

BG SALES-TRADING MORNING DU 18/02/2016

LA SEANCE DE LA VEILLE

INDICES U.S & JAPON				SECTEURS S&P : BEST PERFS			SECTEURS STOXX : BEST PERFS			
Indices	Cloture	Var %	Var 17h30-22H (en %)	S&P	Var %	YTD	STOXX	Var %	YTD	
DJ	16453,8	1,6%	0,3%	Auto	3	-13,3	Basic Resources	8	0,6	
NASDAQ	4534,1	2,2%	0,2%	Oil & Gaz	2,9	-3,6	Auto & Part	4	-16,9	
S&P 500	1926,8	1,6%	0,2%	Semi Conducteurs	2,5	-10,3	Insurance	3,6	-16	
NIKKEI	16196,8	2,3%	-	IT, SOFTW & Serv.	2,5	-6,1	Const. & Materials	3,5	-7,1	
				SECTEURS S&P : WORST PERFS.			SECTEURS STOXX : WORST PERFS			
				S&P	Var %	YTD	STOXX	Var %	YTD	
				Utilities	-0,2	5,2	Utilities	0,2	-8,2	
				Telecom Op.	0,3	7,2	Food & Bev	1,4	-4,4	
				Banks	0,8	-15,6	Healthcare	1,5	-12	
				Entrepris Serv	0,8	-1,7	Personal & Household	2	-2,7	

Valeurs les plus traitées hier vs. Moy. 3M

CAC 40			EURO STOXX 50			STOXX 600		
Stocks*	Last	Var%	Stocks*	Last	Var%	Stock*s	Last	Var%
CREDIT AGRICOLE	9,6	13,9	SCHNEIDER ELECTRIC	52,4	9,2	SOCIETE BIC SA	129	-8
SCHNEIDER ELEC	52,4	9,2	SOCIETE GENERALE	31,4	6,6	BG GROUP PLC	1062	-
PUBLICIS GROUPE	57,3	-0,6	TOTAL SA	39,3	1,5	EURONEXT NV	37,2	-6,5
SOCIETE GENERALE	31,4	6,6	L'OREAL	155	0,5	RWE AG	10,3	-12,4
TOTAL SA	39,3	1,5	VINCI SA	63,2	2,9	MEDA AB-A SHS	148,9	3

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

TAUX U.S				DEVICES				MAT. PREMIERES			
Taux U.S	Valeur	Var%	Yld	Devises	Valeur	Var%	YTD	Mat. Prem	Valeur	Var%	YTD
U.S 2 ANS	100	0%	0,7%	€/ \$	1,1139	0,1%	2,1%	BRENT	34,2	-0,3%	-4,2%
U.S 10 ANS	98,4	0,2%	1,8%	€/ ¥	126,99	0%	2,8%	ONCE OR (\$)	1207	0,4%	13,6%
VIX Index	22,3							VSTOXX Index	30,5		

Economic Calendar

CN - CPI Jan. (1.8% A y/y , 1.9% E)
 EUZ - ECB account of the monetary policy meeting/
 US - Philadelphia Fed. Feb. (-3.0 E)
 US - Initial jobless claims Feb (275K E)
 US - Conitnuing claims. Feb. (2250K E)
 US - Leading indicators Jan (-0.2% E)
 US - DOE Oil Inventories

Dividends Calendar ex-date next day

INFINEON (IFXGN.DE) 0.2€ (1.9%)

Ex Div today

ASTRAZENECA (AZN.L) 131p (3.24%)
 GLAXOSMITHKLINE (GSK.L) 23p (

Markets Recap (source Street account)

Asian markets are trading higher on Thursday. Sentiment remains positive across the region following the overnight rally in the US. The Nikkei is outperforming despite an unexpected export-driven Japanese trade deficit last month. Greater China is higher with mainland media talking up 2016 policy support prospects. The PBoC injected a further CNY80B in liquidity as it fixed the yuan midpoint higher. CPI data also showed a pickup in consumer price growth and a narrowing in PPI deflation. The ASX has been another strong performer, shrugging off a surprise drop in Australian employment last month. Commodity equities are largely driving gains there with the earnings calendar fairly busy. The Fed remains in the headlines with St. Louis President Bullard believing it unwise to continue normalization amid falling inflation expectations. In commodity markets WTI crude futures have extended overnight gains amid speculation Iran may support an agreement to cap production growth.

US equities rallied today with the S&P 500 up over 1% for the third straight session, the first such

winning streak since October 2011. Treasuries were weaker across the curve. The dollar was little changed. Gold settled slightly higher. Oil rallied on additional talk of a production freeze, with WTI settling +5.6% and Brent settling +7.2%

There was nothing concrete behind today's rally, though the unwinding of momentum shorts, a chunk of which seemed to be quant driven, was the big theme of the day. Some additional clarity on oil was also helpful, with Iran supporting production-freeze efforts while not committing to join.

The primary news on the economic front was the release of the minutes from the Fed's January meeting, which contained no real surprises but highlighted uncertainty among the participants about developments in the commodity and financial markets. Elsewhere, January industrial production and PPI beat expectations, though housing starts were weaker.

The energy sector led on oil's rise. Software outperformed. Industrial metals boosted materials. Airlines and machinery were up in industrials. Healthcare lagged, though hospitals were stronger. Banks underperformed. Telecom and utilities trailed the market.

Stocks Factor to watch today :

CAPGEMINI : revenue rises 12.7% to 11.9Bn€, dividend 2015 1.35/sh (+0.15€), forecasts an operating margin of 11.1% to 11.3% and organic Free Cash Flow generation in excess of 850m€ in 2016, acquires innovation and design consultancy Fahrenheit 212,

ACCOR : CEO says visibility on T1 booking in France low.

NESTLE : Reported net profit of 9.1bnCHF (cs 9.978 Reuters poll), dividend 2.25CHF. Expects 'softer pricing' in 2016.

AIRFRANCE : beat forecasts with a return to profit last year, helped by a drop in fuel bill and growth in passenger traffic.

IPSEN : gad entered into a licensing agreement with German firm 3B Pharma to develop radiopharmaceuticals in oncology.

NEXANS : Chairman would retire at the end of March and be replaced by Georges Chodron de Courcel.

FNAC : confirmed its long term profitability target as the group reported a 16.7% increase in 2015 net income despite a slight decline in revenue.

Rating & TP Changes



IPSEN : initiated with BUY rating, TP 82€ @SocGen

H&M : raised to NEUTRAL, TO cut to 315SEK vs. 327 @Goldman Sachs

MUNICH RE : TP raised to 182€ vs. 180, HOLD @ DBK

HANNOVER RE : HOLD vs. SELL, TP raised to 92€ vs. 77 @DBK

SCOR : TP raised to 36€ vs. 31.9, BUY @DBK

STM : NEUTRAL vs. SELL @ UBS

TEMENOS : BUY vs. HOLD @ Berenberg



BEIERSDORF : TP cut to 80€ vs. 82, NEUTRAL @Bryan Garnier

EDF : TP cut to 12.1€ vs. 14.4, NEUTRAL @ Goldman Sachs

SUEZ ENV. : TP cut to 20.1€ vs. 20.2, BUY @ Goldman Sachs

VEOLIA ENV. : TP cut to 25.9€ vs. 26.3, BUY @ Goldman Sachs

LDR : TP cut to 23€ vs. 28, Market Perform @BMO

WOLSELEY : TP cut to 4100p vs. 4200, BUY

IMERYS : REDUCE vs. HOLD @ HSBC

ATOS : TP cut to 80€ vs. 87 @HSBC

SANOFI : TP cut to 93€ vs. 100, HOLD @Berenberg

ASTRAZENECA : TP cut to 5200p vs. 5300, BUY @Berenberg

ZURICH INSURANCE: TP cut to 265CHF vs. 296 @ HSBC

Technical Analysis

BIC, RWE : at their lowest ytd

➔Upward Signals

EXPERIAN (EXPN. L), KPN (KPN.AS), LAGARDERE (LAGA.PA), NORSK HYDRO (NHY.OL), SEGRO (SEGRO.L), WPP (WPP.L) : stock prices crossing upward 50d, 100d, 20d MAV

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

Beiersdorf RATING : NEUTRAL Fair Value EUR80 vs. EUR82

Even if 2015 results were in line with market expectations thanks to a 70bp EBIT margin gain, investors have been disappointed by the 2016 guidance with a relatively modest organic sales increase (3 to 4%) and a "slight" profitability increase. We are lowering our 2016 EBIT by 2.5% hence our new EUR80 FV (EUR82 previously).

NEUTRAL

BIC RATING : NEUTRAL Fair Value EUR122 vs. EUR130

During the analysts' presentation the top management came back on the three "hot topics" that surprised investors yesterday: 1/ the cautious NIFO margin guidance was justified by significant R&D and marketing investments, 2/ the Chairman and CEO functions will be temporarily merged (up to two years) the time for Bruno Bich and the Board to find a successor to Mario Guevara and 3/ the strategic review of BIC Graphic should be completed by the end of 2016. Although we are convinced that these incremental brand support and capex investments are critical for the MT growth, they will weigh on the group's profitability in the ST, justifying our ~9% downward revision to our FY16-17 NIFO assumptions which leads to our new FV of EUR122 vs. EUR130. Neutral recommendation reiterated. =>

Negative

RWE RATING : NEUTRAL Fair Value EUR9,8

SRWE, in a press release, unveiled its preliminary 2015 earnings yesterday, ahead of its traditional 2015 earnings publication (March 8th 2016). Important element to retain is the suspension of the dividend payment to holders of common shares for fiscal 2015, while we anticipated the payment of a EUR1/share (consensus was at EUR0.6/share). The lack of visibility on the European energy sector, combined with the current political risks explain this decision. Negative.

Euler Hermes RATING : BUY Fair Value EUR100 vs. EUR103

Q4 underwriting performance (down 32% yoy) has been penalized by a major claims in Spain. Excluding this item, the profitability remains very satisfactory despite the more challenging macro environment. Yet we have slightly adjusted downwards (2%) our 2016-2017 numbers and our new fair value is EUR100. The solvency 2 margin stands at 173% (vs. 190-200% expected) as the regulator has asked for some buffer. This is bad news in the short term as it leaves no room for a special shareholder return. Longer term, this buffer might vanish, and the company might use some leverage to get more excess capital. We stick to our Buy rating, considering the quality of the fundamentals compared to Coface (including the quality of the solvency margin). -> **Negative**

AccorHotels RATING : BUY-Top Picks Fair Value EUR48 (+39%)

Strong results...: Despite difficulties in France (29% of group offer) affected by terrorist attacks in January and November and challenging economic environment in Brazil (7%), results were pretty strong with total revenue up 2.3% on reported and 2.9% on lfl basis at EUR5,581m (BG & Co. at EUR5,670m and consensus at EUR5,663m) with France down 0.5% after -6.6% in Q4 (RevPAR down in Paris/Ile de France by 3.4% after -12.4% in Q4) and -3.7% in Americas (-7.5% in Q4 in Brazil). EBIT reached EUR665m (BG & Co. at EUR667m consensus at EUR657m) up 10.6% on reported and 3.5% on lfl with an EBIT margin of 11.9%, up 0.9pt%. Excluding the digital plan, EBIT margin should have reached 12.6%. **Positive**

Genmab RATING : BUY-Top Picks Fair Value DKK1170

FY 15 results are in line with the consensus' expectations but above ours. But more importantly, the financial guidance regarding Darzalex (daratumumab) is very encouraging as 1/ Darzalex royalties of DKK200-250m based on an estimated USD250-300m of sales in 2016 (vs BG: USD75m and Bloomberg consensus: USD115m); and 2/ the company is anticipating DKK400m of milestones payments, and we understand this figure assume positive results from the POLLUX and CASTOR studies). Besides, the recent fall in the stock price has opened a window of opportunity as 1/ current levels are even below those we've seen before daratumumab's first approval; 2/ based upon our SOTP valuation, the street nearly gives no value to daratumumab as a first and second-line treatment for patients with multiple myeloma (these accounting for roughly DKK500 of our FV). BUY reiterated with a FV of DKK1,170. **POSITIVE**

Nestlé	RATING : NEUTRAL	Fair Value CHF76 (+3%)
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Q4 2015 sales came out 4% below consensus due to FX. The organic sales growth was just in line at +4.2%, implying a slight improvement vs Q3 (+3.7%) as a number of negative one-offs alleviated. The full year EBIT margin stood at 15.1%, down 40bps YoY while the market was expecting only a 10bps decline. Which is more concerning is the guidance of organic sales growth in line with 2015 (ie +4.2%), which means no return to the Nestlé's model (5-6% organic sales growth). It could disappoint the market as well as the lack of the announcement of a share buyback program.

Capgemini	RATING : BUY	Fair Value EUR96 (+32%)
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This morning Capgemini reported FY15 results and organic free cash flow above expectations. FY16 guidance is just in line, with +7.5%/+9.5% revenue growth at cc and an op. margin of 11.1-11.3%. In addition, management has decided to increase the dividend to EUR1.35/share from EUR1.20 a year ago and launch a multi-year EUR600m share buy-back programme (o/w EUR150m allocated for 2016). Finally, it announced the acquisition of Fahrenheit 212 in Digital in North America. Positive.
