

ASSETWISE ASW TB

THAILAND / PROPERTY DEVELOPMENT

BUY

UNCHANGED

2Q23 results at first glance

TARGET PRICE	THB9.60
CLOSE	THB8.40
UP/DOWNSIDE	+14.3%
TP vs CONSENSUS	-3.5%

2Q23 net profit in line with our estimate

Highlights

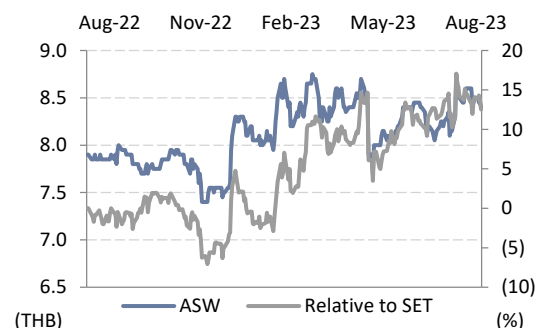
- ASW reported a 2Q23 net profit of THB157m (-45% q-q, -42.5% y-y), in line with our estimate. Excluding extra items in 1Q23, its 2Q23 core profit dropped by 9% q-q and 42.5% y-y.
- The unexciting 2Q23 performance was mainly due to lower transfers and an increase in SG&A expenses.
- Transfers came in at THB1.2b (-22% q-q, -25% y-y) in 2Q23 as there were no new condos launched. The slump followed two new condo launches in 1Q23 and the high base in 2Q22 that was driven by a significant improvement in presales for its Kave brand campus condos after the pandemic.
- 2Q23 property gross margin bounced back to 42.7%, up from 40.5% in 1Q23 – mainly from increased backlog realisation at its higher margin Kave Ava and Modiz Launch condo projects – but remained down from the high base of 44.5% in 2Q22.
- SG&A to sales increased to 28.2% in 2Q23 from 22.2% in 1Q23 and 19.9% in 2Q22 as more new projects were added.
- ASW's JV turned a profit of THB80m in 2Q23 after losing THB39m in 1Q23 and THB4m in 2Q22, as sales at its newly built JV condo project Atmoz Bangna worth THB2.3b hit 40%.

Outlook

- ASW's 1H23 core profit at THB328m (-7% y-y) accounts for 32% of our 2023 profit forecast. However, we maintain a positive view for 2H23 based on our belief that its earnings bottomed out in 2Q23.
- We think ASW's quarterly earnings should significantly ramp up in 3Q23 and peak in 4Q23, driven by the start of transfers in 2H23 for seven new condos (three in 3Q23 and four in 4Q23) compared to only three new condos in 1H23. We think ASW is on track this year to book THB7b out of its THB14.5b backlog (as of end-2Q23), which would be enough to secure 100% of our 2023 transfer estimate.
- We maintain our 2023 core profit estimate of THB1b (+48% y-y). We retain our BUY call and TP of THB9.6. ASW is one of our favorites for its positive 2H23 earnings momentum, with significant h-h and y-y jumps expected. Moreover, there might be further upside potential from its Phuket expansion.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	5,483	7,420	8,017	8,450
Net profit	1,119	1,020	1,119	1,187
EPS (THB)	1.31	1.19	1.25	1.32
vs Consensus (%)	-	-	-	-
EBITDA	1,332	1,355	1,381	1,466
Recurring net profit	688	1,020	1,119	1,187
Core EPS (THB)	0.80	1.19	1.25	1.32
EPS growth (%)	(22.2)	48.3	4.8	6.1
Core P/E (x)	10.5	7.0	6.7	6.3
Dividend yield (%)	6.2	6.4	6.7	7.1
EV/EBITDA (x)	10.0	10.3	10.7	10.3
Price/book (x)	1.3	1.2	1.1	1.0
Net debt/Equity (%)	103.2	104.7	102.4	96.6
ROE (%)	13.3	17.6	17.5	16.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.2	3.7	5.7
Relative to country (%)	(1.2)	6.1	11.4
Mkt cap (USD m)	215		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	0		
Major shareholder	Vipanpong Family (71%)		
12m high/low (THB)	8.90/7.35		
Issued shares (m)	856.12		

Sources: Bloomberg consensus; FSSIA estimates


Thanayatorn Songwutti

Analyst register no. 101203

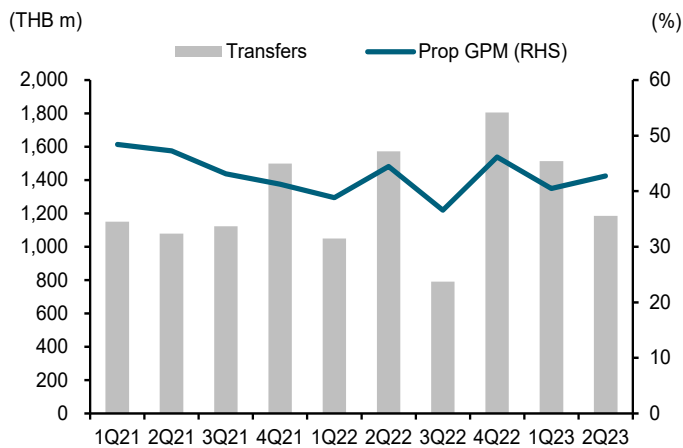
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Exhibit 1: ASW – 2Q23 operations summary

	2Q22	3Q22	4Q22	1Q23	2Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	1,609	881	1,875	1,611	1,250	(22.4)	(22.3)
Cost of sales	891	532	996	943	737	(21.8)	(17.3)
Gross profit	718	349	879	669	513	(23.2)	(28.5)
SG&A	320	305	350	358	353	(1.4)	10.5
Operating profit	398	44	530	311	160	(48.4)	(59.7)
Tax expense	92	18	131	76	57	(24.9)	(38.4)
Associates	(4)	35	(7)	(39)	80	na	na
Reported net profit	273	191	429	283	157	(44.6)	(42.5)
Core profit	273	59	276	172	157	(8.6)	(42.5)
Key ratios (%)						(ppt)	(ppt)
Property gross margin	44.5	36.6	46.2	40.5	42.7	2.2	(1.7)
Gross margin	44.6	39.6	46.9	41.5	41.1	(0.4)	(3.6)
SG&A / Sales	19.9	34.6	18.6	22.2	28.2	6.0	8.4
Operating margin	24.7	5.0	28.2	19.3	12.8	(6.5)	(11.9)
Net margin	16.9	21.7	22.9	17.6	12.5	(5.0)	(4.4)
Norm margin	16.9	6.6	14.7	10.7	12.5	1.9	(4.4)
Revenue breakdown							
Residential	1,574	791	1,806	1,513	1,185	(21.7)	(24.7)
Rental & Services	35	90	69	98	66	(32.8)	86.1
Gross margin by business							
Residential	44.5	36.6	46.2	40.5	42.7	2.2	(1.7)
Rental & Services	51.3	65.8	65.3	56.7	11.0	(45.7)	(40.2)

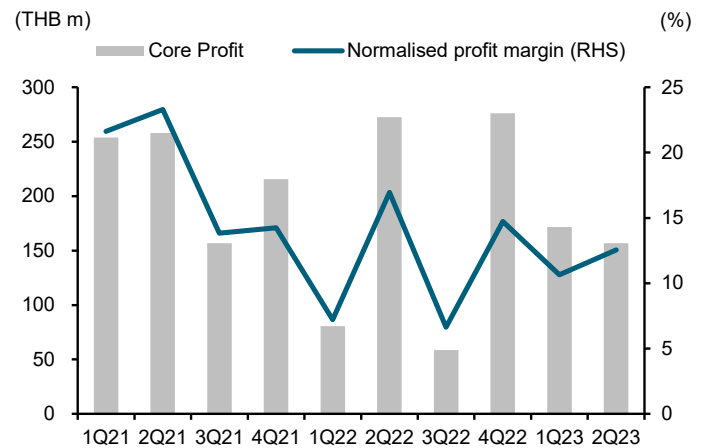
Sources: ASW; FSSIA's compilation

Exhibit 2: Quarterly transfers and property GPM



Sources: ASW; FSSIA's compilation

Exhibit 3: Quarterly core profit and normalised profit margin



Sources: ASW; FSSIA's compilation

Financial Statements

Assetwise

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	4,928	5,483	7,420	8,017	8,450
Cost of goods sold	(2,727)	(3,079)	(4,483)	(4,870)	(5,161)
Gross profit	2,202	2,404	2,937	3,146	3,289
Other operating income	39	66	80	80	85
Operating costs	(882)	(1,245)	(1,739)	(1,930)	(1,999)
Operating EBITDA	1,426	1,332	1,355	1,381	1,466
Depreciation	(67)	(107)	(77)	(84)	(91)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,359	1,225	1,277	1,297	1,375
Net financing costs	(4)	(4)	(10)	(12)	(14)
Associates	(33)	(11)	115	155	122
Recurring non-operating income	(33)	(11)	115	155	122
Non-recurring items	66	431	0	0	0
Profit before tax	1,388	1,641	1,383	1,440	1,484
Tax	(302)	(288)	(254)	(263)	(272)
Profit after tax	1,087	1,353	1,129	1,177	1,211
Minority interests	(135)	(234)	(109)	(57)	(24)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	951	1,119	1,020	1,119	1,187
Non-recurring items & goodwill (net)	(66)	(431)	0	0	0
Recurring net profit	885	688	1,020	1,119	1,187
Per share (THB)					
Recurring EPS *	1.03	0.80	1.19	1.25	1.32
Reported EPS	1.11	1.31	1.19	1.25	1.32
DPS	0.55	0.52	0.54	0.56	0.60
Diluted shares (used to calculate per share data)	856	856	856	896	896
Growth					
Revenue (%)	17.2	11.3	35.3	8.0	5.4
Operating EBITDA (%)	27.4	(6.5)	1.7	1.9	6.2
Operating EBIT (%)	26.7	(9.8)	4.3	1.5	6.0
Recurring EPS (%)	(34.4)	(22.2)	48.3	4.8	6.1
Reported EPS (%)	(29.4)	17.6	(8.8)	4.8	6.1
Operating performance					
Gross margin inc. depreciation (%)	44.7	43.8	39.6	39.2	38.9
Gross margin exc. depreciation (%)	46.0	45.8	40.6	40.3	40.0
Operating EBITDA margin (%)	28.9	24.3	18.3	17.2	17.4
Operating EBIT margin (%)	27.6	22.3	17.2	16.2	16.3
Net margin (%)	18.0	12.5	13.8	14.0	14.1
Effective tax rate (%)	21.7	17.6	18.3	18.3	18.3
Dividend payout on recurring profit (%)	52.9	65.0	45.0	45.0	45.0
Interest cover (X)	316.6	341.0	145.8	121.6	110.4
Inventory days	1,031.8	1,202.7	1,002.2	1,029.1	1,047.5
Debtor days	26.1	29.2	26.7	29.5	29.9
Creditor days	217.9	196.7	163.4	180.5	182.0
Operating ROIC (%)	14.8	9.7	8.5	7.8	7.7
ROIC (%)	14.2	9.5	9.1	8.6	8.2
ROE (%)	24.7	13.3	17.6	17.5	16.8
ROA (%)	10.5	7.1	7.3	6.9	6.6
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Project sales	4,851	5,221	7,105	7,690	8,109
Rental and services	78	262	315	327	341

Sources: Assetwise; FSSIA estimates

Financial Statements

Assetwise

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	885	688	1,020	1,119	1,187
Depreciation	67	107	77	84	91
Associates & minorities	-	-	-	-	-
Other non-cash items	0	0	0	0	0
Change in working capital	(2,680)	(2,673)	(1,186)	(1,120)	(850)
Cash flow from operations	(1,728)	(1,878)	(88)	84	429
Capex - maintenance	-	-	-	-	-
Capex - new investment	(234)	(187)	(127)	(145)	(125)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(234)	(187)	(127)	(145)	(125)
Dividends paid	(408)	-	(459)	(504)	(534)
Equity finance	2,163	99	0	40	0
Debt finance	676	2,401	505	720	310
Other financing cash flows	-	(17)	-	-	-
Cash flow from financing	2,431	2,484	46	256	(224)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	469	419	(169)	195	80
Free cash flow to firm (FCFF)	(1,957.93)	(2,061.15)	(205.41)	(49.30)	317.66
Free cash flow to equity (FCFE)	(1,286.40)	319.71	290.04	658.76	614.10

Per share (THB)

FCFF per share	(2.29)	(2.41)	(0.24)	(0.06)	0.37
FCFE per share	(1.50)	0.37	0.34	0.77	0.72
Recurring cash flow per share	1.11	0.93	1.28	1.34	1.43

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	864	940	1,021	1,108	1,202
Less: Accumulated depreciation	(113)	(158)	(210)	(266)	(328)
Tangible fixed assets (net)	751	781	811	842	874
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	3	3	3	3	3
Invest. in associates & subsidiaries	20	70	90	120	121
Cash & equivalents	785	1,204	1,035	1,230	1,310
A/C receivable	416	461	623	673	710
Inventories	8,289	11,299	12,894	14,096	15,003
Other current assets	948	713	742	802	845
Current assets	10,438	13,677	15,294	16,801	17,868
Other assets	122	121	148	160	169
Total assets	11,335	14,652	16,347	17,926	19,035
Common equity	4,836	5,507	6,068	6,724	7,377
Minorities etc.	101	200	200	200	200
Total shareholders' equity	4,937	5,707	6,268	6,924	7,577
Long term debt	3,665	3,795	4,325	4,320	4,405
Other long-term liabilities	40	42	57	62	65
Long-term liabilities	3,705	3,837	4,382	4,382	4,470
A/C payable	1,533	1,671	2,273	2,461	2,595
Short term debt	1,029	3,300	3,275	4,000	4,225
Other current liabilities	132	137	148	160	169
Current liabilities	2,694	5,108	5,697	6,621	6,989
Total liabilities and shareholders' equity	11,335	14,652	16,347	17,926	19,035
Net working capital	7,987	10,664	11,837	12,950	13,794
Invested capital	8,885	11,639	12,890	14,075	14,961

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

Per share (THB)

Book value per share	5.65	6.43	7.09	7.50	8.23
Tangible book value per share	5.65	6.43	7.09	7.50	8.23

Financial strength

Net debt/equity (%)	79.2	103.2	104.7	102.4	96.6
Net debt/total assets (%)	34.5	40.2	40.2	39.5	38.5
Current ratio (x)	3.9	2.7	2.7	2.5	2.6
CF interest cover (x)	(250.2)	143.1	44.7	68.3	55.5

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	8.1	10.5	7.0	6.7	6.3
Recurring P/E @ target price (x) *	9.3	11.9	8.1	7.7	7.2
Reported P/E (x)	7.6	6.4	7.0	6.7	6.3
Dividend yield (%)	6.5	6.2	6.4	6.7	7.1
Price/book (x)	1.5	1.3	1.2	1.1	1.0
Price/tangible book (x)	1.5	1.3	1.2	1.1	1.0
EV/EBITDA (x) **	7.9	10.0	10.3	10.7	10.3
EV/EBITDA @ target price (x) **	8.6	10.7	11.1	11.5	11.0
EV/invested capital (x)	1.3	1.1	1.1	1.1	1.0

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

Sources: Assetwise; 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).

Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. FSSIA does not confirm nor certify the accuracy of such survey result.

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.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

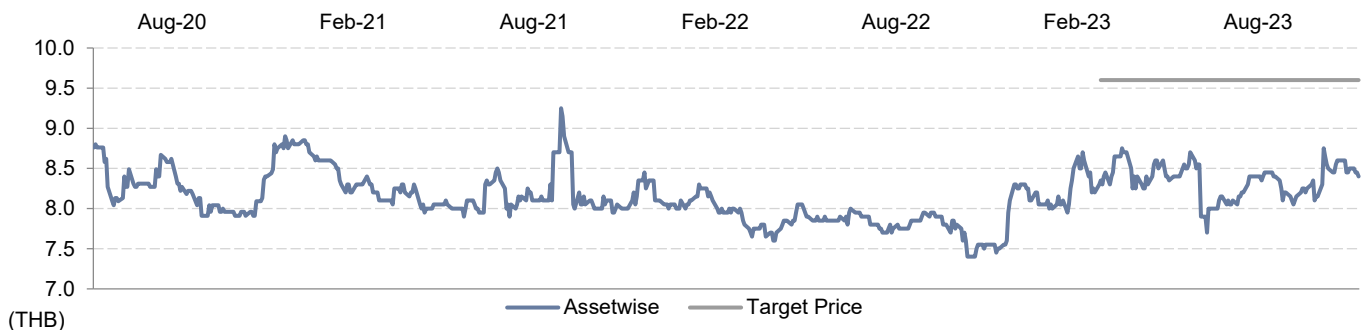
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History of change in investment rating and/or target price

Assetwise (ASW TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Feb-2023	BUY	9.60	-	-	-	-	-	-

Thanyatorn Songwutti started covering this stock from 20-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
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.

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 10-Aug-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.