

S HOTELS AND RESORTS  
THAILAND / TOURISM & LEISURE

## SHR TB

BUY

UNCHANGED

TARGET PRICE	THB4.00
CLOSE	THB2.40
UP/DOWNSIDE	+66.7%
PRIOR TP	THB4.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+13.9%

## The tide has turned in Maldives

- คาดว่ากำไรจะฟื้นตัวต่อเนื่องใน 1Q24 พร้อมกำไรปกติที่ 109 ลบ. (เทียบกับ 65 ลบ. ใน 4Q23)
- คาดกำไรปกติปี 2024 จะกระโดดเพิ่มเกือบ 3x เป็น 307 ลบ. จากการเติบโตของ RevPAR ของโรงแรมในมัลดีฟส์ ฟิจิและมอริเชียส
- คงคำแนะนำซื้อที่ราคาเป้าหมาย 4.0 บาท (DCF)

## คาด RevPAR ของโรงแรมในมัลดีฟส์ ไทยและฟิจิอยู่ในเกณฑ์ดีใน 1Q24

เราคาดว่า RevPAR ของโรงแรมในมัลดีฟส์จะโต 18% y-y ใน 1Q24 โดยได้ปัจจัยผลักดันจากค่าห้องพักเฉลี่ย (ADR) ที่ดี (+16% y-y) หลังตัวเลขนักท่องเที่ยวเพิ่มสูงขึ้น (+15% y-y) นอกจากนี้ตัวเลขผู้เข้าพักชาวจีนของโรงแรมในมัลดีฟส์ยังกระโดดเพิ่มถึง 4-5 เท่า RevPAR ของโรงแรมในไทยน่าจะโต 25% y-y จาก ADR ของโรงแรมที่ปรับปรุงใหม่ (ในภูเก็ตและพีพี) ที่ปรับขึ้น 30-40% y-y RevPAR ของ Outrigger น่าจะโต 20-25% y-y จากการเติบโตที่ดีของโรงแรมในฟิจิ ในด้านลบ RevPAR ของโรงแรมในสหราชอาณาจักรน่าจะลดลง 2-4% y-y หลังสัญญาเช่าแบบการันตีจำนวนห้องของโรงแรม 4 แห่งสิ้นสุดลง ดังนั้นเราจึงคาดว่าจะรายได้จะเพิ่มขึ้น 8% y-y และ EBITDA margin จะปรับตัวดีขึ้นเป็น 27.5% (จาก 26.4% ใน 1Q23)

## ผลขาดทุนของ SO/ Maldives น่าจะลดลงใน 3 ไตรมาสข้างหน้า

เราคาดว่า SO/ Maldives จะขาดทุน 60-65 ลบ. ใน 1Q24 (เทียบกับที่ขาดทุน 66 ลบ. ใน 4Q23) ในขณะที่อัตราการเข้าพัก (OCC rate) ปรับขึ้นเป็น เป็น 43-45% ในภาพรวมเราคาดว่ากำไรปกติใน 1Q24 จะอยู่ที่ 109 ลบ. (จาก 65 ลบ. ใน 4Q23 และ 145 ลบ. ใน 1Q23) เมื่อหักผลขาดทุนจาก SO/ มัลดีฟส์ กำไรปกติน่าจะโต y-y อย่างไรก็ตามเราคาดว่าผลขาดทุนของ SO/ มัลดีฟส์จะลดลงใน 2Q-4Q24 พร้อม OCC rate ที่สูงขึ้นเป็น 50-60% ทั้งนี้โรงแรมดังกล่าวมีจุดคุ้มทุนอยู่ที่ OCC rate ที่ 60-65%

## คาดรายได้จะโต 10% เป็น 10.7 พัน ลบ. ในปี 2024

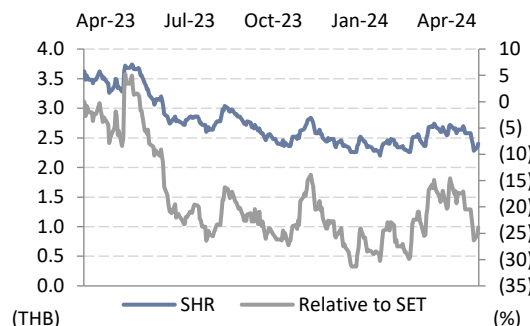
เราคาดว่ารายได้จากโรงแรมในมัลดีฟส์จะกระโดดเพิ่ม 18-20% โดยได้ปัจจัยผลักดันจากการฟื้นตัวของนักท่องเที่ยว รายได้ของ Outrigger น่าจะโต 25% จากการดำเนินงานทั้งปีของโรงแรมในมอริเชียสและ ADR ที่อยู่ในเกณฑ์ดีของโรงแรมในฟิจิ อย่างไรก็ตามรายได้จากโรงแรมในไทยน่าจะทรงตัว y-y โดยมีปัจจัยกดดันจากการปิดปรับปรุง SAii Laguna Phuket บางส่วน (60-70% ของจำนวนห้องทั้งหมด) ในช่วง 2Q24-4Q24 รายได้จากโรงแรมในสหราชอาณาจักรน่าจะปรับขึ้น 5% จากค่า ADR ที่สูงขึ้นหลังการปรับปรุงสินทรัพย์ นอกจากนี้เรายังคาดว่าผลขาดทุน 120-130 ลบ. จาก SO/ Maldives ในภาพรวมเราคาดว่ากำไรปกติปี 2024 จะกระโดดเพิ่ม 285% เป็น 307 ลบ.

## หุ้นมีการซื้อขายในระดับการประเมินมูลค่าที่ต่ำในขณะที่การดำเนินงานฟื้นตัวแล้ว

เราเชื่อว่าขณะนี้หุ้นยังมีการซื้อขายในระดับการประเมินมูลค่าที่ต่ำเพียง 0.5x 2024E P/BV และ 9x 2024E EV/EBITDA (เทียบกับค่าเฉลี่ยของกลุ่มที่ 1.9x และ 20x ตามลำดับ)

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	9,701	10,714	11,193	11,483
Net profit	86	307	525	603
EPS (THB)	0.02	0.09	0.15	0.17
vs Consensus (%)	-	16.9	17.2	6.3
EBITDA	2,226	2,665	2,822	2,890
Recurring net profit	80	307	525	603
Core EPS (THB)	0.02	0.09	0.15	0.17
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	nm	285.2	70.9	14.8
Core P/E (x)	108.1	28.1	16.4	14.3
Dividend yield (%)	-	1.4	2.4	2.8
EV/EBITDA (x)	11.0	8.8	8.0	7.4
Price/book (x)	0.5	0.5	0.5	0.5
Net debt/Equity (%)	98.2	90.6	82.6	75.0
ROE (%)	0.5	1.9	3.2	3.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.1)	9.1	(33.0)
Relative to country (%)	(7.5)	9.0	(23.0)
Mkt cap (USD m)	233		
3m avg. daily turnover (USD m)	0.6		
Free float (%)	34		
Major shareholder	S Hotels and Resorts Inter (49%)		
12m high/low (THB)	3.76/2.18		
Issued shares (m)	3,593.64		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

SHR raised THB7.5b from its THB5.20/shr IPO in Nov-19. However, it has been below its IPO price since then, due mainly to operating losses from its two hotels in the Crossroads Maldives project and the impact of the Covid-19 pandemic.

We expect SHR's core profit to jump in 2024, driven by a recovery of its Maldives hotels since the Maldives government targets tourist arrivals of 2.0m this year (vs 1.7m in 2019 and 1.9m in 2023). In addition, the reopening of Outrigger Mauritius and the completed renovation of Outrigger Fiji should improve SHR's profit margin.

SHR's share price is attractive as it trades at a lower P/BV than its peers. Also, it has a potential upside from M&A deals, given its strong balance sheet with only 0.9x IBD/E as of 4Q23.

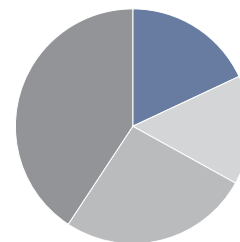
## Company profile

SHR is the holding company of all resorts and hotels under the Singha Estate (S TB, not rated) group.

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

## Principal activities (revenue, 2023)

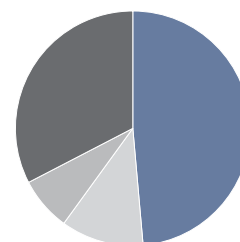
- Self-managed - 18.0 %
- Outrigger - 15.0 %
- Crossroads Ph1 (Maldives hotels) - 26.2 %
- UK - 40.7 %



Source: S Hotels and Resorts

## Major shareholders

- S Hotels and Resorts Inter - 48.6 %
- S Hotels and Resorts (SG) - 11.4 %
- Thai NVDR - 7.4 %
- Others - 32.6 %



Source: S Hotels and Resorts

## Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following a global tourism recovery; 2) an uplift and renovation program to increase the ADR; and 3) M&A deals.

## Risks to our call

Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) a slower-than-expected recovery of international tourist numbers.

## Event calendar

Date	Event
May 2024	1Q24 results announcement

## Key assumptions

	2024E (%)	2025E (%)	2026E (%)
Self-Managed - Number of rooms (no.)	604	604	604
Self-Managed - Occupancy rate (OCC)	63.6	66.6	67.1
Self-Managed - RevPAR growth	0.3	7.9	2.8
Project Crossroads - Number of rooms (no.)	376	376	376
Project Crossroads - Occupancy rate (OCC)	73.0	74.0	75.0
Project Crossroads - RevPAR growth	25.0	5.4	3.4
UK - Number of rooms (no.)	2,940	2,940	2,940
UK - Occupancy rate (OCC)	70.0	70.5	71.0
UK - RevPAR growth	4.7	3.7	2.7

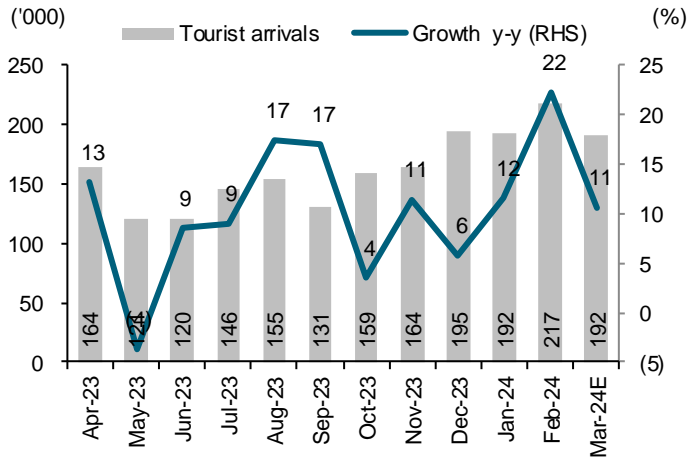
Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in OCC rate, we project a 2024 profit increase of 20%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2024 profit increase of 26%, and vice versa, all else being equal.

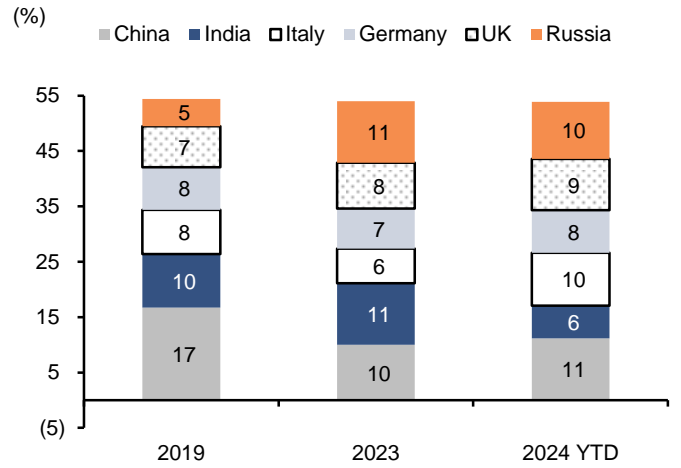
Source: FSSIA estimates

**Exhibit 1: Maldives industry – monthly tourist arrivals**



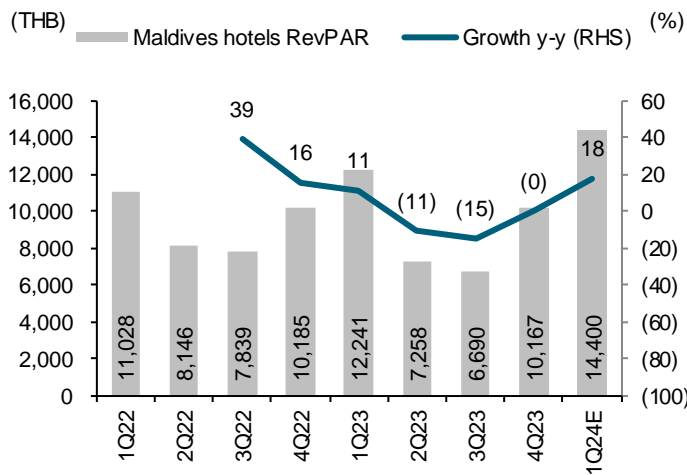
Sources: Ministry of Tourism, Republic of Maldives

**Exhibit 2: Maldives industry – tourist arrival breakdown**



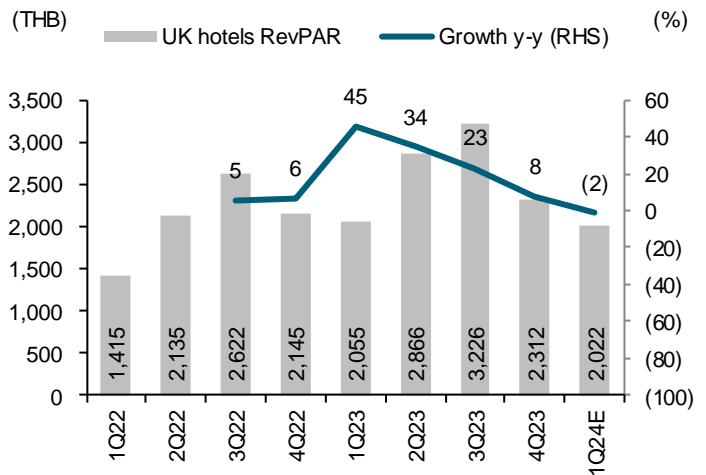
Sources: Ministry of Tourism, Republic of Maldives

**Exhibit 3: SHR's Crossroads (Maldives) hotels RevPAR**



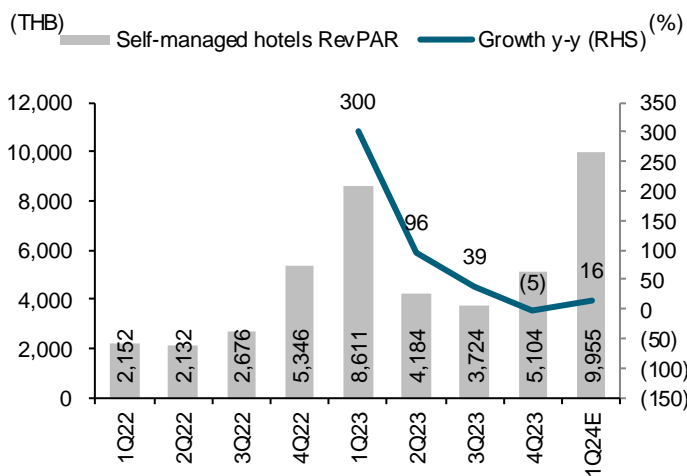
Sources: SHR; FSSIA estimates

**Exhibit 4: SHR's UK hotels RevPAR**



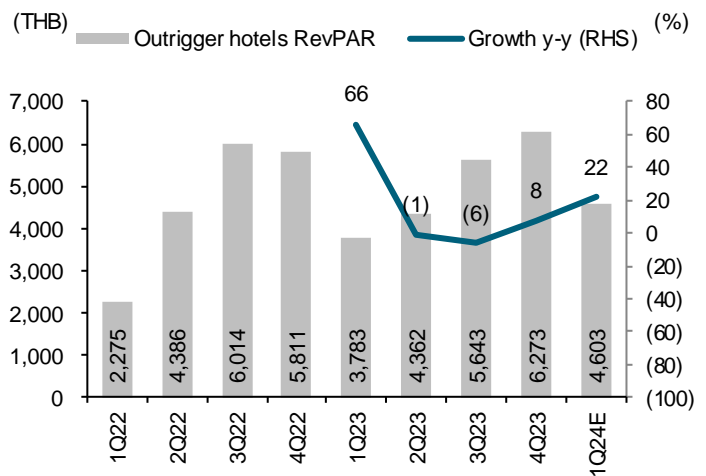
Sources: SHR; FSSIA estimates

**Exhibit 5: SHR's self-managed (Thailand) hotels RevPAR**



Sources: SHR; FSSIA estimates

**Exhibit 6: Outrigger (Mauritius, Fiji) hotels RevPAR**



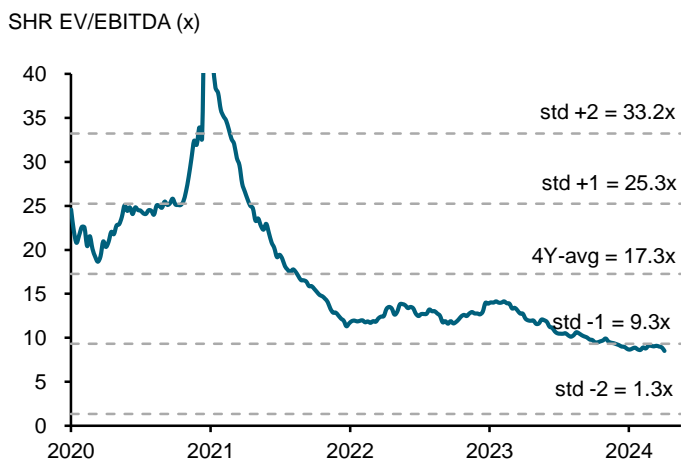
Sources: SHR; FSSIA estimates

## Exhibit 7: SHR - 1Q24 results preview

	1Q23	2Q23	3Q23	4Q23	1Q24E	----- Change -----		2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
<b>Sales</b>	<b>2,544</b>	<b>2,277</b>	<b>2,401</b>	<b>2,479</b>	<b>2,736</b>	<b>10</b>	<b>8</b>	<b>10,714</b>	<b>10</b>
- Self-Managed Hotels	642	363	320	423	731	73	14		
- Outrigger Hotels	302	334	402	419	351	(16)	16		
- Project Crossroads Hotels	815	518	519	693	931	34	14		
- UK	785	1,062	1,161	943	723	(23)	(8)		
COGS (Incl. depreciation)	(1,605)	(1,599)	(1,548)	(1,462)	(1,655)	13	3	(6,694)	8
<b>Gross profit</b>	<b>939</b>	<b>678</b>	<b>853</b>	<b>1,017</b>	<b>1,081</b>	<b>6</b>	<b>15</b>	<b>4,019</b>	<b>15</b>
SG&A	(576)	(571)	(597)	(675)	(634)	(6)	10	(2,589)	7
<b>Operating profit</b>	<b>363</b>	<b>107</b>	<b>256</b>	<b>343</b>	<b>447</b>	<b>30</b>	<b>23</b>	<b>1,430</b>	<b>34</b>
Other income	35	42	91	36	32	(9)	(8)	185	(10)
- Interest income from JV	3	1	(3)	(1)					
- Other income	32	41	95	37	32	(13)	0	185	
Interest expense	(248)	(273)	(304)	(299)	(306)	2	23	(1,150)	2
<b>Pretax profit</b>	<b>150</b>	<b>(124)</b>	<b>44</b>	<b>79</b>	<b>173</b>	<b>118</b>	<b>15</b>	<b>465</b>	<b>210</b>
Income Tax	(1)	10	(42)	51	0	(100)	(100)	(47)	(360)
Associates	(4)	(6)	(12)	(66)	(64)	(2)	1,395	(111)	26
Minority interest	0	0	0	0				0	
<b>Core profit</b>	<b>145</b>	<b>(119)</b>	<b>(10)</b>	<b>65</b>	<b>109</b>	<b>69</b>	<b>(25)</b>	<b>307</b>	<b>285</b>
Extraordinaries, GW & FX	(20)	2	25	(1)				0	n/a
Net unrealized (loss)/gain on FX	(20)	2	25	(11)				0	n/a
Non-recurring items		0.4	0.3	10					n/a
<b>Reported net profit</b>	<b>125</b>	<b>(117)</b>	<b>15</b>	<b>64</b>	<b>109</b>	<b>71</b>	<b>(13)</b>	<b>307</b>	<b>239</b>
Shares out (end Q, m)	3,664	3,664	3,664	3,664	3,664	0	0	3,664	0
<b>Core EPS</b>	<b>0.04</b>	<b>(0.03)</b>	<b>(0.00)</b>	<b>0.02</b>	<b>0.03</b>	<b>69</b>	<b>(25)</b>	<b>0.08</b>	<b>285</b>
<b>EPS</b>	<b>0.03</b>	<b>(0.03)</b>	<b>0.00</b>	<b>0.02</b>	<b>0.03</b>	<b>71</b>	<b>(13)</b>	<b>0.08</b>	<b>239</b>
COGS (Excl. depreciation)	(1,327)	(1,302)	(1,248)	(1,179)	(1,318)	12	(1)	(5,460)	8
Depreciation	(277)	(297)	(301)	(283)	(337)	19	22	(1,234)	7
EBITDA	672	440	636	596	753	26	12	2,739	17
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	37	30	36	41	40	2	3	38	2
SG&A/Revenue	23	25	25	27	23	4	1	24	(1)
EBITDA margin	26	19	26	24	28	(3)	1	26	1
Net profit margin	5	(5)	1	3	4	(1)	(1)	3	2
<b>Operating stats</b>									
<b>Self-Managed Hotels</b>									
OCC (%)	87.5	64.1	59.2	56.6	89.0				
ADR (THB)	9,840	6,528	6,344	9,012	11,185				
RevPAR (THB)	8,611	4,184	3,724	5,104	9,955				
<b>Outrigger Hotels</b>									
OCC (%)	55.4	45.5	43.3	61.6	54.0				
ADR (THB)	6,831	9,582	13,024	10,176	8,524				
RevPAR (THB)	3,783	4,362	5,643	6,273	4,603				
<b>Project Crossroads Hotels</b>									
OCC (%)	87.5	53.7	63.2	68.2	89.0				
ADR (THB)	13,994	13,521	10,584	14,947	16,180				
RevPAR (THB)	12,241	7,258	6,690	10,167	14,400				
<b>UK Hotels</b>									
OCC (%)	65.6	74.1	76.1	62.2	59.0				
ADR (THB)	3,133	3,866	4,237	3,716	3,427				
RevPAR (THB)	2,055	2,866	3,226	2,312	2,022				

Sources: SHR; FSSIA estimates

Exhibit 8: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Peer comparisons as of 23 Apr 2024

Company	BBG	Rec	Share price			Market cap (USD m)	PE			ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	26E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
<b>Thailand</b>															
Asset World Corp	AWC TB	BUY	4.42	5.50	24	3,817	64.5	54.0	43.8	2.5	2.8	1.6	1.5	34.3	30.5
Minor International	MINT TB	BUY	32.50	44.00	35	4,973	21.2	19.0	17.1	11.5	13.0	2.6	2.4	8.2	7.5
Central Plaza Hotel	CENDEL TB	BUY	45.25	50.00	10	1,648	39.8	31.9	27.2	7.5	8.8	2.9	2.7	17.0	15.6
Erawan Group	ERW TB	BUY	4.82	6.40	33	589	29.2	26.5	24.4	11.1	10.5	2.9	2.7	15.5	14.0
S Hotels & Resorts	SHR TB	BUY	2.40	4.00	67	233	28.1	16.4	14.3	1.9	3.2	0.5	0.5	8.8	8.0
Dusit Thani	DUSIT TB	BUY	9.45	15.00	59	217	150.3	7.3	4.8	1.5	25.9	2.2	1.7	45.4	10.7
Bound and Beyond	BEYOND TB	BUY	10.00	22.00	120	78	23.2	13.0	10.8	2.1	3.6	0.5	0.5	8.8	7.5
<b>Thailand average</b>						<b>11,556</b>	<b>50.9</b>	<b>24.0</b>	<b>20.3</b>	<b>5.4</b>	<b>9.7</b>	<b>1.9</b>	<b>1.7</b>	<b>19.7</b>	<b>13.4</b>
<b>Regional</b>															
Btg Hotels Group	600258 CH	n/a	14.77	n/a	n/a	2,276	21.1	18.0	15.6	7.2	7.8	1.5	1.4	9.5	9.3
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.48	n/a	n/a	3,667	10.2	7.6	6.3	6.5	8.4	0.7	0.6	12.5	10.9
Huangshan Tourism Dev.	900942 CH	n/a	0.80	n/a	n/a	1,095	11.3	9.2	8.4	8.5	9.7	1.0	0.9	11.5	8.6
Genting Bhd	GENT MK	n/a	4.54	n/a	n/a	3,657	17.0	10.4	9.1	3.9	4.7	0.5	0.5	6.2	5.8
Huazhu Group	HTHT US	n/a	37.75	n/a	n/a	12,034	21.9	20.1	17.3	34.4	29.7	6.5	5.6	12.7	11.9
Indian Hotels	IH IN	n/a	585.35	n/a	n/a	10,322	93.2	66.4	51.4	12.6	14.8	10.9	9.4	49.3	39.8
Lemon Tree Hotels	LEMONTRE IN	n/a	134.75	n/a	n/a	1,284	92.8	71.6	39.5	12.3	14.6	11.7	10.9	31.5	26.1
Lippo Karawaci	LPKR IJ	n/a	61.00	n/a	n/a	267	n/a	5.1	3.6	n/a	5.2	n/a	n/a	n/a	n/a
<b>Regional average</b>						<b>34,601</b>	<b>38.2</b>	<b>26.1</b>	<b>18.9</b>	<b>12.2</b>	<b>11.9</b>	<b>4.7</b>	<b>4.2</b>	<b>19.1</b>	<b>16.1</b>
<b>Overall average</b>						<b>46,157</b>	<b>44.6</b>	<b>25.1</b>	<b>19.6</b>	<b>8.8</b>	<b>10.8</b>	<b>3.3</b>	<b>2.9</b>	<b>19.4</b>	<b>14.7</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### S Hotels and Resorts

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	8,693	9,701	10,714	11,193	11,483
Cost of goods sold	(5,807)	(6,213)	(6,694)	(6,937)	(7,104)
<b>Gross profit</b>	<b>2,885</b>	<b>3,488</b>	<b>4,019</b>	<b>4,256</b>	<b>4,379</b>
Other operating income	-	-	-	-	-
Operating costs	(2,142)	(2,419)	(2,589)	(2,692)	(2,773)
<b>Operating EBITDA</b>	<b>1,859</b>	<b>2,226</b>	<b>2,665</b>	<b>2,822</b>	<b>2,890</b>
Depreciation	(1,116)	(1,158)	(1,234)	(1,259)	(1,284)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>743</b>	<b>1,068</b>	<b>1,430</b>	<b>1,564</b>	<b>1,606</b>
Net financing costs	(842)	(1,124)	(1,150)	(1,137)	(1,105)
Associates	(21)	(88)	(111)	12	48
Recurring non-operating income	73	117	74	200	241
Non-recurring items	53	7	0	0	0
<b>Profit before tax</b>	<b>27</b>	<b>68</b>	<b>354</b>	<b>627</b>	<b>742</b>
Tax	(13)	18	(47)	(102)	(139)
<b>Profit after tax</b>	<b>14</b>	<b>86</b>	<b>307</b>	<b>525</b>	<b>603</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>14</b>	<b>86</b>	<b>307</b>	<b>525</b>	<b>603</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(53)</b>	<b>(7)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(39)</b>	<b>80</b>	<b>307</b>	<b>525</b>	<b>603</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.01)	0.02	0.09	0.15	0.17
Reported EPS	0.00	0.02	0.09	0.15	0.17
DPS	0.00	0.00	0.03	0.06	0.07
Diluted shares (used to calculate per share data)	3,594	3,594	3,594	3,594	3,594
<b>Growth</b>					
Revenue (%)	92.6	11.6	10.4	4.5	2.6
Operating EBITDA (%)	411.7	19.7	19.7	5.9	2.4
Operating EBIT (%)	nm	43.8	33.9	9.3	2.7
Recurring EPS (%)	nm	nm	285.2	70.9	14.8
Reported EPS (%)	nm	500.8	255.8	70.9	14.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	33.2	36.0	37.5	38.0	38.1
Gross margin exc. depreciation (%)	46.0	47.9	49.0	49.3	49.3
Operating EBITDA margin (%)	21.4	22.9	24.9	25.2	25.2
Operating EBIT margin (%)	8.5	11.0	13.4	14.0	14.0
Net margin (%)	(0.4)	0.8	2.9	4.7	5.3
Effective tax rate (%)	(289.8)	(12.1)	10.1	16.5	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	1.0	1.1	1.3	1.6	1.7
Inventory days	16.6	16.6	16.1	16.4	16.5
Debtor days	18.7	19.5	18.8	19.3	20.0
Creditor days	130.1	121.9	115.9	118.0	118.9
Operating ROIC (%)	9.7	4.0	4.3	4.4	4.4
ROIC (%)	9.7	4.1	4.1	4.5	4.6
ROE (%)	(0.2)	0.5	1.9	3.2	3.5
ROA (%)	8.8	3.6	3.6	3.9	3.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Self-managed	1,098	1,749	1,754	1,891	1,937
Outrigger	1,486	1,457	1,823	1,879	1,925
Crossroads Ph1 (Maldives hotels)	2,445	2,545	3,000	3,131	3,228
UK	3,664	3,951	4,137	4,292	4,393

Sources: S Hotels and Resorts; FSSIA estimates

## Financial Statements

### S Hotels and Resorts

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	(39)	80	307	525	603
Depreciation	1,116	1,158	1,234	1,259	1,284
Associates & minorities	-	-	-	-	-
Other non-cash items	109	409	(8)	(8)	(8)
Change in working capital	1,052	370	32	2	(12)
<b>Cash flow from operations</b>	<b>2,238</b>	<b>2,017</b>	<b>1,566</b>	<b>1,778</b>	<b>1,867</b>
Capex - maintenance	(116)	(3,077)	(635)	(664)	(681)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(277)	(60)	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(393)</b>	<b>(3,137)</b>	<b>(635)</b>	<b>(664)</b>	<b>(681)</b>
Dividends paid	0	0	0	(123)	(210)
Equity finance	0	(461)	0	0	0
Debt finance	(1,418)	1,337	(400)	0	(1,000)
Other financing cash flows	139	(19)	0	0	0
<b>Cash flow from financing</b>	<b>(1,280)</b>	<b>857</b>	<b>(400)</b>	<b>(123)</b>	<b>(1,210)</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>566</b>	<b>(263)</b>	<b>531</b>	<b>991</b>	<b>(24)</b>
Free cash flow to firm (FCFF)	2,686.85	3.35	2,080.92	2,251.37	2,290.36
Free cash flow to equity (FCFE)	565.63	198.21	530.90	1,114.35	185.84

#### Per share (THB)

FCFF per share	0.75	0.00	0.58	0.63	0.64
FCFE per share	0.16	0.06	0.15	0.31	0.05
Recurring cash flow per share	0.33	0.46	0.43	0.49	0.52

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	36,291	41,369	42,012	42,684	43,373
Less: Accumulated depreciation	(7,323)	(10,474)	(11,708)	(12,967)	(14,251)
<b>Tangible fixed assets (net)</b>	<b>28,968</b>	<b>30,895</b>	<b>30,304</b>	<b>29,717</b>	<b>29,122</b>
<b>Intangible fixed assets (net)</b>	<b>1,630</b>	<b>1,628</b>	<b>1,628</b>	<b>1,628</b>	<b>1,628</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	704	764	764	764	764
Cash & equivalents	2,479	2,216	2,747	3,739	3,714
A/C receivable	501	535	571	610	649
Inventories	229	231	249	259	266
Other current assets	1,324	790	872	912	935
<b>Current assets</b>	<b>4,533</b>	<b>3,772</b>	<b>4,440</b>	<b>5,519</b>	<b>5,564</b>
Other assets	615	664	664	664	664
<b>Total assets</b>	<b>36,450</b>	<b>37,723</b>	<b>37,800</b>	<b>38,291</b>	<b>37,741</b>
Common equity	16,019	16,091	16,398	16,801	17,194
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>16,019</b>	<b>16,091</b>	<b>16,398</b>	<b>16,801</b>	<b>17,194</b>
Long term debt	16,674	18,012	17,612	17,612	16,612
Other long-term liabilities	1,612	1,604	1,604	1,604	1,604
<b>Long-term liabilities</b>	<b>18,286</b>	<b>19,616</b>	<b>19,216</b>	<b>19,216</b>	<b>18,216</b>
A/C payable	1,711	1,667	1,800	1,872	1,919
Short term debt	0	0	0	0	0
Other current liabilities	433	349	386	403	413
<b>Current liabilities</b>	<b>2,144</b>	<b>2,016</b>	<b>2,186</b>	<b>2,275</b>	<b>2,332</b>
<b>Total liabilities and shareholders' equity</b>	<b>36,450</b>	<b>37,723</b>	<b>37,800</b>	<b>38,291</b>	<b>37,741</b>
Net working capital	(90)	(461)	(493)	(495)	(482)
Invested capital	31,826	33,490	32,867	32,278	31,695

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

#### Per share (THB)

Book value per share	4.46	4.48	4.56	4.68	4.78
Tangible book value per share	4.00	4.02	4.11	4.22	4.33

#### Financial strength

Net debt/equity (%)	88.6	98.2	90.6	82.6	75.0
Net debt/total assets (%)	38.9	41.9	39.3	36.2	34.2
Current ratio (x)	2.1	1.9	2.0	2.4	2.4
CF interest cover (x)	1.7	1.2	1.5	2.0	1.2

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>(221.6)</b>	<b>108.1</b>	<b>28.1</b>	<b>16.4</b>	<b>14.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(369.4)</b>	<b>180.1</b>	<b>46.8</b>	<b>27.4</b>	<b>23.8</b>
Reported P/E (x)	599.7	99.8	28.1	16.4	14.3
Dividend yield (%)	-	-	1.4	2.4	2.8
Price/book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.6	0.6	0.6	0.6	0.6
EV/EBITDA (x) **	12.3	11.0	8.8	8.0	7.4
EV/EBITDA @ target price (x) **	15.4	13.6	11.0	10.0	9.4
EV/invested capital (x)	0.7	0.7	0.7	0.7	0.7

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

Sources: S Hotels and Resorts; FSSIA estimates

# S HOTELS AND RESORTS PCL (SHR TB)

**FSSIA ESG rating**

**25.0 /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.
★★★★☆	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★☆☆	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★☆☆☆	<b>&gt;19-39</b>	<b>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.</b>
★☆☆☆☆	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
BEYOND	24.98	--	--	--	5.00	5.00	Certified	--	39.83	--	--	--	--	--	--
CENTEL	62.78	--	Y	Y	5.00	5.00	Certified	Medium	57.54	--	--	71.56	48.00	2.93	54.19
DUSIT	24.81	--	--	--	5.00	4.00	Certified	--	46.50	--	--	--	--	--	--
ERW	39.65	--	--	--	4.00	4.00	Certified	--	54.22	--	--	51.15	21.00	3.90	--
MINT	84.43	Y	Y	Y	5.00	4.00	Certified	Medium	57.57	AA	37.00	91.18	69.00	5.00	--
SHR	25.00	--	Y	Y	5.00	5.00	--	--	--	--	--	--	--	--	--

Sources: [SETTRADE.com](https://www.settrade.com); \* FSSIA estimate; FSSIA's compilation
**Exhibit 13: ESG disclosure from the company's one report**

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>9 / 5 / 1</b>
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	8 / 97.22
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	Yes	Number of non-executive directors on board	7
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	53 / 69
Waste reduction policy	Yes	Number of executives / female	6 / 3
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	<b>Size of audit committee / ID</b>	<b>3 / 3</b>
<b>Social</b>		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	<b>Size of compensation committee / ID</b>	<b>3 / 3</b>
Quality assurance and recall policy	Yes	Number of compensation committee meetings	4
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>3 / 3</b>
Gender pay gap breakout	--	Number of nomination committee meetings	4
Pct women in workforce	33.8	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	10.33
Anti-bribery ethics policy	Yes	Executive compensation (THB m)	53.96
Health and safety policy	Yes	Auditor fee (THB m)	2.2
Lost time incident rate - employees	--	(PricewaterhouseCoopers ABAS Limited)	
Training policy	Yes	Total employee (no.)	<b>2663</b>
Fair remuneration policy	Yes	Employee compensation (THB m)	1379.4
Number of employees - CSR	Yes	<b>Sustainability governance</b>	
Total hours spent by firm - employee training	1700	Verification type	--
Social supply chain management	Yes	Board duration (years)	3

Source: 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.																				
<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.	<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> <p>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.</p>	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="#">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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<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																			
<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

Teerapol Udomvej, CFA 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
S Hotels and Resorts	SHR TB	THB 2.40	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Asset World Corp	AWC TB	THB 4.42	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Minor International	MINT TB	THB 32.50	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Plaza Hotel	CEN TEL TB	THB 45.25	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
The Erawan Group	ERW TB	THB 4.82	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Dusit Thani	DUSIT TB	THB 9.45	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Bound and Beyond	BEYOND TB	THB 10.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; 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 23-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.