

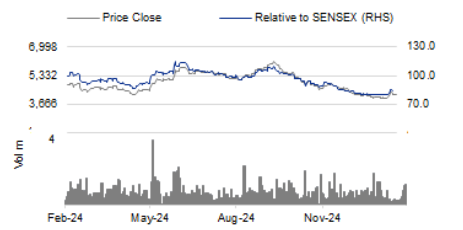
India

ADD (no change)

Consensus ratings*:	Buy 27 Hold 9 Sell 6
Current price:	Rs4,275
Target price:	Rs5,525
Previous target:	Rs5,810
Up/downside:	29.2%
InCred Research / Consensus:	9.3%
Reuters:	
Bloomberg:	HMCL IN
Market cap:	US\$11,773m Rs854,928m
Average daily turnover:	US\$48.4m Rs3511.4m
Current shares o/s:	199.8m
Free float:	65.2%
*Source: Bloomberg	

Key changes in this note

- Sales volume cut by 6% for FY25F-27F.
- EBITDA cut by 6% for FY25F.
- EPS cut by 2% for FY25F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.7	(11.2)	(10.3)
Relative (%)	3.2	(9.3)	(16.9)

Major shareholders	% held
Hero Group	34.8
LIC of India	8.5
ICICI Prudential Fund	3.6

Research Analyst(s)



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Hero MotoCorp

Beneficiary of rural growth

- 3QFY25 EPS growth of 19% yoy to Rs60.2 beat our/Bloomberg consensus estimates by 9%. Rural demand revival has just started.
- Cut sales volume estimates by 6% due to weak demand in the domestic 2W industry, while maintaining the EBITDA margin driven by mix & cost savings.
- With the recent sell-off correcting the forward valuation to the 10-year mean level, we retain our ADD rating with a lower SOTP-based TP of Rs5,525.

EBITDA margin uptick provides comfort

Hero MotoCorp's (HMCL) 3QFY25 EBITDA grew by 8% yoy but fell 3% qoq to Rs14.8bn, a 1% beat to our estimate, due to lower raw material costs (-156bp yoy). Gross margin expansion (+94 qoq) was impressive. Sustained EBITDA margin uptick (+45bp yoy) to 14.5% provides comfort, where management indicated that the electric vehicle or EV drag remains at around 150bp. PAT grew by 19% yoy but flat qoq at Rs12bn, a beat our estimate at 9% and in line with Bloomberg or BB consensus estimate.

Impressive Vahan market share gain

Management gave guidance of double-digit revenue growth for FY25F. The rural mix improved 3% for the quarter on the back of faster growth vs. urban markets. In 3Q, retail market share expanded by 520bp qoq to 32.8%. VIDA V2 and V2 LITE launched to expand EV offerings; transition from V1 to V2 impacted 3Q sales, but growth expected ahead. In the EV business, it made an investment of Rs.1.37bn. Parts business revenue touched Rs15.55bn, up 9% yoy, driven by strong demand for tyres, batteries, and oils. Subsidiary Hero FinCorp's loan book stood at Rs555bn, up 13% yoy, while credit costs at 6% were up 150bp due to higher delinquencies in the personal loan segment. Export business in 9MFY25 saw a growth of 40% yoy.

Cut sales volume estimates by around 6% for FY25F-27F

We have cut our volume estimates by 6% for FY25F-26F considering the weakness in the domestic two-wheeler industry. Low single-digit growth in ASP led us to cut revenue estimates by 4-6% for the same period. The EBITDA cut in FY25F by 6% was largely impacted by volume cut while maintaining it for FY26F-27F due to product mix and cost-saving improvements. The EBITDA margin upgrade in FY26F-27F was on the back of impressive performance in parts and export businesses. There is only a 2% cut in PAT estimate for FY25F as other income saw a 27% yoy growth in 9MFY25 while for FY26F-27F we upgrade it marginally by 1%.

New launches to sustain the excitement; maintain ADD rating

Hero MotoCorp impresses with its premium liquid-cooled vehicle launches comprising 160cc scooters, and 210cc & 250cc bikes. Bookings begin this month and deliveries will commence in Mar 2025. We maintain our ADD rating on it with a SOTP-based lower target price of Rs5,525 (Rs5,810 earlier). Stock price correction leading to P/E & P/BV valuations easing to the 10-year mean provides comfort. Downside risk: Demand weakness leading to price discounts.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	338,086	372,283	410,762	465,814	517,252
Operating EBITDA (Rsm)	39,892	50,283	59,549	68,624	75,603
Net Profit (Rsm)	29,136	39,006	47,347	54,020	58,930
Core EPS (Rs)	145.8	195.2	236.9	270.2	294.8
Core EPS Growth	17.9%	33.8%	21.4%	14.1%	9.1%
FD Core P/E (x)	29.32	21.90	18.05	15.82	14.50
DPS (Rs)	100.1	140.1	160.1	180.2	200.2
Dividend Yield	2.34%	3.27%	3.74%	4.21%	4.68%
EV/EBITDA (x)	18.57	14.27	12.05	10.26	9.13
P/FCFE (x)	39.34	31.38	30.46	20.50	19.56
Net Gearing	(68.0%)	(76.1%)	(70.2%)	(70.7%)	(70.8%)
P/BV (x)	5.11	4.75	4.38	4.01	3.68
ROE	17.9%	22.5%	25.2%	26.4%	26.5%
% Change In Core EPS Estimates			(2.33%)	1.15%	1.26%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Beneficiary of rural growth

Management conference-call highlights ►

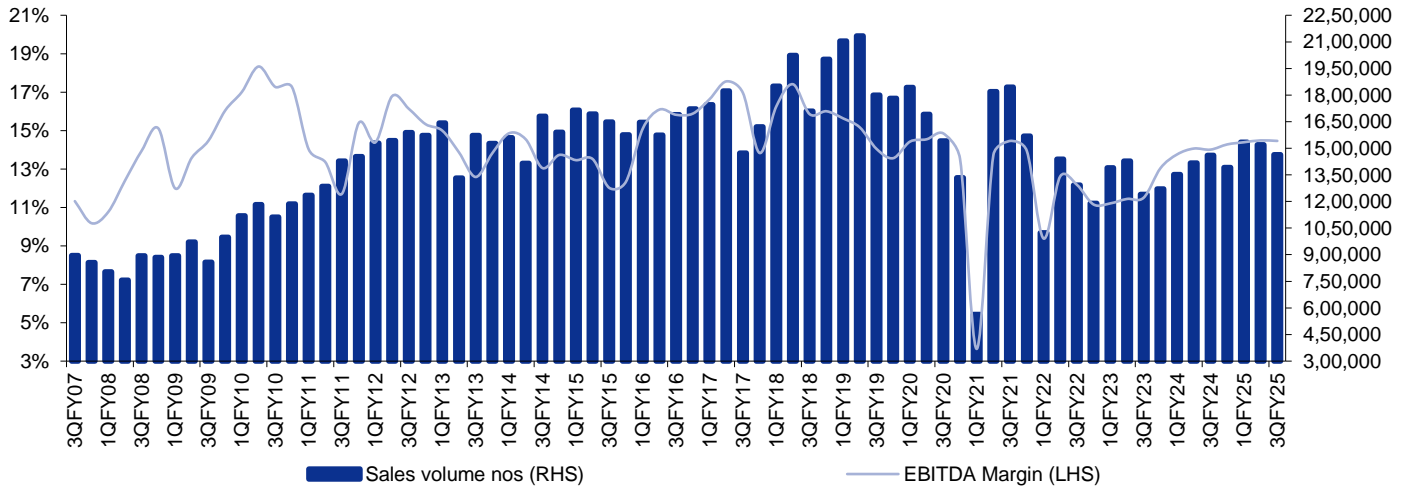
- **Demand outlook:** Management gave guidance of double-digit revenue growth in FY25F. The wedding season and festivals are expected to boost demand in 4QFY25F. The rural mix improved by 3% during the quarter on the back of faster growth vs. urban markets.
- **Market share trend:** The company gained market share in 95% of its portfolio, with the 125cc deluxe segment (Splendor & Xtreme 125R) leading. 3Q retail market share expanded by 520bp qoq to 32.8%.
- **Financial performance:** The ICE vehicles' EBITDA margin was at 16%, supported by mix improvement and cost savings while the overall EBITDA margin improved by 50bp yoy to 14.5%. Festive season marketing expenses slightly impacted ICE margin, but it is expected to normalize in the coming quarters.
- **VIDA (EV portfolio):** Hero MotoCorp launched VIDA V2 and VIDA V2 LITE (sub-Rs100,000 price point) bikes to expand EV offerings, while the transition from V1 to V2 affected 3Q sales but management expects growth in the coming months. The company is in advanced stages of obtaining PLI (Production-Linked Incentive) compliance.
- **Harley-Davidson bikes:** Plans to launch a new motorcycle platform, apart from the existing X440, and management sees export opportunities for Harley-Davidson products in the future.
- **OBD-2 norms:** Hero MotoCorp's portfolio has already transitioned to fuel injection (FI) systems, and the expected price hike is marginal (1-2%). Competitors, who still rely on carburettor-based models, will likely face higher costs due to the required shift to FI systems.
- **Hero FinCorp:** The company's loan book reached Rs555bn, up 13% yoy, credit costs stood at 6%, up 150bp, and the reported loss in 3Q due to higher delinquencies, especially in the personal loan segment. Dec 2024 and Jan 2025 showed some improvement in collections.
- **Parts business:** Revenue touched Rs15.55bn, up 9% yoy, driven by strong demand for tyres, batteries, and oils. Plans to expand into rural areas to sustain growth in the segment.
- **Export business:** In 9MFY25, saw a growth of 40% yoy, which is double the industry growth. The company is focusing on reducing geographical concentration risk by expanding to more international markets.
- **Investment:** Hero MotoCorp is continuing to invest in new products, premium segment, and EV expansion. The EV business investment was Rs1.37bn, lower than in the previous quarter due to model transition.
- **Tax relief impact:** Budget tax cuts are expected to boost disposable income for Rs600,000-12,00,000/annum earners, Hero MotoCorp's key market segment's estimated savings of Rs40,000-50,000/year could cover a two-wheeler loan EMI, driving the demand in FY25F-26F.

Figure 1: Quarterly results comparison

Y/E Mar (Rs m)	3QFY25	3QFY24	yoy % chg	2QFY25	qoq % chg	9MFY25	9MFY24	yoy % chg	Comments
Revenue	1,02,108	97,237	5.0	1,04,632	(2.4)	3,08,177	2,79,364	10.3	3% below our estimate.
Raw material costs	67,152	65,470	2.6	69,795	(3.8)	2,05,619	1,91,059	7.6	
RM costs as a % of revenue	66	67	(156.5)	67	(93.9)	67	68	(167.0)	113bp below our estimate.
EBITDA	14,765	13,620	8.4	15,159	(2.6)	44,521	38,966	14.3	1% above our estimate.
EBITDA margin (%)	14.5	14.0	45.3	14.5	(2.8)	14.4	13.9	49.9	
Depreciation & amortization	1,969	1,825	7.9	1,937	1.7	5,838	5,264	10.9	
EBIT	12,796	11,795	8.5	13,222	(3.2)	38,683	33,702	14.8	
Interest expenses	55	45	20.6	49	10.5	152	139	9.0	
Other income	3,175	1,825	74.0	2,830	12.2	8,322	6,530	27.4	44% above our estimate.
Pre-tax profit	15,916	13,575	17.2	16,003	(0.5)	46,854	40,092	16.9	
Tax	3,888	3,437	13.1	3,967	(2.0)	11,564	9,969	16.0	
Tax rate (%)	24.4	25.3	(88.7)	24.8	(36.4)	24.7	24.9	(18.4)	
Normalized net profit	12,028	10,139	18.6	12,035	(0.1)	35,290	30,124	17.2	9% above our estimate.
Exceptional items	-	-	-	-	nm	-	(1,200)	nm	
Other Comprehensive Income	-	-	nm	-	nm	-	-	-	
Reported net profit	12,028	10,139	18.6	12,035	(0.1)	35,290	28,924	22.0	
Normalized EPS (Rs)	60.2	50.7	18.6	60.2	(0.1)	176.7	150.8	17.2	
Volume (nos)	14,63,802	14,59,932	0.3	15,19,684	(3.7)	45,18,642	42,29,032	6.8	
Net realization (Rs)	69,755	66,604	4.7	68,851	1.3	68,201	66,059	3.2	
EBITDA/vehicle	10,087	9,329	8.1	9,975	1.1	9,853	9,214	6.9	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: EBITDA margin on a consistent improvement path despite EV drag



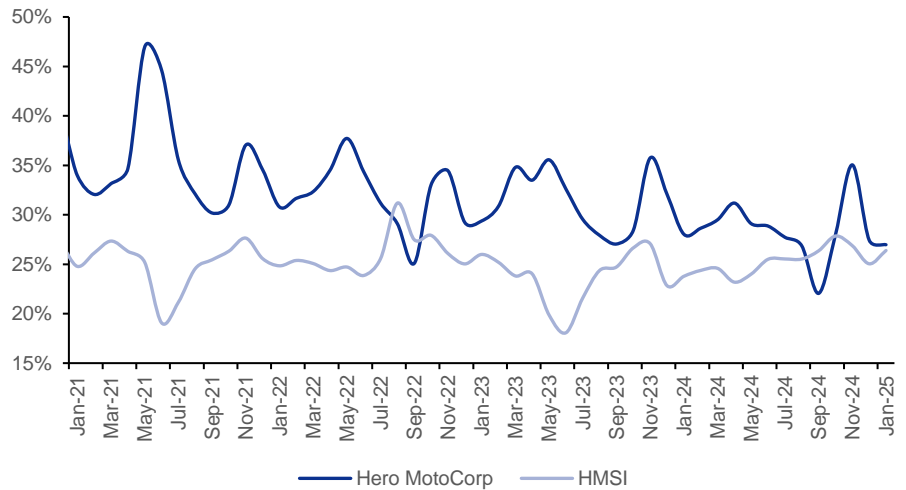
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Model-wise performance

Motorcycles	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)	9MFY24	9MFY25	YoY (%)
Splendor Family	8,77,878	7,89,565	11.2	8,99,640	(2.4)	24,74,125	27,08,726	9.5
Passion Family	47,840	1,09,060	(56.1)	59,320	(19.4)	2,72,438	1,68,338	(38.2)
HF Deluxe	2,27,301	2,95,196	(23.0)	2,45,061	(7.2)	7,95,326	7,46,494	(6.1)
Glamour	42,523	69,784	(39.1)	45,367	(6.3)	1,86,795	1,49,824	(19.8)
Xtreme and Xtreme 125R	89,790	7,852	1,043.5	97,676	(8.1)	23,245	2,41,191	937.6
HD X440 & Mavrick 440	3,312	6,844	(51.6)	3,751	(11.7)	6,862	12,188	na
Others	30	2,996	(99.0)	957	(96.9)	3,109	3,134	0.8
Total motorcycles	13,98,773	12,86,452	8.7	13,59,218	2.9	37,85,634	40,51,492	(6.6)
Scoters								
Maestro	30	2,832	(98.9)	-	-	8,724	30	(99.7)
Pleasure	26,872	34,879	(23.0)	39,718	(32.3)	1,14,173	1,10,101	(3.6)
Destini 125	35,164	34,354	2.4	28,852	21.9	95,299	95,499	0.2
Xoom	12,764	23,131	(44.8)	12,820	(0.4)	77,208	35,905	(53.5)
Vida	10,559	2,320	355.1	15,976	(33.9)	14,046	37,901	169.8
Total scooters	85,389	97,516	(12.4)	97,366	(12.3)	3,09,450	2,79,436	10.7
Total 2W domestic	14,84,162	13,83,968	7.2	14,56,584	1.9	40,95,084	43,30,928	(5.4)
Exports	50,992	52,584	(3.0)	63,176	(19.3)	1,33,946	1,87,686	(28.6)
Gross Total	15,35,154	14,36,552	6.9	15,19,760	1.0	42,29,030	45,18,614	(6.4)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Retail market share of Hero MotoCorp and HMSI



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Our revised earnings estimates

Rs m	FY25F		FY26F		FY27F	
	Old	New	Old	New	Old	New
Sales Volume (nos)	63,10,201	59,29,923	68,75,396	64,92,434	74,04,453	69,94,160
% change		-6.0%		-5.6%		-5.5%
Net Sales	4,36,238	4,10,762	4,88,744	4,65,814	5,38,424	5,17,252
% change		-5.8%		-4.7%		-3.9%
EBITDA	63,055	59,549	69,219	68,624	75,098	75,603
% change		-5.6%		-0.9%		0.7%
EBITDA Margin	14.5%	14.5%	14.2%	14.7%	13.9%	14.6%
bp change		4		57		67
PAT	48,475	47,347	53,408	54,020	58,198	58,930
% change		-2.3%		1.1%		1.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Key drivers

Key Assumptions	FY22	FY23	FY24	FY25F	FY26F	FY27F
Vehicle Sales Volume (units)						
Motorcycle	46,27,585	49,59,707	51,26,006	55,42,219	60,65,413	65,14,980
Growth (%)	-13.2%	7.2%	3.4%	8.1%	9.4%	7.4%
Scooter	3,16,383	3,69,297	4,30,782	3,87,704	4,27,020	4,79,180
Growth (%)	-30.9%	16.7%	16.6%	-10.0%	10.1%	12.2%
Total	49,43,968	53,29,004	55,56,788	59,29,923	64,92,434	69,94,160
Growth (%)	-14.6%	7.8%	4.3%	6.7%	9.5%	7.7%
Net realization per vehicle (Rs.)						
Motorcycle	49,005	52,680	56,105	57,788	60,099	61,902
Growth (%)	6.6%	7.5%	6.5%	3.0%	4.0%	3.0%
Scooter	50,440	53,920	57,155	59,441	61,225	63,061
Growth (%)	6.0%	6.9%	6.0%	4.0%	3.0%	3.0%
Total	49,097	52,766	56,186	57,896	60,173	61,982
Growth (%)	6.5%	7.5%	6.5%	3.0%	3.9%	3.0%
Operating matrix per vehicle (Rs)						
Net Realization	49,005	52,680	56,105	57,788	60,099	61,902
Growth (%)	6.6%	7.5%	6.5%	3.0%	4.0%	3.0%
Contribution	17,024	18,672	21,231	23,067	23,677	24,257
Growth (%)	9.0%	9.7%	13.7%	8.6%	2.6%	2.5%
EBITDA	33,667	39,892	50,283	59,549	68,624	75,603
Growth (%)	-16.2%	18.5%	26.0%	18.4%	15.2%	10.2%
EBITDA Margin (%)	11.5%	11.8%	13.5%	14.5%	14.7%	14.6%
Change (bp)	(154)	29	171	99	23	(12)
Net Profit	24,710	29,136	37,407	47,347	54,020	58,930
Growth (%)	-16.0%	17.9%	28.4%	26.6%	14.1%	9.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Sum-of-the-parts or SOTP-based target price

	Hero MotoCorp's stake	Value per share (Rs)
Core business		5,083
Ather Energy	38%	162
Hero FinCorp	40%	280
SOTP-based valuation		5,525

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: We have used discounted cash flow or DCF methodology to value the company's core business

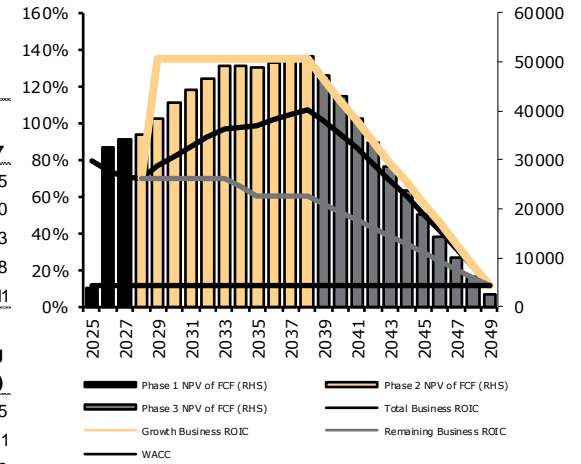
Economic Profit Valuation	Rs m	%
Adjusted Opening Invested Capital	62039.2	7
NPV of Economic Profit During Explicit Period	74626.1	9
NPV of Econ Profit of Remaining Business (1, 2)	252173.1	29
NPV of Econ Profit of Net Inv (Grth Business) (1, 3)	488297.2	56
Enterprise Value	877135.6	100
Plus: Other Assets	0.0	0
Less: Minorities	0.0	0
Less: Net Debt (as at 07 Feb 2025)	-136950.9	-16
Equity Value	104086.5	116
No. Shares (millions)	199.5	
Per Share Equity Value	Rs 5083	

Discounted Cash Flow Valuation	Rs m	%
Value of Phase 1: Explicit (2025 to 2027)	70589.6	8
Value of Phase 2: Value Driver (2028 to 2038)	505344.0	58
Value of Phase 3: Fade (2039 to 2049)	266549.9	30
Terminal Value	34643.0	4
Enterprise Value	877126.4	100
FCF Grth Rate at end of Phs 1 implied by DCF Valuation		7.3
FCF Grth Rate at end of Phs 1 implied by Current Price		33.8

Sensitivity Table		No of Years in Fade Period				
		5	8	11	14	17
WACC	9.8%	5008	5512	6018	6523	7025
	10.8%	4669	5097	5520	5934	6340
	11.8%	4365	4730	5083	5424	5753
	12.8%	4093	4403	4699	4981	5248
	13.8%	3847	4113	4361	4594	4811

Performance Summary	2025	2026	2027	Phase 2 Avg (2028 - 2038)
Invested Capital Growth (%)	23.2	16.6	12.7	10.5
Operating Margin (%)	12.6	12.9	12.9	12.1
Capital Turnover (x)	8.4	7.7	7.3	7.3

Returns, WACC and NPV of Free Cash Flow

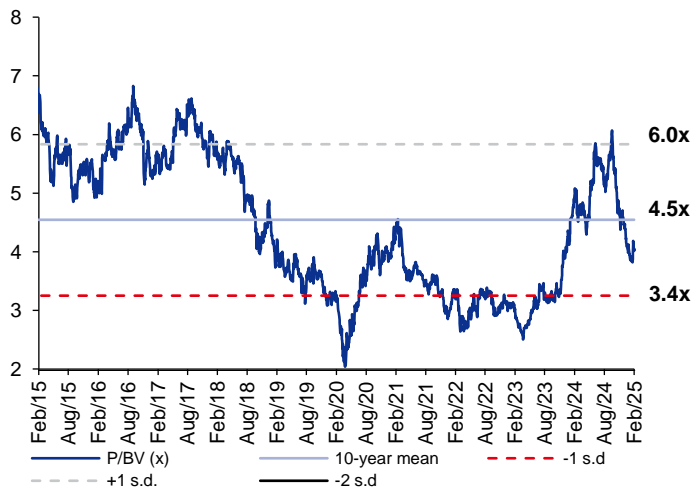


Source: InCred Research

1. In periods following the Explicit Period i.e. Phase 2 and Phase 3
2. Remaining Business is defined as Capital as at the end of Phase 1 and capex = depreciation thereafter
3. Net Investment is defined as capex over and above depreciation after Phase 1

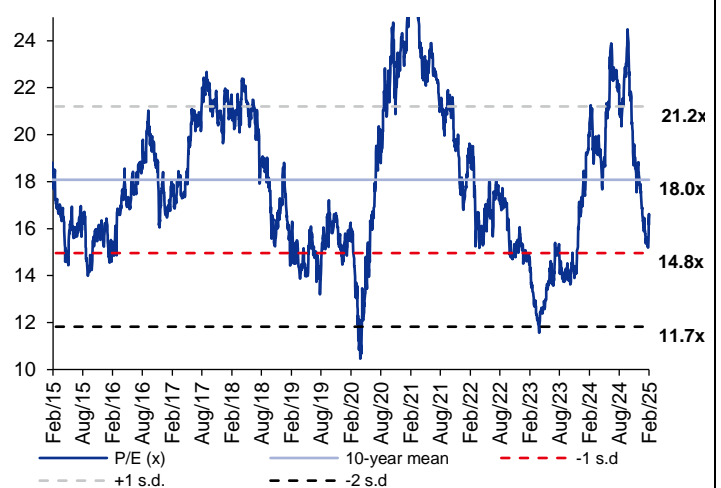
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: One-year forward P/BV below the 10-year mean level



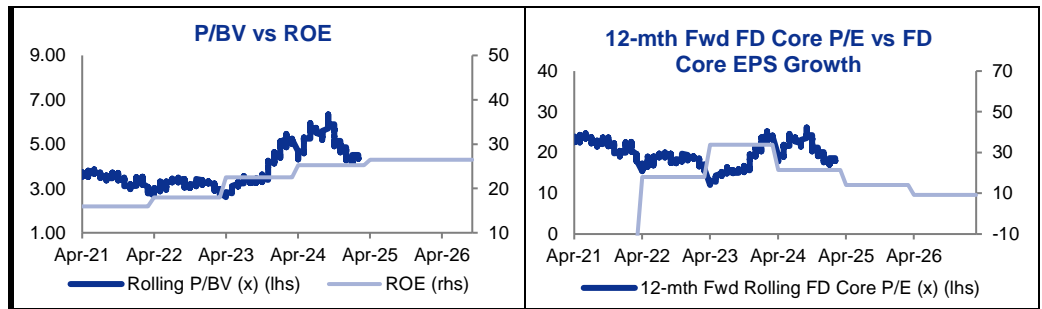
SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 10: One-year forward P/E valuation near the -1SD level



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	338,086	372,283	410,762	465,814	517,252
Gross Profit	77,607	93,952	111,079	125,186	138,273
Operating EBITDA	39,892	50,283	59,549	68,624	75,603
Depreciation And Amortisation	(6,570)	(7,114)	(7,817)	(8,581)	(8,993)
Operating EBIT	33,323	43,169	51,731	60,043	66,610
Financial Income/(Expense)					
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	5,453	8,741	11,398	11,983	11,963
Profit Before Tax (pre-EI)	38,776	51,910	63,129	72,026	78,574
Exceptional Items					
Pre-tax Profit	38,776	51,910	63,129	72,026	78,574
Taxation	(9,640)	(12,904)	(15,782)	(18,007)	(19,643)
Exceptional Income - post-tax					
Profit After Tax	29,136	39,006	47,347	54,020	58,930
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	29,136	39,006	47,347	54,020	58,930
Recurring Net Profit	29,136	39,006	47,347	54,020	58,930
Fully Diluted Recurring Net Profit	29,136	39,006	47,347	54,020	58,930

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	39,892	50,283	59,549	68,624	75,603
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(3,613)	9,088	(13,033)	(2,614)	(3,332)
(Incr)/Decr in Total Provisions	(940)	2,092	(77)	(2,800)	(1,900)
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	5,453	8,741	11,398	11,983	11,963
Tax Paid	(9,640)	(12,610)	(15,782)	(18,007)	(19,643)
Cashflow From Operations	31,152	57,595	42,055	57,186	62,691
Capex	(5,954)	(8,007)	(10,000)	(7,500)	(9,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(3,485)	(22,357)	(4,000)	(8,000)	(10,000)
Cash Flow From Investing	(9,439)	(30,365)	(14,000)	(15,500)	(19,000)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(19,980)	(27,972)	(31,976)	(35,982)	(39,980)
Preferred Dividends					
Other Financing Cashflow	(30)	1,101	2		
Cash Flow From Financing	(20,010)	(26,871)	(31,975)	(35,982)	(39,980)
Total Cash Generated	1,704	359	(3,920)	5,704	3,711
Free Cashflow To Equity	21,714	27,230	28,055	41,686	43,691
Free Cashflow To Firm	21,714	27,230	28,055	41,686	43,691

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	113,559	136,951	137,029	150,734	164,445
Total Debtors	27,982	27,034	33,761	38,286	43,931
Inventories	14,341	14,438	18,006	21,695	24,091
Total Other Current Assets	14,498	14,147	15,000	18,500	21,000
Total Current Assets	170,379	192,570	203,797	229,215	253,467
Fixed Assets	62,252	63,145	65,328	64,247	64,254
Total Investments					
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	62,252	63,145	65,328	64,247	64,254
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	47,045	55,282	52,544	58,144	62,852
Other Current Liabilities	14,482	16,224	17,000	17,700	18,300
Total Current Liabilities	61,527	71,506	69,544	75,844	81,152
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities					
Total Provisions	4,054	4,348	4,348	4,348	4,348
Total Liabilities	65,581	75,854	73,892	80,192	85,501
Shareholders Equity	167,051	179,862	195,233	213,271	232,221
Minority Interests					
Total Equity	167,051	179,862	195,233	213,271	232,221

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	15.6%	10.1%	10.3%	13.4%	11.0%
Operating EBITDA Growth	18.5%	26.0%	18.4%	15.2%	10.2%
Operating EBITDA Margin	11.8%	13.5%	14.5%	14.7%	14.6%
Net Cash Per Share (Rs)	568.22	685.10	685.49	754.05	822.64
BVPS (Rs)	835.88	899.76	976.65	1,066.89	1,161.69
Gross Interest Cover					
Effective Tax Rate	24.9%	24.9%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	68.6%	71.7%	67.5%	66.6%	67.8%
Accounts Receivables Days	27.54	26.97	27.01	28.23	29.01
Inventory Days	17.91	18.87	19.76	21.27	22.05
Accounts Payables Days	62.81	67.09	65.66	59.30	58.27
ROIC (%)	46.9%	56.4%	82.1%	72.0%	74.7%
ROCE (%)	23.3%	29.2%	32.9%	34.5%	34.6%
Return On Average Assets	13.0%	16.0%	18.0%	19.2%	19.3%

Key Drivers					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
ASP (% chg, main prod./serv.)	7.3%	5.6%	3.4%	3.6%	3.1%
Unit sales grth (% , main prod./serv.)	7.8%	4.3%	6.7%	9.5%	7.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

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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.

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- 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:

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- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
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