



India

**HOLD** (previously REDUCE)

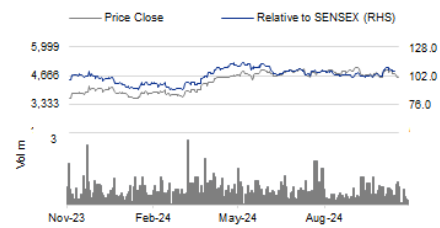
Consensus ratings\*: Buy 19 Hold 10 Sell 12

Current price:	Rs4,589
Target price:	▲ Rs4,841
Previous target:	Rs4,086
Up/downside:	5.5%
InCred Research / Consensus:	0.0%
Reuters:	EICH.NS
Bloomberg:	EIM IN
Market cap:	US\$14,903m
	Rs1,257,582m
Average daily turnover:	US\$34.6m
	Rs2921.7m
Current shares o/s:	273.3m
Free float:	50.9%

\*Source: Bloomberg

**Key changes in this note**

- FY25F-27F volume upgrade by 3%.
- FY25F-27F sales upgrade by 6-7%.
- FY25F-27F PAT upgrade by 4-5%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(4.0)	(3.1)	25.9
Relative (%)	1.3	(1.3)	5.2

**Major shareholders**

	% held
Lal Family	49.2
SBI Mutual Fund	2.0
NEW WORLD FUND INC	1.9

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# Eicher Motors Ltd

## Better sales execution drives upgrade

- 2QFY25 EPS grew by 8% yoy and qoq, beating our estimate but in line with the Bloomberg consensus estimate.
- Bottoming out of market share & competition comforts. Impressed by improved management execution to capture festive season-led demand recovery.
- Upgrade EPS by 5% and rating to HOLD with new SOTP-based TP. Production change-over challenges for new emission norms in Jan 2025 is short-term risk.

**Sustains strong profitability in 2QFY25**

Eicher Motors' 2QFY25 flat yoy EBITDA at Rs10.9bn was below our estimate (2%) and the Bloomberg (BB) consensus estimate (7%). However, higher other income (26% qoq) helped in posting an 8% yoy rise in normalized consolidated EPS to Rs40, a 5% beat to our estimate and in line with the BB consensus estimate. Big inventory gain benefit was neutralized by higher other expenses (+100bp qoq) on the EBITDA margin. VECV's profits rose by 12% yoy and 20% qoq to Rs2bn, a 16% miss to our estimate.

**Demand revival in the festive season & low inventory level impress**

Management indicated that retail festive season demand growth was very strong at 26% aided by new model intervention and aggressive bank finance schemes, leading to the channel inventory easing to a bare minimum level of two-to-three weeks. The new Bullet 350cc variant Battalion black launch in key markets of North India helped it to regain glory in this model. Export retails noticed a healthy growth of 20% in 2Q. The new emission regulations (OBD-II), effective Jan 2025, may be a short-term distortion for production ramp-up and dealer inventory management.

**Upgrade EPS by 4-5%**

The signs of Royal Enfield's (RE) market share bottoming out in the Sep 2024 quarter (Fig. 6) and the festive season-led demand recovery are encouraging. Considering the good response to new model/variants, we upgraded net sales by 6-7% for FY25F-27F. We build in a 25% EBITDA margin in 2HFY25F vs. 26% in 1H. With the strong other income helping to overcome the weakness in Volvo truck JV profitability, we raise consol. PAT by 4-5%.

**Upgrade to HOLD rating**

Improved management actions (model variant launches and aggressive finance schemes) driving customer enquiry into purchase conversion are impressive. However, short-term production change-over/ inventory management for Jan 2025 emission upgrade needs to be watched out for. With forward P/E and P/BV valuations easing below the 10-year mean, we upgrade to HOLD rating on the stock (from REDUCE) with a higher SOTP-based target price of Rs4,841 (Rs4,086 earlier) to reflect the EBITDA upgrade. The key upside risk is volume surprise in new models. The key downside risk is production challenges and export weakness.

**Financial Summary**

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	144,422	165,358	196,277	225,833	249,886
Operating EBITDA (Rsm)	34,436	43,269	49,923	55,887	61,882
Net Profit (Rsm)	29,140	39,831	44,407	47,934	53,074
Core EPS (Rs)	106.6	145.6	159.3	175.1	193.8
Core EPS Growth	78.0%	36.6%	9.4%	9.9%	10.7%
FD Core P/E (x)	43.06	31.53	28.29	26.21	23.67
DPS (Rs)	37.0	51.0	56.0	62.0	68.0
Dividend Yield	0.81%	1.11%	1.22%	1.35%	1.48%
EV/EBITDA (x)	32.65	25.72	22.25	19.51	17.18
P/FCFE (x)	(147.03)	89.83	74.78	71.19	51.42
Net Gearing	(87.0%)	(79.1%)	(76.7%)	(75.9%)	(76.6%)
P/BV (x)	8.37	6.96	6.62	5.74	4.99
ROE	21.1%	24.1%	23.6%	23.5%	22.5%
% Change In Core EPS Estimates			4.13%	5.38%	3.86%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## Better sales execution drives upgrade

### Management conference-call highlights >

- **Outlook:** Volume growth and absolute EBITDA will be in focus going ahead, while the margin will be maintained at the current level as the company plans to maintain its marketing and customer engagement activities in the next quarter as well. The volume growth during the quarter was on the back of new launches, improved marketing activities and improved ease of financing (finance penetration was at 61%).
- **New launches:** Forayed into the electric vehicle or EV space by announcing the launch of a new electric vehicle brand, Flying Flea, at EICMA. The debut featured two models: the Classic-styled Flying Flea C6 and the Scrambler-styled Flying Flea S6. Also launched the Bear 650 (on model Interceptor 650 platform) and Classic 650.
- **Urban vs rural:** Two-thirds of the market remains urban for the company while the growth is faster in rural. Models like Himalayan 650 and Guerrilla 450 getting traction in urban areas and 350cc models like Classic, Hunter and Bullet continue to be the preferred choice in rural areas.
- **Festive season 2024:** Motorcycle industry's volume grew by 6-7% yoy while Royal Enfield's volume saw a growth of 26% at the retail level. Management is confident of maintaining its growth momentum going ahead on the back of refreshed models of Classic 350 and Bullet as the enquiries for the same remain robust.
- **Financial activities:** Other expenses include Rs120m of one-off expenditure due to warehouse space rentals in the festive season.
- **Dealer inventory level:** Post festive season, the dealer inventory level eased to two-to-three weeks, which, management believes, is the lowest in the 2W industry. Going ahead, its endeavour is to build up the dealer inventory level by ramping up production. However, new OBD-II norms, effective Jan 2025, may lead to production fluctuations in the short-term to manage a smooth transition.
- **International business:** Retail sales during the quarter grew by 20% yoy on the back of new launches. The company plans to expand its retail stores in Brazil and is setting up a second CKD early next year. Debuted in Bangladesh with a new flagship store in Dhaka, and a manufacturing assembly unit in the country. Witnessing stable growth in Nepal while there are green shoots in Australia, Turkey and Mexican markets. Overall, gradual growth is expected in the international business.
- **VECV:** In 2QFY25, volume grew by 6.2% yoy, attaining leadership in the light and medium duty (LMD) segment with 36% market share. However, CV industry volume declined by 10.8%. In 2HFY25F, CV demand is likely to pick up. On the export front, the growth was 12.2% yoy, despite global environment challenges. The margin remained under pressure led by competitive discounts in the industry. The company is signing a MoU for deployment of 500 Eicher Pro 6055 LNG trucks.

Figure 1: Quarterly results comparison

Y/E Mar (Rs m)	2QFY25	2QFY24	yoy % chg	1QFY25	qoq % chg	1HFY25	1HFY24	yoy % chg	Comments for the quarter
Revenue	43,931	39,864	10.2	42,560	3.2	86,561	81,009	6.9	In line with our estimate.
Raw material costs	23,562	22,273	5.8	22,754	3.5	46,386	44,473	4.3	
RM costs as a % of revenue	54	56	(223.8)	53	17.0	54	55	(131.2)	
<b>EBITDA</b>	<b>11,654</b>	<b>10,208</b>	<b>14.2</b>	<b>11,286</b>	<b>3.3</b>	<b>22,532</b>	<b>21,080</b>	<b>6.9</b>	<b>2% below our estimate.</b>
EBITDA margin (%)	26.5	25.6	92.1	26.5	1.0	26.0	26.0	0.8	47bp below our estimate.
Depreciation & amortization	1,686	1,423	18.5	1,653	2.0	3,487	2,848	22.4	
<b>EBIT</b>	<b>9,968</b>	<b>8,786</b>	<b>13.5</b>	<b>9,634</b>	<b>3.5</b>	<b>19,045</b>	<b>18,232</b>	<b>4.5</b>	
Interest expenses	123	104	17.6	153	(20.0)	254	231	10.0	
Other income	2,820	2,432	15.9	3,052	(7.6)	6,357	5,170	23.0	11% above our estimate.
Pre-tax profit	12,665	11,114	14.0	12,532	1.1	25,148	23,171	8.5	
Tax	3,396	2,935	15.7	3,146	8.0	6,013	5,845	2.9	
Profit before minority interest	9,269	8,179	13	9,386	(1)	19,135	17,325	10.4	
Profit in joint venture	942	1,004	(6)	1,318	(28)	2,080	2,021	3	-
<b>Normalized net profit</b>	<b>10,211</b>	<b>9,183</b>	<b>11.2</b>	<b>10,705</b>	<b>(4.6)</b>	<b>21,215</b>	<b>19,346</b>	<b>9.7</b>	<b>6% above our estimate.</b>
Exceptional items	803	-	nm	-	nm	803	-	nm	
Reported net profit	11,014	9,183	19.9	10,705	2.9	21,215	19,346	9.7	
Normalized EPS (Rs)	37.3	33.5	19.9	39.1	2.9	77.4	70.6	9.7	
Volume (nos)	2,26,907	2,27,706	(0.4)	2,20,618	2.9	4,54,779	4,64,041	(2.0)	
Net realization (Rs)	1,93,606	1,75,067	10.6	1,92,914	0.4	1,90,337	1,74,573	9.0	
EBITDA/vehicle	51,362	44,831	14.6	51,158	0.4	49,544	45,427	9.1	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Royal Enfield's quarterly performance

(Rs m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	1HFY25	1HFY24	yoy (%)
Net Sales	42,054	39,307	7.0%	42,313	-0.6%	84,367	78,319	7.7%
EBITDA	11,049	10,974	0.7%	11,786	-6.3%	22,835	21,101	8.2%
EBITDA Margin (%)	26.3%	27.9%	-165	27.9%	(158)	27.1%	26.9%	12
<b>Normalized PAT</b>	<b>10,099</b>	<b>9,385</b>	<b>7.6%</b>	<b>10,880</b>	<b>-7.2%</b>	<b>20,979</b>	<b>18,524</b>	<b>13.3%</b>
Total Volume (in nos)	2,27,872	2,36,335	-3.6%	2,26,907	0.4%	4,54,779	4,64,041	-2.0%
ASP (Rs)	1,84,553	1,66,319	11.0%	1,86,476	-1.0%	1,85,513	1,68,776	9.9%

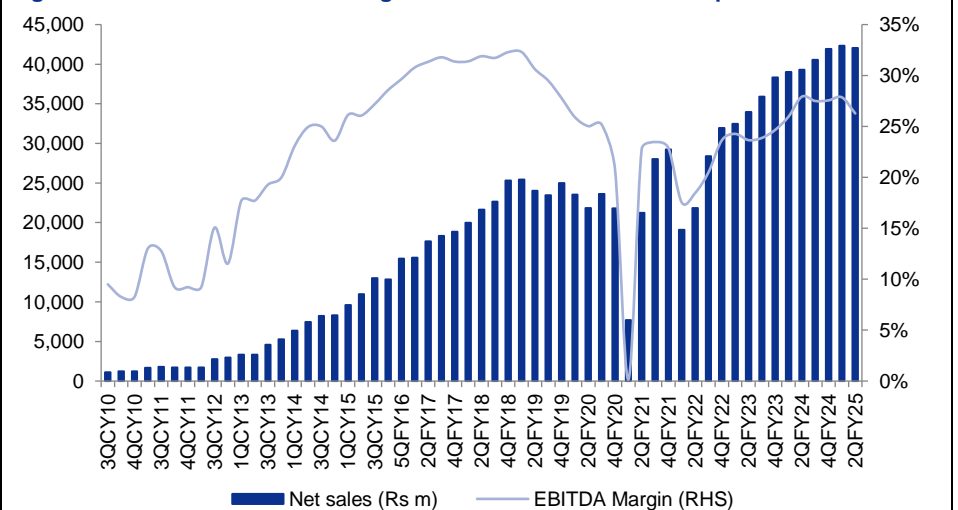
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: VE Commercial Vehicles' quarterly performance

(Rs m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	1HFY25	1HFY24	yoy (%)
Net Sales	54,350	51,290	6.0%	50,700	7.2%	1,05,050	1,01,200	3.8%
EBITDA	3,950	4,040	-2.2%	3,850	2.6%	7,800	7,534	3.5%
EBITDA Margin (%)	7.3%	7.9%	(61)	7.6%	(33)	7.4%	7.4%	-2
<b>Normalized PAT</b>	<b>2,080</b>	<b>1,850</b>	<b>12.4%</b>	<b>1,733</b>	<b>20.1%</b>	<b>3,813</b>	<b>3,345</b>	<b>14.0%</b>
Total Volumes (In nos)	20,774	19,551	6.3%	19,702	5.4%	40,476	39,122	3.5%
ASP (Rs)	26,16,251	26,23,395	-0.3%	25,73,343	1.7%	25,95,365	25,86,780	0.3%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Volume and EBITDA margin moderate from their recent peak



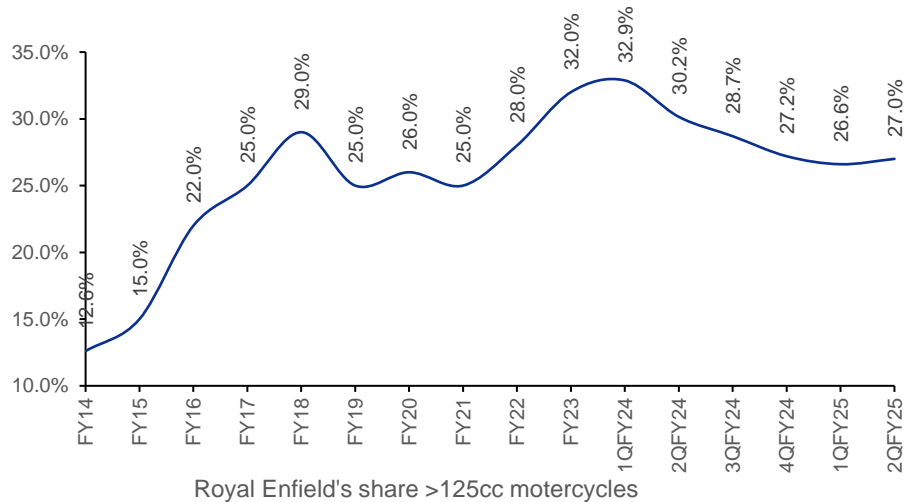
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Sales volume break-up (units)

	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	1HFY25	1HFY24	yoy (%)
RE Domestic	2,06,157	2,16,401	-5%	2,04,686	1%	4,10,843	4,23,572	-3%
RE Export	21,715	19,934	9%	21,335	2%	43,050	40,469	6%
Commercial vehicles	20,774	18,940	10%	19,702	5%	88,040	79,623	11%
<b>Total sales volume</b>	<b>2,45,723</b>	<b>2,55,275</b>	<b>-4%</b>	<b>2,51,542</b>	<b>-2%</b>	<b>4,97,265</b>	<b>5,43,664</b>	<b>-9%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Royal Enfield maintains its market share in above 125cc bikes



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Product portfolio of Royal Enfield

Engine Platform	Heritage	Cruiser	Roadster	Scrambler	Adventure	Retro Sport
<b>P Platform</b> 650cc   Twin cylinder Air-oil cooled 47 PS   52.4 N-m	Classic 650	Super Meteor 650	Interceptor INT650	Bear 650		Continental GT650
<b>K (Sherpa) Platform</b> 450cc   Single cylinder Liquid cooled 39.4 PS   40 N-m		Shotgun 650	Guerrilla 450		Himalayan 450	
<b>D Platform</b> 411cc   Single cylinder Air-oil cooled 24 PS   32 N-m				SCRAM 411		
<b>J Platform</b> 350cc   Single cylinder Air cooled 20.2 PS   27 N-m	Classic 350	Meteor 350	Hunter 350			Bullet 350

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Key assumptions

Rsm	FY22A	FY23	FY24	FY25F	FY26F	FY27F
<b>Volume (nos)</b>						
Royal Enfield	3,94,969	8,34,895	9,12,732	10,39,318	11,75,950	12,86,545
VECV	12,631	79,623	85,560	88,250	1,00,962	1,11,371
Consol	4,07,600	9,14,518	9,98,292	11,27,568	12,76,912	13,97,916
<b>Sales</b>						
Royal Enfield	66,451	1,40,667	1,61,706	1,92,238	2,20,944	2,44,361
VECV	13,905	1,89,520	2,18,780	2,29,093	2,51,890	2,78,078
Consol	80,357	3,30,187	3,80,486	4,21,332	4,72,834	5,22,440
<b>EBITDA Margins (%)</b>						
Royal Enfield	24.0%	24.1%	27.7%	26.9%	25.9%	25.6%
VECV	8.0%	7.3%	7.7%	7.3%	7.4%	7.0%
Consol	21.2%	14.5%	16.2%	16.2%	16.0%	15.7%
<b>Net Profit</b>						
Royal Enfield	11,947	26,225	38,418	43,270	47,135	51,499
VECV	7	2,641	3,591	4,893	3,839	3,956
Consol.	11,955	28,866	42,009	48,163	50,974	55,456

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Our revised consolidated entity's earnings estimates

	FY25F		FY26F		FY27F	
	Old	New	Old	New	New	New
RE Sales volume	10,08,275	10,39,318	11,37,650	11,75,950	12,55,415	12,86,545
Change (%)		3.1%		3.4%		2.5%
Net Sales (Rs m)	1,85,284	1,96,277	2,11,788	2,25,833	2,36,047	2,49,886
Change (%)		5.9%		6.6%		5.9%
EBITDA (Rs m)	47,284	49,923	52,529	55,887	58,290	61,882
Change (%)		5.6%		6.4%		6.2%
EBITDA Margin	25.5%	25.4%	24.8%	24.7%	24.7%	24.8%
Bp		(8)		(6)		7
EPS (Rs)	152.9	159.3	166.1	175.1	186.6	193.8
Change (%)		4.1%		5.4%		3.9%

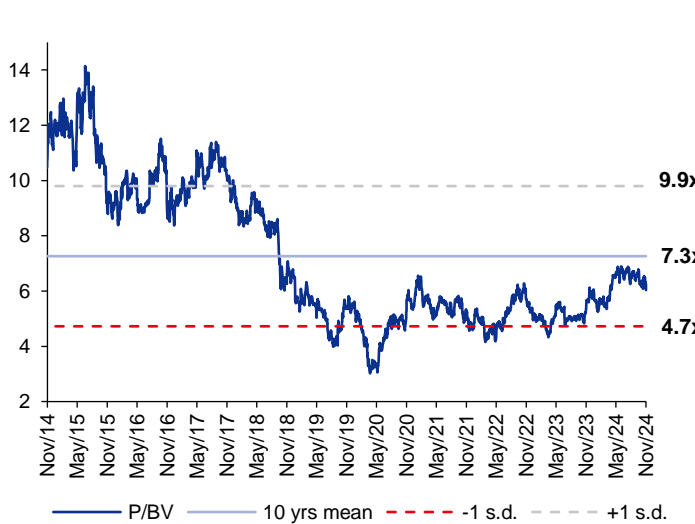
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Eicher Motors' sum-of-the-parts or SOTP valuation

Sum of Parts (Rs m)	EBITDA 1-yr fwd	Multiple (x)	EV	Net Debt 1-yr fwd	Equity Value	Stake	Attributable	No. of Shares (m)	Value per Share (Rs)
Royal Enfield	60,595	17	10,30,119	(1,71,638)	12,01,758	100%	12,01,758	273.3	4,397
Volvo Eicher CV (incl engine business)	19,156	11	2,10,712	(12,400)	2,23,111	54.4%	1,21,373	273.3	444
<b>SOP Value of Eicher Motors</b>									<b>4,841</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Forward P/BV valuation below the mean level



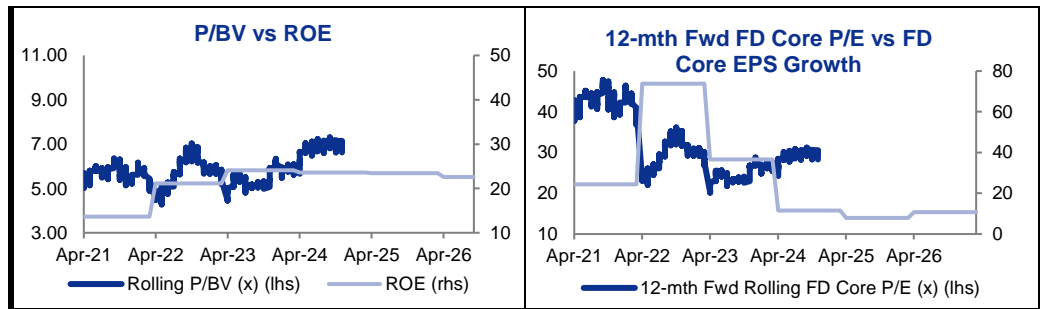
SOURCE: BLOOMBERG, INCRED RESEARCH

Figure 12: Forward P/E valuation near -1SD of the 10-year mean level



SOURCE: BLOOMBERG, INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	144,422	165,358	196,277	225,833	249,886
<b>Gross Profit</b>	62,303	75,551	89,084	101,556	112,287
<b>Operating EBITDA</b>	34,436	43,269	49,923	55,887	61,882
Depreciation And Amortisation	(5,262)	(5,976)	(7,200)	(8,570)	(9,470)
<b>Operating EBIT</b>	29,174	37,293	42,723	47,317	52,412
Financial Income/(Expense)	(280)	(509)	(625)	(800)	(700)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	5,951	10,759	12,583	13,299	14,559
<b>Profit Before Tax (pre-EI)</b>	34,845	47,543	54,681	59,816	66,270
Exceptional Items					
<b>Pre-tax Profit</b>	34,845	47,543	54,681	59,816	66,270
Taxation	(8,857)	(12,010)	(15,173)	(16,462)	(17,916)
Exceptional Income - post-tax			803		
<b>Profit After Tax</b>	25,988	35,533	40,311	43,354	48,354
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	3,152	4,298	4,096	4,580	4,720
<b>Net Profit</b>	29,140	39,831	44,407	47,934	53,074
Recurring Net Profit	29,140	39,831	43,604	47,934	53,074
<b>Fully Diluted Recurring Net Profit</b>	29,140	39,831	43,604	47,934	53,074

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	34,436	43,269	49,923	55,887	61,882
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,906)	1,436	(3,067)	(605)	(64)
(Incr)/Decr in Total Provisions	6,309	(18,329)	1,652	(5,981)	(5,000)
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	3,152	4,298	4,899	4,580	4,720
Net Interest (Paid)/Received	5,671	10,250	11,958	12,499	13,859
Tax Paid	(8,857)	(13,620)	(15,173)	(16,462)	(17,916)
<b>Cashflow From Operations</b>	38,805	27,305	50,192	49,918	57,480
Capex	(7,592)	(9,050)	(12,534)	(10,470)	(10,470)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(40,486)	(4,070)	(21,459)	(21,799)	(22,575)
<b>Cash Flow From Investing</b>	(48,078)	(13,120)	(33,993)	(32,269)	(33,045)
Debt Raised/(repaid)	739	(206)	602		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(10,120)	(13,964)	(15,333)	(16,976)	(18,618)
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	(9,381)	(14,170)	(14,731)	(16,976)	(18,618)
Total Cash Generated	(18,654)	14	1,468	673	5,817
<b>Free Cashflow To Equity</b>	(8,534)	13,978	16,800	17,649	24,435
<b>Free Cashflow To Firm</b>	(8,993)	14,693	16,824	18,449	25,135

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	131,778	143,855	147,212	167,831	194,765
Total Debtors	3,689	3,738	11,587	13,922	15,398
Inventories	12,784	14,096	13,694	16,949	18,746
Total Other Current Assets	12,104	29,357	27,552	34,833	39,833
<b>Total Current Assets</b>	<b>160,356</b>	<b>191,046</b>	<b>200,045</b>	<b>233,536</b>	<b>268,742</b>
Fixed Assets	30,606	35,845	40,029	41,929	42,929
Total Investments					
Intangible Assets					
Total Other Non-Current Assets					
<b>Total Non-current Assets</b>	<b>30,606</b>	<b>35,845</b>	<b>40,029</b>	<b>41,929</b>	<b>42,929</b>
Short-term Debt	1,327	1,121	1,723	1,723	1,723
Current Portion of Long-Term Debt					
Total Creditors	18,104	20,901	25,281	30,266	33,474
Other Current Liabilities	17,149	13,841	16,000	17,000	17,000
<b>Total Current Liabilities</b>	<b>36,581</b>	<b>35,863</b>	<b>43,003</b>	<b>48,989</b>	<b>52,197</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>					
Total Provisions	5,493	9,422	7,305	7,605	7,605
<b>Total Liabilities</b>	<b>42,074</b>	<b>45,285</b>	<b>50,308</b>	<b>56,594</b>	<b>59,802</b>
Shareholders Equity	149,903	180,455	189,766	218,871	251,869
Minority Interests					
<b>Total Equity</b>	<b>149,903</b>	<b>180,455</b>	<b>189,766</b>	<b>218,871</b>	<b>251,869</b>

**Key Ratios**

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	40.2%	14.5%	18.7%	15.1%	10.7%
Operating EBITDA Growth	61.5%	25.7%	15.4%	11.9%	10.7%
Operating EBITDA Margin	23.8%	26.2%	25.4%	24.7%	24.8%
Net Cash Per Share (Rs)	476.97	521.31	531.37	606.68	705.05
BVPS (Rs)	548.09	659.08	693.08	799.38	919.90
Gross Interest Cover	104.19	73.30	68.36	59.15	74.87
Effective Tax Rate	25.4%	25.3%	27.7%	27.5%	27.0%
Net Dividend Payout Ratio	34.7%	35.1%	35.2%	35.4%	35.1%
Accounts Receivables Days	8.48	8.20	14.25	20.61	21.41
Inventory Days	53.58	54.63	47.31	45.00	47.34
Accounts Payables Days	79.97	79.27	78.63	81.57	84.54
ROIC (%)	110.8%	155.8%	88.5%	91.7%	86.8%
ROCE (%)	20.6%	21.9%	22.3%	22.4%	21.7%
Return On Average Assets	16.7%	19.3%	18.9%	18.9%	18.3%

**Key Drivers**

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
ASP (% chg, main prod./serv.)	0.2%	5.2%	4.4%	1.6%	1.1%
Unit sales grth (% , main prod./serv.)	38.6%	9.3%	13.9%	13.1%	9.4%
ASP (% chg, 2ndary prod./serv.)	7.3%	9.5%	1.0%	(4.0%)	N/A
Unit sales grth (% ,2ndary prod/serv)	39.6%	7.5%	3.1%	14.4%	10.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.*

##### 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.