

# Transportation

January 27, 2021

## Stuck at home—less commuting, but more online purchases

Sector: Transportation

**NEUTRAL**

The 4Q20-1Q21 outlook is weak for aviators and mass transit operators, due to Thailand's recent COVID-19 outbreak. Dry bulk shipping is entering low season (but should bounce after Chinese New Year). Among our Transport names, logistic operators have the most impressive short- through long-term profit growth profiles. KEX (BUY, Bt70) is our top pick.

### AAV and BA—weak 1H21 outlooks

Until late 2Q21, international flights will remain very rare. In the absence of govt life support (such as soft loans), aviators' cash inflows will be dominated by domestic flights, but Thailand's recent COVID-19 outbreak has dampened demand for even inter-provincial air travel, squeezing domestic pax, Dec 2020-Jan 2021. We expect both AAV and BA to continue reporting core losses for both 4Q20 (deeper YoY, but shallower QoQ, due to heavier domestic flight schedules) and 1Q21 (weaker YoY and QoQ, due to the recent COVID-19 outbreak).

### BEM and BTS—possible W-shaped recoveries?

Public transport usage recovered gradually in 4Q20. But concerns over the resurgence of COVID-19 in Thailand (which prompted renewed work-from-home policies among many firms) and the soft lockdown (bars closed, restaurants allowed to operate only till 9pm) will materially squeeze mass transit ridership in 1Q21 (especially in Jan). For 4Q20, our model points to BEM posting a weaker YoY and QoQ core profit, while BTS's 3Q20 (Oct-Dec, 2020) core number looks set to decline YoY but improve slightly QoQ. In 1Q21 (Jan-Mar, 2021—4Q20 for BTS), we expect both firms' numbers to weaken both YoY and QoQ.

### PSL—a good year, but not a good quarter

Shipping demand looks set to rise faster than fleet supply, so we expect the Baltic Dry Index (BDI) to rise this year. However, in the short-term, freight rates will decline on seasonality—Chinese imports of coal and iron ore typically fall ahead of the Chinese New Year holiday. As such, PSL's current high stock price presents an opportunity to take profits, so we have shifted down our call (a target price of Bt5.70) from HOLD to SELL. Timing for retaking positions in PSL might be the upcoming dry bulk shipping high season after Chinese New Year.

### KEX—unexciting 4Q20 outlook opens a good entry point

KEX's share price has fallen 10% from its peak during the past two weeks. The reason may be the unexciting 4Q20 core earnings outlook (we expect the posted number to be down YoY, due to reduced consumer willingness to spend, but rise QoQ, as many e-tailers launched promotions during 4Q20). But we view the drop as opening a window to build positions in the stock—KEX's profile is good for both the short-term (we expect YoY and QoQ core profit expansion for 1Q21—when people are stuck at home they make more online purchases) and the long haul (parcel delivery demand will continue expanding swiftly and KEX will remain a leading player after the industry has consolidated to a handful of operators).

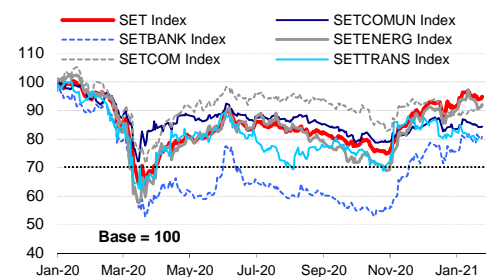
### Fundamental recommendations and valuations

	Rec.	TP (Bt)	PER (x)	PBV (x)	ROE (%)	DY (%)	
	Old	New	FY21	FY21	FY21	FY21	
AAV	HOLD	HOLD	3.00	182.7	0.6	0.4	0.1
BA	HOLD	HOLD	7.40	n.m.	0.6	-4.8	0.0
<b>Simple avg</b>			<b>182.7</b>	<b>0.6</b>	<b>-2.2</b>	<b>0.1</b>	
	Rec.	TP (Bt)	PER (x)	PBV (x)	ROE (%)	DY (%)	
	Old	New	FY21	FY21	FY21	FY21	
BEM	BUY	BUY	10.30	37.2	3.1	8.5	1.6
BTS	BUY	BUY	13.90	58.1	1.6	5.4	4.3
<b>Simple avg</b>			<b>47.6</b>	<b>2.4</b>	<b>6.9</b>	<b>2.9</b>	
	Rec.	TP (Bt)	PER (x)	PBV (x)	ROE (%)	DY (%)	
	Old	New	FY21	FY21	FY21	FY21	
PSL	HOLD	SELL	5.70	20.9	1.1	5.3	1.0
	Rec.	TP (Bt)	PER (x)	PBV (x)	ROE (%)	DY (%)	
	Old	New	FY21	FY21	FY21	FY21	
KEX	BUY	BUY	70.00	57.3	8.4	15.6	0.9

### Price performance relative to SET

	1M	3M	12M
AAV	(12.1)	25.2	28.5
BA	(7.1)	3.3	12.7
BEM	(7.7)	(25.7)	(24.0)
BTS	(3.1)	(17.4)	(25.8)
PSL	(13.8)	21.9	15.2
KEX	8.5		

### Transport relative to SET and Other Sectors



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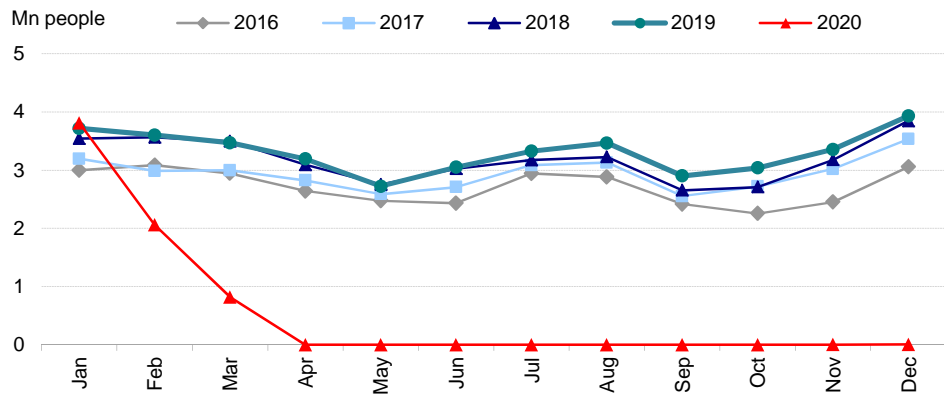
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**Figure 1 : 4Q20 and 1Q21 earnings previews (quarters refer to calendar year)**

		4Q19	1Q20	2Q20	3Q20	4Q20E	YoY (%)	QoQ (%)	1Q21E	YoY (%)	QoQ (%)
<b>AAV</b>	Net profit (Btm)	-72	-671	-1,141	-1,837	-1,307	1713%	-29%	-1,583	136%	21%
	Core profit (Btm)	-107	-322	-2,046	-1,433	-1,307	1122%	-9%	-1,583	391%	21%
<b>BA</b>	Net profit (Btm)	482	-339	-2,975	-1,569	-1,179	nm	-25%	-1,313	288%	11%
	Core profit (Btm)	-1,125	505	-2,400	-1,304	-1,179	5%	-10%	-1,313	nm	11%
<b>BEM</b>	Net profit (Btm)	521	508	152	822	487	-7%	-41%	282	-44%	-42%
	Core profit (Btm)	518	508	152	822	487	-6%	-41%	282	-44%	-42%
<b>BTS</b>	Net profit (Btm)	2,460	3,531	443	765	701	-71%	-8%	593	-83%	-15%
	Core profit (Btm)	1,342	894	443	613	701	-48%	14%	593	-34%	-15%
<b>PSL</b>	Net profit (Btm)	29	-117	-1,183	-22	49	70%	nm	-94	-20%	nm
	Core profit (Btm)	31	-133	-310	-35	49	59%	nm	-94	-29%	nm
<b>KEX</b>	Net profit (Btm)	428	375	363	292	393	-8%	35%	433	15%	10%
	Core profit (Btm)	428	375	363	292	393	-8%	35%	433	15%	10%
<b>SUM</b>	<b>Net profit (Btm)</b>	<b>3,848</b>	<b>3,286</b>	<b>-4,341</b>	<b>-1,550</b>	<b>-856</b>	<b>nm</b>	<b>-45%</b>	<b>-1,682</b>	<b>nm</b>	<b>96%</b>
	<b>Core profit (Btm)</b>	<b>1,087</b>	<b>1,826</b>	<b>-3,797</b>	<b>-1,045</b>	<b>-856</b>	<b>nm</b>	<b>-18%</b>	<b>-1,682</b>	<b>nm</b>	<b>96%</b>

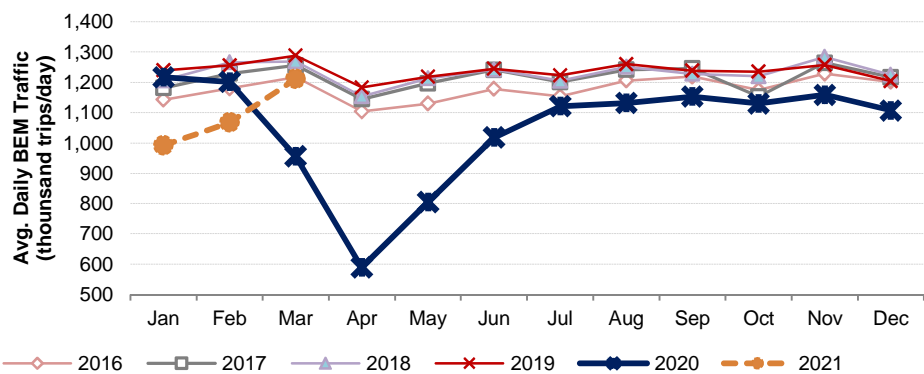
Note: Quarterly numbers are based on the calendar year (the first-quarter starting in Jan)  
Source: Bualuang Research estimates

**Figure 2 : Monthly foreign tourist arrivals to Thailand, 2016-20**



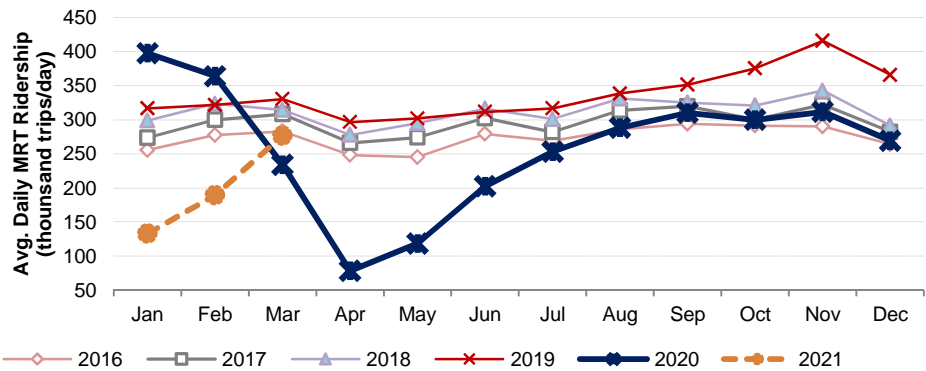
Sources: Ministry of Tourism and Sports, Bualuang Research

**Figure 3 : BEM's average daily expressway traffic volume, 2016-20**



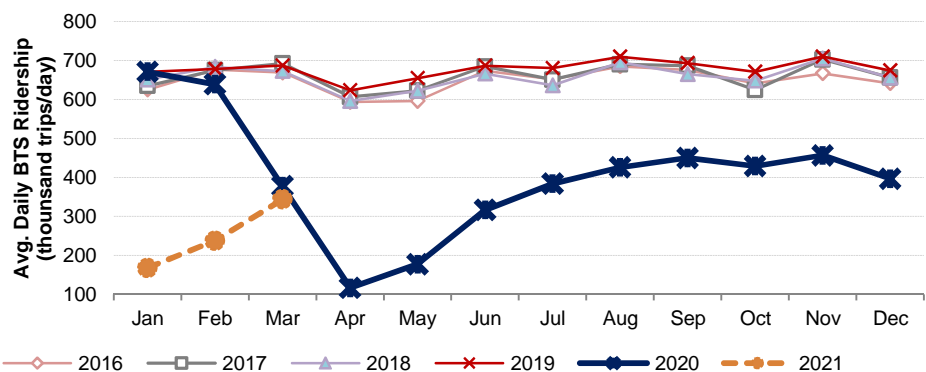
Sources: BEM, Bualuang Research

**Figure 4 : Average daily MRT ridership, 2016-20**



Sources: BEM, Bualuang Research

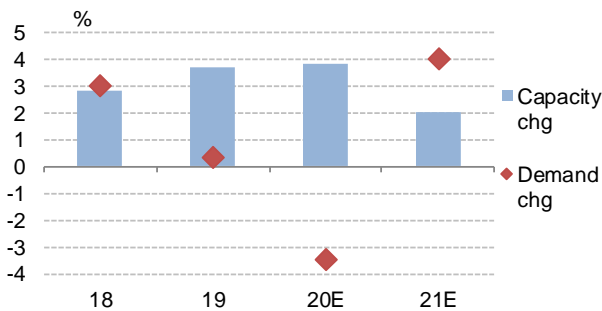
**Figure 5 : Average daily BTS ridership, 2016-20**



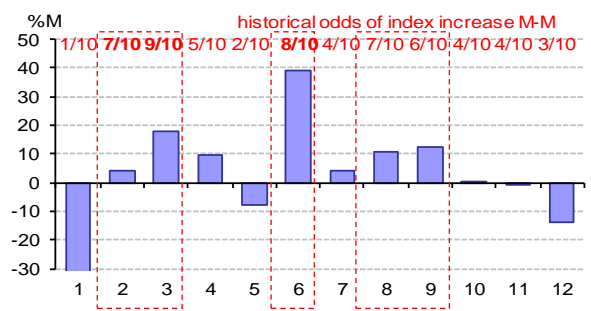
Sources: BTS, Bualuang Research

**Figure 6 : The rebound in dry bulk shipping demand is outpacing supply additions—the mean freight rate should rise this year.**

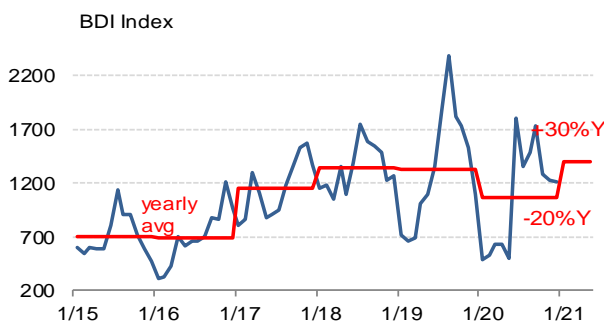
**Dry bulk shipping demand & supply growth**—demand growth looks set to exceed supply growth in 2021E.



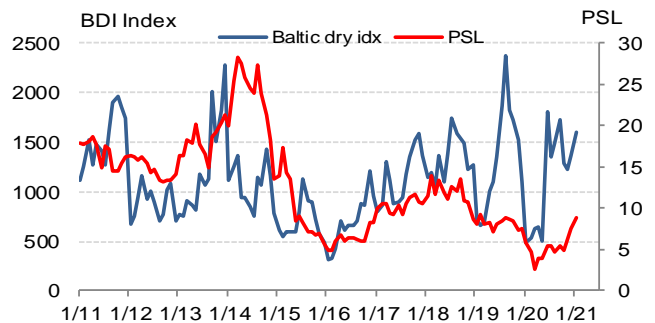
**Monthly change in BDI**—the tradable seasons are Feb-Mar, Jun, and Aug-Sep (the BDI increased in those months in at least six of the past 10 years).



**Baltic Dry Index**—we expect a 25-30% rise in the mean BDI in 2021.

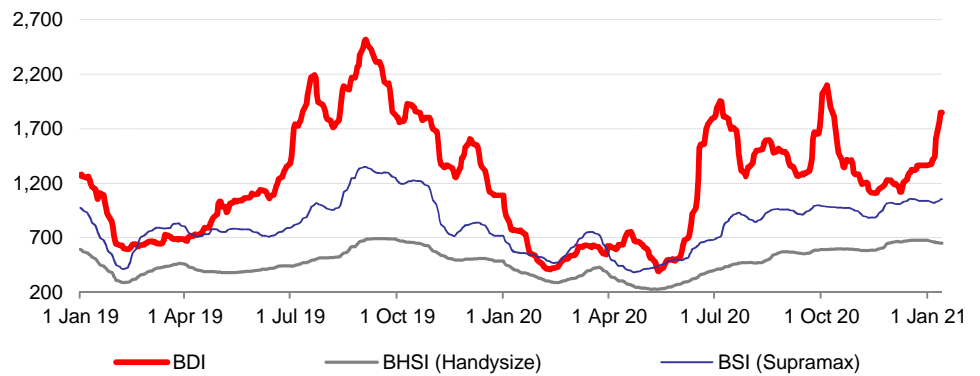


**The BDI and PSL's share price**



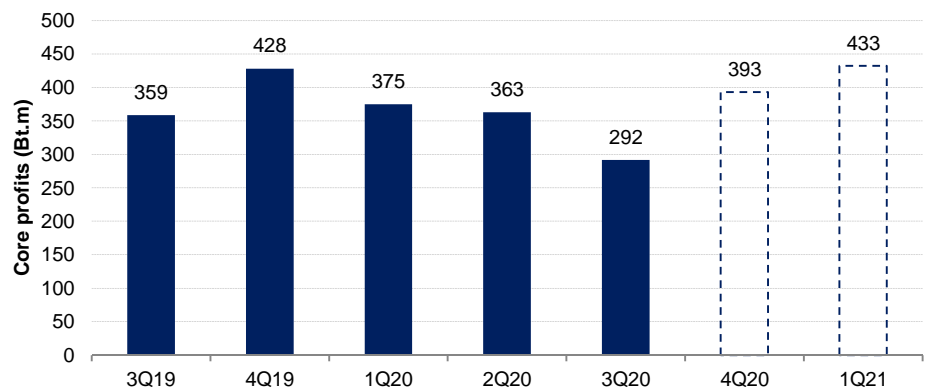
Sources: PSL, Bloomberg, Bualuang Research

**Figure 7 : Dry Bulk shipping indices**



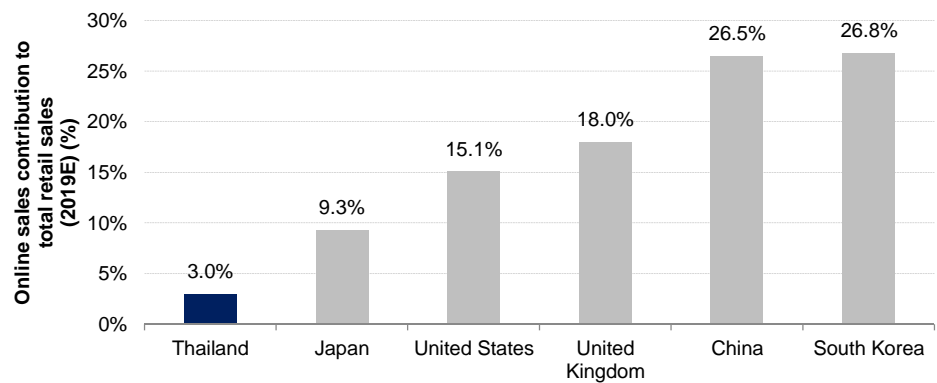
Sources: Bloomberg, Bualuang Research

**Figure 8 : KEX's quarterly core earnings outlook, 4Q20-1Q21**



Sources: KEX, Bloomberg, Bualuang Research estimates

**Figure 9 : Thailand's e-tail market is immature, compared with developed countries**



Sources: KEX, Frost & Sullivan

# Asia Aviation

AAV TB / AAV.BK

HOLD (Target: Bt3.00)

## Key ratios & statistics

Market cap	Bt11.2bn	USD0.4bn
12-mth price range	Bt1.0/Bt3.1	
12-mth avg daily volume	Bt104m	USD3.5m
# of shares (m)	4,850	
Est. free float (%)	58.6	
Foreign limit (%)	0.1	

## Financial summary

FY Ended 31 Dec	2019	2020E	2021E	2022E
Revenues (Btm)	40,181	13,188	23,029	41,975
Net profit (Btm)	(474)	(4,957)	61	708
EPS (Bt)	(0.10)	(1.02)	0.01	0.15
EPS growth (%)	n.m.	-946%	n.m.	+1,060%
Core profit (Btm)	(628)	(5,108)	61	708
Core EPS (Bt)	(0.13)	(1.05)	0.01	0.15
Core EPS growth (%)	-1,462%	-713%	n.m.	+1,060%
PER (x)	n.m.	n.m.	182.7	15.7
PBV (x)	0.4	0.6	0.6	0.6
Dividend (Bt)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.1	1.3
ROE (%)	(2.3)	(28.4)	0.4	4.6

## CG/Anti-corruption



## Key highlights

- Core losses expected for 4Q20 ...** We estimate a 4Q20 core loss for AAV of Bt1,307m, deeper into the red by 1,122% YoY—lower domestic travel demand and the absence of international flight operations. However, the estimated loss is 9% shallower QoQ, due to the resumption of domestic flights.
- ...and 1Q21:** Our 1Q21 forecast is a core loss of Bt1,583m, deeper by 391% YoY, due to fewer domestic flights and the suspension of international flights. That number also represents 21% QoQ deeper dive into the red from 4Q20, as Thailand's recent COVID-19 outbreak dampened demand for domestic air travel during Jan (while international routes are likely to remain suspended during the quarter).
- To turn around in late 2021:** The airline industry is unlikely to normalize till late 2021. International routes won't fully re-open until COVID-19 vaccination programs have been rolled out and herd immunity achieved in most countries. The absolute earliest we can realistically assume that international routes may re-start regular flights is late 2Q21. Note also that the third-quarter is Thailand's tourism low season, so we don't expect AAV to mark a core profit turnaround till 4Q21. Moreover, some pending expenses will reach due dates in 2021 and jet fuel prices might start rising. In the absence of a govt remedy package for air carriers, there is risk of AAV having to raise new capital in order to stay in business.

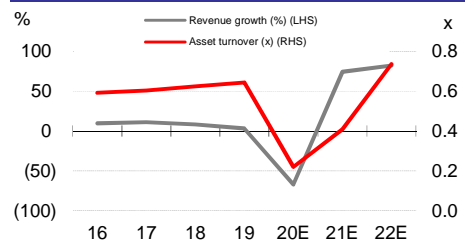
## Recommendation

COVID-19's impact and concerns over the risk of capital-raising being necessary will continue to pressure AAV's share price. On the other hand, if the firm were to announce plans to raise new capital, the implication would be that AAV will pass this tough year, triggering a stock price rally (MINT's stock price rallied 8% in one day after its RO announcement). Proof of COVID-19 vaccination in Thailand would also generate positive sentiment. As such, our HOLD rating stands unchanged with a YE21 target price of Bt3.

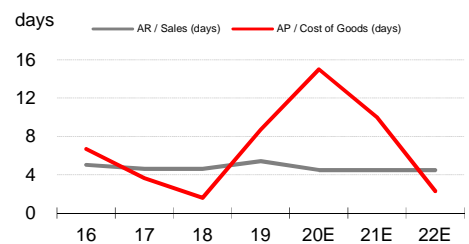
## AAV: Financial Tables – Year

PROFIT & LOSS (Btm)	2018	2019	2020E	2021E	2022E
Revenue	38,905	40,181	13,188	23,029	41,975
Cost of sales and services	(36,424)	(38,359)	(20,553)	(19,970)	(35,462)
<b>Gross profit</b>	<b>2,481</b>	<b>1,822</b>	<b>(7,365)</b>	<b>3,059</b>	<b>6,513</b>
SG&A	(3,116)	(3,295)	(1,753)	(3,062)	(5,581)
<b>EBIT</b>	<b>(635)</b>	<b>(1,472)</b>	<b>(9,118)</b>	<b>(3)</b>	<b>933</b>
Interest expense	(744)	(766)	(1,748)	(905)	(859)
Other income/exp.	1,045	1,022	598	1,000	1,000
<b>EBT</b>	<b>(334)</b>	<b>(1,216)</b>	<b>(10,269)</b>	<b>93</b>	<b>1,073</b>
Corporate tax	211	(1)	979	19	215
<b>After-tax net profit (loss)</b>	<b>(123)</b>	<b>(1,217)</b>	<b>(9,290)</b>	<b>111</b>	<b>1,288</b>
Minority interest	83	588	4,182	(50)	(580)
Equity earnings from affiliates	0	0	0	0	0
Extra items	110	154	151	0	0
<b>Net profit (loss)</b>	<b>70</b>	<b>(474)</b>	<b>(4,957)</b>	<b>61</b>	<b>708</b>
Reported EPS	0.01	(0.10)	(1.02)	0.01	0.15
<b>Fully diluted EPS</b>	<b>0.01</b>	<b>(0.10)</b>	<b>(1.02)</b>	<b>0.01</b>	<b>0.15</b>
<b>Core net profit</b>	<b>(40)</b>	<b>(628)</b>	<b>(5,108)</b>	<b>61</b>	<b>708</b>
Core EPS	(0.01)	(0.13)	(1.05)	0.01	0.15
<b>EBITDA</b>	<b>2,076</b>	<b>1,266</b>	<b>(6,934)</b>	<b>2,610</b>	<b>3,599</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	8.1	3.3	(67.2)	74.6	82.3
Gross margin (%)	6.4	4.5	(55.8)	13.3	15.5
EBITDA margin (%)	5.3	3.2	(52.6)	11.3	8.6
Operating margin (%)	(1.6)	(3.7)	(69.1)	(0.0)	2.2
Net margin (%)	0.2	(1.2)	(37.6)	0.3	1.7
Core profit margin (%)	(0.1)	(1.6)	(38.7)	0.3	1.7
ROA (%)	0.1	(0.8)	(8.3)	0.1	1.2
ROCE (%)	0.1	(1.0)	(10.1)	0.1	1.5
Asset turnover (x)	0.6	0.6	0.2	0.4	0.7
Current ratio (x)	0.6	0.5	0.3	0.1	0.2
Gearing ratio (x)	0.7	0.8	1.6	1.5	1.3
Interest coverage (x)	n.m.	n.m.	n.m.	n.m.	1.1
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	4,123	3,982	472	(1,406)	(243)
Accounts receivable	493	597	163	284	517
Inventory	188	295	93	90	160
PP&E-net	26,185	24,877	24,918	25,340	26,185
Other assets	30,758	33,151	31,336	31,403	31,694
<b>Total assets</b>	<b>61,747</b>	<b>62,903</b>	<b>56,981</b>	<b>55,712</b>	<b>58,314</b>
Accounts payable	160	915	845	547	223
ST debts & current portion	2,164	4,438	7,094	6,094	6,094
Long-term debt	18,639	17,542	22,855	21,707	20,059
Other liabilities	12,162	12,319	7,644	8,732	12,274
<b>Total liabilities</b>	<b>33,124</b>	<b>35,214</b>	<b>38,437</b>	<b>37,080</b>	<b>38,651</b>
Paid-up capital	485	485	485	485	485
Share premium	2,600	2,600	2,600	2,600	2,600
Retained earnings	17,322	16,811	11,781	11,830	12,397
<b>Shareholders equity</b>	<b>20,455</b>	<b>19,944</b>	<b>14,914</b>	<b>14,963</b>	<b>15,530</b>
Minority interests	8,167	7,745	3,629	3,669	4,133
<b>Total Liab.&amp;Shareholders' equity</b>	<b>61,747</b>	<b>62,903</b>	<b>56,981</b>	<b>55,712</b>	<b>58,314</b>
<b>CASH FLOW (Btm)</b>					
Net income	70	(474)	(4,957)	61	708
Depreciation and amortization	1,667	1,717	1,586	1,613	1,667
Change in working capital	520	(705)	(3,943)	677	2,771
FX, non-cash adjustment & others	612	428	(2,585)	955	1,439
<b>Cash flows from operating activities:</b>	<b>2,869</b>	<b>966</b>	<b>(9,899)</b>	<b>3,305</b>	<b>6,585</b>
Capex (Invest)/Divest	(3,292)	(1,816)	23	(2,108)	(2,658)
Others	1,559	22	0	0	0
<b>Cash flows from investing activities</b>	<b>(1,733)</b>	<b>(1,794)</b>	<b>23</b>	<b>(2,108)</b>	<b>(2,658)</b>
Debt financing (repayment)	1,359	1,590	7,969	(2,148)	(1,648)
Equity financing	0	0	0	0	0
Dividend payment	(2,965)	0	0	(22)	(258)
Others	1,559	22	0	0	0
<b>Cash flows from financing activities</b>	<b>(2,288)</b>	<b>829</b>	<b>6,221</b>	<b>(3,074)</b>	<b>(2,765)</b>
Net change in cash	(1,152)	1	(3,656)	(1,878)	1,163
<b>Free cash flow (Btm)</b>	<b>(423)</b>	<b>(851)</b>	<b>(9,876)</b>	<b>1,197</b>	<b>3,928</b>
<b>FCF per share (Bt)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(2.0)</b>	<b>0.2</b>	<b>0.8</b>
<b>Key assumptions</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Passenger carried (mn)	21.6	22.2	8.9	12.8	22.4
Load factor (%)	85.0	85.0	67.8	70.0	85.0
Average fare (Bt/pax)	1,477.0	1,478.0	1,196.3	1,418.9	1,475.6
Ancillary income (Bt/pax)	331.0	347.6	364.9	383.2	402.3

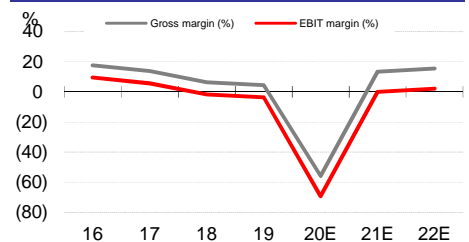
### Revenue growth and asset turnover



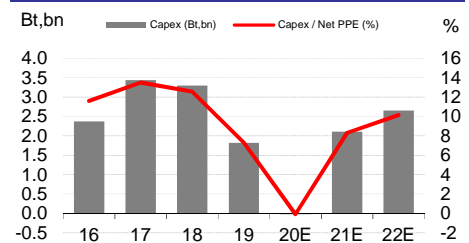
### A/C receivable & A/C payable days



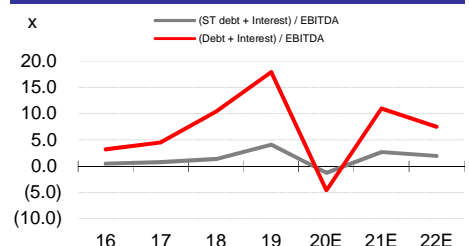
### Profit margins



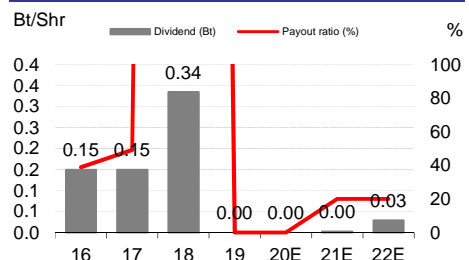
### Capital expenditure



### Debt serviceability



### Dividend payout



# Bangkok Airways

BA TB / BA.BK

HOLD (Target: Bt7.40)

## Key ratios & statistics

Market cap	Bt13.8bn	USD0.5bn
12-mth price range	Bt3.6/Bt7.8	
12-mth avg daily volume	Bt13m	USD0.4m
# of shares (m)	2,100	
Est. free float (%)	36.4	
Foreign limit (%)	49.0	

## Financial summary

FY Ended 31 Dec	2019	2020E	2021E	2022E
Revenues (Btm)	23,962	7,518	22,275	25,289
Net profit (Btm)	351	(6,062)	(1,105)	(421)
EPS (Bt)	0.17	(2.89)	(0.53)	(0.20)
EPS grow th (%)	+41%	n.m.	+82%	+62%
Core profit (Btm)	(1,208)	(4,379)	(1,105)	(421)
Core EPS (Bt)	(0.58)	(2.09)	(0.53)	(0.20)
Core EPS grow th (%)	-441%	-262%	+75%	+62%
PER (x)	39.2	n.m.	n.m.	n.m.
PBV (x)	0.5	0.6	0.6	0.6
Dividend (Bt)	0.1	0.0	0.0	0.0
Dividend yield (%)	1.5	0.0	0.0	0.0
ROE (%)	1.2	(22.6)	(4.8)	(1.9)

## Key highlights

- Core losses expected for 4Q20 ...** We estimate BA's 4Q20 core loss at Bt1,179m, deeper by 5% YoY, as we expect the absence of international flights and diminished domestic business to outweigh the effect of normalized (lower) SG&A expenses. That said, the core number represents a 10% QoQ shallower loss (higher passenger numbers for domestic flights following their resumption with the lifting of the lockdown).
- ...and 1Q21:** Our 1Q21 forecast is a core loss of Bt1,313m, a YoY reversal from core earnings (the absence of international flights and lower domestic flight frequency—impact of COVID-19) and 11% deeper QoQ (Thailand's recent COVID-19 outbreak dampened demand for air travel in January, so we assume a lower domestic pax).
- May continue reporting red through 2021:** The economic impact of COVID-19 should ease during 2H21, but we still expect BA to post a core loss for 2021, due to its high operating costs. That said, the number should be shallower than the losses marked for 2019 and 2020.

## CG/Anti-corruption



## Recommendation

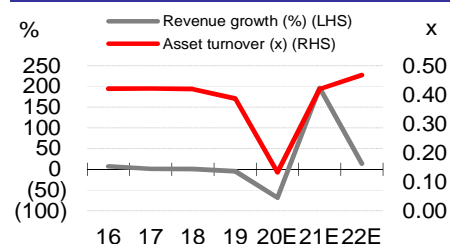
Proof of COVID-19 vaccination progress in Thailand would generate positive market sentiment toward airlines, but BA's weak 1H21 outlook will continue to pressure its stock price. The govt now looks less likely to offer a remedy package (soft loans) to air carriers, which increases the risk of a capital increase becoming necessary. Looking ahead, once much of the world's population has been vaccinated against COVID-19 and travel restrictions have been eased, the stock prices of airlines can be expected to shoot up. But until that scenario plays out, we maintain our HOLD call unchanged.



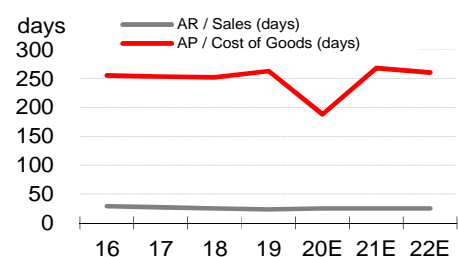
## BA: Financial Tables – Year

PROFIT & LOSS (Btm)	2018	2019	2020E	2021E	2022E
Revenue	25,156	23,962	7,518	22,275	25,289
SG&A	(4,174)	(4,418)	(2,648)	(3,598)	(4,007)
<b>EBIT</b>	<b>(1,357)</b>	<b>(2,781)</b>	<b>(5,946)</b>	<b>(2,313)</b>	<b>(1,409)</b>
Interest expense	(1,874)	(1,769)	(1,070)	(1,908)	(1,912)
<b>Other income/exp.</b>	<b>2,236</b>	<b>2,513</b>	<b>1,988</b>	<b>1,889</b>	<b>1,889</b>
EBT	(995)	(2,038)	(5,028)	(2,332)	(1,432)
Corporate tax	(93)	27	(29)	291	111
<b>After-tax net profit (loss)</b>	<b>(1,088)</b>	<b>(2,011)</b>	<b>(5,057)</b>	<b>(2,042)</b>	<b>(1,322)</b>
Minority interest	(14)	(6)	98	58	22
Equity earnings from affiliates	803	809	581	879	879
Extra items	550	1,559	(1,683)	0	0
<b>Net profit (loss)</b>	<b>249</b>	<b>351</b>	<b>(6,062)</b>	<b>(1,105)</b>	<b>(421)</b>
<b>Core net profit</b>	<b>(300)</b>	<b>(1,208)</b>	<b>(4,379)</b>	<b>(1,105)</b>	<b>(421)</b>
<b>EBITDA</b>	<b>2,631</b>	<b>3,062</b>	<b>1,962</b>	<b>(2,100)</b>	<b>1,731</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	0.9	(4.7)	(68.6)	196.3	13.5
Gross margin (%)	11.2	6.8	(43.9)	5.8	10.3
EBITDA margin (%)	10.5	12.8	26.1	(9.4)	6.8
Operating margin (%)	(5.4)	(11.6)	(79.1)	(10.4)	(5.6)
Net margin (%)	1.0	1.5	(80.6)	(5.0)	(1.7)
Core profit margin (%)	(1.2)	(5.0)	(58.2)	(5.0)	(1.7)
ROA (%)	0.4	0.6	(10.6)	(2.1)	(0.8)
ROCE (%)	0.5	0.7	(13.6)	(2.7)	(1.0)
Asset turnover (x)	0.4	0.4	0.1	0.4	0.5
Current ratio (x)	1.4	1.4	0.6	0.6	0.5
Gearing ratio (x)	0.6	0.6	0.8	0.8	0.8
Interest coverage (x)	n.m.	n.m.	n.m.	n.m.	n.m.
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	4,348	5,273	(2,567)	(2,209)	(3,613)
Accounts receivable	1,713	1,535	515	1,526	1,732
Inventory	542	510	237	460	497
PP&E-net	15,520	15,608	14,356	14,356	15,520
Other assets	39,944	38,981	39,748	39,867	40,045
<b>Total assets</b>	<b>62,067</b>	<b>61,908</b>	<b>52,290</b>	<b>54,001</b>	<b>54,182</b>
Accounts payable	2,883	3,183	1,363	2,645	2,860
ST debts & current portion	761	1,123	685	685	685
Long-term debt	16,834	16,568	17,165	17,272	17,378
Other liabilities	10,811	11,029	9,442	10,927	11,230
<b>Total liabilities</b>	<b>31,289</b>	<b>31,903</b>	<b>28,655</b>	<b>31,529</b>	<b>32,153</b>
Paid-up capital	2,100	2,100	2,100	2,100	2,100
Share premium	9,319	9,319	9,319	9,319	9,319
Retained earnings	(334)	(195)	(6,467)	(7,572)	(7,993)
<b>Shareholders equity</b>	<b>30,711</b>	<b>29,948</b>	<b>23,676</b>	<b>22,571</b>	<b>22,150</b>
Minority interests	67	57	(41)	(99)	(121)
<b>Total Liab.&amp;Shareholders' equity</b>	<b>62,067</b>	<b>61,908</b>	<b>52,290</b>	<b>54,001</b>	<b>54,182</b>
<b>CASH FLOW (Btm)</b>					
Net income	249	351	(6,062)	(1,105)	(421)
Depreciation and amortization	1,380	1,422	1,277	1,277	1,380
Change in working capital	464	796	(2,168)	1,414	175
FX, non-cash adjustment & others	(192)	559	(98)	(58)	(22)
<b>Cash flows from operating activities</b>	<b>1,902</b>	<b>3,127</b>	<b>(7,051)</b>	<b>1,528</b>	<b>1,112</b>
Capex (Invest)/Divest	(3,867)	(1,416)	(738)	(1,277)	(2,623)
Others	4,684	2,912	0	0	0
<b>Cash flows from investing activities</b>	<b>817</b>	<b>1,495</b>	<b>(738)</b>	<b>(1,277)</b>	<b>(2,623)</b>
Debt financing (repayment)	972	362	159	107	107
Equity financing	(376)	(125)	0	0	0
Dividend payment	(663)	(181)	(210)	0	0
Others	4,684	2,912	0	0	0
<b>Cash flows from financing activities</b>	<b>(1,916)</b>	<b>(1,746)</b>	<b>(51)</b>	<b>107</b>	<b>107</b>
Net change in cash	803	2,877	(7,840)	358	(1,404)
<b>Free cash flow (Btm)</b>	<b>(1,965)</b>	<b>1,711</b>	<b>(7,789)</b>	<b>251</b>	<b>(1,511)</b>
<b>FCF per share (Bt)</b>	<b>(0.94)</b>	<b>0.81</b>	<b>(3.71)</b>	<b>0.12</b>	<b>(0.72)</b>
<b>Key assumptions</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Passenger carried (mn)	6.0	5.9	1.8	5.3	5.9
Load factor (%)	68.6	68.1	60.8	63.0	66.0
Average fare (Bt/pax)	3,435	3,236	2,812	3,203	3,300
Dividend income (Btm)	419	577	275	327	327

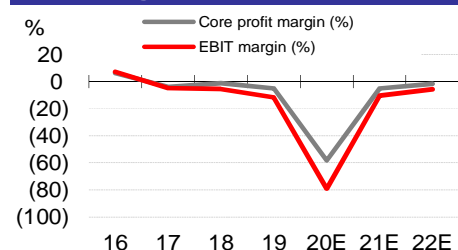
### Revenue growth and asset turnover



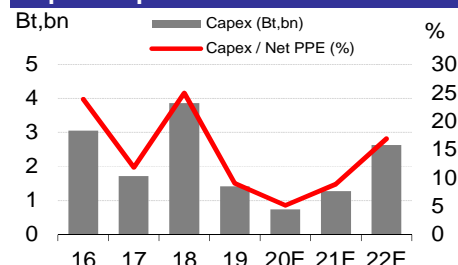
### A/C receivable & A/C payable days



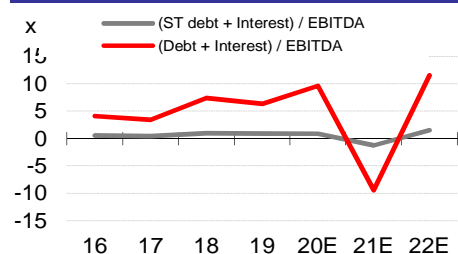
### Profit margins



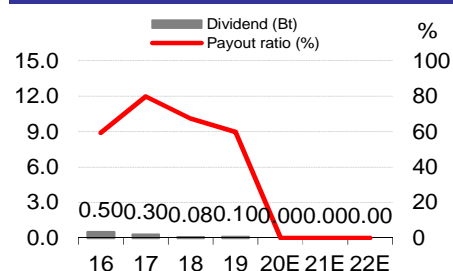
### Capital expenditure



### Debt serviceability



### Dividend payout





# Bangkok Expressway and Metro

BEM TB / BEM.BK

BUY (Target: Bt10.30)

## Key ratios & statistics

Market cap	Bt125.3bn	USD4.2bn
12-mth price range	Bt6.1/Bt11.4	
12-mth avg daily volume	Bt450m	USD15.0m
# of shares (m)	15,285	
Est. free float (%)	54.0	
Foreign limit (%)	49.0	

## Financial summary

FY Ended 31 Dec	2019	2020E	2021E	2022E
Revenues (Btm)	16,107	13,366	16,618	19,055
Net profit (Btm)	5,435	1,968	3,371	4,752
EPS (Bt)	0.36	0.13	0.22	0.31
EPS growth (%)	+2.2%	-63.8%	+71.2%	+41.0%
Core profit (Btm)	2,963	1,968	3,371	4,752
Core EPS (Bt)	0.19	0.13	0.22	0.31
Core EPS growth (%)	-5%	-33.6%	+71.2%	+41.0%
PER (x)	23.1	63.7	37.2	26.4
PBV (x)	3.2	3.2	3.1	2.9
Dividend (Bt)	0.2	0.1	0.1	0.2
Dividend yield (%)	1.8	1.6	1.6	2.1
ROE (%)	14.6	5.1	8.5	11.5

## CG/Anti-corruption



## Key highlights

- QoQ recovery to pause in 4Q20:** We estimate 4Q20 core earnings of Bt487m, down by 6% YoY (lighter expressway traffic and MRT ridership should outweigh the effect of lighter amortization expenses) and 41% QoQ (seasonally heavier SG&A expenses).
- COVID-19 outbreak to hit 1Q21 operation ...** Our 1Q21 forecast is core earnings of Bt282m, down by 44% YoY and 42% QoQ, due to lighter road traffic and rail ridership, tied to the resumption of work-from-home policies among many firms (due to the recent COVID-19 outbreak).
- ...but 2021 still looks good overall:** The new COVID-19 outbreak is likely to hit BEM's operation only during 1Q21. We also expect heavier traffic and ridership in the face of lower amortization costs to boost core earnings growth in 2021. Our model points to a 2021 core profit of Bt3,371m, up 71% YoY.

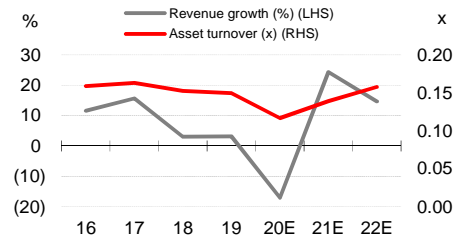
## Recommendation

BEM's share price should continue rallying, supported by COVID-19 vaccination progress in Thailand, due to market anticipation of a recovery in public transport usage. BUY!

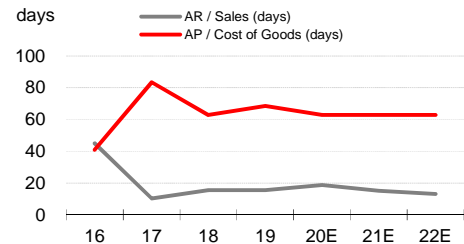
## BEM: Financial Tables – Year

<b>PROFIT &amp; LOSS (Btm)</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Revenue	15,614	16,107	13,366	16,618	19,055
Cost of sales and services	(9,774)	(10,310)	(8,402)	(10,212)	(10,767)
<b>Gross profit</b>	<b>5,841</b>	<b>5,797</b>	<b>4,964</b>	<b>6,406</b>	<b>8,288</b>
SG&A	(1,231)	(1,336)	(1,344)	(1,668)	(1,770)
<b>EBIT</b>	<b>4,609</b>	<b>4,460</b>	<b>3,620</b>	<b>4,737</b>	<b>6,518</b>
Interest expense	(1,422)	(1,343)	(1,843)	(1,454)	(1,557)
Other income/exp.	184	327	544	817	819
<b>EBT</b>	<b>3,370</b>	<b>3,444</b>	<b>2,320</b>	<b>4,101</b>	<b>5,780</b>
Corporate tax	(1,189)	(1,755)	(345)	(716)	(1,009)
<b>After-tax net profit (loss)</b>	<b>2,181</b>	<b>1,689</b>	<b>1,975</b>	<b>3,385</b>	<b>4,772</b>
Minority interest	(19)	(17)	(6)	(15)	(20)
Equity earnings from affiliates	433	173	0	0	0
Extra items	2,722	3,590	0	0	0
<b>Net profit (loss)</b>	<b>5,317</b>	<b>5,435</b>	<b>1,968</b>	<b>3,371</b>	<b>4,752</b>
Reported EPS	0.35	0.36	0.13	0.22	0.31
<b>Fully diluted EPS</b>	<b>0.35</b>	<b>0.36</b>	<b>0.13</b>	<b>0.22</b>	<b>0.31</b>
<b>Core net profit</b>	<b>3,119</b>	<b>2,963</b>	<b>1,968</b>	<b>3,371</b>	<b>4,752</b>
Core EPS	0.20	0.19	0.13	0.22	0.31
<b>EBITDA</b>	<b>8,476</b>	<b>8,487</b>	<b>5,356</b>	<b>7,598</b>	<b>9,497</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	3.0	3.2	(17.0)	24.3	14.7
Gross margin (%)	37.4	36.0	37.1	38.5	43.5
EBITDA margin (%)	54.3	52.7	40.1	45.7	49.8
Operating margin (%)	29.5	27.7	27.1	28.5	34.2
Net margin (%)	34.1	33.7	14.7	20.3	24.9
Core profit margin (%)	20.0	18.4	14.7	20.3	24.9
ROA (%)	5.2	5.0	1.7	2.8	3.9
ROCE (%)	5.6	5.4	1.8	3.0	4.2
Asset turnover (x)	0.2	0.1	0.1	0.1	0.2
Current ratio (x)	0.2	0.2	0.1	(0.1)	(0.0)
Gearing ratio (x)	1.8	1.7	1.9	1.9	1.7
Interest coverage (x)	3.2	3.3	2.0	3.3	4.2
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	1,809	1,861	1,721	(1,296)	(271)
Accounts receivable	664	687	687	687	687
Inventory	0	0	0	0	0
PP&E-net	324	311	311	311	311
Other assets	101,034	108,836	114,469	122,068	118,873
<b>Total assets</b>	<b>103,831</b>	<b>111,697</b>	<b>117,188</b>	<b>121,771</b>	<b>119,601</b>
Accounts payable	1,683	1,938	1,447	1,759	1,855
ST debts & current portion	10,856	8,916	18,177	15,488	17,949
Long-term debt	51,544	57,416	54,037	59,490	52,509
Other liabilities	4,135	4,603	4,531	4,622	4,718
<b>Total liabilities</b>	<b>68,219</b>	<b>72,874</b>	<b>78,193</b>	<b>81,359</b>	<b>77,030</b>
Paid-up capital	15,285	15,285	15,285	15,285	15,285
Share premium	5,817	5,817	5,817	5,817	5,817
Retained earnings	13,367	16,431	16,509	17,911	20,050
<b>Shareholders equity</b>	<b>35,499</b>	<b>38,781</b>	<b>38,858</b>	<b>40,261</b>	<b>42,399</b>
Minority interests	113	42	137	151	171
<b>Total Liab.&amp;Shareholders' equity</b>	<b>103,831</b>	<b>111,697</b>	<b>117,188</b>	<b>121,771</b>	<b>119,601</b>
<b>CASH FLOW (Btm)</b>					
Net income	5,317	5,435	1,968	3,371	4,752
Depreciation and amortization	3,867	4,026	1,737	2,860	2,979
Change in working capital	(1,352)	(1,672)	927	1,940	1,737
FX, non-cash adjustment & others	235	(48)	1,832	1,354	1,472
<b>Cash flows from operating activities</b>	<b>8,067</b>	<b>7,741</b>	<b>6,464</b>	<b>9,526</b>	<b>10,940</b>
Capex (Invest)/Divest	(8,033)	(8,209)	(8,866)	(12,033)	(1,357)
Others	680	646	598	1	30
<b>Cash flows from investing activities</b>	<b>(7,353)</b>	<b>(7,563)</b>	<b>(8,268)</b>	<b>(12,031)</b>	<b>(1,327)</b>
Debt financing (repayment)	(828)	2,292	4,039	1,309	(6,076)
Equity financing	1,090	0	0	0	0
Dividend payment	(1,987)	(2,293)	(1,968)	(1,968)	(2,614)
Others	680	646	598	1	30
<b>Cash flows from financing activities</b>	<b>(1,725)</b>	<b>(1)</b>	<b>2,070</b>	<b>(659)</b>	<b>(8,690)</b>
Net change in cash	(1,011)	178	267	(3,165)	923
<b>Free cash flow (Btm)</b>	<b>34</b>	<b>(468)</b>	<b>(2,402)</b>	<b>(2,507)</b>	<b>9,582</b>
<b>FCF per share (Bt)</b>	<b>0.00</b>	<b>(0.03)</b>	<b>(0.16)</b>	<b>(0.16)</b>	<b>0.63</b>
<b>Key assumptions</b>					
Average daily traffic volume (m trips/day)	1.2	1.3	1.0	1.3	1.3
Average toll fee (Bt/trip)	22.7	22.9	21.8	22.8	22.9
Total ridership (m trips)	114	123	95	147	202
Average fare price (Bt/pax)	25.7	26.0	26.4	26.8	27.2

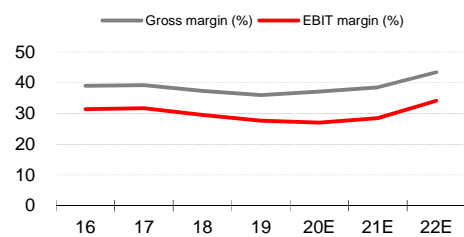
### Revenue growth and asset turnover



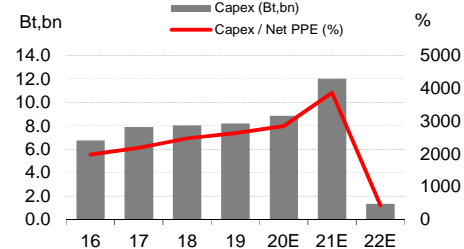
### A/C receivable & A/C payable days



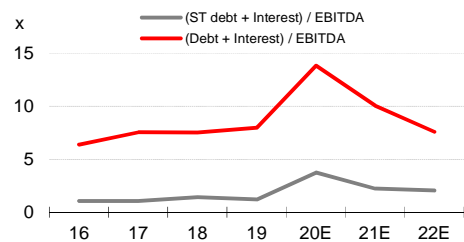
### Profit margins



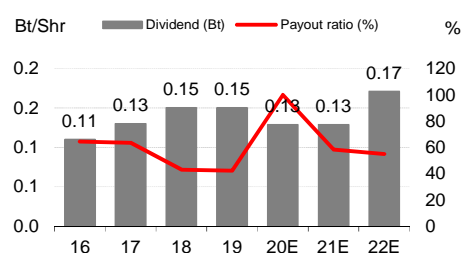
### Capital expenditure



### Debt serviceability



### Dividend payout



# BTS Group Holdings

BTS TB / BTS.BK

BUY (Target: Bt13.90)

## Key ratios & statistics

Market cap	Bt127.7bn	USD4.3bn
12-mth price range	Bt7.9/Bt13.4	
12-mth avg daily volume	Bt500m	USD16.7m
# of shares (m)	13,161	
Est. free float (%)	59.7	
Foreign limit (%)	49.0	

## Financial summary

FY Ended 31 Mar	2019	2020E	2021E	2022E
Revenues (Btm)	35,405	37,375	30,457	20,544
Net profit (Btm)	8,162	2,502	2,757	2,193
EPS (Bt)	0.49	0.15	0.17	0.13
EPS growth (%)	+184%	-69%	+10%	-20%
Core profit (Btm)	4,327	2,351	2,757	2,193
Core EPS (Bt)	0.26	0.14	0.17	0.13
Core EPS growth (%)	+74.4%	-45.7%	+17.3%	-20.5%
PER (x)	19.6	64.0	58.1	73.1
PBV (x)	1.7	1.6	1.6	1.7
Dividend (Bt)	0.3	0.3	0.4	0.4
Dividend yield (%)	3.4	2.6	4.3	4.3
ROE (%)	17.4	4.7	5.4	4.5

## CG/Anti-corruption



## Key highlights

- QoQ recovery through 3Q20:** We estimate 3Q20 (Oct-Dec, 2020) core earnings of Bt701m, down 48% YoY (lighter ridership, ad spend, and hotel revenue) but up 14% QoQ (a higher O&M biz profit—the openings of new stations).
- Core earnings drop expected for 4Q20:** Our model points to 4Q20 (Jan-Mar, 2021) core earnings of Bt593m, down by 34% YoY and 15% QoQ, due to lower YoY revenue at the hotel biz and lighter YoY and QoQ BTS ridership tied to work-from-home policies among many firms (due to the new COVID-19 outbreak).
- Back in shape by FY21:** The company's FY21 (Apr 2021-Mar 2022) core earnings are currently projected at Bt2,757m, up 17% YoY, driven by recoveries across most of its businesses, especially mass transit (higher O&M revenue and the normalization of BTS ridership) and media (higher ad-spending, in tandem with the economic recovery). However, that number represents a 36% dive compared to FY19 (the pre-coronavirus era), as we expect its mass transit (BTSGIF), VGI, and property businesses to post smaller profits (lighter mass transit ridership, smaller revenue from E&M works, lower hotel income, and softer ad-spend).

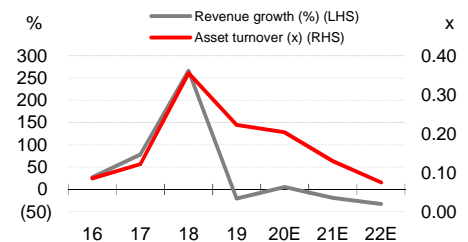
## Recommendation

As an infrastructure operator, BTS has to bear losses when new assets (the Pink and Yellow Lines) start operating, making for a dull mid-term earnings outlook (for FY22-23). Furthermore, Cabinet approval of concession renewal for the Green Line extension seems to have been delayed, which might also pressure the stock price. However, we view this as the opportunity to BUY on a dip, ahead of positive sentiment building on proof of COVID-19 vaccination progress in Thailand.

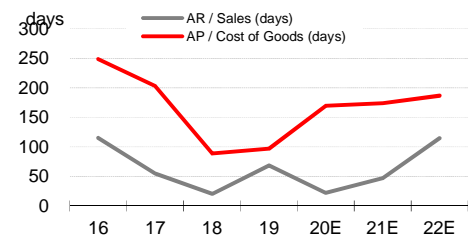
## BTS: Financial Tables – Year

<b>PROFIT &amp; LOSS (Btm)</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Revenue	44,540	35,405	37,375	30,457	20,544
Cost of sales and services	(39,498)	(29,566)	(31,884)	(24,044)	(13,921)
<b>Gross profit</b>	<b>5,042</b>	<b>5,839</b>	<b>5,491</b>	<b>6,413</b>	<b>6,623</b>
SG&A	(2,535)	(3,160)	(2,620)	(2,567)	(2,610)
<b>EBIT</b>	<b>2,507</b>	<b>2,679</b>	<b>2,871</b>	<b>3,846</b>	<b>4,013</b>
Interest expense	(1,642)	(2,245)	(2,398)	(3,109)	(4,907)
Other income/exp.	2,430	3,276	3,665	2,337	2,355
<b>EBT</b>	<b>3,296</b>	<b>3,710</b>	<b>4,138</b>	<b>3,074</b>	<b>1,461</b>
Corporate tax	(773)	(1,478)	(1,029)	(718)	(530)
<b>After-tax net profit (loss)</b>	<b>2,523</b>	<b>2,233</b>	<b>3,109</b>	<b>2,356</b>	<b>931</b>
Minority interest	(692)	(656)	(240)	(115)	71
Equity earnings from affiliates	552	2,071	(570)	517	1,191
Extra items	490	4,513	203	0	0
<b>Net profit (loss)</b>	<b>2,873</b>	<b>8,162</b>	<b>2,502</b>	<b>2,757</b>	<b>2,193</b>
Reported EPS	0.24	0.68	0.21	0.23	0.18
<b>Fully diluted EPS</b>	<b>0.17</b>	<b>0.49</b>	<b>0.15</b>	<b>0.17</b>	<b>0.13</b>
<b>Core net profit</b>	<b>2,481</b>	<b>4,327</b>	<b>2,351</b>	<b>2,757</b>	<b>2,193</b>
Core EPS	0.15	0.26	0.14	0.17	0.13
<b>KEY RATIOS</b>					
Revenue growth (%)	266.0	(20.5)	5.6	(18.5)	(32.5)
Gross margin (%)	11.3	16.5	14.7	21.1	32.2
EBITDA margin (%)	7.4	10.3	8.9	17.5	38.6
Operating margin (%)	5.6	7.6	7.7	12.6	19.5
Net margin (%)	6.5	23.1	6.7	9.1	10.7
Core profit margin (%)	5.6	12.2	6.3	9.1	10.7
ROA (%)	2.3	5.1	1.4	1.2	0.8
ROCE (%)	3.1	6.6	1.7	1.4	0.9
Asset turnover (x)	0.4	0.2	0.2	0.1	0.1
Current ratio (x)	0.5	0.7	0.2	0.5	0.8
Gearing ratio (x)	1.0	1.1	1.2	2.4	2.6
Interest coverage (x)	1.5	1.2	1.2	1.2	0.8
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	11,715	5,937	(1,337)	(513)	(3,395)
Accounts receivable	2,518	6,649	2,293	3,921	6,467
Inventory	0	0	0	0	0
PP&E-net	26,728	42,196	43,445	143,171	135,979
Other assets	103,438	118,318	149,591	130,269	133,241
<b>Total assets</b>	<b>144,398</b>	<b>173,100</b>	<b>193,991</b>	<b>276,848</b>	<b>272,292</b>
Accounts payable	9,624	7,848	14,844	11,448	7,112
ST debts & current portion	10,488	9,738	14,278	11,688	11,288
Long-term debt	43,221	66,115	71,691	160,386	163,550
Other liabilities	28,756	22,153	21,441	21,617	22,394
<b>Total liabilities</b>	<b>92,089</b>	<b>105,855</b>	<b>122,253</b>	<b>205,139</b>	<b>204,344</b>
Paid-up capital	47,381	52,617	52,617	52,617	52,617
Share premium	1,876	10,324	10,324	10,324	10,324
Retained earnings	(7,739)	(6,428)	(8,926)	(11,168)	(13,976)
<b>Shareholders equity</b>	<b>38,745</b>	<b>54,923</b>	<b>52,425</b>	<b>50,182</b>	<b>47,375</b>
Minority interests	13,565	12,323	19,313	21,527	20,573
<b>Total Liab.&amp;Shareholders' equity</b>	<b>144,398</b>	<b>173,100</b>	<b>193,991</b>	<b>276,848</b>	<b>272,292</b>
<b>CASH FLOW (Btm)</b>					
Net income	2,873	8,162	2,502	2,757	2,193
Depreciation and amortization	793	971	446	1,476	3,912
Change in working capital	(13,187)	(10,461)	9,850	(759)	(902)
FX, non-cash adjustment & others	(5,982)	(12,780)	(3,394)	(1,842)	(1,975)
<b>Cash flows from operating activities</b>	<b>(15,503)</b>	<b>(14,107)</b>	<b>9,404</b>	<b>1,633</b>	<b>3,227</b>
Capex (Invest)/Divest	19,250	15,530	(31,815)	(82,359)	622
Others	(36,846)	(29,990)	3,271	(1,654)	(3,612)
<b>Cash flows from investing activities</b>	<b>(17,596)</b>	<b>(14,459)</b>	<b>(28,544)</b>	<b>(84,012)</b>	<b>(2,991)</b>
Debt financing (repayment)	25,269	16,309	10,116	86,105	2,765
Equity financing	7,761	14,229	6,750	2,099	(883)
Dividend payment	(4,588)	(5,978)	(5,000)	(5,000)	(5,000)
Others	(36,846)	(29,990)	3,271	(1,654)	(3,612)
<b>Cash flows from financing activities</b>	<b>27,757</b>	<b>27,551</b>	<b>11,866</b>	<b>83,204</b>	<b>(3,118)</b>
Net change in cash	(5,343)	(1,015)	(7,274)	824	(2,882)
<b>Free cash flow (Btm)</b>	<b>3,747</b>	<b>1,423</b>	<b>(22,410)</b>	<b>(80,726)</b>	<b>3,849</b>
<b>FCF per share (Bt)</b>	<b>0.31</b>	<b>0.12</b>	<b>(1.88)</b>	<b>(6.76)</b>	<b>0.32</b>
<b>Key assumptions</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Total ridership (m pax)	241	237	119	244	344
Ridership growth (%)	(0.1)	(1.7)	(49.8)	105.2	41.1
Average fare price (Bt/pax)	29.0	29.0	29.1	29.4	29.7
Media revenue growth (%)	27.8	31.0	(22.4)	(32.9)	17.8
Property revenue growth (%)	(43.7)	5.8	(51.0)	22.3	16.7

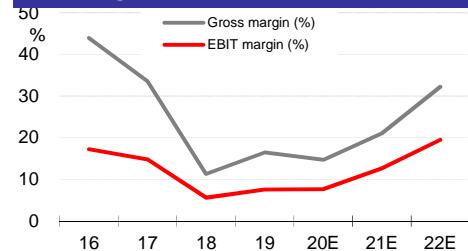
### Revenue growth and asset turnover



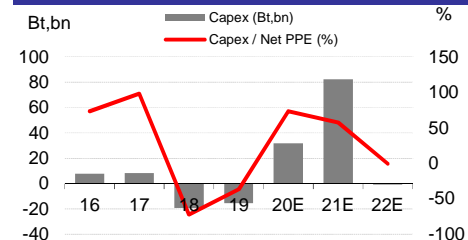
### A/C receivable & A/C payable days



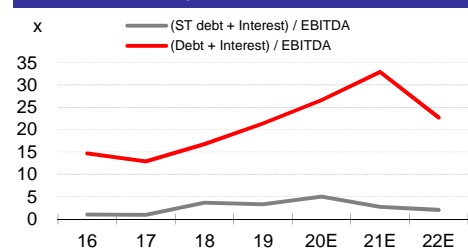
### Profit margins



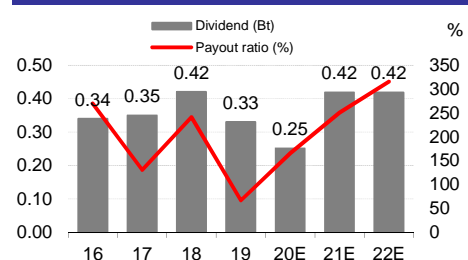
### Capital expenditure



### Debt serviceability



### Dividend payout



# Precious Shipping

PSL TB / PSL.BK

SELL (Target: Bt5.70)

## Key ratios & statistics

Market cap	Bt11.7bn	USD0.4bn
12-mth price range	Bt2.4/Bt9.4	
12-mth avg daily volume	Bt108m	USD3.6m
# of shares (m)	1,559	
Est. free float (%)	46.8	
Foreign limit (%)	49.0	

## Financial summary

FY Ended 31 Dec	2019	2020E	2021E	2022E
Revenues (Btm)	4,152	3,788	4,882	4,922
Net profit (Btm)	(228)	(1,273)	559	703
EPS (Bt)	(0.15)	(0.82)	0.36	0.45
EPS growth (%)	n.m.	-457%	n.m.	+26%
Core profit (Btm)	(222)	(428)	559	703
Core EPS (Bt)	(0.14)	(0.27)	0.36	0.45
Core EPS growth (%)	n.m.	-92.8%	n.m.	+25.7%
PER (x)	n.m.	n.m.	20.9	16.6
PBV (x)	1.1	1.1	1.1	1.0
Dividend (Bt)	0.0	0.0	0.1	0.1
Dividend yield (%)	0.0	0.0	1.0	1.2
ROE (%)	(1.9)	(11.7)	5.3	6.3

## Key highlights

- **Good freight rates to drive 4Q20 earnings ...** We estimate a 4Q20 core profit of Bt49m, up 59% YoY and a QoQ turnaround, led by higher average freight rates (BHSI and BSI).
- **...but freight rates will weaken seasonally QoQ in 1Q21:** Our model points to a 1Q21 core loss of Bt94m, shallower by 29% YoY (higher YoY freight rates). However, that red ink represents a QoQ reversal from profit, due to seasonally lower freight rates.
- **At full steam during 2021:** Global trade will recover through 2021, in tandem with the rolling out of COVID-19 vaccination programs, so freight rates should hold up well. As such, we expect PSL to report earnings for 2021, a YoY turnaround.

## Recommendation

The good 2021 outlook notwithstanding, we expect freight rates to start declining in the run-up to the Chinese New Year holiday, so profit-taking will manifest in the short run. We also anticipate that PSL will report a core loss for 1Q21. As such, our call shifts down our call from HOLD to SELL (our target price is unchanged at Bt5.70).

## CG/Anti-corruption

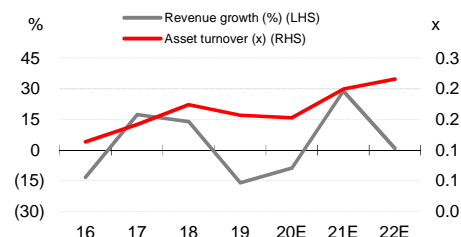


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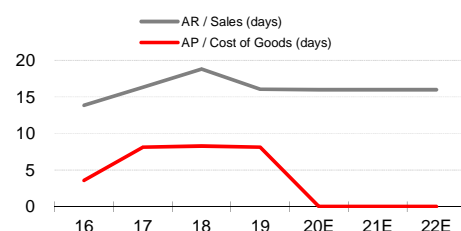
## PSL: Financial Tables – Year

PROFIT & LOSS (Btm)	2018	2019	2020E	2021E	2022E
Revenue	4,933	4,152	3,788	4,882	4,922
Cost of sales and services	(3,256)	(3,173)	(3,239)	(3,110)	(3,110)
<b>Gross profit</b>	<b>1,677</b>	<b>979</b>	<b>549</b>	<b>1,772</b>	<b>1,812</b>
SG&A	(453)	(546)	(392)	(392)	(392)
<b>EBIT</b>	<b>1,224</b>	<b>433</b>	<b>157</b>	<b>1,380</b>	<b>1,420</b>
Interest expense	(803)	(703)	(610)	(721)	(582)
Other income/exp.	37	31	12	30	30
<b>EBT</b>	<b>459</b>	<b>(239)</b>	<b>(440)</b>	<b>689</b>	<b>869</b>
Corporate tax	(2)	(3)	0	(140)	(176)
<b>After-tax net profit (loss)</b>	<b>457</b>	<b>(242)</b>	<b>(440)</b>	<b>549</b>	<b>693</b>
Minority interest	0	0	0	0	0
Equity earnings from affiliates	24	20	11	10	10
Extra items	(25)	(6)	(845)	0	0
<b>Net profit (loss)</b>	<b>456</b>	<b>(228)</b>	<b>(1,273)</b>	<b>559</b>	<b>703</b>
Reported EPS	0.29	(0.15)	(0.82)	0.36	0.45
<b>Fully diluted EPS</b>	<b>0.28</b>	<b>(0.14)</b>	<b>(0.82)</b>	<b>0.36</b>	<b>0.45</b>
<b>Core net profit</b>	<b>481</b>	<b>(222)</b>	<b>(428)</b>	<b>559</b>	<b>703</b>
Core EPS	0.30	(0.14)	(0.27)	0.36	0.45
<b>EBITDA</b>	<b>2,409</b>	<b>1,617</b>	<b>1,372</b>	<b>2,568</b>	<b>2,608</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	13.9	(15.8)	(8.8)	28.9	0.8
Gross margin (%)	34.0	23.6	14.5	36.3	36.8
EBITDA margin (%)	48.8	38.9	36.2	52.6	53.0
Operating margin (%)	24.8	10.4	4.2	28.3	28.9
Net margin (%)	9.2	(5.5)	(33.6)	11.5	14.3
Core profit margin (%)	9.8	(5.4)	(11.3)	11.5	14.3
ROA (%)	1.6	(0.9)	(5.1)	2.3	3.1
ROCE (%)	1.6	(0.9)	(5.3)	2.4	3.2
Asset turnover (x)	0.2	0.2	0.2	0.2	0.2
Current ratio (x)	1.0	0.4	0.3	0.6	0.3
Gearing ratio (x)	1.1	1.1	1.3	1.2	0.8
Interest coverage (x)	1.5	0.6	0.3	1.9	2.4
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	1,843	1,181	1,736	2,523	303
Accounts receivable	254	183	166	214	216
Inventory	0	0	0	0	0
PP&E-net	22,409	20,098	19,147	18,197	17,246
Other assets	3,110	3,282	5,231	6,014	3,794
<b>Total assets</b>	<b>27,837</b>	<b>25,061</b>	<b>24,544</b>	<b>24,425</b>	<b>21,256</b>
Accounts payable	74	71	0	0	0
ST debts & current portion	1,877	4,085	6,408	4,749	1,877
Long-term debt	12,661	8,577	7,150	8,150	7,150
Other liabilities	0	0	700	680	680
<b>Total liabilities</b>	<b>15,141</b>	<b>13,502</b>	<b>14,258</b>	<b>13,580</b>	<b>9,708</b>
Paid-up capital	1,559	1,559	1,559	1,559	1,559
Share premium	2,140	2,140	2,140	2,140	2,140
Retained earnings	9,780	9,537	8,264	8,823	9,526
<b>Shareholders equity</b>	<b>12,695</b>	<b>11,559</b>	<b>10,286</b>	<b>10,845</b>	<b>11,548</b>
Minority interests	0	0	0	0	0
<b>Total Liab.&amp;Shareholders' equity</b>	<b>27,837</b>	<b>25,060</b>	<b>24,544</b>	<b>24,425</b>	<b>21,256</b>
<b>CASH FLOW (Btm)</b>					
Net income	456	(228)	(1,273)	559	703
Depreciation and amortization	1,185	1,183	1,215	1,188	1,188
Change in working capital	(199)	163	(19)	(64)	(2)
FX, non-cash adjustment & others	814	773	610	721	582
<b>Cash flows from operating activit</b>	<b>2,256</b>	<b>1,890</b>	<b>533</b>	<b>2,404</b>	<b>2,471</b>
Capex (Invest)/Divest	(289)	(436)	(265)	(238)	(238)
Others	17	8	0	0	0
<b>Cash flows from investing activiti</b>	<b>(272)</b>	<b>(427)</b>	<b>(265)</b>	<b>(238)</b>	<b>(238)</b>
Debt financing (repayment)	(1,984)	(2,009)	896	(659)	(3,872)
Equity financing	0	0	0	0	0
Dividend payment	0	0	0	0	0
Others	17	8	0	0	0
<b>Cash flows from financing activiti</b>	<b>(1,984)</b>	<b>(2,009)</b>	<b>287</b>	<b>(1,379)</b>	<b>(4,454)</b>
Net change in cash	0	(546)	555	787	(2,221)
<b>Free cash flow (Btm)</b>	<b>1,967</b>	<b>1,455</b>	<b>268</b>	<b>2,167</b>	<b>2,233</b>
<b>FCF per share (Bt)</b>	<b>1.3</b>	<b>0.9</b>	<b>0.2</b>	<b>1.4</b>	<b>1.4</b>
<b>Key assumptions</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
TC rate (US\$/day/ship)	11,063	9,622	9,179	12,366	12,469
No.of operating days (days)	13,140	13,140	13,176	13,140	13,140
No.of ships	36	36	36	36	36

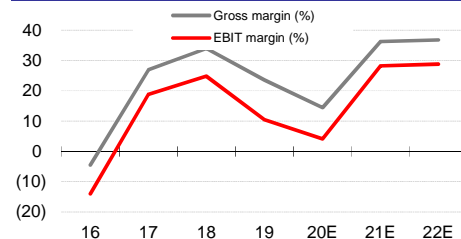
### Revenue growth and asset turnover



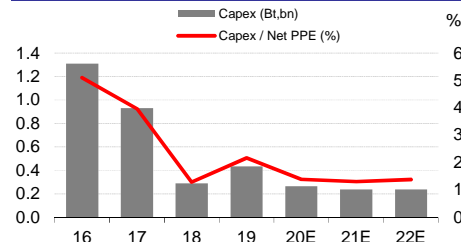
### A/C receivable & A/C payable days



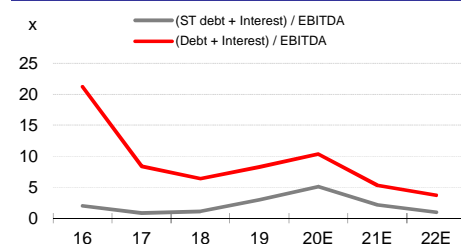
### Profit margins



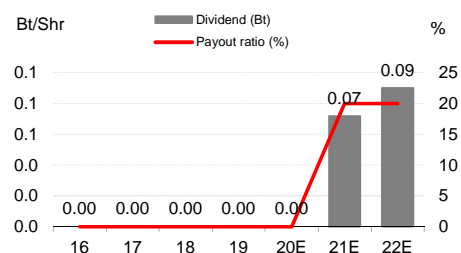
### Capital expenditure



### Debt serviceability



### Dividend payout



# Kerry Express (Thailand)

KEX TB / KEX.BK

BUY (Target: Bt70.00)

## Key ratios & statistics

Market cap	Bt97.0bn	USD3.2bn
12-mth price range	Bt46.0/Bt73.0	
12-mth avg daily volume	Bt207m	USD6.9m
# of shares (m)	1,740	
Est. free float (%)	25.1	
Foreign limit (%)	49.0	

## Financial summary

FY Ended 31 Dec	2019	2020E	2021E	2022E
Revenues (Btm)	19,782	19,744	25,845	31,241
Net profit (Btm)	1,329	1,423	1,733	2,064
EPS (Bt)	5.54	0.80	0.97	1.16
EPS growth (%)	+12.1%	-85.6%	+21.8%	+19.1%
Core profit (Btm)	1,329	1,423	1,733	2,064
Core EPS (Bt)	5.54	0.82	1.00	1.19
Core EPS growth (%)	+12%	-85%	+22%	+19%
PER (x)	10.1	69.7	57.3	48.1
PBV (x)	6.0	9.1	8.4	7.7
Dividend (Bt)	2.5	1.1	0.5	0.6
Dividend yield (%)	4.4	2.0	0.9	1.1
ROE (%)	71.4	22.1	15.6	17.1

## CG/Anti-corruption

N/A/	-
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## Key highlights

- 4Q20 hiccup, but ...** We estimate a 4Q20 core profit of Bt393m, down 8% YoY, as we believe diminished consumer willingness to spend (panic over Thailand's COVID-19 outbreak) and long holidays squeezed e-tail purchases. But that number represents 35% QoQ expansion, driven by promotions among e-tailers (such as 11-11 and 12-12).
- ...to bounce in 1Q21:** Our 1Q21 forecast is a substantially stronger core profit of Bt433m, up by 15% YoY and 10% QoQ, boosted by heavier e-tail spending tied to work-from-home expansion and the soft lockdown.
- Impressive future outlook:** We project 2021 core earnings of Bt1,733m, up 22% YoY, driven by greater parcel delivery volume tied to heavier consumer spending in Thailand (recovery from COVID-19 effects) and ongoing e-tail industry growth.

## Recommendation

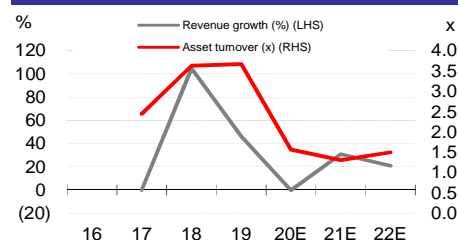
KEX's share price has fallen 10% from its peak during the past two weeks. The reason may be anticipation of soft 4Q20 core earnings. However, its impressive long-term earnings growth profile (tied to rapid Thai consumer adoption of online shopping) makes its current stock price a good entry point. KEX remains our top Transportation pick.



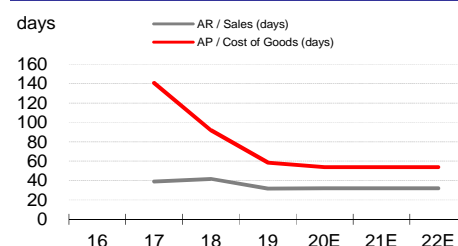
## KEX: Financial Tables – Year

PROFIT & LOSS (Btm)	2018	2019	2020E	2021E	2022E
Revenue	13,565	19,782	19,744	25,845	31,241
Cost of sales and services	(11,152)	(16,704)	(16,496)	(21,710)	(26,398)
<b>Gross profit</b>	<b>2,413</b>	<b>3,078</b>	<b>3,248</b>	<b>4,135</b>	<b>4,842</b>
SG&A	(1,047)	(1,514)	(1,445)	(1,861)	(2,187)
<b>EBIT</b>	<b>1,366</b>	<b>1,564</b>	<b>1,803</b>	<b>2,274</b>	<b>2,655</b>
Interest expense	(1)	(24)	(115)	(188)	(156)
Other income/exp.	102	113	81	80	80
<b>EBT</b>	<b>1,467</b>	<b>1,652</b>	<b>1,769</b>	<b>2,166</b>	<b>2,580</b>
Corporate tax	(282)	(324)	(345)	(433)	(516)
<b>After-tax net profit (loss)</b>	<b>1,185</b>	<b>1,329</b>	<b>1,423</b>	<b>1,733</b>	<b>2,064</b>
Minority interest	0	0	0	0	0
Equity earnings from affiliates	0	0	0	0	0
Extra items	0	0	0	0	0
<b>Net profit (loss)</b>	<b>1,185</b>	<b>1,329</b>	<b>1,423</b>	<b>1,733</b>	<b>2,064</b>
Reported EPS	4.94	5.54	0.82	1.00	1.19
<b>Fully diluted EPS</b>	<b>4.94</b>	<b>5.54</b>	<b>0.80</b>	<b>0.97</b>	<b>1.16</b>
<b>Core net profit</b>	<b>1,185</b>	<b>1,329</b>	<b>1,423</b>	<b>1,733</b>	<b>2,064</b>
Core EPS	4.94	5.54	0.82	1.00	1.19
<b>EBITDA</b>	<b>1,767</b>	<b>2,354</b>	<b>2,632</b>	<b>3,156</b>	<b>3,621</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	104.7	45.8	(0.2)	30.9	20.9
Gross margin (%)	17.8	15.6	16.4	16.0	15.5
EBITDA margin (%)	13.0	11.9	13.3	12.2	11.6
Operating margin (%)	10.1	7.9	9.1	8.8	8.5
Net margin (%)	8.7	6.7	7.2	6.7	6.6
Core profit margin (%)	8.7	6.7	7.2	6.7	6.6
ROA (%)	31.7	24.6	11.3	8.7	9.9
ROCE (%)	105.7	56.3	19.6	14.6	16.6
Asset turnover (x)	3.6	3.7	1.6	1.3	1.5
Current ratio (x)	0.7	1.0	3.6	2.9	3.0
Gearing ratio (x)	0.1	0.4	0.1	0.1	0.0
Interest coverage (x)	1,351.0	65.0	15.7	12.1	17.0
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	569	910	14,194	14,733	14,210
Accounts receivable	1,550	1,722	1,731	2,266	2,739
Inventory	39	136	162	212	257
PP&E-net	2,182	2,706	2,513	2,672	3,255
Other assets	427	540	585	623	654
<b>Total assets</b>	<b>4,768</b>	<b>6,014</b>	<b>19,184</b>	<b>20,506</b>	<b>21,116</b>
Accounts payable	2,810	2,685	2,440	3,212	3,906
ST debts & current portion	200	0	0	800	0
Long-term debt	0	800	800	0	0
Other liabilities	267	296	5,270	4,954	4,638
<b>Total liabilities</b>	<b>3,278</b>	<b>3,781</b>	<b>8,511</b>	<b>8,966</b>	<b>8,543</b>
Paid-up capital	120	120	870	870	870
Share premium	0	0	8,250	8,250	8,250
Retained earnings	1,370	2,091	1,532	2,399	3,431
<b>Shareholders equity</b>	<b>1,490</b>	<b>2,233</b>	<b>10,674</b>	<b>11,541</b>	<b>12,572</b>
Minority interests	0	0	0	0	0
<b>Total Liab.&amp;Shareholders' equity</b>	<b>4,768</b>	<b>6,014</b>	<b>19,184</b>	<b>20,506</b>	<b>21,116</b>
<b>CASH FLOW (Btm)</b>					
Net income	1,185	1,329	1,423	1,733	2,064
Depreciation and amortization	299	678	749	802	885
Change in working capital	129	(163)	(280)	186	176
FX, non-cash adjustment & others	48	18	14	14	14
<b>Cash flows from operating activities</b>	<b>1,662</b>	<b>1,861</b>	<b>1,907</b>	<b>2,736</b>	<b>3,140</b>
Capex (Invest)/Divest	(2,063)	(1,271)	(600)	(1,000)	(1,500)
Others	681	(262)	0	0	0
<b>Cash flows from investing activities</b>	<b>(1,382)</b>	<b>(1,533)</b>	<b>(600)</b>	<b>(1,000)</b>	<b>(1,500)</b>
Debt financing (repayment)	200	600	0	0	(800)
Equity financing	0	0	9,000	0	0
Dividend payment	(798)	(588)	(1,982)	(867)	(1,032)
Others	681	(262)	0	0	0
<b>Cash flows from financing activities</b>	<b>(598)</b>	<b>12</b>	<b>11,978</b>	<b>(1,197)</b>	<b>(2,162)</b>
Net change in cash	(318)	341	13,284	539	(523)
<b>Free cash flow (Btm)</b>	<b>(401)</b>	<b>590</b>	<b>1,307</b>	<b>1,736</b>	<b>1,640</b>
<b>FCF per share (Bt)</b>	<b>(1.7)</b>	<b>2.5</b>	<b>0.8</b>	<b>1.0</b>	<b>0.9</b>
<b>Key assumptions</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Parcels delivery (mn)	173.0	274.0	293.1	394.4	491.7
Revenue per parcel (Bt/parcel)	78.4	72.2	68.3	65.5	63.5
Cost per parcel (Bt/parcel)	70.5	66.5	62.2	59.8	58.1
Capacity (mn parcels/day)	1.6	1.9	1.9	2.5	3.0

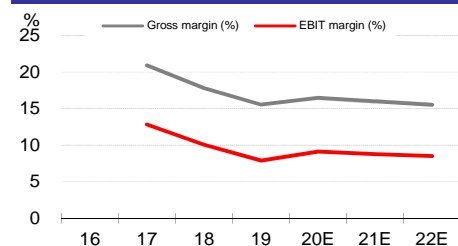
### Revenue growth and asset turnover



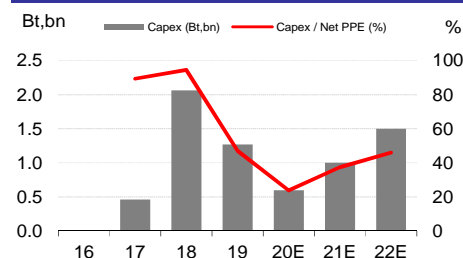
### A/C receivable & A/C payable days



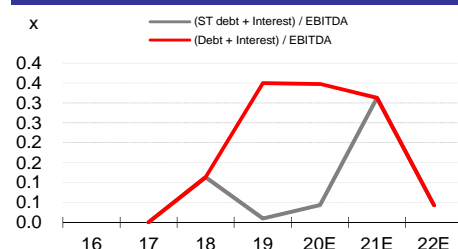
### Profit margins



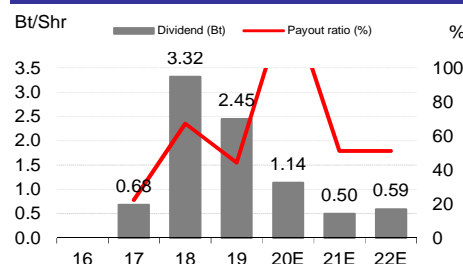
### Capital expenditure



### Debt serviceability



### Dividend payout



## Regional Comparisons – Airlines

	Bloomberg Code	Price (local curr.)	Market Cap (US\$ equivalent)	PER (x)		EPS Growth (%)		PBV (x)		ROE (%)		Div Yield (%)	
				2020E	2021E	2020E	2021E	2020E	2021E	2020E	2021E	2020E	2021E
Korean Air	003490 KS	KRW30,500.0	4,823	n.a.	n.a.	-51.8	-97.6	1.7	1.6	-10.8	0.8	0.6	0.6
Asiana Airlines	020560 KS	KRW16,000.0	1,080	n.a.	n.a.	-55.0	-12.6	1.0	1.4	-64.4	-61.0	n.a.	n.a.
China Southern Airlines	1055 HK	HKD4.2	12,011	n.a.	20.7	n.m.	-139.5	0.8	0.7	-15.0	5.3	0.0	0.9
Cathay Pacific Airways	293 HK	HKD6.6	5,464	n.a.	n.a.	n.m.	-90.5	0.7	0.7	-29.4	-3.1	0.2	0.2
China Eastern Airlines	670 HK	HKD3.1	9,903	n.a.	24.6	n.m.	-116.0	0.7	0.7	-17.9	4.5	0.0	0.9
Air China Limited	753 HK	HKD5.4	14,019	n.a.	20.8	-286.6	-121.2	0.8	0.8	-14.0	4.4	-0.2	0.9
China Airlines	2610 TT	TWD10.3	1,983	n.a.	19.6	-30.5	-441.2	1.0	1.0	-1.4	5.2	n.a.	1.0
EVA Airways	2618 TT	TWD12.2	2,104	n.a.	n.a.	-209.6	-46.6	0.9	0.9	-7.5	-3.3	n.a.	n.a.
Cebu Air Inc	CEB PM	PHP50.0	625	n.a.	n.a.	n.m.	-93.0	1.1	1.4	-51.9	-4.6	6.0	6.0
Qantas Airways	QAN AU	AUD4.8	6,969	n.a.	15.0	-48.7	-138.5	30.0	13.0	-123.6	17.4	0.0	1.7
Singapore Airlines	SIA SP	SGD4.1	9,197	n.a.	n.a.	953.8	-92.2	1.0	0.9	-34.3	-2.1	0.0	0.0
Bangkok Airways	BA TB	THB6.55	450	n.m.	n.m.	40.7	n.m.	0.6	0.6	-22.6	-4.8	0.0	0.0
Asia Aviation	AAV TB	THB2.30	372	n.m.	182.7	n.m.	n.m.	0.6	0.6	-28.4	0.4	0.0	0.1
<b>Simple average</b>				<b>n.m.</b>	<b>47.3</b>	<b>39.0</b>	<b>-126.3</b>	<b>3.1</b>	<b>1.9</b>	<b>-32.4</b>	<b>-3.1</b>	<b>0.7</b>	<b>1.1</b>

## Regional Comparisons – Logistics

	Bloomberg Code	Price (local curr.)	Market Cap (US\$ equivalent)	PER (x)		EPS Growth (%)		PBV (x)		ROE (%)		Div Yield (%)	
				2020E	2021E	2020E	2021E	2020E	2021E	2020E	2021E	2020E	2021E
Singapore Post	SPOST SP	SGD0.7	1,189	24.1	18.4	-17.4	32.1	1.1	1.1	4.6	6.0	3.1	3.7
STO Express	002468 CH	CNY9.5	2,254	34.2	20.9	-65.5	56.2	1.5	1.4	4.4	6.7	1.2	1.2
Deutsche Post AG	DPW GR	EUR43.0	64,738	17.4	15.6	6.9	20.8	3.5	3.1	20.4	20.4	2.9	3.2
SF Holdings	002352 CH	CNY99.9	70,406	60.7	49.0	26.2	22.6	9.0	7.8	15.1	16.2	0.3	0.4
United Parcel Service	UPS US	USD161.4	139,540	21.0	19.0	47.1	12.7	18.4	12.7	119.4	79.0	2.5	2.6
ZTO Express	2057 HK	HKD265.4	29,051	38.2	34.0	n.a.	34.6	3.6	3.3	10.0	11.4	0.7	1.0
FedEx Corporation	FDX US	USD249.7	66,180	14.3	13.3	246.3	9.4	3.0	2.4	22.1	19.8	1.1	1.1
Yamato Holdings	9064 JP	JPY2,660.0	9,974	25.0	21.3	87.5	17.4	1.8	1.7	7.3	8.4	1.3	1.4
SG Holdings	9143 JT	JPY2,802.0	17,315	24.4	25.7	54.1	-5.1	4.3	3.9	17.5	16.2	1.2	1.2
CJ Logistics	000120 KS	KRW169,500	3,508	29.9	24.7	321.9	22.9	1.1	1.1	4.0	4.7	0.0	0.0
Kerry Express (Thailand)	KEX TB	THB55.75	3,237	57.3	48.1	-85.6	21.8	8.4	7.7	15.6	17.1	0.9	1.1
<b>Simple average</b>				<b>31.5</b>	<b>26.4</b>	<b>62.1</b>	<b>22.3</b>	<b>5.1</b>	<b>4.2</b>	<b>21.8</b>	<b>18.7</b>	<b>1.4</b>	<b>1.5</b>

## Regional Comparisons – Mass Transit

	Bloomberg Code	Price (local curr.)	Market Cap (US\$ equivalent)	PER (x)		EPS Growth (%)		PBV (x)		ROE (%)		Div Yield (%)	
				2020E	2021E	2020E	2021E	2020E	2021E	2020E	2021E	2020E	2021E
Guangshen	525 HK	HKD1.5	2,123	n.a.	23.4	-200.0	-147.3	0.3	0.3	-3.0	1.3	n.m.	n.m.
MTR Corp	66 HK	HKD43.8	34,883	55.3	29.2	-108.8	-958.8	1.5	1.5	2.4	5.4	2.8	2.9
West Japan Railway	9021 JP	JPY5,331.0	9,844	n.a.	62.9	-342.1	-107.5	1.1	1.2	-21.8	0.1	1.9	1.9
Nippon Express	9062 JP	JPY7,230.0	6,698	15.9	14.7	145.9	8.4	1.2	1.1	7.6	7.9	2.1	2.2
Bangkok Expressway and Metro	BEM TB	THB8.20	4,182	63.7	37.2	2.2	-63.8	3.2	3.1	5.1	8.5	1.6	1.6
BTS Group Holdings	BTS TB	THB9.70	4,260	64.0	58.1	184.1	-69.3	1.6	1.6	4.7	5.4	2.6	4.3
<b>Simple average</b>				<b>49.7</b>	<b>37.6</b>	<b>-53.1</b>	<b>-223.1</b>	<b>1.5</b>	<b>1.5</b>	<b>-0.9</b>	<b>4.8</b>	<b>2.2</b>	<b>2.6</b>

## Regional Comparisons – Shipping

	Bloomberg	Price	Market Cap	PER (x)		EPS Growth (%)		PBV (x)		ROE (%)		Div Yield (%)	
	Code	(local curr.)	(US\$ equivalent)	2020E	2021E	2020E	2021E	2020E	2021E	2020E	2021E	2020E	2021E
Sincere Navigation	2605 TT	TWD18.8	392	26.8	22.1	366.7	21.4	0.7	0.7	n.a.	n.a.	n.a.	n.a.
China Shipping Development	1138 HK	HKD3.4	4,424	4.1	6.7	645.6	-46.4	0.3	0.4	10.1	5.6	4.9	6.4
Kawasaki Kisen Kaisha	9107 JP	JPY1,852.0	1,679	4.8	7.3	581.4	-34.1	1.2	1.0	29.7	18.3	0.0	0.4
Mitsui Osk Lines	9104 JP	JPY2,873.0	3,344	8.4	6.9	24.6	n.m.	0.6	0.6	8.1	10.0	1.8	2.9
Cosco Corp Singapore	COS SP	SGD0.3	482	95.0	71.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0	0.0
Precious Shipping	PSL TB	THB7.50	390	n.m.	20.9	n.m.	n.m.	1.1	1.1	-11.7	5.3	0.0	1.0
<b>Simple average</b>				<b>27.8</b>	<b>22.5</b>	<b>404.6</b>	<b>-19.7</b>	<b>0.8</b>	<b>0.7</b>	<b>9.1</b>	<b>9.8</b>	<b>1.3</b>	<b>2.1</b>

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CKP	STA	BGRIM	GULF	MTC	AWC	TCAP	CRC	CPF	CPN	HANA	HMPRO	IVL	OSP	SAWAD
THANI	BANPU	BCH	BEM	BTS	CK	SCC	STEC	TISCO	TRUE	TU	INTUCH	LH	RATCH	VGI
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	OR

### CG Rating

Score Range	Score Range	Description
90 – 100		Excellent
80 – 89		Very Good
70 – 79		Good
60 – 69		Satisfactory
50 – 00359		Pass
Below 50	No logo given	N/A

### Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors

- companies that have **declared** their intention to join CAC, and
- companies **certified** by CAC.

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## BUALUANG RESEARCH – RECOMMENDATION FRAMEWORK

### STOCK RECOMMENDATIONS

**BUY:** Expected positive total returns of 15% or more over the next 12 months.

**HOLD:** Expected total returns of between -15% and +15% over the next 12 months.

**SELL:** Expected negative total returns of 15% or more over the next 12 months.

**TRADING BUY:** Expected positive total returns of 15% or more over the next 3 months.

### SECTOR RECOMMENDATIONS

**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

**NEUTRAL:** The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

**UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.