Please find our Research on Bloomberg BRYG <GO>)

9th February 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	16027.05	-1.10%	-8.02%
S&P 500	1853.44	-1.42%	-9.32%
Nasdaq	4283.75	-1.82%	-14.45%
Nikkei	16085.44	-5.4%	-10.66%
Stoxx 600	314.36	-3.54%	-14.07%
CAC 40	4066.31	-3.20%	-12.31%
Oil /Gold			
Crude WTI	29.99	-3.26%	-19.38%
Gold (once)	1197.44	+3.72%	+12.71%
Currencies/Rates			
EUR/USD	1.11475	+0.04%	+2.62%
EUR/CHF	1.10345	-0.30%	+1.48%
German 10 years	0.226	-24.60%	-64.35%
French 10 years	0.603	-6.20%	-38.52%
Euribor	-	+-%	+-%

Economic releases :

Date	
9th-Feb	JP- Machine Tool orders (-17.2 A) DE - Industrial prod. (-0.6% E) US - Wholesale inventories (-0.1% E) US - JOLTS Job Openings (5.3M P)

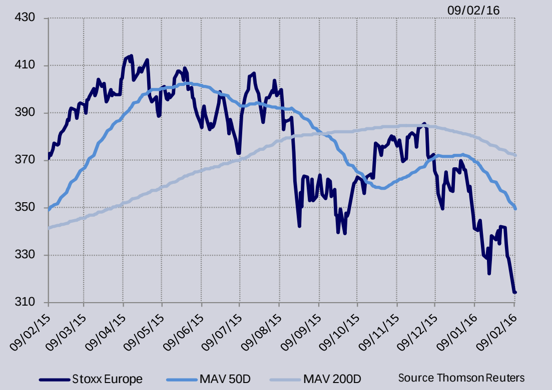
Upcoming BG events :

Date	
9th-Feb	Déjeuner Sectoriel Paiements (BG Paris Lunch)
18th-Feb	INNATE (BG Paris roadshow with CEO)
2nd-Mar	ALBIOMA (BG Paris Lunch CEO)
10th-Mar/ 11th-Mar	BG TMT Conference
15th-Mar	ABLYNX (BG Paris roadshow with CEO)
18th-Mar	CNP (BG Paris roadshow with CEO, CFO)

Recent reports :

Date	
1st-Feb	An aisle-end stock, but not a bargain
27th-Jan	GSK : A balanced story with most risks now behind us
25th-Jan	BioTechnology Last mark down on biotech!
20th-Jan	SAINT GOBAIN : France likely to be a positive catalyst in 2016
19th-Jan	The wild child comes of age: thank you Orange!
15th-Jan	QIAGEN : Leverage would have to wait

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



ACTELION — BUY-Top Picks, Fair Value CHF166 (+36%)

Higher-than-expected guidance based on surprisingly good core numbers

This morning Actelion posted good FY 2015 results across the board (although difference at the top line level was mainly on Tracleer) with 1% beat on core EPS in the end. More importantly, the guidance for 2016, based on assumptions that are not fully shared at this time, suggests superior earnings delivery compared to what may have been expected. Low-single-digit growth in core EBIT compares very favourably to our mid-single-digit decline, considering slightly positive currency impacts. The recent share price drop is, therefore, a clear BUY opportunity.

ENGIE — BUY, Fair Value EUR19 (+37%)

It's getting closer!

Yesterday "La Lettre de l'Expansion" indicated that Engie's new cost-cutting programme could target EUR2.8bn in gains over 2016-18, without mentioning any details on the type of reduction (opex/capex/other costs), the gross/net ratio, or the scope over which the programme is to be implemented. These rumors, combined with the disposals programmme, confirm that the group's reorganisation is well on track, making us comfortable with our Buy rating. We hope to have more details at the group's earnings presentation (25th February). Positive.

L'ORÉAL — BUY, Fair Value EUR182 (+21%)

FY 2015 organic sales growth set to reach 3.7% with moderate profitability gain

At the very beginning of 2015, L'Oréal's management guided for a significant 2015 sales and EBIT increase, partly thanks to a positive FX impact but with a "moderate" EBIT margin gain. 2015 results are due out on Thursday after trading and we expect FY sales to grow 3.7% organically with no material slowdown in Q4 and a 10bp EBIT margin gain to 17.4%. Buy recommendation maintained.

SANOFI — NEUTRAL, Fair Value EUR90 (+29%)

Decent quarterly reporting and reassuring guidance for 2016

As Sanofi is entering a transition phase of two years with "no meaningful growth", it is somewhat reassuring that it is able to deliver in line core EPS numbers for 2015 on which base it is forming a guidance of "broadly stable" figures for 2016. This is obviously not bad at all as Q4-2015 final numbers include very high vaccines sales and very low tax rate of 19.5%. Although it will include very significant contribution from share buy-backs (EUR1bn bought back in January alone), this should make it possible to deliver core EPS in the region of EUR5.50 once negative currency impacts are factored in i.e. only 1-2% below current consensus estimates but above ours.

SOFTWARE AND IT SERVICES

Cognizant warning on Financial Services: what implications for our stocks under coverage?

Yesterday, Cognizant reported FY15 results and issued a cautious guidance range due to Financial Services and Healthcare. It warned of discretionary IT projects being pushed out and of slower growth in Q1 16 due to economic concerns. The lower end of the 10-14% FY16 sales growth guidance suggests an ongoing freeze if economic concerns continue. While strategic projects are not called into question, we cannot rule out longer sales cycles. The IT stocks in our coverage that are most exposed to this are Temenos, Axway, Sopra Steria, Capgemini, Software AG, and Atos.

In brief...

LAFARGEHOLCIM, *Departure of Wolfgang Reitzle confirmed. New anti-trust divestment order received.*

SAFILO, *New partnership on-board! Swatch chooses Safilo to diversify into eyewear*

SCOR , *Satisfactory January 2016 renewals, with premiums up 2% including prices down 1%*

Healthcare

Actelion

Price CHF122.50

Higher-than-expected guidance based on surprisingly good core numbers

Fair Value CHF166 (+36%) **BUY-Top Picks**

Bloomberg	ATLN VX
Reuters	ATLN.VX
12-month High / Low (CHF)	146.2 / 99.8
Market Cap (CHFm)	13,981
Ev (BG Estimates) (CHFm)	13,364
Avg. 6m daily volume (000)	396.0
3y EPS CAGR	6.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-8.2%	-11.9%	-10.6%	-12.2%
Healthcare	-11.4%	-16.8%	-20.9%	-15.9%
DJ Stoxx 600	-7.9%	-17.3%	-20.8%	-14.1%

YEnd Dec. (CHFm)	2014	2015e	2016e	2017e
Sales	1,956	2,039	1,978	2,209
% change		*4.2%*	*-3.0%*	*11.7%*
EBITDA	687	758	680	831
EBIT	570.1	643.8	565.5	715.0
% change		*12.9%*	*-12.2%*	*26.4%*
Net income	648.2	679.8	608.1	741.8
% change		*4.9%*	*-10.6%*	*22.0%*

	2014	2015e	2016e	2017e
Operating margin	40.1	40.6	37.8	41.5
Net margin	33.1	33.3	30.7	33.6
ROE	33.8	44.4	32.3	31.5
ROCE	95.0	94.0	81.3	90.5
Gearing	-50.5	-40.3	-54.9	-65.8

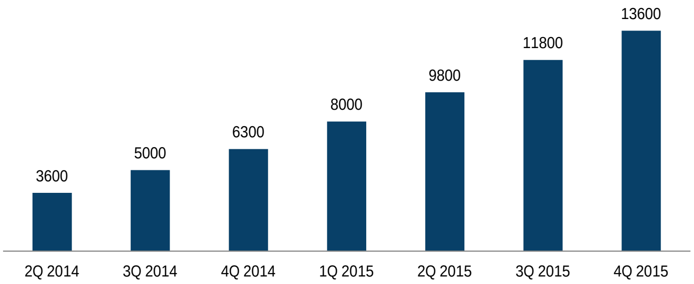
(CHF)	2014	2015e	2016e	2017e
EPS	5.58	6.02	5.49	6.76
% change	-	*7.9%*	*-8.7%*	*23.2%*
P/E	22.0x	20.4x	22.3x	18.1x
FCF yield (%)	0.9%	4.6%	4.5%	5.3%
Dividends (CHF)	1.30	1.40	1.40	1.40
Div yield (%)	1.1%	1.1%	1.1%	1.1%
EV/Sales	6.7x	6.6x	6.5x	5.6x
EV/EBITDA	19.0x	17.6x	19.1x	15.0x
EV/EBIT	22.8x	20.8x	22.9x	17.4x

This morning Actelion posted good FY 2015 results across the board (although difference at the top line level was mainly on Tracleer) with 1% beat on core EPS in the end. More importantly, the guidance for 2016, based on assumptions that are not fully shared at this time, suggests superior earnings delivery compared to what may have been expected. Low-single-digit growth in core EBIT compares very favourably to our mid-single-digit decline, considering slightly positive currency impacts. The recent share price drop is, therefore, a clear BUY opportunity.

ANALYSIS

- Actelion reported very solid FY 2015 numbers this morning, starting with sales of CHF2,042m or CHF3m above estimates. The composition is slightly disappointing as Opsumit fell somewhat short of estimates, although this is offset by mature Tracleer. As illustrated in the chart below, there is no change in the overall trend for Opsumit, which is still attracting patients both naïve and from PDE-5 inhibitors in monotherapy. Opsumit achieved CHF516m in sales as of 31 December2015 and we think it can achieve an annual trend of a blockbuster by the end of 2017. There is no other comment to make on the sales line which is globally very much in line with expectations, with no rebate reversals at all (vs CHF73m in 2014).
- But actually the rest of the P&L is also very much in line. The only significant deviation to expectations at the R&D expense level, as the final quarter was less heavy than we anticipated, thus showing good cost control as Actelion promised. The improving density of the pipeline is not translating at all into any R&D budget surge, which is reassuring as the market is not ready to give any value to the pipeline (yet). In the end, core EPS stood at CHF6.16 where consensus was expecting CHF6.11 (BG: CHF6.14).
- Obviously, what was even more expected today was the guidance, because it is easy to make as several swing factors can impact earnings in 2016. For example, there is the quite unpredictable timing of Tracleer generics entry in the US, but also the type of ramp-up Uptravi will enjoy in all markets. Based on assumptions that Actelion is not sharing in the press release at this stage, the company anticipates low-single-digit growth in core operating income where consensus was expecting a low-single-digit decline in reported terms, after likely slightly positive currency impacts. This is therefore very reassuring guidance, provided it is not based on too optimistic assumptions for Tracleer generics. However, Actelion is not usually overly optimistic with numbers. We already know that it is projecting a slow ramp-up for Uptravi as it anticipates fairly long education and training progress to make physicians and nurses familiar with the uptitration recommended with the drug.

Growth trend in number of patients receiving Opsumit



VALUATION

- No change at this time, but some upgrades in numbers for 2016 are likely.

NEXT CATALYSTS

- Today 2pm: Conference Call - *Click here to download*

Analyst :
Eric Le Berrigaud
33(0) 1 56 68 75 33
eleberrigaud@bryangarnier.com

Sector Team :
Mickael Chane Du
Hugo Solvet

Utilities

Engie

Price EUR13.91

It's getting closer!

Fair Value EUR19 (+37%) BUY

Bloomberg	GSZ FP
Reuters	GSZ.PA
12-month High / Low (EUR)	19.9 / 13.8
Market Cap (EURm)	33,863
Ev (BG Estimates) (EURm)	76,568
Avg. 6m daily volume (000)	6 160
3y EPS CAGR	0.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.6%	-14.1%	-22.4%	-14.8%
Utilities	-4.2%	-10.4%	-14.0%	-7.9%
DJ Stoxx 600	-7.9%	-17.3%	-20.8%	-14.1%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	74,686	80,241	80,118	80,047
% change		*7.4%*	*-0.2%*	*-0.1%*
EBITDA	12,358	11,515	11,810	11,918
EBIT	6,574	6,540	6,696	6,647
% change		*-0.5%*	*2.4%*	*-0.7%*
Net income	3,125	2,737	2,849	2,981
% change		*-12.4%*	*4.1%*	*4.6%*

	2014	2015e	2016e	2017e
Operating margin	8.8	8.2	8.4	8.3
Net margin	4.2	3.4	3.6	3.7
ROE	5.6	5.0	5.2	5.4
ROCE	4.5	4.2	4.2	4.1
Gearing	53.2	56.6	59.3	61.5

(EUR)	2014	2015e	2016e	2017e
EPS	1.11	1.02	1.09	1.13
% change	-	*-7.8%*	*6.3%*	*3.6%*
P/E	12.5x	13.6x	12.8x	12.3x
FCF yield (%)	9.0%	4.6%	3.8%	4.4%
Dividends (EUR)	1.00	1.00	1.00	1.00
Div yield (%)	7.2%	7.2%	7.2%	7.2%
EV/Sales	1.1x	1.0x	1.0x	1.0x
EV/EBITDA	6.6x	6.6x	6.5x	6.5x
EV/EBIT	12.5x	11.7x	11.5x	11.7x

Yesterday "La Lettre de l'Expansion" indicated that Engie's new cost-cutting programme could target EUR2.8bn in gains over 2016-18, without mentioning any details on the type of reduction (opex/capex/other costs), the gross/net ratio, or the scope over which the programme is to be implemented. These rumors, combined with the disposals programmme, confirm that the group's reorganisation is well on track, making us comfortable with our Buy rating. We hope to have more details at the group's earnings presentation (25th February). Positive.

ANALYSIS

- **An ambitious new Perform plan...** Yesterday morning, **Reuters & Bloomberg** indicated (quoting "**La Lettre de l'Expansion**") that Engie could announce a new cost-cutting programmme of **EUR2.8bn** for 2016-18 during its 2015 earnings presentation (25th February). This could imply annual cost reductions of around **EUR900m** (7.8% EBITDA reduction, per year). In all, assuming the group is able to keep **100%**, this would imply a positive impact of **>24%** on the 2015e EBITDA level (>12% assuming the group keeps 50%) and 21% on our current 2018e EBITDA estimate. This further **EUR2.8bn** costs reduction programme is clearly higher than our forecasts and those of the market. In comparison, the last programmes were **1/ the 2012-15 Perform Plan** which aimed at reducing the group's cost base by **EUR1.9bn**, net of inflation costs (EUR475m/year) with a progressive ramp-up (>75% in year's two and three) and **2/the Quick reaction programme**, which aimed at further reducing the group's cost base by **EUR500m** over 2015 and 2016 (EUR250m/year). This new programme implies a doubling in the previous annual efforts the group was able to generate, leaving us skeptical about the group's ability to achieve it @ 100%. In addition, given the lack of financial details, we have no clue on the split between opex and capex savings, that could positively change the EBITDA margin. As a reminder, in our model we previously only assumed less than **EUR100m** in annual net contribution at the EBITDA level over the period, implying potential positive adjustments in our estimates once all the details of this plan are unveiled. Assuming the group keeps half of the **EUR2.8bn** programme at its EBITDA level and assuming a similar retention rate for the group's NRI than the previous Perform plan, implies a net positive impact of **>20%** on our 2018 adjusted EPS and a positive impact of **EUR1-1.5/share** on our current **EUR19/share FV**.
- **...Combined with the massive asset disposal programme...**"La Lettre de l'Expansion" also stated that the group plans to sell **EUR15-20bn** worth of assets over 2016-18, including **EUR7bn** in the short term. The group's E&P business, coal fired power plants, US plants and some infrastructure assets seem to be the targeted assets. The asset sales list also includes various other non-strategic assets, worth **EUR3-5bn**, as well as the opening of Electrabel's capital. Disposals are not new, yet given recent press rumours we assume a deal in US thermal assets is closed to being finalised (**EUR4-5bn EV**), as well as a deal in coal-fired power plants in Asia (**EUR2-3bn EV**). At the right prices, these deals could fit perfectly with the group's mid to long-term strategy to reduce its direct exposure to merchant activities, to the benefit of regulated activities.
- **...to the benefit of a new Engie**: The group's reorganisation is currently ongoing, despite the two year extension for Mr Mestrallet at the head of Engie board. Most fears over the investment case concern a potential dividend cut, assuming the new structure (post disposals, and post cost-cutting programme) is unable to correctly finance the **EUR1/share** dividend (with a 65-75% payout). Yet at the current share price we assume this risk is more than priced-in since the market is currently pricing in a cut from EUR1/share to EUR0.8/share, which we judge as quite excessive.
- **Conclusion:** We are sticking to our Buy rating with a FV unchanged at **EUR19/share.**

VALUATION

- At the current share price the stock is trading at 6.5x its 2016e EBITDA and offers a 7.2% yield
- Buy, FV @ EUR19

NEXT CATALYSTS

- 25th February 2016: 2015 earnings

Click here to download

Analyst :
Xavier Caroen
33(0) 1.56.68.75.18
xcaroen@bryangarnier.com

Luxury & Consumer Goods

L'Oréal

Price EUR150.05

FY 2015 organic sales growth set to reach 3.7% with moderate profitability gain

Fair Value EUR182 (+21%) **BUY**

Bloomberg	OR FP
Reuters	OREP.PA
12-month High / Low (EUR)	179.3 / 143.9
Market Cap (EUR)	84,028
Ev (BG Estimates) (EUR)	83,501
Avg. 6m daily volume (000)	760.6
3y EPS CAGR	7.8%

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.3%	-10.1%	-15.2%	-3.4%
Pers & H/H Gds	-0.8%	-10.8%	-12.5%	-6.8%
DJ Stoxx 600	-7.9%	-17.3%	-20.8%	-14.1%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	22,532	25,150	26,500	27,825
% change		*11.6%*	*5.4%*	*5.0%*
EBITDA	4,730	5,240	5,585	5,840
EBIT	3,890	4,380	4,705	4,940
% change		*12.6%*	*7.4%*	*5.0%*
Net income	3,128	3,480	3,755	3,947
% change		*11.2%*	*7.9%*	*5.1%*

	2014	2015e	2016e	2017e
Operating margin	17.3	17.4	17.8	17.8
Net margin	13.9	13.8	14.2	14.2
ROE	15.4	13.7	14.1	0.0
ROCE	20.7	22.4	23.0	23.2
Gearing	3.3	-2.3	-7.0	-11.0

(EUR)	2014	2015e	2016e	2017e
EPS	5.59	6.17	6.66	7.00
% change	-	*10.5%*	*7.9%*	*5.1%*
P/E	26.9x	24.3x	22.5x	21.4x
FCF yield (%)	3.3%	3.5%	3.7%	3.9%
Dividends (EUR)	2.70	3.10	3.35	3.65
Div yield (%)	1.8%	2.1%	2.2%	2.4%
EV/Sales	3.8x	3.3x	3.1x	2.9x
EV/EBITDA	17.9x	15.9x	14.7x	13.9x
EV/EBIT	21.8x	19.1x	17.5x	16.4x

At the very beginning of 2015, L'Oréal's management guided for a significant 2015 sales and EBIT increase, partly thanks to a positive FX impact but with a "moderate" EBIT margin gain. 2015 results are due out on Thursday after trading and we expect FY sales to grow 3.7% organically with no material slowdown in Q4 and a 10bp EBIT margin gain to 17.4%. Buy recommendation maintained.

ANALYSIS

- L'Oréal is due to release its 2015 results (sales and profits) on Thursday (after trading) with an analysts' meeting to be held on Friday morning. **2015 sales should reach EUR25.15bn** (consensus: EUR25.1bn)**, up 11.6% and 3.8% organically**. FX should add 6.7% to the sales increase. Cosmetics sales are expected to increase 3.8% organically. In Q4 alone, cosmetics revenues should have risen 3.7% organically following +3.8% in Q3 and on 9m. As such, we expect no clear slowdown in growth in Q4 vs Q3.

- By geographical area, growth is again set to be driven by **new markets** (+6.4% on FY) despite some slowdown in Q4 (+4.6% vs +4.8% in Q3) as the situation in **LATAM** and in **Asia** (particularly in Hong Kong, as there is no deterioration in MC in our view) remains challenging. In **western Europe**, we expect some slowdown in Q4 (+2.1%) vs Q3 (+2.5%), given the tougher comparison basis and more challenging environment following the Paris attacks on 13th November. On the other hand, we anticipate that the rebound perceived in Q3 in **North America** (+3.8%) should continue in Q4 (+3.7%). By division, the two winners are expected to be **Active Cosmetics** (+7.4%) and **Luxury Products** (+5.6%) despite some slowdown in Q4 for the latter as Travel Retail was probably affected by geopolitical issues particularly in WE. While L'Oréal probably gained market share in luxury products and active cosmetics and even in professional products (despite an almost stable market), it very likely lost some positions in the mass market, despite some regular improvement in recent quarters.

Quarterly organic cosmetics sales growth by geographical area

Chge in %	H1 15	Q3 15	9M 15	Q4 15e	2015e
Western Europe	1.9	2.5	2.1	2.1	2.1
North America	2.7	3.8	3.0	3.7	3.2
New markets	6.3	4.8	5.8	4.6	5.5
Professionnal Products	3.5	2.5	3.2	3.2	3.2
Consumer Products	1.9	3.3	2.3	2.3	2.3
Luxury Products	6.7	4.2	5.8	5.1	5.6
Active Cosmetics	7.1	8.0	7..3	7.8	7.4
Cosmetics branch	**3.8**	**3.8**	**3.8**	**3.5**	**3.7**

Source : Company Data; Bryan Garnier & Co. ests.

- **2015 EBIT margin should grow "moderately" as initially guided by L'Oréal's management** in early 2015. Profitability is expected to gain no more than10bp to 17.4% (consensus: EUR3.38bn). As in H1, EBIT margin remained almost stable at 18.1%, H2 profitability should increase close to 20bp. The main reason for this stable profitability is the FX rally since gross margin in EUR countries is higher, therefore prompting a negative mix. On the other hand, the relative weight of R&D costs will probably be lower as these costs are denominated in EUR. A&P should remain stable at 29.2% of sales thanks to higher digital investments.

VALUATION

- The stock is trading on EV/EBIT of 17.5x vs 19.5x for the historical average. EUR182 FV and Buy recommendation unchanged.

NEXT CATALYSTS

- FY 2015 results to be released on 11th February. Analysts' meeting the following morning.

Click here to download

Analyst :
Loïc Morvan
33(0) 1 70 36 57 24
lmorvan@bryangarnier.com

Sector Team :
Nikolaas Faes
Antoine Parison
Cédric Rossi
Virginie Roumage

Healthcare

Sanofi

Price EUR69.91

Decent quarterly report and reassuring guidance for 2016

Fair Value EUR90 (+29%) **NEUTRAL**

Bloomberg	SAN FP
Reuters	SASY.PA
12-month High / Low (EUR)	100.7 / 69.9
Market Cap (EURm)	91,281
Ev (BG Estimates) (EURm)	99,850
Avg. 6m daily volume (000)	3 247
3y EPS CAGR	2.1%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.4%	-19.6%	-28.8%	-11.1%
Healthcare	-11.4%	-16.8%	-20.9%	-15.9%
DJ Stoxx 600	-7.9%	-17.3%	-20.8%	-14.1%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	33,766	36,838	36,366	37,579
% change		*9.1%*	*-1.3%*	*3.3%*
EBITDA	10,625	11,050	10,329	10,595
EBIT	9,445	9,948	9,359	9,727
% change		*5.3%*	*-5.9%*	*3.9%*
Net income	6,843	7,242	6,807	7,084
% change		*5.8%*	*-6.0%*	*4.1%*

	2014	2015e	2016e	2017e
Operating margin	28.0	27.0	25.7	25.9
Net margin	20.3	19.7	18.7	18.9
ROE	12.1	12.8	11.8	11.9
ROCE	10.4	10.7	10.0	10.1
Gearing	13.3	15.1	14.1	11.0

(EUR)	2014	2015e	2016e	2017e
EPS	5.20	5.54	5.33	5.54
% change	*-*	*6.6%*	*-4.0%*	*4.1%*
P/E	13.4x	12.6x	13.1x	12.6x
FCF yield (%)	8.4%	5.7%	6.9%	6.3%
Dividends (EUR)	2.85	3.00	3.15	3.30
Div yield (%)	4.1%	4.3%	4.5%	4.7%
EV/Sales	2.9x	2.7x	2.7x	2.6x
EV/EBITDA	9.3x	9.0x	9.6x	9.3x
EV/EBIT	10.5x	10.0x	10.6x	10.1x

As Sanofi is entering a two-year transition phase with "no meaningful growth", it is fairly reassuring that the group is able to deliver in-line core EPS numbers for 2015 on which base it has formed guidance for "broadly stable" figures for 2016. This is obviously not bad at all as Q4 2015 final numbers included very high vaccines sales and a very low tax rate of 19.5%. Although share buybacks are set to make a very significant contribution (EUR1bn bought back in January alone), this should make it possible to deliver core EPS in the region of EUR5.50 once negative currency impacts are factored in i.e. only 1-2% below current consensus estimates but above ours.

ANALYSIS

- 2015 ended on a not so positive note as core EPS declined by 13% in CER terms although this was actually better than expected. However, it is fair to say that the top-line was not at the root of the quarterly beat as sales fell a bit short of expectations at EUR37,057m for the full year or about EUR70m lower than consensus. This was due to a mix of situations across the portfolio with a very good (once again) performance for Genzyme, largely driven by surprising (less and less so however) Aubagio, and also by a very strong Sanofi Pasteur, driven by flu (despite low season in the US) and by pediatric vaccines thanks to a lack of competition in Eastern Asia. This was offset by disappointing numbers for Lantus (but quite reasonable figures for Toujeo), Praluent (a mere EUR5m), for Auvi-Q (-EUR118m for the recall of products) and for Animal Health.
- The P&L structure showed no major differences compared to anticipations. We thought other revenues would be more hurt than they effectively were by lower Enbrel royalties but this was offset by higher R&D expenses and in all, business operating income was very much in line. Actually the good surprise came from the bottom part of the P&L where Sanofi benefited from lower financial expenses and lower pension interest costs to post a financial result negative by EUR76m (vs EUR138m a year ago and EUR136m anticipated), and also from a 19.5% tax rate in Q4 as the group adjusted for a change in the taxation of dividends in France. This should help 2016 too whereas we had anticipated a progressive increase in the tax rate in 2016 onwards. Moving our tax rate down from 25% to 23% would add EUR0.13 to our core EPS for the current year.
- So in the end, core EPS for 2015 came out at EUR5.64 which was even slightly above market expectations (EUR5.61). Note that the dividend proposed is EUR2.93 whereas we thought it would reach EUR3.00 but it is not a bad idea for Sanofi to keep financial flexibility. All the more so in that Sanofi should aggressively buy back shares in 2016 (already EUR1bn in January) such that shareholder returns will be significant when dividends and SBB are added-up.
- As far as 2016 goes, Sanofi anticipates "broadly stable" business EPS at CER, which based on the EUR5.64 posted for 2015, is not bad at all considering the trajectory of diabetes sales and R&D cost increases. We would be interested to hear what the expected tax rate for 2016 is and the level of the share buy-back programme factored into the guidance. Taking 23% and EUR2bn respectively would make it possible to reach about EUR5.50 in core EPS. We would anticipate a 2.5-3% negative impact from currencies on core EPS if they stay at the current level. Consensus numbers would then have to adjust marginally by something like 2-3%.

VALUATION

- Valuation is obviously attractive considering the recent correction. We see a P/E ratio of about 12-12.5x for 2016 once we adjust our current numbers. In absolute terms, risk looks limited and so we will listen carefully to the call to try measure how quickly the recovery might take place. In relative terms, we see more upside and stronger momentum in other names for the time being.

NEXT CATALYSTS

- Today 2.30pm: Conference Call

Click here to download

Analyst :
Eric Le Berrigaud
33(0) 1 56 68 75 33
eleberrigaud@bryangarnier.com

Sector Team :
Mickael Chane Du
Hugo Solvet

Return to front page

Sector View

Software and IT Services

Cognizant warning on Financial Services: what implications for our stocks under coverage?

	1 M	3 M	6 M	31/12/15
Softw.& Comp. SVS	-7.4%	-10.1%	-5.1%	-11.8%
DJ Stoxx 600	-7.9%	-17.3%	-20.8%	-14.1%

*Stoxx Sector Indices

Companies covered

ALTEN		**SELL**	**EUR46**
Last Price	EUR45,41	*Market Cap.*	*EUR1,529m*
ALTRAN TECHNOLOGIES		**BUY**	**EUR13**
Last Price	EUR9,993	*Market Cap.*	*EUR1,757m*
ATOS		**BUY**	**EUR93**
Last Price	EUR63,71	*Market Cap.*	*EUR6,596m*
AXWAY SOFTWARE		**BUY**	**EUR30**
Last Price	EUR22,19	*Market Cap.*	*EUR456m*
CAPGEMINI		**BUY**	**EUR96**
Last Price	EUR73,59	*Market Cap.*	*EUR12,670m*
CAST		**BUY**	**EUR3,9**
Last Price	EUR3,15	*Market Cap.*	*EUR51m*
DASSAULT SYSTEMES		**SELL**	**EUR63**
Last Price	EUR64,37	*Market Cap.*	*EUR16,525m*
INDRA SISTEMAS		**SELL**	**EUR9,8**
Last Price	EUR8,107	*Market Cap.*	*EUR1,331m*
SAGE GROUP		**NEUTRAL**	**570p**
Last Price	574,5p	*Market Cap.*	*GBP6,200m*
SAP		**NEUTRAL**	**EUR74**
Last Price	EUR65,98	*Market Cap.*	*EUR81,057m*
SOFTWARE AG		**BUY**	**EUR34**
Last Price	EUR29,155	*Market Cap.*	*EUR2,303m*
SOPRA STERIA GROUP		**BUY**	**EUR115**
Last Price	EUR91,2	*Market Cap.*	*EUR1,861m*
SWORD GROUP		**BUY**	**EUR28**
Last Price	EUR23,56	*Market Cap.*	*EUR221m*
TEMENOS GROUP		**BUY**	**CHF52**
Last Price	CHF43,35	*Market Cap.*	*CHF2,888m*

Yesterday, Cognizant reported FY15 results and issued a cautious guidance range due to Financial Services and Healthcare. It warned of discretionary IT projects being pushed out and of slower growth in Q1 16 due to economic concerns. The lower end of the 10-14% FY16 sales growth guidance suggests an ongoing freeze if economic concerns continue. While strategic projects are not called into question, we cannot rule out longer sales cycles. The IT stocks in our coverage that are most exposed to this are Temenos, Axway, Sopra Steria, Capgemini, Software AG, and Atos.

ANALYSIS

- **Mounting risks in Financial Services**. Yesterday Cognizant posted FY15 results in line with consensus, but issued disappointing guidance. For Q1 16, it expects a slow start with sales guidance of USD3.18-3.24bn (consensus: USD3.32bn), up 9-11%; for FY16, sales could be up 10-14% (+11% and +15% at cc) to USD13.65-14.2bn (consensus: USD14.12bn). The difference between the low-end and the high-end of the guidance range for FY16 is USD550m or 4% of sales (USD60m or 2% of sales for Q1 16). Cognizant is cautious on two sectors: 1) in BFSI (Banking, Financial Services & Insurance, 40% of sales), Q1 16 is burdened by small discretionary projects in Banking, pushed out due to the economic uncertainty that prevails at present. At this stage, strategic transformation projects (including digital) have not been called into question. FY16 revenue growth guidance is large enough to anticipate whether or not these discretionary projects will actually be launched; 2) in Healthcare, Q1 16 faces a wait-and-see attitude from customers due to the consolidation of the industry following the implementation of the Affordable Care Act.

- **Temenos is the most exposed to Banking, but risks should not be overstated**. Obviously, the IT stock that is most exposed to Financial Services is Temenos, with 100% of revenues generated with banks. Temenos' software products are not related to discretionary IT spending, but we cannot rule out that the current economic worries may delay some strategic banking transformation projects from one quarter to the next. At this stage, we doubt the risk of deal slippages increased significantly as a lot of banks have engaged a process of digital transformation, but we cannot rule out longer sales cycles in order to secure the return on investment of this type of projects. Axway has strong exposure too, with 41% of revenues in Financial Services, and Cast as well. On their hand, Software AG and SAP respectively generate 19% and 10% of their revenues in Financial Services, respectively. Finally, Dassault Systèmes and Sage are not exposed.

- **Exposure to Financial Services in IT Services: limited risk**. In IT Services, exposure to Financial Services is 26% for Capgemini, 17-18% for Atos (15% excluding Worldline), an est. 27% for Sopra Steria (o/w 8% for Sopra Banking Software), and 17% for Indra. Assuming that 5-10% of Cognizant's revenues in Financial Services is at risk for FY16, we estimate the risk to total revenues is around 1-2% for Capgemini, 1-3% for Sopra Steria and c.1% for Atos – which is more exposed to "recurring" multi-year contracts than its peers. Sword is 34% exposed, but mainly in Wholesale Finance. In High-tech Consulting, 5-10% of Altran and Alten's revenues stem from this industry.

VALUATION

- European Software: est. 14.7x 2016 and 12.9x 2017 EV/EBIT multiples.
- European IT Services: est. 9.2x 2016 and 8.3x 2017 EV/EBIT multiples.

NEXT CATALYSTS

Temenos' FY15 results on 11th February after markets close (conference call at 6.30pm CET / 5.30pm BST / 12.30pm EDT (Europe: +44 20 71 92 80 00; USA: +1 866 966 13 96).

Click here to download

Analyst :
Gregory Ramirez
33(0) 1 56 68 75 91
gramirez@bryangarnier.com

Sector Team :
Richard-Maxime Beaudoux
Thomas Coudry
Dorian Terral

Construction & Building Materials

LafargeHolcim

Price CHF35.91

Bloomberg	HOLN VX
Reuters	HOLZn.VX
12-month High / Low (CHF)	72.9 / 35.9
Market Cap (CHF)	21,794
Avg. 6m daily volume (000)	1,932

	1 M	3 M	6 M	31/12/15
Absolute perf.	-21.9%	-37.8%	-45.1%	-28.6%
Cons & Mat	-7.5%	-15.2%	-16.6%	-13.4%
DJ Stoxx 600	-7.9%	-17.3%	-20.8%	-14.1%

	2014	2015e	2016e	2017e
P/E	17.4x	17.4x	11.0x	7.9x
Div yield (%)	3.6%	3.6%	3.6%	3.6%

Departure of Wolfgang Reitzle confirmed. New anti-trust divestment order received.

Fair Value CHF60 (+67%) **SELL**

ANALYSIS

- LafargeHolcim confirmed yesterday that Mr Reitzle, currently co-Chairman of the Board, will leave the company after the AGM this year. He will become the Chairman of Linde. Wolfgang Reitzle, who joined the Holcim board in 2012, was appointed chairman in April 2014, just after the merger was announced. He replaced Rolf Soiron, who was a key player in the merger. Current Vice-Chairman Beat Hess will be proposed as new Chairman. On one hand, the departure of a Chairman in place for less than 2 years – especially in turbulent times – is certainly not positive news. On the other hand, this change will simplify the board organisation, which included two co-chairmen (the other one being ex-Lafarge CEO Bruno Lafont) and a Vice-Chairman (Mr Hess).
- Additionally, LafargeHolcim has confirmed yesterday the Indian anti-trust authority has sent a new divestment order, following the new proposal from the group to sell its shares in Lafarge India. This includes 3 cement plants with 11m tons of capacity. The initial 5.15mt was supposed to be sold to Birla for CHF750m (EV). The new disposal is part of the CHF3.5bn divestment target of LH, which will remain a strong player in India with 63mt of capacity. Of course, the question regarding the synergies (CHF1.1bn) to be allocated to India will need to be address by the management. India represents ~10% of total LH revenues and ~17% of LH Cement capacities. Lafarge India disposal process will now be launched.

VALUATION

- CHF60 derived from the application of historical EV/EBITDA multiples on our 2017 estimates.

NEXT CATALYSTS

- 2017 full year results on 17 March 2016

Eric Lemarié, elemarie@bryangarnier.com

Construction & Building Materials

LafargeHolcim

Price CHF35.91

Bloomberg	HOLN VX
Reuters	HOLZn.VX
12-month High / Low (CHF)	72.9 / 35.9
Market Cap (CHF)	21,794
Avg. 6m daily volume (000)	1,932

	1 M	3 M	6 M	31/12/15
Absolute perf.	-21.9%	-37.8%	-45.1%	-28.6%
Cons & Mat	-7.5%	-15.2%	-16.6%	-13.4%
DJ Stoxx 600	-7.9%	-17.3%	-20.8%	-14.1%

	2014	2015e	2016e	2017e
P/E	17.4x	17.4x	11.0x	7.9x
Div yield (%)	3.6%	3.6%	3.6%	3.6%

Departure of Wolfgang Reitzle confirmed. New anti-trust divestment order received.

Fair Value CHF60 (+67%) **SELL**

ANALYSIS

- LafargeHolcim confirmed yesterday that Mr Reitzle, currently co-Chairman of the Board, will leave the company after the AGM this year. He will become the Chairman of Linde. Wolfgang Reitzle, who joined the Holcim board in 2012, was appointed chairman in April 2014, just after the merger was announced. He replaced Rolf Soiron, who was a key player in the merger. Current Vice-Chairman Beat Hess will be proposed as new Chairman. On one hand, the departure of a Chairman in place for less than 2 years – especially in turbulent times – is certainly not positive news. On the other hand, this change will simplify the board organisation, which included two co-chairmen (the other one being ex-Lafarge CEO Bruno Lafont) and a Vice-Chairman (Mr Hess).
- Additionally, LafargeHolcim has confirmed yesterday the Indian anti-trust authority has sent a new divestment order, following the new proposal from the group to sell its shares in Lafarge India. This includes 3 cement plants with 11m tons of capacity. The initial 5.15mt was supposed to be sold to Birla for CHF750m (EV). The new disposal is part of the CHF3.5bn divestment target of LH, which will remain a strong player in India with 63mt of capacity. Of course, the question regarding the synergies (CHF1.1bn) to be allocated to India will need to be address by the management. India represents ~10% of total LH revenues and ~17% of LH Cement capacities. Lafarge India disposal process will now be launched.

VALUATION

- CHF60 derived from the application of historical EV/EBITDA multiples on our 2017 estimates.

NEXT CATALYSTS

- 2017 full year results on 17 March 2016

Eric Lemarié, elemarie@bryangarnier.com

Luxury & Consumer Goods

Safilo

Price EUR7.35

New partnership on-board! Swatch chooses Safilo to diversify into eyewear

Fair Value EUR14 (+90%) **BUY**

Bloomberg	SFL IM
Reuters	SFLG.MI
12-month High / Low (EUR)	15.1 / 7.4
Market Cap (EURm)	460
Avg. 6m daily volume (000)	144.9

	1 M	3 M	6 M	31/12/15
Absolute perf.	-24.9%	-35.6%	-33.2%	-31.4%
Consumer Gds	-2.9%	-11.2%	-11.9%	-9.3%
DJ Stoxx 600	-7.9%	-17.3%	-20.8%	-14.1%

	2014	2015e	2016e	2017e
P/E	10.3x	19.1x	8.0x	7.7x
Div yield (%)	1.4%	1.8%	2.2%	15.8%

ANALYSIS

- This morning Safilo and Swatch have announced a five-year partnership agreement to develop and manufacture Swatch branded eyewear, due to start as early as spring 2016. Last week during Swatch's FY 2015 sales conference call, Mr Hayek rightly declared that he would like to develop eyewear for the Swatch brand (BG ests: ~CHF800m).
- Admittedly, it is rather difficult to assess sales potential for this new collaboration: **(i)** this is Swatch's first licensing agreement and **(ii)** besides Tag Heuer (in-house production), it is the first time a pure watch brand like Swatch has attempted to diversify into eyewear since brands like Cartier (in-house production) or Tiffany (Luxottica) are jewellers above all. **However, we estimate that EUR25-30m is a fair target for the MT** considering the distribution network: *Swatch The Eyes* will initially be available through Swatch's global network and in Safilo's US retail chain Solstice (around 125 DOS) and then rolled out globally (i.e. Safilo's wholesale and Swatch's own distribution network).
- **The mass/cool segment opportunity!** In the press release, Safilo specified that *Swatch The Eyes* would be positioned in the mass/cool segment (i.e. retail price: EUR30-90) where Safilo is building up a strong brand portfolio. In addition to the successful roll-out of **Polaroid** over the past year and of ***Swatch The Eyes*** this spring, Safilo is also set to enjoy the launch of **Havaianas** (signed last September) in H2 2016. We believe this mass/cool segment harbours significant growth opportunities for Safilo since: **(i)** it is growing at a fast pace, especially in emerging markets, **(ii)** Safilo mainly faces private labels and/or small local players and **(iii)** Luxottica does not operate in this segment.

VALUATION

- Despite disappointing FX-n growth in Q4 (-2.7%) due to a weak performance in North America and in Asia-Pacific, the significant correction in the share price (-31% ytd) is unmerited in our view. We believe this announcement should go down well with the market since it confirms that Safilo continues to attract new licences and partnerships.

NEXT CATALYSTS

- Safilo is due to report FY 2015 Results on 14th March 2016.

Click here to download

Cédric Rossi, crossi@bryangarnier.com

Insurance

Scor

Price EUR29.27

Bloomberg	SCR FP
Reuters	SCOR.PA
12-month High / Low (EUR)	37.2 / 27.0
Market Cap (EUR)	5,618
Avg. 6m daily volume (000)	446.6

	1 M	3 M	6 M	31/12/15
Absolute perf.	-5.3%	-16.6%	-17.2%	-15.2%
Insurance	-12.5%	-19.3%	-20.5%	-19.3%
DJ Stoxx 600	-7.9%	-17.3%	-20.8%	-14.1%

	2014	2015e	2016e	2017e
P/E	10.6x	8.6x	10.2x	9.5x
Div yield (%)	4.8%	5.1%	5.1%	5.2%

Satisfactory January 2016 renewals, with premiums up 2% including prices down 1%

Fair Value EUR38.5 (+32%) **BUY**

ANALYSIS

- The company has reported satisfactory January 2016 renewals (c. 68% of the overall portfolio), with premiums up 2% to EUR3.0bn at constant FX. This includes a 1.0 point negative price effect.
- These numbers are slightly better than those of Hannover Re and Munich Re in terms of volume (respectively premiums -1.5% including prices -1.5% and premiums +0.7% including prices -1%).
- The company expects FY 2016 P&C premiums to reach c. EUR6.0bn, broadly in line with our estimates.
- Overall growth was driven by the US (26% of business renewed, up 300bps), as the company continues to rebuild its franchise.
- The expected gross underwriting ratio increased by c. 0.3 point. Thanks to the improved efficiency of the retrocession cover, the company expects a combined ratio close to 94% (assuming normal loss experience), which is at the higher end of the 93-94% range of the current strategic plan, yet lower than our current estimate of 94.8%.

VALUATION

- Based on our current 2016 estimates, our SOTP valuation is EUR38.5.

NEXT CATALYSTS

- FY 2015 numbers are due out on 24th February 2016.

Click here to download

Olivier Pauchaut, opauchaut@bryangarnier.com

Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

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 that could include a SWOT analysis, momentum, technical aspects or 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 that could include a SWOT analysis, momentum, technical aspects or 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 61.2% NEUTRAL ratings 29.9% SELL ratings 9%

Bryan Garnier Research Team

Healthcare Team	Pharmaceuticals	Eric Le Berrigaud *(Head of Equities)*	33 (0) 1 56 68 75 33	eleberrigaud@bryangarnier.com
	Biotech/Medtech	Mickael Chane-Du	33 (0) 1 70 36 57 45	mchanedu@bryangarnier.com
	Medtech/Biotech	Hugo Solvet	33 (0) 1 56 68 75 57	hsolvet@bryangarnier.com
Consumer Team	Luxury/Consumer Goods	Loïc Morvan	33 (0) 1 70 36 57 24	lmorvan@bryangarnier.com
	Beverages	Nikolaas Faes	33 (0) 1 56 68 75 72	nfaes@bryangarnier.com
	Retailing	Antoine Parison	33 (0) 1 70 36 57 03	aparison@bryangarnier.com
	Luxury /Consumer Goods	Cedric Rossi	33 (0) 1 70 36 57 25	crossi@bryangarnier.com
	Food & Beverages	Virginie Roumage	33 (0) 1 56 68 75 22	vroumage@bryangarnier.com
TMT	Video Games / Payments	Richard-Maxime Beaudoux	33 (0) 1 56 68 75 61	rmbeaudoux@bryangarnier.com
	Telecom	Thomas Coudry	33(0) 1 70 36 57 04	tcoudry@bryangarnier.com
	Software & IT Services	Gregory Ramirez	33 (0) 1 56 68 75 91	gramirez@bryangarnier.com
	Semiconductor	Dorian Terral	33 (0) 1 56 68 75 92	dterral@bryangarnier.com
Utilities		Xavier Caroen	33 (0) 1 56 68 75 18	xcaroen@bryangarnier.com
Insurance		Olivier Pauchaut *(Head of Research)*	33 (0) 1 56 68 75 49	opauchaut@bryangarnier.com
Hotels/Business Services		Bruno de La Rochebrochard	33 (0) 1 56 68 75 88	bdelarochebrochard@bryangarnier.com
Construction/ Infrastructures Building Materials		Eric Lemarié	33 (0) 1 70 36 57 17	elemarie@bryangarnier.com
Marketing		Sophie Braincourt	33(0) 1 56 68 75 36	sbraincourt@bryangarnier.com
Market Data & Information Systems Manager		Eric Monnier	33(0) 1 56 68 75 63	emonnier@bryangarnier.com

A copy of the Bryan Garnier & Co Limited conflicts policy in relation to the production of research is available at www.bryangarnier.com

London
Beaufort House
15 St Botolph Street
London EC3A 7BB
Tel: +44 (0) 207 332 2500
Fax: +44 (0) 207 332 2559
Authorised and regulated by the Financial Conduct Authority (FCA)

Paris
26 Avenue des Champs Elysées
75008 Paris
Tel: +33 (0) 1 56 68 75 00
Fax: +33 (0) 1 56 68 75 01
Regulated by the Financial Conduct Authority (FCA) and l Autorité de Contrôle prudential et de resolution (ACPR)

New York
750 Lexington Avenue
New York, NY 10022
Tel: +1 (0) 212 337 7000
Fax: +1 (0) 212 337 7002
FINRA and SIPC member

Geneva
rue de Grenus 7
CP 2113
Genève 1, CH 1211
Tel +4122 731 3263
Fax+4122731 3243
Regulated by the FINMA

New Delhi
The Imperial Hotel
Janpath
New Delhi 110 001
Tel +91 11 4132 6062
+91 98 1111 5119
Fax +91 11 2621 9062

BRYAN, GARNIER & CO

Disclaimer:

Bryan Garnier & Co Limited, registered in England Number 03034095 with registered office : Beaufort House 15 St Botolph Street, London EC3A 7BB , United Kingdom and its MIFID branch registered in France Number 452 605 512 with registered office : 26, Avenue des Champs Elysées 75008 Paris , France. Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority (Firm Reference Number 178733) and is a member of the London Stock Exchange.

This Report may not be reproduced, distributed or published by you for any purpose except with the Firms' prior written permission. The Firm reserves all rights in relation to this Report.

Past performance information contained in this Report is not an indication of future performance. The information in this report has not been audited or verified by an independent party and should not be seen as an indication of returns which might be received by investors. Similarly, where projections, forecasts, targeted or illustrative returns or related statements or expressions of opinion are given ("Forward Looking Information") they should not be regarded as a guarantee, prediction or definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. A number of factors, in addition to the risk factors stated in this Report, could cause actual results to differ materially from those in any Forward Looking Information.

Important information - This report may contain "Independent" and "Corporate/Non-independent" research reports.

Unless stated otherwise, documents in this report are classified under the FCA Handbook as being investment research (independent research). Bryan Garnier & Co Limited has in place the measures and arrangements required for investment research as set out in the FCA's Conduct of Business Sourcebook.

Independent investment research reports:

Independent investment research reports are prepared by Bryan Garnier & Co Limited and are distributed only to clients of Bryan Garnier & Co Limited (the "Firm"). Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

These reports are provided for information purposes only and do not constitute an offer, or a solicitation of an offer, to buy or sell relevant securities, including securities mentioned in this Report and options, warrants or rights to or interests in any such securities. These reports are for general circulation to clients of the Firm and as such are not, and should not be construed as, investment advice or a personal recommendation. No account is taken of the investment objectives, financial situation or particular needs of any person. The information and opinions contained in these reports have been compiled from and are based upon generally available information which the Firm believes to be reliable but the accuracy of which cannot be guaranteed. All components and estimates given are statements of the Firm, or an associated company's, opinion only and no express representation or warranty is given or should be implied from such statements. All opinions expressed in these reports are subject to change without notice. To the fullest extent permitted by law neither the Firm nor any associated company accept any liability whatsoever for any direct or consequential loss arising from the use of these reports. Information may be available to the Firm and/or associated companies which is not reflected in these reports. The Firm or an associated company may have a consulting relationship with a company which is the subject of these reports.

Corporate or Non-Independent investment research reports:

Non-independent research reports are prepared by Bryan Garnier & Co Limited and are being distributed only to clients of Bryan Garnier & Co Limited (the "Firm"). Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

These reports have been sent to you for marketing purposes only and are non-independent research within the meaning of the FCA rules. These reports are not being held out as an objective or independent explanation of the matters contained in them and should not be treated as such. These reports have not been prepared in accordance with the legal requirements designed to promote the independence of investment research. The Firm is not subject to any prohibition on dealing ahead of the dissemination of investment research.

These reports usually focus on emerging European growth companies. The contents of these reports as well as the other research documents on emerging growth stocks do not contain the Firm's usual stock ratings. The intrinsic value analysis is presented to provide a framework for stock valuation and discussion, and represents an estimated value on the date of publishing, which may be subject to change without notice.

The Firm's rationale for not having ratings on the stock includes the fact that such stock may have limited market capitalisation and liquidity and while the Firm may express an opinion on the near-term movement of the stock, what action investors should take depends on many factors, including liquidity/risk tolerance, holdings timeframe and investment philosophy. Emerging companies evolve rapidly with a continuous flow of information that can significantly impact the company and in the Firm's opinion this cannot be reflected by a periodic rating. Additionally, the Firm may have an advisory relationship with the company which is the subject of these reports, including for the production of sponsored research, and may expect to receive or intend to seek compensation for investment banking services from that company in the six months following the date of these reports.

To the fullest extent permitted by law, the Firm does not accept any liability whatsoever for any direct or consequential loss arising from any use of the information contained in these reports. Information may be available to the Firm which is not reflected in these reports. They are provided for information purposes only and do not constitute an offer or solicitation to buy or sell any of the securities discussed in them. These reports are for general circulation to clients of the Firm and as such are not, and should not be construed as, investment advice or a personal recommendation. No account is taken of the investment objectives, financial situation or particular needs of any person.

Disclosures specific to clients in the United Kingdom

This Report has not been approved by Bryan Garnier & Co Limited for the purposes of section 21 of the Financial Services and Markets Act 2000 because it is being distributed in the United Kingdom only to persons who have been classified by Bryan Garnier & Co Limited as professional clients or eligible counterparties. Any recipient who is not such a person should return the Report to Bryan Garnier & Co Limited immediately and should not rely on it for any purposes whatsoever.

Notice to US investors

This research report (the "Report") was prepared by Bryan Garnier & Co Limited for information purposes only. The Report is intended for distribution in the United States to "Major US Institutional Investors" as defined in SEC Rule 15a-6 and may not be furnished to any other person in the United States. Each Major US Institutional Investor which receives a copy of this Report by its acceptance hereof represents and agrees that it shall not distribute or provide this Report to any other person. Any US person that desires to effect transactions in any security discussed in this Report should call or write to our US affiliated broker, Bryan Garnier Securities, LLC. 750 Lexington Avenue, New York NY 10022. Telephone: 1-212-337-7000.

This Report is based on information obtained from sources that Bryan Garnier & Co. Ltd. believes to be reliable and, to the best of its knowledge, contains no misleading, untrue or false statements but which it has not independently verified. Neither Bryan Garnier & Co. Ltd. and/or Bryan Garnier Securities LLC make no guarantee, representation or warranty as to its accuracy or completeness. Expressions of opinion herein are subject to change without notice. This Report is not an offer to buy or sell any security.

Bryan Garnier Securities, LLC and/or its affiliate, Bryan Garnier & Co Limited may own more than 1% of the securities of the company(ies) which is (are) the subject matter of this Report, may act as a market maker in the securities of the company(ies) discussed herein, may manage or co-manage a public offering of securities for the subject company(ies), may sell such securities to or buy them from customers on a principal basis and may also perform or seek to perform investment banking services for the company(ies).

Bryan Garnier Securities, LLC and/or Bryan Garnier & Co Limited are unaware of any actual, material conflict of interest of the research analyst who prepared this Report and are also not aware that the research analyst knew or had reason to know of any actual, material conflict of interest at the time this Report is distributed or made available....