Jiangsu Zhongtian Technology (A)

Strong guidance for more optical fiber & subsea cable upside

Reiterate Rating: BUY | PO: 65.00 CNY | Price: 36.08 CNY

Stay Buy with structural fiber and marine drivers

Zhongtian reported 1H26 net income +52% YoY to RMB2.39bn, vs profit alert of 50-60% announced on Jul 14th. This implies 2Q26 net income at RMB1.47bn, +56% YoY boosted by strong optical fiber. Zhongtian remains optimistic about fiber price upside with higher specialty mix and still a nascent demand uptrend outpacing supply in the next 1-2 years. We expect its rising MPO and overseas CSP capability and continued strength in subsea cable to drive more re-rating vs now at 33% below mid-cycle.

Rising optical fiber prices not over

Optical communication accounted for close to half of 1H profit, with fiber gross margin improving from 40% in 1Q26 to 60% in 2Q as ASP rose from RMB60-70/fkm to RMB100. Management thinks while traditional fiber price has stabilized at RMB90-100, specialty fiber price is still rising. Zhongtian sees more ASP and margin upside in 2H26 from higher mix to high-margin businesses from current G657A1/ A2 / G652D at 20%/30%/40%. **New capacity**: New suppliers will take a long time to ramp up with high barriers of entry and long customer certification process. Zhongtian eyes 800-1000t of preform capacity expansion from 3200t now. Zhongtian is discussing with North American CSP customers and expect orders this year. **Marine** segment gross margin rose by almost 10ppt YoY as more delivery in 500kV subsea cable, and expects FY26 revenue can grow 50% with Germany/Poland subsea cable delivery in 2H and margin staying above 30%. Order backlog stays elevated at RMB11.3bn, and expects major orders in Europe and Southeast Asia worth >RMB1bn.

PO at RMB65; current optical/subsea at 14x/10x only

We lift 2026E net income further on higher fiber and marine margin, but cut our 27-28E and long-term earnings to account for lower global offshore wind and fiber margin. Hence our DCF-based PO is lowered to RMB65 (from RMB73.3). Zhongtian is trading at 10.5x 1-yr forward PE, below 1 standard deviation from the historical average, while the implied multiples for optical and marine are only at 14x and 10x at current stock price.

Estimates (Dec) (CNY)	2024A	2025A	2026E	2027E	2028E
Net Income (Adjusted - mn)	2,838	2,902	8,780	13,099	14,865
EPS	0.832	0.850	2.57	3.84	4.36
EPS Change (YoY)	-8.9%	2.3%	202.5%	49.2%	13.5%
Dividend / Share	0.300	0.260	0.786	1.17	1.33
Free Cash Flow / Share	0.712	0.916	1.21	2.37	3.20
Valuation (Dec)					
P/E	43.39x	42.43x	14.02x	9.40x	8.28x
Dividend Yield	0.831%	0.721%	2.18%	3.25%	3.69%
EV / EBITDA*	27.82x	26.88x	10.52x	7.17x	6.35x
Free Cash Flow Yield*	1.97%	2.54%	3.36%	6.57%	8.86%

* For full definitions of iQmethod℠ measures, see page 6.

28 August 2026

Equity

Key Changes

(CNY)	Previous	Current
Price Obj.	73.30	65.00
2026E EBITDA (m)	10,544.4	10,975.8
2027E EBITDA (m)	16,666.3	16,094.1
2028E EBITDA (m)	20,227.9	18,178.7

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Stock Data

Price	36.08 CNY
Price Objective	65.00 CNY
Date Established	28-Aug-2026
Investment Opinion	C-1-7
52-Week Range	15.22 CNY-68.10 CNY
Mrkt Val / Shares Out (mn)	18,323 USD / 3,412.9
Market Value (mn)	123,139 CNY
Average Daily Value (mn)	1,339 USD
Free Float	74.4%
BofA Ticker / Exchange	XJFJF / SHH
Bloomberg / Reuters	600522 CH / 600522.SS
ROE (2026E)	21.6%
Net Dbt to Eqty (Dec-2025A)	-21.0%

ZTT: Zhongtian

MPO: Multi-fiber push-on

CSP: Cloud service provider

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Refer to important disclosures on page 7 to 9. Analyst Certification on page 5. Price Objective Basis/Risk on page 5. 13012996

iQprofile℠ Jiangsu Zhongtian Technology (A)

Key Income Statement Data (Dec)	2024A	2025A	2026E	2027E	2028E
(CNY Millions)					
Sales	48,055	52,500	69,250	83,924	94,667
Gross Profit	6,916	7,285	15,517	21,767	24,639
Sell General & Admin Expense	(2,002)	(2,120)	(2,797)	(3,389)	(3,823)
Operating Profit	2,795	2,916	9,754	14,783	16,760
Net Interest & Other Income	283	336	541	576	669
Associates	135	151	0	0	0
Pretax Income	3,213	3,403	10,295	15,359	17,429
Tax (expense) / Benefit	(384)	(468)	(1,415)	(2,111)	(2,395)
Net Income (Adjusted)	2,838	2,902	8,780	13,099	14,865
Average Fully Diluted Shares Outstanding	3,413	3,413	3,413	3,413	3,413
Key Cash Flow Statement Data					
Net Income	2,838	2,902	8,780	13,099	14,865
Depreciation & Amortization	1,354	1,379	1,222	1,311	1,418
Change in Working Capital	24	620	(3,948)	(4,165)	(3,046)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(85)	(150)	85	106	154
Cash Flow from Operations	4,130	4,751	6,139	10,352	13,392
Capital Expenditure	(1,702)	(1,625)	(1,998)	(2,258)	(2,484)
(Acquisition) / Disposal of Investments	783	(548)	0	0	0
Other Cash Inflow / (Outflow)	35	(50)	0	0	0
Cash Flow from Investing	(883)	(2,223)	(1,998)	(2,258)	(2,484)
Shares Issue / (Repurchase)	20	66	0	0	0
Cost of Dividends Paid	(1,116)	(1,113)	(2,767)	(4,107)	(4,694)
Cash Flow from Financing	(1,497)	(1,639)	(2,560)	695	(1,000)
Free Cash Flow	2,429	3,127	4,141	8,093	10,908
Net Debt	(7,418)	(8,077)	(9,451)	(13,437)	(19,651)
Change in Net Debt	(1,890)	(1,490)	(1,374)	(3,986)	(6,214)
Key Balance Sheet Data					
Property, Plant & Equipment	10,658	10,597	11,430	12,431	13,547
Other Non-Current Assets	6,158	7,293	7,237	7,183	7,132
Trade Receivables	14,728	14,360	19,200	23,269	26,248
Cash & Equivalents	17,015	17,973	19,553	28,341	38,249
Other Current Assets	9,765	11,890	12,243	13,621	14,887
Total Assets	58,324	62,113	69,663	84,846	100,063
Long-Term Debt	1,983	1,452	1,482	2,187	2,729
Other Non-Current Liabilities	852	1,201	1,260	1,320	1,376
Short-Term Debt	7,529	8,292	8,466	12,490	15,586
Other Current Liabilities	12,061	12,572	13,759	14,980	16,122
Total Liabilities	22,509	23,669	25,120	31,204	36,097
Total Equity	35,815	38,444	44,543	53,641	63,966
Total Equity & Liabilities	58,324	62,113	69,663	84,846	100,063
iQmethod℠ **- Bus Performance***					
Return On Capital Employed	5.9%	5.7%	16.4%	20.6%	19.2%
Return On Equity	8.3%	8.0%	21.6%	27.2%	25.7%
Operating Margin	5.8%	5.6%	14.1%	17.6%	17.7%
EBITDA Margin	8.6%	8.2%	15.8%	19.2%	19.2%
iQmethod℠ **- Quality of Earnings***					
Cash Realization Ratio	1.5x	1.6x	0.7x	0.8x	0.9x
Asset Replacement Ratio	1.3x	1.2x	1.7x	1.8x	1.8x
Tax Rate (Reported)	12.0%	13.7%	13.7%	13.7%	13.7%
Net Debt-to-Equity Ratio	-20.7%	-21.0%	-21.2%	-25.1%	-30.7%
Interest Cover	22.8x	30.2x	NM	NM	NM

Key Metrics

* For full definitions of *iQmethod*℠ measures, see page 6.

Company Sector

Utilities-Other

Company Description

Jiangsu Zhongtian Technology Co., Ltd. (ZTT) was founded in 1992 and started with optical communications business, and then expanded into smart grid in 2002 and renewables in 2011. ZTT has laid out 54 offices and 12 marketing centers globally and exported to over 160 countries in 2020. ZTT has been listed on the Shanghai Stock Exchange since 2002 and is a Top 500 Chinese Enterprises.

Investment Rationale

We rate Zhongtian Technology at Buy. We think it is a key beneficiary in cables for renewables and communication given its market leading position in subsea, land and optical cables. We are bullish on global offshore wind growth taking off from a low base in 2025 and beyond. Subsea cable has high entry barrier leading to rising margin. ZTT's rising mix to specialty optical fiber will be another earnings driver. Rising grid investment should also benefit ZTT's land cable revenue.

Stock Data

Price to Book Value	2.8x

Zhongtian Technology 2Q26 review

Exhibit 1: 2Q26 net attributable income rose by 56% YoY, with net margin rose by 1.5ppts
ZTT quarterly operating results

In RMB mn	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	YoY
Revenue	**8,275**	**11,868**	**12,608**	**12,314**	**8,242**	**13,175**	**12,902**	**13,742**	**9,756**	**13,844**	**14,375**	**14,525**	**13,142**	**17,797**	**29%**
COGS	-6,755	-9,919	-10,482	-10,601	-6,756	-11,089	-11,045	-12,254	-8,332	-11,711	-12,382	-12,790	-11,094	-14,746	26%
Gross profit	1,520	1,949	2,126	1,713	1,486	2,087	1,856	1,488	1,424	2,133	1,993	1,735	2,048	3,051	43%
Gross margin (%)	**18.4%**	**16.4%**	**16.9%**	**13.9%**	**18.0%**	**15.8%**	**14.4%**	**10.8%**	**14.6%**	**15.4%**	**13.9%**	**11.9%**	**15.6%**	**17.1%**	**1.7ppts**
Tax and surcharges	-35	-43	-45	-59	-31	-45	-46	-53	-33	-45	-40	-51	-37	-46	4%
Selling expenses	-210	-253	-310	-391	-267	-322	-248	-411	-291	-313	-311	-359	-277	-340	9%
Administrative expenses	-172	-177	-214	-192	-162	-194	-206	-192	-166	-208	-203	-269	-214	-235	13%
R&D expenses	-338	-449	-542	-569	-408	-567	-471	-498	-404	-562	-543	-571	-470	-677	20%
EBIT	**766**	**1,026**	**1,016**	**502**	**617**	**958**	**886**	**334**	**531**	**1,006**	**895**	**484**	**1,050**	**1,753**	**74%**
EBIT margin (%)	9.3%	8.6%	8.1%	4.1%	7.5%	7.3%	6.9%	2.4%	5.4%	7.3%	6.2%	3.3%	8.0%	9.8%	2.6ppts
Interest expense	-47	92	-28	-19	11	-39	3	12	59	83	-35	-2	-62	-57	n.a.
Share of profits from associates and JV	27	0	49	28	47	0	58	31	35	0	66	50	41	19	n.a.
Impairments	-79	-74	-71	-112	-75	-156	-49	-9	54	-118	-25	-14	-34	-64	n.a.
Other extraordinary items	310	380	-91	85	172	137	89	188	64	121	58	90	131	98	-19%
Pre-tax income	**978**	**1,424**	**875**	**484**	**773**	**900**	**985**	**556**	**743**	**1,092**	**958**	**609**	**1,126**	**1,749**	**60%**
Income tax	-184	-191	-144	-3	-140	-73	-141	-30	-119	-136	-181	-31	-179	-261	92%
Minority interest	-26	-46	-26	-24	4	-3	7	1	4	-16	-6	-14	-28	-19	n.a.
Net income	**768**	**1,186**	**705**	**457**	**636**	**824**	**851**	**528**	**628**	**940**	**771**	**564**	**919**	**1,469**	**56%**
Net margin	9.3%	10.0%	5.6%	3.7%	7.7%	6.3%	6.6%	3.8%	6.4%	6.8%	5.4%	3.9%	7.0%	8.3%	1.5ppts

Source: BofA Global Research, company report

BofA GLOBAL RESEARCH

Exhibit 2: Global optical fiber price index rose to a new high in July
Optical fiber price by countries/regions

Type	Country	Currency	May-25	Jul-25	Sep-25	Nov-25	Jan-26	Mar-26	May-26	Jun-26	Jul-26
G652.D	Europe	EUR	3.2	3.1	3.2	3.4	3.4	7.9	8.8	10.2	11.4
G652.D	China	RMB	15.5	15.8	17.3	17.6	31.5	83.4	81.9	82.0	81.5
G652.D	India	INR	245.0	260.0	280.0	300.0	325.0	1,050.0	1,130.0	1,150.0	1,140.0
G652.D	Europe	USD	3.6	3.6	3.7	3.9	4.0	9.1	10.2	11.6	13.0
G652.D	China	USD	2.2	2.2	2.4	2.5	4.5	12.1	12.1	12.1	12.1
G652.D	India	USD	2.9	3.0	3.2	3.4	3.5	11.1	11.9	12.1	11.9
G652.D	US	USD	6.8	6.8	6.9	7.0	7.1	10.5	10.5	10.5	11.0
G652.A1	China	RMB	-	-	-	-	-	-	123.9	128.3	130.7
G652.A1	Europe	EUR	3.4	3.5	3.4	3.7	3.8	8.7	11.5	12.1	12.6
G652.A1	China	USD	-	-	-	-	-	-	18.2	18.9	19.3
G652.A1	Europe	USD	3.9	4.0	4.0	4.3	4.5	10.0	13.4	13.8	14.3
G652.A1	US	USD	7.0	7.0	7.1	7.3	7.4	12.5	13.0	13.5	16.0
G652.A2	China	RMB	-	-	-	-	-	-	177.0	172.6	177.9
G652.A2	China	USD	-	-	-	-	-	-	26.1	25.4	26.3
G652.D	**Global, CRUofPi (May '21 = 100)**	**-**	**80.1**	**81.4**	**85.2**	**88.7**	**107.9**	**263.0**	**274.8**	**285.9**	**295.0**

Source: BofA Global Research, company report, CRU

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PO lowered to RMB65

We lift 2026 net income by 4% on higher fiber and marine margin. For optical communication/subsea, we now expect margin at 48%/32% (vs previous 47%/30%) in 2026E.

But we cut our 2027-28 earnings by 4/11% to reflect lower global offshore wind and fiber margin of 50% (was 54%).

Hence our DCF-based PO is lowered to RMB65 (from RMB73.3). Zhongtian is trading at 10.5x 1-yr forward PE, below 1 standard deviation from the historical average, while the implied multiples for optical and marine are only at 14x and 10x at current stock price.

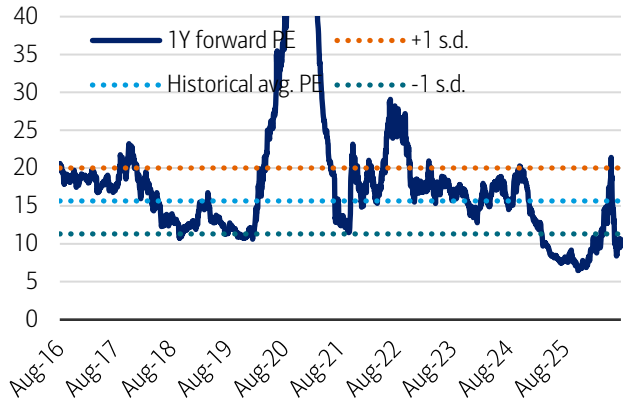
Exhibit 3: We lift 2026E net attribute profit 4.1%, and cut 27-28E by 7.4% on average
ZTT earnings change table

RMB mn		2026E	2027E	2028E
Revenue				
	New	**69,250**	**83,924**	**94,667**
	Old	69,384	84,895	97,024
	% change	-0.2%	-1.1%	-2.4%
EBIT				
	New	**9,754**	**14,783**	**16,760**
	Old	9,346	15,377	18,830
	% change	4.4%	-3.9%	-11.0%
Net attributable profit				
	New	**8,780**	**13,099**	**14,865**
	Old	8,438	13,640	16,686
	% change	4.1%	-4.0%	-10.9%

Source: BofA Global Research estimates

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Exhibit 4: ZTT currently trading at 11x PE, vs historical average at 16x
ZTT 1-year rolling PE band chart



Source: BofA Global Research estimates, Bloomberg

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Exhibit 5: Current price implies a low 10x subsea and 14x optical earnings in 2026-27E
ZTT SOTP valuation with implied current PE ratio at current price

RMB mn	2026-27E net income	Implied current PE	Valuation
Optical	5,720	14.0	80,079
Subsea	1,980	10.0	19,802
Grid	2,139	8.0	17,109
Other	1,101	5.6	6,150
Total	10,940	11.3	123,139
# of shares			3,413
Spot			**36.1**

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Price objective basis & risk

Jiangsu Zhongtian Technology (XJFJF)
Our price objective of RMB65 is based on DCF valuation, forecasting cash flow from 2026-35E. Our weighted average cost of capital (WACC) is estimated at 9%, assuming 3% terminal growth and company beta of 0.98.

Upside risks to our PO: 1) Higher than expected offshore wind installation, 2) Higher than expected overseas demand and acceptance of made-in-China cables, 3) Raw materials like copper price drop faster than expected, 4) Higher than expected demand for optical fiber cable and energy storage system

Downside risks to our PO: Lower than expected offshore wind power installation, 2) High reliance on SOEs' investment strategy, 3) Increasing trade barriers among China and other countries, 4) Raw materials like copper, shipping cost rise more than expected, 5) Lower than expected demand for optical fiber cable and energy storage system, 6) Privacy and national security risks in telecom industry.

Analyst Certification

I, Gary Tsang, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

APR - Utilities Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Aboitiz Power Corporation	ABZPF	AP PM	Julian Roxas
	B.Grimm Power	XVSGF	BGRIM TB	Narumon Ekasamut
	Beijing Enterprises Holdings Limited	BJINF	392 HK	Cissy Guan
	CGN Power	XALQF	003816 CH	Gary Tsang
	CGN Power	CGNWF	1816 HK	Gary Tsang
	China Everbright Environment Group	CHFFF	257 HK	Cissy Guan
	China Yangtze Power Co., Ltd	CYGZF	600900 CH	Gary Tsang
	CK Infrastructure Holdings	CKISF	1038 HK	Cissy Guan
	CLP Holdings	CLPHF	2 HK	Cissy Guan
	CLP Holdings - A	CLPHY	CLPHY US	Cissy Guan
	Doosan Enerbility	DOHIF	034020 KS	Taekyoung Ha
	ENN Energy Holdings Ltd	XNGSF	2688 HK	Gary Tsang
	First Gen Corporation	FSGCF	FGEN PM	Julian Roxas
	Global Power Synergy	XWODF	GPSC TB	Narumon Ekasamut
	Guangdong Investment	GGDVF	270 HK	Cissy Guan
	Guangxi Guiguan Electric Power Co Ltd	XGPEF	600236 CH	Charlotte Xia
	Gulf Development	XKRIF	GULF TB	Narumon Ekasamut
	Jiangsu Zhongtian Technology	XJFJF	600522 CH	Gary Tsang
	Jinko Solar	XJGCF	688223 CH	Gary Tsang
	Manila Electric Co.	MERVF	MER PM	Julian Roxas
	Manila Water	MWTCF	MWC PM	Julian Roxas
	NHPC Ltd	XNTHF	NHPC IN	Amish Shah, CFA
	Ningbo Orient Wires & Cables	XORRF	603606 CH	Gary Tsang
	NTPC Ltd	NTHPF	NTPC IN	Amish Shah, CFA
	Power Assets	HGKGF	6 HK	Cissy Guan
	Power Grid Corporation of India Ltd	XPPWF	PWGR IN	Amish Shah, CFA
	Sembcorp Industries	SCRPF	SCI SP	Mcrid Wang
	Synergy Grid & Development Phils., Inc.	XSLIF	SGP PM	Julian Roxas
	Tenaga Nasional Berhad	TNABF	TNB MK	Mcrid Wang
NEUTRAL				
	China Power International	CPWIF	2380 HK	Charlotte Xia
	China Resources Gas Group Limited	CRGGF	1193 HK	Cissy Guan
	China Resources Power	CRPJF	836 HK	Gary Tsang

APR - Utilities Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Electricity Generating Company Ltd.	EYGGF	EGCO TB	Sirichai Chalokepunrat
	Hong Kong & China Gas	HOKCF	3 HK	Gary Tsang
	Korea Electric Power Corp	KEPLF	015760 KS	Taekyoung Ha
	Korea Electric Power Corp	KEP	KEP US	Taekyoung Ha
	Ratch Group PCL	XEGEF	RATCH TB	Sirichai Chalokepunrat
UNDERPERFORM				
	ACEN Corporation	ACPIF	ACEN PM	Julian Roxas
	Beijing Enterprises Water	BJWTF	371 HK	Cissy Guan
	China Datang Renewable	XGDRF	1798 HK	Gary Tsang
	China Gas Holdings Limited	CGHOF	384 HK	Cissy Guan
	China Longyuan Power Group Corp. Ltd.	CLPXF	916 HK	Gary Tsang
	China Longyuan Power Group Corp. Ltd.	XXRYF	001289 CH	Gary Tsang
	China Three Gorges Renewables	XWRFF	600905 CH	Charlotte Xia
	Huadian Power International	HPIFF	1071 HK	Charlotte Xia
	Huadian Power Intl Corp-A	HPIZF	600027 CH	Charlotte Xia
	Huaneng Power International	HUNGF	902 HK	Gary Tsang
	Huaneng Power-A	HUNWF	600011 CH	Gary Tsang
	JA Solar	XJSTF	002459 CH	Gary Tsang
	LONGi Green Energy Technology	XAQZF	601012 CH	Gary Tsang
	SDIC Power Holdings	XLGVF	600886 CH	Charlotte Xia
	Tata Power Company Ltd	XNSGF	TPWR IN	Amish Shah, CFA
	Trina Solar	XVSLF	688599 CH	Gary Tsang

*iQ*method℠ Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings	**Numerator**	**Denominator**
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt – Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit	**Numerator**	**Denominator**
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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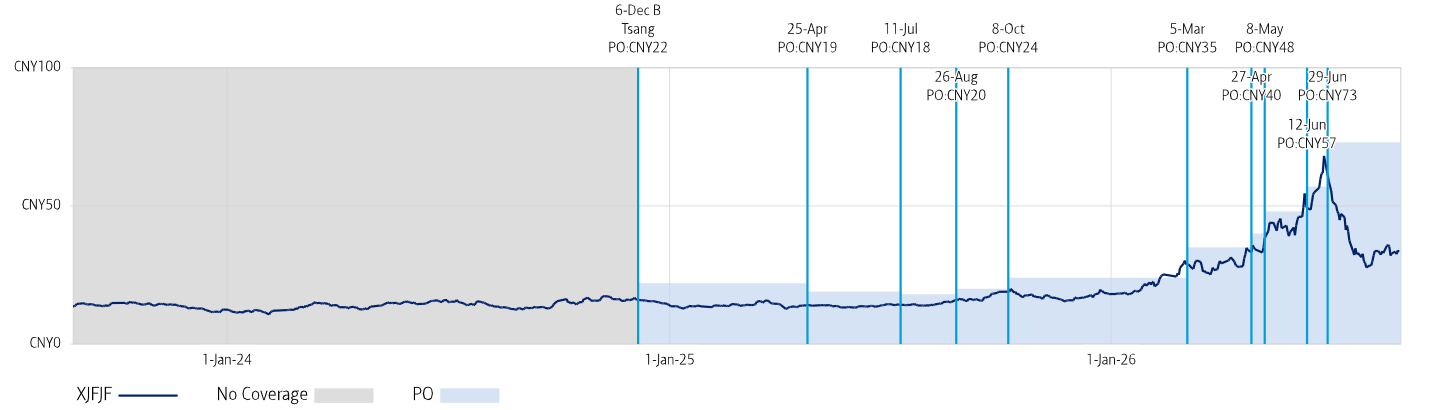
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Jiangsu ZT (XJFJF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Utilities Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	86	53.42%	Buy	66	76.74%
Hold	33	20.50%	Hold	29	87.88%
Sell	42	26.09%	Sell	21	50.00%

Equity Investment Rating Distribution: Global Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1987	56.11%	Buy	1190	59.89%
Hold	797	22.51%	Hold	496	62.23%
Sell	757	21.38%	Sell	391	51.65%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2] Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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