

Family-owned companies

Recap on performance. Opportunities in Europe

Time to recap on 2022 and long-term performance

Following on our series on 'family-owned companies', as we have discussed in previous [reports](#), we believe continued outperformance of these companies is justified on factors such as governance stability, alignment of interest between shareholders and the long-term strategy, efficient capital allocation and tighter control over management teams. In this report, we have updated performance data and the UBS family-owned list. The year 2022 saw most of asset classes delivering negative returns, and family-owned companies were no different, but they continued their outperformance against the benchmarks. The risk/reward analysis suggests timing is particularly interesting for the space, specifically in Europe, which looks cheap and where we find interesting family-owned opportunities.

Methodology that we have followed in our earlier reports

We have created six lists to showcase the family-owned companies' outperformance – three lists, both at global and European level, each representing allcaps, largecaps and small/midcaps. These lists have been benchmarked against MSCI World and MSCI Europe indices, respectively. UBS family-owned lists include c500 companies globally. We also focus the analysis on small/midcaps (<€8bn), an area where we think family-owned companies offer good opportunities among the sample size of the UBS family-owned global smallcap list at c300 companies.

Key conclusions: 'family-owned' outperformed in 2022, but not in Europe

For the last 15 years, UBS family-owned global allcaps were up by a CAGR of 11.4% vs. the MSCI World index rising by 4.5% annually, outperforming by a solid c700bps per annum. After acute underperformance in 2020, these companies have bounced back quite well in the last two years. Year-2022 performance, though, has been negative for both the global family allcaps and MSCI World, but family-controlled firms have outperformed by c10%. Smallcaps' outperformance was more visible in 2022 globally (+13%); however, in Europe 'family-owned' underperformed by c6%, particularly largecaps (-10% on relative terms). We see opportunities in the space.

Interesting ideas in Europe

Stocks that we find interesting in the family-owned space in Europe and had a weak performance in the past 12 months include the likes of Bucher Industries, Schindler, Ferroviaria, Porsche, Knorr Bremsen, Heineken, Kone, easyJet, Ryanair, Stadler Rail and Talgo. For some of these names, we expect a good outlook ahead and see strong upside potential to our targets.

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UPDATE ON PERFORMANCE

On the following pages, we show the performance data for the UBS family-owned lists. In the past decade, we have been active on this topic, with several reports and lists of family-owned companies globally. It's interesting to see that family-owned companies have outperformed consistently in the long-term vs. global and regional indices. The rationale behind the outperformance has been discussed in more detail in the UBS research reports listed below. Factors discussed in these reports that explain the outperformance include good governance, long-term strategy alignment with shareholder ownership, focused capital allocation and tighter control over management incentives.

* Q-Series: Why do family-controlled companies outperform? [April 2015](#)

*Family-firms: Top three questions from investors [\(June 2015\)](#)

*Why do family-controlled companies outperform? V. 2.0 [\(Sept 2016\)](#)

*Are 'family-owned' firms at risk from tech disruption? [\(Nov 2018\)](#)

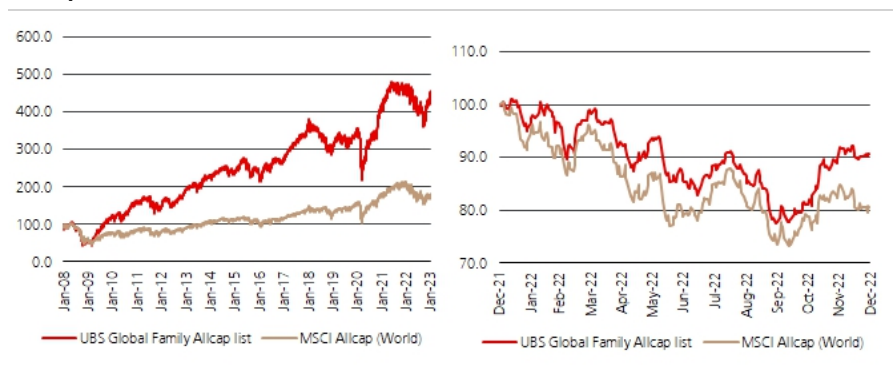
*Family-owned business and 3 themes that matter: compounders, tech disruption and megatrends [\(Oct. 2020\)](#).

*Thematic Research Video: Smallcaps and family-owned companies [\(April 2021\)](#).

Update 2022: what happened lately?

We have updated the list and below we show performance data. The charts below show how 2022 was also tough for family-owned companies in absolute terms, but overall, family companies that are included on the UBS global list outperformed global indices by c10%. The outperformance was more visible at the end of the year when global markets bounced. To some extent, there was a catch-up for quality family companies after 2020, which suffered quite a severe correction.

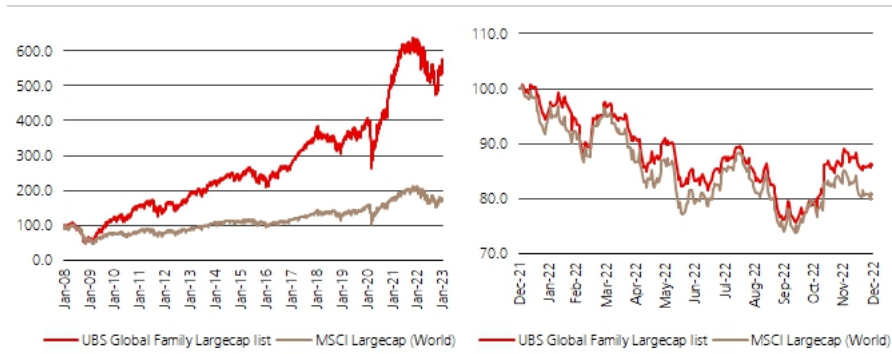
Figure 1: UBS Family-Owned Global Allcaps vs MSCI World - last 15 years and 2022 performance (RHS)



Source: UBS, Eikon Datastream

For the last 15 years, UBS family-owned global allcaps have returned a CAGR of 11.4%, vs the MSCI World index rising by 4.5% annually, outperforming by a solid c700bps per annum. After notable underperformance in 2020, these companies have bounced back quite well in the last two years. Year-2022 performance, though, has been negative for both the global family allcaps and MSCI World, but family-controlled firms have outperformed by c10%.

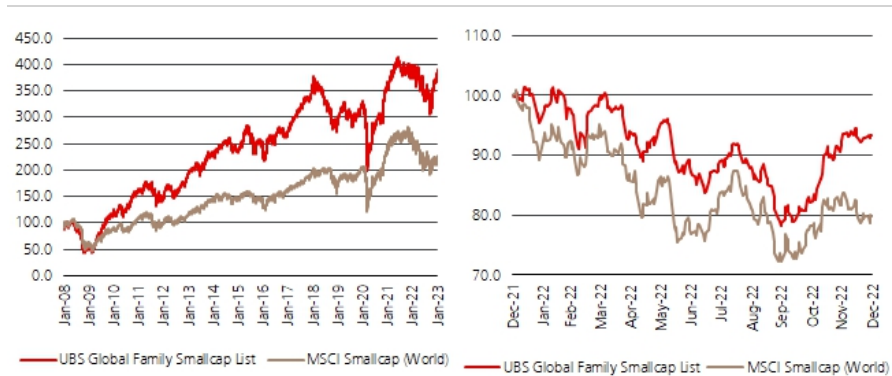
Figure 2: UBS Family-Owned Global Largecaps vs MSCI World Large - 15y and 2022 perf. (RHS)



Source: UBS, Eikon Datastream

UBS Global family-controlled largecaps showed an impressive CAGR of 13.3% for the last 15 years, while their benchmark MSCI World largecaps went up by a CAGR of 4.5%. This translates into strong outperformance of c850bps annually. The trend of outperformance continued in 2022, though at a slightly lower level with global allcaps (c6% outperformance).

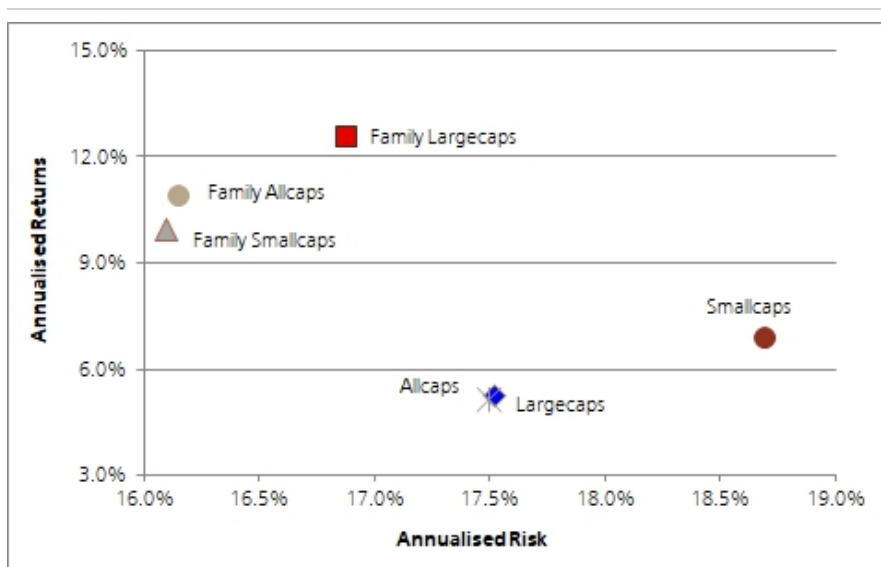
Figure 3: UBS Family-Owned Global Smallcaps vs MSCI World Small - 15y and 2022 perf. (RHS)



Source: UBS, Eikon Datastream

UBS family-owned Global Smallcaps are up by c290% vs MSCI World Smallcaps up by c135% over the last 15 years. The outperformance was completely wiped out during the fall of 2020 Covid period, but the comeback from there has been surprisingly stronger as well. Even if we look at last-year performance, family-owned smallcaps have outperformed the global benchmark by c13%.

Figure 4: Global Risk/Return - 15-year analysis



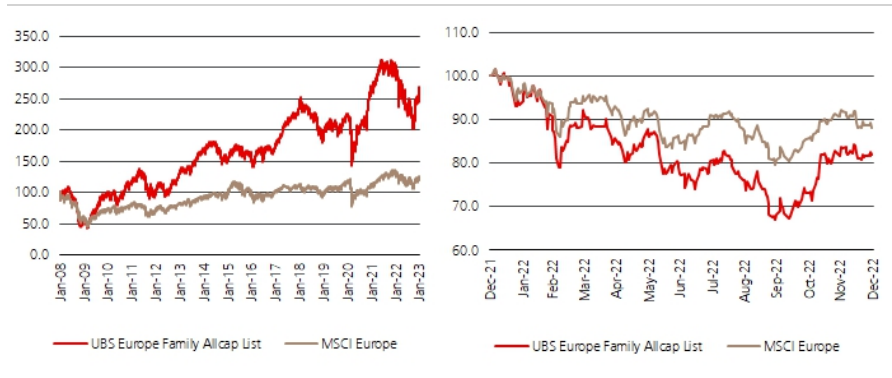
Source: UBS, Eikon Datastream

General perception says that high rewards are normally a result of high risk. We show the risk/volatility of our family-owned lists and the benchmark, which shows that family-owned companies exhibit less volatility than non-family companies and hence are quite attractive when we consider selection on the basis of risk profile as well. The analysis is most conclusive at the global level, and in particular largecap names, as our family-owned List displays both the highest annualized returns and the lowest level of risk in the 15-year period.

Europe offers interesting opportunities

As we reflect on the charts below, the performance of European family-owned companies has been an exception, particularly for largecaps which have notably underperformed in 2022. Part of this could be related to sector exposure. Some sectors, such as banking, did well in 2022; those are a large part of European indices and few can be considered 'family-owned'. But nevertheless, Europe was already a relatively cheap market, and after the correction we see good room to screen for quality family-owned companies in the region.

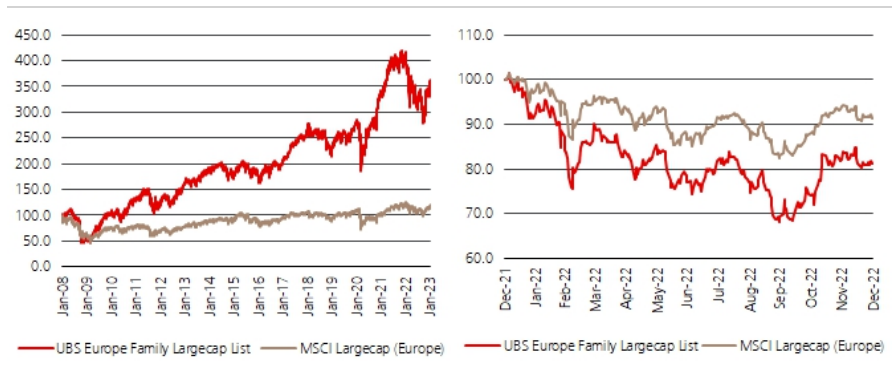
Figure 5: UBS Family-Owned Europe Allcaps vs MSCI Europe - 15y and 2022 perf. (RHS)



Source: UBS, Eikon Datastream

European family-owned allcaps also display the same performance against the MSCI Europe over the last 15 years, but the degree of outperformance is somewhat lower than the one observed in global family-controlled firms indices. In Europe, family-controlled allcaps rose by c270% vs the benchmark up by c130%. But 2022 saw underperformance for the European family-owned allcaps, with the benchmark falling by 12%, while the family index was down by 18% (c6% underperformance).

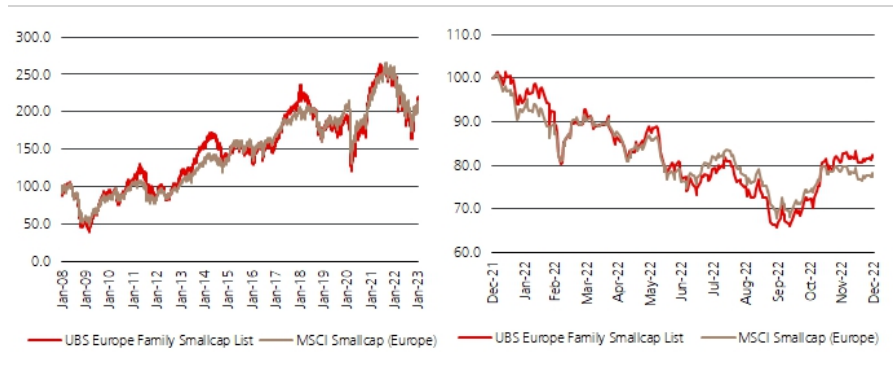
Figure 6: UBS Family-Owned Europe Largecaps vs MSCI Europe Largecaps - 15y and 2022 perf. (RHS)



Source: UBS, Eikon Datastream

Outperformance in the long term (15-year period) suggests the same for family-owned Europe largecaps vs the Benchmark (UBS family-owned Europe largecaps up 360% vs MSCI Europe largecap up by 120%). Underperformance in 2022 has been c10% for the family-owned largecaps in Europe, which is understandable given the steep rise post the Covid crisis.

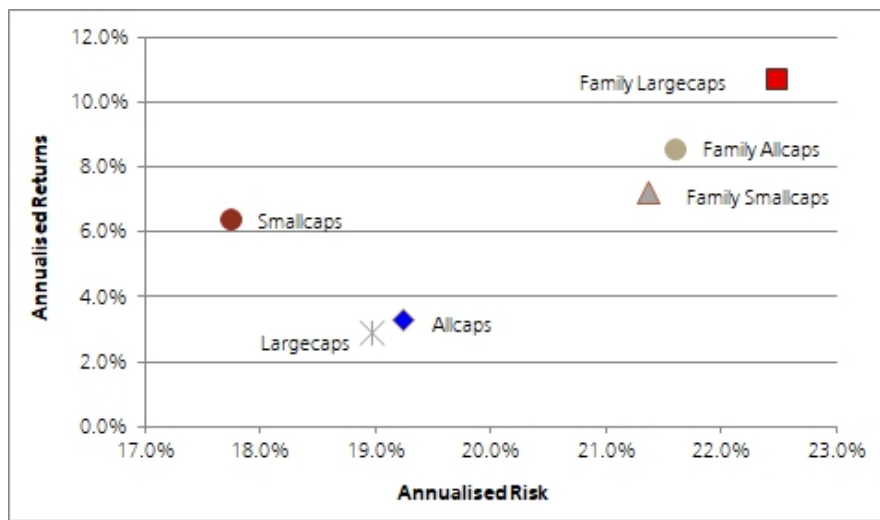
Figure 7: UBS Family-Owned Europe Smallcaps vs MSCI Europe Smallcaps - 15y and 2022 perf. (RHS)



Source: UBS, Eikon Datastream

If we look at the long term, ie, last 15 years performance (as well short-term performance last year), we find a peculiar similarity in the movement of both the UBS family-owned Europe smallcaps and the benchmark MSCI Europe smallcaps. Both indices are up by the same percentage points in the last 15 years (c215%), and also behaved similarly in 2022, although the family list is slightly outperforming (c3%). This is interesting, but not very surprising, as culturally most of the smallcap companies in Europe are run by family; hence, the similarity in returns over the long term.

Figure 8: Europe Risk/Return - 15-year analysis



Source: UBS, Eikon Datastream

As we see in the risk/reward analysis, for Europe higher returns of family firms are actually coming from taking higher risks. The chart is self-explanatory, while all the family-owned names in Europe are giving higher annualised returns over the last 15-year period, but the same is coming from higher risks as well. This particular metric differentiates from the global family-owned companies risk/reward analysis.

Figure 9: Performance table showing performance of UBS family-owned companies indices and benchmarks over different time periods

Index performance	2022	-1 Year	-3 Years	-5 Years	-10 Years	-15 Years
UBS Family Owned Global Allcaps	-9.3%	-3.3%	28.2%	23.9%	134.9%	354.7%
UBS Family Owned Global Largecaps	-13.8%	-7.8%	43.3%	56.0%	203.3%	477.5%
UBS Family Owned Global Small/Midcaps	-6.6%	-0.5%	19.8%	7.8%	100.9%	291.4%
UBS Family Owned Europe Allcaps	-18.1%	-10.7%	19.5%	10.4%	100.0%	167.5%
UBS Family Owned Europe Largecaps	-18.8%	-10.3%	29.3%	35.4%	121.2%	262.7%
UBS Family Owned Europe Small/Midcaps	-18.3%	-11.3%	13.7%	-2.9%	87.7%	120.4%
MSCI World	-19.5%	-14.0%	14.5%	25.2%	98.0%	80.5%
MSCI World Largecap	-19.3%	-14.1%	15.3%	27.3%	99.7%	78.4%
MSCI World Smallcap	-20.1%	-13.3%	11.5%	13.8%	95.6%	127.9%
MSCI Europe	-11.9%	-6.1%	8.1%	12.8%	53.7%	26.3%
MSCI Europe Largecap	-8.8%	-3.0%	9.0%	11.6%	50.1%	19.6%
MSCI Europe Smallcap	-22.5%	-15.6%	2.4%	4.4%	103.1%	113.8%

Source: UBS, Eikon Datastream, Price as on 13th January 2023

The table simply summarises the returns of the different family-owned lists (both Global and Europe) and also the performance of the MSCI-related indices in both the regions. One can easily see the massive outperformance of all the family-owned lists, except for the European smallcaps family businesses (which gave the same magnitude of returns as the relevant benchmark). As we show, family-owned companies have notably outperformed over the longer-term periods (c10 and 15 years). This also bodes well for interest in family-owned companies going forward.

Ideas in European family-owned companies

UBS covers c80 family-owned companies in Europe. Our list includes quite a few other companies that are not covered since families have very good representation in the European market. Generally speaking, Europe is well represented in family firms, well above the US market where family-ownership is more diluted, but a bit below some Asian markets (e.g. Korea, Indonesia) where families have the highest representation. European markets have been an underperformer vs. global markets in the past three years, so the region was already quite cheap, and technology and macro issues explain part of that. However, there are quite a lot of high-quality family-owned companies in Europe that are global leaders and enjoy good competitive advantages. So we see room for interesting stock-picking.

We show two tables. First, the largecaps in Europe where we have Buy ratings, interesting names with good upside potential, which have been weak performers in the past 12 months - these include Heineken, Kone, Schindler, Porsche, Barry Callebaut. The second table includes small/midcap companies with Buy ratings, interesting names with strong upside potential, which were weak performers in the past 12 months - these include Knorr Bremse, easyJet, Stadler Rail, Melia Hotels, Prosegur and Talgo.

Figure 10: Largecaps in Europe which are 'family-owned' and Buy rated by UBS

Company Name	Lead analyst	Rating	Marketcap (€mn)	Price	Price Target	12m Perf.	P/E 2023e	EV/EBITDA 2023e	Sector	Country
LVMH Moët Hennessy Louis Vuitton SA	Zuzanna Pusz, CFA	Buy	404073.88	801.90	832.00	19.2%	24.6	13.1	Clothing & Fabrics	France
L'Oréal	Guillaume Delmas	Buy	214736.04	383.60	404.00	2.0%	32.8	20.1	Cosmetics	France
Hermès International SCA	Zuzanna Pusz, CFA	Buy	174427.48	1662.00	1782.00	24.4%	43.2	25.4	Clothing & Fabrics	France
Merck KGaA	Michael Leuchten	Buy	83742.48	192.60	210.00	1.4%	19.5	13.8	Pharmaceuticals	Germany
Inditex SA	Sreedhar Mahankali	Buy	85763.15	27.55	29.00	-1.1%	20.2	9.0	Retailers, Apparel	Spain
EssilorLuxottica	Susy Tibaldi, CFA	Buy	78007.49	175.65	210.00	2.1%	23.2	12.0	Retailers, Specialty	France
Compagnie Financière Richemont SA	Zuzanna Pusz, CFA	Buy	80102.91	137.90	162.00	2.8%	20.1	11.7	Retailers, Specialty	Switzerland
Heineken	Nik Oliver, ACA	Buy	51609.87	89.60	105.00	-11.5%	17.8	9.6	Distillers & Brewers	Netherlands
Kuehne + Nagel	Sebastian Vogel, CFA	Buy	27599.45	226.80	246.00	-14.4%	22.4	12.2	Marine Transport	Switzerland
Sartorius AG	Michael Leuchten	Buy	25697.20	406.90	460.00	-8.7%	40.8	18.0	Healthcare Providers	Germany
SEB Group	Johan Ekblom, CFA	Buy	23896.73	123.55	146.00	0.9%	9.1	NA	Banks, Ex-S&L	Sweden
Kone	Guillermo Peigneux Lojo	Buy	26918.19	51.86	52.00	-12.6%	27.3	16.8	Industrial, Diversified	Finland
Porsche Automobil Holding SE	Patrick Hummel, CFA	Buy	16978.78	55.44	81.00	-36.9%	NA	NA	Automobile Manufacturers	Germany
Ferrovial	Bosco Ojeda	Buy	19643.40	26.78	29.00	1.7%	NA	NA	Transportation Services	Spain
Schindler	Patrick Rafalsz, CFA, FRM	Buy	21482.71	196.80	265.00	-14.4%	25.4	12.3	Industrial, Diversified	Switzerland
Exor	Patrick Hummel, CFA	Buy	17237.73	73.50	103.00	-4.9%	NA	NA	Diversified Financial	Italy
Ryanair	Jarrod Castle, CFA	Buy (CBE)	16846.37	14.84	22.50	-9.5%	11.5	7.3	Airlines	Ireland
Moncler Spa	Susy Tibaldi, CFA	Buy	14941.01	56.26	63.00	-0.5%	23.8	11.3	Clothing & Fabrics	Italy
Barry Callebaut	Joern Iffert, CFA	Buy	10601.98	1910.00	2500.00	-13.7%	24.5	13.0	Food Products	Switzerland
Sodexo	Jarrod Castle, CFA	Buy	13453.78	91.24	101.00	9.6%	15.4	7.6	Recreational Products & Services	France
Knorr-Bremse AG	Sven Weier	Buy	9485.01	58.84	74.00	-34.4%	17.1	9.2	Industrial, Diversified	Germany

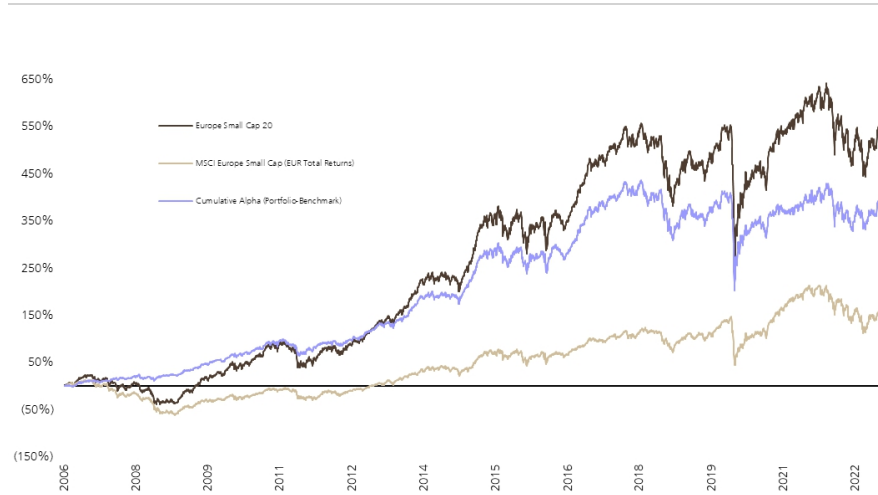
Source: UBS estimates, Price as on 18th January 2023

Figure 11: Mid/Small-caps in Europe which are 'family-owned' and Buy rated by UBS

Company Name	Lead analyst	Rating	Marketcap (€mn)	Price	Price Target	12m Perf.	P/E 2023e	EV/EBITDA 2023e	Sector	Country
Wacker Chemie	Geoff Haire	Buy	6944.98	139.80	165.00	-6.3%	10.6	4.8	Chemicals, Specialty	Germany
United Internet	Polo Tang	Buy	4198.56	22.43	26.50	-34.4%	10.9	5.8	Internet Services	Germany
Bucher Industries AG	Sebastian Vogel, CFA	Buy	4288.01	419.40	422.00	-8.7%	15.7	8.0	Industrial, Diversified	Switzerland
easyJet	Jarrod Castle, CFA	Buy (CBE)	3815.56	440.30	600.00	-30.6%	23.0	3.4	Airlines	United Kingdom
JCDecaux	Richard Eary	Buy	4363.09	20.50	20.40	-7.7%	39.5	8.5	Advertising	France
Buzzi Unicem	Gregor Kuglitsch	Buy	3669.85	19.83	29.00	2.8%	8.2	2.8	Building Materials	Italy
Stadler Rail AG	Patrick Rafaisz, CFA, FRM	Buy	3709.36	36.68	43.00	-14.5%	15.6	8.5	Advanced Industrial Equipment	Switzerland
Société BIC	Kate Rusanova	Buy	2918.47	64.10	73.00	27.6%	11.0	5.6	Household Products, Non-Durable	France
Krones	Sven Weier	Buy	3380.45	107.00	121.00	18.7%	16.2	7.5	Factory Equipment	Germany
Gestamp Automoción S.A.	Juan Perez-Carrascosa	Buy	2245.66	3.90	4.00	-11.9%	8.7	4.1	Auto Parts	Spain
Motor Oil (Hellas) Corinth Refineries SA	Anna Kishmariya	Buy (CBE)	2573.67	23.40	27.00	57.0%	4.0	3.6	Oil Companies, Secondary	Greece
NOS, SGPS, S.A.	Bosco Ojeda	Buy	2053.43	3.99	4.25	17.2%	17.0	5.5	Broadcasting	Portugal
Huber+Suhner	Barbora Blaha	Buy	1768.44	89.90	115.00	14.8%	19.6	10.5	Communications Technology	Switzerland
Melia Hotels	Bosco Ojeda	Buy	1362.12	5.93	6.30	-8.2%	28.4	9.6	Lodging	Spain
Prosegur	Bosco Ojeda	Buy	1258.93	2.04	2.60	-14.3%	8.9	5.5	Industrial Services	Spain
Talgo	Bosco Ojeda	Buy	420.79	3.41	4.80	-31.5%	14.3	8.7	Industrial, Diversified	Spain

Source: UBS estimates, Price as on 18th January 2023

Figure 12: European Smallcap Top-20 performance relative to MSCI Europe Smallcap since inception in 2006



Here we just present the performance of our European Top-20 smallcap lists vs the MSCI Europe Smallcap index since 2006. Since inception, our top 20 list has outperformed the benchmark by c390% (CAGR of 12% for our top 20 list). For 2022, our list was down by -16%, but outperformed the benchmark by 6%, which was down by 22%. YTD 2023 is also seeing encouraging performance (top 20 up by 8.3% vs benchmark up by 7.4%).

Source: Abacus Analytics, Inc. MSCI, UBS, Note: Performance data from Inception in 29/12/2006 to June 2019 has been provided by Abacus; July 2019 onwards is UBS calculated. The indicated performance returns are based on capital appreciation, excluding dividends and transaction costs such as commissions, fees, margin interest and interest charges. Actual transactions adjusted for such transaction costs will result in reduced total returns. Prices of stocks in this performance reflect closing prices. Since its inception on 29 December 2006, the portfolio has had 520 stocks. A complete record of all the recommendations upon which the report is based is available from UBS upon written request. Past performance is not an indication of future results.

Figure 13: UBS covered family-owned names in Europe

Company Name	Lead analyst	Rating	Marketcap (€mn)	Price	Price Target	12m Perf.	PIE 2023e	EVEBITDA 2023e	Sector	Country
A.P. Moller-Maersk	Cristian Nedelcu, CFA	Neutral	39275.45	15245.00	10900.00	-33.5%	123.4	7.1	Marine Transport	Denmark
Anheuser-Busch InBev	Nik Oliver, ACA	Sell	94331.52	55.71	53.00	-5.8%	19.0	9.2	Distillers & Brewers	Belgium
Antofagasta Plc	Daniel Major	Sell	20281.87	1799.50	1200.00	25.1%	32.7	9.4	Mining	United Kingdom
ArcelorMittal	Andrew Jones	Sell	26092.19	28.90	26.00	-7.2%	7.6	4.2	Steel	Luxembourg
Autogrill	Louise Wloar, CFA	Neutral	2573.92	6.70	7.10	0.5%	27.1	6.4	Recreational Products & Services	Italy
Bachem Holding AG	Barbara Biha	Neutral	6343.16	85.05	86.00	-22.5%	51.3	32.4	Biotechnology	Switzerland
Bankinter	Ignacio Cerezo	Neutral	5803.36	6.48	7.00	24.2%	8.6	NA	Banks, Ex-S&L	Spain
Barry Callebaut	Joem Mert, CFA	Buy	10601.98	1910.00	2500.00	-13.7%	24.5	13.0	Food Products	Switzerland
Bechtle AG	Kathinka de Kuyper	Neutral	4731.30	37.55	36.30	-29.2%	18.6	10.2	Software	Germany
Beiersdorf	Guillaume Delmas	Sell	25063.50	110.50	88.00	24.0%	29.3	13.7	Cosmetics	Germany
Belimo Holding AG	Sebastian Vogel, CFA	Sell	5628.51	452.50	310.00	-3.2%	40.5	27.0	Electric Components & Equipment	Switzerland
BMW	Patrick Hummel, CFA	Neutral	59600.77	91.43	70.00	-7.6%	8.3	2.6	Automobile Manufacturers	Germany
Bucher Industries AG	Sebastian Vogel, CFA	Buy	4288.01	419.40	422.00	-8.7%	15.7	8.0	Industrial, Diversified	Switzerland
Buzzi Unicem	Gregor Kuglitsch	Buy	3669.85	19.83	29.00	2.8%	8.2	2.8	Building Materials	Italy
Coca-Cola Hellenic Bottling Company S.A.	Nik Oliver, ACA	Neutral	6072.09	1919.00	2100.00	-27.4%	14.0	7.5	Distillers & Brewers	United Kingdom
Coloplast A/S	Graham Doyle	Neutral	24509.52	885.40	870.00	-10.8%	33.9	24.2	Advanced Medical Devices	Denmark
Compagnie Financiere Richemont SA	Zuzanna Puszt, CFA	Buy	80102.91	137.90	162.00	2.8%	20.1	11.7	Retailers, Specialty	Switzerland
Continental	David Lesne	Neutral	13240.66	66.20	67.00	-30.7%	9.2	4.7	Tires	Germany
Dassault Systemes	Michael Brest	Neutral	47055.05	35.58	43.00	-21.6%	28.8	20.6	Software	France
DKSH Holding AG	Nicole Menton	Neutral	4992.43	75.90	75.00	2.8%	22.6	9.8	Industrial Services	Switzerland
dormakaba Holding AG	Patrick Rafesz, CFA, FRM	Neutral	1567.78	370.00	400.00	-32.4%	14.1	10.9	Advanced Industrial Equipment	Switzerland
Dunelm Group	Saranya Sivachevam	Neutral	2515.74	1074.00	777.00	-18.9%	21.0	11.3	Retailers, Specialty	United Kingdom
easyJet	Jamod Castle, CFA	Buy (CBE)	3815.56	440.30	600.00	-30.6%	23.0	3.4	Airlines	United Kingdom
Ebro Foods	Bosco Ojeda	Neutral	2458.84	15.98	16.80	-6.0%	16.5	9.7	Food Products	Spain
EssilorLuxottica	Susy Tibaldi, CFA	Buy	78007.49	175.65	210.00	2.1%	23.2	12.0	Retailers, Specialty	France
Exor	Patrick Hummel, CFA	Buy	17237.73	73.50	103.00	-4.9%	NA	NA	Diversified Financial	Italy
Ferrovial	Bosco Ojeda	Buy	19643.40	26.78	29.00	1.7%	NA	NA	Transportation Services	Spain
Gestamp Automoción S.A.	Juan Perez-Carrascosa	Buy	2245.66	3.90	4.00	-11.9%	8.7	4.1	Auto Parts	Spain
H & M	Sreedhar Mahankail	Neutral	19126.36	128.84	119.00	-26.8%	22.7	7.4	Retailers, Apparel	Sweden
Heineken	Nik Oliver, ACA	Buy	51609.87	89.60	105.00	-11.5%	17.8	9.6	Distillers & Brewers	Netherlands
Henkel	Guillaume Delmas	Neutral	27621.51	66.82	62.00	-15.9%	16.4	9.0	Household Products, Non-Durable	Germany
Hermès International SCA	Zuzanna Puszt, CFA	Buy	174427.48	1662.00	1782.00	24.4%	43.2	25.4	Clothing & Fabrics	France
Hexagon AB	Magnus Kraber, CFA	Neutral	27482.53	119.30	114.50	-5.8%	22.2	13.5	Factory Equipment	Sweden
Huber+Suhrner	Barbara Biha	Buy	1768.44	89.90	115.00	14.8%	19.6	10.5	Communications Technology	Switzerland
Inditex SA	Sreedhar Mahankail	Buy	85763.15	27.55	29.00	-1.1%	20.2	9.0	Retailers, Apparel	Spain
Ipsen SA	Michael Leuchten	Neutral	8783.76	104.80	108.00	26.1%	13.3	7.7	Biotechnology	France
Israel Chemicals Limited	Geoff Haire	Neutral	9733.50	27.70	29.00	-17.1%	9.0	5.3	Chemicals, Specialty	Israel
JCDecaux	Richard Eary	Buy	4383.09	20.50	20.40	-7.7%	39.5	8.5	Advertising	France
Jerónimo Martins	Michal Poyra, CFA	Neutral	12637.52	20.40	22.00	-4.8%	18.2	7.0	Food Retailers & Wholesalers	Portugal
Kering	Zuzanna Puszt, CFA	Neutral	67736.60	543.70	540.00	-18.6%	17.8	9.8	Clothing & Fabrics	France
Kion-Bremse AG	Sven Weier	Buy	9465.01	58.84	74.00	-34.4%	17.1	9.2	Industrial, Diversified	Germany
Kone	Guillermo Peigneux Lopo	Buy	26918.19	51.86	52.00	-12.6%	27.3	16.8	Industrial, Diversified	Finland
Krones	Sven Weier	Buy	3390.45	107.00	121.00	18.7%	16.2	7.5	Factory Equipment	Germany
Kudelski	Joem Mert, CFA	Sell	137.65	2.51	2.00	-27.9%	46.8	5.8	Software	Switzerland
Kuehne + Nagel	Sebastian Vogel, CFA	Buy	27599.45	226.80	246.00	-14.4%	22.4	12.2	Marine Transport	Switzerland
L'Oréal	Guillaume Delmas	Buy	214736.04	383.60	404.00	2.0%	32.8	20.1	Cosmetics	France
LVMH Moët Hennessy Louis Vuitton SA	Zuzanna Puszt, CFA	Buy	404073.88	891.90	832.00	19.2%	24.6	13.1	Clothing & Fabrics	France
Mediateurope NV	Richard Eary	Neutral (CBE)	1150.40	0.61	0.62	-51.9%	7.1	8.3	Broadcasting	Italy
Melia Hotels	Bosco Ojeda	Buy	1362.12	5.93	6.30	-8.2%	28.4	9.6	Lodging	Spain
Merck KGaA	Michael Leuchten	Buy	83742.48	192.60	210.00	1.4%	19.5	13.8	Pharmaceuticals	Germany
Moncler SpA	Susy Tibaldi, CFA	Buy	14941.01	56.26	63.00	-0.5%	23.8	11.3	Clothing & Fabrics	Italy
Motor Oil (Hellas) Corinth Refineries SA	Anu Kishmurya	Buy (CBE)	2573.67	23.40	27.00	57.0%	4.0	3.6	Oil Companies, Secondary	Greece
NOS, SGPS, S.A.	Bosco Ojeda	Buy	2053.43	3.99	4.25	17.2%	17.0	5.5	Broadcasting	Portugal
Okia	Kate Rusanova	Sell	6777.85	72.88	65.00	-16.2%	13.8	7.4	Food Products	Norway
Phoenix Mecano	Joem Mert, CFA	Sell	333.63	344.00	330.00	-17.4%	12.5	6.0	Electric Components & Equipment	Switzerland
Plastic Omnium	Juan Perez-Carrascosa	Sell	2353.29	15.84	13.00	-31.4%	9.1	3.7	Auto Parts	France
Porsche Automobil Holding SE	Patrick Hummel, CFA	Buy	16978.78	55.44	81.00	-36.9%	NA	NA	Automobile Manufacturers	Germany
Prosegar	Bosco Ojeda	Buy	1258.93	2.04	2.60	-14.3%	8.9	5.5	Industrial Services	Spain
Randstad Holding NV	Rory McKenzie	Sell	11028.96	59.94	40.00	-1.4%	20.5	11.0	Industrial Services	Netherlands
Renishaw	Rory Smith	Sell	3222.10	3872.00	3000.00	-16.6%	25.2	13.7	Electric Components & Equipment	United Kingdom
Roche	Michael Leuchten	Neutral	249104.86	295.90	315.00	-18.9%	15.2	10.5	Pharmaceuticals	Switzerland
Ryanair	Jamod Castle, CFA	Buy (CBE)	16846.37	14.84	22.50	-8.5%	11.5	7.3	Airlines	Ireland
Salvatore Ferragamo SPA	Susy Tibaldi, CFA	Sell	3048.68	18.25	14.00	-10.1%	85.2	21.1	Clothing & Fabrics	Italy
Sartorius AG	Michael Leuchten	Buy	25697.20	406.90	460.00	-8.7%	40.8	18.0	Healthcare Providers	Germany
Schaeffler	Juan Perez-Carrascosa	Neutral	4355.64	6.54	4.90	-11.6%	9.1	4.3	Auto Parts	Germany
Schneider	Patrick Rafesz, CFA, FRM	Buy	21482.71	196.80	265.00	-14.4%	25.4	12.3	Industrial, Diversified	Switzerland
SEB Group	Johan Ekblom, CFA	Buy	23696.73	123.55	146.00	0.9%	9.1	NA	Banks, Ex-S&L	Sweden
SFS Group AG	Joem Mert, CFA	Neutral	3918.50	99.10	97.00	-26.6%	15.6	8.7	Industrial, Diversified	Switzerland
Sika	Patrick Rafesz, CFA, FRM	Neutral	40172.36	262.00	240.00	-19.4%	32.6	21.1	Building Materials	Switzerland
Société BIC	Kate Rusanova	Buy	2918.47	64.10	73.00	27.6%	11.0	5.6	Household Products, Non-Durable	France
Sodeco	Jamod Castle, CFA	Buy	13453.78	91.24	101.00	9.6%	15.4	7.6	Recreational Products & Services	France
Solana	Bosco Ojeda	Neutral (CBE)	2470.26	19.77	18.20	27.1%	32.2	18.8	Electric Utilities	Spain
Solvay	Geoff Haire	Sell	10786.27	104.00	83.00	-3.3%	12.1	7.2	Chemicals, Commodity	Belgium
Stadler Rail AG	Patrick Rafesz, CFA, FRM	Buy	3708.36	36.68	43.00	-14.5%	15.6	8.5	Advanced Industrial Equipment	Switzerland
Straumann	Graham Doyle	Sell	19698.55	123.70	96.00	-21.1%	40.0	27.0	Medical Supplies	Switzerland
Swatch Group AG	Zuzanna Puszt, CFA	Neutral	15379.76	304.40	287.00	5.1%	16.0	7.8	Retailers, Specialty	Switzerland
Talgo	Bosco Ojeda	Buy	420.79	3.41	4.80	-31.5%	14.3	8.7	Industrial, Diversified	Spain
Tod's	Susy Tibaldi, CFA	Neutral (CBE)	1060.98	32.06	34.00	-28.1%	26.8	7.0	Clothing & Fabrics	Italy
United Internet	Polo Tang	Buy	4198.56	22.43	26.50	-34.4%	10.9	5.8	Internet Services	Germany
Viscotex	Bosco Ojeda	Neutral	2786.68	59.80	65.70	15.1%	18.2	9.9	Food Products	Spain
Volkswagen	Patrick Hummel, CFA	Neutral	73328.54	125.20	130.00	-34.3%	8.1	1.7	Automobile Manufacturers	Germany
Wacker Chemie	Geoff Haire	Buy	6944.98	139.80	165.00	-6.3%	10.6	4.8	Chemicals, Specialty	Germany

Source: UBS estimates, Price as on 18th January 2023

We would like to thank **Rajiv Daga**, our research support service professionals, for their assistance in preparing this research report.

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Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	9%	18%
Short-Term Rating	Definition	Coverage ³	IB Services ⁴
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2022.

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Barry Callebaut ^{13,59,5,7}	BARN.S	Buy	CHF1,920	19 Jan 2023
Bucher Industries AG ^{5,7}	BUCN.S	Buy	CHF408.80	19 Jan 2023
Ferrovial	FER.MC	Buy	€26.39	19 Jan 2023
Heineken ¹²	HEIN.AS	Buy	€90.84	19 Jan 2023
Knorr-Bremse AG	KBX.DE	Buy	€57.04	19 Jan 2023
Kone	KNEBV.HE	Buy	€51.04	19 Jan 2023
Melia Hotels ⁴	MEL.MC	Buy	€5.90	19 Jan 2023
Porsche Automobil Holding SE ²	PSHG_p.DE	Buy	€54.26	19 Jan 2023
Prosegur	PSG.MC	Buy	€1.99	19 Jan 2023
Ryanair ^{16,20}	RYA.I	Buy (CBE)	€14.86	19 Jan 2023
Schindler ⁵	SCHP.S	Buy	CHF192.55	19 Jan 2023
Stadler Rail AG ^{5,7}	SRAIL.S	Buy	CHF35.56	19 Jan 2023
Talgo	TLGO.MC	Buy	€3.38	19 Jan 2023
easyJet ²⁰	EZJ.L	Buy (CBE)	436p	19 Jan 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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Additional Prices: DKSH Holding AG, CHF75.15 (19 Jan 2023); Salvatore Ferragamo SPA, €17.85 (19 Jan 2023); Coca-Cola Hellenic Bottling Company S.A., 1929p (19 Jan 2023); Moncler Spa, €55.02 (19 Jan 2023); Gestamp Automoción S.A., €3.74 (19 Jan 2023); Kudelski, CHF2.52 (19 Jan 2023); Antofagasta Plc, 1723p (19 Jan 2023); ArcelorMittal, €27.90 (19 Jan 2023); Continental, €62.60 (19 Jan 2023); EssilorLuxottica, €170.95 (19 Jan 2023); LVMH Moët Hennessy Louis Vuitton SA, €776.60 (19 Jan 2023); Coloplast A/S, DKr851.20 (19 Jan 2023); L'Oréal, €376.60 (19 Jan 2023); JCDcaux, €20.58 (19 Jan 2023); Bechtle AG, €36.06 (19 Jan 2023); Kering, €530.00 (19 Jan 2023); Kronos, €105.00 (19 Jan 2023); Schaeffler, €6.28 (19 Jan 2023); A.P. Møller-Maersk, DKr14680.00 (19 Jan 2023); United Internet, €21.96 (19 Jan 2023); Société BIC, €63.35 (19 Jan 2023); Dassault Systèmes, €34.84 (19 Jan 2023); Sodexo, €90.64 (19 Jan 2023); Hermès International SCA, €1614.50 (19 Jan 2023); Huber+Suhner, CHF89.30 (19 Jan 2023); NOS, SGPS, S.A., €3.97 (19 Jan 2023); Sika, CHF256.30 (19 Jan 2023); Autogrill, €6.60 (19 Jan 2023); Bachem Holding AG, CHF82.30 (19 Jan 2023); Jeronimo Martins, €19.84 (19 Jan 2023); BMW, €90.02 (19 Jan 2023); Compagnie Financière Richemont SA, CHF135.05 (19 Jan 2023); Solvay, €102.50 (19 Jan 2023); Phoenix Mecano, CHF344.00 (19 Jan 2023); Buzzi Unicem, €19.68 (19 Jan 2023); Kuehne + Nagel, CHF217.10 (19 Jan 2023); Anheuser-Busch InBev, €55.05 (19 Jan 2023); Viscofan, €58.95 (19 Jan 2023); Ipsen SA, €103.50 (19 Jan 2023); Bankinter, €6.29 (19 Jan 2023); Dunelm Group, 1042p (19 Jan 2023); Roche, CHF294.45 (19 Jan 2023); Straumann, CHF120.60 (19 Jan 2023); dormakaba Holding AG, CHF367.50 (19 Jan 2023); Orkla, NKr72.88 (19 Jan 2023); Mediaforeurope NV, €0.59 (19 Jan 2023); Hexagon AB, SKr116.20 (19 Jan 2023); SEB Group, SKr123.55 (19 Jan 2023); Tod's, €31.72 (19 Jan 2023); Volkswagen, €123.14 (19 Jan 2023); Ebro Foods, €15.90 (19 Jan 2023); SFS Group AG, CHF98.00 (19 Jan 2023); Renishaw, 3848p (19 Jan 2023); Beiersdorf, €111.15 (19 Jan 2023); Randstad Holding NV, €59.10 (19 Jan 2023); Inditex SA, €26.90 (19 Jan 2023); Sartorius AG, €396.80 (19 Jan 2023); Motor Oil (Hellas) Corinth Refineries SA, €22.16 (19 Jan 2023); Israel Chemicals Limited, NIS27.22 (19 Jan 2023); Belimo Holding AG, CHF464.00 (19 Jan 2023); Swatch Group AG, CHF296.60 (19 Jan 2023); Wacker Chemie, €135.10 (19 Jan 2023); Merck KGaA, €189.00 (19 Jan 2023); Exor, €71.46 (19 Jan 2023); H & M, SKr125.34 (19 Jan 2023); Henkel, €66.14 (19 Jan 2023); Solaria, €19.27 (19 Jan 2023); Plastic Omnium, €15.06 (19 Jan 2023); Source: UBS. All prices as of local market close.

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