

# DOHOME PCL DOHOME TB

THAILAND / COMMERCE

## BUY

UNCHANGED

### Expect robust 4Q23 profit growth due to low base and improved GPM

- We expect a 4Q23 core profit of THB122m, up 34% q-q and 412% y-y due to low bases. Although SSSG should remain negative at c9%, GPM should improve due to steel and private brands.
- Lower our 2023-25E normalized earnings by 14.2%, 12.6%, and 17.4%, respectively.
- Decrease our TP to THB12.30 but retain our BUY call.

TARGET PRICE	THB12.30
CLOSE	THB11.10
UP/DOWNSIDE	+10.8%
PRIOR TP	THB13.00
CHANGE IN TP	-5.4%
TP vs CONSENSUS	+4.1%

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	31,321	31,388	32,957	36,157
Net profit	774	570	972	1,254
EPS (THB)	0.27	0.18	0.31	0.41
vs Consensus (%)	-	(9.1)	(13.6)	(13.1)
EBITDA	2,149	1,992	2,715	3,207
Recurring net profit	849	510	972	1,254
Core EPS (THB)	0.29	0.17	0.31	0.41
Chg. In EPS est. (%)	9.7	(14.2)	(12.6)	(17.4)
EPS growth (%)	(53.9)	(43.5)	90.6	29.0
Core P/E (x)	38.0	67.2	35.3	27.3
Dividend yield (%)	1.9	0.3	0.5	0.8
EV/EBITDA (x)	22.9	25.7	19.1	16.5
Price/book (x)	2.8	2.8	2.6	2.5
Net debt/Equity (%)	145.9	138.9	136.0	134.0
ROE (%)	7.6	4.3	7.7	9.3

### Expect a 4Q23 core profit of THB122m (+q-q, +y-y)

We anticipate a 4Q23 net profit of THB182m (+100% q-q, +454% y-y). Excluding a flood insurance claim of THB60m, we expect a core profit of THB122m, up 34% q-q due to the harvesting season and 412% y-y due to a low base in 4Q22 when floods hit the branch in Ubon Ratchathani (20% of total revenue), resulting in a one-month closure. Also, the gross margin should improve q-q and y-y due to increased private brand exposure and its higher gross margin as freights decreased, while SG&A should increase due to branch expansion. Specifically, DOHOME added one L-sized branch in Bang Phun, Pathum Thani. Therefore, it had 24 L-sized branches and 11 ToGos at the end of 2023.

### SSSG should weaken more than expected in 4Q23 before turning positive in 2H24

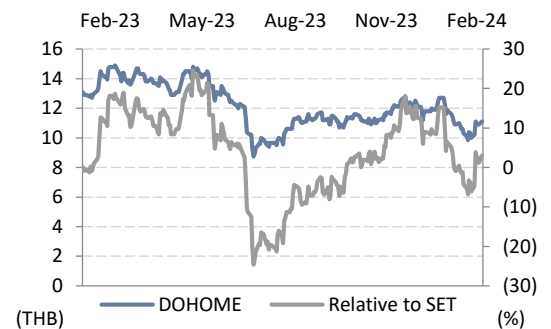
The 4Q23 SSSG should turn negative more than expected at 9% (vs our estimate of -5%). Moreover, the negative SSSG would persist in January at -5-6% due to a delay in government disbursement. It resulted in a slowdown in the contractor sector, which depends on state projects. Besides, the private sector postponed their projects due to uncertainties in 4Q23 purchasing power. However, end-users signaled an improved recovery in line with home improvement activities in 1H. Also, SSSG should turn positive in 2H24.

### Lower our 2023-25E normalized earnings to factor in branch expansion delay and slow SSSG recovery

We have decreased our 2023-25E core profit by 14.2%, 12.6%, and 17.4%, respectively, due to purchasing power uncertainties in the North East, the lower three-month average farm income index for October - December 2023 (-1.8%), an agricultural production risk following the El Nino, a delay in government disbursement, and uncertainties in the 2024 branch expansion.

### Decrease our TP to THB12.30 but retain our BUY rating

We have lowered our TP to THB12.30 (from THB13.00) due to a more-negative-than-expected SSSG, uncertainties in the 2024 branch expansion, and a higher WACC of 7.3% (from 7.0%) after the cost of debt surged. However, we maintain our BUY call on the recovering performance outlook.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.9)	(0.9)	(16.9)
Relative to country (%)	(2.9)	1.7	1.3
Mkt cap (USD m)	958		
3m avg. daily turnover (USD m)	2.5		
Free float (%)	30		
Major shareholder	Tangmitpracha Family (36%)		
12m high/low (THB)	15.15/8.60		
Issued shares (m)	3,089.13		

Sources: Bloomberg consensus; FSSIA estimates


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### Investment thesis

DOHOME is a leading one-stop home product destination under the “Complete, Cheap, and Good at DOHOME” concept. It retails and wholesales building materials and decorative items in the provincial market, with over 80% of its branches in the provinces and 20% in Bangkok and its vicinity.

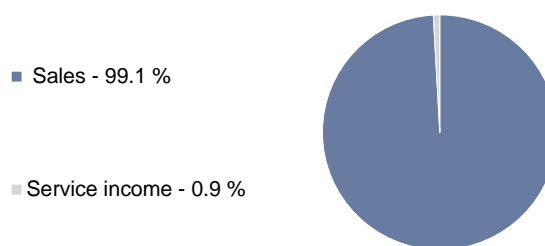
We expect a 2024 core profit growth of 91% y-y due to a low base in 2023. Also, we anticipate continued 2025-26 growth of 26% CAGR, the highest in the home improvement sector, supported by SSSG of 3-5%, branch expansion of 2-4 p.a., the margin improvement strategy through private brands, and efficient cost control.

### Company profile

DOHOME retails and wholesales building materials and decorative items and provides related services under the one-stop home product destination concept. It operates mainly in sizable buildings with a service area (including sales areas and warehouses) of approximately 22,000-65,000 SQM. Also, it has small-sized ToGo branches with a service area of roughly 800-1,000 SQM.

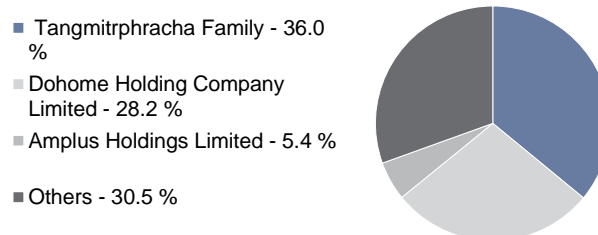
[www.dohome.co.th](http://www.dohome.co.th)

### Principal activities (revenue, 2022)



Source: Dohome PCL

### Major shareholders



Source: Dohome PCL

### Catalysts

Potential catalysts for DOHOME include 1) higher steel prices (30% of total revenue), 2) the property sector growth, 3) government measures to stimulate purchasing power, 4) state investment in infrastructure projects, and 5) higher agricultural product prices and outputs.

### Risks to our call

Downside risks to our DCF-based TP include 1) lower farm income, 2) a delay in government disbursement, 3) a decreased private brand exposure and its lower margins, 4) higher-than-expected expenses, and 5) a higher-than-expected impact of the El Nino.

### Event calendar

Date	Event
20 Feb 2024	4Q23 results announcement

### Key assumptions

	2023E	2024E	2025E
SSSG (%)	(6.8)	5.0	3.0
Stores L expansion growth (%)	14.3	0.0	9.4
House brand (%)	20.0	21.0	22.0
GPM (%)	15.7	16.5	17.0
SG&A to sales	12.7	11.8	11.7

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2024 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 net profit to rise by 2.7%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A, we estimate 2024 net profit to fall by 2.7%, and vice versa, all else being equal.

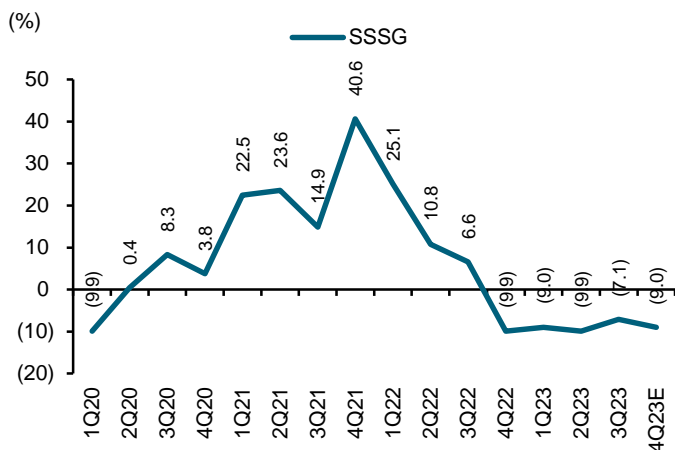
Source: FSSIA estimates

Exhibit 1: 4Q23 results preview

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23E	Change		2023E	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
<b>Total revenue</b>	<b>7,643</b>	<b>8,462</b>	<b>7,995</b>	<b>7,431</b>	<b>7,501</b>	<b>1</b>	<b>(2)</b>	<b>31,388</b>	<b>32,957</b>	<b>5</b>
- Retail sales	7,572	8,375	7,898	7,358	7,421	1	(2)	31,052	32,605	5
- Service income	71	86	96	72	80	11	14	335	352	5
Cost of sales	(6,594)	(7,065)	(6,876)	(6,283)	(6,248)	(1)	(5)	(26,471)	(27,531)	4
<b>Gross profit</b>	<b>1,049</b>	<b>1,397</b>	<b>1,119</b>	<b>1,148</b>	<b>1,253</b>	<b>9</b>	<b>19</b>	<b>4,917</b>	<b>5,426</b>	<b>10</b>
Operating costs	(1,005)	(1,001)	(993)	(973)	(1,014)	4	1	(3,980)	(3,889)	(2)
<b>Operating profit</b>	<b>44</b>	<b>396</b>	<b>126</b>	<b>175</b>	<b>239</b>	<b>37</b>	<b>450</b>	<b>937</b>	<b>1,537</b>	<b>64</b>
Other income	70	53	55	72	135	88	92	315	267	(15)
Other expenses	(76)	(6)	0	0	0	n/a	(100)	(6)	(7)	5
<b>EBIT</b>	<b>38</b>	<b>443</b>	<b>182</b>	<b>247</b>	<b>374</b>	<b>52</b>	<b>880</b>	<b>1,245</b>	<b>1,798</b>	<b>44</b>
Finance income	4	4	5	6	6	(3)	34	21	21	3
Interest expense	(111)	(122)	(141)	(145)	(152)	5	38	(561)	(617)	10
<b>Profit before tax</b>	<b>(68)</b>	<b>324</b>	<b>46</b>	<b>108</b>	<b>227</b>	<b>111</b>	<b>432</b>	<b>705</b>	<b>1,202</b>	<b>71</b>
Tax	17	(66)	(6)	(17)	(46)	170	(365)	(135)	(229)	71
Non-recurring items	75	0	0	0	60	n/a	(20)	60	0	(100)
<b>Reported net profit</b>	<b>(51)</b>	<b>258</b>	<b>39</b>	<b>91</b>	<b>182</b>	<b>100</b>	<b>454</b>	<b>570</b>	<b>972</b>	<b>71</b>
<b>Recurring net profit</b>	<b>24</b>	<b>258</b>	<b>39</b>	<b>91</b>	<b>122</b>	<b>34</b>	<b>412</b>	<b>510</b>	<b>972</b>	<b>91</b>
EPS (THB)	(0.02)	0.08	0.01	0.03	0.06	100	434	0.18	0.31	71
Recurring EPS (THB)	0.00	0.08	0.01	0.03	0.04	34	1,207	0.17	0.31	91
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	13.7	16.5	14.0	15.5	16.7	1.3	3.0	15.7	16.5	0.8
Operating margin	0.6	4.7	1.6	2.4	3.2	0.8	2.6	3.0	4.7	1.7
Recurring net margin	0.3	3.1	0.5	1.2	1.6	0.4	1.3	1.6	2.9	1.3
SG&A to rev	13.2	11.8	12.4	13.1	13.5	0.4	0.4	12.7	11.8	(0.9)
<b>Operating stat</b>										
SSSG (% y-y)	(9.9)	(9.0)	(9.9)	(7.1)	(9.0)			(6.8)	5.0	
Stores - L (no.)	21	21	21	23	24			24	24	
Stores - ToGo (no.)	8	8	8	8	11			11	11	

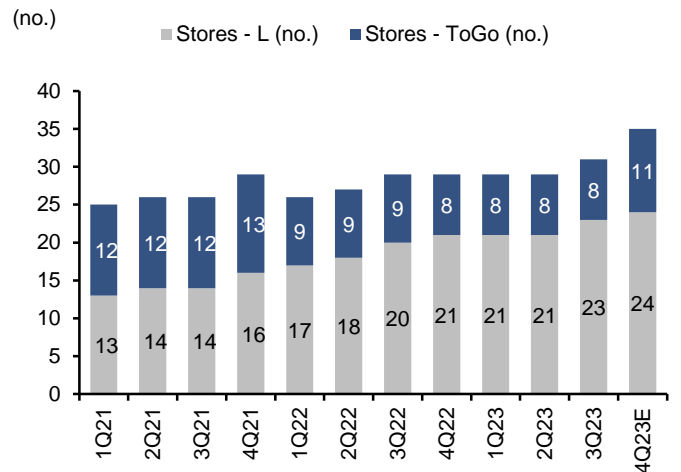
Sources: DOHOME; FSSIA estimates

Exhibit 2: Lower-than-expected SSSG



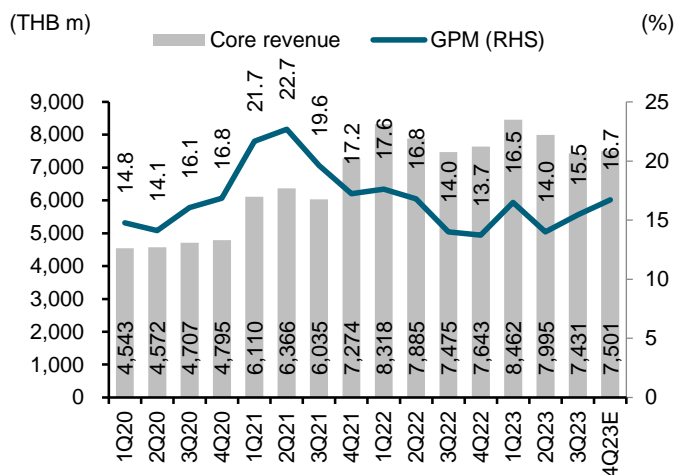
Sources: DOHOME; FSSIA estimates

Exhibit 3: GPM should improve from private brand



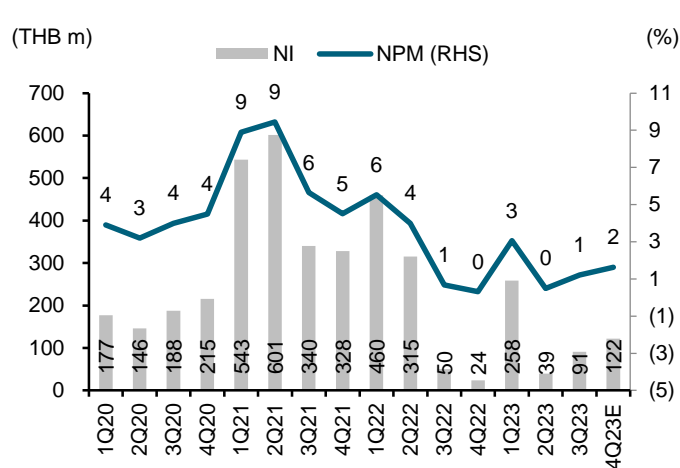
Sources: DOHOME; FSSIA estimates

**Exhibit 4: GPM should improve from private brand**



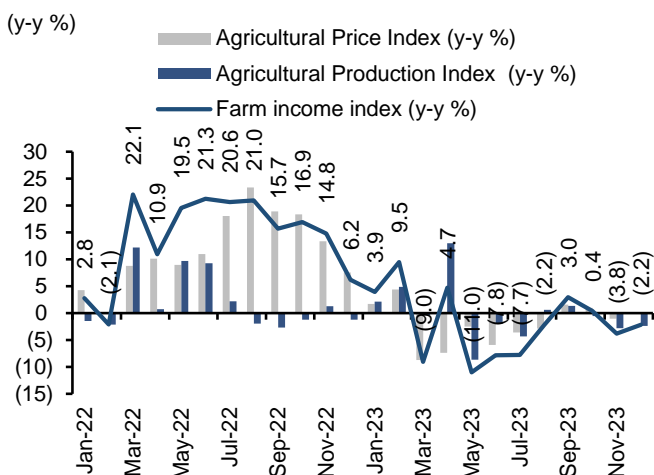
Sources: DOHOME; FSSIA estimates

**Exhibit 5: Norm profit & NPM**



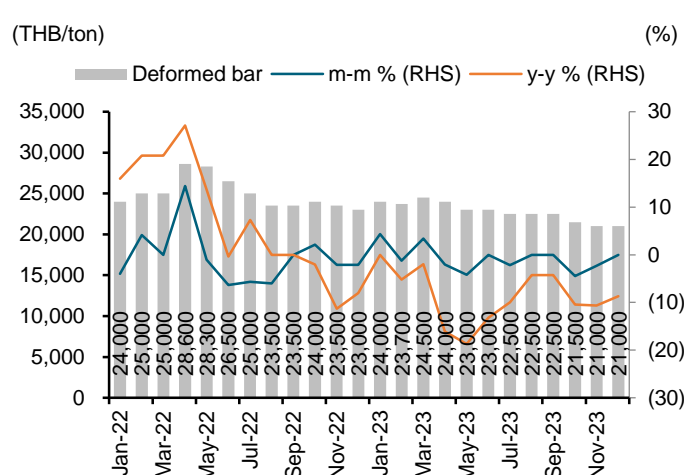
Sources: DOHOME; FSSIA estimates

**Exhibit 6: Farm income index**



Source: Office of Agricultural Economics

**Exhibit 7: Domestic steel price**



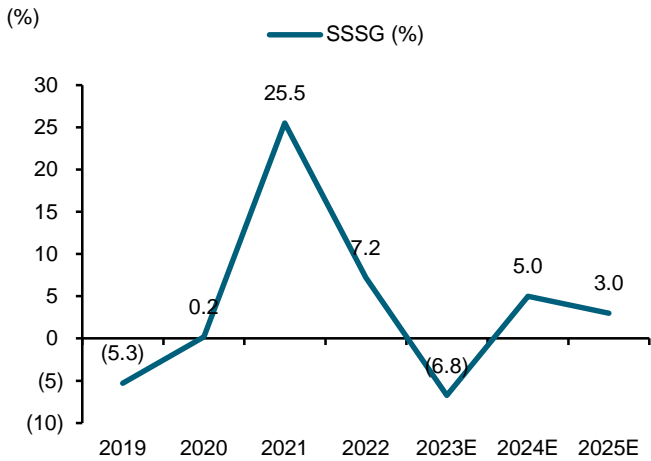
Source: Ministry of Commerce

**Exhibit 8: Revise earnings downward to account for lower-than-expected SSSG and unclear store expansion plan**

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Revenues (THB m)	31,388	32,957	36,157	31,840	35,961	40,081	(1.4)	(8.4)	(9.8)
SSSG (%)	(6.8)	5.0	3.0	(5.0)	6.0	5.0	(1.8)	(1.0)	(2.0)
Gross margin (%)	15.7	16.5	17.0	15.6	16.5	17.2	0.1	0.0	(0.2)
No. of new stores L	3	0	3	3	3	3	0.0	(3.0)	0.0
SG&A expenses to sales (%)	12.7	11.8	11.7	12.3	11.6	11.4	0.4	0.2	0.3
Core profit (THB m)	510	972	1,254	595	1,112	1,517	(14.2)	(12.6)	(17.4)

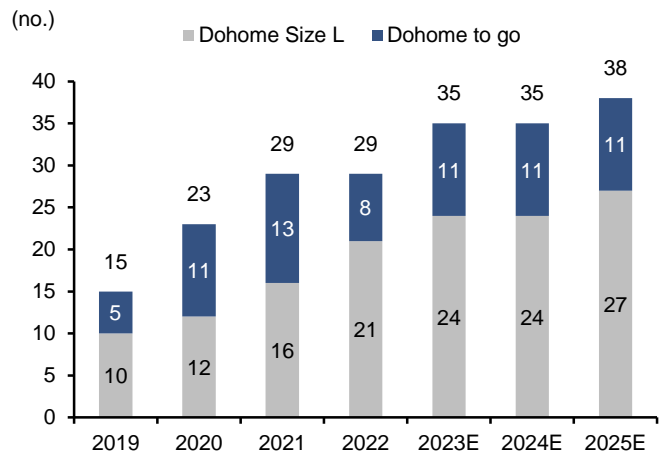
Source: FSSIA estimates

**Exhibit 9: Yearly SSSG**



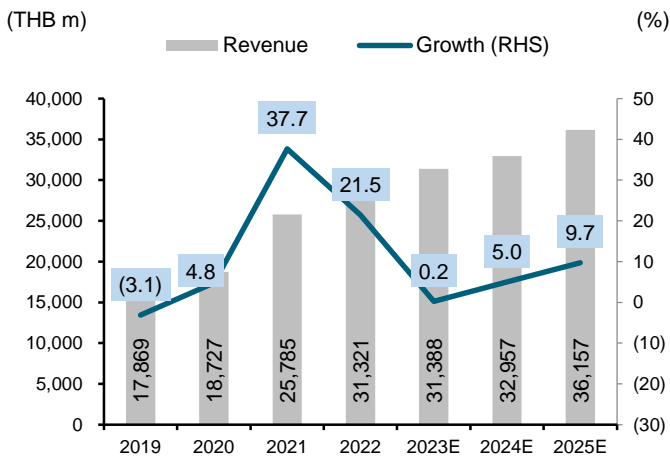
Sources: DOHOME; FSSIA estimates

**Exhibit 10: Store expansion**



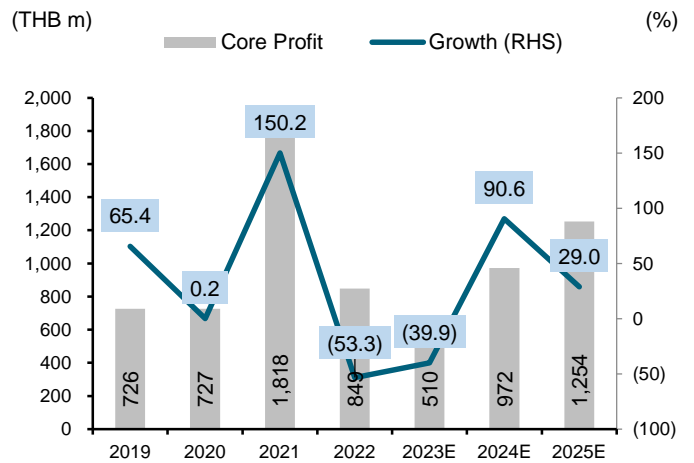
Sources: DOHOME; FSSIA estimates

**Exhibit 11: Yearly revenue and growth**



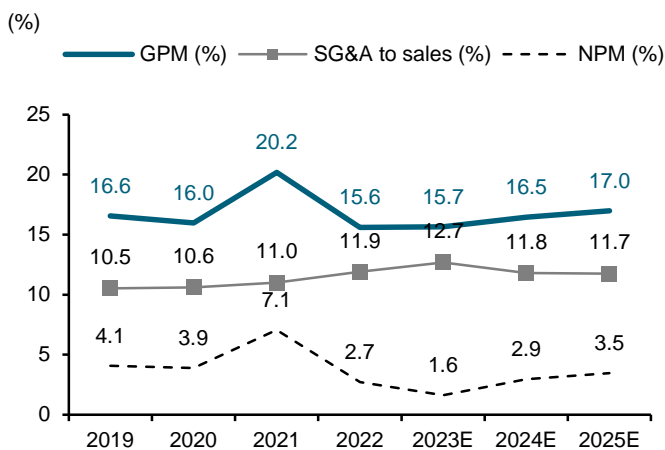
Sources: DOHOME; FSSIA estimates

**Exhibit 12: Yearly core profit and growth**



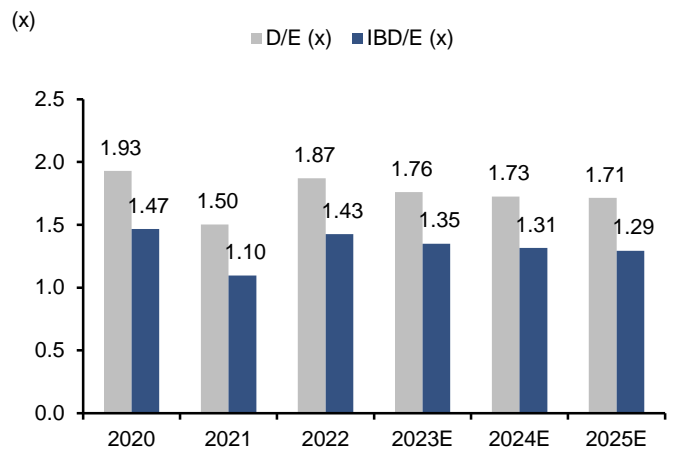
Sources: DOHOME; FSSIA estimates

**Exhibit 13: Profitability**



Sources: DOHOME; FSSIA estimates

**Exhibit 14: Leverage ratio**



Sources: DOHOME; FSSIA estimates

**Exhibit 15: DCF-based valuation**

DCF-derived TP	(%)	(THB m)
Discount rate (WACC)	7.3	
Terminal growth	2.0	
NPV (Value of the firm)		55,459
Net Debt		(17,401)
Value of equity		38,058
# of shares		3,089
<b>Share price</b>		<b>12.3</b>

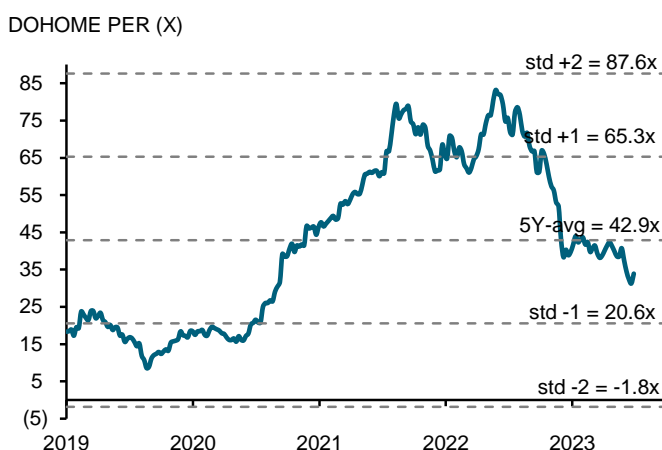
Source: FSSIA estimates

**Exhibit 16: Sensitivity to 2024 target price**

		Terminal Growth				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.3%	13.7	15.4	17.5	20.1	23.5
	6.8%	11.6	13.0	14.6	16.6	19.2
	7.3%	9.9	11.0	<b>12.3</b>	13.9	15.8
	7.8%	8.5	9.4	10.4	11.7	13.2
	8.3%	7.2	8.0	8.8	9.9	11.1

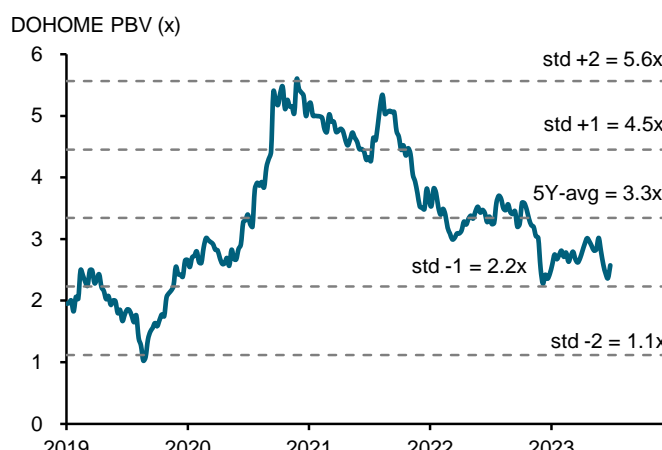
Source: FSSIA estimates

**Exhibit 17: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 18: Rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 19: Commerce peers as of 5 February 2024**

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
<b>Consumer Staple</b>														
CP All	CPALL TB	BUY	54.50	77.00	41	13,680	28.4	24.4	16.4	17.5	4.9	4.5	20.2	17.9
CP Axtra	CPAXT TB	BUY	30.25	36.00	19	8,943	37.2	30.1	2.9	3.6	1.1	1.1	11.2	10.5
Berli Jucker*	BJC TB	n/a	24.50	n/a	n/a	2,741	20.3	17.8	4.0	4.5	0.8	0.8	12.8	11.9
<b>Consumer Staple average</b>						<b>25,364</b>	<b>28.6</b>	<b>24.1</b>	<b>7.8</b>	<b>8.5</b>	<b>2.3</b>	<b>2.1</b>	<b>14.7</b>	<b>13.4</b>
<b>Consumer Discretionary</b>														
Com7	COM7 TB	BUY	21.40	30.00	40	1,426	16.3	14.7	41.6	41.7	6.5	5.8	11.6	10.5
Central Retail Corp	CRC TB	BUY	32.25	48.00	49	5,435	23.7	20.4	12.6	13.4	2.9	2.6	12.8	11.5
<b>Home Improvement</b>														
Index Living Mall	ILM TB	BUY	21.80	26.70	22	308	15.9	14.3	12.0	12.7	1.9	1.8	7.6	6.9
Home Product Center	HMPRO TB	BUY	10.30	13.60	32	3,785	21.3	20.0	25.5	26.0	5.3	5.0	12.4	11.7
Siam Global House	GLOBAL TB	BUY	15.80	17.70	12	2,208	30.1	26.7	11.5	12.0	3.3	3.1	22.5	20.2
Dohome	DOHOME TB	BUY	11.10	12.30	11	958	67.2	35.3	4.3	7.7	2.8	2.6	25.7	19.1
<b>Home Improvement avg.</b>						<b>7,259</b>	<b>33.6</b>	<b>24.1</b>	<b>13.3</b>	<b>14.6</b>	<b>3.3</b>	<b>3.1</b>	<b>17.1</b>	<b>14.5</b>
<b>Consumer Discretionary avg.</b>						<b>14,120</b>	<b>29.1</b>	<b>21.9</b>	<b>17.9</b>	<b>18.9</b>	<b>3.8</b>	<b>3.5</b>	<b>15.5</b>	<b>13.3</b>
<b>Total average</b>						<b>39,484</b>	<b>28.9</b>	<b>22.6</b>	<b>14.6</b>	<b>15.5</b>	<b>3.3</b>	<b>3.0</b>	<b>15.2</b>	<b>13.4</b>

Sources: \*Bloomberg; FSSIA estimates

## Financial Statements

Dohome PCL

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	25,785	31,321	31,388	32,957	36,157
Cost of goods sold	(20,578)	(26,434)	(26,471)	(27,531)	(30,018)
<b>Gross profit</b>	<b>5,207</b>	<b>4,887</b>	<b>4,917</b>	<b>5,426</b>	<b>6,139</b>
Other operating income	133	210	255	267	293
Operating costs	(2,836)	(3,731)	(3,986)	(3,896)	(4,254)
<b>Operating EBITDA</b>	<b>3,094</b>	<b>2,149</b>	<b>1,992</b>	<b>2,715</b>	<b>3,207</b>
Depreciation	(590)	(784)	(807)	(917)	(1,028)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,504</b>	<b>1,365</b>	<b>1,185</b>	<b>1,798</b>	<b>2,179</b>
Net financing costs	(239)	(333)	(540)	(596)	(629)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	(75)	60	0	0
<b>Profit before tax</b>	<b>2,266</b>	<b>957</b>	<b>705</b>	<b>1,202</b>	<b>1,550</b>
Tax	(448)	(183)	(135)	(229)	(296)
<b>Profit after tax</b>	<b>1,818</b>	<b>774</b>	<b>570</b>	<b>972</b>	<b>1,254</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,818</b>	<b>774</b>	<b>570</b>	<b>972</b>	<b>1,254</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>75</b>	<b>(60)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,818</b>	<b>849</b>	<b>510</b>	<b>972</b>	<b>1,254</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.63	0.29	0.17	0.31	0.41
Reported EPS	0.63	0.27	0.18	0.31	0.41
DPS	0.07	0.21	0.03	0.05	0.09
Diluted shares (used to calculate per share data)	2,866	2,907	3,089	3,089	3,089
<b>Growth</b>					
Revenue (%)	37.7	21.5	0.2	5.0	9.7
Operating EBITDA (%)	89.7	(30.5)	(7.3)	36.3	18.1
Operating EBIT (%)	122.0	(45.5)	(13.2)	51.7	21.2
Recurring EPS (%)	104.8	(53.9)	(43.5)	90.6	29.0
Reported EPS (%)	104.8	(58.0)	(30.7)	70.5	29.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	20.2	15.6	15.7	16.5	17.0
Gross margin exc. depreciation (%)	22.5	18.1	18.2	19.2	19.8
Operating EBITDA margin (%)	12.0	6.9	6.3	8.2	8.9
Operating EBIT margin (%)	9.7	4.4	3.8	5.5	6.0
Net margin (%)	7.1	2.7	1.6	2.9	3.5
Effective tax rate (%)	19.8	19.1	19.1	19.1	19.1
Dividend payout on recurring profit (%)	11.1	72.7	17.4	17.4	23.0
Interest cover (X)	10.5	4.1	2.2	3.0	3.5
Inventory days	185.9	181.8	188.9	179.0	175.1
Debtor days	17.5	17.7	17.3	17.3	16.9
Creditor days	61.6	59.6	61.7	58.7	57.4
Operating ROIC (%)	10.3	4.5	3.5	5.2	6.0
ROIC (%)	9.9	4.2	3.3	4.8	5.5
ROE (%)	20.2	7.6	4.3	7.7	9.3
ROA (%)	8.4	3.7	2.8	4.2	4.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales	25,577	31,045	31,052	32,605	35,771
Service income	208	275	335	352	386

Sources: Dohome PCL; FSSIA estimates

## Financial Statements

Dohome PCL

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	1,818	849	510	972	1,254
Depreciation	590	784	807	917	1,028
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(2,634)	(1,060)	1,160	191	(330)
<b>Cash flow from operations</b>	<b>(227)</b>	<b>573</b>	<b>2,477</b>	<b>2,080</b>	<b>1,952</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(2,554)	(4,455)	(1,615)	(1,650)	(1,685)
Net acquisitions & disposals	(273)	(708)	(429)	(384)	(356)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(2,827)</b>	<b>(5,163)</b>	<b>(2,043)</b>	<b>(2,034)</b>	<b>(2,041)</b>
Dividends paid	(202)	(617)	-	(169)	(288)
Equity finance	2,162	487	182	0	0
Debt finance	1,521	4,919	54	781	1,097
Other financing cash flows	(226)	(340)	(644)	(616)	(647)
<b>Cash flow from financing</b>	<b>3,255</b>	<b>4,449</b>	<b>(408)</b>	<b>(4)</b>	<b>162</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>202</b>	<b>(141)</b>	<b>25</b>	<b>42</b>	<b>72</b>
Free cash flow to firm (FCFF)	(2,795.45)	(4,239.40)	994.42	663.70	560.94
Free cash flow to equity (FCFE)	(1,758.97)	(10.25)	(156.97)	211.12	360.18

### Per share (THB)

FCFF per share	(0.90)	(1.37)	0.32	0.21	0.18
FCFE per share	(0.57)	0.00	(0.05)	0.07	0.12
Recurring cash flow per share	0.84	0.56	0.43	0.61	0.74

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	15,550	19,851	21,351	22,851	24,351
Less: Accumulated depreciation	(3,204)	(3,835)	(4,527)	(5,295)	(6,137)
<b>Tangible fixed assets (net)</b>	<b>12,346</b>	<b>16,016</b>	<b>16,824</b>	<b>17,557</b>	<b>18,215</b>
<b>Intangible fixed assets (net)</b>	<b>884</b>	<b>1,593</b>	<b>2,019</b>	<b>2,402</b>	<b>2,757</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	301	160	186	228	300
A/C receivable	1,571	1,463	1,520	1,596	1,751
Inventories	11,796	13,761	12,797	13,309	14,511
Other current assets	306	274	301	309	332
<b>Current assets</b>	<b>13,974</b>	<b>15,659</b>	<b>14,804</b>	<b>15,442</b>	<b>16,894</b>
Other assets	24	50	55	57	61
<b>Total assets</b>	<b>27,227</b>	<b>33,318</b>	<b>33,702</b>	<b>35,458</b>	<b>37,927</b>
Common equity	10,880	11,603	12,207	13,010	13,976
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>10,880</b>	<b>11,603</b>	<b>12,207</b>	<b>13,010</b>	<b>13,976</b>
Long term debt	2,940	5,164	6,140	6,367	7,063
Other long-term liabilities	82	95	104	107	115
<b>Long-term liabilities</b>	<b>3,021</b>	<b>5,259</b>	<b>6,244</b>	<b>6,474</b>	<b>7,178</b>
A/C payable	3,897	4,483	4,196	4,364	4,758
Short term debt	9,234	11,929	11,007	11,561	11,961
Other current liabilities	195	45	49	50	54
<b>Current liabilities</b>	<b>13,325</b>	<b>16,456</b>	<b>15,251</b>	<b>15,974</b>	<b>16,773</b>
<b>Total liabilities and shareholders' equity</b>	<b>27,227</b>	<b>33,318</b>	<b>33,702</b>	<b>35,458</b>	<b>37,927</b>
Net working capital	9,581	10,971	10,373	10,800	11,783
Invested capital	22,834	28,631	29,272	30,817	32,815

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

### Per share (THB)

Book value per share	3.80	3.99	3.95	4.21	4.52
Tangible book value per share	3.49	3.44	3.30	3.43	3.63

### Financial strength

Net debt/equity (%)	109.1	145.9	138.9	136.0	134.0
Net debt/total assets (%)	43.6	50.8	50.3	49.9	49.4
Current ratio (x)	1.0	1.0	1.0	1.0	1.0
CF interest cover (x)	4.3	14.3	3.7	4.1	4.3

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>17.5</b>	<b>38.0</b>	<b>67.2</b>	<b>35.3</b>	<b>27.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>19.4</b>	<b>42.1</b>	<b>74.5</b>	<b>39.1</b>	<b>30.3</b>
Reported P/E (x)	17.5	41.7	60.2	35.3	27.3
Dividend yield (%)	0.6	1.9	0.3	0.5	0.8
Price/book (x)	2.9	2.8	2.8	2.6	2.5
Price/tangible book (x)	3.2	3.2	3.4	3.2	3.1
EV/EBITDA (x) **	14.1	22.9	25.7	19.1	16.5
EV/EBITDA @ target price (x) **	15.2	24.5	27.6	20.5	17.7
EV/invested capital (x)	1.9	1.7	1.8	1.7	1.6

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

Sources: Dohome PCL; FSSIA estimates



# Dohome PCL (DOHOME TB)

**FSSIA ESG rating**

★ ★ ★

**42.34 /100**

## Exhibit 20: 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.
★★★	<b>&gt;39-59</b>	<b>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.</b>
★★	>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 21: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		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
DOHOME	42.34	--	--	--	5.00	5.00	Declared	Medium	37.50	--	--	37.19	20.00	4.17	46.91
GLOBAL	59.18	--	Y	Y	5.00	5.00	Declared	Low	53.10	--	--	36.48	41.00	3.24	52.38
HMPRO	87.20	Y	Y	Y	5.00	5.00	Certified	Low	66.54	AA	37.00	65.78	81.00	5.36	62.59
ILM	20.00	--	--	--	5.00	5.00	Certified	--	--	--	--	--	--	--	--
MEGA	54.48	--	Y	Y	4.00	4.00	Declared	Medium	66.56	--	--	58.59	24.00	2.39	--

Sources: SETTRADE.com; FSSIA's compilation

## Exhibit 22: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.50</b>	<b>1.52</b>	<b>2.55</b>	<b>4.17</b>
BESG environmental pillar score	0.00	0.00	0.00	2.33
BESG social pillar score	0.67	0.67	3.88	5.70
BESG governance pillar score	5.00	5.11	4.98	4.79
<b>ESG disclosure score</b>	<b>28.73</b>	<b>32.69</b>	<b>37.03</b>	<b>46.91</b>
Environmental disclosure score	0.00	0.00	2.08	25.67
Social disclosure score	15.72	16.81	27.75	33.83
Governance disclosure score	70.32	81.10	81.10	81.10
<b>Environmental</b>				
Emissions reduction initiatives	No	No	No	Yes
Climate change policy	No	No	No	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	Yes	Yes
GHG scope 1	—	—	—	—
GHG scope 2 location-based	—	—	—	—
GHG Scope 3	—	—	—	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes
Total energy consumption	—	—	—	—
Renewable energy use	—	—	—	16
Electricity used	—	—	—	50
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

**Exhibit 23: ESG score by Bloomberg (cont.)**

<b>FY ending Dec 31</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	No	No	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	Yes
Water policy	No	No	Yes	Yes
Water consumption	—	—	—	—
<b>Social</b>				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	No	No	No	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	44	43
Pct disabled in workforce	—	—	1	1
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	No	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	1
Total recordable incident rate - employees	—	—	2	—
Training policy	No	Yes	Yes	Yes
Fair remuneration policy	No	No	No	Yes
Number of employees – CSR	3,706	5,176	6,219	7,837
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	1,098	2,388	1,910	30,870
Social supply chain management	No	No	No	Yes
<b>Governance</b>				
<b>Board size</b>	<b>11</b>	<b>11</b>	<b>8</b>	<b>8</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>3</b>
No. of women on board	5	5	3	3
No. of non-executive directors on board	5	5	3	3
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	5	6	4	4
Board meeting attendance pct	—	95	88	97
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	28	29	30	31
Age of the oldest director	66	67	68	69
<b>No. of executives / company managers</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>
No. of female executives	7	7	7	7
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	5	4	4	4
Audit meeting attendance %	—	100	75	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	2	2	2	2
Compensation meeting attendance %	—	100	83	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	2	2
Nomination meeting attendance %	—	100	83	100
<b>Sustainability governance</b>				
Verification type	No	No	No	No

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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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&amp;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.																			
<b>Thai CAC</b> 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.																			
<b>Morningstar Sustainalytics</b>	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 &amp; 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+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
<b>ESG Book</b>	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.																			
<b>MSCI</b>	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="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	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.																				
<b>Bloomberg</b>	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

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Company	Ticker	Price	Rating	Valuation & Risks
Dohome PCL	DOHOME TB	THB 11.10	BUY	Downside risks to our DCF-based TP include 1) lower farm income, 2) a delay in government disbursement, 3) a decreased private brand exposure and its lower margins, 4) higher-than-expected expenses, and 5) a higher-than-expected impact of the El Nino.
Siam Global House	GLOBAL TB	THB 15.80	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.
Index Living Mall	ILM TB	THB 21.80	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 10.30	BUY	Key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) slower-than-expected recovery in domestic consumption and tourist arrivals, and 3) operating losses from overseas units.
CP All	CPALL TB	THB 54.50	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.
CP Axtra	CPAXT TB	THB 30.25	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.
Com7	COM7 TB	THB 21.40	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Central Retail Corp	CRC TB	THB 32.25	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.

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 05-Feb-2024 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.