

India

**ADD** (no change)

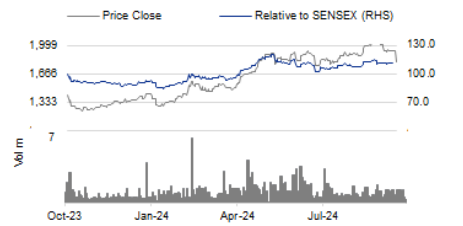
Consensus ratings\*: Buy 20 Hold 14 Sell 6

Current price:	Rs1,806
Target price:	Rs2,100
Previous target:	Rs2,100
Up/downside:	16.3%
InCred Research / Consensus:	8.2%
Reuters:	HVEL.NS
Bloomberg:	HAVL IN
Market cap:	US\$13,464m
	Rs1,131,934m
Average daily turnover:	US\$26.8m
	Rs2253.7m
Current shares o/s:	626.7m
Free float:	40.6%

\*Source: Bloomberg

**Key changes in this note**

- For FY25F, we largely maintain our revenue estimates but reduce our EBITDA/PAT estimates by 6%/2%, respectively, factoring in the lower margin in 2QFY25.




Source: Bloomberg

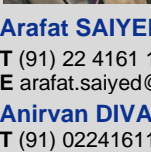
Price performance	1M	3M	12M
Absolute (%)	(10.0)	(3.7)	30.5
Relative (%)	(7.9)	(3.3)	6.1

Major shareholders	% held
Promoters	59.4
Nalanda India Equity Fund	4.1
Life Insurance Corporation	3.5

**Research Analyst(s)**



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# Havells India

## Revenue on track but earnings disappoint

- 2QFY25 EBITDA was flat YoY at Rs2.75bn (18% below our estimate and 23% below the BB consensus estimate) while the margin fell by 131bp YoY to 8.3%.
- Management reaffirmed its commitment to a total capex of Rs10bn in FY25F, of which it has already spent Rs3.5bn in 1HFY25.
- For FY25F, we largely maintain our revenue but cut EBITDA/PAT estimates by 6%/2%, respectively. Retain ADD rating with a target price of Rs2,100.

### Muted profitability with lower margin

After a strong 1Q, performance, Havells India posted weaker-than-expected profitability in 2QFY25 led by lower margin in key segments, despite higher-than-expected revenue. Total revenue grew by 16% YoY to Rs45bn, 2% above our/Bloomberg consensus estimates. EBITDA was flat YoY at Rs2.75bn (18% below our estimate but 23% below the BB consensus estimate) while the margin declined by 131bp YoY to 8.3%. The margin was impacted due to higher spending on advertisements to capitalize on the festive season, and increased manpower and salary expenses as the company continues to strengthen its rural channels. PAT stood at Rs2.7bn, up 8% YoY, 18% below our estimate and 19% below the BB consensus estimate. Gross margin was down 149bp YoY at 31.8%. Revenue growth was largely dominated by the cable & wire or C&W segment (+23% YoY), ECD (up 17% YoY) while Lloyd grew by 19% YoY. The lighting & fixtures segment's revenue declined by 1% YoY while the switchgear segment grew by 3% YoY.

### Capex on track

2QFY25 witnessed volatility in commodity prices, which hit margin, particularly in the C&W segment. Management reaffirmed its commitment to a total capex of Rs10bn in FY25F, of which it has already spent Rs3.5bn in 1HFY25. A new cable and wire plant has been commissioned, and an additional Rs4.5bn has been allocated for further capacity expansion in this segment. The new facility is expected to contribute 25% to sales over the next two years when the incremental capacity from this expansion comes on stream.

### Outlook and valuation; retain ADD rating

The festive season shift this year led to advancement of advertisement expenditure, which is expected to normalize. The demand outlook remains healthy, with a noticeable uptick in consumer trends. Investments in brand building are ongoing, indicating its strategic focus on enhancing brand visibility and market reach. For FY25F, we largely retain our revenue estimates but cut EBITDA/PAT by 6%/2%, respectively, factoring in the lower margin in 2QFY25. For FY26F/27F, we largely maintain our estimates. We expect Havells India to maintain its market leadership in switchgear, while also emphasizing that Lloyd's margin improvement would be a long-term journey as the company continues to invest in new product categories & global markets. We retain our ADD rating on the stock with a target price of Rs2,100, valuing it at 60x 1HFY27F EPS. Downside risks: Delay in B2C demand recovery, new competition, and Lloyd's losses.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	169,107	185,900	219,680	253,730	291,050
Operating EBITDA (Rsm)	15,991	18,426	22,159	29,443	33,269
Net Profit (Rsm)	10,717	12,708	15,705	20,451	23,409
Core EPS (Rs)	17.1	20.3	25.1	32.6	37.4
Core EPS Growth	(10.5%)	18.5%	23.6%	30.2%	14.5%
FD Core P/E (x)	105.53	89.03	72.05	55.33	48.34
DPS (Rs)	7.5	7.5	8.0	9.0	10.0
Dividend Yield	0.42%	0.42%	0.44%	0.50%	0.55%
EV/EBITDA (x)	69.44	59.75	49.49	36.84	32.16
P/FCFE (x)	599.29	366.04	136.43	62.41	53.17
Net Gearing	(31.0%)	(40.8%)	(40.8%)	(46.8%)	(52.3%)
P/BV (x)	17.07	15.19	13.22	11.27	9.63
ROE	17.0%	18.1%	19.6%	22.0%	21.5%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## 2QFY25 conference-call highlights

- **Overview:** 2QFY25 witnessed volatility in commodity prices, which impacted margins, particularly in the cable and wire segment. The festive season led to higher advertising expenditure, which is expected to normalize in the coming quarters. Overall, the demand outlook for consumer durables remains positive, with festive sales beginning on a strong note and expected to improve further in 3QFY25F.
- **Capex:** Management reaffirmed its commitment to a total capex of Rs10bn in FY25F, of which it has already spent Rs3.5bn in 1HFY25. A new cable and wire plant has been commissioned, and an additional Rs4.5bn has been allocated for further capacity expansion in this segment. The new facility is expected to contribute 25% to sales over the next two years when the incremental capacity from this expansion comes on stream.
- **Switchgear:** Domestic residential demand witnessed a decent double-digit growth, although industrial switchgear demand saw a decline due to the high base effect from large institutional orders in the previous year. The segment contributed Rs5.5bn to revenue, a 4% YoY growth. Contribution margin in the switchgear segment remained steady at around 38-40%, despite lower margin in 2QFY25.
- **Cable and wire:** The segment saw a strong 23% YoY growth to Rs18bn, with a 15% volume growth. Volume growth in wires improved led by restocking by distributors, although the margin pressure persisted due to high raw material prices. The recent commissioning of the new cable plant is expected to increase the capacity by 25% over the next few years, helping to meet robust demand. Currently, in this segment 35% is cable business and the remaining 65% is wire business.
- **Lighting & fixtures:** The segment saw a marginal decline of 1% YoY in revenue, bringing it to Rs3.9bn. However, the company expects pricing in the lighting business to stabilize by 4QFY25F, with a further recovery likely in FY26F. Contribution margin improved to 31.3% during the quarter, reflecting the impact of cost-saving initiatives.
- **Electrical consumer durables (ECD):** Revenue of the ECD segment rose 17% YoY to Rs8.56bn. Fans and water heaters witnessed robust demand, bolstered by the onset of the festive season. However, increased investments in manpower and rural channel expansion softened margins, which are expected to normalize over time.
- **Lloyd:** It posted revenue growth of 19% YoY to Rs5.9bn. Non-AC product categories, particularly washing machines and refrigerators, continued to see strong product acceptance among consumers, and management expects sustained growth in these segments in the coming quarters. The company is also focusing on expanding Lloyd's presence in international markets, particularly in the Middle East & is starting the US business in FY26F.
- **EBITDA margin:** It was also impacted during the quarter, mainly due to higher advertising expenses to capitalize on the festive season, and increased manpower and salary expenses as the company continues to strengthen its rural channels. These investments are expected to support long-term growth and are likely to normalize in the coming quarters.
- **Consumer durables:** Management expressed confidence in the performance of the consumer durables in 3QFY25F, with Diwali season sales expected to drive growth. The company reiterated its focus on maintaining market leadership in switchgear, while also emphasizing that Lloyd's margin improvement would be a long-term journey as it continues to invest in new product categories and international markets.

Figure 1: Results summary

Y/E Mar (Rs m)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
<b>Revenue</b>	<b>45,393</b>	<b>39,003</b>	<b>16.4%</b>	<b>58,062</b>	<b>-21.8%</b>	<b>1,03,455</b>	<b>87,341</b>	<b>18.4%</b>
Ram material costs	30,075	26,019	15.6%	39,565	-24.0%	69,640	59,678	16.7%
Staff costs	4,646	3,783	22.8%	4,617	0.6%	9,263	7,353	26.0%
Advertisement & promotion expenses	1,307	846	54.4%	1,724	-24.2%	3,030	2,189	38.4%
Other expenditure	5,615	4,621	21.5%	6,434	-12.7%	12,050	10,368	16.2%
Total expenditure	41,642	35,270	18.1%	52,340	-20.4%	93,982	79,588	18.1%
<b>EBITDA</b>	<b>3,751</b>	<b>3,734</b>	<b>0.5%</b>	<b>5,722</b>	<b>-34.5%</b>	<b>9,473</b>	<b>7,753</b>	<b>22.2%</b>
<b>EBITDA margin (%)</b>	<b>8.3%</b>	<b>9.6%</b>	<b>-131bp</b>	<b>9.9%</b>	<b>-159bp</b>	<b>9.2%</b>	<b>8.9%</b>	<b>28bp</b>
Depreciation	946	812	16.6%	920	2.8%	1,866	1,575	18.5%
EBIT	2,805	2,922	-4.0%	4,802	-41.6%	7,607	6,179	23.1%
Interest costs	101	93	8.0%	86	17.9%	186	178	4.7%
Other income	929	525	77.0%	773	20.1%	1,702	1,173	45.1%
PBT	3,633	3,353	8.3%	5,490	-33.8%	9,123	7,174	27.2%
Tax	955	862	10.7%	1,415	-32.5%	2,370	1,812	30.8%
<b>Reported PAT</b>	<b>2,678</b>	<b>2,491</b>	<b>7.5%</b>	<b>4,075</b>	<b>-34.3%</b>	<b>6,753</b>	<b>5,362</b>	<b>25.9%</b>
<b>Adj. PAT</b>	<b>2,678</b>	<b>2,491</b>	<b>7.5%</b>	<b>4,075</b>	<b>-34.3%</b>	<b>6,753</b>	<b>5,362</b>	<b>25.9%</b>
EPS (Rs)	4.3	4.0	7.5%	6.5	-34.3%	10.8	8.6	25.9%

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 2: Margin and cost analysis

Margins (%)	2QFY25	2QFY24	YoY (bp)	1QFY25	QoQ (bp)	1HFY25	1HFY24	YoY (bp)
Gross margin	31.8%	33.3%	-149	31.9%	-6	32.7%	31.7%	101
EBITDA	8.3%	9.6%	-131	9.9%	-159	9.2%	8.9%	28
Adjusted PAT	5.9%	6.4%	-49	7.0%	-112	6.5%	6.1%	39
Cost analysis (%)	2QFY25	2QFY24	YoY (bp)	1QFY25	QoQ (bp)	1HFY25	1HFY24	YoY (bp)
Net raw material costs	68.2%	66.7%	149	68.1%	6	67.3%	68.3%	-101
Staff costs	10.2%	9.7%	54	8.0%	228	9.0%	8.4%	53
Advertisement & promotion expenses	2.6%	2.2%	43	3.0%	-37	2.9%	2.5%	42
Other expenditure	11.7%	11.8%	-15	11.1%	62	11.6%	11.9%	-22
<b>Total</b>	<b>92.7%</b>	<b>90.4%</b>	<b>231</b>	<b>90.1%</b>	<b>259</b>	<b>90.8%</b>	<b>91.1%</b>	<b>-28</b>

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 3: Segmental analysis

Segmental	1QFY25	1QFY24	YoY (%)	4QFY24	QoQ (%)	1QFY25	1QFY25	YoY (%)
<b>Revenue</b>								
Switchgear	5,513	5,336	3.3%	5,768	-4.4%	11,281	10,745	5.0%
Cables and Wire	18,052	14,702	22.8%	15,212	18.7%	33,264	29,553	12.6%
Lighting	3,951	3,999	-1.2%	3,876	1.9%	7,826	7,710	1.5%
ECD	8,564	7,331	16.8%	10,554	-18.9%	19,118	16,106	18.7%
Lloyd	5,896	4,974	18.5%	19,287	-69.4%	25,183	18,083	39.3%
Others	3,418	2,662	28.4%	3,365	1.6%	6,783	5,145	31.8%
<b>Total</b>	<b>45,393</b>	<b>39,003</b>	<b>16.4%</b>	<b>58,062</b>	<b>-21.8%</b>	<b>1,03,455</b>	<b>87,341</b>	<b>18.4%</b>
<b>EBIT</b>								
Switchgear	1,150	1,409	-18.4%	1,422	-19.1%	2,572	2,908	-11.6%
Cables and Wire	1,548	1,707	-9.3%	1,711	-9.5%	3,259	3,397	-4.1%
Lighting	501	570	-12.1%	630	-20.4%	1,131	1,102	2.6%
ECD	643	848	-24.2%	1,147	-43.9%	1,790	1,805	-0.9%
Lloyd	-243	-745	-67.3%	636	-138.3%	393	-1,361	-128.9%
Others	66	40	63.3%	110	-40.5%	176	128	37.5%
<b>Total</b>	<b>3,664</b>	<b>3,828</b>	<b>-4.3%</b>	<b>5,655</b>	<b>-35.2%</b>	<b>9,319</b>	<b>7,979</b>	<b>16.8%</b>
<b>EBIT Margin (%)</b>								
Switchgear	20.9%	26.4%	-555bp	24.6%	-379bp	22.8%	27.1%	-427bp
Cables and Wire	8.6%	11.6%	-303bp	11.2%	-267bp	9.8%	11.5%	-170bp
Lighting	12.7%	14.3%	-157bp	16.2%	-356bp	14.4%	14.3%	15bp
ECD	7.5%	11.6%	-407bp	10.9%	-336bp	9.4%	11.2%	-185bp
Lloyd	-4.1%	-15.0%	1,086bp	3.3%	-743bp	1.6%	-7.5%	909bp
Others	1.9%	1.5%	41bp	3.3%	-135bp	2.6%	2.5%	11bp
<b>Total</b>	<b>8.1%</b>	<b>9.8%</b>	<b>-174bp</b>	<b>9.7%</b>	<b>-167bp</b>	<b>9.0%</b>	<b>9.1%</b>	<b>-13bp</b>

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 4: Actuals vs. estimates

Actuals vs. Estimates			
Rs m	2QFY25	2QFY25F	Var (%)
Revenue	45,393	44,653	1.7%
EBITDA	3,751	4,591	-18.3%
EBITDA margin (%)	8.3%	10.3%	-202bp
Adj. PAT	2,678	3,257	-17.8%
Actuals vs. Bloomberg Consensus			
Rs m	2QFY25	2QFY25C	Var (%)
Revenue	45,393	44,564	1.9%
EBITDA	3,751	4,840	-22.5%
EBITDA margin (%)	8.3%	11%	-260bp
Adj. PAT	2,678	3,314	-19.2%

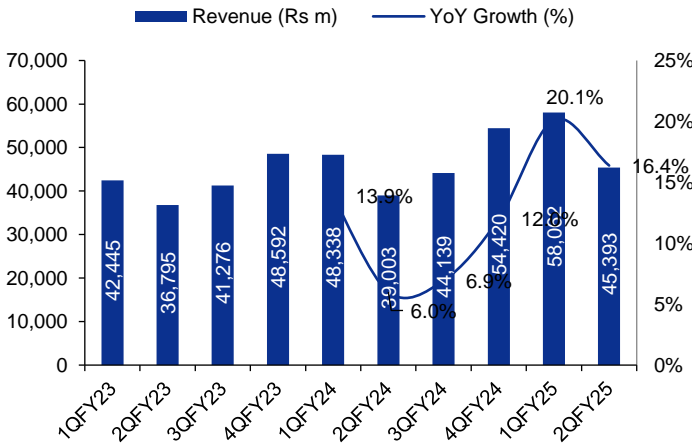
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 5: Our revised estimates

Rs m	New Estimates			Old Estimates			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Earnings revision									
Revenue	2,19,680	2,53,730	2,91,050	2,20,203	2,53,731	2,90,958	-0.2%	0.0%	0.0%
EBITDA	22,159	29,443	33,269	23,496	29,495	33,231	-5.7%	-0.2%	0.1%
Adj. PAT	16,121	20,451	23,409	16,360	20,491	23,382	-1.5%	-0.2%	0.1%
EBITDA margin (%)	10.1%	11.6%	11.4%	10.7%	11.6%	11.4%	-58bp	-2bp	1bp

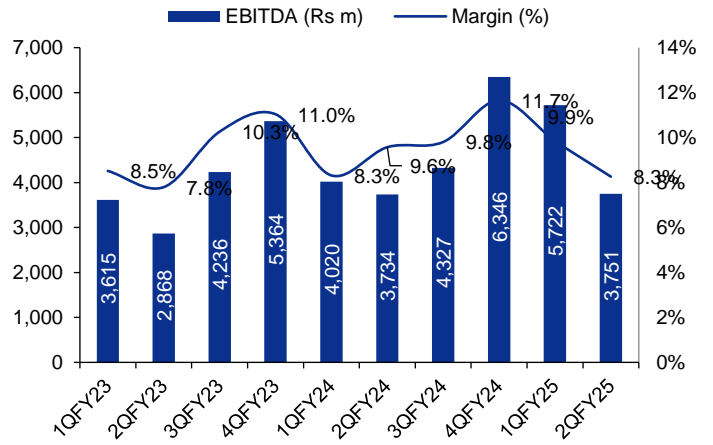
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 6: Revenue grew 16% YoY



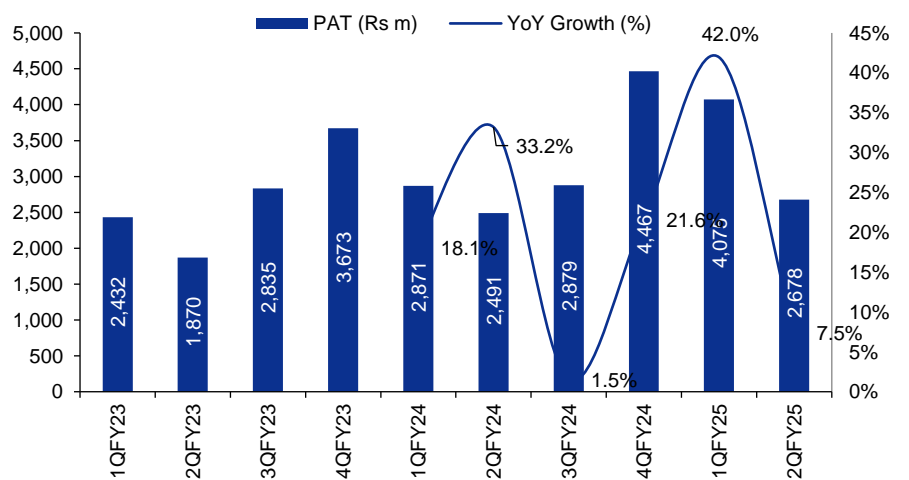
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: EBITDA margin declines to 8.3%



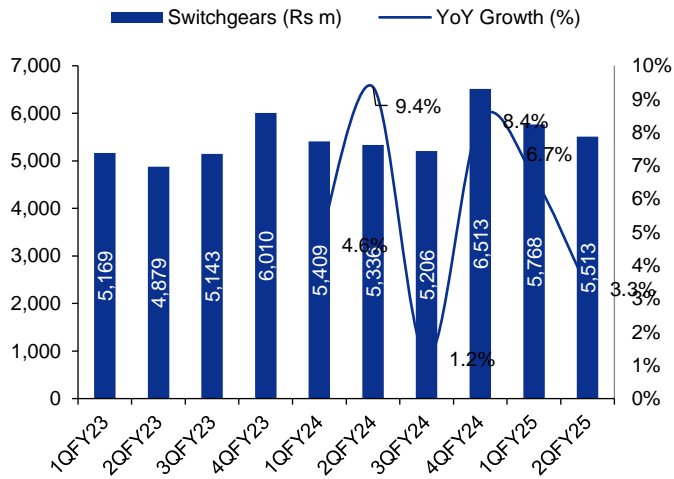
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: PAT grew 8% YoY



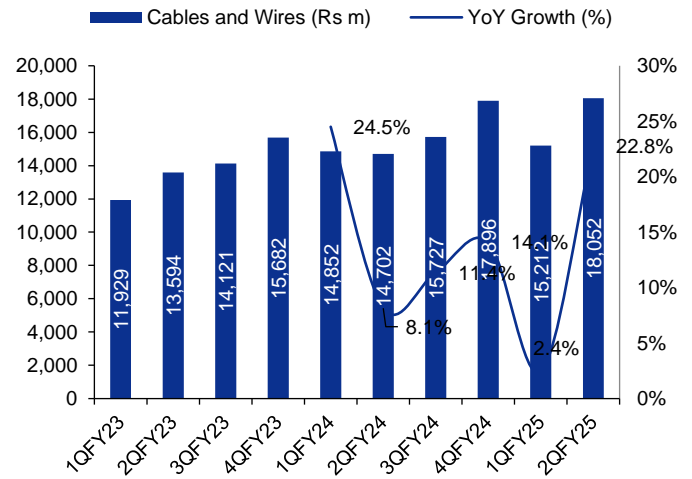
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 9: Switchgear revenue grew in single digit



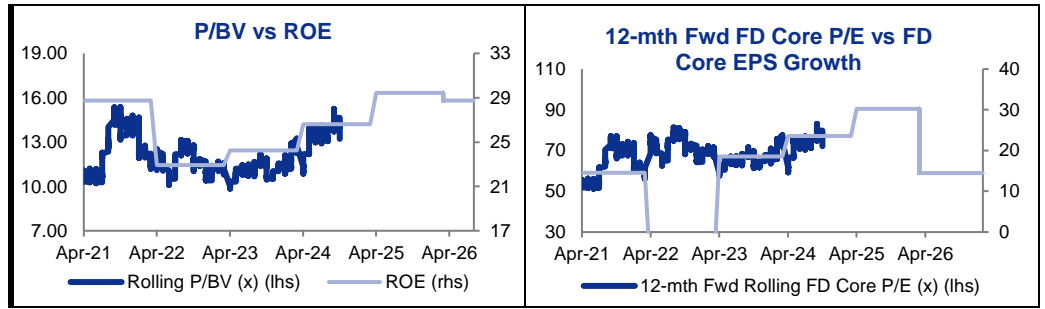
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Cable & wire revenue grew 23% YoY



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	<b>169,107</b>	<b>185,900</b>	<b>219,680</b>	<b>253,730</b>	<b>291,050</b>
<b>Gross Profit</b>	<b>52,053</b>	<b>60,213</b>	<b>71,007</b>	<b>86,234</b>	<b>98,918</b>
<b>Operating EBITDA</b>	<b>15,991</b>	<b>18,426</b>	<b>22,159</b>	<b>29,443</b>	<b>33,269</b>
Depreciation And Amortisation	(2,962)	(3,385)	(3,903)	(4,482)	(4,880)
<b>Operating EBIT</b>	<b>13,030</b>	<b>15,041</b>	<b>18,256</b>	<b>24,961</b>	<b>28,389</b>
Financial Income/(Expense)	896	1,392	2,393	1,730	2,228
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	545	641	654	686	721
<b>Profit Before Tax (pre-EI)</b>	<b>14,471</b>	<b>17,074</b>	<b>21,303</b>	<b>27,377</b>	<b>31,337</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>14,471</b>	<b>17,074</b>	<b>21,303</b>	<b>27,377</b>	<b>31,337</b>
Taxation	(3,753)	(4,366)	(5,598)	(6,926)	(7,928)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>10,717</b>	<b>12,708</b>	<b>15,705</b>	<b>20,451</b>	<b>23,409</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>10,717</b>	<b>12,708</b>	<b>15,705</b>	<b>20,451</b>	<b>23,409</b>
Recurring Net Profit	10,717	12,708	15,705	20,451	23,409
<b>Fully Diluted Recurring Net Profit</b>	<b>10,717</b>	<b>12,708</b>	<b>15,705</b>	<b>20,451</b>	<b>23,409</b>

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	<b>15,991</b>	<b>18,426</b>	<b>22,159</b>	<b>29,443</b>	<b>33,269</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(6,964)	4,272	(2,069)	(1,308)	(1,433)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	1,439	2,144	2,084	2,417	2,951
Net Interest (Paid)/Received	(898)	(1,393)	(2,393)	(1,730)	(2,228)
Tax Paid	(3,919)	(3,919)	(5,598)	(6,926)	(7,928)
<b>Cashflow From Operations</b>	<b>5,649</b>	<b>19,529</b>	<b>14,183</b>	<b>21,896</b>	<b>24,630</b>
Capex	(5,878)	(7,623)	(8,687)	(5,934)	(6,058)
Disposals Of FAs/subsidiaries	23				
Acq. Of Subsidiaries/investments	5,004	(10,026)			
Other Investing Cashflow	1,201	1,510	2,796	2,168	2,710
<b>Cash Flow From Investing</b>	<b>350</b>	<b>(16,139)</b>	<b>(5,890)</b>	<b>(3,766)</b>	<b>(3,348)</b>
Debt Raised/(repaid)	(4,113)	(300)			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(4,703)	(4,701)	(5,014)	(5,641)	(6,268)
Preferred Dividends					
Other Financing Cashflow	(253)	(334)	(403)	(438)	(482)
<b>Cash Flow From Financing</b>	<b>(9,069)</b>	<b>(5,336)</b>	<b>(5,418)</b>	<b>(6,079)</b>	<b>(6,750)</b>
Total Cash Generated	(3,070)	(1,945)	2,875	12,051	14,532
<b>Free Cashflow To Equity</b>	<b>1,887</b>	<b>3,090</b>	<b>8,293</b>	<b>18,130</b>	<b>21,282</b>
<b>Free Cashflow To Firm</b>	<b>5,665</b>	<b>2,935</b>	<b>7,890</b>	<b>17,692</b>	<b>20,800</b>

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	20,510	30,382	34,883	46,933	61,463
Total Debtors	9,739	11,650	13,766	15,900	18,239
Inventories	37,086	34,086	42,130	48,661	55,818
Total Other Current Assets	3,221	2,857	3,009	3,476	3,987
<b>Total Current Assets</b>	<b>70,556</b>	<b>78,974</b>	<b>93,789</b>	<b>114,969</b>	<b>139,507</b>
Fixed Assets	33,102	36,774	40,280	44,983	46,160
Total Investments	200	200	200	200	200
Intangible Assets	3,105	3,105	3,105	3,105	3,105
Total Other Non-Current Assets	4,611	5,209	6,240	2,990	2,990
<b>Total Non-current Assets</b>	<b>41,018</b>	<b>45,288</b>	<b>49,824</b>	<b>51,277</b>	<b>52,454</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	26,433	26,919	31,810	36,741	42,145
Other Current Liabilities	11,562	15,305	18,658	21,550	24,719
<b>Total Current Liabilities</b>	<b>37,994</b>	<b>42,224</b>	<b>50,468</b>	<b>58,291</b>	<b>66,864</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,711	3,996	3,996	3,996	3,996
<b>Total Non-current Liabilities</b>	<b>3,711</b>	<b>3,996</b>	<b>3,996</b>	<b>3,996</b>	<b>3,996</b>
Total Provisions	3,615	3,575	3,575	3,575	3,575
<b>Total Liabilities</b>	<b>45,321</b>	<b>49,795</b>	<b>58,039</b>	<b>65,862</b>	<b>74,435</b>
Shareholders Equity	66,255	74,468	85,575	100,385	117,526
Minority Interests					
<b>Total Equity</b>	<b>66,255</b>	<b>74,468</b>	<b>85,575</b>	<b>100,385</b>	<b>117,526</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	21.3%	9.9%	18.2%	15.5%	14.7%
Operating EBITDA Growth	(9.2%)	15.2%	20.3%	32.9%	13.0%
Operating EBITDA Margin	9.5%	9.9%	10.1%	11.6%	11.4%
Net Cash Per Share (Rs)	32.74	48.49	55.66	74.89	98.08
BVPS (Rs)	105.77	118.85	136.55	160.18	187.54
Gross Interest Cover	38.76	32.91	45.27	56.95	58.89
Effective Tax Rate	25.9%	25.6%	26.3%	25.3%	25.3%
Net Dividend Payout Ratio	32.5%	27.5%	23.5%	20.6%	20.0%
Accounts Receivables Days	18.78	21.00	21.11	21.34	21.41
Inventory Days	104.10	103.34	93.56	98.92	99.24
Accounts Payables Days	78.32	77.47	72.09	74.69	74.93
ROIC (%)	31.9%	28.4%	35.5%	43.0%	46.7%
ROCE (%)	20.8%	22.8%	25.2%	28.1%	27.6%
Return On Average Assets	12.5%	13.3%	14.1%	16.6%	16.3%

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.