# NORTH EAST RUBBER (NER TB)

THAILAND / SET / AGRIBUSINESS

Globlex Securities Co., Ltd.

21 August 2026

## More growth, more yields

- We turned more positive on NER on the margin expansions and marginally growing sales volumes in 2026E-28E
- Three structural drivers for higher rubber prices – crude oil hike, tight supply, and high demand – would drive NER's margins up
- Upgrade to BUY and lifted TP to THB6.0

### More bullish on margin-driven earnings growth outlook

After posting a strong 2Q26 net profit of THB436m on the flat sales volume but rising margins, we now turned more bullish on NER's earnings outlook in 2H26 and particularly 2027, when we think NER will greatly enjoy the margin expansions on the consequence of lower supply for natural rubber (NR).

### Margins bottomed in 2026 before rising in 2027E-28E

While we forecast a relatively flat y-y sales volume of 440-450kt in 2026-27 due to the supply shortages on the super El Nino-hit drought, we are bullish on the margin outlook, projecting NER's gross profit margin (GPM) to decline from 9.68% in 2025, the year that NER enjoyed high margins on low-cost NR inventory, to 8.79% in 2026E, rising to 9.46% in 2027E and 9.37% in 2028E.

### Raising EPS forecasts by +0.7%/ +28.0/ +27.7% in 2026E-28E

We revised up our EPS forecasts in 2026E-28E by +0.7%/ +28%/ +27.7% to reflect 1) changes in sales volume assumptions as we cut our sales volume in 2026 by 4.2% while lifted +1.2% in 2027 as we expect the tight NR will peak in 2H26-1H27 before improving meaningfully in 2H27-2028 post Super El Nino; 2) higher ASP by 3.0%-10.4% in 2026-28 to reflect the industry supply tightness and higher-for-longer prices for synthetic rubber driven by higher crude oil prices.

### Higher for longer global natural rubber

We highlight that the global NR price trend remains on the upside in 2H26-2028, given 1) lower supply not only in Thailand, the world's largest NR producer on the drought impact, but also in Indonesia on the structural decline in the growing areas for palm at the expense of the shrinking area for NR thanks to the much higher prices of palm used as both edible food (palm oil) and energy (biofuel); and 2) rising demands for tires particularly for the replacement market which comprises 85% of total global tire consumption in 2025.

### Upgrade from HOLD to BUY and lifted our TP to THB6.0

We upgrade from HOLD to BUY and lifted our TP from THB4.8, previously based on 4.5x 2026E P/E, to THB6.0, now based on 6x 2027E P/E, to reflect NER's more promising earnings growth outlook on the back of the higher-for-longer NR price uptrend that we think will continue into 2028E on the back of the global high crude oil price to drive up the cost of the substitute synthetic rubber, the global structural tighter supply, and the higher demands for the tire replacement market. More, NER offers attractive dividend yields at 7%, 8.8%, and 8.8%.

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**ESG Rating : AAA**

**CG Rating :**

## BUY (from HOLD)

| | |
|---|---|
| **Target Price 12M (THB)** | **6.00** |
| VS. BB Consensus TP (%) | +17.0% |
| Share Price (THB) | 4.52 |
| Upside/Downside | +32.7% |

### Share Data

| | |
|---|---|
| Market Cap (THB m) | 8,352.13 |
| Par (THB) | 0.50 |
| Free Float (%) | 63.75 |
| Issued shares (m shares) | 1,848 |

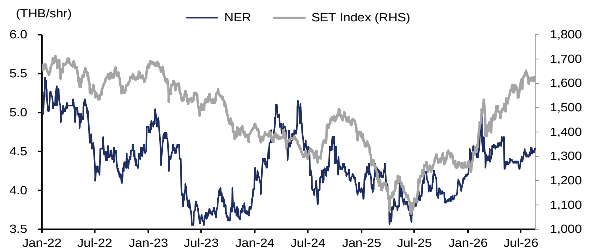
### Financial forecast

| YE Dec (THB m) | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| Revenue | 30,240 | 31,206 | 33,744 | 35,996 |
| Net profit | 1,885 | 1,683 | 1,847 | 1,862 |
| Core net profit | 1,652 | 1,683 | 1,847 | 1,862 |
| vs Consensus (%) | | 4.8 | 8.2 | 0.4 |
| Net profit growth (%) | 14.0 | (10.7) | 9.8 | 0.8 |
| Core net profit growth (%) | (1.1) | 1.8 | 9.8 | 0.8 |
| EPS (THB) | 1.02 | 0.91 | 1.00 | 1.01 |
| Core EPS (THB) | 0.89 | 0.91 | 1.00 | 1.01 |
| Chg from previous (%) | | 0.70 | 28.03 | 27.74 |
| DPS (THB) | 0.36 | 0.32 | 0.40 | 0.40 |
| P/E (x) | 4.39 | 4.96 | 4.52 | 4.48 |
| P/BV (x) | 0.85 | 0.77 | 0.69 | 0.62 |
| ROE (%) | 20.71 | 16.35 | 16.02 | 14.57 |
| Dividend yield (%) | 8.04 | 7.05 | 8.85 | 8.92 |

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

| | 1M | 3M | 6M | YTD |
|---|---|---|---|---|
| Stock | (0.44) | 3.20 | (8.87) | 0.89 |
| Market | 1.79 | (2.03) | (16.25) | (21.06) |
| 12M High/Low (THB) | | | | 5.40 / 4.08 |




### Major Shareholders (%) as of 24 Apr 2026

| | |
|---|---|
| Mr. Chuwit Jungtanasomboon | 17.60 |
| Mr. Jirayut Jungtanasomboon | 3.47 |
| Mrs. Suphaporn Jansereewitthaya | 1.38 |

### Company Profile

Manufactures and distributes Ribbed Smoked Sheet, Standard Thai Rubber and Mixtures Rubber for manufacturers in automotive industry and traders

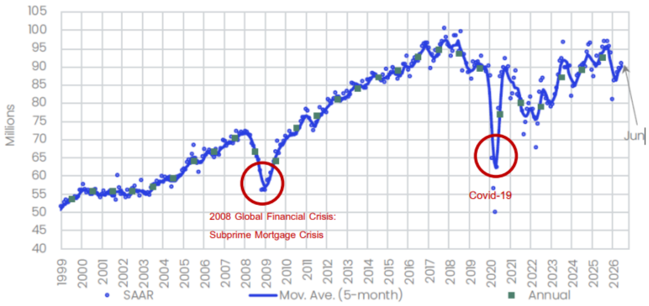
Source: SETSMART, SET

## Exhibit 1: Key changes in assumptions and EPS forecasts

| THB m | ----------- Current ----------- | | | ----------- Previous ----------- | | | ----------- Change (%) ----------- | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2026E | 2027E | 2028E | 2026E | 2027E | 2028E | *2026E* | *2027E* | *2028E* |
| Revenue | 31,206 | 33,744 | 35,996 | 31,633 | 30,226 | 32,612 | *(1.4)* | *11.6* | *10.4* |
| Gross profit | 3,007 | 3,509 | 3,746 | 3,026 | 3,075 | 3,319 | *(0.6)* | *14.1* | *12.8* |
| Operating profit | 2,301 | 2,778 | 2,973 | 2,289 | 2,351 | 2,546 | *0.5* | *18.1* | *16.7* |
| Net profit | 1,683 | 1,847 | 1,862 | 1,671 | 1,443 | 1,458 | *0.7* | *28.0* | *27.7* |
| EPS (THB/share) | 0.91 | 1.00 | 1.01 | 0.90 | 0.78 | 0.79 | *0.7* | *28.0* | *27.7* |
| **Key assumptions** | | | | | | | | | |
| Average utilisation rate (%) | 87.1 | 87.9 | 93.8 | 88.0 | 87.5 | 92.0 | *(0.9)* | *0.4* | *1.8* |
| Total sales volume (ton) | 449,060 | 453,016 | 483,464 | 468,840 | 447,860 | 483,464 | *(4.2)* | *1.2* | *0.0* |
| Average selling price (THB/kg) | 69.5 | 74.5 | 74.5 | 67.5 | 67.5 | 67.5 | *3.0* | *10.4* | *10.4* |
| RSS Price (THB/kg) | 72.0 | 77.0 | 77.0 | 70.0 | 70.0 | 70.0 | *2.9* | *10.0* | *10.0* |
| STR20 and STR-Mixture price (THB/kg) | 69.0 | 74.0 | 74.0 | 67.0 | 67.0 | 67.0 | *3.0* | *10.4* | *10.4* |
| RSS-Mixture price (THB/kg) | 70.0 | 75.0 | 75.0 | 68.0 | 68.0 | 68.0 | *2.9* | *10.3* | *10.3* |

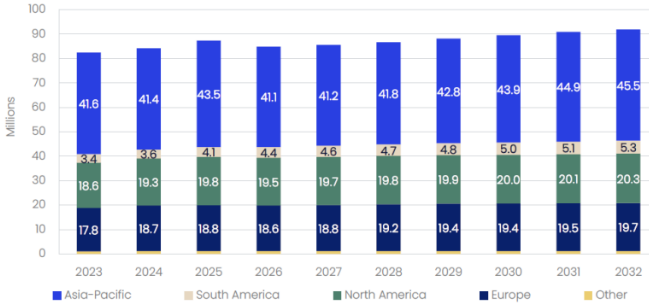
Sources: Globlex Research

## Exhibit 2: Global light vehicle sales



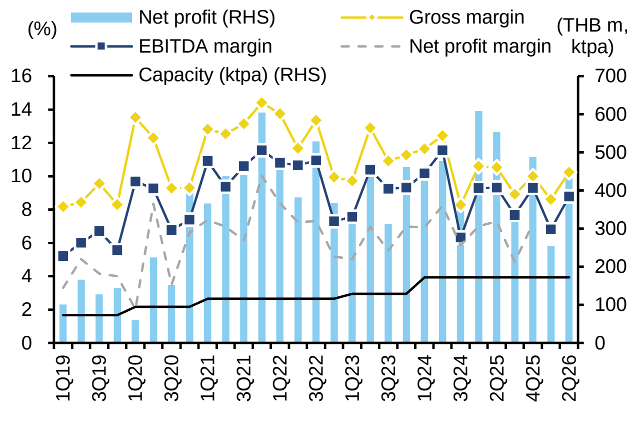

Sources: Globaldata : World Tyre Forecasting Service Quarter 2, 2026 Report / Global Light Vehicle Forecast Quarter 2, 2026 Report

## Exhibit 3: Global light vehicle forecast sales by region



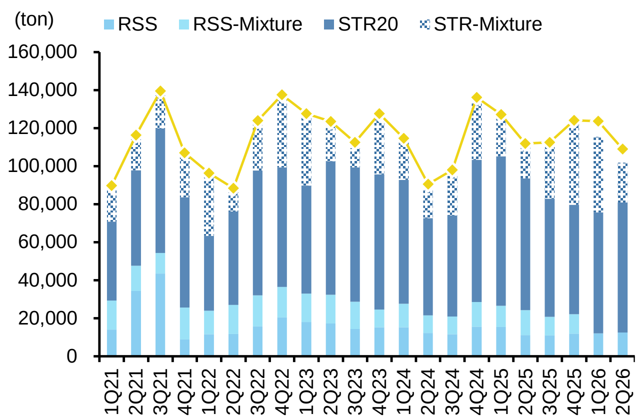

Sources: Globaldata : World Tyre Forecasting Service Quarter 2, 2026 Report / Global Light Vehicle Forecast Quarter 2, 2026 Report

## Exhibit 4: Profits vs Margins




Sources: NER: Globlex Research

## Exhibit 5: Sales volume breakdown by rubber type




Sources: NER: Globlex Research

## Exhibit 6: China natural rubber import statistics


Sources: GACC

## Exhibit 7: Natural rubber futures price


Sources: Trading Economics

| Balance sheet (THB m) | | | | | |
|---|---|---|---|---|---|
| Year ending Dec | 2024 | 2025 | 2026E | 2027E | 2028E |
| **Current assets** | | | | | |
| Cash & ST investment | 221 | 60 | 7,312 | 14,361 | 13,834 |
| Account receivable | 805 | 917 | 1,032 | 1,157 | 1,291 |
| Inventories | 16,213 | 17,029 | 17,733 | 19,014 | 20,281 |
| Others | 30 | 2 | 2 | 2 | 2 |
| **Non-current assets** | | | | | |
| Net fixed assets | 1,683 | 1,515 | 2,120 | 2,502 | 2,827 |
| Others | 506 | 483 | 483 | 483 | 483 |
| **Total Assets** | **19,457** | **20,005** | **28,683** | **37,518** | **38,718** |
| **Current liabilities** | | | | | |
| Account payable | 247 | 244 | 254 | 272 | 290 |
| ST borrowing | 5,209 | 5,541 | 5,541 | 5,541 | 5,541 |
| Others | 78 | 3 | 3 | 4 | 4 |
| **Long-term liabilities** | | | | | |
| Long-term debts | 5,257 | 4,455 | 11,955 | 19,455 | 19,455 |
| Others | 180 | 53 | 53 | 53 | 53 |
| **Total liabilities** | **10,969** | **10,298** | **17,808** | **25,326** | **25,345** |
| Paid-up capital | 924 | 924 | 924 | 924 | 924 |
| Retained earnings | 5,992 | 7,212 | 8,322 | 9,580 | 10,703 |
| Others | 1,572 | 1,572 | 1,630 | 1,688 | 1,746 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| **Shareholders' equity** | **8,488** | **9,707** | **10,875** | **12,192** | **13,373** |

| Profit & loss (THB m) | | | | | |
|---|---|---|---|---|---|
| Year ending Dec | 2024 | 2025 | 2026E | 2027E | 2028E |
| **Revenue** | **27,448** | **30,240** | **31,206** | **33,744** | **35,996** |
| Cost of goods sold | (24,436) | (27,078) | (28,199) | (30,235) | (32,250) |
| **Gross profit** | **3,012** | **3,162** | **3,007** | **3,509** | **3,746** |
| Operating expenses | (601) | (704) | (706) | (732) | (773) |
| **Operating profit** | **2,411** | **2,458** | **2,301** | **2,778** | **2,973** |
| **EBIT** | **2,411** | **2,458** | **2,301** | **2,778** | **2,973** |
| Depreciation | (232) | (235) | (263) | (319) | (374) |
| **EBITDA** | **2,179** | **2,223** | **2,038** | **2,459** | **2,598** |
| **Non-operating income** | **(2)** | **270** | **190** | **190** | **190** |
| Other incomes | (30) | 190 | 190 | 190 | 190 |
| Other non-op income | 29 | 79 | 0 | 0 | 0 |
| **Non-operating expense** | **(469)** | **(548)** | **(454)** | **(701)** | **(825)** |
| Interest expense | (469) | (548) | (454) | (701) | (825) |
| Other non-op expense | 0 | 0 | 0 | 0 | 0 |
| **Equity income/(loss)** | 0 | 0 | 0 | 0 | 0 |
| **Pre-tax Profit** | **1,708** | **1,945** | **1,775** | **1,948** | **1,964** |
| Extraordinary items | | | | | |
| Current taxation | (55) | (60) | (92) | (101) | (102) |
| Minorities | 0 | 0 | 0 | 0 | 0 |
| **Net Profit** | **1,652** | **1,885** | **1,683** | **1,847** | **1,862** |
| **Core net profit** | **1,670** | **1,652** | **1,683** | **1,847** | **1,862** |
| **EPS (THB)** | **0.89** | **1.02** | **0.91** | **1.00** | **1.01** |
| **Core EPS (THB)** | **0.90** | **0.89** | **0.91** | **1.00** | **1.01** |

| Key ratios | | | | | |
|---|---|---|---|---|---|
| Year ending Dec | 2024 | 2025 | 2026E | 2027E | 2028E |
| **Growth (y-y%)** | | | | | |
| Sales | 9.6 | 10.2 | 3.2 | 8.1 | 6.7 |
| Operating profit | 5.1 | 2.0 | (6.4) | 20.7 | 7.0 |
| EBITDA | 4.0 | 2.0 | (8.3) | 20.7 | 5.7 |
| Net profit | 6.9 | 14.0 | (10.7) | 9.8 | 0.8 |
| Core net profit | 5.7 | (1.1) | 1.8 | 9.8 | 0.8 |
| EPS | 6.9 | 14.0 | (10.7) | 9.8 | 0.8 |
| Core EPS | 5.7 | (1.1) | 1.8 | 9.8 | 0.8 |
| **Profitability (%)** | | | | | |
| Gross margin | 11.0 | 10.5 | 9.6 | 10.4 | 10.4 |
| Operation margin | 8.8 | 8.1 | 7.4 | 8.2 | 8.3 |
| EBITDA margin | 7.9 | 7.4 | 6.5 | 7.3 | 7.2 |
| Net margin | 6.0 | 6.2 | 5.4 | 5.5 | 5.2 |
| ROE | 20.7 | 20.7 | 16.4 | 16.0 | 14.6 |
| ROA | 9.1 | 9.6 | 6.9 | 5.6 | 4.9 |
| **Stability** | | | | | |
| Interest bearing debt/equity (x) | 1.2 | 1.0 | 1.6 | 2.1 | 1.9 |
| Net debt/equity (x) | 1.2 | 1.0 | 0.9 | 0.9 | 0.8 |
| Interest coverage (x) | 5.1 | 4.5 | 5.1 | 4.0 | 3.6 |
| Interest & ST debt coverage (x) | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 |
| Cash flow interest coverage (x) | (0.1) | 0.1 | 0.1 | 0.0 | 0.0 |
| Current ratio (x) | 3.1 | 3.1 | 4.5 | 5.9 | 6.1 |
| Quick ratio (x) | 0.2 | 0.2 | 1.4 | 2.7 | 2.6 |
| Net debt (THB m) | 10,244 | 9,937 | 10,184 | 10,636 | 11,163 |
| **Activity** | | | | | |
| Asset turnover (X) | 1.5 | 1.5 | 1.3 | 1.0 | 0.9 |
| Days receivables | 9.9 | 10.4 | 11.4 | 11.8 | 12.4 |
| Days inventory | 224.5 | 224.0 | 225.0 | 221.8 | 222.4 |
| Days payable | 3.4 | 3.3 | 3.2 | 3.2 | 3.2 |
| Cash cycle days | 231.0 | 231.1 | 233.2 | 230.5 | 231.6 |

| Cash flow (THB m) | | | | | |
|---|---|---|---|---|---|
| Year ending Dec | 2024 | 2025 | 2026E | 2027E | 2028E |
| **Operating cash flow** | **(688)** | **973** | **953** | **538** | **587** |
| Net profit | 1,652 | 1,885 | 1,683 | 1,847 | 1,862 |
| Depre.& amortization | 232 | 235 | 263 | 319 | 374 |
| Change in working capital | (2,423) | (977) | (810) | (1,387) | (1,383) |
| Others | (149) | (170) | (183) | (241) | (267) |
| **Investment cash flow** | **(488)** | **(701)** | **(1,063)** | **(1,261)** | **(1,360)** |
| Net CAPEX | (151) | (67) | (700) | (700) | (700) |
| Change in LT investment | 99 | (104) | 0 | 0 | 0 |
| Change in other assets | (436) | (531) | (363) | (561) | (660) |
| **Free cash flow** | **(1,175)** | **272** | **(110)** | **(723)** | **(773)** |
| **Financing cash flow** | **2,571** | **(211)** | **331** | **783** | **8,085** |
| Change in share capital | 0 | 0 | 58 | 58 | 58 |
| Net change in debt | 29 | 79 | 0 | 0 | 0 |
| Dividend paid | (573) | (573) | (573) | (589) | (739) |
| Others | 3,115 | 283 | 846 | 1,314 | 8,766 |
| **Net cash flow** | **1,396** | **61** | **221** | **60** | **7,312** |

| Per share (THB) | | | | | |
|---|---|---|---|---|---|
| EPS | 0.89 | 1.02 | 0.91 | 1.00 | 1.01 |
| Core EPS | 0.90 | 0.89 | 0.91 | 1.00 | 1.01 |
| CFPS | 1.02 | 1.15 | 1.05 | 1.17 | 1.21 |
| BVPS | 4.59 | 5.25 | 5.89 | 6.60 | 7.24 |
| Sales/share | 14.86 | 16.37 | 16.89 | 18.26 | 19.48 |
| EBITDA/share | 1.18 | 1.20 | 1.10 | 1.33 | 1.41 |
| DPS | 0.36 | 0.36 | 0.32 | 0.40 | 0.40 |
| **Valuation** | | | | | |
| P/E (x) | 5.43 | 4.39 | 4.96 | 4.52 | 4.48 |
| P/BV (x) | 1.06 | 0.85 | 0.77 | 0.69 | 0.62 |
| Dividend yield (%) | 7.41 | 8.04 | 7.05 | 8.85 | 8.92 |
| Divdend payout ratio (%) | 40 | 35 | 35 | 40 | 40 |

## NORTH EAST RUBBER (NER TB) | THAILAND / SET / AGRIBUSINESS

### ESG Analysis

| ESG Assessment | SET ESG | Bloomberg |
|---|---|---|
| **Environment**<br>NER promotes sustainable natural rubber production through responsible raw material sourcing, renewable energy adoption, biomass utilization, and energy efficiency improvements. The company also focuses on reducing greenhouse gas emissions, improving water management, and minimizing waste while supporting sustainable rubber supply chains. | AAA | 4.33 |
| **Social**<br>NER works closely with rubber farmers to promote sustainable agricultural practices and improve livelihoods through knowledge sharing and long-term partnerships. The company also prioritizes employee health and safety, human capital development, and community support through education and local development initiatives. | | 4.89 |
| **Governance**<br>NER maintains a robust governance framework with independent board oversight, enterprise risk management, internal controls, and anti-corruption measures. Sustainability is integrated into business operations through transparent ESG disclosure, responsible procurement, and ethical business practices. | | 4.94 |
| **Overall \| CG Score: Excellent (5-star) \| CAC: Certified** | | **4.68** |

*Bloomberg ESG scores reflect FY2025 data (latest available). SET ESG Rating as of April 2026 (Globlex Research). CG rating reflects 2025 Thai IOD survey. SET ESG Rating as of 9 January 2026.*
*Sources: SET, Thai IOD, CAC, Bloomberg, Globlex Securities Research*

Globlex Securities Co., Ltd.

## SET ESG Ratings 2025 | Thai Listed Companies — As of 9 January 2026

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Ratings: AAA** (90-100) | | | | | | | |
| AAV | ACE | ADVANC | AJ | AMATA | AMATAV | ASW | AWC |
| BAM | BANPU | BAY | BBGI | BBL | BDMS | BEM | BGC |
| BGRIM | BJC | BKIH | BPP | BTG | CENTEL | CKP | CPALL |
| CPF | CPAXT | CPN | CRC | DITTO | EASTW | FPI | FPT |
| GLOBAL | GPSC | GUNKUL | HANA | HENG | HMPRO | III | ILM |
| IVL | KBANK | KCG | KJL | KKP | KTB | KTC | LH |
| LOXLEY | MAJOR | MBK | MC | M-CHAI | MFEC | MTI | **NER** |
| NOBLE | OR | ORI | OSP | PB | PLANB | PR9 | PSH |
| PTG | PTT | PTTEP | PTTGC | RATCH | S | S&J | SABINA |
| SAT | SC | SCB | SCC | SCG | SCGP | SIRI | SJWD |
| SKY | SNP | STA | STECON | STGT | SVOA | TEAMG | TEGH |
| TFMAMA | THCOM | TISCO | TMT | TOA | TOP | TPBI | TTA |
| TTB | TTW | TVO | VNG | WHA | WHAUP | | |
| **Ratings: AA** (80-89) | | | | | | | |
| ADB | AKP | AOT | AP | ASK | ASP | AURA | BCH |
| BLA | BRI | BTS | CBG | CIVIL | CK | CMAN | COLOR |
| COM7 | DMT | DRT | EGCO | EPG | ETC | GFPT | GULF |
| HTC | ICHI | ILINK | IT | ITTHI | JMART | KCE | KUMWEL |
| LHFG | MINT | MODERN | MOSHI | MSC | MTC | NVD | NYT |
| PCC | PRM | PSL | QTC | RBF | SA | SAWAD | SCCC |
| SCGD | SELIC | SFLEX | SHR | SMPC | SNNP | SPALI | SPI |
| SSP | SUTHA | SYNEX | TASCO | TCAP | TCMC | TGH | THANI |
| TIPH | TKS | TLI | TOG | TPAC | TPIPP | TSC | TU |
| UAC | UBE | VIH | WICE | XO | ZEN | | |
| **Ratings: A** (65-100) | | | | | | | |
| AEONTS | ALLA | ALT | ALUCON | BA | BH | BLC | CFRESH |
| CHAO | CHASE | CHG | CM | CPL | CREDIT | ERW | GABLE |
| HARN | HUMAN | INSET | IRC | ITC | JMT | KSL | M |
| MALEE | MGC | MOONG | NEO | PHOL | PLUS | PM | PPS |
| PQS | PROUD | PRTR | PSP | Q-CON | QLT | SAK | SAPPE |
| SCAP | SEAFCO | SEAOIL | SENA | SENX | SGC | SICT | SITHAI |
| SKR | SNC | SPC | SSSC | SYMC | TAN | TBN | TGE |
| THANA | THIP | THREL | TPA | TPCS | TQM | TRU | TWPC |
| UPF | UPOIC | VIBHA | WPH | | | | |
| **Ratings: BBB** (50-64) | | | | | | | |
| AKR | ASIMAR | CSC | J | LEO | MEGA | NL | PRIN |
| SE | SO | SPRC | SUN | TMILL | TSTH | WP | YUASA |



*Source: SET ESG Ratings, Stock Exchange of Thailand (setsustainability.com). Ratings as of 9 January 2026. Only companies scoring 50 and above are assigned a rating. Covered company are Bold in letter.*

# GENERAL DISCLAIMER

## Analyst Certification

Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

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# RECOMMENDATION STRUCTURE

## Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.