

R&B FOOD SUPPLY

THAILAND / FOOD & BEVERAGE

RBF TB

HOLD
 UNCHANGED

Key takeaways from analyst meeting

TARGET PRICE	THB8.00
CLOSE	THB5.50
UP/DOWNSIDE	+45.5%
TP vs CONSENSUS	+4.8%

Highlights

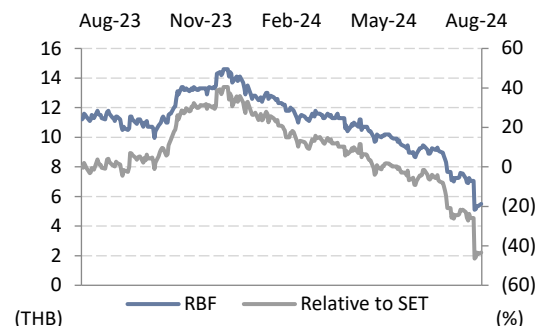
- We have a neutral tone from the analyst meeting. Management has revised the 2024 revenue growth target down to 5-10% y-y from the previous target of 10-15%, as growth in 1H24 was only 4%. This is due to major clients in China facing issues, which has impacted RBF's revenue. Excluding revenue from China, RBF believes that revenue in 2024 could grow by 12% y-y.
- We believe we have seen the lowest profit in 2Q24, and expect a gradual recovery in 2H24. However, even though there might be q-q growth in the second half of the year, we expect a decline y-y due to the high revenue baselines from China and India in 2H23. In China, there were issues with a major customer disappearing, while in India, there are problems due to significant price reductions reverting to normal conditions for main products (last year saw a substantial price increase due to supply shortages).
- The main factors supporting the recovery in 2H24 would come from the food coating segment, particularly from Indonesia, Vietnam, and a new client in Pakistan. This suggests that the 2H24 gross margin may stabilize or slightly increase q-q, primarily due to product mix. Therefore, RBF's 2024 gross margin might be around 36-37%, down from 37.6% in 2023 and lower than the previous target of 39-40%.

Comments

- We estimate that RBF's profits will show more visible growth in 1H25, as new clients from Pakistan, Bangladesh, and Russia are anticipated. In addition, RBF plans to expand the food coating market further in China (shifting the marketing team from Indonesia).
- Furthermore, commercial operations are set to begin in the factory in India and the new factory in Ayutthaya (flavor plant) in 1Q25. The Ayutthaya facility has received BOI approval, which should offset the estimated annual depreciation cost of cTHB30m/year (impacting GM by approximately 0.6%).
- We maintain our HOLD recommendation and expect a recovery in 2025.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	4,421	4,676	5,212	5,759
Net profit	649	670	809	910
EPS (THB)	0.32	0.34	0.40	0.45
vs Consensus (%)	-	18.9	15.3	12.5
EBITDA	1,068	1,138	1,383	1,579
Recurring net profit	666	670	809	910
Core EPS (THB)	0.33	0.34	0.40	0.45
EPS growth (%)	45.0	0.6	20.8	12.4
Core P/E (x)	16.5	16.4	13.6	12.1
Dividend yield (%)	3.2	3.4	4.0	4.5
EV/EBITDA (x)	9.6	9.1	7.5	6.5
Price/book (x)	2.3	2.2	2.0	1.9
Net debt/Equity (%)	(14.8)	(12.9)	(12.2)	(13.0)
ROE (%)	14.5	13.6	15.4	16.2



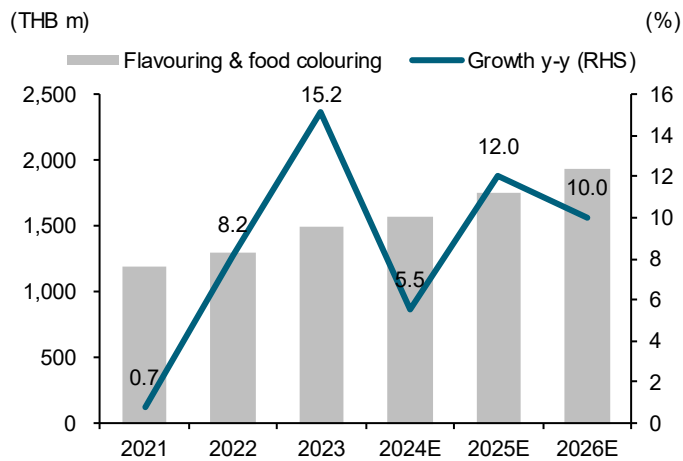
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(28.1)	(45.5)	(49.1)
Relative to country (%)	(28.4)	(43.1)	(41.5)
Mkt cap (USD m)	319		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	28		
Major shareholder	Ratanapoompinyo Family (62%)		
12m high/low (THB)	14.60/5.00		
Issued shares (m)	2,000.00		

Sources: Bloomberg consensus; FSSIA estimates

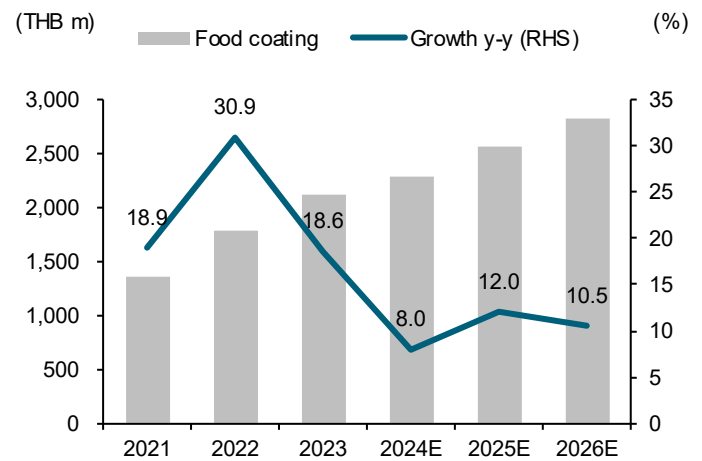


Sureeporn Teewasuwet

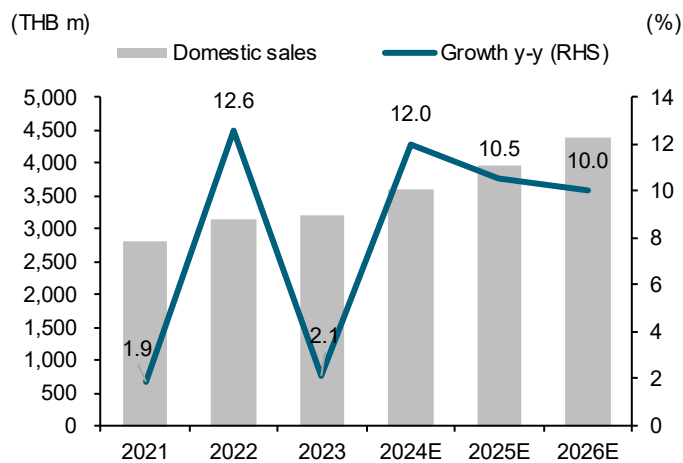
Fundamental Investment Analyst on Securities; License no. 040694
 sureeporn.t@fssia.com, +66 2646 9972

Exhibit 1: Flavouring and colouring revenue

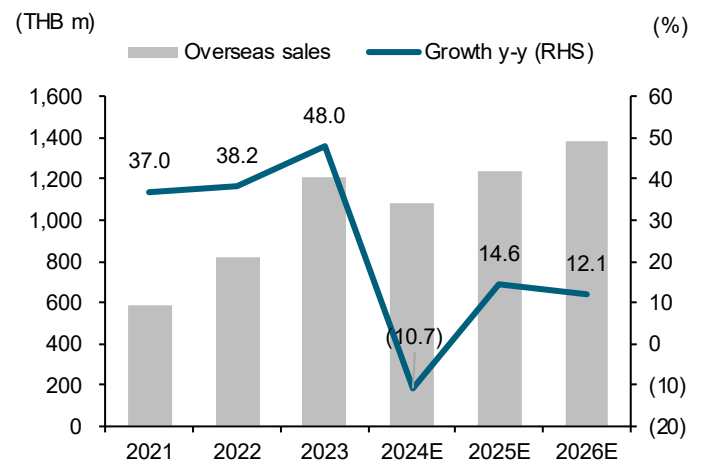
Sources: RBF; FSSIA estimates

Exhibit 2: Food coating revenue

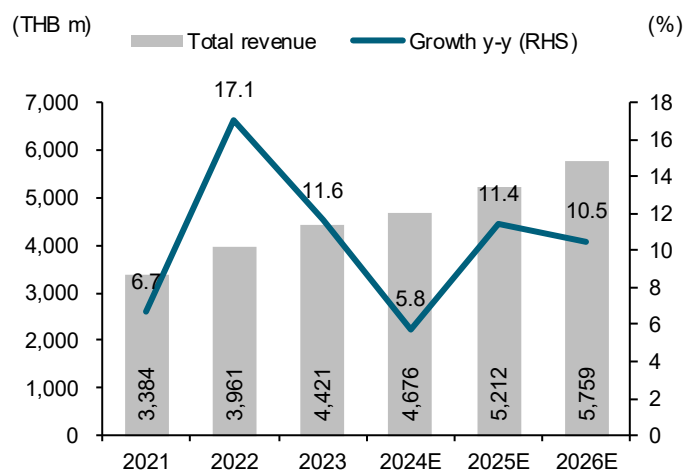
Sources: RBF; FSSIA estimates

Exhibit 3: Domestic revenue

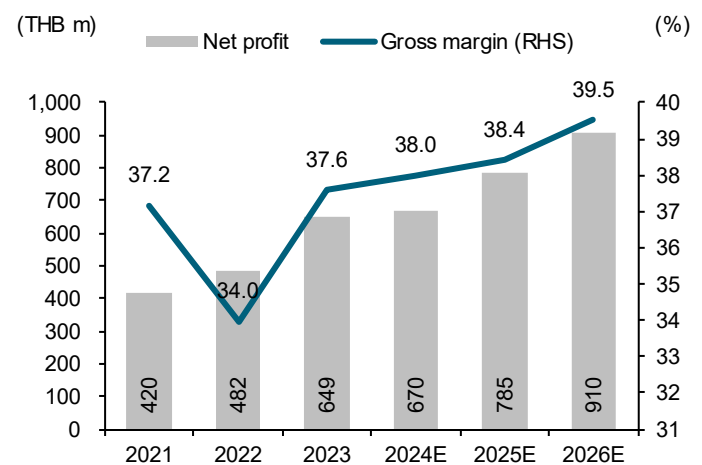
Sources: RBF; FSSIA estimates

Exhibit 4: Overseas revenue

Sources: RBF; FSSIA estimates

Exhibit 5: Total revenue and growth

Sources: RBF; FSSIA estimates

Exhibit 6: Gross margin and net profit

Sources: RBF; FSSIA estimates

Financial Statements

R&B Food Supply

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	3,961	4,421	4,676	5,212	5,759
Cost of goods sold	(2,615)	(2,760)	(2,899)	(3,179)	(3,484)
Gross profit	1,346	1,661	1,777	2,033	2,275
Other operating income	7	8	6	6	7
Operating costs	(763)	(842)	(945)	(1,016)	(1,123)
Operating EBITDA	809	1,068	1,138	1,383	1,579
Depreciation	(219)	(240)	(300)	(360)	(420)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	590	827	838	1,023	1,159
Net financing costs	(9)	(11)	(12)	(15)	(17)
Associates	0	7	7	10	17
Recurring non-operating income	0	7	7	10	17
Non-recurring items	23	(17)	0	0	0
Profit before tax	604	806	833	1,018	1,159
Tax	(113)	(157)	(158)	(204)	(243)
Profit after tax	491	649	675	815	915
Minority interests	(9)	0	(5)	(5)	(6)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	482	649	670	809	910
Non-recurring items & goodwill (net)	(23)	17	0	0	0
Recurring net profit	459	666	670	809	910
Per share (THB)					
Recurring EPS *	0.23	0.33	0.34	0.40	0.45
Reported EPS	0.24	0.32	0.34	0.40	0.45
DPS	0.10	0.18	0.18	0.22	0.25
Diluted shares (used to calculate per share data)	2,000	2,000	2,000	2,000	2,000
Growth					
Revenue (%)	17.1	11.6	5.8	11.4	10.5
Operating EBITDA (%)	(0.1)	32.0	6.6	21.5	14.2
Operating EBIT (%)	(2.0)	40.2	1.3	22.0	13.3
Recurring EPS (%)	(3.3)	45.0	0.6	20.8	12.4
Reported EPS (%)	14.8	34.6	3.2	20.8	12.4
Operating performance					
Gross margin inc. depreciation (%)	34.0	37.6	38.0	39.0	39.5
Gross margin exc. depreciation (%)	39.5	43.0	44.4	45.9	46.8
Operating EBITDA margin (%)	20.4	24.1	24.3	26.5	27.4
Operating EBIT margin (%)	14.9	18.7	17.9	19.6	20.1
Net margin (%)	11.6	15.1	14.3	15.5	15.8
Effective tax rate (%)	18.7	19.5	19.0	20.0	21.0
Dividend payout on recurring profit (%)	43.5	52.6	55.0	55.0	55.0
Interest cover (X)	64.5	76.0	70.4	70.3	67.7
Inventory days	168.0	174.2	178.3	183.3	184.9
Debtor days	85.2	84.3	85.8	85.4	85.7
Creditor days	77.3	79.6	79.2	75.5	76.1
Operating ROIC (%)	13.7	17.4	16.6	(4.8)	(31.7)
ROIC (%)	13.0	16.4	15.6	(4.4)	(28.1)
ROE (%)	10.7	14.5	13.6	15.4	16.2
ROA (%)	9.3	12.3	11.7	13.2	13.5

* Pre exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Domestic	3,143	3,211	3,596	3,974	4,371
Overseas	818	1,210	1,080	1,238	1,388

Sources: R&B Food Supply; FSSIA estimates

Financial Statements

R&B Food Supply

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	459	666	670	809	910
Depreciation	219	240	300	360	420
Associates & minorities	0	(7)	(7)	(10)	(17)
Other non-cash items	11	(6)	7	2	2
Change in working capital	(354)	25	(282)	(207)	(217)
Cash flow from operations	335	918	689	954	1,097
Capex - maintenance	-	-	-	-	-
Capex - new investment	(456)	(459)	(363)	(300)	(300)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(109)	(34)	(25)	(209)	(209)
Cash flow from investing	(565)	(493)	(388)	(509)	(509)
Dividends paid	(295)	(200)	(369)	(445)	(500)
Equity finance	0	0	0	0	0
Debt finance	19	24	(21)	(11)	(11)
Other financing cash flows	(3)	4	7	8	8
Cash flow from financing	(278)	(171)	(382)	(448)	(503)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(508)	254	(82)	(2)	86
Free cash flow to firm (FCFF)	(220.64)	435.73	312.18	460.20	606.09
Free cash flow to equity (FCFE)	(213.05)	453.51	286.82	443.04	585.92

Per share (THB)

FCFF per share	(0.11)	0.22	0.16	0.23	0.30
FCFE per share	(0.11)	0.23	0.14	0.22	0.29
Recurring cash flow per share	0.34	0.45	0.49	0.58	0.66

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	3,133	3,525	3,825	4,125	4,425
Less: Accumulated depreciation	(1,092)	(1,269)	(1,569)	(1,930)	(2,350)
Tangible fixed assets (net)	2,041	2,256	2,256	2,196	2,075
Intangible fixed assets (net)	6	5	11	11	11
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	180	214	221	431	649
Cash & equivalents	668	921	839	837	923
A/C receivable	998	1,045	1,153	1,285	1,420
Inventories	1,217	1,188	1,350	1,481	1,623
Other current assets	44	64	51	57	63
Current assets	2,927	3,219	3,394	3,660	4,029
Other assets	51	55	75	83	92
Total assets	5,204	5,750	5,957	6,382	6,856
Common equity	4,373	4,819	5,057	5,421	5,831
Minorities etc.	23	17	24	26	27
Total shareholders' equity	4,397	4,836	5,081	5,447	5,858
Long term debt	157	185	174	163	152
Other long-term liabilities	58	63	70	78	86
Long-term liabilities	215	247	244	241	238
A/C payable	528	571	556	610	668
Short term debt	10	21	11	11	12
Other current liabilities	54	74	65	73	81
Current liabilities	593	666	632	694	760
Total liabilities and shareholders' equity	5,204	5,750	5,957	6,382	6,856
Net working capital	1,676	1,652	1,933	2,140	2,357
Invested capital	3,954	4,183	4,496	4,862	5,185

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

Per share (THB)

Book value per share	2.19	2.41	2.53	2.71	2.92
Tangible book value per share	2.18	2.41	2.52	2.70	2.91

Financial strength

Net debt/equity (%)	(11.4)	(14.8)	(12.9)	(12.2)	(13.0)
Net debt/total assets (%)	(9.6)	(12.4)	(11.0)	(10.4)	(11.1)
Current ratio (x)	4.9	4.8	5.4	5.3	5.3
CF interest cover (x)	27.5	84.1	55.2	51.6	52.0

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	24.0	16.5	16.4	13.6	12.1
Recurring P/E @ target price (x) *	34.8	24.0	23.9	19.8	17.6
Reported P/E (x)	22.8	16.9	16.4	13.6	12.1
Dividend yield (%)	1.8	3.2	3.4	4.0	4.5
Price/book (x)	2.5	2.3	2.2	2.0	1.9
Price/tangible book (x)	2.5	2.3	2.2	2.0	1.9
EV/EBITDA (x) **	13.0	9.6	9.1	7.5	6.5
EV/EBITDA @ target price (x) **	19.2	14.3	13.5	11.1	9.7
EV/invested capital (x)	2.7	2.5	2.3	2.1	2.0

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

Sources: R&B Food Supply; 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%). <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 Sustainabilitys	The Sustainabilitys' 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="2">Average:</td><td rowspan="2">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</td></tr></table>		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	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
CCC	0.000-1.428																					
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

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

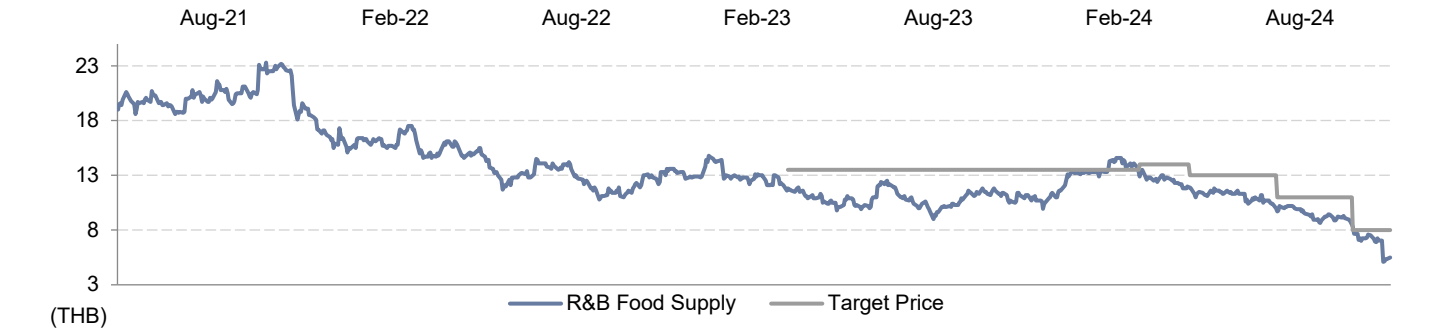
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

R&B Food Supply (RBF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Mar-2023	BUY	13.50	28-Feb-2024	HOLD	13.00	13-May-2024	HOLD	11.00
16-Jan-2024	HOLD	14.00	19-Mar-2024	BUY	13.00	17-Jul-2024	HOLD	8.00

Sureeporn Teewasuwet started covering this stock from 20-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
R&B Food Supply	RBF TB	THB 5.50	HOLD	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) high or low volatility in raw material costs; 3) a stronger or weaker THB than expected; and 4) a slower or faster-than-expected India expansion.

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 19-Aug-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.