

Kopy Goldfields

Full-year results

Solid 2020 results with funding in place for growth

Metals & mining

1 April 2021

Price **SEK2.34**

Market cap **SEK2080m**

SEK8.65:US\$

Net debt (US\$m) at 31 December 2020 41.9

Shares in issue 889m

Free float 12%

Code KOPY

Primary exchange NASDAQ First North

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 3.03 15.0 7.4

Rel (local) 211.4 6.8 (5.5)

52-week high/low SEK3.03 SEK0.75

Business description

Kopy Goldfields boasts production of >50koz of gold a year from two hard rock mines and a number of smaller placer deposits in Russia. Kopy also holds a 49% interest in the Krasny project and 100% of the Maly Patom exploration licences.

Next events

Q1 operations report 22 April 21

Q1 Results 27 May 21

Analyst

Alison Turner +44 (0)20 3077 5700

mining@edisongroup.com

[Edison profile page](#)

Kopy Goldfields is a research client of Edison Investment Research Limited

Kopy Goldfields has reported its first full year results as a Russian gold producer following the Amur Zoloto reverse acquisition (the comparative 2019 results are for Amur Zoloto only). The company saw revenue rise 41% to US\$98.8m and EBITDA rise 67% to US\$45.6m. Having secured a US\$42.3m debt facility maturing in September 2023, Kopy is fully funded to support its growth profile and we expect the company to end 2021 with net debt of US\$61.8m and US\$13.7m in cash and undrawn debt facilities.

Year end	Revenue (US\$m)	PBT* (US\$m)	EBITDA (US\$m)	EPS* (c)	EV/EBITDA (x)	P/E (x)
12/19	70.1	11.7	27.3	1.2	10.3	17.1
12/20	98.8	24.7	45.6	2.4	6.2	10.4
12/21e	112.3	30.5	44.3	2.7	6.4	10.5
12/22e	150.3	53.4	72.6	4.7	3.9	6.0

Note: *PBT and EPS are reported numbers (before adjusting for any exceptional items).

Strong set of 2020 results with EBITDA up 67%

Kopy Goldfields has reported its first full year results following the Amur Zoloto reverse acquisition (the comparative 2019 figures are for Amur Zoloto only). The company reported revenue of US\$98.8m (up 41% y-o-y) driven by a 14% increase in gold sold to 55koz and a strong gold price. EBITDA of US\$45.6m was up 67% year-on-year and reported PBT of US\$24.7m was up 111% y-o-y.

Secured debt facilities in place to fund growth capex

We think one of the key positives from the 2020 results lies in the details of the company's funding headroom. Kopy Goldfields has secured a US\$42.3m debt facility (of which US\$27m was undrawn as at December 2020) from VTB Bank which matures in September 2023. The term of the contract liability has been extended such that first gold deliveries will begin only in September 2023 and Kopy Goldfields ended 2020 with US\$10.4m in cash and US\$4.9m of gold in stock ready for sale. With 2021 being the peak year for capital investment (company guidance is US\$56m in capex and exploration spend this year), we expect net debt to peak at the end of this year at US\$61.8m (1.4x EBITDA). That would nevertheless leave around US\$13.7m in funding headroom (cash and undrawn facilities) at year end.

Valuation: Base case DCFE of SEK2.78/share

Our updated base case discounted free cash flow to equity (DCF) valuation of Kopy is little changed at US\$286m (previously US\$295m) or SEK2.78/share (previously SEK2.76/share). This is based on our standard gold price deck (long-term real gold price of US\$1,524/oz) and 10% discount rate. Running a sensitivity analysis at a flat real long-term gold price of US\$1,700/oz (ie US\$1,700/oz rising by inflation) the discounted dividend valuation of Kopy would be SEK3.00 per share. The planned Nasdaq Nordic main market listing could be a catalyst for increased investor interest in Kopy Goldfields.

A solid set of 2020 full-year results

Kopy Goldfields' preliminary FY20 results reflect its first set of results following the Amur Zoloto reverse takeover. For accounting purposes Amur Zoloto is treated as the acquirer for the consolidated financial information and Kopy Goldfields AB is presented as the acquiree. The comparable period (2019) results thus reflect Amur Zoloto's financials on a standalone basis, while 2020 incorporates Kopy Goldfields from the effective date of acquisition (1 September 2020). Following the transaction with Amur Zoloto, Kopy Goldfields has chosen to change the presentation currency from Swedish krona (SEK) to US dollars (USD). The group has chosen to present its consolidated financial statements in US dollars as management believes it is a convenient presentation currency for international users of the consolidated financial statements of the group.

A strong set of 2020 results reflect both an increase in gold sales to 55koz in 2020 (2019 49koz) and the higher gold price (US\$1,773/oz in 2020 from US\$1,400/oz in 2019). As a result, Kopy Goldfields generated revenue of US\$98.8m in 2020, a 41% y-o-y increase. The company generated US\$45.6m in EBITDA (2019 \$27.3m), reported PBT of US\$24.7m (2019 US\$11.7m) and earnings per share of 2.35c (2019 1.17c).

Despite investing significantly into growth capex in 2020, with US\$17.9m spent, and taking on Kopy Goldfields' net debt of US\$6.3m, the company ended 2020 with net debt of US\$41.9m (down slightly from US\$43.6m at the end of 2019) resulting in a net debt to EBITDA ratio of 0.92.

Exhibit 1: FY20 results key metrics

	2019	2020	% change
Gold sales	49	55	14%
Revenue (US\$m)	70.1	98.8	41%
All in sustaining costs (US\$/oz)	1,050	1,096	4%
EBITDA (US\$m)	27.3	45.6	67%
Reported PBT (US\$m)	11.7	24.7	111%
Reported EPS (c)	1.17	2.35	101%
Cash (US\$m)	0.4	10.4	
Net debt (US\$m)	43.6	41.9	

Source: Kopy Goldfields

Secured debt facilities fully fund growth to >100koz

We think that one of the key positive takeaways from the full year results is the detail provided on the company's funding position. Kopy ended 2020 with net debt of US\$41.9m comprising:

- A US\$15.0m RUB-denominated loan
- US\$6.4m in SEK-denominated loans
- A US\$26.2m contract liability
- US\$4.7m in leases and debt due to related parties
- US\$10.4m in cash

The rouble-denominated debt is within a US\$42.3m VTB Bank facility secured in June 2020 (US\$27.3m undrawn). The facility matures only in September 2023.

In March 2021 the US\$6.4m loan from the Scandinavian Credit Fund was repaid in full. Even after that repayment Kopy Goldfields is left with additional funding headroom of around US\$21m. The company also ended 2020 with US\$4.9m in gold in stock ready for sale.

The contract liability relates to a commodity pre-payment received in September 2018 which obliges Kopy Goldfields to deliver a certain amount of gold at the scheduled contract term and

which bears interest at 6.45% per annum. Based on the gold price at the date the pre-payment was received, we calculate that the liability amounts to approximately 23koz of gold. The initial maturity date of the contract was 31 July 2022; however, during 2020 the company reached agreement with the bank to postpone the maturity of the contract liability and the new repayment schedule starts from September 2023 through to June 2025. The extension of this contract term further relieves any pressure on the Kopy balance sheet during the period of elevated capex in 2021 and 2022.

Listing on Nasdaq Stockholm main market progressing

In Kopy Goldfields' presentation to analysts on 25 March 2021 it noted that it has begun a pre-listing review in preparation for listing on Nasdaq Stockholm's main market. We believe that a move to the main market could help Kopy Goldfields to appeal to a broader group of potential investors, and thus act as a positive catalyst for the stock.

Updated financial forecasts: Solid EBITDA growth

Our updated financial forecasts continue to reflect Kopy Goldfields' strong EBITDA and earnings growth profile as the company ramps up gold production from the 53koz produced in 2020 to 82koz in 2022. We forecast EBITDA of US\$72.6m in 2022 (previously US\$71.2m) putting Kopy Goldfields on a 2022 EV/EBITDA of just 3.9x.

Our updated financial forecasts are based on gold sales of 61koz in 2021 (previously 63koz) to align with company guidance for production of 56–59koz in 2021 – we assume the higher end – and assuming the sale of a further 2.5koz of gold from inventory. We also mark to market for the Q1 gold price (leaving forecasts unchanged), resulting in a small downward adjustment to 2021 realised prices to US\$1,840/oz (from US\$1,855/oz previously). We now forecast 2021 revenue of US\$112.3m (previously US\$116.1m), EBITDA of US\$44.3m (previously US\$46.6m) and PBT of US\$30.5m (previously US\$34.1m). That gives us a forecast 2021 earnings per share of 2.7c (previously 3.0c).

A more significant change in our forecasts is the increase in 2021e capex to US\$55.8m (we previously forecast US\$44.7m) to align with company guidance (Kopy Goldfields' press release of 28 January 2021). In part this higher level of forecast capital expenditure reflects the deferral of some capex from 2020 into 2021 (US\$17.9m spent in 2020 versus our forecast of US\$21.8m) and in part it reflects the impact of a planned 26,000m of exploration drilling at the 1.8Moz Krasny exploration and development project as the company and its joint venture partner GV Gold aim to advance Krasny into the feasibility stage and production planning by year end.

Kopy Goldfields began 2021 with US\$27m in undrawn debt facilities as well as US\$10.4m in cash and US\$4.9m in gold in stock ready for sale. Following the repayment of the US\$6.4m Scandinavian credit fund loan in March 2021, the company remains very well funded to progress its planned capex programme. Assuming that a further US\$20m is drawn down on the VTB debt facility during 2021 (leaving US\$7m undrawn), we expect Kopy Goldfields to end 2021 with US\$6.5m in cash and net debt of US\$61.8m (previous forecast US\$55.7m).

Our forecasts for 2022 and beyond reflect minor adjustments to more closely align forecast costs with the 2020 full year results and to take into account the impact of our updated forecast 2021 closing balances. We continue to expect the company to be strongly free cash flow positive after capex in 2022, ending the year with net debt of US\$36.9m (we previously forecast US\$31.3m).

Exhibit 2: Updated forecast key metrics

	2020	2021e	2021e	2022e	2022e
	Actual	Old	New	Old	New
Gold sales (koz)	55	63	61	83	83
Gold price (US\$/oz)	1,773	1,855	1,840	1,819	1,819
Revenue (US\$m)	98.8	116.1	112.3	150.3	150.3
All in sustaining costs (US\$/oz)	1,096	1,099	1,123	939	939
EBITDA (US\$m)	45.6	46.6	44.3	71.2	72.6
PBT (US\$m)	24.7	34.1	30.5	53.0	53.4
EPS (c)	1.2	3.0	2.7	4.6	4.7
Capex & Krasny exploration (US\$m)	(17.9)	44.7	(55.8)	26.6	(26.6)
Closing cash (US\$m)	10.4	13.1	6.5	32.9	26.3
Closing net debt (US\$m)	41.9	55.7	61.8	31.3	36.9

Source: Company accounts, Edison Investment Research

Sensitivities

Kopy Goldfields operates two hard rock mines and a number of smaller placer mines in Russia. In addition to the technical and operating risks of the mines, the company is thus also exposed to Russian political risk. Kopy Goldfields is 88% owned by its major shareholders, which creates further risk for minority investors. The latter risk may be partly mitigated by the move to the Nasdaq Stockholm main board. In addition to these more general risks, we think the two key risks for the company this year are any potential impact of COVID-19 on operations, and the balance sheet risk created during this period of higher capex.

The company continued to operate throughout 2020 despite the challenges posed by the coronavirus pandemic. A number of safety measures were introduced including 14-day quarantine for all personnel travelling to the production mine sites. However, during the last two weeks of December several cases of COVID-19 were reported at Yubileyniy impacting the pace of mining and processing. In January 2021 all operations were restored to planned scale. All employees in Russia have been offered the opportunity to get vaccinated free of charge. In the near term, COVID-19 nevertheless remains a key operational risk.

2021 represents the peak year in Kopy Goldfields' significant growth capital programme (totalling US\$130m by 2025) with the company expecting to spend US\$56m on capex and exploration. That also means that net debt should peak this year – and we forecast closing 2021 net debt of US\$61.8m – or 1.4x EBITDA. Our forecasts assume that the company draws down a further US\$20m in debt this year from the available PJSC VTB facility, leaving US\$7.2m in undrawn facilities and US\$6.5m in forecast cash at year end 2021, or US\$13.7m in total funding headroom. Even running a sensitivity analysis at a gold price of US\$1500/oz, available funding headroom would remain at over US\$5m.

Valuation

We value Kopy Goldfields using a DCFE, which calculates the net present value of the maximum *potential dividend* (or total free cash flow to equity per share) each year, discounted at a 10% discount rate and using our standard Edison gold price deck (long-term real gold price of US\$1,524/oz) shown in Exhibit 3 below.

Dividend flow for the purposes of valuation (ie free cash flow to equity per share) is calculated as:

- free cash flow from the Yubileyniy, Perevalnoye and placer mines and the Malyutka project less corporate overheads;
- less interest, debt and contract liability repayments (but adding any debt drawdowns);

- plus our US\$22m resource-based valuation of Krasny (US\$24.8 per ounce of gold resources) and a valuation for Maly Patom based on historic costs of US\$3m, which are included in cash flows for valuation purposes as though realised in FY21; and
- divided by the number of shares in issue (to which we forecast no change over the period).

Our updated base case DCFE valuation of Kopy is little changed at US\$286m (previously US\$295m). Translating into SEK at SEK8.65/US\$ (previously SEK8.30/US\$) gives us an updated DCFE valuation of SEK2.78 (from SEK2.76/share).

Exhibit 3: Edison gold price forecast (real and nominal US\$/oz)									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Gold price (real US\$/oz)	1,850	1,819	1,749	1,681	1,617	1,554	1,524	1,524	1,524
Gold price (nominal US\$/oz)	1,850	1,892	1,892	1,892	1,892	1,892	1,968	2,046	2,128

Source: Edison Investment Research

Exhibit 4: DCFE valuation of Kopy

	2021*	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Free cash flow to equity excl Krasny (US\$m)	9	21	33	25	46	61	66	70	75	51	44
Value of Krasny and Maly Patom (US\$m)	25										
Free cash flow to equity incl Krasny (US\$m)	34	21	33	25	46	61	66	70	75	51	44
Sum of DCFE (US\$m)	286										
Shares in issue (m)	889	889	889	889	889	889	889	889	889	889	889
FCFE per share (US\$)	0.04	0.02	0.04	0.03	0.05	0.07	0.07	0.08	0.08	0.06	0.05
FCFE per share (SEK)	0.32	0.19	0.30	0.23	0.43	0.57	0.62	0.68	0.73	0.49	0.43
Equity discount rate	10%										
DCF/share (US\$)	0.32										
DCF/share (SEK)	2.78										

Source: Edison Investment Research. Note: *2021 FCFE includes closing 2020 cash.

Sensitivity analysis: Gold price and discount rate

The table below shows the sensitivity of the discount dividend valuation to gold price and discount rate assumptions. At a flat real long-term gold price of US\$1,500/share and 10% discount rate, the discounted dividend valuation of Kopy would be SEK2.19 per share, but this rises to SEK3.00 per share at \$1,700/oz flat real gold price (ie a US\$1,700 nominal gold price rising by inflation).

Exhibit 5: Sensitivity of Kopy valuation (SEK per share) to gold price and discount rate					
SEK/share		Gold price – real (US\$/oz)			
		1,300	1,500	1,700	1,900
Discount rate	6%	1.81	2.81	3.82	4.83
	8%	1.57	2.48	3.38	4.28
	10%	1.38	2.19	3.00	3.81
	12%	1.21	1.95	2.68	3.42

Source: Edison Investment Research

Exhibit 6: Financial summary

	\$m	2018	2019	2020	2021e	2022e	2023e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT							
Revenue		60.0	70.1	98.8	112.3	150.3	176.4
Cost of Sales		(46.4)	(44.5)	(55.0)	(66.9)	(82.3)	(99.4)
Gross Profit		13.6	25.6	43.8	45.4	68.0	77.0
EBITDA		20.6	27.3	45.6	44.3	72.6	82.0
Operating Profit (before amort. and except.)		6.2	17.6	34.5	35.4	59.0	68.5
Exceptionals		0.0	(2.3)	(2.9)	0.0	0.0	0.0
Share-based payments		0.0	0.0	0.0	0.0	0.0	0.0
Reported operating profit		6.2	15.3	31.6	35.4	59.0	68.5
Net Interest		(4.5)	(3.5)	(6.6)	(4.0)	(4.6)	(4.2)
Joint ventures & associates (post tax)		0.0	0.0	(0.3)	(1.0)	(1.0)	0.0
Profit Before Tax (norm)		1.7	14.0	27.6	30.5	53.4	64.3
Profit Before Tax (reported)		1.7	11.7	24.7	30.5	53.4	64.3
Reported tax		(0.5)	(2.6)	(5.6)	(6.7)	(11.7)	(14.2)
Profit After Tax (norm)		1.2	11.5	22.0	23.8	41.6	50.2
Profit After Tax (reported)		1.2	9.2	19.2	23.8	41.6	50.2
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)		1.2	11.5	22.0	23.8	41.6	50.2
Net income (reported)		1.2	9.2	19.2	23.8	41.6	50.2
Average Shares Outstanding (m)		N/A	783	815	889	889	889
EPS - basic normalised (c)		N/M	1.47	2.7	2.7	4.7	5.6
EPS - normalised (c)		N/M	1.47	2.7	2.7	4.7	5.6
EPS - basic reported (c)		N/M	1.17	2.4	2.7	4.7	5.6
Dividend per share (c)		0.0	0.0	0.0	0.0	0.0	0.0
Revenue growth (%)		N/A	16.8	41.0	13.6	33.8	17.4
Gross Margin (%)		22.7	36.5	44.4	40.5	45.2	43.6
EBITDA Margin (%)		34.4	39.0	46.2	39.5	48.3	46.5
Normalised Operating Margin		10.3	25.1	34.9	31.6	39.2	38.8
BALANCE SHEET							
Fixed Assets		55.7	63.8	102.5	148.5	155.4	153.2
Intangible Assets		4.9	5.3	5.9	5.9	5.9	5.9
Tangible Assets		46.1	43.6	39.9	81.9	94.8	92.6
Investments & other		4.7	14.9	56.7	60.7	54.7	54.7
Current Assets		33.8	48.9	58.1	54.5	85.8	127.3
Stocks		28.6	43.4	39.8	40.0	51.5	60.4
Debtors		2.5	3.5	5.9	5.9	5.9	5.9
Cash & cash equivalents		0.9	0.4	10.4	6.5	26.3	58.9
Other		1.7	1.6	2.1	2.1	2.1	2.1
Current Liabilities		(9.8)	(22.5)	(19.5)	(15.3)	(17.1)	(19.9)
Creditors		(5.9)	(8.4)	(7.7)	(9.5)	(11.3)	(14.1)
Tax payable		(0.7)	(1.2)	(2.7)	(2.7)	(2.7)	(2.7)
Short term borrowing & contract liability		(3.1)	(12.9)	(9.0)	(3.0)	(3.0)	(3.0)
Other		(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Long Term Liabilities		(37.9)	(33.9)	(47.0)	(69.0)	(63.9)	(50.1)
Long term borrowing & contract liability		(35.7)	(31.1)	(43.3)	(65.4)	(60.2)	(46.5)
Other long term liabilities		(2.2)	(2.8)	(3.7)	(3.7)	(3.7)	(3.7)
Net Assets		41.7	56.2	94.2	118.6	160.3	210.4
Minority interests		0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Shareholders' equity		41.7	56.2	94.2	118.6	160.3	210.4
CASH FLOW							
EBITDA		20.6	27.3	45.6	44.3	72.6	82.0
Working capital		13.8	(17.8)	(19.9)	1.6	(4.7)	(6.1)
Exceptional & other		(0.1)	0.2	(0.8)	0.0	0.0	0.0
Tax		(0.6)	(2.7)	(5.1)	(6.7)	(11.7)	(14.2)
Net operating cash flow		33.8	7.0	19.8	39.2	56.2	61.8
Capex		(4.6)	(2.9)	(17.9)	(50.8)	(26.6)	(11.3)
Acquisitions and investment in assoc		0.0	0.0	(5.6)	(5.0)	0.0	0.0
Net interest		(2.5)	0.0	(2.5)	(1.9)	(2.3)	(4.2)
Equity financing		0.0	0.0	0.0	0.7	0.0	0.0
Dividends		0.0	0.0	0.0	0.0	0.0	0.0
Other		0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow		26.7	4.2	(6.1)	(17.9)	27.3	46.3
Opening net debt (cash)		64.6	37.9	43.6	41.9	61.8	36.9
FX		0.0	0.0	(7.8)	0.0	0.0	0.0
Other adjustments to net debt		0.0	9.8	0.0	2.0	2.4	0.0
Closing net debt (cash)		37.9	43.6	41.9	61.8	36.9	(9.4)

Source: Kopy Goldfields, Edison Investment Research forecasts

General disclaimer and copyright

This report has been commissioned by Kopy Goldfields and prepared and issued by Edison, in consideration of a fee payable by Kopy Goldfields. 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 2021 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
1185 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