

India

ADD (no change)

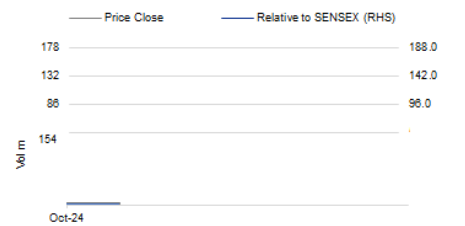
Consensus ratings*: Buy 20 Hold 8 Sell 11

Current price:	Rs6,394
Target price: ▲	Rs7,264
Previous target:	Rs5,998
Up/downside:	13.6%
InCred Research / Consensus:	19.1%
Reuters:	LRTI.NS
Bloomberg:	LTIM IN
Market cap:	US\$22,528m Rs1,893,933m
Average daily turnover:	US\$37.2m Rs3129.1m
Current shares o/s:	296.0m
Free float:	31.3%

*Source: Bloomberg

Key changes in this note

- Expect 9.7% revenue CAGR over FY25F-27F.
- Expect 17% EBIT CAGR over FY25F-27F.
- Expect 16% PAT CAGR over FY25F-27F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(0.9)	15.0	22.6
Relative (%)	1.4	15.4	(0.3)

Major shareholders	% held
FPI	7.4
LIC	7.0
UTI Flexi Cap Fund	1.1

Research Analyst(s)



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LTIMindtree Ltd

Staying constructive

- Broad-based growth in 2QFY25 suggests that portfolio recovery continues.
- Trimming margin assumption as the market is tough.
- Retain ADD rating with a higher target price of Rs7,264 vs. Rs5,998 earlier.

2QFY25 results summary

LTIMindtree's (LTIM) 2QFY25 revenue was in line, driven by broad-based growth across verticals while the commentary of 1) multi-year deal closures in manufacturing, E&U, BFS verticals, 2) a US\$200m TCv vendor consolidation deal (~50% new), 3) robust pipeline and a modest increase in discretionary spending, and 4) strong hiring was generally encouraging. The EBIT margin was generally in line with expectations but could remain under pressure, given the seasonal headwinds and wage hike in 3Q and large deal transition costs, given the nature of deals. That said, we continue to retain our ADD rating on the stock as the underlying thesis (double-digit yoy growth exit in 4QFY25F driven by portfolio recovery) of turning constructive in [Jul 2024](#) remains intact.

Large win improves near-term visibility

Although the deal commentary was characterized by the US\$200m TCv deal, reported order intake of US\$1.3bn was flat yoy for the second consecutive quarter and down qoq in 2QFY25. Management indicated that a few BFSI deals are in the final stage while deal traction, driven by strength in ERP, pivot towards AI (artificial intelligence or AI in everything) and being on the right side of vendor consolidation could help.

Trimming margin assumption as the market is tough

The EBIT margin (up 31bp qoq but down 52bp yoy at 15.5% vs. our 15.2% estimate) was aided by gross margin expansion (50bp). Although, the medium-term EBIT margin aspiration (17-18%) remains, we believe the near- and medium-term headwinds such as large deal transition cost, continued hiring (2,504 in 2Q) to offset elevated utilization (87.7%) and wage hike (~200bp in 3QFY25F) could outweigh the tailwinds from improvement in segmental margin (all except manufacturing saw a qoq improvement in 2Q), employee pyramid rationalization (~1,100 freshers hired in 2Q), and S&M cost optimization. Hence, we trim our earlier average FY25F-27F EBIT margin estimate of 16.8% to 15.8%. Margin revision is in sync with the underlying thesis highlighted in our [14 Sep 2024](#) report.

Retain ADD rating with a higher TP of Rs7,264 vs. Rs5,998 earlier

We now model ~9.7% (10% earlier) US\$ revenue CAGR over FY25F-27F, with a modest improvement in PAT (Rs) CAGR to 16% (vs. 15.6% earlier) driven by marginal trimming of estimates in the base year. To factor in the same and also the shift to FY27F EPS (vs. average FY26F-27F EPS), we increase the PE/G discount to TCS' multiple to 20% (vs. 15% earlier) to arrive at our target PE/G of ~2x (vs. 1.79x earlier). Weak recovery in FSI, large account-specific issues or challenges and/or furlough are downside risks.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	331,830	355,170	380,674	426,010	476,780
Operating EBITDA (Rsm)	61,077	63,874	67,470	78,386	90,588
Net Profit (Rsm)	44,083	45,821	48,782	56,573	65,610
Core EPS (Rs)	148.9	154.6	164.5	190.7	221.2
Core EPS Growth	11.6%	3.8%	6.4%	16.0%	16.0%
FD Core P/E (x)	42.94	41.36	38.88	33.53	28.91
DPS (Rs)	60.0	65.0	70.0	93.5	110.6
Dividend Yield	0.94%	1.02%	1.09%	1.46%	1.73%
EV/EBITDA (x)	29.95	28.45	26.59	22.58	19.22
P/FCFE (x)	87.82	43.58	53.99	46.06	38.50
Net Gearing	(38.3%)	(39.0%)	(45.1%)	(49.4%)	(53.5%)
P/BV (x)	11.42	9.48	8.31	7.38	6.54
ROE	28.6%	25.0%	22.8%	23.3%	24.0%
% Change In Core EPS Estimates			(6.29%)	(5.60%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rsm)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	2QFY25F	Var. (%)
Revenue (US\$m)	1,127	1,076	4.8	1,096	2.8	1,127	(0.0)
Revenue (Rsm)	94,329	89,054	5.9	91,426	3.2	94,398	(0.1)
USD-INR realization	84	82.8	1.1	83.4	0.4	84	(0.1)
EBITDA	16,993	16,313	4.2	16,061	5.8	16,708	1.7
EBITDA margin (%)	18.0	18.3	(30bp)	17.6	45bp	17.7	31bp
EBIT	14,582	14,231	2.5	13,709	6.4	14,301	2.0
EBIT margin (%)	15.5	16.0	(52bp)	15.0	46bp	15.2	31bp
Depreciation	2,411	2,082	15.8	2,352	2.5	2,407	0.2
Net other income	2,286	962	137.6	1,547	47.8	1,636	39.7
PBT	16,868	15,193	11.0	15,256	10.6	15,937	5.8
Provision for tax	4,352	3,570	21.9	3,905	11.4	3,905	11.5
% tax rate	25.8	23.5	230bp	25.6	20bp	24.5	130bp
Net profit	12,510	11,618	7.7	11,338	10.3	12,020	4.1
EPS (Rs)	42.2	39.2	7.7	38.2	10.3	40.5	4.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Operating metric trend

Operating trend	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Revenue (US\$m)	980	1,022	1,047	1,058	1,059	1,076	1,084	1,069	1,096	1,127
Growth yoy (%)	25.5	19.1	14.0	11.9	8.1	5.2	3.5	1.1	3.5	4.8
Growth qoq (%)	3.7	4.3	2.4	1.0	0.1	1.6	0.8	-1.3	2.5	2.8
CC growth yoy (%)	NA	NA	16.3	13.5	8.2	4.4	3.1	1.2	3.7	4.4
CC growth qoq (%)	5.0	5.5	1.9	0.7	0.1	1.7	0.7	-1.3	2.6	2.3
Revenue (Rsm)	76,442	82,278	86,200	86,910	87,021	89,054	90,166	88,929	91,426	94,329
Growth yoy (%)	32.9	29.6	25.3	21.9	13.8	8.2	4.6	2.3	5.1	5.9
Growth qoq (%)	7.2	7.6	4.8	0.8	0.1	2.3	1.2	-1.4	2.8	3.2
EBIT margin (%)	17.4	17.5	13.9	16.4	16.7	16.0	15.4	14.7	15.0	15.5
US\$-INR realized rate	78.0	80.5	82.4	82.2	82.2	82.8	83.2	83.2	83.4	83.7
Headcount	84,030	86,936	86,462	84,546	82,738	83,532	82,471	81,650	81,934	84,438
Utilization - ex-trainees (%)	83.5	83.5	82.9	81.7	84.8	86.6	87.4	86.9	88.3	87.7
LTM attrition (%)	24.0	24.1	22.3	20.2	17.8	15.2	14.2	14.4	14.4	14.5
Vertical (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
FSI	36.0	36.2	37.4	38.0	37.5	36.5	35.6	35.1	35.2	35.6
Technology, Media & Communication	25.4	25.3	23.6	23.0	23.7	23.8	22.9	24.3	25.6	25.4
Manufacturing & Resources	16.3	16.2	17.5	17.5	17.3	17.9	20.3	18.6	18.5	18.1
Consumer Business	15.7	15.4	15.2	15.4	15.1	15.3	14.7	15.1	14.5	14.5
Health, Lifesciences & Public	6.6	6.8	6.3	6.1	6.4	6.5	6.5	6.9	6.2	6.4
Vertical (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
FSI	353	370	391	402	397	393	386	375	386	401
Technology, Media & Communication	249	259	247	243	251	256	248	260	281	286
Manufacturing & Resources	160	166	183	185	183	193	220	199	203	204
Consumer Business	154	157	159	163	160	165	159	161	159	163
Health, Lifesciences & Public	65	69	66	65	68	70	70	74	68	72
Vertical yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
FSI	26.9	23.1	21.8	20.2	12.6	6.1	-1.4	-6.6	-2.8	2.2
Technology, Media & Communication	27.5	21.0	8.9	3.0	0.9	-1.0	0.5	6.8	11.8	11.8
Manufacturing & Resources	17.6	10.8	9.0	12.6	14.7	16.3	20.1	7.5	10.7	5.9
Consumer Business	29.7	11.8	11.0	9.8	4.0	4.6	0.1	-0.8	-0.6	-0.7
Health, Lifesciences & Public	21.8	26.5	10.5	6.7	4.8	0.6	6.8	14.4	0.3	3.1
Vertical qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
FSI	5.4	4.9	5.8	2.7	-1.2	-1.1	-1.7	-2.7	2.8	3.9
Technology, Media & Communication	5.3	3.9	-4.5	-1.5	3.2	2.0	-3.0	4.7	8.0	2.0
Manufacturing & Resources	-2.9	3.7	10.6	1.0	-1.0	5.1	14.3	-9.6	2.0	0.6
Consumer Business	3.7	2.3	1.1	2.4	-1.8	2.9	-3.2	1.4	-1.6	2.8
Health, Lifesciences & Public	6.9	7.5	-5.1	-2.2	5.0	3.2	0.8	4.8	-7.9	6.1
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
FSI	18.2	17.3	21.5	10.4	-4.8	-4.5	-6.8	-10.4	10.5	15.2
Technology, Media & Communication	12.6	9.7	-11.5	-3.8	7.7	5.1	-7.8	11.7	20.8	5.5
Manufacturing & Resources	-4.7	5.9	17.6	1.9	-1.9	9.4	27.5	-21.1	3.9	1.1
Consumer Business	5.5	3.6	1.7	3.8	-3.0	4.7	-5.2	2.2	-2.5	4.4
Health, Lifesciences & Public	4.2	4.8	-3.5	-1.4	3.2	2.2	0.5	3.3	-5.8	4.1
Geography (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
North America	71.7	72.9	72.3	71.9	73.1	73.4	72.7	73.8	75.1	75.0
Europe	15.3	14.6	14.9	15.4	15.2	15.3	14.5	14.6	14.4	14.4
RoW	13.0	12.5	12.8	12.7	11.7	11.3	12.8	11.6	10.5	10.6
Geography (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
North America	702	745	757	760	774	789	788	789	823	845
Europe	150	149	156	163	161	165	157	156	158	162
RoW	127	128	134	134	124	122	139	124	115	119
Geography yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
North America	26.9	24.5	19.6	15.8	10.2	6.0	4.1	3.8	6.4	7.0

Europe	16.4	-0.7	0.5	1.4	7.4	10.3	0.8	-4.1	-1.9	-1.4
RoW	28.5	16.3	2.7	5.3	-2.7	-4.9	3.5	-7.6	-7.1	-1.7
Geography qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
North America	7.0	6.1	1.6	0.5	1.8	2.0	-0.2	0.2	4.3	2.6
Europe	-6.7	-0.4	4.5	4.4	-1.2	2.3	-4.5	-0.6	1.1	2.8
RoW	-0.2	0.3	4.9	0.2	-7.8	-1.9	14.1	-10.6	-7.2	3.8
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
North America	45.7	42.7	11.8	3.6	13.6	15.5	-1.6	1.4	34.0	21.7
Europe	-10.7	-0.7	6.8	6.9	-1.9	3.6	-7.4	-1.0	1.7	4.4
RoW	-0.2	0.4	6.2	0.3	-10.4	-2.3	17.2	-14.7	-8.9	4.3
Client (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Top 5	26.8	26.7	26.3	25.4	26.7	26.8	27.5	28.3	28.8	28.4
Top 6-10	7.7	7.6	7.5	7.5	7.4	7.5	7.8	7.2	6.9	6.6
Top 11-20	11.0	10.8	11.5	11.1	10.8	10.9	10.6	10.4	10.5	10.8
Top 21-40	13.2	12.3	12.3	12.8	12.3	12.4	12.6	12.1	12.7	12.4
Client US\$m	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Top 5	262.5	272.8	275.3	268.6	282.7	288.2	298.0	302.6	315.7	320.0
Top 6-10	75.4	77.7	78.5	79.3	78.3	80.7	84.5	77.0	75.6	74.4
Top 11-20	107.7	110.4	120.4	117.4	114.3	117.2	114.9	111.2	115.1	121.7
Top 21-40	129.3	125.7	128.7	135.4	130.2	133.4	136.5	129.4	139.2	139.7
Client qoq	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Top 5	9.0	3.9	0.9	-2.4	5.2	2.0	3.4	1.6	4.3	1.3
Top 6-10	-0.2	3.0	1.1	1.0	-1.2	3.0	4.8	-8.9	-1.8	-1.7
Top 11-20	0.9	2.4	9.1	-2.5	-2.6	2.5	-2.0	-3.2	3.5	5.7
Top 21-40	0.6	-2.8	2.4	5.1	-3.8	2.4	2.4	-5.2	7.6	0.3
Client yoy	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Top 5	25.1	25.6	17.5	11.5	7.7	5.6	8.3	12.7	11.7	11.0
Top 6-10	9.8	7.7	0.6	4.9	3.9	3.9	7.7	-2.9	-3.5	-7.8
Top 11-20	27.9	13.8	17.0	10.0	6.1	6.2	-4.6	-5.3	0.7	3.8
Top 21-40	29.5	9.3	0.9	5.4	0.7	6.1	6.1	-4.4	6.9	4.8
Client metrics	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
No. of active clients	708	719	723	728	723	737	739	738	748	742
Revenue per active client	5.2	5.4	5.5	5.6	5.8	5.8	5.8	5.8	5.8	5.9
US\$1m+	337	361	374	383	388	391	388	394	390	392
US\$5m+	130	137	144	146	148	146	149	153	148	154
US\$10m+	79	77	81	81	88	90	89	91	87	88
US\$20m+	40	38	37	38	40	41	40	40	43	42
US\$50m+	10	11	11	13	13	14	12	13	12	12
US\$100m+	2	2	2	2	2	2	2	2	2	2
Per employee analysis	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Revenue (US\$m) - TTM	3,701	3,865	3,993	4,106	4,185	4,238	4,275	4,287	4,325	4,376
Employee (average TTM)	76,983	81,183	84,256	85,494	85,171	84,320	83,322	82,598	82,397	82,623
Revenue per employee (TTM)	48,075	47,602	47,389	48,022	49,134	50,266	51,312	51,906	52,488	52,962

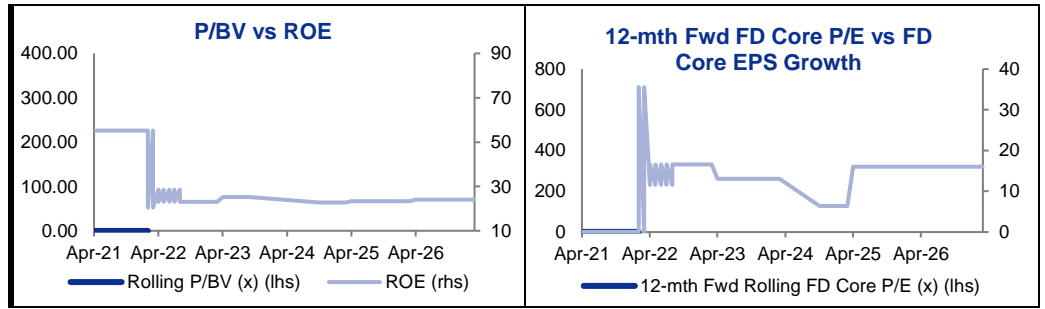
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in InCred estimates

Y/E Mar (Rsm)	FY25F			FY26F			FY27F		
	New	Old	% change	New	Old	% change	New	Old	% change
US\$ revenue	4,551	4,540	0.2	4,983	4,971	0.2	5,480	5,491	-0.2
Revenue	3,80,674	3,78,652	0.5	4,26,010	4,25,028	0.2	4,76,780	4,77,721	-0.2
EBIT	57,815	60,979	-5.2	68,162	72,255	-5.7	79,146	81,929	-3.4
EBIT margin (%)	15.2	16.1	(92)bp	16.0	17.0	(100)bp	16.6	17.2	(55)bp
Net PAT	48,782	50,973	-4.3	56,573	60,015	-5.7	65,610	68,074	-3.6
EPS (Rs)	164.5	171.8	-4.3	190.7	202.3	-5.7	221.2	229.5	-3.6

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	331,830	355,170	380,674	426,010	476,780
Gross Profit	123,031	127,847	134,484	153,364	174,025
Operating EBITDA	61,077	63,874	67,470	78,386	90,588
Depreciation And Amortisation	(7,227)	(8,189)	(9,655)	(10,224)	(11,443)
Operating EBIT	53,850	55,685	57,815	68,162	79,146
Financial Income/(Expense)	4,065	4,802	7,749	7,817	8,963
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	57,915	60,487	65,564	75,979	88,108
Exceptional Items					
Pre-tax Profit	57,915	60,487	65,564	75,979	88,108
Taxation	(13,812)	(14,641)	(16,751)	(19,375)	(22,468)
Exceptional Income - post-tax					
Profit After Tax	44,103	45,846	48,813	56,604	65,641
Minority Interests	(20)	(25)	(31)	(31)	(31)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	44,083	45,821	48,782	56,573	65,610
Recurring Net Profit	44,083	45,821	48,782	56,573	65,610
Fully Diluted Recurring Net Profit	44,083	45,821	48,782	56,573	65,610

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	61,077	63,874	67,470	78,386	90,588
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(17,645)	5,975	(4,384)	(6,692)	(7,443)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	4,235				
Net Interest (Paid)/Received	(1,504)	(2,217)	(2,833)	(2,833)	(2,833)
Tax Paid	(15,217)	(15,707)	(16,751)	(19,375)	(22,468)
Cashflow From Operations	30,946	51,925	43,503	49,486	57,844
Capex	(9,393)	(8,432)	(8,375)	(8,307)	(8,582)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	6,084	(30,689)	10,582	10,650	11,796
Cash Flow From Investing	(3,309)	(39,121)	2,207	2,343	3,214
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(15,627)	(17,753)	(20,727)	(27,721)	(32,805)
Preferred Dividends					
Other Financing Cashflow	(3,690)	(4,935)	(2,833)	(2,833)	(2,833)
Cash Flow From Financing	(19,317)	(22,688)	(23,560)	(30,554)	(35,638)
Total Cash Generated	8,320	(9,884)	22,150	21,276	25,420
Free Cashflow To Equity	21,553	43,493	35,128	41,179	49,262
Free Cashflow To Firm	29,141	15,021	48,543	54,663	63,891

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	76,738	95,694	120,646	144,721	172,942
Total Debtors	72,245	70,321	75,754	84,350	93,449
Inventories					
Total Other Current Assets	22,875	22,449	22,449	22,452	22,453
Total Current Assets	171,858	188,464	218,849	251,523	288,844
Fixed Assets	30,362	40,237	38,957	37,040	34,179
Total Investments	7,165	19,902	19,902	19,902	19,902
Intangible Assets	15,452	15,078	15,078	15,078	15,078
Total Other Non-Current Assets	10,124	11,949	11,949	11,949	11,949
Total Non-current Assets	63,103	87,166	85,886	83,969	81,108
Short-term Debt	1,253	407	407	407	407
Current Portion of Long-Term Debt					
Total Creditors	12,938	14,939	15,988	17,892	19,548
Other Current Liabilities	40,635	42,086	42,086	42,086	42,086
Total Current Liabilities	54,826	57,432	58,481	60,385	62,041
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	14,143	17,934	17,934	17,934	17,934
Total Non-current Liabilities	14,143	17,934	17,934	17,934	17,934
Total Provisions					
Total Liabilities	68,969	75,366	76,415	78,319	79,975
Shareholders Equity	165,921	200,172	228,228	257,080	289,885
Minority Interests	71	92	92	92	92
Total Equity	165,992	200,264	228,320	257,172	289,977

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	27.1%	7.0%	7.2%	11.9%	11.9%
Operating EBITDA Growth	16.4%	4.6%	5.6%	16.2%	15.6%
Operating EBITDA Margin	18.4%	18.0%	17.7%	18.4%	19.0%
Net Cash Per Share (Rs)	214.77	263.02	347.14	428.30	523.45
BVPS (Rs)	560.18	674.85	769.44	866.71	977.31
Gross Interest Cover	35.80	25.12	20.41	24.06	27.94
Effective Tax Rate	23.8%	24.2%	25.5%	25.5%	25.5%
Net Dividend Payout Ratio	40.3%	42.0%	42.5%	49.0%	50.0%
Accounts Receivables Days	70.68	73.26	70.03	68.59	68.06
Inventory Days					
Accounts Payables Days	22.89	22.38	22.93	22.68	22.57
ROIC (%)	53.6%	43.3%	41.8%	47.9%	53.2%
ROCE (%)	24.6%	21.3%	18.6%	19.5%	20.2%
Return On Average Assets	18.6%	16.5%	14.8%	15.9%	16.7%

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.

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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.

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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.