

BANGKOK AIRWAYS

THAILAND / TRANSPORT & LOGISTICS

BA TB

BUY
UNCHANGED

Happy new year and new high in Samui

- Samui passenger volume hit a record high in last week of Dec-24, leading passenger volume in 4Q24 to grow 22% y-y (+25% vs pre-Covid).
- Flight volume has surpassed the approved limit of 50 daily flights for the first time post Covid pandemic.
- Maintain BUY with an SoTP-based TP of THB30.0/shr.

Strong pax in Dec-24; likely to continue in Jan and Feb-25

According to The Civil Aviation Authority of Thailand (CAAT), The 7-day average of Samui's passenger volume for the last week of Dec reached a new high of 10.3k/day. Given that Jan and Feb are typically peak months for Samui, there is a strong possibility that this trend will continue. In fact, on 2 Jan-25, the island welcomed a record high (post Covid pandemic) of 11.6k passengers, surpassing the previous high of 10.5k in Feb-24.

Requested additional flight slots thanks to strong demand

Starting from 28 Dec, the number of daily flights to and from Samui exceeded 100 for the first time since the ending of the Covid pandemic, higher than the approved limit of 50 daily flights (100 daily flights including arrivals and departures). This suggests strong demand for the upcoming high season. Note that BA has to request additional flight slots from CAAT on a daily basis, and is currently seeking approval to permanently increase its daily flights to 73.

Expect BA to post first 4Q profit in 4Q24 (low season)

Despite being the low season, Samui passenger volume in 4Q24 grew by 22% y-y and exceeded the pre-Covid level by 25%. BA has historically reported losses in the fourth quarter since 2016. We believe BA will post its first 4Q profit in 4Q24; approximately THB100-200m. Overall, Samui passenger volume grew by 18-20% and reached a new high of 2.7m passengers in 2024. We expect it to grow further to 3.0m in 2025. For the long term, BA plans to renovate and upgrade Samui Airport over 2025-27 and lift its capacity to 6m annually from 2m currently.

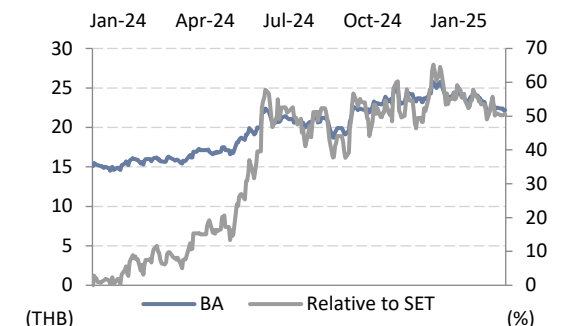
Cheap valuation with attractive dividend yield

BA is trading at a cheap valuation of 12x 2025E P/E. The company has a strong balance sheet with THB7.7b cash on hand as of 3Q24. BA paid a total dividend of THB1.0/shr in 2023. Assuming a similar dividend payout in 2024 (with THB0.6/shr already paid as an interim dividend), this would imply a dividend yield of 5%.

TARGET PRICE	THB30.00
CLOSE	THB22.20
UP/DOWNSIDE	+35.1%
TP vs CONSENSUS	+5.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	19,681	23,949	25,566	26,333
Net profit	3,110	3,487	3,820	4,062
EPS (THB)	1.48	1.66	1.82	1.93
vs Consensus (%)	-	(2.5)	(1.6)	(2.3)
EBITDA	2,841	4,766	5,199	5,277
Recurring net profit	1,653	3,487	3,820	4,062
Core EPS (THB)	0.79	1.66	1.82	1.93
EPS growth (%)	nm	111.0	9.5	6.3
Core P/E (x)	28.2	13.4	12.2	11.5
Dividend yield (%)	4.5	5.2	5.3	5.2
EV/EBITDA (x)	21.8	12.5	11.0	10.4
Price/book (x)	2.7	2.6	2.4	2.2
Net debt/Equity (%)	91.8	72.1	54.8	39.9
ROE (%)	9.8	19.8	20.2	19.8



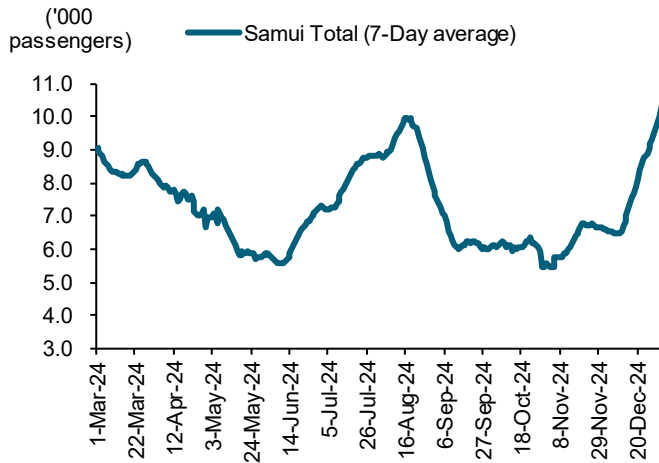
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.3)	(4.3)	46.1
Relative to country (%)	(1.6)	(0.3)	50.8
Mkt cap (USD m)	1,353		
3m avg. daily turnover (USD m)	3.2		
Free float (%)	41		
Major shareholder	Prasarttong-Osoth Puttipong (25%)		
12m high/low (THB)	26.00/14.20		
Issued shares (m)	2,100.00		

Sources: Bloomberg consensus; FSSIA estimates



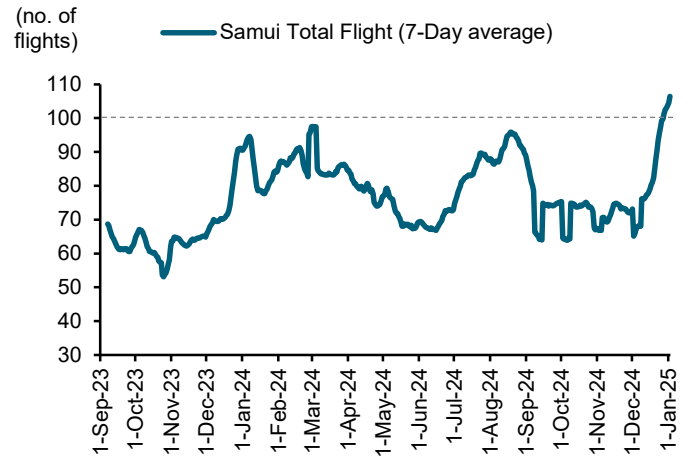
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Exhibit 1: Samui passenger volume trend

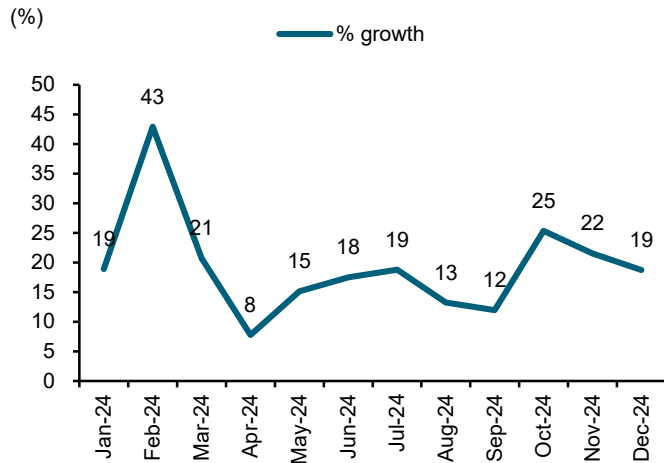
Note: Includes both arrivals and departures

Source: The Civil Aviation Authority of Thailand (CAAT)

Exhibit 2: Samui passenger flight volume

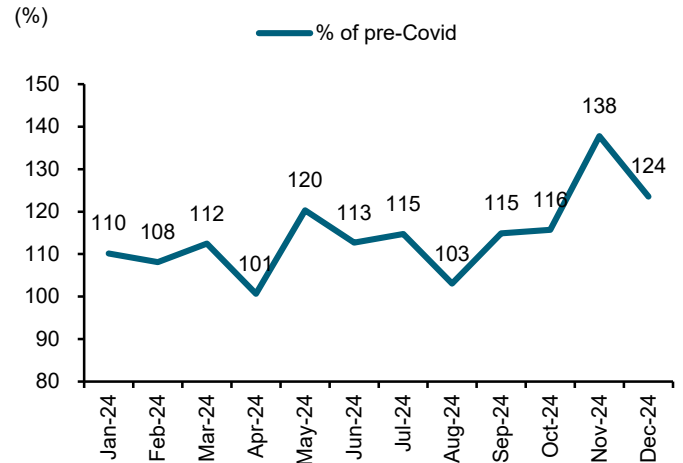
Note: Includes both arrivals and departures

Source: CAAT

Exhibit 3: Samui passenger volume: monthly growth

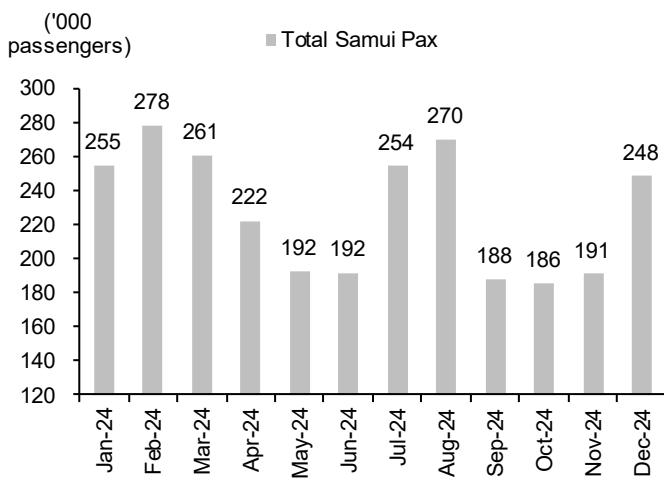
Note: Includes both arrivals and departures

Source: CAAT; FSSIA estimates

Exhibit 4: Samui passenger volume vs pre-Covid

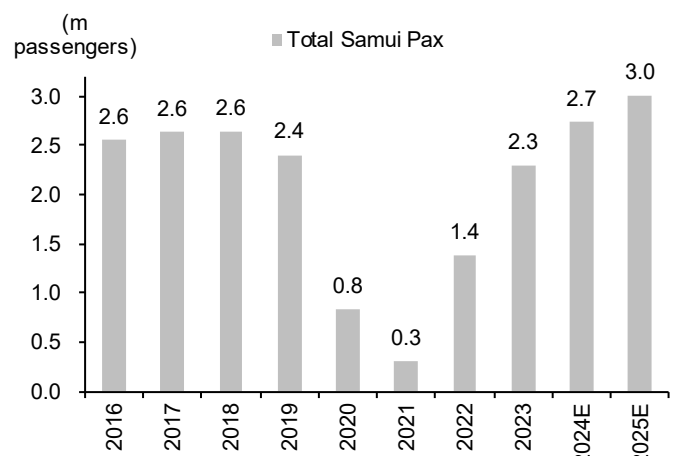
Note: Includes both arrivals and departures

Source: CAAT; FSSIA estimates

Exhibit 5: Samui passenger volume, monthly

Note: Includes both arrivals and departures

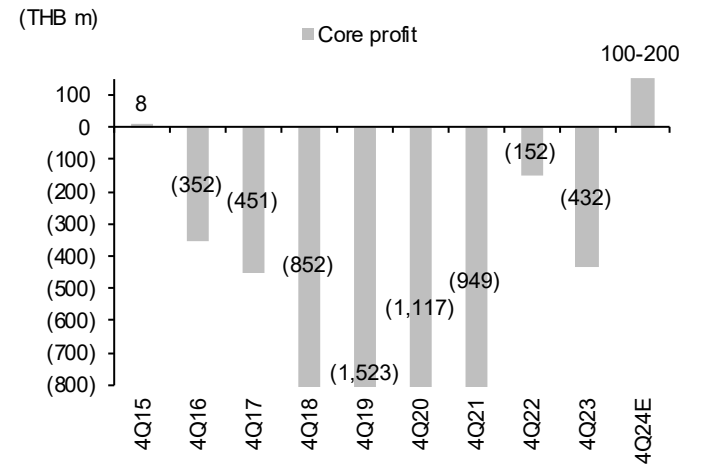
Source: CAAT; FSSIA estimates

Exhibit 6: Samui passenger volume, yearly

Note: Includes both arrivals and departures

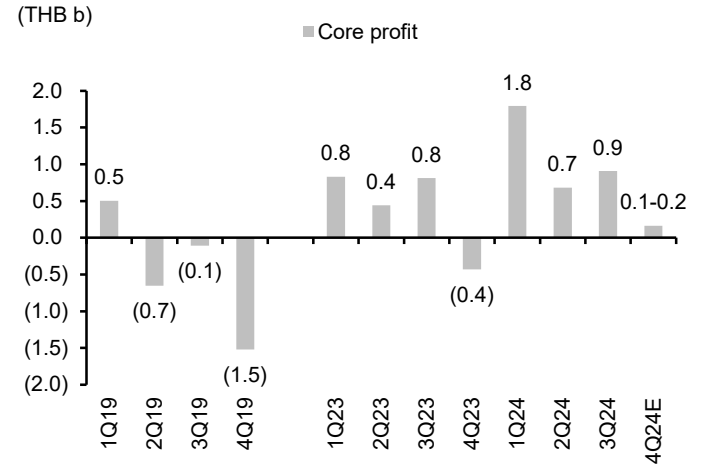
Source: CAAT; FSSIA estimates

Exhibit 7: 4Q core profit, 2015-2023



Sources: BA; FSSIA estimates

Exhibit 8: Core profit



Sources: BA; FSSIA estimates

Financial Statements

Bangkok Airways

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	11,305	19,681	23,949	25,566	26,333
Cost of goods sold	(11,524)	(15,622)	(17,338)	(18,349)	(18,980)
Gross profit	(219)	4,059	6,612	7,217	7,353
Other operating income	-	-	-	-	-
Operating costs	(2,097)	(2,992)	(3,485)	(3,733)	(3,871)
Operating EBITDA	115	2,841	4,766	5,199	5,277
Depreciation	(2,431)	(1,775)	(1,639)	(1,714)	(1,795)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(2,316)	1,066	3,127	3,484	3,482
Net financing costs	(1,475)	(2,018)	(1,793)	(1,738)	(1,574)
Associates	489	612	639	684	697
Recurring non-operating income	1,916	2,590	2,706	2,856	2,992
Non-recurring items	(137)	1,457	0	0	0
Profit before tax	(2,013)	3,095	4,040	4,602	4,901
Tax	(114)	13	(554)	(784)	(841)
Profit after tax	(2,127)	3,108	3,486	3,818	4,060
Minority interests	16	2	2	2	2
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(2,112)	3,110	3,487	3,820	4,062
Non-recurring items & goodwill (net)	137	(1,457)	0	0	0
Recurring net profit	(1,974)	1,653	3,487	3,820	4,062
Per share (THB)					
Recurring EPS *	(0.94)	0.79	1.66	1.82	1.93
Reported EPS	(1.01)	1.48	1.66	1.82	1.93
DPS	0.00	1.00	1.16	1.18	1.16
Diluted shares (used to calculate per share data)	2,100	2,100	2,100	2,100	2,100
Growth					
Revenue (%)	316.1	74.1	21.7	6.8	3.0
Operating EBITDA (%)	nm	2,381.2	67.7	9.1	1.5
Operating EBIT (%)	nm	nm	193.3	11.4	(0.1)
Recurring EPS (%)	nm	nm	111.0	9.5	6.3
Reported EPS (%)	nm	nm	12.1	9.5	6.3
Operating performance					
Gross margin inc. depreciation (%)	(1.9)	20.6	27.6	28.2	27.9
Gross margin exc. depreciation (%)	19.6	29.6	34.4	34.9	34.7
Operating EBITDA margin (%)	1.0	14.4	19.9	20.3	20.0
Operating EBIT margin (%)	(20.5)	5.4	13.1	13.6	13.2
Net margin (%)	(17.5)	8.4	14.6	14.9	15.4
Effective tax rate (%)	(4.8)	(1.3)	16.3	20.0	20.0
Dividend payout on recurring profit (%)	-	127.1	70.0	65.0	60.0
Interest cover (X)	(0.3)	1.8	3.3	3.6	4.1
Inventory days	18.1	12.6	12.1	12.5	12.7
Debtor days	25.1	24.6	26.1	29.7	30.6
Creditor days	50.7	46.3	50.1	53.1	53.7
Operating ROIC (%)	(19.2)	11.7	37.5	46.4	52.5
ROIC (%)	(0.9)	8.5	13.4	14.3	14.9
ROE (%)	(13.2)	9.8	19.8	20.2	19.8
ROA (%)	(0.8)	6.2	8.6	8.7	8.8

* Pre exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Air fares	8,451	14,914	18,485	19,462	20,365
Revenue from sales and services	2,534	4,270	4,817	5,269	5,398
Freight	76	62	111	195	204
Passenger services	244	436	537	641	366

Sources: Bangkok Airways; FSSIA estimates

Financial Statements

Bangkok Airways

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	(1,974)	1,653	3,487	3,820	4,062
Depreciation	2,431	1,775	1,639	1,714	1,795
Associates & minorities	-	-	-	-	-
Other non-cash items	1,005	(6,858)	(2)	(2)	(2)
Change in working capital	1,573	1,037	860	235	245
Cash flow from operations	3,035	(2,393)	5,985	5,768	6,100
Capex - maintenance	(960)	(2,443)	(1,197)	(1,278)	(1,317)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(8,433)	34,113	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(9,393)	31,670	(1,197)	(1,278)	(1,317)
Dividends paid	0	(1,049)	(2,310)	(2,231)	(2,483)
Equity finance	(101)	(9,219)	0	0	0
Debt finance	5,804	(4,092)	(1,843)	(310)	(2,306)
Other financing cash flows	5,177	(7,936)	0	0	0
Cash flow from financing	10,880	(22,296)	(4,153)	(2,541)	(4,790)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	4,521	6,982	634	1,948	(7)
Free cash flow to firm (FCFF)	(4,869.16)	31,444.66	6,784.62	6,441.81	6,600.17
Free cash flow to equity (FCFE)	4,622.05	17,249.26	2,944.20	4,179.60	2,476.58

Per share (THB)

FCFF per share	(2.32)	14.97	3.23	3.07	3.14
FCFE per share	2.20	8.21	1.40	1.99	1.18
Recurring cash flow per share	0.70	(1.63)	2.44	2.63	2.79

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	24,954	22,737	23,935	25,213	26,530
Less: Accumulated depreciation	(10,561)	(10,427)	(12,066)	(13,781)	(15,575)
Tangible fixed assets (net)	14,393	12,310	11,868	11,432	10,954
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	37,401	6,039	6,039	6,039	6,039
Cash & equivalents	6,647	13,629	14,263	16,211	16,205
A/C receivable	1,185	1,472	1,951	2,206	2,206
Inventories	465	489	555	588	607
Other current assets	312	484	589	629	648
Current assets	8,608	16,074	17,357	19,634	19,666
Other assets	1,844	23,459	23,459	23,459	23,459
Total assets	62,246	57,881	58,723	60,564	60,118
Common equity	16,818	16,984	18,161	19,750	21,329
Minorities etc.	(55)	(76)	(78)	(80)	(82)
Total shareholders' equity	16,764	16,908	18,083	19,670	21,247
Long term debt	32,468	27,546	25,703	25,393	23,086
Other long-term liabilities	6,651	4,714	4,714	4,714	4,714
Long-term liabilities	39,120	32,260	30,417	30,107	27,800
A/C payable	1,558	1,958	2,349	2,489	2,571
Short term debt	768	1,598	1,598	1,598	1,598
Other current liabilities	4,037	5,158	6,276	6,700	6,901
Current liabilities	6,362	8,714	10,223	10,787	11,070
Total liabilities and shareholders' equity	62,246	57,881	58,723	60,564	60,118
Net working capital	(3,633)	(4,670)	(5,531)	(5,766)	(6,011)
Invested capital	50,004	37,137	35,836	35,164	34,441

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

Per share (THB)

Book value per share	8.01	8.09	8.65	9.40	10.16
Tangible book value per share	8.01	8.09	8.65	9.40	10.16

Financial strength

Net debt/equity (%)	158.6	91.8	72.1	54.8	39.9
Net debt/total assets (%)	42.7	26.8	22.2	17.8	14.1
Current ratio (x)	1.4	1.8	1.7	1.8	1.8
CF interest cover (x)	4.1	9.5	2.6	3.4	2.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	(23.6)	28.2	13.4	12.2	11.5
Recurring P/E @ target price (x) *	(31.9)	38.1	18.1	16.5	15.5
Reported P/E (x)	(22.1)	15.0	13.4	12.2	11.5
Dividend yield (%)	-	4.5	5.2	5.3	5.2
Price/book (x)	2.8	2.7	2.6	2.4	2.2
Price/tangible book (x)	2.8	2.7	2.6	2.4	2.2
EV/EBITDA (x) **	638.8	21.8	12.5	11.0	10.4
EV/EBITDA @ target price (x) **	781.8	27.6	15.9	14.2	13.5
EV/invested capital (x)	1.5	1.7	1.7	1.6	1.6

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

Sources: Bangkok Airways; 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.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings 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><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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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="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; >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

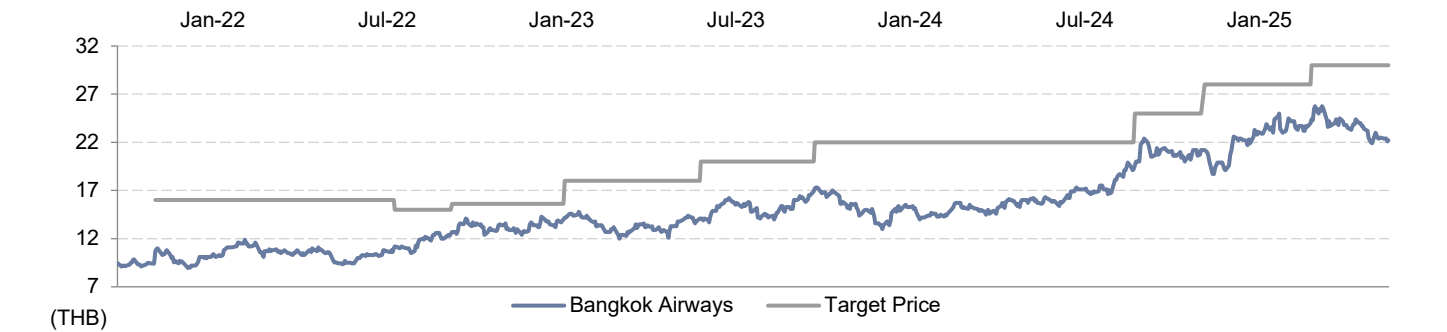
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History of change in investment rating and/or target price

Bangkok Airways (BA TB)



Teerapol Udomvej, CFA started covering this stock from 04-Jun-2021
Price and TP are in local currency
Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Airways	BA TB	THB 22.20	BUY	Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; 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 03-Jan-2025 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.