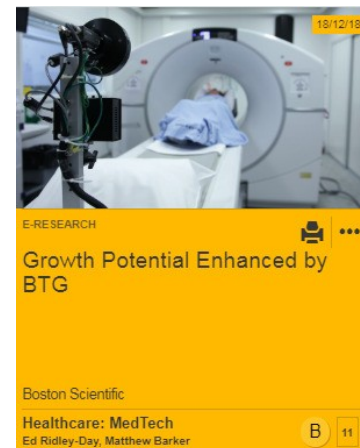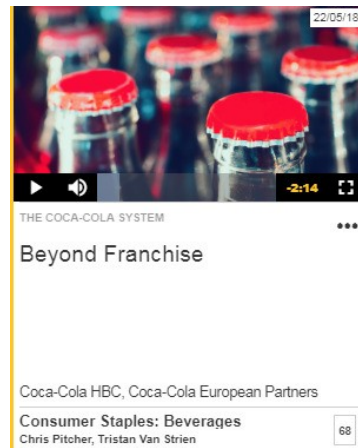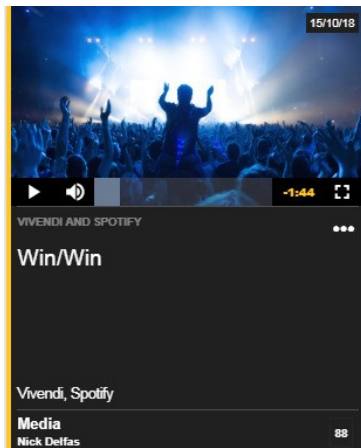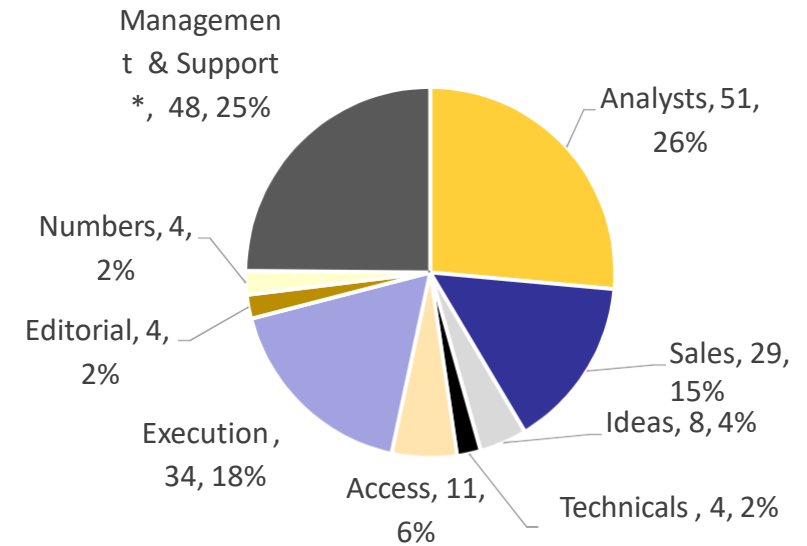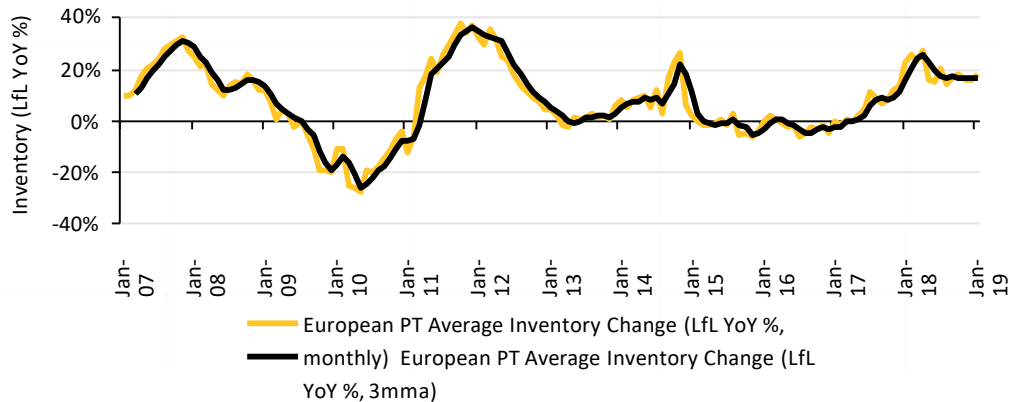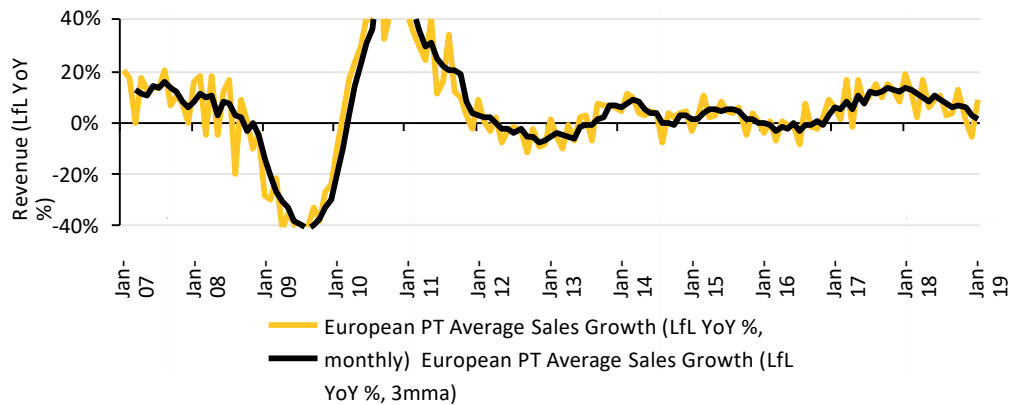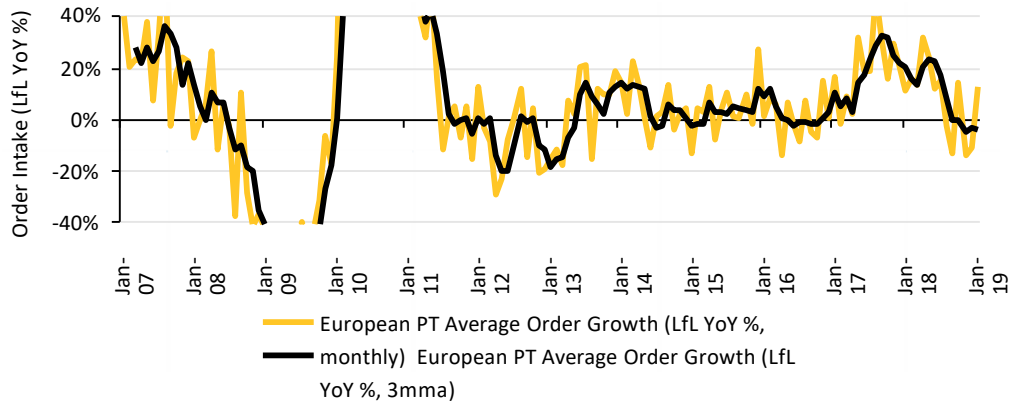# Redburn-EPTDA Power Transmission Monthly Index (PTMI)

About Redburn

- Redburn was founded in 2003. Redburn is the leading independent equities broker in Europe. Independence is the foundation of the company's in-depth, uncompromised, premium equity research. Redburn has offices in London, Paris, Madrid, New York and Boston. The firm's customers are the world's largest institutional investors.

- Redburn in numbers:
  - £80m of revenue in 2018
  - ~193 employees, with 51 fundamental analysts, 29 sales people
  - Industrial Sectors covered, with 241 Stocks covered
  - 80% of EuroStoxx 600 index 'covered' by market cap'
  - In 2018 Redburn's Industry analysts published 57 Major studies & 439 Stock reports

- McLagan estimates Redburn's market share of the unbundled research wallet is 6%.

Redburn's 2018 Employee Breakdown

Pie chart segments:
- Management & Support*, 48, 25%
- Analysts, 51, 26%
- Numbers, 4, 2%
- Editorial, 4, 2%
- Execution, 34, 18%
- Access, 11, 6%
- Technicals, 4, 2%
- Ideas, 8, 4%
- Sales, 29, 15%

15/10/18
VIVENDI AND SPOTIFY
-1:44
Win/Win
Vivendi, Spotify
Media
Nick Delfas
88

22/05/18
THE COCA-COLA SYSTEM
-2:14
Beyond Franchise
Coca-Cola HBC, Coca-Cola European Partners
Consumer Staples: Beverages
Chris Pitcher, Tristan Van Strien
68

18/12/18
E-RESEARCH
Growth Potential Enhanced by BTG
Boston Scientific
Healthcare: MedTech
Ed Ridley-Day, Matthew Barker
B 11

REDBURN
Thinking Allowed
Dot.com(petition)
Who Will Win the Digital War?
ALEX BRIGNALL   THINKING ALLOWED   JUNE 2018

REDBURN

Redburn-EPTDA Power Transmission Monthly Index (PTMI)

Order Intake (LfL YoY %)

— European PT Average Order Growth (LfL YoY %, monthly) European PT Average Order Growth (LfL YoY %, 3mma)

Revenue (LfL YoY %)

— European PT Average Sales Growth (LfL YoY %, monthly) European PT Average Sales Growth (LfL YoY %, 3mma)

Inventory (LfL YoY %)

— European PT Average Inventory Change (LfL YoY %, monthly) European PT Average Inventory Change (LfL YoY %, 3mma)

- Currently, there are no good quality real-time industrial data available on European short-cycle industrial demand. Companies and investors have to rely on the Purchasing Manager Indices (PMIs) which are only base on opinion and sentiment.

- What if you could see the EPTDA industry level YoY growth for order intake, sales and inventories every month a few days after the month had finished, without waiting two months for Eurostat?

- You can – here it is but it is only a pilot which I have constructed with the help of a small handful of larger EPTDA members.

- I propose that Redburn extends this pilot and builds a more comprehensive version. It would be called the Redburn-EPTDA Power Transmission Monthly Index (PTMI).

- But we need your help!!!

REDBURN

Redburn-EPTDA PTMI: What's in it for the distributor?

What's in it for the distributor?

- There are many secrets to managing a company well:
    - identifying growth opportunities before others,
    - investing in innovation,
    - incentivising sales people effectively to take market share,
    - cutting admin costs,
    - optimising the manufacturing footprint,
    - simplifying logistics
    - etc

- However, we also believe that the best companies:
    - **Are prepared with good financial planning:** by knowing a downturn is coming, companies can optimise inventory management, by adjusting pricing, reducing inventories and avoiding obsolescence / future discounting. Today, we see inventories as too high!
    - **Have good competitive benchmarking tools:** by knowing how the market is developing senior managers (CEO, CFO, CSO, etc) can identify performance gaps and the most effective levers for improvement and whether the corporate strategy is working effectively.

REDBURN

Redburn-EPTDA PTMI: The Value Proposition

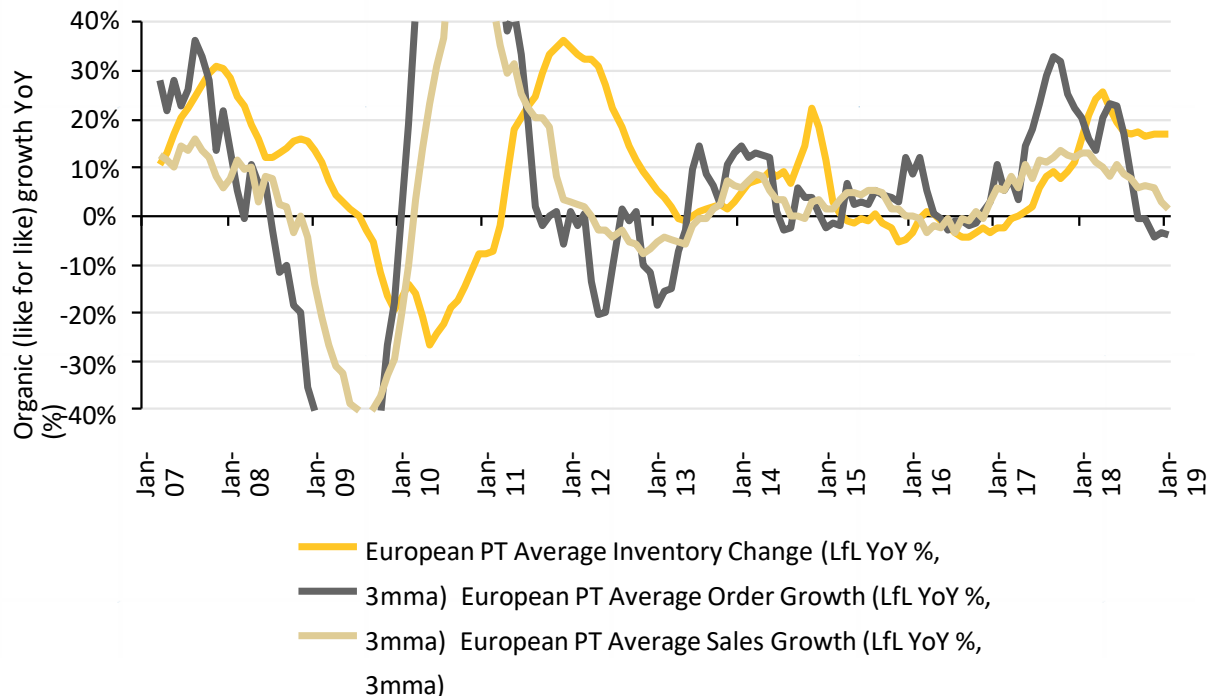**The Value Proposition To the Distribution Community**

- Up-to-date 'real-time' information on the status of the Industry
- Unique – no one else has, or can get, this information
- Enables **competitor benchmarking** - answering the question "how is my business doing against the competition?"
- Valuable for **short-term planning**
- Check & balance between:
    - Order Intake
    - Revenue
    - Stock levels
- Useful for longer-term performance assessment
- Can be compared to other indices and economic forecasts – for 'sanity checking'.

REDBURN

Redburn-EPTDA PTMI: What's in it for Redburn and investors?

What's in it for Redburn and financial investors?

- The secret to good investment is timing. To beat the stock market with better timing than other professionals requires 'edge', this can be informed by good quality and _timely_ data

- Understanding where we are in the economic cycles.

- There is a lot of high quality, timely data available for China and US but very little for Europe and that which is available takes months to be published.

REDBURN

Redburn-EPTDA PTMI: It works already despite low sample

Chart 1 (top):
Y-axis: Organic (like for like) growth YoY (%), scale from -40% to 40%
X-axis: Q1 07 through Q1 18

Legend:
- YoY Sales Growth (lfl, %) - EPTDA Monthly Index
- (PTMI) Redburn European Short Cycle YoY OSG (%)

Chart 2 (bottom):
Y-axis: Organic (like for like) growth YoY (%), scale from -40% to 40%
X-axis: Jan-07 through Jan-19

Legend:
- European PT Average Inventory Change (LfL YoY %, 3mma)
- European PT Average Order Growth (LfL YoY %, 3mma)
- European PT Average Sales Growth (LfL YoY %, 3mma)

- Despite only having four contributors to our pilot indices, we find a high correlation with our Redburn European short-cycle index built from the quarterly data reported by companies like SKF, Schaeffler, ABB, Siemens and Schneider.

- The Redburn-EPTDA PTMI would appear to support our belief that sales growth is likely to continue to deteriorate.

- There is plenty of scope for more detailed and interesting analysis using just the three data series: from building sequential indices to inferring backlog development.

REDBURN

Redburn-EPTDA PTMI: What we need from you.

In many industries, this type of data often costs a significant amount. While non-EPTDA-members will pay, we propose the data be free to EPTDA members who contribute. The entry price is a one-time completion of a simple excel file (with historical monthly data from Jan-2007 to Jan-2019), this took pilot users 30-120 minutes. Beyond the one- time set up, members will have to enter three numbers a month into a website in the first few days of the month (this should only take a few minutes).

Annual Data (required once a year)
- Annual Sales €M

Monthly Data (required once a month)
- Input Required ["like for like" - ie. without Fx, Acquisition, Divestment]
    - PT 'Year on Year - Order Value Change'
    - PT 'Year on Year - Sales Value Change'
    - PT 'Year on Year' - Inventory Value Change'

Redburn-EPTDA Power Transmission Monthly Index (PTMI)													
Name of PT Distrobutore here:													
XXXXX Annual Revenue here: €XXM													
Year on Year % Change	**Jan-18**	**Feb-18**	**Mar-18**	**Apr-18**	**May-18**	**Jun-18**	**Jul-18**	**Aug-18**	**Sep-18**	**Oct-18**	**Nov-18**	**Dec-18**	**Jan-19**
Order Intake (LfL YoY %)													
Sales (LfL YoY %)													
Inventory (LfL YoY %)													
Note LfL = "like for like" - ie. without Fx, Acquisition, Divestment													

R E D B U R N

PTMI@redburn.com