

GFPT GFPT TB

THAILAND / AGRIBUSINESS

BUY

UNCHANGED

1Q23 might be the bottom

- GFPT's 1Q23 net profit decreased by 34% q-q and 35% y-y, in line with our estimate.
- Expect 2Q23 profit to recover q-q amid the high season for exports.
- Maintain BUY call with TP of THB12.4.

TARGET PRICE	THB12.40
CLOSE	THB10.90
UP/DOWNSIDE	+13.8%
TP vs CONSENSUS	-13.0%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	18,222	16,391	17,211	18,071
Net profit	2,044	1,291	1,470	1,615
EPS (THB)	1.63	1.03	1.17	1.29
vs Consensus (%)	-	(21.4)	(13.8)	(13.5)
EBITDA	2,973	2,471	2,709	2,959
Core net profit	2,044	1,291	1,470	1,615
Core EPS (THB)	1.63	1.03	1.17	1.29
EPS growth (%)	1,100.2	(36.9)	13.9	9.8
Core P/E (x)	6.7	10.6	9.3	8.5
Dividend yield (%)	1.8	2.4	2.7	3.0
EV/EBITDA (x)	5.8	7.1	6.4	5.7
Price/book (x)	0.8	0.8	0.7	0.7
Net debt/Equity (%)	21.5	21.9	19.4	15.1
ROE (%)	13.2	7.6	8.2	8.4

1Q23 net profit sharply dropped

GFPT reported a 1Q23 net profit of THB298m (-34% q-q, -35% y-y), in line with our estimate. Excluding an FX and derivative gain of THB61m, the company's core profit was equal to THB237m (-43.7% q-q, -44.5% y-y). The sharp drop was mainly from the declining chicken price and high raw material costs. In addition, 1Q23 profit sharing decreased by 34% q-q and 44% y-y to THB108m, as GFN's contribution turned to a loss of THB11m, down from a profit of THB71m in 4Q22 and THB101m in 1Q22. Meanwhile, McKey's profit sharing was solid, growing by 29% q-q and 31% y-y to record a high of THB119m.

Chicken price and export volume pressured 1Q23 gross margin

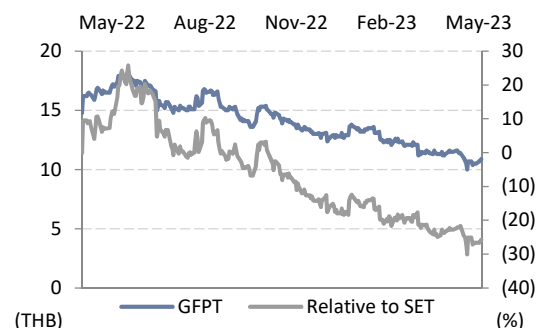
Total revenue dropped by 8.1% q-q, but rose 13.3% y-y to THB4.5b. The q-q drop came from the decline in the chicken price by 3.8% q-q to THB38.5 per kg in 1Q23, while at the same time chicken carcass prices averaged THB19.5 per kg (-8.5% q-q). Aside from that, its chicken export volume was equal to 6,900 tonnes (-20.7% q-q, -10.4% y-y), in line with the seasonality and high base last year. In addition, raw material prices remained stuck at a high level in 1Q23. Hence, its 1Q23 gross margin plunged to 10.4%, a five-quarter low. SG&A to sales stabilised q-q at 8% (vs 8.8% in 1Q22).

Expect 2Q23 net profit to recover q-q

Preliminarily, we expect 2Q23 net profit to recover q-q, but still drop y-y from the high base in 2Q22. The expected q-q growth would come from an increasing export volume, in line with seasonal factors. The 2QTD average chicken price is at THB41 per kg, up 6% q-q. It should support revenue growth and the gross margin in 2Q23. However, we maintain our conservative outlook for the 2H23 meat and raw material price trends. Hence, we maintain our 2023 core profit forecast of THB1.3b (-38% y-y). Note that GFPT's 1Q23 core profit accounts for 18% of our full-year forecast.

Maintain TP of THB12.4

We reaffirm our BUY recommendation and TP of THB12.4, based on 12x 2023E P/E (-0.5 SD). The current share price has an upside of 14%. We think GFPT's net profit in 1Q23 should be the bottom of this year.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.2)	(11.4)	(23.8)
Relative to country (%)	(3.8)	(6.0)	(21.2)
Mkt cap (USD m)	406		
3m avg. daily turnover (USD m)	1.0		
Free float (%)	58		
Major shareholder	Sirimongkolkasem Family (52%)		
12m high/low (THB)	18.70/9.95		
Issued shares (m)	1,253.82		

Sources: Bloomberg consensus; FSSIA estimates



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Exhibit 1: 1Q23 earnings results

	1Q22	2Q22	3Q22	4Q22	1Q23	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	4,009	4,219	5,051	4,944	4,542	(8.1)	13.3
Cost of sales	3,440	3,535	4,112	4,267	4,070	(4.6)	18.3
Gross profit	569	683	939	677	472	(30.3)	(17.0)
SG&A	385	373	405	396	366	(7.6)	(5.1)
Operating profit	184	310	534	282	106	(62.2)	(42.1)
Profit sharing	192	155	207	163	108	(33.9)	(43.8)
McKey	91	75	69	92	119	29.3	31.1
GFN	101	80	138	71	(11)	<i>nm</i>	<i>nm</i>
Interest expense	21	23	22	21	25	21.2	20.9
Tax expense	37	46	65	61	33	(45.5)	(10.7)
Other gain (loss)	29	(30)	(56)	31	61	99.0	111.1
Reported net profit	456	454	683	452	298	(34.1)	(34.7)
Core profit	427	484	739	421	237	(43.7)	(44.5)
Key ratios (%)						(ppt)	(ppt)
Gross margin	14.2	16.2	18.6	13.7	10.4	(3.3)	(3.8)
SG&A to sales	9.6	8.8	8.0	8.0	8.0	0.0	(1.6)
Operating margin	4.6	7.4	10.6	5.7	2.3	(3.4)	(2.2)
Net margin	11.4	10.8	13.5	9.1	6.6	(2.6)	(4.8)
Core margin	10.7	11.5	14.6	8.5	5.2	(3.3)	(5.4)
Operating statistics (THB/kg)							
Live chicken	37.7	44.4	41.2	40.0	38.5	(3.8)	2.1
Chicken carcass	13.8	23.3	23.5	21.3	19.5	(8.5)	41.3
Corn	11.6	13.1	12.1	12.6	13.5	7.1	16.4
Soybean meal	20.4	21.9	22.1	22.2	23.9	7.7	17.2
Chicken export volume (tonnes)	7,700	7,500	8,800	8,700	6,900	(20.7)	(10.4)
Indirect export volume (tonnes)	5,200	3,800	4,500	4,000	4,200	5.0	(19.2)
Chicken domestic volume (tonnes)	16,600	14,100	14,800	14,400	14,900	3.5	(10.2)

Source: GFPT

Financial Statements

GFPT

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	13,781	18,222	16,391	17,211	18,071
Cost of goods sold	(11,474)	(14,032)	(12,838)	(13,365)	(13,919)
Gross profit	2,306	4,190	3,553	3,845	4,152
Other operating income	271	342	328	344	361
Operating costs	(1,338)	(1,559)	(1,410)	(1,480)	(1,554)
Operating EBITDA	1,240	2,973	2,471	2,709	2,959
Depreciation	(1,234)	(1,322)	(1,422)	(1,522)	(1,622)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	6	1,651	1,049	1,188	1,337
Net financing costs	(32)	(148)	(87)	(86)	(84)
Associates	227	718	459	516	542
Recurring non-operating income	220	753	459	516	542
Non-recurring items	0	0	0	0	0
Profit before tax	194	2,256	1,421	1,618	1,796
Tax	(22)	(209)	(125)	(143)	(163)
Profit after tax	172	2,047	1,296	1,475	1,633
Minority interests	(2)	(2)	(5)	(5)	(18)
Preferred dividends	-	-	-	-	-
Other items	-	-	0	0	0
Reported net profit	170	2,044	1,291	1,470	1,615
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	170	2,044	1,291	1,470	1,615
Per share (THB)					
Recurring EPS *	0.14	1.63	1.03	1.17	1.29
Reported EPS	0.14	1.63	1.03	1.17	1.29
DPS	0.21	0.20	0.26	0.29	0.32
Diluted shares (used to calculate per share data)	1,254	1,254	1,254	1,254	1,254
Growth					
Revenue (%)	(4.8)	32.2	(10.1)	5.0	5.0
Operating EBITDA (%)	(51.6)	139.7	(16.9)	9.7	9.2
Operating EBIT (%)	(99.5)	26,304.0	(36.5)	13.2	12.6
Recurring EPS (%)	(87.4)	1,100.2	(36.9)	13.9	9.8
Reported EPS (%)	(87.4)	1,100.2	(36.9)	13.9	9.8
Operating performance					
Gross margin inc. depreciation (%)	7.8	15.7	13.0	13.5	14.0
Gross margin of key business (%)	7.8	15.7	13.0	13.5	14.0
Operating EBITDA margin (%)	9.0	16.3	15.1	15.7	16.4
Operating EBIT margin (%)	0.0	9.1	6.4	6.9	7.4
Net margin (%)	1.2	11.2	7.9	8.5	8.9
Effective tax rate (%)	11.2	9.3	8.8	8.9	9.1
Dividend payout on recurring profit (%)	152.7	12.1	25.0	25.0	25.0
Interest cover (X)	7.0	16.2	17.3	19.9	22.4
Inventory days	116.1	88.7	102.7	109.0	109.3
Debtor days	19.8	18.0	21.3	19.5	19.5
Creditor days	34.7	28.8	28.6	26.2	27.3
Operating ROIC (%)	0.0	8.7	5.2	5.6	6.1
ROIC (%)	1.0	9.7	5.6	6.1	6.5
ROE (%)	1.2	13.2	7.6	8.2	8.4
ROA (%)	1.0	9.7	5.8	6.4	6.9
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
	2021	2022	2023E	2024E	2025E
Food	7,109	9,875	9,381	9,866	10,369
Farm	3,827	5,314	4,317	4,576	4,851
Feed	2,845	3,034	3,123	3,217	3,320

Sources: GFPT; FSSIA estimates

Financial Statements

GFPT

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	170	2,044	1,291	1,470	1,615
Depreciation	1,234	1,322	1,422	1,522	1,622
Associates & minorities	(227)	(718)	(459)	(516)	(542)
Other non-cash items	(45)	97	0	0	0
Change in working capital	666	(1,484)	(498)	(113)	(200)
Cash flow from operations	1,798	1,261	1,756	2,363	2,495
Capex - maintenance	(2,033)	(2,945)	(2,330)	(1,956)	(2,040)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(2,033)	(2,945)	(2,330)	(1,956)	(2,040)
Dividends paid	(232)	(125)	(323)	(367)	(404)
Equity finance	0	0	0	0	0
Debt finance	205	2,103	(47)	(30)	16
Other financing cash flows	(1)	2	11	(3)	(3)
Cash flow from financing	(29)	1,980	(359)	(400)	(390)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	39	0	0	0	0
Net other adjustments	39	0	0	0	0
Movement in cash	(225)	296	(933)	6	65
Free cash flow to firm (FCFF)	(164.46)	(1,597.64)	(487.19)	491.78	538.65
Free cash flow to equity (FCFE)	7.75	421.20	(610.41)	373.41	468.30

Per share (THB)

FCFF per share	(0.13)	(1.27)	(0.39)	0.39	0.43
FCFE per share	0.01	0.34	(0.49)	0.30	0.37
Recurring cash flow per share	0.90	2.19	1.80	1.97	2.15

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	20,614	21,993	23,415	24,937	26,558
Less: Accumulated depreciation	(9,429)	(10,104)	(10,948)	(11,992)	(13,235)
Tangible fixed assets (net)	11,185	11,889	12,467	12,945	13,323
Intangible fixed assets (net)	25	673	687	701	715
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,561	4,275	4,275	4,275	4,275
Cash & equivalents	963	1,259	325	331	396
A/C receivable	780	1,012	898	943	990
Inventories	3,499	3,320	3,907	4,079	4,258
Other current assets	512	730	492	516	542
Current assets	5,753	6,321	5,622	5,869	6,186
Other assets	700	257	574	516	542
Total assets	21,224	23,415	23,624	24,306	25,041
Common equity	14,560	16,480	17,448	18,550	19,761
Minorities etc.	125	127	138	135	132
Total shareholders' equity	14,685	16,606	17,585	18,685	19,893
Long term debt	1,826	3,292	3,092	2,892	2,692
Other long-term liabilities	681	687	820	499	524
Long-term liabilities	2,507	3,979	3,911	3,391	3,216
A/C payable	1,102	1,113	899	1,020	1,064
Short term debt	2,689	1,540	1,082	1,056	705
Other current liabilities	240	177	148	155	163
Current liabilities	4,032	2,830	2,128	2,231	1,932
Total liabilities and shareholders' equity	21,224	23,415	23,624	24,306	25,041
Net working capital	3,448	3,772	4,251	4,363	4,563
Invested capital	18,919	20,866	22,253	22,800	23,418

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

Per share (THB)

Book value per share	11.61	13.14	13.92	14.79	15.76
Tangible book value per share	11.59	12.61	13.37	14.24	15.19

Financial strength

Net debt/equity (%)	24.2	21.5	21.9	19.4	15.1
Net debt/total assets (%)	16.7	15.3	16.3	14.9	12.0
Current ratio (x)	1.4	2.2	2.6	2.6	3.2
CF interest cover (x)	1.2	3.8	(6.0)	5.4	6.6

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	80.2	6.7	10.6	9.3	8.5
Recurring P/E @ target price (x) *	91.3	7.6	12.0	10.6	9.6
Reported P/E (x)	80.2	6.7	10.6	9.3	8.5
Dividend yield (%)	1.9	1.8	2.4	2.7	3.0
Price/book (x)	0.9	0.8	0.8	0.7	0.7
Price/tangible book (x)	0.9	0.9	0.8	0.8	0.7
EV/EBITDA (x) **	14.0	5.8	7.1	6.4	5.7
EV/EBITDA @ target price (x) **	15.5	6.5	7.9	7.1	6.3
EV/invested capital (x)	0.9	0.8	0.8	0.8	0.7

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

Sources: GFPT; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The CG Score indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the Thai IOD website in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The five underlying categories and weighting used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "AGM Checklist" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The Checklist contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A CAC certified member is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member start with by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the CAC Council for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (THSI) quantifies responsibility in Environmental, and Social issues, by managing business with transparency in Governance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: Economic (CG, risk management, customer relation management, supply chain management, and innovation); Environmental (environmental management, eco-efficiency, and climate risk); Social (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the THSI list, the SET further developed a sustainability SETTHSI Index in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: SEC; Thai IOD; Thai CAC; SET; FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association (Thai IOD) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association (TIA) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption (CAC) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List (THSI), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – Wikipedia – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

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Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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History of change in investment rating and/or target price

GFPT (GFPT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	18.00	08-May-2023	BUY	12.40	-	-	-

Sureeporn Teewasuwet started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
GFPT	GFPT TB	THB 10.90	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in chicken and raw material prices; 3) a stronger THB than expected; and 4) a minimum wage increase and/or a labour shortage.

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 10-May-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.