

FIRST LIGHT

RESEARCH

BOB Economics Research | Trade

Exports recover, imports falter

Infosys | Target: Rs 950 | +14% | ADD

Guidance reinstated backed by strong deal pipeline

Federal Bank | Target: Rs 55 | +10% | ADD

Stable operating performance

Reliance Industries | Target: Rs 1,820 | -1% | REDUCE

AGM highlights – Expanding lateral offerings

Greenply Industries | Target: Rs 120 | +37% | BUY

Management meet takeaways - Demand yet to pick up

Oil & Gas | Q1FY21 Preview

Earnings volatility giving way to green shoots

Logistics | Monthly Tracker

On an arduous path to recovery

SUMMARY

India Economics: Trade

India registered a trade surplus of US\$ 0.8bn in Jun'20, a first in 18-years versus a deficit of US\$ 3.1bn in May'20 as exports recovered. Imports fell by 47.6% on the back of lower oil and gold imports. Notably, non-oil-non-gold-imports fell by 41.4% in Jun'20. This is attributable to weak domestic demand. We expect imports to pick-up in H2 as economic activity revives. Large FDI inflows should make up for the loss in services receipts and FII outflows. Hence INR is likely to remain in the range of 74-76/\$ in FY21.

[Click here for the full report.](#)

TOP PICKS

LARGE-CAP IDEAS

Company	Rating	Target
Bajaj Finance	Buy	3,000
Cipla	Buy	690
GAIL	Buy	150
Petronet LNG	Buy	305
Tech Mahindra	Buy	690

MID-CAP IDEAS

Company	Rating	Target
Alkem Labs	Buy	2,950
Chola Investment	Buy	200
Laurus Labs	Buy	630
Transport Corp	Buy	240
Mahanagar Gas	Sell	710

Source: BOBCAPS Research

DAILY MACRO INDICATORS

Indicator	Current	2D (%)	1M (%)	12M (%)
US 10Y yield (%)	0.62	0bps	(8bps)	(148bps)
India 10Y yield (%)	5.83	4bps	3bps	(51bps)
USD/INR	75.43	(0.3)	0.5	(9.8)
Brent Crude (US\$/bbl)	42.90	0.4	10.8	(33.3)
Dow	26,643	2.1	4.1	(2.5)
Shanghai	3,415	(0.8)	16.9	16.2
Sensex	36,033	(1.8)	6.7	(7.9)
India FII (US\$ mn)	13 Jul	MTD	CYTD	FYTD
FII-D	65.6	74.5	(14,207.5)	(4,448.0)
FII-E	(11.2)	(168.8)	(2,610.3)	3,992.7

Source: Bank of Baroda Economics Research

BOBCAPS Research

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Infosys

Infosys (INFO) posted the strongest set of results yet versus peers in Q1FY21, outperforming our revenue and margin estimates. EBIT margin expanded 150bps QoQ despite the H1B visa impact and lower utilisation. TCV at US\$ 1.7bn was up ~6% QoQ. The 0-2% CC revenue growth guidance for FY21 gives much-needed visibility. We increase FY21/FY22 EPS by 11% each, raise our target P/E multiple by 10% to 20x driven by enhanced performance, pipeline and outlook, and roll forward to a Jun'21 TP of Rs 950 (vs. Rs 760 earlier). Retain ADD.

[Click here for the full report.](#)

Federal Bank

Federal Bank's (FB) Q1FY21 PAT at Rs 4bn was driven by 12% YoY growth in NII and lower operating expenses. The portfolio under moratorium reduced to 24% of loans, with a decline across product verticals. FB has an outstanding Covid-related provision buffer of Rs 1.8bn (~0.2% of loans), which is low in our view. Slippages were fuelled by a large corporate account worth Rs 1.7bn. The bank has a tier-1 ratio of 13% and does not intend to raise capital until early CY21. Maintain ADD as we roll forward to a Sep'21 TP of Rs 55 (from Rs 48).

[Click here for the full report.](#)

Reliance Industries

Chairman Mukesh Ambani in [his 43rd AGM speech](#) expounded on his vision of expanding lateral offerings across business verticals. Key highlights: (1) RJio's GLOCAL intent – Google + 5G + lateral offerings, (2) Retail – strategic stake sales could unlock further value, (3) Aramco deal delayed; RIL may explore other partners, (4) Pricing in deleveraging – time for earnings delivery.

[Click here for the full report.](#)

Greenply Industries

We present key takeaways from our recent interaction with the management of Greenply Industries (GIL): (1) April was a washout month due to the lockdown with May clocking 30-40% of normal revenues and June at 60-70%. (2) Demand conditions remain challenging due to sporadic lockdowns across many states. Intrastate travel restrictions too are hampering business activity. (3) GIL earns 40-45% of revenues from India's top-10 cities which still face myriad restrictions due to the pandemic.

[Click here for the full report.](#)

Oil & Gas: Q1FY21 Preview

Oil & Gas appears to be one of the few sectors to have seen faster normalisation in fundamentals by end-Q1FY21. Indeed, Q1 earnings will reflect extreme volatility in operations enforced by the pandemic and characterised by (a) sharp recovery in oil prices, (b) sustained negative GRMs, and (c) low volumes (20-60% decline across segments). We expect a relatively better operating performance from RIL (helped by RJio), OMCs (inventory gains, better marketing margins) and some gas utilities (PLNG, GUJS, GAIL).

[Click here](#) for the full report.

Logistics: Monthly Tracker

Key industry indicators fell at a slower pace in June vs. April/May, implying that the worst of the pandemic may be behind us. Even so, most indicators remain well below normal. Major port cargo fell 15% YoY vs. 23% in May, rail container volumes declined 16% YoY vs. 19%, and EXIM fell 26% YoY vs. 30%. E-way bill generation has reached ~80% of pre-Covid levels, but the weekly figure has plateaued for the past five weeks. Full-fledged recovery may take a few months yet, till economic activity revives fully. TCIEXP is our top pick.

[Click here](#) for the full report.

TRADE

15 July 2020

Exports recover, imports falter

India registered a trade surplus of US\$ 0.8bn in Jun'20, a first in 18-years versus a deficit of US\$ 3.1bn in May'20 as exports recovered. Imports fell by 47.6% on the back of lower oil and gold imports. Notably, non-oil-non-gold-imports fell by 41.4% in Jun'20. This is attributable to weak domestic demand. We expect imports to pick-up in H2 as economic activity revives. Large FDI inflows should make up for the loss in services receipts and FII outflows. Hence INR is likely to remain in the range of 74-76/\$ in FY21.

Sameer Narang

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Exports recovering slowly: India's exports contracted by 12.4% in Jun'20 versus a decline of 36.2% in May'20. Sharp turnaround was seen in exports of chemicals (19.1% increase versus 12.7% decline in May'20) and agri products (8.4% increase versus 12.4% drop in May'20). Apart from this, moderation was seen in pace of contraction for engineering goods (7.5% versus 24.2% in May'20) and textiles (23.4% versus 58.7%). In Q1FY21, exports recorded a decline of 37% from a drop of 13% in Q4FY20. With global demand gradually improving, exports will show further recovery in the coming months.

Imports decelerate: Imports continued to show steep decline of 47.6% compared with 51.1% in May'20. Oil and gold imports fell by 55.3% and 77.4% in Jun'20 compared with a decline of 72.3% and 98.4% respectively in May'20. However, non-oil-non-gold-imports saw a steeper decline of 41.4% in Jun'20 versus 36.4% in May'20. This was led by 42.1% decline in imports of capital goods (33.6% in May'20). Imports of pearls and precious stones fell by 70% and that of electronics by 34.1%. However, imports of vegetable oils (8.5%) and agriculture products (1.2%) increased.

First trade surplus in 18-years: India registered its highest ever trade surplus in at US\$ 0.8bn in Jun'20 versus a deficit of US\$ 3.1bn in May'20. In Q1FY21, trade deficit has narrowed to US\$ 9.1bn compared with US\$ 48.5bn in Q1FY20 as imports have contracted at a much faster pace because of India's lockdown. India's non-oil import demand is likely to remain muted as COVID-19 related local shutdowns will impact incomes and demand. Further, while oil prices on an average are lower than last year. In addition, robust FDI inflows will help make up for declining services exports (decline of 9.6% in Apr-May'20) and FII outflows (US\$ 455mn during FYTD). Hence, INR is likely to remain range bound in the near-term.

KEY HIGHLIGHTS

- Exports contract by 12.4% in Jun'20 versus 36.2% in May'20.
- Imports also decline by 47.6% compared with 51.1% in May'20.
- Trade surplus recorded in Jun'20 for the first time since CY02 at US\$ 0.8bn versus US\$ 3.1bn deficit in May'20.



ADD

TP: Rs 950 | ▲ 14%

INFOSYS

| IT Services

| 15 July 2020

Guidance reinstated backed by strong deal pipeline

Infosys (INFO) posted the strongest set of results yet versus peers in Q1FY21, outperforming our revenue and margin estimates. EBIT margin expanded 150bps QoQ despite the H1B visa impact and lower utilisation. TCV at US\$ 1.7bn was up ~6% QoQ. The 0-2% CC revenue growth guidance for FY21 gives much-needed visibility. We increase FY21/FY22 EPS by 11% each, raise our target P/E multiple by 10% to 20x driven by enhanced performance, pipeline and outlook, and roll forward to a Jun'21 TP of Rs 950 (vs. Rs 760 earlier). Retain ADD.

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Strong operating performance: INFO posted an outstanding Q1 performance amid Covid-19 challenges, with the USD revenue decline limited to 2.4% QoQ vs. our estimate of a 5.7% drop. Utilization dipped only 80bps. Lower revenues from the retail, manufacturing, communication, and energy and utilities verticals were offset by a QoQ uptick in the hi-tech, life sciences and others segments. EBIT margin expanded 150bps QoQ to 22.7% vs. 20.2% estimated due to deft utilisation management and accelerated cost control measures.

Deal wins increase QoQ: Deal TCV stood at US\$ 1.74bn, increasing 5.7% QoQ with 19% net new deals. INFO signed 15 new deals vs. 12 in Q4FY20. Five of these were from BFSI, three each came from retail, hi-tech and life-sciences, and one from manufacturing. The pipeline has improved QoQ and was further strengthened by a large deal with Vanguard in Q2FY21. Digital revenues grew 3.7% QoQ, forming 44.5% of revenues.

Guidance reinstatement a surprise; lends much-needed visibility: In a surprise move, INFO resumed offering guidance after a pause last quarter due to pandemic-led uncertainty. Management has guided for 0-2% CC YoY growth in FY21, implying a CQGR of 0.9-2.2% for the remaining three quarters. EBIT margin for FY21 is guided to be in the range of 21-23%.

Ticker/Price	INFO IN/Rs 831
Market cap	US\$ 48.1bn
Shares o/s	4,349mn
3M ADV	US\$ 100.4mn
52wk high/low	Rs 848/Rs 509
Promoter/FPI/DII	13%/35%/52%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	826,760	907,910	977,107	1,114,204	1,223,534
EBITDA (Rs mn)	208,890	222,680	252,141	292,407	316,444
Adj. net profit (Rs mn)	154,100	167,350	174,605	197,489	215,398
Adj. EPS (Rs)	35.4	39.0	41.1	46.5	50.7
Adj. EPS growth (%)	(4.0)	10.3	5.4	13.1	9.1
Adj. ROAE (%)	24.5	26.5	25.2	25.7	25.4
Adj. P/E (x)	23.5	21.3	20.2	17.9	16.4
EV/EBITDA (x)	16.3	15.4	13.6	11.8	10.8

Source: Company, BOBCAPS Research



ADD

TP: Rs 55 | ▲ 10%

FEDERAL BANK

| Banking

| 15 July 2020

Stable operating performance

Federal Bank's (FB) Q1FY21 PAT at Rs 4bn was driven by 12% YoY growth in NII and lower operating expenses. The portfolio under moratorium reduced to 24% of loans, with a decline across product verticals. FB has an outstanding Covid-related provision buffer of Rs 1.8bn (~0.2% of loans), which is low in our view. Slippages were fuelled by a large corporate account worth Rs 1.7bn. The bank has a tier-1 ratio of 13% and does not intend to raise capital until early CY21. Maintain ADD as we roll forward to a Sep'21 TP of Rs 55 (from Rs 48).

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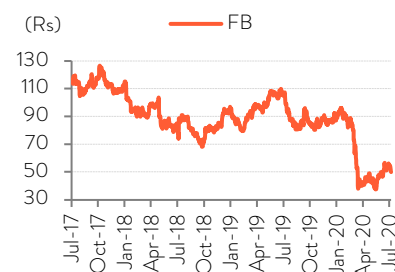
Share of loans under moratorium declines: The moratorium share has come down to 24% of loans as of 12 July vs. 35% as of 25 May. The reduction was primarily driven by repayments and in part due to the availability of gold/liquid securities. Moratorium share across product segments has declined noticeably and management highlighted that many of these customers continue to maintain high savings account balances with the bank.

Ticker/Price	FB IN/Rs 50
Market cap	US\$ 1.3bn
Shares o/s	1,992mn
3M ADV	US\$ 22.0mn
52wk high/low	Rs 109/Rs 36
Promoter/FPI/DII	0%/32%/68%

Source: NSE

Corporate slippage drives GNPA higher to 3%: Slippages were negligible across segments due to the moratorium, barring corporates where one large Middle East-based account worth ~Rs 1.7bn slipped into NPA and was fully provided for in Q1. This apart, FB also created provisions worth ~Rs 0.4bn towards the expected haircut on its IL&FS exposure.

STOCK PERFORMANCE



Source: NSE

Gold loans show strong growth: Overall loan growth at 8% YoY was primarily driven by ~16% growth in the retail segment. Gold loans that form ~8% of advances also grew at a strong 36% YoY and 10% QoQ.

Maintain ADD: Reiterate ADD as we believe FB's high exposure to SMEs and mid-corporates will keep its near-term profitability under pressure. Rolling valuations forward, we move to a Sep'21 TP of Rs 55 (vs. Rs 48 earlier).

KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Net interest income	41,763	46,489	49,983	56,383	63,562
NII growth (%)	16.6	11.3	7.5	12.8	12.7
Adj. net profit (Rs mn)	12,439	15,428	12,484	15,017	17,792
EPS (Rs)	6.3	7.8	6.3	7.5	8.9
P/E (x)	7.9	6.4	7.9	6.6	5.6
P/BV (x)	0.7	0.7	0.6	0.6	0.5
ROA (%)	0.8	0.9	0.7	0.7	0.7
ROE (%)	9.8	11.1	8.3	9.3	10.2

Source: Company, BOBCAPS Research



REDUCE

TP: Rs 1,820 | ▼ 1%

RELIANCE INDUSTRIES

Oil & Gas

15 July 2020

AGM highlights – Expanding lateral offerings

Chairman Mukesh Ambani in his 43rd AGM speech expounded on his vision of expanding lateral offerings across business verticals. Key highlights:

RJio's GLOCAL intent – Google + 5G + lateral offerings: Google's US\$ 4.5bn stake buy in RJio (7.7%, at Rs 4.4tn valuation) follows Facebook's strategic interest. This deal is aligned towards building an Android-based OS for RJio's entry-level 4G (and eventually 5G) smartphones, with the intent of upgrading its >100mn featurephone users. RJio also claimed to have designed a complete 5G solution that could spearhead its initiative of transitioning its >400mn wireless subscribers to 5G and also target the 350mn 2G subscribers through its entry-level phone offering.

RJio showcased lateral offerings such as JIO Meet, JIO Glass and JIO TV+ that are aimed at amplifying the use of its data service offerings. With an overall ~33% stake sale in RJio, RIL has created a massive war chest of both cash and strategic knowhow. The company aims to scale its communications solutions and services globally (built from local R&D – hence GLOCAL) through its partnerships with Facebook and Google.

Retail – strategic stake sales could unlock further value: The retail business's massive scale and reach across the hinterland through its 11,800 stores offers a platform to extend the JioMart initiative across the country. With Facebook's strategic support, JioMart would integrate its connectivity solution with physical small-scale grocery (kirana) stores. This would be scaled up across the company's retail footprint and extended to other formats such as electronics, fashion and pharma. As with RJio, RIL may undertake strategic stake sales to extend its retail offerings.

Aramco deal delayed; RIL may explore other partners: As expected, RIL's US\$ 15bn potential fund raise through a 25% stake sale in its Oil-to-Chemicals business to Saudi Aramco has been delayed. RIL indicated that several global companies have evinced interest. The company, however, intends to file its proposal for demerging the Oil-to-Chemicals business with NCLT.

Pricing in deleveraging – time for earnings delivery: As highlighted in our [recent RIL Annual Report analysis](#), we believe most of the deleveraging initiatives are priced in at current valuations of 16x FY22E EPS, given the downside risk to cyclical earnings. Stake sale in the retail business may alter our view.

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Ticker/Price	RIL IN/Rs 1,844
Market cap	US\$ 165.8bn
Shares o/s	6,762mn
3M ADV	US\$ 471.3mn
52wk high/low	Rs 1,979/Rs 876
Promoter/FPI/DII	50%/24%/26%

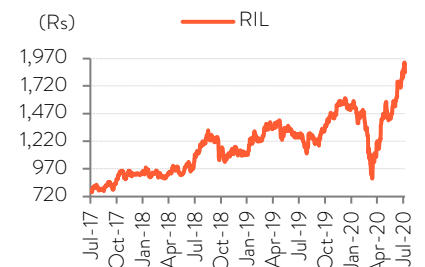
Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY21E	FY22E	FY23E
Total revenue (Rs bn)	3,786	4,775	4,584
EBITDA (Rs bn)	939	1,393	1,710
Adj. net profit (Rs bn)	485	796	1,072
Adj. EPS (Rs)	71.7	117.7	158.6
Adj. EPS growth (%)	9.3	64.2	34.7
Adj. ROAE (%)	10.5	14.2	16.5
Adj. P/E (x)	25.7	15.7	11.6
EV/EBITDA (x)	16.2	10.7	8.5

Source: Company, BOBCAPS Research

STOCK PERFORMANCE



Source: NSE

[Click here for our last detailed report](#)


BUY

TP: Rs 120 | ▲ 37%

GREENPLY INDUSTRIES

Construction Materials

15 July 2020

Management meet takeaways – Demand yet to pick up

We present key takeaways from our recent interaction with the management of Greenply Industries (GIL).

- April was a washout month due to the lockdown with May clocking 30-40% of normal revenues and June at 60-70%.
- Demand conditions remain challenging due to sporadic lockdowns across many states. Intrastate travel restrictions too are hampering business activity.
- GIL earns 40-45% of revenues from India's top-10 cities which still face myriad restrictions due to the pandemic.
- The company is not facing any raw material price pressure and thus gross margins should be insulated, barring changes in product mix. Cost-cutting measures shall cushion margins against weak demand to some extent.
- Inventory has reduced from the high levels built up in Mar'20 due to lockdown.
- Collection of receivables from dealers has also improved post lockdown.
- GIL plans to lower working capital levels which had increased in FY20 due to the unexpected lockdown.
- Similarly, debt levels will also be reduced in FY21. Apart from routine capex of Rs 120mn-150mn, no major outlay is planned for FY21.
- Management plans to extend distribution reach further to semi-urban/rural areas and continue its A&P investments to build demand traction.
- Gabon face veneer operations were affected for only 7-10 days due to the lockdown, though lack of availability of ships has been a logistical problem.
- Demand for face veneer from Europe and Southeast Asia has risen, though sales to India have slowed significantly given the tough market conditions.

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Ticker/Price	MTLM IN/Rs 87
Market cap	US\$ 142.2mn
Shares o/s	123mn
3M ADV	US\$ 0.3mn
52wk high/low	Rs 195/Rs 73
Promoter/FPI/DII	52%/11%/37%

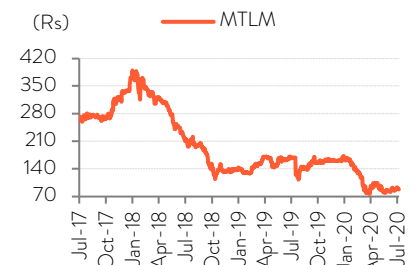
Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY20P	FY21E	FY22E
Total revenue (Rs mn)	14,204	11,694	13,817
EBITDA (Rs mn)	1,556	1,156	1,524
Adj. net profit (Rs mn)	853	517	827
Adj. EPS (Rs)	7.0	4.2	6.7
Adj. EPS growth (%)	0.2	(39.4)	60.0
Adj. ROAE (%)	23.9	12.9	18.1
Adj. P/E (x)	12.6	20.7	13.0
EV/EBITDA (x)	9.8	11.4	8.6

Source: Company, BOBCAPS Research

STOCK PERFORMANCE



Source: NSE

[Click here for our last detailed report](#)


Earnings volatility giving way to green shoots

Oil & Gas appears to be one of the few sectors to have seen faster normalisation in fundamentals by end-Q1FY21. Indeed, Q1 earnings will reflect extreme volatility in operations enforced by the pandemic and characterised by (a) sharp recovery in oil prices, (b) sustained negative GRMs, and (c) low volumes (20-60% decline across segments). We expect a relatively better operating performance from RIL (helped by RJio), OMCs (inventory gains, better marketing margins) and some gas utilities (PLNG, GUJS, GAIL).

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Mixed trend for cyclicals: Benchmark Singapore GRMs were muted in Q1 (-US\$ 0.9/bbl) owing to a massive hit on oil demand. Diesel spreads (US\$ 5.7/bbl) remained the only positive margin driver for the quarter as all other products struggled. GRMs could recover by H2FY21 as staggered easing of lockdowns across Asia should revive transportation fuel demand in the initial stages (petrol spreads have turned positive in July). Petrochemicals cracks, on the contrary, have recovered ~15% QoQ (polymers) in Q1. Gas-based petrochemical margins may improve on sustained low spot LNG prices.

Gas consumption improves: Low spot LNG prices in Q1 (<US\$ 3/mmbtu) led to a sharp recovery in gas consumption by May'20. While CNG volumes in metro cities remain depressed due to lockdown extensions, industrial demand for gas has surged (driven by fertiliser, refining, petchem), aided by low prices.

With long-term contracted LNG prices declining to ~US\$ 3/mmbtu in Q2FY21, consumption from industrial units could improve further. This would benefit GAIL, Petronet LNG (PLNG) and Gujarat State Petronet (GUJS). CGD companies with high exposure to CNG volumes (Indraprastha Gas, Mahanagar Gas) could see volume revival being pushed to Q4FY21.

Volatile earnings across the board – eye on Q2FY21 recovery: OMCs are expected to report profits in Q1 on the back of oil inventory gains and better marketing earnings (after massive losses in Q4). Reliance Industries' (RIL) earnings are expected to be under pressure due to a decline in the cyclicals and retail segments, while RJio earnings surge. Midstream gas utilities could report robust earnings on stable volumes and margins. CGD companies have been hit hard by the slump in CNG consumption while upstream PSU earnings will bear the brunt of the collapse in oil prices. The outlook for RIL and midstream gas utilities will be keenly watched.

KEY RECOMMENDATIONS

Ticker	Price	Target	Rating
RIL IN	1,842	1,820	REDUCE
IOCL IN	85	175	BUY
GAIL IN	97	150	BUY
PLNG IN	257	305	BUY
GUJS IN	205	310	BUY

Price & Target in Rupees



On an arduous path to recovery

Key industry indicators fell at a slower pace in June vs. April/May, implying that the worst of the pandemic may be behind us. Even so, most indicators remain well below normal. Major port cargo fell 15% YoY vs. 23% in May, rail container volumes declined 16% YoY vs. 19%, and EXIM fell 26% YoY vs. 30%. E-way bill generation has reached ~80% of pre-Covid levels, but the weekly figure has plateaued for the past five weeks. Full-fledged recovery may take a few months yet, till economic activity revives fully. TCIEXP is our top pick.

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Major port volumes fall at a slower pace: After sharp declines in April/May (-21%/-23% YoY), cargo traffic at major ports fell by a slower 15% YoY in June and rose 8% MoM. Mormugao (+23% YoY) remains the bright spot, while Tuticorin was the only other port to post a volume uptick (+1% YoY). Chennai (-31% YoY), JNPT (-28%), Ennore (-24%) and Kandla (-22%) reported the steepest falls. Container volumes shrank by 24% YoY (in TEU, -36% in May), led by declines across the three largest ports - JNPT (-30%), Chennai (-36%), and Kolkata (-42%).

Decline in container rail traffic also slows: Container cargo carried by rail fell by a slower 16% YoY in June vs. a 19% decline in May. Domestic volumes grew by 3% YoY, a positive surprise (-28% in May). EXIM volumes, on the other hand, declined by a sharper 21% YoY vs. an 18% fall the prior month, possibly as truckers regained lost market share on resumption of operations. NTKM dropped 19% YoY (vs. -28% in May) as lead distances fell 3%. Indian Railways' overall freight volumes declined at a much slower 7% YoY vs. a 21% fall in May.

EXIM rail share contracts sequentially: EXIM container rail volumes in tonnage terms declined 21% YoY, slightly slower than the 22% fall in container traffic at major ports. However, MoM growth was much lower (-10% MoM vs. +12% MoM) which implies that rail conceded some market share gained from road in April, as expected.

Arduous recovery path: Though out of the troughs seen in April, the path to full recovery for the logistics industry is an arduous one. E-way bill generation at 43mn in June scaled beyond 40mn in March, but has plateaued at 10-11mn per week since the past five weeks. With easing of lockdown restrictions, the pace of contraction in major port and container rail traffic has slowed, but remains modest in absolute terms. TCI Express (TCIEXP) remains our top sectoral pick.

RECOMMENDATION SNAPSHOT

Ticker	Rating
AGLL IN	ADD
CCRI IN	REDUCE
MAHLOG IN	BUY
TCIEXP IN	BUY
TRPC IN	BUY
VRLL IN	BUY



Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

ADD – Expected return from >+5% to +15%

REDUCE – Expected return from -5% to +5%

SELL – Expected return <-5%

Note: Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

Rating distribution

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