

# INTERLINK TELECOM ITEL TB

## THAILAND / INFORMATION&COMM TECH

# BUY

UNCHANGED

## กลับสู่โหมดเติบโต

- คาดกำไร 4Q23 +15% q-q เป็น 79 ล้านบาทสูงสุดของปี จบปี 2023 ด้วยกำไร 269 ล้านบาท +2.5% y-y
- การซื้อ GLS ช่วยต่อยอดสู่ธุรกิจ Health Tech สร้าง Recurring income
- Valuations ถูกเกินไป แนะนำซื้อ ราคาเป้าหมาย 4 บาท

TARGET PRICE	THB4.00
CLOSE	THB2.52
UP/DOWNSIDE	+58.7%
PRIOR TP	THB4.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+14.3%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	3,393	2,588	3,393	3,691
Net profit	254	269	321	360
EPS (THB)	0.19	0.19	0.23	0.26
vs Consensus (%)	-	15.2	15.0	-
EBITDA	869	583	1,029	793
Recurring net profit	263	269	321	360
Core EPS (THB)	0.20	0.19	0.23	0.26
Chg. In EPS est. (%)	-	-	(1.0)	(0.4)
EPS growth (%)	(0.7)	(3.0)	19.3	12.1
Core P/E (x)	12.6	13.0	10.9	9.7
Dividend yield (%)	2.5	2.3	2.8	3.1
EV/EBITDA (x)	7.6	10.9	6.2	8.1
Price/book (x)	0.9	0.9	0.8	0.8
Net debt/Equity (%)	85.8	70.0	65.6	63.4
ROE (%)	8.1	7.2	8.0	8.5

## คาดกำไร 4Q23 สูงสุดของปี ผลักดันกำไรทั้งปีโต 2.5% y-y

เรคาดกำไร 4Q23 ที่ 78.5 ล้านบาท (+15% q-q, -8% y-y) เป็นไตรมาสสูงสุดของปีตามธรรมชาติของธุรกิจ กำไรที่ฟื้น q-q เป็นการเร่งส่งมอบงาน ส่วนกำไรที่ลดลง y-y เพราะฐานที่สูงกว่าปกติใน 4Q22 และปี 2022 เป็นปีที่มีงานเป็นจำนวนมากเพราะอันมาจากช่วงปิดเมืองในช่วงโควิด ตรงข้ามกับปี 2023 ที่มีความล่าช้าในการจัดตั้งรัฐบาลงบประมาณรายจ่ายปี 2024 ยังไม่ผ่านสภา งานประมูลจึงมีออกมาน้อย ความเชื่อมั่นของนักลงทุนลดลง ส่งผลให้เรคาดว่ารายได้ทั้งปี 2023 จะหดตัว 23.7% y-y เป็น 2.6 พันล้านบาท (ประกอบด้วยรายได้ที่เป็น Recurring 61% คือ Data service และ Data center และรายได้ Non-recurring 39%) แต่ต่อราคากำไรขั้นต้นที่ดีขึ้นมากทำให้กำไรปกติโตได้ 2.5% y-y แต่ก็เป็นอัตราการเติบโตที่ต่ำสุดในรอบ 3 ปี

## ซื้อกิจการ GLS ต่อยอดสู่ธุรกิจ Health Tech

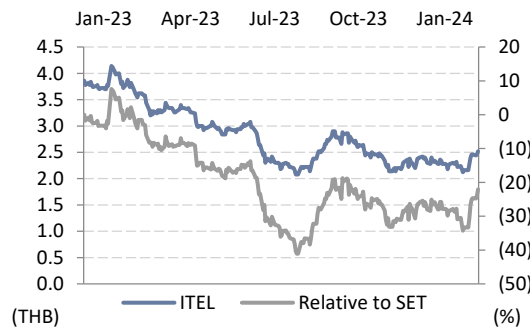
ITEL ได้เข้าซื้อกิจการ Global Lithotripsy Services (GLS) 100% จากบริษัท โซเด็กซ์ โซ (ประเทศไทย) จำกัด ในราคา 40 ล้านบาท เพื่อต่อยอดธุรกิจสู่ Health Tech และเพิ่มสัดส่วนของรายได้ประเภท Recurring ลดความผันผวนของรายได้ ทั้งนี้ GLS เป็นผู้เชี่ยวชาญด้านอุปกรณ์การแพทย์ CT scan / MRI scan มีลูกค้าคือโรงพยาบาลรัฐและเอกชน 51 แห่ง ในช่วง 3 ปีที่ผ่านมา (ปี 2020-22) GLS มีรายได้ 96-103 ล้านบาทต่อปี มีอัตรากำไรขั้นต้น 25%-30% มีกำไรสุทธิ 7-8 ล้านบาท คิดเป็นอัตรากำไรสุทธิ 7%-9% แม้ว่ามีส่วนรวม 5% ของกำไรของ ITEL แต่เป็นธุรกิจที่มีศักยภาพในการเติบโต

## ผ่านปีที่ยากลำบากไปแล้ว คาดกลับมาโตสูง 19.3% y-y ในปี 2024

เรารวม GLS เข้ามาในปี 2024 เป็นต้นไป โดยตั้งสมมติฐานใกล้เคียงผลงานในอดีต คือรายได้ 100 ล้านบาทในปี 2024 และขยายตัว 20% ในปี 2025 อัตรากำไรสุทธิเฉลี่ย 10% ถือว่า conservative เพราะยังไม่รวมการขยายฐานตลาดและผลของการ leverage กับธุรกิจเดิมของ ITEL ขณะที่ผู้บริหารตั้งเป้าขยายรายได้ได้ถึง 300-400 ล้านบาท ระยะยาวตั้งเป้า 500-700 ล้านบาท แม้ว่าจะรวม GLS เข้ามาแต่ปรับปรุงสมมติฐานส่วนอื่นทำให้กำไรใกล้เคียงประมาณการเดิม โดยคาดกำไรปี 2024 ที่ 320.9 ล้านบาท (+19.3% y-y) และ 359.8 ล้านบาทในปี 2025 (+12.1% y-y)

## Valuations ถูกเกินไป แนะนำซื้อ ราคาเป้าหมาย 4 บาท

ITEL ผ่านปีที่ยากลำบากไปแล้วในปี 2023 เราเชื่อว่าบรรยากาศการลงทุนที่ดีขึ้นในปีนี้จะช่วยให้บริษัทกลับสู่โหมดการเติบโตอีกครั้ง ราคาหุ้นปัจจุบันเทรดที่ PE 10.9 เท่า คิดเป็น PEG เพียง 0.6 และ PBV เพียง 0.8 เท่า เรายังคงแนะนำซื้อ ดงราคาเป้าหมาย 4.00 บาท อิง PE 17.0 เท่า ใกล้เคียงค่าเฉลี่ยย้อนหลัง 5 ปี



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	10.5	4.1	(34.0)
Relative to country (%)	8.0	5.7	(21.1)
Mkt cap (USD m)	100		
3m avg. daily turnover (USD m)	0.3		
Free float (%)	47		
Major shareholder	Interlink Communication PLC.. (49%)		
12m high/low (THB)	4.22/2.04		
Issued shares (m)	1,388.93		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

ปี 2023 เป็นปีที่บริษัทเผชิญความท้าทายหลายด้านทั้งอัตราดอกเบี้ยในตลาดที่ปรับสูงขึ้น ความล่าช้าในการจัดตั้งรัฐบาลซึ่งส่งผลกระทบต่องานประมูลใหม่ๆ และความมั่นใจในการลงทุนของภาคเอกชน อย่างไรก็ตาม พัฒนาการที่ดีขึ้นอย่างเห็นได้ชัดคืออัตรากำไรขั้นต้นที่สูงขึ้นจากการเน้นรับงานที่มีมาร์จิ้นค่อนข้างดี

แม้ว่าเราจะปรับประมาณการกำไรลง แต่เชื่อว่าผลประกอบการปี 2024 จะฟื้นกลับมาดีเพราะ Backlog ที่มีจำนวนมาก ประกอบกับราคาหุ้นที่มี Valuation มาก จึงยังคงแนะนำซื้อ

## Company profile

ITEL เป็นบริษัทในกลุ่ม ILINK ที่ต่อยอดมาจากธุรกิจจัดจำหน่ายอุปกรณ์และสายสัญญาณ โดย ITEL ได้รับใบอนุญาตประกอบกิจการโทรคมนาคมแบบที่ 3 ประเภทมีโครงข่ายเป็นของตนเองจาก กสทช. เพื่อให้บริการวางจรรยาบรรณความเร็วสูงเป็นเวลา 15 ปี

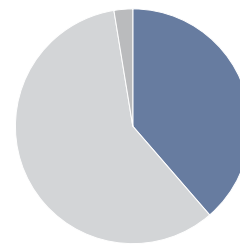
โครงสร้างรายได้ของ ITEL แบ่งเป็น 3 ส่วน

1. Data service ให้บริการโครงข่าย เช่าอุปกรณ์เพื่อเชื่อมต่อโครงข่าย
2. Installation ให้บริการติดตั้งโครงข่าย
3. Data center ให้บริการพื้นที่ดาต้าเซ็นเตอร์ รายได้มาจากค่าไฟฟ้า และค่าบริการจัดการดาต้าเซ็นเตอร์

[www.interlinktelecom.co.th](http://www.interlinktelecom.co.th)

## Principal activities (revenue, 2022)

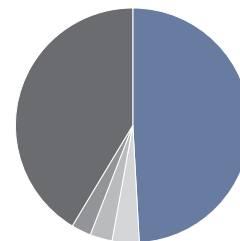
- Data service - 38.6 %
- Installation - 58.8 %
- Data center - 2.6 %



Source: Interlink Telecom

## Major shareholders

- Interlink Communication PLC... - 49.1 %
- Thai NVDR Co., Ltd. - 3.7 %
- HSBC Bank PLC - Eam Long-Only Emerging Markets Master Fund Limited - 3.1 %



Source: Interlink Telecom

## Catalysts

ปัจจัยหนุนการเติบโตได้แก่ 1) ความเชื่อมั่นของภาคเอกชนในการลงทุน 2) การเปลี่ยนแปลงของเทคโนโลยีทำให้เกิดการลงทุนทางด้านเทคโนโลยีใหม่ 3) บริษัทประสบความสำเร็จในการประมูลงานที่มีมาร์จิ้นดี

## Risks to our call

Downside risks ต่อราคาเป้าหมายของเรา 1) งานประมูลภาครัฐล่าช้า 2) ความไม่สงบทางการเมือง 3) อัตราดอกเบี้ยปรับขึ้นต่อเนื่องและยาวนาน

## Event calendar

Date	Event
February 2024	4Q23 earnings announcement

## Key assumptions

	2023E (THB m)	2024E (THB m)	2025E (THB m)
Data service revenue	1,481	1,674	1,808
Gross margin (%)	24.5	23.7	24.0
Installation revenue	1,013	1,520	1,661
Gross margin (%)	31.3	22.0	22.3
Data center revenue	95	99	103
Gross margin (%)	30.3	30.0	30.0
GLS revenue	--	100	120
Gross margin (%)	--	28.2	28.5

Source: FSSIA estimates

## Earnings sensitivity

- For every 10% change in THB to USD, we project ITEL's 2024 core profit to change by 1%, all else being equal.
- For every 1% change in blended gross margin, we project ITEL's 2024 core profit to change by 8%, all else being equal.
- For every 10% change in SG&A expense, we project ITEL's 2024 core profit to change by 4%, all else being equal.

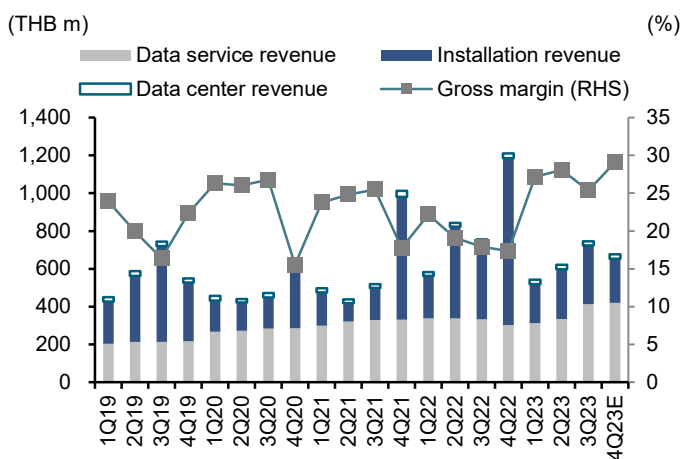
Source: FSSIA estimates

Exhibit 1: 4Q23 earnings preview

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23E	Change		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	1,210	543	622	746	677	(9.2)	(44.0)	3,393	2,588	(23.7)
Cost of sales	(1,000)	(396)	(447)	(557)	(480)	(13.7)	(52.0)	(2,755)	(1,880)	(31.8)
Gross profit	210	147	175	189	197	4.2	(6.0)	637	708	11.1
Operating costs	(50)	(47)	(51)	(53)	(56)	5.9	12.0	(155)	(207)	33.9
Operating profit	160	100	124	136	141	3.5	(11.6)	483	501	3.9
Operating EBITDA	249	190	215	232	226	(2.4)	(9.0)	824	554	(32.7)
Other income	8	14	6	8	2	(78.9)	(79.9)	45	29	(35.8)
Interest expense	(46)	(41)	(45)	(47)	(46)	(1.3)	0.3	(169)	(180)	6.5
<b>Reported net profit</b>	<b>86</b>	<b>58</b>	<b>64</b>	<b>68</b>	<b>79</b>	<b>14.7</b>	<b>(8.5)</b>	<b>254</b>	<b>269</b>	<b>6.1</b>
<b>Core profit</b>	<b>86</b>	<b>58</b>	<b>64</b>	<b>68</b>	<b>79</b>	<b>14.7</b>	<b>(8.5)</b>	<b>263</b>	<b>269</b>	<b>2.5</b>
Reported EPS (THB)	0.04	0.04	0.05	0.05	0.05	(3.8)	18.5	0.19	0.19	(0.0)
Core EPS (THB)	0.07	0.04	0.05	0.05	0.06	14.7	(13.4)	0.20	0.19	(3.0)
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	17.3	27.1	28.1	25.4	29.1	3.7	11.8	18.8	27.4	8.6
Operating margin	13.2	18.5	19.9	18.3	20.8	2.5	7.6	14.2	19.4	5.1
EBITDA margin	20.5	34.9	34.6	31.1	33.4	2.3	12.8	24.3	21.4	(2.9)
Core profit margin	7.1	10.6	10.3	9.2	11.6	2.4	4.5	7.7	10.4	2.7
SG&A / Sales	4.1	8.7	8.2	7.1	(8.3)	(15.4)	(12.4)	4.6	8.0	3.4
<b>Revenue breakdown</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q %)</b>	<b>(y-y %)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>
Data service	302	312	335	413	420	1.8	39.1	1,311	1,481	13.0
Installation	884	207	263	310	232	(25.1)	(73.7)	1,995	1,013	(49.2)
Data centre	24	24	24	22	25	10.0	3.3	87	95	8.2
<b>Gross margin by business</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Data service	13.1	21.7	25.6	22.0	28.2	6.2	15.0	21.8	24.5	2.7
Installation	18.4	35.0	31.0	29.5	30.7	1.1	12.3	16.2	31.3	15.1
Data centre	31.1	30.5	30.0	30.7	30.0	(0.8)	(1.2)	29.9	30.3	0.4

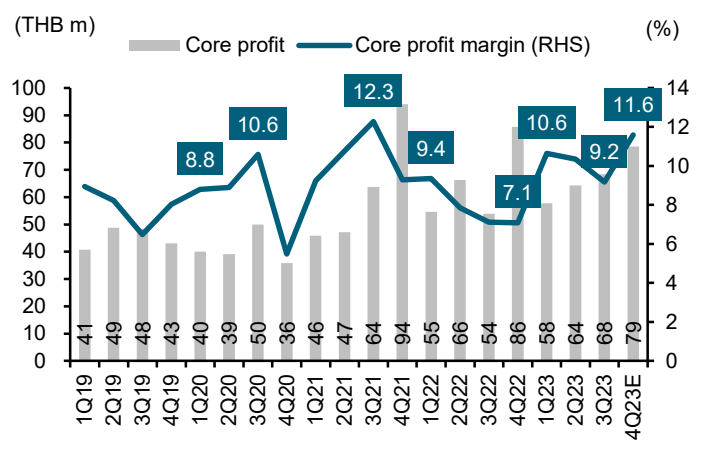
Sources: ITEL, FSSIA estimates

Exhibit 2: Revenue structure and gross margin



Sources: ITEL, FSSIA estimates

Exhibit 3: Core profit and core profit margin



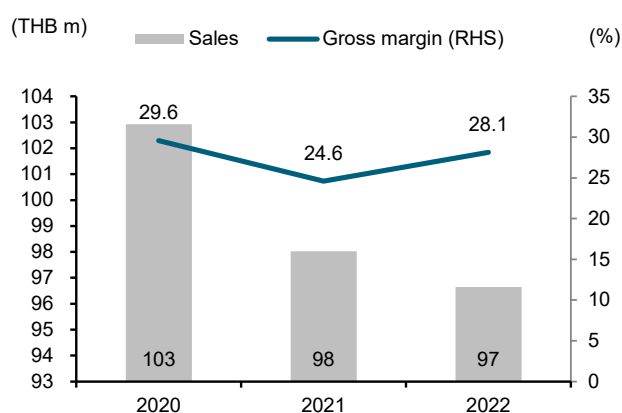
Sources: ITEL, FSSIA estimates

**Exhibit 4: Global Lithotripsy Services: Medical equipment as a service**



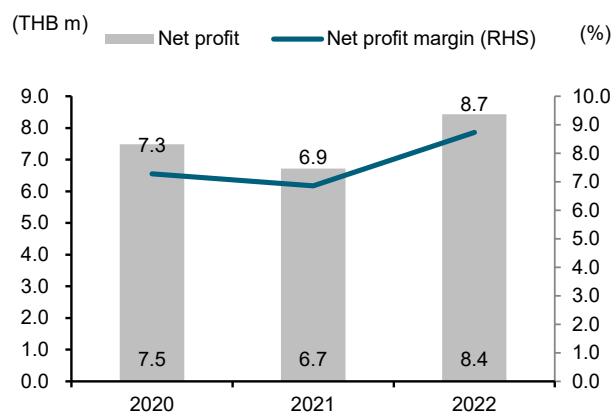
Sources: ITEL's presentation, November 2023

**Exhibit 5: Revenue and gross margin of GLS**



Sources: ITEL, FSSIA's compilation

**Exhibit 6: Net profit and net margin of GLS**



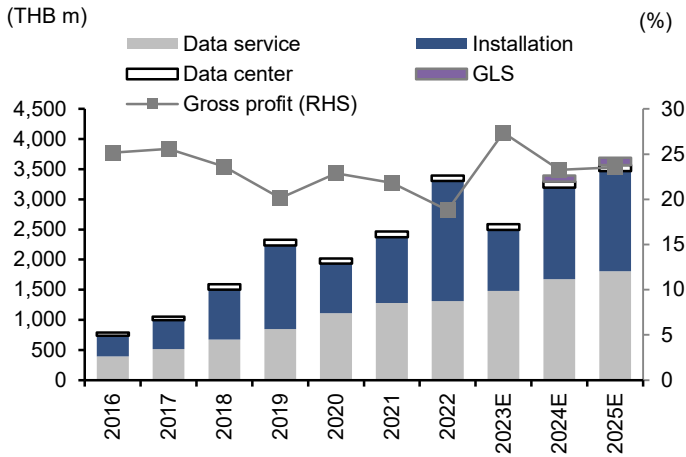
Sources: ITEL, FSSIA's compilation

**Exhibit 7: Key changes in assumptions**

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
<b>Total revenue</b>	<b>2,588</b>	<b>3,393</b>	<b>3,691</b>	<b>2,588</b>	<b>3,273</b>	<b>3,678</b>	<b>0.0</b>	<b>3.7</b>	<b>0.3</b>
Data service	1,481	1,674	1,808	1,481	1,674	1,875	0.0	0.0	(3.6)
Installation	1,013	1,520	1,661	1,013	1,500	1,701	0.0	1.3	(2.4)
Data center	95	99	103	95	99	103	0.0	0.0	0.0
GLS	--	100	120	--	--	--	0.0	100.0	100.0
Total cost of service	(1,880)	(2,604)	(2,822)	(1,880)	(2,492)	(2,804)	0.0	4.5	0.6
SG&A	(207)	(223)	(239)	(207)	(223)	(243)	0.0	0.3	(1.4)
EBITDA	554	1,000	764	554	993	766	0.0	0.8	(0.2)
<b>Core profit</b>	<b>269</b>	<b>321</b>	<b>360</b>	<b>269</b>	<b>324</b>	<b>361</b>	<b>0.0</b>	<b>(1.0)</b>	<b>(0.4)</b>
<b>Margins</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Blended gross margin	27.4	23.3	23.5	27.4	23.9	23.8	0.0	(0.6)	(0.2)
Data service	24.5	23.7	24.0	24.5	25.0	25.0	0.0	(1.3)	(1.0)
Installation	31.3	22.0	22.3	31.3	22.2	22.0	0.0	(0.2)	0.3
Data center	30.3	30.0	30.0	30.3	30.0	31.0	0.0	0.0	(1.0)
GLS	--	28.2	28.5	--	--	--	0.0	nm	nm
EBITDA margin	21.4	29.5	20.7	21.4	30.3	20.8	0.0	(0.8)	(0.1)
Core profit margin	10.4	9.5	9.7	10.4	9.9	9.8	0.0	(0.4)	(0.1)
<b>Growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Revenue	(23.7)	31.1	8.8	(23.7)	26.5	12.4	0.0	4.6	(3.6)
Core profit	2.5	19.3	12.1	2.5	20.4	11.5	0.0	(1.2)	0.6

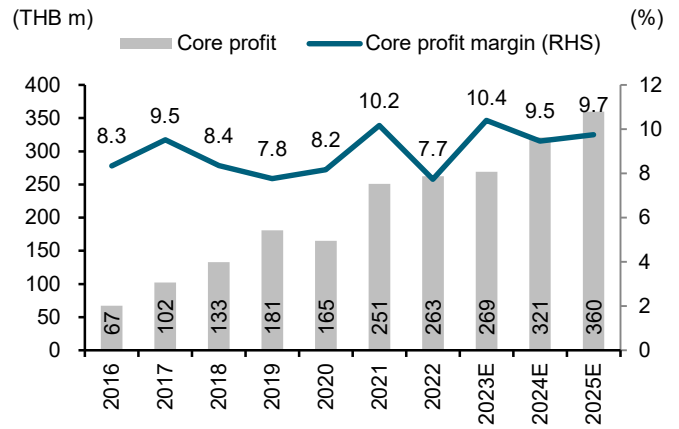
Sources: ITEL, FSSIA estimates

**Exhibit 8: Revenue structure and gross margin, yearly**



Sources: ITEL, FSSIA estimates

**Exhibit 9: Core profit and core profit margin, yearly**



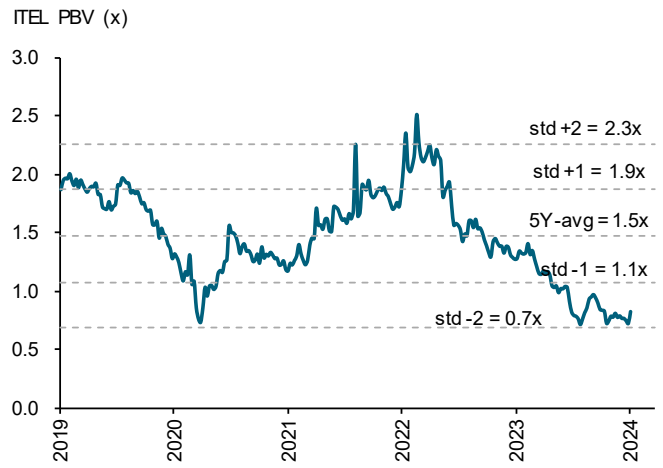
Sources: ITEL, FSSIA estimates

**Exhibit 10: Rolling one-year forward P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 11: Rolling one-year forward P/BV band**



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Interlink Telecom

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	2,466	3,393	2,588	3,393	3,691
Cost of goods sold	(1,927)	(2,755)	(1,880)	(2,604)	(2,822)
<b>Gross profit</b>	<b>539</b>	<b>637</b>	<b>708</b>	<b>789</b>	<b>869</b>
Other operating income	43	45	29	29	29
Operating costs	(112)	(155)	(207)	(223)	(239)
<b>Operating EBITDA</b>	<b>790</b>	<b>869</b>	<b>583</b>	<b>1,029</b>	<b>793</b>
Depreciation	(321)	(341)	(53)	(435)	(134)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>469</b>	<b>528</b>	<b>530</b>	<b>595</b>	<b>659</b>
Net financing costs	(146)	(169)	(180)	(181)	(193)
Associates	(6)	(5)	(4)	(5)	(5)
Recurring non-operating income	(6)	(5)	(4)	(5)	(5)
Non-recurring items	0	(9)	0	0	0
<b>Profit before tax</b>	<b>317</b>	<b>346</b>	<b>346</b>	<b>409</b>	<b>461</b>
Tax	(66)	(65)	(71)	(80)	(91)
<b>Profit after tax</b>	<b>251</b>	<b>280</b>	<b>276</b>	<b>328</b>	<b>369</b>
Minority interests	0	(27)	(7)	(8)	(10)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>251</b>	<b>254</b>	<b>269</b>	<b>321</b>	<b>360</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>251</b>	<b>263</b>	<b>269</b>	<b>321</b>	<b>360</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.20	0.20	0.19	0.23	0.26
Reported EPS	0.20	0.19	0.19	0.23	0.26
DPS	0.00	0.06	0.06	0.07	0.08
Diluted shares (used to calculate per share data)	1,247	1,315	1,389	1,389	1,389
<b>Growth</b>					
Revenue (%)	22.0	37.6	(23.7)	31.1	8.8
Operating EBITDA (%)	17.2	10.0	(32.9)	76.4	(23.0)
Operating EBIT (%)	25.3	12.5	0.5	12.1	10.8
Recurring EPS (%)	21.8	(0.7)	(3.0)	19.3	12.1
Reported EPS (%)	9.4	(4.1)	0.4	19.3	12.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	21.8	18.8	27.4	23.3	23.5
Gross margin exc. depreciation (%)	34.9	28.9	29.4	36.1	27.2
Operating EBITDA margin (%)	32.0	25.6	22.5	30.3	21.5
Operating EBIT margin (%)	19.0	15.6	20.5	17.5	17.8
Net margin (%)	10.2	7.7	10.4	9.5	9.7
Effective tax rate (%)	20.9	18.9	20.4	19.7	19.8
Dividend payout on recurring profit (%)	-	31.8	30.0	30.0	30.0
Interest cover (X)	3.2	3.1	2.9	3.3	3.4
Inventory days	-	-	-	-	-
Debtor days	82.6	69.8	123.2	96.5	91.0
Creditor days	183.6	155.0	217.2	157.3	129.2
Operating ROIC (%)	6.7	7.6	7.5	8.3	8.8
ROIC (%)	5.4	6.0	6.0	6.8	7.2
ROE (%)	10.4	8.1	7.2	8.0	8.5
ROA (%)	4.8	5.1	5.1	5.9	6.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Data service	1,281	1,311	1,481	1,674	1,808
Installation	1,093	1,995	1,013	1,520	1,661
Data center	92	87	95	99	103
GLS	0	0	0	100	120

Sources: Interlink Telecom; FSSIA estimates

## Financial Statements

### Interlink Telecom

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	251	263	269	321	360
Depreciation	321	341	53	435	134
Associates & minorities	6	5	4	5	5
Other non-cash items	249	278	71	80	91
Change in working capital	(857)	491	(54)	(152)	(134)
<b>Cash flow from operations</b>	<b>(31)</b>	<b>1,377</b>	<b>343</b>	<b>689</b>	<b>456</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(332)	(346)	(165)	(492)	(317)
Net acquisitions & disposals	0	(69)	0	0	0
Other investments (net)	(10)	(49)	244	8	(4)
<b>Cash flow from investing</b>	<b>(342)</b>	<b>(464)</b>	<b>79</b>	<b>(484)</b>	<b>(321)</b>
Dividends paid	(136)	(160)	(151)	(177)	(199)
Equity finance	765	282	283	2	2
Debt finance	(96)	(1,042)	(549)	94	12
Other financing cash flows	0	0	(170)	0	0
<b>Cash flow from financing</b>	<b>533</b>	<b>(920)</b>	<b>(588)</b>	<b>(81)</b>	<b>(186)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	11	0	0	0
<b>Net other adjustments</b>	<b>(6)</b>	<b>11</b>	<b>(4)</b>	<b>(4)</b>	<b>(5)</b>
<b>Movement in cash</b>	<b>154</b>	<b>4</b>	<b>(170)</b>	<b>119</b>	<b>(56)</b>
Free cash flow to firm (FCFF)	(226.34)	1,081.56	601.72	385.71	327.65
Free cash flow to equity (FCFE)	(474.72)	(118.13)	(301.33)	294.22	141.51
<b>Per share (THB)</b>					
FCFF per share	(0.16)	0.78	0.43	0.28	0.24
FCFE per share	(0.34)	(0.09)	(0.22)	0.21	0.10
Recurring cash flow per share	0.66	0.67	0.29	0.61	0.43
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	5,182	5,467	5,899	6,391	6,709
Less: Accumulated depreciation	(1,305)	(1,516)	(1,836)	(2,271)	(2,405)
<b>Tangible fixed assets (net)</b>	<b>3,877</b>	<b>3,951</b>	<b>4,063</b>	<b>4,120</b>	<b>4,304</b>
<b>Intangible fixed assets (net)</b>	<b>23</b>	<b>112</b>	<b>113</b>	<b>114</b>	<b>115</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	25	20	20	20	20
Cash & equivalents	225	229	59	178	122
A/C receivable	2,192	2,466	2,322	2,431	2,632
Inventories	0	0	0	0	0
Other current assets	407	283	171	219	200
<b>Current assets</b>	<b>2,824</b>	<b>2,978</b>	<b>2,552</b>	<b>2,827</b>	<b>2,954</b>
Other assets	1,336	1,335	1,090	1,081	1,084
<b>Total assets</b>	<b>8,084</b>	<b>8,396</b>	<b>7,838</b>	<b>8,163</b>	<b>8,477</b>
Common equity	2,909	3,603	3,903	4,127	4,379
Minorities etc.	0	88	90	92	94
<b>Total shareholders' equity</b>	<b>2,909</b>	<b>3,691</b>	<b>3,993</b>	<b>4,219</b>	<b>4,473</b>
Long term debt	1,405	1,842	1,095	1,306	1,324
Other long-term liabilities	45	21	14	14	14
<b>Long-term liabilities</b>	<b>1,450</b>	<b>1,863</b>	<b>1,109</b>	<b>1,321</b>	<b>1,339</b>
A/C payable	816	1,234	940	930	973
Short term debt	2,845	1,553	1,757	1,639	1,633
Other current liabilities	65	55	39	54	59
<b>Current liabilities</b>	<b>3,725</b>	<b>2,842</b>	<b>2,736</b>	<b>2,623</b>	<b>2,665</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,084</b>	<b>8,396</b>	<b>7,838</b>	<b>8,163</b>	<b>8,477</b>
Net working capital	1,719	1,460	1,514	1,666	1,800
Invested capital	6,979	6,878	6,800	7,002	7,323
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	2.33	2.74	2.81	2.97	3.15
Tangible book value per share	2.31	2.65	2.73	2.89	3.07
<b>Financial strength</b>					
Net debt/equity (%)	138.4	85.8	70.0	65.6	63.4
Net debt/total assets (%)	49.8	37.7	35.6	33.9	33.5
Current ratio (x)	0.8	1.0	0.9	1.1	1.1
CF interest cover (x)	0.0	2.4	0.2	5.3	3.4
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>12.5</b>	<b>12.6</b>	<b>13.0</b>	<b>10.9</b>	<b>9.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>19.9</b>	<b>20.0</b>	<b>20.6</b>	<b>17.3</b>	<b>15.4</b>
Reported P/E (x)	12.5	13.1	13.0	10.9	9.7
Dividend yield (%)	-	2.5	2.3	2.8	3.1
Price/book (x)	1.1	0.9	0.9	0.8	0.8
Price/tangible book (x)	1.1	0.9	0.9	0.9	0.8
EV/EBITDA (x) **	9.1	7.6	10.9	6.2	8.1
EV/EBITDA @ target price (x) **	11.4	9.8	14.5	8.2	10.7
EV/invested capital (x)	1.0	1.0	0.9	0.9	0.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Interlink Telecom; FSSIA estimates

# INTERLINK TELECOM PCL (ITEL TB)

**FSSIA ESG rating**

**38.30 /100**
**Exhibit 12: FSSIA ESG score implication**

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

Sources: FSSIA estimates

**Exhibit 13: ESG – peer comparison**

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
ITEL	38.30	--	--	Y	5.00	5.00	Certified	--	40.60	--	--	41.18	--	2.05	39.11
ILINK	37.92	--	--	Y	5.00	5.00	Certified	--	57.40	--	--	45.96	--	--	--
SYNEX	35.18	--	Y	Y	4.00	4.00	--	--	53.33	--	--	27.64	--	--	41.24
FORTH	23.00	--	--	--	4.00	4.00	--	Low	--	--	--	--	--	--	--
JMART	34.72	--	--	--	3.00	5.00	Declared	Low	--	--	--	35.50	10.00	2.02	14.09

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
**Exhibit 14: ESG score by Bloomberg**

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>—</b>	<b>—</b>	<b>2.06</b>	<b>2.05</b>
BESG environmental pillar score	—	—	1.32	1.32
BESG social pillar score	—	—	1.16	1.16
BESG governance pillar score	—	—	4.98	4.90
<b>ESG disclosure score</b>	<b>39.11</b>	<b>39.11</b>	<b>39.11</b>	<b>39.11</b>
Environmental disclosure score	16.79	16.79	16.79	16.79
Social disclosure score	19.29	19.29	19.29	19.29
Governance disclosure score	81.10	81.10	81.10	81.10
<b>Environmental</b>				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	Yes	Yes	Yes	Yes
GHG scope 1	—	—	—	—
GHG scope 2 location-based	—	—	—	—
GHG Scope 3	—	—	—	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—
Renewable energy use	—	—	—	—
Electricity used	—	—	—	—
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation



**Exhibit 15: ESG score by Bloomberg (cont.)**

<b>FY ending Dec 31</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—
<b>Social</b>				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	25	23	22	22
Pct disabled in workforce	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—
Total recordable incident rate - employees	—	—	—	—
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	Yes	Yes	Yes	Yes
Number of employees – CSR	798	749	729	728
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	559	265	90	530
Social supply chain management	Yes	Yes	Yes	Yes
<b>Governance</b>				
<b>Board size</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of women on board	4	4	4	4
No. of non-executive directors on board	10	10	11	11
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	6	8	7	8
Board meeting attendance pct	82	98	96	100
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	28	29	34	35
Age of the oldest director	77	78	79	80
<b>No. of executives / company managers</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>
No. of female executives	2	3	3	4
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	5	4
Audit meeting attendance %	83	100	100	100
<b>Size of compensation committee</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	1	2	2	2
Compensation meeting attendance %	67	100	100	100
<b>Size of nomination committee</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>
No. of nomination committee meetings	1	2	2	2
Nomination meeting attendance %	67	100	100	100
<b>Sustainability governance</b>				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <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.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 10px;"><b>AAA</b></td> <td>8.571-10.000</td> <td style="padding-right: 10px;"><b>Leader:</b></td> <td>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> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>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> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></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
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Jitra Amornthum 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

##### Interlink Telecom (ITEL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-May-2023	BUY	4.50	20-Oct-2023	BUY	4.00	-	-	-

Jitra Amornthum started covering this stock from 03-May-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Interlink Telecom	ITEL TB	THB 2.52	BUY	Downside risks to our P/E-based TP include 1) uncertainty regarding bidding outcomes; 2) delays in projects; 3) cost overruns; and 4) risks from technological disruptions.

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 10-Jan-2024 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.