

Norcros

Capital markets day

Vast opportunity and new targets revealed

Construction and materials

28 May 2024

Norcros is the UK's leading design-led sustainable kitchen and bathroom products group. Its compelling investment case was highlighted at its May 2024 capital markets day (CMD), where its unique, asset-light, design-led model was clearly illustrated. The CMD also indicated the enormous scale of the opportunity that is available in terms of entering adjacent unaddressed markets in the UK and South Africa, as well as the potential presented by other attractive geographies. Furthermore, revised medium-term targets were introduced that should further excite investors. Our profit forecasts are unchanged, but we have raised our valuation from 246p to 251p as we have rolled forward our P/E valuation and increased our FY25 dividend estimate.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/22	396.3	39.3	38.2	10.0	5.7	4.6
03/23	441.0	41.8	37.4	10.2	5.8	4.7
03/24e	411.7	36.7	31.5	10.2	6.9	4.7
03/25e	376.7	37.9	32.5	10.4	6.7	4.8

Note: *PBT and EPS are on an underlying reported basis, excluding exceptional items. EPS is diluted.

Unaddressed markets offer almost unlimited potential

Norcros operates in large, very fragmented and growing markets, which offer both organic growth and M&A opportunities. The company estimates that it has a c 15% market share of its addressable UK markets and c 7% of its markets in South Africa. Combined, these markets amount to c £3.5bn, but if other unaddressed segments are included the market could be c £6bn. Adding in other attractive geographies in Europe, Africa and the Middle East, the potential addressable market outside of the UK and South Africa could be over three times the size of its potential existing markets.

New, more demanding medium-term targets revealed

Norcros recently announced a revised set of medium-term targets that we believe the company has a good chance to achieve. These include: 1) organic revenue growth c 2–3% ahead of market levels, which is likely to be augmented by timely and targeted M&A, 2) an operating margin of 15% over the medium term, 3) cash conversion of over 90%, 4) a return on capital employed of over 20%, and 5) the achievement of the company's science-based carbon emissions targets by 2028.

Valuation: Raised to 251p, with potential upside

Following the CMD, we have reduced our revenue estimates from FY25 to reflect the sale of Johnson Tiles, but maintained our profit estimates. Our revised P/E based valuation implies a value of 243p/share, based on our diluted underlying FY25 EPS estimate of 32.5p, while our dividend discount model (DDM) implies a value of 260p/share. If we take the average of the two, we arrive at 251p, implying c 15% upside. The Norcros share price has bounced in recent weeks and is trading on a forward P/E of 6.7x in FY25e, still below the historical average. As the strategy gains momentum, a higher multiple could potentially be justified.

Price 218p

Market cap £195m

Net debt (£m) at 31 March 2024 c 37

Shares in issue 89.3m

Free float 98%

Code NXR

Primary exchange LSE

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 27.4 26.7 31.8

Rel (local) 24.2 17.0 20.6

52-week high/low 228p 136p

Business description

Norcros is a leading supplier of showers, enclosures, trays, tiles, taps and related fittings and accessories for bathrooms, kitchens, washrooms and other commercial environments. It has operations in the UK and South Africa, with some export activity from both countries.

Next events

Preliminary results 13 June

AGM 24 July

Analyst

Andy Murphy +44 (0)20 3077 5700

industrials@edisongroup.com

[Edison profile page](#)

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

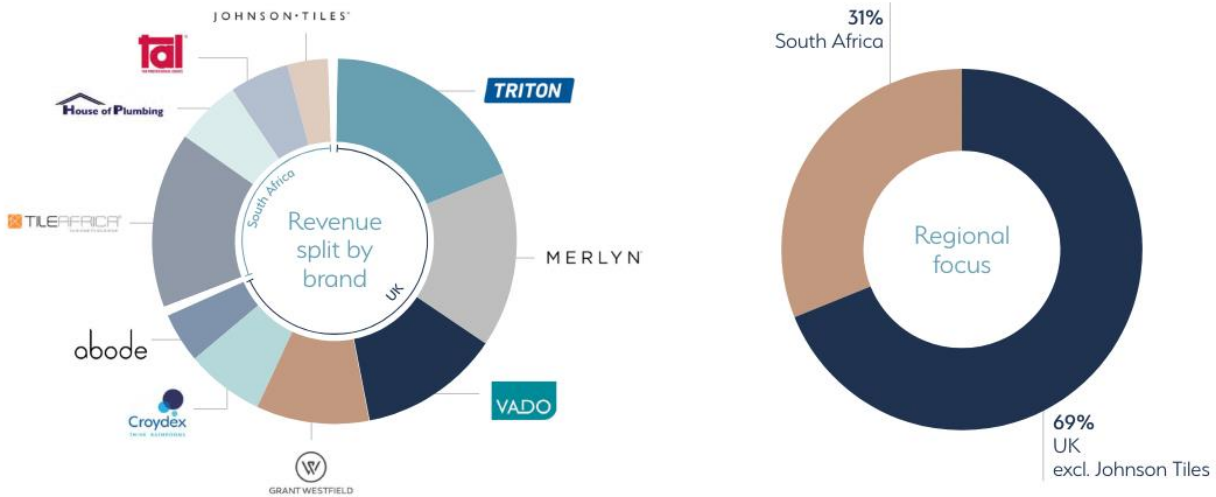
CMD key takeaways

At its recent CMD, Norcros went to great lengths to highlight why it is very different to many, if not all, of its competitors and why it is likely to grow considerably faster than its underlying markets. This includes its design-led, sustainable, asset-light model that focuses on product, relationships and customer service, among other aspects. The model is likely to result in the achievement of the company's revised financial targets, which include above market growth, expanding margins and the maintenance of a strong balance sheet. Ultimately this is designed to drive above-average shareholder returns, which also benefit from a progressive dividend policy.

Norcros today: What it IS and what it is NOT

Norcros is the UK's leading design-led, sustainable bathroom and kitchen products group. It performs the same function in its other chosen market, South Africa, where it is the number two player. Overall, the UK, excluding Johnson Tiles, accounts for 69% of group revenue, while South Africa accounts for 31%.

Exhibit 1: Revenue by brand and geography



Source: Norcros

Norcros is different from many other suppliers of bathroom and kitchen products because it designs and curates its own products, which are manufactured on its behalf, mainly in China, by partner companies that share the same vision of quality, attention to detail and customer service. It owns numerous brands such as Triton (showers) and Merlyn (shower enclosures), which have been acquired periodically to build a portfolio of businesses that address different aspects of the home.

The brand proposition is positioned at the mid-market and premium ends of the market (collectively c 71% of the UK bathroom products market, according to BRG), which is mainly driven by more resilient and higher-margin repair, maintenance and improvement (RMI) demand, rather than new build, where sales can be more volatile and usually lower margin, although it does have strong underlying medium-term growth drivers. According to BRG, the UK bathroom products market is 80% RMI, with residential new build accounting for 13% and commercial RMI and new build accounting for the rest.

Furthermore, because Norcros's manufacturing is effectively outsourced, capital demands are much lower and cash generation is better.

Conversely, Norcros is therefore not, nor will it become:

- a traditional distributor selling other suppliers' products,
- a capital-intensive manufacturer, only carrying out some light assembly activities,
- a heavy-side building products supplier, nor
- a low-margin, economy product supplier.

Exhibit 2: Customer relationships in the UK and Ireland



Source: Norcros, excluding Johnson Tiles and Norcros Adhesives

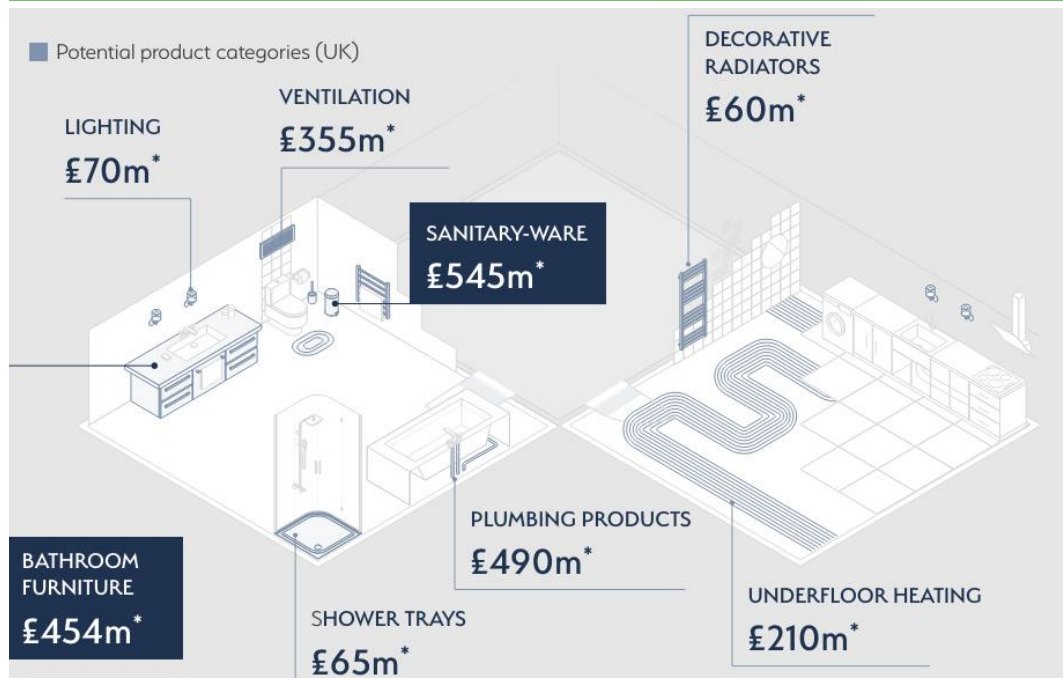
The opportunity and Norcros's investment case

Norcros operates in large, very fragmented and growing markets, which offer both organic growth and M&A opportunities. Furthermore, customers are becoming more aware of and demanding more products that offer better sustainability credentials, such as water and energy savings in use for example. As the group grows, it can extract synergies and share best practice around the group, which offers cross-selling opportunities and higher margins.

Currently, Norcros estimates that the combined core markets of the UK and South Africa have an addressable market of c £3.5bn, of which Norcros claims a 15% share in the UK (excluding bathroom furniture and sanitary-ware) and a c 7% share in South Africa. The geographies have similar underlying growth drivers, including RMI in both the residential and commercial space and from design, sustainability and service drivers.

In addition to the core UK market discussed above, there are many product categories to which Norcros has zero or only limited exposure. These include the sanitary-ware and bathroom furniture sectors, which combined have sales of c £1bn in the UK, which implies that the total addressable market in the UK and South Africa could amount to c £6bn. Other significant unaddressed UK sectors include plumbing products, ventilation and underfloor heating.

Exhibit 3: Unaddressed and under-addressed UK bathroom product categories



Source: Norcros

In Continental Europe, Norcros sees similar opportunities, particularly in West Europe (France, Italy, Spain and Portugal), and in the DACH markets (Germany, Austria and Switzerland). It estimates that both of these country groupings have addressable markets of over £5bn each and they are regions that it currently exports product to. Sub-Saharan Africa and the Middle East are smaller markets but also attractive geographies where Norcros also exports to. Collectively, these four regions are thought to offer an addressable market of c £14bn in addition to the £6bn of existing addressable markets mentioned above.

The growth plan: Three keys to success

Norcros has a three-pronged plan to grow the business, via M&A, organic growth and operational excellence. These initiatives are not new and have all been part of the Norcros success story for many years. We discuss each in turn below.

Targeted M&A

Norcros has a well-developed 'play book' for M&A targets, having assessed numerous opportunities over the last 10 years and executed six, which are detailed in the table below. Given the level of activity, we believe Norcros is seen as the 'go to' buyer of businesses that are looking for new owners, typically good, well-run operations, but that often have succession issues, rather than having operational issues. Norcros is not attracted to 'turnaround' situations, preferring high-growth, high-quality businesses that complement its existing high-quality activities.

Exhibit 4: Summary of M&A activity

Date	Company	Country	Activity	Consideration (initial plus deferred) (£m)	Revenue (£m)	EBITDA (£m)	Revenue multiple (x)	EBITDA multiple (x)
April '13	Vado	UK	Manufacturer and distributor of bathroom controls	11.9	25.6	2.5	0.5	4.8
June '15	Croydex	UK	Design, manufacturer and distributor of bathroom furnishings and accessories	20.0	19.9	3.1	1.0	6.5
April '16	Abode	UK	Designer and distributor of kitchen and bathroom taps and kitchen sinks	4.4	9.9	0.8	0.4	5.5
Nov. '17	Merlyn	UK	Designer and distributor of high-end shower enclosures	60.0	30.7	6.8	2.0	8.8
Jan '19	House of Plumbing	RSA	Specialist plumbing supplier	9.7	22.0	1.9	0.4	5.1
May '22	Grant Westfield	UK	Supplier of bathroom and kitchen products	80.0	42.2	10.1	1.9	7.9

Source: Norcros, Edison Investment Research

Target companies need to be strategically aligned and earnings accretive at the point of acquisition. They also need to be growing and offer additional routes to market that pave the way for organic growth in other businesses in the group. This cross-selling requirement is discussed in the next section, and is an important requirement.

Norcros believes that much of its long-term success with acquisitions is based around four key factors:

- its own dedicated in-house corporate development team,
- keen alignment of target company strategy and culture,
- the focus on successful, value-add targets, and
- only targeting growth companies with operational synergies.

Furthermore, Norcros is happy to make divestments, where necessary, of operations that are unable to fit its criteria. The closure of Norcros Adhesives in 2023 and the disposal of Johnson Tiles in 2024 are examples of this 'housekeeping' activity, which helps pave the way to achieving the company's revised medium-term targets, also discussed below.

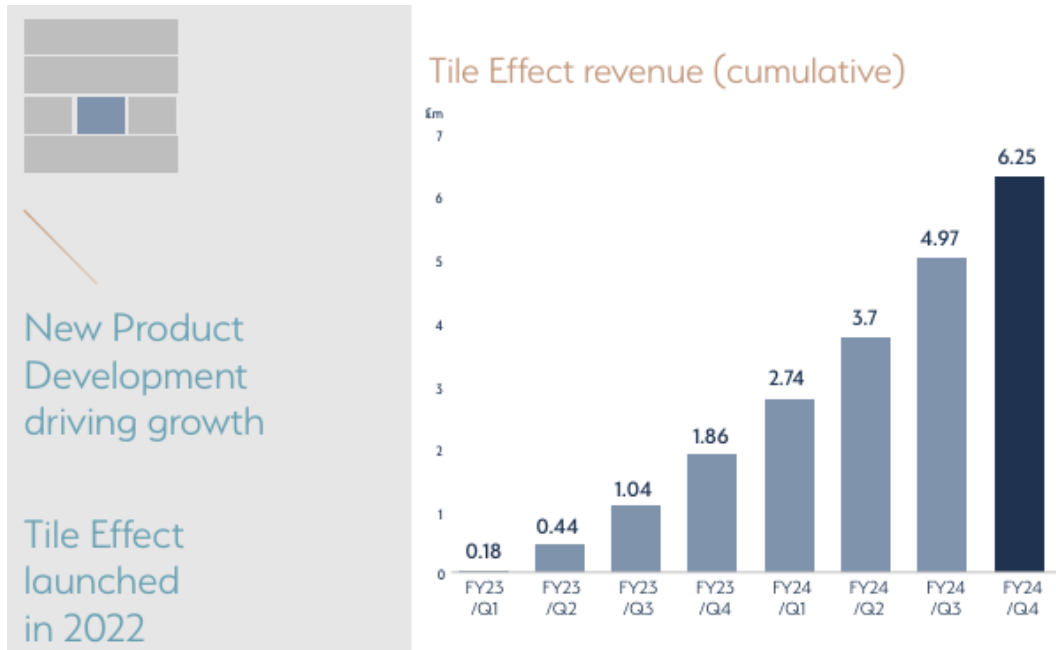
Sustainable organic growth

Norcros is able to drive organic growth in a number of complementary ways:

- new product development,
- cross-selling by brand and channel,
- key account management excellence, and
- top-quality customer service

Norcros retains its own in-house design team, which focuses on developing products that fit with customer demands and trends, such as the drive for more sustainable products such as water saving showers for example. This has resulted in a well-invested new product development (NPD) pipeline, with the NPD Vitality Index (ie the percentage of sales driven by products launched in the last three years) standing at 25%. An example of this is illustrated below, showing sales of Norcros's new waterproof bathroom panel, Tile Effect. From a standing start, sales in FY23 amounted to £3.5m, and in FY24 sales expanded fivefold to £17.7m, with a strong trend suggesting further growth in the current year.

Exhibit 5: Tile Effect sales



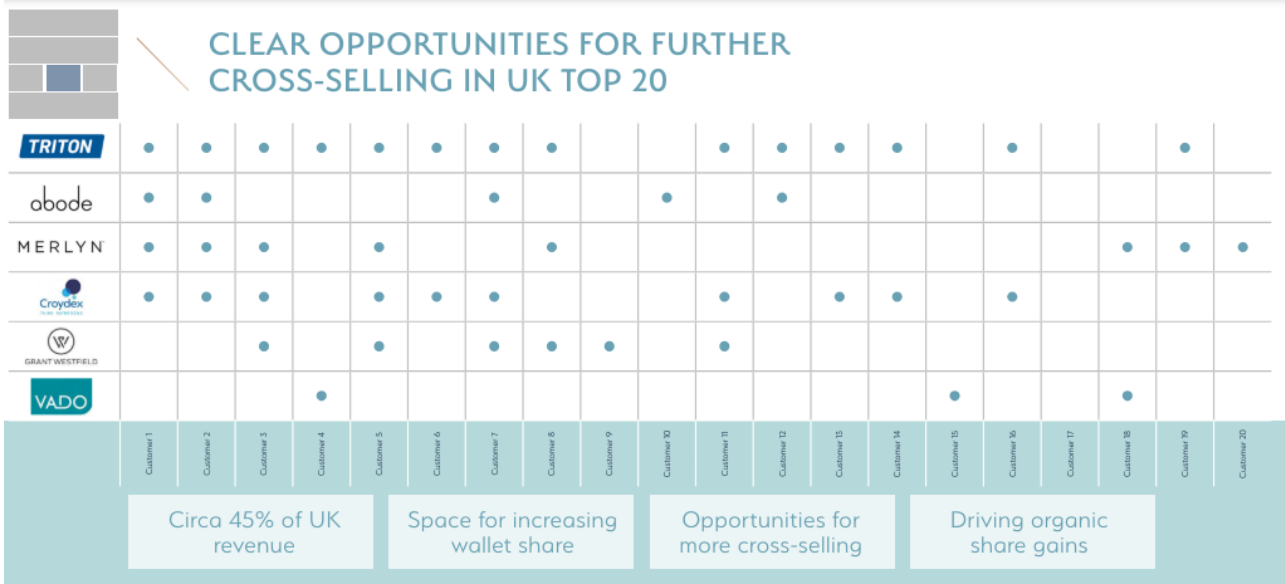
Source: Norcros

Key account management, where Norcros develops and nurtures strong long-term relationships with customers, is viewed as a significant differentiator, as is its first-class dedicated customer service operations, which provide customers with the support and confidence to choose Norcros as a trusted supplier.

Exhibit 6 below gives a clear indication of the opportunity available to Norcros simply by harvesting sales of products to existing group customers, which is facilitated by the account management and customer service operations mentioned above. Sales to existing top-20 customers account for c 45% of UK sales and are represented by the dots in the boxes.

The gaps therefore represent potential opportunity. It is also worth noting that four of the top five customers take product from four Norcros brands. However, only one of the 'bottom' five takes more than a single product brand, thus highlighting the substantial potential to drive sales into these existing customers.

Exhibit 6: Cross-selling opportunities



Source: Norcros

Operational excellence

Norcros prides itself on having sufficient scale to facilitate sufficient capital expenditure to differentiate it from its peers. It also has a strong culture of collaboration between the group companies, which share best practice, and therefore there are better outcomes for the company and its customers. This includes simplifying operations and sharing logistics and warehousing, which drives cost and service synergies as well as boosting the margin. It also offers customers better access to data systems, which contributes to service and efficiency.

Exhibit 7: Areas of operational excellence across the group

Strengths across our Group

- 01** Critical mass and scale
- 02** Strong culture of collaboration and learning
- 03** Driving cost and service synergies
- 04** Maintaining strength of decentralised model

Increased focus areas

- Lean operations
- Coordinated logistics and warehousing
- Supply chain collaboration and efficiencies
- Data capabilities

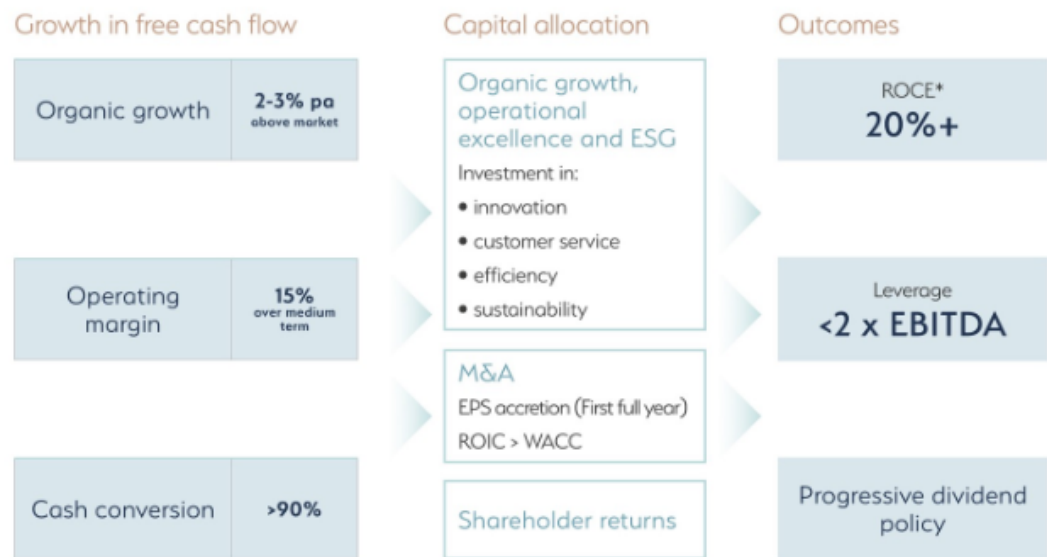
Source: Norcros

New medium-term targets

At the CMD, Norcros announced a revised set of medium-term targets, which we believe the company has a good chance to achieve. These include:

- Organic revenue growth of c 2–3% ahead of market levels, driven by the advantages and investments discussed above. This is likely to be augmented by timely and targeted M&A.
- Achieving an operating margin of 15% over the medium term, compared to 10.7% in FY23. This will be driven by the exit of Johnson Tiles, which is expected to add c 1% to the margin, scale-based efficiencies, organic growth of higher-margin products and finally operational leverage. Again, margin-enhancing M&A is expected to help drive margins.
- Cash conversion of over 90%.
- A return on capital employed of over 20%.
- The achievement of the company's science-based carbon emissions targets by 2028, which is a 33.6% reduction in Scope 1 and 2 emissions and a reduction of 20% in Scope 3 emissions compared to the base year of 2023.

Exhibit 8: Summary of medium-term targets



Source: Norcros

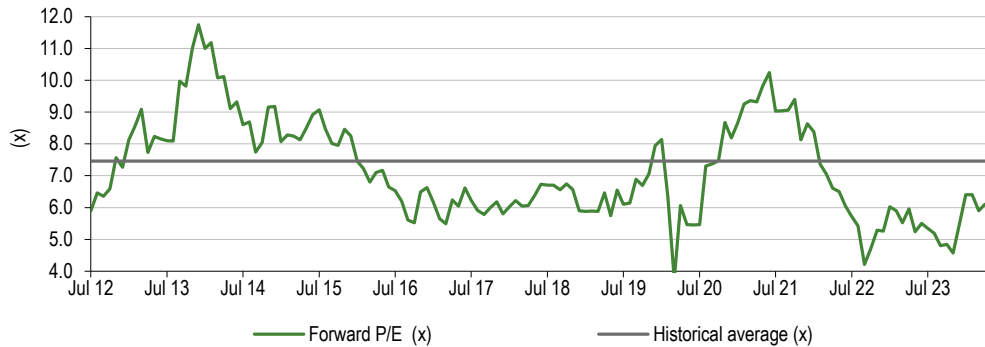
Valuation suggests c 15% upside, plus potential

Following the CMD, we have reduced our revenue estimates from FY25 to reflect the sale of Johnson Tiles, but maintained our profit estimates. Our revised P/E based valuation implies a value of 243p/share (from 236p) based on our diluted underlying FY25e EPS estimate of 32.5p/share, while our DDM implies a value of 260p/share (from 255p). If we take the average of the two, we arrive at 251p (from 246p), implying c 15% upside. The Norcros share price has bounced in recent weeks and is trading on a forward P/E of 6.7x in FY25, still below the historical average. As the strategy gains momentum, a higher multiple could potentially be justified.

Simple forward P/E multiple valuation implies 243p/share

The chart below details the progression of Norcros's forward P/E over the last cycle. The range at the extremes is a low of 4x reached briefly post COVID-19 and again in 2022, and the high is c 12x at the end of 2013, before the Brexit hiatus. Over this period and outside the extreme ratings, the 'real' range has arguably been 6–9x and the average over the whole period is 7.5x.

Exhibit 9: Norcros – forward P/E ratio (x)



Source: LSEG, Edison Investment Research

If we apply the 7.5x forward P/E multiple to our estimate of FY25e diluted underlying EPS of 32.5p (previously FY24e diluted underlying EPS of 31.5p), we arrive at a value of 243p/share, implying c 11% upside to the share price, which has bounced in recent weeks following the CMD. It is entirely possible that the strategy outlined will be successful and looking at the historical average forward P/E ratio may 'under-club' what is possible in the future. Each one-turn of P/E ratio adds c 30p to the valuation, so it is possible that higher organic growth could attract a higher multiple, which in turn could be augmented by future potential acquisitions, which are part of the company's strategy. Higher growth could in turn lead to higher dividend payments, which has implications for the DDM discussed below.

Exhibit 10: Implied valuation based on a range of P/E multiples

P/E target (x)	5.0	6.0	7.0	7.5	8.0	9.0
Implied valuation (p/share)	162	195	227	243	260	292

Source: Edison Investment Research

Dividend discount model implies a valuation of 260p

Our DDM valuation of 260p lends support to the P/E valuation above of 243p/share. We have lifted the base FY25e dividend to 10.4p/share (from 10.2p), which is more than three-times covered by diluted and underlying earnings. We are confident in the long term outlook given the numerous growth channels available to Norcros, justifying our 5% long-term dividend growth estimate. We remind readers that dividends grew 10.7% pa between 2015 and 2019, which further supports our dividend growth assumptions.

Exhibit 11: Implied valuation (p/share) based on a range of inputs

		Dividend growth rate (%)				
		3.0%	4.0%	5.0%	6.0%	7.0%
Cost of equity	12.0%	115.6	130.0	148.6	173.3	208.0
	11.0%	130.0	148.6	173.3	208.0	260.0
	10.0%	148.6	173.3	208.0	260.0	346.7
	9.0%	173.3	208.0	260.0	346.7	520.0
	8.0%	208.0	260.0	346.7	520.0	1,040.0

Source: Edison Investment Research

Exhibit 12: Financial summary

	£'m	2021	2022	2023	2024e	2025e	2026e
Year end 31 March		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT							
Revenue		324.2	396.3	441.0	411.7	376.7	381.5
EBITDA		39.2	47.0	52.3	49.3	49.9	50.4
Normalised operating profit		33.8	41.8	47.3	43.2	43.7	44.2
Share-based payments		0.0	0.0	0.0	0.0	0.0	0.0
Operating profit - Underlying		33.8	41.8	47.3	43.2	43.7	44.2
IAS 19R Pension scheme expenses		(1.4)	(1.7)	(1.6)	(1.7)	(1.7)	(1.7)
Exceptionals		0.0	0.0	0.0	0.0	0.0	0.0
Impairment and acquisition related costs		(3.7)	(4.8)	(8.4)	(8.2)	(8.2)	(8.2)
Other		(3.8)	0.9	(9.8)	0.0	0.0	0.0
Reported operating profit		24.9	36.2	27.5	33.3	33.8	34.3
Net Interest		(6.4)	(3.2)	(5.8)	(7.9)	(7.2)	(6.4)
Profit Before Tax (norm)		27.4	38.6	41.5	35.3	36.5	37.8
PBT - 'Underlying'		30.6	39.3	41.8	36.7	37.9	39.2
Profit Before Tax (reported)		18.5	33.0	21.7	25.4	26.6	27.9
Reported tax		(3.5)	(7.3)	(4.9)	(7.9)	(8.2)	(8.7)
Profit After Tax (norm)		23.9	31.3	36.6	27.4	28.3	29.2
Profit After Tax (Underlying)		25.1	31.5	36.9	28.8	29.7	30.6
Profit After Tax (reported)		15.0	25.2	16.8	17.5	18.4	19.3
Net income (normalised)		23.9	31.3	36.6	27.4	28.3	29.2
Net income (Underlying)		25.1	31.5	36.9	28.8	29.7	30.6
Net income (reported)		15.0	25.2	16.8	17.5	18.4	19.3
Basic average number of shares outstanding (m)		81	81	88	89	89	89
EPS - basic normalised (p)		29.65	38.70	41.53	30.70	31.66	32.66
EPS - diluted normalised (p)		29.58	37.99	40.89	30.00	30.93	31.91
EPS - Diluted, 'underlying'		31.06	38.23	37.43	31.53	32.46	33.44
EPS - basic reported (p)		18.61	31.15	19.06	19.61	20.57	21.57
Dividend (p)		8.20	10.00	10.20	10.20	10.40	10.50
Revenue growth (%)		(-5.2)	22.2	11.3	(-6.6)	(-8.5)	1.3
EBITDA Margin (%)		12.1	11.9	11.9	12.0	13.2	13.2
Normalised Operating Margin		10.4	10.5	10.7	10.5	11.6	11.6
BALANCE SHEET							
Fixed Assets		141.2	158.8	226.8	215.7	205.0	193.4
Intangible Assets		93.6	90.3	167.1	159.5	151.9	144.3
Tangible Assets		28.0	29.0	24.8	27.6	30.8	33.1
Investments & other		19.6	39.5	34.9	28.6	22.3	16.0
Current Assets		171.0	200.7	216.2	214.3	209.9	212.9
Stocks		78.1	100.6	103.9	107.1	109.4	111.4
Debtors		64.6	71.1	83.3	78.2	71.6	72.5
Cash & cash equivalents		28.3	27.4	29.0	29.0	29.0	29.0
Other		0.0	1.6	0.0	0.0	0.0	0.0
Current Liabilities		(104.1)	(110.8)	(112.7)	(106.1)	(98.2)	(99.3)
Creditors		(95.4)	(102.4)	(99.2)	(92.6)	(84.7)	(85.8)
Tax and social security		(1.0)	(2.7)	(0.9)	(0.9)	(0.9)	(0.9)
Short term borrowings		0.0	0.0	0.0	0.0	0.0	0.0
Other		(7.7)	(5.7)	(12.6)	(12.6)	(12.6)	(12.6)
Long Term Liabilities		(59.7)	(48.4)	(119.9)	(101.4)	(81.5)	(58.1)
Long term borrowings		(17.8)	(18.8)	(78.9)	(69.0)	(57.7)	(42.9)
Other long term liabilities		(41.9)	(29.6)	(41.0)	(32.4)	(23.8)	(15.2)
Net Assets		148.4	200.3	210.4	222.4	235.2	248.8
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity		148.4	200.3	210.4	222.4	235.2	248.8
CASH FLOW							
Op Cash Flow before WC and tax		39.2	47.0	52.3	49.3	49.9	50.4
Working capital		21.8	(23.6)	(13.3)	(4.6)	(3.6)	(1.8)
Tax		(3.5)	(6.5)	(7.7)	(7.9)	(8.2)	(8.7)
Other		(2.0)	(0.9)	(2.5)	(0.9)	(0.9)	(0.9)
Net operating cash flow		55.5	16.0	28.8	35.9	37.2	39.0
Capex		(2.8)	(5.4)	(6.0)	(8.5)	(9.0)	(8.0)
Acquisitions/disposals		0.0	0.0	(78.3)	0.0	0.0	0.0
Net interest		(3.2)	(2.5)	(5.5)	(4.8)	(4.1)	(3.3)
Dividends		0.0	(9.1)	(9.2)	(9.0)	(9.1)	(9.1)
Other		(3.2)	(2.5)	14.6	(3.7)	(3.7)	(3.7)
Net Cash Flow		46.3	(3.5)	(55.6)	9.9	11.2	14.8
Opening net debt/(cash)		36.4	(10.5)	(8.6)	49.9	40.0	28.7
FX		0.6	1.6	(2.9)	0.0	0.0	0.0
Closing net debt/(cash)		(10.5)	(8.6)	49.9	40.0	28.7	13.9

Source: Norcros accounts, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by Norcros and prepared and issued by Edison, in consideration of a fee payable by Norcros. Edison Investment Research standard fees are £60,000 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 2024 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.