BUY (Unchanged) | **TP: Bt 17.60** (From: Bt 14.50)

Change in Numbers | **Upside : 23.9%** | **8 JUNE 2022**

Small Cap Research

Praram 9 Hospital Pcl. (PR9 TB)

Earnings upgrades

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Thanachart Securities

We reaffirm BUY on PR9 due to its stronger-than-expected business momentum which leads to earnings upgrades and a new TP of Bt17.60. PR9 is enjoying strong cash patient flows and operating leverage benefits. It also looks inexpensive to us at 27.9/24.6x PE in 2022-23F vs. a three-year EPS CAGR (in 2022-24F) of 28%.

Boosting our earnings

Due to stronger-than-expected business momentum both from COVID and non-COVID services, we raise our earnings estimates by 19/14/15% in 2022-24F. Together with rolling over our valuation base year to 2023F, we lift our DCF-based 12-month TP to Bt17.60 (from Bt14.50). Thanks to PR9's flexible business strategy in providing COVID services, strong demand from non-COVID cash patients and operating leverage benefits, we project PR9's earnings growth at 61/14/16% in 2022-24F. PR9's PE multiples of 27.9/24.6x PE in 2022-23F also look inexpensive to us. We reaffirm our BUY call on shares of PR9.

Strong business momentum

PR9 experienced a strong turnaround in non-COVID revenue of 18/10% y-y in 4Q21 and 1Q22. Momentum is continuing and we estimate non-COVID revenue growth of 13/13/11% in 2022-24F vs. -9/+4% in 2020-21. Drivers are pent-up healthcare demand and new excellence centers (LASIK, Sleep, Thyroid and Thyroid surgery, Oncocare and Advanced Spine). Foreign patients accounted for 16% of its total revenue in 2019, with half of them expatriates and the other half fly-in patients. PR9's foreign patient revenue in 1Q22 returned to 90% of the pre-COVID level in 2019. Revenue from expatriate patients has already surpassed its pre-COVID year but not yet for fly-in foreign patients, which we expect to materialize in 2H22F now the country has reopened.

Operating leverage benefits

In 2020-21, PR9 was hit by rising depreciation costs from the launch of its new building B at its existing hospital, office building and nurse's dormitory. We expect PR9's EBIT margin to improve to 13.6/14.7/15.4% in 2022-24 from 7.4/8.6% in 2020-21. Drivers are 1) improving non-COVID cash patients, 2) rising revenue intensity via more high-complexity medical treatment, 3) falling depreciation costs for its infrastructure system starting from early 2022, 4) full amortization of building A's investment costs in mid-2022 and 5) no significant new investments in 2022-24.

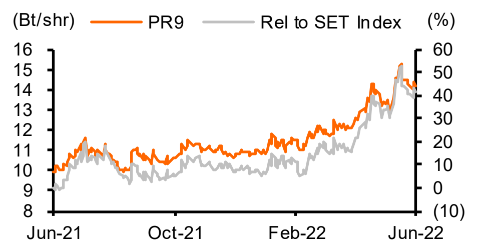
Likely strong 2Q22F

PR9 has continued to see strong non-COVID patient flows so far in 2Q22 but COVID-19 patients have declined from 1Q22. We estimate its 2Q22F earnings at Bt52m, up 339% y-y but down 67% q-q. The strong y-y growth is driven by non-COVID cash patients. The q-q drop is due to falling revenue from COVID-19 services given falling cases and the declining UCEP reimbursement rate. PR9 has only two wards left in the hospital (40 beds or 18% of total capacity) for COVID admissions in 2Q22.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	2,987	3,328	3,493	3,874
Net profit	249	400	455	525
Consensus NP	—	397	429	471
Diff frm cons (%)	—	*0.8*	*6.0*	*11.4*
Norm profit	249	400	455	525
Prev. Norm profit	—	337	397	459
Chg frm prev (%)	—	*18.7*	*14.4*	*14.5*
Norm EPS (Bt)	0.3	0.5	0.6	0.7
Norm EPS grw (%)	23.3	60.6	13.6	15.5
Norm PE (x)	44.8	27.9	24.6	21.3
EV/EBITDA (x)	18.0	12.7	11.3	9.8
P/BV (x)	2.6	2.5	2.3	2.2
Div yield (%)	1.0	1.6	1.8	2.1
ROE (%)	5.9	9.1	9.7	10.6
Net D/E (%)	(29.1)	(34.5)	(39.4)	(45.7)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 8-Jun-22 (Bt)	14.20
Market Cap (US$ m)	323.5
Listed Shares (m shares)	786.3
Free Float (%)	58.7
Avg Daily Turnover (US$ m)	0.8
12M Price H/L (Bt)	15.30/9.95
Sector	Health Care
Major Shareholder	Damapong family 37.14%

Sources: Bloomberg, Company data, Thanachart estimates

Boosting our earnings

We lift our earnings by 19/14/15% in 2022-24F

Praram 9 Hospital Pcl (PR9) reported stronger-than-expected 1Q22 earnings on the back of better-than-expected business momentum both from COVID and non-COVID services. We therefore raise our earnings estimates by 19/14/15% in 2022-24F. Together with rolling over our valuation base year to 2023F, we lift our DCF-based 12-month TP to Bt17.60/share from Bt14.50 previously. Thanks to PR9's flexible business strategy in providing COVID services, strong demand from non-COVID cash patients and operating leverage benefits, we project PR9's earnings to grow by 61/14/16% in 2022-24F. PR9's PE multiples of 27.9/24.6x in 2022-23F also look inexpensive to us. We reaffirm our BUY call on shares of PR9.

Ex 1: Changes In Our Key Assumptions And Earnings Revisions

	2020	2021	2022F	2023F	2024F
# OPD patients (people)					
- New	401,000	398,000	417,900	451,332	478,412
- Old			417,900	451,332	478,412
- Change (%)			—	—	—
# IPD patients (Beds/year)					
- New	31,573	28,561	30,846	33,005	34,985
- Old			29,989	32,388	34,331
- Change (%)			*2.9*	*1.9*	*1.9*
Revenue from COVID-19 services (Bt m)					
- New	—	280	274	29	19
- Old			168	29	19
- Change (%)			*63.3*	—	—
Gross margin (%)					
- New	27.4	27.3	31.8	33.4	33.9
- Old			29.7	31.1	31.6
- Change (pp)			*2.1*	*2.3*	*2.3*
Normalized profit (Bt m)					
- New	202	249	400	455	525
- Old			337	397	459
- Change (%)			*18.7*	*14.4*	*14.5*

Sources: Company data, Thanachart estimates

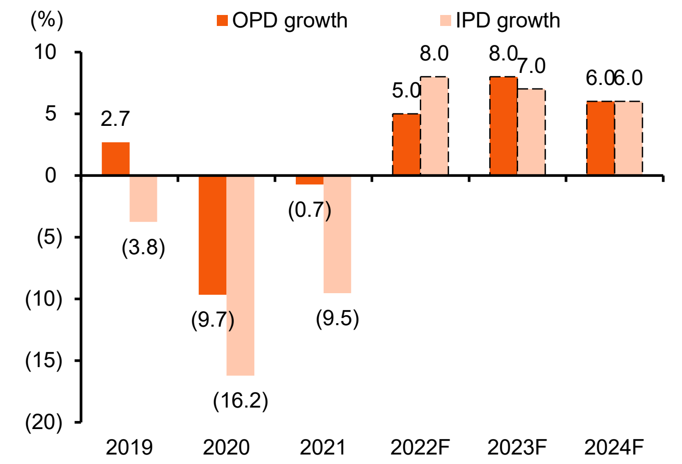
Strong business momentum

Non-COVID revenue growth of 13/13/11% in 2022-24F

PR9 experienced a strong turnaround in non-COVID revenue of 18/10% y-y in 4Q21 and 1Q22. This was driven by strong demand for its LASIK and Health Check-up services. Although 2Q is the low season, the hospital is still seeing business momentum continuing and we estimate non-COVID revenue growth of 13/13/11% in 2022-24F vs. -9/+4% in 2020-21. Drivers are pent-up healthcare demand and strong sales promotions for its new excellence centers opened over the past one to two years (LASIK, Sleep, Thyroid and Thyroid surgery, Oncocare cancer and Advanced Spine).

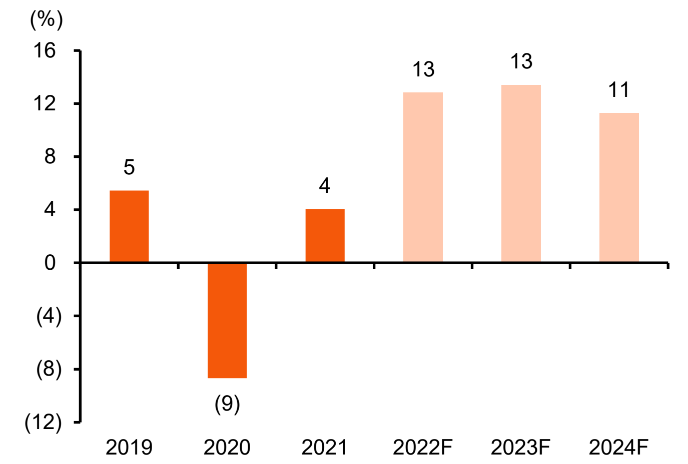
Foreign patients accounted for 16% of its total revenue in 2019, with half of them expatriates and the other half fly-in patients. PR9's foreign patient revenue in 1Q22 returned to 90% of its pre-COVID level in 2019. Revenue from expatriate patients has already surpassed its pre-COVID year but not yet for fly-in foreign patients, which we expect to materialize in 2H22F now the country has reopened. Given Thailand's relaxation of entry rules, PR9 has also carried out more sales promotions targeting foreign patients from Myanmar by offering airfare discounts of Bt7,000/person.

Ex 2: Cash Patient Turnaround



Sources: Company data, Thanachart estimates

Ex 3: Non-COVID Revenue Growth



Sources: Company data, Thanachart estimates

Ex 4: Sales Promotion Packages

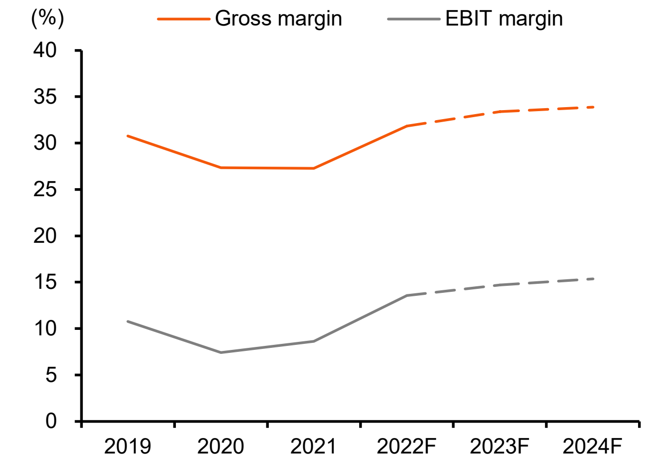
Source: Company data

Operating leverage benefits

Margin expansion in 2022-24F

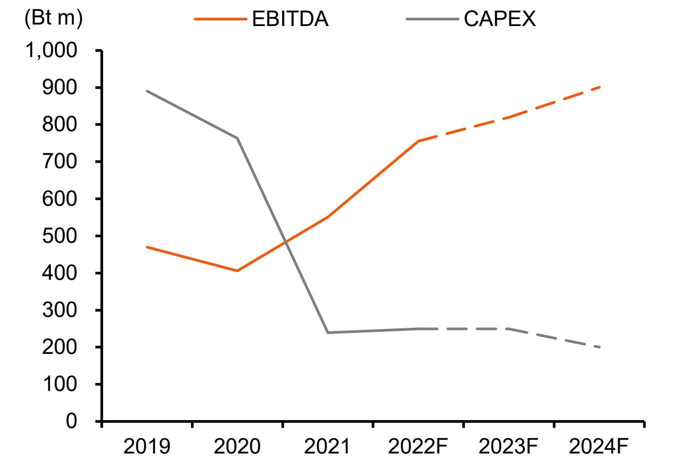
PR9's earnings were hit by rising costs in 2020-21 due to its expansion program. The company built a new building (Building B) at its existing hospital, an office building A and nurses' dormitory. The rising costs caused its EBIT margin to decline to 7.4/8.6% in 2020-21. However, we expect its EBIT margin to increase to 13.6/14.7/15.4% in 2022-24. Key margin drivers are as follows: 1) a rising utilization rate from increasing non-COVID cash patients, 2) rising revenue intensity via more high-complexity medical treatments, 3) depreciation costs for its infrastructure system falling by around Bt10m per year starting from early 2022, 4) full amortization of Building A's investment cost in mid-2022 causing a drop in depreciation costs of Bt25m per year, and 5) no significant new investments in 2022-24. Management targets to spend around Bt200m-300m p.a. on Building A's renovation, medical equipment and IT system. With PR9's strong EBITDA of Bt700m p.a. in 2022-23, we believe PR9 can use its internal cash flow for the investment.

Ex 5: Margin Is On The Rise



Sources: Company data, Thanachart estimates

Ex 6: Passed Heavy Capex Cycle



Sources: Company data, Thanachart estimates

Ex 7: 12-month DCF-based TP Calculation Using A Base Year Of 2023F

(Bt m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal value
EBITDA excl. depre from right of use	814	896	960	1,003	1,047	1,093	1,143	1,195	1,250	1,323	1,405	—
Free cash flow	504	641	740	770	808	846	885	927	972	1,035	856	14,934
PV of free cash flow	503	562	598	580	567	553	539	525	492	486	373	6,502

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	0.6
WACC (%)	6.9
Terminal growth (%)	2.0
Enterprise value - add investments	12,279
Net debt (end 2022F)	(1,564)
Minority interest	0
Equity value	13,844
# of shares (m)	786
Equity value / share (Bt)	**17.6**

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 8: Valuation Comparison With Regional Peers

Name	BBG code	Country	Market Cap (US$ m)	EPS growth 22F (%)	EPS growth 23F (%)	PE 22F (x)	PE 23F (x)	P/BV 22F (x)	P/BV 23F (x)	EV/EBITDA 22F (x)	EV/EBITDA 23F (x)	Div yield 22F (%)	Div yield 23F (%)
Ramsay Healthcare	RHC AU	Australia	12,658	(27.8)	75.8	55.2	31.4	4.4	4.1	13.7	11.2	1.4	2.0
Guangzhou Pharmaceutical	874 HK	Hong Kong	7,198	3.1	3.0	9.8	9.5	na	na	9.4	9.1	3.1	3.2
Lijun Int'l Pharmaceutical	2005 HK	Hong Kong	1,423	55.8	22.2	9.2	7.6	1.6	1.4	7.7	6.4	3.3	4.0
Apollo Hospitals Enterprise	APHS IN	India	6,732	(12.5)	21.3	56.7	46.7	9.3	7.9	24.2	21.8	0.3	0.3
Fortis Healthcare India	FORH IN	India	2,334	(33.1)	29.2	48.9	37.9	2.7	2.7	18.0	17.1	0.0	0.0
KPJ Healthcare	KPJ MK	Malaysia	875	152.1	30.0	29.5	22.7	1.7	1.6	12.2	11.1	1.7	2.0
IHH Healthcare Bhd	IHH MK	Malaysia	13,080	(7.9)	14.0	35.1	30.8	2.3	2.2	15.5	14.4	1.1	1.1
Ryman	RYM NZ	New Zealand	3,012	na	23.6	20.4	16.5	1.4	1.2	19.6	14.9	2.1	2.4
Raffles Medical Group	RFMD SP	Singapore	1,578	(15.7)	7.9	30.8	28.5	2.2	2.2	15.0	14.3	2.1	2.1
Bangkok Chain Hospital *	BCH TB	Thailand	1,394	(46.7)	(50.9)	13.2	26.8	3.4	3.3	8.5	14.0	3.8	1.9
Bangkok Dusit Medical *	BDMS TB	Thailand	11,511	16.0	15.3	43.2	37.4	4.6	4.3	26.2	23.3	1.3	1.5
Bumrungrad Hospital *	BH TB	Thailand	4,053	127.3	27.8	48.3	37.8	8.0	7.8	30.2	24.2	2.1	2.6
Chularat Hospital *	CHG TB	Thailand	1,198	(32.4)	(49.1)	14.5	28.6	5.0	5.2	10.2	18.7	5.2	3.0
Ladprao General Hospital *	LPH TB	Thailand	121	(49.9)	(17.6)	18.0	21.8	2.4	2.4	10.0	11.7	4.2	3.4
Praram 9 Hospital *	PR9 TB	Thailand	323	60.6	13.6	27.9	24.6	2.5	2.3	12.7	11.3	1.6	1.8
Rajthanee Hospital *	RJH TB	Thailand	298	(2.8)	(55.5)	10.5	23.5	4.8	5.1	7.7	15.5	7.7	3.2
Ratchaphruek Hospital *	RPH TB	Thailand	114	(26.2)	(52.4)	13.2	27.8	2.2	2.2	8.0	13.6	4.5	2.7
Thonburi Healthcare Group*	THG TB	Thailand	1,412	(31.3)	(32.0)	51.9	76.4	5.2	5.2	26.2	30.4	1.2	0.8
Average				**7.6**	**1.4**	**29.8**	**29.8**	**3.7**	**3.6**	**15.3**	**15.7**	**2.6**	**2.1**

Source: Bloomberg

Note: * Thanachart estimates, using Thanachart normalized EPS

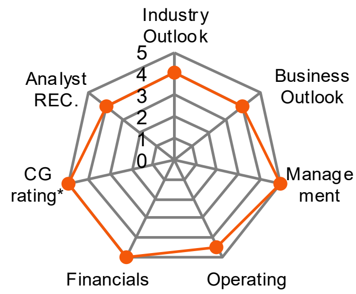
Based on 8 Jun 2022 closing prices

COMPANY DESCRIPTION

Praram 9 Hospital Pcl (PR9) was established in 1992 on Rama IX Road, which is a new business district in Bangkok. As of December 2020, PR9 had 225 registered beds with 166 active IPD beds. The hospital provides a comprehensive range of tertiary-care services, including health promotion, preventive healthcare, diagnosis, treatment and rehabilitation. Medical services cover both general care and complicated diseases.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strong "Praram 9 Hospital" brand in Bangkok.
- The hospital's executives have strong relationships with doctors and professors from top medical schools.
- PR9 is in a prime location on Rama IX Road, which is another key business district in Bangkok.
- PR9 is very well-known for kidney transplants and cardiovascular treatment.

W — Weakness

- Mainly focuses on mid- to high-tier cash patients.

O — Opportunity

- Limited public healthcare supply in Thailand.
- New building should help to unlock its capacity constraints.
- Rising patient flows from neighbouring countries.
- Ageing society megatrend.
- COVID-19 outbreak.

T — Threat

- New rivals in the market.
- Regulatory risk.
- COVID-19 outbreak.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	15.62	17.60	13%
Net profit 22F (Bt m)	397	400	1%
Net profit 23F (Bt m)	429	455	6%
Consensus REC	**BUY: 5**	**HOLD: 1**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings and TP are above the Bloomberg consensus numbers, which we attribute to us having a more bullish view on PR9's non-COVID cash patient growth from 2023F and the rollover of our base year to 2023F.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- If patient numbers are lower than we currently anticipate, this would be the key downside risk to our earnings forecasts.
- If PR9 were to raise its billing sizes by a lower extent than we currently expect, our gross-margin and profit forecasts would be subject to downside risk.
- If PR9's ability to control costs turns out to be weaker than we currently expect, this would represent a secondary downside risk to our numbers.

Source: Thanachart

Improving non-COVID cash patients in 2022-24F

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	2,601	2,987	3,328	3,493	3,874
Cost of sales	1,890	2,172	2,269	2,327	2,561
Gross profit	**712**	**815**	**1,059**	**1,166**	**1,313**
% gross margin	27.4%	27.3%	31.8%	33.4%	33.9%
Selling & administration expenses	518	557	607	653	718
Operating profit	**193**	**257**	**452**	**513**	**595**
% operating margin	7.4%	8.6%	13.6%	14.7%	15.4%
Depreciation & amortization	213	294	303	306	306
EBITDA	**406**	**551**	**755**	**819**	**901**
% EBITDA margin	15.6%	18.5%	22.7%	23.5%	23.3%
Non-operating income	38	43	44	52	63
Non-operating expenses	0	0	0	0	0
Interest expense	(0)	(0)	(1)	(1)	(1)
Pre-tax profit	**230**	**300**	**495**	**564**	**656**
Income tax	28	51	95	109	131
After-tax profit	**202**	**249**	**400**	**455**	**525**
% net margin	7.8%	8.3%	12.0%	13.0%	13.6%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	0	0	0	0	0
NET PROFIT	**202**	**249**	**400**	**455**	**525**
Normalized profit	**202**	**249**	**400**	**455**	**525**
EPS (Bt)	0.3	0.3	0.5	0.6	0.7
Normalized EPS (Bt)	0.3	0.3	0.5	0.6	0.7

No significant investments planned in 2022-24

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	1,208	1,603	2,041	2,358	2,852
Cash & cash equivalent	994	1,244	1,650	1,950	2,400
Account receivables	159	212	228	239	265
Inventories	49	56	62	64	70
Others	6	90	100	105	117
Investments & loans	0	0	0	0	0
Net fixed assets	3,417	3,369	3,320	3,269	3,168
Other assets	171	166	33	29	24
Total assets	**4,797**	**5,137**	**5,394**	**5,656**	**6,044**
LIABILITIES:					
Current liabilities:	497	667	678	674	739
Account payables	446	597	528	542	596
Bank overdraft & ST loans	0	0	77	56	64
Current LT debt	0	0	1	1	1
Others current liabilities	50	70	72	75	78
Total LT debt	**0**	**0**	**8**	**6**	**6**
Others LT liabilities	185	192	175	181	199
Total liabilities	**682**	**859**	**861**	**861**	**944**
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	786	786	786	786	786
Share premium	1,934	1,934	1,934	1,934	1,934
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
Retained earnings	**1,395**	**1,557**	**1,812**	**2,075**	**2,379**
Shareholders' equity	4,115	4,278	4,533	4,795	5,100
Liabilities & equity	**4,797**	**5,137**	**5,394**	**5,656**	**6,044**

Sources: Company data, Thanachart estimates

Strong and sustainable cash inflow streams

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	230	300	495	564	656
Tax paid	(36)	(37)	(97)	(104)	(129)
Depreciation & amortization	213	294	303	306	306
Chg In w orking capital	(18)	90	(90)	1	22
Chg In other CA & CL / minorities	(3)	(79)	(6)	(6)	(12)
Cash flow from operations	**386**	**569**	**605**	**759**	**844**
Capex	(763)	(239)	(250)	(250)	(200)
Right of use	(25)	(3)	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	91	10	110	6	17
Cash flow from investments	**(697)**	**(232)**	**(140)**	**(244)**	**(183)**
Debt financing	0	0	86	(24)	9
Capital increase	0	0	0	0	0
Dividends paid	(110)	(86)	(145)	(192)	(220)
Warrants & other surplus	(16)	(0)	0	0	0
Cash flow from financing	**(126)**	**(86)**	**(59)**	**(216)**	**(211)**
Free cash flow	**(377)**	**330**	**355**	**509**	**644**

Inexpensive valuation, in our view

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	55.3	44.8	27.9	24.6	21.3
Normalized PE - at target price (x)	68.5	55.5	34.6	30.4	26.4
PE (x)	55.3	44.8	27.9	24.6	21.3
PE - at target price (x)	68.5	55.5	34.6	30.4	26.4
EV/EBITDA (x)	25.0	18.0	12.7	11.3	9.8
EV/EBITDA - at target price (x)	31.6	22.9	16.3	14.6	12.8
P/BV (x)	2.7	2.6	2.5	2.3	2.2
P/BV - at target price (x)	3.4	3.2	3.1	2.9	2.7
P/CFO (x)	28.9	19.6	18.5	14.7	13.2
Price/sales (x)	4.3	3.7	3.4	3.2	2.9
Dividend yield (%)	0.8	1.0	1.6	1.8	2.1
FCF Yield (%)	(3.4)	3.0	3.2	4.6	5.8
(Bt)					
Normalized EPS	0.3	0.3	0.5	0.6	0.7
EPS	0.3	0.3	0.5	0.6	0.7
DPS	0.1	0.1	0.2	0.3	0.3
BV/share	5.2	5.4	5.8	6.1	6.5
CFO/share	0.5	0.7	0.8	1.0	1.1
FCF/share	(0.5)	0.4	0.5	0.6	0.8

Sources: Company data, Thanachart estimates

Earnings on a turnaround trend

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(8.7)	14.8	11.4	4.9	10.9
Net profit (%)	(29.0)	23.3	60.6	13.6	15.5
EPS (%)	(74.3)	23.3	60.6	13.6	15.5
Normalized profit (%)	(29.0)	23.3	60.6	13.6	15.5
Normalized EPS (%)	(29.0)	23.3	60.6	13.6	15.5
Dividend payout ratio (%)	42.8	44.2	45.0	45.0	45.0
Operating performance					
Gross margin (%)	27.4	27.3	31.8	33.4	33.9
Operating margin (%)	7.4	8.6	13.6	14.7	15.4
EBITDA margin (%)	15.6	18.5	22.7	23.5	23.3
Net margin (%)	7.8	8.3	12.0	13.0	13.6
D/E (incl. minor) (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(0.2)	(0.3)	(0.3)	(0.4)	(0.5)
Interest coverage - EBIT (x)	410.9	na	na	459.3	na
Interest coverage - EBITDA (x)	na	na	na	na	na
ROA - using norm profit (%)	4.2	5.0	7.6	8.2	9.0
ROE - using norm profit (%)	5.0	5.9	9.1	9.7	10.6
DuPont					
ROE - using after tax profit (%)	5.0	5.9	9.1	9.7	10.6
- asset turnover (x)	0.5	0.6	0.6	0.6	0.7
- operating margin (%)	8.9	10.1	14.9	16.2	17.0
- leverage (x)	1.2	1.2	1.2	1.2	1.2
- interest burden (%)	99.8	99.8	99.8	99.8	99.9
- tax burden (%)	87.7	83.0	80.8	80.6	80.0
WACC (%)	6.9	6.9	6.9	6.9	6.9
ROIC (%)	6.5	6.8	12.0	13.9	16.4
NOPAT (Bt m)	169	214	365	414	476
invested capital (Bt m)	3,121	3,034	2,969	2,907	2,771

Sources: Company data, Thanachart estimates

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Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 23% of the shareholding in TMBThanachart Bank Pcl.

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Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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