

Global Best Business Models v4 – Update on Key Fundamental Valuation Statistics

Exhibit 4 provides updated standard valuation information and other metrics. Of the 38 stocks, Morgan Stanley analysts currently rate 31 Overweight within their industry coverage and 3 Equal-weight (2 companies have been removed from consideration under Morgan Stanley policy and/or applicable regulations, and 2 are currently not covered). The median market capitalization is US\$132bn with a range from US\$3,044bn (Microsoft) to US\$4bn (Technip Energies).

On an equally weighted basis, there is currently 15.5% upside to Base Case price targets (median 9.8%). The average 2024E forward P/E for the Global BBMv4 list is 24.5x, average 2024E P/B is 3.6x, average 2024E ROE is 37.6% and average 2024E dividend yield is 1.9%.

Exhibit 4: Global Best Business Model v4 - Standard valuations and profitability metrics sorted alphabetically

Company Name	Ticker	MS Analyst	MS Rating	Market	GICS Industry Group	Mkt Cap (US\$bn)	12M USD Total Return %	Last Price (Local CCY)	Upside to Target Price	CCY	MS P/E (CY)		MS P/B (CY)		MS DY (CY)		ROE (CY)	
											2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Apple, Inc.	AAPL.O	Woodring, Erik	OW	UNITED STATES	Technology Hardware & Equipment	2,994	32.1%	192	14.7%	USD	30.8x	28.7x	44.9x	34.5x	0.5%	0.5%	158.3%	148.5%
Arista Networks	ANET.N	Marshall, Meta	OW	UNITED STATES	Technology Hardware & Equipment	86	113.9%	270	-11.0%	USD	41.2x	38.1x	11.9x	9.1x	0.0%	0.0%	32.3%	26.4%
ASML Holding NV	ASML.AS	Simpson, Lee	OW	NETHERLANDS	Semiconductors & Semiconductor Equipment	347	30.6%	805	8.7%	EUR	40.5x	44.1x	23.6x	20.5x	0.7%	0.8%	53.0%	80.5%
Chugai Pharmaceutical	4519.T	Muraoka, Shinichiro	OW	JAPAN	Pharmaceuticals, Biotechnology & Life Sciences	61	41.7%	5,450	4.8%	JPY	26.9x	24.2x	5.6x	5.0x	1.5%	1.8%	22.4%	21.7%
Coca-Cola Co.	KO.N	Mohsenian, Dara	OW	UNITED STATES	Food Beverage & Tobacco	259	1.8%	60	8.8%	USD	22.2x	21.1x	10.5x	9.2x	3.1%	3.2%	50.0%	47.7%
Costco Wholesale Corp	COST.O	Gutman, Simeon	OW	UNITED STATES	Consumer Staples Distribution & Retail	308	42.1%	694	5.2%	USD	46.2x	43.2x	12.5x	12.3x	0.5%	0.6%	28.2%	32.2%
DBS Group Holdings	DBSM.SI	Lord, Nick	EW	SINGAPORE	Banks	62	-6.9%	32	9.8%	SGD	8.2x	8.2x	1.4x	1.4x	6.0%	7.0%	17.5%	16.1%
Deutsche Telekom	DTEGn.DE	Kelly, Emmet	OW	GERMANY	Telecommunication Services	125	16.4%	23	19.5%	EUR	21.7x	15.2x	2.3x	2.1x	3.3%	3.8%	15.0%	17.7%
Eli Lilly & Co.	LLY.N	Flynn, Terence	OW	UNITED STATES	Pharmaceuticals, Biotechnology & Life Sciences	582	90.4%	645	18.3%	USD	107.4x	53.3x	54.8x	40.0x	0.7%	0.8%	103.3%	121.2%
Ferrari NV	RACE.N	Jonas, Adam	OW	ITALY	Automobiles & Components	63	36.2%	345	1.5%	USD	52.3x	46.4x	21.5x	17.8x	0.7%	0.8%	45.8%	43.4%
Getinge AB	GETib.ST	Davies, Robert	EW	SWEDEN	Health Care Equipment & Services	6	-3.2%	223	5.4%	SEK	23.3x	19.2x	1.9x	1.8x	1.7%	2.0%	10.1%	10.9%
Honeywell International Inc.	HON.O	NC	NC	UNITED STATES	Capital Goods	133	-0.3%	202	NC	USD	NC	NC	NC	NC	NC	NC	NC	NC
ICICI Bank	ICBK.NS	Kariwala, Sumeet	OW	INDIA	Banks	85	23.0%	1,016	32.8%	INR	16.7x	14.4x	2.7x	2.3x	0.9%	1.0%	18.1%	19.3%
Inditex	ITX.MC	Smalley, Grace	EW	SPAIN	Consumer Discretionary Distribution & Retail	132	41.7%	39	0.2%	EUR	20.7x	19.2x	6.0x	5.6x	2.9%	3.1%	29.0%	31.5%
JPMorgan Chase & Co	JPM.N	Graseck, Betsy	OW	UNITED STATES	Banks	498	26.6%	173	10.6%	USD	10.1x	10.3x	1.7x	1.5x	2.4%	2.5%	15.9%	14.0%
Longfor Group Holdings Ltd.	0960.HK	Cheung, Stephen	OW	CHINA	Real Estate Management & Development	8	-63.7%	9	146.3%	HKD	3.0x	3.0x	0.4x	0.3x	10.2%	10.1%	12.2%	11.5%
L'Oreal S.A	OREP.PA	Simon, Sarah	OW	FRANCE	Household & Personal Products	259	18.7%	445	1.2%	EUR	36.4x	33.0x	8.2x	7.6x	1.5%	1.7%	24.8%	25.3%
Lululemon Athletica Inc.	LULU.O	Straton, Alex	OW	CANADA	Consumer Durables & Apparel	61	55.1%	482	11.8%	USD	33.0x	28.7x	11.4x	8.6x	0.0%	0.0%	47.5%	50.5%
Macquarie Group Limited	MQG.AX	Stadnik, Andrei	OW	AUSTRALIA	Financial Services	49	-3.0%	188	7.7%	AUD	16.1x	14.6x	2.1x	1.9x	3.6%	3.8%	17.7%	13.6%
Microsoft	MSFT.O	Weiss, Keith	OW	UNITED STATES	Software & Services	3,044	66.6%	410	9.8%	USD	38.8x	33.2x	13.1x	10.4x	0.7%	0.8%	45.5%	42.3%
MSCI Inc.	MSCI.N	Kaplan, Toni	OW	UNITED STATES	Financial Services	44	7.1%	551	11.4%	USD	41.4x	36.4x	NM	NM	1.0%	1.1%	NM	NM
Nestle SA	NESN.S	Kawan, Rashad	OW	SWITZERLAND	Food Beverage & Tobacco	321	-0.5%	99	16.7%	CHF	20.1x	19.0x	6.4x	6.4x	3.1%	3.4%	33.3%	36.0%
Nike Inc.	NKE.N	Straton, Alex	OW	UNITED STATES	Consumer Durables & Apparel	160	-17.5%	104	20.3%	USD	24.7x	20.4x	9.9x	8.7x	1.5%	1.6%	41.8%	42.1%
Nintendo	7974.T	Ono, Masahiro	OW	JAPAN	Media & Entertainment	64	31.1%	8,091	-12.2%	JPY	25.0x	28.0x	4.4x	4.4x	2.0%	1.9%	20.9%	17.8%
Novo Nordisk A/S	NOVOB.CO	Purcell, Mark	OW	DENMARK	Pharmaceuticals, Biotechnology & Life Sciences	488	58.4%	746	7.3%	DKK	41.3x	32.0x	31.5x	22.2x	0.8%	1.2%	97.7%	88.4%
Orsted A/S	ORSTED.CO	Pulleyn, Robert	OW	DENMARK	Utilities	24	-33.6%	394	26.8%	DKK	-6.5x	20.1x	2.5x	1.9x	0.0%	0.0%	12.6%	11.4%
Rio Tinto Limited	RIO.AX	Anand, Rahul	OW	AUSTRALIA	Materials	140	1.5%	132	9.6%	AUD	17.4x	14.0x	3.9x	3.5x	3.5%	4.3%	27.7%	14.6%
Samsung Electronics	005930.KS	Kim, Shawn	OW	SOUTH KOREA	Technology Hardware & Equipment	333	8.4%	74,400	27.7%	KRW	45.7x	13.3x	1.3x	1.2x	0.2%	2.3%	9.4%	11.2%
Shin-Etsu Chemical	4063.T	Watabe, Takato	OW	JAPAN	Materials	77	39.2%	5,651	4.4%	JPY	17.6x	15.4x	2.5x	2.3x	2.0%	2.2%	19.1%	16.4%
Tata Consultancy Services	TCS.NS	Raterla, Gaurav	OW	INDIA	Software & Services	167	11.4%	3,801	11.5%	INR	27.5x	24.7x	17.2x	16.1x	3.3%	3.6%	50.9%	54.6%
Technip Energies NV	TE.PA	Levy, Guilherme	OW	FRANCE	Energy	4	14.6%	20	-	EUR	12.0x	10.1x	1.7x	1.5x	2.8%	2.9%	17.9%	17.4%
Tencent Holdings Ltd.	0700.HK	Yu, Gary	OW	CHINA	Media & Entertainment	342	-31.4%	282	52.5%	HKD	21.4x	15.6x	3.3x	2.7x	0.7%	0.3%	21.0%	21.5%
TSMC	2330.TW	Chan, Charlie	OW	TAIWAN	Semiconductors & Semiconductor Equipment	538	27.9%	648	7.7%	TWD	20.0x	17.6x	4.8x	4.1x	2.3%	2.8%	27.1%	28.8%
Visa Inc.	V.N	Faucette, James	OW	UNITED STATES	Financial Services	569	19.2%	274	16.2%	USD	30.2x	26.5x	10.8x	8.6x	0.7%	0.8%	48.7%	47.2%
WEG S.A.	WEG3.SA	NC	NC	BRAZIL	Capital Goods	28	-8.2%	33	NC	BRL	NC	NC	NC	NC	NC	NC	NC	NC
Wolters Kluwer	WLSNc.AS	Webb, George	OW	NETHERLANDS	Commercial & Professional Services	36	41.7%	138	6.3%	EUR	30.9x	28.4x	18.7x	19.9x	1.4%	1.5%	64.6%	77.7%

Source: Modelware, Morgan Stanley Research. Data as of January 29, 2024. OW = Overweight; EW = Equal-weight. MSCI AC World Total Return Index performance for last 12 months is 16.2%. Past performance is no guarantee of future results. Transaction costs are not included. NC denotes not covered. Two companies have been removed from consideration because under Morgan Stanley policy and/or applicable regulations, Morgan Stanley may be precluded from issuing such information with respect to this company at this time.