

India

ADD (no change)

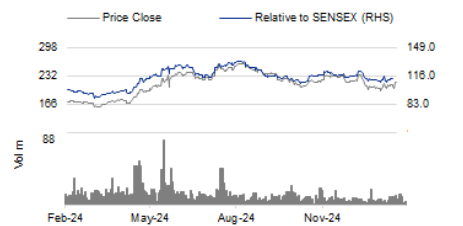
Consensus ratings*: Buy 36 Hold 3 Sell 4

Current price:	Rs217
Target price:	Rs265
Previous target:	Rs265
Up/downside:	22.1%
InCred Research / Consensus:	4.4%
Reuters:	ASOK.NS
Bloomberg:	AL IN
Market cap:	US\$7,336m Rs637,432m
Average daily turnover:	US\$21.8m Rs1895.6m
Current shares o/s:	2,935.5m
Free float:	48.5%

*Source: Bloomberg

Key changes in this note

- FY25F-27F sales volume cut by ~3-4%.
- FY25F-27F EBITDA cut by 2-6%.
- FY25F-27F PAT cut by 2-5%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	7.2	(0.2)	25.5
Relative (%)	7.5	1.9	18.0

Major shareholders	% held
Hinduja Family	51.5
SBI Mutual Fund	2.0
HDFC Life Insurance Company Ltd.	1.4

Research Analyst(s)



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Ashok Leyland

EBITDA margin scales close to peak level

- 3Q EPS grew by 31% yoy and 17% qoq to Rs2.6, providing a 20+% beat to our/Bloomberg consensus estimates, driven by ASP & better EBITDA margin.
- The slower-than-expected truck volume recovery and mini-truck launch led to a 2-5% cut in our FY25F-27F EPS.
- Retain ADD with a SOTP-based TP, as with a strong balance sheet & product portfolio, Ashok Leyland is better positioned for cyclical demand recovery.

Product mix improvement-driven 3Q margin expansion is impressive

Ashok Leyland's 3QFY25 EBITDA growth of 19% qoq and 9% yoy to Rs.12bn was sharply above our estimate (19%) and Bloomberg or BB consensus estimate (10%). Strong ASP growth (6% qoq) and lower other expenses (-100bp qoq) led to the big beat. The product mix in 3Q has been quite good, especially with demand revival in multi-axle vehicle and tipper truck segment volumes. The EBITDA margin spiked by 120bp qoq to 12.8%. Interest expenses dipped 18% qoq and yoy, which is impressive, leading to a 31% PAT growth to Rs10.5bn, sharply above our estimate (23%) and BB consensus estimate (19%). Net cash position stood at Rs9.5bn. Capex for the quarter was Rs1.8bn and Rs4.9bn in 9MFY25.

Management conference-call highlights

The medium and heavy commercial vehicle or MHCV market share in 9MFY25 stood at 30.4% and management has set a goal of 35% for the medium term. Ashok Leyland's market share in the 2-4t segment was 18.5% in 9MFY25 with the launch of SAATHI, its first offering in the entry-level mini-truck segment. The company plans to raise it to 20% in the short term and 25% in the medium term. 3Q also proved to be a milestone quarter as it topped 1,000 MHCV touchpoints and 800 light commercial vehicle or LCV touchpoints. At the end of 3QFY25, Switch Mobility had an order book of more than 1,800 buses, including an export order for 100 buses from Mauritius. To support the capital adequacy needs of Hinduja Leyland Finance and capex of Switch Mobility, further investments of Rs2bn and Rs5bn, respectively, have been approved.

Slow volume recovery leads to EPS cut of 2-5%

While the CV segment's volume growth is improving mom of late, it has been below our expectation, leading to our 3-4% volume cut for FY25F-27F. The launch of SAATHI mini-truck is the expansion into a new segment, where ASP & margin will be lower, leading to 2-6% EBITDA cut for FY26F-27F. With easing interest costs, we limit EPS cut to 2-5%.

Signs of demand recovery & valuation comfort; maintain ADD rating

Truck demand recovery from government spending revival in 2HFY25F and goods movement for personal consumption in FY26F gives hope of cyclical demand recovery benefit for a few quarters. With valuation easing to below the mean level on one-year forward EV/EBITDA and P/E, we retain our ADD rating on the stock with a SOTP-based target price of Rs265. Ashok Leyland, with its plan to improve market share from product portfolio and footprint expansion is a better play in the truck segment. Downside risks: Slow GDP growth and trade war impacting truck demand recovery.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	361,442	383,670	391,129	456,164	531,739
Operating EBITDA (Rsm)	29,307	46,065	47,149	55,526	65,897
Net Profit (Rsm)	13,801	26,178	31,040	36,114	43,878
Core EPS (Rs)	4.4	9.2	10.2	12.3	14.9
Core EPS Growth	1,486.9%	109.3%	10.1%	20.9%	21.5%
FD Core P/E (x)	49.19	23.50	21.34	17.64	14.52
DPS (Rs)	2.6	4.9	5.5	6.5	7.8
Dividend Yield	1.20%	2.28%	2.53%	3.00%	3.59%
EV/EBITDA (x)	20.38	12.65	12.12	10.05	8.39
P/FCFE (x)	292.76	14.51	37.17	32.79	37.19
Net Gearing	31.8%	1.0%	(3.0%)	(6.2%)	(4.7%)
P/BV (x)	7.56	7.23	6.19	5.31	4.52
ROE	16.4%	31.5%	31.3%	32.4%	33.6%
% Change In Core EPS Estimates			(2.14%)	(4.95%)	(3.34%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

EBITDA margin scales close to peak level

Management conference-call highlights ►

- **Demand outlook:** In 3QFY25, the domestic MHCV industry saw a 10% qoq growth and 1% down yoy. The industry momentum so far in 4Q is good, with Jan 2025 already recording positive industry growth.
- **MHCV:** In 9MFY25, the company had a market share of 30.4% in the MHCV industry, and the medium-term endeavour is to achieve 35% market share.
- **LCV:** The company holds an 18.5% market share in the 2-4t LCV segment, with a short-term target of 20% and a medium-term goal of 25%. Currently covering 50% of the LCV market, the company aims to expand its coverage to 80% soon. To enhance its addressable market, Ashok Leyland has launched the SAATHI mini-truck and is planning to introduce 6-8t LCVs.
- **Export business:** In 3Q, export volume was up 33% yoy and in 9MFY25 it was up 19% yoy. The company is confident of achieving an export volume of 15,000 units in FY25F. The target is to export 25,000 units in the medium term and 50,000 units in the long run.
- **Bus business:** In 3Q, MHCV bus volume was up 5% yoy, and currently the company has orders for 4,000 buses, with deliveries spread over the next six-to-eight months. It maintains leadership with a market share of 38%+.
- **Switch Mobility:** Plan to make investment of Rs.5bn in Switch Mobility for UK debt reduction and capex in India. It has orders for 1,800+ electric buses, including 100 meant for Mauritius. Witnessing growth in the EV bus segment in India; however, the UK market continues to remain under pressure. Management's endeavour is to be EBITDA positive by 1Q/2QFY26F.
- **Defence sector business:** Revenue from the business stood at Rs.1bn in 3QFY25, down from Rs1.5bn in 2Q. Management indicated that the long-term opportunity will be in the range of 10,000-12,000 new trucks over three-to-four years, while the current order pipeline remains strong, expecting growth in the coming quarters.
- **Commodity costs and other expenses:** Witnessed stable steel prices while rubber prices increased slightly. Other expenses were lower led by controlled overheads and delivery charges.
- **DCF (Dedicated Freight Corridor):** The impact of DFC in the short term remains minimal. There may be a gradual impact in the long run on truck demand.
- **Capex, debt and cash:** In 3QFY25 the total capex was Rs1.79bn and for 9MFY25 it was Rs4.86bn. The company was cash positive to the extent of Rs9.58bn vs. Rs.17.47bn net debt in 3QFY24.

Figure 1: Quarterly results comparison

Y/E Mar (Rs m)	3QFY25	3QFY24	yoy % chg	2QFY25	qoq % chg	9MFY25	9MFY24	yoy % chg	Comments
Revenue	94,787	92,730	2.2	87,688	8.1	2,68,460	2,71,003	(0.9)	11% above our estimate.
Operating costs	67,743	66,977	1.1	62,410	8.5	1,92,200	1,98,214	(3.0)	
RM costs as a % of revenue	71.5	72.2	(76)	71	30	71.6	73.1	(155)	47bp above our estimate.
EBITDA	12,114.3	11,139.3	9	10,173	19	31,396.0	30,144.7	na	19% above our estimate.
EBITDA margin (%)	12.8	12.0	76.8	11.6	118	11.7	11.1	57.1	88bp above our estimate.
Depreciation & amortization	1,923	1,785	7.8	1,754	9.6	5,405	5,381	0.4	
EBIT	10,191	9,355	8.9	8,419	21.1	25,991	24,764	5	
Interest expenses	501	616	(18.8)	607	(17.5)	1,698	1,902	(10.7)	14% below our estimate.
Other income	247	300	(17.7)	973	(74.6)	1,443	1,276	13.1	59% below our estimate.
Pre-tax profit	9,938	9,039	9.9	8,785	13.1	25,736	24,138	6.6	
Tax	2,320	3,232	(28.2)	2,257	2.8	6,336	8,453	(25.0)	
Tax rate (%)	23.3	35.8	(1,241.5)	25.7	(235)	24.6	35.0	(1,040)	165bp below our estimate.
Normalized net profit	7,617	5,806	31.2	6,527	17	19,400	15,685	24	23% above our estimate.
Extraordinary income/expenses	-	(6)	(100.0)	1,174	(100.0)	1,174	1,479	na	-
Reported net profit	7,617	5,800	31.3	7,701	(1.1)	20,574	17,164	20	
Normalized EPS (Rs)	2.6	2.0	31.2	2.2	16.7	7.0	5.8	20	
Volume (nos)	46,404	49,899	31.3	45,624	(1.1)	1,35,921	1,41,074	(3.7)	
Net realization (Rs)	20,42,641	18,58,356	(7.0)	19,21,977	6.3	19,75,120	19,21,002	2.8	11% above our estimate.
EBITDA/vehicle	2,61,062	2,23,237	9.9	2,22,975	17.1	2,30,987	2,13,680	8.1	

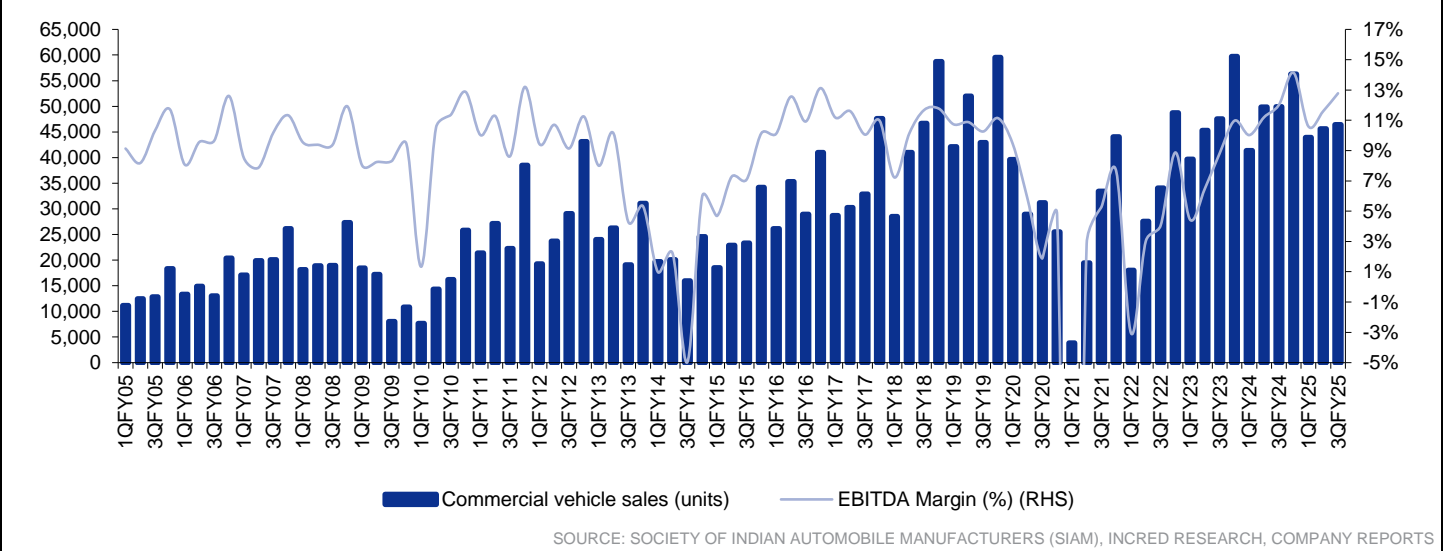
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Ashok Leyland's total sales volume break-up

Segment (domestic)	3QFY25	3QFY24	yoy %	2QFY25	qoq %	9MFY24	9MFY25	yoy %
Passenger carrier M&HCV	4,042	3,840	5%	4,632	-13%	11,212	14,286	27%
Goods carrier M&HCV	22,796	23,240	-2%	21,053	8%	70,101	64,451	-8%
Passenger carrier LCV	159	103	54%	415	-62%	495	769	55%
Goods carrier LCV	15,256	16,760	-9%	16,214	-6%	48,187	46,620	-3%
Total exports	4,151	3,128	33%	3,310	25%	8,251	9,795	19%
Total sales volume	46,404	47,071	-1%	45,624	2%	1,38,246	1,35,921	-2%

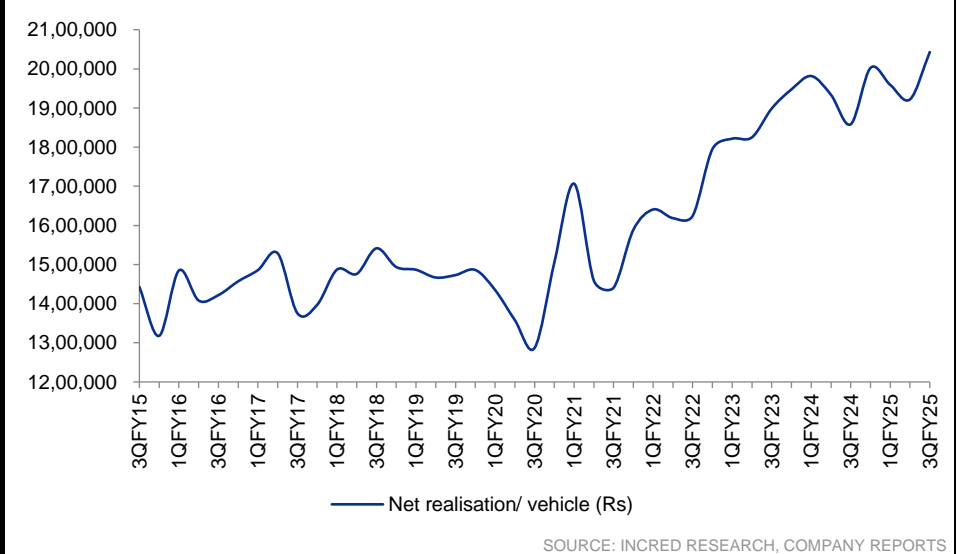
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: EBITDA margin continues its gradual uptick towards double digits



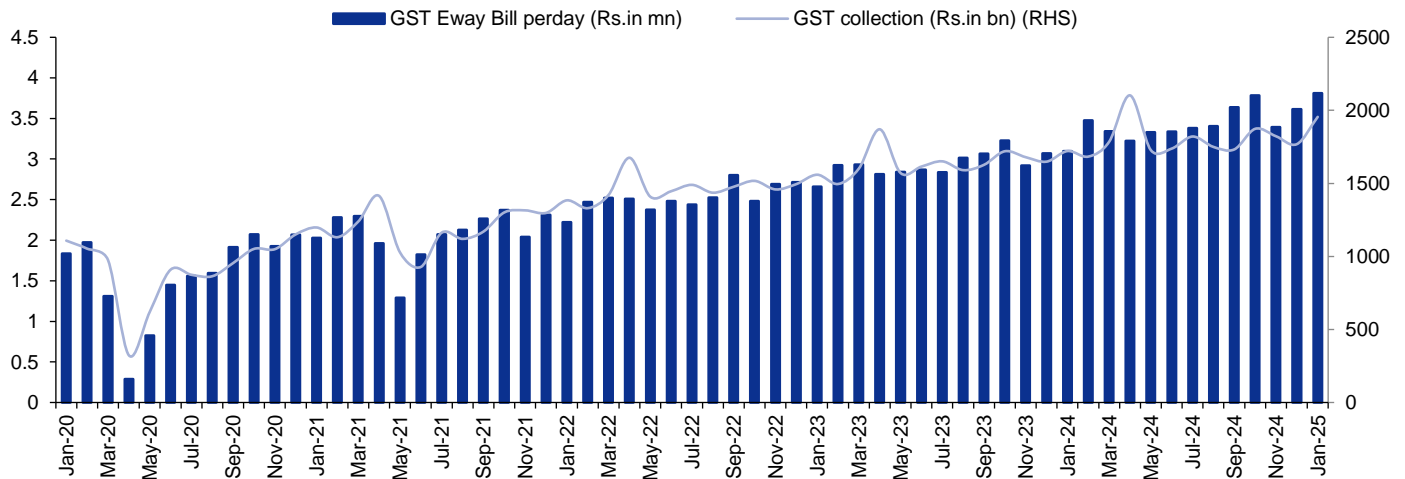
SOURCE: SOCIETY OF INDIAN AUTOMOBILE MANUFACTURERS (SIAM), INCRED RESEARCH, COMPANY REPORTS

Figure 4: Sequential uptick in ASP led by product mix benefits



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: GST E-way bill improvement in recent months shows improving truck utilization



SOURCE: GSTN.ORG.IN, CENTRE FOR MONITORING INDIAN ECONOMY, INCRED RESEARCH, COMPANY REPORTS

Figure 6: EPS revision summary

	FY25F		FY26F		FY27F	
	Old	New	Old	New	Old	New
Sales volume (nos)	2,01,090	1,96,326	2,31,304	2,23,317	2,65,137	2,56,683
Change (%)		-2.4%		-3.5%		-3.2%
Net sales (Rs m)	3,96,324	3,91,129	4,70,059	4,56,164	5,46,837	5,31,739
Change (%)		-1.3%		-3.0%		-2.8%
EBITDA (Rs m)	48,294	47,149	58,753	55,526	69,060	65,897
Change (%)		-2.4%		-5.5%		-4.6%
EBITDA margin %	12.2%	12.1%	12.5%	12.2%	12.6%	12.4%
bp change		(13.1)		(32.7)		(23.6)
Normalized PAT (Rs m)	30,520	29,866	37,995	36,114	45,396	43,878
Change (%)		-2.1%		-5.0%		-3.3%
Normalized EPS (Rs.)	10.40	10.17	12.94	12.30	15.46	14.95
Change (%)		-2.1%		-5.0%		-3.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Key assumptions

Sales Volume (nos)	FY22A	FY23A	FY24F	FY25F	FY26F	FY27F
Domestic M&HCV Trucks	61,303	1,03,480	98,111	93,205	1,02,526	1,14,829
Growth (%)		41.5	68.8	(5.2)	(5.0)	10.0
Domestic M&HCV Buses	3,788	10,767	18,086	23,150	27,780	31,114
Growth (%)		39.1	184.2	68.0	28.0	20.0
Light Commercial Vehicle	52,223	65,654	66,633	65,967	75,862	91,034
Growth (%)		11.9	25.7	1.5	(1.0)	15.0
Total Domestic Sales Volume	1,17,314	1,79,901	1,82,830	1,82,322	2,06,168	2,36,977
Growth (%)		26.5	53.3	1.6	(0.3)	13.1
Total Export Sales	11,019	10,991	11,853	14,004	17,149	19,706
Growth (%)		37.7	(0.3)	7.8	18.1	22.5
Grand Total Sales Volume	1,28,333	1,90,892	1,94,683	1,96,326	2,23,317	2,56,683
Growth (%)		27.4	48.7	2.0	0.8	13.7
Per Vehicle Assumptions (Rs.)						
ASP	16,90,032	18,93,435	19,70,742	19,92,244	20,42,673	20,71,580
Growth (%)		11.3	12.0	4.1	1.1	2.5
Contribution	3,83,987	4,34,539	5,37,026	5,60,563	5,63,736	5,69,762
Growth (%)		(0.8)	13.2	23.6	4.4	0.6
EBITDA/ vehicle	81,441	1,53,527	2,36,618	2,40,155	2,48,643	2,56,726
Growth (%)		53.3	88.5	54.1	1.5	3.5
Net profit /vehicle	6,361	67,866	1,39,281	1,52,124	1,61,714	1,70,941
Growth (%)		(121.3)	966.9	105.2	9.2	6.3

SOURCE: INCRED RESEARCH, COMPANY REPORTS

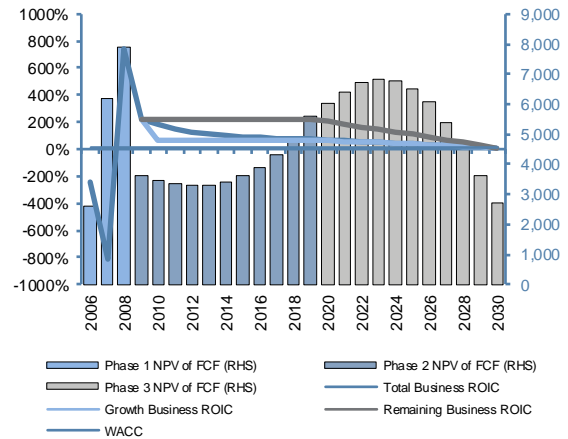
Figure 8: Discounted cash flow or DCF-based target price valuation summary

Economic Profit Valuation			Discounted Cash Flow Valuation		
	Rs m	%		Rs m	%
Adjusted Opening Invested Capital	44684.4	7	Value of Phase 1: Explicit (2025 to 2027)	59,928.0	9.2
NPV of Economic Profit During Explicit Period	67513.9	10	Value of Phase 2: Value Driver (2028 to 2038)	3,75,462.8	57.5
NPV of Econ Profit of Remaining Business (1, 2)	218949.0	34	Value of Phase 3: Fade (2039 to 2049)	1,91,526.2	29.3
NPV of Econ Profit of Net Inv (Grth Business) (1, 3)	322244.1	49	Terminal Value	26,468.2	4.1
Enterprise Value	653391.3	100	Enterprise Value	6,53,385.2	100.0
Plus: Other Assets (key subsidiary value)	0.0	0	FCF Grth Rate at end of Phs 1 implied by DCF Valuation		6.9
Less: Minorities	0.0	0	FCF Grth Rate at end of Phs 1 implied by Current Price		6.4
Less: Net Debt (as at 13 Feb 2025)	-54708.2	-8			
Equity Value	708099.5	108			
No. Shares (millions)	2935.5				
Per Share Equity Value (Rs)	241				

Sensitivity Table		No of Years in Fade Period				
		6	8	11	13	16
WACC	9.4%	246.7	263.1	287.7	304.0	328.4
	10.4%	228.5	242.4	262.9	276.4	296.2
	11.4%	212.3	224.1	241.2	252.3	268.4
	12.4%	197.8	207.8	222.2	231.3	244.4
	13.4%	184.8	193.3	205.3	212.9	223.6

Performance Summary		Phase 2 Avg			
	2025	2026	2027	(2028 - 2038)	
Invested Capital Growth (%)	10.0	8.6	33.8	9.5	
Operating Margin (%)	10.8	11.0	11.3	11.0	
Capital Turnover (x)	10.0	10.6	11.4	8.5	

Returns, WACC and NPV of Free Cash Flow



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

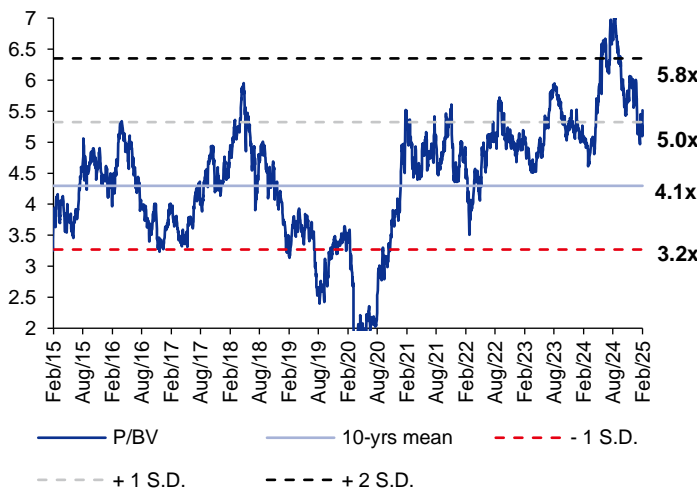
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Sum-of-the-parts or SOTP-based target price

	Methodology	Value per share (Rs)
CV business	DCF-based valuation	241.2
Hinduja Leyland Finance	1.5x FY24 book value	23.8
SOTP value of Ashok Leyland		265.0

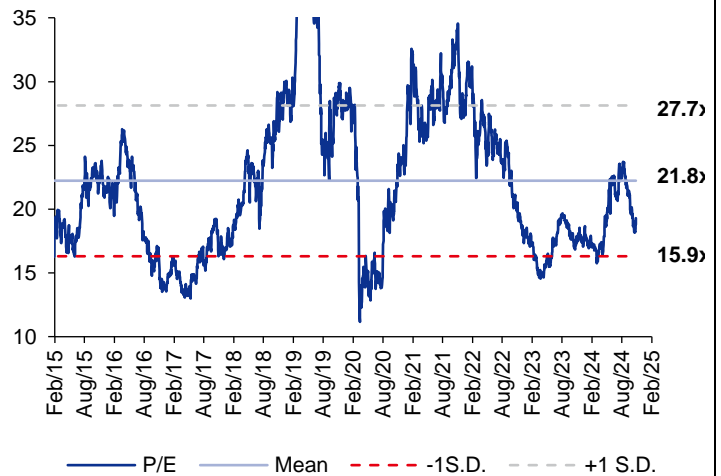
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: One-year forward P/BV eases to the +1SD level



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 11: One-year forward P/E is close to the -1SD level

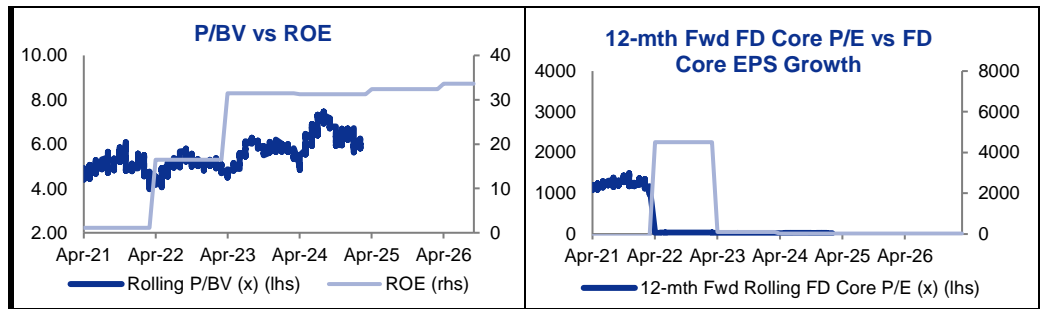


SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 12: Forward EV/EBITDA is still below the 20-year mean level



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	361,442	383,670	391,129	456,164	531,739
Gross Profit	82,950	104,550	110,053	125,892	146,248
Operating EBITDA	29,307	46,065	47,149	55,526	65,897
Depreciation And Amortisation	(7,320)	(7,178)	(7,636)	(8,166)	(8,830)
Operating EBIT	21,988	38,887	39,513	47,360	57,067
Financial Income/(Expense)	(2,891)	(2,494)	(2,330)	(2,058)	(1,727)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,161	2,466	2,638	2,849	3,163
Profit Before Tax (pre-EI)	20,258	38,859	39,821	48,151	58,504
Exceptional Items					
Pre-tax Profit	20,258	38,859	39,821	48,151	58,504
Taxation	(7,303)	(11,743)	(9,955)	(12,038)	(14,626)
Exceptional Income - post-tax	846	(937)	1,174		
Profit After Tax	13,801	26,178	31,040	36,114	43,878
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	13,801	26,178	31,040	36,114	43,878
Recurring Net Profit	12,955	27,116	29,866	36,114	43,878
Fully Diluted Recurring Net Profit	12,955	27,116	29,866	36,114	43,878

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	29,307	46,065	47,149	55,526	65,897
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(13,511)	(7,933)	10,984	2,319	(7,292)
(Incr)/Decr in Total Provisions	11,790	15,636	(4,628)	3,000	1,550
Other Non-Cash (Income)/Expense	3,592	528			
Other Operating Cashflow	846	(937)	1,174		
Net Interest (Paid)/Received	(1,730)	(29)	308	791	1,436
Tax Paid	(5,267)	(12,854)	(13,340)	(15,408)	(18,721)
Cashflow From Operations	25,028	40,476	41,647	46,227	42,870
Capex	(3,827)	(4,394)	(17,889)	(17,166)	(18,830)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(15,754)	4,351	(3,615)	(5,629)	(1,905)
Cash Flow From Investing	(19,581)	(43)	(21,504)	(22,795)	(20,734)
Debt Raised/(repaid)	(3,270)	3,470	(3,000)	(4,000)	(5,000)
Proceeds From Issue Of Shares	1				
Shares Repurchased					
Dividends Paid	(7,634)	(14,535)	(16,150)	(19,086)	(22,903)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(10,903)	(11,064)	(19,150)	(23,086)	(27,903)
Total Cash Generated	(5,457)	29,369	993	346	(5,767)
Free Cashflow To Equity	2,177	43,903	17,143	19,432	17,136
Free Cashflow To Firm	8,337	42,927	22,473	25,491	23,863

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	5,013	34,382	35,375	35,721	29,954
Total Debtors	40,627	35,699	36,434	49,991	64,100
Inventories	27,745	31,907	34,291	41,242	50,989
Total Other Current Assets	20,810	16,339	17,339	18,339	19,339
Total Current Assets	94,194	118,326	123,438	145,293	164,382
Fixed Assets	72,711	74,885	72,447	81,446	91,446
Total Investments	66,636	55,598	62,598	71,598	77,598
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	139,347	130,483	135,044	153,044	169,044
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	71,751	63,052	77,154	99,981	116,546
Other Current Liabilities	22,577	30,380	28,000	30,000	31,500
Total Current Liabilities	94,328	93,432	105,154	129,981	148,046
Total Long-term Debt	31,801	35,271	32,271	28,271	23,271
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	31,801	35,271	32,271	28,271	23,271
Total Provisions	15,421	19,311	18,063	20,063	21,113
Total Liabilities	141,550	148,014	155,489	178,315	192,430
Shareholders Equity	84,258	88,104	102,994	120,022	140,996
Minority Interests					
Total Equity	84,258	88,104	102,994	120,022	140,996

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	66.6%	6.1%	1.9%	16.6%	16.6%
Operating EBITDA Growth	180.4%	57.2%	2.4%	17.8%	18.7%
Operating EBITDA Margin	8.1%	12.0%	12.1%	12.2%	12.4%
Net Cash Per Share (Rs)	(9.13)	(0.30)	1.06	2.54	2.28
BVPS (Rs)	28.70	30.01	35.09	40.89	48.03
Gross Interest Cover	7.61	15.59	16.96	23.01	33.05
Effective Tax Rate	36.0%	30.2%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	58.9%	53.6%	54.1%	52.8%	52.2%
Accounts Receivables Days	36.22	36.31	33.66	34.58	39.16
Inventory Days	31.78	39.00	42.98	41.74	43.66
Accounts Payables Days	92.07	88.14	91.03	97.88	102.51
ROIC (%)	25.4%	38.6%	40.5%	57.3%	62.6%
ROCE (%)	19.0%	31.1%	29.3%	32.1%	35.3%
Return On Average Assets	6.8%	11.9%	12.4%	13.5%	14.3%

Key Drivers					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
ASP (% chg, main prod./serv.)	12.0%	4.1%	1.1%	2.5%	1.4%
Unit sales grth (% , main prod./serv.)	48.7%	2.0%	0.8%	13.7%	14.9%

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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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:

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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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