

India

ADD (no change)

Consensus ratings*: Buy 34 Hold 5 Sell 3

Current price:	Rs10,128
Target price:	Rs12,900
Previous target:	Rs12,900
Up/downside:	27.4%
InCred Research / Consensus:	3.8%
Reuters:	ULTC.NS
Bloomberg:	UTCEM IN
Market cap:	US\$33,414m
Average daily turnover:	US\$41.8m
	Rs3661.9m
Current shares o/s:	288.7m
Free float:	37.5%

*Source: Bloomberg

Key changes in this note


➤ No change in our earnings estimates.



Price performance	1M	3M	12M
Absolute (%)	(11.8)	(9.6)	2.4
Relative (%)	(7.0)	(0.1)	3.2

Major shareholders	% held
Promoter & Promoter Group	57.3
LIC	2.0
ICICI Pru	1.8

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UltraTech Cement Ltd

Will incumbents be able to resist the 'heat'

- UTCEM's C&W manufacturing plant will be at Jhagadia in Gujarat, with a capacity of 3.5-4m km. Aims to leverage its brand & network in the value chain.
- Mid-teen industry growth supports the entry of a new entrant without pricing pressure. UTCEM has no plan to invest in any other related segment.
- UTCEM also has no plan to add further capacity as of now, just like group company Grasim had highlighted for its paint business in 2021.

Aims to be a sizeable player; No other adjacencies planned

UTCEM has announced its entry into the C&W (cable & wire) segment with a committed capex of Rs18bn (~20% of cement capex in FY25F) and diversify its position in the building materials (BM) sector. The company will be setting up a plant at Jhagadia in Gujarat (close to the group's copper facility of ~100km) by Dec 2026F with a capacity of 3.5-4m km. Over other products in the value chain, the company feels C&W is the most aligned with its portfolio as they are a part of wall interiors and have the same demand driver as that in the residential category (~80% of wire and ~60% of cement demand), where UTCEM's network and brand are already strong. It aims to have an increased wallet share of the consumers in this space. UTCEM expects the C&W industry to post a 13-14% CAGR over the next five years, which is lucrative, providing enough headroom for a new player to grow with a healthy margin. The company plans to lever its pan-India distribution network. UTCEM has no plans to foray into any other building material category over the next three-to-five years.

Follows a strategic approach; levers to be at par with industry

In cables, UTCEM is foraying into only low tension (LT) cables and will be skipping high tension (HT) cables for now. The company aims to have 60%/40% wire and cable product mix, respectively. A special team will be created for this category, and so it doesn't impact the cement business. For the wires channel, the mix will be distributor-led and for cables it will have a mix comprising both distributors and institutions. The distribution strategy is to remain in line with the industry. Brand building to be a part of the company's P&L, and the aspiration is to have a margin like that of the industry (~11-12%). UTCEM has no plan to add further capacity as of now (like what group company Grasim had highlighted for its paint business initially). UTCEM's aim is to achieve full capacity utilization by 2030F.

Group synergy to aid sourcing of inputs; RoCE >25% in the long run

UTCEM's group company's (Hindalco) plant is in Dahej, at a distance of <100km from Jhagadia (UTCEM's plant location). which will benefit by way of inventory management. It will prioritize keeping working capital negative, like UTCEM's business. The expected asset turn ratio to be 5-7x in the C&W business. The asset-light model to enhance UTCEM's RoCE of ~25% by FY30F/FY31F, which will be twice that of the cement industry. Capex to be incurred over the next two years for setting up a plant is equivalent to ~26% of the total gross block of top 5 listed C&W players. Retain our ADD rating on the stock with a target price of Rs12,900.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	632,400	709,081	729,802	824,135	922,558
Operating EBITDA (Rsm)	106,199	129,686	124,306	161,311	198,640
Net Profit (Rsm)	50,640	71,490	61,686	84,470	110,894
Core EPS (Rs)	175.4	245.8	213.7	292.6	384.2
Core EPS Growth	(29.5%)	40.1%	(13.1%)	36.9%	31.3%
FD Core P/E (x)	57.74	40.90	47.40	34.61	26.36
DPS (Rs)	38.0	70.0	53.4	73.2	96.0
Dividend Yield	0.45%	0.83%	0.53%	0.72%	0.00%
EV/EBITDA (x)	27.81	22.86	24.14	18.70	15.08
P/FCFE (x)	66.55	61.42	(563.61)	(127.75)	1,206.94
Net Gearing	5.4%	6.7%	11.8%	13.2%	9.2%
P/BV (x)	5.38	4.85	4.53	4.15	3.74
ROE	9.7%	12.4%	9.9%	12.5%	14.9%
% Change In Core EPS Estimates			(0.37%)	(0.33%)	(0.30%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Will incumbents be able to resist the 'heat'

Overall review & highlights from the analyst call

- UTCEM or Ultratech Cement has announced its entry into the cable and wire (C&W) segment as a part of its strategy to expand the presence in the construction industry value chain. The company has approved a capital expenditure of Rs18bn for this project, which will be incurred over the next two years through a mix of internal accruals and borrowings.
- The new manufacturing plant will be set up at Jhagadia in Gujarat, which is expected to be operational by Dec 2026F. Bharuch is ~50-70km away from Hindalco's plant in Dahej, placing it at a significant inventory advantage apart from other synergies.
- UTCEM aims to leverage its manufacturing expertise and customer base to provide high-quality cables and wires, targeting demand across residential, commercial, infrastructure, and industrial applications.
- The cable and wire industry has posted a revenue CAGR of ~13% over FY19 to FY24, and with increasing formalization, the outlook remains strong. UTCEM believes this move will be value-accretive to its shareholders.
- **Commits capex of ~26% of the total gross block of top 5 listed players:** We note that with Rs18bn in capex, UTCEM's C&W segment would account for ~26% of the total gross block (as of FY24-end) of the five largest players currently.
- UTCEM aims to expand its footprint across the construction value chain, leveraging synergies with existing operations.
- **Cable & wire** is identified as a high-growth segment with substantial headroom for a new entrant.
- Residential market (major demand driver for both cement and wires) and contractor-led purchases align well with UTCEM's current customer base.
- The C&W market is expected to post ~13% CAGR over the next five years, with a total market size of Rs26.7bn (wires) and Rs71bn (cables) in FY24.
- Strategic fit due to UTCEM's strong presence in urban housing, infrastructure, metro rail, and industrial projects.
- **Investment & capacity:** Rs18bn investment for a new plant at Jhagadia in Gujarat (close to the group's copper facility).
- **Planned capacity:** 3.5-4.0m km across wires and cables.
- Focus on low tension, control, instrumentation, flexible, and rubber cables; not entering HT cables currently.
- **Product mix:** Sales mix to comprise 60% wires and 40% cables.
- **Distribution strategy:** Pan-India distribution leveraging the existing UBS (building solutions) network and B2B relationships.
- Wires will follow a distributor-led model, while cables will adopt a mix of distribution and institutional sales.
- Dedicated sales team for C&W business to ensure cement sales remain unaffected.
- **Brand building:** Significant focus on brand building within the P&L. Utilization of UTCEM's strong relationships with contractors, consultants, and influencers.
- **Asset turns and margin:** Asset turn ratio expected at 5-7x, with the EBITDA margin in line with the industry.
- **Capex & working capital:** No additional capex planned until FY30F-31F post initial investment. Working capital requirement remains minimal, with a goal of negative working capital.
- Machinery and plant assets identified will get a fillip now after board approvals.

- **Market dynamics:** Double-digit market growth ensures no pricing pressure despite capacity expansion by incumbents.
- **Competitive advantage:** The UBS network, strong B2B relationships, and a 2,000+ technical services team provide a strategic edge in identifying and targeting ongoing projects.
- **Management aspirations:** To ramp up operations before considering further expansion. Build a scalable and profitable business by leveraging existing strengths and networks.
- Compared to the splash the Birla group made before venturing into paints (announcing aggressive targets for market share and being the second-largest player over three years, with a Rs100bn capex outlay), we found this announcement lacked punch in terms of a disruptive entry.
- **Challenger approach:** The Birla group is navigating multiple competitive challenges across sectors such as telecom, paints, jewellery, and apparel retail. A similar approach of aggressive capex and opex investments could be applied in the cable and wire segment to drive market share gains.
- From UTCEM's point of view, we believe there is a lack of correlation in selling cable & wire, and cement. The product influencers are also different - electricians for cables and wires, whereas building contractors for cement and paints. No synergies in raw material sourcing and freight also.
- **Recently, Polycab India also announced its next five-year plan - (a) Cable and Wire:** 1.5x of market growth in core segments (India's cable & wire industry is expected to post a 12-14% CAGR over FY24-27F from Rs800bn to Rs1,150bn), 11-13% EBITDA margin and exports to contribute 10%+; (b) FMEG: 1.5-2x of market growth and 8-10% EBITDA margin; (c) Rs60-80bn capex; (d) >30% dividend payout.

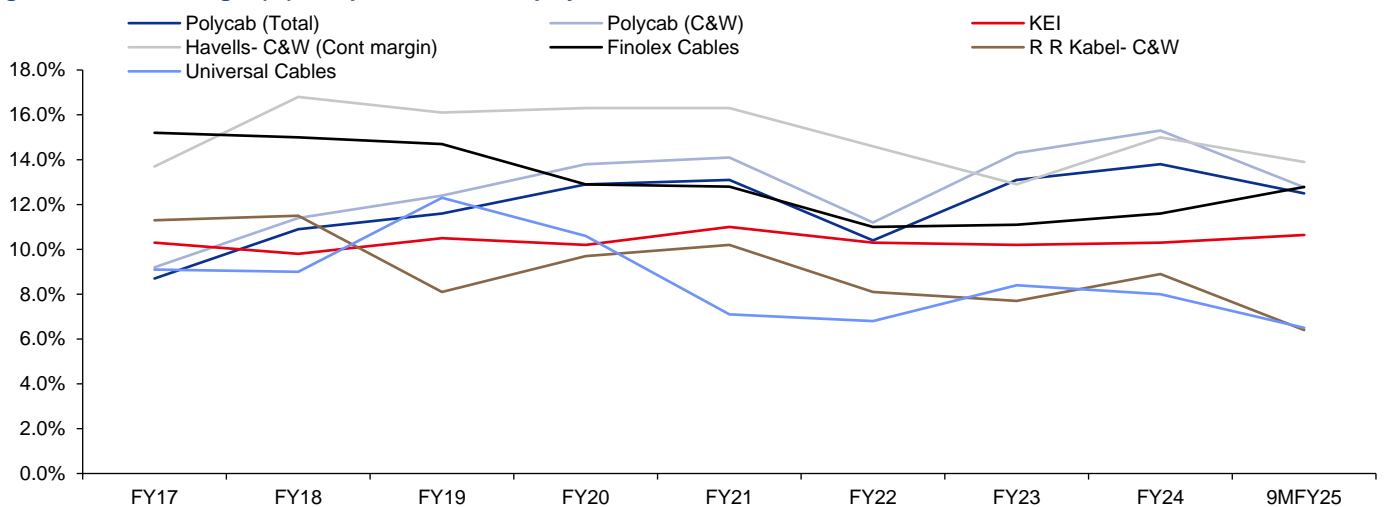
Key charts >

Figure 1: Revenue growth trend of top six C&W players in India

Revenue (C&W Total) (Rs m)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	9MFY25	CAGR-3Y	CAGR-5Y	CAGR- 7Y
Polycab India	55,001	67,703	79,856	88,300	87,922	1,22,038	1,41,078	1,80,394	1,54,225	27%	18%	18%
KEI Industries	26,285	34,655	42,310	48,878	41,815	57,270	69,082	81,041	68,074	25%	14%	17%
Havells India - C&W	26,756	26,000	32,346	29,942	31,802	46,451	55,326	63,176	50,140	26%	14%	13%
R.R. Kabel - C&W	16,982	19,799	22,413	24,724	27,239	43,859	55,992	65,946	47,325	34%	24%	21%
Finolex Cables- C&W	21,778	23,062	24,944	23,611	23,100	31,932	36,835	42,216	31,080	22%	11%	10%
Universal Cable	8,182	11,809	14,166	15,690	12,807	18,135	22,020	20,207	17,435	16%	7%	14%
Top 6- total	1,54,984	1,83,028	2,16,034	2,31,144	2,24,685	3,19,685	3,80,332	4,52,980	3,68,280	26%	16%	17%

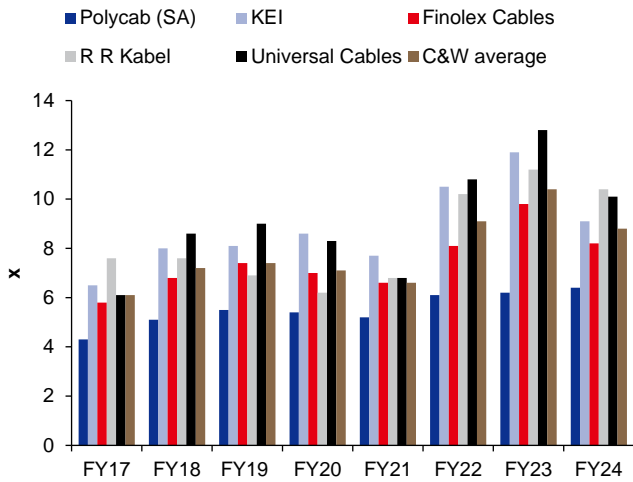
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: EBITDA margin (%) of top six listed C&W players



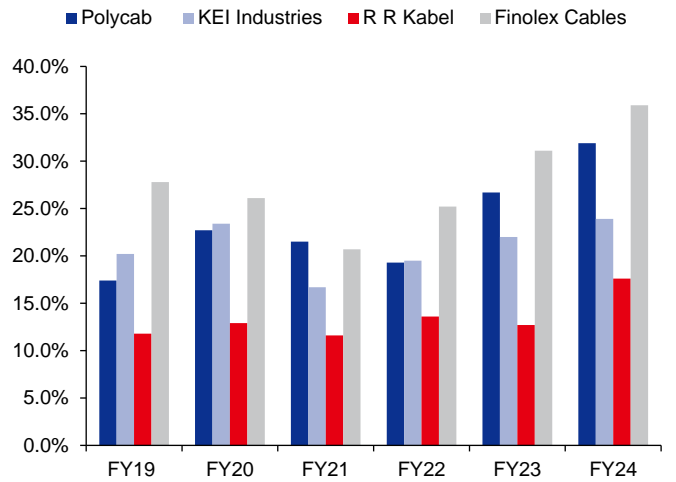
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: C&W fixed asset turnover ratio



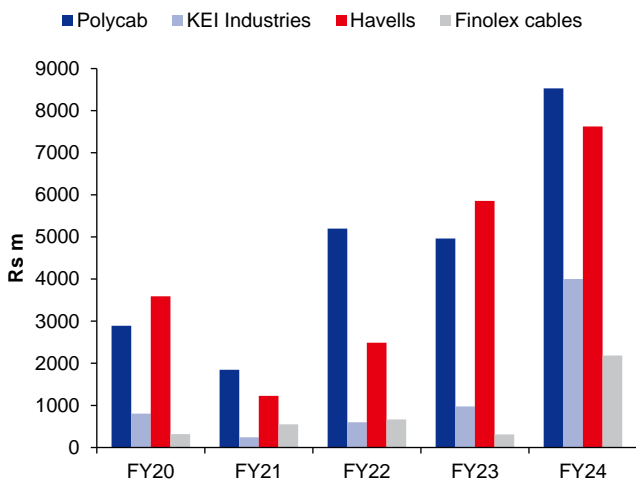
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: RoIC (%) profile of C&W players over the past five years



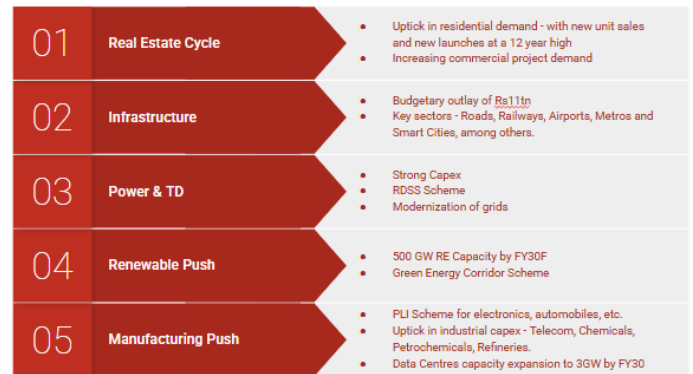
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: UTCEM's Rs18bn capex over the next two years will be higher than that of most C&W peers



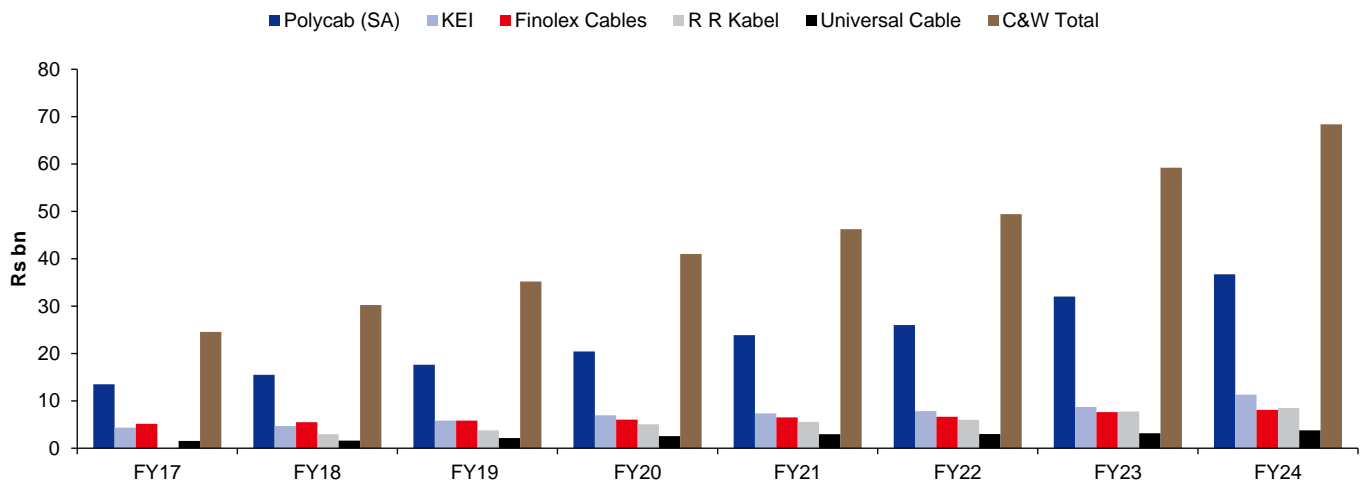
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Demand drivers for the domestic C&W industry



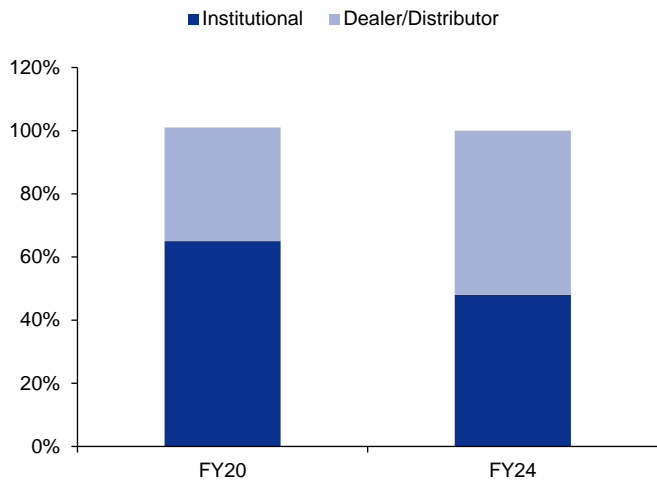
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Gross block of top listed C&W players



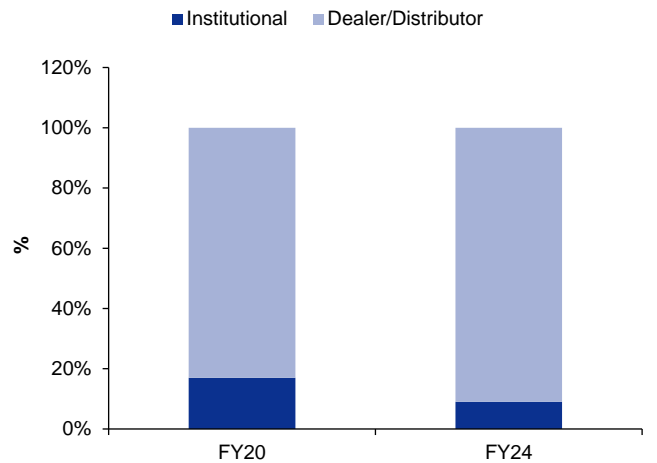
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: KEI Industries' sales are more balanced between distributors and institutional channels



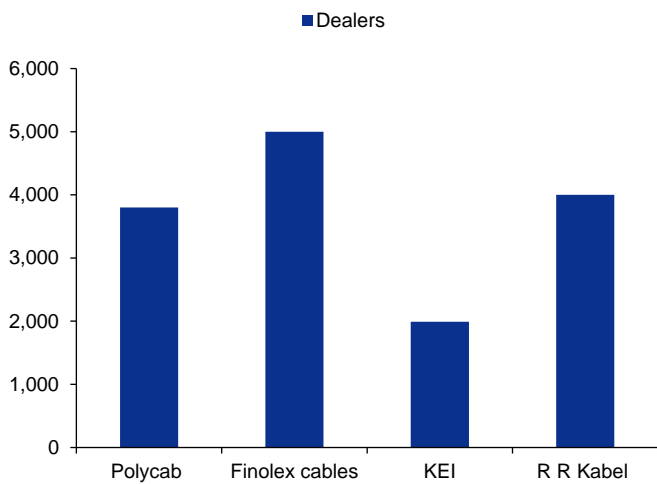
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Polycab India derives 91% of sales through its distributor network



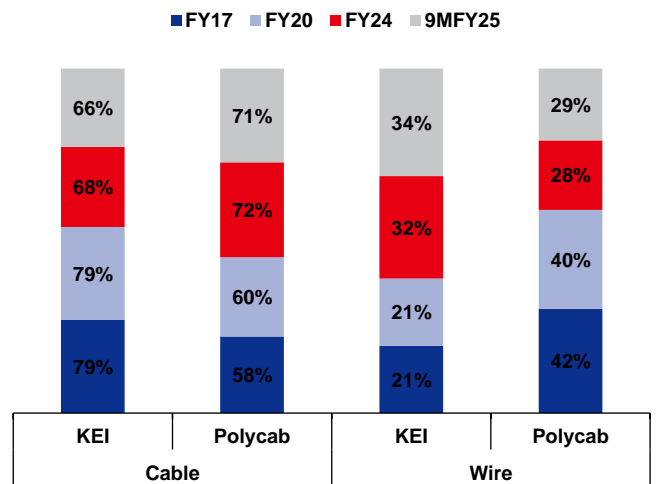
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Dealer network as of FY24-end



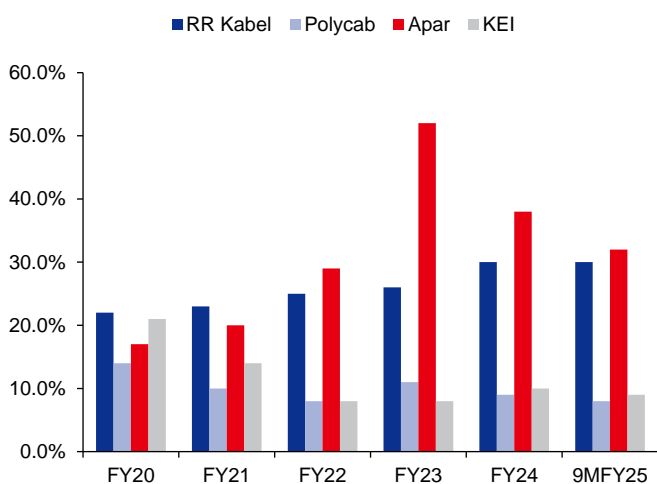
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: KEI Industries vs. Polycab India C&W mix over the years



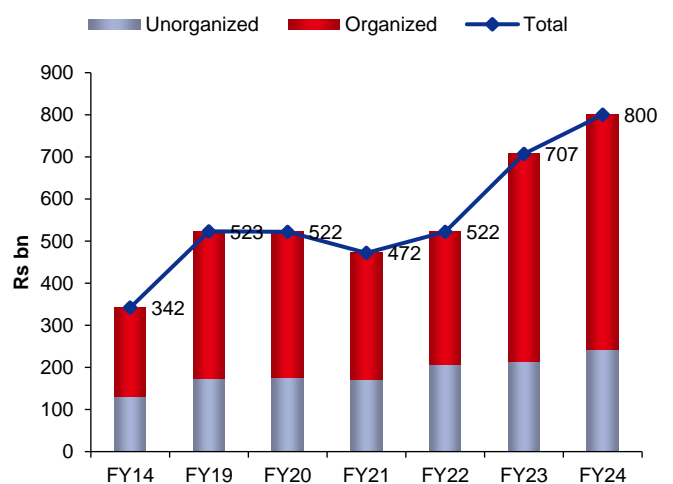
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Exports as a % of revenue for leading players



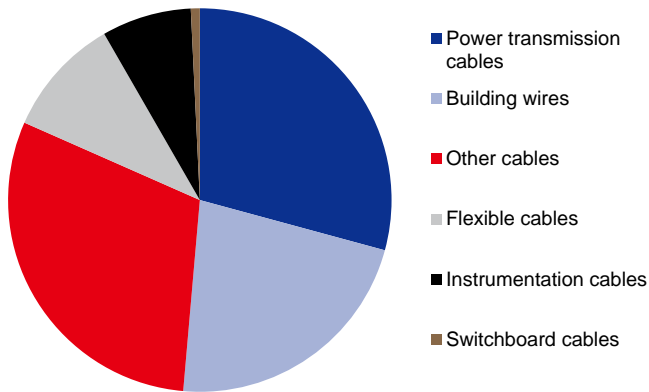
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Organized C&W players continue to outperform the unorganized segment



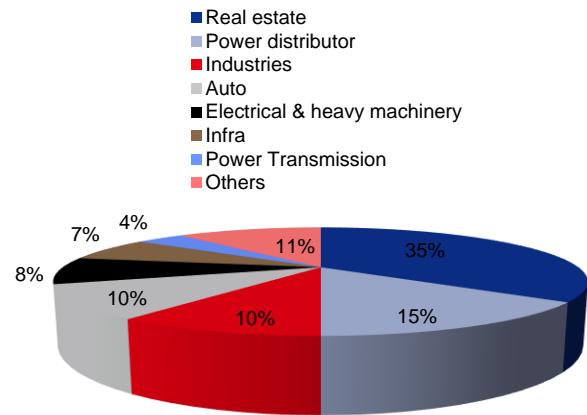
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 14: Consumption by types of cables in India



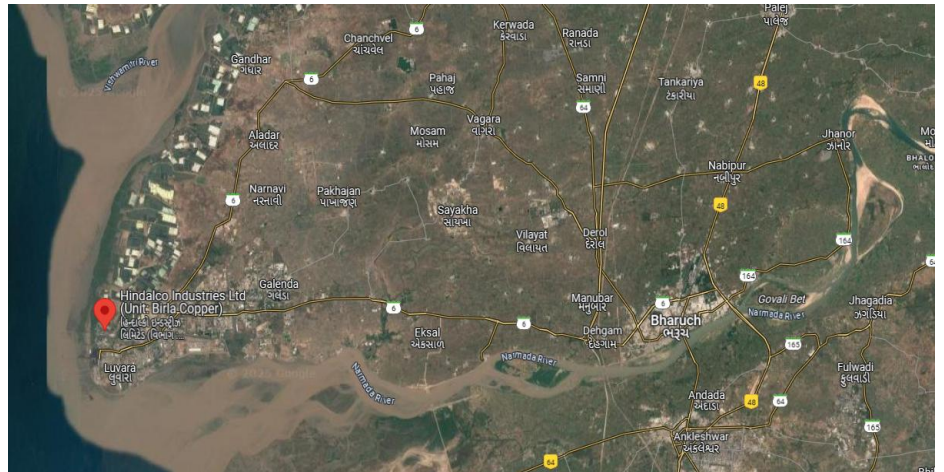
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: End-demand drivers of C&W segment in India



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: Hindalco's (sister company) Dahej plant is ~70km away from Jhagadia, Bharuch where UTCEM will set up its C&W plant



SOURCE: INCRED RESEARCH, GOOGLE MAPS INDIA

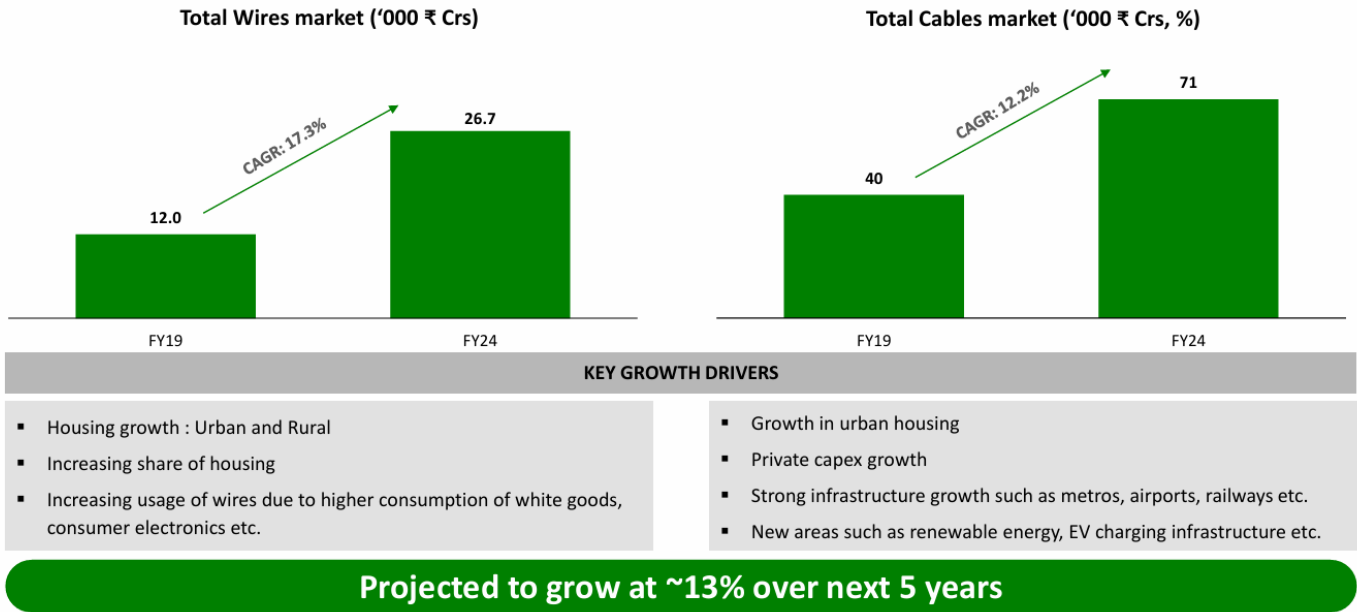
Figure 17: C&W segment-wise presence of top companies in India

Company	HT/ LT	EHV up to 220kv	EHV up to 400kv	House wires	Industrial cables	Power EPC	Others
Havells India	Green	Green	Red	Green	Green	Red	ECD, lighting, Lloyd Consumer, switches, switchgear
Polycab India	Green	Green	Red	Green	Green	Green	FMEG
KEI Ind.	Green	Green	Green	Green	Green	Green	Stainless steel wires
Finolex Cables	Green	Red	Red	Green	Green	Red	Copper rods, FMEG
RR Kabel	Green	Red	Red	Green	Green	Red	FMEG
KEC International	Green	Red	Red	Green	Green	Green	Oil and gas pipeline EPC, civil EPC, etc
Universal Cables	Green	Green	Green	Green	Green	Green	Capacitors, etc
Apar Industries	Green	Red	Red	Green	Green	Green	Speciality oil, polymers, lubricants, etc.

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS
GREEN-OPERATES, RED-NOT OPERATES, YELLOW-ADDITIONAL RELATED STREAMS

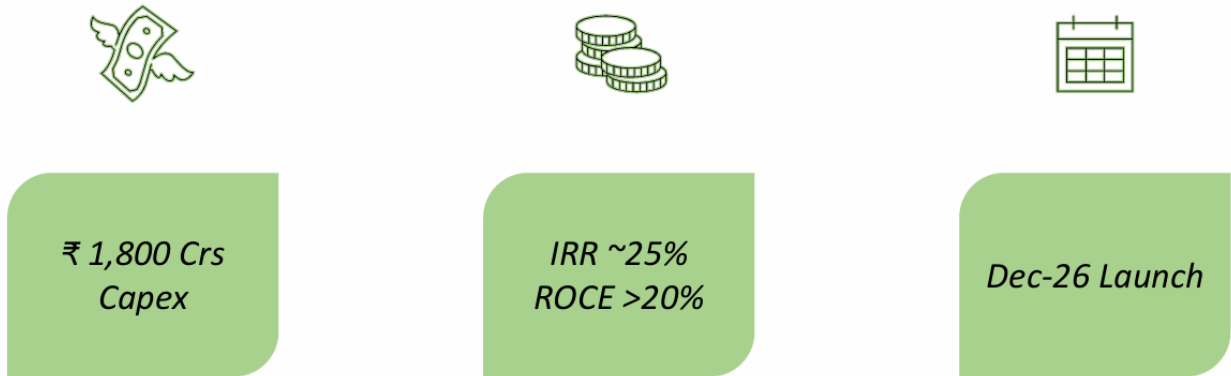
Cable and wire business potential ▶

Figure 18: Cable and wire industry to post double-digit CAGR over the next five years



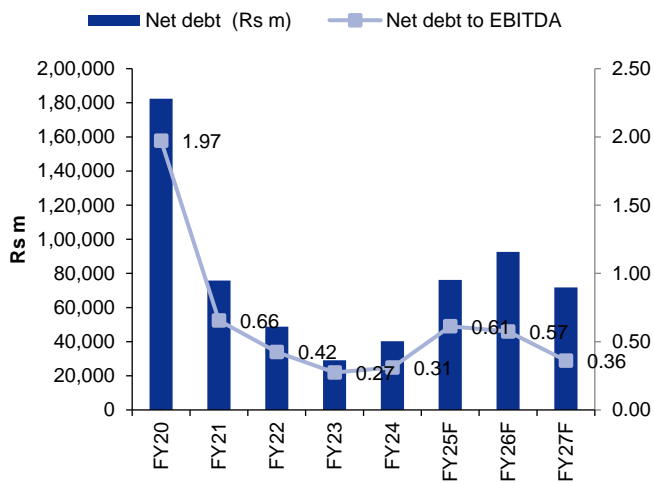
SOURCE: INCRED RESEARCH. UTCHEM CORPORATE PRESENTATION

Figure 19: Cable and wire business - key metrics



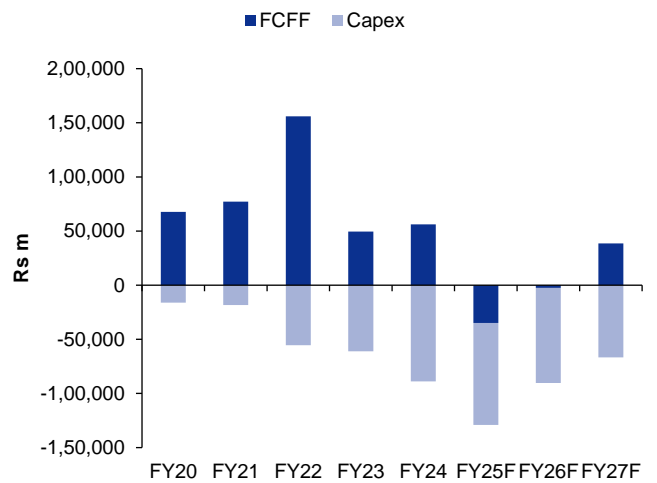
SOURCE: INCRED RESEARCH. UTCHEM CORPORATE PRESENTATION

Figure 20: UTCEM's financial profile remains healthy



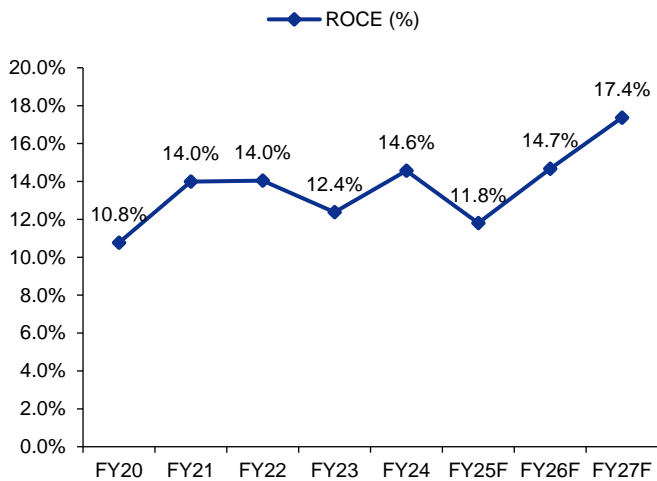
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 21: Announced C&W capex is equivalent to ~20% of UTCEM's cement-related capex in FY25F and its cement-related capex is expected to cool off from next year onwards till the next phase of expansion is announced



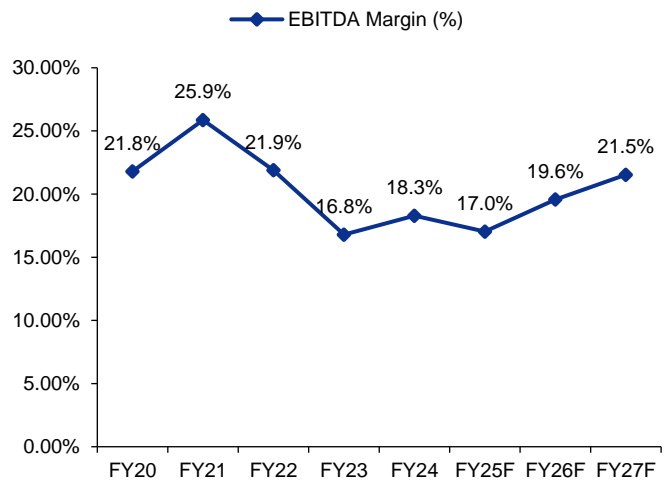
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 22: UTCEM aims to achieve RoCE of >20% in the C&W business, which will be higher than that of its cement business



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 23: Company's profitability profile to strengthen further going ahead with aggressive cost-savings targets



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Earnings estimates ►

Figure 24: Our earnings estimates remain unchanged

Rs. m	New			Old			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Sales	7,29,802	8,24,135	9,22,557	7,29,802	8,24,135	9,22,557	0%	0%	0%
EBITDA	1,24,306	1,61,311	1,98,639	1,24,306	1,61,311	1,98,639	0%	0%	0%
PAT	61,686	84,470	1,10,894	61,686	84,470	1,10,894	0%	0%	0%
EPS (Rs.)	213.7	292.6	384.2	213.7	292.6	384.2	0%	0%	0%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 25: Changes to our estimates vs. Bloomberg consensus estimates

Rs.m	Incred			Consensus			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Sales	7,29,802	8,24,135	9,22,557	7,44,432	8,61,553	9,54,073	-2%	-4%	-3%
EBITDA	1,24,306	1,61,311	1,98,639	1,29,921	1,73,463	2,06,276	-4%	-7%	-4%
PAT	61,686	84,470	1,10,894	67,982	95,681	1,17,783	-9%	-12%	-6%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 26: Key assumptions

	FY23A	FY24A	FY25F	FY26F	FY27F
Volume (in mtpa)	106	119	129	144	158
Yoy	12%	13%	8%	12%	10%
Realization (per tonne)	5,900	5,864	5,583	5,644	5,735
Yoy	7%	-1%	-5%	1%	2%
Cost (per tonne)	4,981	4,867	4,699	4,609	4,571
Yoy	14%	-2%	-3%	-2%	-1%
EBITDA (per tonne)	1,005	1,089	965	1,122	1,254
Yoy	-18%	8%	-11%	16%	12%
EBITDA (Rs m)	1,06,199	1,29,686	1,24,306	1,61,311	1,98,639
Yoy	-8%	22%	-4%	30%	23%

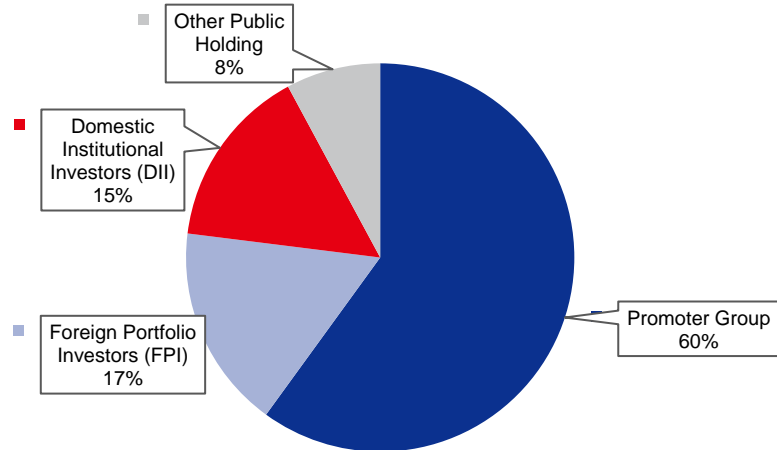
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 27: Maintain ADD rating on the stock with a Mar 2026F target price of Rs12,900, set at an EV/EBITDA of 19x

Valuation	Target price
Target EV/EBITDA (x)	19
Target EV (Rs m)	37,88,452
Net debt / (cash) (Rs m) – one-year lag	65,010
No. of shares (m)	289
Fair value per share (Rs)	12,900

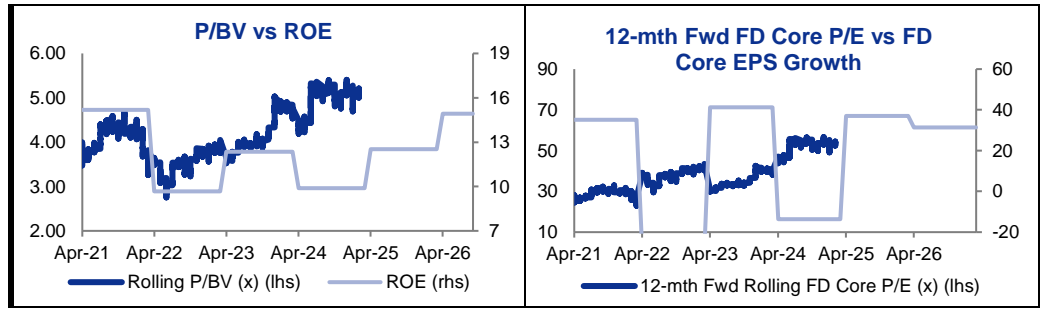
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 28: UTCEM's shareholding pattern (as of end-Dec 2024)



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	632,400	709,081	729,802	824,135	922,558
Gross Profit	632,400	709,081	729,802	824,135	922,558
Operating EBITDA	106,199	129,686	124,306	161,311	198,640
Depreciation And Amortisation	(28,880)	(31,453)	(35,919)	(41,307)	(47,503)
Operating EBIT	77,319	98,233	88,387	120,004	151,136
Financial Income/(Expense)	(8,227)	(9,680)	(13,358)	(14,427)	(10,099)
Pretax Income/(Loss) from Assoc.	40	220	220	220	220
Non-Operating Income/(Expense)	5,031	6,170	8,020	8,261	8,509
Profit Before Tax (pre-EI)	74,163	94,942	83,269	114,058	149,766
Exceptional Items		720			
Pre-tax Profit	74,163	95,662	83,269	114,058	149,766
Taxation	(23,429)	(24,183)	(21,593)	(29,598)	(38,882)
Exceptional Income - post-tax					
Profit After Tax	50,734	71,480	61,676	84,460	110,884
Minority Interests	(94)	10	10	10	10
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	50,640	71,490	61,686	84,470	110,894
Recurring Net Profit	50,640	70,952	61,686	84,470	110,894
Fully Diluted Recurring Net Profit	50,640	70,952	61,686	84,470	110,894

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	106,199	129,686	124,306	161,311	198,640
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(3,372)	(3,372)	5,427	7,557	5,244
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	5,031	6,170	8,020	8,261	8,509
Other Operating Cashflow	2,296	(20,877)	(20,877)	(20,877)	(20,877)
Net Interest (Paid)/Received	(8,227)	(9,680)	(13,358)	(14,427)	(10,099)
Tax Paid	11,243	16,505	(21,593)	(29,598)	(38,882)
Cashflow From Operations	113,169	118,431	81,924	112,227	142,534
Capex	(61,056)	(88,841)	(94,192)	(87,805)	(66,608)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(10,815)	16,970	(35,919)	(41,307)	(47,503)
Cash Flow From Investing	(71,871)	(71,871)	(130,112)	(129,112)	(114,112)
Debt Raised/(repaid)	2,636	1,047	43,000	(6,000)	(26,000)
Proceeds From Issue Of Shares	(1,018)	(825)	(3,392)	(4,559)	(33,637)
Shares Repurchased					
Dividends Paid	(13,219)	(24,351)	(18,583)	(25,447)	(33,407)
Preferred Dividends					
Other Financing Cashflow	(4,709)	4,872	34,269	30,437	59,514
Cash Flow From Financing	(16,310)	(19,257)	55,294	(5,569)	(33,529)
Total Cash Generated	24,989	27,304	7,107	(22,454)	(5,107)
Free Cashflow To Equity	43,934	47,608	(5,187)	(22,885)	2,422
Free Cashflow To Firm	49,526	56,241	(34,829)	(2,458)	38,521

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	69,862	62,680	69,787	47,333	42,225
Total Debtors	38,670	42,782	41,989	45,158	48,024
Inventories	66,118	83,297	81,978	88,058	96,047
Total Other Current Assets	32,779	42,825	39,409	42,855	46,128
Total Current Assets	207,429	231,584	233,163	223,404	232,424
Fixed Assets	532,497	565,321	657,514	744,318	809,927
Total Investments	14,604	27,642	27,642	27,642	27,642
Intangible Assets	103,697	131,567	131,567	131,567	131,567
Total Other Non-Current Assets	55,643	51,907	53,907	54,907	55,907
Total Non-current Assets	706,441	776,436	870,629	958,433	1,025,042
Short-term Debt	45,444	49,906	64,906	62,906	54,906
Current Portion of Long-Term Debt					
Total Creditors	72,093	84,783	80,390	86,428	94,461
Other Current Liabilities	116,781	134,370	138,662	152,877	164,215
Total Current Liabilities	234,318	269,060	283,958	302,211	313,582
Total Long-term Debt	53,564	53,078	81,078	77,078	59,078
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	82,186	83,049	93,049	98,049	103,049
Total Non-current Liabilities	135,750	136,126	174,126	175,126	162,126
Total Provisions					
Total Liabilities	370,068	405,186	458,084	477,337	475,708
Shareholders Equity	543,245	602,275	645,148	703,941	781,198
Minority Interests	556	559	559	559	559
Total Equity	543,802	602,834	645,707	704,500	781,757

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	20.2%	12.1%	2.9%	12.9%	11.9%
Operating EBITDA Growth	(7.8%)	22.1%	(4.1%)	29.8%	23.1%
Operating EBITDA Margin	16.8%	18.3%	17.0%	19.6%	21.5%
Net Cash Per Share (Rs)	(100.96)	(139.61)	(263.99)	(320.99)	(248.61)
BVPS (Rs)	1,881.76	2,086.23	2,235.13	2,438.82	2,706.48
Gross Interest Cover	9.40	10.15	6.62	8.32	14.97
Effective Tax Rate	31.6%	25.3%	25.9%	25.9%	26.0%
Net Dividend Payout Ratio	26.1%	34.4%	25.0%	25.0%	
Accounts Receivables Days	20.02	20.96	21.20	19.30	18.43
Inventory Days	(35.23)	(38.46)	(41.33)	(37.65)	(36.42)
Accounts Payables Days	45.34	49.41	49.78	45.93	45.60
ROIC (%)	12.1%	14.1%	11.2%	13.8%	16.3%
ROCE (%)	12.4%	14.6%	11.8%	14.7%	17.4%
Return On Average Assets	6.7%	8.4%	7.1%	8.7%	9.9%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

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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.

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- 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.

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