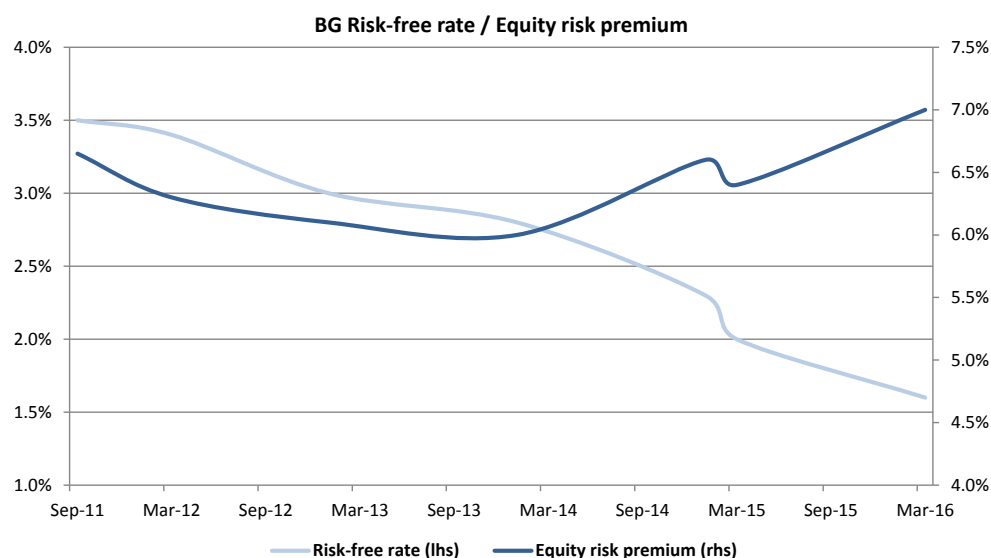


**MAIN ASSUMPTIONS****New risk-free rate and equity risk premium**

Following the significant moves on European capital markets experienced over the past 12 months, our assumptions for valuation modelling needed to be revisited. On the one hand, we have reduced our risk-free rate from 2.0% to 1.6% and on the other hand, we have raised our equity risk premium from 6.4% to 7.0%.

**ANALYSIS**

- On one side, we have reduced our risk-free rate, which is based on the 5-year average of the 10Y rates of the five main countries representing companies we cover (France, Germany, Italy, Switzerland and the UK), from 2.0% to 1.6%.
- On the other side, we have increased the equity risk premium from 6.4% to 7.0% to take into account the 9% average rise we have noted over the last 12 months on equity risk premiums for the CAC 40, DJ Stoxx50 and DJ Stoxx600.



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**Analyst :**  
 Olivier Pauchaut  
 33(0) 1 56 68 75 49  
[opauchaut@bryangarnier.com](mailto:opauchaut@bryangarnier.com)

# Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

## Stock rating

BUY	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
NEUTRAL	Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
SELL	Negative opinion for a stock where we expect an unfavourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential downside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	rue de Grenus 7	The Imperial Hotel
15 St. Botolph Street	75008 Paris	New York, NY 10022	CP 2113	Janpath
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Genève 1, CH 1211	New Delhi 110 001
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	Tel +4122 731 3263	Tel +91 11 4132 6062
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member	Fax+4122731 3243	+91 98 1111 5119
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