

CENTRAL PLAZA HOTEL

THAILAND / TOURISM & LEISURE

CENTEL TB

BUY

 UNCHANGED

Key takeaways from analyst meeting

TARGET PRICE	THB55.00
CLOSE	THB42.50
UP/DOWNSIDE	+29.4%
TP vs CONSENSUS	-0.7%

Highlights

- We have a slightly positive view from the meeting after the share price plunged by 13% yesterday.
- Hotel business**
- CENTEL expects Thai hotel operations to improve q-q. RevPar grew 17% q-q in July and CENTEL estimates it to grow by 6% q-q in 3Q23.
- However, overseas hotels should soften q-q due to the low seasonal effect. RevPAR of Maldives hotels dropped 14% q-q in July and should drop by 9% q-q in 3Q23, while RevPAR of Dubai hotels dropped by 3% q-q in July and should drop by 18% q-q in 3Q.
- Management guided that the performance of Centara Osaka is better than it had forecast, with an OCC rate of 59% in July which should ramp up to 70% in 2H23. It booked a profit since July and is likely to maintain in 2H23. This implies that losses from Japan hotels in 2Q23 of cTHB126m (THB70m depreciation and interest, THB77m pre-operating expense and THB21m profit of JV) should significantly improve.
- CENTEL will fully close Centara Karon Phuket for renovation during 3Q23 to 4Q24. The impact should be limited given that its revenue contribution is less than 1%. In addition, the company also plans to partially close Centara Grand Mirage Pattaya for renovation during 3Q23 to 4Q25. It would impact room inventory by around 30% during the renovation.
- CENTEL slightly revised up its 2023 RevPAR guidance to THB3,400-3,700 (from THB3,350-3,650), driven by strong Thai hotel operations.

Food business

- SSSG slipped 1% in July. However, revenue still grew y-y in July. CENTEL expects revenue to grow both q-q and y-y in 3Q23.
- CENTEL's margin should improve q-q in 3Q23 given that some raw material prices have started to decline.
- On a negative note, CENTEL revised down its SSSG target to 5-7% (from 7-9%) and outlet expansions to 110-130 (from 120-150) due to the slowdown in delivery sales to 20-22% in 1H23 (vs 27-28% in 2022).

Recommendation

- The weak shares price is an opportunity to buy the stock as operations should improve q-q during 3Q-4Q23 and one-off expenses in 2Q23 should be dismissed in 2H23.

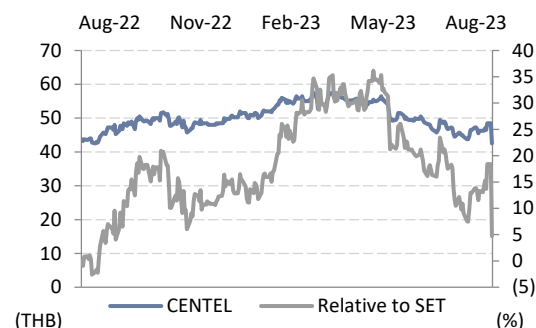

Teerapol Udomvej, CFA

Analyst register no. 080523

teerapol.udo@fssia.com, +66 2611 3535

KEY STOCK DATA

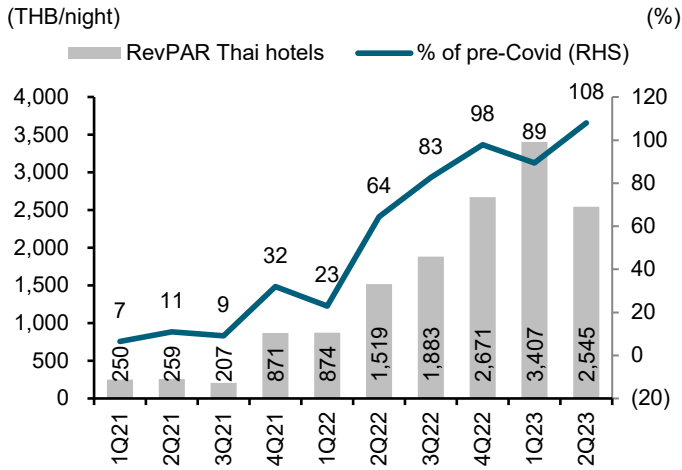
YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	17,502	22,136	25,049	27,428
Net profit	398	1,703	2,119	2,368
EPS (THB)	0.29	1.26	1.57	1.75
vs Consensus (%)	-	0.3	(13.5)	(16.9)
EBITDA	3,741	5,262	6,210	6,982
Recurring net profit	398	1,703	2,119	2,368
Core EPS (THB)	0.29	1.26	1.57	1.75
EPS growth (%)	nm	327.8	24.4	11.8
Core P/E (x)	144.1	33.7	27.1	24.2
Dividend yield (%)	-	1.2	1.5	1.7
EV/EBITDA (x)	20.6	15.0	13.1	11.7
Price/book (x)	3.1	2.8	2.6	2.5
Net debt/Equity (%)	102.4	101.6	107.0	101.3
ROE (%)	2.2	8.8	10.1	10.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.0)	(21.3)	(1.2)
Relative to country (%)	(5.2)	(19.2)	5.4
Mkt cap (USD m)	1,621		
3m avg. daily turnover (USD m)	4.7		
Free float (%)	76		
Major shareholder	The Chirathivat group (62%)		
12m high/low (THB)	58.25/41.75		
Issued shares (m)	1,350.00		

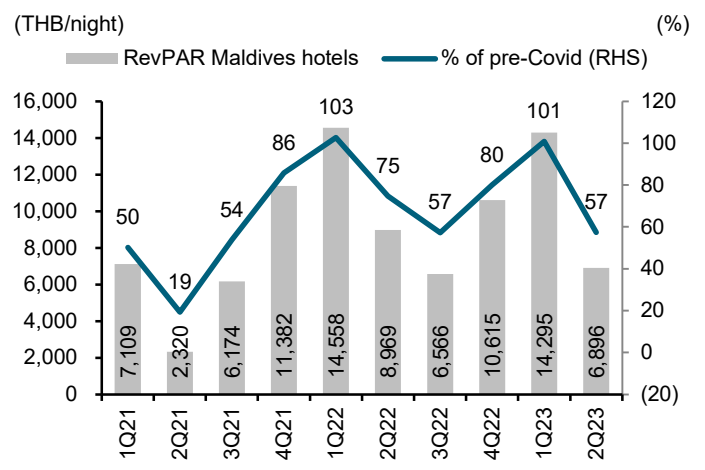
Sources: Bloomberg consensus; FSSIA estimates

Exhibit 1: CENTEL's Thai hotels RevPAR



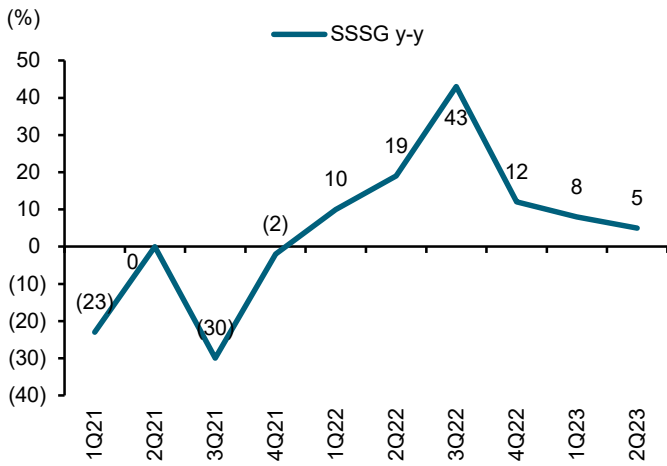
Sources: CENTEL; FSSIA estimates

Exhibit 2: CENTEL's Maldives hotels RevPAR



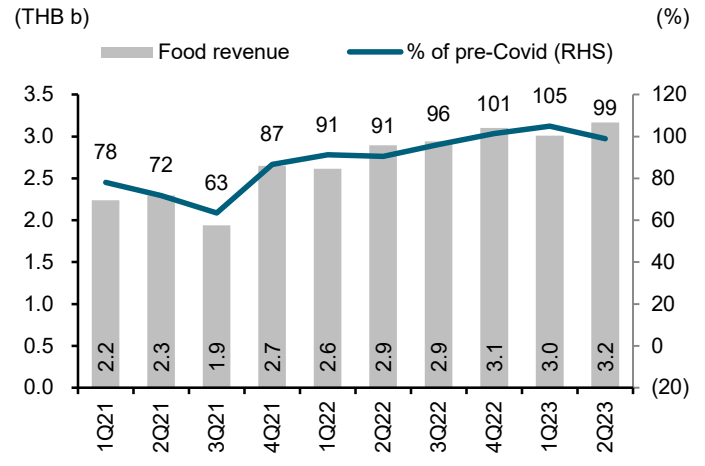
Note: RevPAR excludes F&B revenue since 1Q21
Sources: CENTEL; FSSIA estimates

Exhibit 3: SSSG



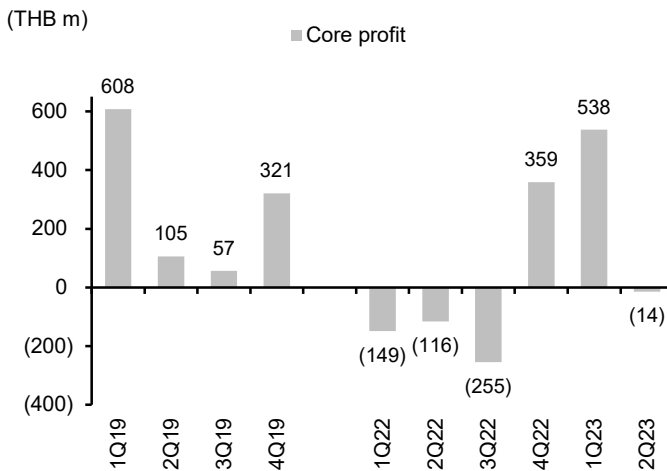
Sources: CENTEL; FSSIA estimates

Exhibit 4: Food business revenue



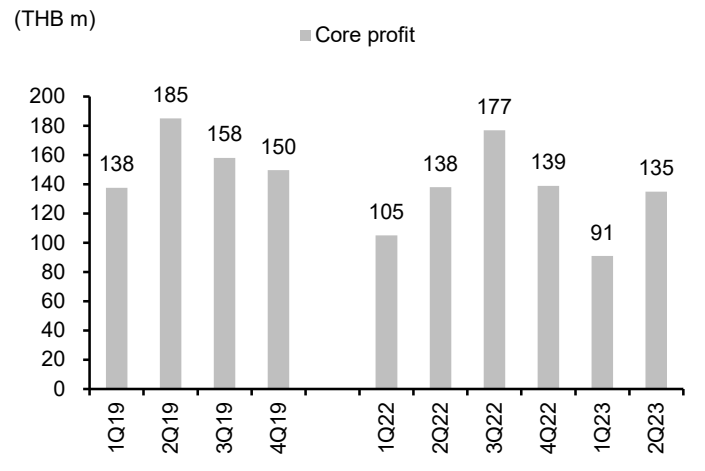
Sources: CENTEL; FSSIA estimates

Exhibit 5: Hotel business core profit



Sources: CENTEL; FSSIA estimates

Exhibit 6: Food business core profit



Sources: CENTEL; FSSIA estimates

Financial Statements

Central Plaza Hotel

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	11,211	17,502	22,136	25,049	27,428
Cost of goods sold	(7,613)	(10,494)	(12,394)	(13,946)	(15,146)
Gross profit	3,598	7,008	9,742	11,103	12,282
Other operating income	-	-	-	-	-
Operating costs	(5,075)	(6,400)	(7,430)	(8,283)	(9,042)
Operating EBITDA	1,690	3,741	5,262	6,210	6,982
Depreciation	(3,167)	(3,133)	(2,950)	(3,390)	(3,743)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(1,477)	608	2,312	2,820	3,240
Net financing costs	(611)	(547)	(638)	(695)	(774)
Associates	(64)	(44)	(107)	13	58
Recurring non-operating income	208	491	446	626	707
Non-recurring items	45	0	0	0	0
Profit before tax	(1,835)	552	2,120	2,751	3,172
Tax	78	(138)	(267)	(467)	(623)
Profit after tax	(1,757)	414	1,853	2,284	2,549
Minority interests	24	(16)	(150)	(165)	(182)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(1,733)	398	1,703	2,119	2,368
Non-recurring items & goodwill (net)	(45)	0	0	0	0
Recurring net profit	(1,778)	398	1,703	2,119	2,368
Per share (THB)					
Recurring EPS *	(1.32)	0.29	1.26	1.57	1.75
Reported EPS	(1.28)	0.29	1.26	1.57	1.75
DPS	0.00	0.00	0.50	0.63	0.70
Diluted shares (used to calculate per share data)	1,350	1,350	1,350	1,350	1,350
Growth					
Revenue (%)	(13.1)	56.1	26.5	13.2	9.5
Operating EBITDA (%)	1.8	121.3	40.7	18.0	12.4
Operating EBIT (%)	nm	nm	280.0	22.0	14.9
Recurring EPS (%)	nm	nm	327.8	24.4	11.8
Reported EPS (%)	nm	nm	327.8	24.4	11.8
Operating performance					
Gross margin inc. depreciation (%)	32.1	40.0	44.0	44.3	44.8
Gross margin exc. depreciation (%)	60.3	57.9	57.3	57.9	58.4
Operating EBITDA margin (%)	15.1	21.4	23.8	24.8	25.5
Operating EBIT margin (%)	(13.2)	3.5	10.4	11.3	11.8
Net margin (%)	(15.9)	2.3	7.7	8.5	8.6
Effective tax rate (%)	4.3	23.1	12.0	17.1	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	(2.1)	2.0	4.3	5.0	5.1
Inventory days	62.8	43.9	35.5	29.7	30.2
Debtor days	21.4	21.2	24.7	30.2	36.1
Creditor days	186.5	152.0	115.6	92.3	93.8
Operating ROIC (%)	(4.6)	1.3	5.7	5.9	6.1
ROIC (%)	(3.3)	2.0	5.7	6.1	6.4
ROE (%)	(12.7)	2.2	8.8	10.1	10.6
ROA (%)	(2.9)	1.7	5.0	5.6	5.9
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hotel revenue	2,070	5,935	9,067	11,067	12,607
F&B revenue	9,127	11,553	13,054	13,968	14,806
Rental income	14	14	14	14	14

Sources: Central Plaza Hotel; FSSIA estimates

Financial Statements

Central Plaza Hotel

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(1,778)	398	1,703	2,119	2,368
Depreciation	3,167	3,133	2,950	3,390	3,743
Associates & minorities	-	-	-	-	-
Other non-cash items	1,891	(248)	150	165	181
Change in working capital	109	54	(1,241)	(477)	(570)
Cash flow from operations	3,390	3,336	3,561	5,196	5,722
Capex - maintenance	(13,597)	(1,201)	(5,000)	(7,000)	(5,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,178)	(644)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(14,775)	(1,845)	(5,000)	(7,000)	(5,000)
Dividends paid	0	0	0	(681)	(847)
Equity finance	0	0	0	0	0
Debt finance	2,032	(1,754)	0	1,500	1,500
Other financing cash flows	9,974	45	(146)	(161)	(178)
Cash flow from financing	12,006	(1,709)	(146)	658	475
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	621	(218)	(1,585)	(1,146)	1,197
Free cash flow to firm (FCFF)	(10,667.15)	2,217.57	(629.27)	(967.23)	1,611.96
Free cash flow to equity (FCFE)	620.72	(217.80)	(1,584.84)	(464.76)	2,043.97

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(7.90)	1.64	(0.47)	(0.72)	1.19
FCFE per share	0.46	(0.16)	(1.17)	(0.34)	1.51
Recurring cash flow per share	2.43	2.43	3.56	4.20	4.66

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	59,581	59,125	64,125	71,125	76,125
Less: Accumulated depreciation	(22,898)	(24,314)	(27,264)	(30,654)	(34,396)
Tangible fixed assets (net)	36,683	34,811	36,861	40,472	41,729
Intangible fixed assets (net)	360	360	360	360	360
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,921	4,565	4,565	4,565	4,565
Cash & equivalents	3,354	3,137	1,552	406	1,602
A/C receivable	801	1,227	1,766	2,376	3,044
Inventories	748	1,024	811	906	979
Other current assets	829	927	1,069	1,210	1,325
Current assets	5,732	6,315	5,198	4,898	6,950
Other assets	1,896	2,115	2,115	2,115	2,115
Total assets	48,593	48,166	49,099	52,409	55,719
Common equity	18,076	18,518	20,221	21,658	23,179
Minorities etc.	355	373	376	380	384
Total shareholders' equity	18,432	18,891	20,597	22,039	23,563
Long term debt	22,265	21,671	21,671	23,171	24,671
Other long-term liabilities	2,939	2,952	2,952	2,952	2,952
Long-term liabilities	25,203	24,623	24,623	26,123	27,623
A/C payable	2,669	3,460	2,521	2,818	3,044
Short term debt	1,970	809	809	809	809
Other current liabilities	319	383	549	621	680
Current liabilities	4,958	4,652	3,878	4,248	4,533
Total liabilities and shareholders' equity	48,593	48,166	49,099	52,409	55,719
Net working capital	(611)	(665)	577	1,053	1,624
Invested capital	42,250	41,186	44,478	48,565	50,393

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	13.39	13.72	14.98	16.04	17.17
Tangible book value per share	13.12	13.45	14.71	15.78	16.90

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	113.3	102.4	101.6	107.0	101.3
Net debt/total assets (%)	43.0	40.2	42.6	45.0	42.9
Current ratio (x)	1.2	1.4	1.3	1.2	1.5
CF interest cover (x)	2.0	0.6	(1.5)	0.3	3.6

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(32.3)	144.1	33.7	27.1	24.2
Recurring P/E @ target price (x) *	(41.8)	186.5	43.6	35.0	31.4
Reported P/E (x)	(33.1)	144.1	33.7	27.1	24.2
Dividend yield (%)	-	-	1.2	1.5	1.7
Price/book (x)	3.2	3.1	2.8	2.6	2.5
Price/tangible book (x)	3.2	3.2	2.9	2.7	2.5
EV/EBITDA (x) **	46.5	20.6	15.0	13.1	11.7
EV/EBITDA @ target price (x) **	56.5	25.1	18.2	15.8	14.1
EV/invested capital (x)	1.9	1.9	1.8	1.7	1.6

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

Sources: Central Plaza Hotel; 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

Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

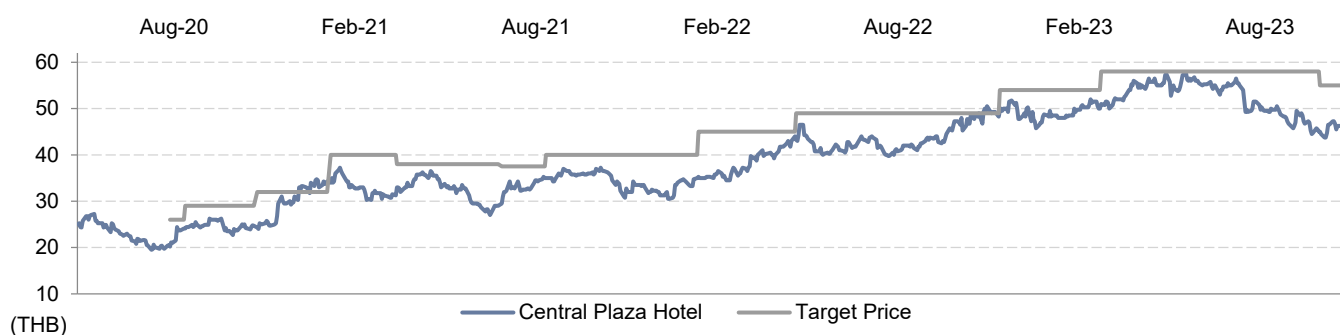
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History of change in investment rating and/or target price

Central Plaza Hotel (CENTEL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Nov-2020	BUY	26.00	17-May-2021	BUY	38.00	25-Apr-2022	BUY	49.00
16-Nov-2020	BUY	29.00	13-Aug-2021	BUY	37.50	17-Oct-2022	BUY	54.00
15-Jan-2021	BUY	32.00	22-Sep-2021	BUY	40.00	12-Jan-2023	BUY	58.00
19-Mar-2021	BUY	40.00	31-Jan-2022	BUY	45.00	19-Jul-2023	BUY	55.00

Teerapol Udomvej, CFA started covering this stock from 03-Nov-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Central Plaza Hotel	CENTEL TB	THB 42.50	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

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

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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 15-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.