

16 AUGUST 2023

EQUITY RESEARCH – RESULTS FLASH

SISB

SISB TB

THAILAND / PROFESSIONAL SERVICE

FINANSIA

FSS INTERNATIONAL INVESTMENT ADVISORY

BUY

UNCHANGED

2Q23 results at first glance

TARGET PRICE THB45.00
 CLOSE THB33.75
 UP/DOWNSIDE +33.3%
 TP vs CONSENSUS +4.0%

2Q23 earnings slipped 2% q-q due to pre-operating costs, in line with our estimate

Highlights

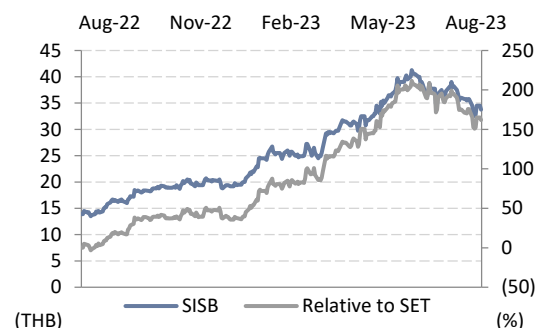
- SISB reported a net profit of THB155m in 2Q23, slipping 2% q-q but skyrocketing 99% y-y, slightly lower than our estimate by 2%.
- The tiny q-q profit decrease was mainly owing to the increased number of academic staff for two new campuses, the adjustment for academic staff remunerations at the beginning of the academic year (August), and slightly lower tuition fee income.
- In 2Q23, the school added net new enrolments of 110 students at all four campuses, bringing the total number of students to 3,394. Excluding the number of students from SISB Chiangmai, which is operated under JV, the net new enrolments amounted to 91 students. Despite the increased number of students, tuition fee income slipped 1% q-q because there were fewer activities after school, i.e. exam arrangements.
- SISB's gross margin continued rising to its highest level at 57.0%, while the EBITDA margin remained strong at 47.5% despite the increased staff costs.
- In 1H23, the company posted revenue of THB849m (+44% y-y) and a net profit of THB314m (+122% y-y), indicating a high net profit margin of 37.0%. The 1H23 profit accounts for 44% of our full-year projection.

Outlook

- SISB's two new campuses already opened on 15 August 2023. The combined number of students for the new campuses is currently 300+, bringing the total number of students to 3,700+. We strongly believe that our projected 4,014 students at end-2023 is achievable.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,319	1,813	2,290	2,672
Net profit	369	711	938	1,157
EPS (THB)	0.39	0.76	1.00	1.23
vs Consensus (%)	-	1.6	1.2	(7.9)
EBITDA	551	909	1,165	1,399
Recurring net profit	369	711	938	1,157
Core EPS (THB)	0.39	0.76	1.00	1.23
EPS growth (%)	73.1	92.5	32.0	23.3
Core P/E (x)	85.9	44.6	33.8	27.4
Dividend yield (%)	0.3	0.9	1.2	1.5
EV/EBITDA (x)	57.0	34.5	26.9	22.4
Price/book (x)	13.9	11.7	9.7	8.5
Net debt/Equity (%)	(15.4)	(14.0)	(10.9)	(10.8)
ROE (%)	17.2	28.4	31.3	33.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.4)	2.3	151.9
Relative to country (%)	(9.6)	5.0	168.7
Mkt cap (USD m)	896		
3m avg. daily turnover (USD m)	3.2		
Free float (%)	29		
Major shareholder	Mr. Yew Hock Koh (33%)		
12m high/low (THB)	41.50/13.10		
Issued shares (m)	940.00		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amornthum

Analyst register no. 014530

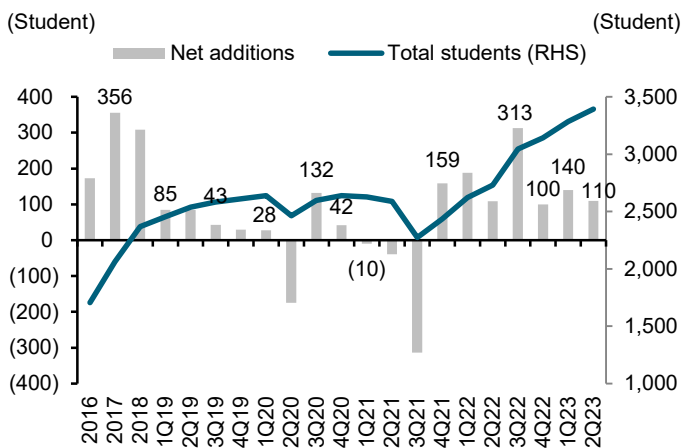
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Exhibit 1: SISB - 2Q23 operations summary

Year to Dec 31	2Q22	3Q22	4Q22	1Q23	2Q23	Change		1H22	1H23	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Service revenue	303	342	390	426	423	(0.6)	39.7	587	849	44.5
Cost of service	(155)	(172)	(182)	(189)	(182)	(3.6)	17.6	(299)	(371)	23.9
Gross profit	148	170	208	237	241	1.8	62.8	288	478	66.0
Operating costs	(70)	(66)	(90)	(87)	(92)	6.2	32.5	(145)	(179)	23.7
Operating profit	78	104	118	150	149	(0.8)	89.7	143	299	108.9
Operating EBITDA	124	147	174	203	201	(1.2)	61.7	232	405	74.7
Other income	4	6	6	10	8	(15.1)	85.1	8	18	118.7
Interest expense	1	1	2	2	1	(43.3)	70.2	1	3	107.4
Profit before tax	78	100	129	159	156	(2.2)	98.7	142	315	122.4
Associates	1	2	2	4	4	3.5	243.4	1	8	434.8
Net profit	78	99	128	159	155	(2.3)	98.5	141	314	122.3
Core profit	78	99	128	159	155	(2.3)	98.5	141	314	122.3
Reported EPS (THB)	0.08	0.11	0.14	0.17	0.17	(2.2)	99.3	0.15	0.33	118.7
Core EPS (THB)	0.08	0.11	0.14	0.17	0.17	(2.2)	99.3	0.15	0.33	118.7
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	48.9	49.7	53.3	55.7	57.0	1.3	8.1	49.1	56.4	7.3
Operating margin	27.8	30.8	34.1	38.4	38.1	(0.4)	10.3	26.0	38.2	12.3
EBITDA margin	41.1	43.1	44.7	47.8	47.5	(0.3)	6.4	39.4	47.6	8.2
Net margin	25.8	29.1	32.9	37.3	36.7	(0.6)	10.9	24.1	37.0	12.9
SG&A / Sales	23.0	19.2	23.2	20.4	21.8	1.4	(1.2)	24.7	21.1	(3.6)
Number of students (no.)						(q-q %)	(y-y %)			(y-y %)
Total students	2,731	3,044	3,144	3,284	3,394	3.3	24.3	2,731	3,394	24.3
Pracha-Uthit campus	1,382	1,462	1,499	1,579	1,616	2.3	16.9	1,382	1,616	16.9
Suvarnabhumi campus	243	248	254	279	290	3.9	19.3	243	290	19.3
Thonburi campus	901	1,083	1,109	1,145	1,188	3.8	31.9	901	1,188	31.9
Chiangmai campus	205	251	252	281	300	6.8	46.3	205	300	46.3
Net additions	109	313	100	140	110	(21.4)	0.9	297	250	(15.8)

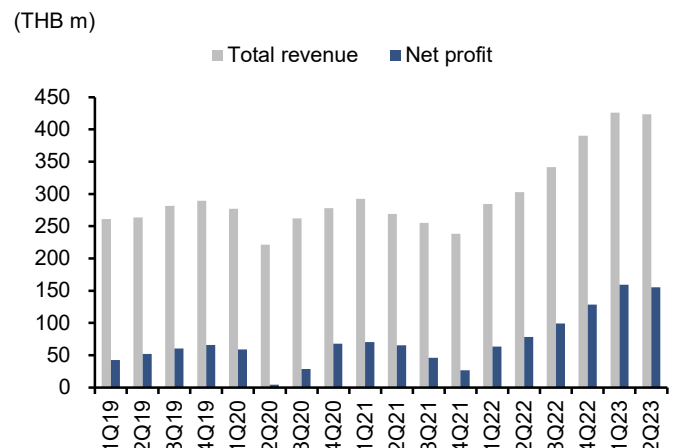
Source: SISB

Exhibit 2: Total student numbers (quarterly)



Source: SISB

Exhibit 3: Service revenue and net profit (quarterly)



Source: SISB

Financial Statements

SISB

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	1,055	1,319	1,813	2,290	2,672
Cost of goods sold	(558)	(653)	(746)	(883)	(972)
Gross profit	496	666	1,067	1,407	1,700
Other operating income	20	25	26	24	25
Operating costs	(279)	(301)	(364)	(476)	(553)
Operating EBITDA	390	551	909	1,165	1,399
Depreciation	(152)	(161)	(180)	(211)	(227)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	238	390	729	955	1,172
Net financing costs	(26)	(25)	(23)	(22)	(21)
Associates	1	5	6	7	8
Recurring non-operating income	1	5	6	7	8
Non-recurring items	0	0	0	0	0
Profit before tax	213	370	712	940	1,159
Tax	0	(1)	(1)	(2)	(2)
Profit after tax	213	369	711	938	1,157
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	213	369	711	938	1,157
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	213	369	711	938	1,157
Per share (THB)					
Recurring EPS *	0.23	0.39	0.76	1.00	1.23
Reported EPS	0.23	0.39	0.76	1.00	1.23
DPS	0.08	0.10	0.30	0.40	0.49
Diluted shares (used to calculate per share data)	940	940	940	940	940
Growth					
Revenue (%)	0.6	25.1	37.4	26.3	16.7
Operating EBITDA (%)	14.4	41.3	65.0	28.2	20.1
Operating EBIT (%)	28.8	63.8	86.9	31.0	22.7
Recurring EPS (%)	33.2	73.1	92.5	32.0	23.3
Reported EPS (%)	33.2	73.1	92.5	32.0	23.3
Operating performance					
Gross margin inc. depreciation (%)	47.1	50.5	58.9	61.4	63.6
Gross margin exc. depreciation (%)	61.4	62.7	68.8	70.6	72.1
Operating EBITDA margin (%)	37.0	41.7	50.1	50.9	52.4
Operating EBIT margin (%)	22.6	29.6	40.2	41.7	43.9
Net margin (%)	20.2	28.0	39.2	41.0	43.3
Effective tax rate (%)	0.1	0.2	0.2	0.2	0.2
Dividend payout on recurring profit (%)	33.5	25.5	40.0	40.0	40.0
Interest cover (X)	9.4	15.6	31.5	43.7	56.8
Inventory days	6.7	5.7	4.8	4.3	4.0
Debtor days	25.3	22.6	20.4	23.6	27.7
Creditor days	72.2	86.3	92.8	75.8	47.4
Operating ROIC (%)	19.5	23.8	36.5	37.8	(0.4)
ROIC (%)	13.7	18.6	29.4	31.5	(0.3)
ROE (%)	11.0	17.2	28.4	31.3	33.1
ROA (%)	7.3	10.9	17.7	21.1	23.6
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Tuition fees and service income	1,050	1,311	1,803	2,280	2,660
Education equipment revenue	5	9	9	10	11

Sources: SISB; FSSIA estimates

Financial Statements

SISB

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	213	369	711	938	1,157
Depreciation	152	161	180	211	227
Associates & minorities	(1)	(5)	(6)	(7)	(8)
Other non-cash items	0	0	0	0	0
Change in working capital	22	198	313	(265)	(142)
Cash flow from operations	386	723	1,197	876	1,234
Capex - maintenance	-	-	-	-	-
Capex - new investment	(591)	(452)	(538)	(448)	(432)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	0	0	0	0	0
Cash flow from investing	(591)	(452)	(538)	(448)	(432)
Dividends paid	(71)	(94)	(284)	(375)	(463)
Equity finance	0	0	0	0	0
Debt finance	(33)	(36)	30	48	52
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(104)	(130)	(254)	(328)	(411)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	65	0	0	0	0
Net other adjustments	65	(96)	(386)	(134)	(353)
Movement in cash	(244)	46	20	(33)	39
Free cash flow to firm (FCFF)	(179.69)	296.58	682.76	450.37	823.51
Free cash flow to equity (FCFE)	(172.72)	139.69	304.09	342.22	501.51

Per share (THB)

FCFF per share	(0.19)	0.32	0.73	0.48	0.88
FCFE per share	(0.18)	0.15	0.32	0.36	0.53
Recurring cash flow per share	0.39	0.56	0.94	1.21	1.46

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	2,697	3,327	3,927	4,427	4,927
Less: Accumulated depreciation	(697)	(833)	(1,013)	(1,224)	(1,451)
Tangible fixed assets (net)	1,999	2,493	2,913	3,203	3,475
Intangible fixed assets (net)	8	1	10	10	10
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	55	60	60	60	60
Cash & equivalents	764	810	829	796	835
A/C receivable	70	93	109	187	219
Inventories	8	7	8	8	8
Other current assets	21	15	16	16	16
Current assets	863	926	962	1,008	1,078
Other assets	408	434	442	451	460
Total assets	3,334	3,914	4,388	4,732	5,084
Common equity	2,014	2,290	2,716	3,279	3,723
Minorities etc.	0	0	0	0	0
Total shareholders' equity	2,014	2,290	2,716	3,279	3,723
Long term debt	445	442	434	425	416
Other long-term liabilities	239	323	362	419	479
Long-term liabilities	684	766	796	844	896
A/C payable	84	149	139	140	53
Short term debt	12	14	16	15	16
Other current liabilities	539	696	721	453	396
Current liabilities	635	858	876	609	465
Total liabilities and shareholders' equity	3,334	3,914	4,388	4,732	5,084
Net working capital	(524)	(728)	(728)	(382)	(206)
Invested capital	1,947	2,260	2,698	3,342	3,800

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

Per share (THB)

Book value per share	2.14	2.44	2.89	3.49	3.96
Tangible book value per share	2.13	2.43	2.88	3.48	3.95

Financial strength

Net debt/equity (%)	(15.2)	(15.4)	(14.0)	(10.9)	(10.8)
Net debt/total assets (%)	(9.2)	(9.0)	(8.7)	(7.5)	(7.9)
Current ratio (x)	1.4	1.1	1.1	1.7	2.3
CF interest cover (x)	17.4	24.4	37.1	36.9	46.0

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	148.7	85.9	44.6	33.8	27.4
Recurring P/E @ target price (x) *	198.3	114.5	59.5	45.1	36.6
Reported P/E (x)	148.7	85.9	44.6	33.8	27.4
Dividend yield (%)	0.2	0.3	0.9	1.2	1.5
Price/book (x)	15.7	13.9	11.7	9.7	8.5
Price/tangible book (x)	15.8	13.9	11.7	9.7	8.5
EV/EBITDA (x) **	80.6	57.0	34.5	26.9	22.4
EV/EBITDA @ target price (x) **	107.7	76.2	46.1	36.0	29.9
EV/invested capital (x)	16.1	13.9	11.6	9.4	8.2

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

Sources: SISB; 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

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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History of change in investment rating and/or target price

SISB (SISB TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Mar-2023	BUY	30.00	08-Jun-2023	BUY	45.00	-	-	-

Jitra Amornthum started covering this stock from 27-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SISB	SISB TB	THB 33.75	BUY	Downside risks to our DCF-based TP include 1) intensified competition; 2) less demand from China; 3) staff shortages; and 4) risks from legal requirements and government policies relating to the business of private schools.

Source: FSSIA estimates

Additional Disclosures

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

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

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