

BG SALES-TRADING MORNING DU 20/01/2016

LA SEANCE DE LA VEILLE

INDICES U.S & JAPON				SECTEURS S&P : BEST PERFS			SECTEURS STOXX : BEST PERFS		
Indices	Cloture	Var %	Var 17h30-22H (en %)	S&P	Var %	YTD	STOXX	Var %	YTD
DJ	16016	0,2%	-0,5%	Household Products	1,8	-3,1	Const. & Materials	2,2	-7,4
NASDAQ	4477	-0,3%	-0,3%	Utilities	1,5	1,8	Technology	2	-6,2
S&P 500	1881,3	0,1%	-0,5%	Food Bev & Tobacco	1,3	-3,1	Utilities	1,9	-5,6
NIKKEI	16416,2	-3,7%	-	Telecom Op.	1,2	-2	Insurance	1,6	-8,7
				SECTEURS S&P : WORST PERFS.			SECTEURS STOXX : WORST PERFS		
				S&P	Var %	YTD	STOXX	Var %	YTD
				Oil & Gaz	-2,2	-10,7	Media	0,5	-8,5
				Materials	-1,2	-12,9	Banks	0,6	-14,1
				Banks	-0,9	-13,7	Real Estate	0,7	-8,8
				Consumer Durables	-0,5	-10,1	Chemicals	0,8	-10,5

Valeurs les plus traitées hier vs. Moy. 3M

CAC 40			EURO STOXX 50			STOXX 600		
Stocks*	Last	Var%	Stocks*	Last	Var%	Stock*s	Last	Var%
-	-	-	BBVA	5,8	0,2	NOVOZYMES A/S-B	268,5	-8,5
-	-	-	UNICREDIT SPA	4	-3,5	BANCO POPOLARE SC	9,7	-6,3
-	-	-	UNILEVER NV-CVA	38,6	3	REGUS PLC	293,9	2,3
-	-	-	E.ON SE	8,8	7,6	AXEL SPRINGER SE	44,4	-2,6
-	-	-	RWE AG	11,9	8,7	ASHMORE GROUP PLC	201,5	1,3

DEFINITION : * compare les capitaux traités sur une valeur la veille rapportés à la moyenne des capitaux traités ces 3 derniers mois sur la valeur.

TAUX U.S				DEVICES				MAT. PREMIERES			
Taux U.S	Valeur	Var%	Yld	Devises	Valeur	Var%	YTD	Mat. Prem	Valeur	Var%	YTD
U.S 2 ANS	100,3	0,1%	0,8%	€/€	1,0952	0,4%	0,9%	BRENT	26,8	-2,1%	-25%
U.S 10 ANS	102,3	0,5%	2%	€/¥	127,72	0,5%	2,2%	ONCE OR (\$)	1092,5	0,5%	2,9%
VIX Index	26							VSTOXX Index	30,8		-10,4%

Economic Calendar

GB - Jobless claims change Dec. (2.8k exp.)
 GB - Unemployment rate dec.
 CHF - ZEW Survey expectations Jan.
 US - Housing Starts Dec. (2.3% m/m)
 US - Building permits Dec. (-6.4% exp.)
 US - CPI Dec. (0.0% exp., 0.8% y/y)

Dividends Calendar ex-date next day

COMPASS 19.6p (1.73%)
 SSSE 26.9p (1.84%)
 SHAFTSBURY 6.925p (0.78%)
 KERING 1.5€ (1.06%)

Ex Div today

ZODIAC 0.32€ (1.66%)

Markets Recap (source Street account)

Asian markets are broadly weaker on Wednesday. The selling has extended to global equity futures with the S&P 500 off by ~1.5%. There has been some focus on oil, which has continued to retreat in Asian trade, down ~2%. The Nikkei is also contending with a strengthening yen while Sony is off sharply after announcing a restructure. Greater Chinese markets are showing payback after yesterday's rally. The PBoC set the yuan at a higher midpoint as data showed a slide in December foreign direct investment. News flow has been fairly quiet with mainland press rehashing calls to boost stimulus. There has been some movement in FX with the kiwi under pressure after New Zealand CPI undershot and fed speculation of more RBNZ easing. The Aussie has tracked declines in oil and follows data that revealed another drop in Aussie consumer confidence this month. Materials and energy stocks are lagging amid commodity softness.

US equities were mixed in Tuesday trading. Treasuries were weaker. The dollar was slightly stronger. Gold declined. Oil was mixed, with WTI settling (3.3%) and Brent settling +0.7%.

Global markets found some reprieve from better-than-feared China data, but early optimism faded. Aside from China, there were few macro catalysts. Much of the commentary continued to invoke the current oversold conditions and pervasive negative sentiment. However, talk of a near-term bounce was countered by doubts about upcoming earnings, dampened recovery momentum, and uncertainty about the Fed policy path.

There was another flurry of bank earnings, with MS the standout in the investment-banking space. BAC saw most key metrics in line, while MTB led the regionals after its report. DAL was helped by better Q1 guidance. UNH Q4 earnings and revenue beat, but the company highlighted losses from exchange products. TIF disappointed on guidance after posting lackluster holiday numbers. There was also a renewed focus on M&A and activist moves.

Defensive sectors led the market. Retail names were mixed, with specialty retailers lagging. Airlines were mixed. Banks underperformed. Hardware weighed on tech. Biotech was weaker. Energy and materials lost ground.

Stocks Factor to watch today :

ZURICH INS : preliminary update on 4Q 2015

FCC, ACCIONA : two high ranking at Spanish builders were arrested as part of an investigation into irregular concessions at state run water company Acuamed. (sources involved in the matter)

VINCI : is in talk with ABENGOA over the possible acquisition of its ABEINSA units.

ZURICH FLAGS : 100m\$ Q4 loss in general insurance business.

TEHNIP : launches synthetic bond financings for about 375m€ with 5 years maturity.

Rating & TP Changes



SAINT GOBAIN : BUY vs. NEUTRAL, TP 42€ @Bryan Garnier

KERING : BUY vs. NEUTRAL, TP 180€ @Bryan Garnier

AHOLD : BUY, tp raised to 23€ @Jefferies

AHOLD : BUY vs. HOLD @ ING

NATIXIS : NEUTRAL vs. SELL @ Goldman SACHS

LUXOTTICA : TP raised to 60€ vs. 58, NEUTRAL @ JPM

COMPASS : TP raised to 1200p, vs 1160, neutral @ UBS



QIAGEN : TP cut to 25€ vs. 26, BUY @Berenberg

AB INBEV : TP cut to 137€ vs. 143 @Berenberg

ENGIE : TP cut to 16€ vs. 18.5 @ CITI

HEIDELBERGCEMENT : TP cut to 81€ vs. 82 @ Jefferies

Bryan Garnier ... Today's comment(s)

Saint Gobain

RATING : BUY vs. NEUTRAL

Fair Value EUR42

Following pretty good Q4 figures from SIG plc in France, combined with the recent improvement in existing-home transactions, our view on the French renovation market has clearly improved. Mixed with good trends from new residential, France is likely to be better oriented in the course of 2016. In addition, apart from Brazil (c4.5% of sales), EM exposure is well spread out, thereby diluting risk. In view of share price weakness over the past two months and a FV unchanged at EUR42, the timing looks right for an upgrade to BUY (vs NEUTRAL).

Zurich Insurance Group

RATING : NEUTRAL

Fair Value CHF310

Prior to the full release of Q4/FY numbers on 11th February, Zurich today announces that Q4 numbers will be negatively impacted by a high level of natcats and large losses. As such, the company expected in P&C division to report a c. USD100m operating loss in Q4 (we expected a USD475m profit). This is the second profit warning in two quarters. The company now aims at exceeding the cost cutting target for 2016 (USD300m). Fair enough! But 1/ fixing the P&C current issues, and 2/ finding a new group CEO, have become even more critical... -> **Negative**.

Kering	RATING : BUY vs. NEUTRAL	Fair Value EUR180
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Kering is expected to release its FY 15 results on February 18 (before market opens). We expect sales to grow 3.6% organically and EBIT margin should be down bp to 14.4%. Given a 20% upside and better expected trend at Gucci in 2016 after the transition 2015 year and therefore an expected better momentum to come, we upgrade our recommendation from Neutral to Buy on Kering with an unchanged EUR180 FV. ->**POSITIVE**

Groupe SEB	RATING : BUY	Fair Value EUR105 (+12%)
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Yesterday Groupe SEB reported FY15 sales of EUR4,770m (+12.1% reported and +8% LFL), or 2% above CS expectations (EUR4,676m). This deviation is mainly explained a better-than-expected LFL growth in Q4 (+7.2% vs. CS at +5.5%) driven by double-digit increases in Western Europe (+15.8%) and in Asia-Pacific (+11.8%). Ahead of FY15 results (25th February), SEB already guides on op result of "around EUR430m" close to expectations (CS: EUR432 / BG: EUR435m). As for 2016, management forecasts a higher negative FX impact than in 2015 (i.e. EUR130-140m) but the latter should be fully compensated through price increases, savings on sourcing and efficiency gains. Buy recommendation and FV of EUR105 confirmed. ->**NEUTRAL**

Luxottica	RATING : BUY	Fair Value EUR66 (+13%)
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Luxottica is due to release 2015 sales on 29th January. We expect adjusted net sales of EUR9.072bn, up 17.8% reported and 6.2% FX-n, matching guidance for "mid to high single-digit growth". In Q4 alone, adjusted organic growth should be close to Q3 (+5.5%), despite more difficult comparison (+9.3% in Q4 2014 vs. +6.7% in Q3) in view of a positive calendar effect (53rd week = extra sales of EUR60m). Following the recent market correction, the stock has returned to more attractive levels for investors seeking: (i) reassuring exposure to mature countries (~76% of sales), where sales remained buoyant in Q4, especially in North America (~56%), (ii) robust growth in emerging markets (rebound in China, still strong in LatAm) and (iii) various 2016 catalysts such as operating leverage, shareholder returns, retail initiatives, etc.

SGS SA	RATING : BUY	Fair Value CHF2150 (+16%)
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2015 numbers were in line with anticipation and confirmed the group resilience. In fact total revenue reached CHF5,712m, down 2.9% on reported o/w 2% on lfl basis compared with consensus at CHF5,747m with lfl of 1.8%. Adjusted EBITA was CHF917m compared with CHF947 last year and CHF924m anticipated by consensus i.e. a margin flat at 16.1%. SGS Board will recommend a dividend of CHF68 same than last year representing a dividend yield of 3.7%. For the year ahead, SGS expects to deliver lfl revenue growth of between 2.5% to 3.5% (our estimate is 2.7%) with stable EBITA margin compared to 2015(our estimate is +20bps) and solid cash flow. ->**Neutral**.

Wirecard	RATING : BUY-Top Picks	Fair Value EUR52 (+14%)
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Yesterday, Reuters reported that Wirecard CEO said "2016 EBITDA outlook is conservative", "fully stands by 2015 EBITDA guidance of EUR223-232m" and "Q4 went very well". No real news for us here but rather a confirmation of our optimistic scenario. We maintain our Buy rating and FV of EUR52 (including a DCF at EUR56) – the stock is in our Q1 Top Pick list. => **Positive**.

Software AG	RATING : BUY	Fair Value EUR34 vs. EUR33 (+17%)
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We reiterate our Buy rating and increase our DCF-derived fair value to EUR34 from EUR33 as we raise our adj. EPS ests. by 4% for 2015 and 3% for 2016-18. The solid FY15 results pre-announced yesterday reflect, in our view, that efforts undertaken to improve the 'go-to-market' and sales productivity are now bearing fruit. Revenue momentum is improving, and the non-IFRS op. margin is well engaged in the way to reach 32-35% by 2020. While lfl revenue growth was still negative in 2015 (est. -1.7%), we are convinced Software AG will be able to post a positive one in 2016 (est. +2.9%), provided that no economic shock happens. **Positive**.

ASML	RATING : NEUTRAL	Fair Value EUR76 (+5%)
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ASML posted Q4 results in line with expectations. Sales came out at EUR1.43bn, down -7.4% on a sequential basis and down -4.0% year over year. This is in line with company guidance of Q4 sales of about EUR1.4bn and consensus of EUR1.44bn. Q4 EPS is EURO.68, above consensus expectations of EURO.61. Nevertheless, Q1 outlook remains is cautious: Q1-16 sales anticipated to be close to EUR1.3bn (vs. cons. at EUR1.41bn) and GM close to 42% (cons. at 45.7%). Additionally, the group increases returns to shareholders with a new share buyback plan for EUR1bn and an increase of dividend by 50% to EUR1.05 per share. POSITIVE
