

## Margins at multi quarter low

RE's EBITDA margins at 25.8% (-640bp/190bps YoY/QoQ) declined sharply as the ABS related cost hikes had to be absorbed by the co. Amidst a slowing economy, lifestyle bikes demand is impacted as consumers postpone their product upgrades. We reiterate SELL and reduce our SOTP TP to Rs 14,760 (at 19x FY21 EPS, earlier 21x) as we reduce earnings by 9%/6% over FY20/21.

### HIGHLIGHTS OF THE QUARTER

- Financials:** The gross margin declined -260bp/60bps YoY/ QoQ due to cost pressures as highlighted above. Higher staff costs ratio (+210bps QoQ) also impacted profitability. Thus, EBITDA at Rs 6.09bn was down 26/ 12% YoY/QoQ. The revenues declined -7% YoY. While vols declined 19% YoY, higher realizations +14% YoY led to better than expected sales.
- Demand outlook:** The demand continues to remain tepid, with demand for lifestyle bikes declining more than the industry. While Eicher is expanding in semi urban markets by setting up 350 studio stores (of 600sq ft), we believe that sales will remain weak in the near term given liquidity constraints as well as challenged macros.
- We expect margin pressure to sustain:** (1) While RE is

expanding production capacity to 950,000 units in 2Q (as the Vallam plant ramps up), weak demand will impact utilization levels (2) The ability to raise prices in this demand environment is limited. Thus product related costs will be absorbed by the co ahead of the BSVI rollover

- VECV performance remained weak as discounting trends are at all time high levels due to the falling industry sales. Thus, EBITDA margins fell to 5.5% (-370/300bps YoY/QoQ). We expect limited impact of pre buying in 2H due to the sluggish economic activity.

### STANCE

We reiterate SELL as (1) Margin pressures are expected to sustain given weak demand outlook and lower utilization levels (as new capacities come onstream). We are building in margins at 26.3/26.1% over FY20/21E vs. 30.1% in FY19 (2) We expect a delayed recovery in demand as the environment remains challenged. Also, the impact of new product launches is time consuming, with returns expected with a lag (3) The premium to mass OEMs is expected to narrow as profitability is under pressure (4) VECV is impacted by aggressive discounting by the incumbents.

### Financial Summary: Consolidated

YE March (Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)	FY17	FY18	FY19	FY20E	FY21E
Net Sales	23,819	25,478	(6.5)	25,001	(4.7)	70,334	89,650	97,971	102,531	112,558
EBITDA	6,145	8,096	(24.1)	6,847	(10.3)	21,740	28,076	29,031	26,559	28,971
APAT	4,518	5,762	(21.6)	5,448	(17.1)	17,131	21,797	22,203	20,074	21,322
Diluted EPS (Rs)	165.7	211.4	(21.6)	199.9	(17.1)	629.6	799.6	814.5	736.4	782.2
APAT Growth (%)						28.0	27.2	1.9	(9.6)	6.2
P/E (x)						26.0	20.4	20.1	22.2	20.9
RoE (%)						38.1	35.2	27.8	20.6	18.7

Source: Company, HDFC sec Inst Research

INDUSTRY	AUTOS
CMP (as on 31 Jul 2019)	Rs 16,348
Target Price	Rs 14,760
Nifty	11,118
Sensex	37,481
KEY STOCK DATA	
Bloomberg	EIM IN
No. of Shares (mn)	27
MCap (Rsbn) / (\$ mn)	446/6,484
6m avg traded value (Rsmn)	2,484
STOCK PERFORMANCE (%)	
52 Week high / low	Rs 29,800/15,947
	3M 6M 12M
Absolute (%)	(19.7) (14.0) (41.2)
Relative (%)	(15.8) (17.4) (40.9)
SHAREHOLDING PATTERN (%)	
	Mar-19 Jun-19
Promoters	49.3 49.3
FIs & Local MFs	4.6 4.8
FPIs	32.5 33.2
Public & Others	13.6 12.7
Pledged Shares	0.0 0.0
Source : BSE	

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## Other takeaways

- The management has denied media reports of their entry into the 250cc segment as they will retain focus on the mid size lifestyle biking segment.
- Export volumes have risen off a low base to 9,600 units (vs. 5,600 units YoY) as the 650cc twins are driving volumes. The demand for the twins (including exports) is expected at 5,000 units p.m. The waiting period on these products is 2-3 months currently.
- RE will open 350 studio stores in India to expand its reach in smaller cities. These stores will be opened by existing dealers. While it will enable RE to expand its distribution footprint, sales are weakening in the mature cities.
- While financing is at 50-55% of overall sales, Eicher does not have a captive finance arm, unlike the mass market OEMs, who derive ~20% of their sales from inhouse finance arms.

## Valuation

- We reiterate our SELL rating on Eicher with a revised TP of Rs 14,760 (earlier Rs 17,150). We reduce the multiple on the RE business to 19x (earlier 21x) to factor in the weak margin outlook. We assign 13x (earlier 15x) to the VECV business.

	Stake held (%)	Valuation methodology	Multiple (x)	Value/sh (Rs)
Royal Enfield	100	P/E on FY21E core EPS	19	13,755
VECV	54.4	P/E on FY21E	13	1,020
<b>TP (Rs)</b>				<b>14,760</b>

Source: HDFC sec Inst Research

**Raw material expense accounted for 54% of revenues (highest in last 15 quarters)**

**Depreciation charges were higher as the Vallam plant capacity is commissioned**

**Other Income included dividend from VECV of Rs.680mn was accounted in 1Q (vs.650m YoY)**

**EBITDA margin was at multi quarter lows. The ABS related cost hikes could not be passed on**

### Quarterly Financials Snapshot: Standalone

Particulars	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)
Volumes (in units)	183,589	225,361	(18.5)	196,162	(6.4)
Net ASP (Rs/veh)	128,144	112,926	13.5	127,425	0.6
<b>Net sales (incl OOI)</b>	<b>23,526</b>	<b>25,449</b>	<b>(7.6)</b>	<b>24,996</b>	<b>(5.9)</b>
Material Expenses	12,725	13,097	(2.8)	13,382	(4.9)
Employee Expenses	2,041	1,653	23.4	1,645	24.0
Other Operating Expenses	2,667	2,477	7.7	3,027	(11.9)
<b>Total Expenditure</b>	<b>17,433</b>	<b>17,227</b>	<b>1.2</b>	<b>18,054</b>	<b>(3.4)</b>
<b>EBITDA</b>	<b>6,093</b>	<b>8,222</b>	<b>(25.9)</b>	<b>6,942</b>	<b>(12.2)</b>
Depreciation	868	698	24.3	808	7.5
EBIT	5,225	7,524	(30.6)	6,134	(14.8)
Other Income	1,884	1,260	49.5	1,422	32.5
Interest Cost	29	7	308.3	8	267.5
PBT	7,079	8,776	(19.3)	7,549	(6.2)
Tax	2,097	2,864	(26.8)	2,744	(23.6)
<b>RPAT</b>	<b>4,982</b>	<b>5,912</b>	<b>(15.7)</b>	<b>4,804</b>	<b>3.7</b>
EO Items (Adj For Tax)	-	-	-	-	-
APAT	4,982	5,912	(15.7)	4,804	3.7
<b>Adj EPS</b>	<b>182.8</b>	<b>216.9</b>	<b>(15.7)</b>	<b>176.2</b>	<b>3.7</b>

Source: Company, HDFC sec Inst Research

### Margin Analysis: Standalone

As % of sales	1QFY20	1QFY19	YoY (bps)	4QFY19	QoQ (bps)
Material Expenses	54.1	51.5	263	53.5	55
Employee Expenses	8.7	6.5	218	6.6	209
Other Operating Expenses	11.3	9.7	160	12.1	(77)
<b>Total Expenditure</b>	<b>74.1</b>	<b>67.7</b>	<b>641</b>	<b>72.2</b>	<b>187</b>
<b>EBITDA</b>	<b>25.9</b>	<b>32.3</b>	<b>(641)</b>	<b>27.8</b>	<b>(187)</b>
<b>RPAT</b>	<b>21.2</b>	<b>23.2</b>	<b>(205)</b>	<b>19.2</b>	<b>196</b>
Tax as % of PBT	29.6	32.6	(302)	36.4	(673)

Source: Company, HDFC sec Inst Research

**VECV margins fell to 5.5% given elevated industry discounts**

### Quarterly Financials Snapshot: VECV

Rsmn	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)
Volumes (in units)	13,331	16,327	(18.3)	21,010	(36.5)
<b>Net Sales</b>	<b>22,550</b>	<b>26,090</b>	<b>(13.6)</b>	<b>32,090</b>	<b>(29.7)</b>
EBITDA	1,250	2,400	(47.9)	2,740	(54.4)
<b>EBITDA margin (%)</b>	<b>5.5</b>	<b>9.2</b>	<b>-366 bps</b>	<b>8.5</b>	<b>-300 bps</b>
<b>PAT</b>	<b>380</b>	<b>1,180</b>	<b>(67.8)</b>	<b>1,390</b>	<b>(72.7)</b>

Source: Company, HDFC sec Inst Research

### Quarterly Financials Snapshot: Consolidated

Rsmn	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)
<b>Net sales (incl OOI)</b>	<b>23,819</b>	<b>25,478</b>	<b>(6.5)</b>	<b>25,001</b>	<b>(4.7)</b>
<b>EBITDA</b>	<b>6,145</b>	<b>8,096</b>	<b>(24.1)</b>	<b>6,847</b>	<b>(10.3)</b>
<b>EBITDA margin (%)</b>	<b>25.8</b>	<b>31.8</b>	<b>-598 bps</b>	<b>27.4</b>	<b>-159 bps</b>
Depreciation	876	702	24.9	811	8.0
EBIT	5,269	7,395	(28.7)	6,036	(12.7)
Other Income	1,204	596	102.0	1,427	(15.6)
Interest Cost	47	15	205.2	21	118.2
PBT	6,426	7,975	(19.4)	7,441	(13.6)
Tax	2,117	2,856	(25.9)	2,748	(23.0)
Share of JV profit	209	643	(67.6)	755	(72.4)
<b>RPAT</b>	<b>4,518</b>	<b>5,762</b>	<b>(21.6)</b>	<b>5,448</b>	<b>(17.1)</b>
<b>APAT</b>	<b>4,518</b>	<b>5,762</b>	<b>(21.6)</b>	<b>5,448</b>	<b>(17.1)</b>
<b>Adj EPS</b>	<b>165.7</b>	<b>211.4</b>	<b>(21.6)</b>	<b>199.9</b>	<b>(17.1)</b>

Source: Company, HDFC sec Inst Research

**We are lowering volume estimates to factor in the current downturn**

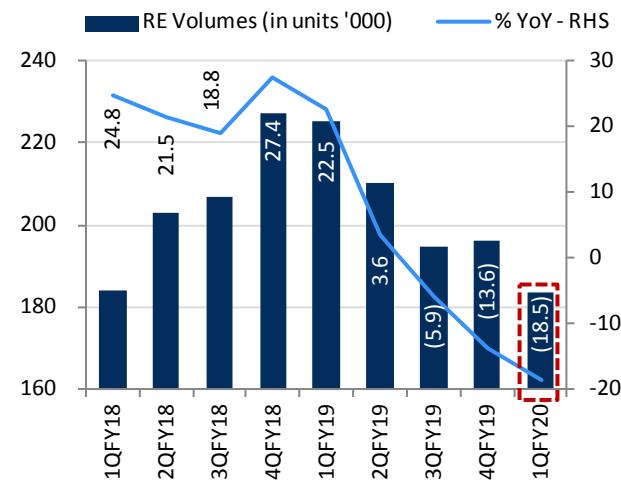
### Volume Assumptions

in units	FY17	FY18	FY19	FY20E	FY21E
RE	666,490	820,493	826,098	804,590	843,354
% YoY	10.9	23.1	0.7	(2.6)	4.8
VECV	58,538	65,932	72,969	70,241	73,106
% YoY	(7.2)	12.6	10.7	(3.7)	4.1
<b>Total volumes</b>	<b>725,028</b>	<b>886,425</b>	<b>899,067</b>	<b>874,831</b>	<b>916,460</b>
% YoY	9.2	22.3	1.4	(2.7)	4.8
RE average ASP (Rs)	104,687	108,098	118,563	127,401	133,434
% YoY	2.6	3.3	9.7	7.5	4.7
VECV average ASP (Rs)	1,450,810	1,524,201	1,589,708	1,695,101	1,812,691
% YoY	(4.2)	5.1	4.3	6.6	6.9

Source: Company, HDFC sec Inst Research

**Royal Enfield volumes declined more than the motorbike industry as customers are postponing luxury segment purchases**

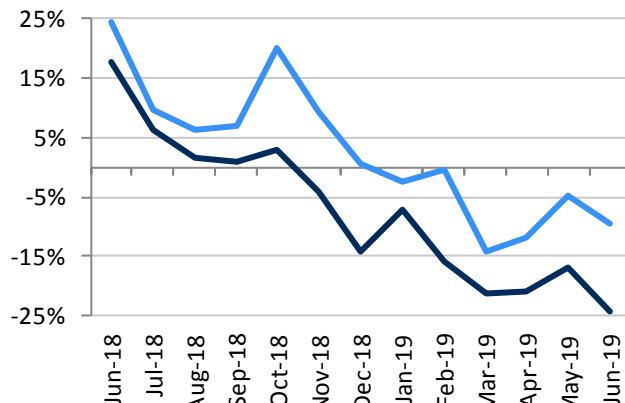
### RE volumes: Sharp decline in sales



Source: Company, HDFC sec Inst Research

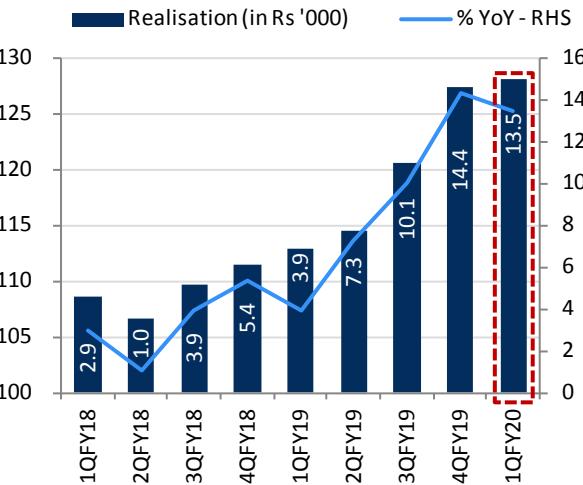
### RE Sales decline is more than industry

RE % YoY      Industry % YoY



Source: Company, HDFC sec Inst Research

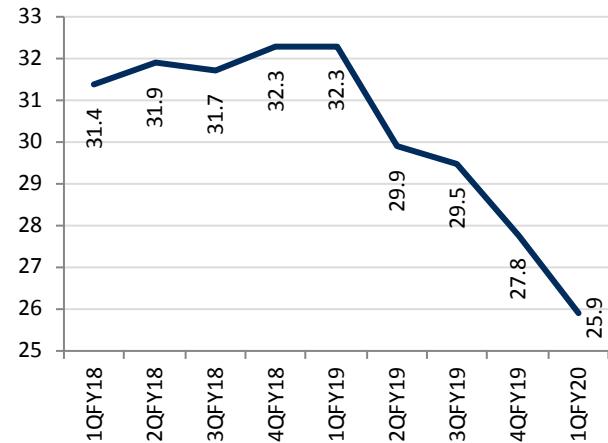
### RE realization: Safety norms led price increases



Source: Company, HDFC sec Inst Research

### EBITDA: Lower revenues are impacting profitability

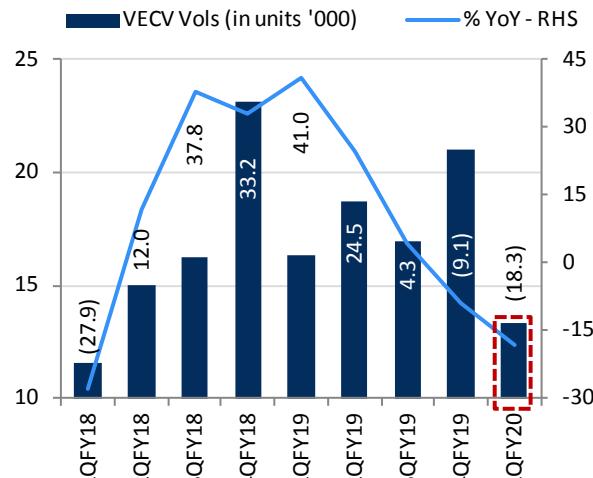
EBITDA margin (%)



Source: Company, HDFC sec Inst Research

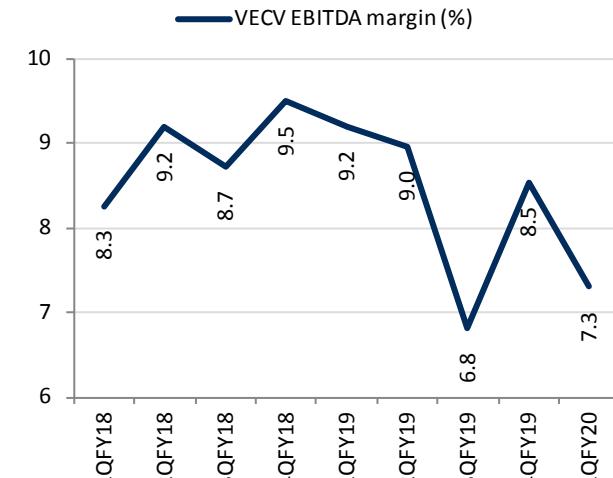
**VECV performance was impacted by the weak industry environment**

### VECV volumes



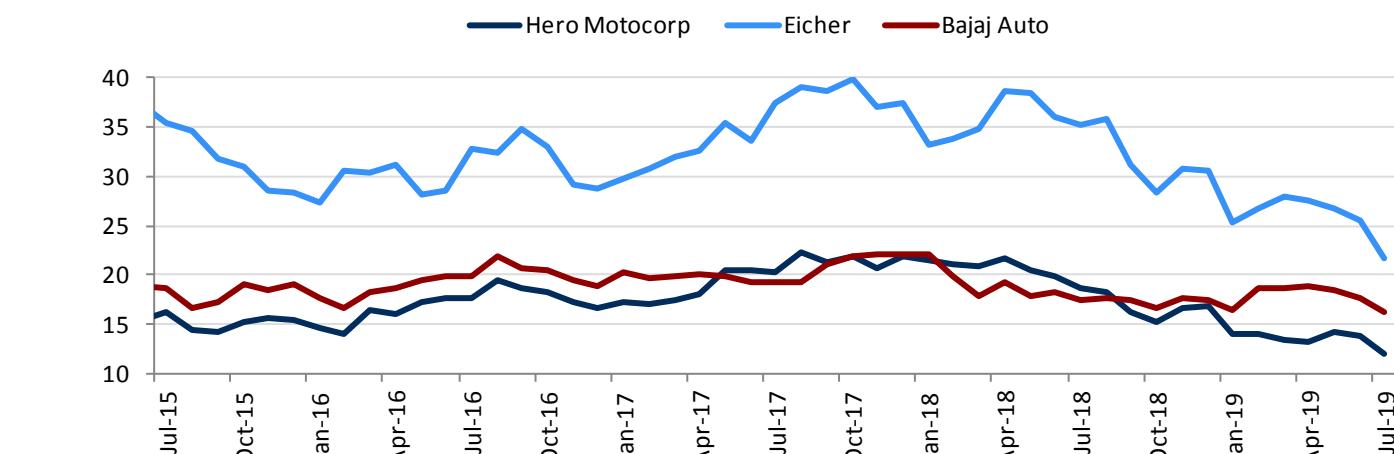
Source: Company, HDFC sec Inst Research

### VECV margins: Under pressure



Source: Company, HDFC sec Inst Research

### 1 year forward P/E band



Source: Company, HDFC sec Inst Research

**The valuation premium of Eicher has been narrowing with the mass market two wheeler OEMs**

**Peer Set Comparison**

	Mcap (Rs bn)	CMP (Rs/sh)	Reco	TP	Adj EPS (Rs/sh)		P/E (x)		EV/EBITDA (x)		RoE (%)	
					FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Ashok Leyland	204	70	NEU	90	6.9	7.0	10.2	10.0	5.5	5.0	23.4	21.3
Bajaj Auto	728	2,517	BUY	3,000	156.0	171.5	16.1	14.7	10.9	9.5	19.6	19.4
<b>Eicher</b>	<b>446</b>	<b>16,348</b>	<b>SELL</b>	<b>14,760</b>	<b>736.4</b>	<b>782.2</b>	<b>22.2</b>	<b>20.9</b>	<b>3.6</b>	<b>3.2</b>	<b>20.6</b>	<b>18.7</b>
Hero Motocorp	471	2,356	BUY	2,875	164.6	179.9	14.3	13.1	8.0	7.2	23.7	22.7
Maruti Suzuki	1,652	5,470	NEU	5,820	248.9	290.8	22.0	18.8	11.8	9.6	15.2	15.9

Source: HDFC sec Inst Research

**Change in estimates**

	NEW		OLD		% chng	
	FY20	FY21	FY20	FY21	FY20	FY21
Net Revenue	102,531	112,558	106,181	116,065	(3)	(3)
EBITDA	26,559	28,971	28,819	31,151	(8)	(7)
EBITDA margin (%)	25.9	25.7	27.1	26.8	-120 bps	-106 bps
PAT	20,074	21,322	22,123	22,771	(9)	(6)
EPS	736.4	782.2	811.6	835.3	(9)	(6)

Source: HDFC sec Inst Research

**Income Statement (Consolidated)**

(Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>Net Revenues</b>	<b>70,334</b>	<b>89,650</b>	<b>97,971</b>	<b>102,531</b>	<b>112,558</b>
<b>Growth (%)</b>	<b>13.9</b>	<b>27.5</b>	<b>9.3</b>	<b>4.7</b>	<b>9.8</b>
Material Expenses	37,045	46,435	50,574	55,558	61,217
Employee Expenses	4,263	5,737	7,024	8,093	8,752
Other Operating Expenses	7,287	9,402	11,341	12,321	13,617
<b>Total Expenses</b>	<b>48,594</b>	<b>61,573</b>	<b>68,940</b>	<b>75,972</b>	<b>83,587</b>
<b>EBITDA</b>	<b>21,740</b>	<b>28,076</b>	<b>29,031</b>	<b>26,559</b>	<b>28,971</b>
<b>EBITDA Margin (%)</b>	<b>30.9</b>	<b>31.3</b>	<b>29.6</b>	<b>25.9</b>	<b>25.7</b>
<b>EBITDA Growth (%)</b>	<b>28.7</b>	<b>29.1</b>	<b>3.4</b>	<b>(8.5)</b>	<b>9.1</b>
Depreciation	1,538	2,233	3,003	3,587	4,305
<b>EBIT</b>	<b>20,201</b>	<b>25,843</b>	<b>26,028</b>	<b>22,972</b>	<b>24,666</b>
Other Income (Including EO Items)	1,813	601	4,259	4,656	4,888
Interest	36	53	73	52	52
<b>PBT</b>	<b>21,979</b>	<b>26,390</b>	<b>30,214</b>	<b>27,575</b>	<b>29,503</b>
Tax (Incl Deferred)	7,203	9,359	10,770	9,382	10,319
Share of profit from JV	1,895	2,566	2,584	1,880	2,138
<b>RPAT</b>	<b>16,671</b>	<b>19,597</b>	<b>22,027</b>	<b>20,074</b>	<b>21,322</b>
EO (Loss) / Profit (Net Of Tax)	(460)	(2,201)	(175)	-	-
<b>APAT</b>	<b>17,131</b>	<b>21,797</b>	<b>22,203</b>	<b>20,074</b>	<b>21,322</b>
<b>APAT Growth (%)</b>	<b>28.0</b>	<b>27.2</b>	<b>1.9</b>	<b>(9.6)</b>	<b>6.2</b>
<b>Adjusted EPS (Rs)</b>	<b>629.6</b>	<b>799.6</b>	<b>814.5</b>	<b>736.4</b>	<b>782.2</b>
<b>EPS Growth (%)</b>	<b>27.8</b>	<b>27.0</b>	<b>1.9</b>	<b>(9.6)</b>	<b>6.2</b>

Source: Company, HDFC sec Inst Research

**Balance Sheet (Consolidated)**

(Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>SOURCES OF FUNDS</b>					
Share Capital - Equity	272	273	273	273	273
Reserves	53,179	70,028	88,914	105,255	122,652
<b>Total Shareholders Funds</b>	<b>53,451</b>	<b>70,301</b>	<b>89,187</b>	<b>105,528</b>	<b>122,925</b>
<b>Total Debt</b>	<b>444</b>	<b>1,508</b>	<b>1,868</b>	<b>1,508</b>	<b>1,508</b>
Net Deferred Taxes	778	1,421	2,739	2,766	2,794
<b>TOTAL SOURCES OF FUNDS</b>	<b>54,673</b>	<b>73,230</b>	<b>93,794</b>	<b>109,803</b>	<b>127,227</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	8,728	15,017	18,746	21,659	23,404
CWIP	3,738	3,332	4,497	4,797	5,097
Investments	17,458	17,643	19,439	19,439	19,439
<b>Total Non-current Assets</b>	<b>29,924</b>	<b>35,992</b>	<b>42,682</b>	<b>45,895</b>	<b>47,941</b>
<b>Cash &amp; Equivalents</b>	<b>32,664</b>	<b>50,286</b>	<b>59,439</b>	<b>73,225</b>	<b>89,819</b>
Inventories	3,359	3,946	6,334	6,180	6,476
Debtors	500	680	903	955	1,048
Other Current Assets	3,460	4,319	4,510	4,758	5,053
<b>Total Current Assets</b>	<b>39,983</b>	<b>59,231</b>	<b>71,186</b>	<b>85,117</b>	<b>102,396</b>
Creditors	8,327	11,719	12,341	12,922	14,185
Other Current Liabilities & Provns	6,907	10,274	7,734	8,288	8,924
<b>Total Current Liabilities</b>	<b>15,234</b>	<b>21,992</b>	<b>20,075</b>	<b>21,210</b>	<b>23,110</b>
<b>Net Current Assets</b>	<b>24,749</b>	<b>37,238</b>	<b>51,111</b>	<b>63,907</b>	<b>79,287</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>54,673</b>	<b>73,230</b>	<b>93,794</b>	<b>109,803</b>	<b>127,227</b>

Source: Company, HDFC sec Inst Research

**Cash Flow (Consolidated)**

(Rsmn)	FY17	FY18	FY19	FY20E	FY21E
Reported PBT	23,874	28,956	32,798	29,456	31,640
Non-operating & EO Items	(1,813)	(601)	(4,259)	(4,656)	(4,888)
Interest Expenses	36	53	73	52	52
Depreciation	1,538	2,233	3,003	3,587	4,305
Working Capital Change	1,815	5,133	(4,720)	990	1,215
Tax Paid	(6,784)	(8,716)	(9,452)	(9,354)	(10,291)
<b>OPERATING CASH FLOW ( a )</b>	<b>18,666</b>	<b>27,058</b>	<b>17,443</b>	<b>20,075</b>	<b>22,032</b>
Capex	(5,117)	(8,117)	(7,897)	(6,800)	(6,350)
<i>Free Cash Flow (FCF)</i>	13,548	18,942	9,546	13,275	15,682
Investments	-	(185)	(1,797)	-	-
Non-operating Income	1,813	601	4,259	4,656	4,888
<b>INVESTING CASH FLOW ( b )</b>	<b>(3,304)</b>	<b>(7,701)</b>	<b>(5,435)</b>	<b>(2,144)</b>	<b>(1,462)</b>
Debt Issuance/(Repaid)	218	1,064	359	(359)	-
Interest Expenses	(36)	(53)	(73)	(52)	(52)
FCFE	13,731	19,953	9,832	12,864	15,630
Share Capital Issuance	3,420	746	829	0	(0)
Dividend	(3,171)	(3,493)	(3,970)	(3,733)	(3,925)
<b>FINANCING CASH FLOW ( c )</b>	<b>432</b>	<b>(1,736)</b>	<b>(2,855)</b>	<b>(4,144)</b>	<b>(3,977)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>15,793</b>	<b>17,622</b>	<b>9,153</b>	<b>13,786</b>	<b>16,594</b>
Closing Cash & Equivalents	32,664	50,286	59,439	73,225	89,819

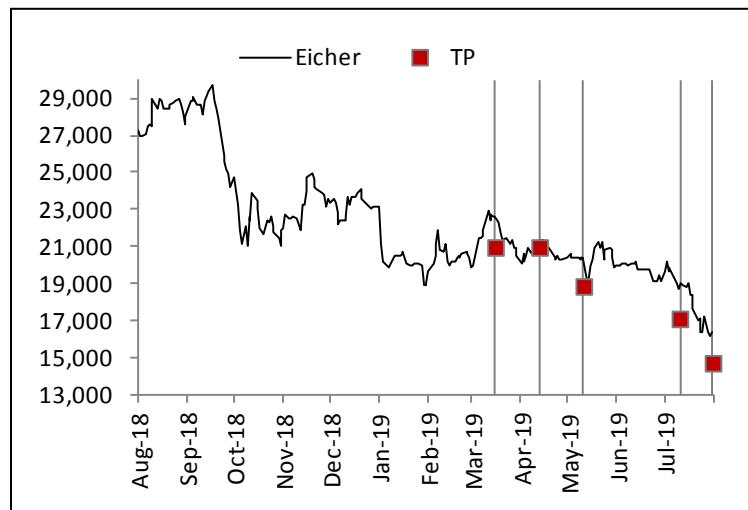
Source: Company, HDFC sec Inst Research

**Key Ratios (Consolidated)**

	FY17	FY18	FY19	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
GPM	47.3	48.2	48.4	45.8	45.6
EBITDA Margin	30.9	31.3	29.6	25.9	25.7
EBIT Margin	28.7	28.8	26.6	22.4	21.9
APAT Margin	24.4	24.3	22.7	19.6	18.9
RoE	38.1	35.2	27.8	20.6	18.7
RoIC (or Core RoCE)	64.3	74.2	58.5	42.7	43.4
RoCE	29.6	26.1	20.1	14.9	13.5
<b>EFFICIENCY</b>					
Tax Rate (%)	32.8	35.5	35.6	34.0	35.0
Fixed Asset Turnover (x)	8.1	6.0	5.2	4.7	4.8
Inventory (days)	17.4	16.1	23.6	22.0	21.0
Debtors (days)	2.6	2.8	3.4	3.4	3.4
Other Current Assets (days)	18.0	17.6	16.8	16.9	16.4
Payables (days)	43.2	47.7	46.0	46.0	46.0
Other Current Liab & Provs (days)	35.8	41.8	28.8	29.5	28.9
Cash Conversion Cycle (days)	(41.1)	(53.1)	(31.0)	(33.2)	(34.2)
Debt/EBITDA (x)	(1.5)	(1.7)	(2.0)	(2.7)	(3.0)
Net D/E (x)	(0.6)	(0.7)	(0.6)	(0.7)	(0.7)
Interest Coverage (x)	567.5	484.0	355.1	441.8	474.3
<b>PER SHARE DATA (Rs)</b>					
EPS	629.6	799.6	814.5	736.4	782.2
CEPS	669.2	800.8	918.2	868.0	940.1
Dividend	100.0	110.0	125.0	117.6	123.6
Book Value	1,964	2,579	3,272	3,871	4,509
<b>VALUATION</b>					
P/E (x)	26.0	20.4	20.1	22.2	20.9
P/BV (x)	8.3	6.3	5.0	4.2	3.6
EV/EBITDA (x)	19.0	14.1	13.4	14.1	12.3
EV/Revenues (x)	5.9	4.4	4.0	3.6	3.2
OCF/EV (%)	4.5	6.8	4.5	5.4	6.2
FCF/EV (%)	3.3	4.8	2.5	3.6	4.4
FCFE/Mkt Cap (%)	3.1	4.5	2.2	2.9	3.5
Dividend Yield (%)	0.6	0.7	0.8	0.7	0.8

Source: Company, HDFC sec Inst Research

## RECOMMENDATION HISTORY



Date	CMP	Reco	Target
15-Mar-19	22,612	SELL	21,000
12-Apr-19	20,998	SELL	21,000
13-May-19	20,354	SELL	18,900
10-Jul-19	19,039	SELL	17,150
1-Aug-19	16,348	SELL	14,760

## Rating Definitions

BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period  
 NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period  
 SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

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