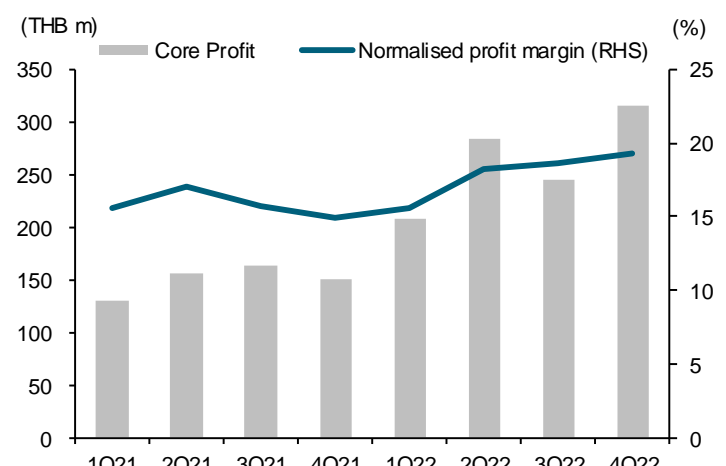
Sources: BRI; FSSIA's compilation

### Exhibit 2: Quarterly transfers and property GPM



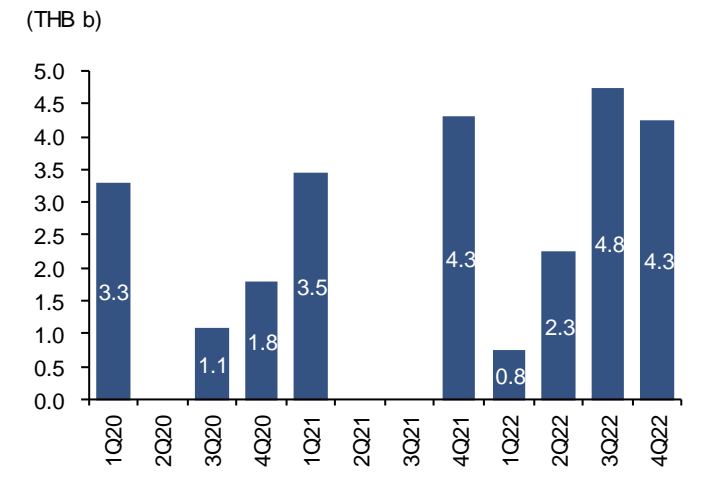
Sources: BRI; FSSIA's compilation

### Exhibit 3: Quarterly core profit and normalised profit margin



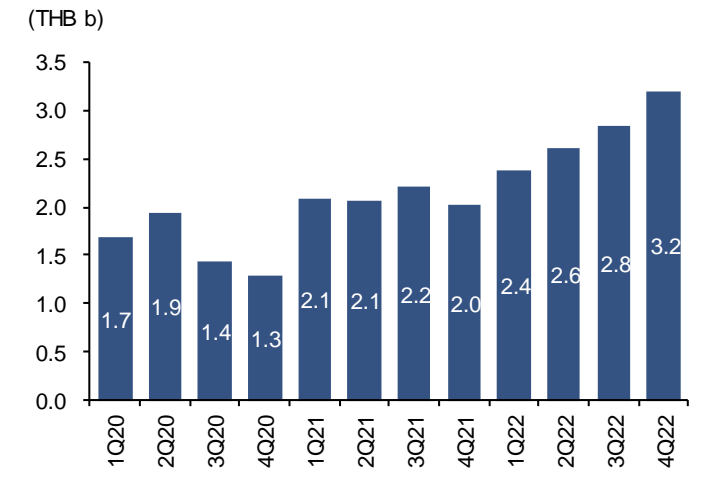
Sources: BRI; FSSIA's compilation

Exhibit 4: New launch plans by quarter



Sources: BRI; FSSIA's compilation

Exhibit 5: Quarterly presales



Sources: BRI; FSSIA's compilation

Exhibit 6: 2022 project launches



Source: BRI

Exhibit 7: 2022 JV projects



Source: BRI

Exhibit 8: Product brand segmentation



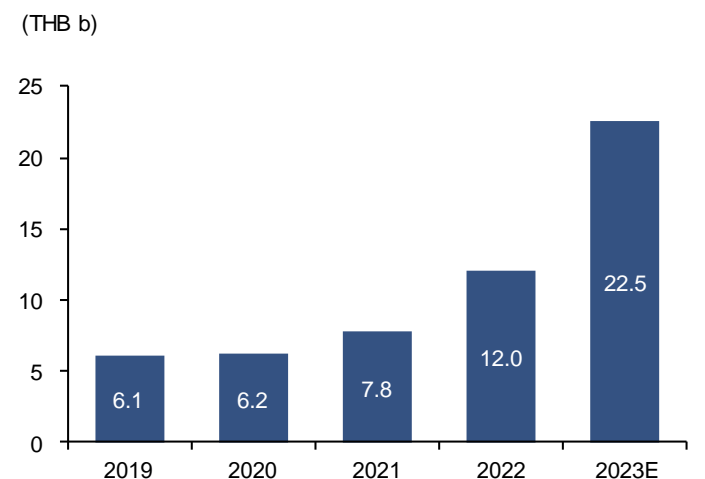
Source: BRI

## Set for continuous growth with 2023 business plan

Management has revealed an aggressive 2023 business plan, with the aim of hitting record highs in terms of new launches, presales, and revenue. The key points of BRI's 2023 business strategy are as follows:

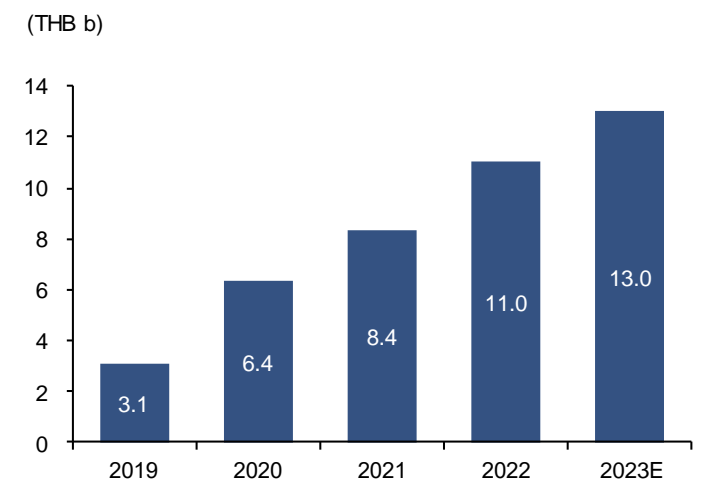
- BRI plans to introduce 20 projects with a combined value of THB22.5b (+88% y-y), increasing from 9 projects worth THB12b in 2022.
- Its new projects are well diversified in terms of product segment under all brands, comprising 2 projects under Brighton, 12 projects under Britania, 4 projects under Grand Britania, and 2 projects under Belgravia (vs 7 projects under Britania and 2 projects under Grand Britania in 2022).
- The major product segments range from the mid to high-end, accounting for around 82% of total project launches planned in 2023 under the Britania and Grand Britania brands, with an average unit price of THB5m-10m. Moreover, it plans to launch more projects in the luxury market under Belgravia after the first project named Belgravia Exclusive Pool Villa Bangna Rama 9 was well received. 2 new projects under Belgravia are located on Ratchaphruek and Phutthamonthon Sai 3 Rd. Meanwhile, BRI plans to launch 2 new projects in the low-end segment under Brighton to capture demand during the economic recovery.
- Besides its own projects, some new projects this year might be developed under JV agreements like in 2022, when it developed 6 projects with 3 overseas partners (Nomura Real Estate Development, Lofis (Thailand), and ES-CON Japan) and 2 landlords.
- It intends to continue its expansion into the upcountry market with a total of 4 new projects with a combined value of THB4.2b (20% of total project launches in 2023), increasing from 2 projects worth THB1.8b in 2022, located in Rayong and Udonthani. The new projects are located in 4 provinces with high potential growth: Khon Kaen, Ayutthaya, Chachoengsao, and Rayong.
- BRI's presales target of THB13b (+18% y-y) is split 77:23 between its projects and its JV projects.
- BRI targets growth in total revenue to THB9b. Of the total, THB8b (+48%) would be from transfer revenue. The remaining THB1b would be from other revenue, including project management revenue from its JV projects and one-time gains on investments after signing new JV projects.
- It has also set a budget of THB4.5b-5b for its capital expenditure to purchase land for development, increasing from THB4.1b in 2022.

**Exhibit 9: Yearly planned new launches**



Sources: BRI; FSSIA's compilation

**Exhibit 10: Yearly presales and 2023 target**



Sources: BRI; FSSIA's compilation

Exhibit 11: New projects located in Bangkok and its vicinity



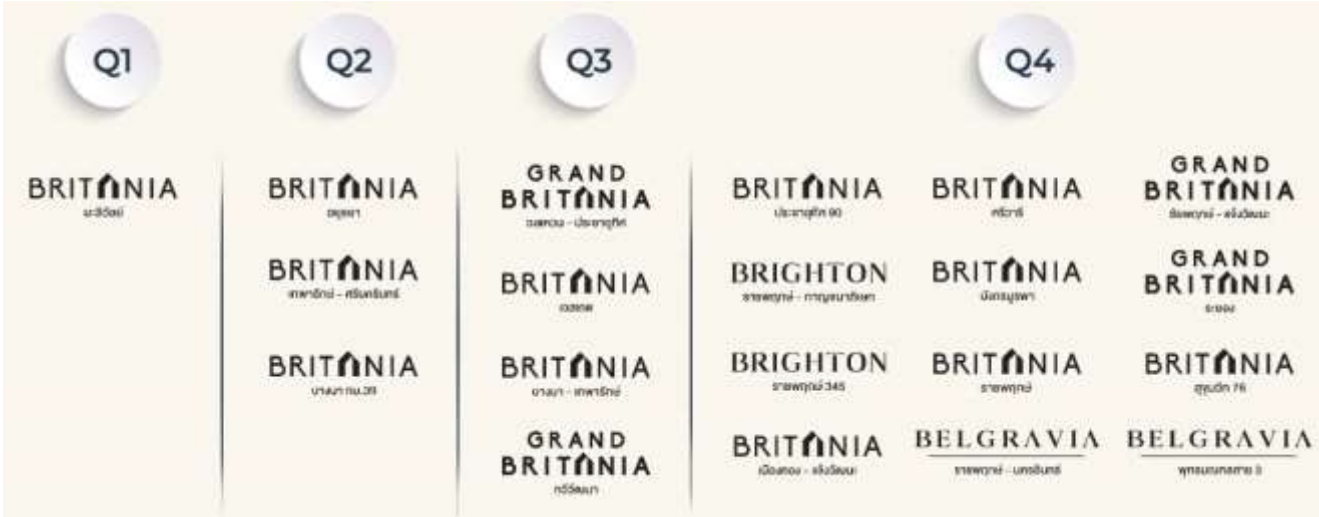
Source: BRI

Exhibit 12: Upcountry market



Source: BRI

Exhibit 13: New launch plans for 2023



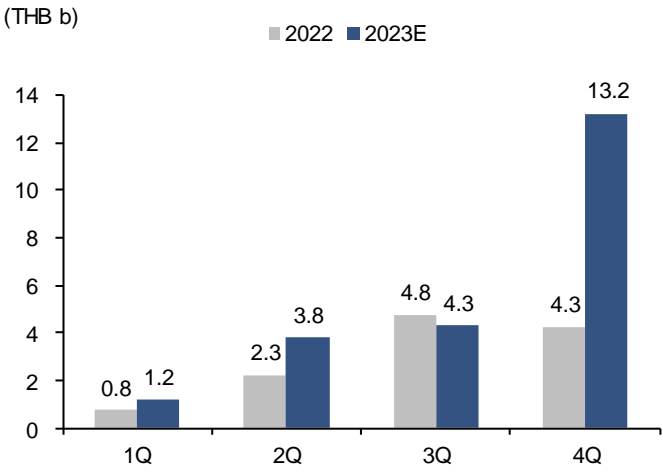
Source: BRI

Exhibit 14: New projects by segment



Source: BRI

Exhibit 15: New launch plans by quarter



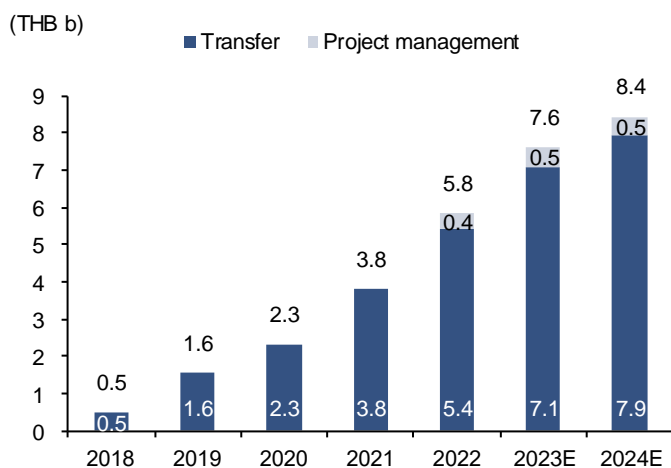
Sources: BRI; FSSIA's compilation

## Promising outlook in 2023

In 2023, we anticipate normalised profit to reach an all-time high of THB1.5b (+41% y-y). This should be driven by transfers increasing 32% y-y to THB7.1b from having more projects on hand following numerous new launches, plus project management revenue estimated at THB500m (vs THB444m in 2022) from ongoing JV projects. We project the property gross margin to be at 32% in 2023 (vs the company's target at 31.5%-32.5%), inching down from 33% in 2022, but up from the average of 31.6% in 2018-20. Even though it should face a number of challenges like rising competition and increasing raw material prices, these factors should be offset by higher sales pricing and solid low-rise demand. Besides its own projects, we think that BRI might develop more projects under JV agreements, which leaves more room for potential upside from one-time gains on investments.

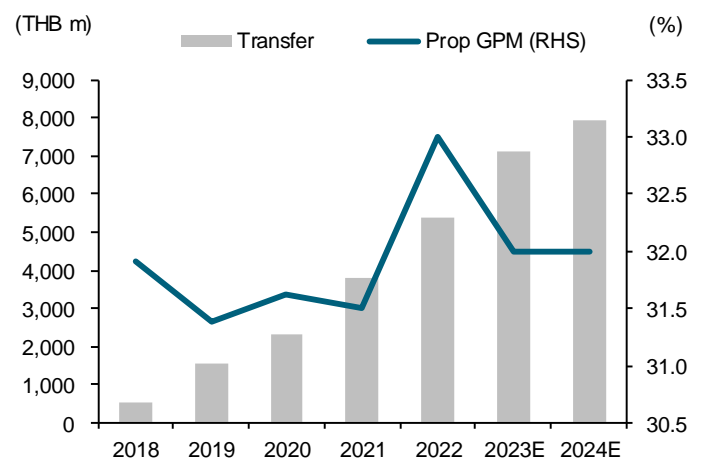
Its 2M23 presales were stable, similar to 2M22's at THB2b (15% of its 2023 target), because BRI has had no new project launches since the beginning of this year. It plans to launch the first project named Britania Maliwan (worth THB1.2b), located in Khon Kaen, at the end of March. Presales and transfers should increase in 2H23 following the newly launched projects, split 22:78 between 1H and 2H. Preliminarily, we expect 1Q23 core profit to drop q-q from the high base in 4Q22, but rise y-y mainly due to the realisation of its backlog of THB1b at the end of 2022. We think that earnings momentum should gradually increase q-q in every quarter and peak this year in 4Q23.

**Exhibit 16: Revenue breakdown**



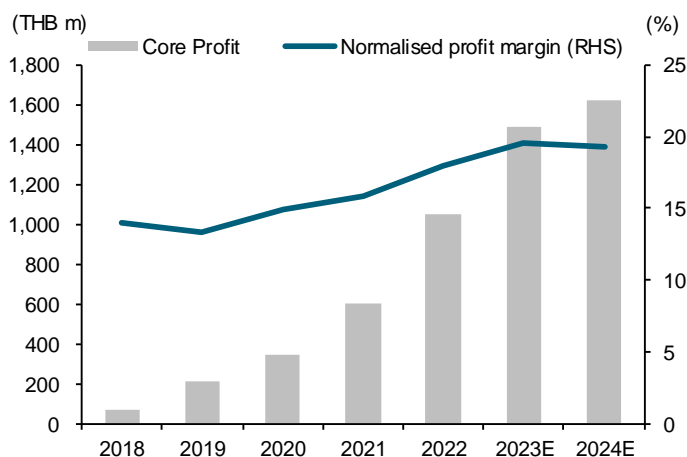
Sources: BRI; FSSIA estimates

**Exhibit 17: Yearly transfers and property GPM**



Sources: BRI; FSSIA estimates

**Exhibit 18: Yearly core profit and normalised profit margin**



Sources: BRI; FSSIA estimates

**Exhibit 19: Backlog at end-2022**



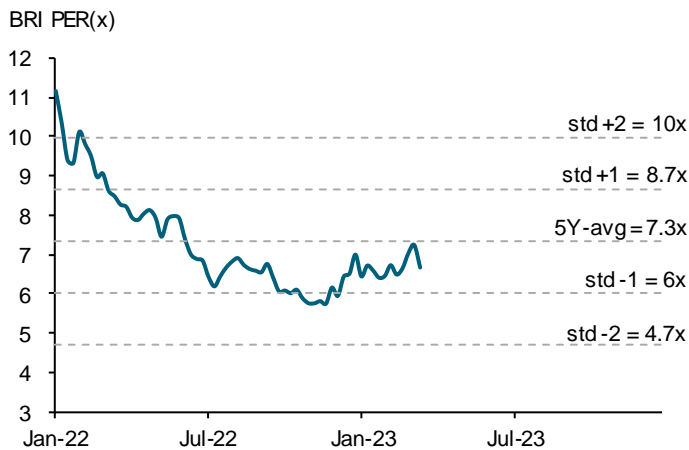
Source: BRI

## Valuation and recommendation

Our 2023 TP at THB14 assumes a P/E ratio of 8.0x, in line with local peers. We have a BUY rating on BRI. It is attractive as a growth stock on its aggressive expansion plan to increase its market share in the low-rise residential market. It also has a high 2023E ROE ratio of 28.1%, above the sector's average of 14.4%. In the short run, the stock will deliver a high dividend of THB0.721 per share for its performance in 2022, implying an annual dividend yield of 6%. The stock's XD is on 3 May and the dividend will be paid on 22 May 2023.

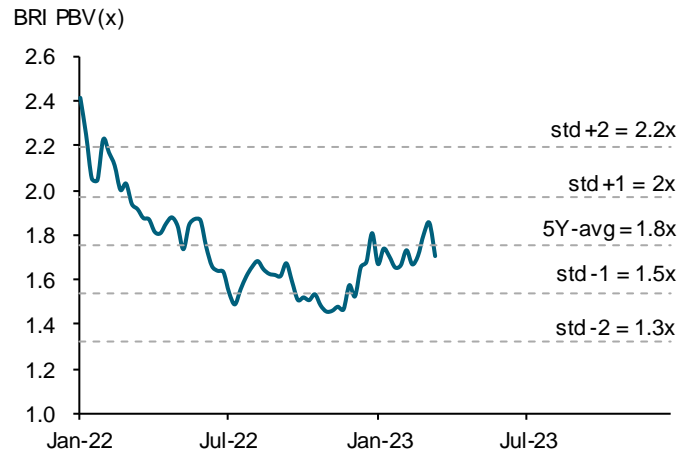
Its share price is currently trading at 6.9x 2023E P/E, with an upside potential of 16%, lower than the sector's average of 8.1x. Moreover, we expect an annual dividend yield of 6% in 2023.

**Exhibit 20: Historical P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 21: Historical P/BV band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 22: Peer comparisons as of 15 Mar-23**

Company	BBG	Rec	Market	3Y EPS	PE		DivYld		ROE		PBV	
			Cap	CAGR	23E	24E	23E	24E	23E	24E	23E	24E
			(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
<b>Thailand</b>												
Assetwise	ASW TB	BUY	208	18	7.0	6.7	6.4	6.7	17.6	17.5	1.2	1.1
Noble Development	NOBLE TB	BUY	194	59	6.3	5.9	9.5	10.2	17.3	17.3	1.1	1.0
SC Asset Corp	SC TB	BUY	518	2	6.7	6.5	5.9	6.1	11.7	11.3	0.8	0.7
Supalai	SPALI TB	BUY	1,229	(5)	5.9	5.8	6.7	6.7	14.7	13.9	0.8	0.8
Sansiri	SIRI TB	BUY	813	(0)	6.9	6.8	7.5	7.7	10.1	9.7	0.7	0.6
AP Thailand	AP TB	BUY	1,108	4	6.1	6.0	5.7	5.8	16.2	15.0	0.9	0.9
Britania	BRI TB	BUY	298	20	6.9	6.4	6.0	6.6	28.1	26.2	1.8	1.5
Land & Houses	LH TB	n/a	3,290	9	12.8	12.0	6.6	7.1	16.8	17.3	2.1	2.0
LPN Development	LPN TB	n/a	176	30	10.5	9.3	5.6	6.2	4.9	5.5	0.5	0.5
Origin Property	ORI TB	n/a	858	21	8.3	7.8	5.5	5.9	20.4	19.4	1.5	1.4
Pruksa Holding	PSH TB	n/a	793	7	9.7	9.7	7.4	7.4	6.3	6.3	0.6	0.6
Quality Houses	QH TB	n/a	720	16	10.0	9.4	6.4	6.8	8.8	9.1	0.9	0.8
<b>Average</b>			<b>10,203</b>	<b>8</b>	<b>8.1</b>	<b>7.7</b>	<b>6.6</b>	<b>6.9</b>	<b>14.4</b>	<b>14.0</b>	<b>1.1</b>	<b>1.0</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

Britania

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	3,808	5,848	7,610	8,435	9,746
Cost of goods sold	(2,602)	(3,612)	(4,826)	(5,385)	(6,276)
<b>Gross profit</b>	<b>1,206</b>	<b>2,236</b>	<b>2,784</b>	<b>3,050</b>	<b>3,470</b>
Other operating income	8	30	30	30	30
Operating costs	(445)	(660)	(870)	(970)	(1,129)
<b>Operating EBITDA</b>	<b>769</b>	<b>1,607</b>	<b>1,944</b>	<b>2,109</b>	<b>2,371</b>
Depreciation	(7)	(9)	(9)	(10)	(11)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>762</b>	<b>1,598</b>	<b>1,935</b>	<b>2,099</b>	<b>2,360</b>
Net financing costs	(9)	(10)	(16)	(24)	(26)
Associates	0	(135)	10	29	32
Recurring non-operating income	0	(135)	10	29	32
Non-recurring items	0	417	0	0	0
<b>Profit before tax</b>	<b>754</b>	<b>1,871</b>	<b>1,929</b>	<b>2,104</b>	<b>2,366</b>
Tax	(151)	(400)	(443)	(481)	(541)
<b>Profit after tax</b>	<b>602</b>	<b>1,471</b>	<b>1,485</b>	<b>1,623</b>	<b>1,824</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>602</b>	<b>1,471</b>	<b>1,485</b>	<b>1,623</b>	<b>1,824</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(417)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>602</b>	<b>1,053</b>	<b>1,485</b>	<b>1,623</b>	<b>1,824</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.71	1.24	1.74	1.90	2.14
Reported EPS	0.71	1.72	1.74	1.90	2.14
DPS	0.87	0.72	0.73	0.80	0.90
Diluted shares (used to calculate per share data)	853	853	853	853	853
<b>Growth</b>					
Revenue (%)	63.0	53.6	30.1	10.8	15.5
Operating EBITDA (%)	71.6	108.9	21.0	8.5	12.4
Operating EBIT (%)	72.0	109.6	21.1	8.5	12.4
Recurring EPS (%)	(93.9)	74.8	41.0	9.3	12.4
Reported EPS (%)	(93.9)	144.0	1.0	9.3	12.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	31.5	38.1	36.5	36.0	35.5
Gross margin of key business (%)	31.5	38.1	36.5	36.0	35.5
Operating EBITDA margin (%)	20.2	27.5	25.5	25.0	24.3
Operating EBIT margin (%)	20.0	27.3	25.4	24.9	24.2
Net margin (%)	15.8	18.0	19.5	19.2	18.7
Effective tax rate (%)	20.0	21.4	23.0	22.9	22.9
Dividend payout on recurring profit (%)	122.5	58.4	42.0	42.0	42.0
Interest cover (X)	86.8	147.2	118.0	88.7	92.0
Inventory days	1,028.6	856.6	728.4	712.7	635.3
Debtor days	4.2	24.4	33.9	32.6	32.2
Creditor days	182.1	144.8	147.7	169.6	168.7
Operating ROIC (%)	9.7	16.3	17.7	18.6	20.6
ROIC (%)	9.6	13.8	15.8	17.0	18.8
ROE (%)	27.9	25.5	28.1	26.2	25.4
ROA (%)	7.5	9.7	11.4	11.8	12.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Transfer revenue	3,808	5,404	7,110	7,935	9,246
Project management	0	444	500	500	500

Sources: Britania; FSSIA estimates

## Financial Statements

### Britania

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	602	1,053	1,485	1,623	1,824
Depreciation	7	9	9	10	11
Associates & minorities	0	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(1,417)	(1,749)	(150)	(365)	81
<b>Cash flow from operations</b>	<b>(808)</b>	<b>(687)</b>	<b>1,345</b>	<b>1,269</b>	<b>1,916</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(51)	(1,077)	-	(58)	(58)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	250	-	-
<b>Cash flow from investing</b>	<b>(51)</b>	<b>(1,077)</b>	<b>250</b>	<b>(58)</b>	<b>(58)</b>
Dividends paid	(738)	(307)	(624)	(682)	(766)
Equity finance	2,594	7	0	0	0
Debt finance	(430)	1,686	(986)	(499)	(999)
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>1,426</b>	<b>1,385</b>	<b>(1,610)</b>	<b>(1,181)</b>	<b>(1,765)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	724	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>724</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>567</b>	<b>345</b>	<b>(15)</b>	<b>30</b>	<b>93</b>
Free cash flow to firm (FCFF)	(850.55)	(1,753.72)	1,611.11	1,234.30	1,884.51
Free cash flow to equity (FCFE)	(1,288.93)	646.32	608.47	711.30	859.51
<b>Per share (THB)</b>					
FCFF per share	(1.00)	(2.06)	1.89	1.45	2.21
FCFE per share	(1.51)	0.76	0.71	0.83	1.01
Recurring cash flow per share	0.71	1.25	1.75	1.92	2.15
Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	40	43	57	60	64
Less: Accumulated depreciation	(5)	(7)	(11)	(16)	(23)
<b>Tangible fixed assets (net)</b>	<b>35</b>	<b>36</b>	<b>46</b>	<b>44</b>	<b>40</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	86	388	50	50	50
Invest. in associates & subsidiaries	0	730	800	850	900
Cash & equivalents	638	984	969	998	1,092
A/C receivable	79	704	711	794	925
Inventories	7,905	9,047	10,213	10,817	11,030
Other current assets	358	863	644	668	766
<b>Current assets</b>	<b>8,981</b>	<b>11,599</b>	<b>12,536</b>	<b>13,277</b>	<b>13,812</b>
Other assets	15	90	97	107	117
<b>Total assets</b>	<b>9,116</b>	<b>12,843</b>	<b>13,529</b>	<b>14,327</b>	<b>14,920</b>
Common equity	3,386	4,863	5,725	6,666	7,724
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>3,386</b>	<b>4,863</b>	<b>5,725</b>	<b>6,666</b>	<b>7,724</b>
Long term debt	526	2,196	2,211	2,462	1,940
Other long-term liabilities	6	7	10	11	13
<b>Long-term liabilities</b>	<b>531</b>	<b>2,204</b>	<b>2,221</b>	<b>2,473</b>	<b>1,953</b>
A/C payable	1,307	1,558	2,346	2,658	3,144
Short term debt	3,798	3,814	2,813	2,063	1,586
Other current liabilities	93	404	424	467	513
<b>Current liabilities</b>	<b>5,198</b>	<b>5,776</b>	<b>5,584</b>	<b>5,188</b>	<b>5,243</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,116</b>	<b>12,843</b>	<b>13,529</b>	<b>14,327</b>	<b>14,920</b>
Net working capital	6,942	8,653	8,797	9,153	9,063
Invested capital	7,078	9,897	9,790	10,204	10,171
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	3.97	5.70	6.71	7.82	9.06
Tangible book value per share	3.97	5.70	6.71	7.82	9.06
<b>Financial strength</b>					
Net debt/equity (%)	108.8	103.3	70.8	52.9	31.5
Net debt/total assets (%)	40.4	39.1	30.0	24.6	16.3
Current ratio (x)	1.7	2.0	2.2	2.6	2.6
CF interest cover (x)	(140.0)	174.3	37.9	33.1	36.3
Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>17.1</b>	<b>9.8</b>	<b>6.9</b>	<b>6.4</b>	<b>5.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>19.8</b>	<b>11.3</b>	<b>8.0</b>	<b>7.4</b>	<b>6.5</b>
Reported P/E (x)	17.1	7.0	6.9	6.4	5.7
Dividend yield (%)	7.2	6.0	6.0	6.6	7.4
Price/book (x)	3.0	2.1	1.8	1.5	1.3
Price/tangible book (x)	3.0	2.1	1.8	1.5	1.3
EV/EBITDA (x) **	18.2	9.6	7.4	6.6	5.4
EV/EBITDA @ target price (x) **	20.3	10.6	8.2	7.3	6.1
EV/invested capital (x)	2.0	1.6	1.5	1.4	1.3
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Britania; FSSIA estimates

## Corporate Governance report of Thai listed companies 2022

EXCELLENT LEVEL – Score range 90-100											
AAV	BAM	CIMBT	ECL	HENG	LALIN	NEP	PRG	SCC	SPRC	THRE	TTW
ADVANC	BANPU	CK	EE	HMPRO	LANNA	NER	PRM	SCCC	SPVI	THREL	TU
AF	BAY	CKP	EGCO	ICC	LHFG	NKI	PSH	SCG	SSC	TIPCO	TVDH
AH	BBIK	CM	EPG	ICHI	LIT	NOBLE	PSL	SCGP	SSSC	TISCO	TVI
AIRA	BBL	CNT	ETC	III	LOXLEY	NSI	PTG	SCM	SST	TK	TVO
AJ	BCP	COLOR	ETE	ILINK	LPN	NVD	PTT	SCN	STA	TKN	TWPC
AKP	BCPG	COM7	FN	ILM	LRH	NYT	PTTEP	SDC	STEC	TKS	UAC
AKR	BDMS	COMAN	FNS	IND	LST	OISHI	PTTGC	SEAFCO	STGT	TKT	UBIS
ALLA	BEM	COTTO	FPI	INTUCH	MACO	OR	PYLON	SEAOIL	STI	TMILL	UPOIC
ALT	BEYOND	CPALL	FPT	IP	MAJOR	ORI	Q-CON	SE-ED	SUN	TMT	UV
AMA	BGC	CPF	FSMART	IRC	MAKRO	OSP	QH	SELIC	SUSCO	TNDT	VCOM
AMARIN	BGRIM	CPI	FVC	IRPC	MALEE	OTO	QTC	SENA	SUTHA	TNITY	VGI
AMATA	BIZ	CPN	GC	ITEL	MBK	PAP	RABBIT	SENAJ	SVI	TOA	VIH
AMATAV	BKI	CRC	GEL	IVL	MC	PCSGH	RATCH	SGF	SYMC	TOP	WACOAL
ANAN	BOL	CSS	GFPT	JTS	MCOT	PDG	RBF	SHR	SYNTEC	TPBI	WAVE
AOT	BPP	DDD	GGC	JWD	METCO	PDJ	RS	SICT	TACC	TQM	WHA
AP	BRR	DELTA	GLAND	K	MFEC	PG	S	SIRI	TASCO	TRC	WHAUP
APURE	BTS	DEMCO	GLOBAL	KBANK	MINT	PHOL	S&J	SIS	TCAP	TRUE	WICE
ARIP	BTW	DOHOME	GPI	KCE	MONO	PLANB	SAAM	SITHAI	TEAMG	TSC	WINNER
ASP	BWG	DRT	GPSC	KEX	MOONG	PLANET	SABINA	SMPC	TFMAMA	TSR	XPG
ASW	CENTEL	DTAC	GRAMMY	KGI	MSC	PLAT	SAMART	SNC	THANA	TSTE	ZEN
AUCT	CFRESH	DUSIT	GULF	KKP	MST	PORT	SAMTEL	SONIC	THANI	TSTH	
AWC	CGH	EA	GUNKUL	KSL	MTC	PPS	SAT	SORKON	THCOM	TTA	
AYUD	CHEWA	EASTW	HANA	KTB	MVP	PR9	SC	SPALI	THG	TTB	
BAFS	CHO	ECF	HARN	KTC	NCL	PREB	SCB	SPI	THIP	TTCL	
VERY GOOD LEVEL – Score range 80-89											
2S	ASIMAR	CHOTI	ESSO	INSURE	LH	NRF	PROEN	SCI	SR	TMC	UMI
7UP	ASK	CHOW	ESTAR	IRCP	LHK	NTV	PROS	SCP	SRICHA	TMD	UOBKH
ABM	ASN	CI	FE	IT	M	NUSA	PROUD	SE	SSF	TMI	UP
ACE	ATP30	CIG	FLOYD	ITD	MATCH	NWR	PSG	SECURE	SSP	TNL	UPF
ACG	B	CITY	FORTH	J	MBAX	OCC	PSTC	SFLEX	STANLY	TNP	UTP
ADB	BA	CIVIL	FSS	JAS	MEGA	OGC	PT	SFP	STC	TNR	VIBHA
ADD	BC	CMC	FTE	JCK	META	ONEE	PTC	SFT	STPI	TOG	VL
AEONTS	BCH	CPL	GBX	JCKH	MFC	PACO	QLT	SGP	SUC	TPA	VPO
AGE	BE8	CPW	GCAP	JMT	MGT	PATO	RCL	SIAM	SVOA	TPAC	VRANDA
AHC	BEC	CRANE	GENCO	JR	MICRO	PB	RICHY	SINGER	SVT	TPCS	WGE
AIE	BH	CRD	GJS	KBS	MILL	PICO	RJH	SKE	SWC	TIPL	WIK
AIT	BIG	CSC	GTB	KCAR	MITSIB	PIMO	ROJNA	SKN	SYNEX	TIPIP	WIN
ALUCON	BJC	CSP	GYT	KGEN	MK	PIN	RPC	SKR	TAE	TPLAS	WINMED
AMANAH	BJCHI	CV	HEMP	KIAT	MODERN	PJW	RT	SKY	TAKUNI	TPS	WORK
AMR	BLA	CWT	HPT	KISS	MTI	PL	RWI	SLP	TCC	TQR	WP
APCO	BR	DCC	HTC	KK	NATION	PLE	S11	SMART	TCMC	TRITN	XO
APCS	BRI	DHOUSE	HUMAN	KOOL	NCAP	PM	SA	SMD	TFG	TRT	YUASA
AQUA	BROOK	DITTO	HYDRO	KTIS	NCH	PMTA	SABUY	SMIT	TFI	TRU	ZIGA
ARIN	BSM	DMT	ICN	KUMWEL	NDR	PPP	SAK	SMT	TFM	TRV	
ARROW	BYD	DOD	IFS	KUN	NETBAY	PPPM	SALEE	SNNP	TGH	TSE	
AS	CBG	DPAINT	IIG	KWC	NEX	PRAPAT	SAMCO	SNP	TIDLOR	TVT	
ASAP	CEN	DV8	IMH	KWM	NINE	PRECHA	SANKO	SO	TIGER	TWP	
ASEFA	CHARAN	EASON	INET	L&E	NNCL	PRIME	SAPPE	SPA	TIPH	UBE	
ASIA	CHAYO	EFORL	INGRS	LDC	NOVA	PRIN	SAWAD	SPC	TITLE	UEC	
ASIAN	CHG	ERW	INSET	LEO	NPK	PRINC	SCAP	SPCG	TM	UKEM	
GOOD LEVEL – Score range 70-79											
A	BEAUTY	CMAN	EMC	HL	KWI	MORE	PF	RSP	SUPER	TOPP	VARO
A5	BGT	CMO	EP	HTECH	KYE	MPIC	PK	SIMAT	TC	TPCH	W
AI	BLAND	CMR	EVER	IHL	LEE	MUD	PPM	SISB	TCCC	TPOLY	WFX
ALL	BM	CPANEL	F&D	INOX	LPH	NC	PRAKIT	SK	TCJ	TRUBB	WPH
ALPHAX	BROCK	CPT	FMT	JAK	MATI	NEWS	PTECH	SOLAR	TEAM	TTI	YGG
AMC	BSBM	CSR	GIFT	JMART	M-CHAI	NFC	PTL	SPACK	THE	TYCN	
APP	BTNC	CTW	GLOCON	JSP	MCS	NSL	RAM	SPG	THMUI	UMS	
AQ	CAZ	D	GLORY	JUBILE	MDX	NV	ROCK	SQ	TKC	UNIQ	
AU	CCP	DCON	GREEN	KASET	MENA	PAF	RP	STARK	TNH	UPA	
B52	CGD	EKH	GSC	KCM	MJD	PEACE	RPH	STECH	TNPC	UREKA	

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

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 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

#### Thanyatorn Songwutti 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.

Company	Ticker	Price	Rating	Valuation & Risks
Britania	BRI TB	THB 12.10	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) a slower-than-expected economic recovery and weak purchasing power; 3) intense competition; 4) construction delays and labour shortages; 5) an increase in raw material costs; and 6) challenging new launches in the upcountry market.
Assetwise	ASW TB	THB 8.40	BUY	Downside risks to our P/E-based TP include 1) weaker than expected consumer purchasing power; 2) cancellation of presales; 3) customer loan rejections; 4) delays in construction; 5) intense competition; and 6) rising construction costs.
Noble Development	NOBLE TB	THB 4.90	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected purchasing power; 2) cancellation of presales; 3) bank loan rejections; 4) delays in construction work and transfers; and 5) fierce competition.
SC Asset Corporation	SC TB	THB 4.22	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected purchasing power; 2) cancellation of presales; 3) bank loan rejections; and 4) construction delays.
Supalai	SPALI TB	THB 21.80	BUY	Downside risks to our P/E derived TP are cost overruns; delays or poor receptions for new launches; presale cancellations; inability of homebuyers to obtain mortgage financing; and weak take-up rates and reduced pricing power from rising competition.
Sansiri	SIRI TB	THB 1.82	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) rising competition; 3) construction delays and increasing raw material prices; 4) the impact of the expiration of loan-to-value (LTV) limit easing; and 5) a high level of IBD/E.
AP (Thailand)	AP TB	THB 12.20	BUY	Downside risks to our P/E-based TP include 1) rising competition in the low-rise market, such that it could hurt take-up rates; 2) weaker-than-expected take-up rates of new launches; 3) construction delays from labour shortages; 4) increasing raw material prices; and 5) the impact of the expiration of the loan-to-value (LTV) limit easing.

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 15-Mar-2023 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.