

# GESCO AG

**Neutral → | Target 28.50 EUR vs 26.00 EUR ↗**

Price (16/08/2017) : 27.25 EUR | Upside : 5 %

Est.chg	2018e	2019e
EPS	4.7%	0.3%

## EBIT doubled in Q1 2017-18, strong sales growth continues in Q2 – upper end of earnings guidance range within reach

Publication date 17.08.2017 07:30

Writing date 16.08.2017 18:53

### Q1 2017-18: A strong start to the year

Given that Q1 for the operating group units ended on 31 March, Gesco had already reported preliminary sales and order figures for Q1 2017, which are included in the Q1 2017-18 report on the group level. Final **Q1 2017-18 sales increased sharply, by 17.5% yoy, to € 133.4m** (preliminary figure: ~€ 133m; Q1 16-17: € 113.6m). **Organic sales growth**, i.e. excluding the newly acquired Pickhardt & Gerlach Group (PGW), also grew a very strong **9.3%**. Note, however, that Q1 2016-17 is a relatively weak comparison base given that sales in that quarter were down -4.3% yoy. **For PGW, we derive Q1 sales of € 9.2-9.3m**, which is obviously very high compared to its last full-year sales of ~€ 29.5m. Management stated, however, that PGW's Q1 sales were extraordinarily strong and that this growth cannot be linearly extrapolated to the full year.

The **Resource Technology** segment, including recent addition PGW, grew 41.5% yoy in total and 22.9% yoy organically. According to GESCO, this growth is exceptionally strong and is likely to level off in the remainder of the year. Sales in the **Production Process Technology** segment were up 10.1% yoy, also due a rather weak comparison base. GESCO predicts only slight full-year sales and earnings growth for this segment. Sales in **Healthcare and Infrastructure Technology** were up 6.9% yoy. Only the Mobility Technology, which includes Protomaster GmbH (put up for sale in February 2017), showed a yoy sales decline (-21.1%).

Q1 group **EBIT more than doubled** yoy to € 10.9m (Q1 2016-17: € 5.4m), and the EBIT margin increased by 340bp. Since this EBIT increase was driven almost entirely by a jump in the **Resource Technology** segment's EBIT, we assume that the first consolidation of PGW was the principal reason for the increase.

### Strong growth continues in Q2, order situation remains robust

Together with its final Q1 figures, Gesco reported preliminary sales and order figures for Q2 2017-18. Q2 prelim sales came in at ~€ 131m, up c.13-14% yoy (Q2 2016-17: € 115.2m). Taking Q1 order intake of € 148.7m (up 21.3% yoy, in line with the preliminary figure) and preliminary Q2 order intake of ~€ 128m, H1 order intake is up more than 10% yoy. The book-to-bill ratio is still slightly above 1.0x.

### Raising our sales and earnings estimates based on optimistic outlook

Given ongoing strong growth (roughly 15.5% in H1 2017/18) and a positive order situation, management now sees good prospects for the company to achieve net income at the upper end of its forecast range (€ 17-18m). **We raise our sales and earnings estimates accordingly.** While we see some uncertainty related to the timing of the Protomaster disposal, we believe there is more upside than downside risk to our estimates from this transaction.

### TP lifted to € 28.50, Neutral maintained

Based on our increased estimates, our DCF model yields a fair value per share of € 28.78. **We thus raise our TP to € 28.50.** Our TP implies target P/E multiples of 17.1x for 2017-18e and 15.3x for 2018-19e. Besides the obviously strong profitability of newly acquired PGW, it remains to be seen how the rest of the group performs in Q2. **Neutral** maintained.

**Martin Decot (Analyst)**

 +49 (69) 71 83 736  
 martin.decot@bhf-bank.com


Source : Oddo BHF, Fininfo

Capital			
<b>GSC1 GY   GSC1n.DE</b>			
Market Cap (EURm)			272
Enterprise value (EURm)			374
Extrema 12 months	22.01	-	27.25
Free Float (%)			71.9
Performance (%)			
	1m	3m	12m
Absolute	7.5	15.2	21.1
Perf. rel. Country Index	9.7	20.3	9.7
Perf. rel. Capital Goods	10.9	19.4	5.3
P&L			
	03/18e	03/19e	03/20e
Sales (EURm)	525	534	543
EBITDA (EURm)	60.9	63.9	68.1
Current EBIT (EURm)	33.9	36.3	40.5
Attr. net profit (EURm)	18.1	20.3	22.9
Adjusted EPS (EUR)	1.67	1.87	2.12
Dividend (EUR)	0.64	0.75	0.85
P/E (x)	16.3	14.6	12.9
P/B (x)	1.4	1.3	1.2
Dividend Yield (%)	2.4	2.7	3.1
FCF yield (%)	2.4	4.7	4.7
EV/Sales (x)	0.75	0.70	0.66
EV/EBITDA (x)	6.4	5.9	5.2
EV/Current EBIT (x)	11.6	10.3	8.8
Gearing (%)	33	24	16
Net Debt/EBITDA(x)	1.3	0.9	0.6

**Next Events**

31.08.2017	AGM
14.11.2017	Q2 Results

**Conflict of interests:**

ODDO BHF CORPORATES & MARKETS, a division of ODDO BHF SCA, limited sharepartnership - Bank authorised by ACPR. ODDO BHF and/or one of its subsidiaries could be in a conflict of interest situation with one or several of the groups mentioned in this publication. Please refer to the conflict of interests section at the end of this document. This is a non-contractual document, it is strictly for the private use of the recipient, and the information it contains is based on sources we believe to be reliable, but whose accuracy and completeness cannot be guaranteed. The opinions given in the document reflect our appraisal at the time of publication and may therefore be revised at a later date.



Discounted cash flow model

EURm	PHASE 1					PHASE 2					PHASE 3
	2017/18e	2018/19e	2019/20e	2020/21e	2021/22e	2022/23e	2023/24e	2024/25e	2025/26e	2026/27e	∞
Sales	525.0	534.3	543.1	551.5	560.0	568.6	577.3	586.2	595.3	604.2	
YoY growth	8.8%	1.8%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
EBIT	33.9	36.3	40.5	41.6	42.2	42.9	43.5	44.2	44.9	45.6	
EBIT margin	6.5%	6.8%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
Income tax on EBIT	-11.8	-11.7	-12.9	-13.2	-13.4	-13.6	-13.8	-14.0	-14.3	-14.5	
Depreciation and amortisation	27.0	27.6	27.6	27.8	27.9	28.0	28.2	28.3	28.5	28.6	
Change in net working capital	-8.0	-2.9	-3.4	-3.1	-3.2	-3.2	-3.3	-3.3	-3.4	-2.7	
Net capital expenditure incl. acquisitions	-21.4	-22.7	-24.2	-28.1	-28.3	-28.4	-28.6	-28.7	-28.6	-28.6	
<b>Free cash flow</b>	<b>19.7</b>	<b>26.5</b>	<b>27.6</b>	<b>24.8</b>	<b>25.3</b>	<b>25.6</b>	<b>26.0</b>	<b>26.4</b>	<b>27.1</b>	<b>28.3</b>	
<b>Present values</b>	<b>20.2</b>	<b>25.3</b>	<b>24.5</b>	<b>20.5</b>	<b>19.3</b>	<b>18.2</b>	<b>17.2</b>	<b>16.2</b>	<b>15.4</b>	<b>15.0</b>	<b>256.7</b>
Present value Phase 1	70.0										
Present value Phase 2	121.7										
Present value Phase 3	256.7										
Total present value	448.4										
+ Liquid funds*	35.1										
- Financial debt / long-term provisions*	-140.14										
- Minority interests (est. market value)	-31.5										
Fair value of equity	311.9										
Number of shares (m)	10.8										
<b>Fair value per share (EUR)</b>	<b>28.78</b>										

  

Risk free rate	0.78%	Target equity ratio	73.0%
Equity risk premium	7.23%	Beta (fundamental)	1.2
Debt risk premium	2.00%	<b>WACC</b>	<b>7.4%</b>
Tax shield	31.8%	<b>Terminal growth</b>	<b>1.5%</b>

  

Sensitivity analysis						
Terminal growth (Phase 3)						
		0.5%	1.0%	1.5%	2.0%	2.5%
WACC	6.4%	31.33	33.82	36.83	40.52	45.15
	6.9%	28.00	30.03	32.43	35.33	38.88
	7.4%	25.15	26.82	<b>28.78</b>	31.09	33.88
	7.9%	22.69	24.08	25.69	27.57	29.80
	8.4%	20.54	21.71	23.05	24.59	26.40

Source: Oddo Seydler Bank

\*at the beginning of the first forecast period



**GSC1n.DE | GSC1 GY**  
**Holding companies | Germany**

**Neutral**  
Upside 4.59%

Price 27.25EUR  
TP 28.50EUR

	03/13	03/14	03/15	03/16	03/17	03/18e	03/19e	03/20e
<b>PER SHARE DATA (EUR)</b>								
Adjusted EPS	2.10	1.82	1.24	1.62	1.45	1.67	1.87	2.12
<b>Reported EPS</b>	<b>2.10</b>	<b>1.82</b>	<b>1.24</b>	<b>1.62</b>	<b>0.79</b>	<b>1.67</b>	<b>1.87</b>	<b>2.12</b>
Growth in EPS(%)	-14.9%	-13.5%	-31.8%	30.6%	-10.5%	15.1%	12.1%	13.2%
Net dividend per share	0.83	0.73	0.58	0.67	0.35	0.64	0.75	0.85
FCF to equity per share	0.74	-0.32	-0.43	0.18	2.22	0.66	1.29	1.27
Book value per share	15.54	16.46	16.88	18.07	19.90	19.70	20.92	22.29
Number of shares market cap	9.95	9.97	9.97	9.97	9.99	10.84	10.84	10.84
Number of diluted shares	9.95	9.97	9.97	9.97	9.99	10.84	10.84	10.84
<b>VALUATION</b>	<b>03/13</b>	<b>03/14</b>	<b>03/15</b>	<b>03/16</b>	<b>03/17</b>	<b>03/18e</b>	<b>03/19e</b>	<b>03/20e</b>
12m highest price	27.65	26.27	26.02	25.26	27.25			
12m lowest price	22.00	21.57	20.95	22.01	22.05			
(*) Reference price	22.43	24.69	24.25	23.77	23.49	27.25	27.25	27.25
Capitalization	223	246	242	237	235	295	295	295
Restated Net debt	49.1	63.0	83.8	85.2	91.3	76.8	59.0	41.4
Minorities (fair value)	1.8	1.6	1.8	2.4	1.8	2.2	2.3	2.6
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	15.3	14.9	17.1	16.3	17.1	17.3	17.4	17.6
<b>Enterprise Value</b>	<b>290</b>	<b>326</b>	<b>344</b>	<b>341</b>	<b>345</b>	<b>392</b>	<b>374</b>	<b>357</b>
P/E (x)	10.7	13.6	19.6	14.7	16.2	16.3	14.6	12.9
P/CF (x)	5.9	6.7	7.4	6.0	6.2	8.1	7.5	7.2
Net Yield (%)	3.7%	3.0%	2.4%	2.8%	1.5%	2.4%	2.7%	3.1%
FCF yield (%)	3.3%	ns	ns	0.8%	9.5%	2.4%	4.7%	4.7%
P/B incl. GW (x)	1.44	1.50	1.44	1.32	1.18	1.38	1.30	1.22
P/B excl. GW (x)	113	24.95	ns	21.63	ns	ns	ns	ns
EV/Sales (x)	0.66	0.72	0.76	0.69	0.72	0.75	0.70	0.66
EV/EBITDA (x)	5.6	6.7	7.5	6.4	6.9	6.4	5.9	5.2
<b>EV/EBIT (x)</b>	<b>7.8</b>	<b>10.2</b>	<b>12.6</b>	<b>10.8</b>	<b>15.6</b>	<b>11.6</b>	<b>10.3</b>	<b>8.8</b>
(*) historical average price								
<b>PROFIT AND LOSS (EURm)</b>	<b>03/13</b>	<b>03/14</b>	<b>03/15</b>	<b>03/16</b>	<b>03/17</b>	<b>03/18e</b>	<b>03/19e</b>	<b>03/20e</b>
Sales	440	453	451	494	482	525	534	543
EBITDA	52	48.7	46.2	53	49.7	61	64	68
Depreciations	-14.4	-16.7	-18.9	-21.8	-27.6	-27.0	-27.6	-27.6
<b>Current EBIT</b>	<b>37.3</b>	<b>32.0</b>	<b>27.3</b>	<b>31.5</b>	<b>22.1</b>	<b>33.9</b>	<b>36.3</b>	<b>40.5</b>
Published EBIT	37.3	32.0	27.3	31.5	22.1	33.9	36.3	40.5
Net financial income	-3.5	-3.0	-2.7	-2.6	-3.0	-2.8	-2.9	-3.1
Corporate Tax	-11.1	-9.3	-10.4	-10.3	-9.5	-10.9	-10.8	-11.9
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	-1.8	-1.6	-1.8	-2.4	-1.8	-2.2	-2.3	-2.6
Attributable net profit	20.9	18.1	12.4	16.1	7.9	18.1	20.3	22.9
<b>Adjusted attributable net profit</b>	<b>20.9</b>	<b>18.1</b>	<b>12.4</b>	<b>16.1</b>	<b>14.5</b>	<b>18.1</b>	<b>20.3</b>	<b>22.9</b>
<b>BALANCE SHEET (EURm)</b>	<b>03/13</b>	<b>03/14</b>	<b>03/15</b>	<b>03/16</b>	<b>03/17</b>	<b>03/18e</b>	<b>03/19e</b>	<b>03/20e</b>
Goodwill	12.4	12.4	13.8	13.0	19.4	19.4	19.4	19.4
Other intangible assets	6.5	5.9	5.4	4.3	27.2	19.8	12.4	5.3
Tangible fixed assets	99.7	113	129	134	141	143	145	149
WCR	103	112	119	133	135	143	146	149
Financial assets	8.9	8.7	7.4	6.9	4.5	4.5	4.5	4.5
Ordinary shareholders equity	155	164	168	180	199	213	227	242
Minority interests	11.9	12.4	14.5	15.7	15.2	17.3	19.7	22.3
Shareholders equity	167	177	183	196	214	231	246	264
Non-current provisions	20.6	19.0	20.2	19.7	21.2	21.4	21.5	21.7
<b>Net debt</b>	<b>49.1</b>	<b>63.0</b>	<b>83.8</b>	<b>85.2</b>	<b>91.3</b>	<b>76.8</b>	<b>59.0</b>	<b>41.4</b>
<b>CASH FLOW STATEMENT (EURm)</b>	<b>03/13</b>	<b>03/14</b>	<b>03/15</b>	<b>03/16</b>	<b>03/17</b>	<b>03/18e</b>	<b>03/19e</b>	<b>03/20e</b>
<b>EBITDA</b>	<b>51.8</b>	<b>48.7</b>	<b>46.2</b>	<b>53.3</b>	<b>49.7</b>	<b>60.9</b>	<b>63.9</b>	<b>68.1</b>
Change in WCR	-8.2	-12.6	-5.8	-12.7	4.5	-7.8	-2.8	-3.3
Interests & taxes	-14.2	-12.0	-13.4	-13.2	-12.1	-13.7	-13.7	-15.0
Others	0.5	0.1	-0.1	-0.6	0.1	-10.8	-10.7	-11.9
Operating Cash flow	29.8	24.2	27.0	26.7	42.2	28.6	36.6	38.0
CAPEX	-22.4	-27.4	-31.3	-24.8	-20.0	-21.4	-22.7	-24.2
<b>Free cash-flow</b>	<b>7.4</b>	<b>-3.2</b>	<b>-4.3</b>	<b>1.8</b>	<b>22.2</b>	<b>7.2</b>	<b>13.9</b>	<b>13.8</b>
Acquisitions / disposals	1.0	0.6	0.5	4.1	0.8	0.0	0.0	0.0
Dividends	-9.6	-8.3	-7.3	-5.8	-6.7	-3.5	-7.0	-8.1
Net capital increase	0.0	0.0	0.0	0.0	19.9	0.0	0.0	0.0
Others	5.7	16.8	17.9	0.9	13.8	-2.0	-2.1	-2.3
Change in net debt	-13.9	-15.6	-21.2	-1.6	-2.3	0.8	4.0	2.6
<b>GROWTH MARGINS PRODUCTIVITY</b>	<b>03/13</b>	<b>03/14</b>	<b>03/15</b>	<b>03/16</b>	<b>03/17</b>	<b>03/18e</b>	<b>03/19e</b>	<b>03/20e</b>
Sales growth	6.0%	2.9%	-0.4%	9.4%	-2.3%	8.8%	1.8%	1.6%
<b>Lfl sales growth</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current EBIT growth	-4.5%	-14.3%	-14.7%	15.2%	-29.6%	53.0%	7.1%	11.7%
Growth in EPS(%)	-14.9%	-13.5%	-31.8%	30.6%	-10.5%	15.1%	12.1%	13.2%
Net margin	4.7%	4.0%	2.7%	3.3%	3.0%	3.4%	3.8%	4.2%
<b>EBITDA margin</b>	<b>11.8%</b>	<b>10.7%</b>	<b>10.2%</b>	<b>10.8%</b>	<b>10.3%</b>	<b>11.6%</b>	<b>12.0%</b>	<b>12.5%</b>
<b>Current EBIT margin</b>	<b>8.5%</b>	<b>7.1%</b>	<b>6.0%</b>	<b>6.4%</b>	<b>4.6%</b>	<b>6.5%</b>	<b>6.8%</b>	<b>7.5%</b>
CAPEX / Sales	-5.1%	-6.0%	-6.9%	-5.0%	-4.2%	-4.1%	-4.2%	-4.5%
WCR / Sales	23.5%	24.7%	26.4%	26.9%	27.9%	27.2%	27.2%	27.4%
Tax Rate	32.8%	31.9%	42.4%	35.8%	49.3%	34.9%	32.3%	31.8%
Normative tax rate	32.8%	31.9%	42.4%	35.8%	49.3%	34.9%	32.3%	31.8%
Asset Turnover	2.2	1.9	1.8	1.8	1.6	1.6	1.7	1.7
<b>ROCE post-tax (normative tax rate)</b>	<b>12.4%</b>	<b>9.4%</b>	<b>6.2%</b>	<b>7.3%</b>	<b>3.7%</b>	<b>6.8%</b>	<b>7.6%</b>	<b>8.6%</b>
ROCE post-tax hors GW (normative tax rate)	13.0%	9.9%	6.5%	7.7%	3.9%	7.3%	8.1%	9.1%
ROE	14.0%	11.4%	7.4%	9.3%	7.6%	8.8%	9.2%	9.8%
<b>DEBT RATIOS</b>	<b>03/13</b>	<b>03/14</b>	<b>03/15</b>	<b>03/16</b>	<b>03/17</b>	<b>03/18e</b>	<b>03/19e</b>	<b>03/20e</b>
Gearing	29%	36%	46%	44%	43%	33%	24%	16%
Net Debt / Market Cap	0.22	0.26	0.35	0.36	0.39	0.26	0.20	0.14
<b>Net debt / EBITDA</b>	<b>0.95</b>	<b>1.29</b>	<b>1.81</b>	<b>1.60</b>	<b>1.83</b>	<b>1.26</b>	<b>0.92</b>	<b>0.61</b>
EBITDA / net financial charges	16.4	17.7	15.6	18.2	18.8	21.5	21.5	21.8

Source: Oddo BHF, Fininfo



• **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on Oddo BHF' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

• **Sensitivity of the result of the analysis/ risk classification:**

The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis. The recommendation (cf. explanation of the recommendation systematic) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

• **Our stock market recommendations**

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.

Buy: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Reduce: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

• **The prices of the financial instruments used and mentioned in this document are the closing prices.**

• **All publications by Oddo BHF concerning the companies covered and mentioned in this document are available on the research site: [www.oddosecurities.com](http://www.oddosecurities.com)**

**Recommendation and target price changes history over the last 12 months for the company analysed in this report**

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
16.08.17	Neutral	28.50	27.25	Martin Decot
07.07.17	Neutral	26.00	24.80	Martin Decot
22.02.17	Neutral	24.50	22.80	Martin Decot

**Recommendation split**

		Buy	Neutral	Reduce
Our whole coverage	(427)	46%	44%	11%
Liquidity providers coverage	(152)	44%	50%	6%
Research service coverage	(66)	53%	42%	5%
Investment banking services	(51)	59%	35%	6%

**Risk of conflict of interest:**

**Investment banking and/or Distribution**

Has Oddo BHF, managed or co-managed in the past 12 months a public offering of securities for the subject company/ies? No

Has Oddo BHF, received compensation for investment banking services from the subject company/ies in the past 12 months or expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the last 12 months? No

**Research contract between Oddo group & the issuer**

Oddo BHF and the issuer have agreed that Oddo BHF will produce and disseminate investment recommendations on the said issuer as a service to the issuer No

**Liquidity provider agreement and market-making**

At the date of the distribution of this report, does Oddo BHF, act as a market maker or has Oddo BHF, signed a liquidity provider agreement with the subject company/ies? Yes

**Significant equity stake**

Does Oddo BHF, own 5% or more of any class of common equity securities of the subject company/ies? No

Does the subject company beneficially own 5% or more of any class of common equity of Oddo BHF or its affiliates? No

**Disclosure to Company**

Has a copy of this report ; with the target price and/or rating removed, been presented to the subject company/ies prior to its distribution, for the sole purpose of verifying the accuracy of factual statements ? No

Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution? No

**Additional material conflicts**

Is Oddo BHF, aware of any additional material conflict of interest? No

**Personal conflicts of interest**

Have those responsible for the drafting of the present document acquired securities from the issuer concerned by the present financial analysis? No

Have those responsible for the drafting of the present document received remuneration directly linked to investment firm service transactions or any other kind of transaction they carry out or any trading commissions they, or any legal person who is part of the same group, receive? No

**Statement of conflict of interests of all companies mentioned in this document may be consulted on Oddo BHF: [www.oddosecurities.com](http://www.oddosecurities.com)**



**Disclaimer:**

Disclaimer for Distribution by ODDO BHF SCA to Non-United States Investors:

This research publication is produced by ODDO BHF Corporate & Markets, a division of ODDO BHF SCA ("ODDO"), which is licensed by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the Autorité des Marchés Financiers ("AMF").

The research, when distributed outside of the U.S., is intended exclusively for non-U.S. customers of ODDO and cannot be divulged to a third-party without prior written consent of ODDO. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French regulatory provisions designed to promote the independence of investment research. The recommendation presented in this document is reviewed and updated at least quarterly following each Quarterly Report published by the issuer that is the subject of this Research Report.

At the time of publication of this document, ODDO and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context which is subject to change without notice. The views expressed in this Research Report accurately reflect the analyst's personal views about the subject securities and/or issuers and no part of his compensation was, is, or will be directly or indirectly related to the specific views contained in the Research Report. This Research Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice.

This Research Report is for institutional investors only. It may not contain information necessary for others to make investment decisions. Consult your financial adviser or an investment professional if you are not an institutional investor.

Disclaimer for Distribution by Oddo New York to United States Investors:

This Research Report is produced by ODDO BHF Corporate & Markets, a division of ODDO. This research is distributed to U.S. investors exclusively by ODDO BHF New York Corporation ("ONY"), MEMBER: FINRA/SIPC, and is intended exclusively for U.S. customers of ONY and cannot be divulged to a third-party without prior written consent of ONY. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French regulatory provisions designed to promote the independence of investment research. The recommendation presented in this document is reviewed and updated at least quarterly following each Quarterly Report published by the issuer that is the subject of this Research Report.

At the time of publication of this document, ODDO, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context which is subject to change without notice. The views expressed in this Research Report accurately reflect the analyst's personal views about the subject securities and/or issuers and no part of his compensation was, is, or will be directly or indirectly related to the specific views contained in the Research Report. This Research Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice.

This Research Report is for institutional investors only. It may not contain information necessary for others to make investment decisions. Consult your financial adviser or an investment professional if you are not an institutional investor.

Rule 15a-6 Disclosure:

Under Rule 15a-6(a)(3), any transactions conducted by ODDO, and/or one of its subsidiaries with U.S. persons in the securities described in this foreign research must be effected through ONY. As a member of FINRA, ONY has reviewed this material for distribution to U.S. persons as required by FINRA Rules 2241(h) applicable to dissemination of research produced by its affiliate ODDO.

FINRA Disclosures:

- Neither ONY, ODDO, nor ODDO BHF Corporate & Markets beneficially owns 1% or more of any class of common equity securities of the subject company.
- The research analyst of ODDO BHF Corporate & Markets, at the time of publication of this research report, is not aware, nor does he or she know or have reason to know of any actual, material conflict of interest of himself or herself, ODDO, ODDO BHF Corporate & Markets or ONY, except those mentioned in the paragraph entitled "Risks of Conflicts of Interest."
- ODDO BHF Corporate & Markets or ODDO may receive or seek compensation for investment banking services in the next 3 months from the subject company of this Research Report, but ONY would not participate in those arrangements.
- Neither ONY, ODDO, ODDO BHF Corporate & Markets has received compensation from the subject company in the past 12 months for providing investment banking services except those mentioned in the paragraph of "Risks of Conflict of Interest".
- Neither ONY, ODDO, ODDO BHF Corporate & Markets has managed or co-managed a public offering of securities for the subject company in the past 12 months except those mentioned in the paragraph of "Risk of Conflict of Interest".
- ONY does not make (and never has made) markets and, accordingly, was not making a market in the subject company's securities at the time that this research report was published.

Regulation AC: ONY is exempt from the certification requirements of Regulation AC for its distribution to a U.S. person in the United States of this Research Report that is prepared by an ODDO BHF Corporate & Markets research analyst because ODDO has no officers or persons performing similar functions or employees in common with ONY and ONY maintains and enforces written policies and procedures reasonably designed to prevent it, any controlling persons, officers or persons performing similar functions, and employees of ONY from influencing the activities of the third party research analyst and the content of research reports prepared by the third party research analyst.

Contact Information of firm distributing research to U.S. investors: ODDO BHF New York Corporation, MEMBER: FINRA/SIPC, is a wholly owned subsidiary of ODDO BHF SCA; Philippe Bouclainville, President (pbouclainville@oddo.com) 150 East 52nd Street New York, NY 10022 212-481-4002.