13 NOVEMBER 2024

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

EQUITY RESEARCH – RESULTS FLASH

PATRANGSIT HEALTHCARE GROUP PHG TB

THAILAND / HEALTH CARE SERVICES

BUY

UNCHANGED

3Q24 results at first glance

TARGET PRICE	THB21.00
CLOSE	THB16.30
UP/DOWNSIDE	+28.8%
TP vs CONSENSUS	+0.0%

PHG's core profit grew by 10% y-y to THB90m in 3Q24

Highlights

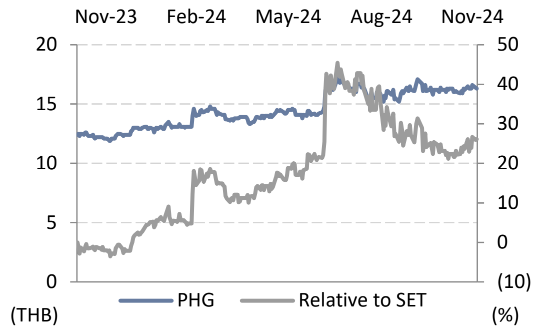
- PHG reported a core profit of THB90m in 3Q24 (+10% y-y, +146% q-q).
- Hospital revenue grew by 10% y-y. Revenue from self-pay patients grew by 12% y-y due to a strong OPD volume. Revenue from SSO patients grew by 16% y-y thanks to a higher number of registered insurers and higher revenue per head.
- COGS increased by 12% y-y in 3Q24 following a higher cost of medicine and medical supplies and higher doctor fees (+18% y-y) and staff costs (+11% y-y). SG&A increased by 11% y-y due higher expected credit losses.
- As a result, the 3Q24 EBITDA margin was relatively flat y-y at 22%.
- 9M24 core profit grew by 22% y-y to THB193m and accounted for 67% of our 2024 core profit forecast of THB290m.

Outlook

- We expect the strong earnings growth momentum to continue in 4Q24, driven by medical fee adjustments by 3-7%, effective in September.
- PHG trades at a cheap valuation of only 15x 2025E P/E (vs peers' average of 24x).

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	2,138	2,373	2,539	2,773
Net profit	259	290	327	375
EPS (THB)	0.86	0.97	1.09	1.25
vs Consensus (%)	-	-	-	-
EBITDA	417	460	525	602
Recurring net profit	259	290	327	375
Core EPS (THB)	0.86	0.97	1.09	1.25
EPS growth (%)	(27.4)	11.8	12.9	14.5
Core P/E (x)	18.8	16.9	14.9	13.0
Dividend yield (%)	3.2	3.6	4.0	4.6
EV/EBITDA (x)	9.4	8.1	7.4	6.5
Price/book (x)	2.5	2.3	2.2	2.0
Net debt/Equity (%)	(48.9)	(55.3)	(45.2)	(40.3)
ROE (%)	17.7	14.3	15.1	16.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.6	5.2	28.3
Relative to country (%)	2.4	(5.6)	23.4

Mkt cap (USD m)	140
3m avg. daily turnover (USD m)	0.3
Free float (%)	37
Major shareholder	Duangchai Trakulchang (17%)
12m high/low (THB)	17.50/11.80
Issued shares (m)	300.00

Sources: Bloomberg consensus; FSSIA estimates

Teerapol Udomvej, CFA

Fundamental Investment Analyst on Securities; License no. 080523

teerapol.udo@fssia.com, +66 2646 9969

Exhibit 1: PHG – 3Q24 results summary

	3Q23	4Q23	1Q24	2Q24	3Q24	------ Change ------		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Revenue	**568**	**597**	**567**	**527**	**625**	***19***	***10***	**2,138**	**2,373**	***11***
Cost of sales (Incl. depreciation)	(409)	(416)	(426)	(423)	(457)	*8*	*12*	(1,565)	(1,745)	*12*
Gross profit	**159**	**181**	**141**	**103**	**168**	***63***	***6***	**573**	**628**	***9***
SG&A	(59)	(64)	(67)	(66)	(65)	*(1)*	*11*	(262)	(285)	*9*
Operating profit	**100**	**117**	**74**	**37**	**103**	***174***	***2***	**312**	**343**	***10***
Other operating income	4	11	10	8	10	*19*	*137*	23	24	*4*
Equity income	(0)	(0)	0	(0)	(0)	*(86)*	*(65)*	(0)	-	
EBIT	**104**	**128**	**84**	**46**	**113**	***146***	***8***	**334**	**367**	***10***
Interest expense	(2)	(1)	(1)	(0)	(0)	*(47)*	*(91)*	(10)	(4)	*(57)*
EBT	**103**	**127**	**83**	**46**	**113**	***147***	***10***	**325**	**362**	***12***
Income tax	(21)	(26)	(17)	(9)	(23)	*153*	*9*	(65)	(72)	*11*
Minority interests	0	0	0	0	0			-	-	
Core profit	**82**	**102**	**67**	**37**	**90**	***146***	***10***	**259**	**290**	***12***
Extraordinaries										
Net income	**82**	**102**	**67**	**37**	**90**	***146***	***10***	**259**	**290**	***12***
Core EPS (THB)	0.27	0.34	0.22	0.12	0.30	*146*	*10*	0.86	0.97	*12*
No of share (m)	300	300	300	300	300	*0*	*0*	300	300	*0*
Cost (Excl. depreciation)	(388)	(394)	(403)	(400)	(434)	*8*	*12*	(1,482)	(1,651)	*11*
Depreciation & amortisation	(21)	(22)	(23)	(23)	(24)	*2*	*12*	(83)	(94)	*13*
EBITDA	126	151	107	69	136	*97*	*9*	417	460	*10*
Key ratios	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	***(ppt)***	***(ppt)***	**(%)**	**(%)**	***(ppt)***
Gross margin	28	30	25	20	27	*7*	*(1)*	27	26	*(0)*
SG&A/Revenue	10	11	12	13	10	*(2)*	*0*	12	12	*(0)*
EBITDA margin	22.1	25.2	18.9	13.1	21.8	*9*	*(0)*	20	19	*(0)*
Net profit margin	14	17	12	7	14	*7*	*(0)*	12	12	*0*
Operating stats	**(y-y %)**	**(y-y %)**	**(y-y %)**	**(y-y %)**	**(y-y %)**					
Self pay patient revenue	16	14	15	12	12					
Self pay patient OPD revenue	N/A	N/A	12	(6)	-					
Self pay patient IPD revenue	N/A	N/A	23	47	-					
SSO revenue	2	114	24	7	16					
SSO registered members ('000)	156	155	155	156	-					
SSO revenue per head	4,801	6,025	5,061	4,692	-					

Sources: PHG; FSSIA estimates

Financial Statements

Patrangsit Healthcare Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	2,040	2,138	2,373	2,539	2,773
Cost of goods sold	(1,432)	(1,565)	(1,745)	(1,858)	(2,012)
Gross profit	**608**	**573**	**628**	**681**	**761**
Other operating income	14	23	24	24	25
Operating costs	(242)	(262)	(285)	(292)	(313)
Operating EBITDA	**450**	**417**	**460**	**525**	**602**
Depreciation	(70)	(83)	(94)	(111)	(129)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	**380**	**334**	**367**	**413**	**473**
Net financing costs	(12)	(10)	(4)	(4)	(4)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	**368**	**325**	**362**	**409**	**469**
Tax	(75)	(65)	(72)	(82)	(94)
Profit after tax	**293**	**259**	**290**	**327**	**375**
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**293**	**259**	**290**	**327**	**375**
Non-recurring items & goodwill (net)	**0**	**0**	**0**	**0**	**0**
Recurring net profit	**293**	**259**	**290**	**327**	**375**
Per share (THB)					
Recurring EPS *	1.19	0.86	0.97	1.09	1.25
Reported EPS	1.19	0.86	0.97	1.09	1.25
DPS	0.95	0.52	0.58	0.65	0.75
Diluted shares (used to calculate per share data)	246	300	300	300	300
Growth					
Revenue (%)	3.5	4.8	11.0	7.0	9.2
Operating EBITDA (%)	(6.8)	(7.3)	10.4	14.0	14.7
Operating EBIT (%)	(8.0)	(12.0)	9.7	12.8	14.4
Recurring EPS (%)	(62.5)	(27.4)	11.8	12.9	14.5
Reported EPS (%)	(62.5)	(27.4)	11.8	12.9	14.5
Operating performance					
Gross margin inc. depreciation (%)	29.8	26.8	26.5	26.8	27.4
Gross margin exc. depreciation (%)	33.2	30.7	30.4	31.2	32.1
Operating EBITDA margin (%)	22.0	19.5	19.4	20.7	21.7
Operating EBIT margin (%)	18.6	15.6	15.5	16.3	17.1
Net margin (%)	14.4	12.1	12.2	12.9	13.5
Effective tax rate (%)	20.3	20.1	20.0	20.0	20.0
Dividend payout on recurring profit (%)	79.5	60.1	60.0	60.0	60.0
Interest cover (X)	31.8	34.2	87.9	99.2	113.4
Inventory days	11.4	12.2	12.7	13.1	13.0
Debtor days	58.0	55.7	47.0	41.0	36.4
Creditor days	63.7	64.9	65.3	67.0	66.3
Operating ROIC (%)	30.9	26.3	29.3	29.6	27.6
ROIC (%)	30.6	26.0	28.9	29.3	27.3
ROE (%)	33.5	17.7	14.3	15.1	16.0
ROA (%)	19.5	13.4	12.0	12.6	13.5

* Pre exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Self pay patient revenue	1,051	1,142	1,337	1,446	1,594
SSO patient revenue	712	750	776	820	887
NHSO patient revenue	278	246	260	272	292

Sources: Patrangsit Healthcare Group; FSSIA estimates

Financial Statements

Patrangsit Healthcare Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	293	259	290	327	375
Depreciation	70	83	94	111	129
Associates & minorities	-	-	-	-	-
Other non-cash items	(3)	3	0	0	0
Change in working capital	(28)	37	50	34	23
Cash flow from operations	**332**	**382**	**434**	**473**	**527**
Capex - maintenance	(87)	(152)	(80)	(440)	(370)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	**(87)**	**(152)**	**(80)**	**(440)**	**(370)**
Dividends paid	(233)	(380)	(156)	(174)	(196)
Equity finance	146	1,108	0	0	0
Debt finance	(58)	(280)	0	0	0
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(145)**	**448**	**(156)**	**(174)**	**(196)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**100**	**678**	**198**	**(141)**	**(39)**
Free cash flow to firm (FCFF)	256.85	239.94	358.32	36.98	161.59
Free cash flow to equity (FCFE)	186.83	(49.49)	354.15	32.81	157.43
Per share (THB)					
FCFF per share	0.86	0.80	1.19	0.12	0.54
FCFE per share	0.62	(0.16)	1.18	0.11	0.52
Recurring cash flow per share	1.46	1.15	1.28	1.46	1.68

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	1,660	1,781	1,861	2,301	2,671
Less: Accumulated depreciation	(764)	(816)	(909)	(1,021)	(1,150)
Tangible fixed assets (net)	**896**	**965**	**951**	**1,280**	**1,521**
Intangible fixed assets (net)	**0**	**0**	**0**	**0**	**0**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	6	6	6	6	6
Cash & equivalents	334	1,012	1,211	1,069	1,030
A/C receivable	336	316	294	276	276
Inventories	44	55	61	64	69
Other current assets	1	1	1	1	2
Current assets	**716**	**1,385**	**1,567**	**1,412**	**1,378**
Other assets	6	7	7	7	7
Total assets	**1,624**	**2,363**	**2,531**	**2,704**	**2,911**
Common equity	975	1,963	2,097	2,250	2,429
Minorities etc.	0	0	0	0	0
Total shareholders' equity	**975**	**1,963**	**2,097**	**2,250**	**2,429**
Long term debt	332	52	52	52	52
Other long-term liabilities	40	44	44	44	44
Long-term liabilities	**372**	**96**	**96**	**96**	**96**
A/C payable	247	279	311	329	355
Short term debt	0	0	0	0	0
Other current liabilities	29	24	27	29	31
Current liabilities	**276**	**304**	**338**	**358**	**386**
Total liabilities and shareholders' equity	**1,624**	**2,363**	**2,531**	**2,704**	**2,911**
Net working capital	106	68	18	(16)	(39)
Invested capital	1,014	1,046	982	1,277	1,494
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	3.97	6.54	6.99	7.50	8.10
Tangible book value per share	3.97	6.54	6.99	7.50	8.10
Financial strength					
Net debt/equity (%)	(0.2)	(48.9)	(55.3)	(45.2)	(40.3)
Net debt/total assets (%)	(0.1)	(40.6)	(45.8)	(37.6)	(33.6)
Current ratio (x)	2.6	4.6	4.6	3.9	3.6
CF interest cover (x)	16.6	(4.1)	85.9	8.9	38.8

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**13.7**	**18.8**	**16.9**	**14.9**	**13.0**
Recurring P/E @ target price (x) *	**17.6**	**24.3**	**21.7**	**19.2**	**16.8**
Reported P/E (x)	13.7	18.8	16.9	14.9	13.0
Dividend yield (%)	5.8	3.2	3.6	4.0	4.6
Price/book (x)	4.1	2.5	2.3	2.2	2.0
Price/tangible book (x)	4.1	2.5	2.3	2.2	2.0
EV/EBITDA (x) **	8.9	9.4	8.1	7.4	6.5
EV/EBITDA @ target price (x) **	11.5	12.8	11.2	10.1	8.8
EV/invested capital (x)	4.0	3.8	3.8	3.0	2.6

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

Sources: Patrangsit Healthcare Group; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (*The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.*)	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)*	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. NEGL 0-10; Low 10-20; Medium 20-30; High 30-40; Severe 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.	

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

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

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

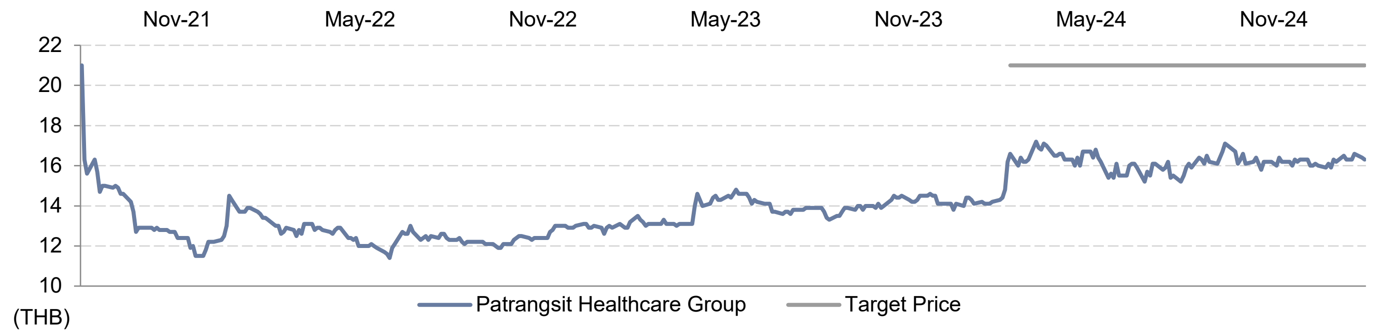
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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.

 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

Patrangsit Healthcare Group (PHG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Jun-2024	BUY	21.00	-	-	-	-	-	-

Teerapol Udomvej, CFA started covering this stock from 27-Jun-2024

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Patrangsit Healthcare Group	PHG TB	THB 16.30	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.

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 12-Nov-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

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

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

Industry Recommendations

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

Country (Strategy) Recommendations

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

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

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