20 NOVEMBER 2023

EQUITY RESEARCH - COMPANY REPORT

CP AXTRA CPAXT TB

THAILAND / COMMERCE

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating ★★★★

BUY

UNCHANGED

TARGET PRICE	THB35.00
CLOSE	THB29.50
UP/DOWNSIDE	+18.6%
PRIOR TP	THB38.00
CHANGE IN TP	-7.9%
TP vs CONSENSUS	-0.5%

เข้าสู่ช่วง High season พร้อมรับมาตรการกระตุ้นการบริโภค

- ผู้บริหารให้เป้า SSSG โตเทียบเท่า GDP growth + Inflation
- เราปรับประมาณการกำไรปกติปี 2023-25 ลง 8-14% สะท้อนภาพการแข่งขันที่รุนแรง กดดันอัตรากำไรขั้นต้นของธุรกิจ Retail
- เราปรับลดราคาเป้าหมายปี 2024 ลงเป็น 35 บาท คงคำแนะนำซื้อ

กำไรปกติ 3Q23 โตทั้ง q-q, y-y จากยอดขายที่เพิ่มขึ้น และดอกเบี้ยจ่ายที่ลดลง

CPAXT มีกำไรสุทธิ 3Q23 เท่ากับ 1,677 ลบ. (+11% q-q, +5% y-y) หากไม่รวมขาดทุนจากการขายสินทรัพย์ในจีน 39 ลบ. จะมีกำไรปกติ 1,716 ลบ. (+1% q-q, +7% y-y) จากยอดขายที่เพิ่มขึ้นทั้งธุรกิจ Wholesale และ Retail รวมถึงดอกเบี้ยจ่ายที่ลดลง

ประมาณการของเราระมัดระวังกว่าเป้าของผู้บริหารจากภาพการแข่งขันที่ยังรุนแรง

ผู้บริหารให้เป้าการเติบโตของ SSSG ปี 2024 ที่ระดับ GDP growth บวก Inflation รวมถึงเป้าอัตรากำไรขั้นต้นของธุรกิจ Wholesale +20 bps y-y และธุรกิจ Retail +100 bps y-y จากการขยาย Private brand ให้ขึ้นไปเป็น 25% ในปี 2028 (9M23 สัดส่วน Private brand 15% to sales consolidate level) รวมถึงวางเป้าหมายให้ Lotus's เป็น Fresh destination ให้สัดส่วน Fresh food 35-40% to sales ในปี 2028 (3Q23 ที่ 27% to sales)

ปรับลดกำไรปกติปี 23-25 ลง 8-14% จาก gross margin ธุรกิจ Retail น้อยกว่าคาด

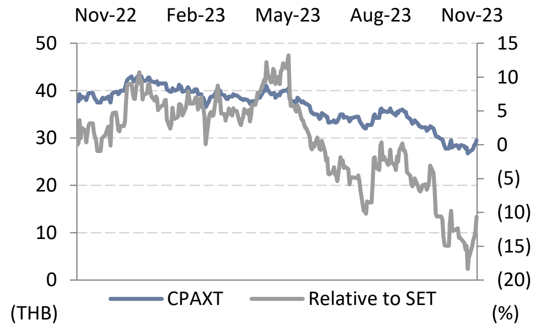
เราปรับประมาณการกำไรปกติปี 2023-25 ลง 8-14% โดยหลักเป็นการปรับอัตรากำไรขั้นต้นของธุรกิจ Retail ลง สะท้อนภาพการแข่งขันที่รุนแรง และปรับลดการขยายสาขาให้สอดคล้องกับเป้าหมายของผู้บริหาร แนวโน้ม 4Q23 เชื่อว่าจะโตได้ทั้ง q-q, y-y จากการเข้าสู่ช่วง High season โดยเฉพาะในเมืองท่องเที่ยว ขณะที่ตัวเลข SSSG ในช่วง 4QTD ธุรกิจ Wholesale ปรับดีขึ้นเป็น 4% และธุรกิจ Retail กลับมาฟื้นตัวที่ระดับ 5%

ปรับราคาเป้าหมายลงเหลือ 35 บาท คงคำแนะนำซื้อ

เราปรับประมาณการกำไรปกติปี 2023-25 ลง 8-14% สะท้อนภาพการแข่งขันที่รุนแรงในธุรกิจ Retail และปรับลดราคาเป้าหมายปี 2024 ลงเป็น 35 บาท (เดิม TP24 ที่ 38 บาท) implied forward P/E ที่ 37 เท่า อย่างไรก็ตามเราเชื่อว่าปี 2024 กำไรปกติ CPAXT จะกลับมาโตเด่น +22% จากมาตรการกระตุ้นการบริโภคของรัฐบาล, ดอกเบี้ยจ่ายและค่าสาธารณูปโภคที่ลดลง โดยปัจจุบัน CPAXT ซื้อขายที่ Forward P/E 31 เท่า อยู่ใกล้เคียงค่าเฉลี่ย 5ปี Forward P/E -1SD คงคำแนะนำ ซื้อ

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	466,082	485,169	509,925	537,324
Net profit	7,697	8,084	10,022	11,855
EPS (THB)	0.73	0.76	0.95	1.12
vs Consensus (%)	-	(6.4)	(11.5)	(10.5)
EBITDA	34,252	33,639	36,421	38,694
Recurring net profit	7,697	8,084	10,022	11,855
Core EPS (THB)	0.73	0.76	0.95	1.12
Chg. In EPS est. (%)	-	(9.5)	(9.9)	(14.2)
EPS growth (%)	10.4	5.0	24.0	18.3
Core P/E (x)	40.6	38.6	31.1	26.3
Dividend yield (%)	1.7	1.8	2.2	2.7
EV/EBITDA (x)	11.3	11.2	10.5	9.9
Price/book (x)	1.1	1.1	1.1	1.0
Net debt/Equity (%)	25.7	21.9	23.6	23.1
ROE (%)	2.7	2.8	3.4	4.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.8)	(15.7)	(19.2)
Relative to country (%)	0.4	(9.0)	(7.8)

Mkt cap (USD m)	8,901
3m avg. daily turnover (USD m)	8.0
Free float (%)	15
Major shareholder	CP ALL (60%)
12m high/low (THB)	43.50/26.00
Issued shares (m)	10,580.32

Sources: Bloomberg consensus; FSSIA estimates

Jitra Amornthum
Fundamental Investment Analyst on Securities; License no. 014530
jitra.a@fssia.com, +66 2646 9966

Thada Jiracharoenying
Research assistant
thada.j@fssia.com, +66 2646 9964

Investment thesis

CPAXT เป็นผู้นำในธุรกิจค้าส่งภายใต้ชื่อ แม็คโคร ภายหลังการรวมธุรกิจค้าปลีกและให้เช่าพื้นที่ศูนย์การค้าภายใต้ชื่อ โลตัส ทำให้ CPAXT เกิด Synergy ต่างๆ โดยใช้ความเชี่ยวชาญของแม็คโครในธุรกิจค้าส่งโดยเฉพาะสินค้าในหมวดอาหาร และความเชี่ยวชาญของ Lotus's ในธุรกิจค้าปลีกและการบริหารพื้นที่เช่า เข้ามาอยู่ภายใต้ CPAXT โดยในปี 2023-25 เราคาดรายได้ของบริษัทจะเติบโตเฉลี่ย 7% CAGR สู่ระดับ 572 พันลบ. ในปี 2025 และมีกำไรปกติเติบโตเฉลี่ย 21.5% CAGR สู่ระดับ 14 พันลบ.ในปี 2025 โดยมีปัจจัยหนุนดังนี้ 1) ภาคการท่องเที่ยวและการบริโภคในประเทศฟื้นตัวช่วยกระตุ้นกำลังซื้อในประเทศเพิ่มขึ้น 2) Synergies ระหว่าง MAKRO กับ LOTUS 3) กลยุทธ์การผสมผสานช่องทาง O2O 4) การปรับโครงสร้างหนี้

Company profile

ประกอบธุรกิจค้าส่งภายใต้ชื่อ แม็คโคร จัดจำหน่ายสินค้าอุปโภคบริโภคให้แก่ลูกค้าที่เป็น SME รวมทั้งร้านค้าปลีกและกลุ่มธุรกิจร้านอาหาร ตลอดจนกลุ่มผู้ประกอบอาชีพอิสระและสถาบันต่างๆ และธุรกิจฟูดเซอร์วิสนำเข้าและจำหน่ายอาหารแช่แข็งและอาหารแช่เย็น ร้านอาหารและร้านค้าปลีกขนาดเล็ก อีกทั้งบริษัทย่อยดำเนินธุรกิจค้าปลีกและให้เช่าพื้นที่ศูนย์การค้าภายใต้ชื่อ โลตัส.

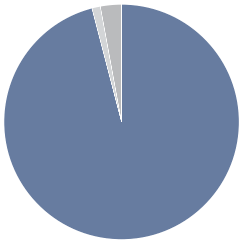
www.siammakro.co.th

Principal activities (revenue, 2022)

■ Sales - 95.9 %

■ Service income - 1.2 %

■ Rental and rendering retail services - 2.9 %



Source: CP Axtra

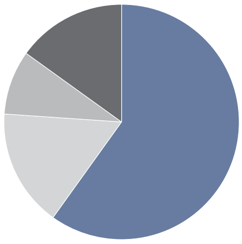
Major shareholders

■ CP ALL - 59.9 %

■ Charoen Pokphand Holdings - 16.2 %

■ CP Merchandising - 8.9 %

■ Others - 15.1 %



Source: CP Axtra

Catalysts

ปัจจัยบวกต่อราคาหุ้นได้แก่ 1) การบริโภคในประเทศและอุตสาหกรรมท่องเที่ยวฟื้นตัวดีกว่าที่คาด 2) ผลการดำเนินงานของธุรกิจค้าปลีกฟื้นตัวได้ดีกว่าที่คาด

Risks to our call

ความเสี่ยง 1) อัตราการเติบโตของยอดขายสาขาเดิม (SSSG) น้อยกว่าที่คาด 2) อัตรากำไรขั้นต้นน้อยกว่าที่คาด 3) ค่าใช้จ่ายในการขายและบริหารสูงกว่าที่คาด 4) ผลประกอบการสาขาในต่างประเทศขาดทุน

Event calendar

Date	Event
March 2024	4Q23 results announcement

Key assumptions

MAKRO	2023E	2024E	2025E
SSSG MAKRO (%)	6.0	3.0	3.0
SSSG Lotus-TH (%)	(0.5)	3.0	3.0
SSSG Lotus-ML (%)	(1.0)	1.0	3.0
New stores growth (%)	(3.8)	4.6	4.4
GPM (%)	16.1	16.2	16.3
SG&A to sales (%)	13.5	13.4	13.3

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2024 EPS to rise by 0.9% and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 EPS to rise by 3.8% and vice versa, all else being equal.
- For every 0.1% increase in SG&A to revenue, we estimate 2024 EPS to fall by 3.9% and vice versa, all else being equal.

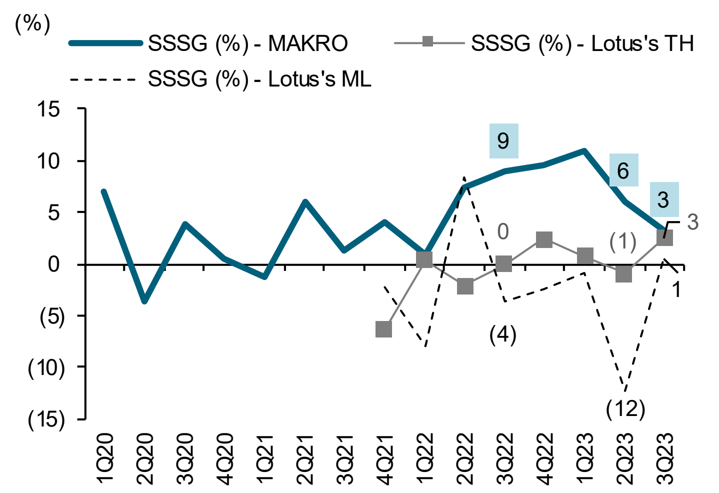
Source: FSSIA estimates

Exhibit 1: 3Q23 results summary

Year to Dec 31	3Q22 (THB m)	4Q22 (THB m)	1Q23 (THB m)	2Q23 (THB m)	3Q23 (THB m)	----- Change ----- (q-q%)	(y-y%)	------------- 9M23 --------------- (THB m)	(y-y%)	(%23E)	2023E (THB m)	Change (y-y %)
Total revenue	114,963	121,995	119,089	120,909	118,837	(2)	3	358,835	4	74	485,169	4
- Retail sales	110,162	117,389	114,044	115,980	113,838	(2)	3	343,863	4	74	464,893	4
- Service income	1,354	1,165	1,487	1,445	1,405	(3)	4	4,336	2	73	5,955	10
- Rental and rendering retail services	3,447	3,952	3,558	3,484	3,594	3	4	10,636	12	74	14,322	6
Gross profit	19,232	20,332	19,473	19,001	18,930	(0)	(2)	57,405	2	73	78,252	2
Operating costs	(16,031)	(16,419)	(16,106)	(16,306)	(16,263)	(0)	1	(48,676)	5	74	(65,371)	4
Operating profit	3,201	3,913	3,367	2,695	2,667	(1)	(17)	8,729	(10)	68	12,880	(6)
Other income	597	1,386	1,133	703	665	(5)	11	2,501	50	77	3,257	7
EBIT	3,798	5,299	4,500	3,398	3,332	(2)	(12)	11,230	n/a	70	16,138	(3)
Interest expense	(1,826)	(2,204)	(1,895)	(1,570)	(1,403)	(11)	(23)	(4,868)	(1)	77	(6,294)	(12)
Profit before tax	1,972	3,095	2,605	1,828	1,929	6	(2)	6,362	(2)	65	9,843	3
Tax	(603)	(810)	(647)	(527)	(448)	(15)	(26)	(1,622)	(15)	66	(2,461)	(10)
Associates	230	175	193	201	185	(8)	(20)	579	(12)	74	787	(5)
Minority interests	3	11	15	14	11	(19)	231	40	837	78	51	239
Non-recurring items	0	(225)	87	(185)	(39)	(79)	n/a	(137)	n/a	100	(137)	0
Reported net profit	1,602	2,471	2,166	1,516	1,677	11	5	5,358	3	66	8,084	5
Recurring net profit	1,602	2,696	2,079	1,701	1,716	1	7	5,495	5	67	8,221	7
EPS (THB)	0.15	0.23	0.20	0.14	0.16	11	5	0.51	3	66	0.76	5
Recurring EPS (THB)	0.15	0.25	0.20	0.16	0.16	1	7	0.52	5	67	0.78	7
Key Ratios (%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(ppt)**	**(ppt)**	**(%)**	**(ppt)**		**(%)**	**(ppt)**
Gross profit margin from sales	14.5	14.2	14.0	13.5	13.7	0.2	(0.8)	13.7	(0.5)		13.9	(0.3)
Gross profit margin	16.7	16.6	16.4	15.7	15.9	0.2	(0.8)	16.0	(0.3)		16.1	(0.3)
Operating margin	2.8	3.2	2.8	2.2	2.2	0.0	(0.5)	2.4	(0.4)		2.7	(0.3)
Recurring net margin	1.4	2.2	1.7	1.4	1.4	0.0	0.1	1.5	0.0		1.7	0.0
SG&A / Revenue	13.9	13.3	13.4	13.4	13.6	0.2	(0.3)	13.5	(0.6)		13.4	(0.7)
Operating statistics	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(ppt)**	**(ppt)**				**(%)**	**(ppt)**
SSSG (%) - MAKRO	8.9	9.6	10.9	6.0	3.2	(2.8)	(5.7)				6.0	(0.9)
SSSG (%) - Lotus's TH	0.0	2.4	0.8	(0.9)	2.5	3.4	2.5				(0.5)	(0.7)
SSSG (%) - Lotus's ML	(3.7)	(2.4)	(0.9)	(12.2)	0.6	12.8	4.3				(1.0)	0.8
No. of stores (Wholesales) (no.)	154	162	163	163	164						170	
No. of stores (Lotus) (no.)	2,644	2,643	2,654	2,565	2,525						2,528	

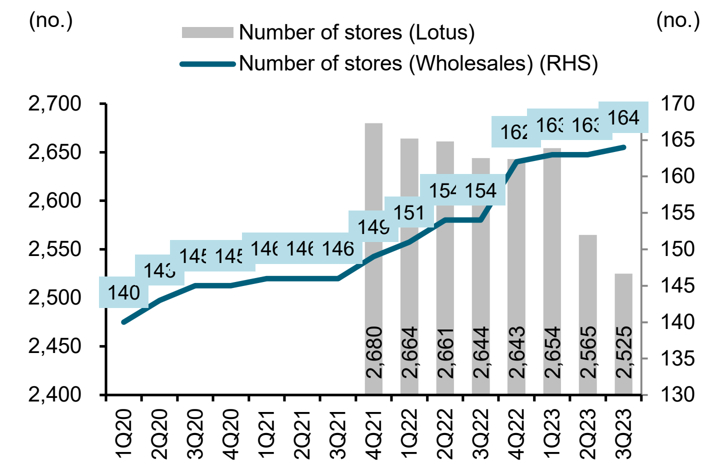
Sources: CPAXT; FSSIA estimates

Exhibit 2: Same-store sales growth by business unit



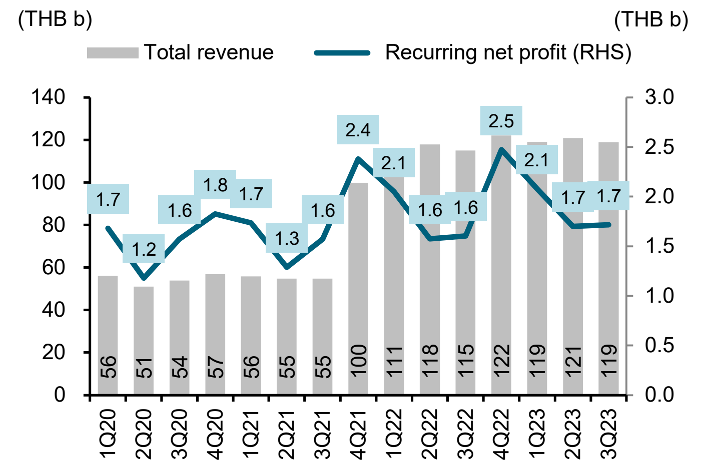
Source: CPAXT

Exhibit 3: Number of stores



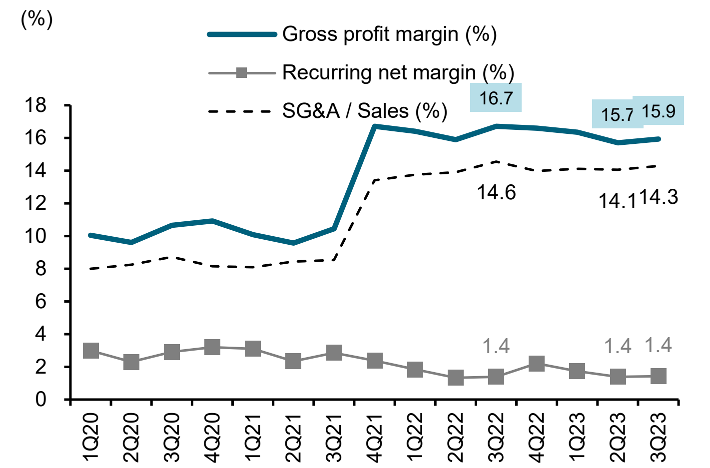
Source: CPAXT

Exhibit 4: Quarterly earnings



Source: CPAXT

Exhibit 5: Profitability



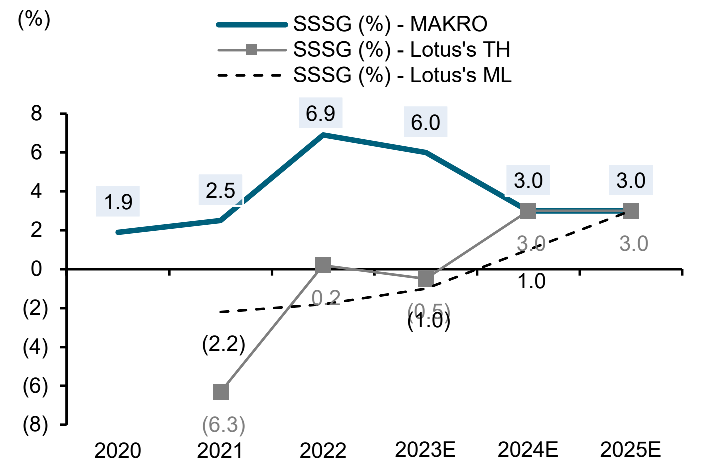
Source: CPAXT

Exhibit 6: Key assumption for CPAXT

	Current			Previous			*Change*		
	2023E	2024E	2025E	2023E	2024E	2025E	*2023E*	*2024E*	*2025E*
Retail sales (THB m)	485,169	509,925	537,324	508,344	545,268	589,262	*(4.6)*	*(6.5)*	*(8.8)*
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)	3.0	3.0	(0.5)	2.0	3.0	*0.0*	*1.0*	*0.0*
SSSG Lotus-ML (%)	(1.0)	1.0	3.0	(1.0)	1.0	3.0	*0.0*	*0.0*	*0.0*
New stores growth - MAKRO (%)	4.9	4.7	4.5	9.9	6.7	5.8	*(5)*	*(2)*	*(1)*
New stores growth - Lotus's (%)	(4.4)	4.5	4.4	4.7	4.2	3.9	*(9)*	*0*	*0*
Gross margin (%)	16.1	16.2	16.3	16.5	16.6	16.7	*(0.3)*	*(0.3)*	*(0.3)*
Gross margin - MAKRO (%)	10.7	10.8	10.9	10.6	10.7	10.9	*0.1*	*0.1*	*0.0*
Gross margin - Lotus's (%)	18.0	18.3	18.4	18.3	18.5	18.6	*(0.3)*	*(0.2)*	*(0.2)*
SG&A expenses to total revenues (%)	13.4	13.3	13.2	13.7	13.5	13.2	*(0.3)*	*(0.2)*	*(0.1)*
Core profit (THB m)	8,221	10,022	11,855	8,933	11,126	13,810	*(8.0)*	*(9.9)*	*(14.2)*

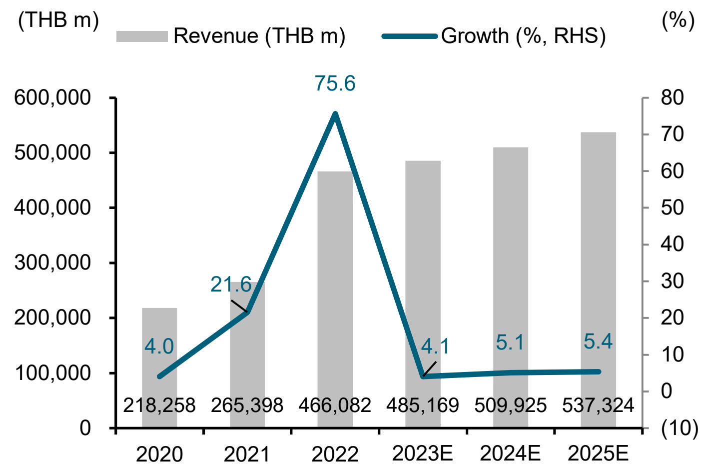
Source: FSSIA estimates

Exhibit 7: Yearly Same-store sales growth by business unit



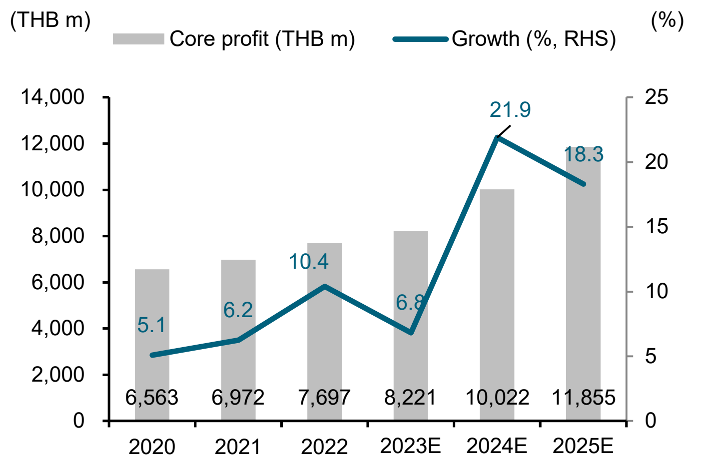
Sources: CPAXT; FSSIA estimates

Exhibit 8: Yearly revenue



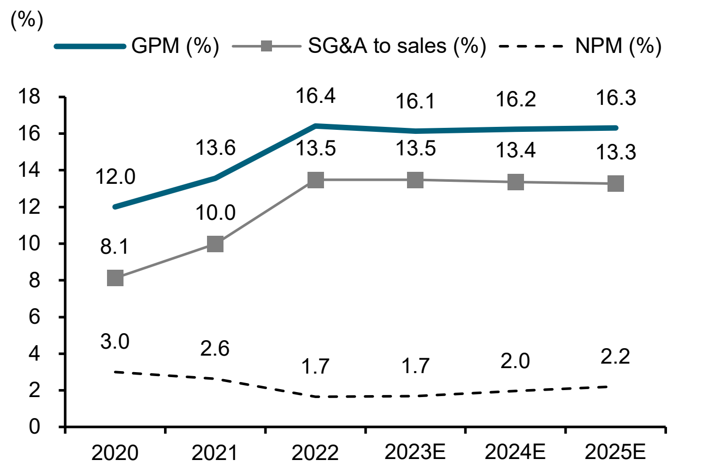
Sources: CPAXT; FSSIA estimates

Exhibit 9: Yearly earnings



Sources: CPAXT; FSSIA estimates

Exhibit 10: Profitability



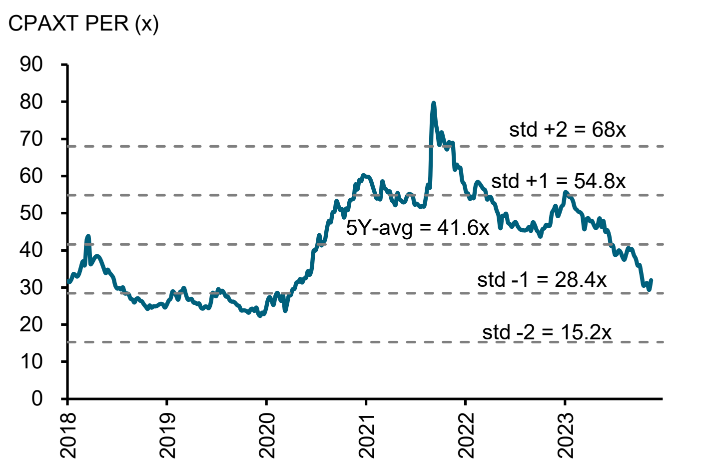
Sources: CPAXT; FSSIA estimates

Exhibit 11: 2024 DCF-based valuation

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.1	
Terminal growth	2.0	
NPV		85
Add: terminal value		358
Sum of PV		443
Add: investment		0
Less: debt		70
Less: minorities		0.5
Residual ordinary equity		372
No. of shares (m)		10,580
Residual ordinary equity (THB/share)		**35.0**

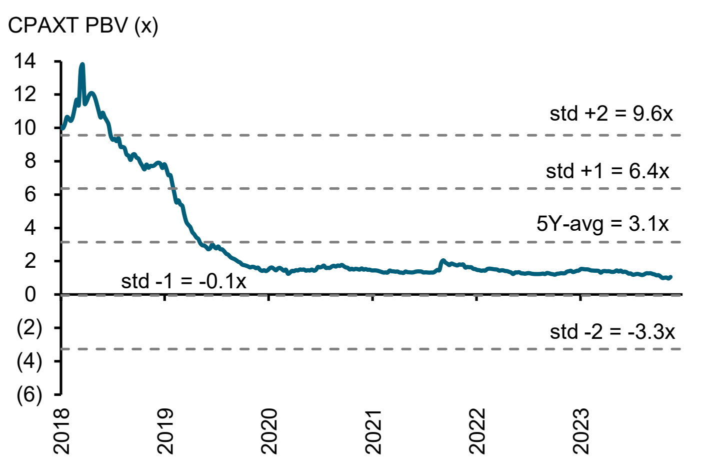
Sources: FSSIA estimates

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

Exhibit 14: Commerce peers as of 17 November 2023

Company	BBG	Rec	---------- Share price -----------			Market	----- PE -----		---- ROE ----		---- PBV ----		-- EV/ EBITDA --	
			Current	Target	Upside	Cap	23E	24E	23E	24E	23E	24E	23E	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Consumer Staple														
CP All	CPALL TB	BUY	56.75	77.00	*36*	14,538	30.3	25.4	16.0	17.5	5.1	4.6	21.1	18.2
CP Axtra	CPAXT TB	BUY	29.50	35.00	*19*	8,901	38.6	31.1	2.8	3.4	1.1	1.1	11.2	10.5
Berli Jucker*	BJC TB	n/a	27.75	n/a	*n/a*	3,138	21.3	18.4	4.3	4.8	0.9	0.9	13.2	12.5
Consumer Staple average						**26,577**	**30.1**	**25.0**	**7.7**	**8.6**	**2.4**	**2.2**	**15.2**	**13.8**
Consumer Discretionary														
Com7	COM7 TB	BUY	23.00	30.00	*30*	1,564	17.5	15.8	41.6	41.7	7.0	6.2	12.4	11.3
Central Retail Corp*	CRC TB	n/a	39.50	n/a	*n/a*	6,697	28.9	23.8	12.6	13.9	3.5	3.2	11.7	10.7
Home Improvement														
Index Living Mall	ILM TB	BUY	23.70	26.70	*13*	341	17.2	15.5	12.0	12.7	2.0	1.9	8.1	7.4
Home Product Center	HMPRO TB	BUY	12.20	16.00	*31*	4,575	24.4	22.1	26.4	27.7	6.3	6.0	14.3	13.2
Siam Global House	GLOBAL TB	BUY	17.10	18.00	*5*	2,439	31.1	28.3	12.1	12.2	3.6	3.3	23.1	21.1
Dohome	DOHOME TB	BUY	12.20	13.00	*7*	1,075	63.4	33.9	4.9	8.5	3.0	2.8	26.9	19.7
Home Improvement avg.						**8,430**	**34.0**	**24.9**	**13.8**	**15.3**	**3.7**	**3.5**	**18.1**	**15.3**
Consumer Discretionary avg.						**16,692**	**30.4**	**23.2**	**18.3**	**19.4**	**4.2**	**3.9**	**16.1**	**13.9**
Total average						**43,269**	**30.3**	**23.8**	**14.7**	**15.8**	**3.6**	**3.3**	**15.8**	**13.8**

Sources: *Bloomberg; FSSIA estimates

Financial Statements

CP Axtra

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	265,398	466,082	485,169	509,925	537,324
Cost of goods sold	(229,384)	(389,588)	(406,918)	(427,164)	(449,698)
Gross profit	**36,014**	**76,494**	**78,252**	**82,761**	**87,625**
Other operating income	970	3,050	3,257	3,270	3,415
Operating costs	(26,490)	(62,842)	(65,508)	(68,147)	(71,303)
Operating EBITDA	**16,622**	**34,252**	**33,639**	**36,421**	**38,694**
Depreciation	(6,128)	(17,551)	(17,638)	(18,537)	(18,957)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**10,494**	**16,701**	**16,001**	**17,884**	**19,737**
Net financing costs	(1,557)	(7,122)	(6,294)	(6,009)	(6,067)
Associates	(226)	831	787	826	868
Recurring non-operating income	(226)	831	787	826	868
Non-recurring items	6,714	0	0	0	0
Profit before tax	**15,425**	**10,411**	**10,493**	**12,702**	**14,538**
Tax	(2,128)	(2,729)	(2,461)	(2,731)	(2,734)
Profit after tax	**13,298**	**7,682**	**8,033**	**9,971**	**11,804**
Minority interests	389	15	51	51	51
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	**13,687**	**7,697**	**8,084**	**10,022**	**11,855**
Non-recurring items & goodwill (net)	**(6,714)**	**0**	**0**	**0**	**0**
Recurring net profit	**6,972**	**7,697**	**8,084**	**10,022**	**11,855**
Per share (THB)					
Recurring EPS *	0.66	0.73	0.76	0.95	1.12
Reported EPS	1.29	0.73	0.76	0.95	1.12
DPS	0.32	0.51	0.53	0.66	0.78
Diluted shares (used to calculate per share data)	10,580	10,580	10,580	10,580	10,580
Growth					
Revenue (%)	21.6	75.6	4.1	5.1	5.4
Operating EBITDA (%)	32.6	106.1	(1.8)	8.3	6.2
Operating EBIT (%)	17.2	59.1	(4.2)	11.8	10.4
Recurring EPS (%)	(51.8)	10.4	5.0	24.0	18.3
Reported EPS (%)	(5.4)	(43.8)	5.0	24.0	18.3
Operating performance					
Gross margin inc. depreciation (%)	13.6	16.4	16.1	16.2	16.3
Gross margin exc. depreciation (%)	15.9	20.2	19.8	19.9	19.8
Operating EBITDA margin (%)	6.3	7.3	6.9	7.1	7.2
Operating EBIT margin (%)	4.0	3.6	3.3	3.5	3.7
Net margin (%)	2.6	1.7	1.7	2.0	2.2
Effective tax rate (%)	23.8	28.5	25.0	23.0	20.0
Dividend payout on recurring profit (%)	48.6	70.1	70.0	70.0	70.0
Interest cover (X)	6.6	2.5	2.7	3.1	3.4
Inventory days	38.0	34.2	33.4	30.6	30.5
Debtor days	2.2	1.9	2.9	3.9	3.9
Creditor days	72.1	59.9	61.4	64.8	67.2
Operating ROIC (%)	17.7	15.4	16.0	18.4	19.7
ROIC (%)	2.9	3.0	3.0	3.4	3.9
ROE (%)	3.5	2.7	2.8	3.4	4.0
ROA (%)	2.1	2.3	2.3	2.5	2.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Sales	258,630	447,182	464,893	489,343	515,560
Service income	4,136	5,422	5,955	6,018	6,066
Rental and rendering retail services	2,631	13,477	14,322	14,564	15,697

Sources: CP Axtra; FSSIA estimates

Financial Statements

CP Axtra

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	6,972	7,697	8,084	10,022	11,855
Depreciation	6,128	17,551	17,638	18,537	18,957
Associates & minorities	419	96	0	0	0
Other non-cash items	(191)	(187)	521	(253)	168
Change in working capital	13,416	(4,400)	8,791	5,015	4,325
Cash flow from operations	**26,744**	**20,757**	**35,033**	**33,320**	**35,304**
Capex - maintenance	-	-	-	-	-
Capex - new investment	(93,470)	(15,872)	(26,080)	(26,818)	(27,459)
Net acquisitions & disposals	(229,281)	(5,027)	(3,130)	(3,296)	(3,459)
Other investments (net)	12,662	815	9,231	(3,205)	3,566
Cash flow from investing	**(310,090)**	**(20,085)**	**(19,979)**	**(33,319)**	**(27,352)**
Dividends paid	(3,386)	(5,396)	(5,659)	(7,015)	(8,298)
Equity finance	176,619	50	185	185	185
Debt finance	168,123	(23,753)	1,639	4,878	(1,685)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**341,357**	**(29,099)**	**(3,834)**	**(1,952)**	**(9,799)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**58,011**	**(28,426)**	**11,220**	**(1,951)**	**(1,846)**
Free cash flow to firm (FCFF)	(281,788.59)	7,794.01	21,348.54	6,009.20	14,019.18
Free cash flow to equity (FCFE)	(115,221.97)	(23,080.44)	16,693.63	4,878.80	**6,267.24**
Per share (THB)					
FCFF per share	(26.63)	0.74	2.02	0.57	1.33
FCFE per share	(10.89)	(2.18)	1.58	0.46	0.59
Recurring cash flow per share	1.26	2.38	2.48	2.68	2.93

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	141,469	148,498	174,578	201,396	228,855
Less: Accumulated depreciation	(23,025)	(30,383)	(46,537)	(63,456)	(80,666)
Tangible fixed assets (net)	**118,444**	**118,115**	**128,041**	**137,940**	**148,189**
Intangible fixed assets (net)	**0**	**0**	**0**	**0**	**0**
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	14,310	14,961	14,961	14,961	14,961
Cash & equivalents	68,530	40,103	51,323	49,372	47,525
A/C receivable	2,301	2,431	5,317	5,588	5,888
Inventories	31,967	37,820	33,445	35,109	36,961
Other current assets	7,203	7,001	7,288	7,660	8,071
Current assets	**110,001**	**87,355**	**97,373**	**97,729**	**98,447**
Other assets	326,737	328,213	330,082	331,989	333,934
Total assets	**569,491**	**548,643**	**570,457**	**582,619**	**595,530**
Common equity	287,997	290,348	292,958	296,150	299,891
Minorities etc.	501	583	531	480	429
Total shareholders' equity	**288,498**	**290,931**	**293,490**	**296,630**	**300,320**
Long term debt	105,120	110,025	16,283	104,977	84,187
Other long-term liabilities	57,661	56,925	58,147	59,310	60,496
Long-term liabilities	**162,781**	**166,949**	**74,430**	**164,287**	**144,683**
A/C payable	60,236	61,818	69,120	76,070	82,547
Short term debt	34,269	4,796	99,179	14,429	32,581
Other current liabilities	23,707	24,148	34,238	31,202	35,399
Current liabilities	**118,211**	**90,763**	**202,537**	**121,702**	**150,527**
Total liabilities and shareholders' equity	**569,490**	**548,643**	**570,457**	**582,619**	**595,530**
Net working capital	(42,472)	(38,715)	(57,308)	(58,916)	(67,025)
Invested capital	417,018	422,573	415,775	425,974	430,059
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	27.22	27.44	27.69	27.99	28.34
Tangible book value per share	27.22	27.44	27.69	27.99	28.34
Financial strength					
Net debt/equity (%)	24.6	25.7	21.9	23.6	23.1
Net debt/total assets (%)	12.4	13.6	11.2	12.0	11.6
Current ratio (x)	0.9	1.0	0.5	0.8	0.7
CF interest cover (x)	(13.0)	0.0	7.8	6.3	6.6

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	**44.8**	**40.6**	**38.6**	**31.1**	**26.3**
Recurring P/E @ target price (x) *	**53.1**	**48.1**	**45.8**	**37.0**	**31.2**
Reported P/E (x)	22.8	40.6	38.6	31.1	26.3
Dividend yield (%)	1.1	1.7	1.8	2.2	2.7
Price/book (x)	1.1	1.1	1.1	1.1	1.0
Price/tangible book (x)	1.1	1.1	1.1	1.1	1.0
EV/EBITDA (x) **	23.1	11.3	11.2	10.5	9.9
EV/EBITDA @ target price (x) **	26.6	13.0	12.9	12.1	11.4
EV/invested capital (x)	0.9	0.9	0.9	0.9	0.9

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

Sources: CP Axtra; FSSIA estimates

CP Axtra PCL (CPAXT TB)

FSSIA ESG rating
★★★★

59.46 /100

Exhibit 15: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	**A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.**
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 16: ESG – peer comparison

	FSSIA	------------------- Domestic ratings -----------------------						------------------------------- Global ratings ------------------------						--- Bloomberg ---	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BJC	71.33	Y	Y	Y	4.00	4.00	--	Medium	55.09	A	--	65.19	89.00	2.16	--
COM7	61.78	--	Y	Y	5.00	5.00	Certified	Low	47.75	--	--	52.68	21.00	4.40	43.59
CPALL	78.53	Y	Y	Y	5.00	5.00	Certified	Medium	47.38	A	34.00	59.95	82.00	3.74	--
CPAXT	59.46	--	--	--	5.00	5.00	Certified	Low	52.81	--	--	74.64	63.00	3.80	--
CRC	64.49	--	Y	Y	5.00	5.00	Certified	Medium	--	BBB	--	60.98	73.00	2.90	47.27

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 17: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	**—**	**—**	**—**	**—**	**—**	**—**	**3.80**	**—**
BESG environmental pillar score	—	—	—	—	—	—	3.80	—
BESG social pillar score	—	—	—	—	—	—	3.77	—
BESG governance pillar score	—	—	—	—	—	—	3.84	—
ESG disclosure score	**33.03**	**42.58**	**50.91**	**61.55**	**61.98**	**62.50**	**62.50**	**—**
Environmental disclosure score	7.64	17.85	32.89	45.12	48.51	48.51	48.51	—
Social disclosure score	7.68	28.66	29.84	43.29	41.17	42.74	42.74	—
Governance disclosure score	83.59	81.10	89.86	96.12	96.12	96.12	96.12	—
Environmental								
Emissions reduction initiatives	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	Yes	Yes	Yes	Yes	Yes	No
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No
GHG scope 1	—	—	—	50	43	50	66	147
GHG scope 2 location-based	—	—	—	209	220	184	186	571
GHG Scope 3	—	—	—	—	5	58	59	136
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	Yes	Yes	Yes	Yes	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	329	347	730	390	395	419	442
Renewable energy use	—	0	0	0	3	18	36	40
Electricity used	—	—	—	360	377	367	371	390
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 18: ESG score by Bloomberg *(cont.)*

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	0	0	0	0
Total waste	40	52	61	62	91	62	68	85
Waste recycled	33	37	43	42	70	40	39	59
Waste sent to landfills	7	15	18	20	21	21	26	23
Environmental supply chain management	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	994
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	No	No	No	Yes	Yes	Yes	Yes
Equal opportunity policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	55	55	55	55	55	55	52
Pct disabled in workforce	—	—	—	—	—	0	0	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	1	0	1	1	1	1	0
Total recordable incident rate - employees	—	1	0	1	1	1	1	1
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	—	13,365	13,786	14,560	15,212	16,108	16,920	23,280
Employee turnover pct	—	36	39	35	31	17	16	42
Total hours spent by firm - employee training	—	—	—	130,626	162,366	231,049	249,570	778,018
Social supply chain management	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	**18**	**15**	**15**	**15**	**15**	**15**	**15**	**15**
No. of independent directors (ID)	**6**	**5**	**5**	**5**	**5**	**5**	**5**	**5**
No. of women on board	2	2	2	2	3	3	3	2
No. of non-executive directors on board	10	7	7	7	7	13	13	13
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	4	4	5	7	6	9	13	7
Board meeting attendance pct	83	95	92	94	96	99	98	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	48	51	52	53	54	53	54	—
Age of the oldest director	79	80	81	82	83	78	79	—
No. of executives / company managers	**12**	**12**	**13**	**11**	**11**	**6**	**6**	**7**
No. of female executives	2	2	3	3	2	1	2	1
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	**5**	**5**	**5**	**5**	**3**	**3**	**3**	**3**
No. of ID on audit committee	5	5	5	5	3	3	3	3
Audit committee meetings	5	5	5	5	5	8	11	8
Audit meeting attendance %	96	—	92	96	100	100	100	100
Size of compensation committee	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	1	3	2	2	4	2	3	2
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
No. of nomination committee meetings	1	3	2	2	4	2	3	2
Nomination meeting attendance %	100	100	100	100	100	100	100	100
Sustainability governance								
Verification type	No	No	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > 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.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. 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 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 scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including 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 document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. **NEGL**: 0-10; **Low**: 10-20; **Medium**: 20-30; **High**: 30-40; **Severe**: 40+
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. **AAA** 8.571-10.000; **AA** 7.143-8.570 — **Leader:** leading its industry in managing the most significant ESG risks and opportunities **A** 5.714-7.142; **BBB** 4.286-5.713; **BB** 2.857-4.285 — **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers **B** 1.429-2.856; **CCC** 0.000-1.428 — **Laggard:** lagging its industry based on its high exposure and failure to manage significant ESG risks	
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions.

 Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
CP Axtra	CPAXT TB	THB 29.50	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.
CP All	CPALL TB	THB 56.75	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
Com7	COM7 TB	THB 23.00	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Index Living Mall	ILM TB	THB 23.70	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 12.20	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.
Siam Global House	GLOBAL TB	THB 17.10	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces and a larger-than-expected impact on farm income from the El Nino effect.
Dohome PCL	DOHOME TB	THB 12.20	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; 3) higher-than-expected SG&A; and 4) a worse-than-expected effect from El Nino.

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.

All share prices are as at market close on 17-Nov-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.