

# SAFE FERTILITY GROUP

## THAILAND / HEALTH CARE SERVICES

# SAFE TB

# HOLD

UNCHANGED

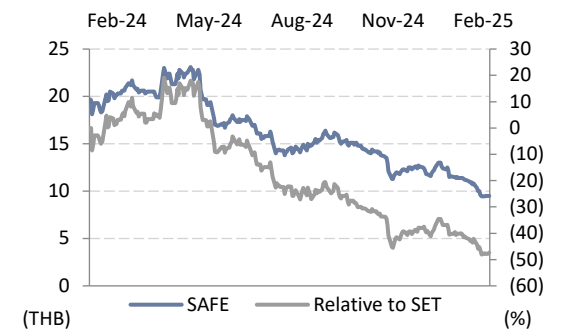
## คาดการณ์ 4Q24 ต่ำสุดของปี 2024

- คาดกำไรสุทธิ 4Q24 จะลดลงทั้ง q-q และ y-y จากภาวะเศรษฐกิจที่ซบเซาและกำลังซื้อระดับบนระมัดระวังการใช้จ่าย
- ปรับลดประมาณการกำไรปี 2024-26 ลง 13-15% เพื่อสะท้อนภาวะตลาด IVF จะลดลงตามภาวะเศรษฐกิจที่ฟื้นตัวช้ากว่าคาด และธุรกิจบริการตรวจโครโมโซมที่แข่งขันสูง
- ปรับลดราคาเป้าหมายปี 2025 เป็น 10.25 บาท Upside จำกัด ยังแนะนำ "ถือ"

|                 |          |
|-----------------|----------|
| TARGET PRICE    | THB10.25 |
| CLOSE           | THB9.50  |
| UP/DOWNSIDE     | +7.9%    |
| PRIOR TP        | THB14.70 |
| CHANGE IN TP    | -30.3%   |
| TP vs CONSENSUS | -23.9%   |

## KEY STOCK DATA

| YE Dec (THB m)       | 2023   | 2024E  | 2025E  | 2026E  |
|----------------------|--------|--------|--------|--------|
| Revenue              | 849    | 808    | 890    | 980    |
| Net profit           | 204    | 165    | 182    | 201    |
| EPS (THB)            | 0.67   | 0.54   | 0.60   | 0.66   |
| vs Consensus (%)     | -      | (12.6) | (11.8) | (15.9) |
| EBITDA               | 302    | 272    | 321    | 369    |
| Recurring net profit | 204    | 165    | 182    | 201    |
| Core EPS (THB)       | 0.67   | 0.54   | 0.60   | 0.66   |
| Chg. In EPS est. (%) | -      | (15.0) | (14.3) | (13.2) |
| EPS growth (%)       | (6.6)  | (18.9) | 10.2   | 10.0   |
| Core P/E (x)         | 14.2   | 17.5   | 15.8   | 14.4   |
| Dividend yield (%)   | 1.6    | 2.8    | 2.3    | 2.5    |
| EV/EBITDA (x)        | 5.7    | 6.2    | 5.2    | 4.5    |
| Price/book (x)       | 1.7    | 1.7    | 1.6    | 1.5    |
| Net debt/Equity (%)  | (71.1) | (68.6) | (65.0) | (64.2) |
| ROE (%)              | 14.3   | 9.7    | 10.1   | 10.7   |



| Share price performance        | 1 Month                     | 3 Month | 12 Month |
|--------------------------------|-----------------------------|---------|----------|
| Absolute (%)                   | (17.4)                      | (26.9)  | (51.8)   |
| Relative to country (%)        | (13.0)                      | (16.7)  | (47.5)   |
| Mkt cap (USD m)                | 86                          |         |          |
| 3m avg. daily turnover (USD m) | 0.0                         |         |          |
| Free float (%)                 | 26                          |         |          |
| Major shareholder              | Quangkananurug family (61%) |         |          |
| 12m high/low (THB)             | 23.70/9.25                  |         |          |
| Issued shares (m)              | 303.95                      |         |          |

Sources: Bloomberg consensus; FSSIA estimates

## คาดการณ์กำไรสุทธิ 4Q24 -16% q-q, -55% y-y ต่ำสุดของปี 2024

เราคาดการณ์กำไรสุทธิ 4Q24 ที่ 24 ล้านบาท ลดลง 16% q-q และ 55% y-y โดยคาดการณ์รายได้รวม 174 ลบ. ลดลง 10% q-q และ 21% y-y จากจำนวนรอบของการเก็บไข่ชะลอมอยู่ที่ 265 รอบ จาก 290 รอบใน 3Q24 และ 323 รอบใน 4Q23 จากจำนวนลูกค้าในประเทศที่ชะลอตัวจากภาวะเศรษฐกิจที่ย่ำแย่ ลูกค้าระดับบนชะลอการใช้จ่ายต่อสินค้าหรือบริการที่มีราคาสูง และคาดการณ์ค่าบริการตรวจพันธุกรรมลดลงตามจำนวนเคสของ IVF ที่ชะลอตัว รวมถึงมีการปรับลดราคาค่าบริการลงจากภาวะการแข่งขันด้านราคาที่สูงขึ้นและอัตราการฝากครรภ์ที่ลดลง ส่วนอัตรากำไรขั้นต้นอยู่ที่ 52.3% ทรงตัว 52% ใน 3Q24 และ 54.2% ใน 4Q23 ส่วนค่าใช้จ่ายในการดำเนินงานทรงตัวทั้ง q-q, y-y จบปี 2024 จะมีกำไรสุทธิ 165 ล้านบาท ลดลง 15% y-y

## ปรับลดประมาณการปี 2024-26 ลง 13-15% จากภาวะตลาดที่แข่งขันสูงขึ้น

ตามคาดการณ์กำไร 4Q24 ลดลงทั้ง q-q, y-y ต่ำกว่าที่เราคาดการณ์ก่อนหน้านี้ ประกอบกับภาวะตลาด IVF ยังฟื้นตัวช้าตามภาวะเศรษฐกิจไทยที่ย่ำแย่ และการให้บริการตรวจโครโมโซมที่มีการแข่งขันด้านราคาสูงต่อเนื่อง แม้เริ่มเห็นจำนวนลูกค้าต่างชาติเข้ามาใช้บริการเพิ่มขึ้นในช่วงเดือน ก.พ. 2025 ที่ผ่านมา แต่ยังคงถือว่าฟื้นตัวช้ากว่าคาด ประกอบกับแผนการขยายสาขาไม่ได้ตามเป้า เราจึงปรับลดประมาณการกำไรสุทธิปี 2024-26 ลง 13-15% เป็น 165 ล้านบาท -15% y-y และปี 2025 ที่ 182 ล้านบาท +10% y-y ส่วนปี 2026 อยู่ที่ 201 ล้านบาท +10% y-y จากการปรับสมมติฐานจำนวนรอบเก็บไข่ที่ลดลงเล็กน้อย รวมถึงการให้บริการด้าน NGG (ตรวจพันธุกรรมและคิดเป็น 20% ของรายได้รวม) ลดลงจากการแข่งขันด้านราคาที่ยังสูง อีกทั้งเรายังปรับลดสมมติฐานค่าบริการต่อการรอบการเก็บไข่ลดลงจาก 5.4 แสนบาท/รอบ เป็น 5.3 แสนบาท/รอบ เพื่อสะท้อนภาวะตลาด IVF ที่เป็นปัจจุบัน

## แนวโน้มตลาด IVF และบริการตรวจพันธุกรรมปี 2025 ยังท้าทาย

แม้รัฐบาลไทยออกกฎหมายสมรสเท่าเทียมแต่ยังไม่เห็น พรบ. อุ่มบุญที่อยู่ระหว่างการพิจารณาของสภา เพื่อให้คู่สมรสที่จดทะเบียนตามกฎหมายมีลูกได้ หากผ่านเชื่อว่าส่งผลให้แนวโน้มของอุตสาหกรรม IVF คึกคักมากขึ้น อย่างไรก็ตามด้วยภาวะเศรษฐกิจที่ฟื้นตัวช้า เชื่อว่ากำลังซื้อที่ชะลอตัวและคนมีฐานะยังชะลอหรือระมัดระวังการใช้จ่ายมากขึ้น จะเป็นอุปสรรคต่อธุรกิจ IVF เพราะการให้บริการ IVF มีค่าใช้จ่ายสูง อีกทั้งหลายประเทศอย่างจีนได้อุดหนุนหรือส่งเสริมการทำ IVF ในประเทศของตนเองเพิ่มมากขึ้น

## ปรับลดราคาเป้าหมายเป็น 10.25 บาท Upside จำกัด คงคำแนะนำ "ถือ"

จากผลการปรับลดประมาณการดังกล่าว เราจึงได้ปรับลดราคาเป้าหมายใหม่เป็น 10.25 บาท ราคาหุ้นปัจจุบันมี Upside จำกัด คงคำแนะนำ ถือ



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### Investment thesis

SAFE ดำเนินธุรกิจให้บริการและรักษาผู้มีบุตรยากแบบ Fully Integrated Fertility Service ด้วยเทคโนโลยีทันสมัย มีมาตรฐานการรักษา และความปลอดภัยระดับสากล ปัจจุบันมี 5 สาขา โดยทีมแพทย์ผู้เชี่ยวชาญกว่า 14 ท่าน (ประสบการณ์เฉลี่ย >20 ปี) และทีมนักวิทยาศาสตร์กว่า 30 ท่าน ด้วยอัตราความสำเร็จในการรักษา ภาวะผู้มีบุตรยากเฉลี่ยมากกว่า 75% สูงกว่าค่าเฉลี่ยของอุตสาหกรรมที่ 45% ปัจจุบันลูกค้าต่างชาติคิดเป็นสัดส่วน 50% อาทิ จีน อินเดีย พม่า และเวียดนาม เป็นต้น แนวโน้มอัตราการเจริญพันธุ์ที่ลดลง จะหนุนธุรกิจภาวะมีบุตรยาก อีกทั้งไทยยังเป็นจุดหมายของ Fertility Tourism ในราคาที่ถูกลงกว่าต่างประเทศบนมาตรฐานสากล

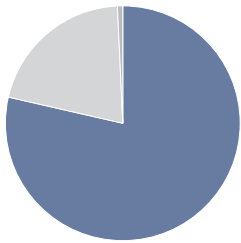
### Company profile

SAFE ให้บริการแบบ Integrated Full Service สำหรับศูนย์การแพทย์เพื่อการมีบุตร ด้วยบุคลากรที่มีความเชี่ยวชาญและมีประสบการณ์ เทคโนโลยีและอุปกรณ์ที่ทันสมัย มาตรฐานการรักษาระดับสูงทำให้บริษัท ได้รับการรับรองมาตรฐานคลินิกเด็กหลอดแก้วแห่งแรกของไทยจาก RTAC

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

### Principal activities (revenue, 2023)

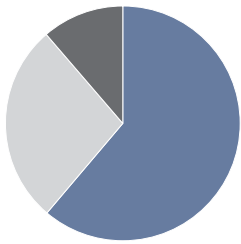
- Revenue from ICSI treatment - 78.6 %
- Revenue from genetic testing services for embryos and fetuses - 20.7 %
- Revenue from dermatology services - 0.7 %



Source: Safe Fertility Group

### Major shareholders

- Quangkananurug family - 61.2 %
- Initial public offering - 27.5 %
- Others - 11.3 %



Source: Safe Fertility Group

### Catalysts

ปัจจัยหนุนการเติบโตของกำไร คือ 1) การส่งเสริมการตลาด และผลของการนำบริษัทเข้าซื้อขายในตลาดหุ้นจะทำให้เป็นที่รู้จัก และเป็นที่น่าเชื่อถือมากขึ้น ซึ่งจะสามารถดึงดูดลูกค้าเพิ่มขึ้นในอนาคต 2) การขยายสาขาอีก 2-4 สาขาในอีก 3 ปีข้างหน้า รวมถึงการขยายห้องปฏิบัติการ Lab ที่เป็น outsource อีก 3-4 แห่ง และ 3) บริษัทมีแผนการทำ M&A บริษัทอื่นที่ทำ IVF ทั้งในและต่างประเทศ

### Risks to our call

ความเสี่ยงที่จะมีผลต่อประมาณการของเรา ได้แก่ เกิดเหตุฟ้องร้องหรือร้องเรียนหากวิธีการรักษาเกิดความผิดพลาด ลูกค้าต่างชาติลดลงจากผลกระทบของการเดินทาง หรือกรณีเกิดโรคระบาดใหม่ และต้นทุนค่ายาปรับตัวสูงขึ้นมากกว่าที่คาด

### Event calendar

| Date        | Event                     |
|-------------|---------------------------|
| 20 Feb 2025 | 4Q24 results announcement |

### Key assumptions

|                              | 2024E | 2025E | 2026E |
|------------------------------|-------|-------|-------|
| จำนวนรอบเก็บไข่ (OPU Cycle)  | 1,221 | 1,299 | 1,350 |
| รายได้/Treatment Cycle (ลบ.) | 0.53  | 0.53  | 0.53  |
| Gross Margin                 | 53%   | 53%   | 53%   |

Source: FSSIA estimates

### Earnings sensitivity

- For every 10% increase in revenue, we estimate 2024 net profit to rise by 3.4%, and vice versa, all else being equal.
- For every 1% increase in GPM, we estimate 2024 net profit to rise by 7.8%, and vice versa, all else being equal.

Source: FSSIA estimates

## Exhibit 1: SAFE - 4Q24 Earnings Preview

| Profit & Loss Statement    | 4Q23       | 1Q24       | 2Q24       | 3Q24       | 4Q24E      | Change       |              |
|----------------------------|------------|------------|------------|------------|------------|--------------|--------------|
| Year to Dec 31             | (THB m)    | (THB m)    | (THB m)    | (THB m)    | (THB m)    | (q-q %)      | (y-y %)      |
| Revenue                    | 219        | 251        | 215        | 193        | 174        | (10)         | (21)         |
| Cost of services           | 100        | 105        | 96         | 92         | 83         | (10)         | (17)         |
| Gross profit               | 119        | 147        | 119        | 100        | 91         | (9)          | (24)         |
| Operating costs            | 65         | 63         | 65         | 62         | 63         | 2            | (4)          |
| <b>Operating profit</b>    | <b>53</b>  | <b>84</b>  | <b>54</b>  | <b>38</b>  | <b>28</b>  | <b>(27)</b>  | <b>(48)</b>  |
| Other income               | 6          | 1          | 5          | 2          | 3          | n/a          | n/a          |
| Interest expense           | (1)        | (1)        | (1)        | (1)        | (1)        | 10           | 2            |
| <b>Profit before tax</b>   | <b>59</b>  | <b>84</b>  | <b>58</b>  | <b>39</b>  | <b>30</b>  | <b>(24)</b>  | <b>(49)</b>  |
| Tax                        | (5)        | (18)       | (12)       | (11)       | (6)        | (44)         | 20           |
| <b>Reported net profit</b> | <b>54</b>  | <b>67</b>  | <b>46</b>  | <b>29</b>  | <b>24</b>  | <b>(16)</b>  | <b>(55)</b>  |
| <b>Key Ratios (%)</b>      | <b>(%)</b> | <b>(%)</b> | <b>(%)</b> | <b>(%)</b> | <b>(%)</b> | <b>(ppt)</b> | <b>(ppt)</b> |
| Gross margin               | 54.2       | 58.4       | 55.3       | 52.0       | 52.3       | 0.3          | (1.9)        |
| SG&A / Sales               | 29.8       | 25.0       | 30.0       | 32.1       | 36.2       | 4.1          | 6.4          |
| Effective tax rate         | 8.5        | 20.9       | 21.3       | 27.3       | 20.0       | (7.3)        | 11.5         |

Sources: SAFE, FSSIA estimates

## Exhibit 2: Earnings Revision

| Key assumptions         | New   |       |       | Previous |       |       | % change |        |        |
|-------------------------|-------|-------|-------|----------|-------|-------|----------|--------|--------|
|                         | 2024E | 2025E | 2026E | 2024E    | 2025E | 2026E | 2024E    | 2025E  | 2026E  |
| Revenues (THB m)        | 808   | 890   | 980   | 850      | 934   | 1,028 | (4.9)    | (4.7)  | (4.7)  |
| Net profits (THB m)     | 165   | 182   | 201   | 195      | 213   | 231   | (15.2)   | (14.4) | (13.1) |
| Gross profit margin (%) | 53.0  | 53.0  | 53.0  | 54.5     | 54.5  | 54.5  | (2.8)    | (2.8)  | (2.8)  |

Source: FSSIA estimate

## Exhibit 3: Peer comparison as of 14 Feb 2025

| Company                    | BBG     | Market Cap    | EPS growth   |             | PE          |             | ROE           |               | PBV        |            | Div Yld    |            |
|----------------------------|---------|---------------|--------------|-------------|-------------|-------------|---------------|---------------|------------|------------|------------|------------|
|                            |         | (USD m)       | 24E          | 25E         | 24E         | 25E         | 24E           | 25E           | 24E        | 25E        | 24E        | 25E        |
|                            |         |               | (x)          | (x)         | (x)         | (x)         | (%)           | (%)           | (x)        | (x)        | (x)        | (x)        |
| <b>Thailand</b>            |         |               |              |             |             |             |               |               |            |            |            |            |
| Bangkok Dusit Med Service* | BDMS TB | 10,589        | 11.2         | 10.4        | 22.3        | 20.2        | 16.4          | 17.1          | 3.6        | 3.3        | 3.1        | 3.1        |
| Bumrungrad Hospital*       | BH TB   | 4,139         | 10.8         | 3.6         | 18.2        | 17.5        | 29.7          | 26.9          | 5.0        | 4.5        | 2.6        | 3.3        |
| Thonburi Healthcare Group* | THG TB  | 318           | 69.6         | 60.1        | 21.3        | 13.3        | 4.9           | 7.6           | 1.0        | 1.0        | 3.3        | 5.3        |
| Ramkhamhaeng Hospital*     | RAM TB  | 732           | 20.1         | 17.8        | 14.7        | 12.5        | 8.9           | 10.0          | 1.3        | 1.2        | 3.4        | 4.0        |
| Bangkok Chain Hospital*    | BCH TB  | 1,016         | (12.4)       | 28.9        | 27.7        | 21.5        | 9.6           | 11.8          | 2.6        | 2.5        | 2.6        | 2.0        |
| Chularat Hospital*         | CHG TB  | 694           | (1.7)        | 22.7        | 22.7        | 18.5        | 13.4          | 15.6          | 3.0        | 2.8        | 2.6        | 3.2        |
| Praram 9 Hospital*         | PR9 TB  | 505           | 28.7         | 13.6        | 23.7        | 20.8        | 13.5          | 14.1          | 3.1        | 2.8        | 2.1        | 2.4        |
| Safe Fertility Group*      | SAFE TB | 86            | (18.9)       | 10.2        | 17.5        | 15.8        | 9.7           | 10.1          | 1.7        | 1.6        | 2.8        | 2.3        |
| Genesis Fertility Center*  | GFC TB  | 33            | 6.1          | 14.5        | 13.6        | 11.9        | 14.6          | 16.3          | 2.0        | 1.9        | 2.8        | 2.9        |
| <b>Thailand average</b>    |         | <b>18,112</b> | <b>12.6</b>  | <b>20.2</b> | <b>20.2</b> | <b>16.9</b> | <b>13.4</b>   | <b>14.4</b>   | <b>2.6</b> | <b>2.4</b> | <b>2.8</b> | <b>3.2</b> |
| <b>Regional</b>            |         |               |              |             |             |             |               |               |            |            |            |            |
| Ramsay Health care         | RHC AU  | 5,157         | 4.9          | 26.2        | 26.6        | 21.1        | 6.1           | 7.7           | 1.6        | 1.5        | 2.4        | 3.0        |
| Ryman Healthcare           | RYM NZ  | 1,719         | 213.5        | 41.4        | 18.8        | 13.3        | 3.8           | 4.8           | 0.7        | 0.6        | 0.0        | 0.0        |
| Amvis Holdings             | 7071 JP | 430           | (2.0)        | 23.4        | 11.1        | 9.0         | 16.4          | 17.6          | 1.7        | 1.4        | 0.6        | 0.8        |
| Raffles Medical Group      | RFMD SP | 1,158         | (30.0)       | 8.3         | 23.2        | 21.4        | 6.5           | 6.7           | 1.5        | 1.4        | 2.8        | 2.9        |
| Summerset Group            | SUM NZ  | 1,782         | 199.9        | 13.3        | 15.2        | 13.4        | 7.3           | 7.5           | 1.1        | 1.0        | 1.9        | 1.9        |
| Regis Health               | REG AU  | 1,284         | 329.3        | 30.7        | 41.1        | 31.5        | (241.9)       | (330.4)       | n/a        | n/a        | 2.2        | 2.8        |
| Charm Care Corp            | 6062 JP | 284           | 22.3         | 9.5         | 9.1         | 8.3         | 21.2          | 21.2          | 1.9        | 1.6        | 2.6        | 2.8        |
| Monash IVF Group           | MVF AU  | 301           | 570.6        | 7.5         | 15.2        | 14.1        | 12.4          | 12.8          | 1.9        | 1.8        | 4.4        | 4.9        |
| <b>Regional average</b>    |         | <b>12,116</b> | <b>163.6</b> | <b>20.0</b> | <b>20.0</b> | <b>16.5</b> | <b>(21.0)</b> | <b>(31.5)</b> | <b>1.5</b> | <b>1.3</b> | <b>2.1</b> | <b>2.4</b> |
| <b>Overall average</b>     |         | <b>30,228</b> | <b>83.6</b>  | <b>20.1</b> | <b>20.1</b> | <b>16.7</b> | <b>(2.8)</b>  | <b>(7.2)</b>  | <b>2.1</b> | <b>1.9</b> | <b>2.5</b> | <b>2.8</b> |

Sources: Bloomberg Consensus; \*FSSIA estimates

## Financial Statements

### Safe Fertility Group

| Profit and Loss (THB m) Year Ending Dec           | 2022       | 2023       | 2024E      | 2025E      | 2026E      |
|---|------------|------------|------------|------------|------------|
| Revenue   | 727        | 849        | 808        | 890        | 980        |
| Cost of goods sold                                | (329)      | (380)      | (380)      | (418)      | (461)      |
| <b>Gross profit</b>                               | <b>397</b> | <b>469</b> | <b>428</b> | <b>472</b> | <b>519</b> |
| Other operating income                            | 0          | 0          | 0          | 0          | 0          |
| Operating costs                                   | (194)      | (226)      | (226)      | (249)      | (274)      |
| <b>Operating EBITDA</b>                           | <b>268</b> | <b>302</b> | <b>272</b> | <b>321</b> | <b>369</b> |
| Depreciation                                      | (64)       | (59)       | (70)       | (99)       | (124)      |
| Goodwill amortisation                             | 0          | 0          | 0          | 0          | 0          |
| <b>Operating EBIT</b>                             | <b>204</b> | <b>243</b> | <b>202</b> | <b>222</b> | <b>245</b> |
| Net financing costs                               | (3)        | (3)        | (3)        | (3)        | (3)        |
| Associates  | 0          | 0          | 0          | 0          | 0          |
| Recurring non-operating income                    | 3          | 10         | 5          | 5          | 5          |
| Non-recurring items                               | 0          | 0          | 0          | 0          | 0          |
| <b>Profit before tax</b>                          | <b>203</b> | <b>250</b> | <b>204</b> | <b>225</b> | <b>247</b> |
| Tax   | (41)       | (47)       | (38)       | (42)       | (47)       |
| <b>Profit after tax</b>                           | <b>162</b> | <b>203</b> | <b>165</b> | <b>182</b> | <b>201</b> |
| Minority interests                                | 0          | 1          | 0          | 0          | 0          |
| Preferred dividends                               | 0          | 0          | 0          | 0          | 0          |
| Other items                                       | 0          | 0          | 0          | 0          | 0          |
| <b>Reported net profit</b>                        | <b>162</b> | <b>204</b> | <b>165</b> | <b>182</b> | <b>201</b> |
| <b>Non-recurring items &amp; goodwill (net)</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   |
| <b>Recurring net profit</b>                       | <b>162</b> | <b>204</b> | <b>165</b> | <b>182</b> | <b>201</b> |
| <b>Per share (THB)</b>                            |            |            |            |            |            |
| Recurring EPS *                                   | 0.72       | 0.67       | 0.54       | 0.60       | 0.66       |
| Reported EPS                                      | 0.72       | 0.67       | 0.54       | 0.60       | 0.66       |
| DPS   | 0.25       | 0.15       | 0.27       | 0.22       | 0.24       |
| Diluted shares (used to calculate per share data) | 225        | 304        | 304        | 304        | 304        |
| <b>Growth</b>                                     |            |            |            |            |            |
| Revenue (%)                                       | 29.8       | 16.8       | (4.8)      | 10.1       | 10.1       |
| Operating EBITDA (%)                              | 52.1       | 12.7       | (9.9)      | 18.1       | 14.7       |
| Operating EBIT (%)                                | 104.1      | 19.4       | (16.9)     | 10.1       | 10.1       |
| Recurring EPS (%)                                 | 106.7      | (6.6)      | (18.9)     | 10.2       | 10.0       |
| Reported EPS (%)                                  | 106.7      | (6.6)      | (18.9)     | 10.2       | 10.0       |
| <b>Operating performance</b>                      |            |            |            |            |            |
| Gross margin inc. depreciation (%)                | 54.7       | 55.3       | 53.0       | 53.0       | 53.0       |
| Gross margin exc. depreciation (%)                | 63.6       | 62.2       | 61.7       | 64.1       | 65.6       |
| Operating EBITDA margin (%)                       | 36.9       | 35.6       | 33.7       | 36.1       | 37.6       |
| Operating EBIT margin (%)                         | 28.0       | 28.7       | 25.0       | 25.0       | 25.0       |
| Net margin (%)                                    | 22.3       | 24.0       | 20.5       | 20.5       | 20.5       |
| Effective tax rate (%)                            | 20.3       | 18.9       | 18.9       | 18.9       | 18.9       |
| Dividend payout on recurring profit (%)           | 34.6       | 22.3       | 49.3       | 36.3       | 36.4       |
| Interest cover (X)                                | 59.8       | 73.6       | 64.7       | 84.2       | 92.6       |
| Inventory days                                    | 57.0       | 64.8       | 76.7       | 74.5       | 70.6       |
| Debtor days                                       | 8.0        | 9.4        | 10.3       | 9.6        | 9.5        |
| Creditor days                                     | 89.0       | 86.1       | 100.2      | 69.6       | 41.7       |
| Operating ROIC (%)                                | 42.2       | 56.8       | 42.7       | 38.7       | 38.4       |
| ROIC (%)  | 32.8       | 42.0       | 30.5       | 28.9       | 28.7       |
| ROE (%)   | 14.1       | 14.3       | 9.7        | 10.1       | 10.7       |
| ROA (%)   | 12.1       | 12.4       | 8.7        | 9.2        | 9.8        |

\* Pre-exceptional, pre-goodwill and fully diluted

| Revenue by Division (THB m)                                   | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|------|------|-------|-------|-------|
| Revenue from ICSI treatment                                   | 609  | 667  | 647   | 712   | 783   |
| Revenue from genetic testing services for embryos and fetuses | 118  | 176  | 158   | 174   | 191   |
| Revenue from dermatology services                             | -    | 6    | 3     | 4     | 6     |

Sources: Safe Fertility Group ; FSSIA estimates

## Financial Statements

### Safe Fertility Group

| Cash Flow (THB m) Year Ending Dec   | 2022         | 2023         | 2024E        | 2025E        | 2026E        |
|---|--------------|--------------|--------------|--------------|--------------|
| Recurring net profit  | 162          | 204          | 165          | 182          | 201          |
| Depreciation  | 64           | 59           | 70           | 99           | 124          |
| Associates & minorities   | 6            | (1)          | 0            | 0            | 0            |
| Other non-cash items  | 6            | (2)          | 1            | 1            | 2            |
| Change in working capital   | 54           | 4            | 3            | (74)         | (22)         |
| <b>Cash flow from operations</b>  | <b>292</b>   | <b>264</b>   | <b>240</b>   | <b>209</b>   | <b>305</b>   |
| Capex - maintenance   | (35)         | (43)         | (133)        | (100)        | (100)        |
| Capex - new investment  | 0            | 0            | 0            | 0            | 0            |
| Net acquisitions & disposals  | (14)         | (66)         | (10)         | (29)         | (30)         |
| Other investments (net)   | 0            | 0            | 0            | 0            | 0            |
| <b>Cash flow from investing</b>   | <b>(49)</b>  | <b>(109)</b> | <b>(143)</b> | <b>(129)</b> | <b>(130)</b> |
| Dividends paid  | (56)         | (46)         | (82)         | (66)         | (73)         |
| Equity finance  | 3            | 291          | 6            | 0            | (97)         |
| Debt finance  | (7)          | 0            | 0            | 0            | 0            |
| Other financing cash flows  | -            | -            | -            | -            | -            |
| <b>Cash flow from financing</b>   | <b>(60)</b>  | <b>246</b>   | <b>(76)</b>  | <b>(66)</b>  | <b>(170)</b> |
| Non-recurring cash flows  | -            | -            | -            | -            | -            |
| Other adjustments   | 0            | 0            | 0            | 0            | 0            |
| <b>Net other adjustments</b>  | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| <b>Movement in cash</b>   | <b>183</b>   | <b>401</b>   | <b>21</b>    | <b>13</b>    | <b>4</b>     |
| Free cash flow to firm (FCFF)   | 246.69       | 158.16       | 99.78        | 82.25        | 176.81       |
| Free cash flow to equity (FCFE)   | 236.13       | 155.18       | 96.58        | 79.55        | 174.11       |
| <b>Per share (THB)</b>  |              |              |              |              |              |
| FCFF per share  | 0.81         | 0.52         | 0.33         | 0.27         | 0.58         |
| FCFE per share  | 0.78         | 0.51         | 0.32         | 0.26         | 0.57         |
| Recurring cash flow per share   | 1.06         | 0.86         | 0.78         | 0.93         | 1.08         |
| Balance Sheet (THB m) Year Ending Dec   | 2022         | 2023         | 2024E        | 2025E        | 2026E        |
| Tangible fixed assets (gross)   | 150          | 151          | 284          | 384          | 484          |
| Less: Accumulated depreciation  | 0            | 0            | (54)         | (136)        | (244)        |
| <b>Tangible fixed assets (net)</b>  | <b>150</b>   | <b>151</b>   | <b>230</b>   | <b>248</b>   | <b>240</b>   |
| <b>Intangible fixed assets (net)</b>  | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| Long-term financial assets  | 0            | 0            | 0            | 0            | 0            |
| Invest. in associates & subsidiaries  | 0            | 0            | 0            | 0            | 0            |
| Cash & equivalents  | 851          | 1,251        | 1,272        | 1,285        | 1,290        |
| A/C receivable  | 20           | 23           | 22           | 24           | 27           |
| Inventories   | 49           | 65           | 65           | 65           | 65           |
| Other current assets  | 228          | 232          | 221          | 243          | 268          |
| <b>Current assets</b>   | <b>1,148</b> | <b>1,571</b> | <b>1,580</b> | <b>1,617</b> | <b>1,649</b> |
| Other assets  | 114          | 171          | 163          | 179          | 198          |
| <b>Total assets</b>   | <b>1,413</b> | <b>1,894</b> | <b>1,973</b> | <b>2,045</b> | <b>2,087</b> |
| Common equity   | 1,204        | 1,654        | 1,744        | 1,860        | 1,891        |
| Minorities etc.   | 6            | 4            | 4            | 4            | 4            |
| <b>Total shareholders' equity</b>   | <b>1,210</b> | <b>1,658</b> | <b>1,748</b> | <b>1,864</b> | <b>1,895</b> |
| Long term debt  | 73           | 73           | 73           | 73           | 73           |
| Other long-term liabilities   | 31           | 38           | 36           | 40           | 44           |
| <b>Long-term liabilities</b>  | <b>103</b>   | <b>111</b>   | <b>109</b>   | <b>113</b>   | <b>117</b>   |
| A/C payable   | 66           | 85           | 85           | 37           | 40           |
| Short term debt   | 0            | 0            | 0            | 0            | 0            |
| Other current liabilities   | 33           | 40           | 32           | 32           | 35           |
| <b>Current liabilities</b>  | <b>99</b>    | <b>125</b>   | <b>117</b>   | <b>68</b>    | <b>76</b>    |
| <b>Total liabilities and shareholders' equity</b>   | <b>1,413</b> | <b>1,894</b> | <b>1,974</b> | <b>2,045</b> | <b>2,087</b> |
| Net working capital   | 198          | 195          | 191          | 264          | 284          |
| Invested capital  | 463          | 518          | 585          | 691          | 722          |
| * Includes convertibles and preferred stock which is being treated as debt  |              |              |              |              |              |
| <b>Per share (THB)</b>  |              |              |              |              |              |
| Book value per share  | 5.35         | 5.44         | 5.74         | 6.12         | 6.22         |
| Tangible book value per share   | 5.35         | 5.44         | 5.74         | 6.12         | 6.22         |
| <b>Financial strength</b>   |              |              |              |              |              |
| Net debt/equity (%)   | (64.3)       | (71.1)       | (68.6)       | (65.0)       | (64.2)       |
| Net debt/total assets (%)   | (55.1)       | (62.2)       | (60.8)       | (59.3)       | (58.3)       |
| Current ratio (x)   | 11.6         | 12.6         | 13.5         | 23.6         | 21.8         |
| CF interest cover (x)   | 69.3         | 46.1         | 31.2         | 30.5         | 65.5         |
| Valuation   | 2022         | 2023         | 2024E        | 2025E        | 2026E        |
| <b>Recurring P/E (x) *</b>  | <b>13.2</b>  | <b>14.2</b>  | <b>17.5</b>  | <b>15.8</b>  | <b>14.4</b>  |
| <b>Recurring P/E @ target price (x) *</b>   | <b>14.3</b>  | <b>15.3</b>  | <b>18.8</b>  | <b>17.1</b>  | <b>15.5</b>  |
| Reported P/E (x)  | 13.2         | 14.2         | 17.5         | 15.8         | 14.4         |
| Dividend yield (%)  | 2.6          | 1.6          | 2.8          | 2.3          | 2.5          |
| Price/book (x)  | 1.8          | 1.7          | 1.7          | 1.6          | 1.5          |
| Price/tangible book (x)   | 1.8          | 1.7          | 1.7          | 1.6          | 1.5          |
| EV/EBITDA (x) **  | 5.1          | 5.7          | 6.2          | 5.2          | 4.5          |
| EV/EBITDA @ target price (x) **   | 5.7          | 6.4          | 7.1          | 5.9          | 5.2          |
| EV/invested capital (x)   | 2.9          | 3.3          | 2.9          | 2.4          | 2.3          |
| * Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income |              |              |              |              |              |

Sources: Safe Fertility Group ; FSSIA estimates

## Disclaimer for ESG scoring

| ESG score   | Methodology  | Rating  |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
|---|--|---|---|--------------|----------------|---|-----------|-------------|----------|-------------|------------|-------------|-----------------|---|-----------|-------------|----------|-------------|------------|-------------|-----------------|---|
| The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> ) | 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 <a href="#">THSI inclusion</a> , 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.<br><a href="#">SETTHSI Index</a> 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. |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>CG Score</b> 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%).  |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC                                    | It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>  | The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.  |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">Thai CAC</a> 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.<br><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.   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">Morningstar Sustainability</a>  | The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>  | A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>   | NEGL  | Low          | Medium         | High  | Severe    | 0-10        | 10-20    | 20-30       | 30-40      | 40+         |                 |   |           |             |          |             |            |             |                 |   |
| NEGL  | Low  | Medium  | High  | Severe       |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| 0-10  | 10-20  | 20-30   | 30-40   | 40+          |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">ESG Book</a>  | 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.   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">MSCI</a>  | 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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></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><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table> |   | <b>AAA</b>  | 8.571-10.000 | <b>Leader:</b> | leading its industry in managing the most significant ESG risks and opportunities | <b>AA</b> | 7.143-8.570 | <b>A</b> | 5.714-7.142 | <b>BBB</b> | 4.286-5.713 | <b>Average:</b> | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers | <b>BB</b> | 2.857-4.285 | <b>B</b> | 1.429-2.856 | <b>CCC</b> | 0.000-1.428 | <b>Laggard:</b> | lagging its industry based on its high exposure and failure to manage significant ESG risks |
| <b>AAA</b>  | 8.571-10.000   | <b>Leader:</b>  | leading its industry in managing the most significant ESG risks and opportunities   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>AA</b>   | 7.143-8.570  |   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>A</b>  | 5.714-7.142  |   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>BBB</b>  | 4.286-5.713  | <b>Average:</b>   | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>BB</b>   | 2.857-4.285  |   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>B</b>  | 1.429-2.856  |   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>CCC</b>  | 0.000-1.428  | <b>Laggard:</b>   | lagging its industry based on its high exposure and failure to manage significant ESG risks                                   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">Moody's ESG solutions</a>   | 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.  |   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">Refinitiv ESG rating</a>  | Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>  |   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <a href="#">S&amp;P Global</a>  | 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.   |   |   |              |                |   |           |             |          |             |            |             |                 |   |           |             |          |             |            |             |                 |   |
| <b>Bloomberg</b>  | 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

Songklod Wongchai FSS International Investment Advisory Securities Co., Ltd

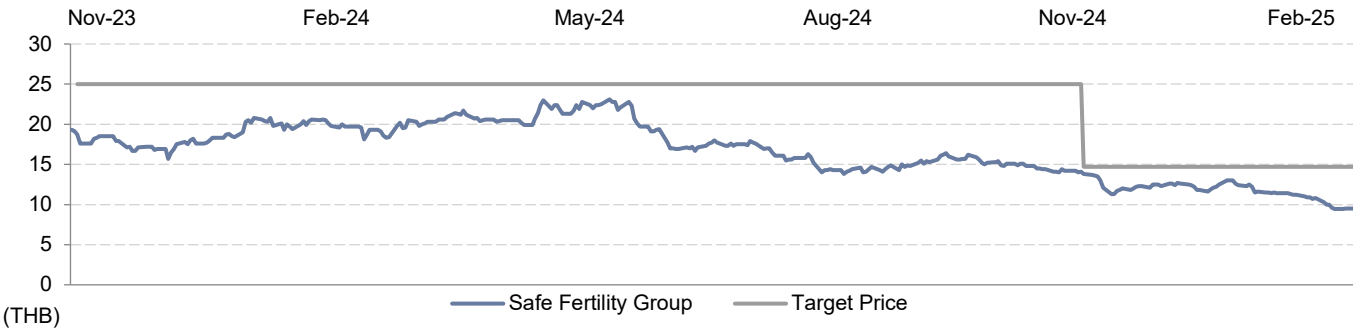
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Safe Fertility Group (SAFE TB)



| Date        | Rating | Target price | Date        | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 08-Nov-2023 | BUY    | 25.00        | 07-Nov-2024 | HOLD   | 14.70        | -    | -      | -            |

Songklod Wongchai started covering this stock from 08-Nov-2023

Price and TP are in local currency

Source: FSSIA estimates

| Company              | Ticker  | Price    | Rating | Valuation & Risks   |
|----------------------|---------|----------|--------|---|
| Safe Fertility Group | SAFE TB | THB 9.50 | HOLD   | ความเสี่ยงที่จะมีผลต่อประมาณการของเรา ได้แก่ เกิดเหตุฟ้องร้องหรือ ร้องเรียนหากวิธีการรักษาเกิด<br>ความผิดพลาด ลูกค้าน่าต่างชาติดลดลงจาก ผลกระทบของการเดินทาง หรือกรณีเกิดโรคระบาดใหม่ และ<br>ต้นทุนค่ายาปรับตัวสูงขึ้นมากกว่าที่คาด |

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 14-Feb-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.