



Please find our Research on Bloomberg BRYG <GO>

15th February 2016

## BG's Wake Up Call



	Last close	Daily chg (%)	Chg YTD (%)
<b>Indices</b>			
Dow Jones	15973.84	+2.00%	-8.33%
S&P 500	1864.78	+1.95%	-8.77%
Nasdaq	4337.51	+1.66%	-13.38%
Nikkei	16022.58	+7.16%	-21.44%
Stoxx 600	312.412	+2.91%	-14.60%
CAC 40	3995.06	+2.52%	-13.84%
<b>Oil /Gold</b>			
Crude WTI	29.18	+8.96%	-21.56%
Gold (once)	1233.78	-1.14%	+16.13%
<b>Currencies/Rates</b>			
EUR/USD	1.1244	-0.88%	+3.51%
EUR/CHF	1.0984	-0.50%	+1.01%
German 10 years	0.264	+49.49%	-58.46%
French 10 years	0.643	+9.95%	-34.49%
Euribor	-0.183	+2.24%	+39.70%

### Economic releases :

Date	
15th-Feb	JP - GDP 4Q (-1.4% A, -0.8%E) CN - Trade Balance Jan. (406.2b A, 389.01b E) EUZ - Trade Balance EUZ - Draghi's speaks in EU Parliament

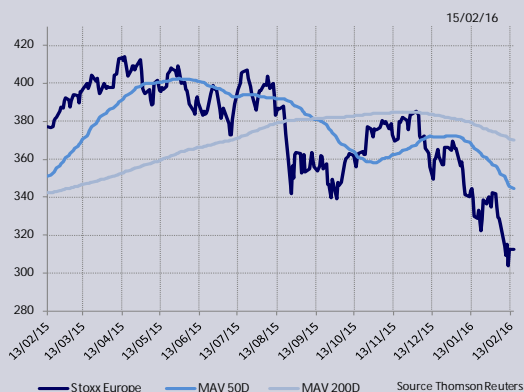
### Upcoming BG events :

Date	
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)
23rd-Mar	EIFFAGE (BG Luxembourg with IR)

### Recent reports :

Date	
11th-Feb	Penon : At any price?
2nd-Feb	French toll roads: safe harbour in difficult times
1st-Feb	An aisle-end stock, but not a bargain
27th-Jan	Worldpay : An aisle-end stock, but not a bargain
25th-Jan	BioTechnology Last mark down on biotech!
20th-Jan	SAINT GOBAIN : France likely to be a positive catalyst in 2016

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



### KORIAN

**BUY vs. SELL, Fair Value EUR30 vs. EUR38 (+30%)**

*Don't throw the baby out with the bath water!*

Following the decision by the Board of Directors last November to remove Yann Coléou with immediate effect, we decided to downgrade our recommendation from Buy to Sell, maintaining our numbers with no tangible factor likely to affect our estimates. Since this move, the share has underperformed its main competitor (-18% vs. Orpea and -23% in absolute term) with an acceleration following the 2015 profit warning due to results resetting (no cash impacts). Considering 1) the massive stock adjustment, 2) bad news that is in our view mostly behind us, 3) the upcoming action plan to restore performance (23rd March) and 4) strong sector fundamentals, we have upgraded our recommendation to Buy with a FV of EUR30 using a DCF with forecasts lower than the recently adjusted consensus.

### L'ORÉAL

**BUY, Fair Value EUR178 vs. EUR182 (+19%)**

*Confidence in 2016*

Friday's analysts' meeting gave L'Oréal's management the opportunity to review 2015 figures and also discuss 2016 prospects. Although we are maintaining our 2016 organic sales growth figure (+4.2%), we have reduced our reported sales due to a 1.5% negative FX effect. Consequently, we have reduced our FV from EUR182 to EUR178. Buy maintained.

### ILIAD

**BUY, Fair Value EUR270 (+28%)**

*Orange and Bouygues close to an agreement*

According to the Journal Du Dimanche, Orange and Bouygues Telecom are close to an agreement for the merger of the two companies. A project could be presented on Tuesday, together with Orange's annual results. Le Figaro is saying an agreement has been reached between all stakeholders for the dismantling of assets, but negotiations are still difficult regarding a number of liabilities. This latest news reinforces our belief that French market consolidation will happen, and Iliad will greatly benefit from it.

### TEMENOS GROUP

**BUY, Fair Value CHF53 (+25%)**

*Feedback from Capital Markets Day: clearly outpacing competition*

We reiterate our Buy rating following the Capital Markets Day held on Friday last week in London. The key takeaways of this event were that: 1) 2015 was a landmark year and the focus is now on how to raise the excellent momentum with tier-1/2 banks to the next level with partners, 2) Market drivers are structural while Cognizant's warning for Banking is related to discretionary IT spending, 3) the competition has been left behind, while Temenos has made the right strategic choices in our view.

### In brief...

**DBV TECHNOLOGIES, DBV's FY 2015 cash position**

Healthcare

**Korian**

Price EUR23.17

**Don't throw the baby out with the bath water!**

Fair Value EUR30 vs. EUR38 (+30%)

BUY vs. SELL

Bloomberg	KORI.FP
Reuters	KORI.PA
12-month High / Low (EUR)	36.3 / 23.2
Market Cap (EUR)	1,841
Ev (BG Estimates) (EUR)	3,388
Avg. 6m daily volume (000)	127.0
3y EPS CAGR	-0.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-24.7%	-34.7%	-27.7%	-31.2%
Healthcare	-10.3%	-14.3%	-18.0%	-15.3%
DJ Stoxx 600	-9.0%	-16.1%	-18.4%	-14.6%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	2,500	2,579	2,931	3,009
% change		3.2%	13.6%	2.7%
EBITDA	358	344	378	398
EBIT	235.6	231.0	255.2	274.9
% change		-2.0%	10.5%	7.7%
Net income	112.8	99.1	104.1	116.0
% change		-12.1%	5.0%	11.4%

	2014	2015e	2016e	2017e
Operating margin	9.4	9.0	8.7	9.1
Net margin	4.2	3.8	3.6	3.9
ROE	4.9	5.0	5.0	5.2
ROCE	3.0	2.9	3.0	3.1
Gearing	78.2	76.4	82.0	72.8

(EUR)	2014	2015e	2016e	2017e
EPS	1.42	1.23	1.28	1.41
% change	-	-13.2%	3.8%	10.1%
P/E	16.3x	18.8x	18.1x	16.5x
FCF yield (%)	9.3%	11.7%	12.9%	12.9%
Dividends (EUR)	0.60	0.60	0.60	0.60
Div yield (%)	2.6%	2.6%	2.6%	2.6%
EV/Sales	1.3x	1.3x	1.2x	1.2x
EV/EBITDA	9.3x	9.8x	9.5x	8.8x
EV/EBIT	14.1x	14.7x	14.1x	12.8x

Following the decision by the Board of Directors last November to remove Yann Coléou with immediate effect, we decided to downgrade our recommendation from Buy to Sell, maintaining our numbers with no tangible factor likely to affect our estimates. Since this move, the share has underperformed its main competitor (-18% vs. Orpea and -23% in absolute term) with an acceleration following the 2015 profit warning due to results resetting (no cash impacts). Considering 1) the massive stock adjustment, 2) bad news that is in our view mostly behind us, 3) the upcoming action plan to restore performance (23<sup>rd</sup> March) and 4) strong sector fundamentals, we have upgraded our recommendation to Buy with a FV of EUR30 using a DCF with forecasts lower than the recently adjusted consensus.

**ANALYSIS**

- **Base results reset:** Following the FY 2015 revenue publication, the new management team lowered 2015 EBITDA margin by 100bps vs. last year (2014 EBITDA margin of 14.3%) compared with previous guidance for "a solid operating margin". Restatement was mainly due to **Germany** (2/3 of EBITDA adjustment) and **France**, both regions where new CFOs were appointed at the end of the year (respectively Philippe Misteli, former CFO of Kaufman & Braod and Laurence Branthomme, former CFO for American Express Voyages d'affaires in France). Remember that the restatement represents c. EUR30m o/w EUR21/22m due to the reclassification of personnel and IT expenses in Germany (EUR13/14m) and France (EUR7m), plus EUR7m linked to a lower than expected operating performance in H2 (60% stemming from Germany for bad check charges and 40% from France for social harmonisation between the former Medica and Korian employees).
- **In our view, 2016 should be a year of transition...:** Despite those adjustments with the arrival of Sophie Boissard the new CEO at the end of January, and Laurent Lemaire the new CFO on 26th February and the implementation of the action plan to be announced at the FY 2015 results meeting on 23rd March, 2016 could be another a year of transition. Taking into account this scenario, we estimate that lfl revenue growth should be at 2.7%, lower than guidance from management for 3%, with EBITDA margin under further pressure and down by 50bps at 12.9%. With such results, we are lower than the consensus by EUR20m on EBITDA at EUR378m vs. EUR398m (same situation for 2017e at EUR398m compared with consensus at EUR426m).

**Main changes**

	2015e			2016e			2017e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
SALES	2 593	2 579	-0,5%	3 002	2 931	-2,4%	3 127	3 009	-3,8%
EBITDA	375	344	-8,1%	425	378	-11,0%	455	398	-12,6%
	14,4%	13,4%	-109 bp	14,2%	12,9%	-124 bp	14,6%	13,2%	-133 bp
EBIT	263	231	-12,2%	299	255	-14,6%	327	275	-16,0%
	10,1%	9,0%	-119 bp	10,0%	8,7%	-124 bp	10,5%	9,1%	-133 bp
EPS	1,47	1,23	-16,4%	1,69	1,28	-24,5%	1,94	1,41	-27,5%

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

- **...but valuation looks attractive even in such scenario:** Based on these estimates and using a DCF with a WACC at 6.3% taking into account a leverage beta of 1.2x and a long term growth of 2.5% with EBIT margin of 9.5% compared with 8.7% in 2016e (for Orpea our long term EBIT margin is 13%), our valuation reaches nearly EUR32. Our OpCo-PropCo moves to EUR27.5.

**VALUATION**

- At the current share price, the stock is trading on 2016e EV/EBITDA of 9.5x and 8.8x for 2017e compared with an EBITDA CAGR 2015-2018 of 7%.
- We expect that restated financial leverage (Net debt - real estate debt)/ EBITDA -6,5% Real estate debts) should be at 3.4x for 2015e and 3.7x for 2016 including Casa Reha, compares with covenant of 4.5x. Remember that real estate historical valuation reached EUR860m at the end of H1 2015.

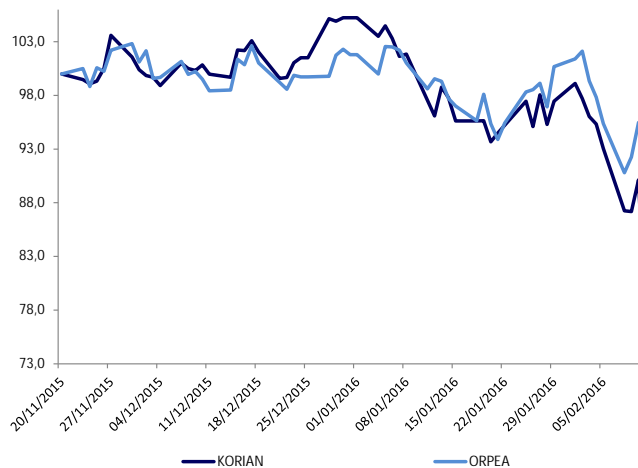
(to be continued next page)



**NEXT CATALYSTS**

- Laurent Lemaire, new CFO arrival on 26th February
- FY 2015 results on 23rd March (after market)

**Comparative performance between Korian and Orpea since the removal of Yann Coléou on 20<sup>th</sup> November 2015**



*[Click here to download](#)*



**Analyst :**  
 Bruno de La Rochebrochard  
 33(0) 1 56 68 75 88  
[bdelarochebrochard@bryangarnier.com](mailto:bdelarochebrochard@bryangarnier.com)

Luxury & Consumer Goods

**L'Oréal**

Price EUR150.15

**Confidence in 2016**

Fair Value EUR178 vs. EUR182 (+19%)

**BUY**

Friday's analysts' meeting gave L'Oréal's management the opportunity to review 2015 figures and also discuss 2016 prospects. Although we are maintaining our 2016 organic sales growth figure (+4.2%), we have reduced our reported sales due to a 1.5% negative FX effect. Consequently, we have reduced our FV from EUR182 to EUR178. Buy maintained.

**ANALYSIS**

- In 2015, L'Oréal grew almost in line with the near 3.9% growth seen in the global cosmetics market with no outperformance if we include The Body Shop. Taking into account the cosmetics branch alone, L'Oréal outperformed the cosmetic market slightly (1.1x - see table below). This historically poor performance was due to one division, namely **consumer products** (48% of cosmetic sales) sales in which rose by only 2.5% while the market was up 4%, implying an acceleration by the market versus 2014 (+3.5%). This was the second consecutive year of underperformance for this division which was clearly The big disappointment of 2015. Fortunately, all the other divisions outperformed the market and particularly the **professional products** which grew 2.3x faster than the market (up only 1.5% vs +1% in 2014) where growth picked up slightly, particularly in the US. **The luxury products** division outperformed the very dynamic market (+5.5%) with a 6.1% increase (ie 1.1x faster). Lastly, the **active cosmetics** division was the best performer last year and grew 1.4x faster than the dermo cosmetics market.
- As expected, 2015 EBIT margin increased slightly (+10bp to 17.4%). It is worth noting that gross margin increased 10bp to 71.2% despite a 80bp negative forex effect (both transaction and conversion effect) due to a weak euro against most other currencies. Nevertheless, this implied a 100bp improvement prompted by other factors (raw materials, production efficiency...).
- For 2016, L'Oréal's management expects a market increase close to last year's level (between 3.5 and 4%). Management expects slightly better market momentum in North America and in Western Europe (excluding France where the pricing war between retailers is affecting market growth) while the situation in Brazil cannot be worse than in 2015. On the other hand, the environment in MC is not expected to improve in coming months.
- The Group's CEO, Jean-Paul Agon, was very clear on the target to really outperform the market this year and also very confident that this could be achieved especially thanks to a progressive outperformance by consumer products given the aggressive launch pipeline, particularly with the Garnier brand (in the hair care and skin care segments). We do not doubt that other divisions should also be able to outperform the market again. As such, we maintain our target for 4.2% organic sales growth, but remain cautious for Q1 as the 2016 launch phasing will be much more effective from Q2, while the comparison basis is also tough for Q1 (+4% in Q1 2015), particularly in LATAM (+10%). Nevertheless, we have lowered our reported 2016 sales since we have introduced into our model a 1.5% negative FX impact given some negative moves for emerging currencies, particularly the NCY or the BRL.
- Concerning EBIT, L'Oréal expects a profitability gain even if management preferred to neither "quantify nor qualify" this improvement. We argue that EBIT margin could increase by 30bp to 17.7%. This gain should be driven by gross margin (+40bp to 71.6%) as FX should have no further negative impact and others factors (see above) should remain well oriented. L'Oréal will act also in order to improve its market share, implying perhaps some higher A&P as % of sales.
- Lastly, we would highlight that after a year with a virtually stable pay-out ratio at 50.2% (50.6% in 2014) but a 14.7% dividend increase, we expect a P/O increase in 2016 in order to achieve what is, in our view, the ultimate group management target which is to increase the dividend by at least 10% per year on average over a long period as was the case between 2007 and 2015 (+10.6%).

**VALUATION**

- The stock is trading at 17.9x on 2016 EV/EBIT. FV EUR178 vs EUR182 previously. Buy maintained.

(continued next page)

Bloomberg	OR FP
Reuters	OREP.PA
12-month High / Low (EUR)	179.3 / 143.9
Market Cap (EURm)	84,084
Ev (BG Estimates) (EURm)	83,546
Avg. 6m daily volume (000)	779.5
3y EPS CAGR	7.2%

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.0%	-10.5%	-8.8%	-3.3%
Pers & H/H Gds	-3.1%	-10.7%	-7.9%	-7.7%
DJ Stoxx 600	-9.0%	-16.1%	-18.4%	-14.6%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	22,532	25,257	26,030	27,332
% change		12.1%	3.1%	5.0%
EBITDA	4,730	5,248	5,490	5,782
EBIT	3,890	4,388	4,610	4,882
% change		12.8%	5.1%	5.9%
Net income	3,128	3,491	3,665	3,889
% change		11.6%	5.0%	6.1%

	2014	2015e	2016e	2017e
Operating margin	17.3	17.4	17.7	17.9
Net margin	13.9	13.8	14.1	14.2
ROE	15.4	13.7	14.2	0.0
ROCE	20.7	22.4	22.6	22.9
Gearing	3.3	-2.3	-6.7	-10.5

(EUR)	2014	2015e	2016e	2017e
EPS	5.59	6.18	6.49	6.88
% change		10.6%	5.0%	6.1%
P/E	26.9x	24.3x	23.1x	21.8x
FCF yield (%)	3.3%	3.5%	3.6%	3.8%
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	3.2x	3.0x
EV/EBITDA	17.9x	15.9x	15.0x	14.1x
EV/EBIT	21.8x	19.0x	17.9x	16.7x



**NEXT CATALYSTS**

- Q1 2016 sales to be reported in Mid April.

Cosmetic market and L'Oréal performance in 2015			
Lfl chge in %	Market	L'Oréal	dev (%)
Western Europe	1.0	2.3	2.3
North America	3.7	3.5	0.9
New markets	5.0	6.0	1.2
Professionnal Products	1.5	3.4	2.3
Consumer Products	4.0	2.5	0.6
Luxury Products	5.5	6.1	1.1
Active Cosmetics	5.5	7.8	1.4
<b>Cosmetics branch</b>	<b>3.8</b>	<b>4.1</b>	<b>1.1</b>

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

[Click here to download](#)



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

**Sector Team :**  
Nikolaas Faes  
Antoine Parison  
Cédric Rossi  
Virginie Roumage

TMT

**Iliad**

Price EUR210.15

**Orange and Bouygues close to an agreement**

Fair Value EUR270 (+28%)

**BUY**

Bloomberg	ILD FP
Reuters	ILD.PA
12-month High / Low (EUR)	235.1 / 175.5
Market Cap (EURm)	12,332
Ev (BG Estimates) (EURm)	13,455
Avg. 6m daily volume (000)	98.20
3y EPS CAGR	27.2%

According to the Journal Du Dimanche, Orange and Bouygues Telecom are close to an agreement for the merger of the two companies. A project could be presented on Tuesday, together with Orange's annual results. Le Figaro is saying an agreement has been reached between all stakeholders for the dismantling of assets, but negotiations are still difficult regarding a number of liabilities. This latest news reinforces our belief that French market consolidation will happen, and Iliad will greatly benefit from it.

**ANALYSIS**

- The JDD said on Sunday that Orange and Bouygues Telecom are very close to an agreement. Negotiations should conclude by the week-end, with an objective to announce a preliminary agreement together with Orange's annual results on Tuesday morning. Orange denied this, saying there will be no announcement on Tuesday.
- JDD reports that negotiations were close to breaking up last week, but Iliad finally agreed to put more money into the deal in exchange for more lower frequencies. Someone familiar with the matter said an agreement was found on Thursday and Martin Bouygues and Stephane Richard met to record the terms of the agreement.
- Le Figaro reported on Saturday that Martin Bouygues accepted a stake of 10% in Orange's capital, and would be willing to sign a letter of intent to the AMF with a commitment to cap its stake. The French State would be willing to give one or two seats to Bouygues at the board.
- According to Le Figaro, Iliad will buy out EUR2bn worth of network assets and frequencies. This is a little more than we expected, mostly due to a greater number of frequencies. Low level frequencies could help Free recruit more valuable customer and we only partially included this in our calculations.
- According to Le Figaro, Iliad should also buy customers from Bouygues Telecom, at a price a little below 2x revenues, which seems like a good price to us. This effect is not yet included in our Fair Value calculation.
- According to Le Figaro, Iliad could also buy about 50 shops from Bouygues Telecom. This should help boost Free's sales and this is not included in our Fair Value.
- Le Figaro notes that there were still disagreements on a number of liabilities: fiscal impact of added value on assets sold by Orange and dismantling costs of Bouygues Telecom (IT, premises...). These costs will need to be shared between the buyers.
- The value and nature of assets that will eventually be bought by Iliad should be looked at carefully. At this point, we are maintaining our Fair Value of EUR270, and reiterating our BUY recommendation.

**VALUATION**

- We are making no change to our estimates at this point and will wait for further details about the deal.

**NEXT CATALYSTS**

- Orange's annual results, 16th February.
- Iliad's annual results, 10th March.

[Click here to download](#)

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.8%	4.5%	-3.0%	-4.5%
Telecom	-9.5%	-16.0%	-19.4%	-12.4%
DJ Stoxx 600	-9.0%	-16.1%	-18.4%	-14.6%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	4,168	4,428	4,782	5,149
% change		6.2%	8.0%	7.7%
EBITDA	1,284	1,507	1,761	2,062
EBIT	0.0	0.0	0.0	0.0
% change		NM	NM	NM
Net income	278.4	350.2	426.8	582.6
% change		25.8%	21.9%	36.5%

	2014	2015e	2016e	2017e
Operating margin	13.7	15.6	17.0	20.9
Net margin	6.7	7.9	8.9	11.3
ROE	12.3	13.3	14.1	16.2
ROCE	9.7	10.5	10.3	12.1
Gearing	46.9	42.5	46.1	32.7

(EUR)	2014	2015e	2016e	2017e
EPS	4.73	5.85	7.13	9.73
% change	-	23.7%	21.9%	36.4%
P/E	44.4x	35.9x	29.5x	21.6x
FCF yield (%)	NM	0.5%	NM	2.8%
Dividends (EUR)	0.36	0.38	0.38	0.38
Div yield (%)	0.2%	0.2%	0.2%	0.2%
EV/Sales	3.2x	3.0x	2.9x	2.6x
EV/EBITDA	10.5x	8.9x	7.8x	6.6x
EV/EBIT	NS	NS	NS	NS



Analyst :  
 Thomas Coudry  
 33(0) 1 70 36 57 04  
 tcoudry@bryangarnier.com



Sector Team :  
 Richard-Maxime Beaudoux  
 Gregory Ramirez  
 Dorian Terral

TMT

**Temenos Group**

Price CHF42.45

**Feedback from Capital Markets Day: clearly outpacing competition**

Fair Value CHF53 (+25%)

**BUY**

Bloomberg	TEMN SW
Reuters	TEMN.SW
12-month High / Low (CHF)	52.0 / 29.3
Market Cap (CHFm)	2,828
Ev (BG Estimates) (CHFm)	2,961
Avg. 6m daily volume (000)	222.1
3y EPS CAGR	23.3%

We reiterate our Buy rating following the Capital Markets Day held on Friday last week in London. The key takeaways of this event were that: 1) 2015 was a landmark year and the focus is now on how to raise the excellent momentum with tier-1/2 banks to the next level with partners, 2) Market drivers are structural while Cognizant's warning for Banking is related to discretionary IT spending, 3) the competition has been left behind, while Temenos has made the right strategic choices in our view.

**ANALYSIS**

- 2015 was a landmark year for Temenos in many regards.** First, it signed all the largest deals in the market, with Nordea in Core Banking (Temenos' largest deal ever) and Julius Bär in Wealth Management (in that area Temenos had a 100% win rate), increased scale in the US with the signing of a top 25 bank and USD25m of qualified pipeline built over the past six months, significant progress in Digital (front office, real time campaigns, embedded analytics), the signing of Temenos' first regulated bank on the Microsoft Azure cloud platform, and better traction from partners (Accenture, Capgemini...). The acquisition of Multifonds provides access to fund services and asset management with significant new and installed base opportunities. As such, many competitors like Oracle FSS, FIS, Misys, Infosys and TCS have been left behind in Temenos' core markets.
- Market drivers are structural.** Temenos estimates its addressable market will rise in the medium-term to USD11bn from USD8bn (+8% p.a.) while the penetration rate of third-party software vendors is still low (18%). Segments with the highest potential are Payments (+11%), Fund administration (+10%), Business intelligence (+9%), Wealth management (+7%), Channels (+6%) and Core banking (+5%). Growth drivers remain unchanged and structural, i.e. changing competition, technology, regulation and customer for banks. Core banking renewal with solutions like those of Temenos provide banks with a productised, scalable and open core with an integrated front and back office with real time processing and embedded analytics. In addition, a modern core is a prerequisite for Digital. As such, renovating the core remains strategic for banks in order to stay in the race and improve their ROE which remains 6ppt below historical levels.
- Medium-term targets and growth strategy.** Shareholder value drivers are unchanged, i.e. substantial revenue growth (medium-term target of +10% p.a., o/w +15% p.a. on licensing, SaaS & subscriptions, significant recurring sales growth), margin expansion (+1ppt/+1.5ppt p.a., EPS medium-term target of +15% p.a.), significant free cash flow (100%+ of EBITDA, driven by DSOs down 10-15 days p.a. over the medium-term), and disciplined capital allocation. Temenos' medium-term revenue growth is expected to be driven by: 1) Total licensing revenues with tier-1/2 banks engaged in progressive renovation (1.5-2x the USD105m reported for 2015) as they buy an average of USD3-5m additional new license p.a, 2) The maximisation of the installed base (+15%/+20% p.a. on multi-product penetration, progressive renovation and relicensing), 3) North America (+35% CAGR in order to reach 25%+ of sales vs. 17% in 2015); 4) SaaS and subscriptions (+20% CAGR in order to reach 20% of sales vs. 15% in Q4 15).
- Financial flexibility for acquisitions.** With end-2015 leverage of 1.3x EBITDA and USD725m in available financing (average rate of 3.7% for a maturity of 2.6 years), Temenos is flexible to pursue acquisitions up to 2x EBITDA in accordance to its M&A strategy (focus on key markets and segment, gaining scale in specific areas or countries, and complementary products).

**VALUATION**

- Temenos' shares are trading at est. 15.3x 2016 and 12.8x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was USD267.2m (net gearing: 71%).

**NEXT CATALYSTS**

Q1 2016 results on 19<sup>th</sup> April after markets close.

	1 M	3 M	6 M	31/12/15
Absolute perf.	-9.8%	-11.8%	20.9%	-18.3%
Softw. & Comp.	-10.9%	-11.1%	-3.1%	-12.7%
DJ Stoxx 600	-9.0%	-16.1%	-18.4%	-14.6%

YEnd Dec. (US\$m)	2015	2016e	2017e	2018e
Sales	542.5	608.8	672.5	741.9
% change		12.2%	10.5%	10.3%
EBITDA	202	247	277	309
EBIT	96.8	144.5	175.6	205.8
% change		49.4%	21.5%	17.2%
Net income	115.7	153.4	179.6	207.0
% change		32.6%	17.1%	15.3%

	2015	2016e	2017e	2018e
Operating margin	28.9	32.4	33.5	34.5
Net margin	12.2	17.4	19.9	21.8
ROE	17.7	23.5	24.3	22.6
ROCE	22.3	29.4	36.6	46.3
Gearing	71.2	30.3	-3.2	-33.4

(US\$)	2015	2016e	2017e	2018e
EPS	1.58	2.19	2.57	2.96
% change	-	38.8%	17.1%	15.3%
P/E	27.5x	19.8x	16.9x	14.7x
FCF yield (%)	5.1%	5.5%	6.5%	7.6%
Dividends (US\$)	0.45	0.50	0.55	0.60
Div yield (%)	1.0%	1.2%	1.3%	1.4%
EV/Sales	5.8x	5.0x	4.3x	3.6x
EV/EBITDA	15.7x	12.3x	10.4x	8.6x
EV/EBIT	20.2x	15.3x	12.8x	10.4x



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

Sector Team :  
 Richard-Maxime Beaudoux  
 Thomas Coudry  
 Dorian Terral

Healthcare

**DBV Technologies**

Price EUR41.00

**DBV's FY 2015 cash position**

Fair Value EUR92 (+124%)

**BUY**

Bloomberg	DBV FP
Reuters	DBV.PA
12-month High / Low (EUR)	81.0 / 37.8
Market Cap (EURm)	988
Avg. 6m daily volume (000)	49.60

	1 M	3 M	6 M	31/12/15
Absolute perf.	-29.2%	-37.4%	-41.7%	-38.3%
Healthcare	-10.3%	-14.3%	-18.0%	-15.3%
DJ Stoxx 600	-9.0%	-16.1%	-18.4%	-14.6%

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

**ANALYSIS**

- DBV has published FY 2015 cash & cash equivalents standing at EUR324m, which should provide the company a bridge until commercialisation of Viaskin in peanut allergy towards late 2018. We would expect roughly EUR120m to finance the ongoing PEPITES phase III trial and studies at an earlier development phase while 1) around EUR100m should be used to build a sales force in the US and 2) the remainder should be used to finance structural costs. As a reminder, expenses to ramp-up production should be marginal in our view as four production lines needed to meet anticipated demand at peak should represent investments of less than EUR10m.
- Results from the CoFAR6 phase II study led by the NIH should be presented at the AAAAI on 4<sup>th</sup> March. While results should provide an increased understanding of the EPIT's mechanism of action, we would not expect results to be statistically significant as the study was not powered to.

**VALUATION**

- We reiterate our BUY rating and EUR92 Fair Value.
- The current share price of EUR41 does not take into account Viaskin Peanut's potential in the US which we estimate at EUR53 per share. Cash amounts to EUR10 per share of our fair value.

**NEXT CATALYSTS**

- 4th – 7th March: American Academy of Allergy, Asthma and Immunology
- 7th April: FY2015 results

[Click here to download](#)

Hugo Solvet, [hsolvet@bryangarnier.com](mailto:hsolvet@bryangarnier.com)



## BG's Wake Up Call

# 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 61.9%

NEUTRAL ratings 28.4%

SELL ratings 9.7%

## Bryan Garnier Research Team

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

<b>London</b>	<b>Paris</b>	<b>New York</b>	<b>Geneva</b>	<b>New Delhi</b>
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	rue de Grenus 7	The Imperial Hotel
15 St Botolph Street	75008 Paris	New York, NY 10022	CP 2113	Janpath
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Genève 1, CH 1211	New Delhi 110 001
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	Tel +4122 731 3263	Tel +91 11 4132 6062
Fax: +44 (0) 207 332 2559	Regulated by the Financial Conduct	FINRA and SIPC member	Fax+4122731 3243	+91 98 1111 5119
Authorised and regulated by	Authority (FCA) and l Autorité de		Regulated by the	Fax +91 11 2621 9062
the Financial Conduct Authority	Contrôle prudentiel et de resolution		FINMA	
(FCA)	(ACPR)			



## 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....