

# TOA PAINT (THAILAND)

## TOA TB

THAILAND / CONSTRUCTION

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FROM BUY

### ความต้องการใช้สีพื้นซ้ำ คาดหวังดีขึ้น 4Q24

- บริษัทปรับลดเป้าหมายปีนี้เป็นโต low-single digit จากความต้องการสีในประเทศ และเวียดนามชะลอตัว ส่วน GPM คาด 34-35% ใน 2H24 จากราคาวัตถุดิบทรงตัว
- ปรับลดประมาณการกำไรปกติปี 2024-26 ลง 5-6% ทำให้ปี 2024 คาด -7% y-y
- ปรับราคาเหมาะสมเป็น 20 บาท ลดคำแนะนำเป็นถือ แนวน้อม 3Q24 ไม่สดใส

TARGET PRICE	THB20.00
CLOSE	THB18.50
UP/DOWNSIDE	+8.1%
PRIOR TP	THB29.50
CHANGE IN TP	-32.2%
TP vs CONSENSUS	-20.6%

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	22,238	21,450	22,183	22,750
Net profit	2,569	2,438	2,534	2,613
EPS (THB)	1.27	1.20	1.25	1.29
vs Consensus (%)	-	(4.4)	(7.7)	(11.0)
EBITDA	4,142	4,009	4,165	4,324
Recurring net profit	2,618	2,438	2,534	2,613
Core EPS (THB)	1.29	1.20	1.25	1.29
Chg. In EPS est. (%)	-	(6.5)	(6.0)	(5.3)
EPS growth (%)	56.6	(6.9)	3.9	3.1
Core P/E (x)	14.3	15.4	14.8	14.4
Dividend yield (%)	3.7	3.4	3.6	3.7
EV/EBITDA (x)	8.8	9.0	8.6	8.1
Price/book (x)	2.7	2.5	2.3	2.1
Net debt/Equity (%)	(13.2)	(13.1)	(15.6)	(17.8)
ROE (%)	19.5	16.6	16.0	15.4

### บริษัทปรับลดเป้าหมายปี 2024 เป็นโตเพียง low-single digit

จากประชุมนักวิเคราะห์ 21 ส.ค. และ Opportunity Day 26 ส.ค. โทนก่อนไปทางลบ ผู้บริหารปรับลดเป้าหมายปี 2024 ลงจากเดิมโต 6-8% y-y เป็นระดับ low-single digit เทียบกับปี 2023 ที่ 2.2 หมื่นล้านบาท สะท้อนความต้องการใช้สีในประเทศถูกกระทบ จากกำลังซื้อชะลอตัว ภาคก่อสร้างซบเซา และการแข่งขันสูงขึ้น รวมถึงเวียดนามยังไม่ฟื้นตัวจากวิกฤติภาคอสังหาฯ โดยยอดขายรวม 1H24 อยู่ที่ 1.1 หมื่นล้านบาท (-2.5% y-y) ขณะที่คาดหวัง 2H24 ขยายตัว h-h โดยให้น้ำหนัก 4Q24 จากในประเทศฟื้นตัวตามภาวะเศรษฐกิจและเวียดนามทยอยดีขึ้นหลังปรับกลยุทธ์การตลาด

### ตั้งเป้าอัตรากำไรขั้นต้น 34-35% ใน 2H24 พร้อมเน้นคุมค่าใช้จ่าย

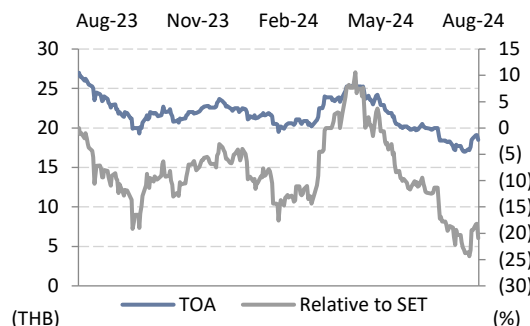
บริษัทประเมินอัตรากำไรขั้นต้นปี 2024 ใกล้เคียงหรือดีกว่าเล็กน้อยจากปี 2023 ที่ 33.9% ขณะที่คาด 3Q-4Q24 ที่ 34%-35% (1H24 ที่ 35.1%) จากแนวโน้มราคาวัตถุดิบทรงตัวและเงินบาทแข็งค่าขึ้น ขณะที่ค่าใช้จ่ายขายบริหารต่อรายได้ที่สูงขึ้นใน 1H24 เป็น 20.3% เทียบกับ 18.6% ใน 1H23 จากการทำโฆษณาเพื่อกระตุ้นยอดขาย รวมถึงค่าเสื่อมเพิ่มขึ้นจากการตั้งศูนย์กระจายสินค้าใหม่ที่เวียดนาม อย่างไรก็ตาม ค่าใช้จ่ายขาย 2H24 ลดลง h-h จากค่าโฆษณาน้อยลง แต่ยังสูงขึ้น y-y จากค่าเสื่อมเพิ่ม

### ปรับประมาณการกำไรปกติปี 2024-26 ลง 5-6% จากยอดขายต่ำกว่าคาด

เราปรับลดประมาณการกำไรปกติปี 2024-2026 ลง 5-6% ต่อปี จากปรับลดยอดขาย ทำให้ปี 2024 ประเมิน 2.4 พันล้านบาท (-7% y-y) บนค้ายอดขาย 2.14 หมื่นล้านบาท (-3.5% y-y) ต่ำกว่าเป้าหมาย และอัตรากำไรขั้นต้น 34.7% (+80bps y-y) เบื้องต้นประเมินกำไรปกติ 3Q24 อ่อนลง q-q, y-y จากฤดูฝน ส่วนสถานการณ์น้ำท่วมตั้งแต่กลางเดือนส.ค. มองกระทบบางจำกัดในภาคเหนือ (สัดส่วน 12-13% ของยอดขาย) และปริมาณน้ำปัจจุบันยังต่ำกว่าปี 2011 ที่เกิดอุทกภัยใหญ่ อย่างไรก็ตาม คาดกำไรปกติ 4Q24 ฟื้นตัว q-q ตามปัจจัยฤดูกาล และมีอุปสงค์ฟื้นฟู ซ่อมแซมบ้านหลังน้ำท่วมคลี่คลาย รวมถึงต้นทุนราคาวัตถุดิบหลักอย่าง Oil-linked และ TiO2 มีแนวโน้มลดลง

### ปรับลดราคาเหมาะสมเป็น 20 บาท ลดคำแนะนำเป็นถือ

เราปรับลดราคาเหมาะสมเป็น 20 บาท (จากเดิม 29.50 บาท) สะท้อนปรับประมาณการลงและปรับลด Target PE จากเดิม 23x เป็น 16.5x หรือค่าเฉลี่ยในอดีต -1.75SD ให้สอดคล้องกับกลุ่มวัสดุก่อสร้างและผู้ประกอบการสีในต่างประเทศ ปรับลดคำแนะนำจากซื้อเป็นถือ จาก Upside ต่ำกว่า 10% ระยะสั้นขาดปัจจัยหนุนจากกำไร 3Q24 ไม่สดใส



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.5	(23.6)	(32.1)
Relative to country (%)	(3.8)	(23.7)	(22.3)
Mkt cap (USD m)	1,088		
3m avg. daily turnover (USD m)	0.6		
Free float (%)	25		
Major shareholder	TOA Group Holding Co Ltd (30%)		
12m high/low (THB)	28.00/16.80		
Issued shares (m)	2,029.00		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

TOA ถือเป็นหนึ่งผู้นำในการผลิตและจำหน่ายผลิตภัณฑ์สีและสารเคลือบผิวในประเทศและเป็นที่ยอมรับในภูมิภาคเอเชียตะวันออกเฉียงใต้ ซึ่งรวมถึงเวียดนาม อินโดนีเซีย เมียนมาร์ กัมพูชา ลาว และมาเลเซีย ด้วยประสบการณ์ของผู้ก่อตั้งในแวดวงมากกว่า 58 ปี จุดแข็งของ TOA คือมีแบรนด์และเครือข่ายการจัดจำหน่ายที่แข็งแกร่ง โดยมีส่วนแบ่งการตลาดใหญ่ที่สุดในประเทศราว 48.7%

โครงสร้างรายได้ในปี 2023 จากการขายส่วนใหญ่มาจากผลิตภัณฑ์สีทาอาคาร คิดเป็น 61% ของรายได้รวม ส่วนที่เหลือ 36% มาจากผลิตภัณฑ์สีและสารเคลือบผิว และ 3% มาจากผลิตภัณฑ์อื่น หากพิจารณาตามภูมิภาค รายได้มาจากประเทศไทย 85%, เวียดนาม 7% และประเทศอื่น 8%

### Company profile

TOA ก่อตั้งในปี 1964 เริ่มต้นจากการนำเข้าสีจากประเทศญี่ปุ่น และต่อมาในปี 1977 จัดตั้งในประเทศไทยเพื่อผลิตผลิตภัณฑ์สีทาอาคาร และเปิดตัวแบรนด์ TOA ปัจจุบัน บริษัท ผลิตและจัดจำหน่ายผลิตภัณฑ์สีทาอาคารและสารเคลือบผิว โดยจำหน่ายผลิตภัณฑ์ ผ่านเครือข่ายการจัดจำหน่ายที่ครอบคลุม ได้แก่ ร้านค้าปลีก ร้านค้าโมเดิร์นเทรด และช่องทางอื่นๆ (ลูกค้าโครงการ การส่งออก และบริษัทที่เกี่ยวข้อง)

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

### Principal activities (revenue, 2023)

Decorative paint and coating - 59.0 %

Non-decorative paint and coating - 37.0 %

Others - 4.0 %

Source: TOA Paint (Thailand)

### Major shareholders

TOA Group Holding Co Ltd - 30.0 %

Tangkaravakoon Family - 36.0 %

Others - 34.0 %

Source: TOA Paint (Thailand)

### Catalysts

ปัจจัยหนุนการเติบโตคือ 1) การเติบโตของอุปสงค์ในประเทศตามเศรษฐกิจและการบริโภค 2) การฟื้นตัวของยอดขายต่างประเทศจากฐานต่ำ 3) การปรับลงของต้นทุนวัตถุดิบ โดยเฉพาะ TiO2 และ Oil-linked และ 4) การเพิ่มความหลากหลายของผลิตภัณฑ์

### Risks to our call

ความเสี่ยงต่อประมาณการ 1) การฟื้นตัวของเศรษฐกิจและกำลังซื้อต่ำกว่าคาด 2) การฟื้นตัวของยอดขายต่างประเทศต่ำกว่าคาด โดยเฉพาะเวียดนาม 3) ความผันผวนของราคาวัตถุดิบ และค่าเงินบาท 4) การแข่งขันรุนแรง

### Event calendar

Date	Event
November 2024	3Q24 results announcement

### Key assumptions

	2024E	2025E	2026E
Sales revenue (THB m)	21,450	22,183	22,750
GPM (%)	34.7	34.5	34.5
SG&A to sales (%)	20.6	20.4	20.3

Source: FSSIA estimates

### Earnings sensitivity

- For every 5% increase in sales revenue, we estimate 2024 net profit to rise by 8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2024 net profit to fall by 4%, and vice versa, all else being equal.

Recap: 2Q24 results review

TOA รายงานกำไรสุทธิ 2Q24 เท่ากับ 477 ล้านบาท (-41% q-q, -36% y-y) หากหักรายการพิเศษจากขาดทุนอัตราแลกเปลี่ยน 117 ล้านบาท กำไรปกติอยู่ที่ 594 ล้านบาท (-9% q-q, -14% y-y)

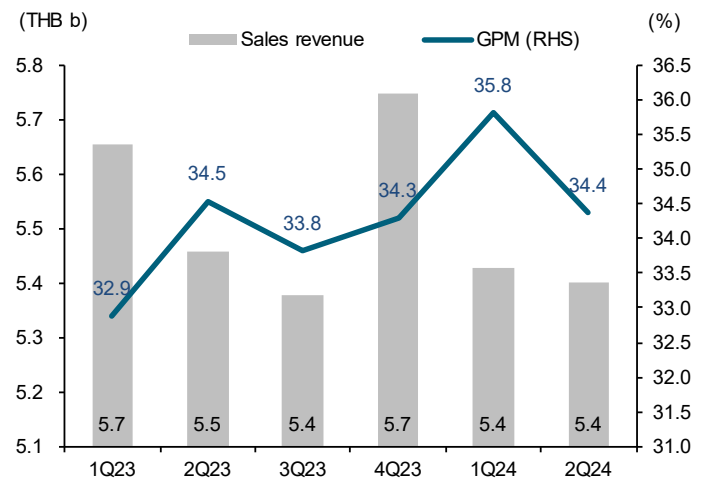
ยอดขายรวม 5.4 พันล้านบาท ทรงตัว q-q, -1% y-y กุดตันจากยอดขายสีในประเทศ -2% y-y และเวียดนาม -15% y-y จากการชะลอตัวของภาคอสังหาฯ อย่างไรก็ดี บรรเทาด้วยการเพิ่มขึ้นของยอดขายผลิตภัณฑ์ Non-decorative +1% q-q, +3% y-y อาทิ เคมีก่อสร้างและยิปซัมบอร์ด รวมถึงยอดขายจากเมียนมาร์ มาเลเซีย และลาวที่โตได้ q-q, y-y ขณะที่อัตรากำไรขั้นต้นปรับลดเป็น 34.4% จาก 35.8% ใน 1Q24 และ 34.5% ใน 2Q23 จากการเพิ่มขึ้นของต้นทุน Oil-linked และเงินบาทอ่อนค่า ส่วนค่าใช้จ่ายขายบริหารต่อรายได้ปรับขึ้นเป็น 20.8% จาก 19.9% ใน 1Q24 และ 18.8% ใน 2Q23 หลักๆจากการเพิ่มขึ้นของค่าโฆษณา, ค่าเสื่อมเพิ่มขึ้นจากการตั้งศูนย์กระจายสินค้าใหม่ที่เวียดนาม รวมถึงรายการ one-time จากการย้ายโรงงานที่มาเลเซีย

Exhibit 1: TOA - 2Q24 results summary

	2Q23	3Q23	4Q23	1Q24	2Q24	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales revenue	5,458	5,379	5,747	5,428	5,401	(0.5)	(1.0)
Cost of sales	3,573	3,560	3,776	3,484	3,545	1.8	(0.8)
Gross profit	1,885	1,819	1,971	1,944	1,856	(4.5)	(1.5)
SG&A	1,025	1,082	1,207	1,080	1,123	4.0	9.6
Operating profit	860	737	764	864	733	(15.2)	(14.8)
Interest expense	4	10	10	15	14	(4.6)	258.2
Tax expense	193	184	126	234	168	(28.4)	(13.3)
Reported net profit	741	651	544	804	477	(40.7)	(35.7)
Core profit	694	594	679	654	594	(9.2)	(14.4)
Key ratios (%)						(ppt)	(ppt)
Gross margin	34.5	33.8	34.3	35.8	34.4	(1.4)	(0.2)
SG&A / Sales	18.8	20.1	21.0	19.9	20.8	0.9	2.0
Operating margin	15.8	13.7	13.3	15.9	13.6	(2.4)	(2.2)
Net margin	13.6	12.1	9.5	14.8	8.8	(6.0)	(4.8)
Normalised margin	12.7	11.0	11.8	12.1	11.0	(1.1)	(1.7)

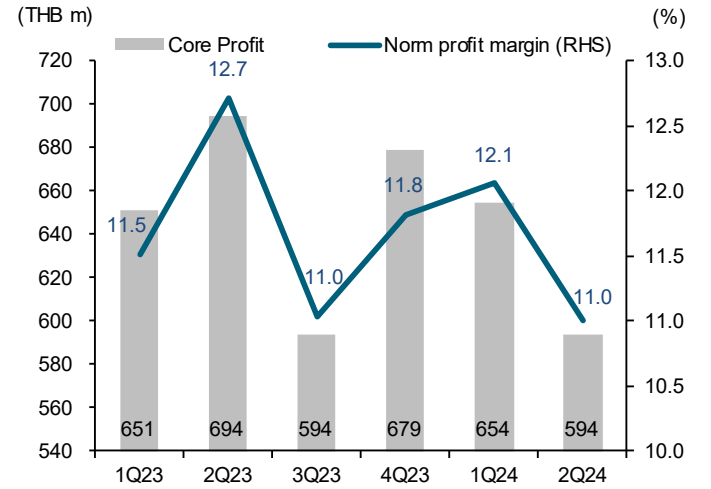
Sources: TOA; FSSIA's compilation

Exhibit 2: Quarterly sales revenue and GPM



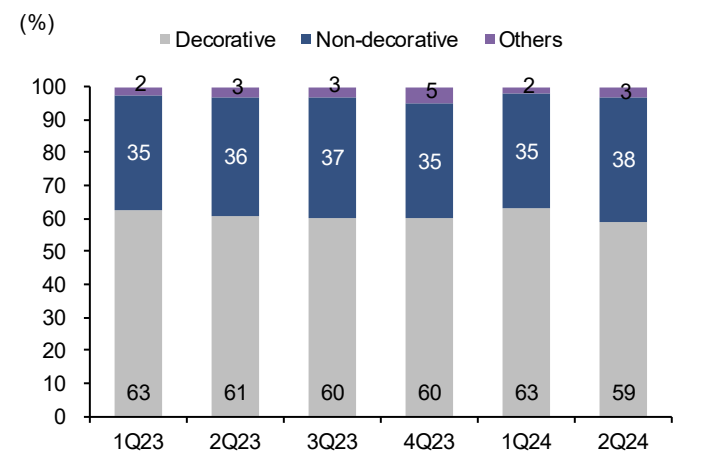
Sources: TOA; FSSIA's compilation

Exhibit 3: Quarterly core profit and normalised profit margin



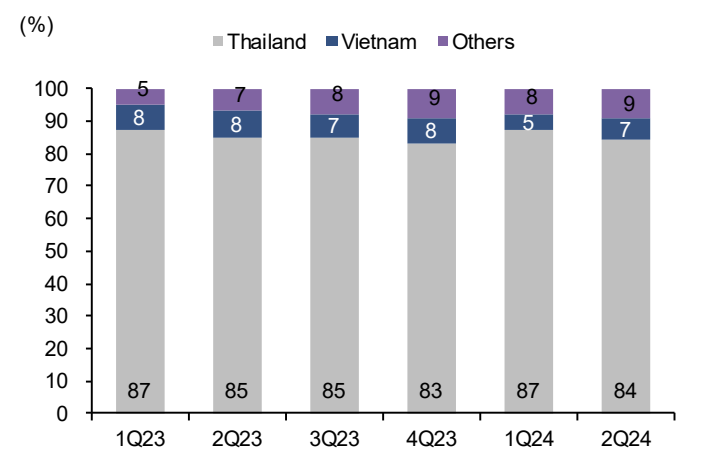
Sources: TOA; FSSIA's compilation

Exhibit 4: Quarterly sales breakdown by product



Sources: TOA; FSSIA's compilation

Exhibit 5: Quarterly sales breakdown by geography



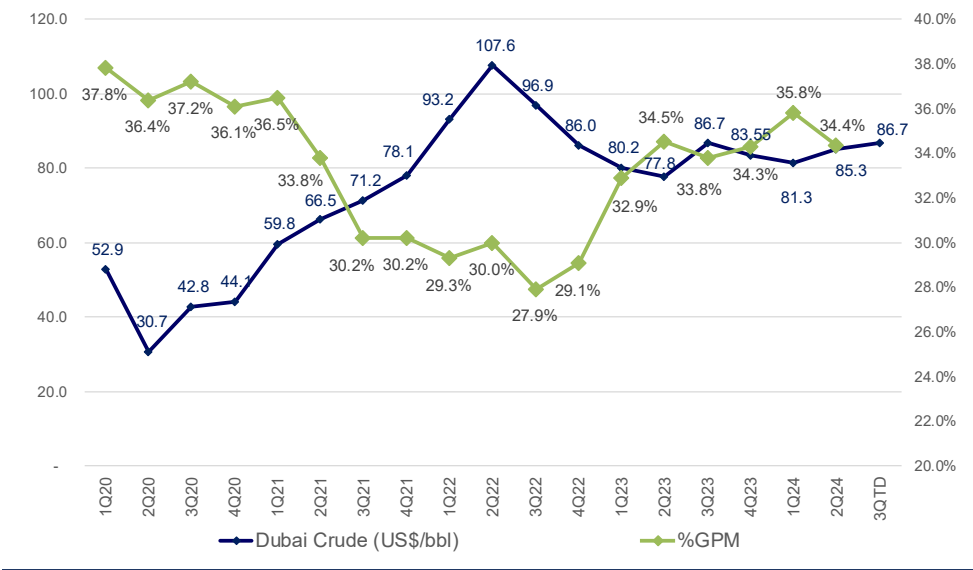
Sources: TOA; FSSIA's compilation

Exhibit 6: Key assumption for TOA

	Actual	Current			Previous			Change		
	2023	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Sales revenue (THB m)	22,238	21,450	22,183	22,750	23,315	24,019	24,566	(8)	(8)	(7)
Cost of sales (THB m)	14,704	14,007	14,530	14,901	15,575	16,045	16,410	(10)	(9)	(9)
Gross profit (THB m)	7,533	7,443	7,653	7,849	7,741	7,974	8,156	(4)	(4)	(4)
Gross margin (%)	33.9	34.7	34.5	34.5	33.2	33.2	33.2	1.5	1.3	1.3
SG&A (THB m)	4,354	4,416	4,527	4,625	4,472	4,592	4,692	(1)	(1)	(1)
SG&A to revenue (%)	19.6	20.6	20.4	20.3	19.2	19.1	19.1	1.4	1.3	1.2
Interest expense (THB m)	42	60	58	55	48	49	49	12	10	6
Core profit (THB m)	2,618	2,438	2,534	2,613	2,606	2,696	2,759	(6)	(6)	(5)
Net profit (THB m)	2,569	2,438	2,534	2,613	2,606	2,696	2,759	(6)	(6)	(5)

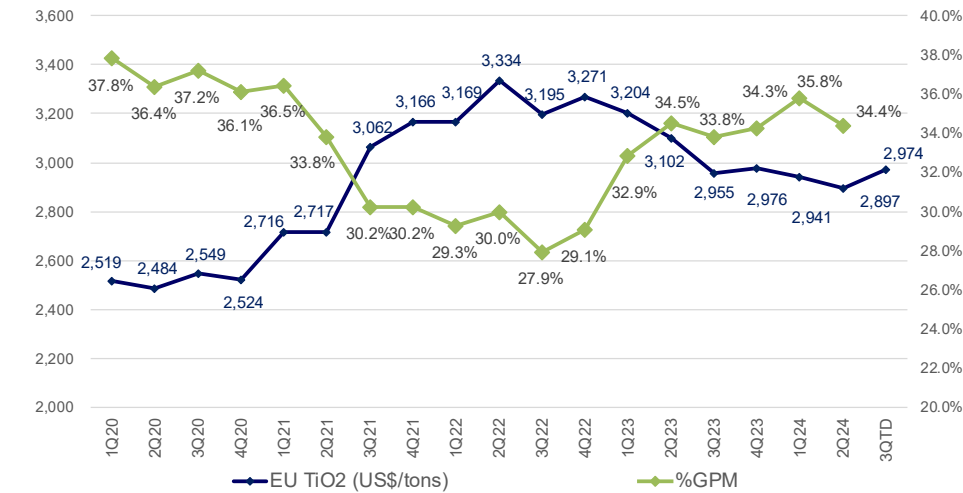
Source: FSSIA estimates

Exhibit 7: Dubai crude vs GPM



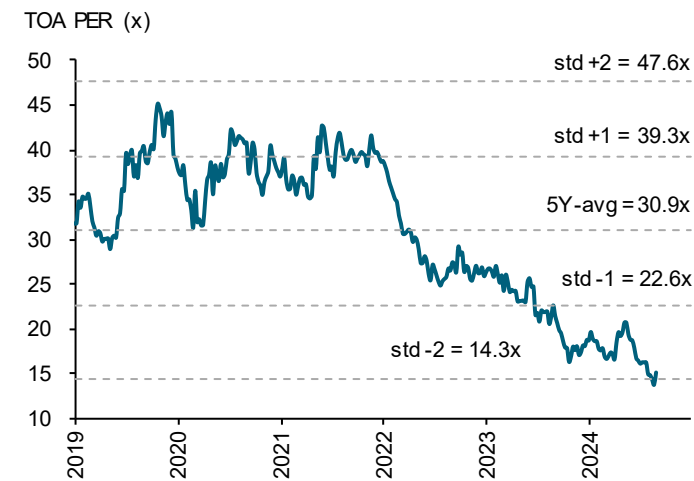
Sources: Aspen; FSSIA's compilation

## Exhibit 8: EU TiO2 and GPM



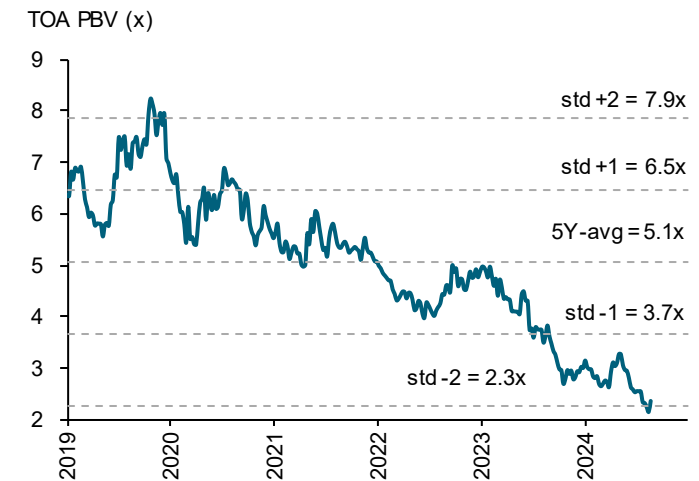
Sources: Aspen; FSSIA's compilation

## Exhibit 9: Historical P/E band



Sources: Bloomberg; FSSIA estimates

## Exhibit 10: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 11: Peer comparisons as of 28 Aug 2024

Company	BBG	Rec	Rec profit growth		----- PE -----		----- DivYld -----		----- ROE -----		----- PBV -----		PE
			24E	25E	24E	25E	24E	25E	24E	25E	24E	25E	
			(%)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)	
Thailand													
TOA paint	TOA TB	HOLD	(7)	4	15.4	14.8	3.4	3.6	16.6	16.0	2.5	2.3	31.1
SCG Decor	SCGD TB	BUY	39	11	10.9	9.8	2.8	3.1	5.4	5.7	0.6	0.5	12.1
Dynasty Ceramic	DCC TB	n/a	266	7	13.9	13.0	3.7	3.9	18.5	18.1	2.5	2.3	13.2
Siam City Cement	SCCC TB	n/a	51	8	12.7	11.8	5.7	5.8	11.1	11.4	1.4	1.3	15.9
Akzo nobel	AKZO SW	n/a	93	13	14.5	13.0	3.4	3.6	14.7	15.8	2.1	2.0	21.7
Average			46	7	13.5	12.5	3.8	4.0	13.3	13.4	1.8	1.7	18.8

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### TOA Paint (Thailand)

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	20,649	22,238	21,450	22,183	22,750
Cost of goods sold	(14,645)	(14,704)	(14,007)	(14,530)	(14,901)
<b>Gross profit</b>	<b>6,004</b>	<b>7,533</b>	<b>7,443</b>	<b>7,653</b>	<b>7,849</b>
Other operating income	177	241	215	215	216
Operating costs	(4,001)	(4,354)	(4,416)	(4,527)	(4,625)
<b>Operating EBITDA</b>	<b>2,849</b>	<b>4,142</b>	<b>4,009</b>	<b>4,165</b>	<b>4,324</b>
Depreciation	(670)	(721)	(767)	(823)	(885)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,179</b>	<b>3,421</b>	<b>3,242</b>	<b>3,341</b>	<b>3,439</b>
Net financing costs	(38)	(42)	(60)	(58)	(55)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(254)	(49)	0	0	0
<b>Profit before tax</b>	<b>1,887</b>	<b>3,330</b>	<b>3,182</b>	<b>3,283</b>	<b>3,384</b>
Tax	(453)	(694)	(684)	(689)	(711)
<b>Profit after tax</b>	<b>1,435</b>	<b>2,637</b>	<b>2,498</b>	<b>2,594</b>	<b>2,673</b>
Minority interests	(17)	(67)	(60)	(60)	(60)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,418</b>	<b>2,569</b>	<b>2,438</b>	<b>2,534</b>	<b>2,613</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>254</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,672</b>	<b>2,618</b>	<b>2,438</b>	<b>2,534</b>	<b>2,613</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.82	1.29	1.20	1.25	1.29
Reported EPS	0.70	1.27	1.20	1.25	1.29
DPS	0.50	0.68	0.64	0.66	0.68
Diluted shares (used to calculate per share data)	2,029	2,029	2,029	2,029	2,029
<b>Growth</b>					
Revenue (%)	17.5	7.7	(3.5)	3.4	2.6
Operating EBITDA (%)	(4.5)	45.4	(3.2)	3.9	3.8
Operating EBIT (%)	(8.0)	57.0	(5.2)	3.1	2.9
Recurring EPS (%)	(8.9)	56.6	(6.9)	3.9	3.1
Reported EPS (%)	(27.5)	81.2	(5.1)	3.9	3.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	29.1	33.9	34.7	34.5	34.5
Gross margin exc. depreciation (%)	32.3	37.1	38.3	38.2	38.4
Operating EBITDA margin (%)	13.8	18.6	18.7	18.8	19.0
Operating EBIT margin (%)	10.6	15.4	15.1	15.1	15.1
Net margin (%)	8.1	11.8	11.4	11.4	11.5
Effective tax rate (%)	24.0	20.8	21.5	21.0	21.0
Dividend payout on recurring profit (%)	60.7	52.7	53.0	53.0	53.0
Interest cover (X)	57.1	81.6	53.8	57.2	62.2
Inventory days	77.2	79.8	82.4	85.5	86.2
Debtor days	61.8	62.2	65.9	64.6	64.9
Creditor days	100.7	104.9	107.5	98.8	99.6
Operating ROIC (%)	31.1	42.5	37.2	33.9	(8.1)
ROIC (%)	14.4	20.9	18.9	18.3	(4.5)
ROE (%)	13.3	19.5	16.6	16.0	15.4
ROA (%)	9.1	13.4	11.9	11.9	11.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Decorative paint and coating	12,431	13,120	12,655	13,088	13,422
Non-decorative paint and coating	7,392	8,228	7,936	8,208	8,417
Others	826	890	858	887	910

Sources: TOA Paint (Thailand); FSSIA estimates

## Financial Statements

### TOA Paint (Thailand)

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	1,672	2,618	2,438	2,534	2,613
Depreciation	670	721	767	823	885
Associates & minorities	-	-	-	-	-
Other non-cash items	17	67	60	60	60
Change in working capital	(1,417)	442	(714)	(123)	(97)
<b>Cash flow from operations</b>	<b>942</b>	<b>3,848</b>	<b>2,551</b>	<b>3,294</b>	<b>3,461</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(858)	(1,512)	(1,054)	(1,312)	(1,420)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(858)</b>	<b>(1,512)</b>	<b>(1,054)</b>	<b>(1,312)</b>	<b>(1,420)</b>
Dividends paid	(1,164)	(1,293)	(1,352)	(1,403)	(1,445)
Equity finance	514	(64)	0	0	0
Debt finance	(237)	215	(241)	11	11
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>(887)</b>	<b>(1,142)</b>	<b>(1,593)</b>	<b>(1,392)</b>	<b>(1,434)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(803)</b>	<b>1,194</b>	<b>(96)</b>	<b>590</b>	<b>607</b>
Free cash flow to firm (FCFF)	121.81	2,378.17	1,557.67	2,040.14	2,095.83
Free cash flow to equity (FCFE)	(153.16)	2,551.14	1,256.03	1,992.85	2,051.80

#### Per share (THB)

FCFF per share	0.06	1.17	0.77	1.01	1.03
FCFE per share	(0.08)	1.26	0.62	0.98	1.01
Recurring cash flow per share	1.16	1.68	1.61	1.68	1.75

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	8,231	9,054	9,960	10,956	12,051
Less: Accumulated depreciation	(4,751)	(5,172)	(5,656)	(6,188)	(6,774)
<b>Tangible fixed assets (net)</b>	<b>3,481</b>	<b>3,882</b>	<b>4,304</b>	<b>4,767</b>	<b>5,277</b>
<b>Intangible fixed assets (net)</b>	<b>1,474</b>	<b>1,472</b>	<b>1,546</b>	<b>1,571</b>	<b>1,596</b>
Long-term financial assets	4,115	4,340	4,340	4,340	4,340
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	2,208	3,402	3,306	3,896	4,503
A/C receivable	3,701	3,879	3,861	3,993	4,095
Inventories	3,293	2,824	3,152	3,269	3,353
Other current assets	214	355	214	222	227
<b>Current assets</b>	<b>9,416</b>	<b>10,461</b>	<b>10,533</b>	<b>11,380</b>	<b>12,178</b>
Other assets	826	1,041	815	843	864
<b>Total assets</b>	<b>19,311</b>	<b>21,195</b>	<b>21,537</b>	<b>22,901</b>	<b>24,256</b>
Common equity	12,792	14,071	15,217	16,408	17,636
Minorities etc.	698	747	747	747	747
<b>Total shareholders' equity</b>	<b>13,490</b>	<b>14,818</b>	<b>15,964</b>	<b>17,155</b>	<b>18,383</b>
Long term debt	966	1,110	944	953	963
Other long-term liabilities	448	422	420	436	447
<b>Long-term liabilities</b>	<b>1,414</b>	<b>1,532</b>	<b>1,364</b>	<b>1,389</b>	<b>1,410</b>
A/C payable	3,882	4,154	3,642	3,778	3,874
Short term debt	271	342	267	269	271
Other current liabilities	296	433	300	311	318
<b>Current liabilities</b>	<b>4,449</b>	<b>4,929</b>	<b>4,209</b>	<b>4,357</b>	<b>4,463</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,352</b>	<b>21,279</b>	<b>21,537</b>	<b>22,901</b>	<b>24,256</b>
Net working capital	3,030	2,472	3,285	3,396	3,482
Invested capital	12,925	13,207	14,289	14,917	15,560

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

#### Per share (THB)

Book value per share	6.30	6.93	7.50	8.09	8.69
Tangible book value per share	5.58	6.21	6.74	7.31	7.91

#### Financial strength

Net debt/equity (%)	(7.2)	(13.2)	(13.1)	(15.6)	(17.8)
Net debt/total assets (%)	(5.0)	(9.2)	(9.7)	(11.7)	(13.5)
Current ratio (x)	2.1	2.1	2.5	2.6	2.7
CF interest cover (x)	19.5	97.9	39.3	57.6	63.8

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>22.4</b>	<b>14.3</b>	<b>15.4</b>	<b>14.8</b>	<b>14.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>24.3</b>	<b>15.5</b>	<b>16.6</b>	<b>16.0</b>	<b>15.5</b>
Reported P/E (x)	26.5	14.6	15.4	14.8	14.4
Dividend yield (%)	2.7	3.7	3.4	3.6	3.7
Price/book (x)	2.9	2.7	2.5	2.3	2.1
Price/tangible book (x)	3.3	3.0	2.7	2.5	2.3
EV/EBITDA (x) **	13.1	8.8	9.0	8.6	8.1
EV/EBITDA @ target price (x) **	14.1	9.5	9.8	9.3	8.8
EV/invested capital (x)	2.9	2.8	2.5	2.4	2.3

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

Sources: TOA Paint (Thailand); FSSIA estimates

# TOA Paint Thailand PCL (TOA TB)

## FSSIA ESG rating


**55.60 /100**

### Exhibit 12: 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	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★★	>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 13: 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
TOA	55.60	--	Y	Y	5.00	5.00	--	Medium	61.82	--	--	57.46	30.00	3.79	49.04
EPG	59.63	--	Y	Y	5.00	4.00	Certified	Low	54.46	--	--	41.43	34.00	2.93	--
TASCO	47.02	--	--	--	5.00	4.00	Certified	Medium	63.65	--	--	61.51	49.00	--	--
SCCC	56.50	--	Y	Y	5.00	5.00	Certified	High	60.15	--	--	61.78	32.00	2.34	63.20
SCCC	56.50	--	Y	Y	5.00	5.00	Certified	High	60.15	--	--	61.78	32.00	2.34	63.20

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

### Exhibit 14: ESG score by Bloomberg

FY ending Dec 31	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>2.53</b>	<b>3.02</b>	<b>2.95</b>	<b>3.18</b>	<b>3.34</b>	<b>3.79</b>
BESG environmental pillar score	1.81	2.75	2.76	3.17	3.20	3.96
BESG social pillar score	1.79	1.77	1.71	1.70	2.09	2.26
BESG governance pillar score	4.90	5.06	4.82	5.00	5.07	5.26
<b>ESG disclosure score</b>	<b>39.11</b>	<b>44.78</b>	<b>45.94</b>	<b>48.05</b>	<b>48.33</b>	<b>49.04</b>
Environmental disclosure score	28.00	30.84	31.17	31.17	32.92	33.25
Social disclosure score	19.92	22.28	25.42	31.77	30.83	32.65
Governance disclosure score	69.30	81.10	81.10	81.10	81.10	81.10
<b>Environmental</b>						
Emissions reduction initiatives	No	No	No	No	Yes	Yes
Climate change policy	No	No	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	Yes
GHG scope 1	—	0	0	0	8	9
GHG scope 2 location-based	—	10	10	10	9	9
GHG Scope 3	—	—	—	—	30	250
Carbon per unit of production	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—
Electricity used	14	14	14	14	14	17
Fuel used - natural gas	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

**Exhibit 15: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—
Total waste	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	128	117	119	113	—	—
<b>Social</b>						
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No
Pct women in workforce	—	—	18	20	22	19
Pct disabled in workforce	—	—	0	0	0	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0	0
Total recordable incident rate - employees	0	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	Yes	Yes
Number of employees – CSR	4,838	4,940	5,047	5,106	5,106	5,774
Employee turnover pct	—	—	—	—	—	—
Total hours spent by firm - employee training	10,352	15,474	19,570	24,331	19,570	22,658
Social supply chain management	No	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>						
<b>Board size</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>No. of independent directors (ID)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of women on board	4	4	4	4	4	4
No. of non-executive directors on board	7	7	7	7	7	7
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	10	8	10	10	10	9
Board meeting attendance pct	77	82	87	89	99	98
Board duration (years)	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No
Age of the youngest director	40	40	41	42	43	44
Age of the oldest director	74	74	75	76	77	78
<b>No. of executives / company managers</b>	<b>11</b>	<b>5</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>
No. of female executives	6	3	4	3	2	3
Executive share ownership guidelines	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3	3	3
Audit committee meetings	9	5	11	12	12	12
Audit meeting attendance %	93	100	94	100	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	2	2	2	2	2	2
No. of compensation committee meetings	—	6	3	5	4	3
Compensation meeting attendance %	—	100	100	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	—	6	3	5	4	3
Nomination meeting attendance %	—	100	100	100	100	100
<b>Sustainability governance</b>						
Verification type	No	No	No	No	No	No

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 <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
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 Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <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+										
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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="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</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	CCC	0.000-1.428	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

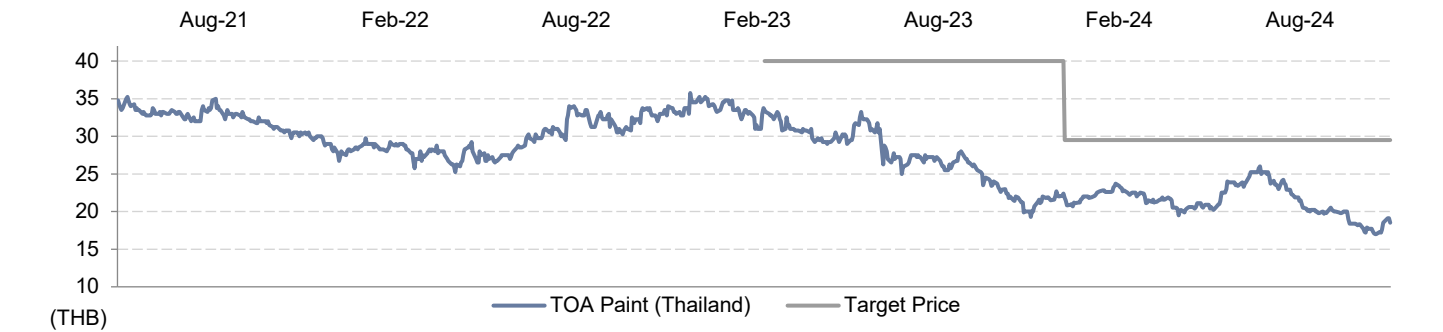
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

TOA Paint (Thailand) (TOA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Mar-2023	BUY	40.00	21-Nov-2023	BUY	29.50	-	-	-

Thanyatorn Songwutti started covering this stock from 08-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
TOA Paint (Thailand)	TOA TB	THB 18.50	HOLD	Downside risks to our P/E-based TP include 1) slower-than-expected economic and purchasing power recoveries, 2) a lower-than-expected international sales recovery, especially in Vietnam, 3) raw material price and Baht fluctuation, and 4) fierce competition.

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 28-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.