

India

**ADD** (no change)

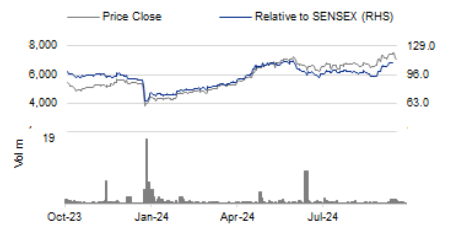
Consensus ratings\*: Buy 22 Hold 7 Sell 4

Current price:	Rs7,120
Target price: ▲	Rs7,865
Previous target:	Rs7,300
Up/downside:	10.5%
InCred Research / Consensus:	8.4%
Reuters:	POLC.NS
Bloomberg:	POLYCAB IN
Market cap:	US\$12,737m
	Rs1,070,826m
Average daily turnover:	US\$46.2m
	Rs3882.0m
Current shares o/s:	150.2m
Free float:	36.9%

\*Source: Bloomberg

**Key changes in this note**

- Increase our revenue estimates by 8-11% and PAT estimates by 1-8% for FY25F-27F.
- Retain ADD rating on the stock with a higher target price of Rs7,865 (Rs7,300 earlier).



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	6.8	8.7	33.4
Relative (%)	11.2	7.8	7.4

Major shareholders	% held
Promoter family	63.1
Motilal Oswal MF	2.8
DSP Flexi Cap Fund	1.3

**Research Analyst(s)**



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# Polycab India

## Strong revenue; higher copper prices hurt margin

- 2Q EBITDA grew by just 3.7% YoY (+8% QoQ) to Rs6.3bn, 6% below our/consensus estimates. PAT in line with our estimate but 3% below consensus.
- Management retained its capex guidance of Rs10-11bn yearly for the next 2-3 years to enhance capacity in the cable & wire segment to meet rising demand.
- We increase our revenue estimates by 8-11% and PAT estimates by 1-7% for FY25F-27F. We retain our ADD rating with a higher target price of Rs7,865.

### Healthy revenue-led growth but margin disappoints

Consolidated 2QFY25 revenue of Polycab India grew 30% YoY (+17% QoQ) to ~Rs55bn, led by a 24% growth in the wire & cable (W&C) segment and a 190% YoY growth in the 'others' segment. Revenue was 11% above our/ Bloomberg or BB consensus estimates. Despite a strong jump in revenue, EBITDA grew by a mere 3.7% YoY (+8% QoQ) to Rs6.3bn while PAT was up 5% YoY (12% QoQ) at Rs4.5bn. EBITDA was 6% below our/BB consensus estimates while PAT was in line with our estimate and 3% below BB consensus estimate. Gross margin dipped by 355bp YoY and down 105bp QoQ to 23.6%. The EBITDA margin fell by 295bp YoY and 93bp QoQ to 11.5%. The margin was impacted due to a change in the product mix from the higher-margin international business and the domestic distribution business to the lower-margin EPC business.

### Growth on track with capex

Management reiterated its capex guidance of Rs10-11bn annually for the next two-to-three years to enhance capacity, especially in the cable and wire segment. The capex is aimed at meeting rising demand, particularly in government-led infrastructure projects and the real estate sector. The company also confirmed that its topline target of Rs200bn for FY25F remains on track. 2HFY25F is expected to post strong revenue and margin growth, supported by improving demand across institutional and consumer segments. The company maintained its net cash position at Rs24.3bn, with the working capital days improving to 44 days. There are expectations of strong revenue and margin performance on the back of festive season demand, infrastructure projects, and government spending gaining momentum. The asset turnover ratio on this capex is seen at 5x.

### Outlook and valuation; retain ADD rating

The demand momentum, especially for C&W, is likely to pick up and the company will be adding capacity to meet rising demand. Factoring in the healthy capex, strong demand and improvement in the consumer sentiment coupled with a revival in private capex, we increase our revenue estimates by 8-11% and PAT estimates by 1-8% for FY25F-27F. We retain our ADD rating on the stock with a higher target price of Rs7,865 (Rs7,300 earlier) valuing it at 45x Sep 2026F EPS. We await clarity on the income-tax or IT department search operations' outcome to take a firm view on Polycab's corporate governance. Downside risks: Adverse outcome of the IT department's search operations, lower-than-expected C&W growth/margin and volatile raw material prices.

### Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	141,078	180,394	227,048	262,841	298,746
Operating EBITDA (Rsm)	18,521	24,885	27,748	32,650	38,319
Net Profit (Rsm)	12,315	17,837	19,626	24,360	28,162
Core EPS (Rs)	82.4	118.7	130.6	162.1	187.5
Core EPS Growth	49.8%	44.0%	10.0%	24.1%	15.6%
FD Core P/E (x)	86.87	59.97	54.51	43.91	37.99
DPS (Rs)	19.9	25.0	30.0	35.0	37.5
Dividend Yield	0.28%	0.35%	0.42%	0.49%	0.53%
EV/EBITDA (x)	56.76	42.15	37.72	31.84	26.84
P/FCFE (x)	388.54	199.48	168.56	170.71	78.16
Net Gearing	(28.4%)	(25.9%)	(24.4%)	(26.5%)	(30.1%)
P/BV (x)	16.13	13.07	11.03	9.21	7.72
ROE	20.3%	24.1%	21.9%	22.9%	22.1%
% Change In Core EPS Estimates			7.56%	15.69%	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## 2QFY25 conference-call highlights

- **Overview:** Polycab India posted a strong 30% YoY growth in revenue, reaching Rs55bn led by the recovery in rural demand and increased government spending on infrastructure. However, profitability was impacted due to higher advertising and promotional expenses, along with higher manpower costs. The company maintained its net cash position at Rs24.3bn, with working capital days improving to 44 days. There are expectations of strong revenue and margin performance on the back of demand from the festive season, infrastructure projects, and government spending gaining momentum. Additionally, the company expects improved margin in the W&C segment, supported by a favourable sales mix and operating leverage.
- **Guidance:**
  - Management reiterated its capex guidance of Rs10-11bn annually for the next two-to-three years to enhance capacity, especially in the cable and wire segment. The capex is aimed to meet rising demand, particularly in government-led infrastructure projects and the real estate sector.
  - The company also confirmed that its topline target of Rs200bn for FY25F remains on track.
  - 2HFY25F is expected to post strong revenue and margin growth, supported by improving demand across institutional and consumer segments.
- **Margin:** EBITDA for the quarter grew by 4% YoY to Rs. 6.32bn, but the margin declined to 11.5%, compared to 14.4% in 2QFY24. This was primarily due to the increased share of low-margin institutional and EPC business and the reduced contribution from higher-margin international business. Additionally, higher A&P spending ahead of the festive season and an increase in manpower expenses due to channel expansion exerted further pressure on margin. PAT stood at Rs. 4.45bn, with a moderate 4% YoY growth.
- **International business:** The contribution of the international business increased by 36% YoY in 2QFY25, contributing Rs3.36bn to total revenue. While margins in this segment were impacted by higher freight costs, Polycab India sees strong growth potential in export markets, with diversification into regions such as Australia and the Middle East.
- **Segments:**
  - **Wires & cables (W&C):** The W&C segment recorded 23% YoY growth, with revenue reaching Rs46.07bn. The strong growth was driven by government spending, private investments, and robust demand from the real estate sector. Wires outperformed cables in terms of growth, largely due to expanded sales channels, particularly in the western and southern regions of India. However, margins in the W&C business contracted by 30bp QoQ due to competitive pressure and lower contribution from the higher-margin domestic distribution business.
  - **FMEG:** The segment grew by 18% YoY, with revenue reaching Rs. 3.88bn. Growth was mainly driven by the fans segment, which benefited from a low base last year, as well as switchgear and conduit pipes, which were supported by healthy real estate demand. The company aims to improve the contribution of switchgear, targeting to become one of the top 3 players in the B2C market, with margin growth expected to exceed 40% as capacity utilization increases. However, higher A&P and fixed expenses resulted in a decline in the segment's margin.
  - **EPC:** Polycab's EPC segment saw robust growth, with revenue growing 241% YoY to Rs5.49bn. The segment's EBIT increased by 263% YoY, reaching Rs645m, with margins improving by 80bp QoQ to 11.8%. The company's order book under the Revamped Distribution Sector Scheme (RDSS) continues to drive this segment, and management expects continued strong performance in 2HFY25F.

**Figure 1: Results summary**

Quarter snapshot (Rs m)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
<b>Net sales</b>	<b>54,984</b>	<b>42,177</b>	<b>30.4%</b>	<b>46,980</b>	<b>17.0%</b>	<b>1,01,965</b>	<b>81,071</b>	<b>25.8%</b>
Net raw material costs	42,025	30,739	36.7%	35,415	18.7%	77,440	59,319	30.5%
Staff costs	1,803	1,557	15.8%	1,539	17.2%	3,342	2,906	15.0%
Other expenditure	4,841	3,792	27.7%	4,192	15.5%	9,033	7,271	24.2%
Total expenditure	48,669	36,088	34.9%	41,146	18.3%	89,815	69,496	29.2%
<b>EBITDA</b>	<b>6,316</b>	<b>6,089</b>	<b>3.7%</b>	<b>5,834</b>	<b>8.3%</b>	<b>12,149</b>	<b>11,575</b>	<b>5.0%</b>
<b>EBITDA margin (%)</b>	<b>11.5%</b>	<b>14.4%</b>	<b>-295bp</b>	<b>12.4%</b>	<b>-93bp</b>	<b>11.9%</b>	<b>14.3%</b>	<b>-236bp</b>
Depreciation	721	603	19.5%	671	7.4%	1,392	1,174	18.5%
EBIT	5,595	5,486	2.0%	5,163	8.4%	10,758	10,400	3.4%
Finance costs	453	268	69.1%	413	9.7%	866	517	67.5%
Other income	762	353	115.6%	584	30.4%	1,346	993	35.5%
PBT	5,903	5,572	6.0%	5,334	10.7%	11,237	10,876	3.3%
Tax	1,451	1,274	13.9%	1,317	10.2%	2,769	2,551	8.6%
PAT	4,452	4,298	3.6%	4,016	10.9%	8,468	8,326	1.7%
Minority interest	-	-42	-100.0%	-57	-100.0%	-57	-77	-26.7%
<b>Reported PAT</b>	<b>4,452</b>	<b>4,256</b>	<b>4.6%</b>	<b>3,959</b>	<b>12.4%</b>	<b>8,412</b>	<b>8,248</b>	<b>2.0%</b>
<b>Adjusted PAT</b>	<b>4,452</b>	<b>4,256</b>	<b>4.6%</b>	<b>3,959</b>	<b>12.4%</b>	<b>8,412</b>	<b>8,248</b>	<b>2.0%</b>
EPS (Rs)	29.6	28.3	4.6%	26.4	12.4%	56.0	54.9	2.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: Cost and Margin analysis**

Margins (%)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
Gross margin (%)	23.6%	27.1%	-355bp	24.6%	-105bp	24.1%	26.8%	-278bp
EBITDA	11.5%	14.4%	-295bp	12.4%	-93bp	11.9%	14.3%	-236bp
Adjusted PAT	8.1%	10.1%	-199bp	8.4%	-33bp	8.2%	10.2%	-192bp
Cost analysis (%)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
Raw material costs	76.4%	72.9%	355bp	75.4%	105bp	75.9%	73.2%	278bp
Staff costs	3.3%	3.7%	-41bp	3.3%	0bp	3.3%	3.6%	-31bp
Other expenditure	8.8%	9.0%	-19bp	8.9%	-12bp	8.9%	9.0%	-11bp

SOURCE: COMPANY REPORTS, INCRED RESEARCH

**Figure 3: Segmental analysis**

Segmental (Rs m)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
<b>Revenue</b>	<b>55,436</b>	<b>42,288</b>	<b>31.1%</b>	<b>47,182</b>	<b>17.5%</b>	<b>1,02,618</b>	<b>81,518</b>	<b>25.9%</b>
Wire and cable	47,200	38,047	24.1%	39,421	19.7%	86,621	73,385	18.0%
FMEG	3,975	3,300	20.5%	3,855	3.1%	7,830	6,445	21.5%
Other	5,852	2,015	190.4%	5,194	12.7%	11,046	3,543	211.7%
Less: Inter-segmental revenue	-1,591	-1,074	48.1%	-1,289	23.4%	-2,880	-1,855	55.2%
<b>EBIT</b>	<b>6,232</b>	<b>5,712</b>	<b>9.1%</b>	<b>5,511</b>	<b>13.1%</b>	<b>11,743</b>	<b>11,061</b>	<b>6.2%</b>
Wire and cable	5,793	5,547	4.4%	4,967	16.6%	10,760	10,769	-0.1%
FMEG	-253	-60	319.6%	-28	797.9%	-281	-117	140.1%
Other	691	225	207.4%	572	20.7%	1,264	408	209.6%
<b>EBIT margin (%)</b>	<b>11.2%</b>	<b>13.5%</b>	<b>-227bp</b>	<b>11.7%</b>	<b>-44bp</b>	<b>11.4%</b>	<b>13.6%</b>	<b>-213bp</b>
Wire and cable	12.3%	14.6%	-231bp	12.6%	-33bp	12.4%	14.7%	-225bp
FMEG	-6.4%	-1.8%	-453bp	-0.7%	-562bp	-3.6%	-1.8%	-177bp
Other	11.8%	11.2%	65bp	11.0%	79bp	11.4%	11.5%	-8bp

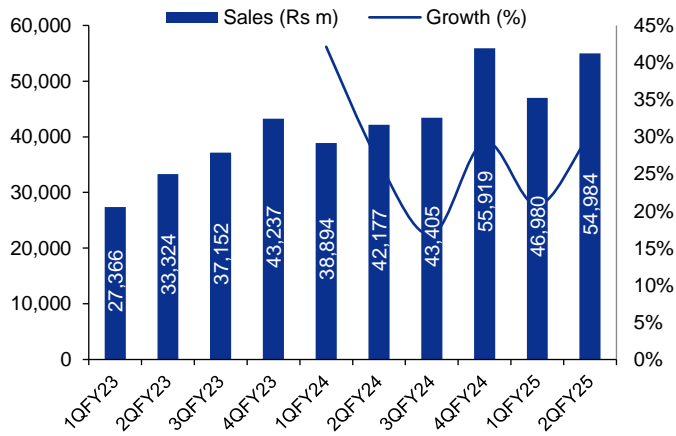
SOURCE: COMPANY REPORTS, INCRED RESEARCH

**Figure 4: Actuals vs. estimates**

Estimates vs. actuals			
(Rs m)	2QFY25	2QFY25F	Var (%)
Revenue	54,984	49,418	11.3
EBITDA	6,316	6,726	(6.1)
EBITDA margin (%)	11.5%	13.6%	-212bp
Adj. PAT	4,452	4,449	0.1
Actuals vs. Bloomberg consensus estimates			
(Rs m)	2QFY25	2QFY25C	Var (%)
Revenue	54,984	49,605	10.8
EBITDA	6,316	6,687	(5.6)
EBITDA margin (%)	11.5%	13.5%	-199bp
Adj. PAT	4,452	4,571	(2.6)

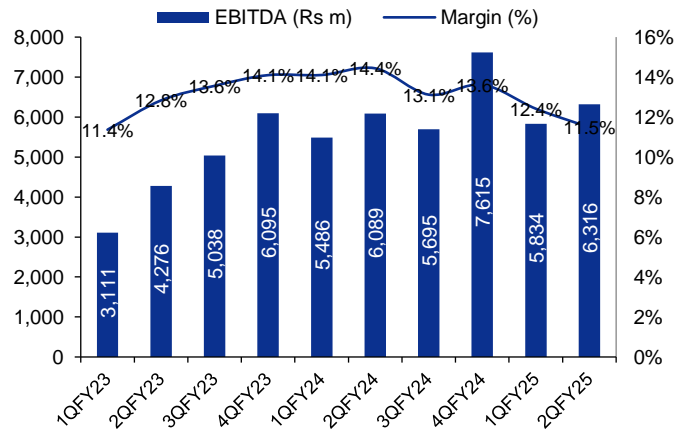
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 5: Revenue grew 30% YoY



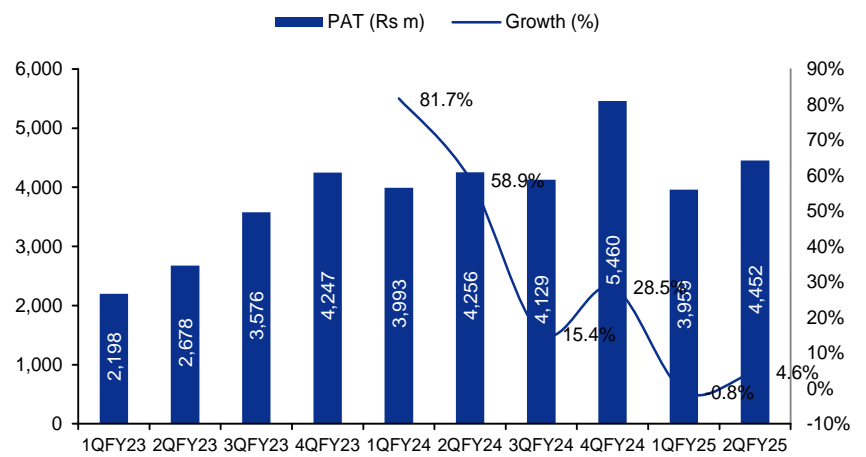
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Margin declines 295 bp YoY



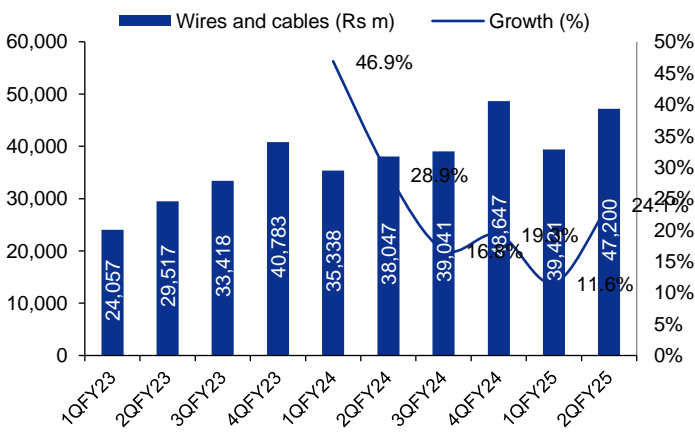
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: PAT grows 5% YoY



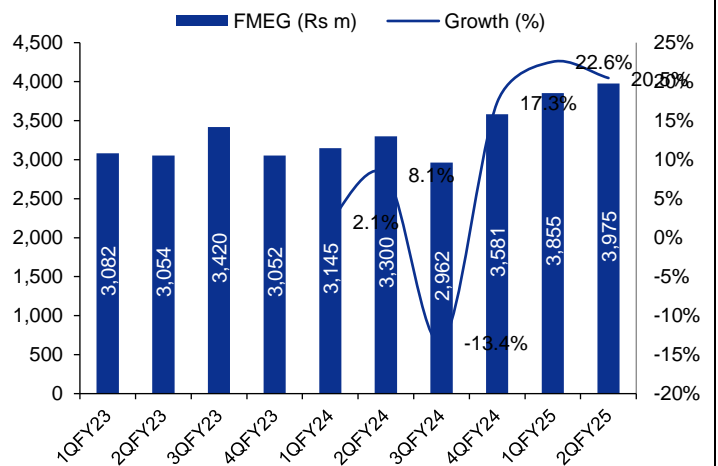
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 8: Wire & cable segment's revenue



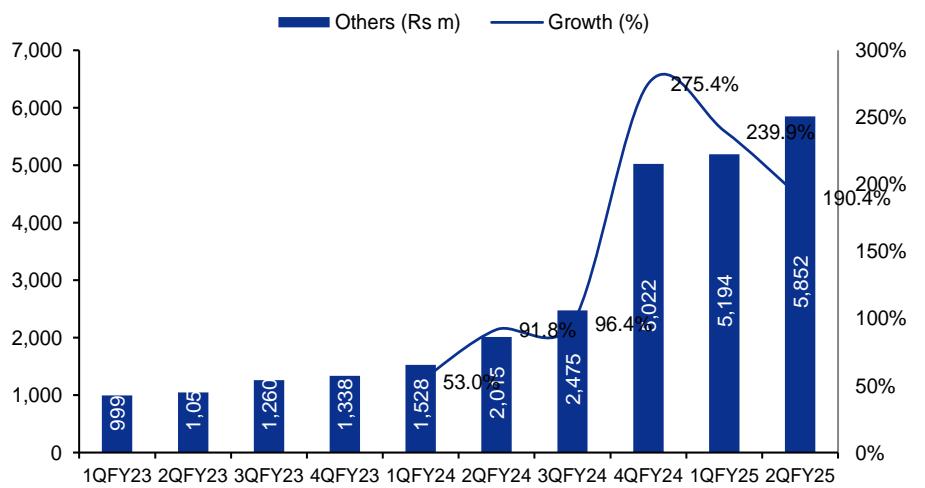
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: FMEG segment grows 21% YoY



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 10: Others segment's (EPC) revenue jumps 190% YoY**



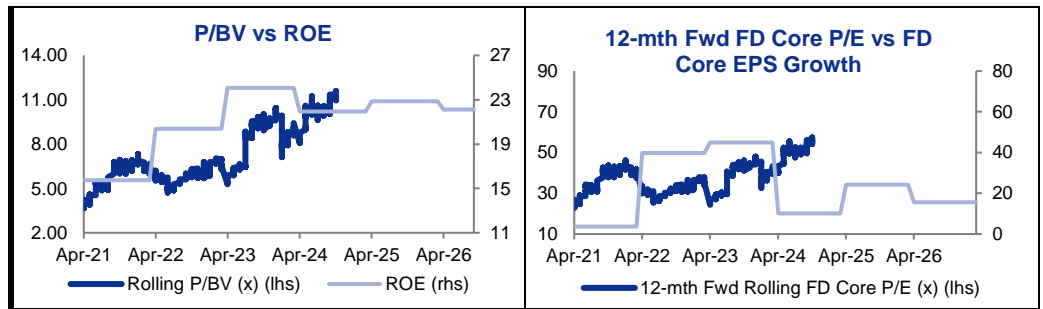
SOURCE: COMPANY REPORTS, INCRED RESEARCH

**Figure 11: Earnings revision summary**

	New Estimates			Old Estimates			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Revenue	2,27,048	2,62,841	2,98,746	2,09,508	2,39,038	2,69,465	8.4	10.0	10.9
EBITDA	27,748	32,650	38,319	26,437	30,727	36,458	5.0	6.3	5.1
Adjusted PAT	19,626	24,360	28,162	19,371	22,517	26,232	1.3	8.2	7.4
EPS	131	162	187	129	150	175	1.3	8.2	7.4
EBITDA margin (%)	12.2%	12.4%	12.8%	12.6%	12.9%	13.5%	-40bp	-43bp	-70bp

SOURCES: COMPANY REPORTS, INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	<b>141,078</b>	<b>180,394</b>	<b>227,048</b>	<b>262,841</b>	<b>298,746</b>
<b>Gross Profit</b>	<b>35,969</b>	<b>47,591</b>	<b>55,663</b>	<b>69,675</b>	<b>79,193</b>
<b>Operating EBITDA</b>	<b>18,521</b>	<b>24,885</b>	<b>27,748</b>	<b>32,650</b>	<b>38,319</b>
Depreciation And Amortisation	(2,092)	(2,450)	(2,877)	(3,374)	(4,382)
<b>Operating EBIT</b>	<b>16,430</b>	<b>22,435</b>	<b>24,871</b>	<b>29,275</b>	<b>33,937</b>
Financial Income/(Expense)	378	(1,083)	(1,884)	183	552
Pretax Income/(Loss) from Assoc.	(93)				
Non-Operating Income/(Expense)	65	2,241	2,985	3,045	3,105
<b>Profit Before Tax (pre-EI)</b>	<b>16,781</b>	<b>23,593</b>	<b>25,972</b>	<b>32,503</b>	<b>37,595</b>
Exceptional Items	(93)				
<b>Pre-tax Profit</b>	<b>16,688</b>	<b>23,593</b>	<b>25,972</b>	<b>32,503</b>	<b>37,595</b>
Taxation	(4,250)	(5,567)	(6,289)	(8,077)	(9,361)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>12,438</b>	<b>18,026</b>	<b>19,683</b>	<b>24,426</b>	<b>28,234</b>
Minority Interests	(123)	(189)	(57)	(65)	(72)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>12,315</b>	<b>17,837</b>	<b>19,626</b>	<b>24,360</b>	<b>28,162</b>
Recurring Net Profit	12,384	17,837	19,626	24,360	28,162
<b>Fully Diluted Recurring Net Profit</b>	<b>12,384</b>	<b>17,837</b>	<b>19,626</b>	<b>24,360</b>	<b>28,162</b>

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	<b>18,521</b>	<b>24,885</b>	<b>27,748</b>	<b>32,650</b>	<b>38,319</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,058)	(8,090)	(6,597)	(5,943)	(5,968)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	213	1,158	1,101	3,227	3,658
Net Interest (Paid)/Received	303	752	1,884	(183)	(552)
Tax Paid	(3,704)	(5,743)	(6,289)	(8,077)	(9,361)
<b>Cashflow From Operations</b>	<b>14,275</b>	<b>12,962</b>	<b>17,847</b>	<b>21,675</b>	<b>26,096</b>
Capex	(4,965)	(8,530)	(9,000)	(9,500)	(10,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(6,762)	984	(2,500)	(5,908)	(2,408)
<b>Cash Flow From Investing</b>	<b>(11,727)</b>	<b>(7,545)</b>	<b>(11,500)</b>	<b>(15,408)</b>	<b>(12,408)</b>
Debt Raised/(repaid)	205	(54)			
Proceeds From Issue Of Shares	128	194			
Shares Repurchased					
Dividends Paid	(2,094)	(2,997)	(4,507)	(5,258)	(5,634)
Preferred Dividends					
Other Financing Cashflow	(476)	(1,017)	(1,884)	(1,409)	(1,539)
<b>Cash Flow From Financing</b>	<b>(2,238)</b>	<b>(3,874)</b>	<b>(6,391)</b>	<b>(6,668)</b>	<b>(7,173)</b>
Total Cash Generated	311	1,543	(44)	(401)	6,514
<b>Free Cashflow To Equity</b>	<b>2,753</b>	<b>5,363</b>	<b>6,347</b>	<b>6,267</b>	<b>13,687</b>
<b>Free Cashflow To Firm</b>	<b>1,951</b>	<b>4,334</b>	<b>4,463</b>	<b>4,857</b>	<b>12,148</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Total Cash And Equivalents	20,457	22,248	25,384	32,510	43,552
Total Debtors	12,466	20,471	24,521	28,387	32,265
Inventories	29,514	36,751	46,256	53,548	60,862
Total Other Current Assets	6,650	7,670	9,519	11,020	12,525
<b>Total Current Assets</b>	<b>69,087</b>	<b>87,140</b>	<b>105,680</b>	<b>125,465</b>	<b>149,205</b>
Fixed Assets	20,104	21,838	27,496	37,871	43,489
Total Investments					
Intangible Assets	203	46	46	46	46
Total Other Non-Current Assets	4,846	11,637	12,307	8,270	8,492
<b>Total Non-current Assets</b>	<b>25,154</b>	<b>33,521</b>	<b>39,849</b>	<b>46,188</b>	<b>52,028</b>
Short-term Debt	1,509	672	1,161	1,161	1,161
Current Portion of Long-Term Debt					
Total Creditors	20,326	28,633	36,038	41,720	47,419
Other Current Liabilities	4,291	6,006	7,559	8,751	9,946
<b>Total Current Liabilities</b>	<b>26,127</b>	<b>35,311</b>	<b>44,758</b>	<b>51,631</b>	<b>58,525</b>
Total Long-term Debt	42	226	391	391	391
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,236	2,275	2,343	2,414	2,486
<b>Total Non-current Liabilities</b>	<b>1,278</b>	<b>2,501</b>	<b>2,734</b>	<b>2,804</b>	<b>2,877</b>
Total Provisions	152	415	427	440	454
<b>Total Liabilities</b>	<b>27,556</b>	<b>38,227</b>	<b>47,919</b>	<b>54,875</b>	<b>61,855</b>
Shareholders Equity	66,311	81,871	96,991	116,093	138,621
Minority Interests	374	562	619	684	756
<b>Total Equity</b>	<b>66,685</b>	<b>82,433</b>	<b>97,609</b>	<b>116,777</b>	<b>139,377</b>

<b>Key Ratios</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Revenue Growth	15.6%	27.9%	25.9%	15.8%	13.7%
Operating EBITDA Growth	46.4%	34.4%	11.5%	17.7%	17.4%
Operating EBITDA Margin	13.1%	13.8%	12.2%	12.4%	12.8%
Net Cash Per Share (Rs)	125.84	142.11	158.63	206.07	279.56
BVPS (Rs)	441.38	544.95	645.59	772.74	922.69
Gross Interest Cover	27.49	20.71	13.20	20.77	22.05
Effective Tax Rate	25.5%	23.6%	24.2%	24.9%	24.9%
Net Dividend Payout Ratio	24.1%	21.1%	23.0%	21.6%	20.0%
Accounts Receivables Days	32.90	33.32	36.16	36.74	37.05
Inventory Days	89.44	91.06	88.39	94.29	95.10
Accounts Payables Days	56.43	67.28	68.87	73.46	74.09
ROIC (%)	35.9%	45.6%	39.0%	38.2%	38.3%
ROCE (%)	27.8%	29.5%	27.1%	28.3%	27.7%
Return On Average Assets	14.4%	17.8%	16.2%	15.3%	14.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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- 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.

*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.*

##### 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.