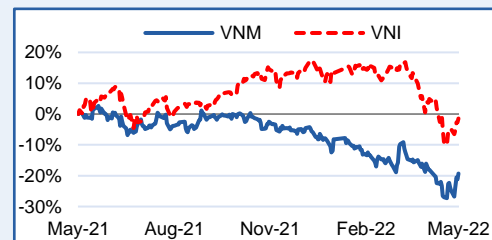


Vinamilk (VNM) [OUTPERFORM +19.4%]

Update Report

Industry:	Dairy		2021	2022F	2023F	2024F
Report Date:	June 1, 2022	Rev Growth	2.2%	5.1%	2.5%	4.8%
Current Price:	VND71,900	EPS Growth	-5.3%	-3.4%	4.5%	6.2%
Current Target Price:	VND82,000	GPM	43.1%	40.8%	40.9%	41.2%
Previous Target Price:	VND93,000	NPM	17.3%	15.8%	16.1%	16.4%
Upside to TP:	+14.0%	EV/EBITDA	10.1x	10.2x	9.8x	9.2x
Dividend Yield:	5.4%	P/Op CF	14.4x	12.6x	12.1x	11.5x
TSR:	+19.4%	P/E	15.9x	16.4x	15.7x	14.8x



Market Cap:	USD6.5bn	<u>VNM</u>	<u>Peers*</u>	<u>VNI</u>
Foreign Room:	USD3.0bn	P/E (ttm)	16.3x	17.8x
ADTV30D:	USD7.2mn	P/B (curr)	4.7x	3.2x
State Ownership:	36.0%	Net D/E	-32.6%	-9.5%
Outstanding Shares:	2,090 mn	ROE	29.0%	18.3%
Fully Diluted Shares:	2,090 mn	ROA	17.7%	8.6%
3-yr PEG:	7.0			2.6%

* Medians of foreign peers

Company Overview

Vinamilk is the largest dairy company in Vietnam with more than 60% of volume market share. With more than 40 years of experience, Vinamilk has established a prominent brand name for its portfolio that includes liquid milk, powdered milk, yogurt, condensed milk and other beverages.

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Domestic growth and gross margin still face headwinds

- We cut our target price (TP) by 12% as we believe VNM's low-single-digit 2021-2026 EPS CAGR of 4% (vs 2015-2020 EPS CAGR of 7%) that is underpinned by constricted growth prospects will restrain the stock from a strong valuation re-rating. Nevertheless, we maintain our OUTPERFORM rating as VNM's 2022F P/E of 16x (based on our forecasts) looks undemanding vs a 5Y average peer median TTM P/E of 26x. VNM also generates strong operating cash flow and a solid dividend yield of ~5%.
- Our lower TP is derived from two key factors. First, we curtail our aggregate 2022F-2024F NPAT by 9% amid an expected slow recovery in dairy consumption and rallies in input prices in 2022. Second, we reduce our target P/E from 20x to 18x, reflecting our above views regarding VNM's growth outlook and re-rating prospects. These factors are partly offset by the positive effect of rolling our TP forward to mid-2023 vs YE2022 as previously.
- Downside (Upside) risks: Weaker/(higher)-than-expected increase in selling prices to offset increased input costs; weaker/(stronger)-than-expected recovery of dairy consumption; worse/(better)-than-expected product renovation and innovation.

We expect 2022 growth prospects to be curbed by dampened consumer spending power, coupled with declining growth of condensed milk and formula milk. In January 2022, we projected FMCG consumption to remain below 2019's levels by an estimated 5%-10% due to COVID-19's hit on the purchasing power of mass consumers. We see a further downside risk to our FMCG consumption forecast due to emerging inflationary pressure. Furthermore, the condensed milk segment was adversely impacted from intense competition from Malaysian products in Q1 2022. Management expects this competition will be prolonged and pose difficulties for VNM over the next two years. We have also observed a stiffer competition landscape for VNM in the infant formula segment with constant new product rollouts from smaller competitors (e.g., Nutifood and VitaDiary).

Conservative price adjustment approach to cushion GPM amid input cost inflation. Per management, VNM's average selling price has increased by 3.3% YTD and has the potential of to increase to 5% for full-year 2022. Meanwhile, VNM's input cost base for H1 2022 increased ~26% YoY, per our estimates. Beginning in April 2022, amid high global milk prices, VNM has locked in milk powder prices for production up to August 2022. Despite the recent decline in material prices, they are still higher than in 2021. We expect milk prices to remain elevated for at least the rest of the year due to disruptions of fertilizer and feed supplies as well as inflationary pressure stemming from the Russia-Ukraine conflict.

Q1 2022: Slow domestic sales, GPM remains under siege

Figure 1: VNM's Q1 2022 results

VND bn	Q1 2021	Q1 2022	YoY	VCSC comments
Net revenue	13,190	13,878	5%	
Domestic dairy, sugar and others	11,178	11,658	4%	Domestic dairy revenue ex-MCM (Moc Chau Milk – VNM's indirect subsidiary) inched up 3.5% YoY in Q1 2022, while sales in modern trade accelerated +30% YoY. As such, we believe sales in the traditional trade — VNM's primary distribution channel — were sluggish due to dampened consumer spending power in the wake of COVID-19 and current inflationary pressure. In addition, management commented that some mom-and-pop stores were remained closed in early 2022 due to the impact of COVID-19. MCM's revenue equaled 6% of VNM's consolidated domestic revenue in Q1 2022. On a standalone basis, MCM's revenue increased 8.6% YoY in Q1 2022 as it continued to leverage VNM's distribution capabilities.
Exports	1,166	1,139	-2%	
Driftwood, Angkor Milk	846	1,081	28%	Driftwood experienced 40% YoY revenue growth while Angkor Milk posted high single-digit revenue growth. These results were driven by a recovery of demand after the reopening of schools and elevated demand from hotels in the US, in addition to stronger distribution activities in Cambodia.
Gross profit	5,755	5,625	-2%	
Domestic dairy, sugar and others	4,858	4,779	-2%	
Exports	710	626	-12%	
Driftwood, Angkor Milk	187	220	18%	
Selling expenses	-2,586	-2,636	2%	Due to an increase in employee and transportation expenses, which surged 41% YoY and 30% YoY, respectively in Q1 2022. Meanwhile, VNM cut advertising expenses by 20% YoY in Q1 2022 to protect its bottom line.
G&A expenses	-367	-369	0%	
Operating profit	2,802	2,620	-6%	
Non-operating items	352	144	-59%	There was (1) a one-off financial expense of VND73bn in Q1 2022 due to a exchange rate difference from derivative contracts and (2) a one-off supplier rebate of VND75bn that was recorded in Q1 2021.
PBT	3,154	2,764	-12%	
NPAT-MI	2,576	2,266	-12%	
GPM	43.6%	40.5%		Mainly due to substantial rallies in prices of key raw materials such as milk powder and sugar.
Domestic dairy, sugar and others	43.5%	41.0%		
Exports	60.9%	54.9%		
Driftwood, Angkor Milk	22.1%	20.4%		
Effective tax rate	17.7%	17.4%		Tax benefits at factories gradually phased out.

Source: VNM, VCSC

2022F: High material costs remain a headwind

Figure 2: VCSC's 2022 forecasts

VND bn	2021	2022F (old)	2022F (new)	YoY	VCSC comments on New 2022F
Revenue	60,919	65,047	64,012	5%	
Domestic dairy, sugar and others	51,202	54,448	53,432	4%	We assume sales volume to slide 0.1% YoY in 2022, a 3% YoY lower growth rate than in our previous Update Report due to weaker-than-expected dairy consumption and stiffer competition in the condensed milk and infant formula milk segments. In addition, we assume ASPs to increase 4.5% YoY in 2022.
Exports	6,128	6,743	6,682	9%	Partly thanks to revenue contributions from VNM's new joint venture with Del Monte in the Philippines, which we project at VND186bn (USD8mn) for 2022. The remaining projected growth is attributed to the existing export markets — especially the Middle East.
Driftwood, Angkor Milk	3,589	3,856	3,898	9%	Primarily lifted by a projected 15% YoY growth in Angkor Milk's revenue on the back of Cambodia's rising dairy consumption and Angkor Milk's strong brand and distribution.
Gross profit	26,278	27,942	26,143	-1%	
Domestic dairy, sugar and others	22,047	23,273	21,503	-2%	
Exports	3,503	3,832	3,797	8%	
Driftwood, Angkor Milk	728	837	843	16%	
Selling expenses	-12,951	-13,938	-13,129	1%	Mainly driven by our forecast increase in employee and transportation expenses. Meanwhile, we project zero growth in advertising & promotion expenses in 2022 as VNM takes efforts to protect its bottom line.
G&A expenses	-1,567	-1,649	-1,630	4%	
Operating profit	11,760	12,356	11,384	-3%	
Non-operating items	1,162	1,214	1,217	5%	Mainly driven by net interest income.
Profit before tax	12,922	13,570	12,601	-2%	
NPAT-MI	10,532	10,923	10,132	-4%	
EBITDA	14,127	14,883	13,912	-2%	
GPM	43.1%	43.0%	40.8%		Elevated input costs, which are partly offset by selling price hikes.
Domestic dairy, sugar and others	43.1%	42.7%	40.2%		
Exports	57.2%	56.8%	56.8%		
Driftwood, Angkor Milk	20.3%	21.7%	21.6%		GPM expansion thanks to a larger revenue contribution from Angkor Milk, which generates a wider GPM than Driftwood.
Effective tax rate	17.7%	18.2%	18.2%		Tax benefits at factories are slated to gradually phase out.

Source: VNM, VCSC

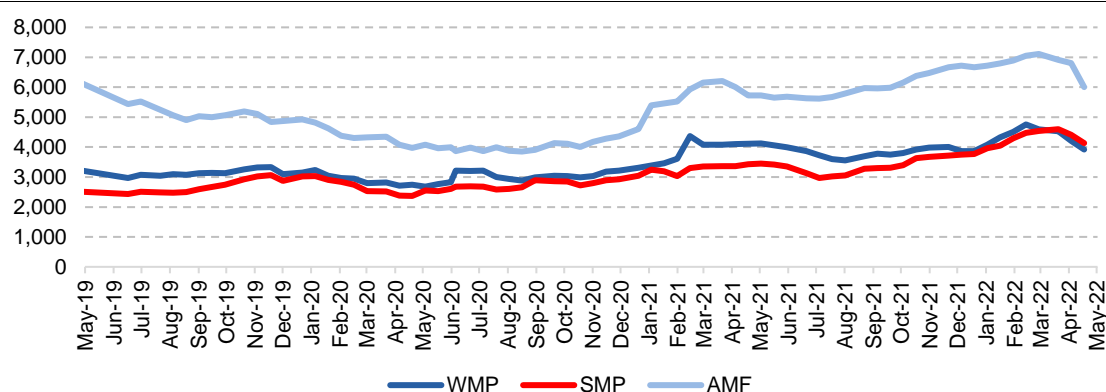
We expect gloomy growth prospects in 2022 due to dampened consumer spending power, coupled with declining growth of condensed milk and formula milk.

As discussed in the Consumer Sector section of our 2022 Strategy Report, [From pandemic to endemic](#), dated January 7, 2022, we projected FMCG consumption will remain below 2019's levels by an estimated 5%-10% due to COVID-19's hit on the purchasing power of low-income and mass consumers. We see a further downside risk to our FMCG consumption forecast due to emerging inflationary pressure. VNM's domestic sales growth deceleration from more than 20% YoY in October 2021 to 7% YoY in Q4 2021 (from a low base) underscores a bumpier road to recovery.

Furthermore, the two main segments with the most disappointing results in Q1 2022 were condensed milk and infant formula milk, which combine to account for 33% of VNM's sales mix, per our estimates. The condensed milk segment was adversely impacted by intense competition from imported Malaysian products that have lower prices than VNM's products by ~18%-50% on average, per our estimates ⁽¹⁾. The reason for the lower prices of Malaysian products is that sweetened condensed milk in Malaysia has palm oil added in place of milk fat, while VNM uses butter oil. Per VNM's management, Malaysia is a country famous for palm oil plantations; therefore, Malaysian condensed milk producers enjoy better input costs than VNM. According to industry's experts, palm oil is considered the cheapest vegetable oil used in condensed milk production. Management expects this competition to be prolonged and pose difficulties for VNM over the next two years. In addition, management expects to make further investment in marketing & promotional activities for condensed milk, which we believe will partly curtail its profitability. Regarding formula milk, we have observed a stiffer competition landscape for VNM with constant new product rollouts from smaller competitors such as Nutifood and VitaDiary.

Conservative price adjustment approach to cushion GPM amid input cost inflation. Per management, VNM's selling price has increased by 3.3% YTD on average and has the potential to increase to 5% for full-year 2022. Meanwhile, the input cost base for H1 2022 increased ~26% YoY, per our estimates. Since April 2022, amid high global milk powder prices, VNM has locked in milk powder prices for production up to August 2022. Despite the recent decline in material prices, these prices are still higher than in 2021. We expect milk prices to remain elevated for at least the rest of the year due to disruption to fertilizer and feed supplies as well as inflationary pressure resulting from the Russia-Ukraine conflict — as both countries are leading exporters of nitrogen-based fertilizers (used for dairy farming) and wheat (an important feed for cattle along with corn and soy). This situation has limited growth in milk ⁽²⁾ per cow due to higher feed, labor and other production costs. As a result, low margins have resulted in a large exit of dairy farmers. New Zealand and the EU account for ~70% of milk exports, followed by the US and Australia. According to Fonterra ⁽³⁾, New Zealand milk production decreased 5.6% YoY in April 2022 and down 3.7% in the 12 months to April 2022, while EU milk production for the 12 months to February 2022 was up 0.2% compared to the same period the year prior. US milk production also decreased 1.0% YoY in April 2022. Fonterra forecasts 2021-2022 Farmgate Milk Price ⁽⁴⁾ at USD9.10-9.50 per kgMS ⁽⁵⁾ with a midpoint of USD9.30 per kgMS, which is the highest forecast milk price in Fonterra's history.

Figure 3: Historical milk prices (USD/tonne)



Source: Global Dairy Trade, VCSC (WMP: Whole Milk Powder, SMP: Skim Milk Powder, AMF: Anhydrous Milk Fat)

⁽¹⁾ Our representative group of Malaysian imported products (i.e., Delipure, Larosee, Famy, ES and Dairy Champ) has a median of selling price lower than VNM's Ngoi Sao Phuong Nam by 18% on average and VNM's Ong Tho by 54% on average.

⁽²⁾ Raw milk is used to produce milk powder by boiling the milk under reduced pressure at low temperature until it is a powder.

⁽³⁾ Fonterra Co-operative Group Limited is New Zealand's largest multinational publicly traded dairy cooperative owned by ~10,500 New Zealand farmers. The company is responsible for ~30% of the world's dairy exports.

⁽⁴⁾ Farmgate Milk Price determines the amount Fonterra pays for milk purchased from farmer shareholders.

⁽⁵⁾ kgMS: kilogram of milk solids. Milk solids refer to the amount of protein and fat in a quantity of milk.

Valuation

We maintain our valuation mix of 70%/30% for DCF/PER. We attribute a higher weighting to DCF owing to VNM's simple business structure and robust cash generation. Meanwhile, we apply a 30% weighting to the P/E valuation given VNM's extensive scale that often puts it in comparison with regional companies by investors.

In this Update Report, we reduce our target P/E from 20x to 18x, reflecting our views regarding the slow growth prospects of VNM and a lack of catalysts that could stage a robust valuation re-rating for the stock. We also roll our TP forward to mid-2023 vs YE2022 as previously.

Our revised target price puts VNM's 2022F P/E at ~19x, which is below VNM's five-year average TTM P/E of 21x.

Our implied target 2022F P/E for VNM represents a ~24% discount vs the five-year average TTM P/E of regional peers, which we think is justified by peers' stronger earnings growth outlook.

Figure 4: Summary of VCSC's valuation for VNM

Method	Fair value (VND/sh)	Weighting	Contribution (VND/sh)
DCF	83,336	70%	58,335
PER (18x 2022F EPS)	78,534	30%	23,560
Target price (VND)			82,000
Implied 2022F/2023F P/E at TP			18.8x/18.0x

Source: VCSC

Figure 5: DCF valuation for VNM

Cost of Capital	Previous Report	Revised	FCFF (Five-year)	VND bn
Beta	0.6	0.6	PV of Free Cash Flows	42,822
Market Risk Premium %	7.0	7.0	PV of Terminal Val (3% g)	123,875
Risk Free Rate %	5.5	5.5	PV of FCF and TV	166,697
Cost of Equity %	9.7	9.7	+ Cash & ST investments	21,514
Cost of Debt %	1.5	5.0*	- Debt	11,013
Target Debt %	5.0	5.0	- Minority Interest	3,030
Target Equity %	95.0	95.0	Equity Value	174,168
Tax Rate %	17.7	17.7	Shares (million)	2,090
WACC %	9.3	9.4	Value per share, VND	83,336

Source: VCSC (*Although most of VNM's current debt is USD-denominated, USD interest rates have increased substantially over the past three months. Considering hedging costs incurred for VNM's hedging contract against USD currency risk, we revert our long-term cost of debt assumption for VNM to 5.0%.)

Figure 6: Cash flow projections for VNM

VND bn	2022F	2023F	2024F	2025F	2026F
Earnings before interest & tax, adjusted for bonus and welfare funds	11,730	12,330	13,175	14,009	14,876
- Tax	-2,138	-2,307	-2,529	-2,757	-2,947
+ Depreciation & amortization	2,527	2,684	2,841	2,998	3,154
- Capex	-2,506	-2,555	-2,653	-2,776	-2,906
- Working cap increase	38	-25	-138	-194	-214
Free Cash Flow	9,651	10,126	10,696	11,280	11,963
PV of FCF	9,226	8,847	8,540	8,231	7,978
Total PV of FCF	9,226	18,073	26,613	34,844	42,822

Source: VCSC (* Including goodwill amortization)

Figure 7: Sensitivity analysis of our target price for VNM in relation to DCF's WACC and terminal growth rate, ceteris paribus

VNM Target Price (VND)		WACC				
Terminal growth (g)		8.4%	8.9%	9.4%	9.9%	10.4%
	1.0%	78,000	75,000	72,000	69,000	67,000
	2.0%	84,000	80,000	76,000	73,000	71,000
	3.0%	91,000	86,000	82,000	78,000	75,000
	4.0%	103,000	96,000	90,000	85,000	80,000
	5.0%	121,000	109,000	101,000	94,000	88,000

Source: VCSC

Comparable peers

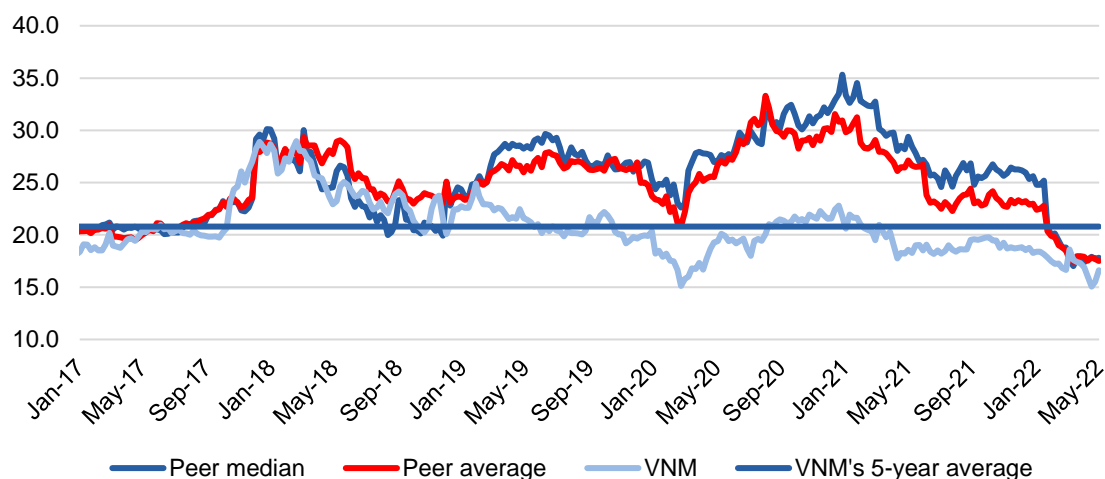
For our peer group, we select representative Asian dairy players in their respective markets.

Figure 3: Comparable peers

(USD mn) Company	Mkt cap	TTM Net Sales	Y-o-Y %	TTM NPAT	Y-o-Y %	Debt/Equity %	TTM ROE %	TTM ROA %	TTM P/E	LQ P/B	TTM net margin %	2020 value market share %	2021F-2023F EPS CAGR %
600887 CH	35,911	17,811	10.3	1,464	7.2	46.1	22.2	9.1	24.6	4.7	8.2	25.0	17.6
2319 HK	19,548	13,667	15.9	779	42.6	64.4	14.4	5.6	26.0	3.6	5.7	20.7	19.7
2269 JP	7,399	9,022	-15.0	779	33.3	11.4	13.5	8.0	10.4	1.3	8.6	10.8	-5.4
600597 CH	2,404	4,592	8.6	103	4.5	39.8	9.2	3.0	22.5	2.0	2.2	2.2	10.0
ULTJ IJ	1,201	483	18.2	81	8.7	29.6	22.2	13.7	13.1	2.9	16.7	16.5	N/A
DLM MK	487	281	6.0	60	272.8	4.0	85.8	39.3	8.5	5.3	21.4	26.7	-38.1
Median	4,901	6,807	9.5	441.0	21.0	34.7	18.3	8.6	17.8	3.2	8.4	18.6	10.0
Average	11,158	7,642	7.4	544.4	61.5	32.5	27.9	13.1	17.5	3.3	10.5	17.0	0.8
VNM VN	6,576	2,694	5.0	447	-6.3	26.4	29.0	17.7	16.3	4.7	16.3	50.0	0.5

Source: Bloomberg (consensus forecasts for peers), VCSC (VNM forecasts), Euromonitor (market share); as of June 1, 2022.

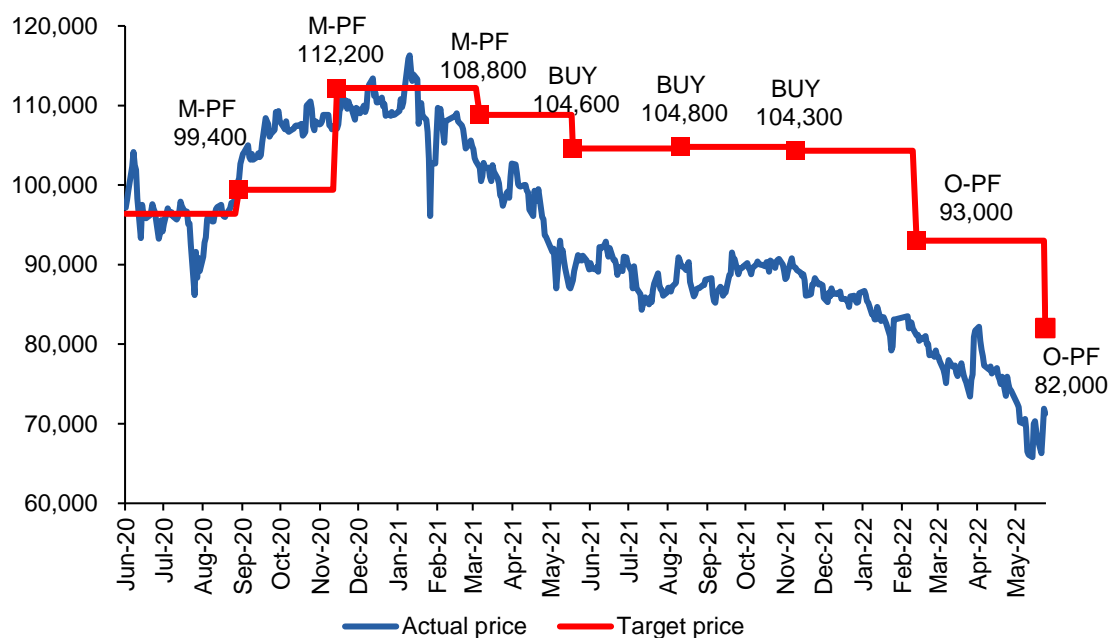
Figure 4: Historical TTM P/E of VNM vs peers



Source: Bloomberg, VCSC

Recommendation History

Figure 5: Historical VCSC target price vs share price (VND)



Source: Bloomberg, VCSC

Financial Statements

P&L (VND bn)	2021	2022F	2023F	2024F	B/S (VND bn)	2021	2022F	2023F	2024F
Revenue	60,919	64,012	65,603	68,728	Cash & equivalents	2,349	3,653	5,315	7,111
COGS	-34,641	-37,868	-38,754	-40,393	ST investments	21,026	21,026	21,026	21,026
Gross Profit	26,278	26,143	26,848	28,336	Accounts receivable	4,368	4,487	4,599	4,818
Sales & Marketing exp	-12,951	-13,129	-13,353	-13,972	Inventories	6,773	6,383	6,532	6,809
General & Admin exp	-1,567	-1,630	-1,665	-1,729	Other current assets	1,595	1,595	1,595	1,595
Operating Profit	11,760	11,384	11,830	12,634	Total Current assets	36,110	37,144	39,066	41,358
Financial income	1,215	1,397	1,592	1,692	Fixed assets, gross	30,117	32,623	35,178	37,831
Financial expenses	-202	-255	-255	-255	- Depreciation	-16,280	-18,562	-21,001	-23,596
- o/w interest expense	-89	-142	-142	-142	Fixed assets, net	13,837	14,060	14,177	14,235
Associates	-45	-45	-43	-41	LT investments	744	744	744	744
Net other income/(loss)	195	120	123	128	LT assets other	2,642	2,396	2,151	1,905
Profit before tax	12,922	12,601	13,247	14,157	Total LT assets	17,222	17,201	17,072	16,884
Income Tax	-2,290	-2,297	-2,479	-2,718	Total Assets	53,332	54,344	56,138	58,242
NPAT before MI	10,633	10,304	10,768	11,440	Accounts payable	4,214	3,805	3,950	4,129
Minority Interest	-100	-172	-184	-196	Short-term debt	9,382	9,382	9,382	9,382
NPAT-MI, reported	10,532	10,132	10,584	11,244	Other ST liabilities	3,472	3,648	3,739	3,917
NPAT-MI, adjusted ⁽¹⁾	10,532	10,132	10,584	11,244	Total current liabilities	17,068	16,836	17,071	17,429
EBITDA	14,127	13,912	14,514	15,475	Long-term debt	76	76	76	76
EPS reported, VND	4,517	4,363	4,558	4,842	Other LT liabilities	338	338	338	338
EPS adjusted ⁽¹⁾ , VND	4,517	4,363	4,558	4,842	Total Liabilities	17,482	17,250	17,485	17,842
EPS diluted, adj ⁽¹⁾ , VND	4,517	4,363	4,558	4,842	Preferred Equity	0	0	0	0
DPS, VND	3,900	3,850	3,900	4,100	Paid in capital	20,900	20,900	20,900	20,900
DPS/EPS (%)	86%	88%	86%	85%	Share premium	0	0	0	0
(1) Adjusted for one-offs					Retained earnings	7,594	7,653	7,970	8,396
RATIOS	2021	2022F	2023F	2024F	Other equity	4,589	5,603	6,661	7,785
Growth					Minority interest	2,767	2,939	3,123	3,319
Revenue growth	2.2%	5.1%	2.5%	4.8%	Total equity	35,850	37,095	38,653	40,400
Op profit (EBIT) growth	-4.1%	-3.2%	3.9%	6.8%	Liabilities & equity	53,332	54,344	56,138	58,242
PBT growth	-4.4%	-2.5%	5.1%	6.9%	Y/E shares out, mn	2,089.9	2,090.0	2,090.0	2,090.0
EPS growth, adjusted	-5.3%	-3.4%	4.5%	6.2%	Y/E treasury shares, mn	0.1	0.1	0.1	0.1
Profitability					CASH FLOW (VND bn)	2021	2022F	2023F	2024F
Gross Profit Margin	43.1%	40.8%	40.9%	41.2%	Beginning Cash Balance	2,111	2,349	3,653	5,315
Op Profit, (EBIT) Margin	19.3%	17.8%	18.0%	18.4%	Net Income	10,532	10,132	10,584	11,244
EBITDA Margin	23.2%	21.7%	22.1%	22.5%	D&A	2,121	2,282	2,439	2,595
NPAT-MI Margin, adj,	17.3%	15.8%	16.1%	16.4%	Change in Working Cap	-1,705	38	-25	-138
ROE	32.7%	30.1%	30.4%	31.0%	Other adjustments	-517	-595	-629	-683
ROA	20.7%	18.8%	19.2%	19.7%	Cash from Operations	10,432	11,856	12,368	13,018
Efficiency					Capital Expenditures, net	-1,397	-2,506	-2,555	-2,653
Days Inventory On Hand	63	61	60	60	Investments, net	-3,536	0	0	0
Days Accts, Receivable	25	25	25	25	Cash from Investments	-4,933	-2,506	-2,555	-2,653
Days Accts, Payable	39	36	36	36	Dividends Paid	-7,524	-8,046	-8,151	-8,569
Cash Conversion Days	50	50	49	49	Δ in Share Capital	60	0	0	0
Liquidity					Δ in LT debt	-92	0	0	0
Current Ratio x	2.1	2.2	2.3	2.4	Δ in ST debt	2,066	0	0	0
Quick Ratio x	1.6	1.7	1.8	1.9	Other financing C/F	228	0	0	0
Cash Ratio x	1.4	1.5	1.5	1.6	Cash from Financing	-5,261	-8,046	-8,151	-8,569
Debt / Assets	17.7%	17.4%	16.8%	16.2%	Net Change in Cash	237	1,304	1,662	1,796
Debt / Capital	20.9%	20.3%	19.7%	19.0%	Ending Cash Balance	2,349	3,653	5,315	7,111
Net Debt / Equity	-38.8%	-41.0%	-43.7%	-46.2%					
Interest Coverage x	132.4	80.2	83.4	89.1					

Source: Company data, VCSC



VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
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Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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