Capital Markets Argentina

Oil & Gas

TENARIS 2Q19

www.capitalmarkets.com.ar
Esmeralda 130 Piso 5 (1035) | 54 (11) 4320-1900

TENARIS 2Q 19

Research-Acero@capitalmarkets.com.ar

August 2019

Price as of 08/02/19

$ 24,00

12 M Price target

$ 28,62

Local index (Merval)

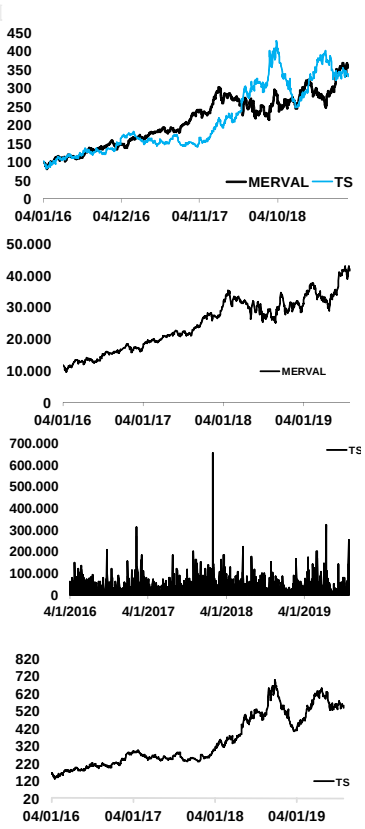
41.359

Rating

Market Performer

Price Range (in AR$)

52 Weeks Low	52 Weeks High
20,50	35,42
Min	**Max**
17,07%	-32,24%



	Net Sales (mill)	EBITDA (mill)	Net Income (mill)	EV/ EBITDA (x)	EV/CF (X)	P/BV (X)	P/E (x)	EPS
FY2018A	7.659	1.536	840	10,08	10,06	1,60	19,23	0,74
FY2019E	8.789	1.739	968	8,90	9,73	1,54	16,67	0,76
FY2020E	9.273	1.850	1.075	8,37	9,25	1,48	15,02	0,85

Shares Outstanding (th)	1.180.537	Earnings per Share	0,74
Float (%)	33,7%	Price / Earnings	19x
Market Cap (mill)	14.166	Cash Flow / Share	1,30
Net Debt: (mill)	-685	Price / Cashflow	9,2x
Enterprise Value (mill)	13.481	Dividend Yield	3,59%

TS' outlook no so bright in 2H19

Tenaris reported higher than expected net revenues and earnings but EBITDA missed consensus estimate in the second quarter of 2019. Tenaris' 2Q19 revenues and shipments came 2% and 3% higher respectively on a quarter-over-quarter basis. Again, a solid price mix (U$S 2.267/t vs. U$S 2.262/t in 1Q19) and sound shipments performance supported sales growth. However, operating income dropped 9% QoQ (U$S 234 M, 12,2% operating margin) driven by an extraordinary event related to higher maintenance costs of a major overhaul in Tenaris' Mexico facilities and an extraordinary tariff recovery of U$S 15 M in 1Q19. As a result, EBITDA came in at U$S 370 M (EBITDA margin of 19.3%), 5% lower QoQ and below our estimate of U$S 390 M. The bottom line contracted just 1% QoQ to U$S 240 M supported by lower income taxes.

In terms of drilling activity, the company expects the North American market to remain flat due to CapEx reduction from upstream companies. In Latin America and Middle East drilling activity may remain flat but Eastern Hemisphere and North Sea markets should see some recovery. Scheduled maintenance stoppages in 3Q19 will affect profitability by adding U$S 50 M in one-off costs. All in, shipments in the next quarter should come below 2Q19 figure amid weaker O&G prices and higher extraordinary costs. As a result, 3Q19's operating margin will be affected but should recover in the last quarter of this year. TS's management is positive on a gradual recovery in shipments, prices, and profitability beginning in 4Q9 and extending throughout 2020.

Strengths: previous quarter's strengths remain in place. Free cash flow generation is still solid based on lower working capital needs. Profitability was hit this quarter by two one-off events and higher iron ore prices but is still at a healthy level. In relation to IPSCO's deal, the company is confident to close the transaction by the end of the year with no need of any anti-trust divestiture obligation. TS will pay approximately U$S 1.2 BN for IPSCO adding additional annual production capacity of 450,000 metric tons of steel bars, 400,000 metric tons of seamless pipes and 1,000,000 metric tons of welded pipes in North America.

Weaknesses: TS' management is optimistic about 2020 market outlook but a weak pricing and shipments environment is the base case scenario for 2H19. The company expects no considerable shipments growth for this year and profitability could also be affected. Besides, we still believe that uncertainty related to tariffs and the new NAFTA continues to be unresolved negative data.

Opinion: Although we keep a brighter outlook in the middle-term, in line with the company's guidance, we downgrade our near-term outlook making lower assumptions on sales growth and profitability. Factoring in the second quarter's guidance for the rest of the year we model higher operating costs, trimmed 2019's shipments and average price mix both by 5% to 3.597 TmT and U$S 2,150 respectively. In terms of valuation, Tenaris trades at 8.8x EV/EBITDA for FY19E below comparable companies. We shift to a more cautious stance by rating Tenaris neutral with a target price of U$S 28.6 per ADR resulting from our DCF and Peers valuation approaches.

Capital Markets Argentina SA
Esmeralda 130 Piso 5 (1035)
54 (11) 4320-1900
www.capitalmarkets.com.ar

TENARIS 2Q 19

Research-Acero@capitalmarkets.com.ar

August 2019

Estimates and quarterly data

USD M	2Q19	%	2Q19 Est	%	DIF	1Q19	%
Net sales	1.918	100,0%	2.013	100,0%	-95	1.788	100,0%
Cost of sales	-1.343	-70,0%	-1.389	-69,0%	46	-1.227	-68,6%
Gross profit	**575**	**30,0%**	**1.224**	**60,8%**	**-648**	**562**	**31,4%**
Selling, general and administrative expenses	-339	-17,7%	-385	-19,1%	46	-338	-18,9%
Other operating income	-2	-0,1%	-4	-0,2%	2	-2	-0,1%
Operating income	**234**	**12,2%**	**234**	**11,6%**	**0**	**222**	**12,4%**
Interest net	1	0,0%	0	0,0%	0	-1	0,0%
Interest income	13	0,7%	9	0,4%	4	10	0,5%
Interest expense	-11	-0,6%	-9	-0,4%	-3	-10	-0,6%
Other financial & Associated companies results	19	1,0%	47	2,3%	-28	80	4,5%
Income before income tax	**255**	**13,3%**	**282**	**14,0%**	**-27**	**302**	**16,9%**
Income tax	-15	-0,8%	-96	-4,8%	82	-135	-7,6%
Income for the year	**240**	**12,5%**	**185**	**9,2%**	**54**	**166**	**9,3%**
EBITDA	370	19,3%	390	21,8%	-20	363	20,3%
EBITDA Margin	19,28%	-	19,38%	-	-0,10%	20,29%	-
EBITDA per Ton	436	-	472	-	-35	440	-
tons (000)							
Tubes Seamless	674	79,6%	594	72,0%	80	640	77,7%
Tubes Welded	173	20,4%	232	28,0%	-59	184	22,3%
Total Tubes + Projects	**847**	**100,0%**	**826**	**100,0%**	**21**	**824**	**100,0%**

Source: CMA - Tenaris Financial Statements.

Investment Thesis

Tenaris is a world leader in seamless pipes for the oil industry, has production plants in 18 countries, production capacity of 6.9 million tons per year and service centers in more than 30 countries. In 2014 the sharp reduction in oil prices led drilling activity to plunge forcing the oil industry to optimize costs affecting Tenaris' production and profitability. However, since 2017 the entire industry has begun to gradually reverse this process helped by the increasingly common use of unconventional oil and gas drilling which demand higher quantity and quality of products and services. Consequently, our model and investment thesis assume a gradual growth recovery in production and profitability for the coming years.

Valuation - Model Update

We calculate a Dec-19 target price of U$S 28.6 per ADR for Tenaris. We use a DCF model to value the company and complement this model with a comparable ratios valuation approach. For our DCF model we discount cash flows at a WACC of 8.0% and use a perpetuity growth rate of 2%. In our peers valuation exercise we select a sample of some of the most representative O&G service companies in the industry. At current market cap, the stock trades at 8.8x EV/EBITDA Fw19e.

Risks to our Investment Thesis

Section 232 tariffs may hurt company's imports, 2. A disappointing North American market demand could lead to lower utilization rate in Tenaris' new mill. 3. The company is sensitive to commodity price volatility that could impact on Tenaris' products demand, 4. Impossibility to pass through inflation cost to customers.

TENARIS 2Q 19

Research-Acero@capitalmarkets.com.ar

August 2019

Annex: DCF Valuation, Peers Valuation and Financials

INCOME STATEMENT	FY17A	FY18A	FY19E	FY20E
Revenues	**5.289**	**7.659**	**8.163**	**8.750**
COGS	**-3.685**	**-5.279**	**-5.714**	**-6.038**
Gross income	**1.603**	**2.379**	**2.449**	**2.713**
Selling expenses	-1.269	-1.507	-1.535	-1.619
EBIT	**335**	**872**	**914**	**1.094**
Interest Income	48	40	41	44
Interest Expense	-27	-37	-33	-35
Equity of non-consolidated Cos.	208	194	122	175
EBT	**563**	**1.069**	**1.045**	**1.278**
Income tax expense	17	-229	-293	-358
Net Income	**580**	**840**	**752**	**920**
EPS	0,45	0,74	0,59	0,72
OPERATING DATA				
Tubos Sin Costura	2.157	2.694	2.721	2.857
Tubos con Costura	461	876	876	911
Total Tubos	**2.618**	**3.570**	**3.597**	**3.768**
EBITDA	**943**	**1.536**	**1.537**	**1.692**
EBITDA Margin	*17,8%*	*20,1%*	*18,8%*	*19,3%*
EBIT Margin	*6,3%*	*11,4%*	*11,2%*	*12,5%*
Net Margin	*11,0%*	*11,0%*	*9,2%*	*10,5%*
EBITDA per Ton	**360**	**430**	**427**	**449**
EBIT per Ton	**128**	**244**	**254**	**290**
CASH FLOW STATEMENT				
CASH FROM OPERATIONS	**-22**	**611**	**1.095**	**1.210**
CASH FROM INVESTING	**349**	**399**	**-374**	**-359**
CASH FROM FINANCING	**-401**	**-900**	**-376**	**-460**
NET	**-74**	**109**	**346**	**391**
CASH, BEGINNING	**399**	**330**	**427**	**772**
CASH, END	**330**	**427**	**772**	**1.163**
BALANCE SHEET				
Cash and banks	330	428	772	1.163
Accounts receivable, net	1.214	1.747	1.789	1.918
Inventories	2.368	2.524	2.661	3.143
Other Assets, Current	1.469	765	1.789	1.654
Total current assets	**5.381**	**5.464**	**7.012**	**7.878**
Fixed assets, net	6.229	6.064	5.815	5.576
Other assets, Non Current	2.788	2.723	3.131	3.143
Non-Current Assets	**9.017**	**8.787**	**8.946**	**8.718**
TOTAL ASSETS	**14.398**	**14.251**	**15.958**	**16.596**
Accounts payable	751	694	1.174	1.241
Debt	931	522	522	522
Other Liabilities, Current	389	503	574	606
Total Current Liabilities	**2.071**	**1.718**	**2.270**	**2.369**
Debt	35	29	29	29
Other Non Current Liabilities	712	628	1.409	1.489
Total Non-Current Liabilities	**746**	**657**	**1.438**	**1.518**
TOTAL LIABILITIES	**2.817**	**2.376**	**3.708**	**3.887**
SHAREHOLDERS' EQUITY	**11.581**	**11.875**	**12.250**	**12.710**
TOTAL LIABILITIES AND EQUITY	**14.398**	**14.251**	**15.958**	**16.596**

FREE CASH FLOW

U$S (000.000)

	FY19	FY20	FY 21	FY22	FY23
EBIT	**914**	**1.094**	**1.246**	**1.467**	**1.581**
T = 28%	-28%	-28%	-28%	-28%	-28%
= EBIT (1-t)	**658**	**788**	**897**	**1.056**	**1.138**
+ D&A	623	623	623	598	574
- WC change	-646	-646	-280	-308	-259
- CAPEX	-374	-374	-374	-359	-344
=FCFF	**628**	**718**	**868**	**913**	**1.042**
				TV	**17.825**

Net Debt	**-685**	**WACC**	**8,0%**	**TP ADR**	**29,36**
Capital Stock	**1.181**	**g**	**2,0%**		

WACC - g

WACC \ g	1,0%	1,5%	2,0%	2,5%	3,0%	3,5%
6,0%	43,4	43,4	43,4	43,4	43,4	43,4
6,5%	38,7	38,7	38,7	38,7	38,7	38,7
7,0%	35,0	**35,0**	**35,0**	**35,0**	35,0	35,0
7,5%	31,9	**31,9**	**31,9**	**31,9**	31,9	31,9
8,0%	29,4	**29,4**	**29,4**	**29,4**	29,4	29,4
8,5%	27,2	**27,2**	**27,2**	**27,2**	27,2	27,2
9,0%	25,4	**25,4**	**25,4**	**25,4**	25,4	25,4
9,5%	23,8	23,8	23,8	23,8	23,8	23,8
9,8%	25,4	25,4	25,4	25,4	25,4	25,4

PEERS

Name	Market Cap	EV/EBITDA '19	EV/EBITDA '20
SCHULEMBERGER	51.752	9,9x	8,8x
HALLIBURTON	18.395	7,5x	6,6x
OIL STATES	857	10,7x	7,8x
NATL OILWELL	8.524	14,2x	10,5x
Median		10,3x	8,3x
TENARIS	**13.481**	**8,8x**	**8,0x**
Target - ADR		**$ 27,9**	**$ 24,8**

Capital Markets Argentina SA
Esmeralda 130 Piso 5 (1035)
54 (11) 4320-1900
www.capitalmarkets.com.ar

GLOSARY

Market Cap. = Capitalización de Mercado = Cantidad de acciones * cotización de la acción en el mercado.

EBITDA = Earnings Before Interest Taxes Depreciations and Amortizations = Ganancias antes de Impuestos Depreciaciones y Amortizaciones.

EBIT = Eearnings Before Interest and Taxes = Ganancias antes de Intereses e Impuestos.

EBT = Earnings Before Taxes = Ganancias antes de Impuestos.

ROE = Return on Equity = Retorno sobre el Patrimonio

ROA = Return on Assets = Retorno sobre los Activos.

EV = Enterprise Value = Capitalización Bursátil + Deuda Financiera Neta

EPS = Earnings per Share = Ganancias por Acción

EV/EBITDA = Enterprise Value / EBITDA

EV/ Ventas = Enterprise Value / Ventas

P / Ventas = Precio por acción / Ventas por acción

P / E = Price / Earnings = Precio por acción / Ganancias por acción.

P / CF = Price / Cash Flow = Precio / Cash Flow

P / EBITDA = Price / EBITDA = Precio / EBITDA por acción.

WACC = Waged Average Cost of Capital = Costo Promedio Ponderado del Capital

TENARIS 2Q 19

Research-Acero@capitalmarkets.com.ar

August 2019

Graciela Cairoli
Director

Alejandro Quelch
Head of Research Department
aquelch@capitalmarkets.com.ar

Jaime Krause
Head of Asset Management
Portfolio Manager

Noelia Lucini, CFA
Fixed Income Strategy.
Portfolio Manager

Nicolas Viveros
Semi Senior Analyst (Fixed Income)
nviveros@capitalmarkets.com.ar

Agustin Giannattasio, CFA
Equity Senior Analyst
agiannattasio@capitalmarkets.com.ar

María Teresa Leiva
Macroeconomic Analyst
mleiva@capitalmarkets.com.ar

Juan José Guma
Analyst
jguma@capitalmarkets.com.ar

Valeria Flores
Virtual Library Administrator
Assistant
vflores@capitalmarkets.com.ar

Dolores Jáuregui
Communication with external Analysts
Assistant
djauregui@capitalmarkets.com.ar

The purpose of this report is to provide general information to the reader, and it is not intended as an offer, an invitation or solicitation of an offer for the purchase and sale of any security or financial instrument mentioned in this report. This report has not been issued to provide the basis to make a credit evaluation or of any other kind.

Capital Markets Argentina S.A., Esmeralda 130, piso 5 (1035) Buenos Aires, Argentina. Tel. (54 11) 4320-1900, Fax (54 11) 4320-1935. Web Site: www.capitalmarkets.com.ar.

**** Capital Markets Argentina S.A. (CMA) – Equity Research Disclosures ****

Analyst disclosures

The name of the person(s) responsible for the recommendations and information contained in this report is identified on the cover or last page of the report. The functional job title of the person(s) responsible for the recommendations and information contained in this report is: **Research Analyst** unless otherwise stated on the cover or last page of the report.

Regulation AC - Analyst Certification: Each Research Analyst(s) listed on the front or last page of this report, principally responsible for the preparation and content of all or any identified portion of this research report hereby certifies that, with respect to each issuer or security or any identified portion of the report with respect to an issuer or security that the Research Analyst covers in this research report, all of the views expressed in this research report accurately reflect their personal views about those issuer(s) or securities. Each Research Analyst(s) also certifies that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that Research Analyst in this research report.

Each Research Analyst certifies that he is acting independently and impartially from CMA shareholders, directors and is not affected by any current or potential conflict of interest that may arise from any CMA activities.

Analyst Compensation: The research analyst(s) primarily responsible for the preparation of the content of the research report attest that no part of the analyst'(s') compensation was, is or will be, directly or indirectly, related to the specific recommendations expressed by the research analyst's(s') in the research report. The research analyst's(s') compensation is, however, determined by the overall economic performance of CMA.

Registration of non-US Analysts: Unless otherwise noted, the non-US analysts listed on this report are employees of CMA. CMA refers to Capital Markets Argentina S.A. and its affiliates, which is a non-US affiliate and entity under common control and ownership as well as Epic Capital Securities Corp. ("ECSC") a SEC registered and FINRA member broker-dealer. Research Analysts employed by CMA, are not registered/qualified as research analysts under FINRA/NYSE rules, may not be associated persons of ECSC or any other U.S. broker-dealer and may not be subject to FINRA Rule 2241 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Please refer to www.epiccapitalfl.com for further information relating to research and conflict of interest management.

Compensation and Investment Banking Activities

CMA or any of its affiliates have not managed or co-managed a public offering of securities for the subject company in the past 12 months. CMA or any of its affiliates have not received compensation for investment banking services from the subject company in the past 12 months. CMA or any of its affiliates do not expect to receive or intends to seek compensation for investment banking services from the subject company in the next 3 months.

Market Making

CMA, at the time of this publication, does not make a market in **Tenaris'** shares

Rating System

Stock ratings are based on the analyst's expectation of the stock's total return during the twelve to eighteen months following assignment of the rating. This view is based on the target price, set as described below, and on the analyst's opinion, general market conditions and economic developments.

As from August 2, 2019, the formula is:	
Outperform: expected to perform above the underlying country index	
Perform: expected to perform in-line with the underlying country index	X
Underperform: expected to perform below the underlying country index	

Distribution of Ratings

Ratings	Covered companies with Specific Rating
Outperform	29%
Perform	62%
Underperform	9%

Price Target

Unless otherwise stated in the text of this report, target prices in this report are based on either a discounted cash flow valuation or comparison of valuation ratios with companies seen by the analyst as comparable or a combination of the two (2) methods. The result of this fundamental valuation is adjusted to reflect the analyst's views on the likely course of investor sentiment. Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe. Risk factors include unforeseen changes in competitive pressures or in the level of demand for the company's products. Such demand variations may result from changes in technology, in the overall level of economic activity or, in some cases, in fashion. Valuations may also be affected by changes in taxation, in exchange rates and, in certain industries, in regulations. Investment in overseas markets and instruments such as ADRs can result in increased risk from factors such as exchange rates, exchange controls, taxation, and political and social conditions. This discussion of valuation methods and risk factors is not comprehensive – further information is available upon request.

Legal and disclosure information

Other disclosures

This product is not for retail clients or private individuals.

The information contained in this publication was obtained from various publicly available sources believed to be reliable, but has not been independently verified by CMA. CMA does not warrant the completeness or accuracy of such information and does not accept any liability with respect to the accuracy or completeness of such information, except to the extent required by applicable law.

This publication is a brief summary and does not purport to contain all available information on the subjects covered. Further information may be available on request. This report may not be reproduced for further publication unless the source is quoted. This publication is for information purposes only and shall not be construed as an offer or solicitation for the subscription or purchase or sale of any securities, or as an invitation, inducement or intermediation for the sale, subscription or purchase of any securities, or for engaging in any other transaction. This publication is not for private individuals.

Any opinions, projections, forecasts or estimates in this report are those of the author only, who has acted with a high degree of expertise. They reflect only the current views of the author at the date of this report and are subject to change without notice. CMA has no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the event that any matter, opinion, projection, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn. The analysis, opinions, projections, forecasts and estimates expressed in this report were in no way affected or influenced by the issuer. The author of this publication benefits financially from the overall success of CMA.

The investments referred to in this publication may not be suitable for all recipients. Recipients are urged to base their investment decisions upon their own appropriate investigations that they deem necessary. Any loss or other consequence arising from the use of the material contained in this publication shall be the sole and exclusive responsibility of the investor and CMA accepts no liability for any such loss or consequence. In the event of any doubt about any investment, recipients should contact their own investment, legal and/or tax advisers to seek advice regarding the appropriateness of investing. Some of the investments mentioned in this publication may not be readily liquid investments. Consequently it may be difficult to sell or realize such investments. The past is not necessarily a guide to future performance of an investment. The value of investments and the income derived from them may fall as well as rise and investors may not get back the amount invested. Some investments discussed in this publication may have a high level of volatility. High volatility investments may experience sudden and large falls in their value which may cause losses. International investing includes risks related to political and economic uncertainties of foreign countries, as well as currency risk.

To the extent permitted by applicable law, no liability whatsoever is accepted for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of this publication or its contents.

CMA (and its affiliates) has implemented written procedures designed to identify and manage potential conflicts of interest that arise in connection with its research business, which are available upon request. The CMA research analysts and other staff involved in issuing and disseminating research reports operate independently of CMA Investment Banking business. Information barriers and procedures are in place between the research analysts and staff involved in securities trading for the account of CMA or clients to ensure that price sensitive information is handled according to applicable laws and regulations.

Country and region disclosures

United States: This communication is only intended for, and will only be distributed to, persons residing in any jurisdictions where such distribution or availability would not be contrary to local law or regulation. This communication must not be acted upon or relied on by persons in any jurisdiction other than in accordance with local law or regulation and where such person is an investment professional with the requisite sophistication to understand an investment in such securities of the type communicated and assume the risks associated therewith.

This communication is confidential and is intended solely for the addressee. It is not to be forwarded to any other person or copied without the permission of the sender. This communication is provided for information only. It is not a personal recommendation or an offer to sell or a solicitation to buy the securities mentioned. Investors should obtain independent professional advice before making an investment.

Notice to U.S. investors

This material is not for distribution in the United States, except to Major US institutional Investors as defined in SEC Rule 15a-6 ("Rule 15a-6"). CMA has entered into arrangements with ECSC which enables this report to be furnished to eligible U.S. recipients in reliance on Rule 15a-6 under the U.S. Securities Exchange Act of 1934, as amended.

Each U.S. recipient of this report represents and agrees, by virtue of its acceptance thereof, that it is such a "major U.S. institutional investor" (as such term is defined in Rule 15a-6) and that it understands the risks involved in executing transactions in such securities. Any U.S. recipient of this report that wishes to discuss or receive additional information regarding any security or issuer mentioned herein, or engage in any transaction to purchase or sell or solicit or offer the purchase or sale of such securities, should contact a registered representative of ECSC, which maintains a chaperoning arrangement with CMA.

ECSC is a broker-dealer registered with the SEC, Member of FINRA and SIPC. You can reach ECSC at 1951 NW 19th Street, Suite A103 Boca Raton, FL 33431, phone (561)829-2173. Further information is also available at www.epiccapitalfl.com. You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC directly at 202-371-8300; website: http://www.sipc.org.

ECSC is under common control and ownership as is CMA and maintains certain dually associated persons. CMA is a registered Futures Broker-Dealer in Argentina and was formed in 1990. The company is a member of the Rosario Future Market approved to act as an agent and compensation member. CMA is regulated by the Rofex market and the Comisión Nacional de Valores. CMA also acts as investment advisor for local equity and fixed income products for individuals, corporations and institutional investors. This company also acts as an IBD (Introducer Broker Dealer) for RBC LLC, opening accounts mainly for corporations and institutional investors. CMA is located at Esmeralda 130, 8th. Floor, zip code: C1035ABD, Buenos Aires, Argentina. Further information is also available at: www.capitalmarkets.com.ar

Investing in non-U.S. Securities may entail certain risks. The securities referred to in this report and non-U.S. issuers may not be registered under the U.S. Securities Act of 1933, as amended, and the issuer of such securities may not be subject to U.S. reporting and/or other requirements. The information available about non-U.S. companies may be limited, and non-U.S. companies are generally not subject to the same uniform auditing and reporting standards as U.S. companies. Securities of some non-U.S. companies may not be as liquid as securities of comparable U.S. companies. Investment products provided by or through ECSC are not FDIC insured, may lose value and are not guaranteed by ECSC or the entity that published the research as disclosed on the front page of this report.
Analysts employed by CMA, a non-U.S. broker-dealer, are not required to take the FINRA analyst exam. The information contained in this report is intended solely for certain "major U.S. institutional investors" and may not be used or relied upon by any other person for any purpose. Such information is provided for informational purposes only and does not constitute a solicitation to buy or an offer to sell any securities under the Securities Act of 1933, as amended, or under any other U.S. federal or state securities laws, rules or regulations.
The investment opportunities discussed in this report may be unsuitable for certain investors depending on their specific investment objectives, risk tolerance and financial position.

In jurisdictions where ECSC is not registered or licensed to trade in securities, or other financial products, transactions may be executed only in accordance with applicable law and legislation, which may vary from jurisdiction to jurisdiction and which may require that a transaction be made in accordance with applicable exemptions from registration or licensing requirements.

The information in this publication is based on sources believed to be reliable, ECSC or CMA do not make any representation with respect to its completeness or accuracy. All opinions expressed herein reflect the author's judgment at the original time of publication, without regard to the date on which you may receive such information, and are subject to change without notice.
CMA may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. These publications reflect the different assumptions, views and analytical methods of the analysts who prepared them. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is provided in relation to future performance.

The information contained herein may include forward-looking statements within the meaning of U.S. federal securities laws that are subject to risks and uncertainties. Factors that could cause a company's actual results and financial condition to differ from expectations include, without limitation: political uncertainty, changes in general economic conditions that adversely affect the level of demand for the company's products or services, changes in foreign exchange markets, changes in international and domestic financial markets and in the competitive environment, and other factors relating to the foregoing. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement.
Other countries: Laws and regulations of other countries may also restrict the distribution of this report. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly.