

NEO CORPORATE NEO TB

THAILAND / PERSONAL PRODUCTS & PHARMACEUTICALS

BUY

UNCHANGED

ราคาหุ้นสะท้อนข่าวร้ายไปหมดแล้ว

- สมมติฐานในปี 2025 ของเราใกล้เคียงกับเป้าหมายของ NEO โดยคาดว่ากำไรจะลดลง 5.5% y-y
- ราคาหุ้นสะท้อนข่าวร้ายไปหมดแล้วหลังลดลง 27% ในช่วง 3 เดือนที่ผ่านมา
- ปัจจุบันหุ้นมีการซื้อขายที่เพียง 9.5x P/E ซึ่งต่ำกว่ากลุ่มฯ

| | |
|-----------------|-----------|
| TARGET PRICE | THB49.50 |
| CLOSE | THB31.25 |
| UP/DOWNSIDE | +58.4% |
| PRIOR TP | THB49.50 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | +10.6% |

KEY STOCK DATA

| YE Dec (THB m) | 2023 | 2024E | 2025E | 2026E |
|----------------------|-------|--------|--------|--------|
| Revenue | 9,484 | 10,009 | 10,711 | 11,537 |
| Net profit | 830 | 1,039 | 982 | 1,103 |
| EPS (THB) | 3.74 | 3.46 | 3.27 | 3.68 |
| vs Consensus (%) | - | 3.7 | 4.5 | 7.8 |
| EBITDA | 1,461 | 1,883 | 1,925 | 2,149 |
| Recurring net profit | 830 | 1,039 | 982 | 1,103 |
| Core EPS (THB) | 3.74 | 3.46 | 3.27 | 3.68 |
| Chg. In EPS est. (%) | - | - | (0.4) | (0.1) |
| EPS growth (%) | 47.0 | (7.3) | (5.5) | 12.4 |
| Core P/E (x) | 8.4 | 9.0 | 9.5 | 8.5 |
| Dividend yield (%) | 15.8 | 5.5 | 5.2 | 5.9 |
| EV/EBITDA (x) | 6.3 | 5.7 | 6.1 | 5.7 |
| Price/book (x) | 4.5 | 2.0 | 1.7 | 1.5 |
| Net debt/Equity (%) | 143.7 | 22.5 | 35.1 | 40.1 |
| ROE (%) | 45.0 | 33.1 | 19.0 | 18.7 |

กำไร 4Q24 อาจต่ำกว่าที่เคยคาดเล็กน้อย

กำไร 4Q24 ของ NEO อาจต่ำกว่าที่เคยคาด 5% โดยน่าจะอยู่ที่ 256 ลบ. (+11% q-q, +77% y-y) ตัวเลขดังกล่าวสะท้อนการเติบโตใน 4Q24 ซึ่งรายได้จะโตทั้ง q-q และ y-y โดยอาจพุ่งทำสถิติสูงสุดใหม่จากการฟื้นตัวหลังสถานการณ์น้ำท่วมบรรเทาและ High season เริ่มต้น อย่างไรก็ตาม เราคาดว่าอัตรากำไรขั้นต้นจะอ่อนตัวลงจากต้นทุนวัตถุดิบที่สูงขึ้นและ Product mix ที่เปลี่ยนไป เราคาดว่าค่าใช้จ่ายในการดำเนินงานจะยังทรงตัว q-q สำหรับในปี 2024 NEO อาจรายงานรายได้รวมโต 5.5% y-y ต่ำกว่าเป้าหมายของบริษัทฯ ที่ 10%

ตั้งเป้าให้รายได้โตต่อเนื่องในปี 2025 แต่อัตรากำไรขั้นต้นอาจลดลง

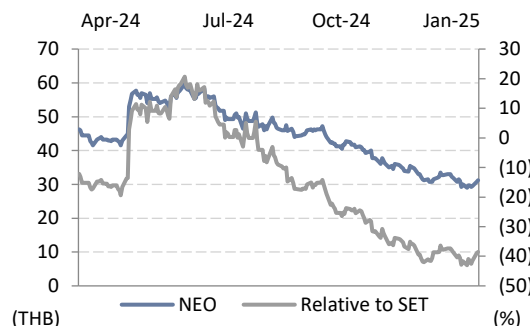
ผู้บริหารตั้งเป้าให้รายได้ในปี 2025 โต 10-15% y-y โดยได้ปัจจัยผลักดันจากการเติบโตของรายได้ในประเทศซึ่งมุ่งเน้นไปที่รายได้จากกลุ่มสินค้าอุปโภคบริโภคในครัวเรือนซึ่งตั้งเป้าให้โตในอัตราสองหลักตามแนวโน้มตลาดและฐานที่ค่อนข้างต่ำในปี 2024 นอกจากนี้ NEO ยังวางแผนเพิ่มสัดส่วนรายได้จากกลุ่มสินค้า Premium (อาทิเช่นสินค้าสำหรับกลุ่ม Silver age และ Pet parents) ในขณะที่เราคาดว่ารายได้จากเวียดนามจะฟื้นตัวใน 2Q25 (1Q25 น่าจะอยู่ในระดับต่ำจากเทศกาล Tet) อย่างไรก็ตาม NEO ส่งสัญญาณว่าอัตรากำไรขั้นต้นในปี 2025 อาจลดลงเหลือ 42-43% (จาก 44-45% ในปี 2024) จากการรับรู้ค่าเสื่อมของโรงงานใหม่ตั้งแต่เดือน ก.พ. (ประมาณ 80-100 ลบ. ต่อปีซึ่งจะกระทบอัตรากำไรขั้นต้น 0.7-0.9%) ต้นทุนวัตถุดิบที่สูงขึ้นและ Product mix ที่เปลี่ยนไป

ราคาน้ำมันปาล์มได้ผ่านจุดสูงสุดไปแล้ว

ผู้บริหารระบุว่าราคาน้ำมันปาล์มได้ผ่านจุดสูงสุดไปแล้วใน 4Q24 ทั้งนี้ราคาน้ำมันปาล์มดิบได้แตะระดับสูงสุดที่ MYR5,300/ตัน (ปัจจุบันลดลงเหลือ 4,200) และราคาน้ำมันเมล็ดปาล์มดิบได้แตะระดับสูงสุดที่ MYR8,300/ตัน (ปัจจุบันลดลงเหลือ 7,600) เราคาดว่าราคาที่สูงใน 4Q24 จะกระทบต้นทุนใน 1Q25 และน่าจะลดลงใน 2Q25 เราคงประมาณการกำไรสุทธิปี 2025 ของเราที่ 982 ลบ. (-5.5% y-y) บนสมมติฐานที่ใกล้เคียงกับเป้าหมายของบริษัทฯ

ราคาหุ้นสะท้อนข่าวร้ายไปหมดแล้ว

เราคงราคาเป้าหมายของเราที่ 49.5 บาท (15x P/E) ในขณะที่หุ้นขาดปัจจัยบวกระยะสั้นในแง่ของแนวโน้มกำไร ราคาหุ้นได้สะท้อนแนวโน้มเชิงลบอย่างมีนัยสำคัญไปเรียบร้อยแล้วหลังปรับตัวลดลงถึง 27% ในช่วง 3 เดือนที่ผ่านมา ปัจจุบันหุ้นมีการซื้อขายที่เพียง 9.5x P/E ซึ่งต่ำกว่า SETPERS ที่ 13x และคู่แข่งในต่างประเทศ (P&G Unilever Johnson และ Lion Corp) ที่ 18-21x นอกจากนี้เรายังคาดว่าจะให้ผลตอบแทนในรูปเงินปันผลที่ 4-5% สำหรับผลประกอบการในปี 2024



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|------------------------|---------|----------|
| Absolute (%) | (0.8) | (26.5) | n/a |
| Relative to country (%) | 0.1 | (19.1) | n/a |
| Mkt cap (USD m) | 275 | | |
| 3m avg. daily turnover (USD m) | 0.6 | | |
| Free float (%) | 29 | | |
| Major shareholder | Thakolsri Family (65%) | | |
| 12m high/low (THB) | 60.50/28.50 | | |
| Issued shares (m) | 300.00 | | |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 22 มกราคม 2025

Investment thesis

Despite high competition in the Thai consumer products industry, NEO's products stand out with one unique characteristic – their scent. It is a leader in almost every product category, such as D-nee (#1 in laundry detergent and fabric softener), Fineline (#2 in laundry detergent), and BeNice (#2 in shower cream).

Although we expect the growth to be exciting, it is projected to be steady due to its leadership in the Thai consumer products market and its well-known reputation. In addition, NEO plans to expand its international market, particularly CLMV, which prefers Thai consumer goods brands. If it grows better than expected, it would be an upside to our estimate.

Company profile

NEO operates in the marketing, production, and distribution of consumer products. The company has been in business for over 34 years and has three main product segments: 1) household products; 2) personal care products; and 3) baby and kids' products. For 2023, these product segments accounted for 43.5%/24.1%/32.4% of total revenue, respectively. The majority of revenue was in Thailand, representing 87% of total revenue, while 13% came from exports.

www.neo-corporate.com

Principal activities (revenue, 2023)

Household products - 43.5 %

Personal care products - 24.1 %

Baby and kids products - 32.4 %

Source: Neo Corporate

Major shareholders

Thakolsri Family - 65.3 %

Finansa Fund Management - 6.3 %

Others - 28.4 %

Source: Neo Corporate

Catalysts

Potential catalysts for NEO's earnings growth in 2025 are 1) revenue growth driven by sales volumes; 2) gaining higher domestic market share; 3) declining raw material and packaging costs; and 4) the success of its new product launches.

Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) the high volatility of raw material prices; 3) changing consumer demand and lifestyles; and 4) the failure of new products.

Event calendar

| Date | Event |
|---------------|---------------------------|
| February 2025 | 4Q24 results announcement |

Key assumptions

| | 2024E | 2025E | 2026E |
|----------------------------------|-------|-------|-------|
| Household revenue growth (%) | (0.4) | 6.0 | 7.0 |
| Personal care revenue growth (%) | 11.0 | 5.0 | 7.0 |
| Baby and kids revenue growth (%) | 12.5 | 10.1 | 9.2 |
| Total revenue growth (%) | 5.5 | 7.0 | 7.7 |
| Gross margin (%) | 45.1 | 43.0 | 43.4 |
| SG&A to sales (%) | 31.7 | 31.1 | 31.0 |

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 4.1%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2025 net profit to fall by 1.6%, and vice versa, all else being equal

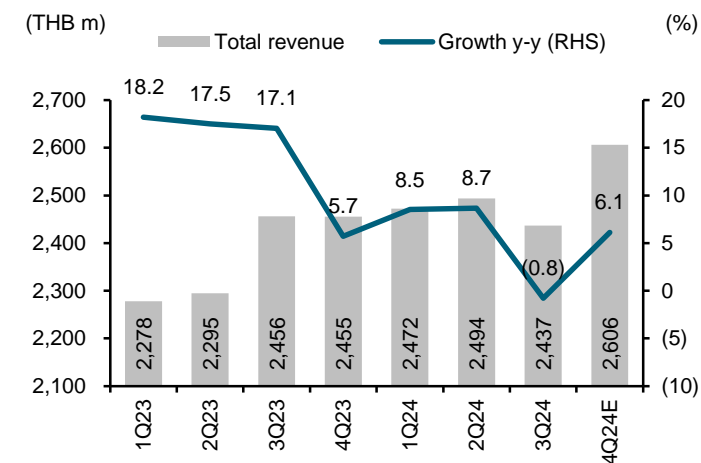
Source: FSSIA estimates

Exhibit 1: NEO – 4Q24 earnings preview

| | 4Q23 | 1Q24 | 2Q24 | 3Q24 | 4Q24E | ----- Change ----- | | 2023 | 2024E | Change |
|-------------------------------------|---------|---------|---------|---------|---------|--------------------|--------------|---------|---------|--------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (THB m) | (y-y%) |
| Sales | 2,455 | 2,472 | 2,494 | 2,437 | 2,606 | 6.9 | 6.1 | 9,484 | 10,009 | 5.5 |
| Cost of sales | 1,381 | 1,337 | 1,326 | 1,355 | 1,485 | 9.7 | 7.5 | 5,449 | 5,495 | 0.8 |
| Gross profit | 1,074 | 1,136 | 1,168 | 1,082 | 1,121 | 3.5 | 4.3 | 4,035 | 4,514 | 11.9 |
| SG&A | 881 | 780 | 827 | 788 | 795 | 0.9 | (9.7) | 2,957 | 3,175 | 7.4 |
| Operating profit | 207 | 364 | 361 | 314 | 345 | 9.7 | 66.5 | 1,106 | 1,406 | 27.1 |
| Interest expense | 20 | 24 | 21 | 22 | 22 | 1.8 | 10.4 | 55 | 89 | 62.5 |
| Tax expense | 37 | 68 | 67 | 58 | 64 | 10.2 | 73.3 | 212 | 264 | 24.3 |
| Reported net profit | 144 | 268 | 269 | 231 | 256 | 10.6 | 77.4 | 830 | 1,039 | 25.2 |
| Core profit | 144 | 268 | 269 | 231 | 256 | 10.6 | 77.5 | 830 | 1,039 | 25.2 |
| Key Ratios (%) | | | | | | (ppt) | (ppt) | | | |
| Gross margin | 43.7 | 45.9 | 46.8 | 44.4 | 43.0 | (1.4) | (0.7) | 42.5 | 45.1 | 2.6 |
| SG&A / Sales | 35.9 | 31.5 | 33.2 | 32.3 | 30.5 | (1.8) | (5.4) | 31.2 | 31.7 | 0.5 |
| Operating margin | 8.4 | 14.7 | 14.5 | 12.9 | 13.2 | 0.3 | 4.8 | 11.7 | 14.0 | 2.4 |
| Net margin | 5.9 | 10.8 | 10.8 | 9.5 | 9.8 | 0.3 | 3.9 | 8.7 | 10.4 | 1.6 |
| Core margin | 5.9 | 10.8 | 10.8 | 9.5 | 9.8 | 0.3 | 3.9 | 8.7 | 10.4 | 1.6 |
| Operating Statistics (THB m) | | | | | | | | | | |
| Household products revenue | 1,065 | 1,024 | 1,004 | 1,025 | 1,059 | 3.3 | (0.6) | 4,127 | 4,112 | (0.4) |
| Personal care products revenue | 553 | 699 | 643 | 705 | 706 | 0.1 | 27.7 | 2,287 | 2,753 | 20.4 |
| Baby and kids' products revenue | 837 | 749 | 847 | 707 | 841 | 19.0 | 0.5 | 3,070 | 3,144 | 2.4 |
| Domestic revenue | 2,136 | 2,250 | 2,206 | 2,244 | 2,356 | 5.0 | 10.3 | 8,238 | 9,056 | 9.9 |
| Export revenue | 319 | 223 | 288 | 193 | 250 | 29.5 | (21.7) | 1,246 | 954 | (23.5) |
| Crude palm oil (MYR/tonne) | 3,660 | 3,721 | 3,969 | 4,076 | 5,103 | 25.2 | 39.4 | 3,762.9 | 4,217.3 | 12.1 |
| Crude palm kernel oil (MYR/tonne) | 3,920 | 4,343 | 5,069 | 5,402 | 7,527 | 39.3 | 92.0 | 3,928.8 | 5,585.4 | 42.2 |

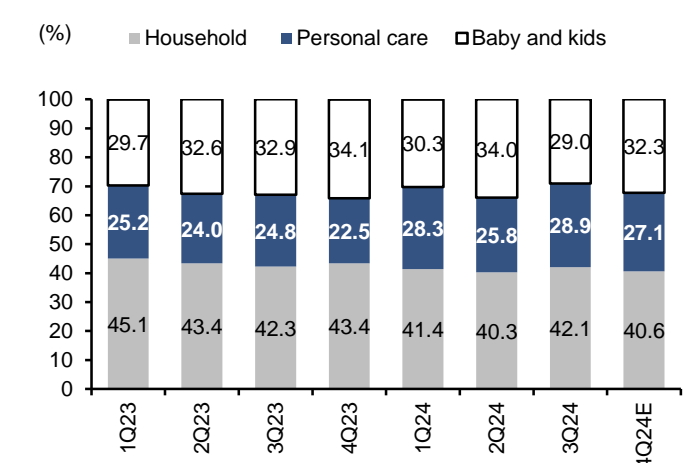
Sources: NEO, FSSIA estimates

Exhibit 2: Quarterly total revenue and growth

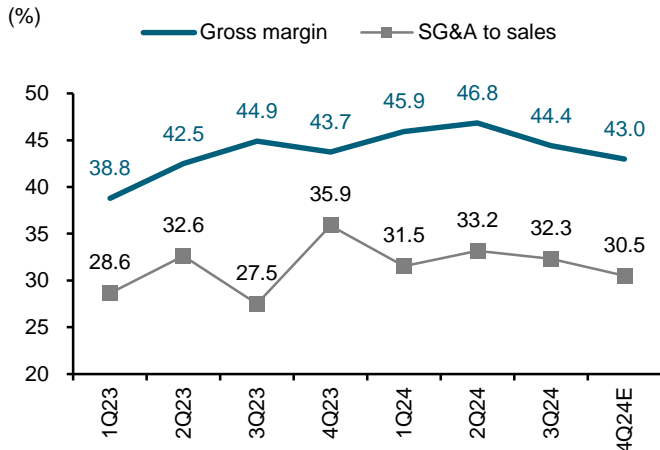


Sources: NEO, FSSIA estimates

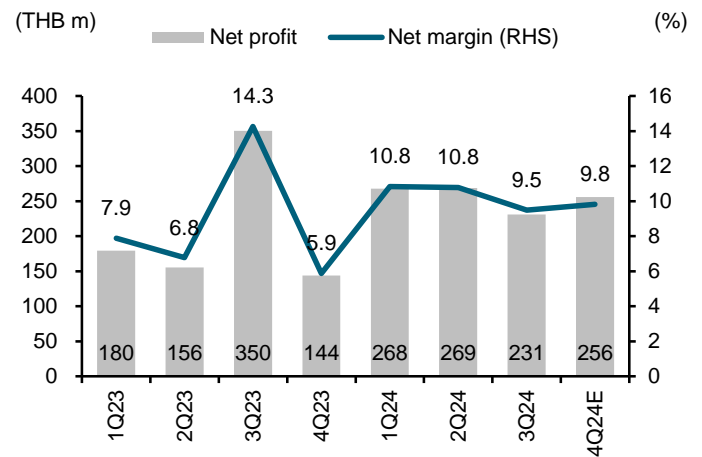
Exhibit 3: Quarterly revenue breakdown by product segment



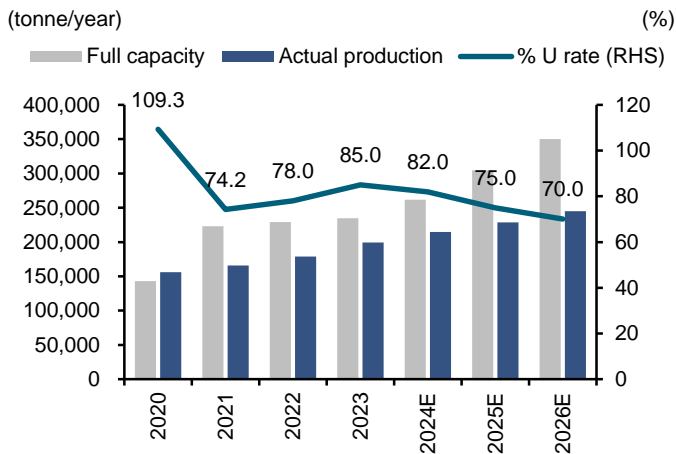
Sources: NEO, FSSIA estimates

Exhibit 4: Quarterly gross margin and SG&A to sales

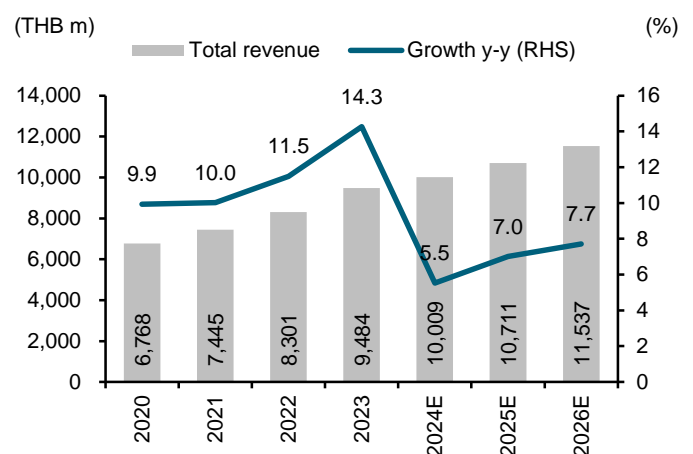
Sources: NEO, FSSIA estimates

Exhibit 5: Quarterly net profit and net margin

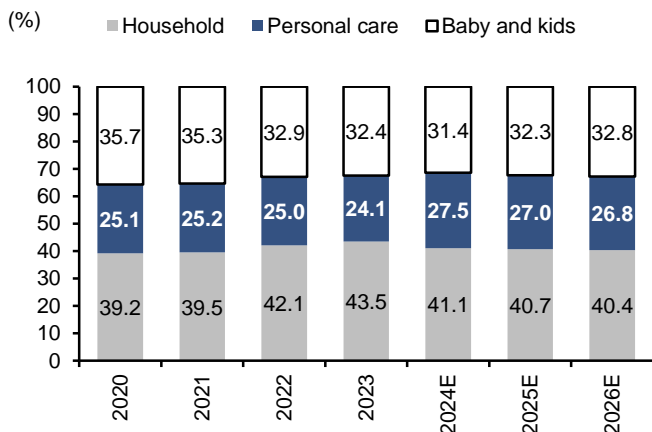
Sources: NEO, FSSIA estimates

Exhibit 6: Capacity production and utilization rate

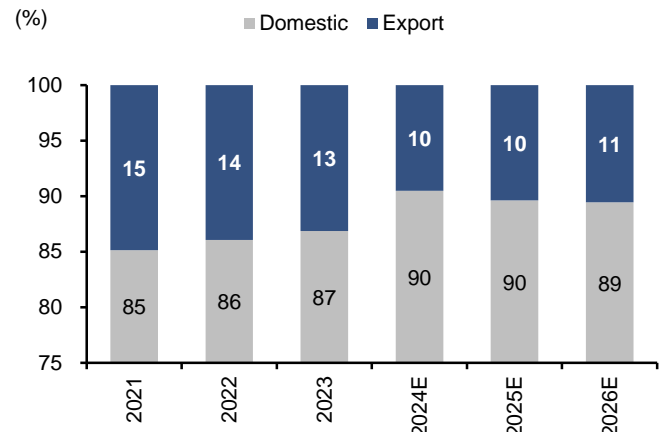
Sources: NEO, FSSIA estimates

Exhibit 7: Yearly total revenue and growth

Sources: NEO, FSSIA estimates

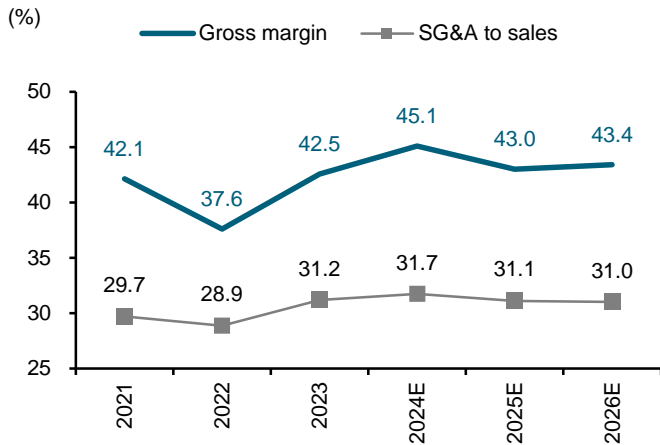
Exhibit 8: Revenue contribution by product segment

Sources: NEO, FSSIA estimates

Exhibit 9: Revenue contribution by destination

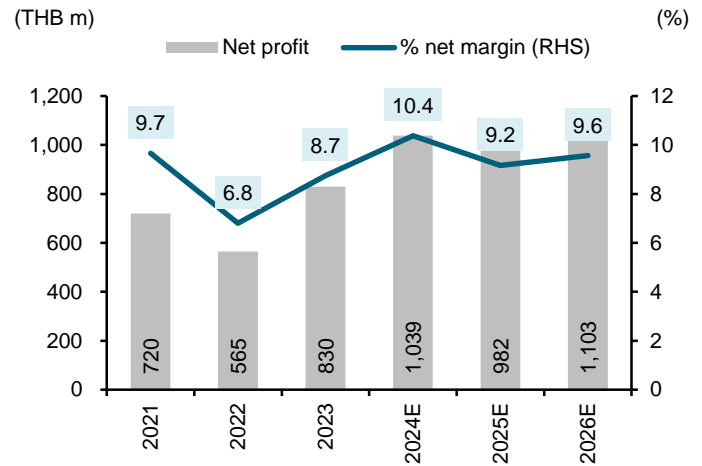
Sources: NEO, FSSIA estimates

Exhibit 10: Yearly gross margin and SG&A to sales



Sources: NEO, FSSIA estimates

Exhibit 11: Yearly net profit and net margin



Sources: NEO, FSSIA estimates

Exhibit 12: Peers comparison as of 21 January 2025

| Company | BBG | Market Cap (USD m) | Gross margin 24E (%) | Net margin 24E (%) | PE | | | ROE | | PBV | | EV/EBITDA | |
|--------------------------|-----------|-----------------------|----------------------------|--------------------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | 5Y-avg (x) | 24E (x) | 25E (x) | 24E (%) | 25E (%) | 24E (x) | 25E (x) | 24E (x) | 25E (x) |
| Thailand | | | | | | | | | | | | | |
| Osotspa* | OSP TB | 1,893 | 41.6 | 10.3 | 34.2 | 21.8 | 20.2 | 17.3 | 17.6 | 3.6 | 3.5 | 12.3 | 11.5 |
| Srinanaporn Marketing* | SNNP TB | 337 | 32.2 | 11.5 | 28.8 | 17.6 | 15.9 | 20.1 | 21.4 | 3.5 | 3.4 | 11.5 | 10.4 |
| Neo Corporate* | NEO TB | 275 | 49.9 | 10.4 | n/a | 9.0 | 9.5 | 33.1 | 19.0 | 2.0 | 1.7 | 5.7 | 6.1 |
| Berli Jucker* | BJC TB | 2,691 | 31.8 | 2.6 | 28.3 | 20.8 | 18.0 | 3.7 | 4.2 | 0.8 | 0.7 | 11.9 | 11.5 |
| Taokaenoi Food&Marketing | TKN TB | 350 | 33.4 | 14.0 | 42.5 | 14.6 | 14.5 | 35.5 | 33.0 | 5.0 | 4.6 | 10.9 | 10.3 |
| Karmarts | KAMART TB | 402 | 46.7 | 22.4 | 18.1 | 18.8 | 16.6 | 20.5 | 21.6 | 3.1 | 3.4 | 14.5 | 12.6 |
| Thailand average | | 5,948 | | | 30.4 | 17.1 | 15.8 | 21.7 | 19.5 | 3.0 | 2.9 | 11.1 | 10.4 |
| Regional | | | | | | | | | | | | | |
| Procter & Gamble | PG US | 380,857 | 51.2 | 19.1 | 24.3 | 24.7 | 23.4 | 32.9 | 32.3 | 7.9 | 7.2 | 17.6 | 16.8 |
| Johnson & Johnson | JNJ US | 356,689 | 74.6 | 27.2 | 21.0 | 14.9 | 14.0 | 31.8 | 32.4 | 4.9 | 4.6 | 12.0 | 11.2 |
| Unilever | ULVR LN | 140,904 | 44.8 | 12.0 | 20.0 | 18.8 | 17.5 | 38.7 | 38.3 | 7.1 | 6.6 | 12.9 | 12.2 |
| Lion Corporation | 4912 JP | 3,048 | 45.7 | 4.9 | 23.7 | 23.4 | 22.2 | 7.0 | 7.1 | 1.6 | 1.5 | 9.4 | 8.8 |
| KAO Corporation | 4452 JP | 17,845 | 38.5 | 6.7 | 35.2 | 25.8 | 23.7 | 10.7 | 11.3 | 2.7 | 2.6 | 11.7 | 10.9 |
| Colgate-Palmolive | CL US | 72,085 | 60.7 | 14.6 | 26.7 | 24.7 | 23.3 | 369.6 | 224.8 | 87.5 | 73.1 | 15.9 | 15.3 |
| Beiersdorf AG | BEI GY | 32,197 | 58.0 | 9.8 | 35.6 | 29.1 | 26.2 | 11.1 | 11.5 | 3.3 | 3.0 | 15.3 | 14.2 |
| Regional average | | 1,003,626 | | | 26.7 | 23.0 | 21.5 | 71.7 | 51.1 | 16.4 | 14.1 | 13.5 | 12.8 |
| Overall average | | 1,009,574 | | | 28.2 | 20.3 | 18.8 | 48.6 | 36.5 | 10.2 | 8.9 | 12.4 | 11.7 |

Sources: Bloomberg; *FSSIA estimates

Financial Statements

Neo Corporate

| Profit and Loss (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|--------------|--------------|--------------|--------------|--------------|
| Revenue | 8,301 | 9,484 | 10,009 | 10,711 | 11,537 |
| Cost of goods sold | (5,181) | (5,449) | (5,495) | (6,105) | (6,530) |
| Gross profit | 3,120 | 4,035 | 4,514 | 4,606 | 5,007 |
| Other operating income | 22 | 28 | 67 | 64 | 69 |
| Operating costs | (2,395) | (2,957) | (3,175) | (3,331) | (3,576) |
| Operating EBITDA | 1,070 | 1,461 | 1,883 | 1,925 | 2,149 |
| Depreciation | (323) | (355) | (476) | (586) | (649) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 746 | 1,106 | 1,406 | 1,339 | 1,500 |
| Net financing costs | (36) | (55) | (89) | (96) | (100) |
| 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 | 710 | 1,052 | 1,318 | 1,243 | 1,400 |
| Tax | (142) | (212) | (264) | (249) | (280) |
| Profit after tax | 569 | 840 | 1,054 | 995 | 1,120 |
| Minority interests | (4) | (10) | (15) | (13) | (17) |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | - | - | - | - | - |
| Reported net profit | 565 | 830 | 1,039 | 982 | 1,103 |
| Non-recurring items & goodwill (net) | - | - | - | - | - |
| Recurring net profit | 565 | 830 | 1,039 | 982 | 1,103 |
| Per share (THB) | | | | | |
| Recurring EPS * | 2.54 | 3.74 | 3.46 | 3.27 | 3.68 |
| Reported EPS | 2.54 | 3.74 | 3.46 | 3.27 | 3.68 |
| DPS | 2.56 | 4.95 | 1.73 | 1.64 | 1.84 |
| Diluted shares (used to calculate per share data) | 222 | 222 | 300 | 300 | 300 |
| Growth | | | | | |
| Revenue (%) | 11.5 | 14.3 | 5.5 | 7.0 | 7.7 |
| Operating EBITDA (%) | (15.2) | 36.6 | 28.9 | 2.3 | 11.6 |
| Operating EBIT (%) | (21.1) | 48.2 | 27.1 | (4.8) | 12.0 |
| Recurring EPS (%) | (21.5) | 47.0 | (7.3) | (5.5) | 12.4 |
| Reported EPS (%) | (21.5) | 47.0 | (7.3) | (5.5) | 12.4 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 37.6 | 42.5 | 45.1 | 43.0 | 43.4 |
| Gross margin exc. depreciation (%) | 41.5 | 46.3 | 49.9 | 48.5 | 49.0 |
| Operating EBITDA margin (%) | 12.9 | 15.4 | 18.8 | 18.0 | 18.6 |
| Operating EBIT margin (%) | 9.0 | 11.7 | 14.0 | 12.5 | 13.0 |
| Net margin (%) | 6.8 | 8.7 | 10.4 | 9.2 | 9.6 |
| Effective tax rate (%) | 19.9 | 20.2 | 20.0 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | 100.8 | 132.5 | 50.0 | 50.0 | 50.0 |
| Interest cover (X) | 20.6 | 20.3 | 15.9 | 14.0 | 15.0 |
| Inventory days | 59.3 | 58.6 | 60.9 | 63.1 | 64.5 |
| Debtor days | 80.7 | 75.4 | 76.3 | 77.4 | 77.1 |
| Creditor days | 84.5 | 127.3 | 130.7 | 84.1 | 85.9 |
| Operating ROIC (%) | 18.3 | 23.8 | 21.9 | 14.7 | 13.7 |
| ROIC (%) | 17.5 | 22.5 | 20.9 | 14.3 | 13.4 |
| ROE (%) | 28.0 | 45.0 | 33.1 | 19.0 | 18.7 |
| ROA (%) | 9.8 | 13.0 | 12.8 | 9.6 | 9.5 |

* Pre-exceptional, pre-goodwill and fully diluted

| Revenue by Division (THB m) | 2022 | 2023 | 2024E | 2025E | 2026E |
|-----------------------------|-------|-------|-------|-------|-------|
| Household products | 3,498 | 4,127 | 4,112 | 4,359 | 4,664 |
| Personal care products | 2,071 | 2,287 | 2,753 | 2,891 | 3,093 |
| Baby and kids products | 2,731 | 3,070 | 3,144 | 3,462 | 3,780 |

Sources: Neo Corporate; FSSIA estimates

Financial Statements

Neo Corporate

| Cash Flow (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|--------------|--------------|----------------|----------------|----------------|
| Recurring net profit | 565 | 830 | 1,039 | 982 | 1,103 |
| Depreciation | 323 | 355 | 476 | 586 | 649 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | 4 | (243) | 259 | 5 | 4 |
| Change in working capital | (152) | 157 | (162) | (15) | (34) |
| Cash flow from operations | 740 | 1,098 | 1,612 | 1,558 | 1,723 |
| Capex - maintenance | (663) | (704) | (3,156) | (2,034) | (1,708) |
| Capex - new investment | - | - | - | - | - |
| Net acquisitions & disposals | - | - | - | - | - |
| Other investments (net) | 3 | (132) | 105 | (9) | (11) |
| Cash flow from investing | (660) | (837) | (3,051) | (2,044) | (1,719) |
| Dividends paid | (307) | (1,657) | (520) | (491) | (552) |
| Equity finance | 0 | 0 | 3,078 | 0 | 0 |
| Debt finance | (106) | 1,652 | (668) | 767 | 218 |
| Other financing cash flows | 79 | 9 | 9 | 28 | 33 |
| Cash flow from financing | (335) | 3 | 1,899 | 304 | (301) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | (255) | 265 | 460 | (182) | (297) |
| Free cash flow to firm (FCFF) | 116.06 | 315.80 | (1,350.86) | (390.25) | 104.00 |
| Free cash flow to equity (FCFE) | 52.45 | 1,921.90 | (2,098.79) | 309.32 | 255.15 |
| Per share (THB) | | | | | |
| FCFF per share | 0.39 | 1.05 | (4.50) | (1.30) | 0.35 |
| FCFE per share | 0.17 | 6.41 | (7.00) | 1.03 | 0.85 |
| Recurring cash flow per share | 4.02 | 4.24 | 5.91 | 5.24 | 5.86 |
| Balance Sheet (THB m) Year Ending Dec | | | | | |
| Tangible fixed assets (gross) | 4,900 | 4,900 | 7,452 | 9,762 | 11,085 |
| Less: Accumulated depreciation | (1,781) | (1,204) | (1,490) | (1,952) | (2,217) |
| Tangible fixed assets (net) | 3,119 | 3,696 | 5,961 | 7,809 | 8,868 |
| Intangible fixed assets (net) | 0 | 0 | 47 | 47 | 47 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 11 | 6 | 6 | 6 | 6 |
| Cash & equivalents | 224 | 488 | 948 | 766 | 470 |
| A/C receivable | 1,929 | 1,992 | 2,194 | 2,348 | 2,529 |
| Inventories | 864 | 772 | 903 | 1,004 | 1,073 |
| Other current assets | 45 | 52 | 50 | 54 | 58 |
| Current assets | 3,061 | 3,304 | 4,095 | 4,171 | 4,130 |
| Other assets | 144 | 282 | 130 | 139 | 150 |
| Total assets | 6,335 | 7,287 | 10,239 | 12,172 | 13,200 |
| Common equity | 2,144 | 1,544 | 4,727 | 5,618 | 6,170 |
| Minorities etc. | 267 | 24 | 283 | 287 | 291 |
| Total shareholders' equity | 2,411 | 1,568 | 5,010 | 5,905 | 6,461 |
| Long term debt | 726 | 1,740 | 1,748 | 2,065 | 2,390 |
| Other long-term liabilities | 383 | 392 | 400 | 428 | 461 |
| Long-term liabilities | 1,108 | 2,131 | 2,148 | 2,493 | 2,851 |
| A/C payable | 1,162 | 2,391 | 1,204 | 1,338 | 1,431 |
| Short term debt | 364 | 1,001 | 325 | 775 | 668 |
| Other current liabilities | 1,290 | 196 | 1,551 | 1,660 | 1,788 |
| Current liabilities | 2,816 | 3,588 | 3,081 | 3,773 | 3,887 |
| Total liabilities and shareholders' equity | 6,335 | 7,287 | 10,239 | 12,172 | 13,200 |
| Net working capital | 386 | 229 | 391 | 406 | 440 |
| Invested capital | 3,659 | 4,212 | 6,535 | 8,407 | 9,510 |
| * Includes convertibles and preferred stock which is being treated as debt | | | | | |
| Per share (THB) | | | | | |
| Book value per share | 9.66 | 6.95 | 15.76 | 18.73 | 20.57 |
| Tangible book value per share | 9.66 | 6.95 | 15.60 | 18.57 | 20.41 |
| Financial strength | | | | | |
| Net debt/equity (%) | 35.9 | 143.7 | 22.5 | 35.1 | 40.1 |
| Net debt/total assets (%) | 13.7 | 30.9 | 11.0 | 17.0 | 19.6 |
| Current ratio (x) | 1.1 | 0.9 | 1.3 | 1.1 | 1.1 |
| CF interest cover (x) | 2.5 | 36.2 | (22.7) | 4.2 | 3.6 |
| Valuation | | | | | |
| Recurring P/E (x) * | 12.3 | 8.4 | 9.0 | 9.5 | 8.5 |
| Recurring P/E @ target price (x) * | 19.5 | 13.2 | 14.3 | 15.1 | 13.5 |
| Reported P/E (x) | 12.3 | 8.4 | 9.0 | 9.5 | 8.5 |
| Dividend yield (%) | 8.2 | 15.8 | 5.5 | 5.2 | 5.9 |
| Price/book (x) | 3.2 | 4.5 | 2.0 | 1.7 | 1.5 |
| Price/tangible book (x) | 3.2 | 4.5 | 2.0 | 1.7 | 1.5 |
| EV/EBITDA (x) ** | 7.5 | 6.3 | 5.7 | 6.1 | 5.7 |
| EV/EBITDA @ target price (x) ** | 11.3 | 9.1 | 8.6 | 8.9 | 8.2 |
| EV/invested capital (x) | 2.2 | 2.2 | 1.6 | 1.4 | 1.3 |
| * Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income | | | | | |

Sources: Neo Corporate; FSSIA estimates

Neo Corporate PCL (NEO TB)

FSSIA ESG rating

n/a

Exhibit 13: FSSIA ESG score implication

| Rating | Score | Implication |
|--------|---------|--|
| ★★★★★ | >79-100 | Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability. |
| ★★★★ | >59-79 | A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers. |
| ★★★ | >39-59 | Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually. |
| ★★ | >19-39 | Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable. |
| ★ | 1-19 | The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC. |

Source: FSSIA estimates

Exhibit 14: ESG – peer comparison

| | FSSIA ESG score | Domestic ratings | | | | | | Global ratings | | | | | Bloomberg | | |
|----------|-----------------------|------------------|------------|-------------------|-------------|--------------|----------|-------------------------|-------------|------|---------|-----------|---------------|--------------|---------------------|
| | | DJSI | SET ESG | SET ESG Rating | CG score | AGM level | Thai CAC | Morningstar ESG risk | ESG Book | MSCI | Moody's | Refinitiv | S&P Global | ESG score | Disclosure score |
| SET100 | 67.71 | 5.69 | 4.38 | 4.05 | 4.77 | 4.43 | 4.02 | Medium | 57.34 | BBB | 22.70 | 60.82 | 67.31 | 1.19 | 35.34 |
| Coverage | 66.17 | 5.16 | 4.33 | 3.94 | 4.81 | 4.43 | 3.83 | Medium | 56.41 | BBB | 18.92 | 59.20 | 65.82 | 1.38 | 35.46 |
| APCO | 16.00 | -- | -- | -- | 4.00 | 4.00 | Declared | -- | -- | -- | -- | -- | -- | -- | -- |
| DDD | 15.00 | -- | -- | -- | 5.00 | 5.00 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| NEO | n/a | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |

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

Exhibit 15: ESG disclosure from the company's one report

| FY ending Dec 31 | FY 2023 | FY ending Dec 31 | FY 2023 |
|---|---------|---|------------------|
| Environmental | | Governance | |
| Climate change policy | Yes | Board size / Independent directors (ID) / Female | 9 / 4 / 3 |
| Climate change opportunities discussed | -- | No. of board meetings for the year / % attendance | 9 / 98.8% |
| GHG scope 2 location-based policy | Yes | Company conducts board evaluations | Yes |
| Biodiversity policy | Yes | Number of non-executive directors on board | 4 |
| Energy efficiency policy | Yes | Director share ownership guidelines | No |
| Electricity used | Yes | Board age limit | No |
| Fuel used - crude oil/diesel | Yes | Age of the youngest / oldest director | 30 / 62 |
| Waste reduction policy | Yes | Number of executives / female | 7 / 6 |
| Water policy | Yes | Executive share ownership guidelines | No |
| Water consumption | Yes | Size of audit committee / ID | 3 / 3 |
| Social | | Audit committee meetings | 6 |
| Human rights policy | Yes | Audit committee meeting attendance (%) | 100 |
| Policy against child labor | Yes | Size of compensation committee | 3 / 2 |
| Quality assurance and recall policy | Yes | Number of compensation committee meetings | 2 |
| Consumer data protection policy | -- | Compensation committee meeting attendance (%) | 100 |
| Equal opportunity policy | Yes | Size of nomination committee / ID | 3 / 2 |
| Gender pay gap breakout | -- | Number of nomination committee meetings | 2 |
| Pct women in workforce | Yes | Nomination committee meeting attendance (%) | 100 |
| Business ethics policy | Yes | Board compensation (THB m) | 2.87 |
| Anti-bribery ethics policy | Yes | Auditor fee (THB m) | 3.93 |
| Health and safety policy | Yes | (EY Office Limited) | |
| Lost time incident rate - employees | -- | | |
| Training policy | Yes | | |
| Fair remuneration policy | Yes | | |
| Number of employees - CSR | -- | | |
| Total hours spent by firm - employee training | -- | | |
| Social supply chain management | Yes | | |

Source: 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. | | | | | | | | | | | | | | | | | | | | |
| 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 Sustainabilitys | 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+ | | | | | | | | | | |
| 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="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 |
| 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 | | | | | | | | | | | | | | | | | | | |
| 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

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Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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| Company | Ticker | Price | Rating | Valuation & Risks |
|-----------------------|---------|-----------|--------|--|
| Neo Corporate | NEO TB | THB 31.25 | BUY | Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) the high volatility of raw material prices; 3) changing consumer demand and lifestyles; and 4) the failure of new products. |
| Osotspa | OSP TB | THB 21.50 | BUY | Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) higher-than-expected competition; 3) high volatility in energy costs; and 4) changing legal policies both in Thailand and Myanmar. |
| Srinanaporn Marketing | SNNP TB | THB 12.10 | BUY | Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) a potential rise in raw material costs; 3) a slower-than-expected capacity expansion; and 4) unsuccessful new products. |
| Berli Jucker | BJC TB | THB 22.90 | BUY | Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a higher in raw material prices. |

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 21-Jan-2025 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.