

India

**ADD** (no change)

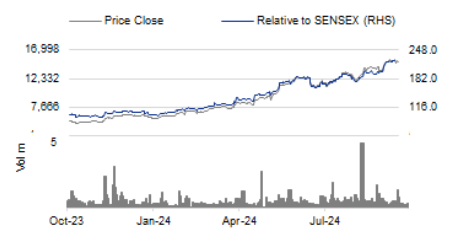
Consensus ratings\*: Buy 16 Hold 6 Sell 10

Current price:	Rs15,055
Target price: ▲	Rs17,200
Previous target:	Rs13,400
Up/downside:	14.2%
InCred Research / Consensus:	40.9%
Reuters:	
Bloomberg:	DIXON IN
Market cap:	US\$10,715m Rs900,858m
Average daily turnover:	US\$93.4m Rs7851.5m
Current shares o/s:	59.6m
Free float:	21.3%

\*Source: Bloomberg

**Key changes in this note**

- For FY25F-27F, we increase our revenue estimates by 19%-29% and PAT estimates by 4%-22%. Retain our ADD rating on the stock with a higher target price of Rs17,200.

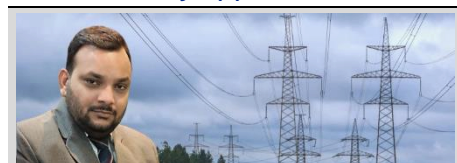


Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	5.0	37.0	177.9
Relative (%)	11.7	37.0	122.3

<b>Major shareholders</b>	% held
Nippon Life India	2.5
LIC	1.8
HDFC Large & Mid Cap	1.8

**Research Analyst(s)**



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# Dixon Technologies

## Robust growth in mobile phone segment

- 2Q EBITDA grew 114% YoY (72% QoQ) to Rs4.3bn, 37% above our estimate & 22% above consensus. Blended EBITDA margin fell by 33bp YoY to 3.7%.
- IT hardware segment may see a strong jump led by client addition. It expanded clients by adding HP & ASUS alongside existing clients like Acer and Lenovo.
- For FY25F-27F, we have increased our revenue estimates by 19%-29% and PAT estimates by 4%-22%. We retain ADD rating with a higher TP of Rs17,200.

### Revenue-led growth continues led by mobile phones

Dixon Technologies' (Dixon) reported a healthy revenue growth of 133% YoY (+75% QoQ) to Rs115bn in 2QFY25, 38% above our estimate and 26% above the Bloomberg or BB consensus estimate, led by a 231% YoY jump in mobile phone sales to Rs52bn, contributing 79% to sales. EBITDA grew 114% YoY (72% QoQ) to Rs4.3bn, 37% above our estimate and 22% above the BB consensus estimate. Blended EBITDA margin fell by 33bp YoY to 3.7%, with a lower margin in mobile phones and home appliances. Reported PAT grew by 263% YoY to Rs4.1bn while the adjusted PAT grew by 108% to Rs2.36bn, 31% above our estimate and 15% above the BB consensus estimate.

### IT hardware to be the next lucrative business after mobile phones

Dixon successfully completed the acquisition of iSmartU and expects further growth from clients such as Tecno, Infinix, and Airtel. The revenue of the mobile phone segment grew 20x in FY20-24 to Rs109bn in FY24, which further expanded to Rs146bn in 1HFY25. The IT hardware segment is likely to register a strong jump led by new client addition. Dixon expanded its client base by adding HP and ASUS alongside existing clients such as Acer and Lenovo. The company's new manufacturing facility in Chennai is expected to be operational by Dec 2024F, further boosting the production capacity. Dixon expects the revenue from its recent acquisition of iSmartU to be in the range of Rs70-75bn in FY24F, and surge to ~Rs100bn by FY26F.

### Retain ADD rating with a higher target price of Rs17,200

Over the past few quarters, Dixon's revenue was skewed towards mobile phones, which contributes 81% (1HFY25) to its total sales, while the margin also increased in this business. Dixon has captured a large market share across categories in the consumer electronics outsourcing space, much above its peers. Management gave guidance of volume dipping slightly in 3QFY25F, touching around 2.3-2.4m units per month, due to post-Diwali festival market slowdown. However, the company expects a recovery in 4QFY25F, with the volume seen rising to 2.8-3m units per month as demand picks up. For FY25F-27F, we have increased our revenue estimates by 19%-29% and PAT estimates by 4%-22%, factoring in higher revenue in the mobile phone and IT hardware businesses. We maintain our ADD rating on the stock with a higher target price of Rs17,200 (Rs13,400 earlier), valuing it at 80x (75x earlier) EPS. Downside risks: Supply chain dependence on China/other countries & macroeconomic headwinds.

### Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	121,920	176,911	349,402	443,675	553,745
Operating EBITDA (Rsm)	5,128	6,978	12,695	17,462	23,038
Net Profit (Rsm)	2,567	3,853	6,702	10,815	14,901
Core EPS (Rs)	42.3	59.3	114.4	175.2	243.0
Core EPS Growth	31.9%	40.2%	92.9%	53.2%	38.7%
FD Core P/E (x)	349.23	233.64	134.33	83.25	60.42
DPS (Rs)	43.1	64.4	112.1	180.8	249.2
Dividend Yield	0.01%	0.02%	0.03%	0.05%	0.07%
EV/EBITDA (x)	174.48	128.82	70.81	51.49	39.01
P/FCFE (x)	75.66	100.62	93.28	47.23	42.32
Net Gearing	(14.9%)	(9.7%)	(6.5%)	(3.9%)	(3.9%)
P/BV (x)	69.77	53.12	35.30	24.95	17.74
ROE	22.1%	23.8%	32.2%	34.0%	33.5%
% Change In Core EPS Estimates			6.32%	17.71%	16.58%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## 2QFY25 conference-call highlights

- **Overview:** Dixon posted strong 2QFY25 revenue growth of 133% YoY at Rs115.3bn. The company's EBITDA also grew by 110% while PAT surged by 265% to Rs4,120m. Excluding a fair value gain of Rs2.1bn, the adjusted PAT stood at Rs2.36bn, representing a 109% increase. The company maintains its strong market position aided by expansion in key segments.
- **Client addition continues in IT hardware business:** For IT hardware and wearables, Dixon has expanded its client base by adding HP and ASUS alongside existing clients such as Acer and Lenovo. The company's new manufacturing facility in Chennai is expected to be operational by Dec 2024F, further boosting the production capacity.
- **iSmartU:** Dixon's overall order book remains strong, particularly in the mobile phone division, which has seen significant growth in export orders from the North American market. The company expects revenue from its recent acquisition of iSmartU to be in the range of Rs70-75bn this year, with further growth expected next financial year to Rs90-100bn.
- **Capacity addition:**
  - To support its rapid growth, Dixon has leased an additional 1.5m sq.ft. of space in Noida to meet the increased demand from its key clients. The company plans to start operations at this facility soon. Management indicated that Dixon is exploring more manufacturing capabilities, particularly in camera modules and other precision components, to strengthen its competitive edge.
  - Dixon has committed to investing Rs1.5bn in its Chennai plant. This facility will have the capacity to produce 1.2m units annually, with a potential to scale up production to 3.5m units going ahead. Management expects the mobile and IT hardware businesses to contribute Rs45-50bn in revenue over the next few years, driven by the production-linked incentive or PLI scheme.
- **Strong volume in mobile phones:** In the smartphone business, Dixon saw a remarkable 468% increase in volume, with total sales touching 8.13m units during the quarter.
- **Component manufacturing:** Dixon is also making strategic moves to enhance its component manufacturing capabilities. The company is in advanced discussions with potential partners for producing camera modules and other components, with the goal of capturing up to 27% of the Bill of Materials (BoM) in-house. This move is expected to improve the margin and strengthen Dixon's position in the electronics manufacturing services ecosystem.
- **Challenges in LED TV:** The LED TV business faced some challenges during the quarter, with the 10% YoY decline in volume attributed to overall weakness in the industry. Despite these challenges, Dixon remains committed to expanding its presence in industrial, institutional, and automotive displays, where the company sees significant long-term growth potential.
- **Some dip in volume in 3Q likely:** Going ahead, Dixon expects smartphone volume to dip slightly in 3QFY25F, touching around 2.3-2.4m units per month, due to post-Diwali festival market slowdown. However, Dixon expects a recovery in 4QFY25F, with the volume seen rising to 2.8-3m units per month as demand picks up.
- **Debt:** The company maintained a gross debt-to-equity ratio of 0.162 and achieved a cash conversion cycle of -3 days. Management emphasized that it expects the company to be driven by operational efficiency and a robust demand environment.
- **Segments:**

- In **mobile phones and EMS** segments, Dixon witnessed significant growth of 235% YoY. The company successfully completed the acquisition of iSmartU and expects further growth from clients such as Tecno, Infinix, and Airtel. Dixon reported monthly production volume of 1m units for Motorola and highlighted a strong order pipeline from major brands like Xiaomi and Oppo. Additionally, Dixon plans to commence production for a large global brand in Nov 2024F, further boosting its presence in the smartphone market.
- In the **consumer electronics** segment, which includes LED TVs and refrigerators, Dixon onboarded new clients like HiSense and Acer Pure for its LED TV business and is collaborating with Amazon Fire TV and LG on their upcoming models. Despite some challenges in the TV market, Dixon continues to expand its product range and manufacturing capacity. The company also plans to increase its refrigerator production capacity to 1.6m units annually.
- Dixon's **home appliances** segment performed with the company's focus on the fully automatic washing machine category, which led to a 50% YoY increase in production volume. Additionally, Dixon continues to strengthen its lighting business, securing a major contract from IKEA in the domestic market.
- The company expects its **lighting** segment to achieve over three-fold growth in FY25F, driven by the strong demand for its products.

Figure 1: Quarter results snapshot

(Rs m)	2QFY25	2QFY24	YoY	1QFY25	QoQ	1HFY25	1HFY24	YoY
<b>Revenue</b>	<b>1,15,341</b>	<b>49,432</b>	<b>133.3%</b>	<b>65,798</b>	<b>75.3%</b>	<b>1,81,139</b>	<b>82,147</b>	<b>120.5%</b>
Total RM Expense	1,06,605	44,691	138.5%	60,169	77.2%	1,66,774	74,249	124.6%
Employees benefits expense	1,483	953	55.7%	1,201	23.5%	1,201	1,201	0.0%
Other Expenses	2,989	1,799	66.2%	1,949	53.4%	4,939	2,953	67.2%
<b>EBITDA</b>	<b>4,264</b>	<b>1,989</b>	<b>114.4%</b>	<b>2,479</b>	<b>72.0%</b>	<b>8,225</b>	<b>3,745</b>	<b>119.7%</b>
EBITDA margin	3.7%	4.0%	-33bp	3.8%	-7.1bp	4.5%	4.6%	-2bp
Depreciation	660	364	81.1%	545	21.1%	1,205	702	71.8%
<b>EBIT</b>	<b>3,604</b>	<b>1,625</b>	<b>121.8%</b>	<b>1,934</b>	<b>86.3%</b>	<b>7,020</b>	<b>3,043</b>	<b>130.7%</b>
Other income	-57	7	-895.8%	82	-170.0%	25	36	-31.4%
Interest	379	171	121.6%	293	29.5%	672	311	116.0%
<b>PBT</b>	<b>3,167</b>	<b>1,461</b>	<b>116.8%</b>	<b>1,723</b>	<b>83.8%</b>	<b>6,373</b>	<b>2,768</b>	<b>130.3%</b>
Share of profit in JV	26	25	5.3%	74.4	-65.1%	100	25	306.5%
Tax	1,172	352	233.2%	400	192.9%	1,572	580	171.0%
Tax Rate	36.7%	23.7%	1,302.7bp	22.3%	64.9%	24.3%	20.8%	351bp
EOI	2,096	-	-	-	-	-	-	-
<b>Reported PAT</b>	<b>4,117</b>	<b>1,134</b>	<b>263.2%</b>	<b>1,397</b>	<b>194.7%</b>	<b>4,901</b>	<b>2,212</b>	<b>121.5%</b>
<b>Adj. PAT</b>	<b>2,360</b>	<b>1,134</b>	<b>108.2%</b>	<b>1,397</b>	<b>68.9%</b>	<b>4,901</b>	<b>2,212</b>	<b>121.5%</b>
PAT margin	2.0%	2.3%	-25bp	2.1%	-8bp	2.7%	2.7%	1bp
EPS	39.6	19.0	108.2%	23.5	68.9%	63.1	29.8	111.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Margin and cost analysis

Cost Analysis	2QFY25	2QFY24	YoY	1QFY25	QoQ	1HFY25	1HFY24	YoY
Raw material costs	92.4%	90.4%	202bp	91.4%	98bp	92.1%	90.4%	168bp
Employees expenses	1.3%	1.9%	-64bp	1.8%	-54bp	0.7%	1.5%	-80bp
Other expenses	2.6%	3.6%	-105bp	3.0%	-37bp	2.7%	3.6%	-87bp
EBITDA margin	3.7%	4.0%	-33bp	3.8%	-7bp	4.5%	4.6%	-2bp
Gross margin	7.6%	9.6%	-202bp	8.6%	-98bp	7.9%	9.6%	-168bp

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Segment revenue and EBITDA

Segmental	2QFY25	2QFY24	YoY	1QFY25	QoQ	1HFY25	1HFY24	YoY
<b>Total Revenue</b>	<b>1,15,340</b>	<b>49,440</b>	<b>133.3%</b>	<b>65,790</b>	<b>75.3%</b>	<b>1,81,130</b>	<b>79,620</b>	<b>127.5%</b>
Consumer Electronics	14,130	14,400	-1.9%	8,550	65.3%	22,680	23,220	-2.3%
Lighting Products	2,330	1,810	28.7%	2,270	2.6%	4,600	4,030	14.1%
Home Appliances	4,440	3,640	22.0%	3,050	45.6%	7,490	6,230	20.2%
Mobile Phones+ EMS	94,440	28,190	235.0%	51,920	81.9%	1,46,360	46,140	217.2%
<b>EBITDA</b>	<b>4,260</b>	<b>1,980</b>	<b>115.2%</b>	<b>2,470</b>	<b>72.5%</b>	<b>6,730</b>	<b>3,430</b>	<b>96.2%</b>
Consumer Electronics	520	490	6.1%	290	79.3%	810	790	2.5%
Lighting Products	170	120	41.7%	150	13.3%	320	310	3.2%
Home Appliances	490	420	16.7%	320	53.1%	810	700	15.7%
Mobile Phones	3,080	930	231.2%	1,710	80.1%	4,790	1,460	228.1%
<b>EBITDA Margin</b>	<b>3.7%</b>	<b>4.0%</b>	<b>-31bp</b>	<b>3.8%</b>	<b>-6bp</b>	<b>3.7%</b>	<b>4.3%</b>	<b>-59bp</b>
Consumer Electronics	3.7%	3.4%	28bp	3.4%	29bp	3.6%	3.4%	17bp
Lighting Products	7.3%	6.6%	67bp	6.6%	69bp	7.0%	7.7%	-74bp
Home Appliances	11.0%	11.5%	-50bp	10.5%	54bp	10.8%	11.2%	-42bp
Mobile Phones	3.3%	3.3%	-4bp	3.3%	-3bp	3.3%	3.2%	11bp

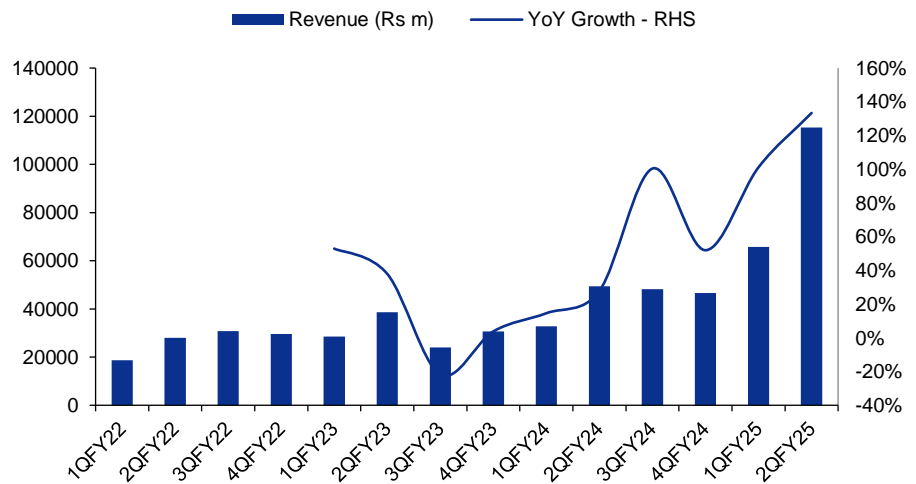
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Actuals vs. estimates

vs. InCred estimates	2QFY25	2QFY25F	Diff.
Revenue	1,15,341	83,442	38%
EBITDA	4,264	3,121	37%
Margin	3.7%	3.7%	-4 bps
PAT	2,021	1,808	12%
vs. consensus estimates	2QFY25	2QFY25C	Diff.
Revenue	1,15,341	91,414	26%
EBITDA	4,264	3,500	22%
Margin	3.7%	3.7%	-4 bps
PAT	2,021	2,046	-1%

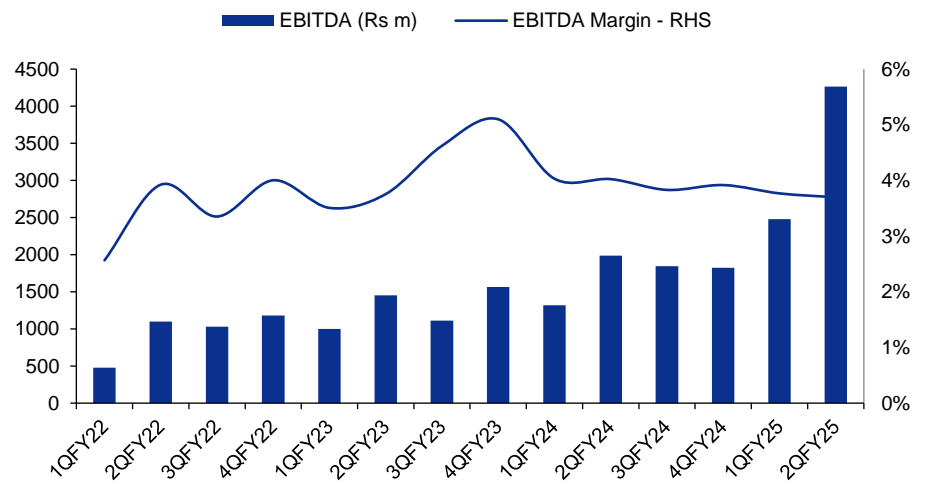
SOURCE: INCRED RESEARCH, BLOOMBERG, COMPANY REPORTS

Figure 5: Quarterly revenue trend



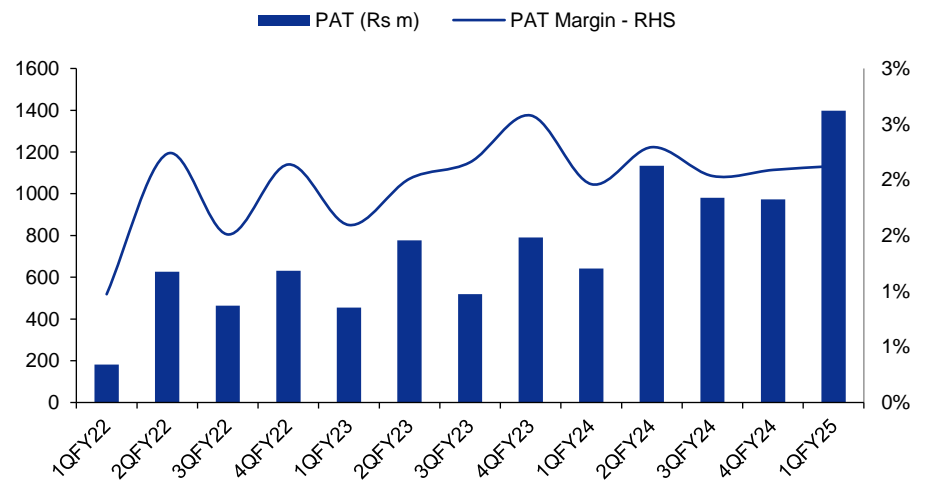
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Quarterly EBITDA trend



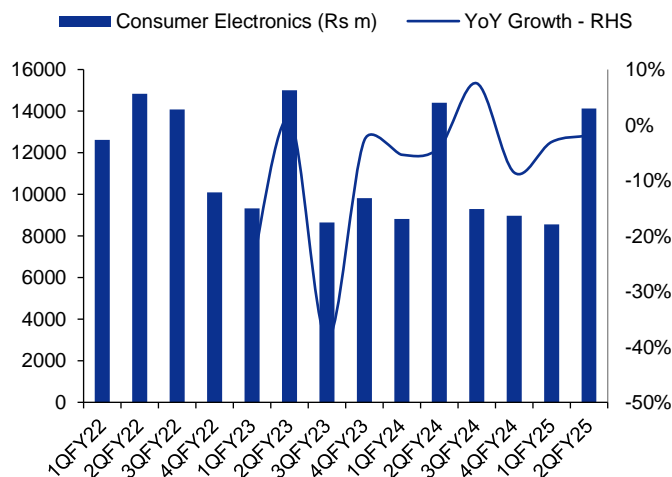
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Quarterly PAT trend



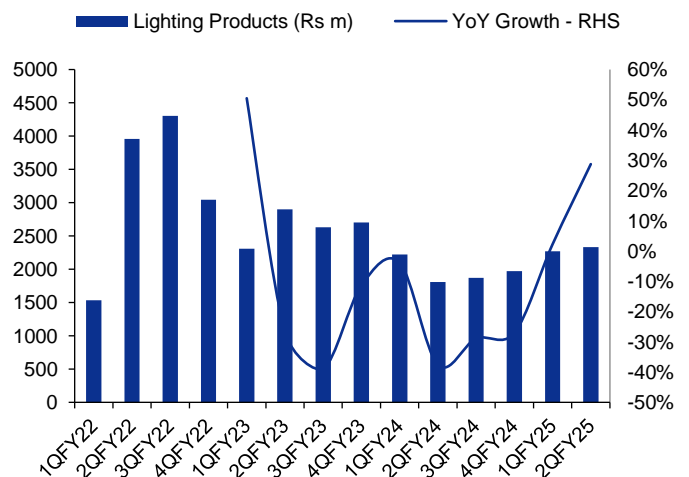
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Consumer electronics revenue trend



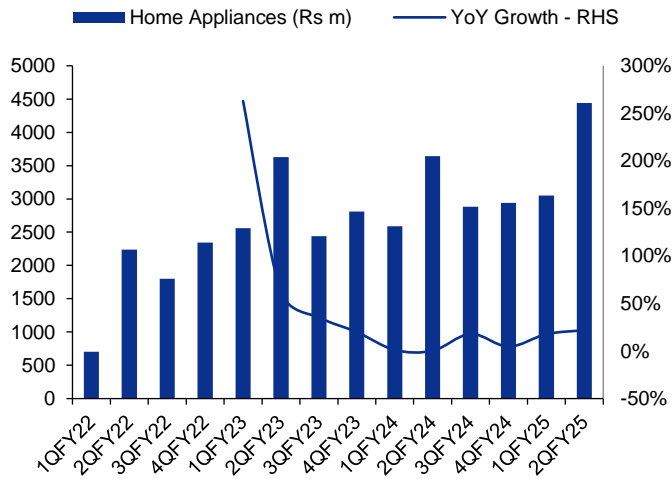
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Lighting products revenue trend



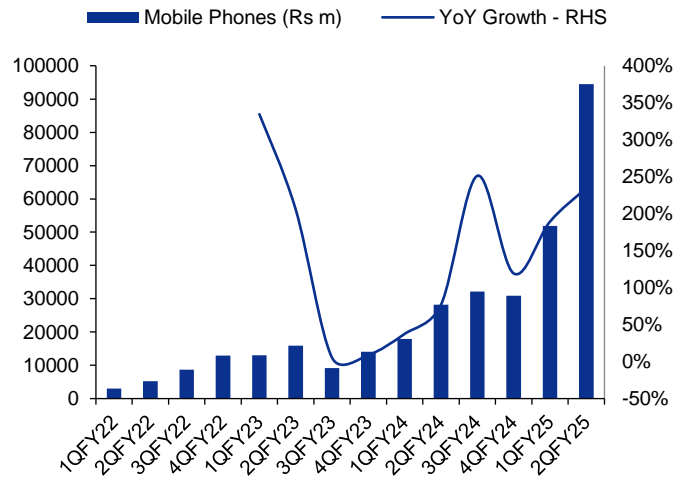
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 10: Home appliances revenue trend**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 11: Mobile phones revenue trend**



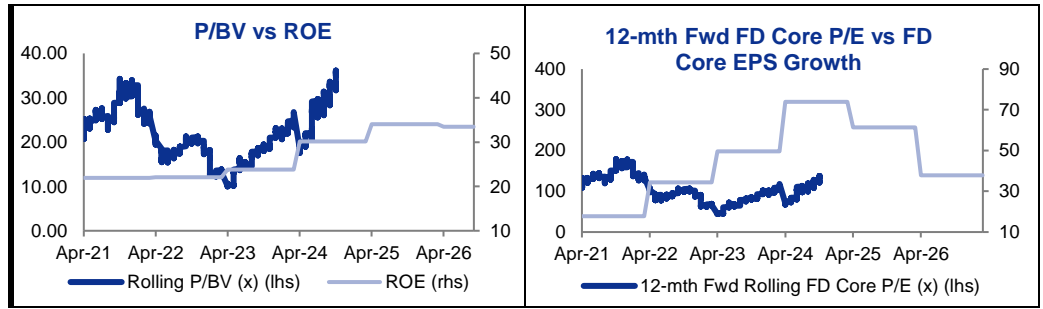
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 12: Earnings revision summary**

	New estimates			Old estimates			Change		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
<b>Revenue</b>	3,49,402	4,43,675	5,53,745	2,71,166	3,58,185	4,64,539	28.9%	23.9%	19.2%
<b>EBITDA</b>	12,695	17,462	23,038	10,867	14,407	19,562	16.8%	21.2%	17.8%
<b>PAT</b>	6,702	10,815	14,901	6,434	8,902	12,464	4.2%	21.5%	19.5%

SOURCE: COMPANY REPORTS, INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	121,920	176,911	349,402	443,675	553,745
<b>Gross Profit</b>	11,768	16,521	30,858	41,796	52,166
<b>Operating EBITDA</b>	5,128	6,978	12,695	17,462	23,038
Depreciation And Amortisation	(1,146)	(1,619)	(2,585)	(2,496)	(2,461)
<b>Operating EBIT</b>	3,981	5,359	10,110	14,966	20,577
Financial Income/(Expense)	(606)	(747)	(1,454)	(1,028)	(1,264)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	56	226	215	257	309
<b>Profit Before Tax (pre-EI)</b>	3,432	4,838	8,870	14,196	19,621
Exceptional Items			2,096		
<b>Pre-tax Profit</b>	3,432	4,838	10,967	14,196	19,621
Taxation	(897)	(1,189)	(2,321)	(3,549)	(4,905)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	2,535	3,649	8,646	10,647	14,716
Minority Interests	(16)	(102)	(153)	(168)	(185)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	2,567	3,853	6,702	10,815	14,901
Recurring Net Profit	2,519	3,546	6,841	10,479	14,531
<b>Fully Diluted Recurring Net Profit</b>	2,519	3,546	6,841	10,479	14,531

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	3,432	4,838	10,967	14,196	19,621
Cash Flow from Invt. & Assoc.					
Change In Working Capital	2,736	(119)	(7,679)	(5,688)	(10,210)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	606	747	1,454	1,028	1,264
Net Interest (Paid)/Received	1,146	1,619	2,585	2,496	2,461
Tax Paid	8,077	7,061	7,326	12,031	13,137
<b>Cashflow From Operations</b>	15,997	14,146	14,652	24,061	26,273
Capex	(4,612)	(5,844)	(5,000)	(5,000)	(5,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	110	159			
<b>Cash Flow From Investing</b>	(4,502)	(5,686)	(5,000)	(5,000)	(5,000)
Debt Raised/(repaid)	336	469			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(737)	(494)	(1,454)	(1,028)	(1,264)
Preferred Dividends					
Other Financing Cashflow	(2,895)	(455)	586	12	5
<b>Cash Flow From Financing</b>	(3,296)	(480)	(868)	(1,016)	(1,259)
Total Cash Generated	8,198	7,980	8,784	18,045	20,014
<b>Free Cashflow To Equity</b>	11,830	8,929	9,652	19,061	21,273
<b>Free Cashflow To Firm</b>	10,348	6,841	7,067	16,566	18,812

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Total Cash And Equivalents	2,292	2,087	2,319	2,382	3,421
Total Debtors	17,155	23,199	43,097	57,151	77,393
Inventories	9,579	16,950	36,376	48,622	63,719
Total Other Current Assets	2,068	6,127	7,353	9,559	12,426
<b>Total Current Assets</b>	<b>31,093</b>	<b>48,363</b>	<b>89,144</b>	<b>117,713</b>	<b>156,959</b>
Fixed Assets	22,755	32,392	36,357	43,384	48,449
Total Investments	442	200	180	144	115
Intangible Assets	303	344	346	348	350
Total Other Non-Current Assets	1,627	705	681	679	681
<b>Total Non-current Assets</b>	<b>25,126</b>	<b>33,641</b>	<b>37,564</b>	<b>44,555</b>	<b>49,595</b>
Short-term Debt	374	424	636	955	1,432
Current Portion of Long-Term Debt					
Total Creditors	24,519	40,598	69,818	88,083	109,935
Other Current Liabilities	4,255	6,012	7,815	10,160	13,207
<b>Total Current Liabilities</b>	<b>29,148</b>	<b>47,033</b>	<b>78,269</b>	<b>99,197</b>	<b>124,575</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,086	4,248	6,144	8,497	11,793
<b>Total Non-current Liabilities</b>	<b>3,086</b>	<b>4,248</b>	<b>6,144</b>	<b>8,497</b>	<b>11,793</b>
Total Provisions	86	63	82	107	139
<b>Total Liabilities</b>	<b>32,319</b>	<b>51,344</b>	<b>84,495</b>	<b>107,801</b>	<b>136,506</b>
Shareholders Equity	12,849	16,949	25,507	36,083	50,744
Minority Interests		276	276	276	276
<b>Total Equity</b>	<b>12,849</b>	<b>17,225</b>	<b>25,784</b>	<b>36,359</b>	<b>51,020</b>

<b>Key Ratios</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Revenue Growth	14.0%	45.1%	97.5%	27.0%	24.8%
Operating EBITDA Growth	35.3%	36.1%	81.9%	37.5%	31.9%
Operating EBITDA Margin	4.2%	3.9%	3.6%	3.9%	4.2%
Net Cash Per Share (Rs)	32.21	27.80	28.13	23.86	33.26
BVPS (Rs)	215.77	283.42	426.55	603.39	848.57
Gross Interest Cover	6.57	7.17	6.95	14.56	16.28
Effective Tax Rate	26.1%	24.6%	21.2%	25.0%	25.0%
Net Dividend Payout Ratio	4.7%	5.0%	4.7%	4.6%	4.6%
Accounts Receivables Days	45.98	41.61	34.61	41.22	44.33
Inventory Days	35.02	30.19	30.55	38.60	40.88
Accounts Payables Days	78.96	74.09	63.26	71.71	72.05
ROIC (%)	12.1%	12.1%	16.2%	18.2%	19.3%
ROCE (%)	32.1%	34.7%	45.9%	47.0%	45.8%
Return On Average Assets	5.6%	6.1%	7.3%	7.9%	8.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS



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- 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.