

## Estimate changes

### TP change

### Rating change



Bloomberg	CLGT IN
Equity Shares (m)	272
M.Cap.(INRb)/(USDb)	434.1 / 5.9
52-Week Range (INR)	1676 / 1257
1, 6, 12 Rel. Per (%)	0/-9/-41
12M Avg Val (INR M)	1163

## Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	48.4	52.3	56.1
Sales Gr. (%)	7.0	8.1	7.3
EBITDA	15.1	16.0	17.0
EBITDA Mrg. (%)	31.2	30.6	30.2
Adj. PAT	10.4	11.0	11.6
Adj. EPS (INR)	38.1	40.3	42.5
EPS Gr. (%)	26.8	5.8	5.5
BV/Sh.(INR)	42.9	42.9	42.9
<b>Ratios</b>			
RoE (%)	75.0	94.0	99.1
RoCE (%)	75.4	94.9	100.1
Payout (%)	93.5	100.0	100.0
<b>Valuation</b>			
P/E (x)	41.9	39.6	37.6
P/BV (x)	37.2	37.2	37.2
EV/EBITDA (x)	28.2	26.6	25.1
Div. Yield (%)	2.2	2.5	2.7

## Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	51.0	51.0	51.0
DII	10.3	10.4	10.2
FII	16.9	16.6	16.2
Others	21.8	22.0	22.7

FII Includes depository receipts

**CMP: INR1,596 TP: INR1,700 (+7% ) Downgrade to Neutral**

## Continued weak sales growth, unsustainable margins

### Downgrade to Neutral

- Colgate-Palmolive (CLGT)'s weak sales growth trend has persisted in recent quarters, including 4QFY21 – the two-year average sales growth stands at 5–6%. It has now been six years since the company reported over 7% sales growth for any year. With (a) the launch of its Non-Oral Care portfolio and (b) investments under the 'Brush Twice a Day' campaign seemingly on the backburner, it is unlikely to return to the double-digit sales growth seen over FY08–15 anytime soon.
- Notably, certain factors that led to the positive margin surprise in 4QFY21 and the full-year FY21 – resulting in all-time high EBITDA margins – are not sustainable. These include (a) higher priced (and higher margin) SKUs gaining prominence in FY21 on account of customers showing a preference for larger packs, (b) slower sales in the low-margin toothbrush category – as the product is more discretionary than toothpaste, (c) lower-than-expected advertising spends in 4QFY21 and the full-year FY21, and (d) intensifying cost pressure due to crude-led RM inflation.
- While there is no material change in our FY22E EPS, we reduce our FY23E EPS forecasts by ~6% due to weak sales trends and lower margins. With a weak topline and earnings growth likely to sustain going forward, the valuation at 37.6x FY23E EPS appears fair. **Downgrade to Neutral.**

## Sales in-line; margin beat on lower ad spends

- CLGT is likely to have posted domestic volume growth of 16% YoY in 4QFY21 (est. 17%).
- Net sales grew 19.8% YoY to INR12.8b** (in line with estimates) in 4QFY21. EBITDA was up 60.4% YoY to INR4.2b (est. INR3.9b). PBT grew 62.7% YoY to INR3.8b (est. INR3.4b). Adj. PAT grew 54.1% YoY to INR3.1b (est. INR2.6b). The two-year sales / EBITDA / adj. PAT CAGR came in at 5.5%/16.6%/25.4%.
- Gross margins expanded 300bp YoY to 67.7% (in line with estimates).
- As a percentage of sales, lower staff costs (down 130bp YoY), ad spends (down 290bp YoY), and other expenses (down 110bp YoY) led to EBITDA margin expansion of 830bp YoY to 32.9% (est. 30.6%) – **this is the all-time high quarterly EBITDA margin.**
- Absolute ad spends were down 4.3% YoY and 24.9% sequentially during the quarter.
- FY21 sales/EBITDA/adj. PAT grew 7%/25.6%/26.8% to INR48.4b/INR15.1b/INR10.4b.

## Highlights from management commentary

- Market share was higher in modern trade and e-commerce; the management did not comment on overall market share, except that it remains at robust levels.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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- As a proportion of Oral Care category sales, Naturals and Family remain at 38–39% and 32–33%, respectively, while the share of the Freshness (gel) segment increased over the past year.
- The 'Bright Smiles, Bright Futures' school campaign went digital in FY21 (and, hence, cheaper) as schools were closed. Going forward, the campaign would have both digital and physical aspects.
- Good traction is seen in Vedshakti's mouth spray and oil pulling lines, with the former seeing ~30% repeat purchases despite being a new category.

#### Valuation and view

- The cornerstones of our earlier optimism on improved topline growth in CLGT were (a) new launches in Oral Care, (b) a potentially higher play in Naturals (38–39% of the category where CLGT was significantly under-indexed), (c) new launches in Non-Oral Care (~only 2% of sales currently v/s around half the sales for the parent) – leveraging on CLGT's extensive distribution reach and implementation of the Brush Twice a Day campaign.
- These initiatives could have not only led to the recouping of lost market share of ~600bp over the last 6–7 years but also boosted overall sales growth. CLGT also had significant underutilized capacity, as a result of which healthy topline growth would have resulted in even stronger earnings growth. However, the company has either disappointed on these aspects or significantly postponed the same, contrary to our earlier assumptions.
- While there is no material change in our FY22E EPS, we reduce our FY23E EPS forecasts by ~6%, weighed by weak sales trends and lower margins. With weak topline and earnings growth likely to sustain going forward, the valuation at 37.6x FY23E EPS appears fair. We assign a value of 40x FY23E to arrive at our TP of INR1,700/share. **Downgrade to Neutral.**

#### Quarterly Performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	(%)
<b>Toothpaste Volume Gr %</b>	<b>4.0</b>	<b>4.0</b>	<b>2.3</b>	<b>-8.0</b>	<b>0.0</b>	<b>4.0</b>	<b>6.0</b>	<b>16.0</b>	<b>0.6</b>	<b>6.5</b>	<b>17.0</b>	
<b>Net Sales (inclgd. OOI)</b>	<b>10,849</b>	<b>12,218</b>	<b>11,472</b>	<b>10,713</b>	<b>10,406</b>	<b>12,855</b>	<b>12,319</b>	<b>12,832</b>	<b>45,251</b>	<b>48,412</b>	<b>12,684</b>	1.2%
YoY change (%)	4.2	4.6	4.3	-7.1	-4.1	5.2	7.4	19.8	1.4	7.0	18.4	
<b>Gross Profit</b>	<b>7,145</b>	<b>7,910</b>	<b>7,541</b>	<b>6,926</b>	<b>6,883</b>	<b>8,759</b>	<b>8,594</b>	<b>8,683</b>	<b>29,522</b>	<b>32,919</b>	<b>8,529</b>	1.8%
Gross margin (%)	65.9	64.7	65.7	64.7	66.1	68.1	69.8	67.7	65.2	68.0	67.2	
<b>EBITDA</b>	<b>2,998</b>	<b>3,230</b>	<b>3,161</b>	<b>2,629</b>	<b>3,080</b>	<b>4,093</b>	<b>3,706</b>	<b>4,218</b>	<b>12,017</b>	<b>15,096</b>	<b>3,877</b>	8.8%
Margins (%)	27.6	26.4	27.6	24.5	29.6	31.8	30.1	32.9	26.6	31.2	30.6	
YoY growth (%)	6.5	-2.0	0.5	-15.3	2.7	26.7	17.3	60.4	-2.8	25.6	47.5	
Depreciation	499	504	515	462	454	461	456	455	1,979	1,825	489	
Interest	23	24	29	20	20	18	19	16	96	73	23	
Financial other Income	152	86	58	196	63	76	99	66	492	304	85	
<b>PBT</b>	<b>2,628</b>	<b>2,788</b>	<b>2,674</b>	<b>2,344</b>	<b>2,669</b>	<b>3,689</b>	<b>3,330</b>	<b>3,814</b>	<b>10,434</b>	<b>13,502</b>	<b>3,449</b>	10.6%
Tax	937	347	683	302	687	947	847	667	2,269	3,148	828	
Rate (%)	35.7	12.4	25.6	12.9	25.7	25.7	25.4	17.5	21.7	23.3	24.0	
<b>Adj PAT</b>	<b>1,691</b>	<b>2,441</b>	<b>1,991</b>	<b>2,042</b>	<b>1,982</b>	<b>2,742</b>	<b>2,484</b>	<b>3,147</b>	<b>8,165</b>	<b>10,354</b>	<b>2,621</b>	20.1%
YoY change (%)	1.3	24.3	3.6	2.1	17.2	12.3	24.7	54.1	8.1	26.8	28.4	

E: MOFSL Estimates

## Key Performance Indicators

Y/E March	FY20				FY21			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Realization Gr %	0.2	0.6	2.0	0.9	-4.1	1.2	1.4	3.8
2Y average growth %								
Volumes	4.0	5.5	4.7	-1.5	2.0	4.0	4.2	4.0
Sales	5.3	6.1	5.4	-0.7	0.1	4.9	5.9	6.3
EBITDA	16.6	3.8	5.8	-7.2	4.6	12.4	8.9	22.6
PAT	11.9	17.4	8.1	1.9	9.2	18.3	14.2	28.1
% sales								
COGS	34.1	35.3	34.3	35.3	33.9	31.9	30.2	32.3
Others	38.2	38.3	38.2	40.1	36.5	36.3	39.7	34.8
Depreciation	4.6	4.1	4.5	4.3	4.4	3.6	3.7	3.5
YoY change %								
COGS	4.3	4.7	2.6	-7.4	-4.9	-4.9	-5.2	9.6
Others	2.5	9.6	9.1	-1.1	-8.3	-0.3	11.6	3.9
Other income	65.6	-0.1	-26.7	64.4	-58.6	-12.3	70.3	-66.3
EBIT	3.2	-5.9	-3.4	-20.1	5.1	33.3	22.9	73.7

E: MOFSL Estimates



## Highlights from management commentary

## Key highlights on results and categories

- Double-digit growth was seen in all key categories in 4Q – including Toothbrush, which was weak earlier this year. The two-year average growth, though, remains at 6%.
- Urban saw a rebound in 4QFY21.
- Market share-up was seen in MT and e-commerce. The management did not comment on overall market share, except that it remains at robust levels.
- Volumes exceeded pricing on 7% sales growth for the year and significantly exceeded pricing in 4QFY21.
- Naturals has contributed 38–39% to the Oral Care category over the last few quarters, while Family has contributed 32–33%; thus, it holds share in the overall Toothpaste category.
- The Freshness category (Colgate Gel, Close Up) has gained traction, partly on account of India having a higher young population.
- The premium portfolio is growing faster. In the longer term, premiumization would only increase.
- It is difficult to predict future topline growth in the current environment.
- Colgate remains India's foremost penetrated brand, with the highest brand recall for the last five years.
- It is among the top five SKUs across retail outlets.

## New communication and innovation

- It launched the new communication, 'strong teeth leading to strong health'.
- The innovation pipeline is strong.
- Vedshakti expanded its mouth spray and oil pulling lines. 30% repeat purchases were seen for mouth spray, a category that didn't exist earlier. Annualized sales could be 1% of the Toothpaste category.
- Vedshakti Toothpaste's share was higher by 60bp YoY.
- The 'Colgate diabetics' product was available online and offline via some channels (pharmacies). Repeat rates stood at 20%. It was available in 25% of pharmacies in large cities.

- Gentle toothbrushes constitute 1% share of toothbrushes.
- Slimsoft toothbrushes with Himalayan Salt and Turmeric variants are expected to be launched.
- It is using science to boost the Ayurvedic benefits of its products.
- The Colgate MAGIK India (first) augmented reality toothbrush has been launched.
- India's first recyclable toothpaste tube under Colgate Salt would be launched soon.

**Costs and margins**

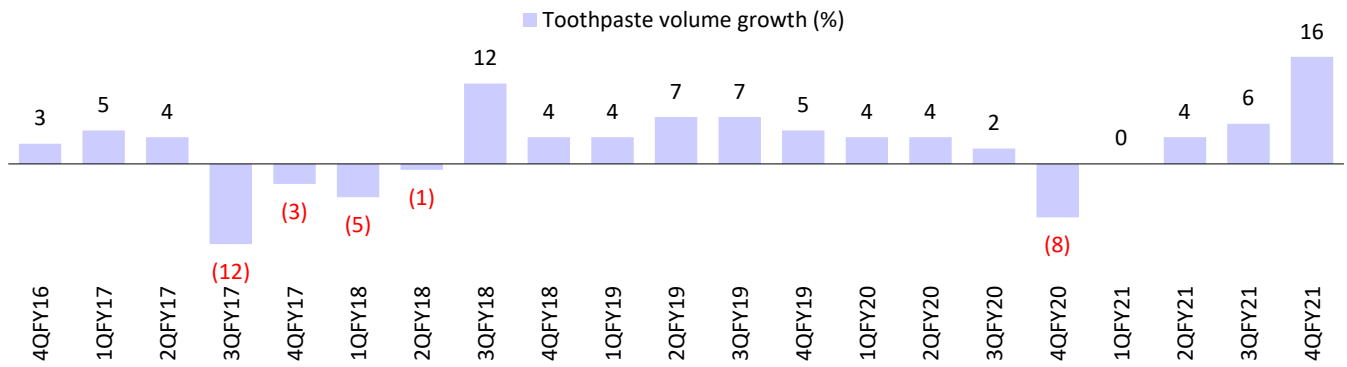
- Gross margin expansion was driven by the following:
  - a) Pricing has been a key driver of gross margin expansion, especially the price increases taken to pass on material cost increases.
  - b) The mix in favor of toothpastes v/s toothbrushes was also a factor as toothbrushes are more discretionary in nature.
  - c) Higher unit packs in FY21 also aided margins.
  - d) More premium products were launched and faster growth was seen in the premium segment.
- The 'Bright Smiles, Bright Futures' school campaign went digital in FY21 (and, hence, cheaper) as schools were closed.
- Going forward, the campaign would have both digital and physical aspects.

**Other points**

- The 'Brush Twice a Day' campaign took a back seat in FY21, but the management is committed to expanding the same going forward.
- CLGT remains under-indexed in the chemist channel, but now has a better portfolio to boost SKUs.

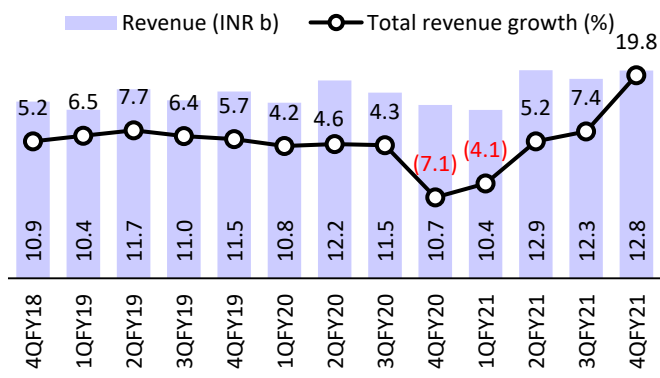
## Key exhibits

**Exhibit 1: Toothpaste volumes up 16% YoY in 4QFY21**



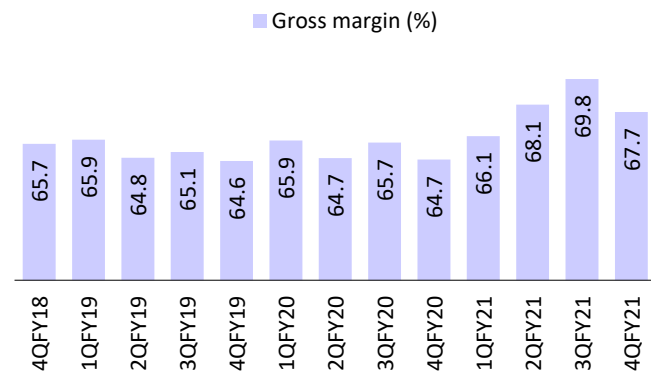
Source: Company, MOFSL

**Exhibit 2: Revenue up 19.8% YoY to INR12.8b in 4QFY21**



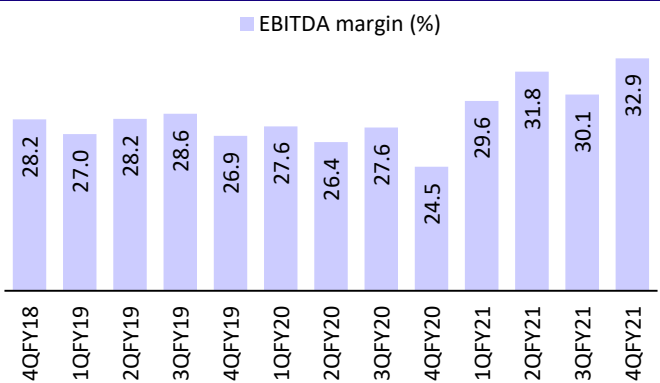
Source: Company, MOFSL

**Exhibit 3: Gross margin expands 300bp YoY**



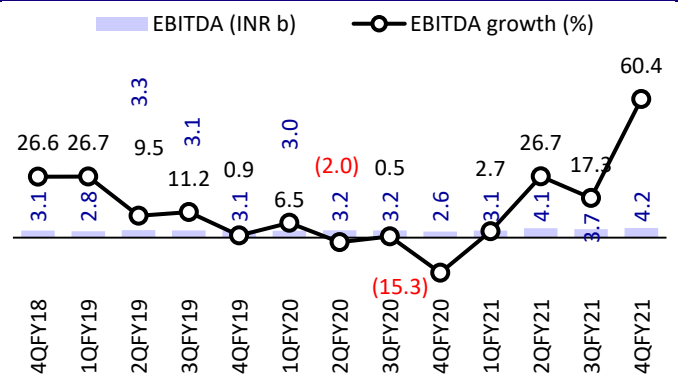
Source: Company, MOFSL

**Exhibit 4: EBITDA margin expands 830bp YoY to 32.9%...**



Source: Company, MOFSL

**Exhibit 5: ...thus, EBITDA rises 60.4% YoY to INR4.2b**



Source: Company, MOFSL

## Valuation and view

### What happened in the past decade from a business perspective?

- The combination of sharp decline in market share in recent years and the increased penetration of the category itself have resulted in single-digit topline growth over the last 10 years. In recent years, premiumization has also come off, affecting realization growth (v/s the past).
- For a company with a modest base of INR20.4b sales in FY10, a sales/EBITDA/PBT CAGR of 8–10% over the last 10 years is a weak result. The PAT CAGR was even lower at 7% as the company's tax rate stood at 16.7% in FY10.
- Due to market share decline in recent years, the sales/EBITDA/PAT CAGR has been even lower in the last five years at ~3%/~8%/~8%.

### Valuations and view

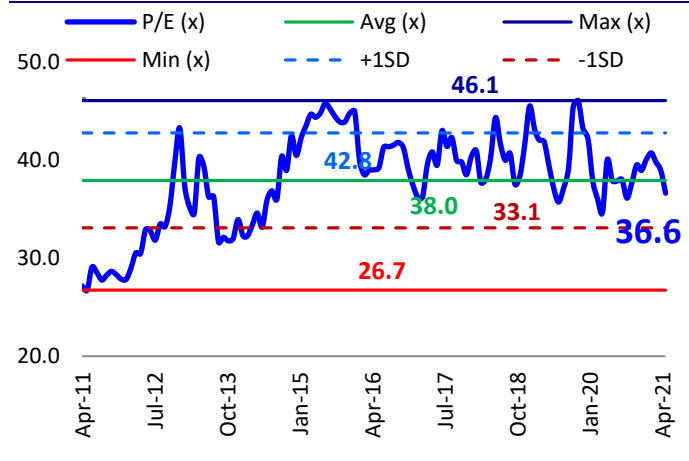
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**Exhibit 6: Changes to the model lead to 0.7%/-6.2% EPS change for FY22/FY23E**

INR m	Old		New		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Sales	53,246	58,514	52,339	56,149	(1.7)	(4.0)
EBITDA	16,139	17,919	16,001	16,963	(0.9)	(5.3)
PAT	10,881	12,324	10,954	11,559	0.7	(6.2)

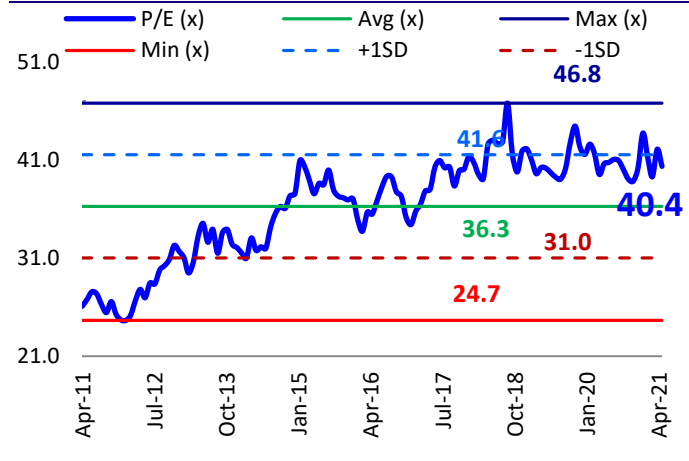
Source: MOFSL

Exhibit 7: CLGT P/E (x)



Source: Company, MOFSL

Exhibit 8: Consumer sector P/E (x)



Source: Company, MOFSL

## Financials and valuations

Income Statement						(INR m)	
Y/E March	2017	2018	2019	2020	2021	2022E	2023E
<b>Net Sales</b>	<b>39,818</b>	<b>41,880</b>	<b>44,624</b>	<b>45,251</b>	<b>48,412</b>	<b>52,339</b>	<b>56,149</b>
Change (%)	2.9	5.2	6.6	1.4	7.0	8.1	7.3
COGS	14,763	14,887	15,586	15,729	15,494	16,899	18,302
<b>Gross Profit</b>	<b>25,055</b>	<b>26,992</b>	<b>29,039</b>	<b>29,522</b>	<b>32,919</b>	<b>35,439</b>	<b>37,846</b>
Gross Margin (%)	62.9	64.5	65.1	65.2	68.0	67.7	67.4
Operating expenses	15,619	15,855	16,678	17,505	17,822	19,438	20,883
<b>EBITDA</b>	<b>9,435</b>	<b>11,137</b>	<b>12,361</b>	<b>12,017</b>	<b>15,096</b>	<b>16,001</b>	<b>16,963</b>
Change (%)	0.5	18.0	11.0	-2.8	25.6	6.0	6.0
Margin (%)	23.7	26.6	27.7	26.6	31.2	30.6	30.2
Depreciation	1,332	1,565	1,592	1,979	1,825	1,918	1,958
Int. and Fin. Charges	0	0	25	96	73	85	85
Financial Other Income	411	375	377	492	304	453	533
<b>Profit before Taxes</b>	<b>8,514</b>	<b>9,947</b>	<b>11,120</b>	<b>10,434</b>	<b>13,502</b>	<b>14,451</b>	<b>15,453</b>
Change (%)	-1.8	16.8	11.8	-6.2	29.4	7.0	6.9
Margin (%)	21.4	23.8	24.9	23.1	27.9	27.6	27.5
Tax	2,740	3,022	3,566	2,475	3,257	3,496	3,893
Tax Rate (%)	32.2	31.1	32.1	21.7	23.3	24.2	25.2
<b>Adjusted PAT</b>	<b>5,774</b>	<b>6,850</b>	<b>7,555</b>	<b>8,165</b>	<b>10,354</b>	<b>10,954</b>	<b>11,559</b>
Change (%)	-5.7	18.6	10.3	8.1	26.8	5.8	5.5
Margin (%)	14.5	16.4	16.9	18.0	21.4	20.9	20.6
Non-rec. (Exp)/Income	0	-117	201	0	0	0	0
<b>Reported PAT</b>	<b>5,774</b>	<b>6,734</b>	<b>7,756</b>	<b>8,165</b>	<b>10,354</b>	<b>10,954</b>	<b>11,559</b>

Balance Sheet						(INR m)	
Y/E March	2017	2018	2019	2020	2021	2022E	2023E
Share Capital	272	272	272	272	272	272	272
Reserves	12,466	14,974	14,196	15,670	11,387	11,387	11,387
<b>Net Worth</b>	<b>12,738</b>	<b>15,246</b>	<b>14,468</b>	<b>15,942</b>	<b>11,659</b>	<b>11,659</b>	<b>11,659</b>
Loans	0	0	777	0	0	0	0
Deferred Liability	275	355	309	50	-48	-48	-48
<b>Capital Employed</b>	<b>13,013</b>	<b>15,601</b>	<b>15,553</b>	<b>15,992</b>	<b>11,611</b>	<b>11,611</b>	<b>11,611</b>
Gross Block	17,188	19,077	21,077	22,182	23,425	23,925	24,425
Less: Accum. Depn.	-6,107	-7,617	-9,169	-10,953	-12,778	-14,696	-16,654
<b>Net Fixed Assets</b>	<b>11,081</b>	<b>11,459</b>	<b>11,909</b>	<b>11,229</b>	<b>10,647</b>	<b>9,230</b>	<b>7,771</b>
Capital WIP	1,666	1,586	1,987	1,900	1,449	1,449	1,449
Investments	312	312	312	186	186	186	186
<b>Curr. Assets, L&amp;A</b>	<b>10,048</b>	<b>12,282</b>	<b>12,058</b>	<b>12,725</b>	<b>16,611</b>	<b>17,883</b>	<b>20,356</b>
Inventory	2,926	2,267	2,486	2,969	3,358	2,518	2,918
Account Receivables	1,299	2,010	2,098	1,326	1,171	2,279	2,445
Cash & Bank	2,943	4,562	3,994	4,213	8,676	7,959	8,964
Others	2,880	3,443	3,481	4,217	3,405	5,127	6,030
<b>Curr. Liab. and Prov.</b>	<b>10,094</b>	<b>10,037</b>	<b>10,712</b>	<b>10,048</b>	<b>17,282</b>	<b>17,137</b>	<b>18,151</b>
Account Payables	5,975	6,203	6,132	6,125	7,604	7,009	7,551
Other Liabilities	3,356	3,040	3,757	2,830	8,555	8,950	9,363
Provisions	763	794	823	1,093	1,122	1,178	1,237
<b>Net Current Assets</b>	<b>-46</b>	<b>2,245</b>	<b>1,346</b>	<b>2,677</b>	<b>-671</b>	<b>747</b>	<b>2,205</b>
<b>Application of Funds</b>	<b>13,013</b>	<b>15,601</b>	<b>15,553</b>	<b>15,992</b>	<b>11,611</b>	<b>11,611</b>	<b>11,611</b>

E: MOSL Estimates

## Financials and valuations

### Ratios

Y/E March	2017	2018	2019	2020	2021	2022E	2023E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>21.2</b>	<b>25.2</b>	<b>27.8</b>	<b>30.0</b>	<b>38.1</b>	<b>40.3</b>	<b>42.5</b>
Cash EPS	26.1	30.9	33.6	37.3	44.8	47.3	49.7
BV/Share	46.8	56.1	53.2	58.6	42.9	42.9	42.9
DPS	11.0	24.0	23.0	28.0	38.0	40.3	42.5
Payout %	51.7	95.3	82.8	93.3	99.8	100.0	100.0
<b>Valuation (x)</b>							
P/E	75.2	63.4	57.5	53.2	41.9	39.6	37.6
Cash P/E	61.1	51.6	47.5	42.8	35.6	33.7	32.1
EV/Sales	10.8	10.2	9.6	9.5	8.8	8.1	7.6
EV/EBITDA	45.7	38.5	34.8	35.8	28.2	26.6	25.1
P/BV	34.1	28.5	30.0	27.2	37.2	37.2	37.2
Dividend Yield (%)	0.7	1.5	1.4	1.8	2.4	2.5	2.7
<b>Return Ratios (%)</b>							
RoE	50.1	49.0	50.9	53.7	75.0	94.0	99.1
RoCE	49.3	47.9	48.6	52.2	75.4	94.9	100.1
<b>Working Capital Ratios</b>							
Debtor (Days)	11	17	17	11	9	16	16
Asset Turnover (x)	3.6	3.1	3.4	3.3	4.9	5.2	5.6
<b>Leverage Ratio</b>							
Debt/Equity (x)	0.0	0.0	0.1	0.0	0.0	0.0	0.0

### Cash Flow Statement

Y/E March	2017	2018	2019	2020	2021	2022E	2023E
							(INR m)
OP/(loss) before Tax	8,514	9,947	11,121	10,434	13,502	14,451	15,453
Depreciation	1,332	1,565	1,592	1,979	1,825	1,918	1,958
Int./Div. Received	34	81	85	-95	58	-453	-533
Interest Paid	-297	-290	-317	-171	-137	85	85
Direct Taxes Paid	-3,014	-3,474	-4,144	-3,213	-3,584	-3,496	-3,893
(Incr)/Decr in WC	311	-889	1,494	-35	-3,826	-2,135	-454
<b>CF from Operations</b>	<b>6,880</b>	<b>6,940</b>	<b>9,830</b>	<b>8,899</b>	<b>7,839</b>	<b>10,370</b>	<b>12,616</b>
(Incr)/Decr in FA	-3,212	-2,087	-1,042	-604	-573	-500	-500
<b>Free Cash Flow</b>	<b>3,668</b>	<b>4,853</b>	<b>8,788</b>	<b>8,295</b>	<b>7,265</b>	<b>9,870</b>	<b>12,116</b>
(Pur)/Sale of Investments	0	0	0	133	1,060	0	0
Others	-205	564	-1,209	305	5,703	635	715
<b>CF from Invest.</b>	<b>-3,418</b>	<b>-1,523</b>	<b>-2,251</b>	<b>-166</b>	<b>6,190</b>	<b>135</b>	<b>215</b>
Change in Equity	0	0	0	0	0	0	0
(Incr)/Decr in Debt	0	0	-121	0	0	0	0
Dividend Paid	-2,717	-2,986	-6,462	-7,315	-9,211	-10,954	-11,559
Others	-689	-812	-1,564	-1,199	-353	-268	-268
<b>CF from Fin. Activity</b>	<b>-3,406</b>	<b>-3,798</b>	<b>-8,147</b>	<b>-8,514</b>	<b>-9,565</b>	<b>-11,222</b>	<b>-11,827</b>
<b>Incr/Decr of Cash</b>	<b>56</b>	<b>1,619</b>	<b>-568</b>	<b>219</b>	<b>4,464</b>	<b>-717</b>	<b>1,005</b>
Add: Opening Balance	2,887	2,943	4,562	3,994	4,213	8,676	7,959
<b>Closing Balance</b>	<b>2,943</b>	<b>4,562</b>	<b>3,994</b>	<b>4,213</b>	<b>8,676</b>	<b>7,959</b>	<b>8,964</b>

E: MOSL Estimates

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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