

## India

## ADD (no change)

Consensus ratings\*: Buy 29 Hold 6 Sell 6

Current price: Rs1,892  
 Target price: ▼ Rs2,210  
 Previous target: Rs2,400  
 Up/downside: 16.8%  
 InCred Research / Consensus: -4.1%

Reuters: ACC.NS  
 Bloomberg: ACC IN  
 Market cap: US\$4,168m  
 Rs355,331m  
 Average daily turnover: US\$8.4m  
 Rs715.5m  
 Current shares o/s: 188.0m  
 Free float: 40.1%

\*Source: Bloomberg

## Key changes in this note

- EBITDA cut by ~3-4% for FY26F-27F.
- Retain ADD rating with a lower target of Rs2,210.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(2.6)	(5.8)	(25.3)
Relative (%)	(6.1)	(9.0)	(30.7)

Major shareholders	% held
Promoter & Promoter Group	56.7
Life Insurance Corporation of India	7.7
HDFC MF	3.3

## ACC Ltd

## Better volume &amp; price leads to EBITDA beat

- Adj. consol. 4Q EBITDA stood at ~Rs8.3bn (~7% above our estimate), down by ~1% yoy. Volume grew by ~14% yoy, reflecting a higher inter-group volume.
- We expect profitability improvement in the coming quarters to be largely driven by benefits from improving pricing and cost efficiency measures.
- We cut EBITDA estimates by 3-4% for FY26F-27F. Retain our ADD rating on the stock with a lower target price of Rs2,210.

## Volume growth continues via MSA; healthier recovery in realization

Cement sales volume of ACC grew by ~14% yoy and ~1% above our estimate, implying higher sales momentum under MSA (Master Supply Agreement) with group companies and the highest-ever mix of premium products at ~41% of trade sales vs. 32% qoq. ACC achieved its highest annual sales volume of 42.2mt, up 14% in FY25, driven by faster ramp-up and leveraging its MSA arrangements. For FY26F, it has given guidance of ~7-8% industry growth. ACC grey cement realization saw an improvement of ~3% qoq due to improved pricing scenario and rising weightage of premium product sales. Readymix concrete or RMC revenue increased by ~30% yoy in 4QFY25 and by ~7% in FY25.

## Unit EBITDA improves to Rs698; cost-saving measures continue

Blended costs/t were flat yoy & down 2.1% qoq, with power and fuel costs down by ~22% yoy & ~8% qoq (on Kcal basis, fuel costs fell to Rs1.47 vs. Rs1.68 qoq & Rs1.91 yoy). Kiln fuel costs dipped, driven by optimization of the fuel mix and higher consumption of alternative fuels. Thermal value fell from 739Kcal to 737Kcal, with further improvement likely in the coming quarters. Logistics costs/t were down by ~10% yoy & flat qoq at Rs957/t, secondary lead distance was down by 44km, & direct dispatches at 71%. Fixed expenses were down by ~7%/~12% qoq/yoy, respectively. The RMC division reported EBIT-level profit of Rs222m vs. Rs110m qoq. Renewable energy or RE's share rose to 22.5% vs. 18.7% qoq and is expected to touch 60% by FY28F. The thermal substitution rate was 11% vs. 10% qoq. Subsequently, the blended EBITDA/t rose by ~Rs250 qoq to Rs698.

## Cash balance improves qoq; expansion remains on track

Cash & cash equivalents stood at Rs35.9bn vs. Rs25.3bn qoq, with a strong net worth. Expansion capex remains on track and the 1.6mt grinding unit at Sindri (East) is expected to be commissioned by 1QFY26F.

## Retain ADD rating with a lower target price of Rs2,210

ACC trades at FY26F/27F EV/EBITDA of 11x/9x, respectively. Retain ADD rating on it with a Mar 2026F target price of Rs2,210 based on 10.5x EV/EBITDA (earlier target price was Rs2,400 at 11x). Downside risks: Pressure on cement prices, project delay & a rise in costs.

## Research Analyst(s)



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## Financial Summary

	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue (Rsm)	222,102	199,589	211,255	239,822	257,513
Operating EBITDA (Rsm)	19,249	30,617	24,245	30,335	36,728
Net Profit (Rsm)	8,852	23,349	24,021	17,691	21,830
Core EPS (Rs)	53.4	113.9	76.0	94.1	116.1
Core EPS Growth	(47.2%)	113.1%	(33.3%)	23.8%	23.4%
FD Core P/E (x)	40.18	15.23	14.81	20.11	16.29
DPS (Rs)	9.3	7.5	7.5	8.5	10.5
Dividend Yield	0.64%	0.55%	0.55%	0.45%	0.55%
EV/EBITDA (x)	18.27	10.76	13.39	10.74	8.78
P/FCFE (x)	(7.23)	20.33	(47.53)	(1,599.33)	70.50
Net Gearing	(2.9%)	(16.1%)	(16.7%)	(14.8%)	(15.1%)
P/BV (x)	2.52	2.18	1.92	1.76	1.61
ROE	7.1%	14.1%	8.2%	9.1%	10.3%
% Change In Core EPS Estimates				(0.38%)	(0.34%)
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

## Better volume & price leads to EBITDA beat

### 4QFY25 results review

#### Quick snapshot of ACC's results ➤

- **Volume:** During 4Q, cement volume came in at 11.9mt, up 14.4% yoy and 11.2% qoq, ~1% above Incred estimate. Achieved the highest trade and premium sales volume. Volume in FY25 stood at 42.2mt vs. 36.9mt yoy.
- **Realization:** Cement realization stood at Rs4,778/t, up ~3% qoq and ~1% above Incred estimate.
- **Costs:** Overall blended costs/t were flat yoy and down 2.1% qoq with a reduction in raw material, power and fuel and fixed costs: a) Power and fuel costs were down by ~22% yoy and ~8% qoq (on Kcal basis, fuel costs declined on a basis to Rs1.47 vs. Rs1.68 qoq and Rs1.91 yoy). Kiln fuel costs reduced, driven by optimization of the fuel mix and higher consumption of alternative fuels. Thermal value reduced from 739Kcal to 737Kcal, with further improvement expected in the coming quarters.
- Logistics costs/t were down by ~10% yoy and flat qoq at Rs957/t while the secondary lead distance was down by 44km, and direct dispatches stood at 71%.
- Raw material costs increased by ~21% yoy and ~3% qoq.
- Fixed expenses were down by ~7%/~12% qoq/yoy, respectively.
- **EBITDA:** Consolidated EBITDA declined by ~1% yoy and were up ~73% qoq at ~Rs8.3bn (vs. our expectation of ~Rs7.75bn); EBITDA/t stood at Rs698 during the quarter vs. our estimate of Rs657 (up Rs250/t qoq and down Rs107/t yoy).
- **RMC division:** RMC revenue came in at Rs4.2bn, up by ~32% yoy and ~22% qoq, The company reported EBIT-level profit of Rs222m vs. 110m qoq and a loss of Rs165m yoy.
- Reported PAT was at ~Rs7.5bn vs. our PAT estimate of ~Rs4.6bn. Reported an exceptional gain of Rs1.35bn during the quarter.
- Cash and cash equivalents stood at Rs35.9bn in the Mar 2025 quarter vs. Rs25.3bn in the Dec 2024 quarter.
- Management remains positive on the industry with progressive government policies. For FY26F, it expects the industry to grow 7-8%. ACC had given guidance of 8% industry growth during 4QFY25.

Figure 1: Consolidated quarterly performance

Particulars (Rs m)	4QFY25	4QFY25F	3QFY25	4QFY24	% Change		
					4QFY25F	3QFY25	4QFY24
<b>Net Sales</b>	<b>60,665</b>	<b>59,496</b>	<b>52,905</b>	<b>54,087</b>	<b>2%</b>	<b>15%</b>	<b>12%</b>
Raw Materials Consumed	25,098	22,881	21,938	18,160	10%	14%	38%
Freight and Forwarding Expenses	11,393	11,565	10,275	11,014	-1%	11%	3%
Power and Fuel Costs	8,691	9,666	8,529	9,763	-10%	2%	-11%
Employee Costs	1,752	2,012	1,975	1,672	-13%	-11%	5%
Other Expenses	5,430	5,622	5,399	5,111	-3%	1%	6%
<b>Total Expenditure</b>	<b>52,363</b>	<b>51,744</b>	<b>48,117</b>	<b>45,719</b>	<b>1%</b>	<b>9%</b>	<b>15%</b>
<b>EBITDA</b>	<b>8,302</b>	<b>7,751</b>	<b>4,789</b>	<b>8,368</b>	<b>7.1%</b>	<b>73%</b>	<b>-1%</b>
Depreciation	2,649	2,468	2,596	2,370	7%	2%	12%
<b>EBIT</b>	<b>5,653</b>	<b>5,284</b>	<b>2,193</b>	<b>5,998</b>	<b>7%</b>	<b>158%</b>	<b>-6%</b>
Interest	136	334	282	667	-59%	-52%	-80%
Other Income	1,939	1,248	1,179	1,197	55%	64%	62%
<b>PBT</b>	<b>7,456</b>	<b>6,198</b>	<b>3,090</b>	<b>6,528</b>	<b>20%</b>	<b>141%</b>	<b>14%</b>
Tax	1,311	1,611	3,847	-603	-19%	-66%	-318%
<b>PAT before MI &amp; Associates</b>	<b>6144</b>	<b>4586</b>	<b>-757</b>	<b>7131</b>	<b>34%</b>	<b>NA</b>	<b>-14%</b>
Minority Interest	0	0	0	0			
Profit from Assoc.	19	0	3	7			
<b>Recurring PAT</b>	<b>6,163</b>	<b>4,586</b>	<b>-754</b>	<b>7,138</b>	<b>34%</b>	<b>NA</b>	<b>-14%</b>
Extraordinary Items	1,347	0	11,672	2,296			
Reported PAT	7,510	4,586	10,918	9,434	64%	-31%	-20%
EPS (Rs)	40.0	24.4	58.1	50.2	64%	-31%	-20%
<b>Margins (%)</b>	<b>4QFY25</b>	<b>4QFY25</b>	<b>3QFY25</b>	<b>4QFY24</b>			
Gross Margin	25.5%	25.9%	23.0%	28.0%	-33bp	253bp	-249bp
EBITDA Margin	13.7%	13.0%	9.1%	15.5%	66bp	463bp	-179bp
EBIT Margin	9.3%	8.9%	4.1%	11.1%	44bp	517bp	-177bp
PBT Margin	12.3%	10.4%	5.8%	12.1%	187bp	645bp	22bp
PAT Margin	12.4%	7.7%	20.6%	17.4%	467bp	-826bp	-506bp
Tax Rate	17.6%	26.0%	124.5%	-9.2%	-841bp	NA	2,682bp
<b>Cost Items as % of Sales</b>							
RM Costs	41.4%	38.5%	41.5%	33.6%	291bp	-10bp	780bp
Freight Costs	18.8%	19.4%	19.4%	20.4%	-66bp	-64bp	-158bp
P&F Costs	14.3%	16.2%	16.1%	18.1%	-192bp	-180bp	-373bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, ADJUSTED NUMBERS FOR EXCEPTIONAL ITEMS

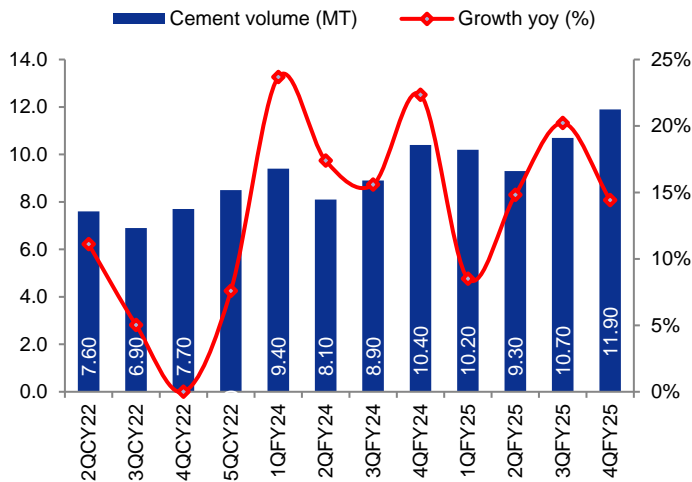
Figure 2: 4QFY25 results - per tonne analysis

Per tonne analysis	4QFY25	4QFY25F	3QFY25	4QFY24	% Change		
					4QFY25F	3QFY25	4QFY24
Sales Volume	11.90	11.80	10.70	10.40	0.8%	11.2%	14.4%
Realization	4,778	4,740	4,652	4,919	0.8%	2.7%	-2.9%
EBITDA/t	698	657	448	805	6.2%	55.9%	-13.3%
RM Costs/t	2,109	1,939	2,050	1,746	8.8%	2.9%	20.8%
P&F Costs/t	730	819	797	939	-10.8%	-8.4%	-22.2%
Freight Costs/t	957	980	960	1,059	-2.3%	-0.3%	-9.6%
Employee Costs/t	147	170	185	161	-13.7%	-20.3%	-8.4%
Other Expenses/t	456	476	505	491	-4.2%	-9.6%	-7.1%
<b>Total Costs/t</b>	<b>4,400</b>	<b>4,385</b>	<b>4,497</b>	<b>4,396</b>	<b>0.3%</b>	<b>-2.1%</b>	<b>0.1%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

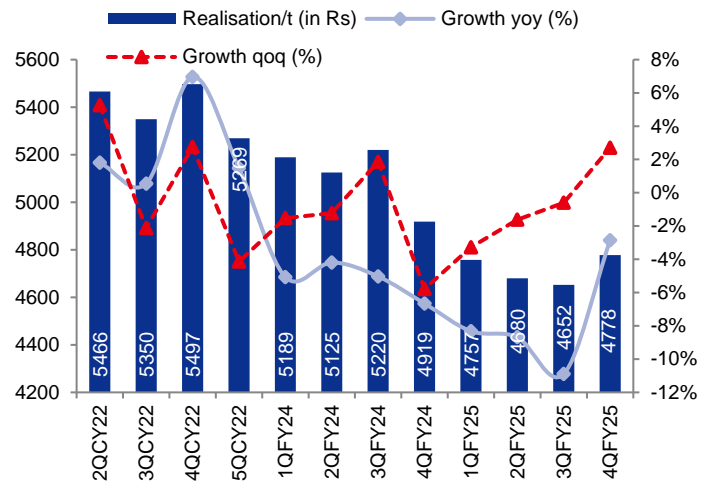
## Key charts ➤

Figure 3: Cement sales volume up by ~14% yoy



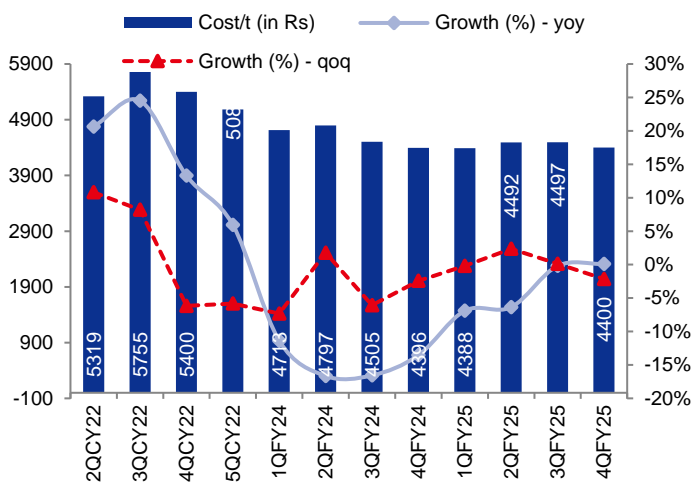
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Cement realization improves by ~3% qoq



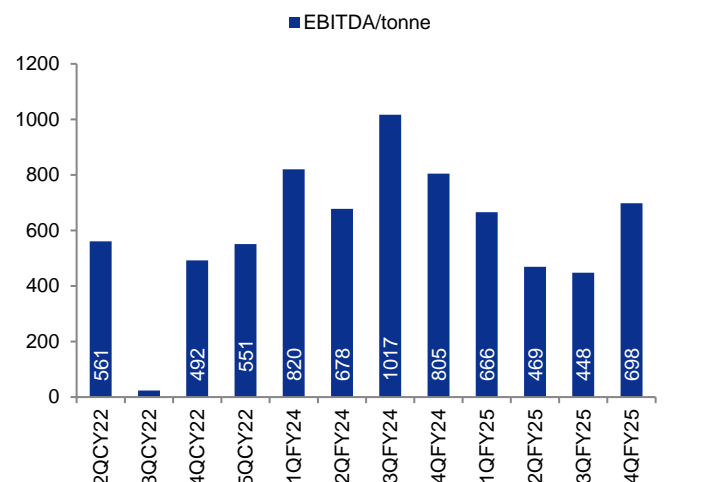
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Costs/t were flat yoy and down by 2% qoq



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Unit EBITDA improved by Rs250/t qoq to Rs658/t for the quarter



SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Key changes ➤

**Figure 7: Our revised earnings estimates**

Rs. m	New		Old		Change (%)	
	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
Sales	2,39,822	2,57,513	2,24,127	2,40,375	7%	7%
EBITDA	30,335	36,728	31,590	37,802	-4%	-3%
PAT	17,691	21,830	18,437	22,439	-4%	-3%
EPS (Rs.)	93.9	115.8	98.0	119.0	-4%	-3%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 8: Changes in our estimates vs. Bloomberg consensus estimates**

Rs. m	Incred		Consensus		Change (%)	
	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
Sales	2,39,822	2,57,513	2,31,521	2,49,647	4%	3%
EBITDA	30,335	36,728	33,696	38,925	-10%	-6%
PAT	17,691	21,830	19,215	22,573	-8%	-3%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

**Figure 9: Key assumptions**

	15MFY23A	FY24A	FY25A	FY26F	FY27F
<b>Volume (in mtpa)</b>	39	37	42	46	49
Yoy	34%	-4%	14%	8%	6%
<b>Realization (per t)</b>	5,354	5,092	4,859	4,956	5,016
Yoy	2%	-5%	-5%	2%	1%
<b>Cost (per t)</b>	5,257	4,579	4,432	4,290	4,259
Yoy	15%	-13%	-3%	-3%	-1%
<b>EBITDA (per t)</b>	499	830	575	666	757
Yoy	-52%	66%	-31%	16%	14%
<b>EBITDA (Rs m)</b>	19,249	30,617	24,245	30,335	36,728
Yoy	-36%	59%	-21%	25%	21%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

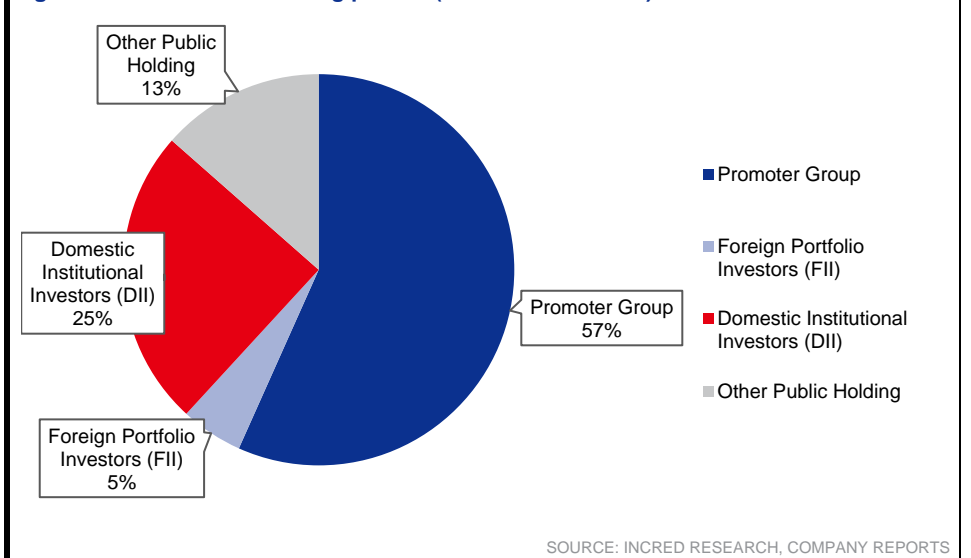
\*NOTE: FY23 FINANCIAL YEAR IS FOR 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR

**Figure 10: Maintain ADD rating with a Mar 2026F target price of Rs2,210, set at 10.5x (earlier 11x) EV/EBITDA**

Valuation	TP
Target EV/EBITDA multiple (x)	10.5
Target EV (Rs m)	3,85,644
Net debt / (cash) (Rs m)	(29,809)
Target m-cap	4,15,453
No. of shares (m)	188
<b>Fair value per share (Rs)</b>	<b>2,210</b>

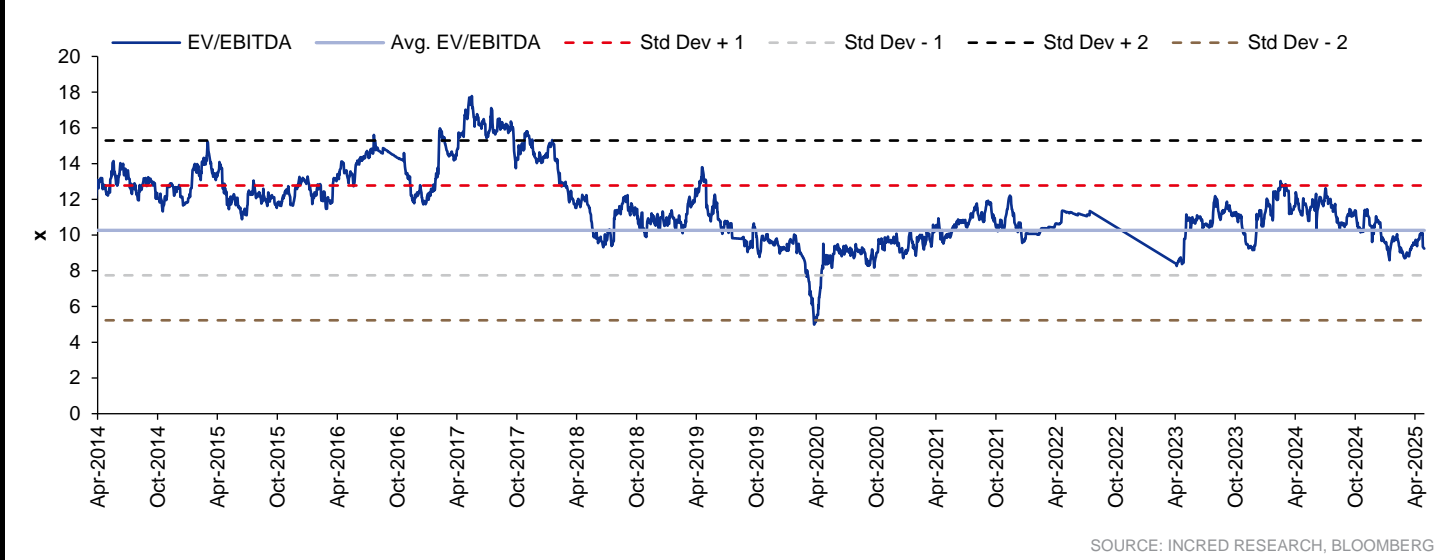
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 11: ACC's shareholding pattern (as of Mar 2025-end)**

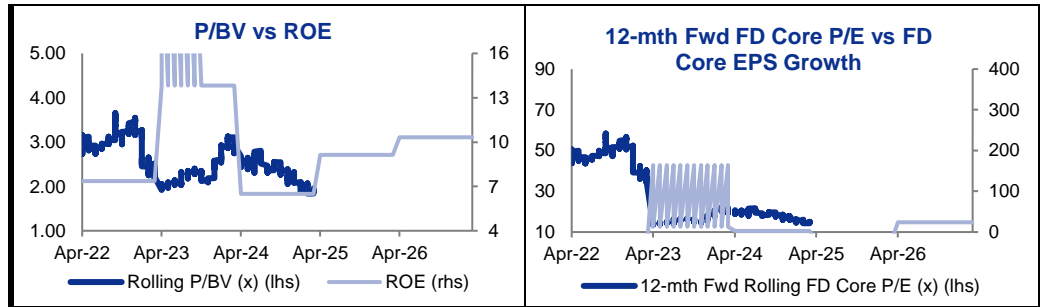


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: ACC's one-year forward EV/EBITDA trades close to its average level



## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	<b>222,102</b>	<b>199,589</b>	<b>211,255</b>	<b>239,822</b>	<b>257,513</b>
<b>Gross Profit</b>	<b>222,102</b>	<b>199,589</b>	<b>211,255</b>	<b>239,822</b>	<b>257,513</b>
<b>Operating EBITDA</b>	<b>19,249</b>	<b>30,617</b>	<b>24,245</b>	<b>30,335</b>	<b>36,728</b>
Depreciation And Amortisation	(8,413)	(8,851)	(10,013)	(10,814)	(11,463)
<b>Operating EBIT</b>	<b>10,836</b>	<b>21,766</b>	<b>14,232</b>	<b>19,521</b>	<b>25,265</b>
Financial Income/(Expense)	(773)	(1,546)	(1,082)	(1,104)	(1,126)
Pretax Income/(Loss) from Assoc.	162	129	28	48	68
Non-Operating Income/(Expense)	3,419	4,929	5,421	5,204	4,996
<b>Profit Before Tax (pre-EI)</b>	<b>13,644</b>	<b>25,278</b>	<b>18,599</b>	<b>23,669</b>	<b>29,203</b>
Exceptional Items	(1,618)	2,296	12,669		
<b>Pre-tax Profit</b>	<b>12,026</b>	<b>27,574</b>	<b>31,268</b>	<b>23,669</b>	<b>29,203</b>
Taxation	(3,174)	(4,223)	(7,245)	(5,976)	(7,371)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>8,852</b>	<b>23,351</b>	<b>24,023</b>	<b>17,693</b>	<b>21,832</b>
Minority Interests		(2)	(2)	(2)	(2)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>8,852</b>	<b>23,349</b>	<b>24,021</b>	<b>17,691</b>	<b>21,830</b>
Recurring Net Profit	10,043	21,405	14,288	17,691	21,830
<b>Fully Diluted Recurring Net Profit</b>	<b>10,043</b>	<b>21,405</b>	<b>14,288</b>	<b>17,691</b>	<b>21,830</b>

### Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
<b>EBITDA</b>	<b>19,249</b>	<b>30,617</b>	<b>24,245</b>	<b>30,335</b>	<b>36,728</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(26,708)	1,331	(12,957)	(3,182)	(2,681)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	3,419	4,929	5,421	5,204	4,996
Other Operating Cashflow	(2,043)	(7,198)	(11,103)		
Net Interest (Paid)/Received	(773)	(1,546)	(1,082)	(1,104)	(1,126)
Tax Paid	4,039	1,819	918	(5,976)	(7,371)
<b>Cashflow From Operations</b>	<b>(2,816)</b>	<b>29,951</b>	<b>5,443</b>	<b>25,278</b>	<b>30,546</b>
Capex	(19,810)	(13,490)	(19,531)	(22,000)	(22,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(26,563)	1,039	6,758	(3,500)	(3,500)
<b>Cash Flow From Investing</b>	<b>(46,373)</b>	<b>(12,451)</b>	<b>(12,773)</b>	<b>(25,500)</b>	<b>(25,500)</b>
Debt Raised/(repaid)			(153)		
Proceeds From Issue Of Shares				(3)	(3)
Shares Repurchased					
Dividends Paid	(1,739)	(1,410)	(1,410)	(1,592)	(1,965)
Preferred Dividends					
Other Financing Cashflow	(10,638)	(3,022)	(8,459)	548	568
<b>Cash Flow From Financing</b>	<b>(12,377)</b>	<b>(4,432)</b>	<b>(10,023)</b>	<b>(1,047)</b>	<b>(1,400)</b>
Total Cash Generated	(61,566)	13,069	(17,353)	(1,270)	3,646
<b>Free Cashflow To Equity</b>	<b>(49,189)</b>	<b>17,500</b>	<b>(7,484)</b>	<b>(222)</b>	<b>5,046</b>
<b>Free Cashflow To Firm</b>	<b>(48,416)</b>	<b>19,046</b>	<b>(6,248)</b>	<b>881</b>	<b>6,172</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

### Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Total Cash And Equivalents	4,147	26,216	31,077	29,809	33,457
Total Debtors	8,692	8,275	11,629	11,170	11,288
Inventories	16,242	18,686	19,254	22,340	23,988
Total Other Current Assets	53,470	44,085	29,483	33,575	37,339
<b>Total Current Assets</b>	<b>82,552</b>	<b>97,261</b>	<b>91,443</b>	<b>96,894</b>	<b>106,072</b>
Fixed Assets	72,465	91,661	93,424	104,609	115,146
Total Investments	1,633	519	505	505	505
Intangible Assets	16,878	13,820	24,561	27,061	29,561
Total Other Non-Current Assets	31,910	30,417	44,194	45,194	46,194
<b>Total Non-current Assets</b>	<b>122,886</b>	<b>136,416</b>	<b>162,683</b>	<b>177,369</b>	<b>191,406</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	14,934	18,526	16,383	18,250	19,291
Other Current Liabilities	41,476	42,443	40,299	41,969	43,777
<b>Total Current Liabilities</b>	<b>56,410</b>	<b>60,968</b>	<b>56,682</b>	<b>60,219</b>	<b>63,068</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	7,608	9,390	11,858	12,358	12,858
<b>Total Non-current Liabilities</b>	<b>7,608</b>	<b>9,390</b>	<b>11,858</b>	<b>12,358</b>	<b>12,858</b>
Total Provisions					
<b>Total Liabilities</b>	<b>64,018</b>	<b>70,359</b>	<b>68,540</b>	<b>72,577</b>	<b>75,927</b>
Shareholders Equity	141,385	163,282	185,548	201,648	221,513
Minority Interests	35	36	38	36	35
<b>Total Equity</b>	<b>141,420</b>	<b>163,319</b>	<b>185,586</b>	<b>201,684</b>	<b>221,548</b>

### Key Ratios

	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue Growth	37.5%	(10.1%)	5.8%	13.5%	7.4%
Operating EBITDA Growth	(35.8%)	59.1%	(20.8%)	25.1%	21.1%
Operating EBITDA Margin	8.7%	15.3%	11.5%	12.6%	14.3%
Net Cash Per Share (Rs)	22.06	139.45	165.31	158.57	177.97
BVPS (Rs)	752.09	868.57	987.01	1,072.65	1,178.32
Gross Interest Cover	14.02	14.08	13.15	17.68	22.44
Effective Tax Rate	26.4%	15.3%	23.2%	25.2%	25.2%
Net Dividend Payout Ratio	21.8%	9.3%	17.2%	9.0%	9.0%
Accounts Receivables Days	11.16	15.51	17.19	17.35	15.92
Inventory Days	23.81	31.94	32.78	31.65	32.83
Accounts Payables Days	30.57	36.14	34.07	32.32	33.14
ROIC (%)	7.6%	14.9%	8.6%	10.6%	12.6%
ROCE (%)	7.6%	14.3%	8.2%	10.1%	11.9%
Return On Average Assets	5.4%	10.3%	5.1%	7.1%	8.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS



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## Recommendation Framework

### 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.

*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.