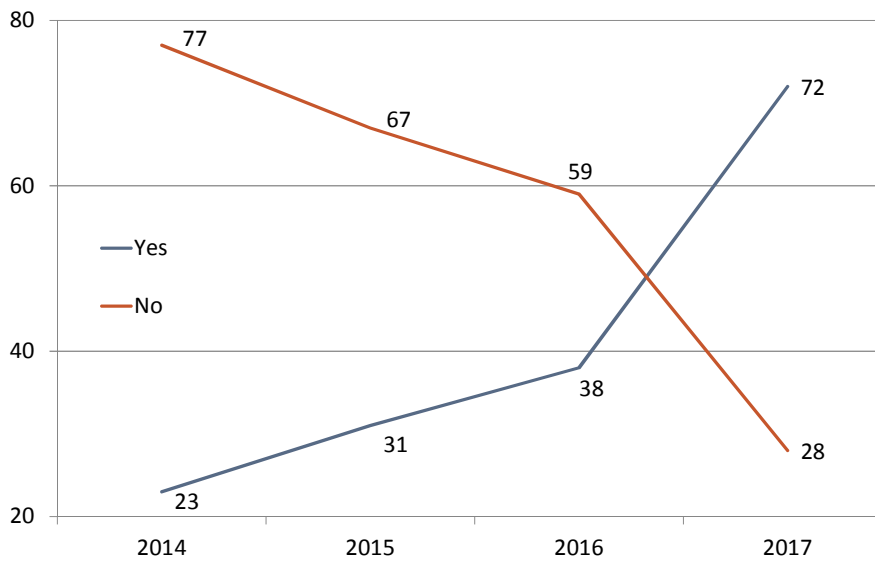


15 December 2017

France: a place to be

Do you believe that your parent company will invest more in France in the coming years?



In % of respondents. Ipsos survey of 200 managers of multinational companies in France. Source: Ipsos.

- **The Macron reforms herald a golden decade for France:** This is our top macro call for Europe for the coming years. In the 2020s, a resurgent France can outshine a Germany that remains strong but is becoming more complacent with every election and a UK that is constraining its supply potential by leaving its major export market, the EU.
- **It is still early days:** Turning France around will take time. So far, however, French president Emmanuel Macron seems to be on track. He is implementing the reforms he outlined in his election campaign. Having already signed on 22 September a major labour market reform comparable to Germany's "Agenda 2010" of 2003/2004, he and his government are following up with more changes. France is restructuring the way it finances its social system in a way that eases the burden on workers and employers modestly. 2018 will also bring a further step in the gradual reduction of the French corporate tax rate from 33.3% to 25% by 2022. Some further reforms are in the pipeline.
- **A better place for inward investment:** The endpoint for French corporate taxes does not quite match the 21% tax rate which the Republican majority in the US Congress will likely approve next week. The US tax reform will intensify competition between the two sides of the Atlantic as well as the competition between countries in Europe for investment from the US. A reforming France looks well placed to raise its share of inward investment into Europe.
- **An improving image:** Mr Macron has already managed to raise the image of France. In an annual Ipsos survey of 200 managers of international companies in France, the share of respondents who expect their parent company to invest more in France in the coming years has shot up from 38% to 72% within one year (see chart). In the strong cyclical upswing, underpinned by a new investment dynamic across the western world, chances are that multinational companies will follow up with actual decisions to invest and create more jobs in France.
- **Strong momentum:** The encouraging news is not confined to one small survey. France seems to be riding the global cyclical upswing more than usual. According to the flash IHS Markit survey for December, purchasing managers in French manufacturing are more optimistic than they have been for 207 months, with a rise in the PMI index to 59.3. Manufacturers are now hiring additional workers at the fastest pace since September 2000. For a country still suffering from a lack of competitiveness and persistently high unemployment, the news that export-orientated manufacturers now feel confident enough to add significantly more workers signals progress where it counts.
- **A unique political opportunity:** Mr Macron's popularity rating fell from 66% in May to 44% in October, before rebounding slightly to 50% in December, according to the monthly Ifop poll. His parliamentary majority looks solid, while the opposition remains in disarray. He is wisely using the early phase of his presidency to implement the key changes France needs. Over time, a stronger France can help to reinforce the cohesion of the Eurozone and the EU.

Disclaimer

This document was compiled by the above mentioned authors of the economics department of Joh. Berenberg, Gossler & Co. KG (hereinafter referred to as “the Bank”). The Bank has made any effort to carefully research and process all information. The information has been obtained from sources which we believe to be reliable such as, for example, Thomson Reuters, Bloomberg and the relevant specialised press. However, we do not assume liability for the correctness and completeness of all information given. The provided information has not been checked by a third party, especially an independent auditing firm. We explicitly point to the stated date of preparation. The information given can become incorrect due to passage of time and/or as a result of legal, political, economic or other changes. We do not assume responsibility to indicate such changes and/or to publish an updated document. The forecasts contained in this document or other statements on rates of return, capital gains or other accession are the personal opinion of the author and we do not assume liability for the realisation of these.

This document is only for information purposes. It does not constitute investment advice or recommendation to buy financial instruments. It does not replace consulting regarding legal, tax or financial matters.

Remarks regarding foreign investors

The preparation of this document is subject to regulation by German law. The distribution of this document in other jurisdictions may be restricted by law, and persons, into whose possession this document comes, should inform themselves about, and observe, any such restrictions.

United Kingdom

This document is meant exclusively for institutional investors and market professionals, but not for private customers. It is not for distribution to or the use of private investors or private customers.

United States of America

This document has been prepared exclusively by Joh. Berenberg, Gossler & Co. KG. Although Berenberg Capital Markets LLC, an affiliate of the Bank and registered US broker-dealer, distributes this document to certain customers, Berenberg Capital Markets LLC does not provide input into its contents, nor does this document constitute research of Berenberg Capital Markets LLC. In addition, this document is meant exclusively for institutional investors and market professionals, but not for private customers. It is not for distribution to or the use of private investors or private customers.

This document is classified as objective for the purposes of FINRA rules. Please contact Berenberg Capital Markets LLC (+1 617.292.8200), if you require additional information.

Copyright

The Bank reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without the Bank's prior written consent.

© January 2017 Joh. Berenberg, Gossler & Co. KG

Contacts: Investment Banking



BERENBERG

PARTNERSHIP SINCE 1590

www.berenberg.com

e-mail: firstname.lastname@berenberg.com / e-mail US: firstname.lastname@berenberg-us.com

JOH. BERENBERG, GOSSLER & CO. KG

Internet www.berenberg.com

E-mail: firstname.lastname@berenberg.com

EQUITY RESEARCH

AEROSPACE & DEFENCE
 Ryan Booker +44 20 3753 3074
 Andrew Gollan +44 20 3207 7891
 Charlotte Keyworth +44 20 3753 3013
 Ross Law +44 20 3465 2692

AUTOMOTIVES
 Alexander Haissl +44 20 3465 2749
 Paul Kratz +44 20 3465 2678
 Fei Teng +44 20 3753 3049

BANKS
 Adam Barrass +44 20 3207 7923
 James Chappell +44 20 3207 7844
 Andrew Lowe +44 20 3465 2743
 Andreas Markou (EM) +44 20 3465 3022
 Alex Medhurst +44 20 3753 3047
 Eoin Mullany +44 20 3207 7854
 Peter Richardson +44 20 3465 2681
 Jonathan Sharpe +44 20 3753 3031

BEVERAGES
 Javier Gonzalez Lastra +44 20 3465 2719
 Batuhan Karabekir (EM) +44 20 3465 2631
 Adam Mizrahi +44 20 3465 2653
 Matt Reid +44 20 3753 3075

BUSINESS SERVICES, LEISURE & TRANSPORT
 Roberta Giaccia +44 20 3207 7805
 Najet El Kassir +44 20 3207 7836
 Stuart Gordon +44 20 3207 7858
 Josh Puddle +44 20 3207 7881
 Katherine Somerville +44 20 3753 3081
 Julia Winarso +44 20 3465 2627

CAPITAL GOODS
 Sebastian Kuenne +44 20 3207 7856
 Philippe Lorrain +44 20 3207 7823
 Rizk Maidi +44 20 3207 7806
 Horace Tam +44 20 3465 2726
 Simon Toennessen +44 20 3207 7819

EQUITY SALES

SPECIALIST SALES
AEROSPACE & DEFENCE, CAPITAL GOODS
 Bruna Zugliani +44 20 3207 7818

AUTOMOTIVE & THEMATICS
 Chris Armstrong +44 20 3207 7809

BANKS, DIVERSIFIED FINANCIALS & INSURANCE
 Iro Papadopoulou +44 20 3207 7924
 Calum Marris +44 20 3753 3040

BUSINESS SERVICES, LEISURE & TRANSPORT
 Rebecca Langley +44 20 3207 7930

CONSTRUCTION, CHEMICALS, METALS & MINING
 James Williamson +44 20 3207 7842

CONSUMER STAPLES
 Rupert Trotter +44 20 3207 7815

CONSUMER DISCRETIONARY
 Victoria Maignot +44 20 3753 3010

HEALTHCARE
 Frazer Hall +44 20 3207 7875
 Abigail James +44 20 3753 3078

MEDIA & TELECOMMUNICATIONS
 Julia Thannheiser +44 20 3465 2676

SPECIAL SITUATIONS
 Jeremy Grant +44 20 3207 7890

SALES

BENELUX
 Miel Bakker +44 20 3207 7808
 Martin de Laet +44 20 3207 7804
 Alexander Wace +44 20 3465 2670

GERMANY
 Michael Brauburger +49 69 91 30 90 741
 Nina Buechs +49 69 91 30 90 735
 André Grosskurth +49 69 91 30 90 734

BERENBERG CAPITAL MARKETS LLC

CHEMICALS
 Sebastian Bray +44 20 3753 3011
 Rikin Patel +44 20 3753 3080
 Andrew Heap +44 20 3207 7918

CONSTRUCTION
 Saravana Bala +44 20 3753 3043
 Lush Mahendrarajah +44 20 3207 7896
 Robert Muir +44 20 3207 7860
 Olivia Peters +44 20 3465 2646

ENERGY
 Yuriy Kukhtanych (EM) +44 20 3465 2675

FOOD MANUFACTURING AND H&PC
 Rosie Edwards +44 20 3207 7880
 Yordana Mavrodieva +44 20 3207 7817
 Fintan Ryan +44 20 3465 2748
 James Targett +44 20 3207 7873

FOOD RETAIL
 Batuhan Karabekir (EM) +44 20 3465 2631

GENERAL MID CAP - EU
 Gunnar Cohrs +44 20 3207 7894
 Martin Comtesse +44 20 3207 7878
 Charlotte Friedrichs +44 20 3753 3077
 Flavien Hias +44 20 3465 2693
 Aymeric Lang +44 20 3753 3037
 Gerhard Orgonas +44 20 3465 2635
 Anna Patrice +44 20 3207 7863
 Benjamin Pfannes-Varrow +44 20 3465 2620
 Simona Sarli +44 20 3207 7834
 Julia Scheuffler +44 20 3753 3016

GENERAL MID CAP - UK
 Robert Chantry +44 20 3207 7861
 Sam England +44 20 3465 2687
 Ned Hammond +44 20 3753 3017
 Edward James +44 20 3207 7811
 Benjamin May +44 20 3465 2667

GERMANY (cont'd)
 Florian Peter +49 69 91 30 90 740
 Joerg Wenzel +49 69 91 30 90 743

UK
 Alexandra Clément +44 20 3753 3018
 Fabian De Smet +44 20 3207 7810
 Karl Hancock +44 20 3207 7803
 Sean Heath +44 20 3465 2742
 David Hogg +44 20 3465 2628
 Gursumeet Hhaj +44 20 3753 3041
 Peter Kaineder +44 20 3753 3062
 James Matthews +44 20 3207 7807
 James McRae +44 20 3753 3036
 David Mortlock +44 20 3207 7850
 Eleni Papoula +44 20 3465 2741
 Bhavin Patel +44 20 3207 7926
 Kushal Patel +44 20 3753 3038
 Richard Payman +44 20 3207 7825
 Clémence Peyraud +44 20 3465 2651
 Christopher Pyle +44 20 3753 3076
 Joanna Sanders +44 20 3207 7925
 Mark Sheridan +44 20 3207 7802
 George Smbert +44 20 3207 7911
 Anita Surana +44 20 3207 7855
 Paul Walker +44 20 3465 2632

FRANCE
 Thibault Bourgeat +33 1 5844 9505
 Alexandre Chevassus +33 1 5844 9512
 Dalila Farigoule +33 1 5844 9510
 Benjamin Voisin +33 1 5844 9507

SCANDINAVIA
 Frederik Angel +44 20 3753 3055
 Marco Weiss +49 40 350 60 719

GENERAL MID CAP - UK (cont'd)
 Owen Shirley +44 20 3465 2731

GENERAL RETAIL
 Conrad Bartos +44 20 3753 3053
 Michelle Wilson +44 20 3465 2663

HEALTHCARE
 Scott Bardo +44 20 3207 7869
 Jakob Berry +44 20 3465 2724
 Alistair Campbell +44 20 3207 7876
 Klara Fernandes +44 20 3465 2718
 Tom Jones +44 20 3207 7877
 Joseph Lockey +44 20 3465 2730
 Louise Pearson +44 20 3465 2747
 Laura Sutcliffe +44 20 3465 2669

INSURANCE
 Trevor Moss +44 20 3207 7893
 Emanuele Musio +44 20 3207 7916
 Iain Pearce +44 20 3465 2665
 Sami Taipalus +44 20 3207 7866

LUXURY GOODS
 Mariana Horn +44 20 3753 3044
 Zuzanna Pusz +44 20 3207 7812

MEDIA
 Robert Berg +44 20 3465 2680
 Laura Janssens +44 20 3465 2639
 Alastair Reid +44 20 3207 7841
 Sarah Simon +44 20 3207 7830

METALS & MINING
 Alessandro Abate +44 20 3753 3029
 Fawzi Hanano +44 20 3207 7910
 Yuriy Vlasov +44 20 3465 2674

REAL ESTATE
 Kai Klöse +44 20 3207 7888
 Tina Munda +44 20 3465 2716

SWITZERLAND, AUSTRIA & ITALY
 Andrea Ferrari +41 44 283 2020
 Carsten Kinder +41 44 283 2024
 Gianni Vignina +41 44 283 2038
 Jamie Nettleton +41 44 283 2026
 Benjamin Stillfried +41 44 283 2033

CRM
 Laura Cooper +44 20 3753 3065
 Louise Hughes +44 20 3753 3066
 Jessica Jarmyn +44 20 3465 2696
 Edwina Lucas +44 20 3207 7908
 Greg Swallow +44 20 3207 7833

CORPORATE ACCESS
 Lindsay Arnold +44 20 3207 7821
 Jennie Jiricny +44 20 3207 7886
 Stella Siggins +44 20 3465 2630

EVENTS
 Laura Hawes +44 20 3753 3008
 Suzy Khan +44 20 3207 7915
 Charlotte Kilby +44 20 3207 7832
 Natalie Meech +44 20 3207 7831
 Ellen Parker +44 20 3465 2684
 Sarah Weyman +44 20 3207 7801

SALES TRADING
HAMBURG
 Tim Storm +49 40 350 60 415

PARIS
 Vincent Klein +33 1 58 44 95 09
 Antonio Scutto +33 1 58 44 95 03

TECHNOLOGY
 Jean Beaubois +44 20 3207 7835
 Georgios Kertsos +44 20 3465 2715
 Gal Munda +44 20 3465 2746
 Richard Odumusu +44 20 3207 7851
 Tammy Qiu +44 20 3465 2673

TELECOMMUNICATIONS
 Josep Bori +44 20 3753 3058
 Ondrej Cabejsk (EM) +44 20 3753 3071
 Nicolas Didio +44 20 3753 3091
 Usman Ghazi +44 20 3207 7824
 Siyi He +44 20 3465 2697
 Laura Janssens +44 20 3465 2639
 Paul Marsch +44 20 3207 7857
 Michael Summerville +44 20 3207 7914

THEMATIC RESEARCH
 Nick Anderson +44 20 3207 7838
 Asad Farid +44 20 3207 7932
 Robert Lamb +44 20 3465 2623
 James Sherborne +44 20 3753 3073

TOBACCO
 Jonathan Leinster +44 20 3465 2645

UTILITIES
 Andrew Fisher +44 20 3207 7937
 Neha Saxena +44 20 3753 3048
 Lawson Steele +44 20 3207 7887

ECONOMICS
 Florian Hense +44 20 3207 7859
 Carsten Hesse (EM) +44 20 3753 3061
 Kallum Pickering +44 20 3465 2672
 Holger Schmieding +44 20 3207 7889

LONDON
 Mike Berry +44 20 3465 2755
 Stewart Cook +44 20 3465 2752
 Mark Edwards +44 20 3753 3004
 Tristan Hedley +44 20 3753 3006
 Peter King +44 20 3753 3139
 Christoph Kleinsasser +44 20 3753 3063
 Chris McKeand +44 20 3207 7938
 Simon Meehan +44 20 3465 2754
 A.J. Pulley +44 20 3465 2756
 Matthew Regan +44 20 3465 2750
 Asbjorn Rogge +44 20 3753 3051
 Michael Schumacher +44 20 3753 3006
 Paul Somers +44 20 3465 2753

EQUITY TRADING
HAMBURG
 David Hohn +49 40 350 60 761
 Gregor Labahn +49 40 350 60 571
 Lennart Pleus +49 40 350 60 596
 Marvin Schweden +49 40 350 60 576
 Linus Weidner +49 40 350 60 798
 Philipp Wichmann +49 40 350 60 346
 Christoffer Winter +49 40 350 60 559

LONDON
 Edward Burlison-Rush +44 20 3753 3055
 Richard Kenny +44 20 3753 3083

ELECTRONIC TRADING
 Daniel Eichhorn +49 40 350 60 391
 Matthias Führer +49 40 350 60 597

Member FINRA & SIPC

E-mail: firstname.lastname@berenberg-us.com

EQUITY SALES

SALES
 Kelleigh Faldi +1 617 292 8288
 Isabella Fantini +1 646 445 4861
 Shanna Giust +1 646 445 7216
 Rich Harb +1 617 292 8228
 Zubin Hubner +1 646 445 5572
 Jessica London +1 646 445 7218
 Ryan McDonnell +1 646 445 7214

SALES (cont'd)
 Emily Mouret +1 415 802 2525
 Peter Nichols +1 646 445 7204
 Kieran O'Sullivan +1 617 292 8292
 Rodrigo Ortigao +1 646 445 7202

CORPORATE ACCESS
 Olivia Lee +1 646 445 7212
 Tiffany Smith +1 646 445 4874

SALES TRADING
 Christopher Kanian +1 646 445 5576
 Lars Schwartzau +1 646 445 5571
 Brett Smith +1 646 445 4873
 Bob Spillane +1 646 445 5574

ECONOMICS
 Mickey Levy +1 646 445 4842
 Roiana Reid +1 646 445 4865