

# Hopscotch

## Significant growth in H1 2024 results

### Operating profit doubles in H1, driven by a strong activity

The group published strong growth in half-year results, a logical continuation of the acceleration in activity seen in H1 thanks, notably, to events and the Olympic Games (gross margin in H1 was up +17.3% YoY, including +7% organic). Operating income in H1 reached € 2.5 M (€ 2.2 M at constant scope, i.e. excluding Interface Tourism) vs. € 1.1 M in H1 last year, or 5.2% of gross margin (vs. 2.7% last year). Hopscotch Interface Tourism, consolidated since January 1, 2024, contributed € 0.4 M to operating income. The entity's gross margin reached approximately € 4.3 M in H1. Its operating margin was therefore 8.7%, higher than the group average. Financial expenses decreased to -€ 0.45 M (-€ 0.6 M in H1 2023). The tax charge came to -€ 1 M (vs. -€ 0.9 M over the same period last year). The group net income was € 1.1 M, vs. € 0.5 M in H1 2023.

### Strong financial situation that allows future acquisitions

The financial structure is still solid (net cash). The group continued its international expansion with the acquisition of USP, based in the Netherlands. USP strengthens Hopscotch's position in the BeNeLux region with its Arts de Vivre speciality. Acquisitions are a lever for the group's growth, which targets sectoral and/or geographic collaborations.

### Seasonality of profitability favourable to H2

Results are structurally higher in H2 than in H1. Indeed, Hopscotch Season (formerly Sopexa) traditionally experiences strong seasonality with 2/3 of its activity in H2. In addition, Hopscotch Interface Tourism also presents, although less marked, a seasonality in favour of H2. For the second half, we reiterate our estimate of an operating result of € 9.9 M, or € 12.5 M over the entire financial year.

### Attractive valuation – Strong Buy reiterated

Management has not provided any guidance. We are keeping our estimates unchanged at this stage, pending the analysts' meeting which will be held at 11:30. We will be particularly attentive to any comments on the group's outlook, organically, post-Olympics. We reiterate our target price of € 31.5 and our Strong Buy opinion. Shares trade on attractive levels: at about 4.4x EV/EBITDA NTM (12-month rolling) and 8x PE NTM.

### Maud Servagnat

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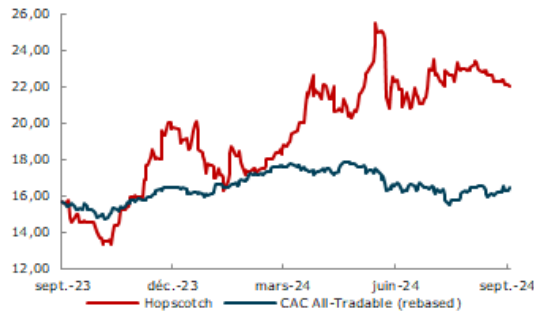
<b>Opinion</b>	<b>1. Strong Buy</b>
Closing price on 25th of Sept. 24	€ 22.2
Price objective	€ 31.5 (+41.7 %)

#### Market data

Bloomberg Ticker	HOP:FP
Market capitalisation (€m)	66.7
Enterprise value (€m)	78.6
Free Float (€m)	20.87 (31.30 %)
Number of shares	3 003 722
Daily volume	€ 23 954
Capital turnover rate (1 year)	4.6%
High (52 weeks)	€ 25.5
Low (52 weeks)	€ 13.3

#### Performances

Absolute perf.	1 month	6 months	12 months
	-5%	+17%	+41%



#### Ownership

Founders : 27,60% ; Reworld Media : 26.41 % ;  
Flottant : 31.30 %

#### Agenda

Nov 5th, 2024 : Q3 sales 2024 results (after market)

#### Key figures

	2022	2023	2024E	2025E	2026E
Gross Margin (€m)	86,4	93,0	104,5	109,4	111,6
Change (%)	28,8%	7,6%	12,4%	4,6%	2,0%
EBITDA (€m)	13,8	10,5	17,0	18,0	18,3
EBIT (€m)	9,0	9,4	12,2	13,2	13,5
Ebit margin (%)	10,5%	10,1%	11,6%	12,0%	12,1%
Net profit (€m)	6,1	5,2	8,5	9,3	9,7
Net margin (%)	7,0%	5,6%	8,1%	8,5%	8,6%
EPS	2,12	1,74	2,68	3,10	3,21

#### Ratios

	2022	2023	2024E	2025E	2026E
EV / GM	0,6	0,8	0,8	0,7	0,6
EV / EBITDA	3,7	7,5	4,8	4,1	3,6
EV / EBIT	na	8,3	6,8	5,6	4,8
P / E	na	12,7	7,8	7,1	6,8
Gearing (%)	-25%	29%	32%	10%	-6%
Net debt/EBITDA	-50%	87%	78%	27%	-20%
ROCE (%)	22%	16%	20%	18%	16%

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### Company presentation

#### Communication consultancy, Digital, PR, Influence, Events

Hopscotch is the leading public relations (PR) group in France and the third largest communications group. It is run by its founders and managers, driven by complementary expertise. With more than 800 employees, the group has published 2023 turnover of € 272 M and gross margin of € 93 M. Hopscotch listed on Euronext Growth Paris on 27 July 2022.

#### Mix of all communications fields

Hopscotch combines all communication expertise: digital, Public Relations & influence, events, activation, public affairs and marketing services. The group structures its expertise around agencies bearing its name "Hopscotch" (Event / PR / Travel / Decision makers / Congresses), and specialized agencies: Sopexa, Heaven, Sagarmatha, Human to Human, Le Public Système Cinéma, Le Public PR system, Sport (Alizeum, Sport&Co and Uniteam).

#### Expanding international footprint

The group has developed an integrated international network, with more than 30 offices spread over 5 continents.

#### Sustainable CSR approach

Hopscotch has been a pioneer in CSR and devotes increasing resources to developing its results in these areas. The group obtained the EcoVadis Platinum label (less than 1% of the companies evaluated). Hopscotch PR received three stars for the RSE Agences actives label, obtained for the first time by a PR agency in July 2023.

### Investment thesis

#### Unique positioning & enrichment of the offer

The group operates across the entire communications market, with an integrated, global and transversal offering, which closely combines consulting, digital, PR, influence and events. In a mature and competitive market, this unique offering differentiates the group from its competitors. In addition, the group is enriching and diversifying its offering in all sectors and developing business verticals (tourism, sport, CSR, etc.). Hopscotch has also digitized its offer and its campaigns and is benefiting from the continued recovery of events.

#### Hopscotch Sport to benefit from the 2024 sport events

Mid-year's sport events program has begun to contribute to momentum in H2 2023, but the biggest impact should be on FY2024. Activity should also be supported by the Paris Motor Show, among other major events.

#### Acquisitions to accelerate growth

Acquisitions are a lever to group's growth rate, which targets sectoral and/or geographic collaborations. The group signed the purchase of Interface Tourism (ITG) in July 2023 (€ 20 M sales and € 8 M Gross Margin) and remains on the path of acquisitions. Hopscotch aims to become a world leader in destination marketing.

#### New profitability profile and accretive acquisitions

The group managed to double its profitability level (EBIT to Gross Margin rate) from c.5% pre-Covid to 10.5% in 2022. Most of the savings in structural costs made during the Covid period are sustainable. We anticipate a continuous gradual improvement in margins for the following years.

#### Cash-flow generation and healthy financial situation

The Group combines growth prospects (organic & external) with the agility of its cost structure, resulting in significant cash-flow generation (low capex and WCR), and leading to a very healthy financial situation. Company is net cash, which allows it to return to acquisitions. Capital increases could take place to partially finance them.

#### Attractive valuation

Shares trade on attractive levels: at about 4.4x EV/EBITDA NTM (12-month rolling) and 8x PE.

### SWOT

#### Strengths

- A value proposition in line with clients' needs, global and transversal offer, underpinned by the complementarity of all Group's areas of expertise: influence, events, activation, digitization, internal communications, public affairs, marketing services, and more
- Ability to innovate (social networks, hybridization of formats, etc.)
- Leadership positioning in France
- Rigorous costs management and higher profitability level gained during the Covid crisis
- Net cash financial situation
- Low capex and WCR

#### Weaknesses

- Balance of power with clients which limits the ability to value teams and consulting services
- Limited visibility on the business
- A mainly French reach

#### Opportunities

- Expanding global reach
- Enriching and diversifying the offer (verticals, sectors, etc.)
- Shift from traditional communication tools towards Digital
- Artificial Intelligence

#### Threats

- Economic crisis
- Deteriorating consumer purchasing power
- Competitive pressure

### Valuation methodology

Our price objective of € 31.5 results from an average of two valuation methodologies: discounted cash-flows and comparable trading multiples. Upside potential is attractive at +42% and we reiterate Strong Buy.

#### Discounted cash-flow

Discounted cash-flow analysis yields € 34.0 value per share.

#### Comparable trading multiples

Listed peers' valuation multiples applied to our estimated financials for the group allows to calculate a € 28.9 value per share. We selected peers with turnover less than € 1bn.

## Strong growth in H1 2024 results

The group published strong growth in half-year results, a logical continuation of the acceleration in activity seen in H1 thanks, notably, to events and the Olympic Games (gross margin in H1 was up +17.3% YoY, including +7% organic).

- Operating income in H1 reached € 2.5 M (€ 2.2 M at constant scope, i.e. excluding Interface Tourism) vs. € 1.1 M in H1 last year, or 5.2% of gross margin (vs. 2.7% last year).
- Hopscotch Interface Tourism, consolidated since January 1, 2024, contributed € 0.4 M to operating income. The entity's gross margin reached approximately € 4.3 M in H1. Its operating margin was therefore 8.7%, higher than the group average.
- Financial expenses decreased to -€ 0.45 M (-€ 0.6 M in H1 2023).
- The tax charge came to -€ 1 M (vs. -€ 0.9 M over the same period last year).
- The group net income was € 1.1 M, vs. € 0.5 M in H1 2023.

Regarding the balance sheet:

- The financial structure is still solid (net cash). The group continued its international expansion with the acquisition of USP, based in the Netherlands. USP strengthens Hopscotch's position in the BeNeLux region with its Arts de Vivre specialty.

In addition, we emphasize that treasury shares have a value of c.2.9 M€ (c.132 k securities).

## P&L published

(€ M)	2021	2022	H1	H2	2023	H1 2024
<b>Sales</b>	153.7	246.8	271.4	296.9	271.4	296.9
% YoY chg	26%	60.6%	13%	7.6%	10%	5.1%
<b>Gross Margin</b>	67.1	86.4	42	51	93	49.3
<b>Operating income</b>	8.8	9.4	1.1	8.8	9.9	2.5
% YoY chg	na	6.6%			6%	
% of gross margin	13.1%	10.8%	2.7%	17.2%	10.7%	5.2%
<b>Financial result</b>	-1.6	-0.6	-0.6	-2.2	-2.8	-0.4
<b>Earnings before tax</b>	7.2	8.7	0.5	6.6	7.2	2.1
Income tax	-2.2	-2.8	-0.9	-1.1	-2	-1
<b>Net income</b>	4.7	6.1	-0.4	5.6	5.2	1.1
% YoY chg	na	28.5%			-14.5%	
% of sales	3.1%	2.5%			1.9%	

Source : Historique Société et IE Finance

## 2024 outlook

Results are structurally higher in H2 than in H1. Indeed, Hopscotch Season (formerly Sopexa) traditionally experiences strong seasonality with 2/3 of its activity in H2. In addition, Hopscotch Interface Tourism also presents, although less marked, a seasonality in favour of H2. For the second half, we reiterate our estimate of an operating result of € 9.9 M, or € 12.5 M over the entire financial year.

## Guidance

2023		Event	Change	Details
04/05/2023	Q1 sales/GM			The approach of the 2024 Olympics will lead to a progressive dynamic in the group's activities.
03/08/2023	Q2 sales/GM			X
27/09/2023	H1 results	<a href="#">H2 2023 prospects</a>		Momentum will continue in H2 The group aims to maintain the same level of operating margin as last year 2024 will be rich in major activities, in sports and with the Paris Motor Show among others.
		<a href="#">2024 prospects</a>		
02/11/2023	Q3 sales/GM	<a href="#">2023 prospects</a>		Hopscotch expects to benefit from the same momentum over the full year The group's participation in the sporting events during the summer of 2024 will begin contributing to this momentum in H2 2023, but the main focus will remain on the FY2024.
06/02/2024	Q4 sales/GM			X
02/04/2024	FY2023 results	<a href="#">2024 prospects</a>		By consolidating the Tourism division in 2024, group's GM will exceed € 100 M and operating result should improve
02/05/2024	Q1 sales/GM			X
01/08/2024	Q2 sales/GM			X
25/09/2024	H1 results			X

Source : Company history & IE Finance

## P&amp;L estimates

(€ M)	2021	2022	2023	2024E	2025E	2026E
<b>Sales</b>	<b>153.7</b>	<b>246.8</b>	<b>271.4</b>	<b>296.9</b>	<b>309</b>	<b>315.1</b>
% YoY chg	26%	60.6%	10%	9.4%	4.1%	2%
<b>Gross Margin</b>	<b>67.1</b>	<b>86.4</b>	<b>93</b>	<b>104.5</b>	<b>109.4</b>	<b>111.6</b>
Hopscotch	42.4	60.3	67.2	78	81.6	83.3
Sopexa	24.6	25.8	25.8	26.6	27.8	28.3
<b>Current operating income</b>	<b>6.8</b>	<b>9</b>	<b>9.4</b>	<b>12.2</b>	<b>13.2</b>	<b>13.5</b>
% YoY chg	na	33.9%	3.5%	29.9%	8.2%	2.7%
% of gross margin	10.1%	10.5%	10.1%	11.6%	12%	12.1%
<b>Operating income</b>	<b>8.8</b>	<b>9.4</b>	<b>9.9</b>	<b>12.5</b>	<b>13.5</b>	<b>13.8</b>
% YoY chg	na	6.6%	6%	25.5%	8%	2.7%
% of gross margin	13.1%	10.8%	10.7%	11.9%	12.3%	12.4%
<b>Financial result</b>	<b>-1.6</b>	<b>-0.6</b>	<b>-2.8</b>	<b>-0.8</b>	<b>-0.7</b>	<b>-0.6</b>
<b>Earnings before tax</b>	<b>7.2</b>	<b>8.7</b>	<b>7.2</b>	<b>11.7</b>	<b>12.8</b>	<b>13.2</b>
Income tax	-2.2	-2.8	-2	-3.2	-3.4	-3.6
<b>Net income</b>	<b>4.7</b>	<b>6.1</b>	<b>5.2</b>	<b>8.5</b>	<b>9.3</b>	<b>9.7</b>
% YoY chg	na	28.5%	-14.5%	64.3%	9.4%	3.6%
% of sales	3.1%	2.5%	1.9%	2.9%	3%	3.1%
<b>EPS (basic)</b>	<b>1.5</b>	<b>2.1</b>	<b>1.7</b>	<b>2.7</b>	<b>3.1</b>	<b>3.2</b>
% YoY chg	na	38.7%	-17.8%	54%	15.5%	3.6%
<b>Diluted EPS</b>	<b>1.5</b>	<b>2</b>	<b>1.7</b>	<b>2.6</b>	<b>3</b>	<b>3.1</b>
% YoY chg	na	36.5%	-17.8%	54.8%	15.5%	3.6%

Source : Company history &amp; IE Finance estimates

## BS estimates

Balance Sheet (in €M)	2022	2023	2024E	2025E	2026E
<b>ASSET</b>					
Goodwill	19,0	19,0	34,0	35,0	36,0
Other Intangible Assets	0,1	0,1	0,1	0,1	0,1
Usage rights	6,7	29,1	29,1	29,1	29,1
Tangible Assets	1,5	1,4	1,4	1,4	1,4
Financial Assets		0,1			
Deferred tax assets	2,0	1,8	1,8	1,8	1,8
Other financial assets	3,1	3,5	3,5	3,5	3,5
<b>Total non-current assets</b>	<b>32,5</b>	<b>55,0</b>	<b>70,0</b>	<b>71,0</b>	<b>72,0</b>
Customer receivables	74,7	79,5	86,9	90,5	92,3
Other assets	23,7	26,8	29,3	30,5	31,1
Derivatives - assets	0,0	0,0	0,0	0,0	0,0
Cash assets	45,4	51,9	40,7	44,1	49,3
<b>Total current assets</b>	<b>143,8</b>	<b>158,1</b>	<b>157,0</b>	<b>165,1</b>	<b>172,7</b>
Assets classified as held for sale					
	<b>176,3</b>	<b>213,2</b>	<b>227,0</b>	<b>236,0</b>	<b>244,7</b>
<b>EQUITY AND LIABILITIES</b>					
Equity	2,0	2,1	2,1	2,1	2,1
Issuance premiums	6,5	6,5	10,5	10,5	10,5
Reserves	5,8	9,9	12,8	20,8	30,2
Treasury securities					
Results	5,6	4,6	8,1	9,3	9,7
Amounts recognized directly in equity in respect of	19,9	23,1			
Non-controlling interests	8,1	8,4	8,4	8,4	8,4
<b>Total equity</b>	<b>28,0</b>	<b>31,5</b>	<b>41,8</b>	<b>51,2</b>	<b>60,8</b>
Loans and financial debt	21,1	13,9	10,9	5,9	2,7
Rental debts	3,9	26,3	22,3	22,3	22,3
Provisions	8,1	6,3	6,3	6,3	6,3
Deferred tax liabilities					
Other liabilities					
<b>Total non-current liabilities</b>	<b>33,1</b>	<b>46,6</b>	<b>39,6</b>	<b>34,6</b>	<b>31,3</b>
Payables	43,5	60,5	65,9	68,3	69,3
Derivative instruments – Liabilities	0,1	0,1	0,1	0,1	0,1
Loans and financial debts	9,5	17,1	17,1	17,1	17,1
Rental debts	3,9	3,6	3,6	3,6	3,6
Current tax liabilities	0,5	0,1	0,1	0,1	0,1
Provisions	0,7	0,1	0,1	0,1	0,1
Other liabilities	56,9	53,6	58,6	61,0	62,2
<b>Total current liabilities</b>	<b>115,2</b>	<b>135,1</b>	<b>145,5</b>	<b>150,3</b>	<b>152,5</b>
Liabilities directly related to assets classified as held for sale					
<b>Total equity and liabilities</b>	<b>176,3</b>	<b>213,2</b>	<b>227,0</b>	<b>236,0</b>	<b>244,7</b>

Source : Company history & IE Finance estimates

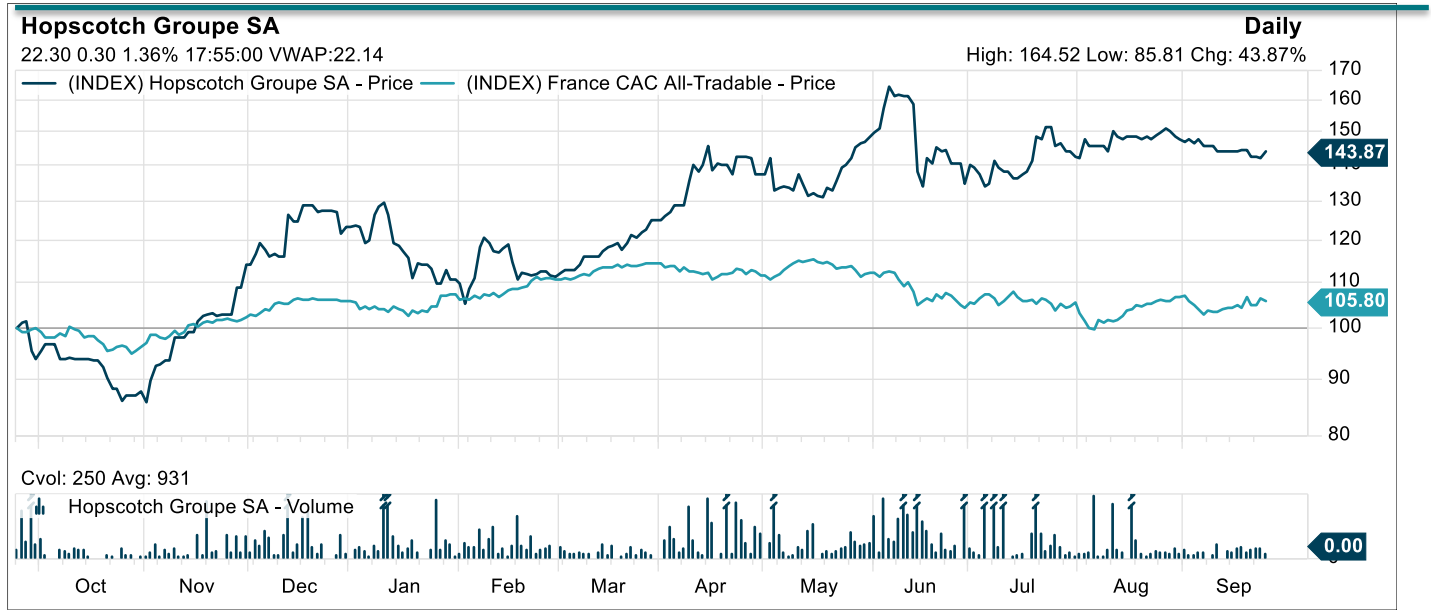
## Cash-Flow Statement estimates

<i>Cash-Flow Statement (in €M)</i>	2022	2023	2024E	2025E	2026E
Net result for the year	6,1	5,2	8,5	9,3	9,7
Result of discontinued activities	(0,1)	0,0	0,0	0,0	0,0
Total tax expense (product)	2,8	2,0	3,2	3,4	3,6
Amortization and provisions	4,3	1,0	0,9	0,9	0,9
<b>FCF</b>	<b>13,6</b>	<b>10,0</b>	<b>12,6</b>	<b>13,7</b>	<b>14,1</b>
Variations in working capital requirements	(2,6)	5,7	0,4	0,0	(0,1)
<b>Cash generated from operations</b>	<b>11,1</b>	<b>15,7</b>	<b>13,0</b>	<b>13,7</b>	<b>14,0</b>
Interest paid	0,6	1,1	1,0		
Income taxes paid	(2,8)	(2,4)	(3,2)	(3,4)	(3,6)
<b>Net cash generated by operating activities</b>	<b>8,9</b>	<b>14,4</b>	<b>10,9</b>	<b>10,2</b>	<b>10,4</b>
Acquisition of financial assets			(14,5)	(0,5)	(0,5)
Variation in loans and advances granted	(0,5)	(0,3)			
Payments under tangible and intangible assets	(0,6)	(0,7)	(0,5)	(0,5)	(0,5)
<b>Net cash from investing activities</b>	<b>0,1</b>	<b>(2,7)</b>	<b>(15,0)</b>	<b>(1,0)</b>	<b>(1,0)</b>
Capital increase			4,0		
Repurchases and resales of own shares	(1,2)	(0,2)			
Collection from borrowings			6,0		
Repayment of loans and financial debts	(3,7)	(6,3)	(5,0)	(5,0)	(3,3)
Repayment of rental debts	(3,8)	(4,1)	(4,0)		
Net financial interest paid	(0,6)	(1,0)			
Dividends paid	(0,2)	(1,5)	(1,7)		
<b>Net cash from financing activities</b>	<b>(9,6)</b>	<b>(13,0)</b>	<b>2,2</b>	<b>(5,9)</b>	<b>(4,2)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(0,6)</b>	<b>(1,3)</b>	<b>(1,9)</b>	<b>3,3</b>	<b>5,3</b>

Source : Company history & IE Finance estimates

## Price performance

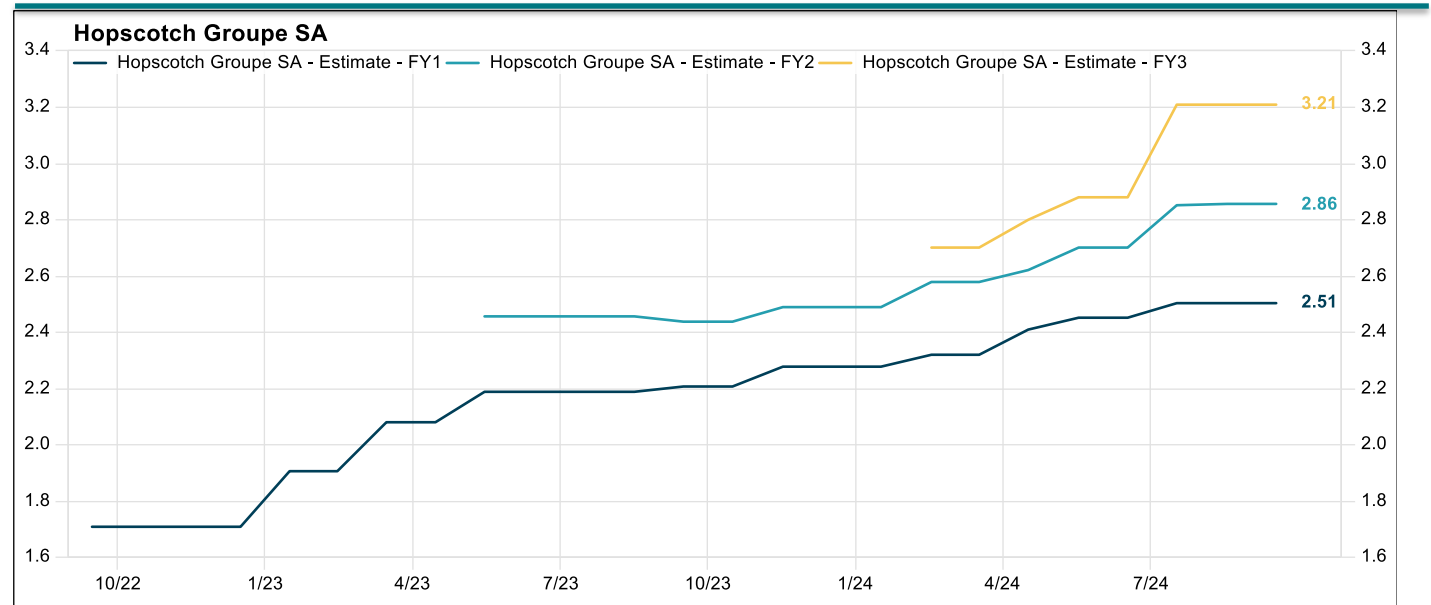
### Share price performance – 12 month-rolling



Source : Factset & IE Finance

## EPS expectations illustrate Hopscotch’s significant growth prospects

### EPS revisions (€)



Source : Factset & IE Finance



### Attractive valuation levels

Shares trade on attractive levels: at about 4.4x EV/EBITDA NTM (12-month rolling) and 8x PE.

#### EV/EBITDA NTM (x)



#### PE NTM (x)



Source : Factset & IE Finance

## Important disclosures

### In Extenso Finance ratings and target prices definition

In Extenso Finance stock market recommendations reflect the absolute change expected in the share price from a six to twelve-months perspective (in local currencies).

<b>1. Strong Buy</b>	The absolute share price performance is expected to be at least +25 %
<b>2. Buy</b>	The absolute share price performance is expected to be comprised between +10 % and +25 %
<b>3. Neutral</b>	The absolute share price performance is expected to be comprised between +10 % and -10 %
<b>4. Sell</b>	The absolute share price performance is expected to be comprised between -10 % and -25 %
<b>5. Strong Sell</b>	The absolute share price performance is expected to be at least -25 %

Details of valuation methods used by In Extenso Finance in target price calculations are available at [https://finance.inextenso.fr/wp-content/uploads/2022/11/Methodologie\\_Valo\\_Analyse\\_Fin\\_IEFM.pdf](https://finance.inextenso.fr/wp-content/uploads/2022/11/Methodologie_Valo_Analyse_Fin_IEFM.pdf)

### Detection of potential conflicts of interest

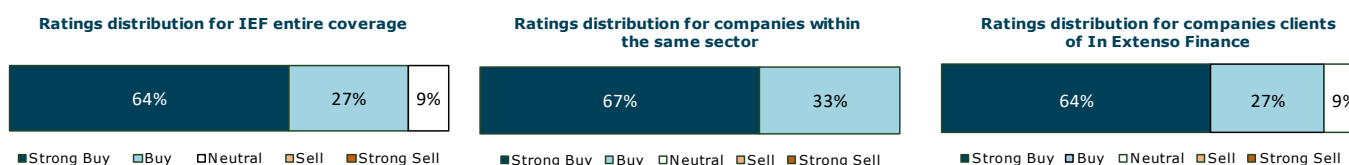
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### Rating and target price evolution throughout the last 12 months

Date	Rating	Target price
September 26 <sup>th</sup> 2024	Semi-annual Study <b>Strong Buy</b>	€ 31.5
August 2 <sup>nd</sup> 2024	Equity Flash <b>Strong Buy</b>	€ 31.5
May 3 <sup>rd</sup> 2024	Equity Flash <b>Strong Buy</b>	€ 30.8
April 3 <sup>rd</sup> 2024	Annual Study <b>Strong Buy</b>	€ 30.8
February 7 <sup>th</sup> 2024	Equity Flash <b>Strong Buy</b>	€ 29.8
November 7 <sup>th</sup> 2023	Coverage Initiation <b>Strong Buy</b>	€ 29.1

### Ratings distribution



## Additional disclosures

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