

ASSET WORLD CORP

THAILAND / PROPERTY DEVELOPMENT

AWC TB

BUY

UNCHANGED

TARGET PRICE	THB5.50
CLOSE	THB3.76
UP/DOWNSIDE	+46.3%
PRIOR TP	THB5.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+8.3%

Positive on both organic and inorganic

- Expect a strong OCC rate of 75% in 2024 (vs 68% in 2023); to open three new hotels in 2024 and lift hotel room capacity by 14%.
- To open the Phenix project (repositioned from Pantip Pratunam), a food wholesale hub, in June.
- Maintain BUY with a DCF-based TP of THB5.5/shr.

Positive feedback from the analyst and Opportunity Day meetings

We attended the analyst meeting on 14 May and Opportunity Day on 29 May and obtained positive feedback. AWC reported a record high core profit of THB680m in 1Q24, driven by RevPAR growth of 13% y-y. We believe the strong RevPAR growth momentum should continue this year. AWC targets the OCC rate to increase to 75% in 2024 from 68% in 2023. We believe this would improve the EBITDA margin of its hotel business from 33% in 2023 to 36% in 2024, premised on a solid 60% EBITDA flow-through target.

Hotel room capacity to increase by 8% CAGR over 2023-2031

Aside from organic growth, AWC would open three new hotels (Fairmont Bangkok Sukhumvit, Melia Pattaya City, and Marriott Resort Jomtien Beach) in 2024, which should lift total hotel room capacity by 14% to 6,896. In addition, AWC has 15 hotel projects remaining scheduled to open in 2025-2031, which should increase hotel room capacity to c11,300. It would imply an 8% CAGR from 2023 to 2031.

Phenix project: World's food wholesale hub

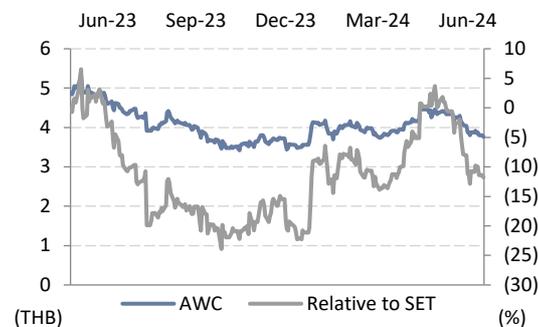
AWC and its partner, the National Food Institute, will officially open Phenix, repositioned from Pantip Pratunam on 26 June. The Phenix project is a food wholesale hub with the largest food lounge. It aims to create a platform for Thai entrepreneurs to promote their products to global food buyers and suppliers. It will consist of a leasable area of 20,000 sqm. and a shared space of 6,000 sqm. and AWC targets an average rental rate of THB3,600/sqm/month and THB20,000/sqm/month, respectively. AWC would give discounts to tenants during the ramp-up period. We believe this project would significantly lift revenue of its retail and commercial units when it reaches maturity.

Maintain forecasts; strong y-y growth in 2Q-3Q24E

We maintain our forecast and expect 2024 core profit to jump by 93% to THB2.2b. AWC trades at 55x 2024E core profit P/E (vs peers' average of 39x). Including an estimated fair value gain of THB3.5b in 2024, it would come down to only 21x P/E. Also, it has share price catalysts from robust y-y earnings growth in 2Q-3Q24E from a low base last year and an estimated organic RevPAR growth of 2-4% y-y in 2Q24.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	13,702	16,731	19,529	27,796
Net profit	5,038	5,693	5,121	5,727
EPS (THB)	0.16	0.18	0.16	0.18
vs Consensus (%)	-	104.5	36.8	13.2
EBITDA	4,763	6,502	7,735	9,523
Recurring net profit	1,134	2,193	2,621	3,227
Core EPS (THB)	0.04	0.07	0.08	0.10
Chg. In EPS est. (%)	-	0.0	0.0	0.0
EPS growth (%)	nm	93.3	19.5	23.1
Core P/E (x)	106.1	54.9	45.9	37.3
Dividend yield (%)	1.3	0.7	0.9	1.1
EV/EBITDA (x)	40.0	31.8	28.8	24.7
Price/book (x)	1.4	1.3	1.3	1.2
Net debt/Equity (%)	80.4	94.5	106.7	114.7
ROE (%)	1.3	2.4	2.8	3.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.4)	0.5	(23.0)
Relative to country (%)	(11.3)	2.8	(11.8)
Mkt cap (USD m)	3,288		
3m avg. daily turnover (USD m)	7.4		
Free float (%)	25		
Major shareholder	TCC Business Management (45%)		
12m high/low (THB)	5.40/3.40		
Issued shares (m)	32,002.34		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

AWC plans to aggressively expand its hotel portfolio from 18 hotels in 2022 to 38 hotels by 2031 and expand its commercial property assets with a net leasable area (NLA) of 427k sqm. to 673k sqm. by 2027.

AWC has a strong balance sheet with an IBD/E of only 0.8x as of 1Q24, with ample room for M&A deals. It also has a competitive advantage since it has a grant of rights (GOR) agreement with its major shareholder, Thai Charoen Corporation Group (TCC, not listed). Under the GOR, AWC has the right of first offer on assets that TCC plans to sell, and the right of first refusal on assets when any third party makes an offer.

Most of AWC’s assets are classified as freehold, with about half of its asset value in land located in prime areas across Thailand. We believe the value of those assets will likely appreciate in the future, which should support its balance sheet’s gearing ratio for expansion projects.

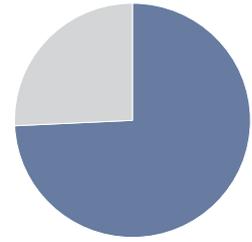
Company profile

AWC is the pure-play leader in the Thai hospitality and commercial property business.

assetworldcorp-th.com

Principal activities (revenue, 2023)

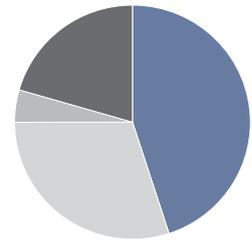
- Hotel revenue - 74.3 %
- Retail and office revenue - 25.7 %



Source: Asset World Corp

Major shareholders

- TCC Business Management - 45.0 %
- TCC Retail - 30.0 %
- NOMURA SINGAPORE LIMITED - 4.5 %
- Others - 20.5 %



Source: Asset World Corp

Catalysts

Key growth drivers include 1) a faster OCC ramp-up rate following a global tourism recovery; 2) improving consumption and economic growth resulting in a strong retail business; and 3) pent-up demand from Chinese tourists.

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
Aug 2024	2Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Hotel - Number of rooms (no.)	6,896	7,020	9,037
Hotel - Occupancy rate (OCC %)	65.2	72.6	71.6
Hotel - RevPAR growth (%)	6.4	16.4	18.7
Retail - NLA ('000 sqm)	377.6	377.6	377.6
Retail - Occupancy rate (OCC %)	51.6	60.0	67.1
Retail - Rental rate growth (%)	(17.5)	6.9	10.7
Office - NLA ('000 sqm)	270.6	270.6	270.6
Office - Occupancy rate (OCC %)	69.0	69.5	70.0
Office - Rental rate growth (%)	3.0	3.0	3.0

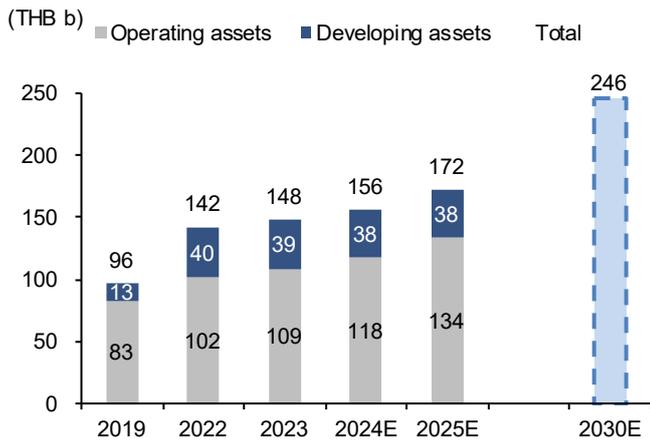
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in hotel OCC, we project a 2024 profit increase of 4%, and vice versa, all else being equal.
- For every 1% increase in retail OCC, we project a 2024 profit increase of 5%, and vice versa, all else being equal.

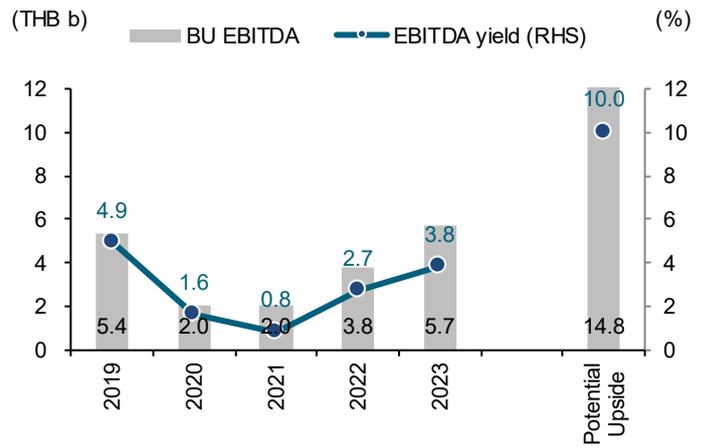
Source: FSSIA estimates

Exhibit 1: AWC's asset size



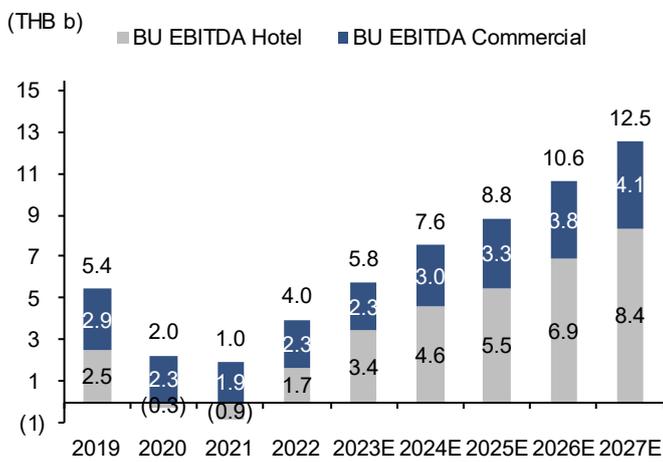
Sources: AWC; FSSIA estimates

Exhibit 2: BU EBITDA and EBITDA yield (rate of return)



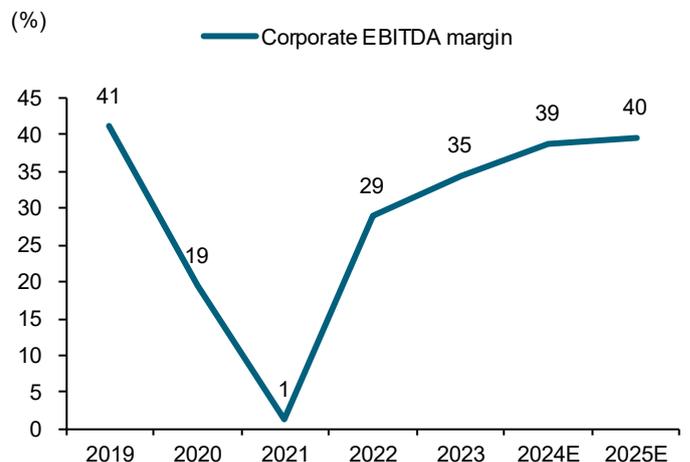
Note: BU EBITDA (business unit EBITDA) is EBITDA before corporate expenses
Sources: AWC; FSSIA estimates

Exhibit 3: BU EBITDA forecast



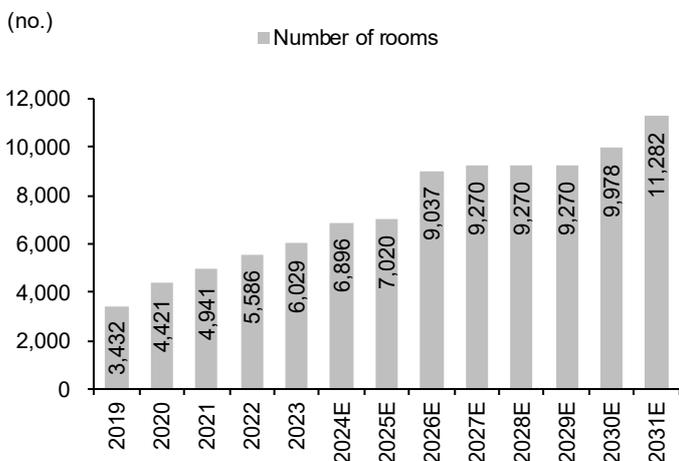
Note: BU EBITDA (business unit EBITDA) is EBITDA before corporate expenses
Sources: AWC; FSSIA estimates

Exhibit 4: Corporate EBITDA margin



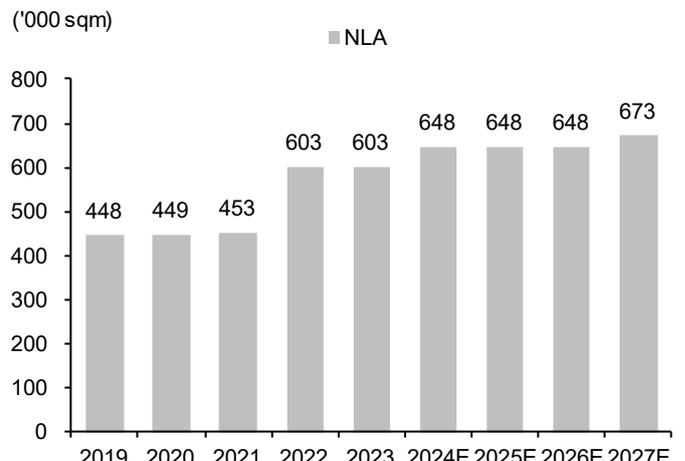
Note: Includes corporate expenses
Sources: AWC; FSSIA estimates

Exhibit 5: Hotel room expansion pipeline



Sources: AWC; FSSIA estimates

Exhibit 6: NLA of retail and commercial expansion



Sources: AWC; FSSIA estimates

Exhibit 7: Hotel projects in pipeline

No.		Hotel rooms (no.)	Open
1	Marriott Resort Jomtien Beach	289	4Q24
2	Melia Pattaya City	234	4Q24
3	Fairmont Bangkok Sukhumvit	344	2024
4	InterContinental Chiang Mai The Mae Ping Phase 2	294	N/A
5	Kimpton Hua Hin	156	2025
6	The Plaza Athenee Nobu Hotel and Spa Bangkok	289	2026
7	JW Marriott The Pattaya Beach Resort & Spa	398	2026
8	Pattaya Marriott Marquis Hotel	900	2026
9	Aquatique Pattaya, Autograph Collection	306	2026
10	Nobu Bangkok (OP Place)	28	2026
11	Nobu Bangkok (Swan project)	28	2026
12	The Imperial Golden Triangle Resort Project	68	4Q26
13	Lhong 1919	86	2027
14	Banyan Tree Jomtien Pattaya	147	2027
15	Woeng Nakhon Kasem	528	2030
16	The Asiatique Bangkok, Autograph Collection hote	180	2030
17	JW Marriott Marquis Hotel Asiatique Bangkok	1,000	2031
18	Ritz-Carlton Reserve Asiatique	304	2031
	Total	5,579	

Source: AWC

Recap: 1Q24 results review

AWC reported a 1Q24 core profit of THB680m (+53% y-y, +41% q-q), driven by robust hotel business. Including THB0.9b gain on changes in the fair value of investment properties, AWC booked a net profit of THB1.6b.

Hospitality business: Hotel revenue grew 22% y-y. RevPAR grew by 13% y-y with an OCC rate of 75% (68% in 1Q23). Bangkok hotels were a key driver in this quarter, with revenue growth of 33 y-y due to the strong performance of Le Meridien Bangkok.

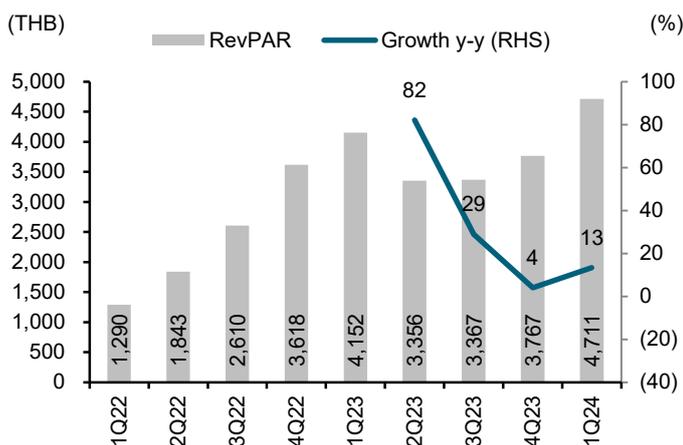
Retail and commercial business: Revenue grew by 11% y-y. Revenue from office buildings grew by 3% y-y.

EBITDA of the operating assets (BU EBITDA) improved to THB2.0b (vs THB1.6b in 1Q23), consisting of THB1.4b from its hotel business, THB0.2b from its retail unit, and THB0.4b from office properties.

The EBITDA margin of its hotel business improved to 41% (vs 40% in 1Q23), while the EBITDA margin of its retail and commercial business also improved to 70% (vs 64% in 1Q23).

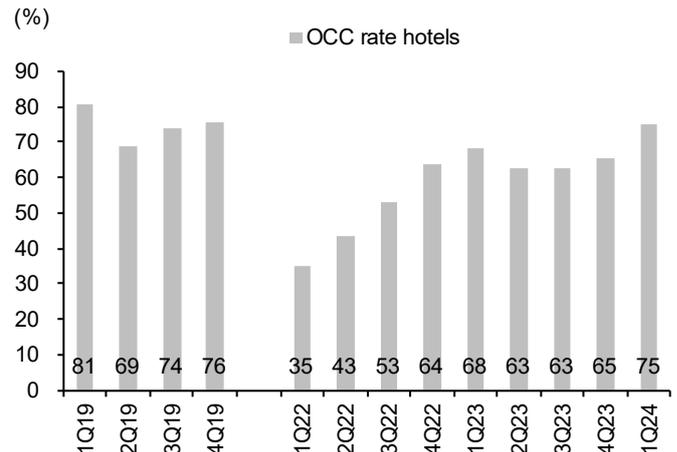
Including corporate expenses, group EBITDA improved from THB1.4b in 1Q23 to THB1.8b in 1Q24 with an EBITDA margin of 42% (vs 38% in 1Q23).

Exhibit 8: RevPAR trend, quarterly



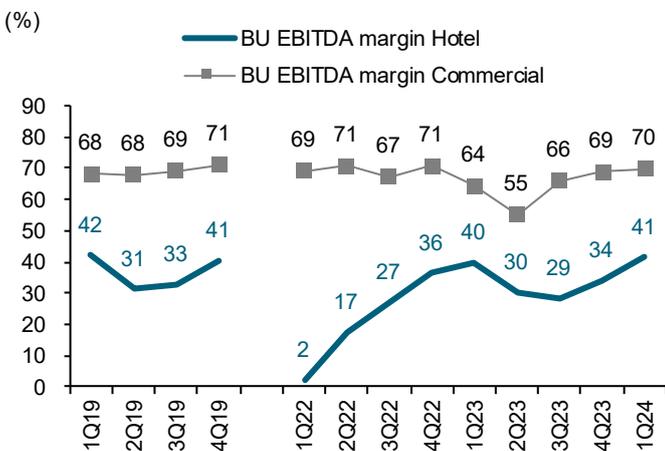
Sources: AWC; FSSIA's compilation

Exhibit 9: OCC rate trend, quarterly



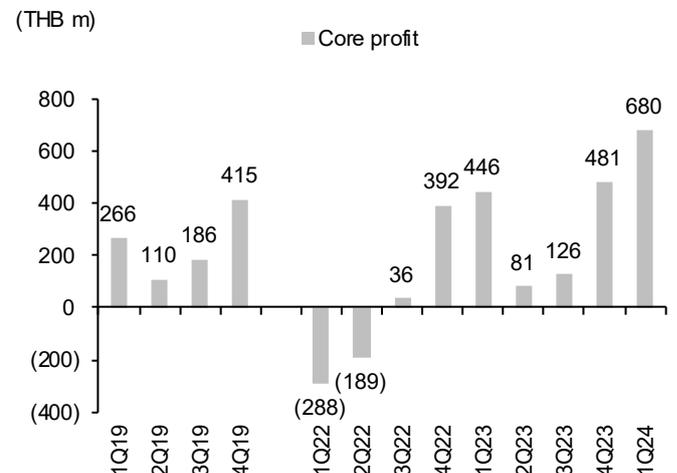
Source: AWC; FSSIA's compilation

Exhibit 10: EBITDA margin



Sources: AWC; FSSIA's compilation

Exhibit 11: Core profit, quarterly



Sources: AWC; FSSIA's compilation

Exhibit 12: AWC – 1Q24 results review

	1Q23	2Q23	3Q23	4Q23	1Q24	Change		2023	2024E	Change
	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)				
Sales	3,547	3,186	3,267	3,702	4,194	13	18	13,702	16,731	22
- Hotel	2,715	2,269	2,373	2,818	3,317	18	22	10,175	12,473	23
- Commercial	832	917	894	884	877	(1)	5	3,526	4,258	21
COGS (Incl. depreciation)	(1,554)	(1,630)	(1,601)	(1,723)	(1,738)	1	12	(6,509)	(7,197)	11
Gross profit	1,994	1,556	1,665	1,978	2,457	24	23	7,193	9,534	33
SG&A	(1,064)	(1,080)	(1,128)	(975)	(1,188)	22	12	(4,247)	(5,169)	22
Net management income	1	7	45	49	7	(85)	892	102	195	90
Operating profit	930	482	582	1,053	1,276	21	37	3,048	4,559	50
Other income	12	9	7	19	32	74	162	47	84	80
Interest income	0	1	1	2	1	(70)	234	4	5	18
Interest expenses	(377)	(398)	(435)	(476)	(471)	(1)	25	(1,686)	(1,983)	18
Pretax profit	566	95	155	598	838	40	48	1,413	2,666	89
Income Tax	(120)	(14)	(19)	(90)	(202)	123	68	(243)	(462)	90
Associates	0	0	(9)	(26)	44			(10)	(10)	0
Minority interest	0									
Core profit	446	81	126	481	680	41	53	1,160	2,193	89
Extraordinaries, GW & FX	976	1,041	1,010	877	925	5	(5)	3,904	3,500	(10)
Reported net profit	1,422	1,122	1,136	1,358	1,605	18	13	5,063	5,693	12
Shares out (end Q, m)	32,000	32,000	32,000	32,000	32,000	0	0	32,002	32,002	0
Core EPS (THB)	0.01	0.00	0.00	0.02	0.02	41	53	0.04	0.07	89
EPS (THB)	0.04	0.04	0.04	0.04	0.05	18	13	0.16	0.18	12
COGS (Excl. depreciation)	(1,144)	(1,197)	(1,174)	(1,276)	(1,284)	1	12	(4,840)	(5,339)	10
Depreciation	(410)	(433)	(427)	(448)	(454)	1	11	(1,669)	(1,858)	11
EBITDA	1,353	924	1,017	1,519	1,762	16	30	4,763	6,502	36
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	56	49	51	53	59	5	2	52	57	4
SG&A/Revenue	30	34	35	26	28	2	(2)	31	31	(0)
EBITDA margin	38	29	31	41	42	1	4	35	39	4
Hotel	40	30	29	34	41	7	2			0
Retail	47	29	52	58	61	4	14			0
Office	75	75	76	77	75	(1)	0			0
Net profit margin	40	35	35	37	38	2	(2)	37	34	(3)
Operating stats										
MICE										
OCC (%)	67	64	64	63	70					
ADR (THB)	5,689	5,342	5,146	5,428	5,536					
RevPar (THB)	3,786	3,401	3,278	3,437	3,876					
Bangkok City										
OCC (%)	72	70	64	73	79					
ADR (THB)	4,208	3,937	3,843	4,043	4,151					
RevPar (THB)	3,021	2,762	2,459	2,955	3,288					
Luxury Resorts										
OCC (%)	79	65	72	66	85					
ADR (THB)	19,983	17,062	17,050	19,330	22,980					
RevPar (THB)	15,760	11,102	12,351	12,835	19,414					
Non-Bangkok										
OCC (%)	67	57	60	63	79					
ADR (THB)	5,546	4,616	4,865	5,671	6,387					
RevPar (THB)	3,704	2,648	2,902	3,572	5,044					
Tourist Lifestyle										
OCC (%)	45	66	60	69	70					
Rental rate (THB)	1,343	1,264	1,321	1,233	1,271					
Community Shopping Malls										
OCC (%)	65	65	66	66	65					
Rental rate (THB)	622	643	629	663	670					
Community Market										
OCC (%)	40	40	75	76	73					
Rental rate (THB)	708	629	492	488	519					
Commercial (Office)										
OCC (%)	69	69	68	68	67					
Rental rate (THB)	817	817	802	808	813					

Sources: AWC; FSSIA estimates

Exhibit 13: Forecast revisions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Hotel - OCC (%)	65.2	72.6	71.6	69.8	71.3	70.7	(4.7)	1.3	0.9
Hotel - RevPar (THB)	3,837	4,467	5,304	4,082	4,312	5,015	(6.0)	3.6	5.8
Retail - OCC (%)	51.6	60.0	67.1	47.4	59.1	66.6	4.2	0.9	0.6
Retail - Rental rate (THB/sqm/month)	609	651	720	588	628	696	3.5	3.7	3.5
Office - OCC (%)	69.0	69.5	70.0	69.0	69.5	70.0	0.0	0.0	0.0
Office - Rental rate (THB/sqm/month)	828	853	879	828	853	879	0.0	0.0	0.0
Revenue (THB b)	16.7	19.5	27.8	17.6	19.4	27.1	(4.8)	0.6	2.7
EBITDA margin (%)	38.8	39.6	34.1	37.0	39.5	34.7	1.8	0.1	(0.6)
Core earnings (THB m)	2,193	2,621	3,227	2,193	2,621	3,227	0.0	0.0	(0.0)

Note: Change of items in % terms are represented in ppt

Source: FSSIA estimates

Exhibit 14: DCF valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		3.8
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		1.0			
Cost of equity, Ke		11.0	Net cost of debt, Kd		2.1
Weight applied		60.0	Weight applied		40.0
WACC		7.8			

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	19.1	0.6	WACC 7.8%, risk-free rate 3%, risk premium 8%
Terminal value	241.4	7.5	Terminal growth 2.5%
Cash & liquid assets	1.3	0.0	At end-2023E
Investments	1.4	0.0	At end-2023E
Debt	(87.8)	(2.7)	At end-2023E
Minorities	0.0	0.0	At end-2023E
Residual ordinary equity	175.4	5.5	

Source: FSSIA estimates

Exhibit 15: Peer comparisons as of 4 Jun 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)
Thailand															
Asset World Corp	AWC TB	BUY	3.76	5.50	46	3,288	54.9	45.9	37.3	2.4	2.8	1.3	1.3	31.8	28.8
Minor International	MINT TB	BUY	30.50	44.00	44	4,725	21.2	18.9	17.0	10.7	11.3	2.2	2.1	8.0	7.3
Central Plaza Hotel	CENTEL TB	BUY	41.00	50.00	22	1,512	36.1	28.9	24.6	7.5	8.8	2.6	2.5	15.9	14.6
Erawan Group	ERW TB	BUY	4.58	6.50	42	567	26.5	24.3	22.5	11.6	10.8	2.7	2.5	14.7	13.3
S Hotels & Resorts	SHR TB	BUY	2.16	4.00	85	212	25.3	14.8	12.9	1.9	3.2	0.5	0.5	8.5	7.7
Dusit Thani	DUSIT TB	BUY	11.60	15.00	29	269	184.1	9.0	6.1	1.5	24.8	2.8	1.8	46.5	10.9
Bound and Beyond	BEYOND TB	BUY	9.70	20.00	106	77	28.7	13.1	10.9	1.6	3.4	0.5	0.4	9.1	7.5
Thailand average						10,652	53.8	22.1	18.8	5.3	9.3	1.8	1.6	19.2	12.9
Regional															
Btg Hotels Group	600258 CH	n/a	14.36	n/a	n/a	2,212	20.5	17.2	15.4	7.2	7.9	1.4	1.3	9.4	9.2
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.42	n/a	n/a	3,743	9.8	7.3	6.3	6.5	8.4	0.6	0.6	12.6	11.1
Huangshan Tourism Dev.	900942 CH	n/a	0.76	n/a	n/a	1,006	10.6	8.7	7.9	8.5	9.6	0.9	0.8	10.4	7.6
Genting Bhd	GENT MK	n/a	4.75	n/a	n/a	3,895	17.8	10.1	8.7	3.9	4.8	0.6	0.5	6.4	5.8
Huazhu Group	HTHT US	n/a	35.79	n/a	n/a	11,409	20.8	19.2	16.5	34.4	29.6	6.2	5.3	12.4	11.4
Indian Hotels	IH IN	n/a	530.30	n/a	n/a	9,749	88.1	62.7	49.0	12.6	14.8	10.3	8.9	46.2	37.3
Lemon Tree Hotels	LEMONTRE IN	n/a	132.55	n/a	n/a	1,336	96.6	80.9	41.0	12.3	14.6	12.2	11.3	32.5	26.9
Lippo Karawaci	LPKR IJ	n/a	71.00	n/a	n/a	296	n/a	9.7	3.6	n/a	3.2	n/a	0.3	n/a	5.9
Regional average						33,646	37.7	27.0	18.6	12.2	11.6	4.6	3.6	18.6	14.4
Global															
Nh Hotel Group	NHH SM	n/a	4.23	n/a	n/a	2,030	17.5	12.5	11.5	12.9	14.3	1.9	1.7	7.3	6.8
Melia Hotels International	MEL SM	n/a	8.07	n/a	n/a	1,936	17.5	14.0	13.1	21.4	20.9	3.5	2.8	9.2	8.5
Intercontinental Hotels G.	IHG LN	n/a	7,954	n/a	n/a	16,562	27.2	23.7	20.8	(34.6)	(32.8)	n/a	n/a	17.4	15.9
Whitbread	WTB LN	n/a	2,992	n/a	n/a	6,984	21.2	13.8	14.1	6.8	10.6	1.4	1.5	11.8	9.4
Accor	ACRFF US	n/a	43.41	n/a	n/a	10,520	22.1	17.3	15.4	11.3	12.9	1.9	2.2	12.2	10.9
Choice Hotels	CHH US	n/a	112.45	n/a	n/a	5,416	18.6	17.4	16.6	242.2	521.7	60.0	105.7	13.2	12.3
Hilton Worldwide Holdings	HLT US	n/a	200.44	n/a	n/a	50,119	32.8	28.3	24.4	(95.3)	(56.7)	n/a	n/a	19.4	17.3
Hyatt Hotels Corp	H US	n/a	143.84	n/a	n/a	14,554	64.9	38.2	32.8	6.1	12.9	4.2	3.7	16.5	14.3
Marriott International	MAR US	n/a	230.51	n/a	n/a	65,839	26.8	24.3	21.3	(914.9)	(253.6)	n/a	n/a	16.9	15.6
Global average						173,961	27.6	21.1	18.9	(82.7)	27.8	12.2	19.6	13.8	12.3
Overall average						218,260	38.7	23.3	18.7	(27.0)	17.0	5.9	7.5	16.9	13.2

Sources: Bloomberg; FSSIA estimates

Financial Statements

Asset World Corp

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	9,508	13,702	16,731	19,529	27,796
Cost of goods sold	(5,182)	(6,509)	(7,197)	(8,152)	(12,409)
Gross profit	4,326	7,193	9,534	11,377	15,387
Other operating income	77	149	279	287	296
Operating costs	(3,254)	(4,247)	(5,169)	(6,014)	(8,533)
Operating EBITDA	2,750	4,763	6,502	7,735	9,523
Depreciation	(1,600)	(1,669)	(1,858)	(2,085)	(2,373)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	1,150	3,095	4,643	5,650	7,150
Net financing costs	(1,225)	(1,682)	(1,978)	(2,394)	(3,074)
Associates	(1)	(35)	(10)	(10)	(39)
Recurring non-operating income	(1)	(35)	(10)	(10)	(39)
Non-recurring items	3,903	3,904	3,500	2,500	2,500
Profit before tax	3,827	5,281	6,156	5,746	6,537
Tax	27	(243)	(462)	(625)	(810)
Profit after tax	3,854	5,038	5,693	5,121	5,727
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,854	5,038	5,693	5,121	5,727
Non-recurring items & goodwill (net)	(3,903)	(3,904)	(3,500)	(2,500)	(2,500)
Recurring net profit	(49)	1,134	2,193	2,621	3,227
Per share (THB)					
Recurring EPS *	0.00	0.04	0.07	0.08	0.10
Reported EPS	0.12	0.16	0.18	0.16	0.18
DPS	0.03	0.05	0.03	0.03	0.04
Diluted shares (used to calculate per share data)	32,001	32,002	32,002	32,002	32,002
Growth					
Revenue (%)	124.0	44.1	22.1	16.7	42.3
Operating EBITDA (%)	4,930.5	73.2	36.5	19.0	23.1
Operating EBIT (%)	nm	169.2	50.0	21.7	26.6
Recurring EPS (%)	nm	nm	93.3	19.5	23.1
Reported EPS (%)	347.3	30.7	13.0	(10.0)	11.8
Operating performance					
Gross margin inc. depreciation (%)	45.5	52.5	57.0	58.3	55.4
Gross margin exc. depreciation (%)	62.3	64.7	68.1	68.9	63.9
Operating EBITDA margin (%)	28.9	34.8	38.9	39.6	34.3
Operating EBIT margin (%)	12.1	22.6	27.8	28.9	25.7
Net margin (%)	(0.5)	8.3	13.1	13.4	11.6
Effective tax rate (%)	35.5	17.2	17.4	19.2	19.9
Dividend payout on recurring profit (%)	(2,073.3)	141.1	40.0	40.0	40.0
Interest cover (X)	0.9	1.8	2.3	2.4	2.3
Inventory days	5.4	5.1	5.3	5.3	4.5
Debtor days	29.4	24.4	21.2	18.1	12.7
Creditor days	182.3	181.2	199.7	196.9	168.1
Operating ROIC (%)	0.5	1.6	2.2	2.3	2.7
ROIC (%)	0.5	1.6	2.1	2.3	2.6
ROE (%)	(0.1)	1.3	2.4	2.8	3.3
ROA (%)	0.5	1.5	2.1	2.2	2.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hotel revenue	6,422	10,175	12,473	14,806	22,287
Retail and office revenue	3,086	3,526	4,258	4,723	5,509

Sources: Asset World Corp; FSSIA estimates

Financial Statements

Asset World Corp

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	(49)	1,134	2,193	2,621	3,227
Depreciation	1,600	1,669	1,858	2,085	2,373
Associates & minorities	-	-	-	-	-
Other non-cash items	4,368	5,171	3,381	2,381	2,381
Change in working capital	173	788	340	464	2,386
Cash flow from operations	6,091	8,762	7,772	7,550	10,367
Capex - maintenance	(18,066)	(15,623)	(22,381)	(22,381)	(22,381)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	(1,390)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(18,066)	(17,013)	(22,381)	(22,381)	(22,381)
Dividends paid	(344)	(1,024)	(1,600)	(877)	(1,048)
Equity finance	11	17	0	0	0
Debt finance	12,327	8,969	17,000	15,000	15,000
Other financing cash flows	132	519	0	0	0
Cash flow from financing	12,126	8,481	15,400	14,123	13,952
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	151	230	792	(708)	1,937
Free cash flow to firm (FCFF)	(10,748.79)	(6,565.16)	(12,625.39)	(12,423.69)	(8,933.94)
Free cash flow to equity (FCFE)	484.10	1,237.13	2,391.73	169.44	2,985.87

Per share (THB)

FCFF per share	(0.34)	(0.21)	(0.39)	(0.39)	(0.28)
FCFE per share	0.02	0.04	0.07	0.01	0.09
Recurring cash flow per share	0.18	0.25	0.23	0.22	0.25

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	163,586	179,445	198,445	218,445	238,445
Less: Accumulated depreciation	(11,003)	(12,777)	(11,136)	(10,720)	(10,593)
Tangible fixed assets (net)	152,583	166,667	187,309	207,725	227,851
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	1,390	1,390	1,390	1,390
Cash & equivalents	279	509	1,301	593	2,530
A/C receivable	860	971	971	971	971
Inventories	60	74	82	93	154
Other current assets	82	159	194	227	323
Current assets	1,281	1,713	2,547	1,883	3,978
Other assets	2,590	2,667	2,667	2,667	2,667
Total assets	156,454	172,437	193,914	213,665	235,886
Common equity	82,860	87,476	91,569	95,813	100,491
Minorities etc.	0	0	0	0	0
Total shareholders' equity	82,860	87,476	91,569	95,813	100,491
Long term debt	56,306	64,505	81,505	96,505	111,505
Other long-term liabilities	9,511	10,919	10,919	10,919	10,919
Long-term liabilities	65,817	75,424	92,424	107,424	122,424
A/C payable	2,027	2,778	3,064	3,482	5,760
Short term debt	5,550	6,320	6,320	6,320	6,320
Other current liabilities	200	439	536	626	891
Current liabilities	7,777	9,537	9,920	10,428	12,971
Total liabilities and shareholders' equity	156,454	172,437	193,914	213,665	235,886
Net working capital	(1,225)	(2,013)	(2,354)	(2,817)	(5,203)
Invested capital	153,948	168,711	189,012	208,964	226,705

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

Per share (THB)

Book value per share	2.59	2.73	2.86	2.99	3.14
Tangible book value per share	2.59	2.73	2.86	2.99	3.14

Financial strength

Net debt/equity (%)	74.3	80.4	94.5	106.7	114.7
Net debt/total assets (%)	39.4	40.8	44.6	47.8	48.9
Current ratio (x)	0.2	0.2	0.3	0.2	0.3
CF interest cover (x)	1.4	1.7	2.2	1.1	2.0

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	(2,436.1)	106.1	54.9	45.9	37.3
Recurring P/E @ target price (x) *	(3,563.5)	155.2	80.3	67.2	54.5
Reported P/E (x)	31.2	23.9	21.1	23.5	21.0
Dividend yield (%)	0.9	1.3	0.7	0.9	1.1
Price/book (x)	1.5	1.4	1.3	1.3	1.2
Price/tangible book (x)	1.5	1.4	1.3	1.3	1.2
EV/EBITDA (x) **	66.2	40.0	31.8	28.8	24.7
EV/EBITDA @ target price (x) **	86.4	51.7	40.4	36.0	30.6
EV/invested capital (x)	1.2	1.1	1.1	1.1	1.0

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

Sources: Asset World Corp; FSSIA estimates

Asset World Corp PCL (AWC TB)

FSSIA ESG rating

★ ★ ★ ★

71.74 /100

Exhibit 16: 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.
★★★	>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 17: 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
AWC	71.74	--	Y	Y	5.00	5.00	Certified	Low	55.63	AA	--	69.90	73.00	2.11	60.03
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	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 18: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.85	1.81	2.01	2.11
BESG environmental pillar score	0.25	0.60	0.76	0.84
BESG social pillar score	7.50	2.56	2.54	3.03
BESG governance pillar score	3.16	3.65	3.96	3.97
ESG disclosure score	47.54	56.11	56.98	60.03
Environmental disclosure score	33.89	42.13	44.10	46.93
Social disclosure score	45.10	51.30	39.36	45.71
Governance disclosure score	63.58	74.83	87.36	87.36
Environmental				
Emissions reduction initiatives	No	No	No	No
Climate change policy	No	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	Yes	Yes	Yes
GHG scope 1	7	9	10	9
GHG scope 2 location-based	111	91	70	84
GHG Scope 3	--	--	--	48
Carbon per unit of production	--	--	--	--
Biodiversity policy	No	Yes	Yes	Yes
Energy efficiency policy	No	No	No	No
Total energy consumption	241	189	344	404
Renewable energy use	--	0	0	1
Electricity used	231	186	189	208
Fuel used - natural gas	--	--	--	--

Sources: Bloomberg; FSSIA's compilation

Exhibit 19: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	No	Yes	Yes	Yes
Hazardous waste	—	—	0	0
Total waste	8	8	11	12
Waste recycled	0	0	0	1
Waste sent to landfills	—	7	8	10
Environmental supply chain management	No	No	No	No
Water policy	No	Yes	Yes	Yes
Water consumption	2,440	1,968	1,968,460	939,337
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No
Quality assurance and recall policy	Yes	Yes	Yes	Yes
Consumer data protection policy	No	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	Yes
Pct women in workforce	50	48	48	49
Pct disabled in workforce	—	—	—	1
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	3	3	2	2
Total recordable incident rate - employees	—	—	—	2
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	4,829	5,143	5,589	5,343
Employee turnover pct	25	27	19	36
Total hours spent by firm - employee training	201,997	208,308	225,164	283,179
Social supply chain management	No	Yes	Yes	Yes
Governance				
Board size	14	15	15	15
No. of independent directors (ID)	7	8	8	8
No. of women on board	3	3	3	3
No. of non-executive directors on board	13	14	14	14
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	7	10	10	8
Board meeting attendance pct	94	99	99	100
Board duration (years)	—	—	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	—	47	47	48
Age of the oldest director	—	78	78	79
No. of executives / company managers	11	14	10	13
No. of female executives	4	6	4	4
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	3	3	3
No. of ID on audit committee	3	3	3	3
Audit committee meetings	8	6	5	5
Audit meeting attendance %	100	100	93	100
Size of compensation committee	3	3	3	3
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	8	6	8	7
Compensation meeting attendance %	100	100	100	100
Size of nomination committee	3	3	3	3
No. of nomination committee meetings	8	6	8	7
Nomination meeting attendance %	100	100	100	100
Sustainability governance				
Verification type	No	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating										
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.										
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for 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%). <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&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.										
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. <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.										
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. <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 & 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+								
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. <table border="0" style="margin-left: 20px;"> <tr> <td style="vertical-align: top;"> AAA 8.571-10.000 AA 7.143-8.570 A 5.714-7.142 BBB 4.286-5.713 BB 2.857-4.285 B 1.429-2.856 CCC 0.000-1.428 </td> <td style="vertical-align: top; padding-left: 10px;"> Leader: leading its industry in managing the most significant ESG risks and opportunities Average: a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers Laggard: lagging its industry based on its high exposure and failure to manage significant ESG risks </td> </tr> </table>	AAA 8.571-10.000 AA 7.143-8.570 A 5.714-7.142 BBB 4.286-5.713 BB 2.857-4.285 B 1.429-2.856 CCC 0.000-1.428	Leader: leading its industry in managing the most significant ESG risks and opportunities Average: a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers Laggard: lagging its industry based on its high exposure and failure to manage significant ESG risks									
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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. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>											
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

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
Asset World Corp	AWC TB	THB 3.76	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 30.50	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	CENTEL TB	THB 41.00	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 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 4.58	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.
S Hotels and Resorts	SHR TB	THB 2.16	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 11.60	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 9.70	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 04-Jun-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.