

India
ADD (no change)

Consensus ratings*: Buy 7 Hold 6 Sell 2

Current price:	Rs854
Target price:	Rs1,294 ▲
Previous target:	Rs1,235
Up/downside:	51.5%
EIP Research / Consensus:	28.4%
Reuters:	NATP.NS
Bloomberg:	NTCPH IN
Market cap:	US\$2,140m
	Rs1,55,717m
Average daily turnover:	US\$6.6m
	Rs477.4m
Current shares o/s:	182.0m
Free float:	51.1%

*Source: Bloomberg

Key changes in this note

- Revise FY21/22/23F revenue by (10.6%)/(23.3%)/4.0%
- Revise FY21/22/23F EBITDA by (17.6%)/(34.9%)/0.7%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(10.6)	(5.8)	20.5
Relative (%)	(14.2)	(20.8)	(2.8)

Major shareholders	% held
Promoter & Promoter Group	48.9
East Bridge Capital Master Fund Ltd	3.0
Mirae Asset Emerging Bluechip	2.8

Analyst(s)

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Natco Pharma Ltd

Niche pipeline – execution is key

- 3QFY21 earnings were below our estimates by 48%, mainly due to lower sales in the domestic oncology segment and oseltamivir in the US.
- Management said on the call that it had answered minor queries from the USFDA related to gRevlimid and was confident of getting approval shortly.
- We roll forward our target valuation to FY23F, with a higher TP of Rs1,294 on an SOP basis and reiterate our Add rating.

3QFY21 earnings below estimates

Revenue de-grew by 26.3% yoy in 3Q to Rs3.5bn (our estimate Rs5bn). EBITDA grew by 35.9% yoy to Rs825m (our estimate Rs1.6bn), and EBITDA margins contracted by 350bp yoy to 23.2% in 3Q. PAT of Rs627m (our estimate Rs1.2bn) de-grew 40% yoy. The decline in revenue and profits was mainly on account of lower sales in the domestic oncology segment and weak realisation of profit from the oseltamivir product in the US.

Lower chemotherapy sales impacted domestic business growth

India revenues de-grew by 37% in 3QFY21 mainly due to lower chemotherapy sales in oncology impacted by COVID-19 on the back of lower patient footfalls in hospital therapies. Oral oncology sales recovered and is showing growth. Management highlighted that Natco has not seen any market share loss in the oncology segment and expects a gradual recovery once COVID-19 subsides. Management has guided for 10 product launches in the oncology and cardiac segments in FY22. We expect its domestic oncology segment revenues to decline by 35% in FY21F and expect growth of 10%/15% in FY22F/FY23F.

Lower oseltamivir sales impacted export formulation growth

Export formulations including subsidiaries' growth were impacted by lower realisation of profits from the oseltamivir product in the US on the back of a weak flu season. We believe some of the anticipated near-term launches in the US like gAfitinor, gZortress and gNexavar would support sales growth in FY22/23F. gRevlimid's launch would have the most impact, supporting Natco's revenue growth in the US beyond FY22F, in our view.

Reiterate Add rating with higher TP of Rs1,294

We downgrade our FY21F EPS estimates by 18% and FY22F by 35% assuming lower-than-expected domestic oncology/ US sales in FY21F and pushing the product launch of gRevlimid in the Canada sales assumption from FY22F to FY23F. We believe the company has a strong PARA-IV product pipeline while execution remains key. We roll forward our target valuation to FY23F with higher SOP-based TP of Rs1,294 (from Rs1,235). We ascribe 1) a P/E of 21x FY22F to its base business EPS of Rs50.7, valuing its base business at Rs1,066/share, 2) a P/E of 10x FY22F to product gCopaxone's EPS of Rs5.7 to arrive at a value of Rs57, and 3) an NPV of Rs171/share for its key products opportunity. Downside risks: Delay in any high value launches estimated in the US. Upside risk: Earlier-than-expected high-value launches in the US.

Financial Summary

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue (Rsm)	20,945	19,150	20,752	26,748	47,973
Operating EBITDA (Rsm)	7,948	5,826	6,122	9,522	22,308
Net Profit (Rsm)	6,444	4,608	4,600	7,188	17,011
Core EPS (Rs)	35.3	25.3	25.3	39.5	93.5
Core EPS Growth	(9.5%)	(28.0%)	0.0%	56.3%	136.7%
FD Core P/E (x)	24.32	33.78	33.79	21.62	9.14
DPS (Rs)	16.1	7.0	6.3	9.9	23.4
Dividend Yield	0.77%	1.02%	0.74%	1.16%	2.74%
EV/EBITDA (x)	19.69	27.13	25.68	16.48	7.01
P/FCFE (x)	38.07	(111.01)	76.70	74.98	32.01
Net Gearing	3.1%	6.6%	4.0%	3.1%	1.5%
P/BV (x)	4.47	4.12	3.77	3.34	2.62
ROE	19.6%	12.7%	11.7%	16.4%	32.1%
% Change In Core EPS Estimates			(17.95%)	(35.40%)	0.73%
EIP Research/Consensus EPS (x)			0.73	1.18	1.61

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, PRICED AS AT 12 FEB 2021

Niche pipeline – execution is key

Key takeaways from the results conference call

On domestic formulations ▶

- Lower chemotherapy sales impacted domestic oncology segment growth in India. However, the company has not lost any market share in any domestic oncology products.
- Management believes the company's oral oncology segment is currently more stable than the chemotherapy segment.
- The cardiology and diabetes segments are ramping up well and can contribute 15-20% of sales going forward as highlighted by management.
- The company has planned around 10 launches in FY22, primarily in the cardiology and oncology segments.
- Management said that it would be difficult at present to predict the outlook of the domestic oncology business for FY22.

On the US business ▶

- On the gRevlimid product, management believes it has answered all the minor queries of the USFDA and is hopeful of an approval shortly.
- The company has planned two to three big launches such as gAfinitor and gZortress, apart from gRevlimid, in the US in FY22.
- Mylan Inc (Natco's partner for gCopaxone) has a stable market share of 30-35% in the gCopaxone product.

On agri-chem business ▶

- The company has planned multiple product launches in the agri-chem segment and believes it is going to be a critical segment for the company.
- The company has received approval for chlorantraniliprole (CTPR) in India. The litigation on CTPR is currently pending and the company will provide an update on its launch plans shortly. This product's market size is around Rs20bn in India.

Other highlights ▶

- Foreign subsidiaries such as Brazil and Canada contributed Rs410m of revenue in 3QFY21 and are profitable businesses. A good number of product launches have been lined up in these regions in FY22F.
- The decline of formulations exports sequentially in the quarter was mainly due to the weak realisation of profits from Tamiflu and a one-time settlement income received in 2QFY21.

Figure 1: Quarterly consolidated summary

YE 31 March	3QFY20	3QFY21	% yoy	2QFY21	%qoq	9MFY20	9MFY21	% yoy
Sales (Rsm)	4,822	3,552	(26.3)	8,022	(55.7)	14,602	17,208	17.8
Gross Profit (Rsm)	3,907	2,721	(30.4)	6,073	(55.2)	11,735	12,639	7.7
Gross Margin (%)	81.0	76.6	-442bps	75.7	90bps	80.4	73.4	-692bps
EBITDA (Rsm)	1,287	825	(35.9)	2,764	(70.2)	4,543	5,300	16.7
EBITDA margin (%)	26.7	23.2	-346bps	34.5	-1123bps	31.1	30.8	-31bps
Interest (Rsm)	53	34	(35.8)	27	25.9	180	98	(45.6)
Depreciation (Rsm)	254	298	17.3	287	3.8	693	865	24.8
Other income (Rsm)	308	308	-	257	19.8	850	752	(11.5)
PBT before extra-ordinary items (Rsm)	1,288	801	(37.8)	2,707	(70.4)	4,520	5,089	12.6
Extraordinary income	-	-	-	-	-	-	-	-
Extraordinary expenses	-	-	-	-	-	-	-	-
PBT after extra-ordinary items (Rsm)	1,288	801	(37.8)	2,707	(70.4)	4,520	5,089	12.6
Tax (Rsm)	311	77	(75.2)	718	(89.3)	1,049	1,220	16.3
Effective tax rate (%)	18.9	20.8	NM	24.7	NM	19.3	23.5	NM
Reported PAT (Rsm)	1,045	627	(40.0)	2,024	(69.0)	3,667	3,879	5.8
Adjusted PAT (Rsm)	1,045	627	(40.0)	2,024	(69.0)	3,667	3,879	5.8

SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 2: Natco's quarterly sales breakdown

YE March (Rsm)	3QFY20	3QFY21	% yoy	2QFY21	% qoq	9MFY20	9MFY21	% yoy
Formulations	3,725	2,574	-30.9	5,903	-56.4	11,798	12,476	5.7
Domestic	1,523	953	-37.4	1,083	-12.0	4,382	3,293	-24.9
Exports	2,202	1,621	-26.4	4,820	-66.4	7,416	9,183	23.8
API	923	978	6.0	1,995	-51.0	2,586	4,412	70.6
Other income	482	308	-36.1	381	-19.2	1,142	1,072	-6.1
Total	5,130	3,860	-24.8	8,279	-53.4	15,526	17,960	15.7

SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 3: Revised earnings estimates

Rsm	Old estimates			New estimates			Change (%)		
	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F
Revenue	23,214	34,851	46,140	20,752	26,748	47,973	-10.6	-23.3	4.0
EBITDA	7,428	14,637	22,147	6,122	9,522	22,308	-17.6	-34.9	0.7
EBITDA Margin (%)	32.0	42.0	48.0	29.5	35.6	46.5	-250bps	-640bps	-150bps
PAT	5,606	11,127	16,888	4,600	7,188	17,011	-17.9	-35.4	0.7
EPS (Rs per share)	30.8	61.1	92.8	25.3	39.5	93.5	-17.9	-35.4	0.7

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 4: SOP valuation

Particulars	EPS Rs/share	P/E (x)	Value Rs
Base Business EPS- FY22F	50.7	21	1,066
Product- gCopaxone EPS-FY22F	5.7	10	57
Key products opportunity			Value Rs
gRevlimid			136
glmbruvica			35
Target Price arrived			1,294

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 5: Annual revenue assumptions breakdown

Particulars (Rsm)	FY20	FY21F	FY22F	FY23F
Domestic formulations	5,404	5,002	5,733	6,508
% sales	26.7	24.1	21.4	13.6
% yoy	(26.4)	(7.4)	14.6	13.5
Export formulations	10,183	9,103	12,517	26,940
% sales	50.4	43.9	46.8	56.2
% yoy	(22.6)	33.8	37.5	115.2
API	3,552	5,399	6,209	7,140
% sales	17.6	26.0	23.2	14.9
% yoy	17.7	52.0	15.0	15.0
Subsidiaries	1,085	1,248	1,929	6,710
% sales	5.4	6.0	7.2	14.0
% yoy	(0.1)	15.0	54.6	247.9
Agrochemical products			360	675
% sales			1.3	1.4
% yoy				87.5
Total	20,224	20,752	26,748	47,973

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 6: P/E band: One-year forward

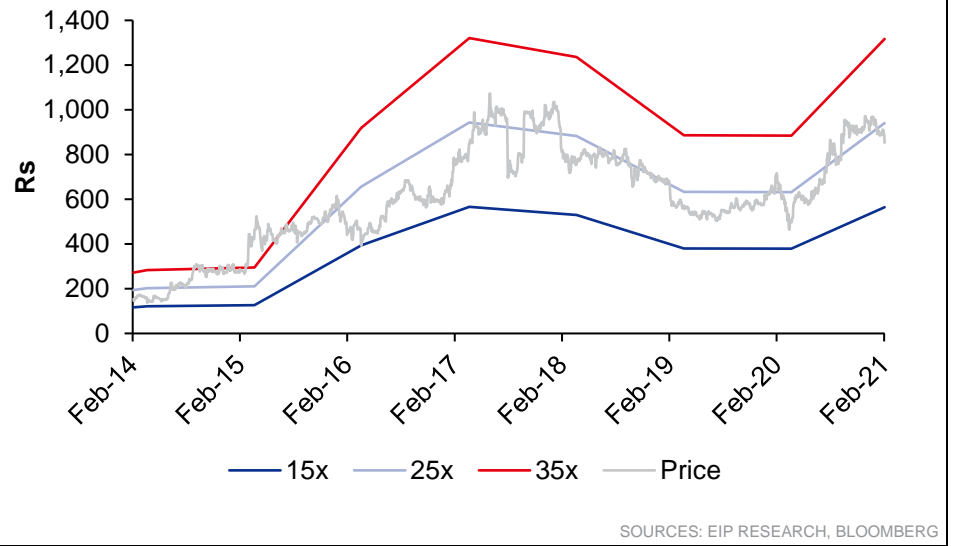
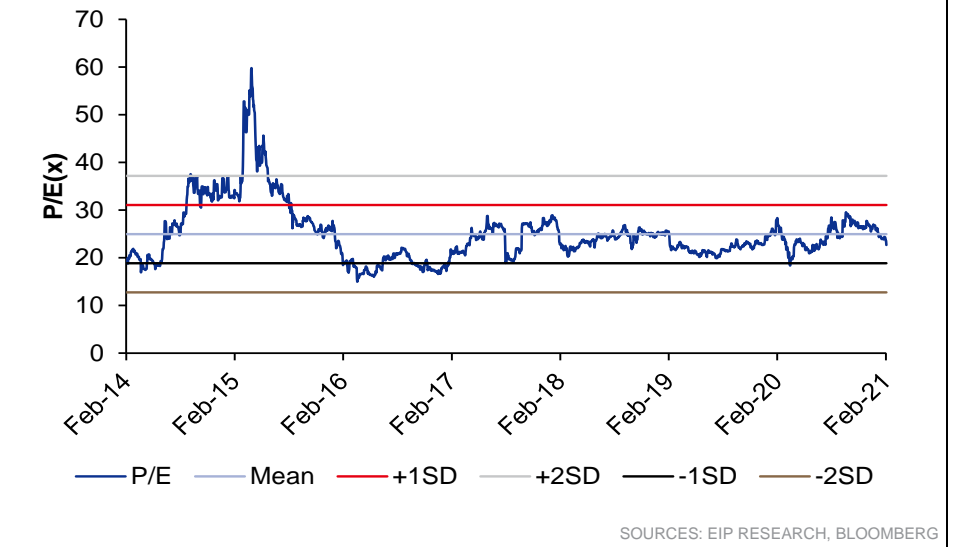
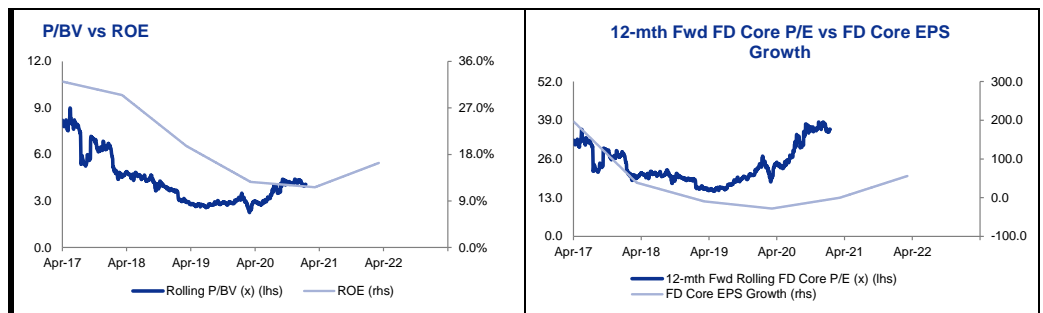


Figure 7: P/E Standard deviation: One-year forward



BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	20,945	19,150	20,752	26,748	47,973
Gross Profit	17,403	15,334	15,356	20,329	39,818
Operating EBITDA	7,948	5,826	6,122	9,522	22,308
Depreciation And Amortisation	(810)	(998)	(1,151)	(1,312)	(1,473)
Operating EBIT	7,138	4,828	4,971	8,210	20,834
Financial Income/(Expense)	(193)	(215)	(213)	(210)	(206)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,302	1,074	1,181	1,300	1,429
Profit Before Tax (pre-EI)	8,247	5,687	5,939	9,300	22,057
Exceptional Items					
Pre-tax Profit	8,247	5,687	5,939	9,300	22,057
Taxation	(1,823)	(1,106)	(1,366)	(2,139)	(5,073)
Exceptional Income - post-tax					
Profit After Tax	6,424	4,581	4,573	7,161	16,984
Minority Interests	20	27	27	27	27
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	6,444	4,608	4,600	7,188	17,011
Recurring Net Profit	6,444	4,608	4,600	7,188	17,011
Fully Diluted Recurring Net Profit	6,444	4,608	4,600	7,188	17,011

Cash Flow

(Rs mn)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	7,948	5,826	6,122	9,522	22,308
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(717)	(2,689)	(143)	(2,845)	(10,047)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(1,883)	(1,311)	(1,366)	(2,139)	(5,073)
Other Operating Cashflow					
Net Interest (Paid)/Received	(193)	(215)	(213)	(210)	(206)
Tax Paid					
Cashflow From Operations	5,155	1,611	4,400	4,328	6,981
Capex	(4,472)	(3,374)	(3,505)	(3,505)	(3,505)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	1,302	1,074	1,181	1,300	1,429
Cash Flow From Investing	(3,170)	(2,300)	(2,324)	(2,205)	(2,076)
Debt Raised/(repaid)	2,131	(713)	(50)	(50)	(50)
Proceeds From Issue Of Shares	(4)	(1)			
Shares Repurchased					
Dividends Paid	(3,120)	(1,536)	(1,150)	(1,797)	(4,253)
Preferred Dividends					
Other Financing Cashflow	(34)	804	(85)	(97)	(109)
Cash Flow From Financing	(1,027)	(1,446)	(1,285)	(1,943)	(4,412)
Total Cash Generated	958	(2,135)	791	180	494
Free Cashflow To Equity	4,116	(1,402)	2,026	2,073	4,855
Free Cashflow To Firm	2,178	(474)	2,290	2,333	5,112

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	2,795	660	1,451	1,631	2,124
Total Debtors	5,062	5,513	5,742	7,402	13,275
Inventories	5,290	5,580	5,685	7,328	13,143
Total Other Current Assets	8,838	11,216	11,327	11,440	11,553
Total Current Assets	21,985	22,969	24,206	27,800	40,096
Fixed Assets	18,561	20,936	23,285	25,473	27,500
Total Investments	1,686	1,123	1,235	1,359	1,495
Intangible Assets	87	88	93	98	103
Total Other Non-Current Assets	712	762	775	826	1,004
Total Non-current Assets	21,046	22,909	25,389	27,755	30,102
Short-term Debt	3,863	3,150	3,100	3,050	3,000
Current Portion of Long-Term Debt					
Total Creditors	2,170	2,554	2,806	3,304	4,922
Other Current Liabilities	1,254	1,149	1,169	1,244	1,509
Total Current Liabilities	7,287	6,853	7,075	7,597	9,431
Total Long-term Debt	8	8	8	8	8
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities		9	9	9	9
Total Non-current Liabilities	8	17	17	17	17
Total Provisions	826	1,161	1,206	1,253	1,303
Total Liabilities	8,121	8,031	8,298	8,868	10,751
Shareholders Equity	34,890	37,735	41,185	46,576	59,334
Minority Interests	20	112	112	112	112
Total Equity	34,910	37,847	41,297	46,688	59,446

Key Ratios					
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	(4.9%)	(8.6%)	8.4%	28.9%	79.4%
Operating EBITDA Growth	(14.4%)	(26.7%)	5.1%	55.5%	134.3%
Operating EBITDA Margin	37.9%	30.4%	29.5%	35.6%	46.5%
Net Cash Per Share (Rs)	(5.90)	(13.73)	(9.10)	(7.84)	(4.86)
BVPS (Rs)	191.18	207.34	226.29	255.91	326.01
Gross Interest Cover	36.98	22.46	23.30	39.12	100.91
Effective Tax Rate	22.1%	19.4%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	14.4%	27.8%	19.3%	19.3%	19.3%
Accounts Receivables Days	99.65	100.78	98.98	89.68	78.66
Inventory Days	498.45	519.86	381.05	369.96	458.11
Accounts Payables Days	250.46	225.93	181.29	173.68	184.07
ROIC (%)	20.3%	12.0%	11.6%	17.1%	34.6%
ROCE (%)	20.0%	12.0%	11.6%	17.3%	37.0%
Return On Average Assets	21.1%	13.3%	12.9%	18.1%	35.4%

Key Drivers					
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Unit sales grth (% , main prod./serv.)	(4.9%)	(8.6%)	8.4%	28.9%	79.4%
R&D Cost/sales(%)	9.4%	8.6%	8.0%	8.0%	8.0%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

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.