UPGRADE

InCred Equities

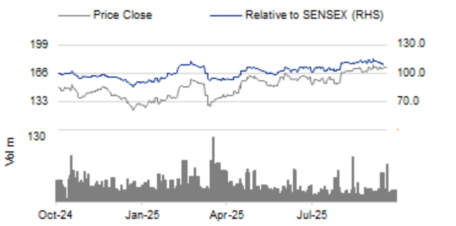
India

ADD *(previously REDUCE)*

Consensus ratings*:	Buy 24	Hold 7	Sell 4

Current price:	Rs174
Target price: ▲	Rs224
Previous target:	Rs82
Up/downside:	28.7%
InCred Research / Consensus:	27.2%
Reuters:	TISC.NS
Bloomberg:	TATA IN
Market cap:	US$24,789m
	Rs2,177,725m
Average daily turnover:	US$48.8m
	Rs4283.9m
Current shares o/s:	12,212.1m
Free float:	66.9%

Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.2	8.1	19.6
Relative (%)	(3.4)	4.5	12.8

Major shareholders	% held
Promoter & Promoter Group	33.9
LIC India	6.4
SBI MF	2.9

Tata Steel

European recovery on the cards

- Tata Steel stands to gain meaningfully from Europe's post-war reconstruction as the war in Europe appears to be at its last stage.
- India biz remains resilient & well-supported by protectionist policies & robust demand, ensuring stable profitability despite post-FY30 mine-auction risks.
- We value Tata Steel at 2.5x P/BV on FY27F BV to arrive at our new target price of Rs224. We upgrade the stock's rating to ADD (from REDUCE earlier).

Tata Steel to benefit for the eventual Europe's reconstruction

Tata Steel is poised to benefit from a major steel demand revival in Europe as the Russia-Ukraine war approaches a negotiated conclusion and large-scale reconstruction spending begins. With the US and the EU tightening sanctions on Russia's oil sector and signalling fatigue over a prolonged conflict, a peace settlement appears increasingly likely. Post-war rebuilding—estimated at over US$800bn—will trigger a long-duration demand upcycle in infrastructure, energy, and industrial manufacturing across Europe. Concurrently, the EU's decision to halve tariff-free steel import quotas and double out-of-quota duties to 50% (effective mid-2026) should lift regional prices and improve Tata Steel Europe's spreads, especially as local supply tightens.

Domestic business to remain robust

The India business provides solid visibility through FY30, underpinned by policy protectionism and strong domestic demand. While the post-FY30 auction of captive iron-ore mines under the MMDR Act could raise costs, the government's strategic focus on self-reliance and domestic capacity building should cushion profitability. Management's estimates suggest a potential EBITDA uplift of ~Rs35bn by FY27F, supported by improving European realization and gradual deleveraging. Consensus expectations, however, remain overly optimistic, given that current European spreads are at multi-year lows. Key metrics imply normalized profitability—FY26F EBITDA margin at ~9.6%, RoE at ~5.8%, EV/EBITDA at ~10–11x, and net gearing ratio near 65%.

Valuation and recommendation; upgrade to ADD

Tata Steel has historically found strong support near 1x P/BV level and currently trades around 1.9x. Applying a 2.5x P/BV multiple to FY27F/Sep 2027F BV (~Rs90) yields a fair value of Rs224, implying healthy upside from current levels. We upgrade our rating to ADD (from REDUCE earlier), viewing Tata Steel as a leveraged play on India's industrial upcycle and Europe's post-war reconstruction boom. Key downside risks include a slower-than-expected European recovery, delay in implementation of EU protection measures, and adverse outcome from the mine-auction process post-FY30. Downside risks: A global slowdown can depress steel prices which will be negative for our target price.

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Financial summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	2,291,708	2,185,425	2,241,664	2,451,347	2,552,312
Operating EBITDA (Rsm)	223,059	252,984	276,706	344,404	358,066
Net Profit (Rsm)	(49,096)	31,738	62,111	128,477	136,561
Core EPS (Rs)	2.4	2.9	5.1	10.5	11.2
Core EPS Growth	(63.8%)	20.4%	77.7%	106.8%	6.3%
FD Core P/E (x)	(43.39)	67.12	34.30	16.58	15.60
DPS (Rs)	2.5	2.5	2.5	2.5	2.5
Dividend Yield	1.43%	1.43%	1.43%	1.43%	1.43%
EV/EBITDA (x)	12.85	11.51	10.74	8.47	7.94
P/FCFE (x)	25.30	13.62	50.18	13.61	11.99
Net Gearing	79.1%	85.3%	88.8%	75.2%	61.8%
P/BV (x)	2.31	2.34	2.26	2.05	1.86
ROE	3.0%	3.8%	6.7%	12.9%	12.5%
% Change In Core EPS Estimates			(0.06%)		
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

InCred Equities

European recovery on the cards

There is little ambiguity regarding Tata Steel's India business trajectory until FY30. At the same time, the geopolitical backdrop appears to be shifting rapidly. With the tightening stranglehold around Russia and the growing risk to crude oil trade flows that have funded its war effort, European nations are increasingly falling in line with the US President Donald Trump administration's stance. This alignment raises the likelihood of an earlier resolution to the Ukraine conflict, which, in turn, could trigger a major reconstruction-led steel demand surge in Europe.

Beyond FY30, Tata Steel's India captive iron-ore mines will come up for auction under the MMDR framework, potentially inflating raw material costs and compressing EBITDA/t. However, significant uncertainties remain—especially regarding whether the Government of India would allow a meaningful erosion in Tata Steel's domestic margins that could limit its investment capacity. Given the prevailing protectionist policy stance and India's strategic emphasis on self-sufficiency in steel, we do not expect any sustained deterioration in profitability or cash flows. Consequently, the stock is unlikely to derate on concerns over post-FY30F RoE compression. Trading near 2.5x P/BV, Tata Steel can sustain this valuation multiple for a prolonged period. We therefore upgrade the stock's rating to ADD (from REDUCE earlier) with a target price of Rs224.

European war enters its final phase; massive steel demand to follow as reconstruction begins

With the European war nearing its conclusion, we anticipate a significant surge in steel demand, driven by post-war reconstruction and infrastructure rebuilding across the region.

European war appears to be in its last phase as Russia is being clamped down fiscally ➤

The US Department of Treasury (via its Office of Foreign Assets Control) announced sanctions on 22 Oct 2025, specifically targeting Russia's energy sector — anchoring on its two largest oil companies. Key measures include:

- Designation of Rosneft Oil Company (Rosneft) and Lukoil OAO (Lukoil) as sanctioned entities, which means that US persons and entities must cut off business and the US-based property is blocked.
- Freezing of US-based assets of the two companies and prohibiting US firms/individuals from engaging in transactions with them.
- Threat of **secondary** sanctions on foreign institutions (banks, traders, refineries) that engage in "significant transactions" with Rosneft/Lukoil or provide services to them.
- A direct call to Russia: the Treasury statement explicitly links the sanctions to Moscow's refusal to negotiate a cease-fire/peace process in the war in Ukraine.

Strategic intent & why it matters

- **Cutting the war-chest**: By targeting Rosneft and Lukoil, the US is going after the major revenue engines for the Russian state/war effort. For example: "account for about 55% of Russian oil production" refers to these two companies.
- **Signalling a shift in US policy**: The sanctions mark a more aggressive tilt under the current administration towards Russia's energy sector—and a reversal of earlier more-benign stances.
- **Seeking leverage for negotiation**: The Treasury statement ties the sanctions to Moscow's willingness to engage in a cease-fire — suggesting the US is using sanctions not just as punitive measure but as a bargaining chip.
- **Aligning with allies**: The US move coincides with similar actions by the EU and the UK, particularly in the energy domain. This amplifies enforcement risk and raises the cost of Russia's "escape routes."

At the same time, Trump is prevailing over the opposition of Zelenskyy and other European leaders to give Ukrainian land to Russia

At the same time, Trump appears to be prevailing over the resistance of Ukraine President Volodymyr Zelenskyy and key European leaders who have opposed any territorial concessions to Moscow. His persistent push for a negotiated settlement — one that would effectively cede portions of eastern Ukraine to Russia — reflects both the growing fatigue in Europe over the prolonged conflict and Washington's shifting strategic calculus. With sanctions tightening on Russia's finances and European economies struggling under defence and energy burdens, Trump's approach is gaining traction among those who now see an armistice, even on unfavourable terms, as a pragmatic exit from an unwinnable war. The move, however, risks fracturing Western unity and leaving Ukraine geopolitically diminished, signalling a turning point in the continent's post-war order.

Figure 1: The war in Europe is nearing its end, Trump is treating Europe with utter disdain, and everyone seems to be falling in line; if you have any confusion regarding the above sentence, please see this picture—it speaks volumes about the status of Europe; Trump has treated European heads of state like secretaries in the US government or members of the press

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Reconstruction efforts in Ukraine will be massive, and global money will pour into it

The scale of Ukraine's post-war reconstruction is expected to be unprecedented in modern European history, likely exceeding the Marshall Plan in both scope and international participation.

Scale and funding: Preliminary estimates from the World Bank, the EU, and UN (mid-2025) put the total reconstruction cost at US$600–800bn, rising to US$1 tr+ if full energy and industrial rebuilding are included. Funding will come from:

- **Seized Russian assets** (~US$300bn globally, largely held in Western banks) — with legal frameworks being designed for partial transfer.
- **EU grants and loans**, under the "Ukraine Facility" (€50bn approved for 2024-27) and likely a follow-up long-term package.
- **US and G7 development funds**, especially through World Bank and European Bank for Reconstruction and Development (EBRD) conduits.
- **Private-sector investments** in infrastructure, steel, cement, logistics, housing, telecom, and defence industrial zones.

Sectoral opportunities

- **Infrastructure & construction:** Rebuilding of transport, bridges, rail, and housing — similar to post-WWII Europe — will boost **steel, cement, and heavy equipment** demand across the region.
- **Energy transition:** Ukraine's reconstruction will accelerate **de-carbonized power, gas grid modernization, and renewables (especially wind and solar),** in line with EU accession requirements.
- **Defense & dual-use manufacturing:** Western defence contractors will likely co-invest in Ukrainian facilities for **drones, ammunition, armoured vehicles, and radar systems**.
- **Agriculture & logistics:** Upgrades to Black Sea and Danube ports will enhance agri-exports and logistics infrastructure.

Strategic implications: The reconstruction will serve as a geopolitical anchor tying Ukraine irrevocably to the EU and North Atlantic Treaty Organization (NATO) economic ecosystem. It will also create a multi-year demand wave for European industrial supply chains, especially in steel (ArcelorMittal, Tata Europe), cement (Holcim, Heidelberg), and machinery (Siemens, CNH, Caterpillar). For investors, this is effectively a long-duration European infrastructure super-cycle — underpinned by security guarantees and Western fiscal commitment.

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Europe is taking major protection measures for its steel industry

Europe is taking major protection measures

1. The EU has proposed sweeping measures to shield its steel industry. For example: halving the tariff-free quotas on steel imports and doubling the duties on shipments exceeding those quotas — up to 50%.
2. The proposed system would replace the existing safeguard rules which are set to expire in 2026.
3. These measures are explicitly aimed at the distortions caused by excess Chinese steel production and exports. One media report quotes a senior EU official as saying: *"With China, we have been discussing this question of over-capacities for a very long time."* (South China Morning Post)

Even other countries are safegurading their industries from Chinese steel influx

1. **India**: The Directorate General of Trade Remedies recommended (in Aug 2025) import tariffs on certain steel products for three years (starting ~12% in the first year, ~11% in the third) to counter a "sudden, sharp and significant increase in imports."
2. **Japan**: Launched anti-dumping investigations into stainless steel products and hot-dip galvanized steel from China/Taiwan, marking for the first time that certain primary steel products were targeted.
3. **Other countries**: According to one data set, 62 countries have taken trade remedy actions (tariffs, quotas, safeguard duties) against steel products from China.

What these measures aim to achieve?

1. **Level the playing field** by addressing unfair pricing/subsidy-driven imports.
2. **Protect domestic industry** (jobs, investment, capacity) from being undercut by cheap imports.
3. **Encourage re-industrialisation/decarbonisation** of local steel sectors in high-cost jurisdictions (e.g., the EU). One EU official noted that protections are needed so that steel companies can invest, decarbonise and become competitive again. (The Times of India)
4. **Reduce dependency** on volatile export flows or disruptive swings in global markets.

The import quotas in Europe are having a positive impact on European steel makers - the quota will be reduced by 40% for 2026 and out-of-quota import duty to 50%

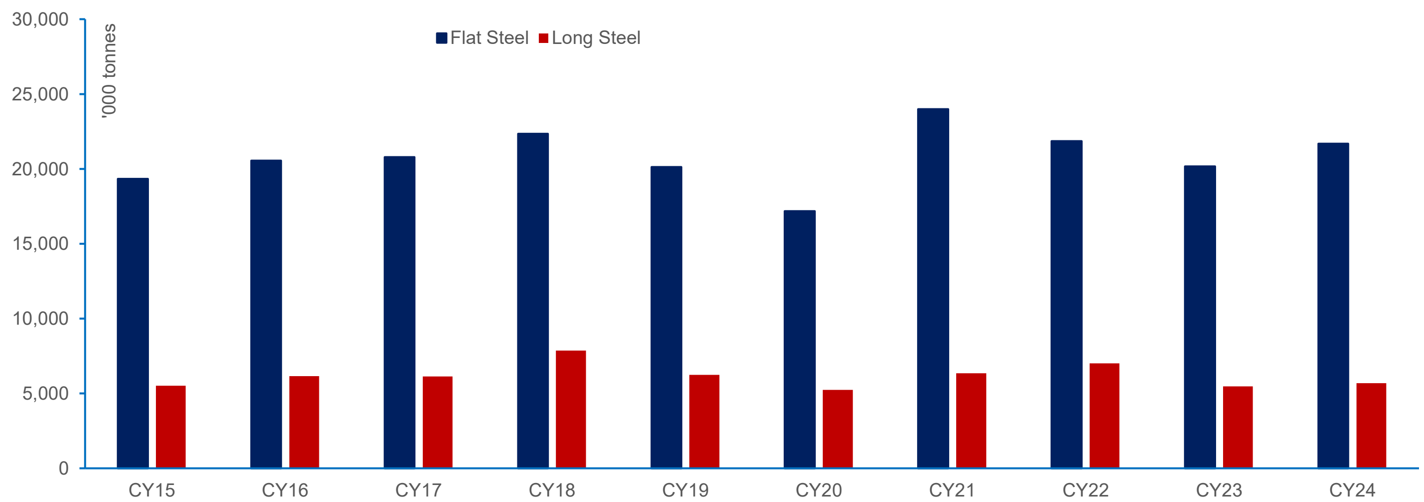
Figure 2: The details regarding the quota of various countries for exports to Europe is given below (this data is for 2025)

Product Category	Example Products	Approx. Quarterly Quota (mt)	Country-Specific Quotas	Other Countries Quota Cap
Non-alloy hot-rolled sheets & strips (coils)	HRC (flat products)	1,11,000	India 34k; S. Korea 22k; Japan 17k	13% per-country cap
Alloy hot-rolled sheets & strips	High-strength HRC	21,000	Turkiye 6k; China 4.5k	13% cap
Cold-rolled sheets	CR coils	1,80,000	S. Korea 56k; India 30k	11% cap
Metallic-coated sheet	Galvanized sheet	2,35,000	India 55k; China 45k	10% cap
Organic-coated sheet	Pre-painted coil	73,000	S. Korea 20k	10% cap
Electrical sheet	GO / NGO steel	12,000	Japan 7k	-
Tin mill products	Tinplate / TFS	52,000	China 18k	10% cap
Heavy plate	Quenched & tempered plate	66,000	Ukraine 18k	10% cap
Wire rod	Carbon wire rod	92,000	Turkiye 25k; Egypt 14k	10% cap
Rebars	Reinforcing bars	1,18,000	Turkiye 52k; Egypt 23k	10% cap
Merchant bars	Angles, sections	45,000	Turkiye 17k	10% cap
Rails	Track rails	11,000	Japan 5k	-
Railway material	Sleepers etc.	8,000	Ukraine 4k	-
Seamless tubes	OCTG / boiler tubes	42,000	China 11k; Russia (0 active)	10% cap
Large, welded tubes	Line pipe	33,000	Turkiye 9k	10% cap
Gas tubes	Welded gas / water pipes	25,000	Turkiye 7k	10% cap
Precision tubes	Cold-drawn tubes	19,000	China 6k	10% cap
Other tubes	Misc. steel pipes	20,000	-	10% cap
Stainless hot-rolled sheet & coil	Austenitic SS coil	31,000	Indonesia 9k; Taiwan 6k	10% cap
Stainless cold-rolled sheet & coil	SS CR coil	42,000	Indonesia 11k; Taiwan 9k	10% cap
Stainless bars & rods	Bright bars	18,000	India 5k	-
Stainless wire	Drawn wire	8,000	India 3k	-
Stainless tubes	Seamless / welded SS pipe	11,000	India 3k	-
Other stainless products	Misc. SS fittings	5,000	-	-
Alloy long products	Engineering steel	16,000	-	-
Forged steel & bars	Forgings for machinery	4,000	-	-

SOURCE: INCRED RESEARCH, COMPANY REPORTS

1. **Total tariff-free volume** (2025): ≈ 30.5mt per year.
2. EC proposal (Oct 2025) reduces to ~18.3mt and raises the **out-of-quota duty from 25 % → 50 %** starting mid-2026.
3. **Annual liberalisation rate** cut from 1 % to 0.1 %. **Carry-over** for many high-pressure categories removed. **Russia/Belarus quotas** cancelled and not re-allocated.

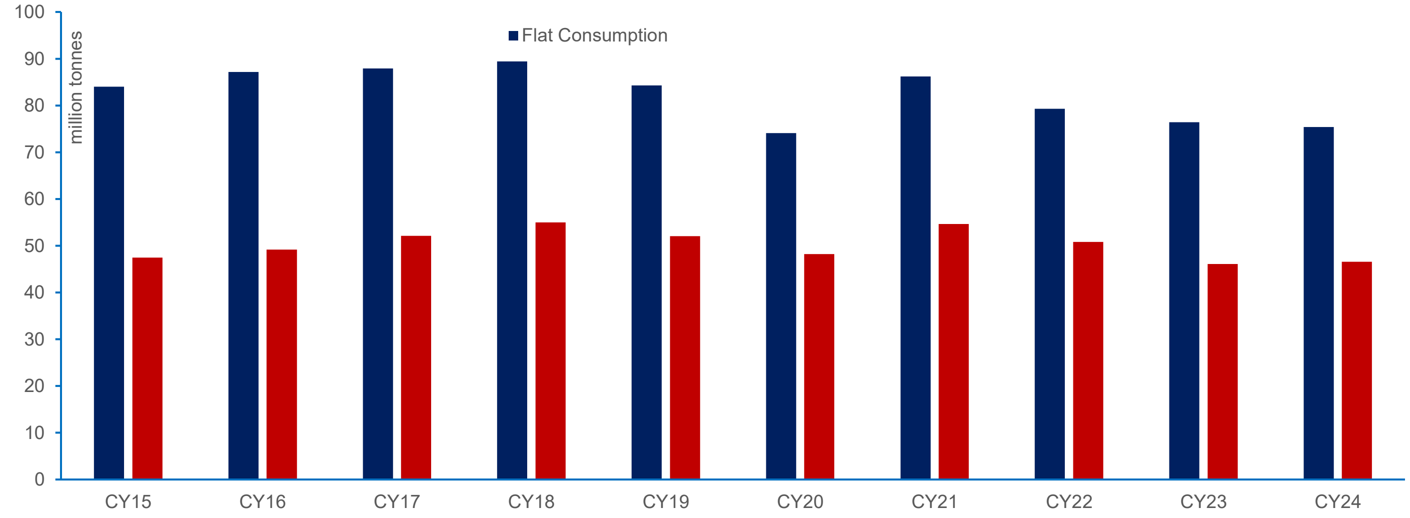
Figure 3: While quota has been imposed in Europe, it's still not helping the EU and hence, there is a proposal for reduction in quotas



SOURCE: INCRED RESEARCH, COMPANY REPORTS

European steel consumption is declining; however, as quotas decline and reconstruction in Ukraine begins, local mills will be able to supply more

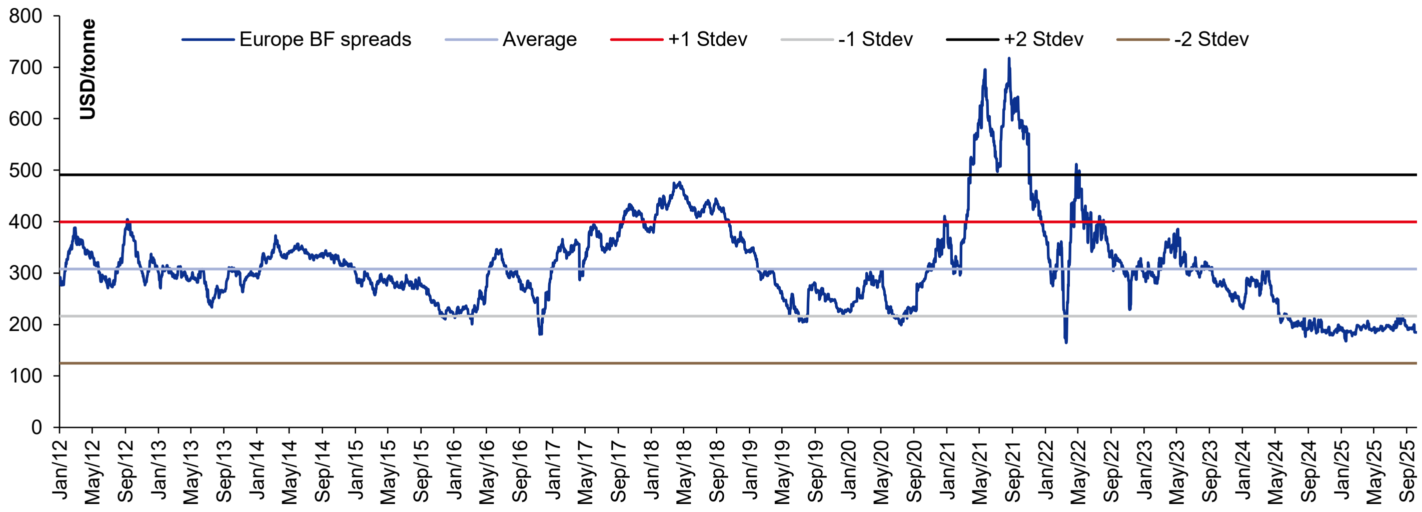
Figure 4: European steel demand is declining; however, reconstruction of Ukraine and a decline in import quota will lead to high deliveries and better pricing for European blast furnaces



SOURCE: INCRED RESEARCH, COMPANY REPORTS

European blast furnace steel spreads over raw material are near all-time lows

Figure 5: European blast furnace steel spreads are near 15-year low

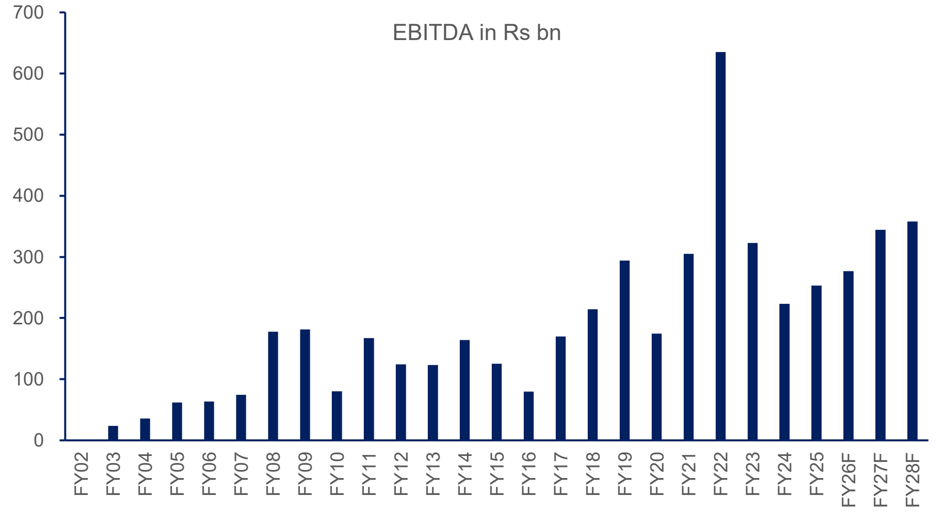


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Earnings and valuation

EBITDA is likely to increase by Rs35bn by FY27F

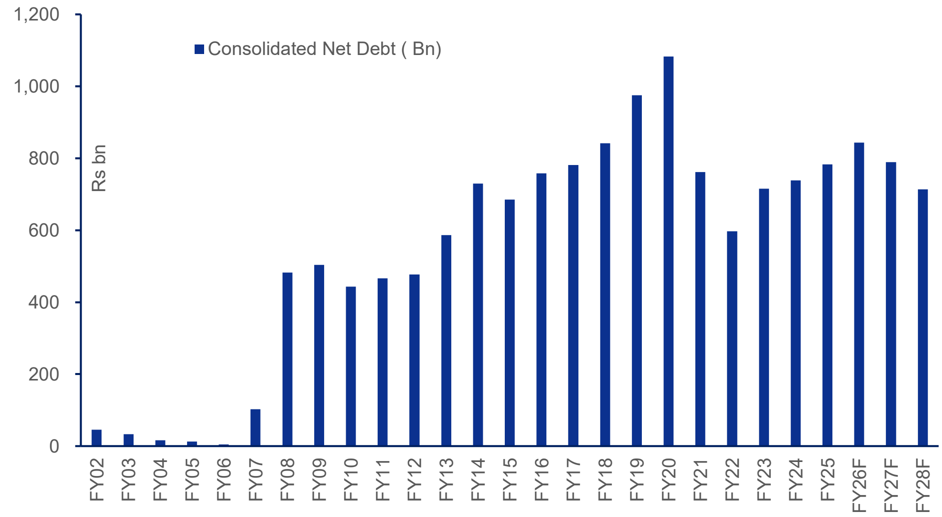
Figure 6: While EBITDA is likely to increase, consensus is just too bullish and it needs to ease



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Net debt is likely to decline over the years

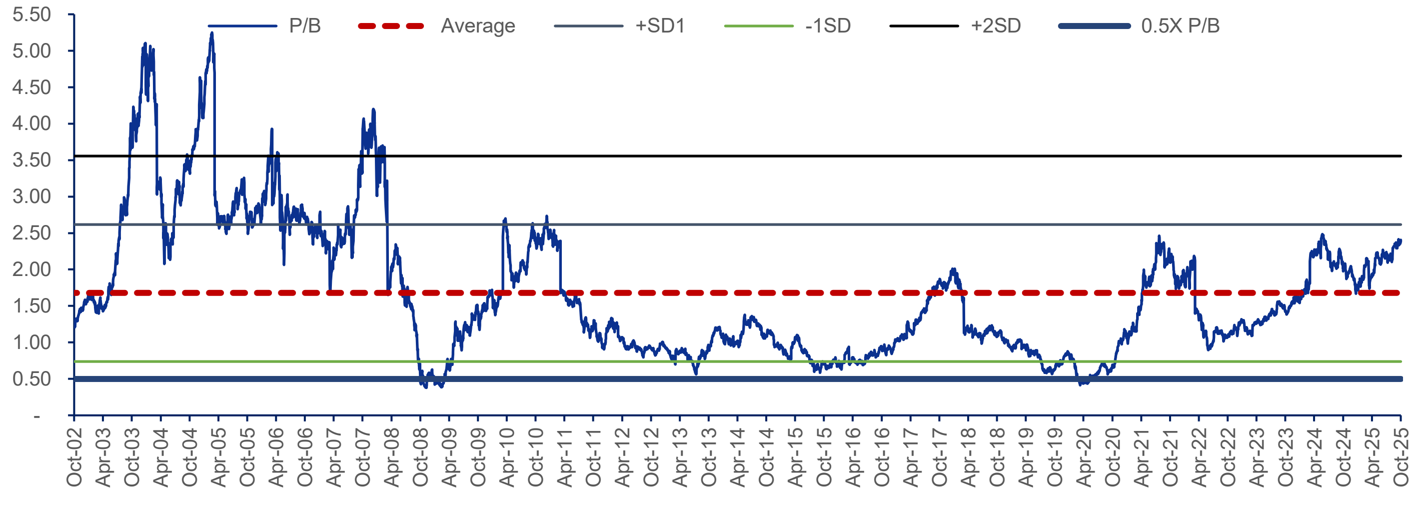
Figure 7: Consolidated net debt is likely to decrease at a slow pace



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Tata Steel has not traded below 1x P/BV level in the last three-to-four years

Figure 8: Over the past 23 years, Tata Steel has traded around 1.7x BV, with absolute bottom made around 0.5x BV; in the past few years, it hasn't traded below 1x BV



SOURCE: INCRED RESEARCH, COMPANY REPORTS

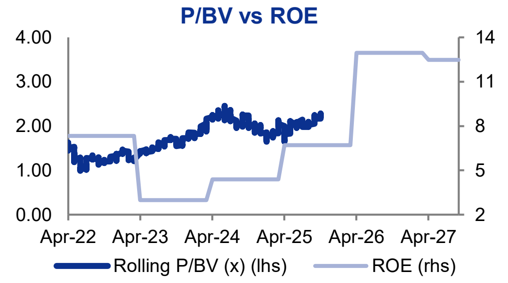
We value Tata Steel at 2.5x P/BV on FY27F to arrive at a target price of Rs224

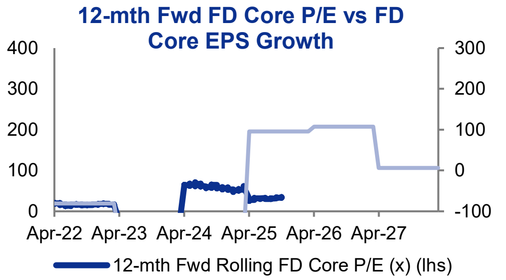
Figure 9: Consolidated net debt is likely to decrease at a slow pace

	Rs/Share
FY27F Book Value	85.3
FY28F Book Value	94.0
Sep 2027F book value	89.6
P/BV (x)	2.5
Fair value (one-year target price)	224.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	**2,291,708**	**2,185,425**	**2,241,664**	**2,451,347**	**2,552,312**
Gross Profit	**2,291,708**	**2,185,425**	**2,241,664**	**2,451,347**	**2,552,312**
Operating EBITDA	**223,059**	**252,984**	**276,706**	**344,404**	**358,066**
Depreciation And Amortisation	(98,822)	(104,213)	(107,601)	(108,903)	(110,206)
Operating EBIT	**124,237**	**148,771**	**169,105**	**235,500**	**247,860**
Financial Income/(Expense)	(75,076)	(73,410)	(71,975)	(71,975)	(71,975)
Pretax Income/(Loss) from Assoc.	(580)	1,908			
Non-Operating Income/(Expense)	18,089	15,405	15,405	15,405	15,405
Profit Before Tax (pre-EI)	**66,670**	**92,675**	**112,535**	**178,931**	**191,291**
Exceptional Items	(78,141)	(8,546)			
Pre-tax Profit	**(11,470)**	**84,129**	**112,535**	**178,931**	**191,291**
Taxation	(37,626)	(52,391)	(50,424)	(50,454)	(54,730)
Exceptional Income - post-tax					
Profit After Tax	**(49,096)**	**31,738**	**62,111**	**128,477**	**136,561**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**(49,096)**	**31,738**	**62,111**	**128,477**	**136,561**
Recurring Net Profit	29,045	34,962	62,111	128,477	136,561
Fully Diluted Recurring Net Profit	**29,045**	**34,962**	**62,111**	**128,477**	**136,561**

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	223,059	252,984	276,706	344,404	358,066
Cash Flow from Invt. & Assoc.					
Change In Working Capital	33,837	22,070	(39,234)	(22,879)	(11,016)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	59,940	(22,461)			
Other Operating Cashflow	(91,951)	29,692	(13,469)	(13,529)	(22,080)
Net Interest (Paid)/Received	(75,076)	(73,410)	(71,975)	(71,975)	(71,975)
Tax Paid	53,197	26,242	50,424	50,454	54,730
Cashflow From Operations	**203,007**	**235,118**	**202,452**	**286,476**	**307,726**
Capex	(177,312)	(151,566)	(160,000)	(130,000)	(130,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	34,798	9,838			
Cash Flow From Investing	**(142,514)**	**(141,727)**	**(160,000)**	**(130,000)**	**(130,000)**
Debt Raised/(repaid)	23,695	62,963			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(44,288)	(44,899)	(44,899)	(44,899)	(44,899)
Preferred Dividends					
Other Financing Cashflow	(90,377)	(88,089)	(71,975)	(71,975)	(71,975)
Cash Flow From Financing	**(110,970)**	**(70,024)**	**(116,873)**	**(116,873)**	**(116,873)**
Total Cash Generated	(50,478)	23,366	(74,421)	39,603	60,852
Free Cashflow To Equity	**84,187**	**156,354**	**42,452**	**156,476**	**177,726**
Free Cashflow To Firm	**135,568**	**166,800**	**114,427**	**228,451**	**249,700**

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	94,090	120,896	60,844	114,815	190,036
Total Debtors	62,635	52,601	53,954	59,001	61,431
Inventories	491,575	445,899	491,324	537,282	559,411
Total Other Current Assets	57,183	64,519	64,519	64,519	64,519
Total Current Assets	**705,483**	**683,915**	**670,641**	**775,617**	**875,397**
Fixed Assets	1,644,942	1,739,050	1,791,449	1,812,546	1,832,340
Total Investments	41,875	44,429	44,429	44,429	44,429
Intangible Assets	57,453	59,585	59,585	59,585	59,585
Total Other Non-Current Assets	284,482	266,968	266,968	266,968	266,968
Total Non-current Assets	**2,028,753**	**2,110,033**	**2,162,432**	**2,183,529**	**2,203,322**
Short-term Debt	309,667	214,165	214,165	214,165	214,165
Current Portion of Long-Term Debt					
Total Creditors	302,276	293,144	300,687	328,814	342,356
Other Current Liabilities	372,092	353,626	353,626	353,626	353,626
Total Current Liabilities	**984,035**	**860,936**	**868,479**	**896,605**	**910,148**
Total Long-term Debt	515,767	685,518	685,518	685,518	685,518
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	125,942	131,600	131,600	131,600	131,600
Total Non-current Liabilities	**641,709**	**817,118**	**817,118**	**817,118**	**817,118**
Total Provisions	184,164	202,367	202,367	202,367	202,367
Total Liabilities	**1,809,908**	**1,880,420**	**1,887,964**	**1,916,090**	**1,929,633**
Shareholders Equity	920,358	911,696	943,277	1,041,224	1,147,254
Minority Interests	3,970	1,832	1,832	1,832	1,832
Total Equity	**924,327**	**913,528**	**945,109**	**1,043,055**	**1,149,086**

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	(5.8%)	(4.6%)	2.6%	9.4%	4.1%
Operating EBITDA Growth	(30.9%)	13.4%	9.4%	24.5%	4.0%
Operating EBITDA Margin	9.7%	11.6%	12.3%	14.0%	14.0%
Net Cash Per Share (Rs)	(59.89)	(63.77)	(68.69)	(64.27)	(58.11)
BVPS (Rs)	75.36	74.66	77.24	85.26	93.94
Gross Interest Cover	1.65	2.03	2.35	3.27	3.44
Effective Tax Rate		62.3%	44.8%	28.2%	28.6%
Net Dividend Payout Ratio	105.1%	75.8%	49.2%	23.8%	22.4%
Accounts Receivables Days	11.56	9.62	8.67	8.41	8.61
Inventory Days	nm	nm	nm	nm	nm
Accounts Payables Days	nm	nm	nm	nm	nm
ROIC (%)	28.8%	2.7%	4.5%	8.0%	8.2%
ROCE (%)	6.3%	7.8%	8.6%	11.6%	11.6%
Return On Average Assets	12.9%	2.4%	3.6%	6.2%	6.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.