



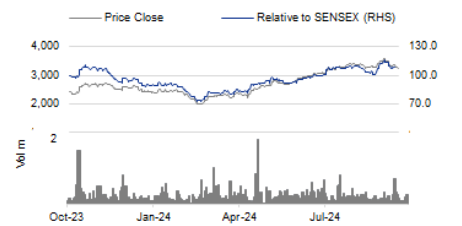
India

ADD (previously HOLD)

| | |
|--|--------------------------|
| Consensus ratings*: Buy 11 Hold 5 Sell 9 | |
| Current price: | Rs3,256 |
| Target price: ▲ | Rs3,600 |
| Previous target: | Rs1,969 |
| Up/downside: | 10.6% |
| InCred Research / Consensus: | 15.2% |
| Reuters: | |
| Bloomberg: | DLPL IN |
| Market cap: | US\$3,747m Rs272,093m |
| Average daily turnover: | US\$10.7m Rs780.3m |
| Current shares o/s: | 83.5m |
| Free float: | 45.4% |
| *Source: Bloomberg | |

Key changes in this note

- Upgrade our rating to ADD (from HOLD earlier).
- Raise the target price to Rs3,600 from Rs1,969 earlier.



Source: Bloomberg

| | | | |
|--------------------------|-------|-----|------|
| Price performance | 1M | 3M | 12M |
| Absolute (%) | (1.0) | 6.2 | 33.3 |
| Relative (%) | 5.0 | 6.3 | 7.5 |

| | |
|----------------------------------|--------|
| Major shareholders | % held |
| Promoters | 54.6 |
| Invesco Oppenheimer Intl. Growth | 3.7 |
| UTI Flexi Cap Fund | 2.8 |

Research Analyst(s)

| |
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Dr. Lal Pathlabs Ltd.

The going is strong

- Overall strong 2Q results, led by continued traction in SwasthFit and Suburban Diagnostics portfolios. Expansion in Tier-3 and Tier-4 cities is on track.
- Double-digit revenue growth in Suburban Diagnostics and 20% margin – a strong improvement over FY24 margin of 11% and 14% in 1QFY25.
- We resume our coverage on the stock with an ADD rating and a higher target price of Rs3,600. Any slowdown in patient volume is a key downside risk.

Volume-driven growth; no price hike and focus on better realization

2QFY25 earnings of Dr. Lal Pathlabs (DLPL) were overall healthy, led by strong volume growth, and broadly in line with the Bloomberg consensus estimate. Sharp improvement in the margin of Suburban Diagnostics (20%, +600bp QoQ), along with double-digit revenue growth (+11.6% YoY), continuing the momentum in the SwasthFit portfolio (24% of revenue) and rising penetration in Tier-3 and beyond cities (34%+ in FY24) are some key highlights. Patient volume increased by 3.7% YoY (2Q is seasonally the strongest quarter), while the revenue/patient ratio was up 5.9% YoY. Sample volume was up 9% YoY, while revenue/sample was flat YoY.

Targets double-digit growth in FY25F

While aggressive pricing in the industry has reversed, with online players taking some hikes last year, DLPL aims at volume-driven growth by increasing patient visits and tests per patient, targeting double-digit growth in FY25F while maintaining the current pricing, barring inflationary adjustments in specialty tests. The company is boosting its revenue by bundling high-end tests, with specialized tests already contributing 24% to the topline. It is expanding the high-end portfolio via specialty verticals like Genevolve for genomics, L-CoRD for reproductive diagnostics, and L-ACE for autoimmune disorders. To drive further growth, DLPL plans to open 20+ labs in Tier-3 and Tier-4 cities, primarily in northern and eastern regions, in FY25F, enhancing geographic presence & aiding sustainable growth.

Suburban helping in diversification & expansion in western region

With more than 60% of the revenue of DLPL coming from Delhi NCR and the northern region, it is susceptible to high concentration risk. The integration of DLPL and Suburban Diagnostics reflects a strategic shift to focus on the western region (Mumbai, Pune & Goa) and is a key diversification move. This region witnessed a rising market share for the combined entity. Suburban Diagnostics, which clocked around mid-single digit growth in FY24, is expected to reach double-digit growth in a few quarters led by volume expansion.

Resume coverage with an ADD rating and a higher TP of Rs3,600

With the ongoing expansion in Tier-3 and Tier-4 cities, we expect a modest margin expansion (+180bp over FY24-26F) led by the rising contribution from specialized tests, higher operating leverage, and back-end efficiency using technology. We value DLPL at 57x FY26F EPS and resume coverage on it with an ADD rating & a higher target price of Rs3,600 (Rs1,969 earlier). Any slowdown in patient volume is a key downside risk.

| Financial Summary | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
|-----------------------------------|---------|---------|---------|---------|---------|
| Revenue (Rsm) | 20,874 | 20,169 | 22,266 | 24,716 | 27,768 |
| Operating EBITDA (Rsm) | 5,607 | 4,899 | 6,093 | 7,044 | 8,120 |
| Net Profit (Rsm) | 3,448 | 2,389 | 3,577 | 4,388 | 5,271 |
| Core EPS (Rs) | 41.2 | 28.6 | 42.8 | 52.5 | 63.0 |
| Core EPS Growth | 18.2% | (30.7%) | 49.7% | 22.7% | 20.1% |
| FD Core P/E (x) | 78.91 | 113.93 | 76.09 | 62.03 | 51.64 |
| DPS (Rs) | 12.0 | 12.0 | 24.0 | 24.0 | 24.0 |
| Dividend Yield | 0.36% | 0.37% | 0.74% | 0.74% | 0.74% |
| EV/EBITDA (x) | 48.12 | 54.75 | 43.44 | 37.12 | 31.62 |
| P/FCFE (x) | 79.35 | 456.67 | 76.07 | 58.03 | 45.31 |
| Net Gearing | (17.6%) | (25.2%) | (40.4%) | (51.3%) | (63.8%) |
| P/BV (x) | 18.05 | 16.33 | 14.72 | 13.04 | 11.28 |
| ROE | 25.0% | 15.1% | 20.3% | 22.3% | 23.4% |
| % Change In Core EPS Estimates | | | | 26.23% | |
| InCred Research/Consensus EPS (x) | | | | | |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Conference-call highlights

- Bundled tests are driving a higher margin for the industry as they lead to higher patient realization as well as higher tests per patient.
- Suburban Diagnostics – Back-end efficiency, productivity enhancement, use of technology and operating leverage played a pivotal role in margin expansion. The focus is on improving growth in Suburban Diagnostics, and may entail giving up some margin also, if the need arises.
- Taking SwasthFit to Tier-3 and Tier-4 towns and thus, there is ample room for this segment to keep growing.
- Competition from hospitals is still high, although irrational competition from start-ups and predatory pricing has come off.
- The company plans to add 15-20 labs in FY25F, of which 50%+ has been added in 1HFY25.
- The margin in 2HFY25F will be lower than in 1H, as most investments are likely to be back-ended. Nevertheless, the company is likely to do slightly better in terms of margin vs. FY24 margin of 27.4%.

Figure 1: Financial summary

| (Rs m) | 2QFY23A | 3QFY23A | 4QFY23A | 1QFY24A | 2QFY24A | 3QFY24A | 4QFY24A | 1QFY25A | 2QFY25A | Y-o-Y (%) | Q-o-Q (%) |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-----------|
| Revenue | 5,338 | 4,894 | 4,910 | 5,410 | 6,013 | 5,389 | 5,454 | 6,019 | 6,602 | 10% | 10% |
| Consumption of raw materials | 1,162 | 1,109 | 1,059 | 1,131 | 1,224 | 1,070 | 1,089 | 1,194 | 1,273 | 4% | 7% |
| <i>as % of sales</i> | <i>21.8%</i> | <i>22.7%</i> | <i>21.6%</i> | <i>20.9%</i> | <i>20.4%</i> | <i>19.9%</i> | <i>20.0%</i> | <i>19.8%</i> | <i>19.3%</i> | | |
| Employee costs | 909 | 963 | 925 | 1,047 | 1,054 | 1,090 | 1,054 | 1,166 | 1,240 | 18% | 6% |
| <i>as % of sales</i> | <i>17.0%</i> | <i>19.7%</i> | <i>18.8%</i> | <i>19.4%</i> | <i>17.5%</i> | <i>20.2%</i> | <i>19.3%</i> | <i>19.4%</i> | <i>18.8%</i> | | |
| Other expenditure | 1829 | 1692 | 1770 | 1770 | 1957 | 1823 | 1864 | 1959 | 2064 | 5% | 5% |
| <i>as % of sales</i> | <i>34.3%</i> | <i>34.6%</i> | <i>36.0%</i> | <i>32.7%</i> | <i>32.5%</i> | <i>33.8%</i> | <i>34.2%</i> | <i>32.5%</i> | <i>31.3%</i> | | |
| EBITDA | 1,438 | 1,130 | 1,156 | 1,462 | 1,778 | 1,406 | 1,447 | 1,700 | 2,025 | 14% | 19% |
| <i>Margin (%)</i> | <i>26.9%</i> | <i>23.1%</i> | <i>23.5%</i> | <i>27.0%</i> | <i>29.6%</i> | <i>26.1%</i> | <i>26.5%</i> | <i>28.2%</i> | <i>30.7%</i> | | |
| Depreciation | 388 | 379 | 376 | 351 | 359 | 360 | 366 | 347 | 353 | | |
| Other income | 87 | 105 | 142 | 144 | 181 | 183 | 184 | 206 | 219 | | |
| Interest | 109 | 91 | 90 | 80 | 78 | 70 | 66 | 60 | 60 | | |
| PBT | 1,028 | 765 | 832 | 1,175 | 1,522 | 1,159 | 1,199 | 1,499 | 1,831 | 20% | 22% |
| Total tax | 304 | 229 | 263 | 339 | 415 | 337 | 341 | 421 | 523 | | |
| <i>Tax rate (%)</i> | <i>29.6%</i> | <i>29.9%</i> | <i>31.6%</i> | <i>28.9%</i> | <i>27.3%</i> | <i>29.1%</i> | <i>28.4%</i> | <i>28.1%</i> | <i>28.6%</i> | | |
| PAT before MI | 724 | 536 | 569 | 836 | 1,107 | 822 | 858 | 1,078 | 1,308 | 18% | 21% |
| Minority interest (MI) | -7 | -8 | -2 | -10 | -14 | -9 | -13 | -14 | -16 | | |
| Adj. PAT before extraordinary items | 717 | 528 | 567 | 826 | 1,093 | 813 | 845 | 1,064 | 1,292 | 18% | 21% |
| Extraordinary expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Reported PAT | 717 | 528 | 567 | 826 | 1,093 | 813 | 845 | 1,064 | 1,292 | 18% | 21% |
| No. of shares | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 84 | | |
| EPS | 8.6 | 6.3 | 6.8 | 9.9 | 13.1 | 9.7 | 10.1 | 12.7 | 15.5 | | |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Margin break-up

| (in %) | 2QFY23A | 3QFY23A | 4QFY23A | 1QFY24A | 2QFY24A | 3QFY24A | 4QFY24A | 1QFY25A | 2QFY25A | Y-o-Y (bp) | Q-o-Q (bp) |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------|------------|
| Gross | 78% | 77% | 78% | 79% | 80% | 80% | 80% | 80% | 81% | 107 | 56 |
| EBITDA | 27% | 23% | 24% | 27% | 30% | 26% | 27% | 28% | 31% | 110 | 243 |
| Adj. PAT | 13% | 11% | 12% | 15% | 18% | 15% | 15% | 18% | 20% | 139 | 189 |
| Effective tax rate | 30% | 30% | 32% | 29% | 27% | 29% | 28% | 28% | 29% | 130 | 48 |

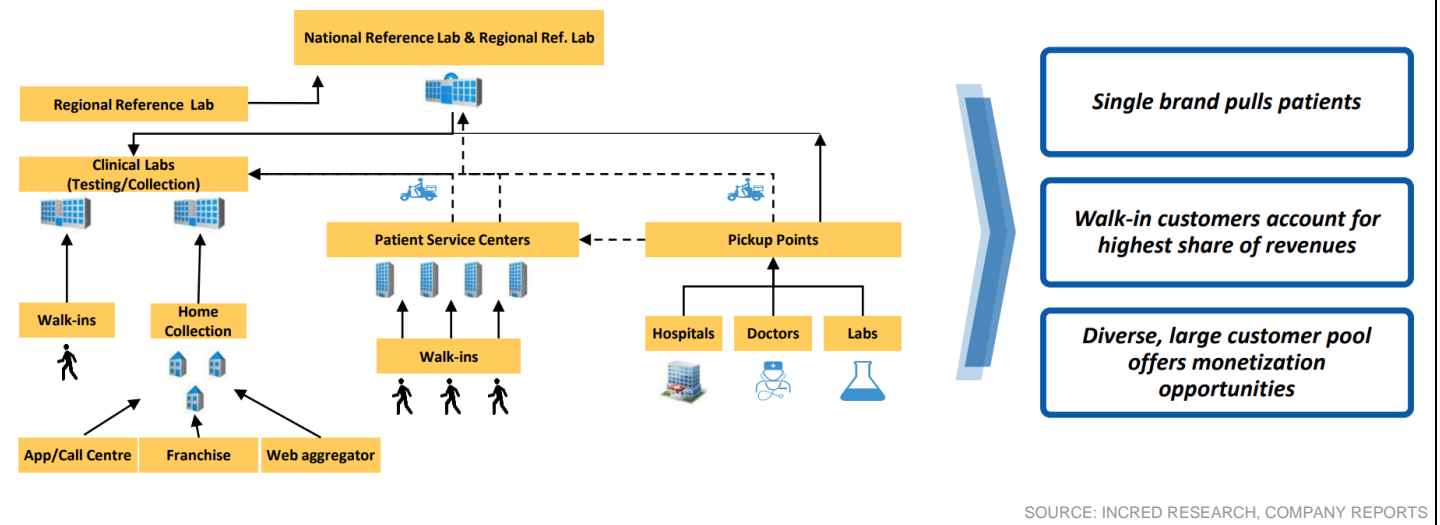
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Actuals vs. estimates

| Actuals versus Estimates | Actuals | Bloomberg Est. | Variance (%) |
|--------------------------|---------|----------------|--------------|
| Revenue (Rsm) | 6,602 | 6,704 | -2% |
| EBITDA (Rsm) | 2,025 | 1,947 | 4% |
| Margin (%) | 30.7 | 29.0 | |
| PAT (Rsm) | 1,292 | 1,259 | 3% |

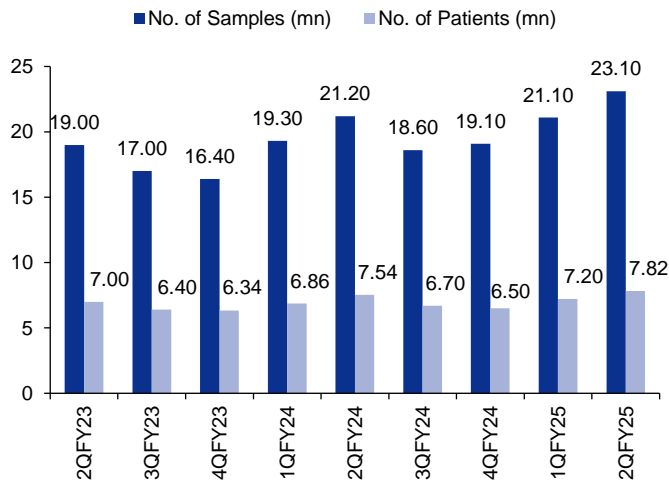
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Dr Lal Pathlab's scalable business model provides strategic advantage for expansion and consolidation



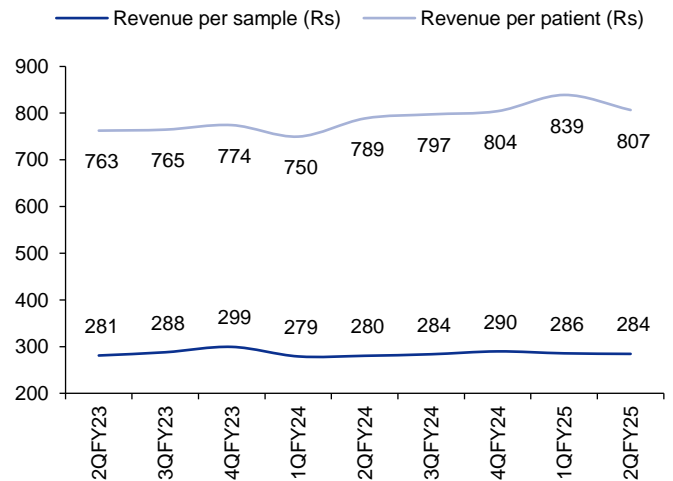
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Consistent increase in volume growth



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Product mix & bundling driving revenue per patient



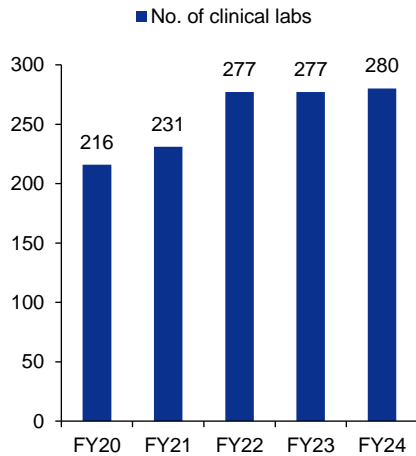
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Tier-3 and below cities consistently contribute ~35% to revenue; with expansion focused on these cities, the share of revenue may increase further

| | FY20 | FY21 | FY22 | FY23 | FY24 | FY20-24 CAGR |
|---|-------|-------|-------|-------|-------|--------------|
| Revenue from Tier-3 & below cities (Rsm) | 4,210 | 5,440 | 6,830 | 6,850 | 7,890 | 17.0% |
| % of total revenue | 32% | 34% | 33% | 34% | 35% | |
| Network in Tier-3 & below cities | | | | | | |
| Labs | 60 | 64 | 69 | 70 | 84 | 8.8% |
| Revenue per lab (Rsm) | 70.2 | 85.0 | 99.0 | 97.9 | 93.9 | 7.6% |
| CCs | 1,762 | 1,988 | 2,416 | 2,848 | 3,446 | 18.3% |
| Revenue per CC (Rsm) | 2.4 | 2.7 | 2.8 | 2.4 | 2.3 | -1.1% |
| PUPs | 4,475 | 5,560 | 6,363 | 6,863 | 7,668 | 14.4% |
| Revenue per PUP (Rsm) | 0.9 | 1.0 | 1.1 | 1.0 | 1.0 | 2.3% |

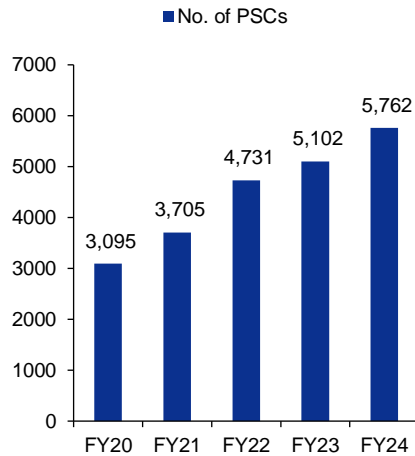
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Clinical labs' expansion to take place after three years in FY25F



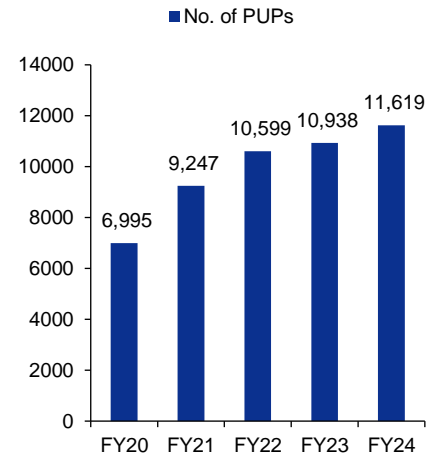
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Consistent addition of PSCs to network



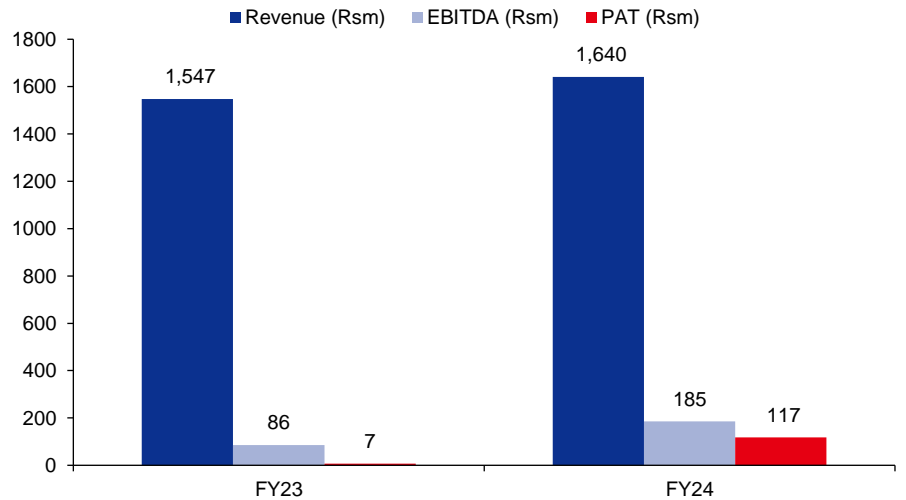
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Gradual increase in pick-up points (PUPs)



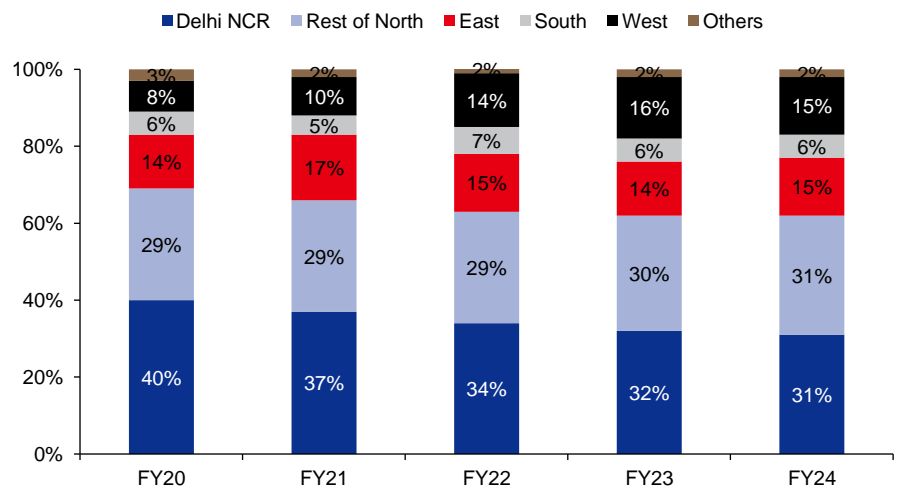
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Suburban Diagnostics has shown a tremendous improvement in profitability post-acquisition



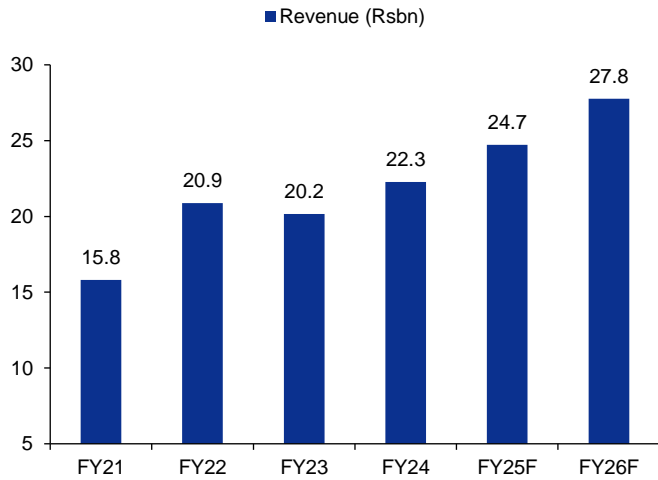
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Geography mix is densely concentrated towards the northern region



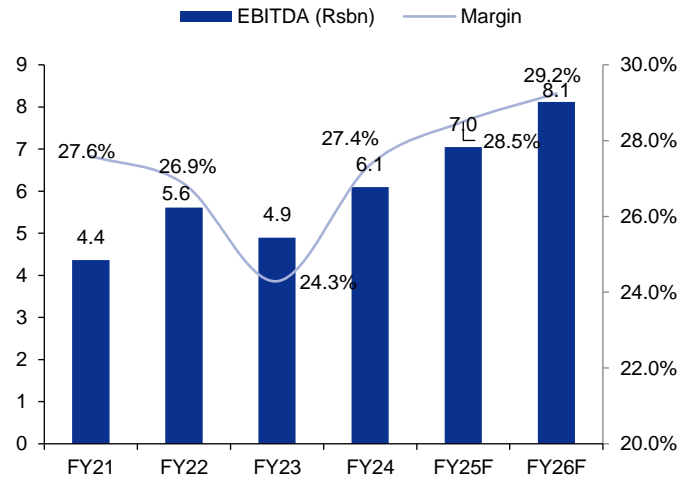
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Revenue CAGR of 11.7% expected over FY24-26F as against 12% over FY21-24



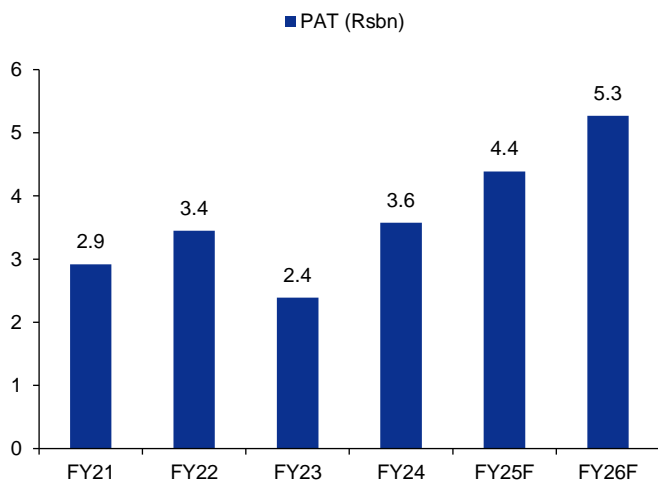
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 14: EBITDA CAGR of 15% expected over FY24-26F as against 12% over FY21-24



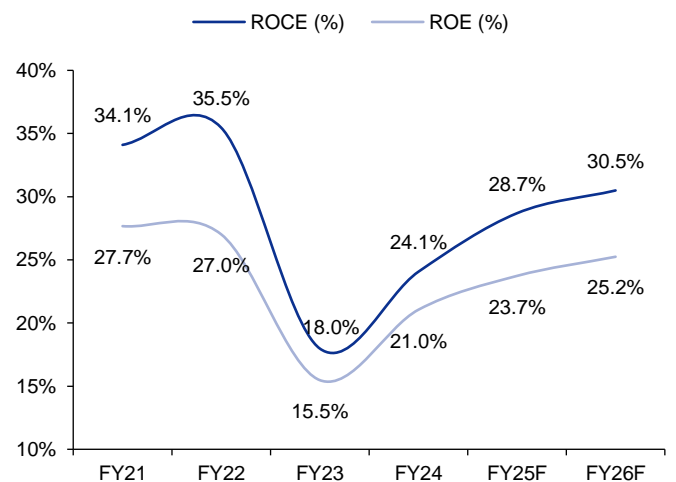
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: PAT CAGR of 21% expected over FY24-26F as against 7% over FY21-24



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: RoE and RoCE curve expected to inch upwards



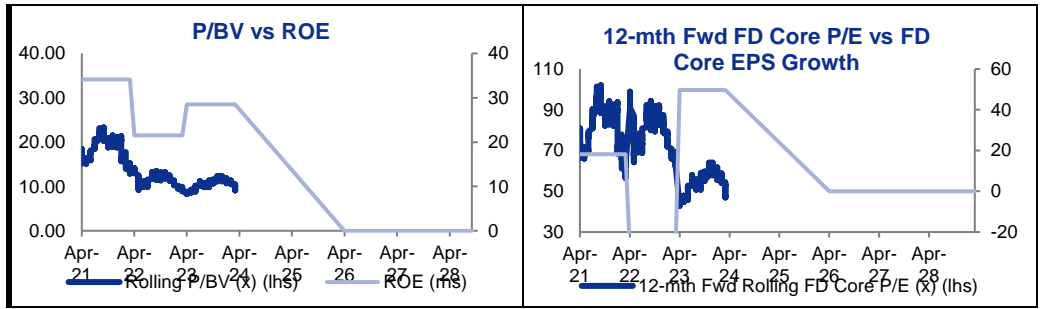
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: Dr Lal Pathlabs is currently trading near SD+1 level



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

| (Rs mn) | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
|---|---------|---------|---------|---------|---------|
| Total Net Revenues | 20,874 | 20,169 | 22,266 | 24,716 | 27,768 |
| Gross Profit | 15,851 | 15,697 | 17,752 | 19,773 | 22,215 |
| Operating EBITDA | 5,607 | 4,899 | 6,093 | 7,044 | 8,120 |
| Depreciation And Amortisation | (1,081) | (1,502) | (1,436) | (1,500) | (1,500) |
| Operating EBIT | 4,526 | 3,397 | 4,657 | 5,544 | 6,620 |
| Financial Income/(Expense) | (302) | (375) | (294) | (250) | (250) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | 525 | 417 | 692 | 800 | 950 |
| Profit Before Tax (pre-EI) | 4,749 | 3,439 | 5,055 | 6,094 | 7,320 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 4,749 | 3,439 | 5,055 | 6,094 | 7,320 |
| Taxation | (1,246) | (1,028) | (1,432) | (1,706) | (2,050) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 3,503 | 2,411 | 3,623 | 4,388 | 5,271 |
| Minority Interests | (55) | (22) | (46) | | |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 3,448 | 2,389 | 3,577 | 4,388 | 5,271 |
| Recurring Net Profit | 3,448 | 2,389 | 3,577 | 4,388 | 5,271 |
| Fully Diluted Recurring Net Profit | 3,448 | 2,389 | 3,577 | 4,388 | 5,271 |

Cash Flow

| (Rs mn) | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
|----------------------------------|---------|---------|---------|---------|---------|
| EBITDA | 5,607 | 4,899 | 6,093 | 7,044 | 8,120 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (167) | 355 | 357 | (47) | 536 |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | | | | | |
| Other Operating Cashflow | 525 | 417 | 692 | 800 | 950 |
| Net Interest (Paid)/Received | (302) | (375) | (294) | (250) | (250) |
| Tax Paid | (1,196) | (736) | (1,494) | (2,256) | (2,750) |
| Cashflow From Operations | 4,467 | 4,560 | 5,354 | 5,291 | 6,607 |
| Capex | (925) | (360) | (503) | (600) | (600) |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | (3,567) | (2,513) | 260 | | |
| Cash Flow From Investing | (4,492) | (2,873) | (243) | (600) | (600) |
| Debt Raised/(repaid) | 3,454 | (1,091) | (1,533) | | |
| Proceeds From Issue Of Shares | 2 | 9 | 35 | | |
| Shares Repurchased | | | | | |
| Dividends Paid | (1,167) | (1,030) | (2,012) | (2,001) | (2,026) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (925) | (720) | (629) | 800 | 950 |
| Cash Flow From Financing | 1,364 | (2,832) | (4,139) | (1,201) | (1,076) |
| Total Cash Generated | 1,339 | (1,145) | 972 | 3,490 | 4,931 |
| Free Cashflow To Equity | 3,429 | 596 | 3,578 | 4,691 | 6,007 |
| Free Cashflow To Firm | 277 | 2,062 | 5,405 | 4,941 | 6,257 |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

| Balance Sheet | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (Rs mn) | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
| Total Cash And Equivalents | 6,176 | 6,654 | 8,303 | 11,543 | 16,224 |
| Total Debtors | 854 | 708 | 774 | 865 | 972 |
| Inventories | 524 | 338 | 373 | 420 | 472 |
| Total Other Current Assets | 542 | 531 | 679 | 741 | 833 |
| Total Current Assets | 8,096 | 8,231 | 10,129 | 13,569 | 18,501 |
| Fixed Assets | 8,398 | 7,622 | 6,513 | 5,613 | 4,713 |
| Total Investments | | | | | |
| Intangible Assets | 5,505 | 5,498 | 5,482 | 5,482 | 5,482 |
| Total Other Non-Current Assets | 1,163 | 2,120 | 1,650 | 1,650 | 1,650 |
| Total Non-current Assets | 15,066 | 15,240 | 13,645 | 12,745 | 11,845 |
| Short-term Debt | 1,789 | 1,533 | 833 | 833 | 833 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 1,474 | 1,561 | 1,866 | 1,903 | 2,232 |
| Other Current Liabilities | 1,737 | 1,624 | 1,977 | 2,093 | 2,551 |
| Total Current Liabilities | 5,000 | 4,718 | 4,676 | 4,830 | 5,616 |
| Total Long-term Debt | 1,668 | 833 | | | |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 1,059 | 925 | 605 | 605 | 605 |
| Total Non-current Liabilities | 2,727 | 1,758 | 605 | 605 | 605 |
| Total Provisions | | | | | |
| Total Liabilities | 7,727 | 6,476 | 5,281 | 5,435 | 6,221 |
| Shareholders Equity | 15,080 | 16,663 | 18,493 | 20,880 | 24,125 |
| Minority Interests | 355 | 332 | | | |
| Total Equity | 15,435 | 16,995 | 18,493 | 20,880 | 24,125 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
| Revenue Growth | 32.0% | (3.4%) | 10.4% | 11.0% | 12.3% |
| Operating EBITDA Growth | 28.5% | (12.6%) | 24.4% | 15.6% | 15.3% |
| Operating EBITDA Margin | 26.9% | 24.3% | 27.4% | 28.5% | 29.2% |
| Net Cash Per Share (Rs) | 32.52 | 51.29 | 89.36 | 128.11 | 184.11 |
| BVPS (Rs) | 180.39 | 199.32 | 221.21 | 249.76 | 288.58 |
| Gross Interest Cover | 14.99 | 9.06 | 15.84 | 22.18 | 26.48 |
| Effective Tax Rate | 26.2% | 29.9% | 28.3% | 28.0% | 28.0% |
| Net Dividend Payout Ratio | 21.1% | 29.3% | 39.9% | 33.2% | 27.7% |
| Accounts Receivables Days | 13.30 | 14.13 | 12.15 | 12.10 | 12.07 |
| Inventory Days | 34.52 | 35.18 | 28.75 | 29.28 | 29.32 |
| Accounts Payables Days | 105.91 | 123.86 | 138.55 | 139.15 | 135.89 |
| ROIC (%) | 104.5% | 24.7% | 34.2% | 47.7% | 61.4% |
| ROCE (%) | 28.6% | 17.8% | 24.1% | 27.0% | 28.4% |
| Return On Average Assets | 25.6% | 16.4% | 22.6% | 25.3% | 26.7% |

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| Recommendation Framework | |
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| Stock Ratings | Definition: |
| Add | The stock's total return is expected to exceed 10% over the next 12 months. |
| Hold | The stock's total return is expected to be between 0% and positive 10% over the next 12 months. |
| Reduce | The stock's total return is expected to fall below 0% or more over the next 12 months. |
| <i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i> | |
| Sector Ratings | Definition: |
| Overweight | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation. |
| Neutral | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation. |
| Underweight | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation. |
| Country Ratings | Definition: |
| Overweight | An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark. |
| Neutral | A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark. |
| Underweight | An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark. |