Please find our Research on Bloomberg BRYG <GO>)

15th January 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	16379.05	+1.41%	-8.10%
S&P 500	1921.84	+1.67%	-6.66%
Nasdaq	4615	+1.97%	-2.56%
Nikkei	17147.11	-0.54%	-1.20%
Stoxx 600	339.422	-1.51%	-0.91%
CAC 40	4312.89	-1.80%	+0.94%
Oil /Gold			
Crude WTI	30.48	0.00	-43.37%
Gold (once)	1082.34	-0.72%	-8.77%
Currencies/Rates			
EUR/USD	1.08395	-0.09%	-10.42%
EUR/CHF	1.09335	-0.16%	-9.07%
German 10 years	0.509	+0.38%	-5.82%
French 10 years	0.9	+0.75%	+7.39%
Euribor	-	+-%	+-%

Economic releases :

Date	
15th-Jan	US - Advance Retail sales Dec. 5-0.1% exp.) US - Capacity utilization Dec. (76.8 exp.) US - Industrial production Dec. (-0.2%) US - Business Inventories Nov. (-0.1% exp.) US - Baker Hughes U.S. rig count

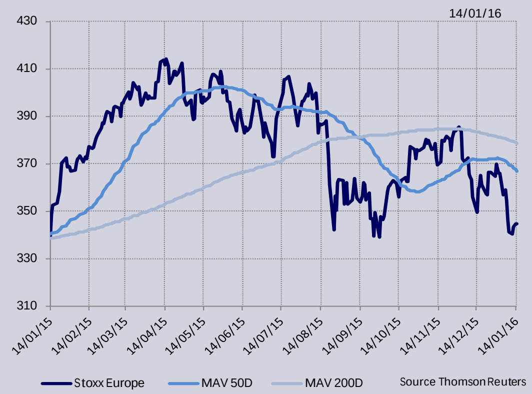
Upcoming BG events :

Date	
15th-Jan	INGENICO (BG Luxembourg with IR)
2nd-Mar	ALBIOMA (BG Paris Lunch CEO)
10th-Mar/ 11th-Mar	BG TMT Conference
23rd-Mar	EIFFAGE (BG Luxembourg with IR)
28th-Apr	ORPEA (BG Luxembourg with IR)

Recent reports :

Date	
13th-Jan	A spicer dish (Nestlé, coverage initiation)
14th-Dec	ATOS Synergies before organic growth
7th-Dec	ARM HOLDING - Cash me if you can
3rd-Dec	Luxury Goods, Buying opportunities despite volatile environment!
30th-Nov	Environmental Services It is time to take a rest on Veolia!
25th-Nov	Food retailing Anorexic growth… the bigger the better!

List of our Reco & Fair Value : Please click here to download



CASINO GUICHARD — BUY, Fair Value EUR54 (+41%)

Disposal of Big C (very first take): at the stage we have reached, let's try and rave!

Could the final goal be to take full control of GPA? or collapse the holding?

CARREFOUR — BUY, Fair Value EUR31 (+23%)

Q4 2015 trading statement (first take): in line with expectations and guidance confirmed

The Q4 2015 trading statement is another illustration of how resilient Carrefour is. Indeed Q4 2015 sales rose 4.1% ex petrol and at constant exchange rates to EUR22.4bn, and +2.4% on an organic basis. Among other factors, we would highlight Italy, which is obviously recovering (many observers agree that consumption is restarting in the country), Spain (which remains Carrefour's spearhead in terms of operating leverage) and Brazil (which despite strong comps, came in above expecations at +8.5%!). For circumstantial reasons (attacks and weather conditions), Belgium and France were less impressive than usual, while China has clearly become the harsh fact… On the whole, a very decent publication with guidance confirmed (Carrefour has been able to maintain guidance throughout 2015…).

LDR HOLDING — BUY, Fair Value USD41 vs. USD53 (+97%)

Feedback from roadshow with CEO

We hosted LDR's roadshow in Paris yesterday with CEO, Christophe Lavigne and reiterate our positive stance on the company's growth propect in the cervical spine market. Recruitment of direct sales force is on-track and we see an increased numbers of insurer adding Mobi-C to their lists following the publication of the 5-years data in a peer reviewed journal this year. FV down from USD53 to USD41 as we add a multiple-based FV in our methodology.

QIAGEN — NEUTRAL vs. UNDER REVIEW, Fair Value EUR24 vs. EUR19.5 (+17%)

Leverage would have to wait (ful report published today

While the negative effect from the US-HPV franchise on the group's performance should fade away in 2015, the expansion of QIAGEN's five growth drivers is likely to be overshadowed by significant S&M investments over the first-half of 2016, postponing to late 2016 first signs of operating leverage from both the internalisation of the production of QuantiFERON latent TB test and the company's attractive comprehensive offer covering the full scope of molecular diagnostics. We reinstall coverage on QIAGEN with a NEUTRAL rating and EUR24 fair value.

In brief...

ATOS, *Disposal of the Occupational Health business in the UK to CBPE Capital*

DIALOG SEMICONDUCTOR, *DLG won't revise its offer for Atmel*

GENOMIC VISION, *Launch of a trial by Quest for the BRCA test*

SAINT GOBAIN, *Stabilisation expected for building in France (CAPEB) in 2016*

Food retailing

Casino Guichard

Price EUR38.19

Disposal of Big C (very first take): at the stage we have reached, let's try and rave!

Fair Value EUR54 (+41%) **BUY**

Bloomberg	CO FP
Reuters	CASP.PA
12-month High / Low (EUR)	87.3 / 38.2
Market Cap (EURm)	4,322
Ev (BG Estimates) (EURm)	14,778
Avg. 6m daily volume (000)	693.0
3y EPS CAGR	-11.9%

	1 M	3 M	6 M	31/12/14
Absolute perf.	-15.0%	-27.5%	-44.3%	-50.1%
Food Retailing	1.1%	-3.9%	-11.4%	6.2%
DJ Stoxx 600	-2.9%	-4.6%	-14.8%	-0.9%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	48,492	45,943	44,879	47,304
% change		*-5.3%*	*-2.3%*	*5.4%*
EBITDA	3,191	2,481	2,521	2,727
EBIT	1,737	1,587	1,518	1,609
% change		*-8.6%*	*-4.3%*	*6.0%*
Net income	556.0	319.6	362.7	402.1
% change		*-42.5%*	*13.5%*	*10.9%*

	2014	2015e	2016e	2017e
Operating margin	4.6	3.3	3.4	3.4
Net margin	1.1	0.7	0.8	0.9
ROE	NM	NM	NM	NM
ROCE	7.1	4.7	4.6	4.8
Gearing	37.3	38.6	40.7	40.5

(EUR)	2014	2015e	2016e	2017e
EPS	4.43	2.30	2.68	3.03
% change	-	*-48.2%*	*16.6%*	*13.0%*
P/E	8.6x	16.6x	14.3x	12.6x
FCF yield (%)	16.0%	0.0%	3.3%	12.0%
Dividends (EUR)	3.12	3.12	3.12	3.12
Div yield (%)	8.2%	8.2%	8.2%	8.2%
EV/Sales	0.4x	0.3x	0.3x	0.3x
EV/EBITDA	5.4x	6.0x	5.8x	5.5x
EV/EBIT	9.8x	9.3x	9.6x	9.3x

Could the final goal be to take full control of GPA? or collapse the holding?

In the context of the ongoing process for the sale of Vietnam, Casino has obviously received expressions of interest for Big C. The Thai retailer is 58.6% equity owned by Casino whose equity stake is worth EUR2.5 bn. Big C is currently trading on an EV/sales multiple of 1.3x. While the valuation ratio has always been above average, we would stress that **1/** Big C's real estate represents half of the retailer's profitability and **2/** that there were recent speculations as to a potential disposal of the asset by Casino (December 18 th: Bangkok Post). This may have underpinned the current valuation level.

We could probably assume that a potential control premium (~25%e) on top of the current high valuation level would be offset to a large extent by a tax leakage (~15%e). In this case and at first sight, we therefore estimate the impact on SOTP at around ~EUR2.5 per share (our SOTP currently stands at EUR41). On the other hand, holdco's indebtedness could dramatically decrease, and this would theoretically allow Casino to definitely secure its Investment Grade status (we estimate Vietnam + Thailand could be worth EUR3.7bn).

"Asset disposals are not ruled out" [...] "we will react, as usual, in real time to market expectations" said Mr Naouri during our latest RS in Paris (comments following our RS with CEO and CFO). Yet, in all evidence, Casino's indebtedness has become such a question mark that management may have no choice but to take drastic measures through outright disposals of non-core assets. However today, Casino has stated its intention to sell Big C which, along with Monoprix, finds a pro-eminent place amongst the crown jewels! This announcement could illustrate the degree of the company's distress.

We have to confess that we are struggling somewhat to understand the chain of events. We continue to believe that Muddy Waters mainly raised known issues that have been discussed over and over again. We also estimate that the EUR2bn (minimum) deleveraging programme would have been sufficient to secure Casino's financial equation. So, why sell Big C? First and foremost, the projected disposal of Vietnam may have awakened interest from some purchasers for all of the Asian assets. On this basis, we have the following remarks:

1/ In our SOTP, Asia now represents more than 50% of of Casino's equity value (as a result of the "dwarfed" Latam region). Of course Thailand is not Brazil and we have good reason to believe that Big C's cash margin potential is fairly resilient (thanks to real estate notably) in the medium term; **2/** However, it is very important that potential worries about Asian growth (-5.3%LFL in Q4) are not overweighted due to this rebalancing. Hence, Casino might be seeking to avoid a new "GPA episode" with a collapse in the share price that would be extremely painful from a MtM SOTP perspective; **3/** In the end, Casino is perhaps tempted by a disposal of Thailand on very high multiples before the situation deteriorates further in this region (concerns could focus on a potential spread of the Chinese situation to the rest of Asia and on the political environment in Thailand which remains fragile); **4/** Casino would therefore favour a circumstantial strategy to the detriment of long-term growth potential. This is the kind of sacrifice that Carrefour made when it sold its Colombian business as well as Tesco when it sold its South Korean business; **5/** Otherwise, we could see this news from a crazy angle. JC Naouri is a gambler (taking a bet on Brazil in 1997, during the BRL crisis, might have been viewed as madness! But with hindsight…). Today, why not sell Big C for EV/sales of around 1.3x and strengthen Casino's stake in GPA on a ~0.25x EV/sales ratio? **6/** GPA's market cap is worth ~EUR2.1bn and Casino directly and indirectly owns a 32.8% EI in its Brazilian subsidiary. Casino's EI in Big C is worth ~EUR2.5bn excluding a premium for control…. In terms of simplifying the structure (i.e. minorities buyback?), it would not be such madness (insofar as the growth potential in Brazil remains intact, beyond the current crisis it is going through); **7/** An even crazier scenario would consist of buying back Casino's floating shares, worth EUR2.2bn at the spot price (i.e. collapsing the structure?).

Stay tuned!

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Food retailing

Carrefour

Price EUR25.30

Q4 2015 trading statement (first take): in line with expectations and guidance confirmed

Fair Value EUR31 (+23%) **BUY**

Bloomberg	CA FP
Reuters	CARR.PA
12-month High / Low (EUR)	32.8 / 24.8
Market Cap (EURm)	18,683
Ev (BG Estimates) (EURm)	24,284
Avg. 6m daily volume (000)	2 860
3y EPS CAGR	10.4%

	1 M	3 M	6 M	31/12/14
Absolute perf.	-3.3%	-8.4%	-15.3%	0.0%
Food Retailing	1.0%	-4.2%	-10.0%	7.1%
DJ Stoxx 600	-3.1%	-3.9%	-13.1%	0.6%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	74,706	77,020	78,398	81,494
% change		*3.1%*	*1.8%*	*3.9%*
EBITDA	3,768	3,938	4,174	4,448
EBIT	2,536	2,411	2,637	2,850
% change		*-4.9%*	*9.4%*	*8.1%*
Net income	1,040	1,127	1,258	1,405
% change		*8.3%*	*11.7%*	*11.7%*

	2014	2015e	2016e	2017e
Operating margin	3.2	3.2	3.4	3.5
Net margin	1.4	1.5	1.6	1.7
ROE	NM	NM	NM	NM
ROCE	9.2	9.0	9.4	9.9
Gearing	48.4	40.3	37.7	32.6

(EUR)	2014	2015e	2016e	2017e
EPS	1.47	1.59	1.77	1.98
% change	-	*7.8%*	*11.7%*	*11.7%*
P/E	17.2x	16.0x	14.3x	12.8x
FCF yield (%)	NM	1.7%	3.6%	5.7%
Dividends (EUR)	0.80	0.89	0.97	1.06
Div yield (%)	3.1%	3.5%	3.8%	4.2%
EV/Sales	0.3x	0.3x	0.3x	0.3x
EV/EBITDA	6.4x	6.2x	5.9x	5.5x
EV/EBIT	9.6x	10.1x	9.3x	8.5x

The Q4 2015 trading statement is another illustration of how resilient Carrefour is. Indeed Q4 2015 sales rose 4.1% ex petrol and at constant exchange rates to EUR22.4bn, and +2.4% on an organic basis. Among other factors, we would highlight Italy, which is obviously recovering (many observers agree that consumption is restarting in the country), Spain (which remains Carrefour's spearhead in terms of operating leverage) and Brazil (which despite strong comps, came in above expecations at +8.5%!). For circumstantial reasons (attacks and weather conditions), Belgium and France were less impressive than usual, while China has clearly become the harsh fact... On the whole, a very decent publication with guidance confirmed (Carrefour has been able to maintain guidance throughout 2015…).

On the one hand, Spain (+2.5% vs +2.5%e and +4.6% in Q3 15), Belgium (-0.4% vs -0.1%e and +2.7% in Q3 15) and Italy (+3.5% vs +2.6%e and +5.9% in Q3 on favourable comps) underpinned very resilient momentum in Europe. On the other, the trend was unsurprisingly harshly penalised by Asia (-12.9% vs -9.3%e and -7.5% in Q3 15). In China (-16.7% LFL vs -11.3%e and -11.2% in Q3), Carrefour continues to develop in an environment which remains marked by frugal consumption (the savings rate has never been so high in China). This poor performance was offset by a strong one in Taiwan (+2.6%). In Latam, Carrefour is still showing very strong performances in Brazil (+8.5% vs +6.8%e) thanks to a favourable store mix (Cash & Carry).

In France, the trend was down slightly on a sequential basis in a backdrop of terrorist attacks in Paris and disadvantageous weather conditions (which obviously impacted non-food sales). As such, LFL sales excl. fuel excl. calendar notched down 0.7% at Carrefour Hypermarkets (vs -0.4%e and +0.7% in Q3, +0.5% in Q2 15 and +2.1% in Q1), while LFL growth stood at +1.5% for supermarkets (vs +1.5%e and +2.5% in Q3, +1.2% in Q2 15 and +2.5% in Q1). In general, Carrefour is operating in a pricing environment that remains opaque and out of control. Despite the optimism showed by Casino's management in this respect (0-1% in 2016 could be a decent assumption according to the CFO), we remain somewhat cautious.

ANALYSIS

We have been developing the following investment case for months: 1/ underpinned especially by the LME, Carrefour has entered a cycle of market share growth in its domestic market (Hypermarkets are dead, long live hypermarkets!). **2/** In the rest of Europe, Carrefour has managed to trim its fixed cost base and should be able to tap into operating leverage (especially in Spain). **3/** In emerging countries, a favourable format mix in Brazil should allow Carrefour to weather the storm (potential margin widening remains significant in this area). Once again, Carrefour delivered commercial performances in line with this investment case in Q4 2015.

In terms of risks/momentum, we have also been saying for a while that: 1/ for as long as China makes money, it remains a "secondary issue" (so far, ~3-5% of earnings); but the day it starts losing money, it could become a question mark (the operating deleverage can be very painful / re. Géant Casino in another register). Indeed, following a series of hugely negative LFLs, the retailer is probably in negative territory. This concern accompanies those regarding **2/** financial services in Brazil. While there is no concern regarding 2015 FY EBIT, these elements will have to be monitored closely in 2016.

From a more fundamental point of view, we are witnessing a change in paradigm (SECTOR REPORT – Anorexic growth... the bigger the better!, which for a large number of mature retailers has meant that solid and recurring growth has sunk to a sinusoidal pace limited to just a few points (a disruptive factor in a fixed-cost industry). Yet in hindsight, this challenge for Georges Plassat (and his future successor) has already come up tangentially, especially when the current CEO spoke of an engine that had to be repaired so that it can accelerate in terms of growth going forward.

VALUATION

- Carrefour is showing a 2016 P/E ratio of 14.3x (vs 15x for the panel excl. Tesco)

NEXT CATALYSTS

- In terms of newsflow: Carrefour will release its 2015 results beginning of March
- In terms of specific event: we keep believing an IPO of Carmila could happen someday

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Healthcare

LDR Holding

Price USD20.80

Feedback from roadshow with CEO

Fair Value USD41 vs. USD53 (+97%) BUY

Bloomberg	LDRH US
Reuters	LDRH.OQ
12-month High / Low (USD)	45.7 / 19.8
Market Cap (USD)	604
Ev (BG Estimates) (USD)	487
Avg. 6m daily volume (000)	381.7
3y EPS CAGR	-37.5%

	1 M	3 M	6 M	31/12/14
Absolute perf.	-7.3%	-18.1%	-51.7%	-36.5%
Healthcare	-0.9%	0.3%	-12.8%	7.3%
DJ Stoxx 600	-2.9%	-4.6%	-14.8%	-0.9%

YEnd Dec. (USDm)	2014	2015e	2016e	2017e
Sales	141.3	160.4	188.7	224.8
% change		*13.5%*	*17.7%*	*19.1%*
EBITDA	-6.0	-4.8	-8.5	5.6
EBIT	-10.7	-9.6	-14.2	-1.1
% change		*10.2%*	*-47.1%*	*92.1%*
Net income	-11.0	-14.7	-16.7	-3.1
% change		*-34.3%*	*-13.2%*	*81.7%*

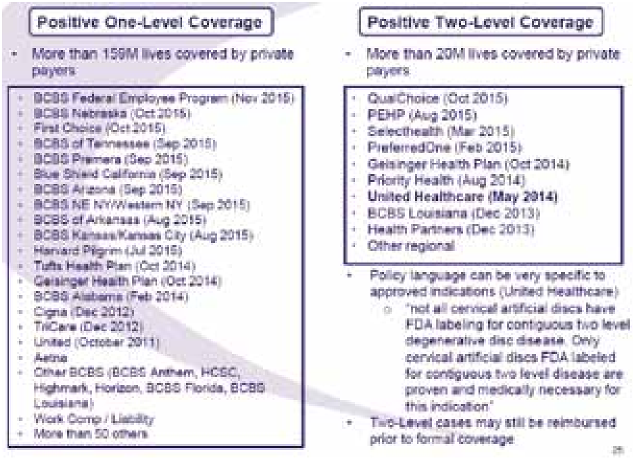
	2014	2015e	2016e	2017e
Operating margin	-7.6	-6.0	-7.5	-0.5
Net margin	-7.8	-9.2	-8.8	-1.4
ROE	-10.2	-9.1	-12.0	-2.2
ROCE	-9.9	-9.1	-11.6	-2.3
Gearing	7.7	3.3	3.8	3.8

(USD)	2014	2015e	2016e	2017e
EPS	-0.43	-0.51	-0.58	-0.11
% change	-	*-17.5%*	*-13.2%*	*81.7%*
P/E	NS	NS	NS	NS
FCF yield (%)	NM	NM	NM	NM
Dividends (USD)	0.00	0.00	0.00	1.00
Div yield (%)	NM	NM	NM	4.8%
EV/Sales	3.8x	3.0x	2.7x	2.4x
EV/EBITDA	NS	NS	NS	94.1x
EV/EBIT	NS	NS	NS	NS

We hosted LDR's roadshow in Paris yesterday with CEO, Christophe Lavigne and reiterate our positive stance on the company's growth propect in the cervical spine market. Recruitment of direct sales force is on-track and we see an increased numbers of insurer adding Mobi-C to their lists following the publication of the 5-years data in a peer reviewed journal this year. FV down from USD53 to USD41 as we add a multiple-based FV in our methodology.

ANALYSIS

- Managment is on track to recruit 50 to 70 direct sales reps, which on top of its network of 220 distributors, should provide LDR access to the remaining 50% of US spine surgeons. We would point out that most of the company's distributors are exclusive. Mobi-C continues to be a door opener and while penetration has grown nicely since the launch in 2014, we are not ruling out the prospect of hospitals possibly increasing procedures with LDR's offering in 2016 and 2017. Indeed, vendors need to be certified to sell in hospitals and this is a long process to go through i.e. ~6/9months. We were pleased to hear that the company is able to maintain its premium.
- Several insurers added Mobi-C one level in their listing (159m lives) in Q4 2015 (see below). Note that the label has been updated to include previously communicated one-level 5-year data. As such, the next catalyst should be publication of this data by a peer reviewed journal, expected in 2016 and which is a pre-requesite for numerous insurers to review the device and potentially include it in their listing. We believe that coverage upgrade to the two-level indication might be a more rapid process.



- MIVo should have a marginal effect in 2016, with a slow ramp up in 2017 onwards in our view. More details should be given at the Analysts' Meeting. Medtronic should reach the market withinin the next 12 months, and might help to open the market further. Note that the company as been lobbying in favour of ACDF.

VALUATION

- We have rolled our DCF and SotP over to 2016 and slightly increased our S&M expenses for 2016 thereby decreasing our FV by USD4 from USD53 to USD49. The current volatile environement with a derating of the US Spine sector over the past 6 months despite no negative newsflow for LDR, raises the question of what valuation methodology to use for LDR. As such, we have decided to include a multiple-based FV which points to USD24 (x3.7 2016e sales). Our new equally-weighted FV derived from our DCF, SotP and Multiples-based valuations points to USD41. We reiterate our BUY rating.

NEXT CATALYSTS

- Feb. 17th: Q4 and FY15 results followed by Analysts' Meeting in NYC on Feb. 23rd.

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Return to front page

Healthcare

QIAGEN

Price EUR20.47

Leverage would have to wait (ful report published today

Fair Value EUR24 vs. EUR19.5 (+17%) **NEUTRAL vs. UNDER REVIEW**

Bloomberg	QIA GR
Reuters	QGEN.DE
12-month High / Low (EUR)	26.0 / 19.8
Market Cap (EURm)	4,907
Ev (BG Estimates) (EURm)	5,550
Avg. 6m daily volume (000)	366.8
3y EPS CAGR	6.0%

	1 M	3 M	6 M	31/12/14
Absolute perf.	-12.4%	-6.5%	-14.4%	5.7%
Healthcare	-0.9%	0.3%	-12.8%	7.3%
DJ Stoxx 600	-2.9%	-4.6%	-14.8%	-0.9%

YEnd Dec. (USDm)	2014	2015e	2016e	2017e
Sales	1,346	1,281	1,329	1,415
% change		*-4.8%*	*3.8%*	*6.5%*
EBITDA	431	434	448	480
EBIT	312.5	315.5	329.5	361.5
% change		*1.0%*	*4.4%*	*9.7%*
Net income	241.6	252.8	257.4	280.1
% change		*4.6%*	*1.8%*	*8.8%*

	2014	2015e	2016e	2017e
Operating margin	23.2	24.6	24.8	25.6
Net margin	17.9	19.7	19.4	19.8
ROE	4.4	4.2	4.1	4.6
ROCE	22.2	17.9	16.0	15.3
Gearing	37.1	22.6	15.7	9.7

(USD)	2014	2015e	2016e	2017e
EPS	1.00	1.06	1.09	1.19
% change	-	*6.7%*	*2.3%*	*9.3%*
P/E	22.2x	20.8x	20.4x	18.6x
FCF yield (%)	5.9%	8.0%	6.9%	6.6%
Dividends (USD)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	4.7x	4.7x	4.4x	4.0x
EV/EBITDA	14.6x	13.9x	13.0x	11.8x
EV/EBIT	20.2x	19.1x	17.7x	15.6x

While the negative effect from the US-HPV franchise on the group's performance should fade away in 2015, the expansion of QIAGEN's five growth drivers is likely to be overshadowed by significant S&M investments over the first-half of 2016, postponing to late 2016 first signs of operating leverage from both the internalisation of the production of QuantiFERON latent TB test and the company's attractive comprehensive offer covering the full scope of molecular diagnostics. We reinstall coverage on QIAGEN with a NEUTRAL rating and EUR24 fair value.

ANALYSIS

- **Five growth drivers no longer restrained by the US-HPV drag anymore…** US-HPV headwind should fade away as we expect its contribution to be 3.4% of the group's sales (vs. 6% in 2014). While QIAGEN's five growth drivers represented 30% of total group's sales in 2014, we estimate that their **(i)** combined 19% 2015-2020 CAGR should fuel growth and **(ii)** contribution to the group's turnover should double over the same period. The company's in-depth relationship with pharmas and pioneering position in the liquid biopsy space should enable it to benefit from the raise in PHC. Having recently added its next generation sequencer to its portfolio, the GeneReader should allow QIAGEN to benefit from a comprehensive offering and help it become a major provider to laboratories.
- **…But operational leverage would have to wait.** Back-end loaded effect from the internalisation of the production of QuantiFERON latent TB test which should materialise in 2017e added to the growing contribution of bioinformatics' sales, with gross margin of 90% of sales, is expected to drive a 150bp improvement in the group's gross margin toward 2020e. Added to synergies in G&A, we see a 300bp increase towards 2020e. However, this combined effect are not likely to kick-in before the second half of the year with bulk of S&M expenses to support growth in H1.

VALUATION

- We reinstall coverage on QIAGEN with a NEUTRAL rating and EUR24 fair value

NEXT CATALYSTS

- Feb. 2nd : Q4/FY2015 results (note that the company pre-announced on Jan. 10th)

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TMT

Atos

Price EUR71.80

Bloomberg	ATO FP
Reuters	ATOS.PA
12-month High / Low (EUR)	79.3 / 61.7
Market Cap (EURm)	7,415
Avg. 6m daily volume (000)	369.6

	1 M	3 M	6 M	31/12/14
Absolute perf.	-5.9%	3.2%	0.0%	8.3%
Softw.& Comp. SVS	0.1%	9.5%	3.1%	22.9%
DJ Stoxx 600	-2.9%	-4.6%	-14.8%	-0.9%

	2014	2015e	2016e	2017e
P/E	16.7x	12.7x	10.4x	8.4x
Div yield (%)	1.1%	1.3%	1.5%	1.9%

Disposal of the Occupational Health business in the UK to CBPE Capital

Fair Value EUR93 (+30%) **BUY-Top Picks**

ANALYSIS

- **Yesterday evening Atos announced the disposal of its Occupational Health business in the UK**, for an undisclosed sum. This business, which was renamed OH Assist in 2014 and formally separated from Atos IT Services UK as of 1st January 2016, generates GBP30m (est. EUR42m) in revenues (i.e. 2% of UK sales) with c. 500 staff - o/w 300+ occupational health practitioners. All employees, business contracts and assets of the business have been transferred over to the new organisation. The acquirer is the private equity fund CBPE Capital (formerly Close Brothers PE).
- **No material impact to Atos' numbers**. We expect the negative impact on 2016 sales to be marginal (-0.3ppt) and this should not impact Atos' lfl growth for 2016 that we estimate at 0.2% (vs. est. +0.4% for 2015) given the loss of the automated speed control contract at Worldline (est. EUR60m per year). In any case, we do not view Atos as an organic growth buy, but a story built on synergies from acquisitions (Bull, Xerox ITO, Unify, Equens) allowing an est. adj. EPS CAGR of 18% over 2015-18 - notwithstanding potential M&A (a bid on Dell's Perot Systems business?).

VALUATION

- Atos' shares are trading on est. EV/EBIT multiples of 6.1x for 2016 and 4.2x for 2017.
- The net cash position on 30th June 2015 was EUR354m (net gearing: -9%).

NEXT CATALYSTS

FY15 results on 24th February before markets open.

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TMT

Dialog Semiconductor

Price EUR27.25

Bloomberg	DLG GR
Reuters	DLGS.DE
12-month High / Low (EUR)	53.3 / 26.4
Market Cap (EURm)	2,122
Avg. 6m daily volume (000)	18.30

	1 M	3 M	6 M	31/12/14
Absolute perf.	-15.6%	-26.4%	-47.3%	-7.0%
Semiconductors	-7.1%	-0.3%	-16.5%	-17.4%
DJ Stoxx 600	-2.9%	-4.6%	-14.8%	-0.9%

	2014	2015e	2016e	2017e
P/E	12.0x	10.0x	9.1x	7.2x
Div yield (%)	NM	NM	NM	NM

DLG won't revise its offer for Atmel

Fair Value EUR38 (+39%) **NEUTRAL**

ANALYSIS

- **As expected, Dialog announced last night that the group will not revise its offer on ATMEL.** Indeed, two days ago, the target determined that the unsolicited acquisition proposal received from Microchip was higher than Dialog's. Dialog has four days to sweeten its offer but the DLG board considers a revision of the original offer not to be in the best interests of Dialog's shareholders.
- **As a result, the group is to receive USD137m from Atmel.** Since Atmel chose to favour Microchip's proposal and to terminate the merger agreement with Dialog, the target will have to pay breakup fees of about USD137m to Dialog.

VALUATION

- Yesterday, we updated our FV to EUR38 (vs. EUR34) in order to withdraw the impact of the Atmel acquisition in our valuation. However, given the current weak momentum in 1/ the core business and especially the Apple value chain, 2/ the particularly unsupportive global smartphone market, and 3/ a new potentially dilutive deal motivated by strong pressure to dilute the group's first client Apple (c. 80% of sales), we are maintaining a Neutral recommendation.
- Dialog's shares trade at a 2016e P/E ratio of 9.1x.

NEXT CATALYSTS

- FY15 results to be published during the week commencing 7th March 2016.

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Healthcare

Genomic Vision

Price EUR8.15

Bloomberg	GV FP
Reuters	GV.PA
12-month High / Low (EUR)	15.9 / 8.2
Market Cap (EURm)	36
Avg. 6m daily volume (000)	4.00

	1 M	3 M	6 M	31/12/14
Absolute perf.	-10.4%	-18.5%	-40.9%	-28.3%
Healthcare	-0.9%	0.3%	-12.8%	7.3%
DJ Stoxx 600	-2.9%	-4.6%	-14.8%	-0.9%

	2014	2015e	2016e	2017e
P/E	x	x	x	x
Div yield (%)	NM	NM	NM	NM

Launch of a trial by Quest for the BRCA test

Fair Value EUR23 **CORPORATE**

ANALYSIS

- Genomic Vision and its partner Quest Diagnostic have announced that they are to launch a study to determine the extent to which molecular combing can identify BRCA gene variants missed by other test methods. Both companies are to finance this trial, which should readout in mid-2016 and help Quest to prove the clinical value of molecular combing. Note that the cost incurred by Genomic Vision should be marginal with 1 to 2 FTE and limited instruments needed to process the samples. We do not expect any delay for projects conducted in-house by GV nor any delays in ongoing trials at Quest necessary to evaluate LDTs.
- However, we remain sceptical concerning Quest's decision to run a trial just ahead of a potential launch, which could well conceal a delay. Note that Genomic Vision's partner raised its royalty rate for the company in early 2015 (12% to 17%) a fact that we viewed as increased confidence in the company's technology. If the outcome of the trial proves negative, it might cause a significant setback for the companies.

VALUATION

- The 3-6 month delay in the effective launch of the BRCA test that may result from this study does not impact our fair value. As a reminder, we expected the initial launch by Quest in late 2015/early2016.

NEXT CATALYSTS

- Q1: transfer of the HNPCC test to Quest Diagnostic

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Construction & Building Materials

Saint Gobain

Price EUR35.92

Bloomberg	SGO FP
Reuters	SGOB.PA
12-month High / Low (EUR)	44.5 / 33.4
Market Cap (EURm)	20,149
Avg. 6m daily volume (000)	2,110

	1 M	3 M	6 M	31/12/14
Absolute perf.	-5.7%	-6.9%	-14.5%	2.0%
Cons & Mat	-3.6%	-1.1%	-9.5%	8.2%
DJ Stoxx 600	-2.9%	-4.6%	-14.8%	-0.9%

	2014	2015e	2016e	2017e
P/E	18.2x	16.5x	13.3x	10.7x
Div yield (%)	3.5%	3.5%	3.6%	3.9%

Stabilisation expected for building in France (CAPEB) in 2016

Fair Value EUR42 (+17%) **NEUTRAL**

ANALYSIS

- The CAPEB (*Confédération de l'Artisanat et des Petites Entreprises*, representing French craftsmen in construction, which account for roughly two thirds of the French building sector in residential & non-res.), estimates that 2015 construction was down 1% in Q4 and down 2% for the full year.
- New building was down 2.5% in Q4 and down 4.5% for the FY, impacted by a still difficult market, with housing starts gradually improving over the course of the year but not that strong, yet. On a 12-months basis, housing starts were flat y/y vs a double-digit decline in January 2015. Renovation was slightly better in Q4 as well (flat) and -0.5% for the full year (but +1% for energy-related works). Renovation has certainly benefited from the acceleration of existing homes sales after the summer, with 792,000 transactions (12m rolling) at end November (+12.5% y/y).
- The CAPEB did not mention any proper recovery, but expects a stabilisation in the French building sector in 2016. Overall, volumes are expected to increase between 0% and +1%. New construction might still be under pressure (-1.5% / -0.5%) but renovation might be better (+0.5%/+1.5%).
- Overall, this looks somewhat positive for Saint-Gobain (as SIG figures were yesterday) France represents 25% of 2015e SGO sales. New residential represents 6% of sales and renovation c13% (excluding infrastructures). The distribution business, for which craftsmen are the main customers, accounts for roughly 20% of Saint-Gobain consolidated sales.

VALUATION

- EUR42 FV, derived from the application of historical EBIT multiples to FY17 est., discounted back.

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Stock rating

BUY	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements including a SWOT analysis, positive momentum, technical aspects and the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
NEUTRAL	Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
SELL	Negative opinion for a stock where we expect an unfavourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential downside based on valuation), but also takes into account a number of elements including a SWOT analysis, positive momentum, technical aspects and the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

Distribution of stock ratings

BUY ratings 58% NEUTRAL ratings 32.8% SELL ratings 9.2%

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