



Resilient Growth, Selective Investment

Why 2026 allows more assertive capital allocation

Capital Structure & Rating Advisory | Definitions, Assumptions & Methodologies

Sector Classifications

| | | | | | |
|--------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  Auto | Autos | Auto Parts and Equip |  Air | Aviation | Airlines |
|  BizS | Business Services | Commercial Printing, Restaurants, Diversified Support, Environmental and Facilities, Security and Alarm, Human Resource and Employment, Research and Consulting Services |  CapG | Capital Goods | Aerospace and Defense, Building Products, Electrical Components and Equip., Heavy Electrical Equip., Industrial Conglomerates, Agricultural and Farm Machinery, Construction Machinery and Heavy Trucks, Industrial Machinery |
|  Chem | Chemicals | Commodity Chemicals, Diversified Chemicals, Fertilizers and Agricultural Chemicals, Industrial Gases, Specialty Chemicals |  CRE | Commercial Real Estate | Homebuilding, Diversified Real Estate Activities, Real Estate Operating Companies, REITs (Diversified, Hotel and resort, Health Care, Industrial, Residential, Office, Retail, Specialized) |
|  FMCG | FMCG | Brewers, Distillers and Vintners, Soft Drinks, Packaged Foods and Meats, Household Products, Personal Products, Tobacco |  M&M | Metals & Mining | Aluminum, Copper, Diversified Metals and Mining, Steel, Gold |
|  Matr | Materials | Construction Materials, Metal and Glass Containers, Paper Packaging, Forest Products, Paper Products |  Mdia | Media | Interactive Media and Services, Movies and Entertainment, Leisure Products, Advertising, Broadcasting, Cable and Satellite, Publishing, Education Services |
|  MedD | Medical Devices | Health Care Equip., Health Care Supplies, Life Sciences Tools and Services |  NFR | Non-Food Retail | Healthcare Supplies, Hotel, Resorts and Cruise Lines, Department, General Merchandise and Specialty Stores, Footwear, Apparel, Accessories and Luxury Goods, Retailers (Apparel, Automotive, Electronics, Home, Internet and Direct Marketing...) |
|  O&G | Oil & Gas | Oil and Gas Equip. and Services, Exploration and Production, Refining and Marketing, Storage and Transportation, Coal and Consumable Fuels, Integrated Oil and Gas |  Phar | Pharma | Pharmaceuticals, Biotechnology |
|  Hrdw | Tech: Hardware | Communications Equip., Electronic Components, Electronic Equip. and Instruments, Electronic Manufacturing Services, Consumer Electronics, Semiconductor Equip., Semiconductors, Technology Hardware, Storage and Peripherals |  IT | Software & Services | Technology Distributors, Data Processing and Outsourced Services, Internet Services and Infrastructure, IT Consulting and Other Services, Interactive Media and Services, Application Software, Systems Software, Alternative Carriers |
|  Tele | Telecommunications | Integrated Telecommunication Services, Wireless Telecommunication Services |  Logs | Transport & Logistics | Air Freight and Logistics, Marine, Railroads, Trucking, Airport Services, Highways and Rail tracks |
|  Util | Utilities | Electric Utilities, Multi-Utilities, Gas Utilities, Water Utilities, Independent Power Producers and Energy Traders | | | |

Criteria and Assumptions

Criteria



- **Data Universe:** Based on **1080 companies across 19 sectors from the S&P Global 1200 Index and Hang Seng Index**. Analysis excludes distributors & traders, financials, food retail, hotel & leisure, infrastructure, and other healthcare. Exclusions also include subsectors with companies without market data for the period analyzed and companies that cannot be classified into a particular sector due to sizable businesses in multiple industries. Leverage analysis excludes the Autos sector given it is not a key metric to assess OEM players, and the remaining Suppliers sample size is too small with varying credit profiles.
- **Time Period:** FY2019 to the latest financials / point in time in December 2025 unless specified
- **Sources of Financial Information:** Annual Reports, Company Presentations, Result Transcripts, Capital IQ
- **Currency:** US dollars based on exchange rates from Capital IQ as of 2025 year-end

Assumptions



S&P Global 1200 Index Assumptions

- Index constituents as of November 6, 2025
- For sectoral comparisons, ratios are based on sector aggregates for each period. Sector ratings data is based on the respective weighted average market capitalisation
- Exclusion criteria for outliers and non-meaningful data: Companies with inadequate data for total shareholder returns, cash flow from operations, negative EBITDA (in the context of leverage ratios and valuation multiples), negative equity, material outliers.

Country Risk Premium Assumptions

- **Country Risk Premium (CRP)** is the additional return investors demand to compensate for the higher risk of investing in the country relative to a mature, stable market. We estimate CRP as the country's Credit Default Swap (CDS) Spread over a benchmark developed market times a Relative Volatility Multiplier (RVM) to account for the additional risk for equities.
- **Sovereign Default Spread:** 1-month avg. 10Y CDS less the U.S. CDS, assuming U.S. as the benchmark developed market. If CDS data is unavailable for a country, we estimate it based on the average Sovereign Default Spreads of similar rated sovereigns with CDS data.
- **Relative Volatility Multiplier:** Ratio of 2-year standard deviation of weekly 10Y sovereign bond and main equity index returns. If either the sovereign bond or main equity index data is unavailable, we estimate based on the regional average RVM

Keyword Counts Approach Methodology

Methodology

- 1 Scan earnings call transcripts for predefined thematic keywords on Bloomberg
- 2 CSRA sectors' constituents are mapped to Bloomberg by matching company's full name
- 3 Monthly counts summed to create quarterly aggregates (Q1 2024 ~ Q3 2025)

Keywords Definition

AI

- Artificial intelligence
- AGI
- AI
- Generative AI
- Machine learning
- Large language model(s)
- LLM
- Deep learning

ESG

- Energy transition
- Climate change
- Net zero
- Carbon reduction
- Greenwashing
- Green energy
- Carbon neutral
- Emissions reduction
- Renewable energy
- PPA(s)
- Power purchase agreement(s)
- ESG
- Green bond
- Sustainability-linked bond

M&A and Disposal

- M&A
- Merger(s)
- Acquisition(s)
- Inorganic growth
- Disposal(s)
- Asset sale
- Proceeds from sale of property
- Divestiture
- Divestment
- Capital recycling
- Proceeds from asset sale
- Separation of business
- Farm down
- Spin off
- Asset rotation

Tariff

- Tariff(s)
- Trade barrier(s)
- Trade war(s)
- Trade tension(s)
- Trade sanction(s)
- Trade headwind(s)
- Import restriction(s)
- Import duty(ies)
- Geopolitics
- Geopolitical
- Import barrier(s)
- Export control(s)
- Political coercion
- Political tension
- US-China tension
- Retaliatory policy
- Trade conflict(s)
- Liberation day

Supply Chain Resilience

- Supply chain
- Nearshoring
- Friendshoring

Buyback

- Buyback(s)
- Share buyback(s)
- Share repurchase(s)

Investment

- CAPEX
- Capital expenditure(s)
- Capital investment(s)
- Capacity expansion
- Add(ing) capacity
- Build(ing) capacity
- Invest(ing) in capacity
- Expand(ding) capacity
- Capacity investment(s)

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