

BANGKOK AIRWAYS

 THAILAND / TRANSPORT & LOGISTICS

BA TB

BUY

 UNCHANGED

Key takeaways from analyst meeting

TARGET PRICE	THB22.00
CLOSE	THB15.40
UP/DOWNSIDE	+42.9%
TP vs CONSENSUS	+10.2%

Highlights

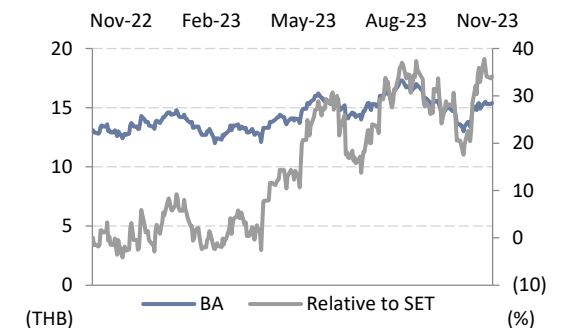
- We have a slightly positive view from BA's 3Q23 analyst meeting.
- Management targets a passenger volume of 4.0m in 2023. This implies 1.0m passengers in the 4Q low season (vs 0.98m in 3Q23). They also expect ticket fares to maintain the strong momentum from 9M23 (averaging THB3,700 and exceeding pre-Covid by 12%).
- Passenger volume was neutral in Oct and slowed down in Nov. On a positive note, the forward bookings are promising in Dec.
- Management conservatively estimates the passenger volume to slightly increase from 4.0m in 2024, pressured by the economic slowdown from rising inflation. The upside would be the recovery of Chinese tourist numbers.
- BA currently has cash on hand of up to THB12b as of 3Q23. Management plans to use it for repaying its debt, the U-Tapao project and a new investment project pending approval.
- BA has the scope to pay an additional dividend in 4Q23 given that its dividend policy is not less than 50% of earnings from separate financial statements (EPS at THB1.6/shr in 9M23), while it will pay an interim dividend of THB0.5/shr. However, it would depend on the remaining retained earnings (currently THB1.9b as of 9M23).
- BA is willing to bid on a new international airport project in Phangnga province if the government sets it as a public-private partnership.

Recommendation

- We maintain our SoTP-based TP at THB22.0/shr. BA is trading at a cheap valuation of only 14-15x 2023-24E P/E. Share price catalysts would be an announcement by the government to cut the excise tax for domestic jet fuel, permission to increase the flight capacity for Samui Airport and new investment projects.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	11,305	19,813	22,833	23,794
Net profit	(2,112)	3,489	2,342	2,502
EPS (THB)	(1.01)	1.66	1.12	1.19
vs Consensus (%)	-	65.5	23.5	24.0
EBITDA	115	3,409	3,529	3,691
Recurring net profit	(1,974)	2,177	2,342	2,502
Core EPS (THB)	(0.94)	1.04	1.12	1.19
EPS growth (%)	nm	nm	7.6	6.8
Core P/E (x)	(16.4)	14.9	13.8	12.9
Dividend yield (%)	-	4.0	4.3	4.6
EV/EBITDA (x)	514.1	13.1	11.7	10.6
Price/book (x)	1.9	1.6	1.5	1.4
Net debt/Equity (%)	158.6	60.1	42.0	29.9
ROE (%)	(13.2)	11.7	11.2	11.4



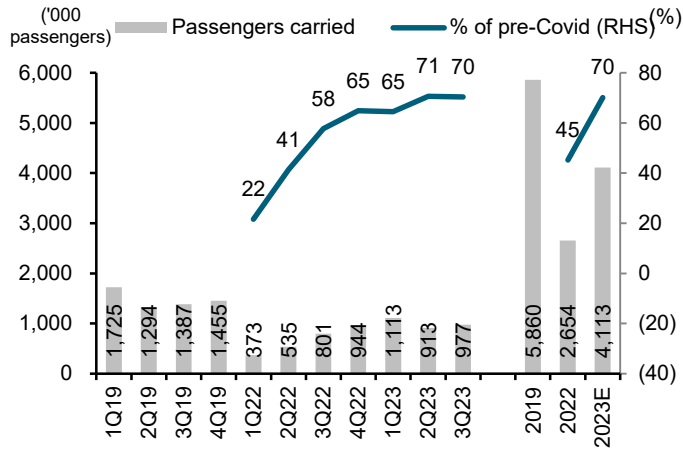
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	13.2	(2.5)	21.3
Relative to country (%)	11.3	4.5	37.9
Mkt cap (USD m)	919		
3m avg. daily turnover (USD m)	2.2		
Free float (%)	41		
Major shareholder	Prasartong-Osoth Puttipong (25%)		
12m high/low (THB)	17.60/11.80		
Issued shares (m)	2,100.00		

Sources: Bloomberg consensus; FSSIA estimates


Teerapol Udomvej, CFA

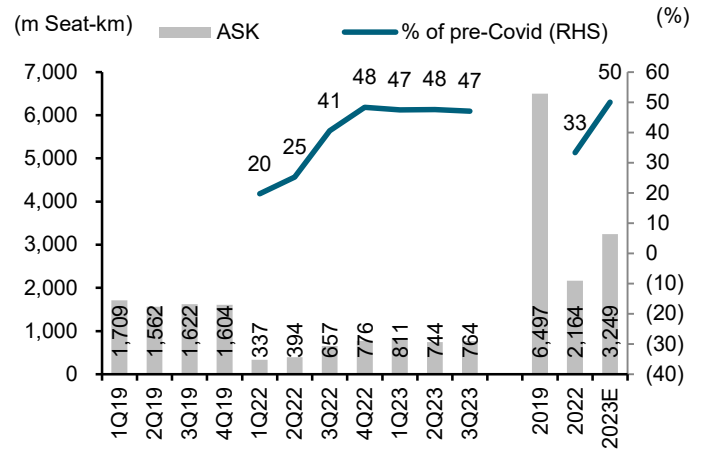
 Fundamental Investment Analyst on Securities; License no. 080523
 teerapol.udo@fssia.com, +66 2646 9969

Exhibit 1: Passengers carried



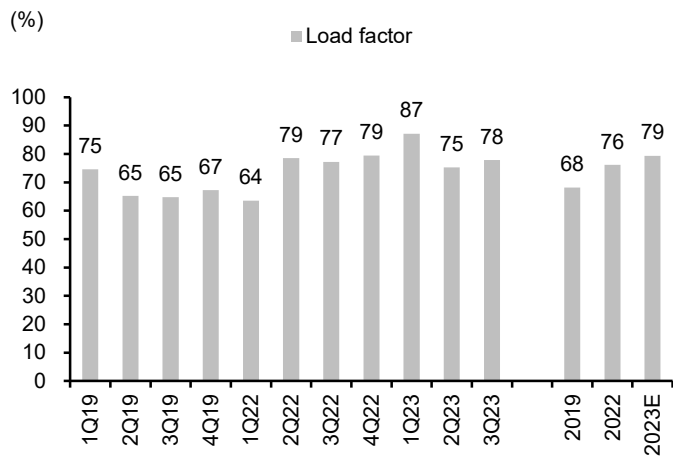
Sources: BA; FSSIA estimates

Exhibit 2: ASK



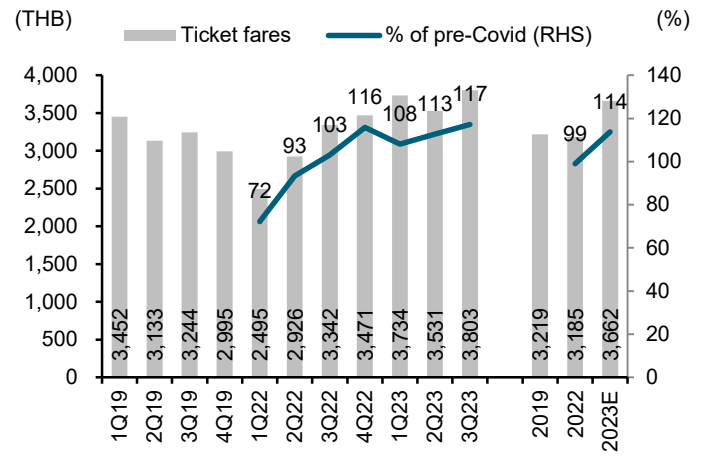
* ASK = available seat kilometers
Sources: BA; FSSIA estimates

Exhibit 3: Load factor



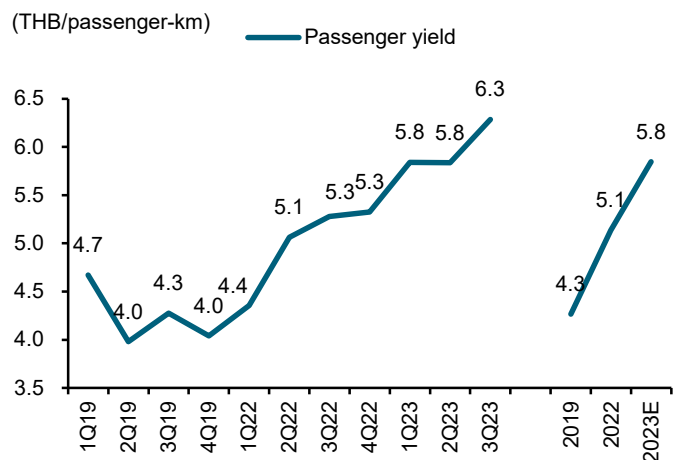
Sources: BA; FSSIA estimates

Exhibit 4: Ticket fares (average)



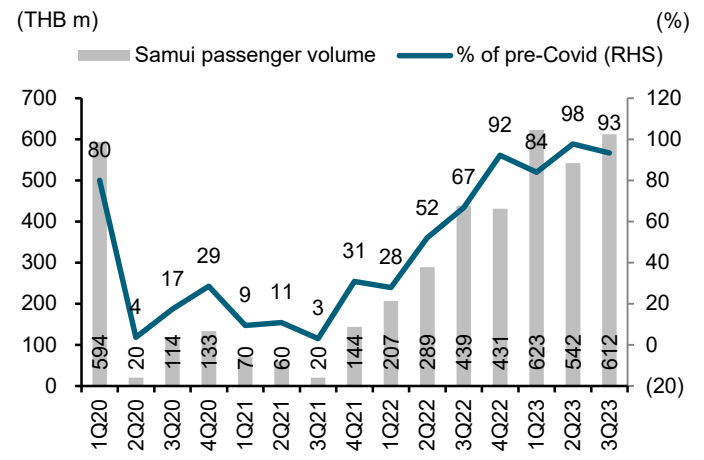
Sources: BA; FSSIA estimates

Exhibit 5: Passenger yield



Sources: BA; FSSIA estimates

Exhibit 6: Samui passenger volume



Sources: BA; FSSIA estimates

Financial Statements

Bangkok Airways

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	2,717	11,305	19,813	22,833	23,794
Cost of goods sold	(6,115)	(11,524)	(15,384)	(17,682)	(18,396)
Gross profit	(3,398)	(219)	4,429	5,151	5,398
Other operating income	-	-	-	-	-
Operating costs	(1,551)	(2,097)	(2,833)	(3,491)	(3,638)
Operating EBITDA	(2,607)	115	3,409	3,529	3,691
Depreciation	(2,342)	(2,431)	(1,814)	(1,870)	(1,931)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(4,949)	(2,316)	1,595	1,660	1,760
Net financing costs	(1,258)	(1,475)	(1,984)	(1,663)	(1,551)
Associates	453	489	594	628	640
Recurring non-operating income	2,142	1,916	2,580	2,502	2,643
Non-recurring items	(5,180)	(137)	1,312	0	0
Profit before tax	(9,246)	(2,013)	3,504	2,499	2,852
Tax	117	(114)	0	(140)	(332)
Profit after tax	(9,129)	(2,127)	3,504	2,358	2,520
Minority interests	50	16	(14)	(16)	(17)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(9,079)	(2,112)	3,489	2,342	2,502
Non-recurring items & goodwill (net)	5,180	137	(1,312)	0	0
Recurring net profit	(3,899)	(1,974)	2,177	2,342	2,502
Per share (THB)					
Recurring EPS *	(1.86)	(0.94)	1.04	1.12	1.19
Reported EPS	(4.32)	(1.01)	1.66	1.12	1.19
DPS	0.00	0.00	0.62	0.67	0.71
Diluted shares (used to calculate per share data)	2,100	2,100	2,100	2,100	2,100
Growth					
Revenue (%)	(64.6)	316.1	75.3	15.2	4.2
Operating EBITDA (%)	nm	nm	2,876.7	3.5	4.6
Operating EBIT (%)	nm	nm	nm	4.0	6.1
Recurring EPS (%)	nm	nm	nm	7.6	6.8
Reported EPS (%)	nm	nm	nm	(32.9)	6.8
Operating performance					
Gross margin inc. depreciation (%)	(125.1)	(1.9)	22.4	22.6	22.7
Gross margin exc. depreciation (%)	(38.9)	19.6	31.5	30.7	30.8
Operating EBITDA margin (%)	(96.0)	1.0	17.2	15.5	15.5
Operating EBIT margin (%)	(182.2)	(20.5)	8.1	7.3	7.4
Net margin (%)	(143.5)	(17.5)	11.0	10.3	10.5
Effective tax rate (%)	2.6	(4.8)	7.0	7.5	15.0
Dividend payout on recurring profit (%)	-	-	60.0	60.0	60.0
Interest cover (X)	(2.2)	(0.3)	2.1	2.5	2.8
Inventory days	44.3	18.1	10.7	8.3	8.7
Debtor days	51.9	25.1	21.8	18.9	18.2
Creditor days	100.9	50.7	46.4	49.7	54.5
Operating ROIC (%)	(32.6)	(19.2)	17.0	27.6	38.3
ROIC (%)	(6.2)	(0.9)	8.7	10.1	10.3
ROE (%)	(23.8)	(13.2)	11.7	11.2	11.4
ROA (%)	(5.5)	(0.8)	6.3	6.0	6.0
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Air fares	1,191	8,451	15,063	17,405	18,133
Revenue from sales and services	1,477	2,534	4,231	4,754	4,867
Freight	6	76	75	174	181
Passenger services	43	244	444	499	614

Sources: Bangkok Airways; FSSIA estimates

Financial Statements

Bangkok Airways

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(3,899)	(1,974)	2,177	2,342	2,502
Depreciation	2,342	2,431	1,814	1,870	1,931
Associates & minorities	-	-	-	-	-
Other non-cash items	(4,921)	1,005	1,285	16	17
Change in working capital	(1,232)	1,573	3,274	1,454	400
Cash flow from operations	(7,709)	3,035	8,551	5,681	4,851
Capex - maintenance	(722)	(184)	(991)	(1,142)	(1,190)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	114	(9,209)	6,800	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(608)	(9,393)	5,809	(1,142)	(1,190)
Dividends paid	0	0	0	(1,306)	(1,405)
Equity finance	0	(101)	0	0	0
Debt finance	6,094	5,804	(4,082)	(3,277)	(3,238)
Other financing cash flows	2,168	5,177	41	0	0
Cash flow from financing	8,262	10,880	(4,041)	(4,583)	(4,644)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(55)	4,521	10,319	(44)	(982)
Free cash flow to firm (FCFF)	(7,052.04)	(4,869.16)	16,387.58	6,315.11	5,324.65
Free cash flow to equity (FCFE)	(55.35)	4,622.05	10,318.68	1,262.83	423.50

Per share (THB)

FCFF per share	(3.36)	(2.32)	7.80	3.01	2.54
FCFE per share	(0.03)	2.20	4.91	0.60	0.20
Recurring cash flow per share	(3.08)	0.70	2.51	2.01	2.12

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	27,064	24,954	25,945	27,087	28,276
Less: Accumulated depreciation	(10,424)	(10,561)	(12,375)	(14,244)	(16,175)
Tangible fixed assets (net)	16,640	14,393	13,570	12,842	12,101
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	28,191	37,401	30,601	30,601	30,601
Cash & equivalents	2,126	6,647	16,966	16,922	15,940
A/C receivable	373	1,185	1,185	1,185	1,185
Inventories	438	465	331	386	401
Other current assets	169	312	546	629	656
Current assets	3,106	8,608	19,028	19,122	18,182
Other assets	1,002	1,844	1,844	1,844	1,844
Total assets	48,939	62,246	65,042	64,409	62,728
Common equity	13,198	16,818	20,308	21,344	22,441
Minorities etc.	(36)	(55)	(40)	(24)	(7)
Total shareholders' equity	13,162	16,764	20,267	21,319	22,434
Long term debt	26,515	32,468	28,754	25,477	22,239
Other long-term liabilities	5,305	6,651	6,651	6,651	6,651
Long-term liabilities	31,820	39,120	35,405	32,128	28,890
A/C payable	967	1,558	1,895	2,408	2,507
Short term debt	917	768	400	400	400
Other current liabilities	2,073	4,037	7,075	8,153	8,496
Current liabilities	3,957	6,362	9,370	10,961	11,404
Total liabilities and shareholders' equity	48,939	62,246	65,042	64,409	62,728
Net working capital	(2,060)	(3,633)	(6,908)	(8,361)	(8,762)
Invested capital	43,773	50,004	39,107	36,925	35,784

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

Per share (THB)

Book value per share	6.28	8.01	9.67	10.16	10.69
Tangible book value per share	6.28	8.01	9.67	10.16	10.69

Financial strength

Net debt/equity (%)	192.3	158.6	60.1	42.0	29.9
Net debt/total assets (%)	51.7	42.7	18.7	13.9	10.7
Current ratio (x)	0.8	1.4	2.0	1.7	1.6
CF interest cover (x)	1.0	4.1	6.2	1.8	1.3

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(8.3)	(16.4)	14.9	13.8	12.9
Recurring P/E @ target price (x) *	(11.8)	(23.4)	21.2	19.7	18.5
Reported P/E (x)	(3.6)	(15.3)	9.3	13.8	12.9
Dividend yield (%)	-	-	4.0	4.3	4.6
Price/book (x)	2.5	1.9	1.6	1.5	1.4
Price/tangible book (x)	2.5	1.9	1.6	1.5	1.4
EV/EBITDA (x) **	(22.1)	514.1	13.1	11.7	10.6
EV/EBITDA @ target price (x) **	(27.4)	635.1	17.1	15.6	14.3
EV/invested capital (x)	1.3	1.2	1.1	1.1	1.1

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

Sources: Bangkok Airways; FSSIA estimates

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%). <i>(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.)</i>	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. <i>(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.)</i>	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. <i>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.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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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. <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">AAA</td> <td>8.571-10.000</td> <td style="text-align: right;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;">AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">BBB</td> <td>4.286-5.713</td> <td style="text-align: right;">Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="text-align: right;">BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">CCC</td> <td>0.000-1.428</td> <td style="text-align: right;">Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			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	
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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. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
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

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

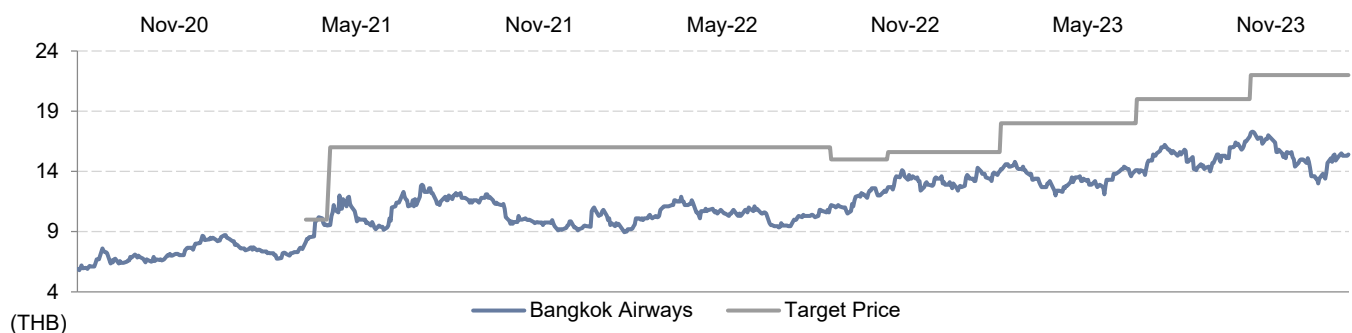
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History of change in investment rating and/or target price

Bangkok Airways (BA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
04-Jun-2021	BUY	10.00	20-Oct-2022	BUY	15.60	28-Aug-2023	BUY	22.00
25-Jun-2021	BUY	16.00	25-Jan-2023	BUY	18.00			
01-Sep-2022	BUY	15.00	22-May-2023	BUY	20.00			

Teerapol Udomvej, CFA started covering this stock from 04-Jun-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Airways	BA TB	THB 15.40	BUY	Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; 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 Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 21-Nov-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.