EQUITY RESEARCH – RESULTS FLASH

NSL FOODS   NSL TB
THAILAND / FOOD & BEVERAGE

BUY
UNCHANGED

1Q24 results at first glance

TARGET PRICE	THB36.00
CLOSE	THB26.50
UP/DOWNSIDE	+35.8%
TP vs CONSENSUS	+15.5%

1Q24 exceeded already optimistic expectation by 16%

Highlights

- NSL posted a surprising 1Q24 net profit of THB128m (+25% q-q, +69% y-y) – a record high, beating our estimate by 16%.

- 1Q24 total revenue reached a new high of THB1.35b (+1% q-q, +23% y-y), mainly due to strong sales of bakery products, especially hot sandwiches, and a snack product under the NSL brand and BAW. The launch of new products from the NSL and BAW brands increased the unit's revenue contribution to 6.1% of total revenue, up from 3.4% in 4Q23 and 0.9% in 1Q23.

- The 1Q24 gross margin improved beyond our expectation and hit a record high, rising to 21% from 19% in 4Q23 and 18.6% in 1Q23, benefitting from the economies of scale.

- NSL controlled its expenses well. 1Q24 SG&A to sales dipped to 9.4% from 9.7% in 4Q23 and 9.8% in 1Q23.

- The share of losses from its associate company, Pen 1, decreased to THB0.2m from a loss of THB2.7m in 4Q23, due to a lower SG&A expense. Meanwhile, BAW's performance improved to a slight profit in 1Q24 from a loss of THB2.1m in 2023. This mainly came from an adjustment in its structure and reduced costs.

Outlook

- NSL's 1Q24 net profit accounted for 29% of our full-year estimate. We maintain our positive outlook on its 2Q24 net profit, expecting it to continue increasing to another record high. Key drivers should come from 1) the high season of its business; 2) the 2Q24 gross margin remaining at a high level due to a high utilization rate; and 3) Pen 1's contribution should recover to a small profit starting from 2Q24, while BAW will likely contribute more profit.

- We reaffirm BUY with the same TP of THB36. Our 2024 net profit forecast remains at THB434m, growing by 30% y-y.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	4,793	5,707	6,535	7,402
Net profit	333	434	508	588
EPS (THB)	1.11	1.45	1.69	1.96
vs Consensus (%)	-	5.1	4.0	7.7
EBITDA	557	676	797	925
Recurring net profit	333	434	508	588
Core EPS (THB)	1.11	1.45	1.69	1.96
EPS growth (%)	12.1	30.2	17.1	15.8
Core P/E (x)	23.8	18.3	15.6	13.5
Dividend yield (%)	2.5	3.2	3.7	4.3
EV/EBITDA (x)	14.3	11.4	9.6	8.2
Price/book (x)	5.1	4.6	4.1	3.6
Net debt/Equity (%)	1.4	(15.7)	(14.1)	(16.6)
ROE (%)	22.5	26.3	27.5	28.4
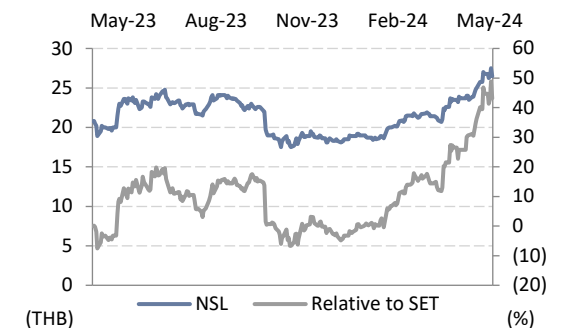
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	10.9	32.5	26.2
Relative to country (%)	13.8	34.1	44.4
Mkt cap (USD m)			216
3m avg. daily turnover (USD m)			0.7
Free float (%)			0
Major shareholder		Mr. Somchai Asavapiyanon (72%)	
12m high/low (THB)			28.00/17.30
Issued shares (m)			300.00

Sources: Bloomberg consensus; FSSIA estimates

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Exhibit 1: NSL – 1Q24 results summary

|	1Q23 (THB m)	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	------ Change ------ (q-q%)	(y-y%)	2024E (THB m)	Change % Y-Y	% 1Q24 to 2024E
Sales	1,095	1,163	1,201	1,333	1,346	0.9	22.9	5,707	19.1	23.6
Cost of sales	892	949	988	1,081	1,064	(1.6)	19.3	4,634	18.5	23.0
Gross profit	204	214	212	253	282	11.7	38.6	1,073	21.5	26.3
SG&A	107	109	117	129	126	(2.2)	17.6	548	18.6	23.0
Operating profit	98	108	98	132	161	21.8	63.8	536	22.7	30.0
Interest expense	3	3	2	3	2	(19.6)	(29.4)	6	(46.0)	36.7
Profit (loss) sharing	(1)	(2)	(4)	(3)	(0)	nm	nm	(3)	nm	7.7
Tax expense	19	21	19	27	32	19.6	64.2	96	11.9	33.2
Reported net profit	75	83	73	102	128	25.4	69.3	434	30.2	29.4
Core profit	78	83	73	102	128	25.4	62.8	434	30.2	29.4
Key ratios (%)						(ppt)	(ppt)			
Gross margin	18.6	18.4	17.7	19.0	21.0	2.0	2.4	18.8	0.0	
SG&A / Sales	9.8	9.4	9.7	9.7	9.4	(0.3)	(0.4)	9.6	0.0	
Operating margin	9.0	9.3	8.2	9.9	12.0	2.0	3.0	9.4	0.0	
Net margin	6.9	7.1	6.1	7.6	9.5	1.9	2.6	7.6	0.6	
Core margin	7.2	7.1	6.1	7.6	9.5	1.9	2.3	7.6	0.6	
Operating statistics (THB m)										
Bakery sales	1,004	1,066	1,060	1,152	1,186	2.9	18.1	5,117	19.5	23.2
Food service sales	68	69	64	75	66	0.0	(2.9)	303	10.0	21.8
Snack sales (NSL & BAW brands)	10	10	45	45	82	81.2	725.3	127	15.0	64.6
OEM sales	14	19	19	17	9	(44.4)	(32.4)	149	22.9	6.3
Franchise sales	0	0	1	3	3	0.0	nm	12	172.7	26.6

Sources: NSL; FSSIA's compilation

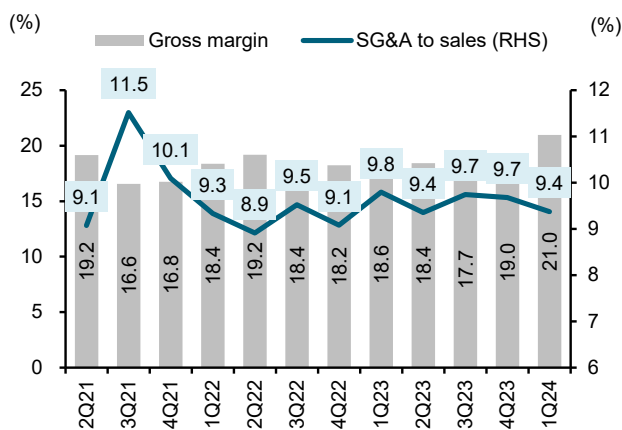## Exhibit 2: Revenue from snack segment and % to sales
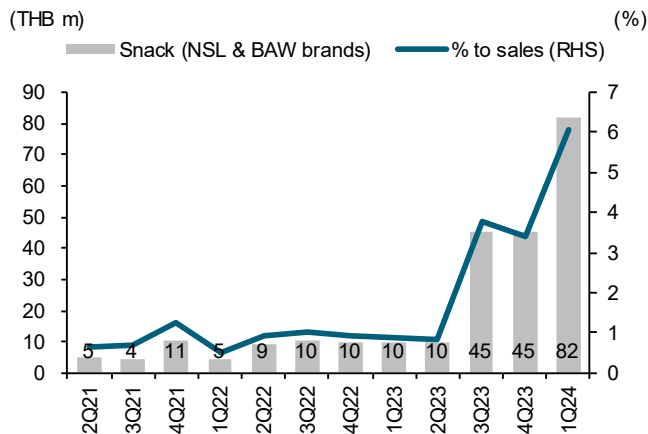
Sources: NSL, FSSIA's compilation

Exhibit 3: Total revenue and growth
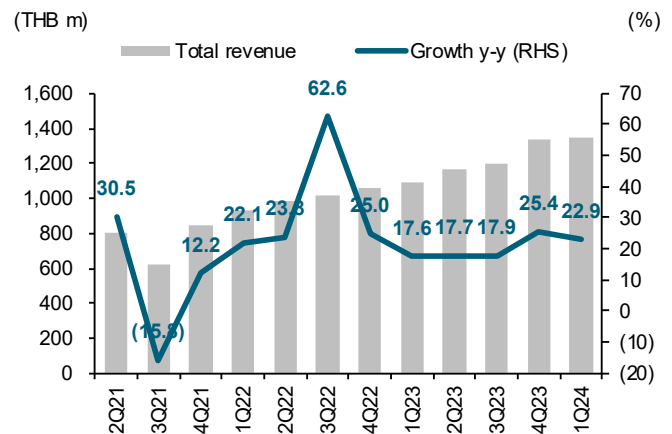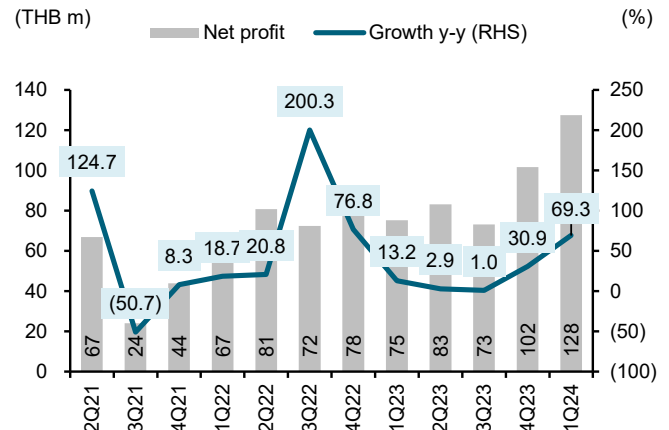

Sources: NSL, FSSIA's compilation

Exhibit 4: Gross margin and SG&A to sales

Sources: NSL, FSSIA's compilation

Exhibit 5: Net profit and growth

Sources: NSL, FSSIA's compilation

Financial Statements

NSL Foods

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	4,001	4,793	5,707	6,535	7,402
Cost of goods sold	(3,259)	(3,910)	(4,634)	(5,294)	(5,981)
Gross profit	**742**	**883**	**1,073**	**1,242**	**1,421**
Other operating income	8	17	11	13	15
Operating costs	(369)	(462)	(548)	(627)	(711)
Operating EBITDA	**484**	**557**	**676**	**797**	**925**
Depreciation	(102)	(120)	(140)	(170)	(200)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**382**	**437**	**536**	**627**	**725**
Net financing costs	(10)	(11)	(6)	(5)	(5)
Associates	-	-	-	-	-
Recurring non-operating income	0	(9)	(3)	2	3
Non-recurring items	0	0	0	0	0
Profit before tax	**372**	**418**	**528**	**625**	**724**
Tax	(74)	(85)	(96)	(119)	(137)
Profit after tax	**298**	**332**	**432**	**506**	**586**
Minority interests	0	1	2	2	2
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**298**	**333**	**434**	**508**	**588**
Non-recurring items & goodwill (net)	**0**	**0**	**0**	**0**	**0**
Recurring net profit	**298**	**333**	**434**	**508**	**588**
Per share (THB)					
Recurring EPS *	0.99	1.11	1.45	1.69	1.96
Reported EPS	0.99	1.11	1.45	1.69	1.96
DPS	0.55	0.65	0.85	0.99	1.15
Diluted shares (used to calculate per share data)	300	300	300	300	300
Growth					
Revenue (%)	31.7	19.8	19.1	14.5	13.3
Operating EBITDA (%)	40.0	15.1	21.4	17.9	16.1
Operating EBIT (%)	53.3	14.5	22.7	17.0	15.6
Recurring EPS (%)	41.5	12.1	30.2	17.1	15.8
Reported EPS (%)	41.5	12.1	30.2	17.1	15.8
Operating performance					
Gross margin inc. depreciation (%)	18.5	18.4	18.8	19.0	19.2
Gross margin exc. depreciation (%)	21.1	20.9	21.3	21.6	21.9
Operating EBITDA margin (%)	12.1	11.6	11.9	12.2	12.5
Operating EBIT margin (%)	9.5	9.1	9.4	9.6	9.8
Net margin (%)	7.4	7.0	7.6	7.8	7.9
Effective tax rate (%)	19.9	20.4	18.1	19.0	19.0
Dividend payout on recurring profit (%)	55.4	58.5	58.5	58.5	58.5
Interest cover (X)	37.1	40.2	92.8	139.9	153.3
Inventory days	26.4	26.1	26.6	29.1	29.3
Debtor days	49.8	50.5	48.4	46.8	47.1
Creditor days	58.5	58.2	57.3	58.1	58.5
Operating ROIC (%)	25.9	27.2	30.6	32.4	33.8
ROIC (%)	22.3	21.3	26.6	30.3	31.7
ROE (%)	22.4	22.5	26.3	27.5	28.4
ROA (%)	13.9	14.2	16.6	17.5	18.2
* Pre exceptional, pre-goodwill and fully diluted					

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Bakery and appetizers	3,643	4,282	5,117	5,884	6,696
Food Services	288	276	303	328	354
NSL snack	35	110	127	139	150
OEM & bread wastes	35	68	89	107	120

Sources: NSL Foods; FSSIA estimates

FINANSIA

Financial Statements
NSL Foods

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	298	333	434	508	588
Depreciation	102	120	140	170	200
Associates & minorities	-	-	-	-	-
Other non-cash items	0	26	4	(1)	(3)
Change in working capital	(54)	(36)	(52)	(51)	(54)
Cash flow from operations	**346**	**443**	**526**	**625**	**732**
Capex - maintenance	(146)	(200)	(200)	(300)	(300)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(301)	28	190	(6)	(6)
Cash flow from investing	**(448)**	**(172)**	**(10)**	**(306)**	**(306)**
Dividends paid	(144)	(180)	(254)	(297)	(344)
Equity finance	0	0	0	0	0
Debt finance	(100)	(93)	(35)	(25)	5
Other financing cash flows	1	20	31	(20)	9
Cash flow from financing	**(243)**	**(252)**	**(258)**	**(342)**	**(331)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**(344)**	**19**	**258**	**(24)**	**95**
Free cash flow to firm (FCFF)	(91.06)	281.68	521.94	323.30	430.71
Free cash flow to equity (FCFE)	(200.65)	198.69	511.67	273.55	439.62

Per share (THB)					
FCFF per share	(0.30)	0.94	1.74	1.08	1.44
FCFE per share	(0.67)	0.66	1.71	0.91	1.47
Recurring cash flow per share	1.33	1.60	1.93	2.26	2.62

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	1,738	1,896	2,024	2,227	2,406
Less: Accumulated depreciation	(768)	(846)	(914)	(987)	(1,066)
Tangible fixed assets (net)	**970**	**1,050**	**1,110**	**1,240**	**1,340**
Intangible fixed assets (net)	**6**	**47**	**47**	**47**	**47**
Long-term financial assets	301	214	0	0	0
Invest. in associates & subsidiaries	0	6	6	6	6
Cash & equivalents	115	134	392	368	463
A/C receivable	595	732	782	895	1,014
Inventories	267	274	381	435	492
Other current assets	3	7	3	3	4
Current assets	**980**	**1,147**	**1,557**	**1,702**	**1,973**
Other assets	32	36	57	65	74
Total assets	**2,290**	**2,500**	**2,777**	**3,060**	**3,440**
Common equity	1,406	1,560	1,740	1,951	2,195
Minorities etc.	0	17	18	18	19
Total shareholders' equity	**1,406**	**1,576**	**1,758**	**1,969**	**2,213**
Long term debt	80	14	0	35	40
Other long-term liabilities	30	49	86	65	74
Long-term liabilities	**110**	**64**	**86**	**100**	**114**
A/C payable	559	650	762	870	983
Short term debt	167	141	115	55	55
Other current liabilities	47	68	57	65	74
Current liabilities	**774**	**859**	**934**	**991**	**1,112**
Total liabilities and shareholders' equity	**2,290**	**2,500**	**2,777**	**3,060**	**3,440**
Net working capital	259	295	347	398	452
Invested capital	1,568	1,648	1,566	1,756	1,919

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

Per share (THB)					
Book value per share	4.69	5.20	5.80	6.50	7.32
Tangible book value per share	4.67	5.04	5.64	6.35	7.16
Financial strength					
Net debt/equity (%)	9.4	1.4	(15.7)	(14.1)	(16.6)
Net debt/total assets (%)	5.8	0.9	(10.0)	(9.1)	(10.7)
Current ratio (x)	1.3	1.3	1.7	1.7	1.8
CF interest cover (x)	(18.5)	19.7	90.0	61.8	93.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**26.7**	**23.8**	**18.3**	**15.6**	**13.5**
Recurring P/E @ target price (x) *	**36.3**	**32.4**	**24.9**	**21.3**	**18.4**
Reported P/E (x)	26.7	23.8	18.3	15.6	13.5
Dividend yield (%)	2.1	2.5	3.2	3.7	4.3
Price/book (x)	5.7	5.1	4.6	4.1	3.6
Price/tangible book (x)	5.7	5.3	4.7	4.2	3.7
EV/EBITDA (x) **	16.7	14.3	11.4	9.6	8.2
EV/EBITDA @ target price (x) **	22.6	19.5	15.6	13.2	11.3
EV/invested capital (x)	5.2	4.8	4.9	4.4	4.0

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

Sources: NSL Foods; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). *(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)*	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(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.)*	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

ESG score	Methodology	Rating
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.	

AAA	8.571-10.000	**Leader:**	leading its industry in managing the most significant ESG risks and opportunities	
AA	7.143-8.570			
A	5.714-7.142			
BBB	4.286-5.713	**Average:**	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	
BB	2.857-4.285			
B	1.429-2.856			
CCC	0.000-1.428	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks	

ESG score	Methodology	Rating
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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History of change in investment rating and/or target price

NSL Foods (NSL TB)

(THB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	26.00	05-Feb-2024	BUY	26.00	26-Apr-2024	BUY	36.00
18-Oct-2023	BUY	24.00	02-Apr-2024	BUY	30.00			

Sureeporn Teewasuwet started covering this stock from 18-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
NSL Foods	NSL TB	THB 26.50	BUY	Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

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 (target price* - current price) / current price.

BUY (B). The upside is 10% or more.
HOLD (H). The upside or downside is less than 10%.
REDUCE (R). The downside is 10% or more.
Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.
Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.
Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.