

India

ADD (no change)

Consensus ratings*: Buy 34 Hold 8 Sell 3

Current price: Rs593
 Target price: ▲ Rs660
 Previous target: Rs630
 Up/downside: 11.3%
 InCred Research / Consensus: 5.8%

Reuters: ABUJ.NS
 Bloomberg: ACEM IN
 Market cap: US\$16,665m
 Rs1,459,893m
 Average daily turnover: US\$17.3m
 Rs1513.6m
 Current shares o/s: 2,463.1m
 Free float: 25.7%

*Source: Bloomberg

Key changes in this note

- Maintains EBITDA estimates for FY26F/27F.
- Roll forward and maintains ADD rating on the stock with a higher target price of Rs660.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.1	9.8	(10.7)
Relative (%)	5.3	8.5	(10.0)

Major shareholders	% held
Promoter & Promoter Group	67.6
Life Insurance Corporation of India	6.8
ICICI Pru MF	1.9

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Ambuja Cements Ltd

Overall decent 1Q performance

- 1Q consol. EBITDA was ~Rs19.6bn, up ~53% yoy & ~7% above expectations. Blended unit EBITDA/t rose by ~Rs67 qoq to Rs1,066 vs. estimated Rs1,004.
- ACEM revised capex to Rs100bn for FY26F vs. earlier guidance of Rs90bn. To have ~118mtpa capacity by FY26F. Achieved ~35-40% cost savings.
- We maintain our FY26F-27F EBITDA estimates. Maintain our ADD rating on the stock with a higher target price of Rs660 (vs. Rs630 earlier).

Volume growth remains healthy; realization rises by ~5% qoq

Ambuja Cements or ACEM reported consolidated cement volume of 18.4mt in 1QFY26, up ~17% yoy and down 2% qoq. The market share now stands at 15.5%. Acquired assets like Orient Cement & Penna units aided the highest quarterly sales volume, excluding which the volume grew by ~13% yoy. ACEM's trade share reached 74%. ACEM highlighted that industry demand grew by ~4% in 1Q. Management expects industry growth at ~7-8% in FY26F vs. earlier guidance of ~6-7%. It has highlighted in Jul 2025, the Capital Day event aspiration to grow by 20%+ in FY26F. Current QTD prices remain stable and ACEM has taken hikes in its premium products portfolio. Blended realization rose by ~5% qoq to Rs5,592/t, with improved pan-India prices and a higher share of premium cement sales (~33% vs. 29% qoq). Current installed capacity stands at 104.5mtpa and it aims to reach ~118mtpa by FY26F, with most of the current expansions to come on stream by 3QY26F. The next phase of organic expansions to be announced soon with a focus on increasing presence in northern, western and central regions, while balancing the pan-India position.

Maintains cost-savings guidance; focus on operational efficiency

Consolidated EBITDA/t was up by ~Rs67 qoq at Rs1,066/t. During 1Q, total costs/t rose by ~4% qoq, mainly due to the integration of Orient Cement, and are expected to stabilize in the near term. Kiln fuel costs stood at Rs1.59/kcal vs. Rs1.58/kcal qoq and are expected to remain at a similar level. Primary lead distance was 269km vs. 278km yoy. Of the total cost-savings target of Rs500-550/t, it has achieved ~35-40% savings (Rs175-200/t) and further benefits are expected to accrue from P&F, freight and raw material costs. For Orient Cement (manufacturing units), its focus in FY26F will be to improve operational efficiency before expansion. Renewable energy or RE share was 28.1% and is likely to touch ~60% by FY28F, which will reduce existing power costs of ~Rs5.9/kWh to Rs4.5/kWh by FY28F.

Maintain ADD rating with a higher target price of Rs660

We maintain our ADD rating on ACEM with a higher target price of Rs660 (roll forward to Jun 2026F vs. Mar 2026F earlier) from Rs630 earlier, based on implied consol. EV/EBITDA of 18x (unchanged). Though its current valuation is at a marginal premium vs. long-term median, the premium is to reflect the possibility of a potential rise, and cost-saving synergy with group companies. On the balance sheet, ACEM had a consolidated cash balance of Rs30bn (ACEM's standalone cash is ~60%) after adjusting for dividend payout and the Orient Cement acquisition in Apr 2025. Capex to be ~Rs100bn vs. its earlier guidance of Rs90bn in FY26F, with ~70:30 of capex to be incurred on ACEM:ACC, respectively, and having already incurred a capex of Rs20bn in 1QFY26. Downside risks: Pricing pressure, delay in projects, rise in input costs, and dismal demand growth.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	331,596	342,184	410,641	472,812	522,694
Operating EBITDA (Rsm)	63,995	51,443	75,154	96,060	112,857
Net Profit (Rsm)	35,734	41,674	36,311	48,126	57,850
Core EPS (Rs)	16.2	14.8	14.7	19.5	23.5
Core EPS Growth	14.0%	(8.4%)	(0.6%)	32.5%	20.2%
FD Core P/E (x)	34.69	33.14	40.21	30.33	25.24
DPS (Rs)	2.0	2.0	3.5	4.7	5.6
Dividend Yield	0.34%	0.34%	0.60%	0.79%	0.95%
EV/EBITDA (x)	17.76	25.65	19.23	15.25	12.95
P/FCFE (x)	(37.24)	(21.37)	(23.20)	(33.25)	(65.72)
Net Gearing	(20.3%)	(9.6%)	(2.2%)	0.7%	0.2%
P/BV (x)	2.56	2.29	2.18	2.04	1.89
ROE	7.6%	6.0%	5.5%	6.9%	7.8%
% Change In Core EPS Estimates			(0.46%)	(0.42%)	(0.40%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Overall decent 1Q performance

1QFY26 results review and earnings-call takeaways

Update on operational performance:

Demand & pricing:

- **Volume:** In 1QFY26, consolidated cement volume stood at 18.4mt (~1% above our expectation), +17% yoy. Standalone volume was 10.5mt. The market share was at 15.5%.
- **Industry demand:** Expects the industry to grow by 7–8% in FY26F vs. its earlier guidance of 6-7%.
- As per management, volume growth was ~13% YoY on ACEM and ACC pre-existing capacities.
- In 1Q, ACEM consolidated capacity utilization was ~78%.
- **Realization:** Cement realization was up 5% qoq at ~Rs5,592/t because of improved premium product sales (~33%) and trade sales were ~4% above the Incred estimate.
- **Pricing:** Realization remains better QTD, especially for top-tier brands. The company has increased the prices of premium products.

Costs & margin

- **Costs:** Overall blended costs/t were ~3% above our estimate at Rs4,526/t (up 4% qoq and ~1% yoy) on account of higher P&F, freight and fixed costs.
- Energy costs stood at Rs1.59/kcal vs. Rs1.58/kcal qoq and Rs1.79/kcal yoy. Energy costs are expected to remain at these levels.
- P&F and freight costs were up on a qoq basis because of acquired assets (Orient Cement) and are expected to stabilize in the coming quarters. Other expenses were up due to increased branding expenses and fixed costs relating to Orient Cement.
- **Cost-savings target of Rs550/t:** Achieved ~35–40% or Rs175-Rs200/t of the target; P&F costs to be a major contributor in future savings. Freight and raw material costs are expected to reduce going ahead.
- **Freight costs:** Targeting to reduce the primary lead distance by 50km once the 140mtpa capacity is achieved by FY28F. The primary lead distance was 269km vs. 265km qoq and 278km yoy; Rs150/t savings are expected from freight costs.
- ACEM has the advantage of owning coal mines; for ACC, it is a third-party purchase. WHRS factor: ACEM – 21%, ACC – 14%.
- **EBITDA:** Consolidated EBITDA for the quarter came in at ~Rs19.6bn (~7% above our/consensus estimates), up ~5% qoq and 53% yoy. Unit EBITDA stood at Rs1,066/t during the quarter vs. Rs999/t qoq and Rs810/t yoy.
- **Reported PAT** stood at Rs7.9bn vs. our expectation of Rs9.6bn. Depreciation was up by 81% yoy at Rs8.62bn.
- **RE** capacity stood at 473MW. Green energy's share was 28.1% and 60% expected by FY28F. To reduce the existing power costs of ~Rs5.9/kWh to Rs4.5/kWh by FY28F.

Other updates

- **Capex:** 1QFY26F capex was Rs20bn; expects FY26F capex to be Rs100bn. Capex to be split ~70%:30% between Ambuja Cements and its subsidiary (ACC).
- Overall, ACEM has an installed capacity of ~64mtpa of clinker and ~105mtpa of cement.
- **Orient Cement:** The focus is on optimizing the cost structure; new capacity expansion to be considered from FY27F.

- Expects most of the expansions to come on stream by 3QFY26F; the rest by end-FY26F.
- Penna clinker unit in North India to be commissioned by end-2QFY26F. Jodhpur assets are progressing on time.
- For the next phase of expansion, good progress has been made on the ground. The focus will remain on northern, western, and central regions, while balancing the pan-India presence.
- **Consolidated cash position:** During 1Q, the cash position was Rs30bn after adjusting for all outflows; approximate split ratio of ~60:40 between ACEM and ACC.

1QFY26 results summary

Figure 1: Consolidated quarterly performance

Particulars (Rs m)	1QFY26	1QFY26F	4QFY25	1QFY25	% Change		
					1QFY26F	4QFY25	1QFY25
Net Sales	1,02,891	98,075	99,806	83,921	5%	3%	23%
Raw Materials Consumed	15,245	18,770	18,268	14,727	-19%	-17%	4%
Freight and Forwarding Expenses	24,225	22,554	23,361	20,961	7%	4%	16%
Power and Fuel Costs	25,131	22,943	22,988	21,715	10%	9%	16%
Employee Costs	4,177	3,551	3,555	3,170	18%	18%	32%
Other Expenses	14,502	11,983	12,958	10,549	21%	12%	37%
Total Expenditure	83,280	79,802	81,130	71,123	4%	3%	17%
EBITDA	19,611	18,274	18,676	12,798	7%	5%	53%
Depreciation	8,616	8,093	7,864	4,761	6%	10%	81%
EBIT	10,995	10,181	10,812	8,038	8%	2%	37%
Interest	671	143	143	678	370%	370%	-1%
Other Income	2,561	3,512	5,733	3,547	-27%	-55%	-28%
PBT	13,326	13,550	17,796	10,941	-2%	-25%	22%
Tax	3,630	3,929	4,973	3,109	-8%	-27%	17%
Recurring PAT	7,879	9,620	9,563	6,399	-18%	-18%	23%
Extraordinary Items	1,376	0	1,866	1,399			
Reported PAT	7,879	9,620	9,563	6,399	-18%	-18%	23%
EPS (Rs)	4.9	4.8	6.5	3.9	1%	-24%	24%
Margins (%)							
Gross Margin	35.1%	32.2%	33.0%	28.9%	297bp	210bp	622bp
EBITDA Margin	19.1%	18.6%	18.7%	15.3%	43bp	35bp	381bp
EBIT Margin	10.7%	10.4%	10.8%	9.6%	31bp	-15bp	111bp
PBT Margin	13.0%	13.8%	17.8%	13.0%	-86bp	-488bp	-8bp
PAT Margin	7.7%	9.8%	9.6%	7.6%	-215bp	-192bp	3bp
Tax Rate	27.2%	29.0%	27.9%	28.4%			
Cost Items as % of Sales							
RM + Freight + P&F Costs	62.8%	65.5%	64.7%	68.4%	-274bp	-196bp	-562bp
Employee Costs	4.1%	3.6%	3.6%	3.8%	44bp	50bp	28bp
Other Expenses	14.1%	12.2%	13.0%	12.6%	188bp	111bp	152bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

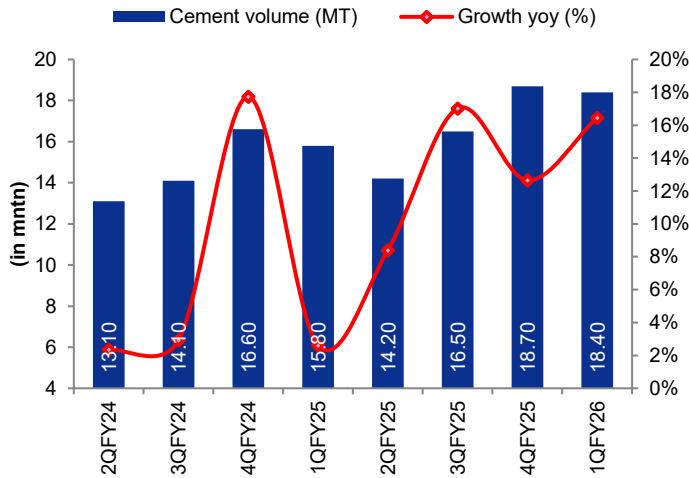
Figure 2: 1QFY26 results: Per tonne analysis

Per tonne analysis (in Rs/t)	1QFY26	1QFY26F	4QFY25	1QFY25	% Change		
					1QFY26F	4QFY25	1QFY25
Sales Volume (Cement) (in mt)	18.40	18.20	18.70	15.80	1.1%	-1.6%	16.5%
Realization	5,592	5,388	5,337	5,311	3.8%	4.8%	5.3%
EBITDA/t	1,066	1,004	999	810	6.2%	6.7%	31.6%
RM Costs/t	829	1,031	977	932	-19.6%	-15.2%	-11.1%
P&F Costs/t	1,366	1,260	1,229	1,374	8.4%	11.1%	-0.6%
Freight Costs/t	1,317	1,239	1,249	1,327	6.3%	5.4%	-0.8%
Employee Costs/t	227	195	190	201	16.4%	19.4%	13.1%
Other Expenses/t	788	658	693	668	19.7%	13.7%	18.0%
Total Costs/t	4,526	4,384	4,339	4,501	3.2%	4.3%	0.5%

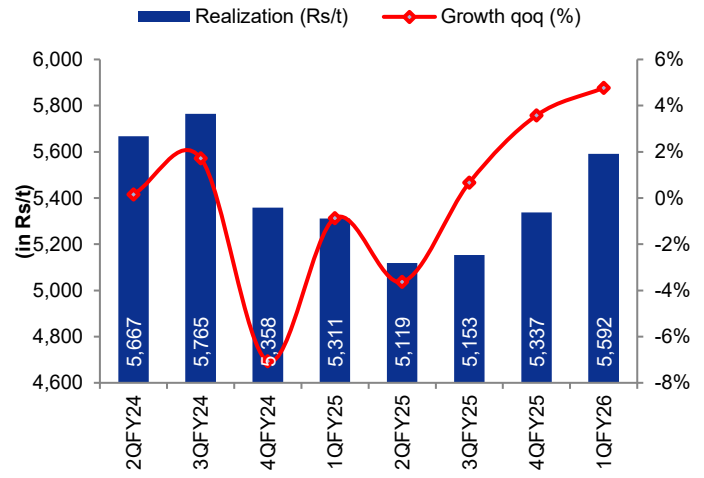
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Key charts ➤

Figure 3: Cement sales volume, including clinker, up by ~17% yoy **Figure 4: Realization up by ~5% qoq in 1QFY26**

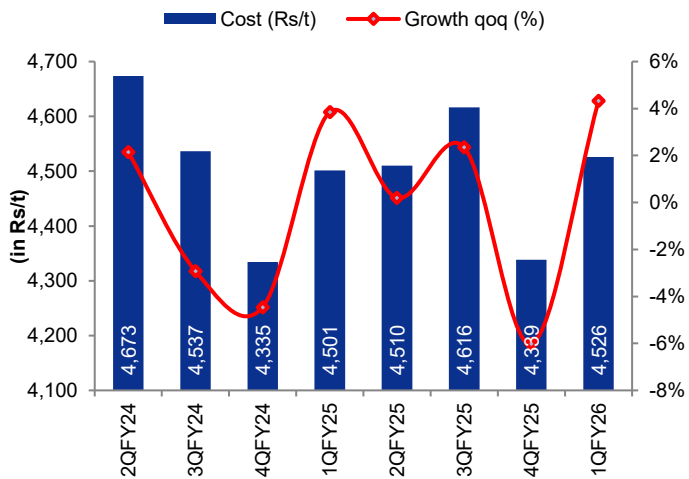


SOURCE: INCRED RESEARCH, COMPANY REPORTS



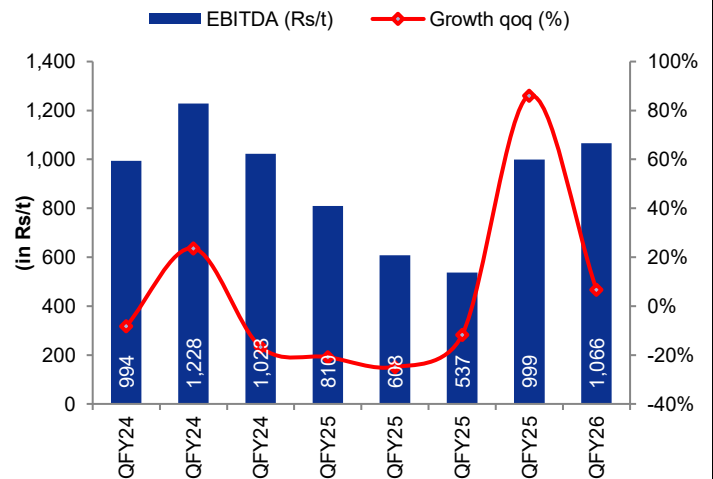
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Total operating costs/t up by ~4% qoq and ~1% yoy



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Unit EBITDA contracts by Rs67/t qoq to Rs1,066/t during 1QFY26



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: ACEM (consolidated) cement business - 1Q operational performance overview

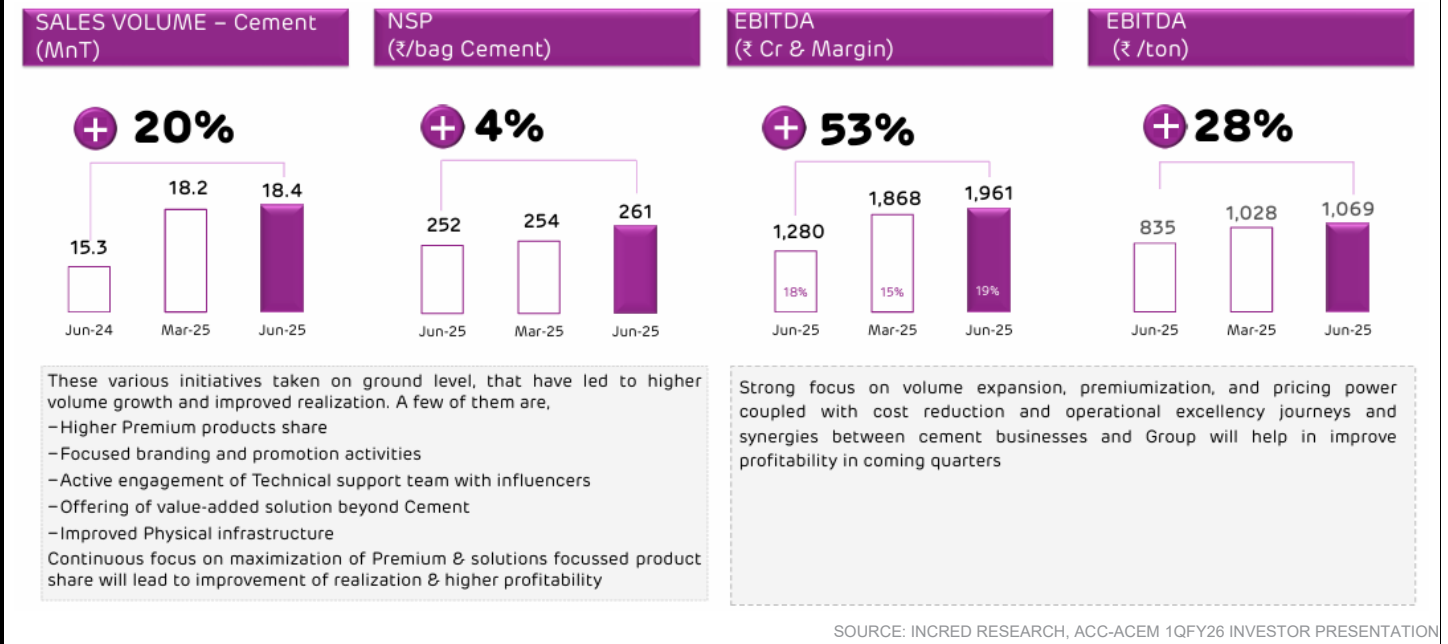


Figure 8: ACEM (consolidated) cement business –1Q costs performance

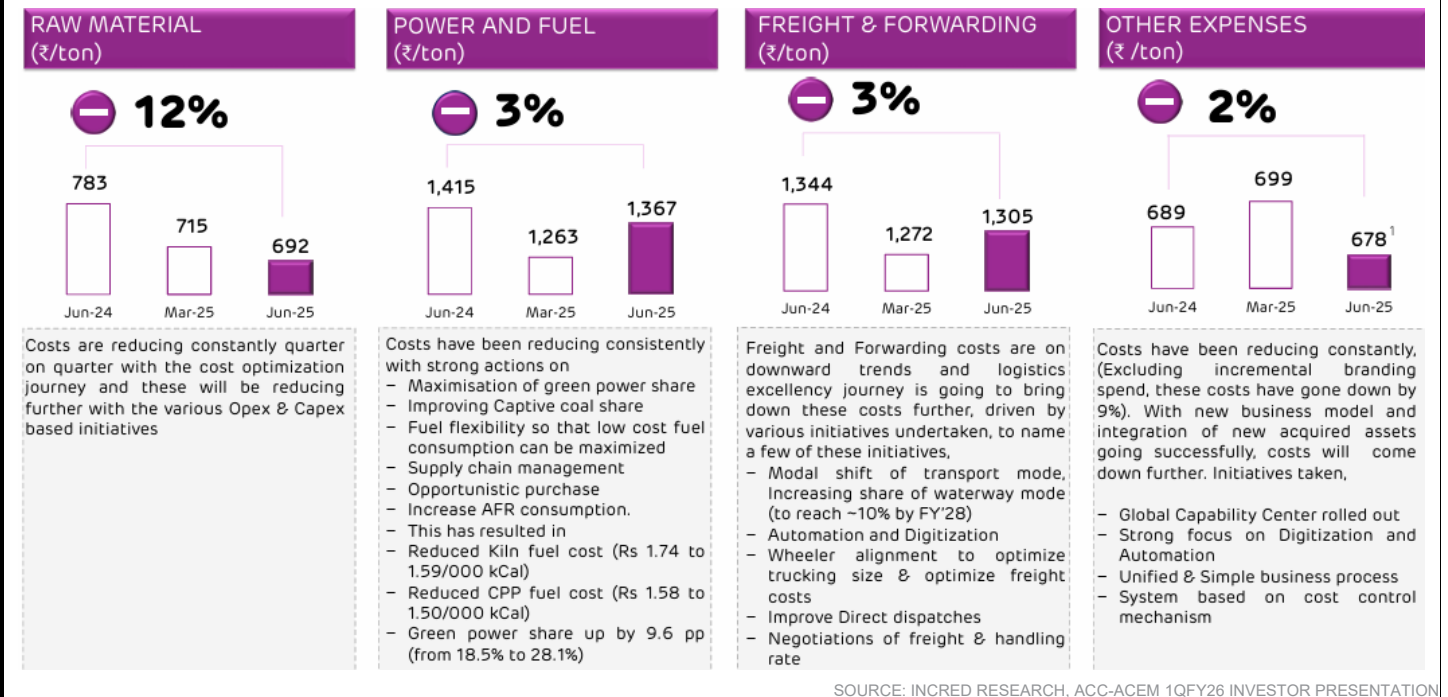
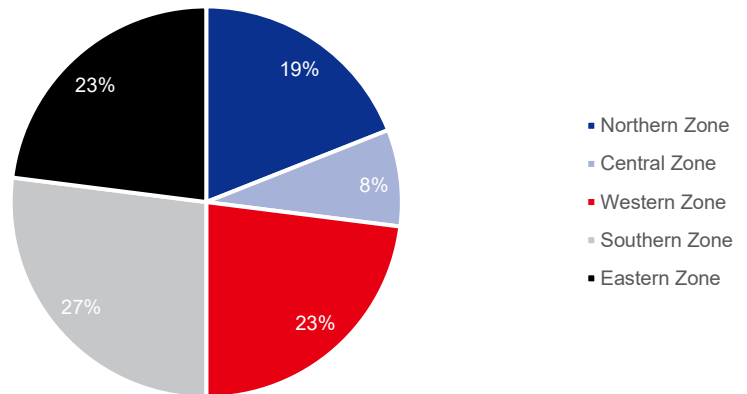


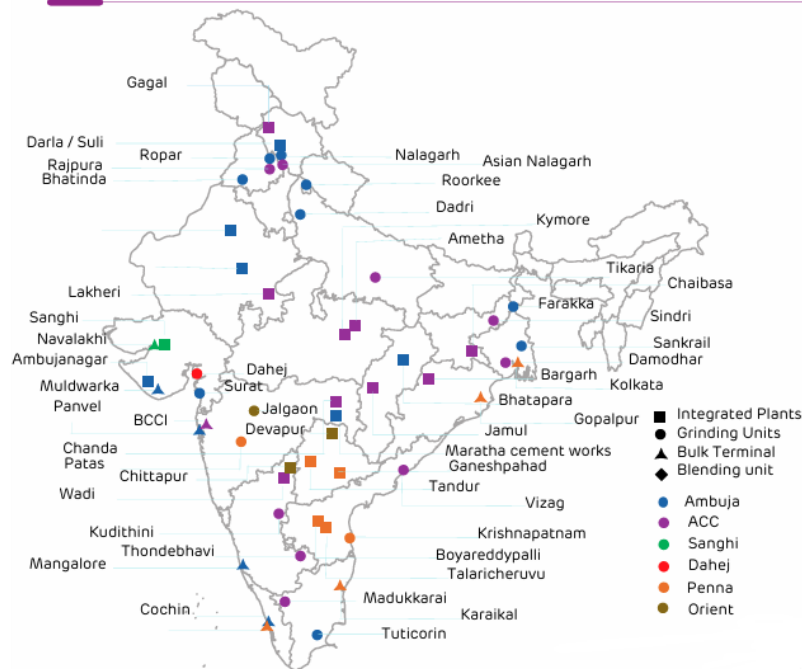
Figure 9: Adani Group's cement business (ACC+ACEM) region-wise capacity share



SOURCE: INCRED RESEARCH, ACC-ACEM 1QFY26 INVESTOR PRESENTATION

Figure 10: Adani Group's cement business - presence in 31 states and 640+ districts (~80%)

Presence in 31 states & union territories and 640+ districts²(~80%)



For the Quarter Ended June 30, 2025

104.5 MTPA¹
Cement Capacity

65.8%
Clinker factor

24
Integrated Units

22
Grinding Units

80%
Share of Blended Cement

114
Ready-Mix Concrete plants

10
Bulk Cement Terminals

11
Captive Ships

6.4%³
Thermal Substitution Rate

1,15,000+
Channel partners across India

SOURCE: INCRED RESEARCH, ACC-ACEM 1QFY26 INVESTOR PRESENTATION

Key changes ➤

Figure 11: Changes in our estimates vs. Bloomberg consensus estimates

Rs. m	New		Change (%)		Old	
	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
Sales	4,10,641	4,72,812	-1%	-1%	4,14,727	4,78,462
EBITDA	75,153	96,059	1%	-2%	74,161	97,615
PAT	36,309	48,125	2%	-2%	35,568	49,287
EPS (Rs.)	14.7	19.5	2%	-2%	14	20

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Changes in our estimates vs. Bloomberg consensus estimates

Rs. m	Incred			Consensus			Change (%)		
	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Sales	4,10,641	4,72,812	5,22,694	4,25,977	4,87,131	5,42,602	-4%	-3%	-4%
EBITDA	75,153	96,059	1,12,856	80,501	1,03,372	1,20,919	-7%	-7%	-7%
PAT	36,309	48,125	57,849	39,384	50,934	56,598	-8%	-6%	2%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 13: Key assumptions

	FY24A	FY25A	FY26F	FY27F	FY28F
Volume (in mtpa)	59	65	77	88	96
Yoy	-12%	10%	18%	14%	10%
Realization (per t)	5,601	5,248	5,337	5,391	5,418
Yoy	-3%	-6%	2%	1%	0%
Cost (per t)	4,520	4,459	4,361	4,296	4,248
Yoy	-10%	-1%	-2%	-1%	-1%
EBITDA (per t)	1,081	789	977	1,095	1,170
Yoy	42%	-27%	24%	12%	7%
EBITDA (Rs m)	63,995	51,443	75,153	96,059	1,12,856
Yoy	25%	-20%	46%	28%	17%

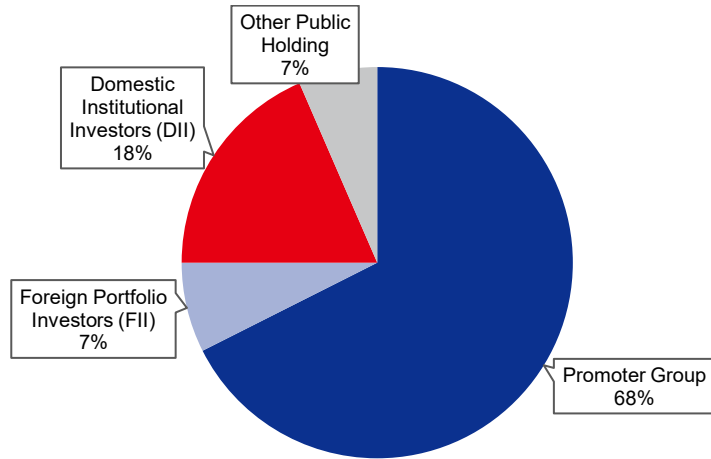
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 14: Maintain ADD rating on Ambuja Cements with a Jun 2026F target price of Rs660

Particulars	Unit	Valuation
Consolidated FY28F EBITDA	Rs m	1,12,856
1- year forward multiple	x	18
End-FY28F EV	Rs m	20,31,410
End-FY27F net debt	Rs m	5,023
End-FY28F equity value	Rs m	20,26,388
ACC's equity value at our TP	Rs m	4,33,693
ACEM's share in ACC	%	50
ACEM's share in ACC's market cap	Rs m	2,16,890
End-FY28F equity value	Rs m	17,89,498
End-FY28F equity value	Rs/share	660
Jun 2026F target price	Rs/share	660

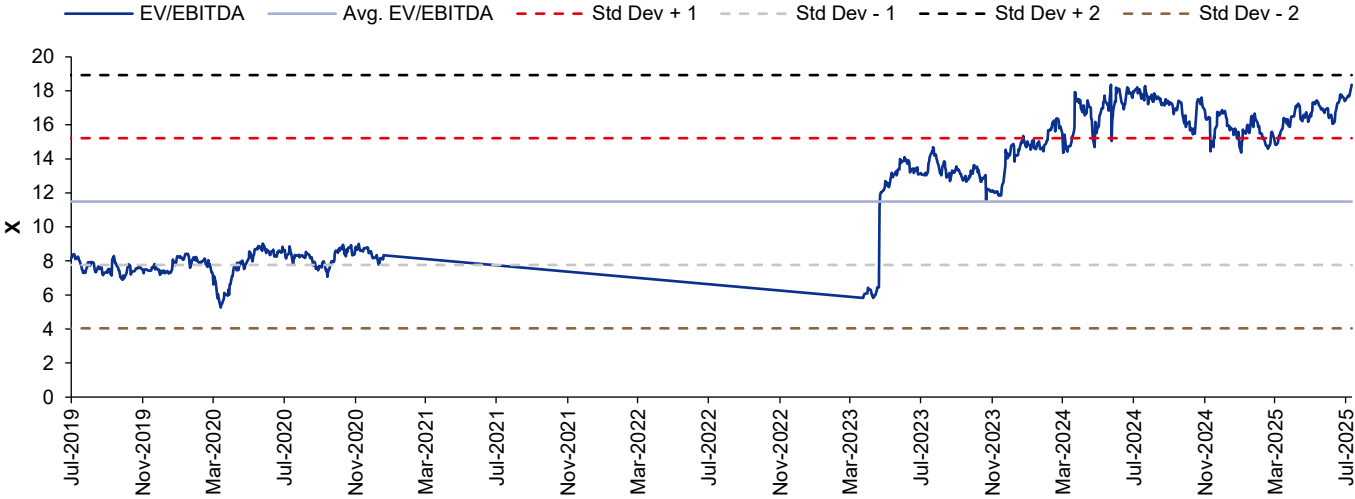
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 15: Ambuja Cements' shareholding pattern (as of end-Jun 2025)



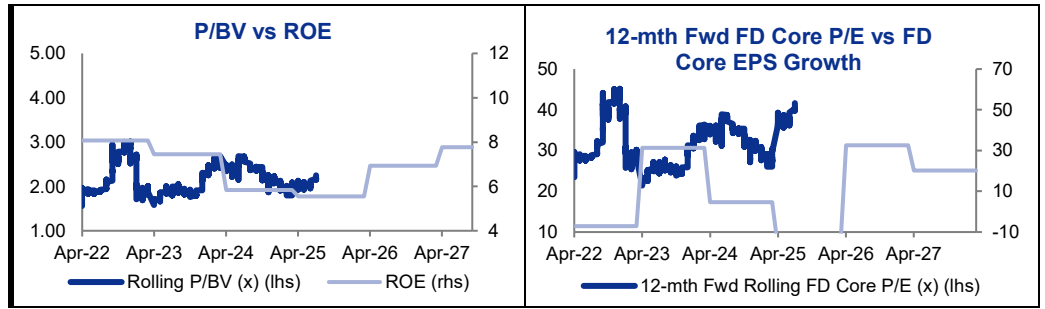
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 16: Ambuja Cements' one-year forward EV/EBITDA above the +1SD level



SOURCE: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	331,596	342,184	410,641	472,812	522,694
Gross Profit	331,596	342,184	410,641	472,812	522,694
Operating EBITDA	63,995	51,443	75,154	96,060	112,857
Depreciation And Amortisation	(16,279)	(24,783)	(30,979)	(34,697)	(38,166)
Operating EBIT	47,716	26,660	44,175	61,364	74,691
Financial Income/(Expense)	(2,764)	(2,159)	(2,203)	(2,247)	(2,292)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	11,664	26,543	6,636	5,309	5,043
Profit Before Tax (pre-EI)	56,616	51,043	48,608	64,426	77,442
Exceptional Items	2,345	8,181			
Pre-tax Profit	58,961	59,224	48,608	64,426	77,442
Taxation	(11,615)	(7,640)	(12,298)	(16,299)	(19,593)
Exceptional Income - post-tax					
Profit After Tax	47,346	51,584	36,311	48,126	57,850
Minority Interests	(11,612)	(9,910)			
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	35,734	41,674	36,311	48,126	57,850
Recurring Net Profit	33,851	34,549	36,311	48,126	57,850
Fully Diluted Recurring Net Profit	33,851	34,549	36,311	48,126	57,850

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	63,995	51,443	75,154	96,060	112,857
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(32,801)	(18,036)	(7,946)	4,547	2,048
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	11,664	26,543	6,636	5,309	5,043
Other Operating Cashflow	27,979	(27,777)	(28,777)	(29,777)	(30,777)
Net Interest (Paid)/Received	(2,764)	(2,159)	(2,203)	(2,247)	(2,292)
Tax Paid	(11,615)	(7,640)	(12,298)	(16,299)	(19,593)
Cashflow From Operations	56,458	22,374	30,567	57,594	67,287
Capex	(39,611)	(85,915)	(102,500)	(106,500)	(91,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(49,893)	10,604	(1,000)		
Cash Flow From Investing	(89,504)	(75,311)	(103,500)	(106,500)	(91,500)
Debt Raised/(repaid)	(241)	(11,711)	10,000	5,000	2,000
Proceeds From Issue Of Shares	66,610	83,391	4,999	9,999	9,999
Shares Repurchased					
Dividends Paid	(4,395)	(3,971)	(9,049)	(11,467)	
Preferred Dividends					
Other Financing Cashflow	(5,086)	(11,788)	30,111	30,694	17,893
Cash Flow From Financing	56,888	55,920	36,061	34,225	29,892
Total Cash Generated	23,842	2,983	(36,872)	(14,681)	5,679
Free Cashflow To Equity	(33,287)	(64,648)	(62,933)	(43,906)	(22,213)
Free Cashflow To Firm	(30,282)	(50,778)	(70,730)	(46,660)	(21,921)

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	103,691	61,799	24,927	10,246	15,925
Total Debtors	11,896	15,903	16,876	19,431	21,481
Inventories	36,086	42,480	47,252	53,110	58,714
Total Other Current Assets	88,209	76,990	83,771	96,454	104,016
Total Current Assets	239,882	197,172	172,825	179,240	200,135
Fixed Assets	314,360	411,130	496,798	568,102	620,935
Total Investments	20,706	37,556	37,556	37,556	37,556
Intangible Assets	26,585	98,204	99,204	99,204	99,204
Total Other Non-Current Assets	49,505	65,393	51,245	51,745	52,245
Total Non-current Assets	411,155	612,283	684,803	756,607	809,940
Short-term Debt	179	124	124	124	124
Current Portion of Long-Term Debt					
Total Creditors	29,641	27,595	27,928	31,436	34,233
Other Current Liabilities	91,469	110,734	114,980	137,116	151,581
Total Current Liabilities	121,289	138,453	143,032	168,675	185,939
Total Long-term Debt	189	144	10,144	15,144	17,144
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	21,134	32,743	33,743	34,743	35,743
Total Non-current Liabilities	21,323	32,887	43,887	49,887	52,887
Total Provisions					
Total Liabilities	142,612	171,340	186,919	218,563	238,826
Shareholders Equity	508,425	638,114	670,709	717,284	771,249
Minority Interests					
Total Equity	508,425	638,114	670,709	717,284	771,249

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	(14.8%)	3.2%	20.0%	15.1%	10.5%
Operating EBITDA Growth	24.9%	(19.6%)	46.1%	27.8%	17.5%
Operating EBITDA Margin	19.3%	15.0%	18.3%	20.3%	21.6%
Net Cash Per Share (Rs)	47.01	24.98	5.95	(2.04)	(0.55)
BVPS (Rs)	231.34	259.07	272.30	291.21	313.12
Gross Interest Cover	17.26	12.35	20.06	27.31	32.59
Effective Tax Rate	19.7%	12.9%	25.3%	25.3%	25.3%
Net Dividend Payout Ratio	13.2%	14.7%	24.0%	24.0%	24.0%
Accounts Receivables Days	12.90	14.83	14.57	14.01	14.28
Inventory Days	37.87	41.90	39.88	38.74	39.04
Accounts Payables Days	39.13	35.93	30.20	28.76	29.24
ROIC (%)	11.8%	4.7%	6.8%	8.5%	9.7%
ROCE (%)	10.6%	4.6%	6.7%	8.7%	9.8%
Return On Average Assets	8.2%	6.2%	4.6%	5.6%	6.2%

SOURCES: 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.