

13 MAY 2024

EQUITY RESEARCH – RESULTS FLASH

# CP ALL CPALL TB

THAILAND / COMMERCE

FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating

## BUY

UNCHANGED

## 1Q24 results at first glance

**CPALL reported a 1Q24 core profit of THB6.0b (+7.3% q-q, +60% y-y), beating our estimate and consensus**

### Highlights

- CPALL reported a 1Q24 core profit of THB6.0b (+7.3% q-q, +60% y-y), beating our estimate and BBG's consensus by 24% and 22%, respectively, due mainly to better-than-expected CVS sales.
- CPALL reported a 1Q24 net profit of THB6.3b (+15% q-q, +53% y-y). Excluding an FX gain of THB298m, core profit was at THB6.0b (+7.3% q-q, +60% y-y), driven by total sales from the CVS, wholesale and retail businesses. Total sales increased by 8.5% y-y, supported by the CVS business's SSSG at +4.9% (we anticipated 3.5%), driven by spending per ticket which improved to THB85/ticket (1Q23 was at THB84/ticket), and the traffic increased to an average of 972 customers per store per day (1Q23 had 941 customers per store per day). This led to an increase in average daily sales/store to 82,619 baht, near pre-Covid levels. The store zones in tourist provinces showed prominent growth.
- The overall gross margin improved to 22.3% in 1Q24, increasing by 60bps y-y, driven by the gross margin of the CVS segment, which rose to 28.7%, up by 80bps y-y. This was supported by the GPM of both food and non-food categories, which increased due to the product mix of high-margin items, including ready-to-eat meals, personal care products, and toys and gadgets such as chargers, small fans, etc. Additionally, the proportion of low-margin items like cigarettes decreased. Moreover, the margin of CPRAM remained favorable, and efficient distribution center management boosted the CVS business's GPM.
- Meanwhile, SG&A to revenue improved to 19.9% in 1Q24, dipping 10bps y-y. This was achieved through efficient cost control measures, managing expense growth to be lower than sales growth.

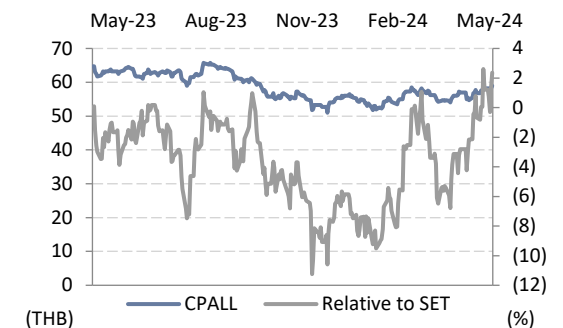
### Outlook

- We reaffirm our BUY call and TP of THB77. The 1Q24 core profit secures 29% of our 2024 forecast, leading to a potential upside to our forecast from the positive SSSG trend in 2Q24, as well as the expected maintenance of the CVS gross margin trend, which we project to remain close to the 1Q24 level. We may revisit our forecast after the analyst meeting on 14 May.

TARGET PRICE	THB77.00
CLOSE	THB59.00
UP/DOWNSIDE	+30.5%
TP vs CONSENSUS	+4.5%

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	895,281	949,172	999,896	1,049,860
Net profit	18,482	21,037	24,588	27,795
EPS (THB)	2.06	2.34	2.74	3.09
vs Consensus (%)	-	(1.4)	0.6	(1.4)
EBITDA	52,942	57,596	65,852	73,655
Recurring net profit	18,136	21,037	24,588	27,795
Core EPS (THB)	2.02	2.34	2.74	3.09
EPS growth (%)	36.6	16.0	16.9	13.0
Core P/E (x)	29.2	25.2	21.6	19.1
Dividend yield (%)	1.7	2.0	2.3	2.6
EV/EBITDA (x)	20.6	19.3	16.7	14.7
Price/book (x)	5.2	4.8	4.3	3.8
Net debt/Equity (%)	119.4	119.4	108.0	95.2
ROE (%)	17.1	18.1	19.3	19.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.1	8.8	(10.3)
Relative to country (%)	5.8	10.1	2.7
Mkt cap (USD m)	14,429		
3m avg. daily turnover (USD m)	41.9		
Free float (%)	58		
Major shareholder	CP Group (35%)		
12m high/low (THB)	67.75/50.50		
Issued shares (m)	8,983.10		

Sources: Bloomberg consensus; FSSIA estimates



#### Jitra Amornthum

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

#### Thada Jirachoenying

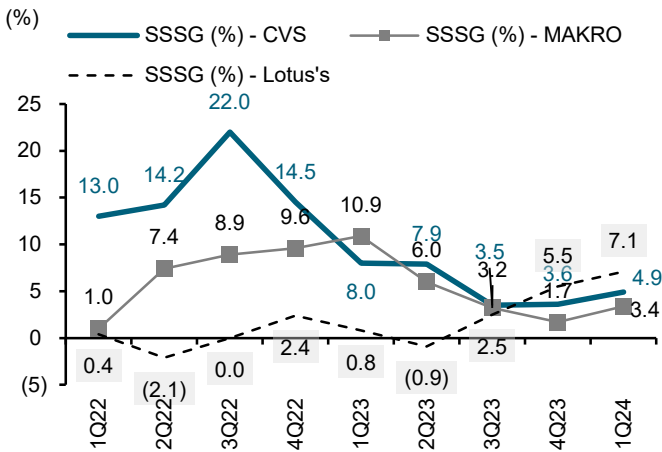
Research Assistant  
thada.j@fssia.com, +66 2646 9964

## Exhibit 1: CPALL – 1Q24 results summary

CPALL	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----		1Q24E	2023	2024E	Change
Year to Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(%24E)	(THB m)	(THB m)	(y-y%)
<b>Revenue</b>	<b>215,895</b>	<b>225,603</b>	<b>220,051</b>	<b>233,732</b>	<b>234,315</b>	<b>0.2</b>	<b>8.5</b>	<b>25</b>	<b>895,281</b>	<b>949,172</b>	<b>6</b>
COGS	(168,983)	(176,041)	(172,085)	(181,901)	(182,093)	0.1	7.8	25	(699,010)	(740,991)	6
<b>Gross profit</b>	<b>46,913</b>	<b>49,561</b>	<b>47,966</b>	<b>51,831</b>	<b>52,223</b>	<b>0.8</b>	<b>11.3</b>	<b>25</b>	<b>196,271</b>	<b>208,181</b>	<b>6</b>
Other income	6,125	6,399	6,215	6,821	6,694	(1.9)	9.3	24	25,560	27,967	9
Operating costs	(43,178)	(45,867)	(44,486)	(46,381)	(46,541)	0.3	7.8	24	(179,912)	(190,196)	6
<b>Operating profit</b>	<b>9,859</b>	<b>10,094</b>	<b>9,695</b>	<b>12,272</b>	<b>12,375</b>	<b>0.8</b>	<b>25.5</b>	<b>27</b>	<b>41,920</b>	<b>45,951</b>	<b>10</b>
FX gain (loss)	352	(51)	161	(116)	298	(357.7)	(15.4)	n/a	346	0	(100)
Interest expense	(4,408)	(4,145)	(3,995)	(4,010)	(3,902)	(2.7)	(11.5)	24	(16,558)	(16,185)	(2)
Profit before tax	5,451	5,949	5,700	8,262	8,473	2.6	55.4	28	25,362	29,766	17
Tax	(1,043)	(1,073)	(970)	(1,517)	(1,643)	8.3	57.6	30	(4,602)	(5,401)	17
Equity income	193	201	185	168	174	3.7	(9.9)	21	746	826	11
Minority interests	(831)	(588)	(651)	(1,300)	(982)	(24.5)	18.2	24	(3,370)	(4,155)	23
Non-recurring items	352	(51)	161	(116)	298	(357.7)	(15.4)	n/a	346	0	(100)
Reported net profit	4,123	4,438	4,424	5,497	6,319	15.0	53.3	30	18,482	21,037	14
<b>Recurring net profit</b>	<b>3,771</b>	<b>4,490</b>	<b>4,264</b>	<b>5,612</b>	<b>6,022</b>	<b>7.3</b>	<b>59.7</b>	<b>29</b>	<b>18,136</b>	<b>21,037</b>	<b>16</b>
EPS (THB)	0.46	0.49	0.49	0.61	0.70	15.0	53.3	30	2.06	2.34	14
<b>Recurring EPS (THB)</b>	<b>0.42</b>	<b>0.50</b>	<b>0.47</b>	<b>0.62</b>	<b>0.67</b>	<b>7.3</b>	<b>59.7</b>	<b>29</b>	<b>2.02</b>	<b>2.34</b>	<b>16</b>
<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 - overall	21.7	22.0	21.8	22.2	22.3	0.1	0.6		21.9	21.9	0.0
Gross margin - CVS	27.9	28.4	27.9	28.7	28.7	0.0	0.8		28.2	28.4	0.2
Operating margin	4.6	4.5	4.4	5.3	5.3	0.0	0.7		4.7	4.8	0.2
Recurring net margin	1.7	2.0	1.9	2.4	2.6	0.2	0.8		2.0	2.2	0.2
SG&A / Sales	20.0	20.3	20.2	19.8	19.9	0.0	(0.1)		20.1	20.0	(0.1)
<b>Operating statistics</b>						<b>(q-q%)</b>	<b>(y-y%)</b>				
Expansion (no.)	209	168	176	154	185	20	(11)		707	700	(1)
Outstanding stores (no.)	14,047	14,215	14,391	14,545	14,730	1	5		14,545	15,245	5
Average daily sales/store (THB)	78,735	83,558	79,308	80,884	82,619	2	4.9		80,837	n/a	
Spending per ticket (THB)	84	84	82	83	85	2	1		83	n/a	
Daily customers/store (no.)	941	995	959	965	972	1	3		965	n/a	
SSSG CVS (%)	8.0	7.9	3.5	3.6	4.9				5.5	3.0	
SSSG - MAKRO (%)	10.9	6.0	3.2	1.7	3.4				5.3	3.0	
SSSG - Lotus's TH (%)	0.8	(0.9)	2.5	5.8	6.9				2.1	3.0	
SSSG - Lotus's ML (%)	(0.9)	(12.2)	0.6	3.6	8.4				(2.5)	3.0	
<b>Product sales mix (% to sales)</b>											
Food (%)	74.5	75.5	75.4	75.4	75.2						
Non-Food (%)	25.5	24.5	24.6	24.6	24.8						
<b>Product margin (excl T&amp;E)</b>											
Food (%)	26.4	26.9	26.7	26.7	27.1						
Non-Food (%)	27.3	27.8	27.9	27.9	28.5						
Total product (%)	26.6	27.1	27.0	27.0	27.4						

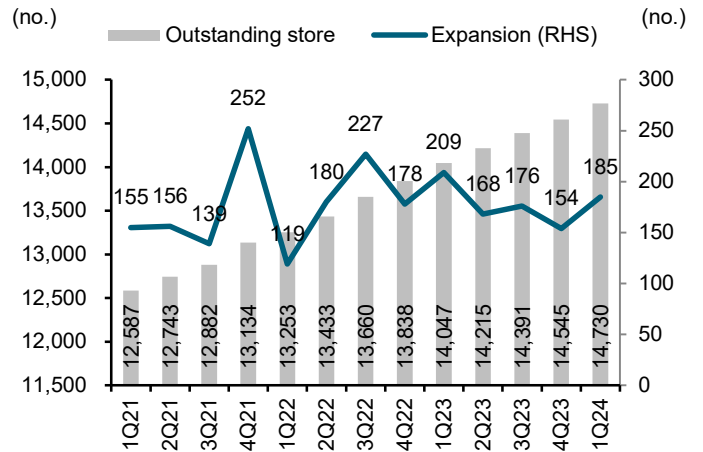
Sources: CPALL; FSSIA estimates

**Exhibit 2: Quarterly SSSG**



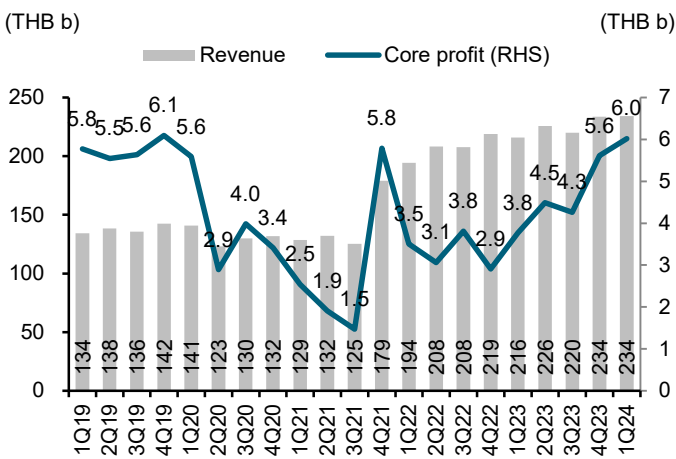
Sources: CPALL; FSSIA compilation

**Exhibit 3: Expansion**



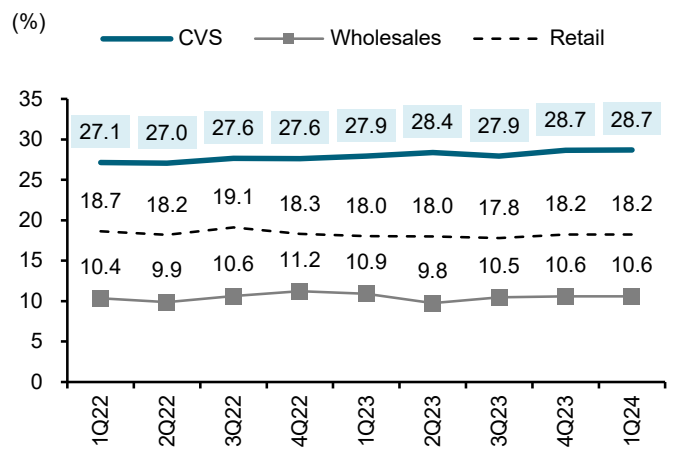
Sources: CPALL; FSSIA compilation

**Exhibit 4: Quarterly revenue and core profit**



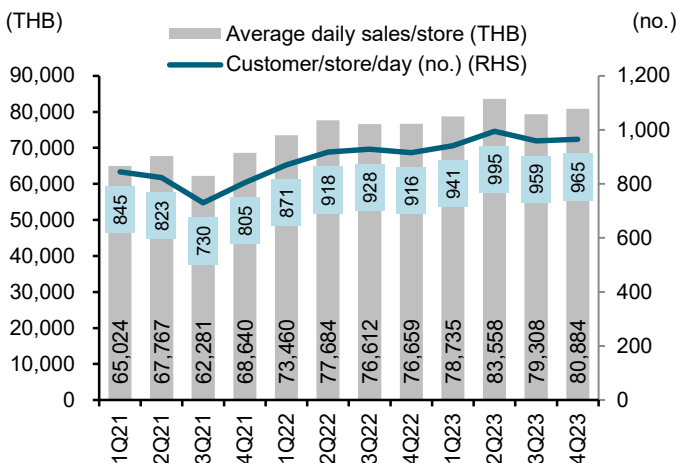
Sources: CPALL; FSSIA compilation

**Exhibit 5: Gross profit margin by BU**



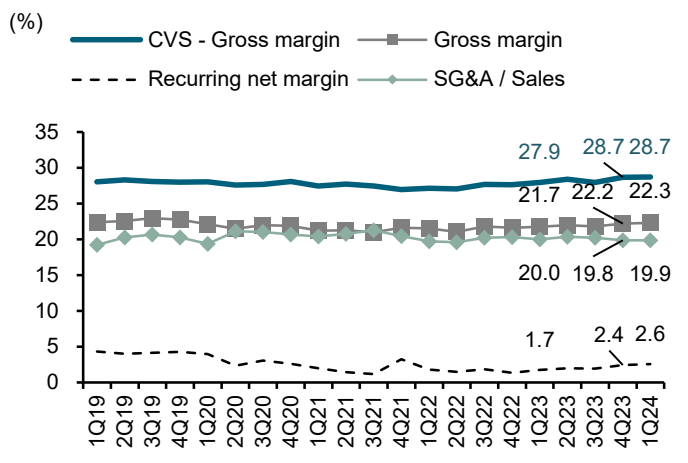
Sources: CPALL; FSSIA compilation

**Exhibit 6: Sales growth driven by ticket size and traffic**



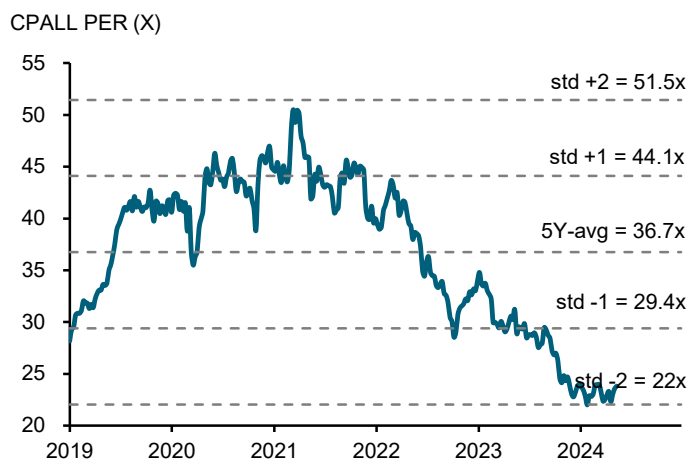
Sources: CPALL; FSSIA compilation

**Exhibit 7: Profitability**



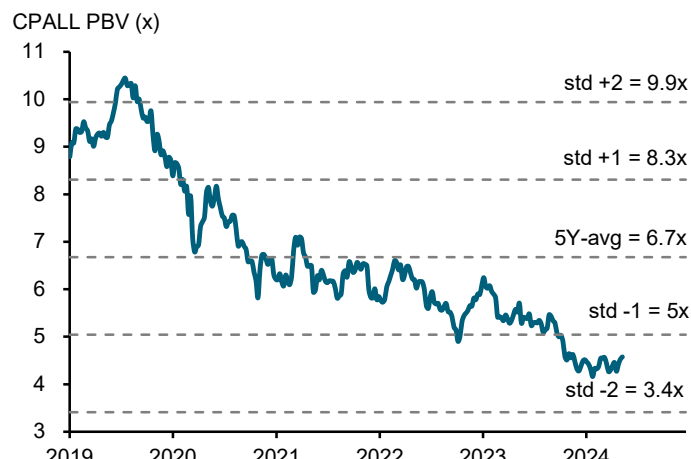
Sources: CPALL; FSSIA compilation

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 10 May 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	59.00	77.00	31	14,429	25.2	21.6	18.1	19.3	4.8	4.3	19.3	16.7
CP Aextra	CPAXT TB	BUY	31.25	36.00	15	9,002	31.0	26.4	3.6	4.2	1.1	1.1	11.4	10.7
Berli Jucker*	BJC TB	n/a	25.25	n/a	n/a	2,727	18.3	16.8	4.5	4.8	0.8	0.8	12.0	11.5
<b>Consumer Staple average</b>						<b>26,158</b>	<b>24.8</b>	<b>21.6</b>	<b>8.7</b>	<b>9.4</b>	<b>2.2</b>	<b>2.1</b>	<b>14.3</b>	<b>13.0</b>
<b>Consumer Discretionary</b>														
Com7	COM7 TB	BUY	19.50	22.50	15	1,266	15.7	14.4	34.3	32.0	5.0	4.3	10.5	9.4
Central Retail Corp	CRC TB	BUY	30.75	44.00	43	5,049	20.6	18.4	12.9	13.3	2.5	2.3	9.3	8.7
<b>Home Improvement</b>														
Index Living Mall	ILM TB	BUY	20.70	26.70	29	285	13.3	12.2	12.9	13.5	1.7	1.6	7.0	6.4
Home Product Center	HMPRO TB	BUY	10.10	13.60	35	3,616	19.4	18.3	26.1	26.4	5.0	4.7	11.4	10.8
Siam Global House	GLOBAL TB	HOLD	16.00	17.30	8	2,266	28.2	25.0	12.3	12.9	3.3	3.1	21.7	19.5
Dohome	DOHOME TB	HOLD	11.30	11.80	4	994	37.5	29.1	7.7	9.2	2.8	2.6	18.6	16.2
<b>Home Improvement avg.</b>						<b>7,160</b>	<b>24.6</b>	<b>21.2</b>	<b>14.8</b>	<b>15.5</b>	<b>3.2</b>	<b>3.0</b>	<b>14.7</b>	<b>13.2</b>
<b>Consumer Discretionary avg.</b>						<b>13,475</b>	<b>22.4</b>	<b>19.6</b>	<b>17.7</b>	<b>17.9</b>	<b>3.4</b>	<b>3.1</b>	<b>13.1</b>	<b>11.8</b>
<b>Total average</b>						<b>39,633</b>	<b>23.2</b>	<b>20.3</b>	<b>14.7</b>	<b>15.1</b>	<b>3.0</b>	<b>2.8</b>	<b>13.5</b>	<b>12.2</b>

Sources: \*Bloomberg; FSSIA estimates

## Financial Statements

CP All

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	829,099	895,281	949,172	999,896	1,049,860
Cost of goods sold	(651,100)	(699,010)	(740,991)	(777,782)	(814,613)
<b>Gross profit</b>	<b>177,999</b>	<b>196,271</b>	<b>208,181</b>	<b>222,114</b>	<b>235,247</b>
Other operating income	0	0	0	0	0
Operating costs	(165,414)	(179,912)	(190,196)	(200,405)	(210,406)
<b>Operating EBITDA</b>	<b>49,129</b>	<b>52,942</b>	<b>57,596</b>	<b>65,852</b>	<b>73,655</b>
Depreciation	(36,544)	(36,582)	(39,611)	(44,143)	(48,814)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>12,585</b>	<b>16,359</b>	<b>17,985</b>	<b>21,709</b>	<b>24,841</b>
Net financing costs	(16,549)	(16,090)	(15,639)	(16,078)	(16,421)
Associates	831	746	826	868	911
Recurring non-operating income	24,055	25,839	28,247	30,177	32,043
Non-recurring items	(9)	346	0	0	0
<b>Profit before tax</b>	<b>20,082</b>	<b>26,454</b>	<b>30,593</b>	<b>35,808</b>	<b>40,463</b>
Tax	(3,861)	(4,602)	(5,401)	(6,340)	(7,177)
<b>Profit after tax</b>	<b>16,221</b>	<b>21,852</b>	<b>25,191</b>	<b>29,468</b>	<b>33,286</b>
Minority interests	(2,949)	(3,370)	(4,155)	(4,880)	(5,491)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>13,272</b>	<b>18,482</b>	<b>21,037</b>	<b>24,588</b>	<b>27,795</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>9</b>	<b>(346)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>13,281</b>	<b>18,136</b>	<b>21,037</b>	<b>24,588</b>	<b>27,795</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.48	2.02	2.34	2.74	3.09
Reported EPS	1.48	2.06	2.34	2.74	3.09
DPS	0.75	1.00	1.17	1.37	1.55
Diluted shares (used to calculate per share data)	8,983	8,983	8,983	8,983	8,983
<b>Growth</b>					
Revenue (%)	46.7	8.0	6.0	5.3	5.0
Operating EBITDA (%)	76.0	7.8	8.8	14.3	11.8
Operating EBIT (%)	267.8	30.0	9.9	20.7	14.4
Recurring EPS (%)	13.5	36.6	16.0	16.9	13.0
Reported EPS (%)	2.2	39.3	13.8	16.9	13.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	21.5	21.9	21.9	22.2	22.4
Gross margin exc. depreciation (%)	25.9	26.0	26.1	26.6	27.1
Operating EBITDA margin (%)	5.9	5.9	6.1	6.6	7.0
Operating EBIT margin (%)	1.5	1.8	1.9	2.2	2.4
Net margin (%)	1.6	2.0	2.2	2.5	2.6
Effective tax rate (%)	20.0	18.1	18.1	18.1	18.1
Dividend payout on recurring profit (%)	50.7	49.5	50.0	50.0	50.0
Interest cover (X)	2.2	2.6	3.0	3.2	3.5
Inventory days	32.3	31.9	30.7	30.8	30.7
Debtor days	7.9	7.6	7.4	7.4	7.5
Creditor days	85.0	84.7	77.5	71.1	72.8
Operating ROIC (%)	7.4	10.2	10.6	11.9	14.5
ROIC (%)	4.2	5.0	5.3	5.8	6.4
ROE (%)	13.0	17.1	18.1	19.3	19.7
ROA (%)	3.2	3.7	4.1	4.5	4.9

\* Pre exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Sales	829,099	895,281	949,172	999,896	1,049,860

Sources: CP All; FSSIA estimates

## Financial Statements

CP All

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	13,281	18,136	21,037	24,588	27,795
Depreciation	36,544	36,582	39,611	44,143	48,814
Associates & minorities	2,118	2,624	3,328	4,012	4,580
Other non-cash items	-	-	-	-	-
Change in working capital	(180)	12,711	(26,001)	6,064	6,395
<b>Cash flow from operations</b>	<b>51,763</b>	<b>70,053</b>	<b>37,975</b>	<b>78,808</b>	<b>87,584</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(38,421)	(36,964)	(41,877)	(43,180)	(44,524)
Net acquisitions & disposals	(633)	(448)	7	41	76
Other investments (net)	(3,773)	(6,574)	(3,159)	(5,769)	(5,036)
<b>Cash flow from investing</b>	<b>(42,827)</b>	<b>(43,987)</b>	<b>(45,029)</b>	<b>(48,908)</b>	<b>(49,484)</b>
Dividends paid	(6,737)	(8,983)	(10,518)	(12,294)	(13,897)
Equity finance	(12,001)	(2,347)	0	0	0
Debt finance	(15,440)	(19,310)	19,589	(15,528)	(22,062)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(34,179)</b>	<b>(30,640)</b>	<b>9,071</b>	<b>(27,822)</b>	<b>(35,960)</b>
Non-recurring cash flows	0	0	0	0	0
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>(25,243)</b>	<b>(4,574)</b>	<b>2,017</b>	<b>2,078</b>	<b>2,140</b>
Free cash flow to firm (FCFF)	25,767.66	42,623.96	9,131.20	46,539.40	55,099.56
Free cash flow to equity (FCFE)	(6,504.42)	6,756.51	12,535.34	14,371.62	16,037.21

### Per share (THB)

FCFF per share	2.87	4.74	1.02	5.18	6.13
FCFE per share	(0.72)	0.75	1.40	1.60	1.79
Recurring cash flow per share	5.78	6.38	7.12	8.10	9.04

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	307,562	319,191	358,743	399,482	441,442
Less: Accumulated depreciation	(94,152)	(105,399)	(142,686)	(184,388)	(230,639)
<b>Tangible fixed assets (net)</b>	<b>213,410</b>	<b>213,792</b>	<b>216,057</b>	<b>215,094</b>	<b>210,804</b>
<b>Intangible fixed assets (net)</b>	<b>360,641</b>	<b>360,641</b>	<b>360,641</b>	<b>360,641</b>	<b>360,641</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	15,957	16,768	17,587	18,414	19,250
Cash & equivalents	71,891	67,317	69,334	71,411	73,551
A/C receivable	18,633	18,734	19,861	20,923	21,968
Inventories	58,183	57,501	60,543	63,117	65,654
Other current assets	249	247	262	276	290
<b>Current assets</b>	<b>148,955</b>	<b>143,798</b>	<b>150,000</b>	<b>155,727</b>	<b>161,463</b>
Other assets	185,097	191,492	198,347	205,544	213,101
<b>Total assets</b>	<b>924,061</b>	<b>926,491</b>	<b>942,632</b>	<b>955,420</b>	<b>965,259</b>
Common equity	100,724	110,995	121,514	133,808	147,705
Minorities etc.	189,577	190,600	194,754	199,634	205,126
<b>Total shareholders' equity</b>	<b>290,301</b>	<b>301,595</b>	<b>316,268</b>	<b>333,442</b>	<b>352,831</b>
Long term debt	393,871	353,745	422,602	379,105	383,369
Other long-term liabilities	32,446	32,954	34,937	36,804	38,643
<b>Long-term liabilities</b>	<b>426,317</b>	<b>386,699</b>	<b>457,540</b>	<b>415,910</b>	<b>422,012</b>
A/C payable	147,682	159,811	137,980	147,680	157,657
Short term debt	52,965	73,781	24,513	52,483	26,157
Other current liabilities	6,796	4,604	6,331	5,906	6,602
<b>Current liabilities</b>	<b>207,443</b>	<b>238,197</b>	<b>168,824</b>	<b>206,068</b>	<b>190,416</b>
<b>Total liabilities and shareholders' equity</b>	<b>924,061</b>	<b>926,491</b>	<b>942,632</b>	<b>955,420</b>	<b>965,259</b>
Net working capital	(77,413)	(87,935)	(63,645)	(69,270)	(76,347)
Invested capital	697,693	694,759	728,988	730,423	727,449

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

### Per share (THB)

Book value per share	10.10	11.25	12.42	13.79	15.33
Tangible book value per share	(30.04)	(28.90)	(27.73)	(26.36)	(24.81)

### Financial strength

Net debt/equity (%)	129.2	119.4	119.4	108.0	95.2
Net debt/total assets (%)	40.6	38.9	40.1	37.7	34.8
Current ratio (x)	0.7	0.6	0.9	0.8	0.8
CF interest cover (x)	2.9	3.7	4.5	4.6	4.7

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>39.9</b>	<b>29.2</b>	<b>25.2</b>	<b>21.6</b>	<b>19.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>52.1</b>	<b>38.1</b>	<b>32.9</b>	<b>28.1</b>	<b>24.9</b>
Reported P/E (x)	39.9	28.7	25.2	21.6	19.1
Dividend yield (%)	1.3	1.7	2.0	2.3	2.6
Price/book (x)	5.8	5.2	4.8	4.3	3.8
Price/tangible book (x)	(2.0)	(2.0)	(2.1)	(2.2)	(2.4)
EV/EBITDA (x) **	22.5	20.6	19.3	16.7	14.7
EV/EBITDA @ target price (x) **	25.8	23.7	22.1	19.2	16.9
EV/invested capital (x)	1.6	1.6	1.5	1.5	1.5

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

Sources: CP All; FSSIA estimates

# CP AII PCL (CPALL TB)

## FSSIA ESG rating



**78.53 /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	3.77	--
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>1.45</b>	<b>2.14</b>	<b>2.35</b>	<b>2.64</b>	<b>3.62</b>	<b>4.51</b>	<b>3.79</b>	<b>3.74</b>
BESG environmental pillar score	0.67	1.58	1.62	2.24	4.32	5.59	2.56	—
BESG social pillar score	1.22	1.97	2.23	2.52	3.28	4.57	4.82	—
BESG governance pillar score	2.87	3.08	3.40	3.27	3.50	3.45	3.48	—
<b>ESG disclosure score</b>	<b>41.90</b>	<b>53.95</b>	<b>56.31</b>	<b>59.53</b>	<b>65.34</b>	<b>65.74</b>	<b>66.17</b>	<b>—</b>
Environmental disclosure score	29.02	45.09	45.42	47.39	52.73	56.12	56.78	—
Social disclosure score	33.19	35.55	36.03	43.74	55.83	53.66	54.29	—
Governance disclosure score	63.40	81.10	87.36	87.36	87.36	87.36	87.36	—
<b>Environmental</b>								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	11	8	9	13	13	11	324	435
GHG scope 2 location-based	1,011	1,124	1,058	1,273	1,216	1,177	1,454	1,555
GHG Scope 3	—	—	—	—	1,275	1,413	13,132	13,192
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	1,784	1,994	2,293	2,425	2,541	3,405	3,340	3,717
Renewable energy use	0	0	1	4	4	4	52	135
Electricity used	1,737	1,930	2,019	2,191	2,390	3,255	3,181	3,504
Fuel used - natural gas	64	441	1,050	1,423	1,554	59,257	57,213	13,143

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
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	0	0	0	0	0	0	0	0
Total waste	13	22	74	135	174	82	219	208
Waste recycled	0	0	27	83	120	70	110	140
Waste sent to landfills	11	18	41	45	46	48	51	54
Environmental supply chain management	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	15,199	14,470	17,393
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	Yes
Pct women in workforce	65	66	66	64	61	65	64	65
Pct disabled in workforce	1	1	—	—	1	0	1	1
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	0	0	0	0	0	0	1	0
Total recordable incident rate - employees	1	1	0	1	0	0	1	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	Yes	Yes
Number of employees – CSR	63,654	71,072	75,842	92,692	122,894	191,480	190,008	167,401
Employee turnover pct	47	49	44	42	42	34	40	59
Total hours spent by firm - employee training	—	—	—	2,360,870	2,725,790	3,620,890	3,929,370	5,055,510
Social supply chain management	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>								
<b>Board size</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>16</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>
No. of women on board	0	0	0	1	1	1	1	1
No. of non-executive directors on board	10	10	10	10	10	10	11	11
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	11	7	6	8	7	10	9	8
Board meeting attendance pct	82	86	90	90	95	98	99	95
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	51	52	53	54	52	53	54	55
Age of the oldest director	83	84	85	80	81	82	83	84
<b>No. of executives / company managers</b>	<b>14</b>	<b>15</b>	<b>18</b>	<b>18</b>	<b>16</b>	<b>15</b>	<b>13</b>	<b>11</b>
No. of female executives	0	0	1	1	1	1	2	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit 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 audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	11	13	12	12	12	13	13	12
Audit meeting attendance %	100	100	100	97	100	100	100	100
<b>Size of compensation committee</b>	<b>0</b>	<b>4</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
No. of compensation committee meetings	—	1	3	3	4	2	3	3
Compensation meeting attendance %	—	75	100	89	92	100	100	100
<b>Size of nomination committee</b>	<b>0</b>	<b>4</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	3	4	2	3	3
Nomination meeting attendance %	—	75	100	89	92	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 Sustainalytics</a>	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+																									
<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" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>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> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></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

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#### Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
CP All	CPALL TB	THB 59.00	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.
CP Aextra	CPAXT TB	THB 31.25	BUY	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.
Com7	COM7 TB	THB 19.50	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 30.75	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 20.70	BUY	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 10.10	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 16.00	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.
Dohome PCL	DOHOME TB	THB 11.30	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from 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 10-May-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.