

## “GRAB” A Groundbreaking Growth Ahead

- Grab has shifted from subsidies to scalable profitability via network density, ads/subs, and fintech.
- 2Q25: revenue \$819m (+23% y/y), adj. EBITDA \$109m, net profit \$20m; ARPU and MTUs rose despite ~4% lower fares.
- Initiate BUY with TP of THB22.75, long re-rating runway as margins expand.

### From Everyday Everything to Essential Infrastructure

Convenience is the new normal in Southeast Asia: rides are tapped, meals arrive in minutes, and payments flow through a single wallet. In this world, Grab has become essential infrastructure—“the Everyday Everything App”—serving 46m+ monthly transacting users and embedding itself in how people move, eat, and pay. Our core view: Grab is past the subsidy era and into a profit-compounding phase.

### Early Pain, Lasting Moat

What makes the model powerful is platform economics. As density rises, ETAs fall and frequency climbs; the same network supports stacked monetization (ads, subscriptions, dine-out, payments/credit). The hard part—seeding both sides with promos and driver incentives—is behind Grab in core metros, turning early pain into a moat. On Helmer’s lens, three powers drive durability: **Network Economies (High)**, **Scale Economies (High)**, and **Switching Costs (Medium, rising)**.

### The Two Pillars of Profit

“How Grab makes money” now rests on two pillars. **1) Revenue Diversification & Enhancement:** price/mix normalization, sponsored listings/ads, GrabUnlimited, dine-out, and fintech (GrabPay, PayLater, merchant working capital). **2) Margin Improvement & Cost Optimization:** structurally lower blanket promos, smarter driver incentives with higher orders/hour, AI-driven routing/batching, fraud/risk controls, and city/product focus that pushes more revenue through a flatter cost base.

### Metrics that Matter

The numbers confirm it. **2Q25 revenue \$819m (+23% y-y) on On-Demand Gross Merchandise Value (GMV) \$5.4b (+21%); Adj. EBITDA \$109m** (14th consecutive improvement), **net profit \$20m. Average spend/user/month rose to \$39.54** (vs. \$34.23 a year ago) with **Monthly Transacting Users (MTU) 46.2m (+13%)**. **Mobility GMV +19% y-y as transactions rose +23% and active drivers +18%**, while **average trip fare -4%** by design (elasticity managed via denser supply). In Deliveries, product add-ons now contribute ~1/3 of GMV; **ads run-rate \$236m** (1.7% of Deliveries GMV) already drives outsized EBITDA, and **Financial Services \$84m** revenue scales with a narrowing loss profile as **the loan book reached \$708m**.

### Initiate a BUY with TP of THB22.75 (\$7, based on USD/THB at 32.5)

We initiate **BUY** on **GRAB80; TP THB22.75 (US\$7 at 32.5)**. We see a long re-rating runway akin to Sea Ltd’s profit-start phase: better ads/sub penetration lifting effective take rate, incentives contained (~downshifted vs. GMV), Mobility transactions sustaining high-teens to 20%+ growth, and FinServ losses narrowing. Key watch-items: ads as % of Deliveries GMV, subscriber penetration/churn, orders per online hour (OPH), incentives/GMV, and credit loss ratios. Risks—price elasticity in low-ticket markets, driver morale, regulatory/antitrust, and credit—are mitigated by city-level density, granular incentive controls, and strong liquidity.

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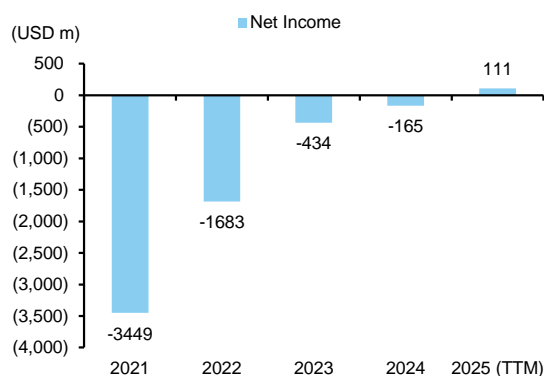
Peerayu Sirivorawong

## “GRAB” a groundbreaking growth ahead

**Convenience as the New Normal:** Consumer behavior in Southeast Asia has fundamentally shifted. What began as a preference for **convenience** has now **become a new standard of living**: rides are booked at the tap of a button, meals arrive at the doorstep within minutes, and payments are made seamlessly through a single wallet. In this new normal, platforms that integrate into daily routines are no longer optional — they are essential.

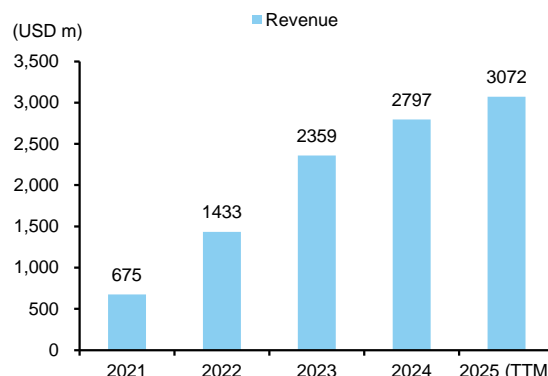
**At the inflection of a stellar growth roadmap.** Like precedent winners at their profitability turn—**Sea’s Shopee (2023)**, **Uber (2023)**, and **Meituan (2019–20)**—Grab is hitting its financial inflection: a shift from multi-year, heavy investment to a **fast earnings up-cycle** starting in 2025. The pattern is classic for scaled platforms: a long, front-loaded capex/opex build, then **operating leverage** kicks as fixed costs are spread over accelerating transactions, incentives normalize, and high-margin overlays (ads, subscriptions, fintech) lift the effective take rate. With density now in place, Grab’s breakeven is giving way to profit compounding, setting up a re-rating runway similar to prior platform turnarounds.

Exhibit 1: Grab's Net Income



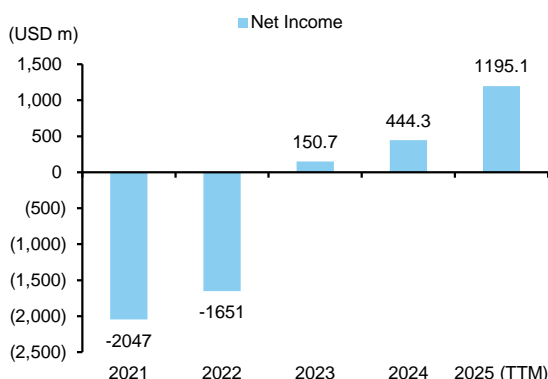
Sources: Globlex Research; Financial Statement

Exhibit 2: Grab's Revenue



Sources: Globlex Research; Financial Statement

Exhibit 3: Sea Ltd (SE)'s Net Income



Sources: Globlex Research; Financial Statement

Exhibit 4: Sea Ltd (SE) Stock Price Chart

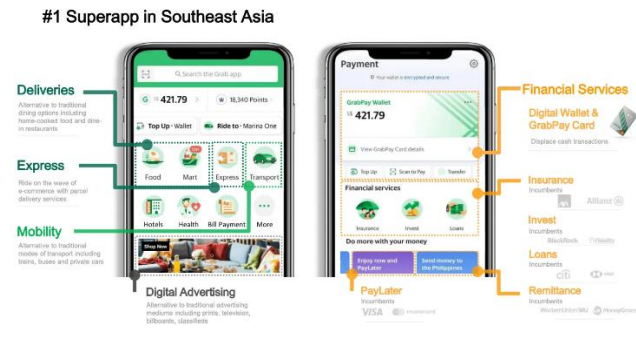


Sources: Google

### Grab: The Clear Winner

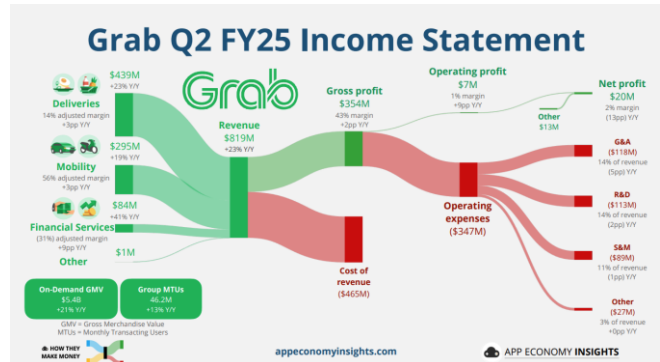
Amid this transformation, Grab has emerged as the undisputed **leader in the region's super-app race**. Often called the “**Uber of Southeast Asia**”, Grab not only forced Uber to exit the market but also turned the global giant into a strategic partner and shareholder. Branded as the “**Everyday Everything App**,” Grab now serves over 46m monthly transacting users, embedding itself into how people move, eat, and pay.

Exhibit 5: Grab's overview



Sources: Grab

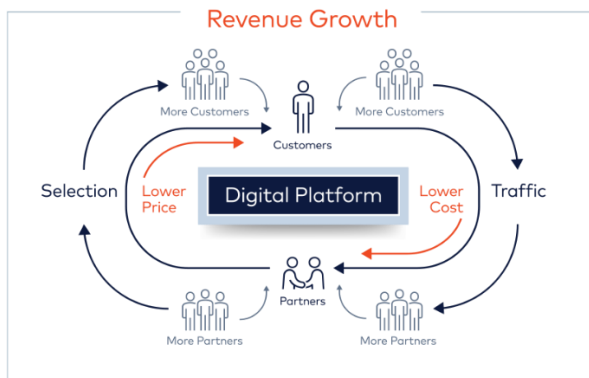
Exhibit 6: Grab 2Q25 Income Statement



Sources: App Economy Insights

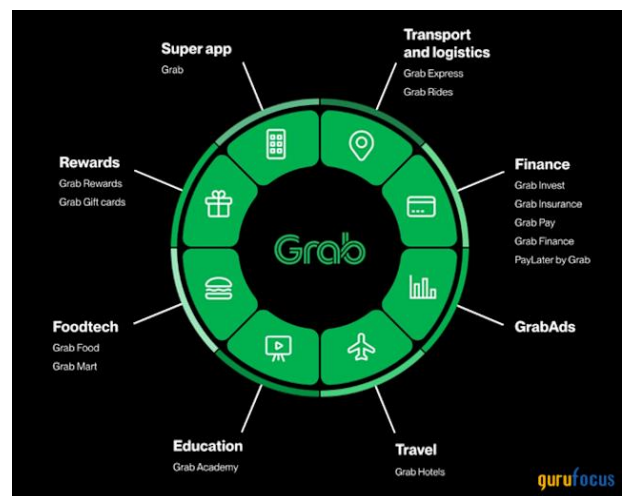
What makes Grab more than just a consumer brand is the **architecture of its business model**. Unlike traditional companies that scale linearly, **platforms scale exponentially**: each new rider, driver, or merchant doesn't simply add value, they multiply it. More riders bring more drivers, which shortens wait times, improves reliability, and attracts even more users. Merchants join to access this demand, which in turn boosts frequency and order sizes. This self-reinforcing loop — **the classic network effect flywheel** — is the engine behind Grab's growth and defensibility.

Exhibit 7: Platform Business Model



Sources: Beyond Now

Exhibit 8: Grab's Business Overview



Sources: GuruFocus

## Why Early-Stage Is Hard, and Why Moats Hold

Platforms like Grab face their greatest challenge at inception. They must **create value for both sides** of the market at once—**consumers and drivers**—before true network effects kick in. That means **subsidizing demand** (promotions to seed orders and habits) while simultaneously **over-compensating supply** (driver incentives above the usual fee) to ensure reliable ETAs and service quality. Until a city reaches liquidity thresholds (short wait times, broad selection, stable conversion), the platform is effectively “hand-building” its own network.

Once density is achieved, the economics invert. With more orders per hour and better routing/batching, incentives as a % of GMV fall, reliability rises, and the **flywheel sustains itself with far less subsidy**. At this stage, late entrants face prohibitive CAC, driver churn risk (from thinner utilization), and the uphill task of matching city-by-city operational know-how. In short, **the very pain of the early stage becomes the moat of the mature stage**.



## Grab's Path to Profitability

Grab's earnings engine has shifted from subsidy-fueled growth to **density- and discipline-led monetization**. With city networks now liquid and promos structurally lower, unit economics have flipped: more orders per driver hour, smarter pricing, and tighter ops turn scale into margin. The profit story rests on two pillars — **1) Revenue diversification & enhancement** and **2) Margin improvement & cost optimization**—which together explain how the same network now earns more per transaction at a lower incremental cost.

**1) Revenue Diversification and Enhancement** - This pillar focuses on increasing the total revenue generated by the platform, both by expanding into new business areas and by extracting more value from existing services

### A. Expanding the Super-App Ecosystem: Beyond Core Services

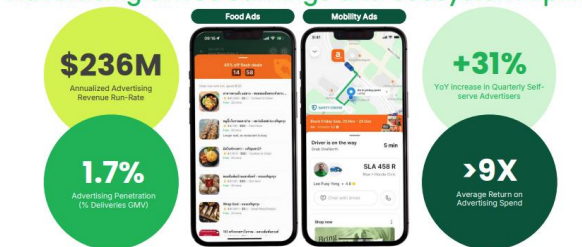
- **Financial Services (FinTech):** Detail the move into high-margin financial products.
- **Payments:** The role of the GrabPay wallet as the central nervous system of the ecosystem, facilitating cashless transactions and locking users in
- **Digital Banking:** The launch of GXS Bank (in partnership with Singtel), offering savings and other banking products.
- **Lending & 'PayLater' Services:** Providing loans to consumers, drivers, and merchant partners, generating revenue from interest.
- **Insurance Products:** Offering micro-insurance for rides, deliveries, and partners, creating an additional revenue stream per transaction.

### B. Deepening Monetization within Core Verticals (Deliveries & Mobility)

- **Advertising (GrabAds):** Selling priority placement and visibility to merchant-partners (e.g., featured restaurants in GrabFood) and third-party brands
- **Subscription Models (GrabUnlimited):** Creating a recurring revenue stream through membership programs that offer benefits like free delivery and exclusive discounts, which also increases user loyalty and transaction frequency.
- **Value-Added Services:** Introducing features like the 'Dine-Out' module for restaurant discounts and reviews, and upselling opportunities like "add-on food" suggestions during checkout

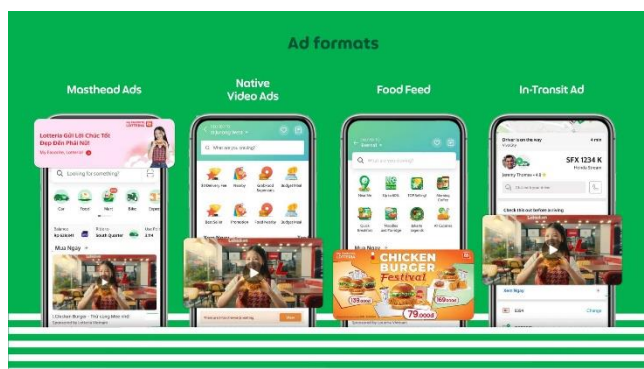
**Exhibit 9: 2Q25 Grab's Ads highlights**

#### Financial and Operational Highlights Advertising drives earnings and ecosystem uplifts



Sources: Grab

**Exhibit 10: Grab's Ads formats**



Sources: Grab

**2) Margin Improvement and Cost Optimization** - This pillar is focused on improving the profitability of each transaction by strategically reducing costs and increasing operational efficiency.

**A. Rationalizing Incentives and Pricing**

- **Reduced Consumer Promotions:** Discuss the strategic shift away from heavy, broad-based discounts and vouchers toward more targeted, data-driven promotions aimed at specific user segments.
- **Optimized Partner (Driver) Subsidies:** Detail the reduction in base incentives for driver and delivery partners. The model is shifting from subsidizing participation to rewarding performance and efficiency.
- **Dynamic Pricing:** Explain how Grab leverages data and AI to optimize pricing for rides and deliveries based on real-time supply and demand, maximizing revenue per transaction.

**B. Enhancing Operational Efficiency**

- **Order Batching:** Grouping multiple food or grocery delivery orders for a single rider to deliver along a similar route, significantly improving efficiency and lowering fulfillment cost per order.
- **Route Optimization:** Using AI and mapping technology to find the fastest and most efficient routes for drivers, saving time and fuel costs.
- **Centralized Overhead:** Leveraging the single "super-app" platform to run multiple verticals (Mobility, Deliveries, Financials) with a shared pool of resources for technology, marketing, and administration, thus reducing corporate overhead.

**The Trade-Offs of Profitability: The Other Side of the Coin**

Tightening consumer promotions and partner subsidies carries friction. Price step-ups and fewer vouchers risk near-term user dissatisfaction, while lower driver incentives can pressure supply morale. For now, pricing power sits with Grab: dense driver supply enables fast ETAs for consumers, and consistent demand keeps drivers busy through the day—together preserving service reliability even as subsidies recede.

According to our survey, in Bangkok, average per-trip driver earnings have shifted from roughly ~THB40/round historically toward ~THB28/round in recent months, with some countryside routes reported at ~THB17–21/round. This compression has sparked sporadic driver protests and social-media criticism. Despite this noise, operational metrics (wait times, fulfillment) have remained resilient in core metros, suggesting the network is still clearing at current incentive levels.

**Exhibit 11: Thai Grab's Rider protesting**



Sources: Thai News Pix

**Exhibit 12: Thai Grab's Rider protesting**




Sources: Thai News Pix



## Grab Through the Lens of the 7 Powers

In competitive markets, valuation ultimately follows **moat**, not headlines. **Helmer's "7 Powers"** framework is a practical way to test for moat quality—asking whether a business can sustain superior economics against capable rivals. Crucially, a company does not need all seven; even **one dominant power** (e.g., network economies or scale economies) can create a durable barrier to entry. Multiple powers simply stack, reinforcing each other and widening the gap over time.

### Exhibit 13: 7 Powers example

NfX	High-Level	Benefit	Barrier	Companies Using 7 Powers Framework
<b>1. Scale Economies</b>	Fixed costs, volume/area relationships, distribution network density, learning economies, purchasing economies.	Reduced Cost	Prohibitive Costs of Share Gains	
<b>2. Network Economies</b>	Value of a product to a customer is increased by use of the product by others. Winner take all, boundedness.	Ability to Charge Higher Prices	Prohibitive cost of share gains	
<b>3. Counter-Positioning</b>	New business model which the incumbent does not mimic due to anticipated damage to their existing business.	Lower Cost/Higher Prices from More Valuable Product	Cannibalization of existing business	
<b>4. Switching Costs</b>	Causes their customers to incur a value loss from switching to an alternate supplier.	Ability to Charge Higher Prices for Same Product	High Costs	
<b>5. Branding</b>	Higher perceived value to an objectively identical offering from historical information about the seller.	Ability to Charge Higher Prices	Significant Time Needed	
<b>6. Cornered Resource</b>	Has preferential access at attractive terms to a coveted asset that can independently enhance value.	Charge Higher Prices or Reduce Costs	Property and Patent Law	
<b>7. Process Power</b>	Enables lower costs and/or superior product and which can be matched only by an extended commitment.	Improved Product Attributes and/or Lower Costs	Hysteresis	

Sources: [Nfx](#)

We assess that Grab exhibits **3 dominant powers** within the 7 Powers framework: **1) Network Economies — High, 2) Scale Economies — High, and 3) Switching Costs — Medium**. One truly strong power is often enough to create a moat; Grab has two at "High" and one that is strengthening, which together explain why late entrants struggle to profitably catch up even as subsidies recede.

#### 1) Network Economies — High

Grab's cross-side network effects are the core engine of defensibility. More riders attract more drivers, which compresses ETAs and improves reliability; better reliability increases consumer frequency and order conversion; expanding merchant breadth then further raises usage. **With 46m+ monthly transacting users**, this density has reached self-reinforcing levels in key metros, allowing Grab to sustain service quality with lower incentives

#### 2) Scale Economies — High

At regional scale, fixed platform costs (routing, fraud/risk, support tooling, ad stack) are spread over a rising transaction base, pushing down cost-to-serve per order. A shared driver fleet across rides and deliveries lifts utilization and batch rates, while a unified brand and performance-marketing engine reduce customer acquisition per incremental order.

#### 3) Switching Costs — Medium

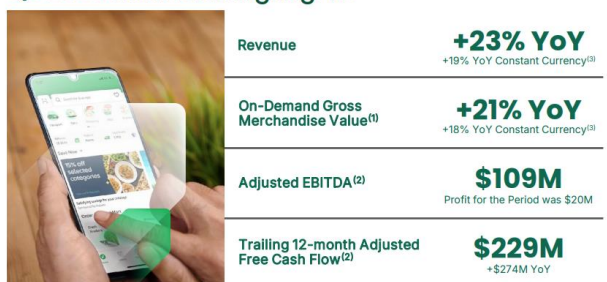
While consumers can multi-home, Grab is methodically increasing lock-in through **subscriptions (GrabUnlimited)**, in-app payments/wallet balances, and habit formation around reliable ETAs. On the merchant side, ad placements, ranking data, POS/API integrations, and logistics SLAs embed operationally critical workflows—making churn operationally and commercially costly.

## Growth to Cash: Density Doing the Heavy Lifting

Grab's 2Q25 shows growth converting to profit and cash. **Revenue was \$819m (+23% y-y)** on **On-Demand GMV ~\$5.4b (+21% y-y)**, with **Adjusted EBITDA \$109m (14th straight improvement)**, **operating profit \$7m**, and **net profit \$20m**. User monetization stepped up: **average spending per user per month rose to \$39.54 in 2Q25** from \$34.23 in 2Q24, alongside Group MTUs ~46.2m (+13% y-y)—evidence that price/mix discipline and engagement are lifting ARPU as the network scales. Cash generation strengthened, with trailing 12-month adjusted FCF \$229m on lower promo intensity and operating leverage.

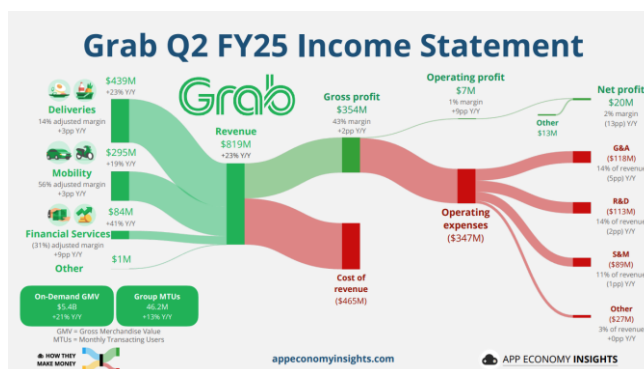
Exhibit 14: 2Q25 Financial Highlights

### Q2 2025 Financial Highlights



Sources: Grab

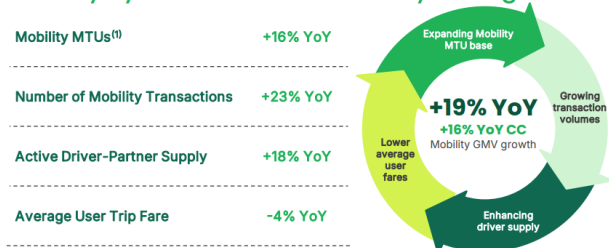
Exhibit 15: 2Q25 Income Statement



Sources: App Economy Insights

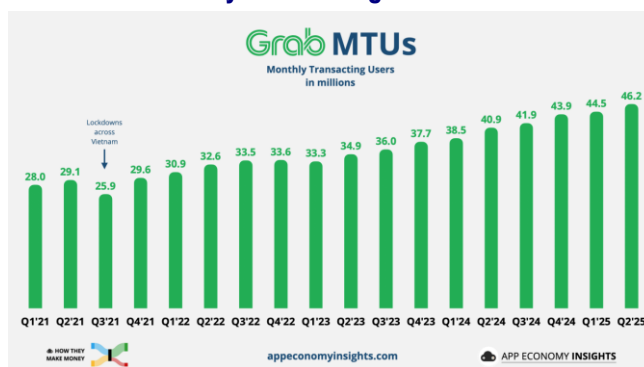
Exhibit 16: Mobility Highlights

### Financial and Operational Highlights Mobility flywheel drives virtuous cycle of growth



Sources: Grab

Exhibit 17: Monthly Transacting Users



Sources: App Economy Insights

Engagement and supply depth continued to widen. **Mobility GMV grew +19%y-y** as **transactions rose +23% y-y** and **active driver supply +18% y-y**, while **average trip fare declined ~4% y-y**, reflecting elasticity management amid improving ETAs. In Deliveries, product-led initiatives (dine-out, grocery bundles, sponsored placements, smarter fees) contributed ~one-third of Deliveries GMV in 2Q25 (vs. ~15% in 3Q23), helping Deliveries GMV growth accelerate to ~22% y-y and supporting take-rate/ads traction.

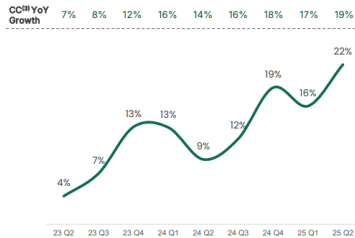
The **4% y-y decrease in average trip fare** was a **deliberate strategic** outcome, driven primarily by a significant **18% increase in the supply of active driver-partners**. This expansion of the driver network is a key part of Grab's "virtuous cycle," where greater supply and efficiency allow the platform to offer more competitive pricing.

## Exhibit 18: Deliveries Gross Merchandise Value

Financial and Operational Highlights  
Product-led initiatives driving accelerated growthDeliveries GMV<sup>(1)</sup>  
(YoY Growth, %)

Adoption of new product initiatives<sup>(2)</sup> in Deliveries continues to gain traction, driving GMV growth that outpaced that of our existing products by 3x since Q3 2023

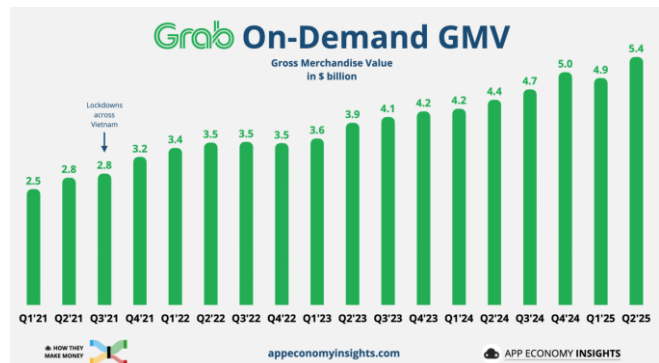
New product initiatives contributed a third of Deliveries GMV in Q2 2025, from 15% in Q3 2023



Note 1: For the definition of Gross Merchandise Value, see the section titled "Definitions of Operating Metrics" in the Appendix on Page 27. 2: New product initiatives refer to Super Deliveries, Priority Deliveries, Shared Bikes, Commuter products including Commuter Bikes, the GrabExpress app, and GrabExpress for Business, which are all new products.

Sources: Grab

## Exhibit 19: Grab On-Demand GMV



Sources: App Economy Insights

## Exhibit 20: 2Q25 Grab's Ads highlights

Financial and Operational Highlights  
Advertising drives earnings and ecosystem uplifts

\$236M

Annualized Advertising Revenue Run-Rate

1.7%

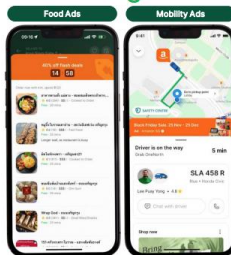
Advertising Penetration (% Deliveries GMV)

+31%

YoY increase in Quarterly Self-serve Advertisers

&gt;9X

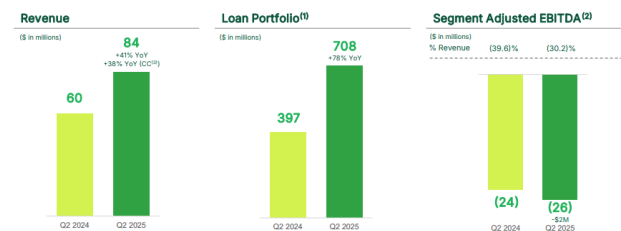
Average Return on Advertising Spend



Notes: As of Q2 2025.

Sources: Grab

## Exhibit 21: 2Q25 Financial Services

Q2 2025 Unaudited Results  
Financial Services

Note 1: For the definition of Loan Portfolio, see the section titled "Definitions of Operating Metrics" in the Appendix on Page 27. Segment Adjusted EBITDA is a non-GAAP measure. For the definition of Segment Adjusted EBITDA, see the section titled "Definitions of Operating Metrics" in the Appendix on Page 27. 2: YoY increase in Quarterly Self-serve Advertisers refers to the number of advertisers who used the self-serve advertising platform for the first time in the quarter.

Sources: Grab

**Ads (Deliveries add-on):** ~\$59m revenue in 2Q25 (annualized run-rate ~\$236m). Because ads ride on existing traffic and tooling, they carry very high incremental margins (sales/ops light). Even on a conservative 60–70% contribution margin, ads would contribute ~\$35–41m to profit in the quarter—i.e., likely well over half of Deliveries' \$63m segment Adj. EBITDA. In plain terms: ads are already a disproportionate driver of EBITDA versus their revenue weight.

**Financial Services:** \$84m revenue in 2Q25 with segment Adj. EBITDA ~\$26m; loan book \$708m (+78% y-y). Payments is small but positive; lending is where the P&L swings—unit economics hinge on net yield – credit losses – funding/opex. As the book scales and loss ratios/funding costs normalize, the drag should narrow; until then, FS reduces group EBITDA but raises user/merchant LTV (higher attach, AOV, retention).

The revenue breakdown by country for the fiscal year 2024 is as follows:

- Malaysia: \$816m (29.17%)
- Indonesia: \$643m (22.99%)
- Singapore: \$578m (20.66%)
- Philippines: \$265m (9.47%)
- Thailand: \$252m (9.01%)
- Vietnam: \$228m (8.15%)
- Rest of Southeast Asia: \$15m (0.54%)



## The 54% Majority: Dominance in Food Delivery

According to a February 2025 report from Momentum Works, Grab commanded 53.9% of the region's food delivery GMV in 2024.

**Indonesia:** In the region's largest market, Grab is locked in a fierce three-way battle. Reports from 2023 and early 2024 suggest Grab holds a leading position with an **~47-50% market share**, closely contending with Gojek's GoFood and a rapidly growing ShopeeFood.

**Thailand:** Grab maintains a strong lead in the Thai market. A March 2025 report indicated Grab holds **~46% of the food delivery market**, ahead of competitors like Lineman.

**Malaysia:** Grab's dominance is significant in its home country, where it is estimated to control the majority of the food delivery market.

**Vietnam:** The market is a near duopoly. In 2024, Grab held ~48% of the food delivery market, running neck-and-neck with ShopeeFood, which held a 47% share. Gojek has since exited the Vietnamese market.

**Philippines:** Grab is the market leader, commanding a significant share of the food delivery sector against its main rival, Foodpanda.

**Singapore:** As one of its most mature markets, Grab continues to hold the leading position in food delivery, contending with Foodpanda and Deliveroo.

## Kings of the Southeast Asia's Road

Grab's ride-hailing service remains a cornerstone of its business.

**Philippines:** Grab's dominance is most pronounced here. As of May 2025, reports indicate that Grab corners around **90% of the ride-hailing market**.

**Thailand:** It is estimated that Grab has commanding **70% of the ride-hailing market**. It remains the dominant player despite the competitors like Bolt, Lineman.

**Indonesia:** The market is a long-standing **duopoly**. Data from early 2023 shows the market almost evenly split between **Grab** and **Gojek**, with each holding approximately 50% of the ride-hailing market by order volume.

**Vietnam:** This market has become **intensely competitive**. While Grab has long been the leader, the aggressive expansion of local electric vehicle operator Xanh SM has significantly shifted the landscape. Reports from the first quarter of 2025 show a tight race, with some analysts placing Xanh SM slightly ahead in market share, highlighting a significant challenge to Grab's incumbency.

**Malaysia:** As the birthplace of the company, Grab is considered the **"dominant force"** and the go-to e-hailing app. It is the clear market leader among a field of competitors that includes AirAsia Move and inDrive.

**Singapore:** In its headquarters city-state, Grab faces a competitive market but remains the leader. It is estimated that Grab's market share is at 50.2%, ahead of Gojek and local player TADA. While newer entrants and regulatory frameworks ensure competition, Grab maintains its top position.

## Cheap Meals, Tight Margins?

In Southeast Asia, typical food tickets are only **\$5–10**; a delivery fee of **\$2+** can represent **20–50% of the basket**, making customers more price-sensitive than in the U.S., where meals are **\$10–20+** and fees are a smaller share. This raises elasticity risk and caps Grab's ability to widen the profit gap purely through higher consumer fees, particularly in lower-income cities.

While food prices in SEA are rising, Grab is monetizing through **high-margin add-ons** (ads/sponsored placements, subscriptions, dine-out, payments/credit), easing reliance on consumer fee hikes. Notably, **average trip fare fell ~4% in 2Q25** even as profitability improved—evidence that density, mix, and overlays can expand contribution without pushing prices.

The open question is **durability**: can ads/subs/fintech scale fast enough and can utilization keep offsetting lower fares? We'll watch ads as % of Deliveries GMV, subscriber penetration/churn, OPH (orders per online hour), incentives as % GMV, and FS loss ratios to gauge how long this gap can hold.

## Initiated with BUY and a TP of THB22.75

Following Sea's profit-playbook. We see Grab at the same "**profit start**" inflection Sea Ltd. (NYSE: SE; Shopee) reached last year: scale is in place, incentives are structurally lower, and operating leverage is showing through (2Q25 revenue **\$819m**, adj. EBITDA **\$109m**, net profit **\$20m**). While Grab is up **~29% YTD**, Sea's past-year rally of **~96%** after its own profitability turn shows how markets can re-rate scaled platforms as earnings compound. If ads keep lifting Deliveries' take rate, Mobility transactions stay **>20% y/y**, and Financial Services narrows losses, Grab's re-rating runway remains long.

We recommend **BUY** on **GRAB80** with a target price of **THB22.75 (\$7 at USD/THB 32.5)**, driven by a clear profitability inflection and a long runway for margin expansion.

We see durable levers: 1) density- and routing-driven cost per order falling even as average trip fares eased **~4% y-y**, 2) high-margin overlays (ads **~1.7%** of Deliveries GMV and rising; subscriptions; dine-out) lifting the effective take rate without headline price hikes, and 3) fintech scaling as a second profit stack with losses narrowing over time.

Near-term catalysts include continued EBITDA beats on promo discipline, ads mix pushing toward **~2%** of Deliveries GMV, and Mobility transactions sustaining high-teens growth; risks (pricing elasticity, driver incentives, credit losses, regulation) are mitigated by city-level density, granular incentive controls, and strong liquidity.

On blended EV/Revenue and EV/EBITDA cross-checked by DCF, **\$7** implies reasonable—not heroic—multiples for a scaled platform compounding earnings and cash.

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## RECOMMENDATION STRUCTURE

### Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

- BUY:** Expected return of 10% or more over the next 12 months.  
**HOLD:** Expected return between -10% and 10% over the next 12 months.  
**REDUCE:** Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause 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.

### Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.  
**Neutral:** The industry is expected to perform in line with the relevant primary market index over the next 12 months.  
**Underweight:** The industry is expected to underperform the relevant primary market index over the next 12 months.

### Country (Strategy) Recommendations

**Overweight:** 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:** 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:** 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.