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THAILAND / COMMERCE

BUY

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## ธุรกิจร้านสะดวกซื้อ (CVS) ยังแข็งแกร่งดี

- คาดกำไรปกติ 2Q23 จะปรับตัวดีขึ้น y-y เนื่องจากการเติบโตของยอดขายสาขาเดิม (SSSG) ในธุรกิจ CVS น่าจะยังอยู่ในเกณฑ์ดีเป็นตัวเลขหนึ่งหลักสูง อย่างไรก็ตาม CPAXT น่าจะชะลอตัวลง
- ปรับลดประมาณการกำไรปี 2023-25 ลง 4.9%, 4.1%, และ 0.8% จากผลประกอบการของ CPAXT ที่ต่ำกว่าคาด
- คงแนะนำซื้อที่ราคาเป้าหมายปี 2024 ที่ 77 บาท (DCF)

|                 |          |
|-----------------|----------|
| TARGET PRICE    | THB77.00 |
| CLOSE           | THB62.50 |
| UP/DOWNSIDE     | +23.2%   |
| PRIOR TP        | THB72.00 |
| CHANGE IN TP    | +6.9%    |
| TP vs CONSENSUS | +4.5%    |

## KEY STOCK DATA

| YE Dec (THB m)       | 2022    | 2023E   | 2024E   | 2025E     |
|----------------------|---------|---------|---------|-----------|
| Revenue              | 829,099 | 902,362 | 975,667 | 1,060,793 |
| Net profit           | 13,272  | 16,396  | 19,434  | 23,582    |
| EPS (THB)            | 1.48    | 1.83    | 2.16    | 2.63      |
| vs Consensus (%)     | -       | (4.9)   | (9.3)   | (4.8)     |
| EBITDA               | 49,129  | 50,815  | 56,911  | 64,062    |
| Core net profit      | 13,281  | 16,396  | 19,434  | 23,582    |
| Core EPS (THB)       | 1.48    | 1.83    | 2.16    | 2.63      |
| Chg. In EPS est. (%) | -       | (4.9)   | (4.1)   | (0.8)     |
| EPS growth (%)       | 13.5    | 23.5    | 18.5    | 21.3      |
| Core P/E (x)         | 42.3    | 34.2    | 28.9    | 23.8      |
| Dividend yield (%)   | 1.2     | 1.4     | 1.7     | 2.1       |
| EV/EBITDA (x)        | 23.1    | 22.7    | 20.2    | 17.8      |
| Price/book (x)       | 6.2     | 5.7     | 5.1     | 4.6       |
| Net debt/Equity (%)  | 129.2   | 129.2   | 120.1   | 109.3     |
| ROE (%)              | 13.0    | 15.6    | 17.0    | 18.8      |

## ผลประกอบการของธุรกิจ CVS ยังแข็งแกร่งดี

เรคาดกำไรสุทธิ 2Q23 ที่ 3.9 พัน ลบ. (-5% q-q, +30% y-y) ถ้าหักค่าธรรมเนียมจ่ายล่วงหน้าจาก CPAXT เรคาดกำไรสุทธิจะแตะ 4 พัน ลบ. (-2% q-q, +31% y-y) รายได้จากการขายปลีกน่าจะเพิ่มเป็น 218 พัน ลบ. (+1% q-q, 5% y-y) โดยได้ปัจจัยหนุนจาก SSSG ที่ 7% ในธุรกิจ CVS (ซึ่งใกล้เคียงกับมุมมองเดิมของเรา) และการเติบโตจากสาขาที่เกี่ยวข้องกับนักท่องเที่ยว วันหยุดยาวใน 2Q อาจมีส่วนช่วยกระตุ้นปริมาณลูกค้าให้เข้ามายังร้านสะดวกซื้อหลังการบริโภคและการท่องเที่ยวฟื้นตัวอย่างต่อเนื่อง ผลประกอบการที่ดีในธุรกิจ CVS น่าจะช่วยจำกัด Downside จากผลประกอบการที่อ่อนแอในธุรกิจค้าส่งและค้าปลีก เรคาดว่าบริษัทฯ จะเปิดร้านสะดวกซื้อใหม่ 200 สาขาใน 2Q23 ซึ่งจะทำให้ตัวเลขสาขารวมเพิ่มเป็น 14,247 สาขา (+6% y-y)

## ความสามารถในการทำกำไรน่าจะดีขึ้น y-y จาก Product mix

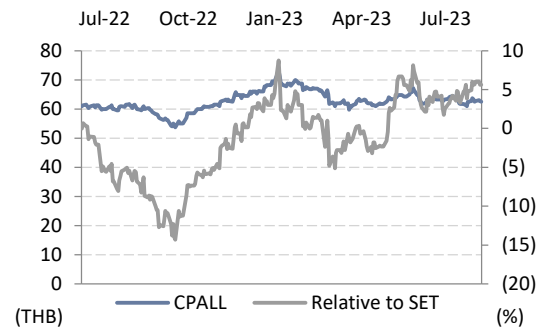
ใน 2Q23 เรคาดว่าอัตรากำไรขั้นต้นจะทรงตัว q-q ที่ 21.7% (เทียบกับ 21.7% ใน 1Q23) และเพิ่มขึ้น y-y (เทียบกับ 21% ใน 2Q22) จาก Product mix ที่ดีขึ้นโดยจะมีสัดส่วนยอดขายสินค้าพร้อมรับประทาน เครื่องดื่มและของใช้ส่วนตัวที่สูงขึ้นตามการฟื้นตัวในธุรกิจท่องเที่ยว และวันหยุดยาวใน 2Q เรคาดสัดส่วนค่าใช้จ่ายการขายและบริหารต่อยอดขายที่ 20.1% เพิ่มขึ้นเล็กน้อย q-q และ y-y จากค่าใช้จ่ายในด้านบุคลากรตามการขยายสาขาและต้นทุนค่าไฟฟ้าที่อยู่ในระดับสูง

## แนวโน้มธุรกิจ CVS เป็นบวก ผลประกอบการที่ชะลอตัวของ CPAXT ให้ Downside จำกัด

เราปรับประมาณการกำไรปี 2023-25 ของเราลง 4.9%, 4.1%, และ 0.8% หลังปรับลดประมาณการกำไรของ CPAXT อย่างไรก็ตามเราเชื่อว่าผลประกอบการของธุรกิจ CVS จะยังอยู่ในเกณฑ์ดีและน่าจะช่วยจำกัด Downside ให้แก่ CPALL ในช่วง 2H23 บริษัทฯ ยังมีปัจจัยบวกอีกหลายประการ อาทิเช่น 1) การฟื้นตัวในด้านการท่องเที่ยวและการบริโภค; 2) ค่าธรรมเนียมจ่ายล่วงหน้าทั้งหมดไปในช่วง 2H23 และต้นทุนในการกู้ยืม (Cost of debt) ที่ลดลงของ CPAXT; และ 3) ต้นทุนค่าสาธารณูปโภคที่ลดลงโดยเฉพาะอย่างยิ่งค่าไฟฟ้าในขณะที่รัฐบาลหนุนย้อนกลับนโยบายการขึ้นค่าธรรมเนียมเชื้อเพลิง (FT)

## คงแนะนำซื้อหลังปรับราคาเป้าหมายไปในปี 2024

เราคงแนะนำซื้อหลังปรับราคาเป้าหมายไปในปี 2024 ที่ 77 บาท (DCF) ซึ่งคิดเป็นค่า 2024E P/E ที่ 35.6x ธุรกิจ CVS ยังมีผลประกอบการที่ดีโดยคาดว่า SSSG จะโตเป็นเลขหลักเดียวสูง บริษัทฯ น่าจะได้ประโยชน์จากการกลับมาของนักท่องเที่ยวซึ่งน่าจะช่วยเพิ่มอัตรากำไรจากสัดส่วนที่เพิ่มขึ้นของสินค้าอัตรากำไรสูง อาทิเช่น สินค้าพร้อมรับประทานและผลิตภัณฑ์ของใช้ส่วนตัวซึ่งเกี่ยวข้องกับนักท่องเที่ยว



| Share price performance        | 1 Month        | 3 Month | 12 Month |
|--------------------------------|----------------|---------|----------|
| Absolute (%)                   | (1.6)          | 1.2     | (0.4)    |
| Relative to country (%)        | 2.4            | 8.1     | 3.3      |
| Mkt cap (USD m)                | 16,078         |         |          |
| 3m avg. daily turnover (USD m) | 45.6           |         |          |
| Free float (%)                 | 58             |         |          |
| Major shareholder              | CP Group (35%) |         |          |
| 12m high/low (THB)             | 73.75/52.75    |         |          |
| Issued shares (m)              | 8,983.10       |         |          |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 13 กรกฎาคม 2023

## Investment thesis

The largest convenience store (CVS) operator in Thailand has shown resilience amid change. After the consolidation of CP Aextra (CPAXT TB, BUY, TP THB38), CPALL now operates three business units: convenience stores (7-Eleven), wholesale (Makro), and retail (Lotus's). Our research found that SSSG for CVS strongly correlates with Thai private consumption. In terms of CVS expansion, we believe CPALL can achieve its target of adding 700 stores this year.

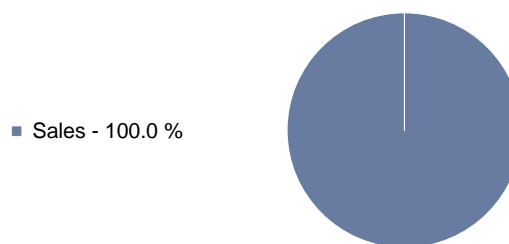
We have a positive outlook on CPALL's profitability based on the CVS focus on high-margin, ready-to-eat products and high-margin, non-food products. We expect it to maintain its current CVS GPM of 27-28%.

## Company profile

CP All is the market leader in the CVS segment under the 7-Eleven trademark, with a 64% market share in terms of store numbers. As of end-2022, it operated 13,838 stores. It currently owns 59.9% of CP Aextra (CPAXT TB).

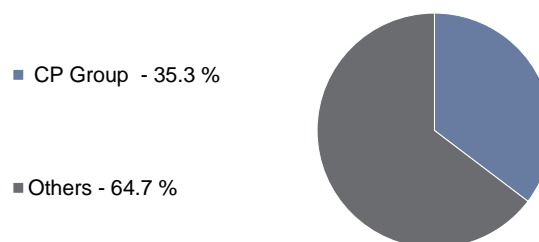
[www.cpall.co.th](http://www.cpall.co.th)

## Principal activities (revenue, 2022)



Source: CP All

## Major shareholders



Source: CP All

## Catalysts

Potential catalysts for CPALL are 1) the recovery of private consumption and the tourism sector; 2) lower electricity costs; 3) El Niño-driven weather patterns which could draw traffic into 7-Eleven stores and boost the sales proportion of high-margin beverages; 4) a stable political environment; and 5) CPAXT debt restructuring ending.

## Risks to our call

The key downside risks to our DCF-derived TP are: 1) a lower-than-expected impact from SSSG at its convenience store business; 2) lower-than-expected performance from CPAXT; and 3) a slower recovery in tourist arrival numbers and private consumption.

## Event calendar

| Date           | Event                     |
|----------------|---------------------------|
| 10 August 2023 | 2Q23 results announcement |
| August 2023    | Analyst meeting           |

## Key assumptions

| CPALL             | 2023E | 2024E | 2025E |
|-------------------|-------|-------|-------|
| SSSG CVS (%)      | 8.0   | 5.0   | 5.0   |
| SSSG Makro (%)    | 6.0   | 3.0   | 3.0   |
| SSSG Lotus-TH (%) | (0.5) | 2.0   | 3.0   |
| SSSG Lotus-ML (%) | (1.0) | 1.0   | 3.0   |
| New stores (no.)  | 700   | 700   | 700   |
| CVS GPM (%)       | 27.7  | 27.8  | 27.9  |
| SG&A to sales     | 20.1  | 20.0  | 19.9  |

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2023 EPS to rise 1.3%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2023 EPS to rise 3.2%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2023 EPS to fall 3.4%, and vice versa, all else being equal.

Source: FSSIA estimates

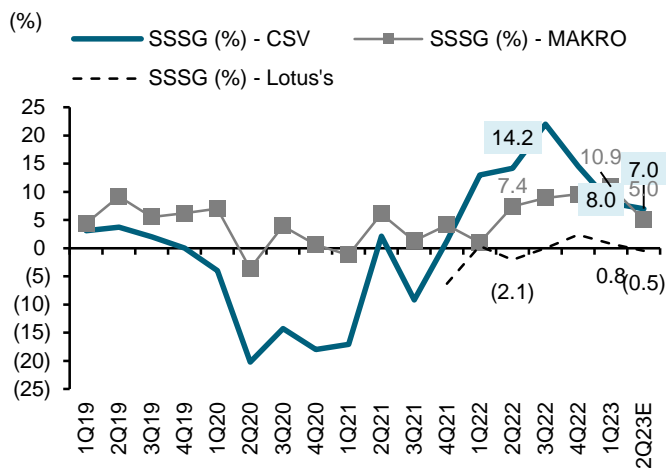


## Exhibit 1: 2Q23 results preview

|                             | 2Q22           | 3Q22           | 4Q22           | 1Q23           | 2Q23E          | ----- Change ----- |              | 2023E          | 2024E          | Change       |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|----------------|----------------|--------------|
| Year to Dec 31              | (THB m)        | (THB m)        | (THB m)        | (THB m)        | (THB m)        | (q-q%)             | (y-y%)       | (THB m)        | (THB m)        | (y-y%)       |
| <b>Retail sales</b>         | <b>208,210</b> | <b>207,617</b> | <b>218,863</b> | <b>215,895</b> | <b>217,731</b> | <b>1</b>           | <b>5</b>     | <b>902,362</b> | <b>975,667</b> | <b>8</b>     |
| COGS                        | (164,470)      | (162,429)      | (171,615)      | (168,983)      | (170,458)      | 1                  | 4            | (708,164)      | (764,132)      | 8            |
| Gross profit                | 43,741         | 45,188         | 47,248         | 46,913         | 47,273         | 1                  | 8            | 194,198        | 211,535        | 9            |
| Other income                | 5,445          | 6,191          | 6,548          | 6,125          | 6,393          | 4                  | 17           | 26,837         | 28,034         | 4            |
| Operating costs             | (40,804)       | (41,916)       | (44,398)       | (43,178)       | (43,720)       | 1                  | 7            | (181,310)      | (195,368)      | 8            |
| <b>Operating profit</b>     | <b>8,381</b>   | <b>9,463</b>   | <b>9,397</b>   | <b>9,859</b>   | <b>9,945</b>   | <b>1</b>           | <b>19</b>    | <b>39,725</b>  | <b>44,201</b>  | <b>11</b>    |
| Interest expense            | (3,977)        | (4,283)        | (4,747)        | (4,408)        | (4,418)        | 0                  | 11           | (16,133)       | (15,817)       | (2)          |
| Profit before tax           | 4,404          | 5,180          | 4,651          | 5,451          | 5,527          | 1                  | 25           | 23,823         | 28,662         | 20           |
| Tax                         | (933)          | (987)          | (996)          | (1,043)        | (1,105)        | 6                  | 18           | (4,765)        | (5,732)        | 20           |
| Equity income               | 202            | 230            | 175            | 193            | 195            | 1                  | (4)          | 918            | 964            | 5            |
| Minority interests          | (611)          | (614)          | (923)          | (831)          | (598)          | (28)               | (2)          | (3,580)        | (4,459)        | 25           |
| Non-recurring items         | (59)           | (133)          | 231            | 352            | (112)          | (132)              | 90           | 0              | 0              | n/a          |
| <b>Reported net profit</b>  | <b>3,004</b>   | <b>3,677</b>   | <b>3,138</b>   | <b>4,123</b>   | <b>3,906</b>   | <b>(5)</b>         | <b>30</b>    | <b>16,396</b>  | <b>19,434</b>  | <b>19</b>    |
| <b>Recurring net profit</b> | <b>3,063</b>   | <b>3,810</b>   | <b>2,907</b>   | <b>4,080</b>   | <b>4,018</b>   | <b>(2)</b>         | <b>31</b>    | <b>16,396</b>  | <b>19,434</b>  | <b>19</b>    |
| <b>Key ratios (%)</b>       | <b>(%)</b>     | <b>(%)</b>     | <b>(%)</b>     | <b>(%)</b>     | <b>(%)</b>     | <b>(ppt)</b>       | <b>(ppt)</b> | <b>(%)</b>     | <b>(%)</b>     | <b>(ppt)</b> |
| Gross margin - overall      | 21.0           | 21.8           | 21.6           | 21.7           | 21.7           | (0.0)              | 0.7          | 21.5           | 21.7           | 0.2          |
| Gross margin - CVS          | 27.0           | 27.6           | 27.6           | 27.9           | 27.9           | (0.0)              | 0.9          | 27.7           | 27.8           | 0.0          |
| Operating margin            | 4.0            | 4.6            | 4.3            | 4.6            | 4.6            | 0.0                | 0.5          | 4.4            | 4.5            | 0.1          |
| Recurring net margin        | 1.5            | 1.8            | 1.3            | 1.9            | 1.8            | (0.0)              | 0.4          | 1.8            | 2.0            | 0.2          |
| SG&A / Sales                | 19.6           | 20.2           | 20.3           | 20.0           | 20.1           | 0.1                | 0.5          | 20.1           | 20.0           | (0.1)        |
| <b>Operating statistics</b> |                |                |                |                |                | <b>(ppt)</b>       | <b>(ppt)</b> |                |                | <b>(ppt)</b> |
| Expansion (no.)             | 180            | 227            | 178            | 209            | 200            | (4)                | 11           | 700            | 700            | (1)          |
| Outstanding stores (no.)    | 13,433         | 13,660         | 13,838         | 14,047         | 14,247         | 1                  | 6            | 14,538         | 15,238         | 5            |
| SSSG - CVS (%)              | 14.2           | 22.1           | 14.5           | 8.0            | 7.0            |                    |              |                |                |              |
| SSSG - MAKRO (%)            | 7.4            | 8.9            | 9.6            | 10.9           | 5.0            |                    |              |                |                |              |
| SSSG - Lotus's TH (%)       | (2.1)          | 0.0            | 2.4            | 0.8            | (0.5)          |                    |              |                |                |              |
| SSSG - Lotus's ML (%)       | 8.3            | (3.7)          | (2.4)          | (0.9)          | (0.5)          |                    |              |                |                |              |

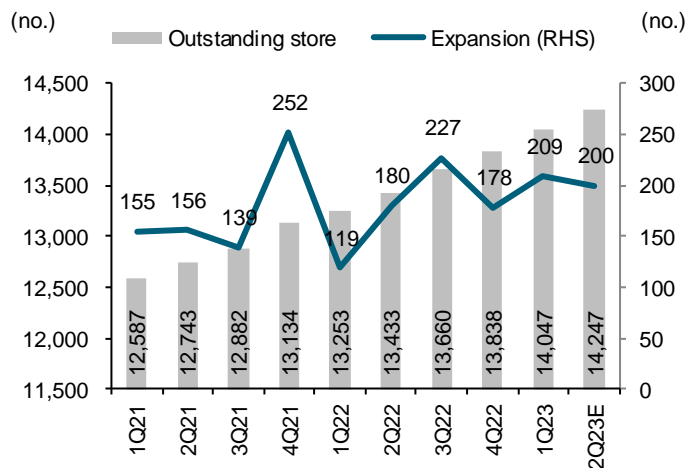
Sources: CPALL; FSSIA estimates

## Exhibit 2: CPALL's SSSG breakdown by business unit



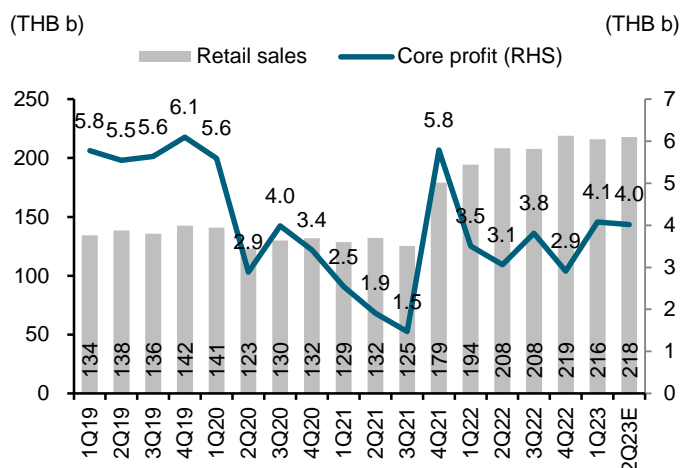
Sources: CPALL; FSSIA estimates

## Exhibit 3: CPALL's convenience stores



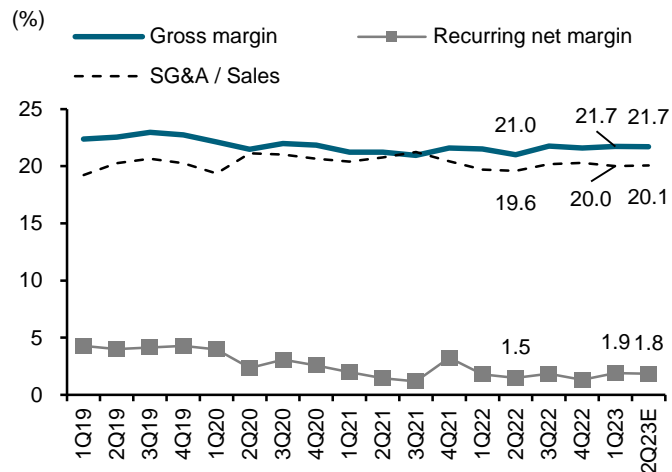
Sources: CPALL; FSSIA estimates

Exhibit 4: CPALL's performance by quarter



Sources: CPALL; FSSIA estimates

Exhibit 5: CPALL's profitability (overall)



Sources: CPALL; FSSIA estimates

### Revising forecasts for 2023-25 down as Lotus's operations slump

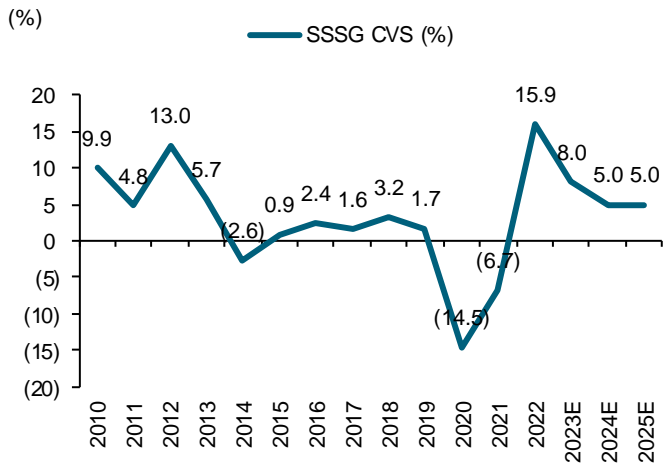
We cut our 2023-25 core profit forecasts by 4.9%, 4.1%, and 0.8% due mainly to the slower-than-expected turnaround in Lotus's operations. However, we believe the CVS business remains strong and same-store sales could grow in the high single-digit level, which would limit the downside from Lotus's worse-than-expected performance.

Exhibit 6: Changes in key assumptions for CPALL

|                         | Current |         |           | Previous |         |           | Change |       |       |
|-------------------------|---------|---------|-----------|----------|---------|-----------|--------|-------|-------|
|                         | 2023E   | 2024E   | 2025E     | 2023E    | 2024E   | 2025E     | 2023E  | 2024E | 2025E |
| Revenue (THB m)         | 902,362 | 975,667 | 1,060,793 | 912,204  | 989,875 | 1,078,122 | (1.1)  | (1.4) | (1.6) |
| SSSG CVS (%)            | 8.0     | 5.0     | 5.0       | 8.0      | 5.0     | 5.0       | 0.0    | 0.0   | 0.0   |
| SSSG Makro (%)          | 6.0     | 3.0     | 3.0       | 6.0      | 3.0     | 3.0       | 0.0    | 0.0   | 0.0   |
| SSSG Lotus-TH (%)       | (0.5)   | 2.0     | 3.0       | 3.0      | 3.0     | 3.0       | (3.5)  | (1.0) | 0.0   |
| SSSG Lotus-ML (%)       | (1.0)   | 1.0     | 3.0       | 0.5      | 1.0     | 3.0       | (1.5)  | 0.0   | 0.0   |
| CVS Gross margin (%)    | 27.7    | 27.8    | 27.9      | 27.8     | 27.8    | 27.8      | (0.1)  | (0.0) | 0.1   |
| Consolidated GPM (%)    | 21.5    | 21.7    | 21.8      | 21.7     | 21.8    | 21.9      | (0.2)  | (0.2) | (0.1) |
| No. of new stores (no.) | 700     | 700     | 700       | 700      | 700     | 700       | 0      | 0     | 0     |
| SG&A to sales (%)       | 20.1    | 20.0    | 19.9      | 20.0     | 20.0    | 19.9      | 0.1    | 0.1   | (0.0) |
| Core profit (THB m)     | 16,396  | 19,434  | 23,582    | 17,238   | 20,257  | 23,764    | (4.9)  | (4.1) | (0.8) |

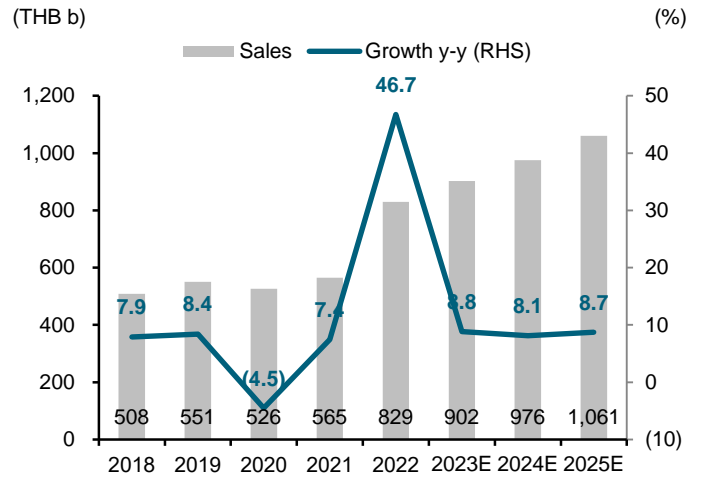
Sources: FSSIA estimates

Exhibit 7: CVS SSSG



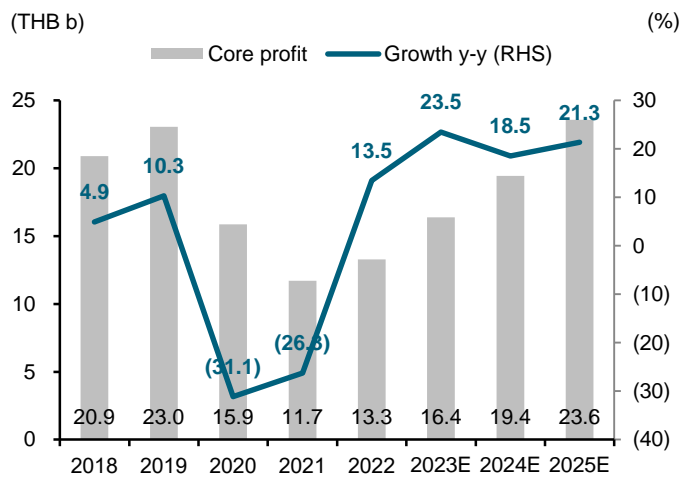
Sources: CPALL; FSSIA estimates

Exhibit 8: Yearly revenue



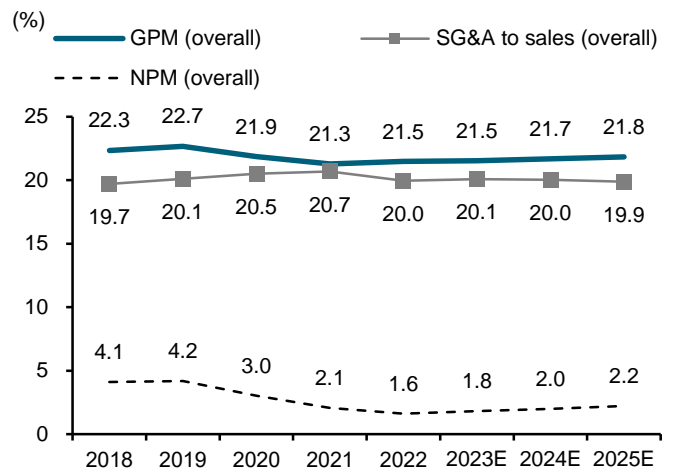
Sources: CPALL; FSSIA estimates

Exhibit 9: Yearly core profit



Sources: CPALL; FSSIA estimates

Exhibit 10: Profitability



Sources: CPALL; FSSIA estimates

## Roll over our 2024 target price

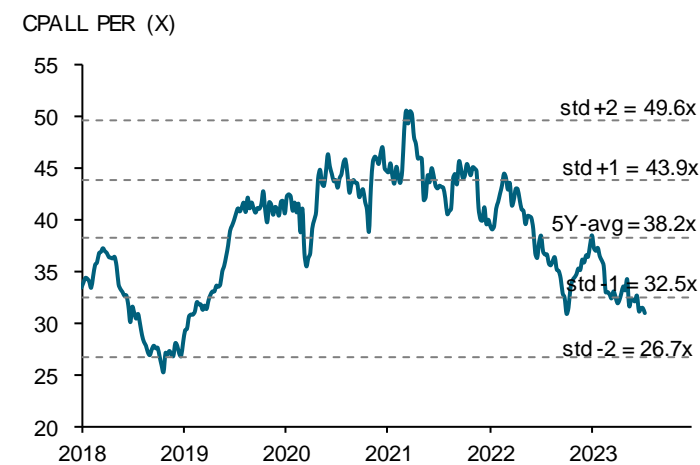
We retain our BUY call and roll over our DCF-based TP to 2024 at THB77, implying 35.6x 2024E P/E. The CVS business is still performing strongly, with SSSG projected to continue growing in the high single digits. It should enjoy a catch-up benefit from the return of tourists, which should expand its margin from a greater proportion of high-margin product groups, e.g. ready-to-eat and personal care, which are tourist related. In addition, CPALL should benefit from lower utility costs, especially for electricity, as the FT rate hike is rolled back.

### Exhibit 11: DCF-based valuation

| DCF-derived TP                              | (%) | (THB b)   |
|---|-----|-----------|
| Discount rate (WACC)                        | 6.9 |           |
| Terminal growth                             | 2.0 |           |
| NPV   |     | 277       |
| Add: terminal value                         |     | 973       |
| Sum of PV                                   |     | 1,250     |
| Add: investment                             |     | 18        |
| Less: debt                                  |     | 380       |
| Less: minorities                            |     | 198       |
| Residual ordinary equity                    |     | 691       |
| No. of shares (m)                           |     | 8,983     |
| <b>Residual ordinary equity (THB/share)</b> |     | <b>77</b> |

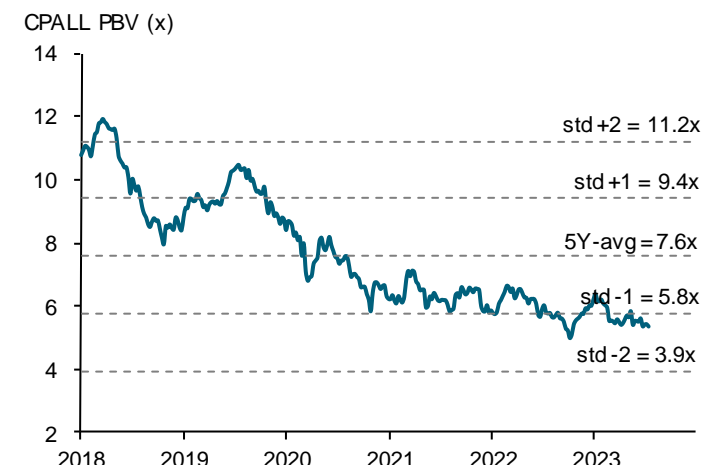
Sources: FSSIA estimates

### Exhibit 12: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

### Exhibit 13: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

CP All

| Profit and Loss (THB m) Year Ending Dec           | 2021           | 2022           | 2023E          | 2024E          | 2025E          |
|---|----------------|----------------|----------------|----------------|----------------|
| Revenue   | 565,060        | 829,099        | 902,362        | 975,667        | 1,060,793      |
| Cost of goods sold                                | (444,771)      | (651,100)      | (708,164)      | (764,132)      | (829,233)      |
| <b>Gross profit</b>                               | <b>120,289</b> | <b>177,999</b> | <b>194,198</b> | <b>211,535</b> | <b>231,560</b> |
| Other operating income                            | 0              | 0              | 0              | 0              | 0              |
| Operating costs                                   | (116,867)      | (165,414)      | (181,310)      | (195,368)      | (210,854)      |
| <b>Operating EBITDA</b>                           | <b>27,908</b>  | <b>49,129</b>  | <b>50,815</b>  | <b>56,911</b>  | <b>64,062</b>  |
| Depreciation                                      | (24,486)       | (36,544)       | (37,926)       | (40,744)       | (43,356)       |
| Goodwill amortisation                             | 0              | 0              | 0              | 0              | 0              |
| <b>Operating EBIT</b>                             | <b>3,422</b>   | <b>12,585</b>  | <b>12,888</b>  | <b>16,167</b>  | <b>20,706</b>  |
| Net financing costs                               | (12,514)       | (16,549)       | (15,903)       | (15,539)       | (15,261)       |
| Associates  | (226)          | 831            | 918            | 964            | 1,012          |
| Recurring non-operating income                    | 20,389         | 24,055         | 27,755         | 28,998         | 30,698         |
| Non-recurring items                               | 1,280          | (9)            | 0              | 0              | 0              |
| <b>Profit before tax</b>                          | <b>12,577</b>  | <b>20,082</b>  | <b>24,741</b>  | <b>29,626</b>  | <b>36,144</b>  |
| Tax   | (525)          | (3,861)        | (4,765)        | (5,732)        | (7,026)        |
| <b>Profit after tax</b>                           | <b>12,052</b>  | <b>16,221</b>  | <b>19,977</b>  | <b>23,894</b>  | <b>29,117</b>  |
| Minority interests                                | 933            | (2,949)        | (3,580)        | (4,459)        | (5,535)        |
| Preferred dividends                               | 0              | 0              | 0              | 0              | 0              |
| Other items                                       | 0              | 0              | 0              | 0              | 0              |
| <b>Reported net profit</b>                        | <b>12,985</b>  | <b>13,272</b>  | <b>16,396</b>  | <b>19,434</b>  | <b>23,582</b>  |
| <b>Non-recurring items &amp; goodwill (net)</b>   | <b>(1,280)</b> | <b>9</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Recurring net profit</b>                       | <b>11,706</b>  | <b>13,281</b>  | <b>16,396</b>  | <b>19,434</b>  | <b>23,582</b>  |
| <b>Per share (THB)</b>                            |                |                |                |                |                |
| Recurring EPS *                                   | 1.30           | 1.48           | 1.83           | 2.16           | 2.63           |
| Reported EPS                                      | 1.45           | 1.48           | 1.83           | 2.16           | 2.63           |
| DPS   | 0.60           | 0.75           | 0.89           | 1.06           | 1.29           |
| Diluted shares (used to calculate per share data) | 8,983          | 8,983          | 8,983          | 8,983          | 8,983          |
| <b>Growth</b>                                     |                |                |                |                |                |
| Revenue (%)                                       | 7.4            | 46.7           | 8.8            | 8.1            | 8.7            |
| Operating EBITDA (%)                              | 0.4            | 76.0           | 3.4            | 12.0           | 12.6           |
| Operating EBIT (%)                                | (52.1)         | 267.8          | 2.4            | 25.4           | 28.1           |
| Recurring EPS (%)                                 | (26.3)         | 13.5           | 23.5           | 18.5           | 21.3           |
| Reported EPS (%)                                  | (19.4)         | 2.2            | 23.5           | 18.5           | 21.3           |
| <b>Operating performance</b>                      |                |                |                |                |                |
| Gross margin inc. depreciation (%)                | 21.3           | 21.5           | 21.5           | 21.7           | 21.8           |
| Gross margin exc. depreciation (%)                | 25.6           | 25.9           | 25.7           | 25.9           | 25.9           |
| Operating EBITDA margin (%)                       | 4.9            | 5.9            | 5.6            | 5.8            | 6.0            |
| Operating EBIT margin (%)                         | 0.6            | 1.5            | 1.4            | 1.7            | 2.0            |
| Net margin (%)                                    | 2.1            | 1.6            | 1.8            | 2.0            | 2.2            |
| Effective tax rate (%)                            | 4.6            | 20.0           | 20.0           | 20.0           | 20.0           |
| Dividend payout on recurring profit (%)           | 46.0           | 50.7           | 48.6           | 48.8           | 49.0           |
| Interest cover (X)                                | 1.9            | 2.2            | 2.6            | 2.9            | 3.4            |
| Inventory days                                    | 35.7           | 32.3           | 33.1           | 33.2           | 33.0           |
| Debtor days                                       | 8.4            | 7.9            | 7.9            | 7.9            | 7.9            |
| Creditor days                                     | 98.2           | 85.0           | 77.2           | 71.2           | 71.0           |
| Operating ROIC (%)                                | 3.2            | 7.4            | 7.0            | 8.2            | 10.6           |
| ROIC (%)  | 4.2            | 4.2            | 4.6            | 4.9            | 5.6            |
| ROE (%)   | 11.7           | 13.0           | 15.6           | 17.0           | 18.8           |
| ROA (%)   | 3.1            | 3.2            | 3.6            | 4.0            | 4.4            |

\* Pre-exceptional, pre-goodwill and fully diluted

| Revenue by Division (THB m) | 2021    | 2022    | 2023E   | 2024E   | 2025E     |
|-----------------------------|---------|---------|---------|---------|-----------|
| Sales                       | 565,060 | 829,099 | 902,362 | 975,667 | 1,060,793 |

Sources: CP All; FSSIA estimates



## Financial Statements

CP All

| Cash Flow (THB m) Year Ending Dec | 2021             | 2022            | 2023E           | 2024E           | 2025E           |
|-----------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Recurring net profit              | 11,706           | 13,281          | 16,396          | 19,434          | 23,582          |
| Depreciation                      | 24,486           | 36,544          | 37,926          | 40,744          | 43,356          |
| Associates & minorities           | (707)            | 2,118           | 2,662           | 3,495           | 4,523           |
| Other non-cash items              | -                | -               | -               | -               | -               |
| Change in working capital         | 24,046           | (180)           | (18,615)        | 4,085           | 5,209           |
| <b>Cash flow from operations</b>  | <b>59,531</b>    | <b>51,763</b>   | <b>38,369</b>   | <b>67,758</b>   | <b>76,670</b>   |
| Capex - maintenance               | 0                | 0               | 0               | 0               | 0               |
| Capex - new investment            | (115,821)        | (38,421)        | (42,348)        | (44,589)        | (46,651)        |
| Net acquisitions & disposals      | 71,299           | (633)           | (213)           | (178)           | (141)           |
| Other investments (net)           | (297,198)        | (3,773)         | (3,447)         | (3,295)         | (3,346)         |
| <b>Cash flow from investing</b>   | <b>(341,720)</b> | <b>(42,827)</b> | <b>(46,007)</b> | <b>(48,063)</b> | <b>(50,138)</b> |
| Dividends paid                    | (5,390)          | (6,737)         | (7,968)         | (9,487)         | (11,561)        |
| Equity finance                    | 174,772          | (12,001)        | 0               | 0               | 0               |
| Debt finance                      | 169,315          | (15,440)        | (35,005)        | 3,794           | (9,328)         |
| Other financing cash flows        | 0                | 0               | 0               | 0               | 0               |
| <b>Cash flow from financing</b>   | <b>338,697</b>   | <b>(34,179)</b> | <b>(42,973)</b> | <b>(5,693)</b>  | <b>(20,889)</b> |
| Non-recurring cash flows          | 0                | 0               | 0               | 0               | 0               |
| Other adjustments                 | 0                | 0               | 0               | 0               | 0               |
| <b>Net other adjustments</b>      | <b>0</b>         | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Movement in cash</b>           | <b>56,508</b>    | <b>(25,243)</b> | <b>(50,612)</b> | <b>14,003</b>   | <b>5,643</b>    |
| Free cash flow to firm (FCFF)     | (269,546.20)     | 25,767.66       | 8,495.09        | 35,512.71       | 42,169.11       |
| Free cash flow to equity (FCFE)   | (112,874.06)     | (6,504.42)      | (42,643.43)     | 23,489.89       | 17,203.99       |

### Per share (THB)

|                               |         |        |        |      |      |
|-------------------------------|---------|--------|--------|------|------|
| FCFF per share                | (30.01) | 2.87   | 0.95   | 3.95 | 4.69 |
| FCFE per share                | (12.57) | (0.72) | (4.75) | 2.61 | 1.92 |
| Recurring cash flow per share | 3.95    | 5.78   | 6.34   | 7.09 | 7.96 |

| Balance Sheet (THB m) Year Ending Dec             | 2021           | 2022           | 2023E          | 2024E          | 2025E          |
|---|----------------|----------------|----------------|----------------|----------------|
| Tangible fixed assets (gross)                     | 292,181        | 307,562        | 348,042        | 390,670        | 435,261        |
| Less: Accumulated depreciation                    | (80,648)       | (94,152)       | (130,210)      | (168,993)      | (210,289)      |
| <b>Tangible fixed assets (net)</b>                | <b>211,533</b> | <b>213,410</b> | <b>217,832</b> | <b>221,677</b> | <b>224,972</b> |
| <b>Intangible fixed assets (net)</b>              | <b>360,641</b> | <b>360,641</b> | <b>360,641</b> | <b>360,641</b> | <b>360,641</b> |
| Long-term financial assets                        | 0              | 0              | 0              | 0              | 0              |
| Invest. in associates & subsidiaries              | 14,838         | 15,957         | 17,088         | 18,231         | 19,384         |
| Cash & equivalents                                | 97,134         | 71,891         | 21,279         | 35,282         | 40,925         |
| A/C receivable                                    | 17,085         | 18,633         | 20,279         | 21,927         | 23,840         |
| Inventories                                       | 50,535         | 58,183         | 63,282         | 68,284         | 73,647         |
| Other current assets                              | 1,019          | 249            | 271            | 293            | 319            |
| <b>Current assets</b>                             | <b>165,773</b> | <b>148,955</b> | <b>105,112</b> | <b>125,785</b> | <b>138,730</b> |
| Other assets                                      | 179,107        | 185,097        | 191,662        | 198,555        | 205,793        |
| <b>Total assets</b>                               | <b>931,893</b> | <b>924,061</b> | <b>892,335</b> | <b>924,889</b> | <b>949,520</b> |
| Common equity                                     | 104,134        | 100,724        | 109,152        | 119,099        | 131,120        |
| Minorities etc.                                   | 188,673        | 189,577        | 193,157        | 197,617        | 203,152        |
| <b>Total shareholders' equity</b>                 | <b>292,807</b> | <b>290,301</b> | <b>302,310</b> | <b>316,716</b> | <b>334,272</b> |
| Long term debt                                    | 390,277        | 393,871        | 296,042        | 391,930        | 354,162        |
| Other long-term liabilities                       | 33,921         | 32,446         | 35,313         | 38,181         | 41,513         |
| <b>Long-term liabilities</b>                      | <b>424,197</b> | <b>426,317</b> | <b>331,355</b> | <b>430,111</b> | <b>395,675</b> |
| A/C payable                                       | 138,666        | 147,682        | 135,812        | 146,546        | 159,031        |
| Short term debt                                   | 72,000         | 52,965         | 115,789        | 23,696         | 52,135         |
| Other current liabilities                         | 4,222          | 6,796          | 7,069          | 7,821          | 8,407          |
| <b>Current liabilities</b>                        | <b>214,888</b> | <b>207,443</b> | <b>258,671</b> | <b>178,062</b> | <b>219,573</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>931,893</b> | <b>924,061</b> | <b>892,335</b> | <b>924,889</b> | <b>949,520</b> |
| Net working capital                               | (74,248)       | (77,413)       | (59,049)       | (63,863)       | (69,632)       |
| Invested capital                                  | 691,871        | 697,693        | 728,175        | 735,241        | 741,158        |

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

### Per share (THB)

|                               |         |         |         |         |         |
|-------------------------------|---------|---------|---------|---------|---------|
| Book value per share          | 9.38    | 10.10   | 11.04   | 12.15   | 13.49   |
| Tangible book value per share | (30.77) | (30.04) | (29.10) | (28.00) | (26.66) |

### Financial strength

|                           |       |       |       |       |       |
|---------------------------|-------|-------|-------|-------|-------|
| Net debt/equity (%)       | 124.7 | 129.2 | 129.2 | 120.1 | 109.3 |
| Net debt/total assets (%) | 39.2  | 40.6  | 43.8  | 41.1  | 38.5  |
| Current ratio (x)         | 0.8   | 0.7   | 0.4   | 0.7   | 0.6   |
| CF interest cover (x)     | 1.2   | 2.9   | 1.0   | 5.4   | 5.2   |

| Valuation                                 | 2021        | 2022        | 2023E       | 2024E       | 2025E       |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Recurring P/E (x) *</b>                | <b>48.0</b> | <b>42.3</b> | <b>34.2</b> | <b>28.9</b> | <b>23.8</b> |
| <b>Recurring P/E @ target price (x) *</b> | <b>59.1</b> | <b>52.1</b> | <b>42.2</b> | <b>35.6</b> | <b>29.3</b> |
| Reported P/E (x)                          | 43.2        | 42.3        | 34.2        | 28.9        | 23.8        |
| Dividend yield (%)                        | 1.0         | 1.2         | 1.4         | 1.7         | 2.1         |
| Price/book (x)                            | 6.7         | 6.2         | 5.7         | 5.1         | 4.6         |
| Price/tangible book (x)                   | (2.0)       | (2.1)       | (2.1)       | (2.2)       | (2.3)       |
| EV/EBITDA (x) **                          | 40.7        | 23.1        | 22.7        | 20.2        | 17.8        |
| EV/EBITDA @ target price (x) **           | 45.3        | 25.8        | 25.3        | 22.5        | 19.8        |
| EV/invested capital (x)                   | 1.6         | 1.6         | 1.6         | 1.6         | 1.5         |

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

Sources: CP All; 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)<sup>1</sup>

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)<sup>2</sup>

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)<sup>3</sup>

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)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. 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: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (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 Indices<sup>5</sup> (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:

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

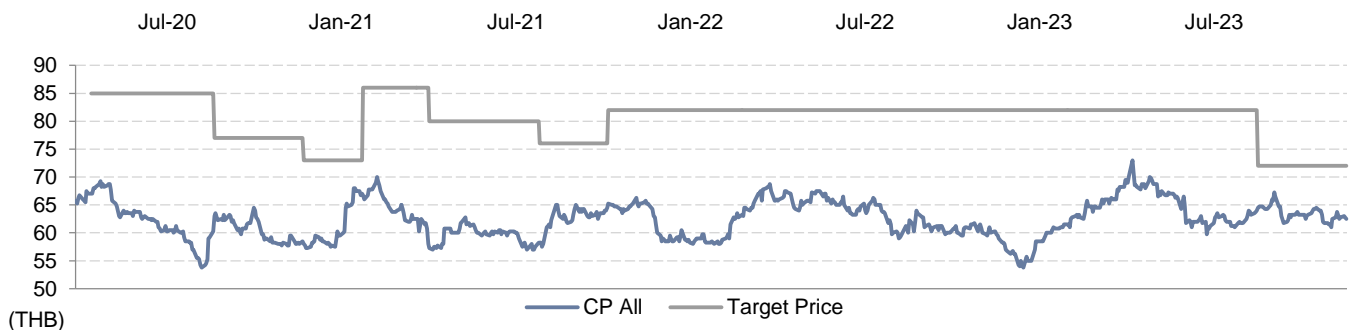
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### History of change in investment rating and/or target price

#### CP All (CPALL TB)



| Date        | Rating | Target price | Date        | Rating | Target price | Date        | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 24-Jul-2020 | BUY    | 85.00        | 17-Mar-2021 | BUY    | 86.00        | 14-Oct-2021 | BUY    | 82.00        |
| 09-Nov-2020 | BUY    | 77.00        | 13-May-2021 | BUY    | 80.00        | 26-Apr-2023 | BUY    | 72.00        |
| 25-Jan-2021 | BUY    | 73.00        | 16-Aug-2021 | BUY    | 76.00        |             |        |              |

Jitra Amornthum started covering this stock from 26-Apr-2023

Price and TP are in local currency

Source: FSSIA estimates

#### CP Aextra (CPAXT TB)



| Date        | Rating | Target price | Date        | Rating | Target price | Date        | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 24-Jul-2020 | BUY    | 50.00        | 30-Sep-2021 | HOLD   | 52.00        | 09-Sep-2022 | BUY    | 42.00        |
| 11-Aug-2021 | BUY    | 48.00        | 22-Feb-2022 | BUY    | 52.00        | 15-Mar-2023 | BUY    | 46.00        |

Jitra Amornthum started covering this stock from 15-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

| Company  | Ticker   | Price     | Rating | Valuation & Risks  |
|----------|----------|-----------|--------|--|
| CP All   | CPALL TB | THB 62.50 | BUY    | The key downside risks to our DCF-derived TP are: 1) a lower-than-expected impact from SSSG at its convenience store business; 2) lower-than-expected performance from CPAXT; and 3) a slower recovery in tourist arrival numbers and private consumption. |
| CP Axtra | CPAXT TB | THB 33.25 | BUY    | The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.   |

Source: FSSIA estimates

#### Additional Disclosures

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 12-Jul-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.