

## India

**ADD** (no change)

Consensus ratings\*: Buy 14 Hold 1 Sell 5

Current price:	Rs2,602
Target price: ▲	Rs3,041
Previous target:	Rs2,529
Up/downside:	16.9%
InCred Research / Consensus:	16.5%
Reuters:	ENDU.NS
Bloomberg:	ENDU IN
Market cap:	US\$4,180m Rs366,033m
Average daily turnover:	US\$5.1m Rs450.4m
Current shares o/s:	140.7m
Free float:	25.0%

\*Source: Bloomberg

**Key changes in this note**

- FY26F-28F sales increased by 5-6%.
- FY26F-28F EBITDA increased by 5-7%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(3.3)	18.6	4.8
Relative (%)	(1.9)	21.1	4.6

**Major shareholders**

	% held
Promoter and Promoter group	75.0
LIC	4.3
UTI Mutual Fund	2.2

**Research Analyst(s)****Pramod AMTHE**

T (91) 22 4161 1541

E pramod.amthe@incresearch.com

# Endurance Technologies Ltd

## Gearing up for ABS opportunity

- 1Q EPS grew by 11% to Rs16.1, which was line with our/Bloomberg consensus estimates, aided by strong India sales growth and the merger of German arm.
- Raise FY26F-28F EBITDA by 5-7% for new order wins & subsidiary's merger.
- With forward P/E and EV/EBITDA valuations slightly below the five-year mean levels, we maintain our ADD rating on the stock.

**German subsidiary's merger aids EBITDA performance**

1QFY26 consolidated EBITDA of Endurance Technologies rose by 19% yoy & 5% qoq to Rs4.3bn, which was 4% above our/Bloomberg consensus estimates. The EBITDA margin weakness in India was compensated by the financial inclusion of Stöferle, Germany. This helped the European operations' EBITDA growth of 30% qoq and 46% yoy to Rs1.74bn. Excluding this merger, European operations were flattish yoy on the EBITDA front. The Maxwell subsidiary turned around on the EBITDA front for the first time. However, higher depreciation and interest costs led to a 5% miss on consolidated PAT at Rs2.26bn.

**Management conference-call highlights**

Management is excited about the opportunity from the mandatory 2W ABS (anti-lock braking system) regulation, effective 2026. The company is expanding capacity by 40% to 0.84m units by Mar 2026F, based on initial customer enquiries. Considering the five-fold jump expected in the addressable market, management plans to double the market share to 25% in the coming years. New order wins for car brakes aids the company's ambition to build its four-wheeler component portfolio. Exports are expected to improve from castings shipments to developed market customers, to parts shipments to JLR & China 2W OEMs.

**FY26F-28F EBITDA upgrade by 5-7%**

Sustenance of double-digit growth in 1Q on a standalone basis, despite the weakness in 2W sales, provides comfort. Considering the new capacity plans in India and incorporating Stöferle's financials, we increase our net sales estimates by 5-6% for FY26F-28F. Maxwell's EBITDA turnaround and EBITDA accretion from Stöferle leads to a 5-7% EBITDA upgrade for FY26F-28F. However, building in the higher capex plan impact on depreciation and interest costs, we maintain EPS estimates for FY26F-FY28F.

**Maintain ADD rating with a higher target price of Rs3,041**

The sharp uptick in the stock price in recent quarters on the back of ABS opportunity hopes from the government norm has raised forward P/E & EV/EBITDA to close to the five-year mean level. Considering that the company's strong in-house R&D and testing capabilities will help its customers to meet this tough timeline on the regulation front, we feel it's better positioned to accelerate sales growth and profitability from a tight supply situation. We raise target EV/EBITDA to the mean level of 17x, leading to a higher target price of Rs3,041, (Rs2,529 earlier) for the stock, maintaining the ADD rating on it. Key downside risks are delay in regulation timeline and European demand slowdown.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	102,209	115,608	141,473	162,525	182,773
Operating EBITDA (Rsm)	13,080	15,511	19,844	22,535	24,538
Net Profit (Rsm)	6,805	8,364	10,874	12,569	13,681
Core EPS (Rs)	47.3	58.8	77.3	89.4	97.3
Core EPS Growth	37.2%	24.3%	31.5%	15.6%	8.8%
FD Core P/E (x)	53.79	43.76	33.66	29.12	26.76
DPS (Rs)	9.0	10.0	11.0	14.0	16.0
Dividend Yield	0.39%	0.43%	0.47%	0.58%	0.66%
EV/EBITDA (x)	28.16	23.52	17.69	15.34	14.58
P/FCFE (x)	101.82	54.57	25.07	57.32	(34.11)
Net Gearing	4.7%	(2.0%)	(22.7%)	(26.4%)	(10.6%)
P/BV (x)	7.35	6.40	5.52	4.77	4.77
ROE	14.2%	15.5%	17.6%	17.6%	17.8%
% Change In Core EPS Estimates			0.02%	0.17%	0.06%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Gearing up for ABS opportunity

### Management conference-call highlights ➤

- **Order book:** In 1QFY26, the company won Rs5.60bn worth of business in India (including Rs3bn for battery packs and Rs80m for Maxwell) and €1.7m in Europe.
- **EV component orders:** Total orders at Rs8.65bn till date include Rs4.10bn for castings, Rs3bn for brakes, and Rs1.08bn for suspensions, with electric vehicle or EV suspension orders from Ather, Bajaj Auto, Honda Motorcycle and Scooter India or HMSI, Hero MotoCorp or HMCL, TVS Motor Company, Kinetic Green, and Ampere; EV brake orders from Ather, Bajaj Auto, Mahindra & Mahindra, TVS Motor Company, HMCL, and Ampere; and large e-4W orders worth Rs3bn from four renowned international customers, including Valeo and Yazaki.
- **Passenger vehicle drum brake business:** Won an order for drum brakes worth Rs250m per annum from the top-5 car companies.
- **APTC clutch:** Pilot lots of Adler technology assist and slip APTC clutch dispatched to two customers. Production is likely to start in Sep-Oct 2025F.
- **ABS business:** Initiated discussions with multiple OEMs for large disc brake and ABS orders under the new regulations, securing Rs270m in new 2W brake orders and Rs970m in 4W machined castings orders; dual-channel ABS supplies to begin Sep 2025F, with 6.4m units/year capacity (single & dual channel) and a new disc brake assembly plant at Chennai by Mar 2026F; regulatory changes to drive ABS demand to ~16m units, offering a potential 10x business opportunity despite an expected three-to-six month rollout delay.
- **Alloy wheels:** Received new Rs680m of alloy wheel orders from Royal Enfield, taking the total to Rs1,640m.
- **Machined castings for 4W and the non-automotive segment:** Setting up AURIC Shendra project in Chhatrapati Sambhajinagar, focused on machined castings for 4Ws and the non-automotive segment. Production is expected to start in 4QFY26F.
- **Lithium-ion battery:** Setting up a lithium-ion battery pack plant in Pune. Production is likely to start in 4QFY26F.
- **Europe business:** Endurance Europe's ICE vehicle end-user share, now around 40% of revenue, is projected to decline to 25% by FY28F.
- **Maxwell** – The stake in Maxwell has been raised to 100%. Won BMS (battery management system) orders for two-wheelers, three-wheelers, tractors, and airport cargo buggies, with supplies to start from Nov 2025F. Cumulatively, orders won are worth Rs1,560m annually, peaking in 1QFY27F.
- **Stöferle:** The company completed the acquisition of a 60% stake in Stöferle in Germany, with plans to acquire the remaining 40% within the next five years.
- **Capex:** In 1QFY26, capex stood at Rs2.86bn for standalone operations and €9.0m for European operations, with over 80% allocated to expansion and dies, including capacity additions across brake, alloy wheel, castings, and machining segments. European investments are focused on setting up capacity for Stellantis, Daimler, and Volkswagen Group orders and €38m for acquiring a 60% stake in Stöferle.
- **ABS expansion:** New safety regulations (Jan 2026) mandate 100% ABS for >50cc ICE two-wheelers and >4kW EVs. Endurance Technologies' ABS capacity stands at 640,000 units; dual-channel ABS samples sent to Royal Enfield and Bajaj Auto and the SOP expected soon. Expansion at Waluj plant by Mar 2026F.
- **New plants:** Disc brake assembly plant planned in Chennai to cater to South Indian OEMs. The alloy wheel plant in AURIC-Bitkin (3.6m wheels/year) starts

production in Aug 2025. The battery pack facility near Pune will begin machinery installation in 2QFY26F.

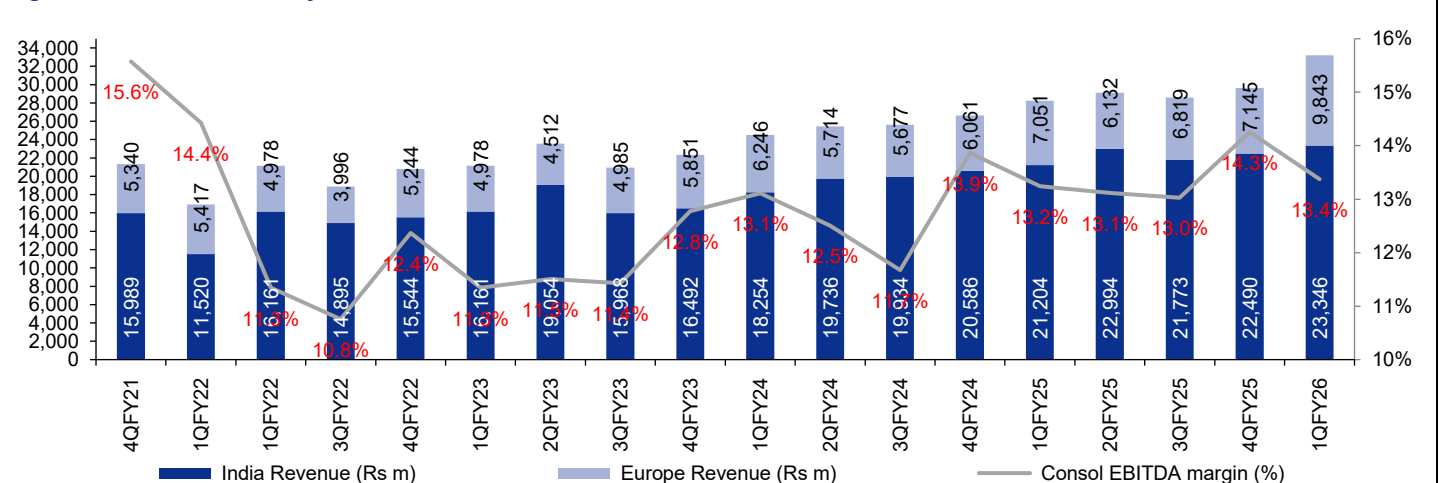
- **Aurex Schindler:** Shipped products to a European OEM in four months; EV motor housing samples for Mahindra 6EN9 via Valeo in 10 weeks. Green die-casting facility supports ESG goals, with SOP planned in 4QFY26F.

**Figure 1: Results comparison**

Y/E Mar (Rs m)	1QFY26	1QFY25	yoy % chg	4QFY25	qoq % chg	Comments for the quarter
Revenue	33,189	28,255	17.5	29,635	12.0	9% above our estimate.
Raw Material costs	18,894	16,260	16.2	16,620	13.7	
RM costs as a % of revenue	56.9	57.5	(61.9)	56.1	84.7	414bp below our estimate.
EBITDA	4,439	3,741	18.7	4,225	5.1	4% above our estimate.
EBITDA margin (%)	13.4	13.2	13.5	14.3	(88.1)	68bp below our estimate.
Depreciation & amortization	1,644	1,288	27.7	1,424	15.5	24% above our estimate.
EBIT	2,794	2,453	13.9	2,800	(0.2)	
Interest expenses	135	112	20.2	125	8.2	
Other income	356	339	5.2	346	2.9	43% above our estimate.
Pre-tax profit	3,016	2,680	12.5	3,022	(0.2)	2% below our estimate.
Tax	752	641	17.3	692	8.6	
Tax rate (%)	24.9	23.9	102	22.9	203	
Normalized net profit	2,264	2,039	11.0	2,330	(2.8)	5% below our estimate.
Exceptional items	-	-	-	(122)	nm	-
Reported net profit	2,264	2,039	11.0	2,208	2.5	
Normalized EPS (Rs)	16.1	14.5	11.0	16.6	(2.8)	

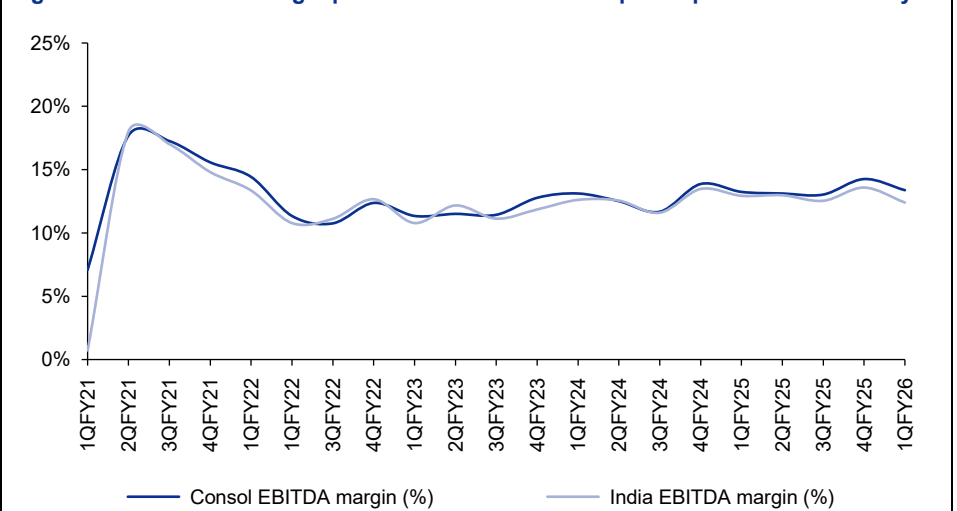
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: Consolidated entity's sales and EBITDA are on the rise**



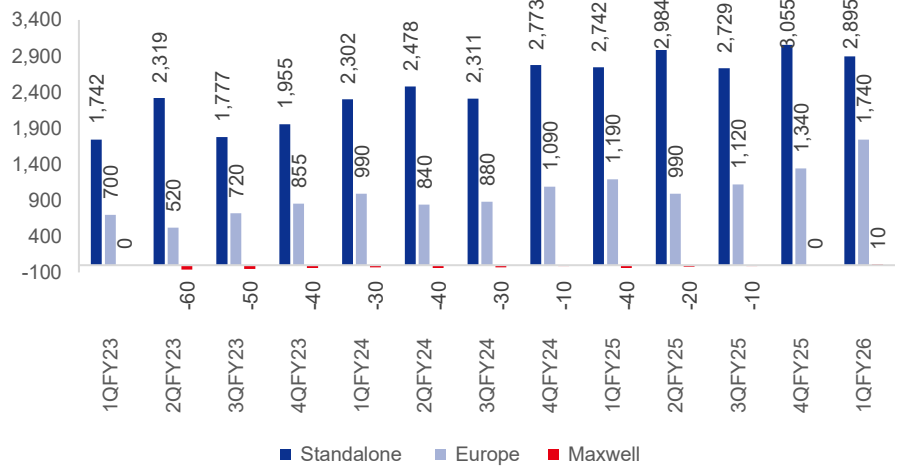
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: The EBITDA margin profiles of Indian and European operations are steady**



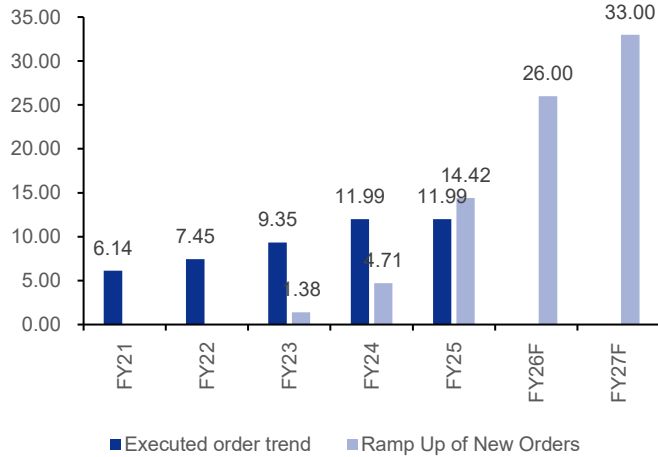
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: The EBITDA trend across business segments (Rs m)**



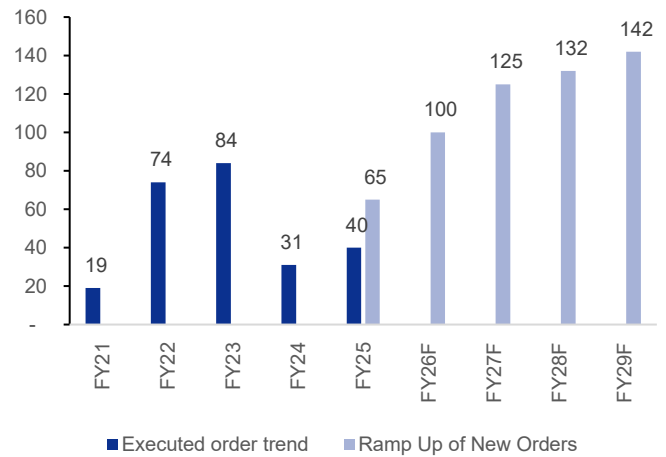
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: New order execution plan for the standalone business (Rs bn)**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: New order execution plan for European operations (euro m)**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 7: Financial statements of subsidiaries (Rs m)**

Subsidiary's Name	Turnover (Rs. m)	Profit Before Tax (Rs. m)
Endurance Overseas SpA, Italy	1,112	1,184
Endurance SpA, Italy	18,369	1,577
Endurance Engineering Srl, Italy	911	84
Endurance Castings SpA, Italy	4,252	204
Endurance Two Wheelers SpA, Italy	1,532	43
Veicoli Srl, Italy	204	44
Ingenia Automation Srl	782	42
GDS Srl, Tunisia	69	-6
Endurance GmbH, Germany	5,501	180
Maxwell Energy Systems Private Limited, India	700	-169

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 8: Our revised earnings estimates**

Rs m	FY26F		FY27F		FY28F	
	Old	New	Old	New	Old	New
Consolidated						
Net sales	1,34,554	1,41,473	1,53,766	1,62,525	1,72,064	1,82,773
% change		5.1%		5.7%		6.2%
EBITDA	18,892	19,844	21,273	22,535	22,975	24,538
% change		5.0%		5.9%		6.8%
EBITDA margin	14.0%	14.0%	13.8%	13.9%	13.4%	13.4%
bp change		(1)		3		7
PAT	10,871	10,874	12,548	12,569	13,672	13,681
% change		0.0%		0.2%		0.1%
EPS (Rs)	77	77	89	89	97	97
% change		0.0%		0.2%		0.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 9: Key assumptions**

Segment-wise revenue (Rs m)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Shock absorbers	23,754	26,144	30,065	32,170	35,065	39,273
Disc brake assembly (incl rotary disc)	8,324	11,541	13,849	16,619	20,774	23,890
Alloy wheels	6,023	7,694	8,386	9,644	11,091	12,200
Clutch and clutch parts	3,790	3,847	4,193	4,529	4,891	5,184
Aluminium die casting parts	38,802	45,344	50,728	69,098	80,236	90,771
Other operating revenue	7,348	7,639	8,386	9,413	10,468	11,455
Consolidated Revenue	88,041	1,02,209	1,15,608	1,41,473	1,62,525	1,82,773
growth yoy %	15.7%	16.1%	13.1%	22.4%	14.9%	12.5%
<b>Product segment mix %</b>						
Shock absorbers	27.0%	25.6%	26.0%	22.7%	21.6%	21.5%
Disc brake assembly (incl rotary disc)	9.5%	11.3%	12.0%	11.7%	12.8%	13.1%
Alloy wheels	6.8%	7.5%	7.3%	6.8%	6.8%	6.7%
Clutch and clutch parts	4.3%	3.8%	3.6%	3.2%	3.0%	2.8%
Aluminium die casting parts	44.1%	44.4%	43.9%	48.8%	49.4%	49.7%
Other operating revenue	8.3%	7.5%	7.3%	6.7%	6.4%	6.3%

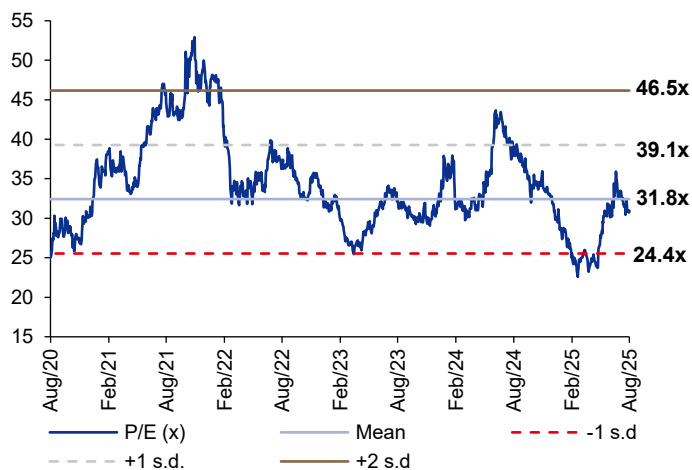
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 10: EV/EBITDA-based target price**

1-year forward EBITDA (Rs m)	23,281
EV/EBITDA multiple (x)	17
<b>EV (Rs m)</b>	<b>3,95,779</b>
Net debt (Rs m)	(31,963)
No. of shares (m)	141
<b>Target price (Rs)</b>	<b>3,041</b>

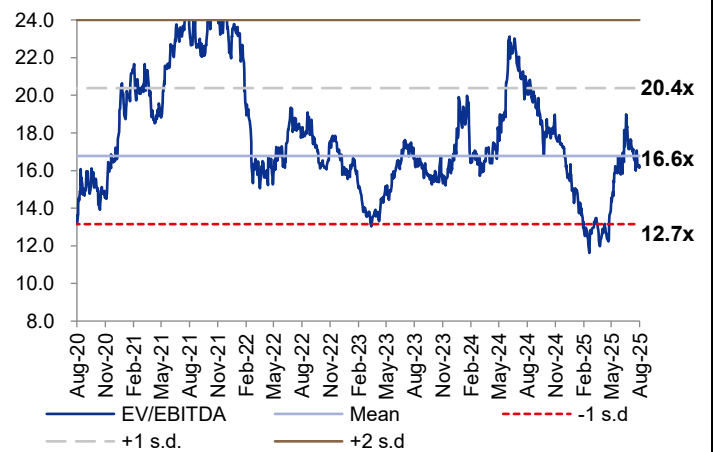
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 11: Forward P/E valuation is slightly below the 10-year mean level**



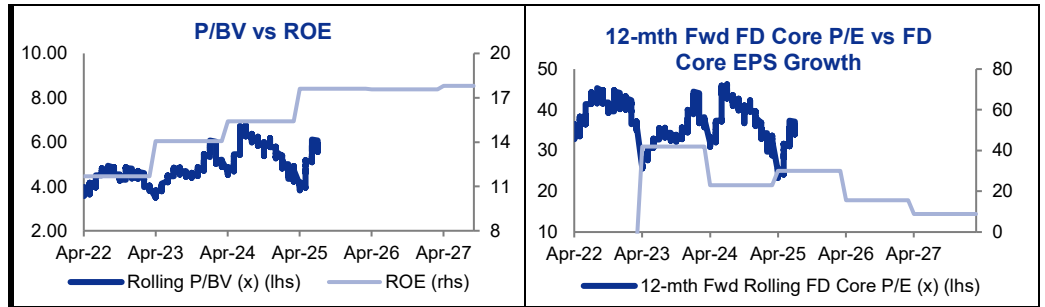
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 12: Forward EV/EBITDA valuation is slightly below the 10-year mean level**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>Total Net Revenues</b>	<b>102,209</b>	<b>115,608</b>	<b>141,473</b>	<b>162,525</b>	<b>182,773</b>
<b>Gross Profit</b>	<b>41,703</b>	<b>49,577</b>	<b>60,550</b>	<b>66,960</b>	<b>74,937</b>
<b>Operating EBITDA</b>	<b>13,080</b>	<b>15,511</b>	<b>19,844</b>	<b>22,535</b>	<b>24,538</b>
Depreciation And Amortisation	(4,740)	(5,387)	(6,734)	(7,542)	(8,371)
<b>Operating EBIT</b>	<b>8,340</b>	<b>10,124</b>	<b>13,110</b>	<b>14,993</b>	<b>16,166</b>
Financial Income/(Expense)	(427)	(468)	(450)	(200)	(150)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	856	1,170	1,462	1,638	1,867
<b>Profit Before Tax (pre-EI)</b>	<b>8,769</b>	<b>10,826</b>	<b>14,122</b>	<b>16,431</b>	<b>17,883</b>
Exceptional Items	200	122			
<b>Pre-tax Profit</b>	<b>8,969</b>	<b>10,947</b>	<b>14,122</b>	<b>16,431</b>	<b>17,883</b>
Taxation	(2,165)	(2,584)	(3,248)	(3,861)	(4,203)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>6,805</b>	<b>8,364</b>	<b>10,874</b>	<b>12,569</b>	<b>13,681</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>6,805</b>	<b>8,364</b>	<b>10,874</b>	<b>12,569</b>	<b>13,681</b>
Recurring Net Profit	6,653	8,271	10,874	12,569	13,681
<b>Fully Diluted Recurring Net Profit</b>	<b>6,653</b>	<b>8,271</b>	<b>10,874</b>	<b>12,569</b>	<b>13,681</b>

### Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>EBITDA</b>	<b>13,080</b>	<b>15,511</b>	<b>19,844</b>	<b>22,535</b>	<b>24,538</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	267	1,494	(3,945)	(2,489)	(775)
(Incr)/Decr in Total Provisions	315	421	264	282	216
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	430	702	1,012	1,438	1,717
Tax Paid	(2,165)	(2,584)	(3,248)	(3,861)	(4,203)
<b>Cashflow From Operations</b>	<b>11,927</b>	<b>15,544</b>	<b>13,927</b>	<b>17,904</b>	<b>21,493</b>
Capex	(4,407)	(5,819)	(5,659)	(6,194)	(7,224)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(6,490)	(4,658)	7,334	(4,324)	(23,999)
<b>Cash Flow From Investing</b>	<b>(10,897)</b>	<b>(10,477)</b>	<b>1,675</b>	<b>(10,518)</b>	<b>(31,223)</b>
Debt Raised/(repaid)	2,565	1,641	(1,000)	(1,000)	(1,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,425)	(1,566)	(1,706)	(2,128)	(2,410)
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	<b>1,139</b>	<b>75</b>	<b>(2,706)</b>	<b>(3,128)</b>	<b>(3,410)</b>
Total Cash Generated	2,170	5,142	12,895	4,258	(13,140)
<b>Free Cashflow To Equity</b>	<b>3,595</b>	<b>6,708</b>	<b>14,602</b>	<b>6,386</b>	<b>(10,731)</b>
<b>Free Cashflow To Firm</b>	<b>1,457</b>	<b>5,535</b>	<b>16,052</b>	<b>7,586</b>	<b>(9,581)</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

### Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	5,047	10,189	23,084	27,342	14,202
Total Debtors	12,624	14,186	17,442	20,928	22,534
Inventories	8,722	9,364	12,791	14,249	16,024
Total Other Current Assets	5,861	5,412	5,844	6,318	6,925
<b>Total Current Assets</b>	<b>32,253</b>	<b>39,150</b>	<b>59,161</b>	<b>68,837</b>	<b>59,685</b>
Fixed Assets	27,527	28,477	27,743	26,701	34,201
Total Investments	7,926	8,036	12,036	16,036	20,036
Intangible Assets	3,923	3,405	3,065	2,758	2,482
Total Other Non-Current Assets	638	562	562	562	562
<b>Total Non-current Assets</b>	<b>40,014</b>	<b>40,480</b>	<b>43,405</b>	<b>46,057</b>	<b>57,281</b>
Short-term Debt	7,398	9,039	8,039	7,039	6,039
Current Portion of Long-Term Debt					
Total Creditors	16,045	19,743	22,481	24,935	27,541
Other Current Liabilities	4,649	4,306	4,607	4,930	5,275
<b>Total Current Liabilities</b>	<b>28,092</b>	<b>33,087</b>	<b>35,126</b>	<b>36,904</b>	<b>38,855</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>					
Total Provisions	846	998	1,098	1,208	1,328
<b>Total Liabilities</b>	<b>28,938</b>	<b>34,085</b>	<b>36,224</b>	<b>38,111</b>	<b>40,183</b>
Shareholders Equity	49,774	57,174	66,342	76,783	76,783
Minority Interests					
<b>Total Equity</b>	<b>49,774</b>	<b>57,174</b>	<b>66,342</b>	<b>76,783</b>	<b>76,783</b>

### Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	16.1%	13.1%	22.4%	14.9%	12.5%
Operating EBITDA Growth	26.2%	18.6%	27.9%	13.6%	8.9%
Operating EBITDA Margin	12.8%	13.4%	14.0%	13.9%	13.4%
Net Cash Per Share (Rs)	(16.71)	8.18	106.96	144.34	58.03
BVPS (Rs)	353.86	406.46	471.64	545.86	545.86
Gross Interest Cover	19.55	21.63	29.13	74.96	107.78
Effective Tax Rate	24.1%	23.6%	23.0%	23.5%	23.5%
Net Dividend Payout Ratio	21.6%	19.0%	15.7%	16.9%	17.6%
Accounts Receivables Days	43.29	42.32	40.80	43.09	43.40
Inventory Days	51.06	49.99	49.96	51.64	51.23
Accounts Payables Days	91.40	98.91	95.22	90.55	88.81
ROIC (%)	16.1%	20.0%	27.0%	28.4%	29.7%
ROCE (%)	15.7%	16.4%	18.6%	19.0%	19.4%
Return On Average Assets	10.0%	11.3%	12.3%	11.7%	11.9%

### Key Drivers

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Unit sales grth (% , main prod./serv.)	16.0%	12.7%	13.5%	14.3%	12.0%
Unit sales grth (% ,2ndary prod/serv)	16.1%	13.1%	22.4%	14.9%	12.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS



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#### **InCred Research Services Private Limited**

##### **Research Analyst SEBI Registration Number: INH000011024**

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05<sup>th</sup> floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Mayuresh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

## Recommendation Framework

### Stock Ratings

Definition:

- 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.*

### 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.