

In line quarter; Expect stronger H2-FY12

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**Bank of America
Merrill Lynch**

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In line quarter; maintain estimates and PO

Dabur's Q2 results were in line. While revenue was up 29% yoy and 3% ahead, recurring PAT grew 8% yoy a tad below estimates. EBITDA margin declined 239bp yoy led by consolidation of international acquisitions of Hobi/ Namaste and was 74bp below expected due to higher raw material costs. Post the quarter we maintain estimates and retain Buy with an unchanged PO of Rs120.

Foods and international business post robust growth

Q2 saw 27.5% yoy revenue growth in foods led by sustained A&P support and up-trading in the category. Company plans to build a fruit juice facility in Sri Lanka to better service the South Indian market. International business grew robust 23%yoy mainly led by volumes (up 19%yoy). Key growth markets were Egypt, GCC (each up 27%yoy) and Nigeria (up 36%yoy). Company continues to invest in scaling up Hobi and Namaste through cross selling as well as capacity building.

Consumer care: volume growth to pick up in H2FY12

Consumer care posted a muted 8% growth (excl acquisitions) led by (1) supply side constraints in toothpaste and digestives, (2) delay in institutional orders in home care and (3) pending re-alignment of distribution in skin care and OTC/ethicals. Growth is expected to revive in H2FY12 as these issues are addressed along with (1) higher A&P support and (2) new launches across categories.

Retain Buy on valuations

Dabur now trades at one-year estimated forward P/E of 23x which is 10% lower than its normalized 5 yr historical avg multiple. We believe the current multiple can be sustained led by estimated 18% earnings CAGR and continuing pricing power. Key risks: (1) unexpected increase in A&P spend, (2) raw material cost pressures.

Estimates (Mar)

(Rs)	2010A	2011A	2012E	2013E	2014E
Net Income (Adjusted - mn)	5,013	5,686	6,673	7,930	9,401
EPS	2.9	3.3	3.8	4.6	5.4
EPS Change (YoY)	27.9%	12.1%	17.4%	18.8%	18.6%
Dividend / Share	1.0	1.1	1.3	1.6	1.9
Free Cash Flow / Share	2.1	-2.4	1.7	3.8	4.7

Valuation (Mar)

	2010A	2011A	2012E	2013E	2014E
P/E	34.8x	31.0x	26.4x	22.2x	18.8x
Dividend Yield	1.0%	1.1%	1.3%	1.6%	1.9%
EV / EBITDA*	30.0x	25.4x	21.0x	18.1x	15.5x
Free Cash Flow Yield*	2.1%	-2.4%	1.7%	3.8%	4.6%

* For full definitions of *iQmethod*SM measures, see page 10.

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Refer to important disclosures on page 11 to 13. Analyst Certification on Page 9. Price Objective Basis/Risk on page 9. Link to Definitions on page 9.11104053

iQprofileSM Dabur India

Key Income Statement Data (Mar)

	2010A	2011A	2012E	2013E	2014E
(Rs Millions)					
Sales	33,905	40,774	51,053	58,296	66,806
Gross Profit	6,232	7,355	8,900	10,341	12,034
Sell General & Admin Expense	NA	NA	NA	NA	NA
Operating Profit	5,729	6,730	8,160	9,505	11,107
Net Interest & Other Income	280	348	190	481	808
Associates	NA	NA	NA	NA	NA
Pretax Income	6,009	7,079	8,350	9,986	11,916
Tax (expense) / Benefit	(1,005)	(1,390)	(1,670)	(2,047)	(2,502)
Net Income (Adjusted)	5,013	5,686	6,673	7,930	9,401
Average Fully Diluted Shares Outstanding	1,721	1,742	1,742	1,742	1,742

Key Cash Flow Statement Data

Net Income	5,013	5,686	6,673	7,930	9,401
Depreciation & Amortization	503	624	740	836	926
Change in Working Capital	(839)	(2,895)	(2,796)	(571)	(670)
Deferred Taxation Charge	49	60	0	0	0
Other Adjustments, Net	263	1,537	27	29	32
Cash Flow from Operations	4,989	5,011	4,645	8,225	9,689
Capital Expenditure	(1,340)	(9,260)	(1,720)	(1,520)	(1,520)
(Acquisition) / Disposal of Investments	NA	NA	NA	NA	NA
Other Cash Inflow / (Outflow)	(962)	(1,380)	(1,000)	(1,000)	(1,000)
Cash Flow from Investing	(2,302)	(10,640)	(2,720)	(2,520)	(2,520)
Shares Issue / (Repurchase)	3	1	0	0	0
Cost of Dividends Paid	(1,777)	(2,277)	(2,721)	(3,233)	(3,833)
Cash Flow from Financing	(2,331)	6,429	(2,721)	(5,233)	(5,833)
Free Cash Flow	3,649	(4,249)	2,925	6,705	8,169
Net Debt	(130)	7,786	8,582	6,110	2,774
Change in Net Debt	(913)	7,904	796	(2,471)	(3,336)

Key Balance Sheet Data

Property, Plant & Equipment	6,536	7,568	8,547	9,231	9,825
Other Non-Current Assets	272	8,878	8,878	8,878	8,878
Trade Receivables	1,198	3,555	3,318	3,789	4,342
Cash & Equivalents	1,923	2,724	1,928	2,400	3,736
Other Current Assets	10,564	16,502	20,254	23,382	26,881
Total Assets	20,493	39,227	42,926	47,680	53,663
Long-Term Debt	1,793	10,510	10,510	8,510	6,510
Other Non-Current Liabilities	107	189	210	230	250
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	9,202	14,576	14,295	16,323	18,706
Total Liabilities	11,102	25,275	25,015	25,064	25,466
Total Equity	9,392	13,952	17,910	22,616	28,196
Total Equity & Liabilities	20,493	39,227	42,926	47,680	53,663

iQmethodSM - Bus Performance*

Return On Capital Employed	47.3%	33.0%	26.6%	27.7%	29.3%
Return On Equity	57.2%	48.9%	42.0%	39.2%	37.1%
Operating Margin	16.9%	16.5%	16.0%	16.3%	16.6%
EBITDA Margin	18.4%	18.0%	17.4%	17.7%	18.0%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	1.0x	0.9x	0.7x	1.0x	1.0x
Asset Replacement Ratio	2.7x	14.8x	2.3x	1.8x	1.6x
Tax Rate (Reported)	16.7%	19.6%	20.0%	20.5%	21.0%
Net Debt-to-Equity Ratio	-1.4%	55.8%	47.9%	27.0%	9.8%
Interest Cover	28.3x	22.2x	15.7x	20.3x	30.0x

Key Metrics

* For full definitions of iQmethodSM measures, see page 10.

Company Description

Dabur India Limited (DIL) is a leading consumer goods company in India with a turnover of about US\$900mn in FY11. It is present in over 60 countries, and through 2.8mn outlets in India. Dabur has a diversified product portfolio, cutting across categories such as hair care, oral care, skin care, foods and home care. With the acquisitions of Namaste Labs, US and Hobi Group, Turkey Dabur is building presence in the African continent.

Investment Thesis

We like Dabur for its relatively higher pricing power given less exposure to segments like shampoos, soaps etc that are facing high competitive intensity. This as well as volume performance in relatively under-penetrated categories that dominate the portfolio should drive growth. We expect consumer care and foods to be the main drivers domestically. Given its successful history in growing inorganically, Dabur is well placed to ramp up in African countries through Namaste and Hobi acquisitions.

Stock Data

Price to Book Value 9.9x

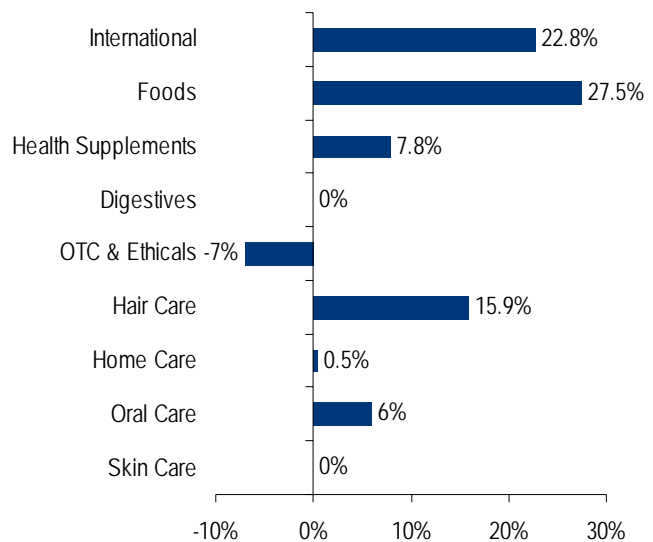
Financial tables

Table 1: Quarterly results table (consolidated)

Rs mn	2QFY12	2QFY11	%YoY	1QFY12	%QoQ	2QFY12E	Act vs Est	Remarks
Net sales	12,707	9,828	29.3%	12,125	4.8%	12,285	3.4%	# Revenue growth was led by acquisitions as well as strong performance in hair care, foods and international business
Total Expenditure	10,258	7,699	33.2%	10,338	-0.8%	9,826	4.4%	
EBITDA	2,449	2,129	15.0%	1,787	37.0%	2,459	-0.4%	
D&A	217	190	14.5%	211	3.2%	200	8.6%	
EBIT	2,232	1,939	15.1%	1,577	41.6%	2,259	-1.2%	
Other Income	106	67	58.2%	151	-30.2%	66	60.0%	
Interest	172	46	275.1%	126	36.2%	100	72.0%	
PBT	2,166	1,960	10.5%	1,602	35.2%	2,225	-2.7%	
Minority Interest-Profit/(Loss)	(0)	1	-112.0%	2	-105.6%	1	-100.0%	
Total Tax	427	356	20.0%	323	32.4%	445	-4.0%	
Recurring PAT	1,739	1,603	8.4%	1,277	36.1%	1,779	-2.3%	
Margins	2QFY12	2QFY11	%YoY	1QFY12	%QoQ	2QFY12E	Act vs Est	
EBITDA	19.3%	21.7%	-239bp	14.7%	454bp	20.0%	-74bp	# Margins declined as lower margin Hobi and Namaste were consolidated
EBIT	17.6%	19.7%	-217bp	13.0%	456bp	18.4%	-82bp	
Recurring PAT	13.7%	16.3%	-263bp	10.5%	315bp	14.5%	-80bp	
Effective tax rate	19.7%	18.2%	156bp	20.1%	-41bp	20.0%	-28bp	
Costs as % of sales	2QFY12	2QFY11	%YoY	1QFY12	%QoQ	2QFY12E	Act vs Est	
Raw / packing materials	49.7%	46.6%	300bp	51.9%	-222bp	0.0%	4965bp	
Employee costs	8.0%	7.9%	6bp	7.8%	14bp	0.0%	798bp	
Advertising expenditure	10.1%	12.4%	-231bp	12.5%	-244bp	0.0%	1005bp	
Other expenditure	13.0%	11.4%	163bp	13.1%	-1bp	0.0%	1304bp	

Source: Company, BofAML Global Research

Chart 1: Category growth rates (Q2FY12)



Source: Company

Table 2: Segmental Performance (consolidated)

Segment Revenue (Rs mn)	2QFY12	2QFY11	%YoY	1QFY12	%QoQ	Remarks
A. Consumer Care Business	10003	7525	32.9%	9500	5.3%	# Revenue growth was led by consolidation of acquisitions but negatively impacted by (1) supply side constraints in toothpaste and digestives, (2) delay in institutional orders in home care and (3) pending distribution re-alignment in skin care and OTC/
B. Consumer Health Business	721	788	-8.4%	770	-6.3%	
C. Foods Business	1499	1244	20.5%	1567	-4.4%	
D. Retail Business	95	48	97.5%	84	13.0%	# Consistent A&P support as well as up-trading in the category helped robust revenue growth
E. Other Segments	380	200	89.9%	242	56.9%	
Gross Sales/Income from Operations	12,697	9,805	29.5%	12,162	4.4%	
Segment Results Profit / Loss(-) Before Tax and Interest	2QFY12	2QFY11	%YoY	1QFY12	%QoQ	
A. Consumer Care Business	2268	2138	6.1%	1,922	18.0%	
B. Consumer Health Business	205	163	25.9%	185	10.9%	
C. Foods Business	333	272	22.4%	248	34.4%	
D. Retail Business	-27	-26	4.3%	(26)	4.2%	
E. Other Segments	28	20	42.2%	4	578.0%	
Sub Total	2,806	2,566	9.4%	2,332	20.3%	
Less: Interest & Financial Expenses	172	46	275.1%	126	36.2%	
Less: Unallocable expenditure net of unallocable income	469	560	-16.3%	604	-22.5%	
Profit / (Loss) Before Tax	2,166	1,960	10.5%	1,602	35.2%	
Capital Employed(Segment Assets-Segment Liabilities)	2QFY12	2QFY11	%YoY	1QFY12	%QoQ	
A. Consumer Care Business	8739	7319	19.4%	8719	0.2%	
B. Consumer Health Business	895	829	8.0%	863	3.7%	
C. Foods Business	1900	2063	-7.9%	1727	10.0%	
D. Retail Business	83	90	-8.1%	11	665.7%	
E. Other Segments	336	282	19.1%	340	-1.1%	
Unallocated capital employed	2513	533	371.7%	2683	-6.4%	
Total	14,466	11,115	30.1%	14,344	0.9%	
Segments Margins	2QFY12	2QFY11	%YoY	1QFY12	%QoQ	
A. Consumer Care Business	23%	28%	-574bp	20%	244bp	# Margins impacted by lower margin acquisitions, continuing raw material cost pressures
B. Consumer Health Business	28%	21%	775bp	24%	441bp	
C. Foods Business	22%	22%	34bp	16%	641bp	
D. Retail Business	-29%	-55%	2581bp	-31%	244bp	
E. Other Segments	7%	10%	-246bp	2%	563bp	

Source: Company, BofAML Global Research

Table 3: Profit and loss statement

Rs mn	FY10	FY11	FY12E	FY13E	FY14E
Gross sales	34,158	41,099	51,446	58,637	66,979
Excise	253	324	393	340	174
Net sales	33,905	40,774	51,053	58,296	66,806
Total Raw Material Costs	15,507	19,053	23,740	27,108	31,065
Mfgr Expenses	1,037	1,547	1,937	2,212	2,535
Others	3,287	4,060	5,298	5,306	5,919
Advertising	4,935	5,346	6,892	8,161	9,353
Employee Expenses	2,847	3,222	4,084	4,955	5,678
Misc expenses written off	59	192	202	212	222
Total Expenses	27,673	33,420	42,153	47,955	54,772
EBITDA	6,232	7,355	8,900	10,341	12,034
Depreciation	503	624	740	836	926
EBIT	5,729	6,730	8,160	9,505	11,107
Interest	202	303	518	469	370
Profit before Other Income	5,527	6,427	7,641	9,036	10,737
Other Income	482	652	708	950	1,179
Pre-tax Profit	6,009	7,079	8,350	9,986	11,916
Tax	1,005	1,390	1,670	2,047	2,502
Net Profit pre minority	5,005	5,689	6,680	7,939	9,413
Minority Interest	(8)	3	6	9	12
Recurring Net Profit	5,013	5,686	6,673	7,930	9,401
Margins	FY10	FY11	FY12E	FY13E	FY14E
Gross	51.2%	49.5%	49.7%	49.7%	49.7%
EBITDA	18.4%	18.0%	17.4%	17.7%	18.0%
EBIT	16.9%	16.5%	16.0%	16.3%	16.6%
PBT	17.7%	17.4%	16.4%	17.1%	17.8%
PAT	14.8%	13.9%	13.1%	13.6%	14.1%
Tax rate	16.7%	19.6%	20.0%	20.5%	21.0%

Source: Company, BofAML Global Research

Table 4: Key Ratios

	FY10	FY11	FY12E	FY13E	FY14E
Margins					
Gross	51.2%	49.5%	49.7%	49.7%	49.7%
EBITDA	18.4%	18.0%	17.4%	17.7%	18.0%
EBIT	16.9%	16.5%	16.0%	16.3%	16.6%
PBT	17.7%	17.4%	16.4%	17.1%	17.8%
PAT	14.8%	13.9%	13.1%	13.6%	14.1%
Effective tax rate	16.7%	19.6%	20.0%	20.5%	21.0%
Per Share Data	FY10	FY11	FY12E	FY13E	FY14E
EPS (INR)	2.91	3.26	3.83	4.55	5.40
CEPS (INR)	3.91	4.58	5.53	6.42	7.44
Dividend Payout %	34.6%	35.2%	35.0%	35.0%	35.0%
Dividend Per Share (INR)	1.01	1.15	1.34	1.59	1.89
Book-value (INR)	5.43	7.99	10.26	12.95	16.15
Growth Ratios	FY10	FY11	FY12E	FY13E	FY14E
Sales	20.9%	20.3%	25.2%	14.2%	14.6%
EBITDA	33.7%	18.0%	21.0%	16.2%	16.4%
EBIT	36.0%	17.5%	21.2%	16.5%	16.9%
PBT	35.1%	17.8%	18.0%	19.6%	19.3%
PAT	28.1%	13.4%	17.4%	18.8%	18.6%
EPS	28.1%	12.1%	17.4%	18.8%	18.6%
Other Key Metrics	FY10	FY11	FY12E	FY13E	FY14E
Gross debt to equity ratio	19.2%	75.6%	58.8%	37.7%	23.1%
Net debt to equity ratio	-29.5%	25.4%	18.6%	-0.6%	-15.9%
Assets Turnover	3.10	2.27	1.92	1.94	2.01
DSO	12.9	31.8	23.7	23.7	23.7
Current assets as a % of sales	33%	45%	40%	40%	41%
Capex as % of sales	4%	23%	3%	3%	2%
Capex as % of operating cash flow	27%	185%	37%	18%	16%
Cash and cash equivalents	4,551.0	6,980.2	7,184.3	8,655.8	10,991.9
Free cash flow	2,687	(5,628)	1,925	5,705	7,169

Source: Company, BofAML Global Research

Table 5: Balance Sheet

Year Ended 31st March, Rs mn	FY10	FY11	FY12E	FY13E	FY14E
Gross Fixed Assets (ex goodwill)	9,626	11,488	13,188	14,688	16,188
Accumulated Depreciation	(3,391)	(4,351)	(5,091)	(5,927)	(6,853)
NET FIXED ASSETS	6,235	7,138	8,097	8,761	9,335
Goodwill	231	7,850	7,850	7,850	7,850
CWIP	301	430	450	470	490
Investments in Affiliate Companies	13	18	18	18	18
Near Cash	2,628	4,256	5,256	6,256	7,256
TOTAL INVESTMENTS	2,641	4,274	5,274	6,274	7,274
TOTAL INVENTORIES	4,262	7,085	8,871	10,130	11,609
As % of sales	12.6%	17.4%	17.4%	17.4%	17.4%
TOTAL RECEIVABLES	1,198	3,555	3,318	3,789	4,342
As % of sales	3.5%	8.7%	6.5%	6.5%	6.5%
TOTAL OTHER ASSETS	3,674	5,161	6,126	6,996	8,017
As % of sales	10.8%	12.7%	12.0%	12.0%	12.0%
TOTAL CURRENT ASSETS	11,058	18,525	20,244	23,315	27,704
TOTAL CURRENT LIABILITIES	9,202	14,576	14,295	16,323	18,706
As % of sales	27.1%	35.7%	28.0%	28.0%	28.0%
NET CURRENT ASSETS excl					
CASH	(68)	1,225	4,021	4,592	5,262
As % of sales	-0.2%	3.0%	7.9%	7.9%	7.9%
Cash and Bank Balances	1,923	2,724	1,928	2,400	3,736
New Cash added					
TOTAL CASH	1,923	2,724	1,928	2,400	3,736
Misc Expenditure not w/o	27	1010	1,010	1,010	1,010
NET CURRENT ASSETS	1,855	3,950	5,950	6,992	8,998
TOTAL ASSETS	11,291	24,651	28,631	31,357	34,957
Difference in B/S.	0	0	0	0	0
Equity Share Capital	869	1,741	1,741	1,741	1,741
Share Premium Reserve	0	0	-	-	-
General Reserve	8485	12170	16,123	20,819	26,387
TANGIBLE NET WORTH	9354	13911	17,863	22,560	28,128
Deferred Tax	107	189	210	230	250
Minority Interest	38	41	47	56	68
DEBT	1793	10510	10,510	8,510	6,510
TOTAL LIABILITIES	11291	24652	28,631	31,357	34,957

Source: Company, BofAML Global Research

Table 6: Cash Flow Statement

Rs mn	FY10	FY11	FY12E	FY13E	FY14E
PBT	6,009	7,079	8,350	9,986	11,916
Depreciation	503	624	740	836	926
Deferred Tax	37	83	21	20	20
Other adjustments	3	121	0	0	0
Op cash flow bef W.Cap chg	6,552	7,907	9,111	10,843	12,862
Changes in working cap	(839)	(2,895)	(2,796)	(571)	(670)
Chg in Current Assets	(1988)	(8269)	(2515)	(2599)	(3053)
Chg in Current Liabilities	1150	5374	(281)	2,028	2,383
Interest paid	124	300			
Tax	1045	1250	1,670	2,047	2,502
Others	445	1549			
Cash from operations	4,989	5,011	4,645	8,225	9,689
Capex	-1340	-9259.9	-1720	-1520	-1520
(Inc) / dec in investments	-1040.7	-1537.9	(1,000)	(1,000)	(1,000)
Other Investing activities	78.9	158.3			
Cash from investing	(2,302)	(10,640)	(2,720)	(2,520)	(2,520)
Free Cash flow	2,687	(5,628)	1,925	5,705	7,169
Change in Share capital	2.5	1.4	-	-	-
Change in Reserve	0	0	-	-	-
Chg in debt	-556.4	8705.4	0	(2000)	(2000)
Dividend (inc tax) paid	(1,777)	(2,277)	(2,721)	(3,233)	(3,833)
Cash from financing	(2,331)	6,429	(2,721)	(5,233)	(5,833)
Total cash flow	356	801	(796)	471	1,336
Opening cash	1566.8	1923.1	2,724	1,928	2,399
Closing cash	1,923	2,724	1,928	2,399	3,736

Source: Company, BofAML Global Research

Price objective basis & risk

Dabur India (DBUIF)

Our PO of Rs120 is based on a target one-year forward P/E of 23x which is in line with DCF value and is at 10% discount to normalized five-year historical average trading multiple for Dabur. Discount to historical average is justified given lower RoE post foreign acquisitions but robust 18% EPS CAGR.

Risks to our price objective are: 1) failure in monsoons which can impact rural demand, and 2) unexpected increase in A&P spend due to new launches that can add pressure to margins.

Link to Definitions

Consumer & Retail

Click [here](#) for definitions of commonly used terms.

Analyst Certification

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India - Consumer Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
	Dabur India	DBUIF	DABUR IN	Prasad Deshmukh
	Hindustan Unilever	HINLF	HUVR IN	Prasad Deshmukh
	ITC Limited	ITCTF	ITC IN	Prasad Deshmukh
	Mcleod Russel India Ltd.	XCVFF	MCLR IN	Prasad Deshmukh

iQmethodSM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$
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		
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, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
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	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Other LT Liabilities}$	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

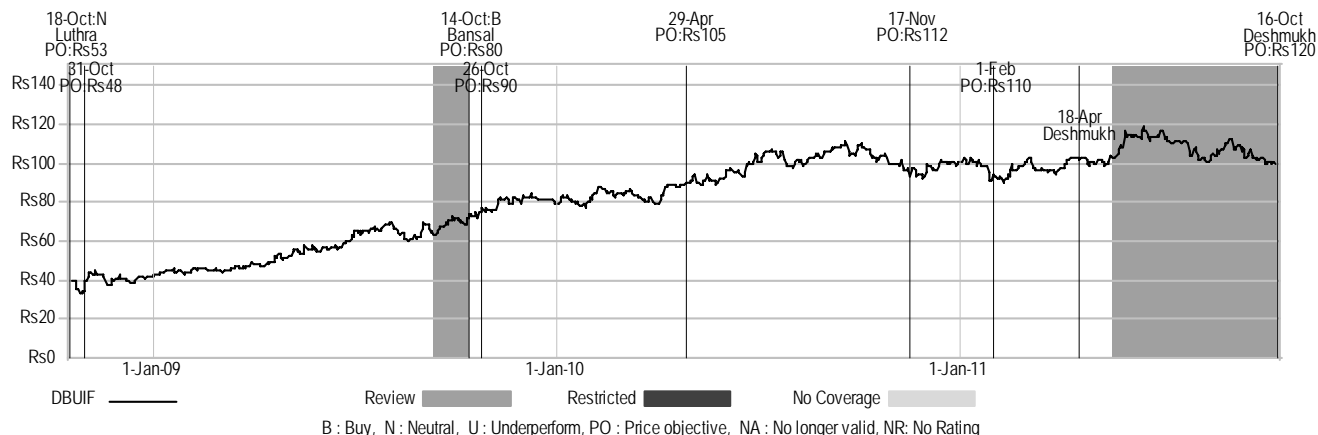
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DBUIF Price Chart



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Investment Rating Distribution: Consumer Products Group (as of 01 Oct 2011)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	38	64.41%	Buy	21	60.00%
Neutral	11	18.64%	Neutral	7	77.78%
Sell	10	16.95%	Sell	5	50.00%

Investment Rating Distribution: Global Group (as of 01 Oct 2011)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	2073	54.13%	Buy	923	49.12%
Neutral	961	25.09%	Neutral	460	52.57%
Sell	796	20.78%	Sell	287	38.32%

* Companies in respect of which BofA Merrill Lynch or one of its affiliates has received compensation for investment banking services within the past 12 months. For purposes of this distribution, 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*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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