Capital Goods & Power

January 9, 2023

Strong inflows, execution…

For Q3FY23E, all EPC companies under our coverage are expected to witness strong order inflows with improved execution. Larsen & Toubro (L&T) announced EPC orders in the range of ~₹ 20,500-34,000 crore (as on date, ex-services segment) across railway, hydrocarbon, power T&D, water treatment, heavy engineering, buildings & factories segments. In the T&D space, KEC has announced decent order inflows of ₹ 3956 crore aided by orders from T&D (domestic, international markets), railways, civil, etc.

Overall, order inflows are expected to remain strong, with some project deferrals across key segments to Q3FY23E. However, the order pipeline remains robust across T&D, green energy corridor, data centres, railways, transportation, water and infrastructure, etc. Key risks remain project delays/deferrals, lower conversion rate.

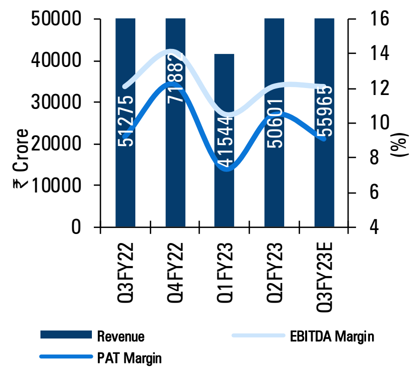
Revenue to grow 9.1%, EBITDA to grow 9.1% YoY, PAT to grow 7.6% on improved execution

Overall, the coverage universe revenue is expected to grow 9.1% YoY owing to a decent pick-up in execution for EPC companies like L&T, KEC and Thermax. Defence coverage revenue is expected to grow 6.7% YoY, mainly led by Data Patterns, Bharat Electronics (BEL), Mazagon Dock (MDL) and Bharat Dynamics (BDL), which are expected to see relatively better execution of their orders YoY. On the other hand, in our bearings coverage universe, we see muted revenue growth largely due to sluggish performance in the exports and domestic auto sector during the quarter. However, we expect coverage universe EBITDA to grow 9.1% YoY as although commodity costs are on a declining trend, they are still at higher levels compared to earlier. Logistical issues are expected to impact margins while companies expect to pass on these pressures with a lag of a quarter. Consequently, overall PAT is expected to grow 7.6% YoY as few heavyweights like L&T may see very limited pressure on margins (higher share of PVC orders in backlog, operating efficiency and decline in finance costs YoY) will put growth rates into positive territory for the coverage.

Execution pick-up expected among EPC companies…

Overall, EPC companies are expected to post a good performance on execution front factoring in some challenges. Margins are expected to stabilise further as raw material prices are stabilising. Power T&D companies like KEC are expected to report revenue, EBITDA, PAT growth of 25.6%, 15.9%, -17.7%, respectively, factoring in commodity inflation, execution pick-up in key international markets. L&T standalone (including hydrocarbon, ex-E&A) is likely to report a decent performance with revenue growing 13.9% YoY to ₹ 29,226.7 crore, EBITDA expected to grow 18.8% to ₹ 2425.8 crore amid execution pick-up, adjusted PAT (ex-E&A) expected to grow 12.9% at ₹ 2059.2 crore partly aided by higher other income, lower interest expense. Thermax' revenue is expected to grow 25% while EBITDA is expected at ₹ 141.3 crore with margin of 7%. In our defence coverage universe, BEL is expected to report revenue, EBITDA, PAT growth of 10.5%, 10.4%, 12% respectively YoY. For HAL, we expect revenue, EBITDA and PAT growth at 2.4%, 2.7% and 0.4%, respectively. Cochin Shipyard is expected to report muted revenue growth of 1% while EBITDA and PAT growth is expected at 18.1% & 15.8% YoY, respectively. Mazagaon Dock is expected to report revenue growth of 16% YoY while EBITDA & PAT are likely to be down 37% & 3.7% YoY, respectively, on higher margin base. Data Patterns is expected to report a better performance with 64.7% YoY revenue growth, 75.3%, 102.8% YoY growth in EBITDA, PAT, respectively.

Topline & Profitability (Cap. Goods Universe)



Top Picks

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Thermax
Elgi Equipments
HAL
ABB
KEC International

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Focus on working capital, cash flows likely to continue…

Overall, EPC companies like L&T, KEC, BEL and Cochin Shipyard are expected to remain focused on working capital and cash flow management amid better execution and focus on receivables collections. Companies with stronger balance sheets and cash flows are well placed to gain the most from a gradual economic recovery. Product oriented companies like SKF India, ABB India, Elgi Equipment, AIA Engineering, which have a strong balance sheet, zero debt and healthy cash balances are likely to benefit as demand gradually returns to normal.

Product companies likely to see mixed performance

For our bearings coverage universe, we see a sequential decline in aggregate revenues by 13.8% on muted exports and auto sector performance. SKF is expected to report 5.5% YoY growth in revenues on account of higher share in industrial activities where execution has been relatively better. Timken is expected to report flattish revenues on a sluggish auto and exports performance. NRB's revenue is expected to decline mainly led by a decline in 2-W performance. EBITDA margins are expected to be largely flattish QoQ for Timken and SKF while NRB is expected to see some sequential improvement in margins. Greaves Cotton is expected to report revenue growth of 28.6% on account of EV business delivering strong sales performance. Elgi Equipment is expected to report revenue, EBITDA growth of 25.1%, 53.3%, respectively, owing to strong growth in international business. Companies like AIA Engineering are expected to report revenue, EBITDA growth of 34.4%, 59.1%, respectively, factoring in a revival in volumes, commodity price impact. ABB India is expected to report revenue, EBITDA growth of 24.5%, 40%, respectively, YoY.

Exhibit 1: Estimates for Q3FY23E: (Capital Goods) (₹ crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q3FY23E	YoY	QoQ	Q3FY23E	YoY	QoQ	Q3FY23E	YoY	QoQ
AIA Engineering	1,139.9	34.4	-14.2	256.5	59.1	-17.6	203.6	47.3	-16.4
Bharat Electronics	4,081.0	10.5	3.4	908.0	10.4	6.1	653.1	12.0	6.9
Greaves Cotton	386.4	28.6	3.3	33.6	95.6	1.0	20.4	121.1	-10.5
Elgi Equipments	820.0	25.1	11.0	113.3	53.3	0.6	70.4	68.6	-2.2
KEC International	4,195.0	25.6	3.2	277.0	15.9	55.7	77.1	-17.7	39.5
L&T	29,226.7	13.9	13.4	2,425.8	18.8	27.2	2,059.2	12.9	-2.4
NRB Bearings	219.7	-4.8	-14.7	31.9	8.6	4.6	15.1	-6.3	15.2
SKF India	1,019.7	5.5	-5.4	203.9	65.6	-4.9	145.7	64.1	-6.5
Thermax Ltd	2,018.8	25.0	-2.7	141.3	24.9	0.5	108.4	36.4	-0.7
Timken India	511.0	0.2	-26.5	97.4	-14.7	-26.3	63.3	-9.3	-35.1
Cochin Shipyard	962.4	1.0	40.9	166.9	18.1	23.4	149.8	15.8	32.8
ABB India Ltd	2,616.7	24.5	23.4	259.3	40.0	22.9	182.4	14.4	8.1
Hindustan Aeronautics	6,032.1	2.4	17.2	1,465.4	2.7	-9.6	937.5	0.4	-23.2
Data Patterns (India) Ltc	72.2	64.7	-18.1	27.4	75.3	-9.0	18.3	102.8	-13.1
Mazagon Dock Shipbuild	1,800.9	16.0	5.8	127.2	-37.0	8.0	207.0	-3.8	-3.2
Bharat Dynamics	862.6	7.3	61.3	232.9	-19.5	148.2	172.2	-20.1	127.1
Total	**55,965.1**	**9.1**	**10.6**	**6,767.8**	**9.1**	**10.5**	**5,083.5**	**7.6**	**-4.1**

Source: Company, ICICI Direct Research

Exhibit 2: Estimates for Q3FY23E: (Power) (₹ crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q3FY23E	YoY	QoQ	Q3FY23E	YoY	QoQ	Q3FY23E	YoY	QoQ
NTPC Ltd	35,526.2	23.1	-13.4	10,188.0	12.4	7.0	4,379.8	6.0	19.1
Power Grid	10,856.0	8.5	1.9	9,314.4	7.2	4.0	3,573.3	6.7	-5.1
IEX	98.9	-15.8	3.9	85.4	-13.6	8.2	72.7	-9.7	5.2
Total	**46,481.1**	**19.2**	**-10.2**	**19,587.8**	**9.7**	**5.5**	**8,025.8**	**6.1**	**6.8**

Source: Company, ICICI Direct Research

Topline & Profitability (Power Universe)

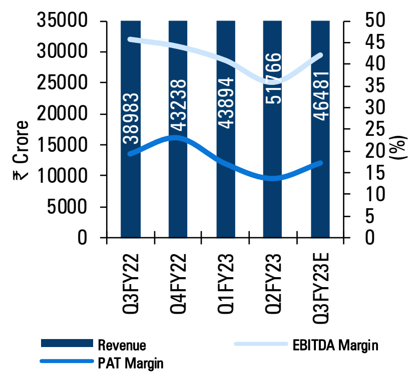

Exhibit 3: Company Specific Views (Capital Goods)

Company	Remarks
AIA Engineering	For Q3FY23E, we expect AIA Engineering to report volume numbers at 70306 MT, up 21% YoY as new mining customer acquisition picks up. Also, AIA has commissioned a new mill lining capacity. We expect realisation at ₹ 160 per kg, up 11.6% on account of a change in the product mix. Also, as per management, realisations peaked and are expected to normalise, going forward. Consequently, revenue is expected to grow on low base of last year by 34% to ₹ 1140 crore YoY. EBITDA is expected to grow 59.1% to ₹ 256.5 crore with EBITDA margin of 22.5% while PAT is expected to grow 47.3% to ₹ 203.6 crore YoY factoring in other income
Bharat Electronics	Q3FY23 revenue is expected at ₹ 4081.0 crore (+10.5% YoY) led by better execution. H1FY23 revenue growth also remained strong at 33.3% YoY on improvement in execution and recognition of some un-booked revenue from FY22 (as supply chain issues impacted FY22). EBITDA margin is expected at 22.2% (flattish YoY), resulting in absolute EBITDA increasing by 10.4% YoY to ₹ 908.0 crore. PAT is expected at ₹ 653.1 crore (+12% YoY). Order backlog was at ₹ 52,795 crore as of September 2022 end (~3.1x TTM revenues). Orders inflow during FY23 are expected at ₹ 18,000-20,000 crore
Greaves Cotton	Greaves Cotton is making inroads in the EV arena and, therefore, e-mobility and new-initiatives business share to drive growth. For Q3FY23E, we expect continued growth momentum in engine volumes as well as in non-auto volumes. Standalone revenues are expected to grow 28.6% YoY to ₹ 386.4 crore, EBITDA is expected at ₹ 33.6 crore with margins of 8.7% factoring in commodity inflation while adjusted PAT is expected at ₹ 20.4 crore
Elgi Equipments	For Q3FY23E, Elgi Equipment to see good traction in India business while the international air compressor market is likely to report strong revenue growth as it is gradually ramping up in key markets. Consolidated revenues are expected to grow 25.1% YoY to ₹ 820 crore while EBITDA margin is expected at 13.8% leading absolute EBITDA grow by 53.3% to ₹ 113.3 crore and PAT is expected at ₹ 70.4 crore, up 68.6% factoring in operating leverage and tax adjustments
KEC International	KEC announced new orders worth ~ ₹ 3956 crore, as on date for the quarter. For Q3FY23E, KEC is expected to report a decent performance on the revenue front in key segments like T&D, railways, civil. We expect revenues to grow 25.6% to ₹ 4195 crore. The company is witnessing a gradual revival in the domestic T&D market, which had been sluggish in the past few quarters. EBITDA is expected to grow 15.9% YoY, 55.7% QoQ to ₹ 277 crore with EBITDA margin at 6.6% YoY vs. 4.4% in Q2FY23, primarily due to low margins orders being behind. Adjusted PAT is expected at ₹ 77.1 crore, up 39.5% QoQ

Source: ICICI Direct Research, Company

Exhibit 4: Company Specific Views (Capital Goods)

Larsen & Toubro (L&T)	During Q3FY23E, EPC order inflows announced by L&T are in the range of ~₹ 20500-34000 crore (as on date, ex-services segment) across railway, hydrocarbon, power T&D, water treatment, heavy engineering, buildings & factories segments indicating strong order inflows for the quarter amid a challenging environment. We expect decent execution pick-up YoY. In our view, working capital and cash flow management will be key monitorables. Consequently, we expect adjusted standalone (including hydrocarbon) revenue to grow 13.9% to ₹ 29226 crore. EBITDA is expected to grow 18.8% to ₹ 2425.8 crore with margins expected to be at 8.3% owing to better execution. Adjusted PAT (ex-E&A) is expected to grow 12.9% to ₹ 2059.2 crore adjusted for lower interest expense and lower tax
NRB Bearings	We expect revenues to decline 4.8% YoY (-14.7% QoQ) to ₹ 219.7 crore in Q3FY23E, on account of sluggish performance in auto segment (especially 2-W) and exports. We build in gross margins to the tune of 65.7% for the quarter (+899 bps QoQ). Gross margins in Q2FY23 declined significantly on higher raw material cost. We expect margins to normalise during the quarter. EBIDTA margin is expected to be higher sequentially at 14.5% vs. 11.8% in Q2FY23. Absolute EBIDTA is estimated at ₹ 31.9 crore, up 8.6% YoY and +4.6% QoQ. PAT is expected at ₹ 15.1 crore (+15.2% QoQ)
SKF India	We expect revenue growth of 5.5% YoY to ₹ 1019.7 crore led by better execution in domestic industrial activities which accounts considerably in total revenues. However, exports revenue is expected to be muted during the quarter. We estimate gross margins at 44.5% for the quarter, up 892 bps YoY as Q3FY22 gross margin came down significantly on higher raw material cost. We expect EBIDTA margin of 20.0% during the quarter vs. 19.9% QoQ, leading to absolute EBIDTA at ₹ 203.9 crore (+65.6% YoY, -4.9% QoQ). We estimate PAT of ₹ 145.7 crore, a growth of 64.1% YoY
Thermax	For Q3FY23E, we expect revenues to grow 25% to ₹ 2018.8 crore on the back decent order wins in past few quarters. We expect EBITDA at ₹ 141.3 crore with EBITDA margins at 7% factoring in execution of some legacy of low cost orders and commodity price impact. In Q2FY23, the company reported 6.8% EBITDA margins. Adjusted PAT is expected at ₹ 108.4 crore, up 55.3% YoY, partly aided by other income
Timken India	We expect Q3FY23 revenue growth to be flattish YoY to ₹ 511 crore, mainly due to the muted performance in the auto sector. Moreover, we also expect a decline in exports revenue, which contributes considerably in total revenues. We expect EBIDTA margin at 19.1% vs. 22.4% YoY mainly on account of higher fixed costs (as percentage of sales) on muted revenue growth. Absolute EBITDA is expected to decline 14.7% YoY to ₹ 97.4 crore. PAT is expected to decline 9.3% YoY to ₹ 63.3 crore
Cochin Shipyard	For Q3FY23E, we expect Cochin Shipyard to post muted revenue growth of 1% YoY to ₹ 962.4 crore as large part of the order book is yet to see meaningful execution. Moreover, the company has already achieved 9.6% YoY growth in H1FY23 and H2FY23 revenue growth is expected to remain muted (as H2FY22 revenue jumped significantly on sequential basis on pick-up in execution). We expect EBIDTA margin at 17.3% vs. 14.8% YoY leading to absolute EBIDTA growth at 18.1% YoY to ₹ 166.9 crore. PAT is expected to grow 15.8% YoY to ₹ 149.8 crore. Cochin Shipyard is preparing for the next set of orders to be executed
ABB	For Q4CY2022E (Q3FY23E), ABB India is likely to sustain the growth revival as it is gradually ramping up in key markets with enhanced product and service portfolio. Revenues are expected to grow by 24.5% YoY to ₹ 2616.7 crore while EBITDA margin is expected at 9.9%. Adjusted PAT is expected at ₹ 182.4 crore, up 14.4% YoY. Chip shortage and higher logistic costs may continue to impact marginally

Source: ICICI Direct Research, Company

Exhibit 5: Company Specific Views (Capital Goods) Continued...

HAL	We expect revenue growth of 2.4% YoY in Q3FY23 to ₹ 6032.1 crore as the base was considerably higher on better execution during Q2FY22, Q3FY22 after a muted Q1FY22. Moreover, H1FY23 revenue growth remained strong at 22.3% YoY (on lower base and improvement in execution) and FY23E revenue guidance remains at ~8% YoY (large part of order book in manufacturing segment is yet to start execution), which implies relatively muted growth during H2FY23. EBITDA margin is expected to remain at similar levels at 24.3% on a YoY basis leading to absolute EBITDA growth at 2.7% to ₹ 1465.4 crore. PAT is expected at ₹ 937.5 crore; flattish YoY. The order book was at ₹ 83858 crore as of September 2022 end (~3.2x TTM revenues) led by large scale orders in manufacturing aircraft/helicopters (Tejas LCA Mk1A, LCH and ALH)
Data Pattern	We expect revenue growth to remain strong for Data Patterns led by better execution of existing orders mainly led by shorter execution period for its smaller size orders. We estimate 64.7% YoY growth in revenue to ₹ 72.2 crore. EBITDA margin is expected at 38% (against 35.7% in Q2FY22); resulting in absolute EBITDA growth of 75.3% YoY to ₹ 27.4 crore. PAT is expected at ₹ 18.3 crore (up 102.8% YoY). The order book of the company was at ₹ 1012 crore as of October 2022 end, of which ₹ 471.3 crore of orders were received in Q2FY23 itself. The company expects ₹ 2000-3000 crore worth orders for the next three to four years
Bharat Dynamics	We expect Q3FY23 revenue at ₹ 862.6 crore, up 7.3% YoY led by better execution of orders received for surface to air missiles and anti-tank guided missiles over FY21 & FY22. EBITDA margin is expected to be decline 900 bps at 27% as margins in Q3FY22 increased sharply on improvement in gross margins and better operating leverage benefit on higher sales. Thus, absolute EBITDA is expected to decline 19.5% YoY to ₹ 232.9 crore on lower margins. PAT is expected at ₹ 172.2 crore; down 20.1% YoY. Order book was at ₹ 12000 crore as of September 2022 (3.5x TTM revenues) gives strong revenue visibility. Moreover, ₹ 22000 crore worth of orders are in the pipeline for the next three to four years gives more comfort on future earnings
Mazagon Dock Shipbuilders	Q3FY23 revenue is expected at ₹ 1800.9 crore (+16% YoY) led by better execution of existing projects of P-75 submarines, P-15B destroyers and P-17A frigates. EBITDA margin is expected at 7.1%; down 595 bps YoY as Q3FY22 margins were significantly higher at 13% due to lower other costs. Absolute EBITDA is expected to decline 37% YoY to ₹ 127.2 crore on lower margins. PAT is expected at ₹ 207.2 crore (-3.8% YoY). Order backlog was at ₹ 42,000 crore as of September 2022 (6.1x TTM revenues) gives strong revenue visibility

Source: Company, ICICI Direct Research

Exhibit 6: Company Specific Views (Power)

Company	Remarks
NTPC	Strong capacity additon and power demand will ensure 13% generation growth for NTPC in Q3FY23E at 82.2 billion units(BU's). Similarly power sold is ecpected to rise by 12.9% at 76.4 BU's while tariff for qaurter is epected at ₹ 4.65/unit. Revenues are expected to rise 23% at ₹35526.2 crore while EBITDA is expected at ₹ 10188 crore. Finance costs are expected to rise by 14% YoY on account of capacity addition and higher interest rates. W eexpect PAT at ₹ 4738.9 crore for Q3FY23E.
Power Grid	Powergrid is expected to report a stable Q3YF23E results wherein we expect the capitalisation to be in the range of ₹ 3000-4000 crore for the quarter. The revenues are expected to grow by 8.5% YoY to ₹ 10855.9 crore whereas the core transmission revenues are expected to be at ₹ 10486.7 crore, up 7% YoY. EBIDTA is expected at ₹9314 crore, up 7/2% YoY. Consequently we expect PAT at ₹3573.3 crore, up 6.7% for Q3FY23E. Key monitarables would be the commentary on new business diversification and pipeline of transmission projects going ahead.
IEX	Post a dismal H1FY23, IEX's overall volume growth for Q3FY23E came in at 5% QoQ at 24.2 BU's. From financial perspective revenues are expected to grow by 3.9% QoQ at ₹ 98.9 crore while EBITDA is expected at ₹ 85.4 crore up 8% QoQ. Consequently, PAT is expected at ₹ 72.7 crore up 5.2% QoQ.

Source: Company, ICICI Direct Research

Exhibit 7: ICICI Direct coverage universe (Capital Goods)

Company	CMP			M Cap	EPS (₹)			P/E (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating	(₹ Cr)	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
L&T (LARTOU)	2,087	2,355	Buy	292785	56.8	66.1	76.7	36.7	31.6	27.2	8.9	9.3	11.6	12.1	12.9	13.6
Siemens Ltd	2,892	3,630	Buy	102979	35.4	46.4	53.8	81.6	62.3	53.8	15.6	18.2	19.1	11.3	13.4	14.0
AIA Engineering (AIAENG)	2,510	3,239	Buy	23677	64.6	89.8	92.5	38.9	28.0	27.1	16.5	19.9	17.9	13.2	15.8	14.3
Thermax (THERMA)	1,963	2,536	Hold	23390	36.5	51.7	61.0	53.8	38.0	32.2	14.6	18.3	18.7	11.4	14.3	14.4
KEC International (KECIN)	486	515	Buy	12499	12.9	15.4	30.3	37.6	31.5	16.0	11.9	13.8	20.5	10.6	10.7	17.9
Greaves Cotton (GREAVE)	134	209	Buy	3096	0.7	3.9	3.6	189.2	34.5	37.5	2.5	10.4	10.6	1.3	7.5	7.7
Elgi Equipment (ELGEQU)	410	520	Hold	13008	7.2	9.4	11.4	57.3	43.7	36.0	19.0	21.4	22.0	19.8	21.3	21.1
Bharat Electronics (BHAELE)	99	135	Buy	72330	3.2	3.8	4.5	30.9	26.0	22.0	26.1	28.4	30.0	19.5	21.2	22.4
Cochin Shipyard (COCSHI)	502	745	Buy	6597	42.9	38.6	42.8	11.7	13.0	11.7	10.9	10.5	10.6	12.7	11.0	11.3
SKF (SKFIND)	4,593	5,215	Buy	22709	77.0	108.7	130.3	59.7	42.3	35.3	26.0	30.7	31.3	20.6	23.3	23.4
Timken India (TIMIND)	3,058	3,560	Buy	23001	43.5	61.3	71.2	70.3	49.9	42.9	25.3	36.2	42.0	19.7	27.9	32.2
NRB Bearing (NRBBEA)	152	220	Buy	1477	7.8	9.2	12.1	19.5	16.6	12.6	15.0	15.3	19.2	12.6	12.6	14.8
Action Construction (ACTCON)	312	385	Buy	3719	8.8	15.1	19.2	35.5	20.7	16.3	23.0	25.6	26.7	13.9	18.3	18.9
Data Patterns (DATPAT)	1164	1,555	Buy	6040	18.1	22.0	30.4	64.3	53.0	38.3	23.8	24.9	28.4	16.4	18.2	21.0
HAL (HINAER)	2,500	3,300	Buy	83611	151.9	132.7	145.0	16.5	18.8	17.2	27.4	30.5	30.1	26.3	23.1	22.8
ABB (ABB)	2,844	3,275	Buy	60258	25.5	40.5	37.2	111.7	70.2	76.4	45.0	49.2	57.3	11.2	12.9	15.1
Ador Welding (ADOWEL)	834	1,014	Buy	1134	33.2	34.1	48.3	25.1	24.5	17.3	19.9	21.6	26.5	13.6	15.7	19.3
Bharat Dynamics (BHADYN)	937	1,200	Buy	17175	27.3	33.0	42.7	34.4	28.4	22.0	24.6	24.7	27.9	17.3	17.7	20.0
Mazagon Dock (MAZDOC)	803	1,025	Hold	16193	30.3	39.8	46.6	26.5	20.2	17.2	20.0	22.9	23.5	16.1	18.2	18.5
Solar Industries India (SOLIN)	4,385	4,700	Buy	39684	48.8	76.6	99.7	89.9	57.3	44.0	22.5	32.5	34.6	23.9	29.0	28.8
Anup Engineering (THEANU)	932	1,080	Buy	922	62.7	49.5	72.3	14.9	18.8	12.9	15.3	16.6	19.4	12.2	12.5	14.5
Control Prints (CONTROLPR)	396	555	Buy	646	24.7	28.7	34.6	16.0	13.8	11.4	17.9	21.4	23.4	13.8	15.4	16.3
KSB Ltd. (KSBPUM)	1,898	2,180	Buy	6606	43.7	50.0	62.2	43.4	38.0	30.5	15.7	16.0	18.3	14.7	14.9	15.9

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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