BRYAN, GARNIER & CO

INDEPENDENT RESEARCH

Luxury Goods

1st June 2016

Luxury Goods

BURBERRY		NEUTRAL	FV 1200p
Last Price	1074p	Market Cap.	GBP4,780m
CHRISTIAN DIOR		BUY	FV EUR175
Last Price	EUR146.55	Market Cap.	EUR26,632m
HERMES Intl		BUY	FV EUR355
Last Price	EUR324.95	Market Cap.	EUR34,305m
HUGO BOSS		NEUTRAL	FV EUR77
Last Price	EUR55.23	Market Cap.	EUR3,888m
KERING		BUY	FV EUR174
Last Price	EUR145.15	Market Cap.	EUR18,328m
LVMH		BUY	FV EUR174
Last Price	EUR144.05	Market Cap.	EUR73,049m
MONCLER		BUY	FV EUR17
MONCLER Last Price	EUR14.99	BUY Market Cap.	FV EUR17 EUR3,750m
	EUR14.99		
Last Price	EUR14.99 EUR25.5	Market Cap.	EUR3,750m
Last Price PRADA		Market Cap.	EUR3,750m
Last Price PRADA Last Price		Market Cap. NEUTRAL Market Cap.	EUR3,750m FV HKD35 EUR65,250m
Last Price PRADA Last Price RICHEMONT	EUR25.5 CHF58.55	Market Cap. NEUTRAL Market Cap. NEUTRAL	EUR3,750m FV HKD35 EUR65,250m FV CHF63
Last Price PRADA Last Price RICHEMONT Last Price	EUR25.5 CHF58.55	Market Cap. NEUTRAL Market Cap. NEUTRAL Market Cap.	EUR3,750m FV HKD35 EUR65,250m FV CHF63 CHF32,788m
Last Price PRADA Last Price RICHEMONT Last Price SALVATORE FER	EUR25.5 CHF58.55 RAGAMO EUR19.23	Market Cap. NEUTRAL Market Cap. NEUTRAL Market Cap. BUY	EUR3,750m FV HKD35 EUR65,250m FV CHF63 CHF32,788m FV EUR25
Last Price PRADA Last Price RICHEMONT Last Price SALVATORE FERI Last Price	EUR25.5 CHF58.55 RAGAMO EUR19.23	Market Cap. NEUTRAL Market Cap. NEUTRAL Market Cap. BUY Market Cap.	EUR3,750m FV HKD35 EUR65,250m FV CHF63 CHF32,788m FV EUR25 EUR3,246m
Last Price PRADA Last Price RICHEMONT Last Price SALVATORE FERI Last Price THE SWATCH GR	EUR25.5 CHF58.55 RAGAMO EUR19.23 OUP	Market Cap. NEUTRAL Market Cap. NEUTRAL Market Cap. BUY Market Cap. NEUTRAL	EUR3,750m FV HKD35 EUR65,250m FV CHF63 CHF32,788m FV EUR25 EUR3,246m FV CHF370
Last Price PRADA Last Price RICHEMONT Last Price SALVATORE FERI Last Price THE SWATCH GROUND	EUR25.5 CHF58.55 RAGAMO EUR19.23 OUP	Market Cap. NEUTRAL Market Cap. NEUTRAL Market Cap. BUY Market Cap. NEUTRAL Market Cap.	EUR3,750m FV HKD35 EUR65,250m FV CHF63 CHF32,788m FV EUR25 EUR3,246m FV CHF370 CHF16,187m





Reduced visibility in the short term: be selective!

Q1 2016 has been a tough quarter with almost no organic sales growth, partly due to lack of tourists (mainly Chinese) in Europe. In this challenging environment, LVMH (BUY-FV: EUR174), Hermès (BUY-FV: EUR355) and Moncler (BUY-FV: EUR17) are our preferred stocks.

- The recent Q1 publication (with on average almost no organic sales growth) and other sector information lead us to be even more cautious in the short term on the luxury industry's prospects with a likely challenging Q2 due to a demanding comparison basis (+5% in Q2 2015), while in Q3 and Q4, comps will be much more favourable.
- This trend is mainly due to Europe which decelerated significantly from 10% growth in 2015 to almost no growth in Q1 2016. This clear slowdown is partly the consequence of the terrorist attacks in Paris and in Brussels but also due to the recent lower USD vs EUR. For instance, according to Global Blue, Chinese tourists' duty-free spending in Europe decreased by 24% in March and by 18.5% in April versus last year. But American and Japanese tourists are also lacking. Therefore, we remain cautious in the short term and do not expect any clear recovery in Q2.
- Among this challenging environment, we need to be even more selective in our investment strategy. We favour LVMH (BUY-FV: EUR174), Hermès (BUY-FV: EUR355) and Moncler (Buy-FV: EUR17) while we are more cautious and NEUTRAL on Burberry (FV: 1,200p), Richemont (FV: CHF63) and Swatch Group (FV: CHF370). We remain BUY on Kering (FV: EUR174) and SELL on Tod's Group (FV: EUR60).
- On 2016e EV/EBIT, the luxury sector average is trading at a 10% discount vs the historical average. Although Tod's is the most expensive, excluding unsurprisingly Hermès, LVMH is trading at a 7% discount vs the peers average and on an attractive level, hence our Buy recommendation.



Analyst: Loïc Morvan 33(0) 1 70 36 57 24 lmorvan@bryangarnier.com Sector Analyst Team: Nikolaas Faes Antoine Parison Cédric Rossi Virginie Roumage



Table of contents

1. A p	enalised luxury industry	3
2. Val	uation	4
2.1.	Global poor performance	4
2.2.	Valuation comparison	4
3. Ou	r preferred groups: LVMH and Hermès	5
3.1.	LVMH	5
3.2.	Hermès Intl: the best in class!	6
4. Cau	atiousness in the hard luxury sector	7
	ian soft luxury brands: contrasting situation	
	Tod's	
5.2.	Moncler	
5.3.	Salvatore Ferragamo	
Bryan	Garnier stock rating system	



1. A penalised luxury industry

While last year, the luxury goods industry was penalised by the significant revenue decline in Asia-Pacific (-8% on average), the Paris and Brussels terrorist attacks and currency issues, such as the JPY and USD recent weaknesses have changed the situation since the beginning of 2016.

Actually, sales momentum in Europe began to slow down from Q4 2015 and the situation even deteriorated in Q1 2016 (+1% in average vs 6% in Q4 15 and +14% in Q3 15). Meanwhile, in the US, the environment for the luxury industry is more and more volatile with, for instance, almost no growth on average in Q1 2016 (+3% in Q4 15). Beyond the lack of tourists from Europe (impact of the USD strength), the industry is also being affected by the presidential election and by the very challenging situation in department stores (e-commerce is gaining market share in apparel), hence the poor figures recently reported by Macy's.

In Europe, the lower momentum is due to two main factors: i/ the impact of the attacks in Paris and in Brussels that lead to much lower tourist flows mainly from the US, Japan and China, and ii/ the lower pricing difference between Europe and Mainland China, a consequence of some price increases in Europe and the recent lower USD vs EUR. For instance, according to Global Blue, in Europe, Chinese tourists spent 24% less in March 2016 than in March 2015 and 18.5% less in April 2016 (of which -23% in France and -8% in Italy). For Russians, the decline is close to 22%.

2016 momentum should be close to 2015 growth On the other hand, momentum improved in Mainland China as Chinese spent more at home and less overseas, driven also by the Chinese authorities' decisions to increase taxes for products bought abroad and also custom controls. Nevertheless, in Hong Kong and Macau, the trend remains clearly negative. Globally, in 2016, the trend should be almost the same than in 2015 (+2%) but with less negative momentum in Asia-Pacific in 2016 (-1%) vs 2015 (-8%) while it is likely be worse in Europe (+3% vs +10% in 2015) and Japan (+6% vs +17% in 2015).

LFL sales growth (%)	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	Q3 15	Q4 15	2015	Q1 16	2016e
Hermès	15	10	11	10	11	8	10	8	7	8	6	7
LVMH	6	4	4	5	5	3	9	7	5	6	3	4
o/w F& L division	9	0	2	4	3	1	10	3	3	4	0	2
Kering	4	4	4	5	5	-1	8	3	8	5	4	5
Kering Luxury	6	6	4	4	5	-3	8	3	7	4	3	4
o/w Gucci brand	0	-1	-2	0	-1	-8	5	0	5	0	3	2
Prada	4	5	-8	-5	-1	-6	-6	-10	-9	-7	-3	-3
Richemont	15	5	4	0	2	2	2	3	-4	0	-7	-3
Salvatore Ferragamo	8	8	3	8	7	2	3	0	2	1	-2	2
Swatch Group	6	3	2	0	1	4	4	2	-5	1	-5	-1
Tod's Group	2	-4	0	2	0	-3	8	-2	2	2	-4	0
Average Luxury	8	4	3	3	4	1	5	1	1	2	0	2

Fig. 1: Quarterly organic sales growth

Source: Company Data; Bryan, Garnier & Co ests.

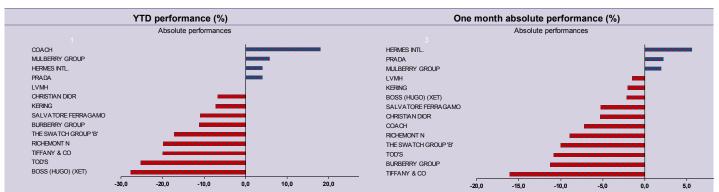
Among our sample of luxury groups, we prefer **LVMH** (BUY-FV: EUR174) **Hermès** (BUY-FV: EUR355) and **Moncler** (BUY-FV: EUR17), while we are more cautious on the others, including on the hard luxury players: **The Swatch Group** (Neutral- FV: CHF370) and **Richemont** (Neutral-FV: CHF63). Furthermore, we have adopted a Sell recommendation on **Tod's** (SELL-FV: EUR60), while we are more positive on **Salvatore Ferragamo** (BUY-FV: EUR25).



2. Valuation

2.1. **Global poor performance**

The graphs below highlight that luxury goods stocks have been under pressure recently and YTD. Unsurprisingly, Richemont and LVMH have been amongst the best performers over 1m and YTD. Given the poor prospects, the clear negative performances of Burberry's and Tod's Group's share prices are not a big surprise for us. Globally, the luxury sample average has been down 5% over 1m or a 5% underperformance vs the DJ Stoxx. Richemont has been the only company to outperform the DJ Stoxx over 1m.



Stockmarket performances of luxury goods companies Fig. 2:

Source: datastream

2.2. Valuation comparison

Our luxury sample is trading As we see below, the 2016e EV/EBIT average is at 12x, implying a 10% discount vs the historical with a 10% discount vs sector average valuation. Tod's is the most expensive stock among our sample, which is clearly not deserved, while LVMH's valuation is clearly not demanding, another reason for our positive view on the stock. Richemont's valuation, while clearly expensive, is, in our view, justified by the strong sales growth outperformance (see above). Any RMS share price weakness is an opportunity in our view for medium-term investment.

Fig. 3: Peer valuation comparison

x	Recommendation	FV (EUR)	2016e EV/EBIT	2017e EV/EBIT	2016 premium on average (ii)	2017 premium on average (ii)
Burberry (p)	Neutral	1,200	11.3	10.0	-4%	-2%
Hermès Intl	Buy	355	19.3	17.2	-	-
Kering	Buy	174	11.7	10.0	-1%	-2%
LVMH	Buy	174	11.0	9.8	-7%	-4%
Moncler	Buy	17	12.9	11.4	7%	8%
Prada (HKD)	Neutral	35	12.6	11.4	6%	8%
Richemont (CHF)	Neutral	63	11.7	10.4	-1%	0%
Salvatore Ferragamo	Buy	25	11.5	10.4	-2%	1%
Swatch Group (CHF)	Neutral	370	10.7	9.7	-9%	-6%
Tiffany	NR	NR	10.8	9.9	-8%	-4%
Tod's Group	Sell	63	12.6	11.3	11%	10%
(i) Luxury average	-	-	12.5	11.0	-	-
(ii) Luxury average (excl. Hermès)	-	-	12.0	10.5	-	-

Source: Company Data; Bryan, Garnier & Co ests

historical average



3. Our preferred groups: LVMH and Hermès

LVMH is a very well balanced luxury group

3.1. LVMH

The luxury goods industry's world leader is one of our preferred stocks (FV: EUR174) amongst our luxury groups sample. Actually, even if Louis Vuitton has achieved a relatively poor organic sales growth in Q1 ($\pm 2\%$ following $\pm 3\%$ in Q4 2015 and $\pm 4\%$ in FY 2015), the other group's activities were much better oriented and particularly Perfumes & Cosmetics ($\pm 9\%$) and Watches & Jewellery ($\pm 7\%$), and even the Wines & Spirits activity ($\pm 6\%$), of which $\pm 7\%$ for Hennessy. This very well-balanced portfolio of activities is one of the clear strengths of the French group, along with the geographical sales breakdown (see table below). Therefore, we can argue that LVMH can certainly be seen as more resilient than most of its peers. LV is well positioned in this tough environment as the brand has a well-balanced product portfolio.

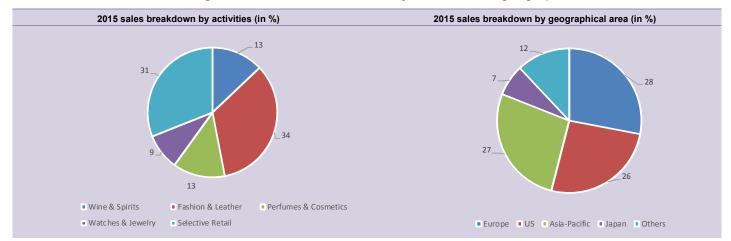


Fig. 4: 2015 sales breakdown by activities and geographical area

Source: Source: Company Data; Bryan, Garnier & Co ests.

Q2 2016 sales momentum might be a little challenging as the comparison basis is more demanding (Q2 2015 sales were up 9% after +3% in Q1) as is also the case for most luxury peers. We still anticipate for FY 2016 4% organic sales growth at LVMH, of which +3% for Louis Vuitton after +2% in Q1. Our 4% LVMH sales growth expectation for 2016 has to be compared with an average of 2% for our luxury groups sample which highlights again an outperformance as was the case in 2014 (+5% vs +4% for the sector) and 2015 (+6% vs +2% for the sector). In Q1 2016, LVMH also outperformed the sector average with a 3% increase versus a stability for the sector average (see below).

Fig. 5: LVMH and luxury sample average quarterly organic sales growth

Chge in%	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
LVMH	6	4	4	5	3	9	7	5	3
Luxury sector	8	4	3	3	2	5	1	1	0

Source: Company Data; Bryan, Garnier & Co ests.



3.2. Hermès Intl: the best in class!

Hermès International (BUY) is the other most preferred stock in the luxury sector with a EUR355 FV. This is due to the brand's ability to regularly outperform its peers as has been the case since 2012 and this outperformance trend is particularly true when the luxury goods industry environment gets tougher, as is the case currently. Why is Hermès so resilient?

Hermès is the most resilient luxury group amongst our sample!

We see four reasons for this: i/ Leather goods sales are still buoyant with 15.4% organic sales growth in Q1 16 after +12.6% in FY 2015 thanks to a 7 to 8% per year production capacity increase as the demand is still quite strong; ii/ a very cautious strategy in terms of distribution expansion, including in Mainland China where the brand avoided expanding too quickly in non-exclusive locations (as some players did and are currently being forced to close some stores); iii/ less exposure to tourists clientele particularly in France and iv/ and a very long-term strategy with also a net cash position of EUR1.6bn at end 2015 which should allow, in our view, the distribution of an extra dividend next year (the last one of EUR5 was paid in 2015) when net cash should reach at least EUR1.9bn.

The figure below highlights Hermès sales' historical outperformance versus the luxury goods industry which was particularly clear in 2009 during the financial crisis and since 2013 when things began to be more difficult in Greater China, while the outperformance was less valid during the "bubble period" and particularly in 2011.

For 2016, we expect Hermès sales to grow 7% organically (slightly below the medium-term 8% management guidance), while we anticipate no more than a 2% increase for the sector average as a whole. Furthermore, Hermès should benefit from its retail exposure (82% of sales) which is more resilient than wholesale. Actually, in Q1, retail sales grew 8% while wholesale sales were, according to our calculations, slightly down.

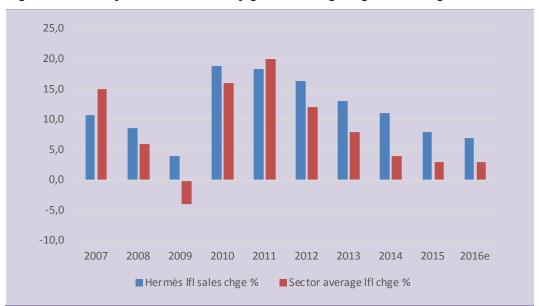


Fig. 6: Quarterly Hermès and luxury goods average organic sales growth

The only weakness of the Hermès' business model is that most of the growth is coming from only one business, "Leather goods and Saddlery", which accounts for 47% of the group's sales.

Source: Company Data; Bryan, Garnier & Co ests.



Swiss watches exports declined 9.5% at end April!

4. Cautiousness in the hard luxury

The Swiss watches industry is having to cope with a very tough situation. Actually, after a 3.3% decline in 2015, following two years of almost no growth (+1.9% both in 2014 and in 2013), the environment is deteriorating in 2016. In the first four months, exports of Swiss watches are down 9.5%, including -16% in March and -11% in April.

The industry is in particularly bad shape in Greater China whose exports were down 18% in 2015 after stability in 2014. Last year, exports were down 23% to Hong Kong and down 4.7% to Mainland China. Together, these two areas accounted last year for 21% of the Swiss watches industry, while this weight was almost 30% in 2013. YTD, exports to Hong Kong have declined 31.5% while the trend was -7.4% in Mainland China (-24.8% in Greater China).

In April, Richemont's sales declined by 15% at same forex following -7% in Q4 2015/16 (January to March 2016). We assume that the trend is also quite negative at The Swatch Group even if the Swiss group does not disclose its quarterly sales.

Amongst the Hard Luxury sector, the jewellery industry remained better oriented although this segment also registered some slowdown. Actually, in 2015/16, Richemont's jewellery sales grew by 8%, of which +12% in H1 and almost no growth in H2. The better trend of this segment is, among other reasons, due to a pure retail industry and therefore it is not affected by destocking policies by retailers particularly in Greater China.

Therefore, we have recently adjusted our FY 2016 expectations and now expect a 4% sales decline for Richemont (partly due to some inventory buy-backs of jewellery watches at Cartier and Piaget brands) and revenue stability at The Swatch Group and, consequently, further profitability declines for both groups which justify our cautious view on the two stocks (Richemont: Neutral and CHF63 FV/ Swatch Group: Neutral and CHF370 FV).

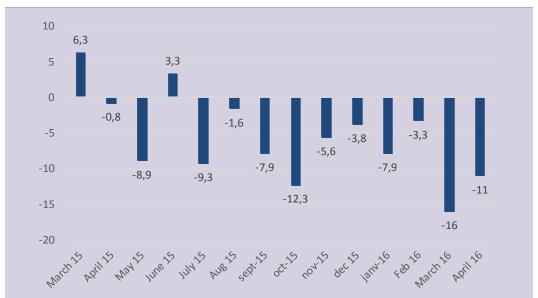


Fig. 7: Monthly Swiss watches exports (chge in %)

Source: FHS; Bryan, Garnier & Co ests.



5. Italian soft luxury brands: contrasting situation

Among the three Italian stocks in our coverage (Moncler, Salvatore Ferragamo and Tod's), we are rating Tod's Group as a SELL with a EUR60 Fair Value, and we have a BUY recommendations on Salvatore Ferragamo (FV: EUR25) and on Moncler (FV: EUR17).

5.1. Tod's

The group, controlled by the Della Valle family, is our least preferred stock amongst our luxury stocks coverage. This negative view is due to:

- Very negative same stores retail momentum with a 12% decline in Q1 for instance, which is by far the worst performance amongst our luxury sample. Above all, this clear disappointment has been achieved on a very undemanding comparison basis (-11%) and highlights the poor momentum of the Tod's brand and, likely, some market shares losses. Tod's brand sales declined 8.3% in Q1 2016.
- Further profitability erosion is more than likely again this year. Actually, we anticipate a 50bp EBIT margin decline to 13.8%, which is more than -500bp from 2013. The 2016 decline is likely to be achieved despite some cost-cutting, with the most emblematic one being the departure of Alessandra Facchinetti as Tod's brand designer. Above all, we regret the group's management strategy which was, in our view, too ambitious for the Tod's brand, even if the luxury goods sector's turmoil since 2012 did nothing to help transform this brand into a global luxury lifestyle one.

5.2. Moncler

- Under the impetus of Remo Ruffini, the group's Chairman and CEO since 2003, Moncler has succeeded its shift into luxury and fashion and now dominates the high-end outerwear segment (85% of sales). The group's track record speaks for itself. Between 2011 and 2015, sales and EPS rose by an average of 25% and 43% respectively, whereas the adjusted EBITDA margin totalled 33.8% in 2015, more than 12 points higher than Burberry. These performances were partly driven by the rapid and successful expansion in retail (70% of 2015 sales vs. 38% in 2011).
- In Q1, the group enjoyed a very strong rise in sales in Asia-Pacific (+30% FX-n), with a balanced performance across Moncler's key markets (i.e. Greater China, Japan, South Korea), and even Hong Kong and Macau were well-oriented. Management mentioned that the price gap between China and Europe currently amounts to 60% vs. 90% in the previous year. Last but not least, revenues in the Americas increased by 21% FX-n, driven by a higher penetration among US department store partners and store openings (+5 in the US to 17 DOS and +1 in Canada to 2 DOS vs. Q1 14). This publication demonstrates Moncler's ability to outperform the luxury sector's average thanks to its excellent control of the retail channel and the ramp-up of new categories (e.g. knitwear achieved strong growth in Q1) and new circuits (i.e. travel retail, online).



5.3. Salvatore Ferragamo

On the other hand, we are rating Ferragamo with a BUY recommendation with a EUR25 FV for two main reasons:

- Even if Ferragamo's top-line growth is under pressure, as for most of the other luxury groups, with a 2.3% organic sales decline in Q1 2016 and an estimated 2% increase for the FY, the Italian group should benefit from profitability improvement (+70bp to 19.2%) as it was the case in Q1 (+80bp to 15.2%). This positive move will come from a favourable FX impact and more importantly from a more efficient production organisation with third-party suppliers, less discount sales with a higher weight of evergreen products. Clearly, profitability improvement is currently management's focus and this strategy will remain unchanged in 2017.
- We view Ferragamo's share price as the most likely to benefit from potential speculative appeal given the shareholding organisation. The Ferragamo family controls 69% of Ferragamo's shares, including 56% through a family holding, *Ferragamo Finanziaria*. Currently, according to us, more than 60 people belong to the family as Salvatore and Wanda Ferragamo have six children who are around 60-65 years old, and we estimate close to 30 grandchildren! Consequently, we see this group to be viewed, on a medium term, as a new Hermès situation!





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
1)(51	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 55.9%

NEUTRAL ratings 34.3%

SELL ratings 9.8%

Research Disclosure Legend

1	Bryan Garnier shareholding in Issuer	Bryan Garnier & Co Limited or another company in its group (together, the "Bryan Garnier Group") has a shareholding that, individually or combined, exceeds 5% of the paid up and issued share capital of a company that is the subject of this Report (the "Issuer").	No
2	Issuer shareholding in Bryan Garnier	The Issuer has a shareholding that exceeds 5% of the paid up and issued share capital of one or more members of the Bryan Garnier Group.	No
3	Financial interest	A member of the Bryan Garnier Group holds one or more financial interests in relation to the Issuer which are significant in relation to this report	No
4	Market maker or liquidity provider	A member of the Bryan Garnier Group is a market maker or liquidity provider in the securities of the Issuer or in any related derivatives.	No
5	Lead/co-lead manager	In the past twelve months, a member of the Bryan Garnier Group has been lead manager or co-lead manager of one or more publicly disclosed offers of securities of the Issuer or in any related derivatives.	No
6	Investment banking agreement	A member of the Bryan Garnier Group is or has in the past twelve months been party to an agreement with the Issuer relating to the provision of investment banking services, or has in that period received payment or been promised payment in respect of such services.	No
7	Research agreement	A member of the Bryan Garnier Group is party to an agreement with the Issuer relating to the production of this Report.	No
8	Analyst receipt or purchase of shares in Issuer	The investment analyst or another person involved in the preparation of this Report has received or purchased shares of the Issuer prior to a public offering of those shares.	No
9	Remuneration of analyst	The remuneration of the investment analyst or other persons involved in the preparation of this Report is tied to investment banking transactions performed by the Bryan Garnier Group.	No
10	Corporate finance client	In the past twelve months a member of the Bryan Garnier Group has been remunerated for providing corporate finance services to the issuer or may expect to receive or intend to seek remuneration for corporate finance services from the Issuer in the next six months.	No
11	Analyst has short position	The investment analyst or another person involved in the preparation of this Report has a short position in the securities or derivatives of the Issuer.	No
12	Analyst has long position	The investment analyst or another person involved in the preparation of this Report has a long position in the securities or derivatives of the Issuer.	No
13	Bryan Garnier executive is an officer	A partner, director, officer, employee or agent of the Bryan Garnier Group, or a member of such person's household, is a partner, director, officer or an employee of, or adviser to, the Issuer or one of its parents or subsidiaries. The name of such person or persons is disclosed above.	No
14	Analyst disclosure	The analyst hereby certifies that neither the views expressed in the research, nor the timing of the publication of the research has been influenced by any knowledge of clients positions and that the views expressed in the report accurately reflect his/her personal views about the investment and issuer to which the report relates and that no part of his/her remuneration was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.	Yes
15	Other disclosures	Other specific disclosures: Report sent to Issuer to verify factual accuracy (with the recommendation/rating, price target/spread and summary of conclusions removed).	No

A copy of the Bryan Garnier & Co Limited conflicts policy in relation to the production of research is available at www.bryangarnier.co



London	Paris	New York	Munich	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	Widenmayerstrasse 29	The Imperial Hotel Janpath
15 St. Botolph Street	75008 Paris	New York, NY 10022	80538 Munich	New Delhi 110 001 Tel +91 11 4132 6062
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Germany	+91 98 1111 5119
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	+49 89 2422 62 11	Fax +91 11 2621 9062
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member		Geneva
Authorised and regulated by the	Financial Conduct Authority (FCA) and th	e		rue de Grenus 7
Einancial Conduct Authority (EC	A)Autorité de Contrôle prudential et de			CP 2113
Financial Conduct Multionty (10)	, 1			Genève 1, CH 1211
	resolution (ACPR)			Tel +4122 731 3263
				Fax+4122731 3243
				Regulated by the FINMA

Important information

This document is classified under the FCA Handbook as being investment research (independent research). Bryan Garnier & Co Limited has in place the measures and arrangements required for investment research as set out in the FCA's Conduct of Business Sourcebook.

This report is prepared by Bryan Garnier & Co Limited, registered in England Number 03034095 and its MIFID branch registered in France Number 452 605 512. Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority (Firm Reference Number 178733) and is a member of the London Stock Exchange. Registered address: Beaufort House 15 St. Botolph Street, London EC3A 7BB, United Kingdom

This Report is provided for information purposes only and does not constitute an offer, or a solicitation of an offer, to buy or sell relevant securities, including securities mentioned in this Report and options, warrants or rights to or interests in any such securities. This Report is for general circulation to clients of the Firm and as such is not, and should not be construed as, investment advice or a personal recommendation. No account is taken of the investment objectives, financial situation or particular needs of any person.

The information and opinions contained in this Report have been compiled from and are based upon generally available information which the Firm believes to be reliable but the accuracy of which cannot be guaranteed. All components and estimates given are statements of the Firm, or an associated company's, opinion only and no express representation or warranty is given or should be implied from such statements. All opinions expressed in this Report are subject to change without notice. To the fullest extent permitted by law neither the Firm nor any associated company accept any liability whatsoever for any direct or consequential loss arising from the use of this Report. Information may be available to the Firm and/or associated companies which are not reflected in this Report. The Firm or an associated company may have a consulting relationship with a company which is the subject of this Report.

This Report may not be reproduced, distributed or published by you for any purpose except with the Firm's prior written permission. The Firm reserves all rights in relation to this Report.

Past performance information contained in this Report is not an indication of future performance. The information in this report has not been audited or verified by an independent party and should not be seen as an indication of returns which might be received by investors. Similarly, where projections, forecasts, targeted or illustrative returns or related statements or expressions of opinion are given ("Forward Looking Information") they should not be regarded as a guarantee, prediction or definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. A number of factors, in addition to the risk factors stated in this Report, could cause actual results to differ materially from those in any Forward Looking Information.

Disclosures specific to clients in the United Kingdom

This Report has not been approved by Bryan Garnier & Co Limited for the purposes of section 21 of the Financial Services and Markets Act 2000 because it is being distributed in the United Kingdom only to persons who have been classified by Bryan Garnier & Co Limited as professional clients or eligible counterparties. Any recipient who is not such a person should return the Report to Bryan Garnier & Co Limited immediately and should not rely on it for any purposes whatsoever. Notice to US investors

This research report (the "Report") was prepared by Bryan Garnier & Co Limited for information purposes only. The Report is intended for distribution in the United States to "Major US Institutional Investors" as defined in SEC Rule 15a-6 and may not be furnished to any other person in the United States. Each Major US Institutional Investors which receives a copy of this Report by its acceptance hereof represents and agrees that it shall not distribute or provide this Report to any other person. Any US person that desires to effect transactions in any security discussed in this Report should call or write to our US affiliated broker, Bryan Garnier Securities, LLC. 750 Lexington Avenue, New York NY 10022. Telephone: 1-212-337-7000.

This Report is based on information obtained from sources that Bryan Garnier & Co Limited believes to be reliable and, to the best of its knowledge, contains no misleading, untrue or false statements but which it has not independently verified. Neither Bryan Garnier & Co Limited and/or Bryan Garnier Securities LLC make no guarantee, representation or warranty as to its accuracy or completeness. Expressions of opinion herein are subject to change without notice. This Report is not an offer to buy or sell any security.

Bryan Garnier Securities, LLC and/or its affiliate, Bryan Garnier & Co Limited may own more than 1% of the securities of the company(ies) which is (are) the subject matter of this Report, may act as a market maker in the securities of the company(ies) discussed herein, may manage or co-manage a public offering of securities for the subject company(ies), may sell such securities to or buy them from customers on a principal basis and may also perform or seek to perform investment banking services for the company(ies).

Bryan Garnier Securities, LLC and/or Bryan Garnier & Co Limited are unaware of any actual, material conflict of interest of the research analyst who prepared this Report and are also not aware that the research analyst knew or had reason to know of any actual, material conflict of interest at the time this Report is distributed or made available..