



29th August 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	18395.4	-0.29%	+5.57%
S&P 500	2169.04	-0.16%	+6.12%
Nasdaq	5218.92	+0.13%	+4.22%
Nikkei	16737.49	+2.3%	-14.04%
Stoxx 600	343.718	+0.50%	-6.04%
CAC 40	4441.87	+0.80%	-4.21%
Oil /Gold			
Crude WTI	47.64	+1.51%	+28.06%
Gold (once)	1334.07	+0.83%	+25.57%
Currencies/Rates			
EUR/USD	1.12805	-0.01%	+3.84%
EUR/CHF	1.09235	+0.05%	+0.46%
German 10 years	-0.154	+11.79%	-124.22%
French 10 years	0.147	-11.03%	-85.03%
Euribor	-0.298	0.00	+127.48%

Economic releases :

Date	
29th-Aug	UK - Summer Bank Holiday
	US - Personal Income Jul. (0.4% E)
	US - Real Personal Spending
	US - Personal Cons. Exp. Core Jul. (1.5% E y/y)

Upcoming BG events :

Date	
1st-Sept	L'OREAL (BG Paris roadshow with CFO)
8th-Sept	ACCOR (BG Roadshow with CFO)
13th-Sept	Thematic Breakfast with ARCEP
14th-Sept	SAINT GOBAIN (BG Luxembourg roadshow)
22nd-Sept	Thematic Lunch with HC specialist
30th-Sept	Thematic Breakfast with Vimpelcom

Recent reports :

Date	
24th-Aug	AMS Catching the ball when it bounces - all a question of timing
26th-Jul	NICOX Don't turn a blind eye to opportunities
21st-Jul	SEMICONDUCTORS : Looking for lost growth
13th-Jul	Oncology is an increased focus
12th-Jul	DANONE No redemption
1st-Jul	UBISOFT Same player shoot again?

List of our Reco & Fair Value : Please click here to download



ACCORHOTELS

BUY, Fair Value EUR42 vs. EUR45 (+23%)

FY RevPAR trend closer to our "Stress" scenario rather than our "Base" case.

July RevPAR in France was again harshly impacted by the current turbulent environment such that FY 2016 RevPAR for AccorHotels should be closer to our "Stress" scenario rather than our "Base" case. Nevertheless, despite AccorHotels' exposure to France and to a lesser extent Brazil, EBIT from operations excluding digital opex, rose by more than 5% in H1 and this should also be the case in H2. In addition, we are convinced that the group's transformation and strategic development will bear fruit even if some acquisitions are currently weighing on results. Finally, pending a new GAV for HotelInvest, we continue to estimate that fully owned and leased contracts are undervalued. Buy recommendation confirmed with a FV adjusted to EUR42.

PRADA

NEUTRAL, Fair Value HKD31 vs. HKD35 (+43%)

Unhelpful sales trends partly offset by cost-cutting actions

Last Friday Prada reported H1 2016 results. Revenues were significantly below expectations (EUR1.55bn vs. CS of EUR1.65bn), down 13% FX-n due to very poor retail trends (SSSG and FX-n: -16%) but margins topped the CS forecasts thanks to industrial efficiencies and cost-cutting measures. Although management witnessed some signs of improvement in Greater China over July and August, visibility on the tipping point remains quite low. We revise down our FY estimate by 6% to reflect the H1 sales performance, hence our new FV of HKD31 vs. HKD35. Neutral recommendation reiterated.

Hotels

AccorHotels

Price EUR34.10

FY RevPAR trend closer to our "Stress" scenario rather than our "Base" case.

Fair Value EUR42 vs. EUR45 (+23%)

BUY

Bloomberg	AC FP
Reuters	ACCP.PA
12-month High / Low (EUR)	46.1 / 30.0
Market Cap (EUR)	9,708
Ev (BG Estimates) (EUR)	9,513
Avg. 6m daily volume (000)	1,201
3y EPS CAGR	10.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-8.7%	-14.8%	-10.0%	-14.8%
Travel&Leisure	1.5%	-7.3%	-6.5%	-13.6%
DJ Stoxx 600	0.7%	-1.5%	3.7%	-6.0%

YEnd Dec. (€m)	2014	2015	2016e	2017e
Sales	5,454	5,581	5,736	6,277
% change		2.3%	2.8%	9.4%
EBITDA	923	987	1,040	1,205
EBIT	602.0	665.0	695.5	828.1
% change		10.5%	4.6%	19.1%
Net income	386.0	441.8	441.2	514.2
% change		14.5%	-0.1%	16.5%

	2014	2015	2016e	2017e
Operating margin	11.0	11.9	12.1	13.2
Net margin	4.1	4.4	6.6	7.9
ROE	6.2	6.8	10.2	14.5
ROCE	12.4	14.5	11.5	15.1
Gearing	4.1	-4.9	20.0	19.7

(€)	2014	2015	2016e	2017e
EPS	1.52	1.59	1.70	2.03
% change		4.6%	6.5%	19.4%
P/E	22.4x	21.4x	20.1x	16.8x
FCF yield (%)	6.3%	6.4%	6.2%	7.7%
Dividends (€)	0.95	1.00	1.00	1.10
Div yield (%)	2.8%	2.9%	2.9%	3.2%
EV/Sales	1.8x	1.7x	1.8x	1.7x
EV/EBITDA	10.7x	9.6x	10.1x	8.6x
EV/EBIT	16.4x	14.3x	15.1x	12.6x

July RevPAR in France was again harshly impacted by the current turbulent environment such that FY 2016 RevPAR for AccorHotels should be closer to our "Stress" scenario rather than our "Base" case. Nevertheless, despite AccorHotels' exposure to France and to a lesser extent Brazil, EBIT from operations excluding digital opex, rose by more than 5% in H1 and this should also be the case in H2. In addition, we are convinced that the group's transformation and strategic development will bear fruit even if some acquisitions are currently weighing on results. Finally, pending a new GAV for Hotellinvest, we continue to estimate that fully owned and leased contracts are undervalued. Buy recommendation confirmed with a FV adjusted to EUR42.

ANALYSIS

- FY RevPAR lowered due to AccorHotels' exposure to France and Brazil:** In number of rooms, AccorHotels' offer reaches 28% in France and 7% in Brazil. Regarding France, July RevPAR was down 6% after -1.3% in June and -3.6% over the first six months and was harshly impacted by lower numbers of international travellers. The upscale segment was the most affected (RevPAR down 11% in July) as it was in H1, while the midscale segment was down 5.8% and economy confirmed its resilience with RevPAR down only 1.4%. Nevertheless, as was the case in H1 with RevPAR down 2.2% in France compared with -3.6% for the hotels segment, AccorHotels should remain less affected than the sector given its lower exposure to the upscale segment representing less than 5% of the group's offer in France. AccorHotels economy segment represents c.65% of the group's offer in France and the midscale segment 30%. As such, we have moved our FY RevPAR estimate to 1.2% for the group vs. 3.5% previously (H1 was up 1%) o/w -1.5% in France vs. flat (H1 was down 2.2% and H2 will benefit from major events such as the Maison & Objets trade fair and the Paris Motor show, as well as positive comps especially in Q4). (See our RevPAR forecasts by geography below).
- 2016 EBIT adjusted to EUR695m from EUR715m:** After H1 results on 28th July and taking into account ongoing uncertainty regarding H2 due to the main recent events i.e. Brexit, attacks in France & Germany, the aborted coup in Turkey, management's FY 2016 EBIT guidance is between EUR670m and EUR720m implying RevPAR growth of between 0% and 3%. Based on our new RevPar estimate of 1.2% for 2016, our EBIT moves to EUR695m. This number takes into account the impact of the digital plan of EUR45m in opex (broadly same amount in capex), the acquisition of startups notably onfinestay, which weigh on the group's EBIT by about EUR1.5m per month (EUR10m in H2 2016) and FRHI contribution of EUR40m in H2 (management announced between EUR40m and EU50m).

Main changes

	2015	2016e			2017e		
		Old	New	Change %	Old	New	Change
SALES	5 581	6 063	5 736	-5,4%	6 616	6 277	-5,1%
EBITDA	987	1 079	1 040	-3,6%	1 261	1 205	-4,4%
		17,7%	18,1%	33 bp	19,1%	19,2%	15 bp
EBIT	665	715	695	-2,7%	878	828	-5,7%
	11,9%	11,8%	12,1%	34 bp	13,3%	13,2%	-8 bp

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

- Speculative appeal which remains intact for the Hotellinvest valuation:** Confirming the potential prospect of Hotellinvest being transformed into a subsidiary before the end of H1 2017, management is set to provide a new estimate of the Hotellinvest portfolio (331 fully owned hotels, 304 hotels under fixed leased contracts and 653 hotels under variable leased). As a reminder, GAV (gross asset value) was EUR6.9bn at the end of 2015 (EUR5.5bn in 2013 representing a cap rate of 4.9%), which still sounds conservative to us, representing a cap rate of 6.3%. Since 2013, Hotellinvest's performance has improved considerably with EBIT margin up to 7.9% in 2015 from 4.6% in 2013 on the back of sustained hotel business but also the group's asset strategy with fully-owned hotels now contributing 61% in 2015 to Hotellinvest NOI vs. 54% in 2013. Management's forecast is for more than 75%, implying an NOI of Hotellinvest of c.EUR680m (vs. EUR437m in 2015 and EUR270m in 2013) and a GAV of EUR10.8bn based on a cap rate of 6.3%.



(continued next page)

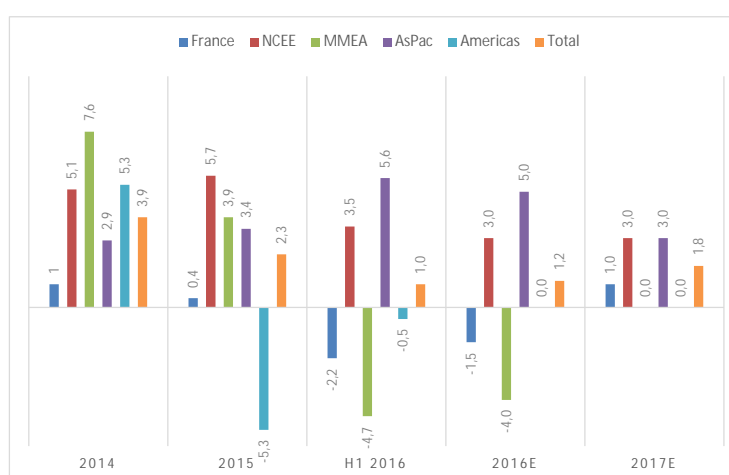
VALUATION

- Since the H1 results release on 28th July, the share price has dropped around 10% in absolute terms and relative to the Stoxx 600 (Melia Hotels is up 6% and IHG 9%). Largely due to AccorHotels exposure to France, this underperformance looks excessive to us bearing in mind that the H1 EBIT decrease was above all linked to the group's transformation rather than the current business environment (group EBIT from operations was up 5.1% on a lfl basis taking into account -4.2% lfl in France and -54.5% in Americas due to Brazil).
- At the current share price, based on consensus estimates (consensus EBIT 2016e of EUR689m and EUR850m on 2017e), the share is trading at 15.1x EV/EBIT 2016e and 12.6x 2017e compared with average European peer valuations of respectively 15.9x and 13.5x.

NEXT CATALYSTS

- Capital market day on 5th October
- Q3 revenue on 18th October

2016e and 2017e RevPAR by geography



[Click here to download](#)



Analyst :
 Bruno de La Rochebrochard
 33(0) 1 56 68 75 88
bdelarochebrochard@bryangarnier.com

Luxury & Consumer Goods

Prada

Price HKD21.75

Unhelpful sales trends partly offset by cost-cutting actions

Fair Value HKD31 vs. HKD35 (+43%)

NEUTRAL

Bloomberg	1913 HK
Reuters	1913.HK
12-month High / Low (HKD)	34.3 / 20.4
Market Cap (HKD)	55,654
Ev (BG Estimates) (HKD)	55,700
Avg. 6m daily volume (000)	693.4
3y EPS CAGR	0.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.4%	-18.5%	-8.6%	-9.8%
Pers & H/H Gds	0.9%	1.0%	5.8%	3.1%
DJ Stoxx 600	0.7%	-1.5%	3.7%	-6.0%

YEnd Jan. (EURm)	01/16	01/17e	01/18e	01/19e
Sales	3,548	3,177	3,237	3,349
% change		-10.5%	1.9%	3.5%
EBITDA	803	689	722	760
EBIT	502.9	435.2	463.0	492.4
% change		-13.5%	6.4%	6.4%
Net income	330.9	291.5	312.9	334.5
% change		-11.9%	7.3%	6.9%

	01/16	01/17e	01/18e	01/19e
Operating margin	14.2	13.7	14.3	14.7
Net margin	9.3	9.2	9.7	10.0
ROE	10.7	9.5	10.2	10.9
ROCE	11.3	10.1	11.0	11.9
Gearing	3.6	0.2	-2.0	-4.2

(EUR)	01/16	01/17e	01/18e	01/19e
EPS	0.13	0.11	0.12	0.13
% change		-11.9%	7.4%	6.9%
P/E	19.2x	21.8x	20.3x	19.0x
FCF yield (%)	NM	6.3%	5.7%	6.1%
Dividends (EUR)	0.11	0.11	0.12	0.13
Div yield (%)	4.4%	4.4%	4.8%	5.1%
EV/Sales	1.8x	2.0x	1.9x	1.9x
EV/EBITDA	8.1x	9.2x	8.7x	8.2x
EV/EBIT	12.9x	14.6x	13.6x	12.7x

Last Friday Prada reported H1 2016 results. Revenues were significantly below expectations (EUR1.55bn vs. CS of EUR1.65bn), down 13% FX-n due to very poor retail trends (SSSG and FX-n: -16%) but margins topped the CS forecasts thanks to industrial efficiencies and cost-cutting measures. Although management witnessed some signs of improvement in Greater China over July and August, visibility on the tipping point remains quite low. We revise down our FY estimate by 6% to reflect the H1 sales performance, hence our new FV of HKD31 vs. HKD35. Neutral recommendation reiterated.

ANALYSIS

- H1 2016 net revenues dropped by 15% to EUR1.55bn (CS: EUR1.65bn).** The sales miss was attributed to a very poor performance in the retail channel, with sales down 16% FX-n and comparable growth fell by the same order of magnitude (CS: -11%). The decline was particularly significant in: **1/ Europe** (-18% FX-n including Italy), where lower tourist flows seemed to be more harmful for Prada than its peers and **2/ in Asia-Pacific** (-18% FX-n o/w -21% in Greater China) with a double-digit decline in HK-Macau while there were some very first signs of improvement in Mainland China. Sales in **Americas** decreased by 15% FX-n (LatAm was positive) and the **Middle-East** was the only region not to be in negative territory (+0.2%). Wholesale sales were up 3% FX-n thanks to new partnerships with online retailers (Net-A-Porter and mytheresa.com).
- First positive impacts from cost-cutting measures.** Gross margin narrowed by 50bp to 72.2% (CS: 72.6%) as the negative channel- and geographic-mix were only partly offset by industrial efficiencies. However, the group's actions to reduce costs (labour costs reduction, rent renegotiations, etc.) led to a 12%-decrease in opex expenses, also helped by a positive phasing effect on marketing expenses (catch-up expected in H2). As a consequence, **EBITDA** reached EUR330m (CS: EUR328m), representing **EBITDA margin** of 21.2% (-290bp) vs. CS of 19.9%e. Below, it is worth noting that Prada benefited from a new method of depreciation (+EUR26.1m at the opex level). **Net income** came in at EUR188.6m vs. CS of EUR126m.
- Sharp reduction in capex investments (-39% to EUR108m).** First of all, there were only four net openings to 622 DOS (+16 vs. H1 15) since the group now focuses on improving the shopping experience through renovation and relocations (19 in H1).

Prada H1 16 Results:

EURm	H1 2015	H1 2016	% change
Net revenues	1,824.4	1,554.2	-14.8
Gross Profit	1,325.9	1,121.9	-25.0
Gross Margin (%)	72.7	72.2	-50bp
EBITDA	440.0	330.0	-27.1
EBITDA margin (%)	24.1	21.2	-290bp
Net income	188.6	141.9	-24.7

Source: Company Data

- Outlook: visibility is still limited.** At the top line level, we remain cautious given the challenging market conditions in Europe, US and Asia-Pacific although Prada, like most of its peers, witnessed improving trends in Mainland China and signs of stabilisation in HK-Macau over July and August. Prada is accelerating the implementation of its e-commerce strategy, internally (launch of its own e-commerce platform in China, H-K and Singapore) as well as externally (partnerships with N-A-P and mytheresa.com). As for **profitability**, cost-cutting actions should continue to bear fruit over H2 even if marketing expenses should be higher than in H1 (stable over FY16 as a % of sales). Management specified that an EBITDA margin of approx. 22% was "reachable".

VALUATION

- We have lowered our FY16 estimates by 6% following the weak top line performance in H1. In our view, visibility on Prada's turnaround remains low, especially since the group is more affected by challenging market conditions than most of its peers. FV adjusted to HKD31 vs. HKD35 and Neutral recommendation reiterated. [Click here to download](#)



Analyst:
Cedric Rossi
33(0) 1 70 36 57 25
crossi@bryangarnier.com

Consumer Analyst Team:
Nikolaas Faes
Loic Morvan
Antoine Parison
Virginie Roumagne

BG's Wake Up Call

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 55.3%

NEUTRAL ratings 33.3%

SELL ratings 11.3%

Bryan Garnier Research Team

Healthcare Team	Pharmaceuticals	Eric Le Berrigaud <i>(Head of Equities)</i>	33 (0) 1 56 68 75 33	eleberrigaud@bryangarnier.com
	Biotech/Medtech	Mickael Chane-Du	33 (0) 1 70 36 57 45	mchanedu@bryangarnier.com
	Medtech/Biotech	Hugo Solvet	33 (0) 1 56 68 75 57	hsolvet@bryangarnier.com
Consumer Team	Luxury/Consumer Goods	Loïc Morvan	33 (0) 1 70 36 57 24	lmorvan@bryangarnier.com
	Beverages	Nikolaas Faes	33 (0) 1 56 68 75 72	nfaes@bryangarnier.com
	Retailing	Antoine Parison	33 (0) 1 70 36 57 03	aparison@bryangarnier.com
	Luxury /Consumer Goods	Cedric Rossi	33 (0) 1 70 36 57 25	crossi@bryangarnier.com
	Food & Beverages	Virginie Roumage	33 (0) 1 56 68 75 22	vroumage@bryangarnier.com
TMT	Video Games / Payments	Richard-Maxime Beaudoux	33 (0) 1 56 68 75 61	rmbeaudoux@bryangarnier.com
	Telecom	Thomas Coudry	33(0) 1 70 36 57 04	tcoudry@bryangarnier.com
	Software & IT Services	Gregory Ramirez	33 (0) 1 56 68 75 91	gramirez@bryangarnier.com
	Semiconductor	Dorian Terral	33 (0) 1 56 68 75 92	dterral@bryangarnier.com
Utilities	Xavier Caroen		33 (0) 1 56 68 75 18	xcaroen@bryangarnier.com
	Pierre-Antoine Chazal		33 (0) 1 56 68 75 06	pachazal@bryangarnier.com
Insurance	Olivier Pauchaut <i>(Head of Research)</i>		33 (0) 1 56 68 75 49	opauchaut@bryangarnier.com
Hotels/Business Services	Bruno de La Rochebrochard		33 (0) 1 56 68 75 88	bdelarochebrochard@bryangarnier.com
Construction/ Infrastructures Building Materials	Eric Lemarié		33 (0) 1 70 36 57 17	elemarie@bryangarnier.com
Marketing	Sophie Braincourt		33(0) 1 56 68 75 36	sbraincourt@bryangarnier.com
Market Data & Information Systems Manager	Eric Monnier		33(0) 1 56 68 75 63	emonnier@bryangarnier.com

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

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



BRYAN, GARNIER & Co

Disclaimer:

Bryan Garnier & Co Limited, registered in England Number 03034095 with registered office : Beaufort House 15 St Botolph Street, London EC3A 7BB , United Kingdom and its MiFID branch registered in France Number 452 605 512 with registered office : 26, Avenue des Champs Elysées 75008 Paris , France. 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.

This Report may not be reproduced, distributed or published by you for any purpose except with the Firms' 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.

Important information - This report may contain "Independent" and "Corporate/Non-independent" research reports.

Unless stated otherwise, documents in this report are 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.

Independent investment research reports:

Independent investment research reports are prepared by Bryan Garnier & Co Limited and are distributed only to clients of Bryan Garnier & Co Limited (the "Firm"). Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

These reports are provided for information purposes only and do 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. These reports are for general circulation to clients of the Firm and as such are 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 these reports 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 these reports 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 these reports. Information may be available to the Firm and/or associated companies which is not reflected in these reports. The Firm or an associated company may have a consulting relationship with a company which is the subject of these reports.

Corporate or Non-Independent investment research reports:

Non-independent research reports are prepared by Bryan Garnier & Co Limited and are being distributed only to clients of Bryan Garnier & Co Limited (the "Firm"). Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

These reports have been sent to you for marketing purposes only and are non-independent research within the meaning of the FCA rules. These reports are not being held out as an objective or independent explanation of the matters contained in them and should not be treated as such. These reports have not been prepared in accordance with the legal requirements designed to promote the independence of investment research. The Firm is not subject to any prohibition on dealing ahead of the dissemination of investment research. These reports usually focus on emerging European growth companies. The contents of these reports as well as the other research documents on emerging growth stocks do not contain the Firm's usual stock ratings. The intrinsic value analysis is presented to provide a framework for stock valuation and discussion, and represents an estimated value on the date of publishing, which may be subject to change without notice.

The Firm's rationale for not having ratings on the stock includes the fact that such stock may have limited market capitalisation and liquidity and while the Firm may express an opinion on the near-term movement of the stock, what action investors should take depends on many factors, including liquidity/risk tolerance, holdings timeframe and investment philosophy. Emerging companies evolve rapidly with a continuous flow of information that can significantly impact the company and in the Firm's opinion this cannot be reflected by a periodic rating. Additionally, the Firm may have an advisory relationship with the company which is the subject of these reports, including for the production of sponsored research, and may expect to receive or intend to seek compensation for investment banking services from that company in the six months following the date of these reports.

To the fullest extent permitted by law, the Firm does not accept any liability whatsoever for any direct or consequential loss arising from any use of the information contained in these reports. Information may be available to the Firm which is not reflected in these reports. They are provided for information purposes only and do not constitute an offer or solicitation to buy or sell any of the securities discussed in them. These reports are for general circulation to clients of the Firm and as such are 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.

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 Investor 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. Ltd. 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. Ltd. 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....