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19th February 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	16413.43	-0.25%	-5.81%
S&P 500	1917.83	-0.47%	-6.17%
Nasdaq	4487.54	-1.03%	-10.38%
Nikkei	15967.17	-1.42%	-14.90%
Stoxx 600	328.913	+0.04%	-10.09%
CAC 40	4239.76	+0.15%	-8.57%
Oil /Gold			
Crude WTI	30.59	0.00	-17.77%
Gold (once)	1217.38	+0.42%	+14.59%
Currencies/Rates			
EUR/USD	1.10995	-0.31%	+2.18%
EUR/CHF	1.1033	-0.22%	+1.46%
German 10 years	0.214	-21.63%	-66.35%
French 10 years	0.579	-10.75%	-40.94%
Euribor	-	+-%	+-%

Economic releases :

Date	
19th-Feb	JP - all industry Activity index dec. (-0.9% A, -0.3% E) GB - Retail Sales Jan. (3.4% E) US - CPI Jan. (1.3%E y/y) EUZ - Consumer Confi. Feb. (-6.6% E) US - Baker Hughes U.S. Rig Count

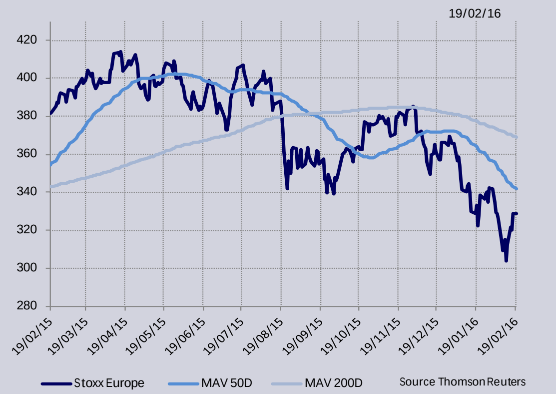
Upcoming BG events :

Date	
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)
8th-Apr	VINCI (BGLuxembourg roadshow with CFO)

Recent reports :

Date	
17th-Feb	LAFARGEHOLCIM Everything can't be that bad.
11th-Feb	Pennon : 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!

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



CASINO GUICHARD — BUY, Fair Value EUR57 vs. EUR54 (+36%)

With hindsight: a real Catch-22! (full report released today)

CAPGEMINI — BUY, Fair Value EUR93 vs. EUR96 (+23%)

FY15 conference call feedback: fears triggered by Cognizant's guidance were overdone

ESSILOR — BUY-Top Picks, Fair Value EUR134 (+20%)

Solid LFL growths in 2015 and 2016 at the (slight) expense of profitability

GAMELOFT — BUY, Fair Value EUR6.7 (+22%)

Vivendi launches a hostile takeover bid on Gameloft at EUR6 per share

HEIDELBERGCEMENT — BUY-Top Picks, Fair Value EUR86 (+29%)

Italcementi 2015 EBITDA in line with consensus. Relatively decent outlook.

INGENICO GROUP — BUY, Fair Value EUR150 (+44%)

FY15 earnings and FY16 guidance broadly in line with our estimates

KERING — BUY, Fair Value EUR180 (+12%)

Strong Q4 – including at Gucci; FY EBIT margin down 240bp

NESTLÉ — NEUTRAL, Fair Value CHF73 vs. CHF76 (+2%)

Buyback still on the agenda

UBISOFT — BUY, Fair Value EUR34 (+52%)

Yesterday's increase in the share price was justified, now play the increased speculation

VOLTALIA — BUY, Fair Value EUR13 (+41%)

A new deal in Morocco, to the profit of group's strategy

In brief...

AEGON, *Delivering on strategic shift, yet numbers remain unconvincing*

ALLIANZ, *Solid, but unspectacular*

SOITEC, *Soitec starts 300mm RF-SOI production using existing tools*

Food retailing

Casino Guichard

Price EUR41.80

With hindsight: a real Catch-22! (full report released today)

Fair Value EUR57 vs. EUR54 (+36%) **BUY**

Bloomberg	CO FP
Reuters	CASP.PA
12-month High / Low (EUR)	87.3 / 35.2
Market Cap (EURm)	4,732
Ev (BG Estimates) (EURm)	15,085
Avg. 6m daily volume (000)	778.6
3y EPS CAGR	-12.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	14.0%	-21.1%	-33.8%	-1.4%
Food Retailing	6.5%	-7.7%	-8.0%	-0.6%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	48,492	46,145	43,171	45,457
% change		*-4.8%*	*-6.4%*	*5.3%*
EBITDA	3,191	2,418	2,332	2,552
EBIT	1,737	1,578	1,477	1,594
% change		*-9.2%*	*-6.4%*	*8.0%*
Net income	556.0	327.0	335.2	393.6
% change		*-41.2%*	*2.5%*	*17.4%*

	2014	2015e	2016e	2017e
Operating margin	4.6	3.3	3.4	3.5
Net margin	1.1	0.7	0.8	0.9
ROE	NM	NM	NM	NM
ROCE	7.1	4.7	4.6	5.0
Gearing	37.3	36.1	35.5	33.6

(EUR)	2014	2015e	2016e	2017e
EPS	4.43	2.36	2.43	2.95
% change	*-*	*-46.7%*	*3.1%*	*21.2%*
P/E	9.4x	17.7x	17.2x	14.2x
FCF yield (%)	14.6%	9.4%	12.6%	16.8%
Dividends (EUR)	3.12	3.12	3.12	3.12
Div yield (%)	7.5%	7.5%	7.5%	7.5%
EV/Sales	0.4x	0.3x	0.3x	0.3x
EV/EBITDA	5.5x	6.2x	6.2x	5.7x
EV/EBIT	10.1x	9.6x	9.8x	9.2x

Admittedly, the current psychosis does contain elements of truth and maintaining the investment grade is evidently key to us (the investor base would be largely reduced if Casino is downgraded, while the potential return to the sacrosanct rating would come at a very high price). But what is most regretful in such a situation is that the current market's "credit noise" leaves little room for management to explore all the potential strategic options which it could otherwise consider in order to maintain the necessary conditions for long-term growth.

- **In light of the crisis in Brazil, detractors**, scaring the cat out of the bag which was already open for some time, have fed a viscous circle (i.e. widening CDS spread as the stock weakens). In order to break such a spiral, Casino announced disposals to deleverage the Holdco. Ultimately, detractors may find it easy to criticise management for selling jewels in the crown. But who is going to come out on top? A real Catch-22.

- **The cherry on the cake, S&P unexpectedly reviewed** (January 15th) the position it took post the Exito deal (it should make a decision by mid-April regarding a potential downgrade). Was it influenced by detractors' attacks or was it purely a way to protect itself from any criticism of negligence? Post disposals, which would dramatically improve its proportional credit ratio, could a downgrade really be justified?

- **From that moment onwards**, a rather obvious option for Casino would be to transfer the rest of Casino's GPA voting ordinary shares to Exito (thus improving the proportionate credit ratios). But Casino may also do what is generally expected from a wise asset manager: sell high at 1.7x sales (Big C Thailand already done) and buy low at 0.2x sales.

- **The strategy might be that Exito bids for all the GPA shares** (incl. Casino's remaining voting stake and minorities). Ultimately, Casino could buy back the minorities of Exito. Both Exito and GPA would be taken private and Casino would be the sole shareholder of LatAm (this would improve the flow of the cash within the company!). By doing so, we estimate that Casino would maintain decent proportionate debt ratios.

- **In another scenario, by announcing a post-disposals (~EUR4bn) return of cash to shareholders** (up to EUR700m buy-back), Casino would not only benefit from another squeeze of short positions but, on unchanged dividend liabilities (i.e. EUR350m), Rallye would also benefit from an increased source of cash to help balance its financial equation at least.

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Capgemini

Price EUR75.87

FY15 conference call feedback: fears triggered by Cognizant's guidance were overdone

Fair Value EUR93 vs. EUR96 (+23%) **BUY**

Bloomberg	CAP FP
Reuters	CAPP.PA
12-month High / Low (EUR)	90.2 / 68.0
Market Cap (EUR)	13,063
Ev (BG Estimates) (EUR)	14,117
Avg. 6m daily volume (000)	679.1
3y EPS CAGR	10.9%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.1%	-8.8%	-12.2%	-11.4%
Softw.& Comp.	-0.4%	-6.2%	1.9%	-7.0%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	11,915	12,710	13,152	13,643
% change		*6.7%*	*3.5%*	*3.7%*
EBITDA	1,577	1,699	1,844	1,953
EBIT	1,022	1,209	1,364	1,473
% change		*18.3%*	*12.8%*	*8.0%*
Net income	798.3	925.1	1,026	1,104
% change		*15.9%*	*10.9%*	*7.6%*

	2015	2016e	2017e	2018e
Operating margin	10.6	11.2	11.9	12.3
Net margin	9.4	5.9	6.5	6.8
ROE	16.3	10.1	10.7	10.8
ROCE	17.2	12.6	14.2	15.6
Gearing	25.3	14.2	2.6	-7.9

(EUR)	2015	2016e	2017e	2018e
EPS	4.65	5.35	5.89	6.34
% change	-	*15.1%*	*10.1%*	*7.6%*
P/E	16.3x	14.2x	12.9x	12.0x
FCF yield (%)	6.4%	6.6%	7.6%	8.0%
Dividends (EUR)	1.40	1.50	1.60	1.70
Div yield (%)	1.8%	2.0%	2.1%	2.2%
EV/Sales	1.2x	1.1x	1.0x	0.9x
EV/EBITDA	9.4x	8.3x	7.2x	6.3x
EV/EBIT	11.7x	9.9x	8.5x	7.4x

We reiterate our Buy rating but reduce our DCF-derived fair value to EUR93 from EUR96 as we shave our adj. EPS ests. by 3% on updated fx assumptions (GBP, USD, SEK and BRL). With 2.5-4.5% lfl revenue growth expected by Capgemini for FY16 and no concern in Financial Services in the short-term, we deem the concerns which arose from Cognizant's sales guidance last week were overdone.

ANALYSIS

- **Cautious optimism on growth for 2016**. Capgemini indicated that Igate's contribution to FY16 growth would be 5ppt. As such, the 7.5-9.5% cc revenue growth guidance would translate into +2.5%/+4.5% lfl, which remains pretty in line with our previous forecast (+4% lfl - new BG est.: +3.5% lfl). The management does not see any sign of major slowdown in Financial Services, at least for H1 16. It considers the company is still on the trajectory to get +5%/+7% lfl by 2018-19, but Energy & Utilities (13% of sales) and Brazil (3% of sales) will be a burden for 2016. Despite Energy, lfl growth is expected to be at a mid single-digit level in North America, improving in mainland Europe, strong in Asia-Pacific, and positive in the UK (down on Government). Negotiations are active on the Aspire contract before its end planned for mid-2017, and the management feels confident that Capgemini remains a significant partner of the British HMRC beyond that date.
- **No issue on operating margin and cash flow**. The operating margin guidance (11.1-11.3%) takes into account, as mentioned during the last investor day in May 2015, 0.3ppt incremental investment to fuel growth (invest in Digital & Cloud, leverage Igate's ITOPS in Business Services, resource supply-chain management, new competitiveness central department, attraction and retention plan for "hot skills", reskilling programme on new technologies). The operating margin improvement is unlikely to see significant seasonality change between H1 and H2 16. Most of the explanation for the free cash flow way above expectations for 2015 stemmed from Igate, which quickly improved its cash management processes end 2015.
- **Igate's integration on track**. Igate's revenues are in line with Capgemini's own expectations. Some key milestones have been achieved, with the appointment of managers, the end of the Igate brand, the mutualisation of facilities (3,000 Capgemini staff will join 5,000 Igate staff in Mumbai by end Q1 16), joint marketing initiatives have been initiated, and the integration of IT and HR systems are on track. Part of cost synergies was already been delivered in 2015, but not more than expected as Capgemini, excl. Igate, delivered an op. margin of 10% in 2015. Identified synergies by 2018 have been confirmed, i.e USD100-150m for revenue cross-selling, USD75-105m for efficiency gains.
- **Digital & Cloud**. Digital & Cloud accounts for 22% of sales and grew 23% lfl in 2015. Due to the size effect, the management is confident to deliver at least +15% for 2016. All the Digital & Cloud services have been combined to offer a complete portfolio in order to leverage joint-initiatives between consulting, application and infrastructure services (like the Accenture Digital model). The ecosystem has been reinforced around partners (Salesforce, Amazon, IBM, Microsoft, NetSuite…). Acquisitions in Cloud & Digital will remain very focused (Oinio, Fahrenheit 212) and no big transaction is expected. Most of the portfolio and the capacity will be built organically.

VALUATION

- Capgemini's shares are trading at est. 9.9x 2016 and 8.5x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was EUR1,747m (net gearing: 25%).

NEXT CATALYSTS

Q1 16 sales on 27th April before markets open.

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Luxury & Consumer Goods

Essilor

Price EUR111.80

Solid LFL growths in 2015 and 2016 at the (slight) expense of profitability

Fair Value EUR134 (+20%) **BUY-Top Picks**

Bloomberg	EF FP
Reuters	ESSI.PA
12-month High / Low (EUR)	123.6 / 99.3
Market Cap (EUR)	24,200
Ev (BG Estimates) (EUR)	25,798
Avg. 6m daily volume (000)	578.4
3y EPS CAGR	14.2%

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.1%	-8.0%	-2.0%	-2.8%
Consumer Gds	2.6%	-8.5%	-5.4%	-6.2%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

YEnd Dec. (€m)	2014	2015e	2016e	2017e
Sales	5,670	6,730	7,199	7,700
% change		*18.7%*	*7.0%*	*7.0%*
EBITDA	1,043	1,275	1,382	1,501
EBIT	1,222	1,215	1,322	1,436
% change		*-0.6%*	*8.8%*	*8.6%*
Net income	929.3	775.3	865.6	963.3
% change		*-16.6%*	*11.7%*	*11.3%*

	2014	2015e	2016e	2017e
Operating margin	21.6	18.1	18.4	18.7
Net margin	16.4	11.5	12.0	12.5
ROE	18.9	14.5	14.3	14.6
ROCE	16.9	21.2	21.8	22.4
Gearing	34.6	28.0	18.5	12.5

(€)	2014	2015e	2016e	2017e
EPS	3.05	3.66	4.08	4.54
% change	-	*19.9%*	*11.7%*	*11.3%*
P/E	36.7x	30.6x	27.4x	24.6x
FCF yield (%)	3.3%	2.8%	3.8%	4.3%
Dividends (€)	1.05	1.15	2.15	3.15
Div yield (%)	0.9%	1.0%	1.9%	2.8%
EV/Sales	4.6x	3.8x	3.5x	3.3x
EV/EBITDA	24.9x	20.2x	18.4x	16.7x
EV/EBIT	21.3x	21.2x	19.2x	17.5x

FY15 sales increased 18.4% as reported and 4.6% LFL to EUR6,716m, in line with expectations (EUR6,724m and +4.6%e LFL) and the company's guidance ("at least +4.5% LFL"). In Q4 alone, sales grew at the same pace than in Q3 (+4.8% LFL vs. +4.4% in 9M). The FY contribution margin expanded 20bp to 18.8% consistent with the FY target ("at least 18.8%") but a bit shy of CS at 18.9%. This "cautiousness" is also reflected in the margin guidance for 2016 ("at least 18.8%" vs. CS: 19.3%), is it because of further marketing expenses or due to a higher dilutive impact from M&A? The sales guidance is reassuring ("around +5% LFL", "exceed 8% FX-n" vs. CS: +5.1%e / BG: +5%e). Analysts' meeting today at 10am (Paris time).

ANALYSIS

- **FY15 sales of EUR6,716m up 18.4% as reported and 4.6% LFL.** Acquisitions contributed 3.9pp, implying a higher scope effet in Q4 (+3.2%) than in Q3 (+1.7%) thanks to the numerous partnerships signed around the end of the year. As such, the FX-n growth amounted to 8.5% over 2015, in line with the company's guidance of "8-11% growth". It is worth noting the LFL growth acceleration in H2 with +5% vs. +4.2% in H1.

- **Still a strong end to the year in Europe and the US.** Besides healthier market trends in those two regions, Essilor also benefited from its successful combination of innovation (*Crizal Prevencia*, *Eyezen*, etc.) and media campaigns: growth in **Europe** was 4.5% (Q3: +4% / 9M: +3.8%), whilst the group achieved 4.8% growth in **North America** (Q3: +4.4% / 9M: +4.2%), also helped by the focus on key accounts (EyeMed, Wal-Mart, etc.).

- **Good trends in AMEA but slowdown in LatAm.** Sales in **AMEA** increased by 7.6%, representing a slight acceleration vs. Q3 and 9M trends (+5.9% and +5.6% respectively) fuelled by good trends in India (DD growth) and in China (HSD increase). The performance in **LatAm** has softened in Q4 (+4.7% vs. 7.4% in Q3 and +9.2% in 9M) given: **(i)** a demanding comparison base (Q4 14: +13.7%) and **(ii)** a volatile environment, particularly in Brazil which has already slowed down in Q3 (low single-digit growth vs. +9% in H1), partly offset by faster gains in Mexico and Colombia.

- **Dynamic Readers & Sun (+10.2%).** This momentum is driven by the ramp up in the CVS contract (7,800+ stores) and by robust growths achieved by the sunglass band portfolio. Last but not least, sales in **Equipment** remained in the negative territory (-13.6%) due to intra-group restatements and a volatile environment in emerging markets (Rx labs have decreased their capex investments).

Essilor LFL quarterly sales:

% change	Q1 15	Q2 15	Q3 15	Q4 15	2015
North America	4.5	3.7	4.4	4.8	4.4
Europe	2.5	5.0	4.0	4.5	4.0
Asia-Pacific-Middle-East- Africa	5.6	5.2	5.9	7.6	6.1
Latin America	10.0	10.5	7.4	4.7	8.0
Lenses & Optical Instruments	**4.4**	**4.9**	**4.8**	**5.2**	**4.8**
Equipment	-2.1	-7.1	-6.4	-13.6	-8.1
Readers & Sun	1.8	3.2	9.9	15.3	7.3
Total group	**4.0**	**4.4**	**4.8**	**5.3**	**4.6**

Source: Company Data

- **The FY15 contribution margin (18.8%, +20bp) met the guidance ("at least 18.8%") but...** it came is slightly below the market expectations (BG and CS: 18.9%e). In our view the deviation might come from a more significant dilutive impact from bolt-on acquisitions in H2 as the group closed numerous deals in Q4. The **GM** expanded 100bp to 59.7% which enjoyed several tailwinds (product and price mix, synergies from the integration of TOI). The 22% increase in **S&D** costs reflects the strong acceleration in consumer marketing spend (EUR215m expected vs. EUR150m in 2014).

- **Group net income rose 17.9% to EUR757m (CS: 767.5m).** The net income was affected by: **(i)** restructuring provisions of EUR22m (Rx labs in Europe), **(ii)** a less favourable financial result (-EUR63m vs. –EUR44m in 2014) as the net debt increased to EUR2.1bn vs. EUR1.8bn in 2014), and **(iii)** a higher tax rate (27.5% vs. 26% last year). As a reminder COO Laurent Vacherot expected the tax rate to decrease gradually by ~1 p.p. per year to come back to the "normative level" of ~26% by 2017.

(To be continued next page)

Essilor 2015 adjusted results:

EURm	2014	2015	% change
Sales	5,670	6,716	*18.4*
Gross Profit	3,328	4,012	*20.6*
Gross Margin (%)	58.7	59.7	*+100bp*
Contribution from operations	1,057	1,263	*19.4*
As a % of sales	18.6	18.8	*+20bp*
Operating Profit	989	1,183	*19.6*
Net profit attributable to shareholders	642	757	*17.9*
EPS	3.05	3.57	*17.0*

Source: Company Data

- **FY16 outlook: reassuring sales guidance…** Essilor expects a sales growth of "around 5% LFL", which is aligned with expectations (BG: +5%e / CS: +5.1%e). The top line increase is anticipated to "exceed 8% FX-n", implying a higher contribution from acquisitions since we were expecting +7% FX-n. T
- **but is the contribution margin target too cautious?** Semantics is key: Essilor guides on a CM of "at least 18.8%", which leaves room for a margin expansion this year. Yet, this guidance remains shy of our expectations (+30pb to 19.2% / CS: 19.3%). In our view this cautiousness might be explained by two major factors: **(i)** a more significant dilutive impact from bolt-on acquisitions since Essilor seems to expect a ~3pp impact from external growth in 2016 and **(ii)** another ramp-up in marketing expenses.

VALUATION

- The share price might come under pressure pending further clarifications from the management about this cautious margin guidance. **However this possible negative market reaction must be put into perspective: (i) *ceteris paribus* a CM of 18.9% instead of 19.2% (our assumption) should only lead to 1.6% downward revision to our FY16 CM forecast and (ii) the profitability improvement has never been a key priority for the group (e.g.: CM remained almost stable over 2010-13) which prefers to fuel a solid top line growth.**
- Consequently we would recommend to take advantage of any weakness in the share price given the group's sound fundamentals and a rather upbeat LFL growth outlook which is one of Essilor's key performance indicators.

NEXT CATALYSTS

- Analysts' meeting todat at 10am (Paris time) // Q1 15 Sales on 21st April 2016.

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Gameloft

Price EUR5.48

Vivendi launches a hostile takeover bid on Gameloft at EUR6 per share

Fair Value EUR6.7 (+22%) **BUY**

Bloomberg	GFT FP
Reuters	GLFT.PA
12-month High / Low (EUR)	6.4 / 3.2
Market Cap (EUR)	468
Ev (BG Estimates) (EUR)	439
Avg. 6m daily volume (000)	323.6
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	12.3%	-0.2%	47.7%	-9.6%
Softw.& Comp.	-0.4%	-6.2%	1.9%	-7.0%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	227.3	256.2	269.0	287.8
% change		*12.7%*	*5.0%*	*7.0%*
EBITDA	13.7	7.8	46.4	56.8
EBIT	-4.2	-3.0	28.0	34.9
% change		*29.1%*	*NS*	*24.7%*
Net income	-5.9	-16.8	19.2	24.8
% change		*NS*	*NS*	*29.4%*

	2014	2015e	2016e	2017e
Operating margin	-1.8	-1.2	10.4	12.1
Net margin	-2.8	-8.9	6.6	8.6
ROE	-4.6	-19.7	13.4	15.7
ROCE	-3.5	-2.5	21.6	24.6
Gearing	-38.6	-25.1	-30.3	-36.0

(EUR)	2014	2015e	2016e	2017e
EPS	-0.07	-0.19	0.22	0.28
% change	*-*	*NS*	*NS*	*29.4%*
P/E	NS	NS	25.3x	19.5x
FCF yield (%)	NM	NM	3.9%	5.0%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	1.8x	1.7x	1.6x	1.4x
EV/EBITDA	30.2x	56.4x	9.2x	7.2x
EV/EBIT	NS	NS	15.3x	11.8x

As we expected, Vivendi has taken the wise decision of launching a takeover bid on Gameloft rather than a creeping control. However, the EUR6 per share offer is below our EUR6.7 that we consider as a minimum price to convince shareholders to tender their securities. We continue to believe in the speculation surrounding both video game companies run by the Guillemot brothers. The hostile takeover bid on Gameloft (buy, FV of EUR6.7) is a first phase to force a discussion with the Guillemot family and finally come to a friendly takeover on Ubisoft (Buy, FV of EUR34). But to succeed, we believe Vivendi has to be more generous if it really wants to add a 5th pilar to its French media group.

ANALYSIS

- **Yesterday after trading, Vivendi declared that it has crossed the 30% mandatory bid threshold** fixed by the regulator (30,01% of the capital and 26.72% of the voting rights compared to 18.99% of and 27.26% for the Guillemot family). As a result, the media company launches a **hostile takeover bid on 100% of GFT's capital at EUR6.0/share** (+50.4% vs. the share price prior to Vivendi being a shareholder, and +22.9% over the weighted average share price over the past 6 months), i.e. an EV/sales of 1,7x on average over the next 2 years. Following this unsolicited public offer, Gameloft stated that a meeting of its Board of Directors has been convened for next week. As a reminder, **we play the speculation and see our FV of EUR6.7 as a minimum to really convince investors to tender their shares**.
- **We maintain our view:** our scenario was that Vivendi could try for takeover bids on Gameloft and Ubisoft. **On Gameloft in the short term** (in mobile gaming a hostile takeover is possible as the success is not linked to a few key developers) to force Ubisoft to enter into discussions and convince the Guillemot family that there are synergies and that they can be partners. **And finally on Ubisoft**, but for this latter it has to be friendly (in the console gaming industry, some developers are stars and they generally prefer to build up their own studios than be bought by a raider), so Vivendi has to be generous in terms of price (we see our FV of EUR34 as a minimum).
- **We believe Vivendi really wants to add a 5th main pillar to its French media group: 1/** Canal+ (TV), **2/** Studiocanal (movie), **3/** Universal Music Group (music), **4/** Dailymotion (Internet), **and 5/** Ubisoft/Gameloft (video games is the only production field where Vivendi was not already positionned). The recent moves from Vivendi (in UBI and GFT) and Activision Blizzard (in mobile gaming via King Digital + in film and TV via its own production studio) highlight the **themes of dematerialisation and convergence between platforms in the whole entertainment industry**. They offer visibility in a sector with a traditionally very short-term vision.
- **As a reminder, our scenario was that Vivendi would make a public tender offer both names: first on Gameloft in the short term** (hostile or friendly, it will succeed: in mobile gaming a hostile takeover is possible as the success is not linked to a few key developers) to force Ubisoft to enter into discussions and convince the Guillemot family that there are synergies, **and then on Ubisoft** (for this latter a public offer needs to be friendly, so Vivendi has to be generous in terms of price).

VALUATION

- **We maintain our Buy rating and FV of EUR6.7** (we value the entire cycle), i.e. the minimum price for a successful takeover bid.
- As a reminder, **our FV of EUR6.7 is derived from an EV/sales of 2x that we applied to Gameloft's 12 rolling months** (a 20% discount to the recent acquisition multiple of King by Activision Blizzard).

NEXT CATALYSTS

- **FY15 earnings results**: 21st March, 2016 (after trading).

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Construction & Building Materials

Heidelbergcement

Price EUR66.89

Italcementi 2015 EBITDA in line with consensus. Relatively decent outlook.

Fair Value EUR86 (+29%) **BUY-Top Picks**

Bloomberg	HEI GY
Reuters	HEIG.F
12-month High / Low (EUR)	77.0 / 60.1
Market Cap (EUR)	12,570
Ev (BG Estimates) (EUR)	19,422
Avg. 6m daily volume (000)	683.8
3y EPS CAGR	38.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.7%	-8.9%	-5.6%	-11.5%
Cons & Mat	3.1%	-8.0%	-9.1%	-6.6%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	12,614	13,373	17,703	19,110
% change		*6.0%*	*32.4%*	*8.0%*
EBITDA	2,117	2,371	3,356	3,884
EBIT	1,424	1,621	2,206	2,734
% change		*13.9%*	*36.1%*	*23.9%*
Net income	498.4	689.8	960.2	1,392
% change		*38.4%*	*39.2%*	*45.0%*

	2014	2015e	2016e	2017e
Operating margin	11.3	12.1	12.5	14.3
Net margin	5.5	6.9	6.5	8.6
ROE	3.8	5.1	6.5	8.9
ROCE	6.4	5.3	5.9	7.4
Gearing	48.6	35.2	51.9	43.7

(EUR)	2014	2015e	2016e	2017e
EPS	2.66	3.68	4.85	7.03
% change	*-*	*38.4%*	*31.8%*	*45.0%*
P/E	25.2x	18.2x	13.8x	9.5x
FCF yield (%)	5.3%	5.7%	9.3%	10.1%
Dividends (EUR)	0.75	1.10	1.50	2.80
Div yield (%)	1.1%	1.6%	2.2%	4.2%
EV/Sales	1.7x	1.5x	1.3x	1.2x
EV/EBITDA	10.1x	8.2x	6.9x	5.8x
EV/EBIT	15.0x	12.0x	10.6x	8.2x

Italcementi has reported 2015 results in line before non-recurring items. Revenues are up by 3.5% at EUR4302m (1% above est.), a combination of -3% organic decline, +6.1% FX and +0.4% scope positive effects. Cement volumes sold are flat. Recurring EBITDA is down 3.1% at EUR636m (EUR630m exp.), mainly due to Egyptian prices under pressure, and margins are down 100bps at 14.8%. Outlook is actually not bad, with operating margins improvement and positive volume growth expected.

While Revenues and recurring EBITDA are in line with the consensus (IBES), reported EBITDA has been impacted by re-organization expenses (-EUR52m) and EBIT by impairment losses (-EUR14m).

By geographical zones, volumes were up in North America, Middle-East North Africa but under pressure in Europe and Asia, as well as for the trading business. In Europe, Italy is still under pressure with volumes down -4.1%, as well as France and Belgium (-5.5% and -2.9% resp.), North America is satisfying but growth in volumes in Q4 was flat. In MENA, Egypt was strongly impacted by prices pressure due to fiercer competition. Morocco performance was decent, thanks to better prices, easier base comparison for volumes in Q4 and variable costs improvement. In Asia, EBITDA margin improves thanks to a strong positive margin effect in India, thanks a welcome price recovery in the country while domestic volumes were declining by 14% (partly compensated by exports, as overall volumes were down -11%). Thailand was subdued, penalised by the slowdown of the construction market and lower prices.

2015 performance by geographical zone

EURm	vol y/y%	Revenues	y/y%	EBITDA	Margin%	y/y bps	Split EBITDA
Europe	-2.3	2018	-5.5	236	11.7	-106	37
NAM	1.4	584	28.5	71	12.2	99	11
MENA	1.7	1008	14.5	200	19.8	-559	31
Asia	-1.5	617	-16.8	108	17.5	167	17
Trading	-15.3	168	2.5	16	9.6	443	3
Elim	-	-92	-	5	-5.6	-1122	1
Total	**-0.1**	**4302**	**3.5**	**636**	**14.8**	**-100**	**100**

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

ANALYSIS

- 2015 was a difficult year but figures released looks not surprising compared with consensus expectations. Outlook is not bad actually. Positive in the US, combined with flattish volumes for the rest of the countries and even "moderate growth in sales volumes in Egypt". Prices are likely to increase, except in India and Thailand. Finally, operating margin should improve thanks to lower operating expenses (lower energy cost + impact of new facilities).
- Neutral or slightly positive read-across for HeidelbergCement. For the reminder, the German group offers EUR10.6 per share for the 45% of capital hold by Italmobiliare. Minorities offer at similar price to follow. Deal to be completed in 2016.

VALUATION

- HeidelbergCement FV is derived from the application of historical multiples to our 2017 estimates, then discounted back. Our forecasts in 2016 onwards include Italcementi deal impact on a pro forma basis.

NEXT CATALYSTS

- Italcementi conference call today at 3.30pm.
- HeidelbergCement complete 2015 results to be released on 17 March.

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TMT

Ingenico Group

Price EUR103.85

FY15 earnings and FY16 guidance broadly in line with our estimates

Fair Value EUR150 (+44%) **BUY**

Bloomberg	ING FP
Reuters	INGC.PA
12-month High / Low (EUR)	127.6 / 94.1
Market Cap (EURm)	6,334
Ev (BG Estimates) (EURm)	6,586
Avg. 6m daily volume (000)	319.5
3y EPS CAGR	21.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.7%	-4.2%	-17.9%	-10.9%
Softw.& Comp.	-0.4%	-6.2%	1.9%	-7.0%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	1,607	2,197	2,453	2,708
% change		*36.7%*	*11.7%*	*10.4%*
EBITDA	376	508	577	647
EBIT	323.5	436.5	502.9	566.0
% change		*34.9%*	*15.2%*	*12.5%*
Net income	207.3	273.7	325.0	376.7
% change		*32.1%*	*18.7%*	*15.9%*

	2014	2015e	2016e	2017e
Operating margin	20.1	19.9	20.5	20.9
Net margin	10.8	10.8	12.1	12.9
ROE	16.0	15.2	16.3	16.3
ROCE	11.8	16.5	19.5	22.4
Gearing	71.0	16.7	-2.8	-19.0

(EUR)	2014	2015e	2016e	2017e
EPS	3.41	4.47	5.29	6.14
% change	-	*31.3%*	*18.4%*	*15.9%*
P/E	30.5x	23.2x	19.6x	16.9x
FCF yield (%)	3.9%	4.3%	5.4%	6.2%
Dividends (EUR)	1.00	1.30	1.65	1.95
Div yield (%)	1.0%	1.3%	1.6%	1.9%
EV/Sales	4.4x	3.0x	2.6x	2.2x
EV/EBITDA	18.9x	13.0x	10.9x	9.2x
EV/EBIT	21.9x	15.1x	12.5x	10.5x

Ingenico Group's FY15 earnings are broadly in line (better in revenue, in line in EBITDA, lower in net income, better in net debt) and management provided its first 2016 targets (in line with what we thought). As usual, at this stage of the year management is very/too cautious. In our view, it gave again a floor in terms of Y/Y pro forma sales growth at cc (~+10%) and EBITDA margin (~21%), but in the end it should post double-digit organic sales growth (BG: 2016e sales at +11.7% lfl) and a still-high level of margin (BG: EBITDA margin of 23.5%). We have shaved our FY16-17 EPS sequence by only -1% on average (forex impact). The group will give its 2020 targets on 23rd March. Buy rating and FV of EUR150 maintained.

ANALYSIS

- **FY15 results broadly in line.** On the top line, **revenue came out at EUR2,197.3m up 13.9% Y/Y in pro forma basis** (vs BG est: 2,189.2m i.e. +13.2% lfl; cons.: EUR2,190m; guidance +12/13% lfl), divided into 70% Payment terminals (+16%) and 30% Payment Services (+9%, and +11% restated from the already-known loss of the volume at GlobalCollect's 1st client). In terms of profitability, **EBITDA was at EUR508.0m** i.e. margin up 60bp Y/Y in pf at 23.1% (vs BG est: EUR509m i.e. margin of 23.3%; cons.: EUR506m i.e. 23.1%; guidance: ~23%), **adjusted EBIT at EUR436.5m** i.e. margin up 30bp in pf at 19.9% (vs BG est: EUR443.3m, i.e. margin of 20.3%), **and net profit at EUR234.**7m i.e. margin of 10.7% (vs BG est: EUR243.6m, i.e. net margin of 11.1%). **The FCF totalled EUR275.2m,** i.e. FCF/restated EBIT of 63.0% (vs. BG at 69.8%) **and net debt was only EUR252.1m,** i.e. a very low gearing and net debt/EBITDA of 16.7% and 0.5x respectively (vs BG est:EUR403.2m, i.e. gearing of 31% and net debt/EBITDA of 0.8x; cons.: EUR408.1m). **The group will distribute a dividend of EUR1.30/share** in cash or in shares, payout of 35% (vs. BG est: payout of 35%).

- **FY16 overview per division: 1/ In Payment Terminals,** China and the US should each generate a double-digit growth (POS devices still need the EMV upgrade). And note that the rollout of its Telium Tetra OS (secure platform open to business applications) should generate volumes and then a positive impact on margins (1m terminals could be reached at end-2016, i.e. 10% of the shipments). **2/ In Payment Services**, the integration of GlobalCollect and its combination with Ogone are on track to deliver satisfactory growth in H2 (i.e. high-single digit over the FY). Despite losing 80% of volumes coming from GlobalCollect's first e-payment client in Asia, Ingenico has kept the currency management part (the most profitable of this contract) and the appointment of Mr Vacheron (former CFO) at the head of this division has been a strong and appropriate response.

- **Ingenico Group provided its first 2016 targets. Management expects revenue to grow by ~10% on a comparable basis at constant exchange rates, with an EBITDA margin of ~21%** (a stepped-up focus on developing and bringing its ePayments and other offers to market). **As usual, at this stage of the year Ingenico Group is very cautious.** It gave again a floor in terms of Y/Y organic sales growth and EBITDA margin (we expected the group to provide an organic sales growth ~10% and EBITDA margin >=21%). **In the end, we believe the group is capable of generating revenue of EUR2,453.3m** (+11.7% on a pro forma basis at cc, cons. of +11%) and an EBITDA margin of 23.5% (vs. 23.8% before because of the forex impact; cons. of 23.3%). **We have shaved our EPS 2016-17e sequence by only 1% on average**.

- **What are the catalysts beyond 2017? 1/ In Payment Terminals,** Japan could shift to EMV before the Olympic Games of 2020 in order to accept international cards and to deal with fraud (card schemes could impose a deadline which is what they did in the US; there are around 3m POS terminals in Japan), but also India and Indonesia in the medium term. And if so, Ingenico could reasonably reach a 40% market share (i.e. about its world prime position of 44%) through partnerships or acquisitions of local distributors. **2/ its Payments Services** business could take over if the group made two acquisitions of EUR300m in sales each (at end-2016e, we expect a net cash position vs. a covenant of 3x net debt/EBITDA, and a FCF/current EBIT of 69%). As such, Ingenico could have a balanced sales mix between Payment Terminals and Payment Services over the medium term (vs. 70/30% currently) and therefore a more recurring sales profile (65%e vs. 45% currently) with the associated operating leverage (pooling of its proprietary platforms). Note that we expect e-commerce to expand strongly as of this year in Europe and North America (as it did in South-East Asia up to now). So, Ingenico's payment services (processing and collecting) should directly benefit from this driver.

- **What to expect from the analysts' day in London (23rd March).** We believe Ingenico could provide a minimum of EUR3.2bn in FY20e sales with an EBITDA margin guidance of >=24%. It could also give an EBITDA to FCF conversion ratio (>50%) and a payout ratio (35%). In the end, we expect the group to exceed its targets (BG: EUR3.5bn in sales and 24.8% in EBITDA margin) in view of its always-cautious financial communication, management's excellent track-record in execution and the constant change in the group's profile towards more recurring and better-quality sales.

VALUATION

- We maintain our **Buy rating** and **Fair Value of EUR150.**
- In FY16e, we expect **earnings growth of +25%e vs. a P/E of 19.6x over 2016e.** The group's transformation towards more recurring revenues is not yet priced in.

NEXT CATALYSTS

- **Analyst day:** on 23rd March (in London).
- **Q1 2016 revenue:** on 26th April (after trading)

Ingenico's profile in FY15 (sales and gross margin)

2015	Payment terminals	Payment services
Sales breakdown	70%	30% (10% in store / 20% online)
Gross margin	47.5%	36.9%

Source: Bryan Garnier & Co.

Ingenico's payment terminals positioning in the last geographies to have migrated to EMV

2015	US	China
Rank	**#2**	**#1**
Market share	~30%	~35%

Source: Bryan Garnier & Co. ests.

Main P&L items over Q4 2015e, FY15e and FY16e

EURm	Q4 15	BG est Q4 15	Cons. Q4 15	FY15	BG est FY15e	Cons. FY15	Guid. FY15	BG est FY16e (old)	BG est FY16e (new)	Cons. FY16
Revenue	591.3	583.1	584	2,197.3	2,189.2	2,190		2,444.2	2,453.3	2,412
Y/Y growth	10.7%	*8.2%*	*8%*	*13.9%*	*13.2%*	*13%*	*12-13%*	*11.7%*	*11.7%*	*11%*
EBITDA				508.0	509.0	506		580.5	576.5	562
Margin				*23.1%*	*23.3%*	*23.1%*	*~23%*	*23.8%*	*23.5%*	*23.3%*
Net income				234.7	243.6	251		297.2	293.5	290

Sources: Company consensus on 5th February (22 analysts); Bryan Garnier & Co. ests.

Management's track record (initial guidance vs. reported figures)

Year	2012		2013		2014		2015		2016e	
	Initial guid.	Reported	Initial guid.	Reported	Initial guid.	Reported	Initial guid.	Reported	Initial guid.	BG est.
Revenue growth lfl	>=8%	14.5%	>=8%	13.5%	~10%	19.1%	~10%	13.9%	~10%	11.7%
EBITDA margin	>=18.3%	18.5%	>=18.5	20.4%	~21%	23.4%	~21%	23.1%	~21%	23.5%

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

Last strategic plan announced (initial guidance 2016 vs. 2015 reported and our 2016e)

2016	1st Guidance 2016: (strategic plan announced early	2015 reported (plan reached 1 year in advance)	BG est. 2016
Revenue (EURbn)	>2.2	2.2	2.5
EBITDA margin	>20%	23.1%	23.5%

Sources: Bryan Garnier & Co. ests.

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Luxury & Consumer Goods

Kering

Price EUR160.25

Strong Q4 – including at Gucci; FY EBIT margin down 240bp

Fair Value EUR180 (+12%) **BUY**

Bloomberg	PP FP
Reuters	PRTP.PA
12-month High / Low (EUR)	197.0 / 139.1
Market Cap (EURm)	20,234
Ev (BG Estimates) (EURm)	23,766
Avg. 6m daily volume (000)	361.3
3y EPS CAGR	5.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	12.5%	-4.5%	-5.3%	1.5%
Pers & H/H Gds	5.1%	-6.5%	-4.1%	-2.5%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	10,037	11,430	12,060	12,800
% change		*13.9%*	*5.5%*	*6.1%*
EBITDA	2,044	2,050	2,290	2,510
EBIT	1,664	1,650	1,870	2,070
% change		*-0.8%*	*13.3%*	*10.7%*
Net income	1,177	1,080	1,243	1,388
% change		*-8.2%*	*15.1%*	*11.7%*

	2014	2015e	2016e	2017e
Operating margin	16.6	14.4	15.5	16.2
Net margin	11.7	9.4	10.3	10.8
ROE	10.5	9.0	9.6	10.1
ROCE	6.7	6.2	6.7	7.3
Gearing	39.0	34.2	27.1	21.9

(EUR)	2014	2015e	2016e	2017e
EPS	9.31	8.54	9.83	10.89
% change	-	*-8.2%*	*15.1%*	*10.8%*
P/E	17.2x	18.8x	16.3x	14.7x
FCF yield (%)	2.7%	2.9%	3.5%	4.4%
Dividends (EUR)	4.00	4.20	4.60	5.00
Div yield (%)	2.5%	2.6%	2.9%	3.1%
EV/Sales	2.4x	2.1x	1.9x	1.8x
EV/EBITDA	11.8x	11.6x	10.1x	9.0x
EV/EBIT	14.5x	14.4x	12.3x	10.9x

Kering 2015 results were globally in line with market expectations. Sales reached EUR11.58bn (consensus: EUR11.40bn) with a 4.6% FY organic sales growth (+8% in Q4 versus +3.1% in Q3) including +4.1% for Kering Luxury (+7.2% in Q4 vs +3.1% in Q3). Kering EBIT remained almost stable at EUR1.65bn (consensus: 1.66bn), implying EBIT margin 240bp decline to 14.2%. Buy recommendation and EUR180 FV are maintained.

ANALYSIS

- **Kering 2015 sales reached EUR11.58n (consensus: EUR11.40bn), up 15.4% and +4.6% organically**, **implying +8% in Q4 alone versus +3.1% in Q3** and +3.4% on 9M. Luxury sales increased by 4.1% on FY and by 7.2% in Q4 alone, highlighting clear acceleration vs Q3 (+3%), mainly driven by **Gucci** brand (33% of Kering sales but 60% of Group EBIT) with a 4.8% increase vs -0.4% in Q3, clear consequence of the brand's successful progressive transition with Alessandro Michele as Creative Director. On the other hand, **Bottega Veneta** (10% of Kering sales) momentum slowed down strongly in Q4 with a 3% decline vs +4.3% in Q3, consequence of high brand exposure to Hong Kong/Macau (15% of sales). Meanwhile, **YSL** remained very dynamic last year (+25.8% o/w +27.4% in Q4 alone). **Puma** sales recovered in Q4 with a 11.7% organic sales growth, leading to +6.8% on FY. The German brand benefited from first orders from retailers in anticipation of 2016 UEFA EURO in France and Olympic Games in Rio.

Quarterly organic sales growth by division

Ifl chge (%)	H1 15	Q3 15	9M 15	Q4 15	2015
Gucci	-1.6	-0.4	-1.2	4.8	0.4
Bottega Veneta	6.4	4.3	5.6	-3.1	3.2
YSL	24.3	26.5	25.1	27.4	25.8
Others	1	-1.1	0.3	10.6	3.1
Luxury division	**2.8**	**3.1**	**3.0**	**7.2**	**4.1**
Puma	5.9	3.9	5.2	11.7	6.8
Total Group	**3.5**	**3.1**	**3.4**	**8.0**	**4.6**

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

- **FY 2015 EBIT remained almost stable at EUR1.65bn (consensus: EUR1.66bn)**. Group EBIT margin lost 240bp to 14.2%, mainly driven by **Kering Luxury** (-290bp to 21.7%); This activity's lower profitability came from a negative hedging impact (consequence of unfavourable hedging level versus spot level) and from deleverage operating effect. Nevertheless, in H2, the Luxury EBIT margin decline (-230bp to %) was less significant than in H1 (-360bp to 21.4%) as hedging impact was less negative than in H1. Within Luxury, it is worth noting the 370bp decrease at Gucci to 26.5%. Furthermore, **Puma** EBIT margin was down 160bp to 2.7% given FX negative impact and heavy marketing and distribution costs in order to support the new campaign "Forever Faster".

- **Net debt remained almost stable at EUR4.6bn (EUR4.4bn in 2014),** which implies a ratio Net Debt/EBITDA at 2.28x (2.21x in 2014), higher than the group target to be below 2x. Proposed dividend is EUR4 per share (EUR4 in 2014). Furthermore and given this relatively challenging financial situation, we view as very unlikely any big acquisition in 2016.

VALUATION

- We remain Buy on the stock with an unchanged EUR180 FV.

NEXT CATALYSTS

- Analyst meeting today at 9am.

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Food & Beverages

Nestlé

Price CHF71.35

Bloomberg	NESN VX
Reuters	NESZn.VX
12-month High / Low (CHF)	76.8 / 67.5
Market Cap (CHF)	227,492
Ev (BG Estimates) (CHF)	242,892
Avg. 6m daily volume (000)	6 293
3y EPS CAGR	1.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.9%	-5.9%	-4.8%	-4.3%
Food & Bev.	1.1%	-8.4%	-1.8%	-5.5%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

YEnd Dec. (CHFm)	2014	2015	2016e	2017e
Sales	91,612	88,785	89,067	92,285
% change		*-3.1%*	*0.3%*	*3.6%*
EBITDA	17,874	17,425	17,703	18,618
EBIT	14,019	13,407	13,755	14,606
% change		*-4.4%*	*2.6%*	*6.2%*
Net income	10,968	10,234	10,503	11,172
% change		*-6.7%*	*2.6%*	*6.4%*

	2014	2015	2016e	2017e
Operating margin	15.3	15.1	15.4	15.8
Net margin	12.0	11.5	11.8	12.1
ROE	15.6	14.4	14.8	15.7
ROCE	12.1	11.6	11.9	13.0
Gearing	0.7	0.9	0.8	0.7

(CHF)	2014	2015	2016e	2017e
EPS	3.43	3.26	3.37	3.58
% change	-	*-5.0%*	*3.2%*	*6.4%*
P/E	20.8x	21.9x	21.2x	19.9x
FCF yield (%)	4.5%	4.1%	4.1%	4.4%
Dividends (CHF)	2.20	2.25	2.30	2.35
Div yield (%)	3.1%	3.2%	3.2%	3.3%
EV/Sales	2.6x	2.7x	2.7x	2.6x
EV/EBITDA	13.4x	13.9x	13.6x	12.8x
EV/EBIT	17.1x	18.1x	17.6x	16.4x

Buyback still on the agenda

Fair Value CHF73 vs. CHF76 (+2%) **NEUTRAL**

The guidance for 2016 disappointed. As a consequence of the toughening of the pricing environment resulting from the low global prices of raw materials, the group targets organic sales growth of only 4.2% in 2016. We adjust our estimates accordingly. The lack of buyback announcement also disappointed. We think that it is still on the agenda as the group will need to find a way to use its excess cash in order to maintain its AA+ credit rating. Neutral recommendation maintained. Fair Value adjusted to CHF73.

ANALYSIS

- **The guidance for 2016 disappointed.** The group said that it expects improvement in margins and underlying EPS in constant currencies, and capital efficiency. More importantly, it targets organic sales growth in line with 2015 ie +4.2%. It is clearly well below the consensus and the Nestlé's model of 5-6% organic sales growth. **This weak top line guidance is the consequence of the toughening of the pricing environment. The low global prices of raw materials are the main reason behind this but there are some aggravating factors.** In developed countries, the negotiations with retailers are tough and there is a low capability of the consumer to take on pricing. In emerging markets, the comparison base is unfavourable in terms of pricing as the group took significant price increases the last year to offset inflation and currency devaluation.

- **The lack of buyback announcement also disappointed.** Net debt/EBITDA ratio in 2015 stood at 0.9x and is expected to decline further to 0.8x in 2016e. A credit rating change from AA+ to AAA is likely below 1.0x and Nestlé has specifically indicated that it does not want it. During the conference, the group said that its priorities are investing in marketing and research/development and acquisitions (bolt-on). **Nevertheless, our understanding is that a share buyback program is still on the agenda to use the excess cash. Nestlé has a long history of doing so. This remains a positive catalyst on the stock.**

Impact of a share buyback program

	2016e	2017e	2016e	2017e	2016e	2017e
Amount (CHFm)	**10 000**		**15 000**		**20 000**	
Number of repurchased shares (in millions)	133		200		266	
New net debt	**19 041**	**16 418**	**21 541**	**18 918**	**24 041**	**21 418**
Net debt/EBITDA (x)	**1,1**	**0,9**	**1,2**	**1,0**	**1,4**	**1,2**
New diluted EPS	**3,39**	**3,69**	**3,41**	**3,75**	**3,43**	**3,81**
Accretive impact	**0,8%**	**3,0%**	**1,3%**	**4,7%**	**1,9%**	**6,5%**

Source: Nestlé, Bryan, Garnier & Co

- **Cutting our estimates**. Q1 sales trend should be weak due to the early timing of the Chinese New Year and tough comps related to two health alerts (Beneful in the US and the Maggi noodles in India). We now expect 2016 organic sales growth in line with the group's guidance (+4.2% vs +4.5% previously). We also adjust for the last FX movements. All in all, our forecasts for next year are cut by 2% in terms of sales and 4% in terms of EBIT. Our Fair Value is adjusted downwards to CHF73.

VALUATION

- At yesterday's share price, the stock is trading at 21.2x P/E 2016e and 19.9x P/E 2017e, 5% and 6% above the peers' average.

NEXT CATALYSTS

- Annual general meeting on April 7th
- Q1 2016 sales on April 14th

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Ubisoft

Price EUR22.31

Yesterday's increase in the share price was justified, now play the increased speculation

Fair Value EUR34 (+52%) **BUY**

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	28.0 / 14.9
Market Cap (EURm)	2,481
Ev (BG Estimates) (EURm)	2,536
Avg. 6m daily volume (000)	376.5
3y EPS CAGR	22.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.2%	-15.8%	24.6%	-16.3%
Softw.& Comp.	-0.4%	-6.2%	1.9%	-7.0%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

YEnd Mar. (EURm)	03/15	03/16e	03/17e	03/18e
Sales	1,464	1,365	1,706	1,877
% change		*-6.7%*	*25.0%*	*10.0%*
EBITDA	650	585	730	853
EBIT	161.1	138.0	218.0	289.9
% change		*-14.4%*	*58.0%*	*32.9%*
Net income	103.1	83.1	141.0	190.5
% change		*-19.4%*	*69.7%*	*35.1%*

	03/15	03/16e	03/17e	03/18e
Operating margin	11.0	10.1	12.8	15.4
Net margin	5.9	5.9	8.3	10.2
ROE	8.9	7.6	11.7	13.7
ROCE	12.7	8.0	13.8	18.5
Gearing	-20.2	5.2	-13.5	-25.6

(EUR)	03/15	03/16e	03/17e	03/18e
EPS	0.91	0.73	1.25	1.68
% change	-	*-19.4%*	*69.7%*	*35.1%*
P/E	24.5x	30.4x	17.9x	13.3x
FCF yield (%)	7.9%	NM	8.6%	7.7%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	1.6x	1.9x	1.4x	1.1x
EV/EBITDA	3.5x	4.3x	3.2x	2.5x
EV/EBIT	14.2x	18.4x	10.6x	7.3x

Yesterday, Ubisoft provided its mid-term guidance (a 3-year horizon plan): FY18-19 at EUR2.2bn, non-IFRS EBIT margin of 20% and FCF generation of EUR300m. As a result, FY18-19 non-IFRS EBIT is 22% higher than our estimate. By putting Ubisoft's financial targets into our model, we have increased by +11.2% on average our EPS sequence over 2016/19e (the share price reaction yesterday was therefore fully justified). We believe the speculation surrounding the stock (Vivendi now owns 14.9% of UBI's share capital and has launched a public offer on Gameloft). Buy rating and FV of EUR34 maintained.

ANALYSIS

- **Yesterday, during its investor day in London, management has presented its 3-year strategic and financial targets.** For FY18-19, the management expects to:
  - **1/ grow revenues to EUR2.2 bn**, i.e. a CAGR 16/19 of +17.4% (vs. BG est.: 2.065bn, i.e. CAGR of +14.9%) and CAGR of +14.5% before the recent sales warning. This target is based on ~5 AAA games (coming from established franchises, therefore less risky) generating a total of 40m units (more big brands and more units per brand). The group forecast around EUR100m from mobile games (4.5% of its sales vs. 3% in FY15-16)
  - **2/ reach a 20% profitability** i.e. ~EUR440m in non-IFRS EBIT (vs. BG est.: EUR360m i.e. margin of 17%). It means almost tripling non-IFRS EBIT versus FY2015-16, i.e. a CAGR 16/19 of +43% and CAGR of +30% before the recent profit warning. This target is based on a gross margin over 80% (vs. BG est.: 80%) and 45% of its sales from the digital segment (28% in digital distribution and 17% in player recurring investment) vs. 50% before.
  - **3/ generate very strong FCF of ~EUR300m** (vs. BG. est.: EUR234m) to provide the "best return to shareholders" (no more details but, given the current speculative situation, the introduction of a dividend distribution would be more logical than a share buy-back program).

  Management intends to reach these objectives through: bigger hits and digital revenues (more strong multiplayer games, extra content and live services to close the gap with competitors)**, strong execution on building stable of franchise** (developed internally, meaning operating leverage on its cost structure)**, and more awareness of its IPs** (entertainment vision beyond video games: movies, TV series, theme parks, consumer goods…).
- As a result, FY18-19 non-IFRS EBIT was 22% higher than our estimate. **By putting Ubisoft's targets into our model, we have revised upward our EPS sequence by +11.2% on average over 2016/19e.** This totally validates the increase of 11.1% in the share price yesterday without taking any speculation aspect (Vivendi's interest in Ubisoft).
- However, we consider that **in this industry to give such long-term period guidance is always risky**. Everybody knows that possible delays in game developments mean that we finally never know if the targets are really achievable on time (as a reminder, we expect the current console cycle to end in 2019e, a 6-year cycle). **Whatever, we believe in the speculation surrounding the stock.**
- **Vivendi's entry in the Guillemot's galaxy will certainly continue.** It now owns 14.9% of Ubisoft's share capital (our FV of EUR34 on Ubisoft value the entire 2013-19e cycle), and yesterday crossed the 30% threshold in Gameloft's capital (vs. 28.2% before) resulting in a hostile tender offer on 100% of GFT's capital at EUR6.0 per share (we see our FV of EUR6.7 as a minimum). **Remember that our scenario was that Vivendi would make public tender offers on both names: first on Gameloft in the short term** (hostile or friendly, it will succeed: in mobile gaming a hostile takeover is possible as the success is not linked to a few key developers) to force Ubisoft to enter into discussions and convince the Guillemot family that there are synergies, **and then on Ubisoft** (for this latter a public offer needs to be friendly, so Vivendi has to be generous in terms of price).

VALUATION

- **We maintain our Buy rating and Fair Value of EUR34** (this latter values the entire 2013-19e cycle)..
- **Don't forget that our FV is derived from UBI's 12m fwd average multiples over the past 2 console cycles applied to our FY16/17 estimates** (given the unreliability of a longer horizon guidance in this industry), **to which we added a 15% premium** (digital sales and other entertainment revenues).

NEXT CATALYSTS

- **FY15/16 earnings results:** in May, with more details on the FY16/17 guidance.

Main financial items for 2014/15 to 2018/19e

EURm	14/15 reported	BG 15/16e	BG 16/17e	BG 17/18e (old)	BG 17/18e (new)	BG 18/19e (old)	BG 18/19e (new)
Sales	**1,463.8**	**1,365.0**	**1,706.3**	**1,876.9**	**1,945.1**	**2,064.6**	**2,199.9**
Y/Y change (%)	*45.3%*	*-6.7%*	*25.0%*	*10.0%*	*14.0%*	*10.0%*	*13.1%*
Non-IFRS EBIT	**170.7**	**150.0**	**230.0**	**301.9**	**330.0**	**360.1**	**440.1**
As % of sales	*11.7%*	*11.0%*	*13.5%*	*16.1%*	*17.0%*	*17.4%*	*20.0%*
IFRS EBIT after SO	**139.4**	**138.0**	**218.0**	**289.9**	**318.0**	**348.1**	**428.1**
As % of sales	*9.5%*	*10.1%*	*12.8%*	*15.4%*	*16.4%*	*16.9%*	*19.5%*
Attributable net profit after SO	**87.0**	**80.8**	**141.0**	**190.5**	**209.7**	**230.8**	**285.2**
As % of sales	*5.9%*		*8.3%*	*10.2%*	*10.8%*	*11.2%*	*13.0%*
Adjusted net profit after SO	**103.1**	**83.1**	**141.0**	**190.5**	**209.7**	**230.8**	**285.2**
As % of sales	*7.0%*	*6.1%*	*8.3%*	*10.2%*	*10.8%*	*11.2%*	*13.0%*
FCF	**-205.7**	**198.9**	**-232.4**	**217.2**	**210.2**	**194.4**	**285.0**
Net cash	**197.7**	**-54.7**	**162.6**	**356.9**	**372.8**	**590.7**	**657.7**

Sources: Bryan, Garnier & Co ests.

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Utilities

Voltalia

Price EUR9.21

A new deal in Morocco, to the profit of group's strategy

Fair Value EUR13 (+41%) **BUY**

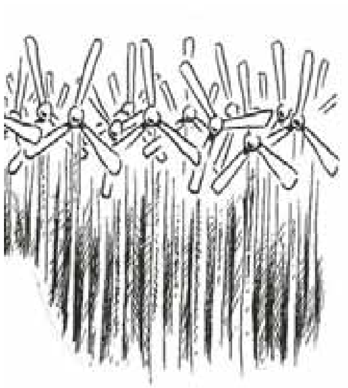
Bloomberg	MLVLT FP
Reuters	MLVLT.PA
12-month High / Low (EUR)	10.8 / 8.2
Market Cap (EURk)	241,348
Ev (BG Estimates) (EURk)	408,525
Avg. 6m daily volume (000)	2.90
3y EPS CAGR	14.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.5%	-9.8%	-11.4%	-9.1%
Utilities	0.4%	-9.0%	-11.8%	-7.0%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

YEnd Dec. (EURk)	2014	2015e	2016e	2017e
Sales	27,609	59,455	98,246	133,664
% change		*115.3%*	*65.2%*	*36.0%*
EBITDA	12,536	37,158	59,509	85,702
EBIT	6,736	17,979	31,642	51,553
% change		*NM*	*76.0%*	*62.9%*
Net income	4,495	6,934	4,368	9,531
% change		*54.3%*	*-37.0%*	*118.2%*

	2014	2015e	2016e	2017e
Operating margin	45.4	62.5	60.6	64.1
Net margin	NM	NM	NM	NM
ROE	NM	NM	NM	NM
ROCE	NM	NM	NM	NM
Gearing	NM	NM	NM	NM

(EUR)	2014	2015e	2016e	2017e
EPS	0.25	0.26	0.17	0.36
% change	-	*7.7%*	*-37.0%*	*118.2%*
P/E	37.5x	34.8x	55.2x	25.3x
FCF yield (%)	NM	NM	NM	36.8%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	15.5x	6.9x	6.3x	4.1x
EV/EBITDA	34.1x	11.0x	10.4x	6.4x
EV/EBIT	63.5x	22.7x	19.6x	10.6x



According to Reuters, Voltalia has inked its first private contract in Morocco with 40MW hydro power plant projects, in line with its strategy to balance its sales exposure outside France and Brazil, and to reduce its direct exposure to wind farms. No details were unveiled at this stage, yet we already integrated such a project in our model. Buy confirmed, with FV unchanged at EUR13/share.

ANALYSIS

- **What is in the news?** According to Reuters, the French renewable power plants operator Voltalia has inked its first private contract in Morocco with a **40MW** hydro power plants projects (*four hydro plants*). The local unit of the group, **Volta Maroc**, has been carrying out operations in Morocco for last couple of months, and aims at participating in the projects that are being developed by the country's agency for solar energy Masen, including the final photovoltaic phase of the **Noor solar power complex in Ouarzazate**. No financial details were unveiled on the hydro project, or on the potential solar project.
- **In line with group's strategy**: If confirmed, this project is clearly in line with group's strategy to **1/** balance its direct exposure outside of France and outside of Brazil, **2/** to reduce its direct exposure to wind farms in % of total installed capacities, while **3/** raising its total installed capacities to the profit of its **1GW** 2022 installed capacity target. Remember that at end 2015, Voltalia had **376MW** of installed capacities (*vs. 133MW at end 2014),* o/w **75%** wind and o/w **63%** is Brazil.
- **Conclusion:** We view this type of project positively, as it is clearly in line with group's strategy. Developing renewable capacities in Morocco clearly makes sense as most of the green technologies are already "grid to parity" and as power demand is continuing to expand at higher pace than the rest of the world. **In our model, we were already valuing in our FV of EUR13/share the development of a 35MW project in Morocco. We hope to get more details soon to refine our estimates.**

VALUATION

- At current share price the stock is trading at 10.4x its 2016e EBITDA
- Buy, FV @ EUR13/share

NEXT CATALYSTS

- February 24th 2016: 2015 earnings

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Insurance

Aegon

Price EUR4.49

Bloomberg	AGN NA
Reuters	AEGN.AS
12-month High / Low (EUR)	7.7 / 4.1
Market Cap (EURm)	9,642
Avg. 6m daily volume (000)	9,927

	1 M	3 M	6 M	31/12/15
Absolute perf.	-11.9%	-16.4%	-26.8%	-14.1%
Insurance	-6.2%	-16.7%	-15.7%	-15.7%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

	2014	2015e	2016e	2017e
P/E	6.7x	6.4x	6.0x	5.6x
Div yield (%)	5.1%	5.6%	6.1%	6.9%

Delivering on strategic shift, yet numbers remain unconvincing

Fair Value EUR6.4 (+43%) **BUY**

ANALYSIS

- Q4 2015 net income totalled EUR478m, above consensus (EUR259m), driven by net recoveries on previously impaired structured assets and lower fair value losses on hedges.
- Q4 operating profit stood at EUR486m, below consensus (EUR515m), down 14% yoy. Q4 operating profit is driven by the US (down 27% in USD terms on assumption changes, model updates, lower annuity and retirement plan earnings) and the NL (down 21% on a few one-off items on mortality provisions and losses on portfolio to be sold to Allianz).
- FY NBV totalled EUR149m, down 24%, impacted by low interest rates.
- Excess capital at the holding level was EUR1.4bn, above the EUR0.75bn target. Solvency 2 margin at end-2015 is 160%, in line with previous communication.
- As already communicated, the final dividend stands at EUR0.13 (EUR0.25 for FY), offering an annualised 5.6% yield. The EUR400m share buy-back program in on track.
- NAV at end-2015 stood at EUR11.3.

VALUATION

- Based on our current 2016 estimates, our SOTP valuation is EUR6.4.

NEXT CATALYSTS

- Q1 2016 numbers are due on 12th May 2016. AGM to follow on 20th May 2016.

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Insurance

Allianz

Price EUR135.75

Solid, but unspectacular

Fair Value EUR195 (+44%) **BUY-Top Picks**

Bloomberg	ALV GR
Reuters	ALVG.DE
12-month High / Low (EUR)	169.7 / 126.6
Market Cap (EUR)	62,038
Avg. 6m daily volume (000)	1,703

	1 M	3 M	6 M	31/12/15
Absolute perf.	-8.3%	-15.4%	-11.0%	-17.0%
Insurance	-6.2%	-16.7%	-15.7%	-15.7%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

	2014	2015e	2016e	2017e
P/E	9.9x	9.2x	9.3x	8.8x
Div yield (%)	5.0%	5.4%	5.4%	5.7%

ANALYSIS

- Q4 2015 net income is EUR1,418m, below consensus (EUR1.5bn). Q4 operating profit is EUR2,586m, in line with consensus (EUR2.56bn), up 15% yoy. FY 2015 operating profit is EUR10.7bn, up 3% yoy, in the higher end of the EUR10.0-10.8bn guidance (as expected).
- In P&C, Q4 operating profit is EUR1,221m (consensus EUR1.35bn), up 9% yoy. The Q4 reported combined ratio is 96.2% vs. 96.5% last year. Restated from natcats (2.1 points vs. 1.5 point) and run-offs (5.6 points vs. 4.2 points), the Q4 underlying combined ratio is 99.7% vs. 99.2% last year, which is slightly disappointing to us (we expected stabilization).
- In Life, Q4 operating profit is up 64% to EUR1,101m (consensus EUR0.8bn), mainly driven by the investment margin. FY NBV is stable at EUR392m. FY NBV margin is up 30bps to 2.8% (based on the present value of new business premiums, not APE).
- In Asset Management, Q4 operating profit is up 8% to EUR637m (consensus EUR0.63bn). Q4 net outflows are EUR8bn (the best performance since Q2 2013).
- Solvency II margin is 200% at end-2015. Dividend is EUR7.30 vs. EUR6.85 last year, slightly below consensus (EUR7.35), implying a 50% payout ratio (in line with company guidance) and a 5.4% yield.
- Operating profit outlook for 2016 is EUR10.0-11.0bn, which at this point might look a little aggressive compared to consensus (EUR10.85bn), but bear in mind that that "the Allianz way" is to come in the higher-end of consensus.

VALUATION

- Based on our current 2016 estimates, our SOTP valuation is EUR195.

NEXT CATALYSTS

- AGM on 4th May 2016. Q1 2016 numbers to follow on 11th May 2016.

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TMT

Soitec

Price EUR0.54

Bloomberg	SOI FP
Reuters	SOIT.PA
12-month High / Low (EUR)	0.9 / 0.5
Market Cap (EURm)	125
Avg. 6m daily volume (000)	1,277

	1 M	3 M	6 M	31/12/15
Absolute perf.	-8.5%	-31.6%	-16.9%	-15.6%
Semiconductors	2.2%	-14.0%	-8.0%	-12.2%
DJ Stoxx 600	-0.3%	-13.5%	-15.1%	-10.1%

	03/15	03/16e	03/17e	03/18e
P/E	NS	NS	47.8x	14.4x
Div yield (%)	NM	NM	NM	NM

Soitec starts 300mm RF-SOI production using existing tools

Fair Value EUR0.65 (+20%) **NEUTRAL**

ANALYSIS

- **Yesterday after market closure, Soitec announced that the group is launching volume production of RF-SOI wafers of a diameter of 300mm.** RF-SOI is used to producing the Front-End module for smartphones, namely the chips responsible for transforming radio signals in digital data (3G/4G/Wifi…). As a result, virtually all smartphones uses RF-SOI substrate for their RF modules today and Soitec is one of the three wafer manufacturer capable of producing RF-SOI with SEH (shareholder of Soitec) and SunEdison currently evaluating a strategic review following receipt of unsolicited preliminary indications of interest from an external investor.
- **This new production line will allow the group to expand its RF-SOI capacities at no costs (zero capex).** We believe that the group current capacities are close to 800k wafers per year (after yielding adjustment). In our view, the ecosystem is ready to start the production of IC on 300mm RF-SOI and the ramp up should come over 2016 as we previously expected (we are making no change in our estimates). Main customers should remain identical to 200mm wafers, i.e. foundries of largest wireless specialised fabless such as Qorvo and Skyworks. We estimate that the current price of 200mm RF-SOI wafer is close to USD 250 per unit and 300mm should be around USD 550, meaning that the group should not benefit from a larger size to improve price per mm² of the wafers since this is basically the same technology. In addition, we believe that the group will not have to invest in new tools to ramp up this production since Soitec can use PD-SOI unused tools to produce these new 300mm RF-SOI wafers.

VALUATION

- Soitec shares trade at a FY17e EV/Sales ratio of 0.7x.

NEXT CATALYSTS

- During April: Q4 2016e sales.

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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 63.4% NEUTRAL ratings 28.4% SELL ratings 8.2%

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