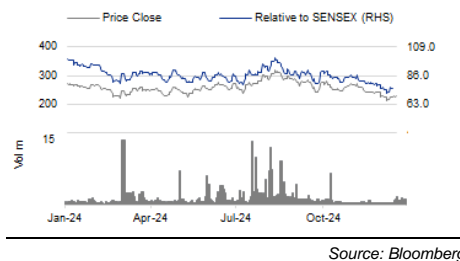


India

REDUCE (no change)

Consensus ratings*:	Buy 2	Hold 0	Sell 4
Current price:	Rs229		
Target price:	Rs161		
Previous target:	Rs168		
Up/downside:	-29.7%		
InCred Research / Consensus:	-41.8%		
Reuters:	LXCHEM IN		
Bloomberg:	US\$872m		
Market cap:	Rs63,305m		
Average daily turnover:	US\$7.1m		
	Rs517.7m		
Current shares o/s:	263.7m		
Free float:	27.6%		

*Source: Bloomberg



Price performance	1M	3M	12M
Absolute (%)	(5.8)	(10.1)	(16.8)
Relative (%)	(3.8)	(5.6)	(22.2)

Major shareholders	% held
Promoter & Promoter Group	72.4
Malabar India Fund Ltd	1.4
Kotak Mahindra Asset Management Co	1.4

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Laxmi Organic Industries Ltd

EPS growth anaemic; maintain REDUCE

- Laxmi Organic Industries, primarily a commodity chemicals manufacturer, faces volatility in earnings due to fluctuating prices and weak demand.
- Despite initial investor optimism about its potential in fluorochemicals, the company has not yet made significant progress in this area.
- With uncertain growth prospects and cyclical earnings, we maintain our REDUCE rating on the stock with a lower target price of Rs161.

Commodity player but street stays bullish as it searches next SRF

Laxmi Organic Industries (Laxmi Organic) is primarily a commodity chemicals manufacturer, with a focus on producing acetyl intermediates like ethyl acetate, acetic anhydride, and acetaldehyde. Ethyl acetate is Laxmi Organic's largest product, accounting for around 90% of its export volume, and the company is expanding its capacity in this segment with a Rs11bn capex plan, which also includes the addition of butyl acetate capacity. Despite being a major player in manufacturing ethyl acetate, these chemicals are considered commodities, with high volatility in their prices and limited differentiation, leading to unstable margins for the company. Since its initial public offer (IPO), Laxmi Organic held the promise of becoming a major player in fluorochemicals, and investors in search of the next SRF or Navin Fluorine first invested in the OFS (offer for sale) and later in the qualified institutional placement (QIP). However, much like the search for the next Bharat Heavy Electricals or Larsen & Toubro (L&T) during the capital goods stock boom of 2005-08, this search remained elusive (like the search for a mini L&T led to capital losses in Punj Lloyd, Lanco, GMR etc). Till date, we haven't witnessed any export of fluorochemicals by the company.

Specialty (so-called) doesn't help & the expansion is in commodities

The demand for acetyls such as ethyl acetate, acetic anhydride & acetaldehyde is weak due to the general economic slowdown, which impacts their use in various industrial applications. These chemicals, while essential in industries like pharmaceuticals, plastics, and flavourings, witness significant price volatility, especially as crude oil prices rise. Laxmi Organic's earnings, thus, are highly volatile, with its EBITDA & PAT experiencing significant cyclical fluctuations, making it difficult to maintain consistent profitability. In addition to commodity chemicals business, Laxmi Organic also makes specialty intermediates like esters, including acetoacetoxy ethyl methacrylate ester, acetyl butyrolactone, & others. These products have more stable pricing but still face challenges in a competitive market. The company's expansion plan in commodity chemicals, particularly ethyl acetate & butyl acetate, may struggle against global oversupply & price volatility.

Maintain REDUCE rating with a lower target price of Rs161

Laxmi Organic's growth prospects remain uncertain, and its volatile earnings make it a less favourable investment, prompting us to retain our REDUCE rating on it with a lower target price of Rs161 (Rs168 earlier). Our earnings estimates are well below street estimates.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	27,966	28,650	30,000	33,000	36,300
Operating EBITDA (Rsm)	2,445	2,557	2,900	3,600	4,044
Net Profit (Rsm)	1,246	1,205	1,192	1,332	1,412
Core EPS (Rs)	4.7	4.6	4.5	5.1	5.4
Core EPS Growth	(51.4%)	(3.3%)	(1.1%)	11.8%	6.0%
FD Core P/E (x)	48.36	49.99	50.56	45.23	42.67
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	25.64	22.37	20.07	16.65	15.19
P/FCFE (x)	(97.45)	(31.85)	14.17	(46.68)	(57.44)
Net Gearing	17.4%	(16.9%)	(10.6%)	(1.4%)	5.5%
P/BV (x)	4.27	3.35	3.14	2.94	2.75
ROE	9.2%	7.5%	6.4%	6.7%	6.7%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

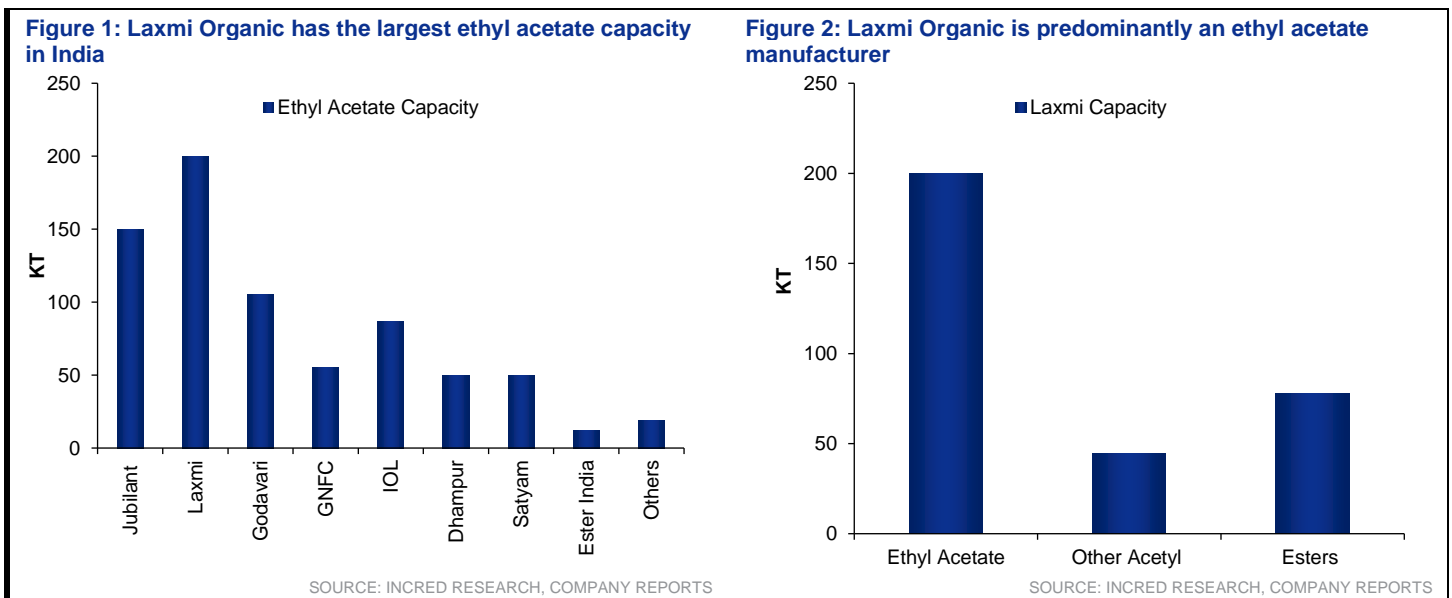
SOURCE: INCRED RESEARCH, COMPANY REPORTS

EPS growth anaemic; maintain REDUCE

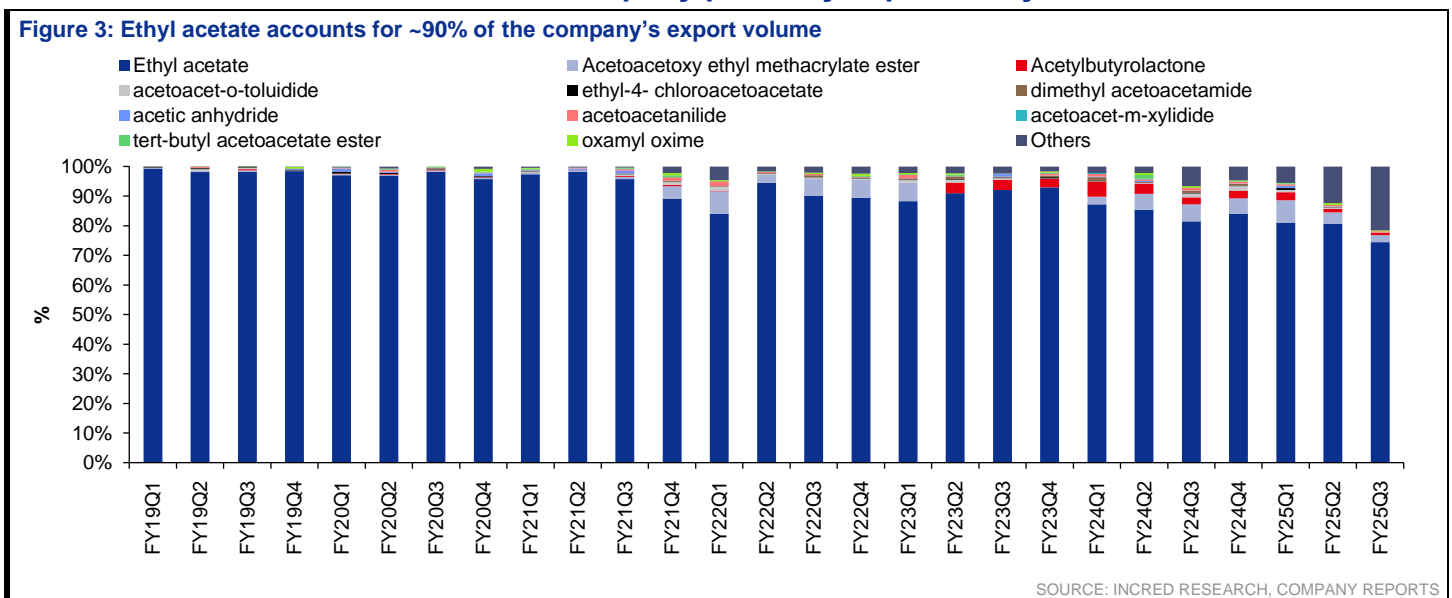
Laxmi Organic is a commodity chemicals manufacturer

Laxmi Organic manufactures acetyl and other intermediates. Its capacity to make acetyl intermediates is ~201kt and other intermediates is ~78kt. Out of 201kt acetyl capacity, ethyl acetate capacity alone is ~156.2kt and hence, Laxmi Organic is primarily an ethyl acetate manufacturer. The company also manufactures some esters, but their profitability is primarily driven by ethyl acetate. Laxmi Organic is incurring Rs1bn capex which will be utilized to expand ethyl acetate and commission 70kt butyl acetate capacity.

Laxmi Organic has ~200kt ethyl acetate capacity ➤



The company primarily exports ethyl acetate ➤



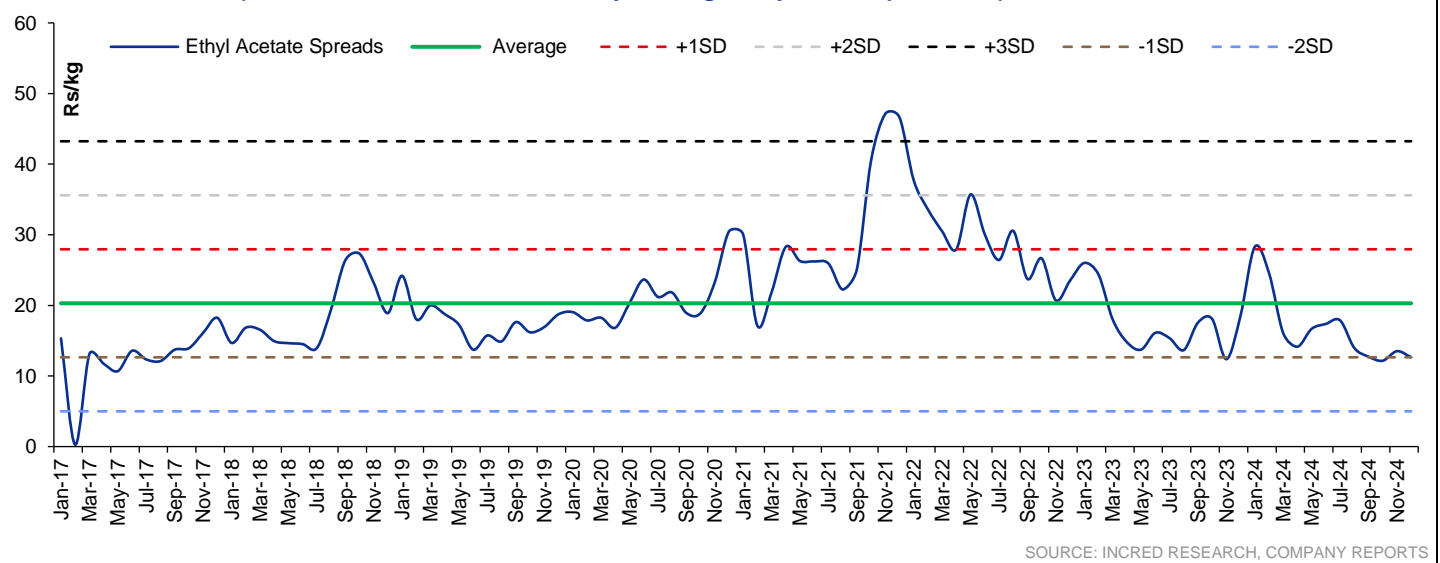
Apart from ethyl acetate, the company manufactures some other acetyls as well ➤

Apart from ethyl acetate, Laxmi Organic manufactures acetic anhydride and acetaldehyde.

Ethyl acetate, acetic anhydride and acetaldehyde are nothing but specialty chemicals ➤

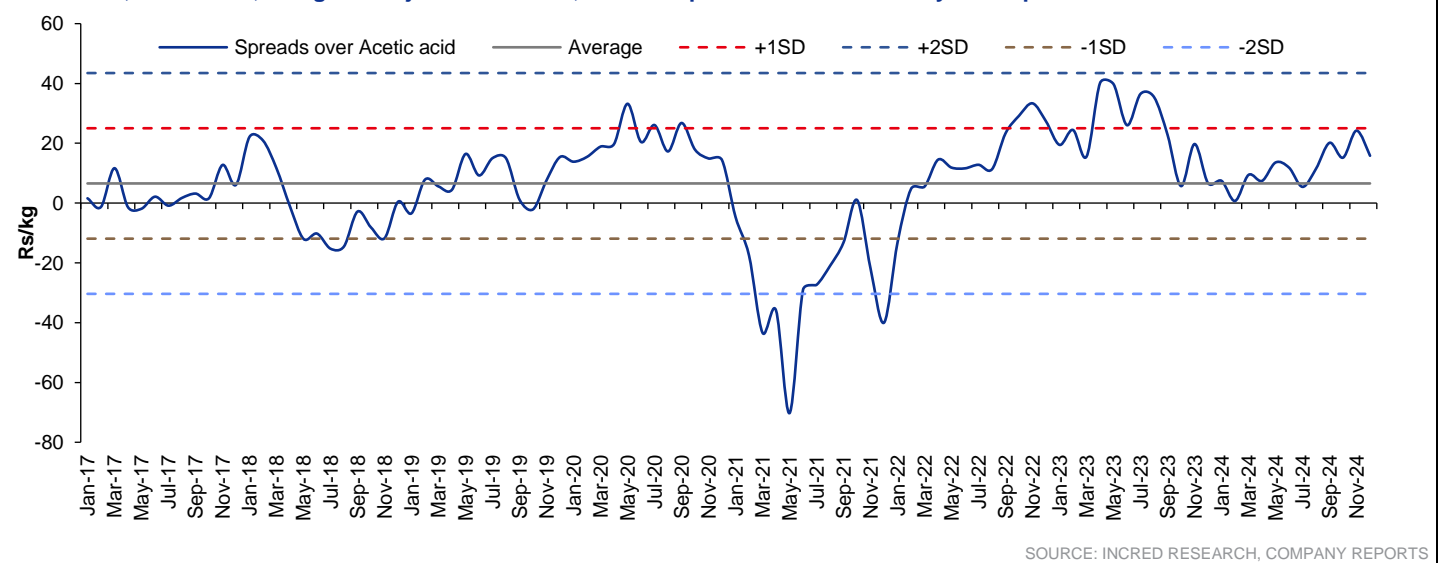
These three chemicals are so easy to manufacture that even school kids can manufacture them in a laboratory. The volatile spreads of these three chemicals are a testimony of their commodity nature. Rising crude oil prices will be a major headwind for Laxmi Organic in the acetyl segment. Please click our earlier report on why we believe crude oil prices are likely to go up: ([IN: Chemicals - Overall - Demand declines, RM pressure will follow](#)).

Figure 4: The extreme volatility of ethyl acetate's spreads will put even steel to shame; it's such a simple chemical that even school students can make it (react ethanol with acetic acid and you will get ethyl acetate plus water)



Acetic anhydride is manufactured by dehydrating acetic acid. One can mix acetic anhydride in water to get acetic acid.

Figure 5: As of now, acetic anhydride is doing well but rising crude oil prices will lead to higher methanol prices and hence, impact acetic acid; acetic acid, being the major raw material, will exert pressure on acetic anhydride spreads



Demand for acetyls is weak because of the general macroeconomic slowdown ➤

The usage of acetyls manufactured by Laxmi Organic such as ethyl acetate, acetic anhydride, and acetaldehyde indicate that the general economic slowdown will hit its demand.

Acetaldehyde has a variety of uses:

1. **Production of acetic acid:** Acetaldehyde is the starting material for the production of acetic acid, which is a major industrial chemical. Acetic acid is used in the production of a wide variety of products, including vinegar, plastics, and pharmaceuticals.
2. **Production of plastics:** Acetaldehyde is used to produce a variety of plastics, including polyvinyl acetate, polyacrylonitrile, and styrene. These plastics are used in a wide variety of applications, including construction, packaging, and textiles.
3. **Production of pharmaceuticals:** Acetaldehyde is used to produce a variety of pharmaceuticals, including aspirin, acetaminophen, and ibuprofen. These drugs are used to treat a variety of medical conditions, including pain, fever, and inflammation.
4. **Production of flavourings and fragrances:** Acetaldehyde is used to produce a variety of flavourings and fragrances, including apple, pear, and banana. These flavourings and fragrances are used in a wide variety of foods and beverages, as well as in perfumes and cosmetics.
5. **Production of solvents:** Acetaldehyde is used as a solvent in a variety of applications, including the production of pharmaceuticals, plastics, and dyes. Solvents are used to dissolve other substances and to extract certain compounds from mixtures.

Acetic anhydride has the following uses:

1. **Chemical synthesis:** Acetic anhydride is used as a reagent in a variety of chemical syntheses, including the production of pharmaceuticals, plastics, and dyes.
2. **Production of cellulose acetate:** Cellulose acetate is a synthetic fibre that is used in a variety of applications, including photographic film, cigarette filters, and textiles. Acetic anhydride is used to convert cellulose into cellulose acetate.
3. **Production of aspirin:** Acetic anhydride is used in the production of aspirin, which is a pain reliever and anti-inflammatory drug.
4. **Production of explosives:** Acetic anhydride is used in the production of some explosives, such as nitrocellulose.
5. **Production of perfumes and flavourings:** Acetic anhydride is used in the production of some perfumes and flavourings.

Ethyl acetate is also used as one of the basic commodities:

1. **Paints and coatings:** Ethyl acetate is used as a solvent in paints and coatings. It helps to dissolve the pigments and resins in the paint, and it also helps to make the paint dry faster.
2. **Nail polish remover:** Ethyl acetate is the main ingredient in most nail polish removers. It dissolves the nail polish so that it can be easily removed.
3. **Decaffeination of coffee and tea:** Ethyl acetate is used to decaffeinate coffee and tea. It dissolves the caffeine molecules from the beans or leaves, leaving behind the flavour and aroma.
4. **Flavouring and fragrances:** Ethyl acetate is used to produce a variety of flavours and fragrances. It has a fruity odour that is often used in perfumes, cosmetics, and food products.
5. **Solvent for adhesives, inks, and lubricants:** Ethyl acetate is used as a solvent for a variety of adhesives, inks, and lubricants. It helps to dissolve the resins and other components in these products, and it also helps to make them dry faster.

- Extraction solvent:** Ethyl acetate is used as an extraction solvent in the pharmaceutical industry. It is used to extract active ingredients from plant materials.
- Laboratory reagent:** Ethyl acetate is used as a laboratory reagent in a variety of applications. It is used to extract organic compounds from mixtures, and it is also used as a solvent in chemical reactions.

In the so-called specialty intermediate segment, it manufactures mainly various esters ➤

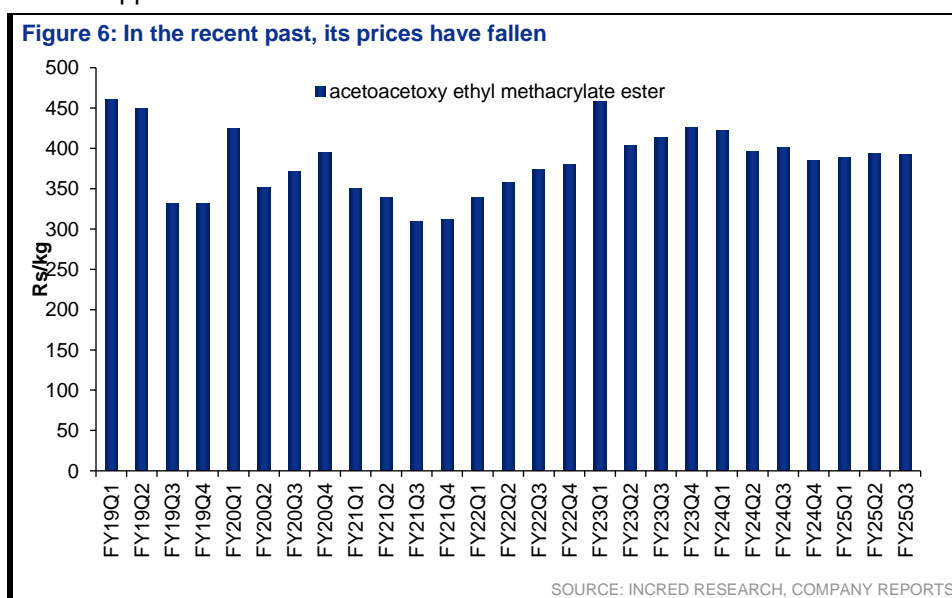
Some of the products manufactured in this segment are:

- Acetoacetoxy ethyl methacrylate ester
- Acetyl butyrolactone
- Acetoacetate-o-toluidide
- Dimethyl acetoacetamide
- Acetoacetanilide
- Acetoacetate-m-xylidide
- Tert-butyl acetoacetate ester and other chemicals.

Acetoacetoxy ethyl methacrylate ester has general industrial usage ➤

Acetoacetoxy ethyl methacrylate (AAEM) is a specialty methacrylic monomer with a reactive methylene group. It is suitable as comonomer for adhesives and coatings as well as co-polymer for emulsion polymerization.

AAEM has a number of desirable properties that make it useful in a variety of applications. It is a strong adhesive and can be used to bond a variety of materials. It is also a good film former and can be used to create tough, durable coatings. AAEM is also resistant to chemicals and weathering, making it suitable for use in outdoor applications.

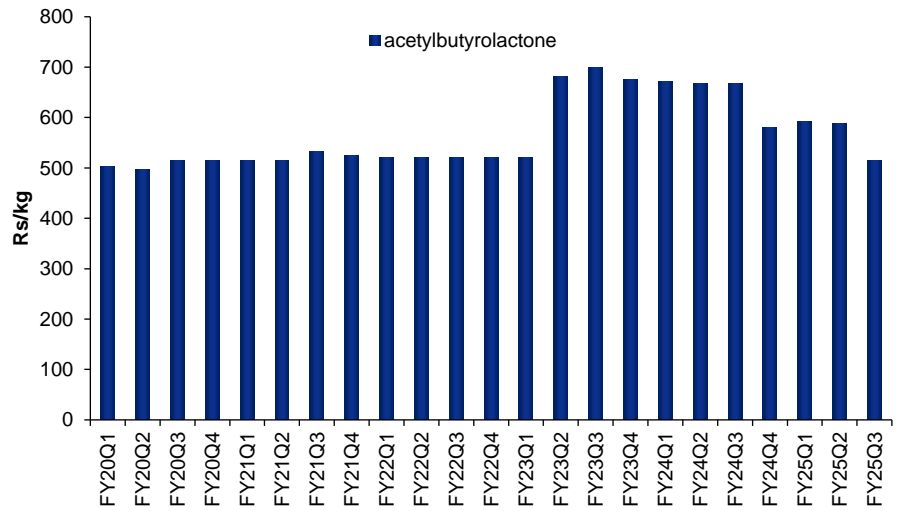


Acetyl butyrolactone (ABL) is mostly used in organic chemicals synthesis ➤

- Precursor in organic synthesis:** ABL is used to synthesize a variety of other compounds, including pharmaceuticals, polymers, and flavours.
- Identification of primary amines:** ABL reacts with primary amines to form Schiff bases, which can be detected using spectroscopy. This reaction is used to identify primary amines in organic synthesis and in analytical chemistry.

3. **Fluorescent reagent:** ABL can be used as a fluorescent reagent to detect amines and other compounds. It is used in a variety of applications, including analytical chemistry, biochemistry, and molecular biology.
4. **Flavouring agent:** ABL has a fruity odour and is used as a flavouring agent in a variety of foods and beverages. However, it is not approved for use in food in the US.

Figure 7: Unlike other intermediates, acetyl butyrolactone prices are highly stable



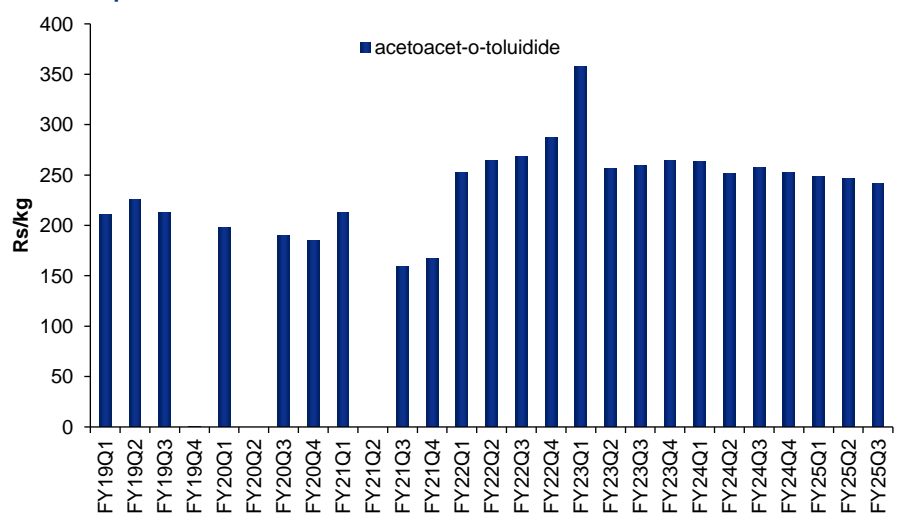
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Acetoacetate-o-toluidide is used in pharmaceuticals and in textile dyes ➤

Acetoacetate-o-toluidide is used as a reagent in organic synthesis. It is used to synthesize a variety of compounds, including pharmaceuticals, polymers, and flavours.

Specifically, acetoacetate-o-toluidide is used as a coupling reagent in the synthesis of azo dyes. It is also used to synthesize fluorescent probes and sensors.

Figure 8: Usage in textiles makes this chemical susceptible to volatility, which results in variable prices



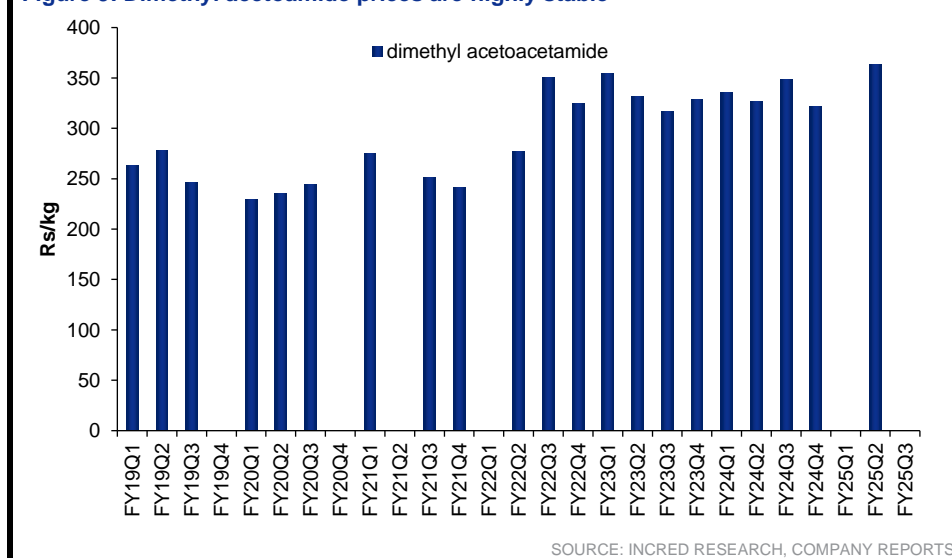
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Dimethyl acetoamide is having a good time because of its versatility ➤

Dimethyl acetoamide (DMA) is a versatile compound with a wide range of applications. It is used in a variety of industries, including:

1. **Pharmaceuticals:** DMA is used to synthesize a variety of pharmaceuticals, including antibiotics, anti-inflammatory drugs, and analgesics.
2. **Agrochemicals:** DMA is used to synthesize a variety of agrochemicals, including herbicides, insecticides, and fungicides.
3. **Polymers:** DMA is used to synthesize a variety of polymers, including plastics, fibres, and elastomers.
4. **Solvents:** DMA is used as a solvent for a variety of organic compounds, including dyes, pigments, and resins.

Figure 9: Dimethyl acetoamide prices are highly stable



Acetoacetanilide is also quite versatile and a difficult-to-synthesize compound ➤

Acetoacetanilide is used to synthesize a variety of organic compounds, including arylide yellows, photoluminescent lanthanide complexes, and acetoacetanilido-4-aminoantipyrine (Schiff base). Arylide yellows are used as pigments in paints, plastics, and textiles. Photoluminescent lanthanide complexes are used in optical devices such as lasers and light-emitting diodes. Acetoacetanilido-4-aminoantipyrine is used as an antipyretic and analgesic.

Acetoacetate-m-xylylidide (AAX) can be characterized as a specialty intermediate ➤

AAX is prepared by the reaction of acetoacetic acid with m-xylylidine in the presence of a base such as sodium hydroxide. The reaction is carried out in a solvent such as ethanol or methanol.

AAX is used to detect protein adducts by forming a Schiff base with the amino groups of the protein. The Schiff base is a coloured compound that can be detected by spectroscopy. AAX is used to detect a variety of protein adducts, including those caused by environmental pollutants, drugs, and toxins.

Tert-butyl acetoacetate is a simple ester which is used as an intermediate for synthesis of various compounds ➤

1. Tert-butyl acetoacetate ester, also known as tert-butyl 3-oxobutanoate, is an organic compound with the formula $\text{CH}_3\text{C}(\text{O})\text{C}(\text{O})\text{OC}(\text{CH}_3)_3$. It is a colourless liquid that is soluble in organic solvents.

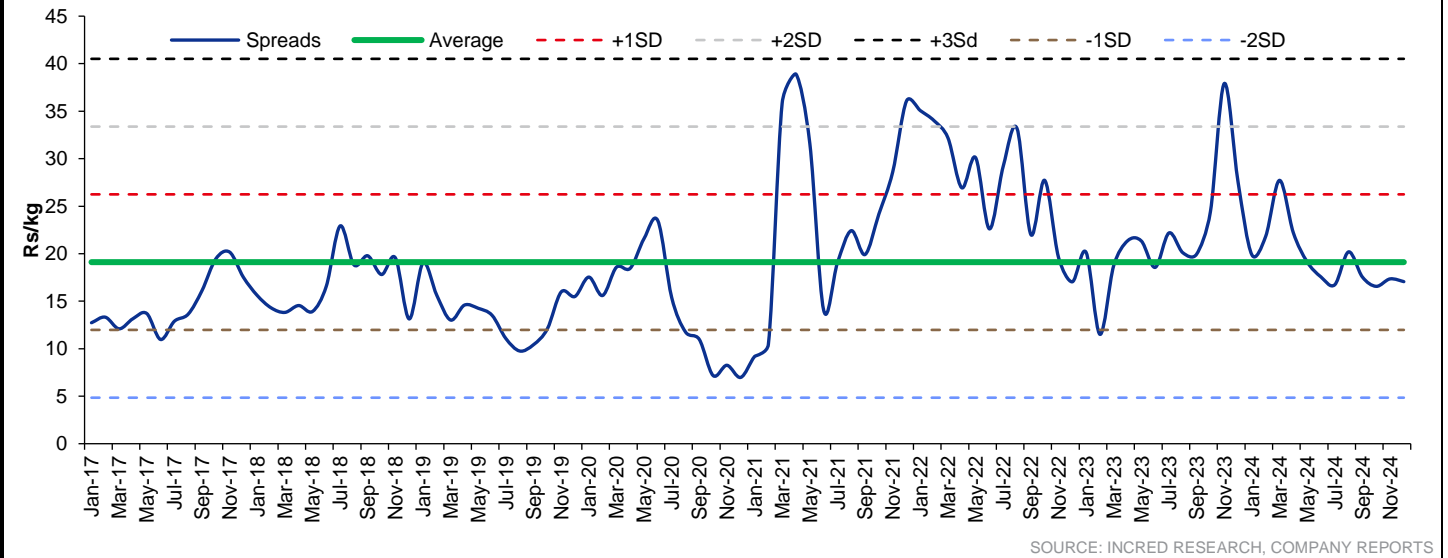
2. Tert-butyl acetoacetate ester is prepared by the reaction of tert-butyl alcohol with acetoacetic acid in the presence of a base such as sodium hydroxide. The reaction is carried out in a solvent such as ethanol or methanol.
3. Tert-butyl acetoacetate ester is used as a reagent in organic synthesis. It can be used to synthesize a variety of compounds, including ketones, carboxylic acids, and esters. It is also used as a solvent in some reactions.

Expansion plan is also in commodity chemicals

Laxmi Organic plans to expand its commodity chemicals business, with capex committed for ethyl acetate, butyl acetate and also for ketene/diketene.

Butyl acetate is a replica of ethyl acetate - simple to manufacture and facing a huge global oversupply ➤

Figure 10: Like ethyl acetate, butyl acetate is also easy to manufacture through the reaction of acetic acid and butanol



We haven't seen any significant exports of fluorochemicals by Laxmi Organic ➤

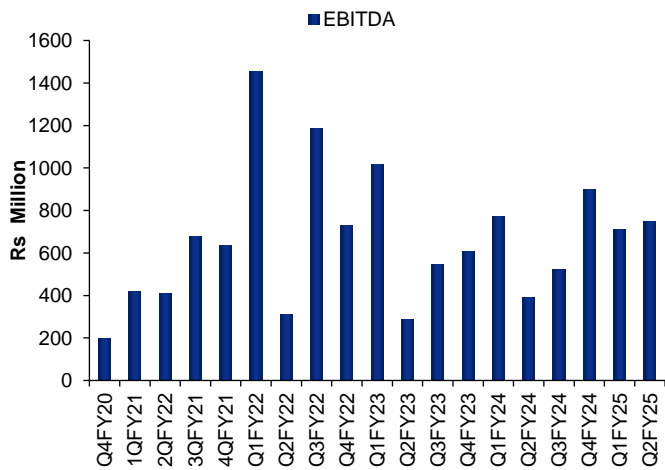
Since its IPO and subsequent QIP, investors have been waiting to see the ramp-up of its fluorochemicals capacity and exports. However, we haven't seen any trace of fluorochemicals in the export basket of Laxmi Organic.

Revenue and earnings

As acetyls are predominant, at ~70% of Laxmi Organic's overall capacity, the earnings of the company are highly volatile. Within acetyls as well, ethyl acetate is a commodity whose cyclicity is worse than that of steel. Hence, EBITDA and PAT of Laxmi Organic are highly volatile.

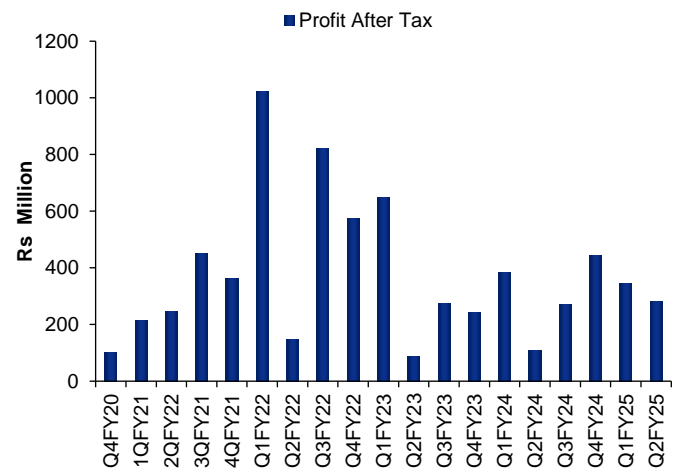
EBITDA and PAT of Laxmi Organic are highly volatile ➤

Figure 11: In earnings volatility, Laxmi Organic will leave steel companies far behind; please see the EBITDA variation over the last five years below



SOURCE: INCRED RESEARCH, COMPANY REPORTS

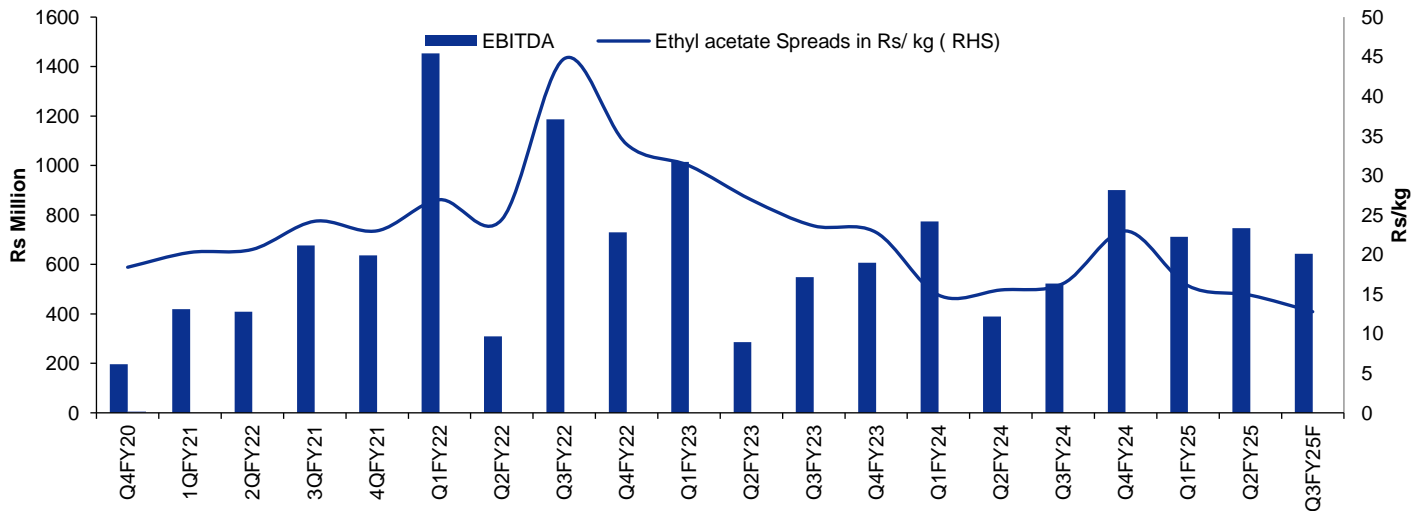
Figure 12: Naturally, PAT is even more volatile as the leverage is rising and depreciation is eating up operational profits



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Laxmi Organic's fortunes are closely linked to that of ethyl acetate's spreads ➤

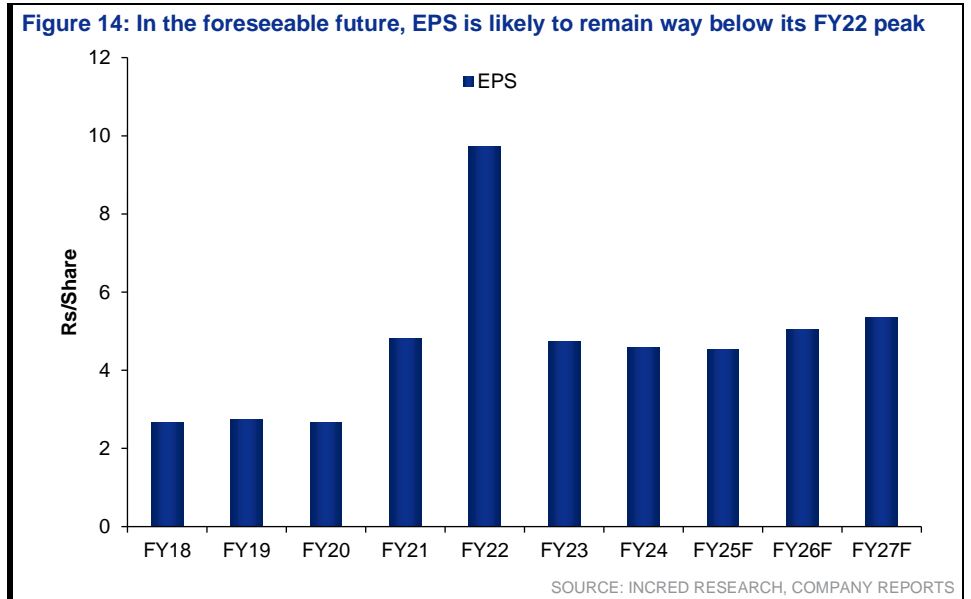
Figure 13: Laxmi Organic's fortunes can be predicted based on ethyl acetate prices only (ethyl acetate accounts for ~70% of its sales volume)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

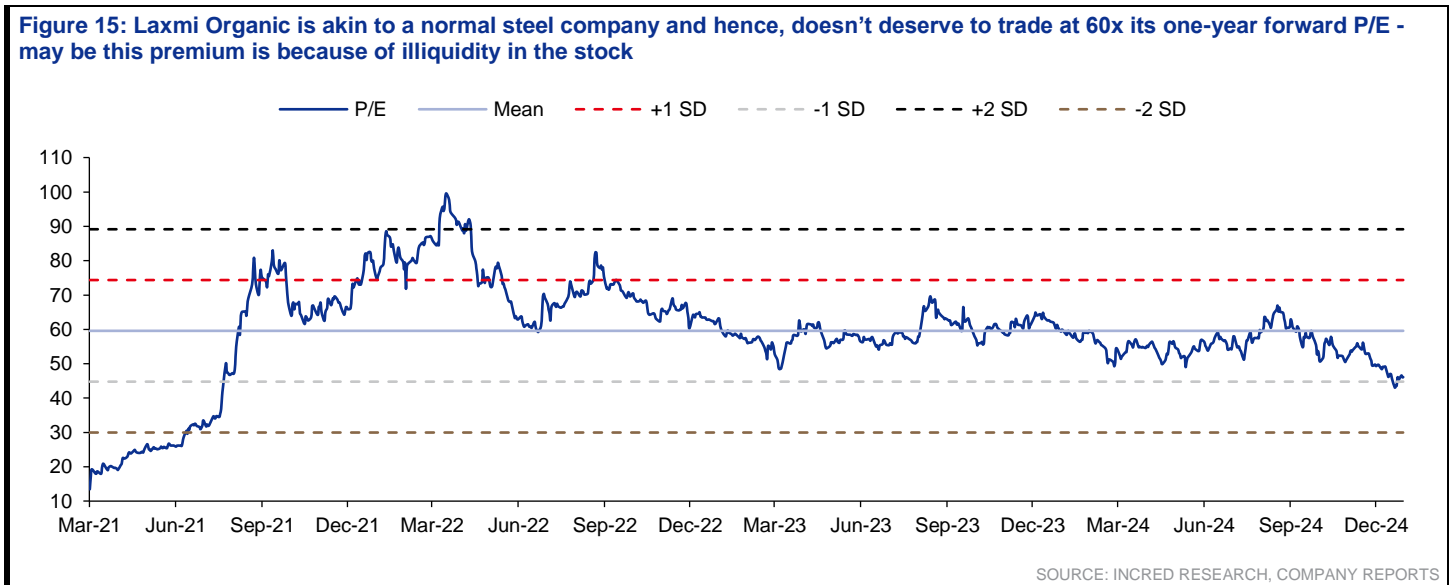
We forecast an EPS of Rs5.4 in FY27F ➤

Figure 14: In the foreseeable future, EPS is likely to remain way below its FY22 peak



Laxmi Organic doesn't deserve to trade at 60x its one-year forward P/E ➤

Figure 15: Laxmi Organic is akin to a normal steel company and hence, doesn't deserve to trade at 60x its one-year forward P/E - may be this premium is because of illiquidity in the stock



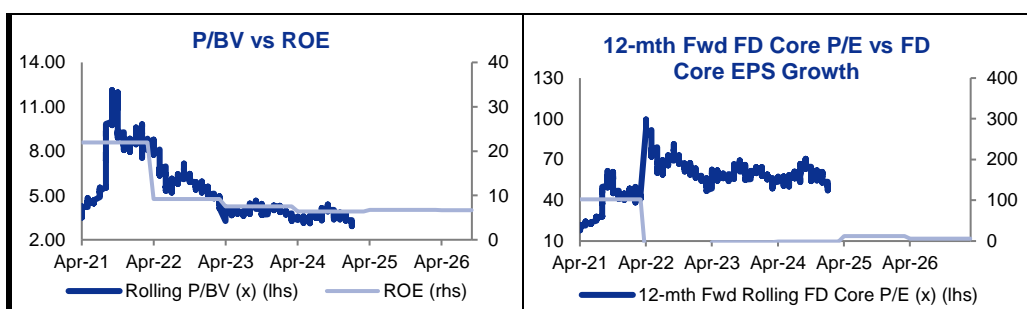
Valuation too high; reiterate REDUCE rating ➤

Figure 16: We value Laxmi Organic at 30x one-year forward EPS to arrive at our 12-month target price of Rs161

	Rs/share
FY26F EPS	5.1
FY27F EPS	5.4
P/E (x)	30
Target price (end-Mar 2026F)	161

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	27,966	28,650	30,000	33,000	36,300
Gross Profit	9,414	9,403	10,500	11,880	13,068
Operating EBITDA	2,445	2,557	2,900	3,600	4,044
Depreciation And Amortisation	(724)	(1,066)	(1,319)	(1,656)	(1,993)
Operating EBIT	1,721	1,491	1,581	1,944	2,051
Financial Income/(Expense)	(113)	(65)	(270)	(445)	(445)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	121	282	282	282	282
Profit Before Tax (pre-EI)	1,729	1,708	1,593	1,781	1,888
Exceptional Items					
Pre-tax Profit	1,729	1,708	1,593	1,781	1,888
Taxation	(483)	(503)	(402)	(449)	(476)
Exceptional Income - post-tax					
Profit After Tax	1,246	1,205	1,192	1,332	1,412
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	1,246	1,205	1,192	1,332	1,412
Recurring Net Profit	1,246	1,205	1,192	1,332	1,412
Fully Diluted Recurring Net Profit	1,246	1,205	1,192	1,332	1,412

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	2,445	2,557	2,900	3,600	4,044
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(133)	3,086	(529)	(724)	(900)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	66	67			
Other Operating Cashflow	226	342	552	727	727
Net Interest (Paid)/Received	(113)	(65)	(270)	(445)	(445)
Tax Paid	(501)	(371)	(402)	(449)	(476)
Cashflow From Operations	1,991	5,616	2,251	2,709	2,951
Capex	(4,759)	(2,477)	(3,000)	(4,000)	(4,000)
Disposals Of FAs/subsidiaries	1	2			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	916	(2,421)			
Cash Flow From Investing	(3,841)	(4,895)	(3,000)	(4,000)	(4,000)
Debt Raised/(repaid)	1,232	(2,612)	5,000		
Proceeds From Issue Of Shares	2	(2)			
Shares Repurchased					
Dividends Paid	(24)	(133)			
Preferred Dividends					
Other Financing Cashflow	1,114	2,328	(270)	(445)	(445)
Cash Flow From Financing	2,325	(419)	4,730	(445)	(445)
Total Cash Generated	474	301	3,981	(1,736)	(1,494)
Free Cashflow To Equity	(618)	(1,892)	4,251	(1,291)	(1,049)
Free Cashflow To Firm	(1,738)	786	(479)	(846)	(604)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	1,509	4,402	8,383	6,647	5,153
Total Debtors	5,702	5,834	6,293	7,129	8,078
Inventories	2,942	2,833	3,264	3,949	4,778
Total Other Current Assets	2,014	1,703	1,703	1,703	1,703
Total Current Assets	12,167	14,772	19,642	19,429	19,712
Fixed Assets	11,527	13,150	14,831	17,175	19,182
Total Investments	28	28	28	28	28
Intangible Assets	85	66	66	66	66
Total Other Non-Current Assets	315	256	256	256	256
Total Non-current Assets	11,955	13,500	15,181	17,525	19,532
Short-term Debt	2,666	385	385	385	385
Current Portion of Long-Term Debt					
Total Creditors	4,663	7,621	7,980	8,778	9,656
Other Current Liabilities	972	905	905	905	905
Total Current Liabilities	8,301	8,911	9,270	10,068	10,946
Total Long-term Debt	1,303	972	5,972	5,972	5,972
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	81	64	64	64	64
Total Non-current Liabilities	1,385	1,036	6,036	6,036	6,036
Total Provisions	312	345	345	345	345
Total Liabilities	9,998	10,292	15,651	16,449	17,327
Shareholders Equity	14,118	17,976	19,168	20,501	21,913
Minority Interests	6	4	4	4	4
Total Equity	14,124	17,980	19,172	20,504	21,917

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	(9.3%)	2.4%	4.7%	10.0%	10.0%
Operating EBITDA Growth	(33.5%)	4.6%	13.4%	24.1%	12.3%
Operating EBITDA Margin	8.7%	8.9%	9.7%	10.9%	11.1%
Net Cash Per Share (Rs)	(9.33)	11.54	7.68	1.10	(4.57)
BVPS (Rs)	53.54	68.17	72.69	77.74	83.10
Gross Interest Cover	15.29	22.77	5.86	4.37	4.61
Effective Tax Rate	27.9%	29.4%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio					
Accounts Receivables Days	80.83	73.49	73.77	74.23	76.45
Inventory Days	65.70	54.76	57.06	62.32	68.56
Accounts Payables Days	115.88	116.48	146.01	144.81	144.81
ROIC (%)	9.7%	6.2%	7.7%	8.3%	7.4%
ROCE (%)	10.4%	7.9%	7.0%	7.3%	7.4%
Return On Average Assets	5.7%	4.8%	4.4%	4.6%	4.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.

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.