

# CP AXTRA CPAXT TB

THAILAND / COMMERCE

**BUY**

UNCHANGED

TARGET PRICE	THB36.00
CLOSE	THB31.00
UP/DOWNSIDE	+16.1%
PRIOR TP	THB36.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+1.0%

## 1Q24 core profit set to increase y-y

- We expect a 1Q24 core profit of THB2.46b, down 25% q-q due to seasonality but up 18% y-y due to higher sales from the two units and lower interest expenses.
- Maintain 2024E core profit of THB10.6b (+21% y-y).
- Retain a BUY call at our TP of THB36.0 (DCF).

## 1Q24 core profit should continue to grow y-y, supported by higher sales and lower interest expenses

We expect a 1Q24 core profit of THB2.46b, down 25% q-q due to seasonality but up 18% y-y, supported by higher sales from the two units. Specifically, we anticipate total sales growth of 6% y-y, 4% wholesale SSSG, and 6% retail SSSG. Also, MAKRO opened two new branches in eco-plus format, while Lotus discontinued four Go Fresh, turned a supermarket into a hybrid store, and opened one supermarket in Malaysia. Finally, we project 10% y-y higher rental income due to higher rental area and a stable occupancy rate of 93-94%.

## Likely stable profitability but higher wholesale expenses

We expect MAKRO GPM to edge down y-y to 10.8% (vs 10.9% in 1Q23) from a new distribution center. Lotus's GPM should be flat y-y at 18.0%. Although the fresh and dried food mix would increase, a higher exposure of lower-margin electrical appliances would drag. MAKRO SG&A would continue to rise due to investments in the Omni channel and pre-operating expenses of the new distribution center, while Lotus's SG&A should be flat y-y. Additionally, we anticipate 24% lower interest expenses due to debt restructuring.

## Maintain 2024E core profit growth of 21%, supported by Lotus's recovery and lower interest expenses

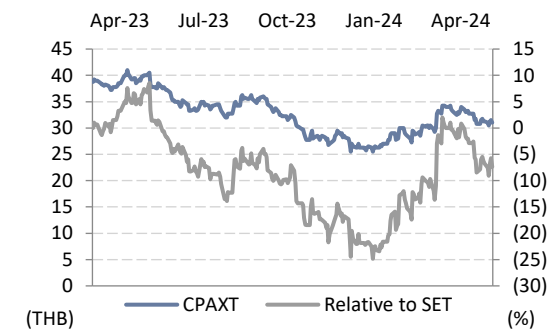
If the 1Q24 core profit matches our estimate, it secures 23% of our 2024 core profit. We retain our robust 2024E core profit growth of 21% y-y, supported by Lotus's recovery and lower interest expenses in 1H24. Besides, we expect synergies from the merger of MAKRO and Lotus's from 2025 onwards.

## Retain BUY call at our TP of THB36.0

We reaffirm a BUY call at our TP of THB36.0. The concerns over an objection to the business restructuring ease, but the arrival of a new wholesale player calls for close monitoring. We still prefer CPALL to CPAXT due to lesser demanding valuations. In particular, CPALL traded on a 2024E P/E of 23.9x, lower than CPAXT of 30.8x.

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	486,472	510,590	529,777	549,574
Net profit	8,640	10,653	12,512	14,080
EPS (THB)	0.82	1.01	1.18	1.33
vs Consensus (%)	-	(1.5)	(0.3)	(1.4)
EBITDA	34,456	35,322	38,336	41,595
Recurring net profit	8,777	10,653	12,512	14,080
Core EPS (THB)	0.83	1.01	1.18	1.33
Chg. In EPS est. (%)	-	0.3	0.4	0.4
EPS growth (%)	10.8	21.4	17.5	12.5
Core P/E (x)	37.4	30.8	26.2	23.3
Dividend yield (%)	1.8	2.3	2.7	3.0
EV/EBITDA (x)	11.5	11.4	10.7	10.0
Price/book (x)	1.1	1.1	1.1	1.1
Net debt/Equity (%)	23.4	24.5	26.7	28.0
ROE (%)	3.0	3.6	4.2	4.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.1)	6.9	(19.0)
Relative to country (%)	(7.2)	11.0	(7.4)
Mkt cap (USD m)	8,950		
3m avg. daily turnover (USD m)	6.4		
Free float (%)	15		
Major shareholder	CP ALL (60%)		
12m high/low (THB)	41.75/25.25		
Issued shares (m)	10,580.32		

Sources: Bloomberg consensus; FSSIA estimates

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## Investment thesis

CPAXT is a leading wholesaler (under Makro). After its retail and rental units merged under Lotus's, CPAXT achieved synergies from Makro's expertise in the wholesale business, especially in the food segment, and Lotus's strengths in the retail and rental market. In 2024-26, we expect revenue growth of 4.1% CAGR to THB550b and normalized earnings growth of 17.1% CAGR to THB14b, supported by 1) a recovery in tourism and domestic consumption, which should boost domestic purchasing power; 2) synergies between Makro and Lotus's; and 3) the O2O strategy.

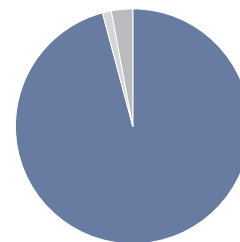
## Company profile

CPAXT operates a wholesale unit under Makro to distribute consumer products to SMEs, retailers, restaurant operators, freelancers, and various institutions. Also, it is in the food service business to import and distribute frozen and chilled food to restaurants and small retailers. Finally, it has retail and rental subsidiaries under Lotus's.

[www.cpaxtra.com](http://www.cpaxtra.com)

## Principal activities (revenue, 2023)

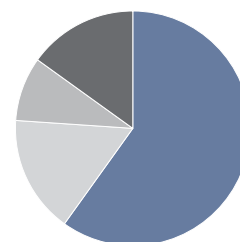
- Sales - 95.8 %
- Service income - 1.2 %
- Rental and rendering retail services - 2.9 %



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

Potential catalysts for CPAXT include: 1) a faster-than-expected domestic consumption and tourism recovery and 2) a better-than-expected recovery of its retail operation.

## Risks to our call

Key downside risks to our DCF-based TP include 1) a lower-than-expected SSSG, 2) a lower-than-expected GPM, 3) higher-than-expected SG&A expenses, and 4) an operating loss from its overseas units.

## Event calendar

Date	Event
9 May 2024	1Q24 results announcement
16 May 2024	Analyst meeting

## Key assumptions

MAKRO	2024E	2025E	2025E
SSSG MAKRO (%)	3.0	3.0	3.0
SSSG Lotus-TH (%)	3.0	3.0	3.0
SSSG Lotus-ML (%)	3.0	3.0	3.0
New stores growth (%)	4.5	4.3	4.0
GPM (%)	16.3	16.4	16.4
SG&A to revenue (%)	13.2	13.1	13.0

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.

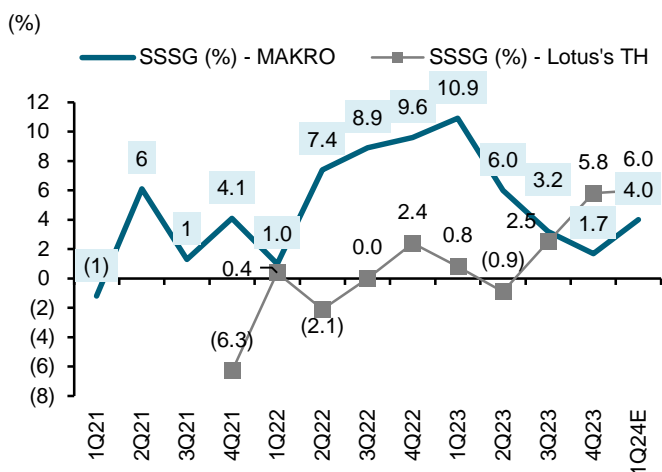
Source: FSSIA estimates

## Exhibit 1: CPAXT - 1Q24 results preview

Year to Dec 31	1Q23	2Q23	3Q23	4Q23	1Q24E	----- Change-----		1Q24E	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(%24E)	(THB m)	(y-y %)
<b>Total revenue</b>	<b>119,089</b>	<b>120,909</b>	<b>118,837</b>	<b>127,637</b>	<b>125,855</b>	<b>(1)</b>	<b>6</b>	<b>25</b>	<b>510,590</b>	<b>5</b>
- Retail sales	114,044	115,980	113,838	122,371	120,636	(1)	6	25	489,698	5
- Service income	1,487	1,445	1,405	1,599	1,628	2	10	27	5,947	0
- Rental and services	3,558	3,484	3,594	3,667	3,591	(2)	1	24	14,945	4
<b>Gross profit</b>	<b>19,473</b>	<b>19,001</b>	<b>18,930</b>	<b>20,793</b>	<b>20,377</b>	<b>(2)</b>	<b>5</b>	<b>24</b>	<b>83,405</b>	<b>7</b>
Operating costs	(16,106)	(16,306)	(16,263)	(16,292)	(16,790)	3	4	25	(68,376)	5
<b>Operating profit</b>	<b>3,367</b>	<b>2,695</b>	<b>2,667</b>	<b>4,501</b>	<b>3,587</b>	<b>(20)</b>	<b>7</b>	<b>24</b>	<b>15,029</b>	<b>14</b>
Other income	1,133	703	665	976	760	(22)	(33)	21	3,652	5
<b>EBIT</b>	<b>4,500</b>	<b>3,398</b>	<b>3,332</b>	<b>5,477</b>	<b>4,348</b>	<b>(21)</b>	<b>(3)</b>	<b>23</b>	<b>18,682</b>	<b>12</b>
Interest expense	(1,895)	(1,570)	(1,403)	(1,451)	(1,438)	(1)	(24)	24	(5,973)	(5)
Profit before tax	2,605	1,828	1,929	4,025	2,910	(28)	12	23	12,709	22
Tax	(647)	(527)	(448)	(912)	(626)	(31)	(3)	21	(2,923)	15
Associates	193	201	185	168	172	3	(11)	21	826	11
Minority interests	15	14	11	1	1	0	(94)	2	41	0
Non-recurring items	87	(185)	(39)	0	0	n/a	(100)	n/a	0	(100)
Reported net profit	2,166	1,516	1,677	3,282	2,457	(25)	13	23	10,653	23
<b>Recurring net profit</b>	<b>2,079</b>	<b>1,701</b>	<b>1,716</b>	<b>3,282</b>	<b>2,457</b>	<b>(25)</b>	<b>18</b>	<b>23</b>	<b>10,653</b>	<b>21</b>
EPS (THB)	0.20	0.14	0.16	0.31	0.23	(25)	13	23	1.01	23
<b>Recurring EPS (THB)</b>	<b>0.20</b>	<b>0.16</b>	<b>0.16</b>	<b>0.31</b>	<b>0.23</b>	<b>(25)</b>	<b>18</b>	<b>23</b>	<b>1.01</b>	<b>21</b>
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>		
GPM from sales	14.0	13.5	13.7	14.0	14.0	0.0	(0.1)		14.1	
Gross profit margin	16.4	15.7	15.9	16.3	16.2	(0.1)	(0.2)		16.3	
Operating margin	2.8	2.2	2.2	3.5	2.9	(0.7)	0.0		2.9	
Recurring net margin	1.7	1.4	1.4	2.6	2.0	(0.6)	0.2		2.1	
SG&A / Revenue	13.4	13.4	13.6	12.7	13.3	0.6	(0.1)		13.3	
<b>Operating statistics</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>		
SSSG (%) - MAKRO	10.9	6.0	3.2	1.7	4.0	2.3	(6.9)		3.0	
SSSG (%) - Lotus's TH	0.8	(0.9)	2.5	5.8	6.0	0.2	5.2		3.0	
SSSG (%) - Lotus's ML	(0.9)	(12.2)	0.6	3.6	7.0	3.4	7.9		3.0	
stores (Wholesales) (no.)	163	163	164	168	170				176	
stores (Lotus) (no.)	2,654	2,565	2,525	2,522	2,518				2,636	

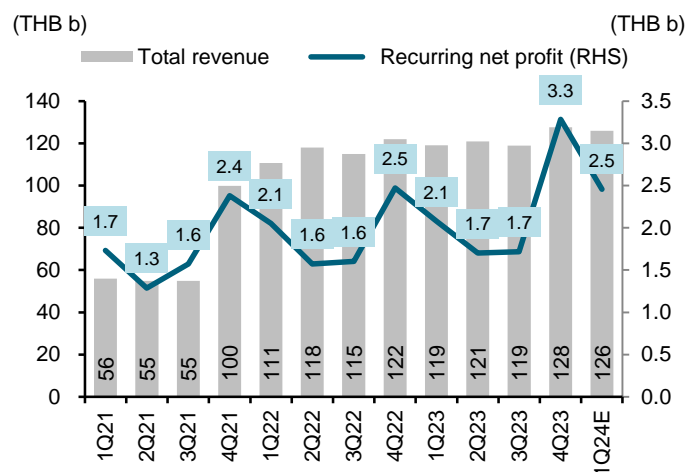
Sources: CPAXT; FSSIA estimates

## Exhibit 2: Solid SSSG for 2 BU



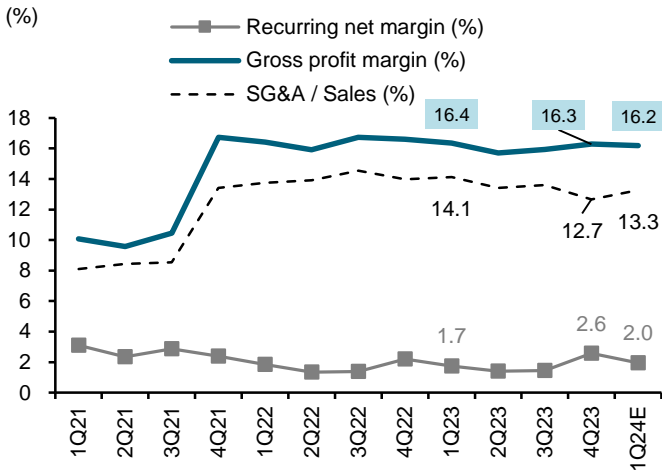
Sources: CPAXT; FSSIA estimates

## Exhibit 3: Revenue and recurring net profit



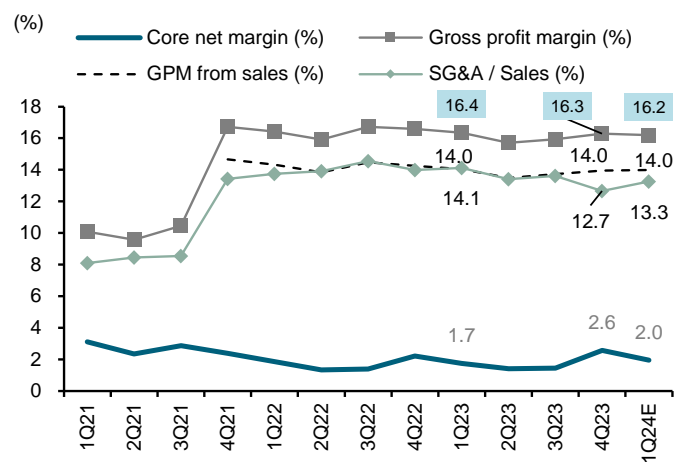
Sources: CPAXT; FSSIA estimates

Exhibit 4: profitability



Sources: CPAXT; FSSIA estimates

Exhibit 5: GPM from sales (%)



Sources: CPAXT; FSSIA estimates

Exhibit 6: Hybrid store@Mahachai



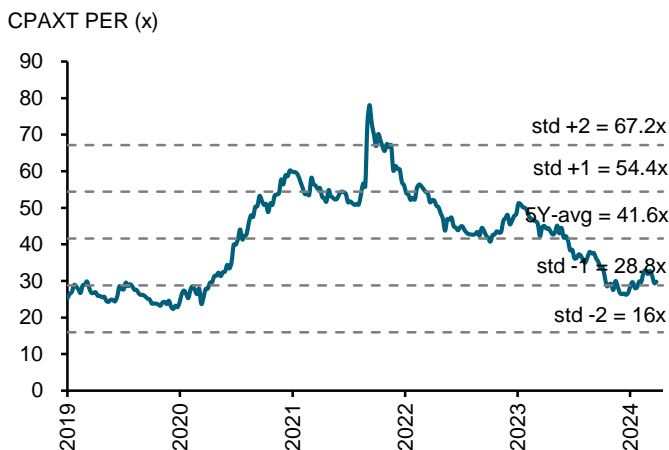
Source: CPAXT

Exhibit 7: MAKRO@Rangsit



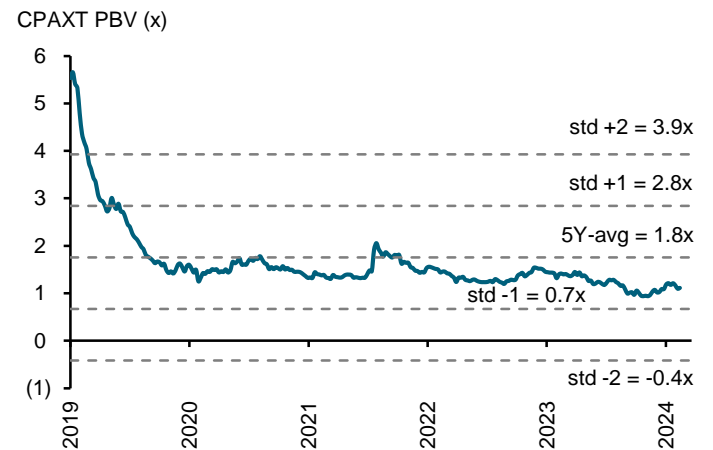
Source: CPAXT

Exhibit 8: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 10: Commerce peers as of 5 April 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
<b>Consumer Staple</b>														
CP All	CPALL TB	BUY	56.00	77.00	38	13,727	23.9	20.5	18.1	19.3	4.5	4.1	18.8	16.3
CP Axtra	CPAXT TB	BUY	31.00	36.00	16	8,950	30.8	26.2	3.6	4.2	1.1	1.1	11.4	10.7
Berli Jucker*	BJC TB	n/a	24.50	n/a	n/a	2,684	17.8	16.8	4.5	4.8	0.8	0.8	11.9	11.4
<b>Consumer Staple average</b>						<b>25,361</b>	<b>24.2</b>	<b>21.2</b>	<b>8.7</b>	<b>9.4</b>	<b>2.1</b>	<b>2.0</b>	<b>14.1</b>	<b>12.8</b>
<b>Consumer Discretionary</b>														
Com7	COM7 TB	BUY	19.00	22.50	18	1,237	15.3	14.0	34.3	32.0	4.9	4.2	10.3	9.1
Central Retail Corp	CRC TB	BUY	35.00	44.00	26	5,760	23.4	20.9	12.9	13.3	2.9	2.7	10.0	9.4
<b>Home Improvement</b>														
Index Living Mall	ILM TB	BUY	20.50	26.70	30	282	13.2	12.1	12.9	13.5	1.7	1.6	6.9	6.4
Home Product Center	HMPRO TB	BUY	10.50	13.60	30	3,768	20.2	19.1	26.1	26.4	5.1	4.9	11.8	11.2
Siam Global House	GLOBAL TB	BUY	16.80	17.70	5	2,385	28.4	25.3	12.3	13.0	3.4	3.2	21.9	19.7
Dohome	DOHOME TB	BUY	11.10	12.30	11	978	35.2	27.3	7.7	9.3	2.6	2.4	17.9	15.6
<b>Home Improvement avg.</b>						<b>7,413</b>	<b>24.2</b>	<b>20.9</b>	<b>14.8</b>	<b>15.5</b>	<b>3.2</b>	<b>3.0</b>	<b>14.6</b>	<b>13.2</b>
<b>Consumer Discretionary avg.</b>						<b>14,410</b>	<b>22.6</b>	<b>19.8</b>	<b>17.7</b>	<b>17.9</b>	<b>3.4</b>	<b>3.2</b>	<b>13.1</b>	<b>11.9</b>
<b>Total average</b>						<b>39,771</b>	<b>23.1</b>	<b>20.3</b>	<b>14.7</b>	<b>15.1</b>	<b>3.0</b>	<b>2.8</b>	<b>13.4</b>	<b>12.2</b>

Sources: \*Bloomberg; FSSIA estimates

## Financial Statements

CP Axtra

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	466,082	486,472	510,590	529,777	549,574
Cost of goods sold	(389,588)	(408,274)	(427,184)	(442,234)	(457,784)
<b>Gross profit</b>	<b>76,494</b>	<b>78,198</b>	<b>83,405</b>	<b>87,542</b>	<b>91,790</b>
Other operating income	3,050	3,477	3,652	3,791	3,934
Operating costs	(62,617)	(64,831)	(68,376)	(70,278)	(72,664)
<b>Operating EBITDA</b>	<b>34,477</b>	<b>34,456</b>	<b>35,322</b>	<b>38,336</b>	<b>41,595</b>
Depreciation	(17,551)	(17,612)	(16,640)	(17,281)	(18,536)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>16,926</b>	<b>16,844</b>	<b>18,682</b>	<b>21,055</b>	<b>23,060</b>
Net financing costs	(7,122)	(6,319)	(5,973)	(5,986)	(6,010)
Associates	831	746	826	868	911
Recurring non-operating income	831	746	826	868	911
Non-recurring items	(225)	(137)	0	0	0
<b>Profit before tax</b>	<b>10,411</b>	<b>11,134</b>	<b>13,535</b>	<b>15,937</b>	<b>17,961</b>
Tax	(2,729)	(2,535)	(2,923)	(3,466)	(3,921)
<b>Profit after tax</b>	<b>7,682</b>	<b>8,599</b>	<b>10,612</b>	<b>12,471</b>	<b>14,039</b>
Minority interests	15	41	41	41	41
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>7,697</b>	<b>8,640</b>	<b>10,653</b>	<b>12,512</b>	<b>14,080</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>225</b>	<b>137</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>7,922</b>	<b>8,777</b>	<b>10,653</b>	<b>12,512</b>	<b>14,080</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.75	0.83	1.01	1.18	1.33
Reported EPS	0.73	0.82	1.01	1.18	1.33
DPS	0.51	0.57	0.70	0.83	0.93
Diluted shares (used to calculate per share data)	10,580	10,580	10,580	10,580	10,580
<b>Growth</b>					
Revenue (%)	75.6	4.4	5.0	3.8	3.7
Operating EBITDA (%)	107.4	(0.1)	2.5	8.5	8.5
Operating EBIT (%)	61.3	(0.5)	10.9	12.7	9.5
Recurring EPS (%)	13.6	10.8	21.4	17.5	12.5
Reported EPS (%)	(43.8)	12.3	23.3	17.5	12.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	16.4	16.1	16.3	16.5	16.7
Gross margin exc. depreciation (%)	20.2	19.7	19.6	19.8	20.1
Operating EBITDA margin (%)	7.4	7.1	6.9	7.2	7.6
Operating EBIT margin (%)	3.6	3.5	3.7	4.0	4.2
Net margin (%)	1.7	1.8	2.1	2.4	2.6
Effective tax rate (%)	28.5	24.4	23.0	23.0	23.0
Dividend payout on recurring profit (%)	68.1	68.7	70.0	70.0	70.0
Interest cover (X)	2.5	2.8	3.3	3.7	4.0
Inventory days	34.2	34.4	32.6	32.8	32.9
Debtor days	1.9	1.8	1.7	1.7	1.7
Creditor days	59.9	60.2	61.1	61.4	61.5
Operating ROIC (%)	15.6	16.7	18.9	19.0	18.6
ROIC (%)	3.0	3.2	3.5	3.9	4.1
ROE (%)	2.7	3.0	3.6	4.2	4.6
ROA (%)	2.3	2.5	2.7	3.0	3.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
	2022	2023	2024E	2025E	2026E
Sales	447,182	466,234	489,698	508,260	527,495
Service income	5,422	5,935	5,947	5,914	5,801
Rental and rendering retail services	13,477	14,303	14,945	15,603	16,278

Sources: CP Axtra; FSSIA estimates

## Financial Statements

### CP Axtra

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	7,922	8,777	10,653	12,512	14,080
Depreciation	17,551	17,612	16,640	17,281	18,536
Associates & minorities	96	13	0	0	0
Other non-cash items	(412)	(161)	20	(9)	2
Change in working capital	(4,400)	7,381	1,333	1,061	1,097
<b>Cash flow from operations</b>	<b>20,757</b>	<b>33,623</b>	<b>28,647</b>	<b>30,845</b>	<b>33,715</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(15,872)	(13,319)	(26,162)	(26,947)	(27,755)
Net acquisitions & disposals	(5,027)	(6,765)	(3,659)	(3,846)	(4,037)
Other investments (net)	815	(3,249)	2,962	(606)	1,196
<b>Cash flow from investing</b>	<b>(20,085)</b>	<b>(23,333)</b>	<b>(26,859)</b>	<b>(31,399)</b>	<b>(30,596)</b>
Dividends paid	(5,396)	(6,031)	(7,457)	(8,759)	(9,856)
Equity finance	50	(39)	616	616	616
Debt finance	(23,753)	(12,616)	18,426	(1,000)	1,801
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(29,099)</b>	<b>(18,686)</b>	<b>11,585</b>	<b>(9,143)</b>	<b>(7,440)</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>(28,426)</b>	<b>(8,396)</b>	<b>13,373</b>	<b>(9,697)</b>	<b>(4,321)</b>
Free cash flow to firm (FCFF)	7,794.01	16,609.15	7,760.61	5,431.90	9,128.71
Free cash flow to equity (FCFE)	(23,080.44)	(2,325.68)	20,214.30	(1,553.97)	4,919.25

#### Per share (THB)

FCFF per share	0.74	1.57	0.73	0.51	0.86
FCFE per share	(2.18)	(0.22)	1.91	(0.15)	0.46
Recurring cash flow per share	2.38	2.48	2.58	2.82	3.08

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	148,498	150,596	176,758	203,705	231,460
Less: Accumulated depreciation	(30,383)	(35,022)	(49,753)	(64,972)	(81,291)
<b>Tangible fixed assets (net)</b>	<b>118,115</b>	<b>115,574</b>	<b>127,005</b>	<b>138,733</b>	<b>150,170</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	14,961	14,783	14,783	14,783	14,783
Cash & equivalents	40,103	31,707	45,080	35,383	31,061
A/C receivable	2,431	2,304	2,418	2,509	2,602
Inventories	37,820	35,884	37,546	38,869	40,235
Other current assets	7,001	6,844	7,183	7,453	7,732
<b>Current assets</b>	<b>87,355</b>	<b>76,739</b>	<b>92,227</b>	<b>84,214</b>	<b>81,631</b>
Other assets	328,213	333,275	335,246	337,256	339,307
<b>Total assets</b>	<b>548,643</b>	<b>540,371</b>	<b>569,261</b>	<b>574,986</b>	<b>585,891</b>
Common equity	290,348	292,918	296,730	301,099	305,939
Minorities etc.	583	555	514	473	432
<b>Total shareholders' equity</b>	<b>290,931</b>	<b>293,473</b>	<b>297,243</b>	<b>301,571</b>	<b>306,370</b>
Long term debt	110,025	70,180	102,406	82,263	109,429
Other long-term liabilities	56,925	58,569	59,740	60,935	62,153
<b>Long-term liabilities</b>	<b>166,949</b>	<b>128,749</b>	<b>162,146</b>	<b>143,198</b>	<b>171,582</b>
A/C payable	61,818	67,136	70,246	72,721	75,278
Short term debt	4,796	30,253	15,504	33,678	7,325
Other current liabilities	24,148	20,760	24,122	23,818	25,336
<b>Current liabilities</b>	<b>90,763</b>	<b>118,150</b>	<b>109,872</b>	<b>130,217</b>	<b>107,938</b>
<b>Total liabilities and shareholders' equity</b>	<b>548,643</b>	<b>540,371</b>	<b>569,261</b>	<b>574,986</b>	<b>585,891</b>
Net working capital	(38,715)	(42,865)	(47,221)	(47,708)	(50,044)
Invested capital	422,573	420,767	429,813	443,064	454,216

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

#### Per share (THB)

Book value per share	27.44	27.69	28.05	28.46	28.92
Tangible book value per share	27.44	27.69	28.05	28.46	28.92

#### Financial strength

Net debt/equity (%)	25.7	23.4	24.5	26.7	28.0
Net debt/total assets (%)	13.6	12.7	12.8	14.0	14.6
Current ratio (x)	1.0	0.6	0.8	0.6	0.8
CF interest cover (x)	0.0	2.7	8.8	5.2	6.4

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>41.4</b>	<b>37.4</b>	<b>30.8</b>	<b>26.2</b>	<b>23.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>48.1</b>	<b>43.4</b>	<b>35.8</b>	<b>30.4</b>	<b>27.1</b>
Reported P/E (x)	42.6	38.0	30.8	26.2	23.3
Dividend yield (%)	1.6	1.8	2.3	2.7	3.0
Price/book (x)	1.1	1.1	1.1	1.1	1.1
Price/tangible book (x)	1.1	1.1	1.1	1.1	1.1
EV/EBITDA (x) **	11.7	11.5	11.4	10.7	10.0
EV/EBITDA @ target price (x) **	13.2	13.1	12.9	12.0	11.2
EV/invested capital (x)	1.0	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 11: 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.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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 12: 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
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](https://www.settrade.com); FSSIA's compilation

### Exhibit 13: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	—	—	—	—	—	—	<b>3.80</b>	—
BESG environmental pillar score	—	—	—	—	—	—	3.80	—
BESG social pillar score	—	—	—	—	—	—	3.77	—
BESG governance pillar score	—	—	—	—	—	—	3.84	—
<b>ESG disclosure score</b>	<b>33.03</b>	<b>42.58</b>	<b>50.91</b>	<b>61.55</b>	<b>61.98</b>	<b>62.50</b>	<b>62.50</b>	—
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	—
<b>Environmental</b>								
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 14: 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
<b>Social</b>								
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
<b>Governance</b>								
<b>Board size</b>	<b>18</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>No. of independent directors (ID)</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
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	—
<b>No. of executives / company managers</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>11</b>	<b>11</b>	<b>6</b>	<b>6</b>	<b>7</b>
No. of female executives	2	2	3	3	2	1	2	1
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	1	3	2	2	4	2	3	2
Nomination meeting attendance %	100	100	100	100	100	100	100	100
<b>Sustainability governance</b>								
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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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.																				
<a href="#">Morningstar Sustainability</a>	The Sustainability's 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"> <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+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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"> <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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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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>																					
<a href="#">S&amp;P Global</a>	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

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.

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Company	Ticker	Price	Rating	Valuation & Risks
CP Axtra	CPAXT TB	THB 31.00	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 56.00	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 19.00	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Central Retail Corp	CRC TB	THB 35.00	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.
Index Living Mall	ILM TB	THB 20.50	BUY	Downside risks to our DCF-based TP include 1) a lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) a higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 10.50	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.
Siam Global House	GLOBAL TB	THB 16.80	BUY	Key downside risks to our DCF-based TP are 1) lower farm income, 2) a delay in government disbursement, 3) decreased private brand exposure and its lower gross margin, 4) higher-than-expected expenses, and 5) a larger-than-expected impact of the El Nino.
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.

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-Apr-2024 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.