

## India

**ADD** (no change)

Consensus ratings\*: Buy 26 Hold 10 Sell 6

Current price: Rs1,788  
 Target price: ▼ Rs2,100  
 Previous target: Rs2,210  
 Up/downside: 17.4%  
 InCred Research / Consensus: -5.0%

Reuters: ACC.NS  
 Bloomberg: ACC IN  
 Market cap: US\$3,834m  
 Rs335,839m  
 Average daily turnover: US\$8.6m  
 Rs752.8m  
 Current shares o/s: 188.0m  
 Free float: 38.7%

\*Source: Bloomberg

**Key changes in this note**

- EBITDA cut by ~3-4% for FY26F-27F.
- Maintain ADD rating with a lower target price of Rs2,100 vs. Rs2,210 earlier.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(6.9)	(5.3)	(28.1)
Relative (%)	(4.0)	(6.4)	(27.5)

Major shareholders	% held
Promoter & Promoter Group	56.7
Life Insurance Corporation of India	9.1
HDFC MF	3.4

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**ACC Ltd****Higher costs impact overall performance**

- Consol. 1QFY26 EBITDA stood at ~Rs7.8bn (~11% below our estimate), with higher raw material & fixed costs. Volume growth was robust, up by ~14% yoy.
- We expect the profitability improvement in the coming quarters to be largely driven by benefits from stable pricing, and a rationalized cost structure.
- We cut EBITDA estimates by 3-4% for FY26F-27F to reflect the weak 1Q performance. Maintain ADD rating, but with a lower target price of Rs2,100.

**Strong volume growth; rising premium mix & pricing lifts realization**

Cement sales volume of ACC grew by ~13% yoy and ~6% in 1QFY26, above our estimate, implying continuing higher sales momentum under the MSA (master supply agreement) with group companies and with a mix comprising premium products at ~41% of trade sales, flat qoq. Management highlighted 4% industry growth in 1QFY26, and it expects the industry to grow by 7-8% in FY26F. For FY26F, it has given guidance of ~7-8% industry growth. ACC's grey cement realization saw an improvement of ~3% qoq because of an improved pricing scenario and rising weightage of premium product sales (~41%). The group has increased the prices of its premium products too. Ready-mix concrete or RMC revenue increased by ~27% yoy in 1QFY26 to Rs4.2bn.

**Higher costs weigh on margin; structural improvement to continue**

Blended costs/t were up 4% yoy and qoq, with a rise in raw material costs due to planned shutdown at the Wadi unit following the early monsoon arrival. P&F costs were up by ~3% qoq (on kcal basis, fuel costs were up on qoq basis at Rs1.56 vs. Rs1.47 qoq and down from Rs1.73 yoy). The thermal value was 738kcal vs. 739kcal yoy, with a further improvement expected in the coming quarters. Other expenses remain elevated due to higher branding expenditure. The focus is on bringing the cost structure of ACC in line with the industry by improving plant efficiency. The RMC division reported EBIT-level profit of Rs211m vs. Rs230m yoy. Renewable energy or RE's share rose to 26.2% vs. 22.5% qoq and is expected to reach 60% by FY28F. Subsequently, blended EBITDA/t declined by ~Rs21 qoq to Rs677.

**Cash balance declines qoq; next phase of expansion soon**

Cash & cash equivalents stood at ~Rs12bn (~40% of overall Ambuja Cements' consol. cash position) vs. Rs25.3bn qoq, with a healthy net worth. The group to announce the next phase of expansion in the coming quarters. ACC added 12 RMC plants during the quarter.

**Maintain ADD rating with a lower target price of Rs2,100**

ACC trades at FY26F/27F EV/EBITDA of 9x/8x, respectively. Maintain ADD rating on it with a Jun 2026F target price of Rs2,100 or 10x EV/EBITDA (the target price earlier was Rs2,210 or 10.5x). Downside risks: Pressure on demand and cement prices, project delay and a rise in costs.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	199,589	211,255	246,360	266,704	289,085
Operating EBITDA (Rsm)	30,617	24,245	29,532	35,296	40,889
Net Profit (Rsm)	23,349	24,021	16,848	20,528	24,055
Core EPS (Rs)	113.9	76.0	89.6	109.2	128.0
Core EPS Growth	113.1%	(33.3%)	17.9%	21.8%	17.2%
FD Core P/E (x)	14.40	14.00	19.95	16.38	13.98
DPS (Rs)	7.5	7.5	8.1	9.8	11.5
Dividend Yield	0.58%	0.58%	0.45%	0.55%	0.64%
EV/EBITDA (x)	10.13	12.59	10.51	8.82	7.57
P/FCFE (x)	19.21	(44.93)	(80.74)	2,332.35	95.40
Net Gearing	(16.1%)	(16.7%)	(12.9%)	(11.3%)	(11.1%)
P/BV (x)	2.06	1.81	1.67	1.53	1.39
ROE	14.1%	8.2%	8.7%	9.8%	10.4%
% Change In Core EPS Estimates			(0.39%)	(0.36%)	(0.34%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Higher costs impact overall performance

### 1QFY26 results review

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

- **Volume:** During 1QFY26 it was 11.5mt, +13% yoy and -3% qoq, +6% vs. Incred estimate. The RMC volume was 0.83m cubic metres, +22% yoy.
- **Realization:** Cement realization at Rs4,970/t, +3% qoq and +4% yoy vs. +4% Incred estimate. Premium products accounted for ~41% of trade sales.
- **Costs: Total costs/t** were up 4% yoy and 4% qoq at Rs4,617 (~7% above our estimate) with higher raw material costs and fixed costs: a) **Power and fuel** costs down by ~24% yoy and up by ~3% qoq (on Kcal basis, fuel costs were up on a qoq basis at Rs1.56 vs Rs1.47 qoq and down from Rs1.73 yoy). Thermal value was 738kcal vs. 739kcal yoy, with a further improvement expected in the coming quarters. b) **Logistics costs/t** were down by ~7% yoy and up 4% qoq at Rs995, and direct dispatches were 69% vs. 71% qoq. c) **Raw material costs** increased by ~2% qoq and ~25% yoy. d) **Fixed expenses** were up ~14%/~10% qoq/yoy, respectively.
- **EBITDA:** Consolidated EBITDA up by ~15% yoy and down by ~6% qoq at ~Rs7.8bn (vs. our expectation of ~Rs8.7bn); EBITDA/t stood at Rs677 during the quarter (down Rs21 qoq and up Rs11 yoy).
- **RMC division:** Revenue came in at Rs4.2bn, up by ~27% yoy and down by ~1% qoq. The segment reported EBIT profit of Rs211m vs. Rs212m qoq and Rs230m yoy.
- **Reported PAT** was ~Rs3.8bn vs. our expected PAT of Rs5.6bn.
- RE power share stood at 26.2%, with a target of 60% by FY28F.
- Added 12 RMC plants during the quarter.
- Salai Banwa unit expansion is expected to come on stream in the coming months. The focus is on improving plant efficiency and bringing ACC's cost structure in line with the industry.
- Scheduled maintenance at ACC Wadi unit due to the early onset of monsoon impacted raw material costs. Other expenses (branding) and employee costs (VRS) are expected to remain elevated for ACC in FY26F.

Figure 1: Consolidated quarterly performance

Particulars (Rs m)	1QFY26	1QFY26F	4QFY25	1QFY25	% Change		
					1QFY26F	4QFY25	1QFY25
<b>Net Sales</b>	<b>60,872</b>	<b>55,673</b>	<b>61,146</b>	<b>51,991</b>	<b>9%</b>	<b>0%</b>	<b>17%</b>
Raw Materials Consumed	24,612	19,785	25,098	17,509	24%	-2%	41%
Freight and Forwarding Expenses	11,445	11,831	11,393	10,854	-3%	0%	5%
Power and Fuel Costs	8,589	8,502	8,691	10,002	1%	-1%	-14%
Employee Costs	2,051	1,780	1,752	1,641	15%	17%	25%
Other Expenses	6,395	5,085	5,911	5,195	26%	8%	23%
<b>Total Expenditure</b>	<b>53,092</b>	<b>46,983</b>	<b>52,843</b>	<b>45,200</b>	<b>13%</b>	<b>0%</b>	<b>17%</b>
<b>EBITDA</b>	<b>7,780</b>	<b>8,690</b>	<b>8,302</b>	<b>6,791</b>	<b>-10.5%</b>	<b>-6%</b>	<b>15%</b>
Depreciation	2,546	2,627	2,649	2,345	-3%	-4%	9%
<b>EBIT</b>	<b>5,234</b>	<b>6,063</b>	<b>5,653</b>	<b>4,445</b>	<b>-14%</b>	<b>-7%</b>	<b>18%</b>
Interest	305	268	136	331	13%	123%	-8%
Other Income	684	846	1,939	717	-19%	-65%	-5%
<b>PBT</b>	<b>5,613</b>	<b>6,641</b>	<b>7,456</b>	<b>4,831</b>	<b>-15%</b>	<b>-25%</b>	<b>16%</b>
Tax	1,875	1,063	1,311	1,243	76%	43%	51%
<b>PAT before MI &amp; Associates</b>	<b>3,738</b>	<b>5,578</b>	<b>6,144</b>	<b>3,588</b>	<b>-33%</b>	<b>-39%</b>	<b>4%</b>
Minority Interest	0	0	0	0			
Profit from Associates	16	0	19	9			
<b>Recurring PAT</b>	<b>3,754</b>	<b>5,578</b>	<b>6,163</b>	<b>3,597</b>	<b>-33%</b>	<b>-39%</b>	<b>4%</b>
Extraordinary Items	0	0	1,347	0			
Reported PAT	3,754	5,578	7,510	3,597	-33%	-50%	4%
EPS (Rs)	20.0	29.7	40.0	19.1	-33%	-50%	4%
<b>Margins (%)</b>							
Gross Margin	26.7%	27.9%	26.1%	26.2%	-128bp	55bp	45bp
EBITDA Margin	12.8%	15.6%	13.6%	13.1%	-283bp	-80bp	-28bp
EBIT Margin	8.6%	10.9%	9.2%	8.6%	-229bp	-65bp	5bp
PBT Margin	9.2%	11.9%	12.2%	9.3%	-271bp	-297bp	-7bp
PAT Margin	6.2%	10.0%	12.3%	6.9%	-385bp	-612bp	-75bp
Tax Rate	33.4%	16.0%	17.6%	25.7%	1,741bp	1,582bp	768bp
<b>Cost Items as % of Sales</b>							
RM Costs	40.4%	35.5%	41.0%	33.7%	490bp	-61bp	676bp
Freight Costs	18.8%	21.3%	18.6%	20.9%	-245bp	17bp	-207bp
P&F Costs	14.1%	15.3%	14.2%	19.2%	-116bp	-10bp	-513bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

NOTE: ADJUSTED NUMBERS FOR EXCEPTIONAL ITEMS

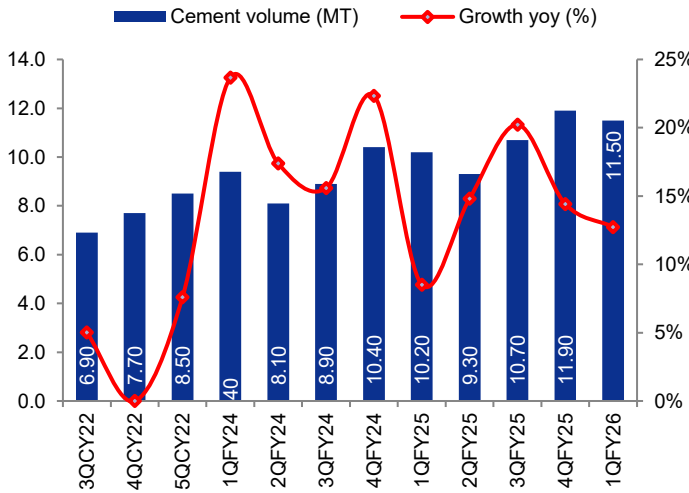
Figure 2: 1QFY26 results - per tonne analysis

Per tonne analysis (in Rs/t)	1QFY26	1QFY26F	4QFY25	1QFY25	% Change		
					1QFY26F	4QFY25	1QFY25
Sales Volume (in mt)	11.50	10.85	11.90	10.20	6.0%	-3.4%	12.7%
Realization	4,970	4,799	4,818	4,800	3.6%	3.1%	3.5%
EBITDA/t	677	801	698	666	-15.6%	-3.0%	1.6%
RM Costs/t	2,140	1,824	2,109	1,717	17.3%	1.5%	24.7%
P&F Costs/t	747	784	730	981	-4.7%	2.3%	-23.8%
Freight Costs/t	995	1,091	957	1,064	-8.8%	4.0%	-6.5%
Employee Costs/t	178	164	147	161	8.7%	21.2%	10.9%
Other Expenses/t	556	469	497	509	18.6%	12.0%	9.2%
<b>Total Costs/t</b>	<b>4,617</b>	<b>4,331</b>	<b>4,441</b>	<b>4,431</b>	<b>6.6%</b>	<b>4.0%</b>	<b>4.2%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

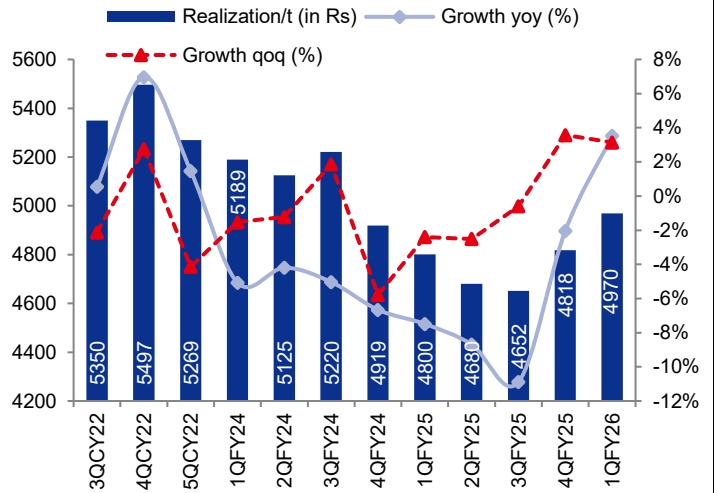
## Key charts ➤

Figure 3: Cement sales volume up by ~13% yoy



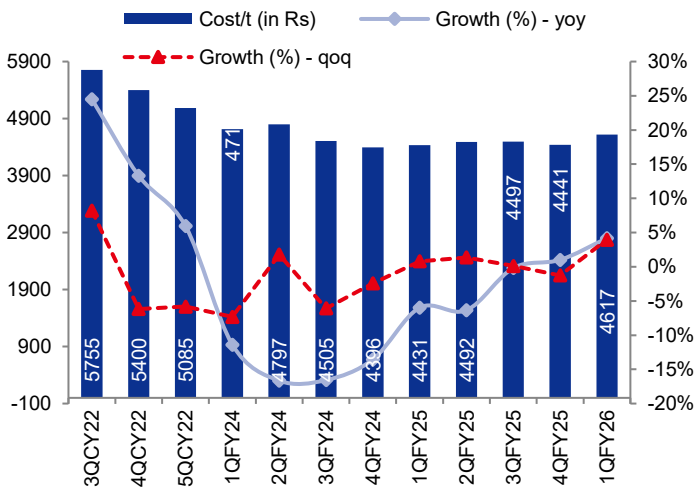
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Cement realization improves by ~3% qoq



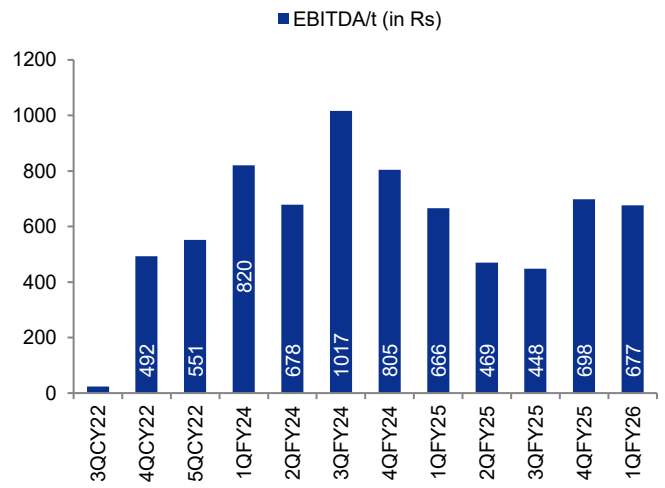
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Costs/t up 4% yoy and qoq



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Unit EBITDA improves by Rs11/t yoy to Rs677/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	2,46,360	2,66,704	2,40,626	2,58,325	2%	3%
EBITDA	29,532	35,296	30,335	36,728	-3%	-4%
PAT	16,848	20,528	17,691	21,830	-5%	-6%
EPS (Rs.)	89.4	108.8	93.9	115.8	-5%	-6%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

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

Rs. m	Incred			Consensus			Change (%)		
	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Sales	2,46,360	2,66,704	2,89,085	2,23,350	2,51,631	2,73,479	10%	6%	6%
EBITDA	29,532	35,296	40,889	32,725	37,796	41,536	-10%	-7%	-2%
PAT	16,848	20,528	24,055	19,032	22,754	25,131	-11%	-10%	-4%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 9: Key assumptions

	FY24A	FY25A	FY26F	FY27F	FY28F
<b>Volume (in mtpa)</b>	37	42	46	50	54
Yoy	-4%	14%	10%	8%	8%
<b>Realization (per t)</b>	5,092	4,859	4,980	5,030	5,063
Yoy	-5%	-5%	2%	1%	1%
<b>Cost (per t)</b>	4,579	4,432	4,344	4,323	4,304
Yoy	-13%	-3%	-2%	0%	0%
<b>EBITDA (per t)</b>	830	575	636	707	759
Yoy	66%	-31%	11%	11%	7%
<b>EBITDA (Rs m)</b>	30,617	24,245	29,532	35,296	40,889
Yoy	59%	-21%	22%	20%	16%

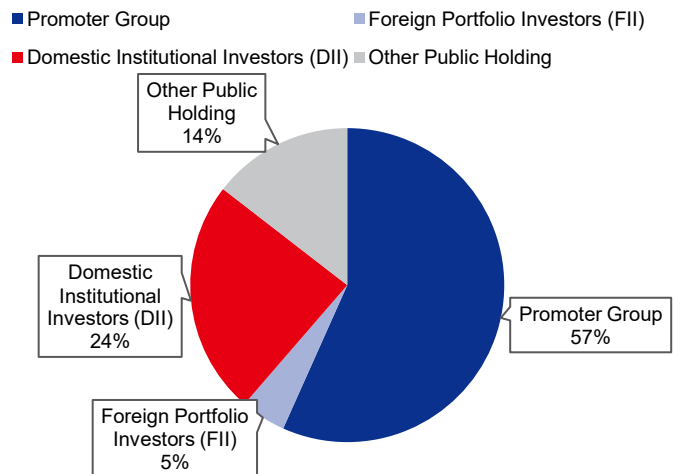
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Maintain ADD rating with a Jun 2026F target price of Rs2,100, set at 10.0x (10.5x earlier) EV/EBITDA

Valuation	TP
Target EV/EBITDA multiple (x)	10.0
Target EV (Rs m)	4,08,886
Net debt / (cash) (Rs m)	(24,807)
Target m-cap	4,33,693
No. of shares (m)	188
<b>Fair value per share (Rs)</b>	<b>2,100</b>

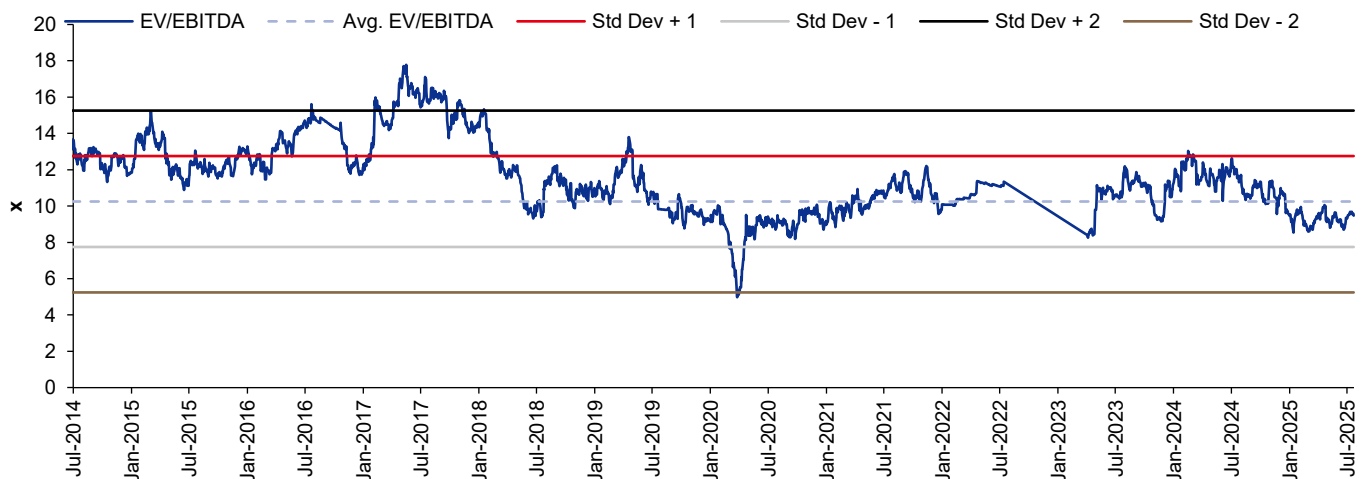
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

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



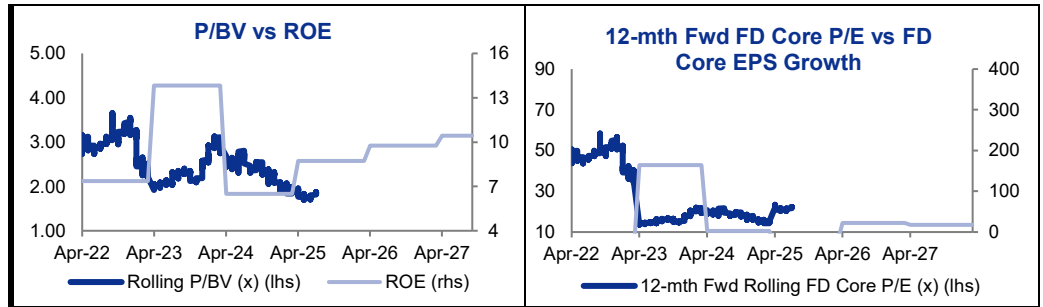
SOURCE: INCRED RESEARCH, COMPANY REPORTS

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



SOURCE: INCRED RESEARCH, BLOOMBERG

## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>Total Net Revenues</b>	<b>199,589</b>	<b>211,255</b>	<b>246,360</b>	<b>266,704</b>	<b>289,085</b>
<b>Gross Profit</b>	<b>199,589</b>	<b>211,255</b>	<b>246,360</b>	<b>266,704</b>	<b>289,085</b>
<b>Operating EBITDA</b>	<b>30,617</b>	<b>24,245</b>	<b>29,532</b>	<b>35,296</b>	<b>40,889</b>
Depreciation And Amortisation	(8,851)	(10,013)	(10,814)	(11,463)	(12,151)
<b>Operating EBIT</b>	<b>21,766</b>	<b>14,232</b>	<b>18,717</b>	<b>23,833</b>	<b>28,738</b>
Financial Income/(Expense)	(1,546)	(1,082)	(1,104)	(1,126)	(1,148)
Pretax Income/(Loss) from Assoc.	129	28	48	68	88
Non-Operating Income/(Expense)	4,929	5,421	4,879	4,684	4,496
<b>Profit Before Tax (pre-EI)</b>	<b>25,278</b>	<b>18,599</b>	<b>22,540</b>	<b>27,459</b>	<b>32,174</b>
Exceptional Items	2,296	12,669			
<b>Pre-tax Profit</b>	<b>27,574</b>	<b>31,268</b>	<b>22,540</b>	<b>27,459</b>	<b>32,174</b>
Taxation	(4,223)	(7,245)	(5,691)	(6,930)	(8,118)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>23,351</b>	<b>24,023</b>	<b>16,850</b>	<b>20,529</b>	<b>24,056</b>
Minority Interests	(2)	(2)	(2)	(2)	(2)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>23,349</b>	<b>24,021</b>	<b>16,848</b>	<b>20,528</b>	<b>24,055</b>
Recurring Net Profit	21,405	14,288	16,848	20,528	24,055
<b>Fully Diluted Recurring Net Profit</b>	<b>21,405</b>	<b>14,288</b>	<b>16,848</b>	<b>20,528</b>	<b>24,055</b>

### Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>EBITDA</b>	<b>30,617</b>	<b>24,245</b>	<b>29,532</b>	<b>35,296</b>	<b>40,889</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	1,331	(12,957)	(3,280)	(3,280)	(4,095)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	4,929	5,421	4,879	4,684	4,496
<b>Other Operating Cashflow</b>	<b>(7,198)</b>	<b>(11,103)</b>			
Net Interest (Paid)/Received	(1,546)	(1,082)	(1,104)	(1,126)	(1,148)
Tax Paid	1,819	918	(5,691)	(6,930)	(8,118)
<b>Cashflow From Operations</b>	<b>29,951</b>	<b>5,443</b>	<b>24,336</b>	<b>28,644</b>	<b>32,024</b>
Capex	(13,490)	(19,531)	(25,000)	(25,000)	(25,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	1,039	6,758	(3,500)	(3,500)	(3,500)
<b>Cash Flow From Investing</b>	<b>(12,451)</b>	<b>(12,773)</b>	<b>(28,500)</b>	<b>(28,500)</b>	<b>(28,500)</b>
Debt Raised/(repaid)		(153)			
Proceeds From Issue Of Shares			(3)	(3)	(3)
Shares Repurchased					
Dividends Paid	(1,410)	(1,410)	(1,516)	(1,847)	(2,165)
Preferred Dividends					
Other Financing Cashflow	(3,022)	(8,459)	548	568	588
<b>Cash Flow From Financing</b>	<b>(4,432)</b>	<b>(10,023)</b>	<b>(971)</b>	<b>(1,283)</b>	<b>(1,580)</b>
Total Cash Generated	13,069	(17,353)	(5,135)	(1,138)	1,944
<b>Free Cashflow To Equity</b>	<b>17,500</b>	<b>(7,484)</b>	<b>(4,164)</b>	<b>144</b>	<b>3,524</b>
<b>Free Cashflow To Firm</b>	<b>19,046</b>	<b>(6,248)</b>	<b>(3,060)</b>	<b>1,270</b>	<b>4,673</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

### Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	26,216	31,077	25,944	24,807	26,752
Total Debtors	8,275	11,629	11,474	11,691	13,464
Inventories	18,686	19,254	22,949	24,844	26,928
Total Other Current Assets	44,085	29,483	34,490	39,206	44,230
<b>Total Current Assets</b>	<b>97,261</b>	<b>91,443</b>	<b>94,857</b>	<b>100,547</b>	<b>111,375</b>
Fixed Assets	91,661	93,424	107,609	121,146	133,996
Total Investments	519	505	505	505	505
Intangible Assets	13,820	24,561	27,061	29,561	32,061
Total Other Non-Current Assets	30,417	44,194	45,194	46,194	47,194
<b>Total Non-current Assets</b>	<b>136,416</b>	<b>162,683</b>	<b>180,369</b>	<b>197,406</b>	<b>213,755</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	18,526	16,383	18,836	20,157	21,139
Other Current Liabilities	42,443	40,299	43,113	45,340	49,144
<b>Total Current Liabilities</b>	<b>60,968</b>	<b>56,682</b>	<b>61,949</b>	<b>65,496</b>	<b>70,284</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	9,390	11,858	12,358	12,858	13,358
<b>Total Non-current Liabilities</b>	<b>9,390</b>	<b>11,858</b>	<b>12,358</b>	<b>12,858</b>	<b>13,358</b>
Total Provisions					
<b>Total Liabilities</b>	<b>70,359</b>	<b>68,540</b>	<b>74,308</b>	<b>78,355</b>	<b>83,642</b>
Shareholders Equity	163,282	185,548	200,880	219,560	241,450
Minority Interests	36	38	36	35	33
<b>Total Equity</b>	<b>163,319</b>	<b>185,586</b>	<b>200,917</b>	<b>219,595</b>	<b>241,483</b>

### Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	(10.1%)	5.8%	16.6%	8.3%	8.4%
Operating EBITDA Growth	59.1%	(20.8%)	21.8%	19.5%	15.8%
Operating EBITDA Margin	15.3%	11.5%	12.0%	13.2%	14.1%
Net Cash Per Share (Rs)	139.45	165.31	138.01	131.96	142.31
BVPS (Rs)	868.57	987.01	1,068.57	1,167.94	1,284.38
Gross Interest Cover	14.08	13.15	16.96	21.17	25.02
Effective Tax Rate	15.3%	23.2%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio	9.3%	17.2%	9.0%	9.0%	9.0%
Accounts Receivables Days	15.51	17.19	17.11	15.85	15.88
Inventory Days	31.94	32.78	31.26	32.70	32.68
Accounts Payables Days	36.14	34.07	31.87	32.99	32.49
ROIC (%)	14.9%	8.6%	10.0%	11.5%	12.6%
ROCE (%)	14.3%	8.2%	9.7%	11.3%	12.5%
Return On Average Assets	10.3%	5.1%	6.8%	7.6%	8.1%

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.