

Mytilineos

Defensive in 2020 and with growth beyond

Q120 trading update

General industrials

1 June 2020

Price €7.12

Market cap €1,017m

Net debt (€m) at 31 December 2019 421

Shares in issue 142.9m

Free float 73.4%

Code MYTI

Primary exchange ASE

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 0.9 4.6 (24.7)

Rel (local) (0.8) 15.4 (8.4)

52-week high/low €11.27 €5.01

Business description

Mytilineos operates three businesses: metallurgy (aluminium/alumina production), power & gas (power production/supply and gas trading) and EPC and infrastructure. The company operates in 29 countries across Europe, the Middle East and Africa and has a workforce of 2,700 employees.

Next events

AGM 4 June 2020

H120 results 9 September 2020

Analyst

Graeme Moyse +44 (0)20 3077 5700

industrials@edisongroup.com

[Edison profile page](#)

**Mytilineos is a research client
of Edison Investment
Research Limited**

Although FY20 will be challenging for Mytilineos, in our view its current rating does not reflect the resilience of the business or its longer-term potential for growth. Emphasis on cost control, the sourcing of competitively priced gas and the company's exposure to a growing renewable business should mitigate some of the impact of COVID-19 and help underpin growth. A new combined cycle gas turbine (CCGT), due to be commissioned in Q421, should significantly boost profits from 2022.

Year end	EBITDA* (€m)	Net income** (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/18	284	141	0.99	0.36	7.2	5.1
12/19	313	145	1.01	0.36	7.0	5.1
12/20e	282	133	0.93	0.33	7.7	4.6
12/21e	339	170	1.19	0.42	6.0	5.9

Note: *EBITDA and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.** Net income is shown after minorities.

Power & gas delivers the standout performance

Although EBITDA declined by 12.4% in Q120 versus Q119 (the strongest quarter in 2019), from €92.0m to €80.6m, it represented a 23.7% increase over Q419. The standout performance was posted by power & gas, which increased profitability versus Q119 thanks to an expansion in the supply and the renewable businesses and a significant increase in thermal spark spreads (+55%), despite lower power prices, thanks to the sourcing of cheap gas. Profits in the metallurgy unit were described by management as 'resilient' helped by lower costs, with the Engineering Procurement and Construction (EPC) business 'underperforming'.

A tough Q220 in prospect but opportunities beyond

With traditionally weaker spark spreads in Q2 and lower forward curves for metal pricing in Q2, the next quarter is likely to be more challenging for Mytilineos than Q1. However, despite the impact of COVID-19, Mytilineos reports that all its major production facilities remain fully operational, there have been no major interruptions to the supply of raw materials or the delivery of its products to end customers and there have been no delays in customer payment. Following the recent announcement of the bond prepayment, Mytilineos faces no debt redemption before 2024. Forward curves on the London Metal Exchange (LME) point to higher prices in H220 and beyond. Low gas prices should present an opportunity for Mytilineos to resist cost pressure in the metallurgy business, along with its ongoing cost control, and allow for generous spark spreads and a cost advantage for the supply business. Beyond FY20 we expect a continuing development of the renewable and supply businesses and further cost reductions. The commissioning of the new efficient CCGT plant (826MW) in Q421 should also provide a strong stimulus to profitability in FY22.

Valuation: Undemanding

Following the Q120 trading update we have revised our forecasts for FY20 and beyond (FY20 EBITDA €282m versus €330m previously). Based on our new forecasts the median result of our analysis indicates a value of c €12.2–12.5/share (previously €14.5) for Mytilineos, providing over 70% upside from current levels.

Resilient Q120 performance

Q120 trading update underlines the importance of cheap gas

The headline figures for Q120 are set out in Exhibit 1. As the table shows, the figures demonstrate that profitability improved quarter-on-quarter (Q419 was hit by weaker margins in the EPC business) but recorded a decline compared with Q119. Mytilineos does not provide a full segmental breakdown of revenue or EBITDA at the Q1 stage; however, it did disclose that the power & gas business unit increased profitability compared to Q119, despite lower overall output and a lower system marginal price (SMP).

Although Mytilineos does not publish quarterly cash flow statements the rise in net debt to €530m (from €421m at FY19) suggests that capex remained high during Q120 with construction of the new CCGT likely to have accounted for the bulk of the expenditure.

Exhibit 1: Key financial figures Q120 versus Q119							
		FY19	Q119	Q120	Q120 vs Q119 change	Q419	Q120 vs Q419
Turnover	€m	2,256.1	513.9	532.7	3.7%	708.2	-24.8%
EBITDA	€m	313.2	92.0	80.6	-12.4%	65.2	23.7%
Earnings after tax and minorities	€m	144.9	49.7	36.4	-26.8%	24.3	49.7%
EPS	€	1.014	0.348	0.255	-26.8%	0.170	49.7%
Net debt	€m	421	N/A	530	N/A	421	25.9%
EBITDA margin	%	13.9	17.9	15.1	-277.0bp	9.2	593.2bp
EATam margin	%	6.4	9.7	9.7	-284.6bp	3.4	339.5bp

Source: Mytilineos

When Mytilineos announced its FY19 results it maintained its DPS at €0.36 as a sign of its confidence in the business and despite the challenges of COVID-19. In its Q1 trading update Mytilineos reported that all its major production facilities remained fully operational and there had been no significant interruptions to the supply of raw materials or the delivery of its products to end customers. Mytilineos added that there had been no delays to customer payment and its liquidity remained strong. Since the Q1 trading update Mytilineos has announced the prepayment of the total nominal value (€1,000/bond) of a €300m bond (coupon of 3.1% due June 2022) and total accrued interest of €15.93/bond. Mytilineos now faces no further debt maturity before 2024.

In the following sections we discuss the principal factors driving profitability in each of the business units, consider the outlook in more detail and develop a number of potential scenarios for the business.

Metallurgy

Mytilineos managed to sustain production in its alumina refinery and aluminium smelter with both plants operating at almost full capacity in Q120. Overall production rose from 158.5k tons in Q119 to 168.2k tons in Q120, although this headline number was helped by the first-time contribution of the EPALME recycled aluminium business. However, COVID-19 did have a negative impact on commodity prices. The LME price for aluminium in Q120 was \$1,712.75/tonne versus Q119 \$1,880.64/tonne (-8.4%) (we note the overall LME average aluminium price for 2019 of \$1,810/tonne was down 14% versus FY18 \$2,112/tonne). Mytilineos added that its product premia had also declined by c 33% we estimate to c \$280/tonne). It is however important to note that post Q120 the LME price now stands at c \$1,500–1,550/tonne (one to three months) although the futures indicate a pick up in prices later in H220 to c \$1,600–1,700/tonne. Mytilineos also pointed to declining alumina prices, from c \$387/tonne in Q119, to c \$285/tonne in Q120. Again, current and shorter-term LME alumina prices sit in the range of \$240–260/t.

Despite the weaker metal prices that prevailed in Q120 Mytilineos stated that profits from the metallurgy business have been 'resilient' (we interpret this as a modest decline) as lower sales prices have been offset by lower input costs (gas and raw materials) and cost efficiency as a result of its cost control programme (the programme is called Hephaestus, which commenced last July). In total, Hephaestus has a targeted benefit of €62m, of which €35m constitutes ongoing EBITDA enhancements and a further €27m of one-off items. As a result of its cost initiative, Mytilineos believes that it has further improved its position in the global top quartile (in terms of cost efficiency) for its alumina and aluminium production.

Power & gas

In FY19 power & gas made the standout divisional contribution to group profitability, (increasing EBITDA from €60.4m in FY18 to €100.9m in FY19) and the division posted another strong performance in Q120, with increased profitability compared to the same quarter of 2019.

Although the impact of COVID-19 and warm weather reduced energy demand in Greece by 1.8% (Mytilineos's output declined by 3.5% to 1,228 GWh) and the SMP was down 25.9% to €50.4/MWh, Mytilineos still managed to increase profitability. The key to the improved profitability was a lower gas price, which enabled the clean spark spread from its thermal plants to increase by 55% versus Q119. Although Mytilineos does not publish the spark spread, we calculate that, using a power price of €50/MWh, gas costs of €10/MWh and a CO₂ price of €25/t, a spark spread of €25/MWh might have been achievable.

The renewable business continues to expand and we expect a further 35MW of capacity to be added in FY20, taking overall capacity to c 245MW by the end of FY20. In Q120 output rose by 17.5% to 141GWh (Edison estimate output to increase by 30% to 560GWh in FY20). In the supply market, access to competitively priced gas enabled the supply business, Protegia, to increase its share of the Greek market to 6.5% (March 2019: 4.7%) and the business now has almost 250,000 customers versus 183,000 at FY19.

EPC

The traditional EPC business, which suffered from margin erosion in Q419, experienced another tough quarter in Q120; a number of projects remained in the completion phase and there was a drop in the number of new projects. Mytilineos is conducting a strategic review of the potential way forward for the EPC business with a focus on sustainability projects. However, we expect a decline in the profitability of this business in FY20.

RSD

The prospects for the recently (January 2020) formed Renewable and Storage Development (RSD) business appear brighter, with a growing market for solar and storage assets globally. This business offers the potential for higher margins than the traditional EPC business, with lower risk and shorter construction periods and also benefits from a well diversified portfolio of assets geographically. The business unit continued to execute projects in Spain, the UK, Chile and Kazakhstan throughout Q1. In Q1 the unit also disposed of 47MW of solar assets for €45.8m which constitutes only a small part of a total pipeline of 600MW scheduled for disposal over the next 24 months.

Outlook

While Mytilineos posted resilient profits in Q1, we expect Q2 to present sterner challenges. We expect lower metal prices in Q2 and some seasonal softening of the spark spreads in power & gas. We also anticipate that it is unlikely that the combined EPC/RSD business unit will recover in Q2. However, Mytilineos's strong financial position should allow it to ride out the tough conditions.

Forward curves on the LME point to higher prices in H220 and beyond, while low gas prices should present an opportunity for Mytilineos to restrain cost pressure in the metallurgy business and allow for generous spark spreads and a cost advantage for the supply business. We also expect continued expansion of the renewable portfolio in H2. Beyond FY20 the potential for economic growth and the continuing development of the renewable and supply businesses should facilitate improved profitability. The commissioning of the new efficient CCGT plant (826MW) in Q421 is likely to provide a strong stimulus to profitability in FY22.

Scenario analysis

Mytilineos reported a sound start to FY20 in difficult financial conditions. However, the ultimate impact of COVID-19 remains unclear and considerable uncertainty therefore surrounds projections for FY20 and beyond. To provide a guide for investors, we set out bull, bear and base case scenarios based on our updated forecasts. Each scenario attempts to model Mytilineos's sensitivity to some of the more important variables as shown in Exhibit 2. For comparison we also show figures for FY19. Spark spreads are not disclosed by Mytilineos, so the figures shown are our estimates.

Exhibit 2: FY20 scenario assumptions

	Thermal power spreads	Thermal power volumes	Aluminium prices	Aluminium volumes	Alumina price	Alumina volumes	EPC revenue	EPC EBITDA margin
	(€/MWh)	(TWh)	(\$/tonne)	(kton)	(\$/tonne)	(kton)	(€m)	(%)
FY19	14.5	4.2	1,810	209	300	823	666	7.7
Base	13.0	4.2	1,525	220	270	811	620	6.1
Bull	15.0	4.3	1,625	225	280	825	650	7.5
Bear	10.0	4.1	1,450	210	265	796	585	4.9

Source: Edison Investment Research

The financial impact of the scenario analysis can be seen in Exhibit 3 below. In our base case scenario, EBITDA of €282m represents a c 9.9% decline on the €313m achieved in FY19 (we note that Q120 EBITDA –12.4% versus Q119). We envisage a strong performance from the power & gas division with cheap gas supporting spark spreads (in the face of lower power prices) and the expansion of the supply business. Additional wind capacity should also help drive profitability. The metallurgy business should also benefit from lower input gas prices, a year-on-year expansion of the aluminium recycling capacity along with lower input prices for raw materials, although, in all scenarios, lower metal prices will reduce profitability versus FY19. The EPC/RSD unit suffered from a tough Q120 and we expect this trend to continue throughout FY20, with revenues and margins in the year lower than FY19 in all scenarios. For the time being, despite the stronger outlook for RSD, we continue to forecast EPC and RSD as a combined unit, although in time, as more data are published by Mytilineos, we expect to separate out the two businesses. Overall, it is only in the bull case scenario that FY20 EBITDA slightly exceeds that of FY19, while the bear case scenario represents a 19.8% decline in EBITDA versus FY19.

Exhibit 3: FY20 EBITDA sensitivity analysis (€m)

	FY19	Base	Bull	Bear
Metallurgy	162	138	150	129
Power & gas	101	106	117	93
EPC/RSD	51	38	49	29
Other	(1)	N/A	N/A	N/A
Total	313	282	315	251

Source: Edison Investment Research

It is worth pointing out that in light of the impact of COVID-19 (lower metal prices) and ongoing difficulties in the traditional EPC business, our new base case forecasts represent a significant reduction to our previously published forecasts (December 2019). The principal changes are

highlighted in Exhibit 4. Net debt projections rise principally as a result of lower EBITDA in FY20. Turnover rises as we have increased our forecasts for the energy supply business, which is a high turnover but relatively low margin operation.

Exhibit 4: FY20 and FY21 principal changes to forecasts				
€m			FY20e	FY21e
Revenues	New		2,124	2,644
	Old		2,088	2,266
	Change		2%	17%
Adjusted EBITDA	New		282	339
	Old		330	355
	Change		-15%	-4%
Adjusted net income (before minorities)	New		136	174
	Old		175	198
	Change		-22%	-12%
Net debt	New		528	612
	Old		477	521
	Change		11%	17%

Source: Edison Investment Research

Valuation

Mytilineos has not escaped the decline in market valuations and the share now stands at c €7.1, a significant discount to the peak of €11.2 reached in July 2019, although the shares are currently some way above March's trough of €5.02/share.

Using our base case forecast EPS of €0.93 for FY20e, Mytilineos is trading on an FY20e P/E of 7.6x versus a peer group of industrial conglomerates of 16.0x (a discount of 54%). By way of comparison, the Athens Composite Index forward P/E of 11.8x and the STOXX Europe 600 forward P/E of 18.2x.

Our updated DCF-based SOTP analysis suggests a valuation of €13.4 (Exhibit 4) before applying any adjustments to reflect the diversified business model. Significant synergies exist between Mytilineos's businesses, particularly power and metallurgy and therefore the appropriateness and scale of any adjustments to the SOTP remains a moot point. However, applying an adjustment of 15% would reduce the equity valuation to c €11.4/share (versus €14.5 previously). Applying a less aggressive adjustment of 10% would produce a valuation of €12.1/share.

Exhibit 5: DCF-based SOTP approach				
FY20e (€m)	EV	EBITDA	EV/EBITDA	Comment
Metallurgy	1,422	138	10.3	DCF, 7.5% WACC, 0.5% terminal growth rate
Power & gas	777	106	7.3	Summation of Gas-fired plants, Wind & Supply
Gas-fired plants	324	49	6.6	DCF, 7.5% WACC. Includes value creation from new CCGT project
Wind	353	37	9.5	DCF, 8.5% WACC,
Supply	100	20	5.0	5x EV/EBITDA multiple
EPC & infrastructure	192	38	5.1	DCF, 7.5% WACC, 0.5% terminal growth rate
Total EV	2,365	282	8.5	
- FY19 net debt	(421)			
- provisions	(29)			
- minorities	(50)			
+ associates	24			
Equity value	1,916			
Number of shares (m)	142.9			
Value per share (€)	13.4			

Source: Edison Investment Research

We have cross-checked our valuation against the current EV/EBITDA multiples of peers (comparable stocks for each of Mytilineos's businesses), applying them to the appropriate division

within Mytilineos's business. Using this peer group-based approach yields a valuation of €9.3/share.

Exhibit 6: Valuation benchmarking exercise			
FY20e (€m)	Implied EV	Forecast EBITDA	Applied multiple EV/EBITDA (x)
Metallurgy	759	138	6.8
Power & gas	739	106	7.0
Gas-fired plants	354	49	7.4
Wind	285	37	8.7
Supply	100	20	5.0
EPC & infrastructure	306	38	8.3
Total EV	2,038	282	7.2
- net debt	(421)		
- provisions	(29)		
- minorities	(50)		
+ associates	24		
Equity	1,563		
NOSH	142.9		
Value per share (€)	10.9		
Source: Edison Investment Research			

We have also applied the median FY1 P/E (17.0x) and FY1 EV/EBITDA (8.6x) of a group of European diversified industrial companies to our updated Mytilineos forecasts. This analysis produces valuations of €15.8/share and €12.9/share respectively.

All valuation scenarios suggest upside to the current share price of c €7.1x. The median valuation of the four approaches, based on an adjustment to the DCF-based SOTP element of 15% (€10.9, €11.4, €12.9 and €15.8) is €12.2, indicating upside of c 71% from current levels. Applying a 10% adjustment to the DCF-based SOTP (€10.9, €12.1, €12.9 and €15.8), the median valuation stands at €12.5, indicating c 76% upside from current levels.

Exhibit 7: Financial summary

Accounts: IFRS; year end 31 December; €m	2018	2019	2020e	2021e	2022e	2023e
Income statement						
Total revenues	1,527	2,256	2,124	2,644	3,103	3,206
Cost of sales	(1,229)	(1,922)	(1,822)	(2,280)	(2,679)	(2,767)
Gross profit	297	334	302	364	424	439
SG&A (expenses)	(88)	(127)	(121)	(129)	(142)	(143)
R&D costs	(0)	(0)	(0)	(0)	(0)	(0)
Other income/(expense)	(5)	12	12	12	14	14
Exceptionals and adjustments	0	0	0	0	0	0
Reported EBIT	204	219	192	247	295	309
Finance income/(expense)	(38)	(27)	(16)	(28)	(32)	(30)
Other income/(expense)	1	(12)	(14)	(14)	(14)	(14)
Reported PBT	167	180	162	204	249	265
Income tax expense (includes exceptionals)	(27)	(32)	(26)	(31)	(37)	(40)
Reported net income	140	148	136	174	212	225
Minorities	1	(3)	(3)	(4)	(5)	(5)
Net Income After Minorities	141	145	133	170	207	220
Basic average number of shares, m	142.9	142.9	142.9	142.9	142.9	142.9
Basic EPS, €/share	0.99	1.01	0.93	1.19	1.45	1.54
DPS, €/share	0.36	0.36	0.33	0.42	0.51	0.54
EBITDA	284	313	282	339	395	409
Balance sheet						
Property, plant and equipment	1,142	1,121	1,267	1,412	1,444	1,445
Goodwill	209	215	215	215	215	215
Intangible assets	235	232	232	232	232	232
Other non-current assets	272	257	257	257	256	256
Total non-current assets	1,858	1,824	1,970	2,115	2,146	2,148
Cash and equivalents	208	713	301	217	256	351
Inventories	184	214	221	227	234	241
Trade and other receivables	1,059	1,405	1,514	1,634	1,780	1,941
Other current assets	32	1	1	1	1	1
Total current assets	1,483	2,334	2,037	2,080	2,271	2,534
Non-current loans and borrowings	534	1,051	751	751	751	751
Other non-current liabilities	375	325	309	293	277	286
Total non-current liabilities	909	1,376	1,060	1,044	1,028	1,038
Trade and other payables	608	815	897	986	1,085	1,194
Current loans and borrowings	64	78	73	73	73	73
Other current liabilities	198	255	255	254	254	253
Total current liabilities	871	1,148	1,224	1,313	1,412	1,520
Equity attributable to company	1,508	1,584	1,671	1,781	1,916	2,059
Non-controlling interest	53	50	53	56	61	66
Cash flow statement						
Profit for the year	144	150	136	174	212	225
Taxation expenses	23	29	26	31	37	40
Net finance expenses	38	25	31	43	47	45
Depreciation and amortisation	81	97	90	92	100	100
Other adjustments	(7)	(14)	(26)	(26)	(26)	(1)
Movements in working capital	(68)	(20)	(34)	(37)	(53)	(60)
Interest paid / received	(31)	(21)	(31)	(43)	(47)	(45)
Income taxes paid	(18)	(2)	(26)	(31)	(37)	(40)
Cash from operations (CFO)	162	244	166	203	232	264
Capex	(85)	(134)	(236)	(237)	(131)	(101)
Acquisitions & disposals net	20	2	0	0	0	0
Other investing activities	18	10	10	10	10	10
Cash used in investing activities (CFIA)	(47)	(122)	(227)	(227)	(121)	(91)
Net proceeds from issue of shares	0	0	0	0	0	0
Movements in debt	(128)	476	(305)	0	0	0
Dividends paid	(46)	(52)	(47)	(59)	(73)	(77)
Other financing activities	105	(40)	0	0	0	0
Cash from financing activities (CFF)	(69)	383	(352)	(59)	(73)	(77)
Increase/(decrease) in cash and equivalents	47	506	(412)	(84)	38	96
Cash and equivalents at end of period	208	713	301	217	256	351
Net (debt) cash	(390)	(421)	(528)	(612)	(573)	(478)
Movement in net (debt) cash over period	178	(30)	(107)	(84)	38	96

Source: Company accounts, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by Mytilineos and prepared and issued by Edison, in consideration of a fee payable by Mytilineos. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2020 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1,185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia