India Consumer & Retail

3Cs: Calls, Conversations and Conclusions

Industry Overview

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- **Staples - Demand holding; No down-trading** — We recently met or conducted con-calls with a cross section of consumer companies. Based on our discussions, it appears revenue growth trends largely remain stable as demand is firm in both urban & rural India. Further, contrary to past experiences of high inflationary environments, corporates across the board continue to speak of premiumisation & mix improvement. Distribution initiatives and calibrated price hikes aid overall revenues.
- **Margin pressures** — While demand is fairly steady, sustained cost pressures continue to weigh on margins. Escalation in oil prices impacts costs of packaging materials and other inputs. Price hikes have been taken to recover cost pressures, but would only suffice to partially restrict GM contraction. Additionally, with aggressive innovation & re-launch pipeline, coupled with unabated competitive intensity, A&P is likely to increase, especially in 2HFY13. Companies have to deal with an escalation in distribution costs and excise – which may impact near-term profitability.
- **Retailers - More modest demand trends; Sentiment still cautious** — Retail same store sales have been weak over the last two Qs with modest footfalls & declining volumes. There has been a slight sequential pick-up this Q, but only because retailers have offered discounts & extended sale periods; this will adversely impact margins.
- **Rich valuations; Prefer Vice Stocks, Dabur** — Consumer staples sector trades at ~26x 1-yr fwd P/E, i.e. 23% higher than the 10yr historical avg (15% below peak). Relative valuations are at ~100% premium to the broad market vs historical avg premium of ~54%. As the sector's profit growth moderates & following two years of solid outperformance, we would be more selective – prefer ITC, Dabur & UNSP.

Figure 1. India Consumer & Retail Sector Valuation Matrix

Company	RIC Code	Rating	Mkt Cap (USD M)	Price (Rs)	TP (Rs)	P/E (x) FY 12	P/E (x) FY 13	Div Yld FY 12	RoE FY 12	RoCE FY 12
Asian Paints	ASPN.BO	Sell	5,858	3,101	2,900	31.0	26.7	1.3%	39.3%	29.3%
Colgate India	COLG.BO	Sell	2,992	1,117	957	33.4	29.2	2.2%	110.3%	226.4%
Dabur India	DABU.BO	Buy	3,544	103	108	28.8	23.1	1.2%	39.9%	20.7%
Hind. Unilever	HLL.BO	Sell	17,550	412	345	33.5	29.9	2.1%	92.3%	87.7%
ITC	ITC.BO	Buy	34,904	227	232	28.8	24.4	2.6%	37.3%	26.6%
United Spirits	UNSP.BO	Buy	1,511	586	755	20.9	16.3	0.4%	8.2%	7.5%
Marico	MRCO.BO	Sell	2,042	169	160	31.4	25.2	0.4%	31.2%	19.4%
Nestle India	NEST.BO	Sell	8,551	4,503	3,876	42.7	34.9	1.1%	85.1%	39.8%
Pantaloon	PART.BO	Sell	609	143	160	25.3	24.3	0.4%	nm	nm
Titan Industries	TITN.BO	Sell	3,915	224	190	33.8	27.8	0.8%	47.8%	152.5%
Avg. (ex Retail)						**31.3**	**26.2**	**1.4%**	**55.5%**	**57.2%**

Source: Powered by dataCentral; Prices as of 28 Mar 12; Pantaloon P/E is based on core retail EPS; Figures calandarised to March yr end

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

Highlights from Our Discussions with Corporates

We recently met / conducted conference calls with a cross section of Indian consumer and retailing companies. In this note, we present key takeaways from our discussions.

1) Consumer Staples – Demand Holds; No Down-trading

- The bottom-up view appears to be that, in general, there is no deceleration in the consumer sector in India – demand in both urban and rural markets continues to remain in line with past trends.

- While growth rates vary across companies depending on a) last year's base, b) differing gains arising out of distribution initiatives; c) market-share gains, and d) category mix (in that order), most companies believe mid to high-teens revenue growth will likely continue, driven by steady volumes.

  – Growth for **Hindustan Unilever** (HUVR) should be driven by pricing, with mid to high single-digit volume growth. Mgmt notes that rural demand continues to do well even after the strong December Q. The soaps and detergents portfolio is doing well – driven by mid single-digit volume growth and higher price-led growth. There is some moderation in packaged foods as trends from the modest festive season continue.

  – **Colgate India** maintains that there is limited impact of any slowdown; we expect growth rates are likely to be in line with the last Q. India's oral care market is growing volumes at ~10% Y/Y; with CLGT outperforming peers with ~12-15% growth.

  – **Dabur India** management also noted that there are no real changes in consumer behavior and demand on ground. More discretionary products like fruit juices and home care (Odonil) are doing well. Mgmt believes that, going forward, high-teens growth in foods is possible (at the very minimum). This is predicated on the summer season not disappointing. Skin-care growth is also likely to be in double digits after a fairly sedate 3Q (impacted due to a delayed winter and high humidity). With ~8-10% price hikes in the Fem portfolio, mgmt is targeting revenue growth in the mid teens.

  – **Marico** management confirmed that volume growth trends remain strong, albeit a tad lower than 3QFY12 trends. Parachute performance remains steady even as price hikes taken last year are now in the base. It remains fairly confident of sustaining high-teens volume growth in the value-added hair oils portfolio, driven by market share gains, new launches and mgmt efforts on marketing & distribution. Volume growth momentum in Saffola continues – mgmt believes ~15% volume growth is possible; but pricing growth will be a challenge.

  – The momentum in **GCPL's** domestic business remains healthy; ~20-25% growth should continue in 4QFY12 also driven by soaps and household insecticides (HI). In its domestic portfolio, hair colors growth has been a tad below expectations at ~10-15% growth, contributed by both volumes and pricing / mix improvements. Mgmt continues with its attempts on premiumisation as it launches newer variants and plans on cross- pollinating SKU technologies (launching crèmes in sachets, et al).

- Contrary to past experiences of a high inflationary environment, it is interesting that there appear to be no signs of down-trading thus far. This was almost a consensus view across companies and categories. Mix improvement / premiumisation benefits will aid revenue growth for companies.

  – Premiumisation continues across **HUVR's** categories – including soaps & detergents, skin, tea, hair, etc.

  – For **Colgate**, the Multi Benefit segment (~10-12% of industry sales) is growing at a healthy rate (we est. at ~15% in volume terms) - ahead of the market. Mgmt noted that it is observed that once consumers adopt the multi-benefit segment with brands like Total and Sensitive, they rarely switch brands. Toothpowder (~10% of sales per our estimates) continues to decline at ~5% p.a. While in the near term there maybe limited benefits of premiumisation visible, mgmt believes these will accrue over the medium to long term.

  – **Dabur** and **GCPL** managements also reiterated that there is no down-trading visible on the ground.

  – In the edible oil segment, **Marico** is seeing a large share of consumers directly entering Saffola Gold or Original categories, rather than the relatively cheaper Tasty or Active variants or other lower priced products. Given the 'healthy heart' positioning and target consumer profile, there is little down trading seen.

  – **Radico Khaitan** management noted that while the overall industry growth continues at around 10% pa, the premium segment is growing at 15-16% pa. This augurs well for players benefiting from this trend, as gross contributions / bottle are 5x-7x higher than the gross contribution on products priced in the regular categories. Citing two examples – management stated that its premium brandy offering – Morpheus – could attain a sales volume target of 500,000 cases in FY13. Management also noted that the sales of Yamazaki single malt and Hibiki whisky, distributed through its JV with Suntory, have been above expectations.

2) Input Cost Pressures Sustain

- Most companies spoke of sustained cost pressures as commodity costs remain firm. Escalation in crude / oil prices has driven up costs of packaging materials (~6-20% of revenues).

- Price hikes have been undertaken to recover cost pressures to a large extent and should restrict GM contraction.

  – **GCPL** is relatively better placed as two of its main categories (i.e. HI and hair colors) are more immune to commodity risks. However, trends in vegetable palm oil remain key to domestic GMs – mgmt noted that depending on the cycle, these constitute between 20-25% to 30-35% of input costs. The company follows a dynamic commodity buying program and assisted by CPO specialist, Mr. Dorab Mistry. As per press reports, palm oil prices will continue to trend northwards given the tight supply scenario in the near term (+20-25%).

  – **Colgate** mgmt is concerned about input cost pressures, especially packaging & essential oils (up 20%+ Y/Y) – albeit it is taking steps (i.e. combination of mix improvement + price hikes) to maintain GMs. It believes it has levers / programmes to maintain or improve margins from current levels.

- Softening copra prices from multi-year highs has boosted **Marico's** profit growth. However, in our discussions, mgmt still appeared cautious on the outlook - given the possibility of some lagging correlation with crude prices. It noted that if the declining trend continues to a sustainable level, the company might cut prices for the recruiter Parachute packs (~25% of volumes).
- **Dabur** believes that, while agricultural linked inputs have peaked in the recent past, higher packaging costs remains a bit of a concern.
- For the alcoholic beverage players, input costs should be steady – **Radico** management noted that costs of key input ENA have softened slightly in 4QFY12, down by around Rs7-8 / case to around Rs128-136/case – this is the blended average at which Radico is currently procuring ENA. Over FY13, the expected cost range is forecast at Rs32-Rs37 / liter (vs. an average of Rs38-39/ liter in FY12). Management also indicated that the late crushing in UP impacted prices into the crushing season. For glass bottles, management indicated that prices should be steady in FY13 as new capacities are being added. High fuel costs aren't expected to have a bearing on prices, given the significant price hikes given to bottle manufacturers over FY11/12.

3) Calibrated Pricing Supports Volumes, Restricts Gross Margins Contraction

- HUVR management reiterated that higher pricing is likely to drive growth going ahead. At present, price hikes have been undertaken to recover cost pressures.
- Volume growth in the soap industry continues to remain healthy. Pricing also remains buoyant as companies attempt to mitigate cost pressures – GCPL has hiked soap prices by ~10-15% in CY11, and ~2% in CY12. Mgmt however noted the overall quantum of price hikes was insufficient to pass through the cost pressures in their entirety. Mgmt reiterated its strategy of calibrated price hikes going forward.
- GCPL noted that profitability for both household insecticides and hair colors remains strong – given the pricing power that GCPL brands command in India as well as given the limited commodity cost-related risks.
- Oral care pricing is still relatively modest – mid single-digit hikes as all players followed the leader Colgate. Dabur mgmt noted that the price increases by the industry are insufficient to pass on the entire cost pressure.
- Pricing has been steady for FY12 for the alcohol majors – Radico's blended price hike for the year should be around 2%, with price hikes obtained in states like Bihar, Rajasthan, Chhattisgarh, Madhya Pradesh and also the canteen stores department.
- Dabur management appeared comfortable on current price levels – there have been no prices hikes this Q. Shampoos continue to see upward trend in terms of revenue growth, with GMs still below trend levels.

4) Competitive Intensity Continues; A&P – The Swing Factor

- Competitive intensity continues to remain high across categories, especially in segments like hair care, foods, skin, oral care, etc have witnessed some pick-up in the recent past. These, coupled with a plethora of innovations and renovations, would imply higher absolute ad spends going forward.

- In FY12, advertising spends by consumer companies were modest as they utilized A&P as a lever to buttress operating margins in a high commodity cost environment. In a scenario where GM pressures might stabilize, it is likely that A&P to sales (%) will escalate. Further, in a benign input-cost environment, marginal players re-enter the market place, keeping BTL spends by the larger players at elevated levels.

- Based on our discussions with companies and channel checks, the outlook on A&P going forward remains mixed. Some company-wise feedback below -

  – **HUVR** mgmt mentioned that ad spends in the largest soaps & detergents category remained low; there was no pick-up seen by the industry. Competitive intensity in hair has moved up in the recent past – especially in some select pockets. Overall, ad spends may pick up from <12% of sales levels to ~12.5-13%, but are unlikely to rebound to the 14%-15% of revenues in the near term. Management expects the pace of innovations to pick up as the year progresses, esp. in 3/4QFY13E.

  – Contrary to a number of other peers, **GCPL's** A&P to sales ratios have moved up 80-100bos in the recent past. Mgmt believes it should continue to rise given a) competitive intensity and b) slew of new launches / product innovations.

  – In absolute terms, **Marico** mgmt intends to increase ad spends substantially as it gives volumes priority over margins in the near term. Higher A&P is required given the heightened competitive intensity and the large number of new launches, including its enhanced personal care portfolio (Paras, body lotion launches, Parachute variants, value added oils, etc). Mgmt expects A&P to sales to rise to ~11-12% of revenues (vs. ~10.7% for FY12E).

  – We believe brand building spends by **ITC** are expected to increase as management continues to invest in the personal care portfolio.

  – **Colgate** management reiterated that it expects to maintain ad spends at ~16% of net sales (in line with its past five-year historical average). We expect ad spends to pick up in 4QFY12 - the Oral Health month has spilled over into January 2012. In the recent past, Colgate Total has been re-launched, with more activation on toothbrushes and Plax.

  – For **Dabur India**, we expect some uptick in A&P as the company plans to enhance its pipeline of new products / variants and continues with innovations & renovations on products and packaging to improve brand recall.

5) Strong Innovation Funnel

- HUVR's intensity of innovations is likely to increase in 2HCY12. Mgmt is closely tracking the rate of successful innovations – where it believes it has had a decent track record of ~80%+.

- Foods remains in a market-development phase – may not yield big numbers soon for HUVR. Soya juices have done well in two of the three cities they were launched in.

- Oral care growth for HUVR is lagging peers – management is taking steps to address this (innovations, branding, re-launches) – will take a couple of Qs for growth to rebound. Both Dabur & Colgate also continue to focus on innovations.

- HUVR management appeared fairly satisfied with ~25% margins in PP; it believes these are unlikely to inch higher - if growth sustains, the need to invest / innovate further will be imperative to maintain longer-term growth.
- GCPL appears to be eyeing some of the 'white spaces' in its soaps portfolio, as its launches Protekt on the health and hygiene platform. HI focus has been on innovation (Activ, no-smoke coils, etc). This, coupled with rural reach enhancement programs, help GCPL sustain its competitive edge and grow ahead of the market (~25-30% v/s market growth in mid teens). The company has continuously strengthened market shares through FY12, across the three formats in HI.
- Bingo Tangles launch appears to have been well received in the launch markets – ITC is rolling it out across more markets.
- There is a lot of activity in the hair oils space – as branded players aggressively pursue their expansion plans – e.g. Dabur's almond oil introduction appears to be as per plan. Management aims to also work on the OTC healthcare portfolio, and expects to provide more support to these brands as it does medical detailing and aims to enhance bargaining power with chemists.

6) Distribution Gains

- In the last 2-3 years, we've witnessed that volume growth in companies like Hindustan Unilever, Nestle India, Britannia, Marico, Dabur, etc has been augmented as corporates undertake initiatives to increase their direct reach / distribution, especially in rural India.
- These are targeted to limit dependence on the wholesale channel to push products, as well as provide an opportunity to push lower end brands / SKUs in an effective manner.
- Dabur India mgmt reckons there might be a near-term margin impact on account of these programs, but expects it to be limited; is targeting payback in about two years. We believe mgmt efforts on distribution bodes well for growth over the next 1-2 years as: a) benefits of the realignment for skin/consumer health divisions should now be visible; b) Programs to extend reach (replicating UP and Maharashtra model in more states) should aid volume growth and limit dependence on the wholesale channel. Of its overall reach of 3m outlets, direct reach is approximately ~850K – which could increase by ~10-15% in the near to medium term.
- HUVR has been fairly aggressive in trebling rural reach and expects these distribution enhancement initiatives to continue as the company aims to further increase its direct reach. We think distribution costs could increase in 4Q – impacted by higher fuel costs (oil + exchange rate).
- On distribution, GCPL's reach is 4m outlets (direct + indirect). It is benefitting from better synergies in both channels (using HI in chemists / MT) and geographies (leveraging on strength in HI in South & soaps in North / East).
- ITC continues with efforts to enhance other FMCG distribution – by expanding reach and service frequency. Its direct + indirect reach serves ~50% of convenience stores and reaches to ~1.2m grocery outlets in India.
- Over the past few years, Colgate has extensively increased its distribution reach – covers 4.56m outlets as of last fiscal (v/s 4.22m and 3.81m in FY09 and FY08 respectively. The company has ~1700 stockists that supply to the retail / wholesale channels. Further, its efforts to increase penetration (increasing oral care awareness / programs to raise frequency of usage, partnerships with dentists, trade support, etc) should also help volumes.

7) Steady International Businesses

- Political situation in MENA appears to be stabilizing and growth momentum may rise on the weak base.
- Dabur's international portfolio is an integral part of the consolidated business – contributes ~30% of revenues now v/s. ~18% / 22% in FY10/11.
  - Mgmt notes that GCC, Egypt and Nigeria remain growth drivers, even as Hobi / Namaste acquisitions are on track with healthy growth rates outside Turkey and US respectively.
  - Overall, margins are lower than the consolidated entity given the investment in Africa and adverse FX movements – but are likely to improve in the medium term as Dabur increases local manufacturing in Africa / GCC and as the businesses garner scale.
  - In Nigeria, margin gains would be limited in the near term as mgmt plans to reinvest behind growth.
- The international business of Marico (~25% of consolidated revenues) will continue to grow at ~18-20% Y/Y in FY13, which is slightly lower than ~20%+ volume growth in FY12. It expects a further pick up in FY14 as growth rates in Africa and Vietnam accelerate.
  - Bangladesh (40% of the international business) growth has moderated in a high inflationary environment – low to mid teens value growth is expected in FY13E (vs. ~16% in FY12).
  - Vietnam (~17-18% of overseas business) is an outperformer with growth of 18-20%, which mgmt expects to increase further following aggressive advertising & marketing efforts.
  - Business in MENA (~25% of international business) is recovering; whereas South Africa (~10% of revenues) could deliver ~15% growth.
  - Marico continues to look at inorganic opportunities in South East Asia (including countries like Indonesia) and South Africa. It is targeting hair, skin, and male grooming segments in the international markets.
- GCPL management believes international (~40% of the business next year) demand trends are healthy across market, especially in Megasari business in Indonesia and LATAM markets. Strong competitive dynamics, pricing power and steady category growth in HI, air care and hair extensions will drive overall growth and margin enhancement as mgmt consolidates its overseas acquisitions.

8) Other Issues

- Excise hikes in the FY13 Union Budget will warrant price hikes for consumers – will be different for different categories. Most companies plan to pass on the impact to the consumer in a calibrated fashion.
- Uniform packs, if introduced, will impact near-term profitability for the entire industry and would imply higher inflation for the consumer, and unorganized players will lose out to the larger players in a couple of Qs. That said, most players are lobbying against it and believe it is unlikely to be introduced in the near future.

9) Retail – Discretionary Demand More Modest

- While the consumer still appears to be shopping, conversion rates have dipped over the past few quarters. Pantaloon management's view is that, in this quarter (1QCY12), the conversion ratio and ticket size has improved slightly QoQ, though it's still flattish to modestly negative on a Y/Y basis. For reference purposes, customer footfalls had dipped from 74.3m in 3QCY11 to 72.5m in 4QCY11. Average ticket size / customer had improved from to Rs1024 from Rs914 (4QCY11 vs. 3QCY11).

- Modern trade remains primarily an urban centric phenomenon with a pronounced skew toward the top eight cities. While Pantaloon is present across 90 cities, there is a pronounced skew towards the top eight cities (which account for 60% of the company's square footage).

- Management noted the apparel business continues to witness around 6-7% SSS growth. Ethnic and ladies wear (~50-60%of total fashion sales for Pantaloon and Central after including accessories) continues to do well in terms of revenue growth. Within men's formal wear, customers are deferring purchases and buy only during sales / promotions for that category (buying behavior is thus tilting towards planned purchases rather than pure discretionary consumption). From April onwards, there is to be a rebranding of apparel at Big Bazaar – renamed as 'Fashion at Big Bazaar', targeted at value-oriented customers who don't want to compromise on quality.

- Consumer electronics and home retailing remains depressed with flat to slightly negative SSS growth. Within home and electronics, air conditioners have seen a robust off-take, but not so for televisions.

- Food retailing continues to see 6-7% SSS growth. Management noted that in the 26 Jan sales, urban lower middle-class income customers flocked to stores and purchased packaged foods and commodities in substantial quantities, especially where there were combination-pack offers.

- Shoppers Stop management noted that demand remained soft as both footfalls and volumes declined, especially in the last 2 Qs. While there was a slight pick up in volumes in Jan-Feb owing to the discount sales, initial trends in March appear to be soft as retailers move back to full pricing. From a margin perspective, there will be near-term pressure, given a) extended end of season discount sales (around two weeks more than usual); and b) aggressive store expansion (around 15 dept stores) in the last 12-15months.

- Shoppers Stop will continue with its expansion plans – it targets 24 stores over the next three years, which it has already signed up for. Mgmt noted that internal accruals are sufficient to fund the capex and inventory for these stores, as it is comfortable with its 0.4x debt/ equity ratios.

- Private label is an emerging phenomenon – where trust and consumer involvement are high (e.g. foods, dairy), but creating private labels is difficult. For categories like toilet cleaners, however, where consumer is fairly indifferent to brand propositions, private label has made significant in-roads. For example, Pantaloon mgmt noted that private label is ~48% of toilet cleaner sales for the company, followed by Harpic. Within snacks, 'Tasty Treat' is gaining traction. The penetration of private label varies – as high as 70-75% in apparel, around 20% in electronics, and as low as 10-15% in foods. In some instances, private label helps to get better margins from the brand owners and also enables better consumer activations and point of sale activities in the stores. The private label thrust will continue for packaged snacks, spices and lentils.

Figure 2. Absolute Stock Price Performance

		Market Cap (US$ m)	Price (Rs)	Performance 1W	1M	3M	6M	12M	YTD	24M
BSE Sensex			17,122	0%	-4%	10%	3%	-10%	11%	-3%
BSE FMCG			4,473	3%	7%	11%	13%	26%	11%	56%
Asian Paints	ASPN.BO	5,858	3,101	1%	-2%	18%	-1%	23%	20%	53%
Britannia	BRIT.BO	1,328	565	-1%	10%	27%	23%	59%	26%	80%
Colgate Palmolive (India)	COLG.BO	2,992	1,117	3%	7%	13%	13%	35%	13%	64%
Dabur India	DABU.BO	3,544	103	-2%	-1%	1%	1%	9%	4%	29%
Emami	EMAM.BO	1,187	399	0%	5%	15%	-6%	2%	17%	34%
Godrej Consumer	GOCP.BO	3,202	478	-1%	7%	22%	19%	33%	24%	86%
GSK Consumer	GLSM.BO	2,220	2,681	2%	3%	7%	18%	25%	5%	83%
Hindustan Unilever	HLL.BO	17,550	412	4%	8%	0%	20%	49%	1%	72%
ITC	ITC.BO	34,904	227	3%	9%	13%	12%	27%	13%	69%
Jyothy Labs	JYOI.BO	258	162	-2%	-17%	3%	5%	-26%	0%	-2%
Marico	MRCO.BO	2,042	169	4%	7%	16%	18%	28%	16%	54%
Nestle India	NEST.BO	8,551	4,503	0%	2%	9%	6%	22%	8%	67%
P&G Hygiene & Health Care	PROC.BO	1,332	2,084	5%	7%	16%	9%	16%	10%	9%
Radico Khaitan	RADC.BO	326	125	1%	6%	12%	0%	-5%	12%	-2%
Tata Global Beverages	TAGL.BO	1,341	110	-1%	-12%	22%	29%	15%	22%	14%
United Breweries	UBBW.BO	2,844	546	0%	19%	42%	44%	16%	42%	181%
United Spirits	UNSP.BO	1,511	586	7%	3%	14%	-25%	-44%	19%	-56%
Zydus Wellness	ZYDS.BO	287	373	1%	-1%	-2%	-30%	-36%	-3%	-3%
Jubilant FoodWorks	JUBI.BO	1,382	1,079	-3%	4%	40%	31%	97%	43%	241%
Pantaloon	PART.BO	582	143	-6%	-24%	11%	-31%	-46%	11%	-63%
Shoppers Stop	SHOP.BO	630	388	-3%	13%	46%	12%	14%	49%	108%
Titan	TITN.BO	3,915	224	-4%	-2%	30%	9%	25%	31%	142%

Source: Powered by dataCentral; Pricing as of 28th Mar 2012

Appendix A-1

Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's 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 report.

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	12 Month Rating			***Relative Rating***		
Data current as of 31 Dec 2011	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**
Citi Investment Research & Analysis Global Fundamental Coverage	57%	34%	9%	10%	79%	10%
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