BG SALES-TRADING MORNING DU 19/02/2016

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	16413,4	-0,2%	-0,2%	Utilities	1,6	6,9	Technology	1,5	-9,8
NASDAQ	4487,5	-1%	-0,6%	Telecom Op.	1,1	8,3	Utilities	1,3	-7
S&P 500	1917,8	-0,5%	-0,3%	Real Estate	0,9	-8,3	Travel & Leisure	1	-9,2
NIKKEI	15967,2	-1,4%	-	Food Bev & Tobacco	0,2	0,7	Chemicals	0,9	-10,6
				SECTEURS S&P : WORST PERFS.			SECTEURS STOXX : WORST PERFS		
				S&P	Var %	YTD	STOXX	Var %	YTD
				Food staples, Retail	-1,9	-2,9	Banks	-2,3	-21,6
				Banks	-1,7	-17,1	Food & BeV	-1,1	-5,5
				Consumer Serv.	-1,1	-4,6	Basic Resources	-1,1	-0,5
				Oil & Gaz	-0,9	-4,5	Oil & Gas	-0,9	-4,6

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%
CAP GEMINI	75,9	4,4	L'OREAL	153,6	-1	BG GROUP PLC	1062	-
KERING	160,2	0,8	E.ON SE	8,9	2,1	AIR FRANCE-KLM	8,2	10,7
ACCOR SA	35,4	2,7	UNICREDIT SPA	3,3	-5,5	MEDA AB-A SHS	149,6	0,5
L'OREAL	153,6	-1	INTESA SANPAOLO	2,4	-4,9	INDIVIOR PLC	171	15,8
CREDIT AGRICOLE SA	9,3	-2,4	VIVENDI	18,1	-0,6	KBC GROEP NV	45,7	-8

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				DEVISES				MAT. PREMIERES			
Taux U.S	Valeur	Var%	Yld	Devises	Valeur	Var%	YTD	Mat. Prem	Valeur	Var%	YTD
U.S 2 ANS	100,1	0%	0,7%	€/$	1,1119	-0,1%	1,9%	BRENT	33,4	-0,1%	-6,6%
U.S 10 ANS	99	0,1%	1,7%	€/¥	125,72	0,1%	3,9%	ONCE OR ($)	1225,4	1,9%	15,3%

VIX Index	21,6	-3%		VSTOXX Index	30,9	1,4%

Economic Calendar

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

Dividends Calendar ex-date next day		Ex Div today	
METRO (MPI.L)	1€ (0.27%)	INFINEON (IFXGn.DE)	0.2€ (1.85%)

Markets Recap (source Street account)

Asian markets are trading weaker on Friday. The Nikkei is underperforming the region with the yen building on its overnight strength. Volatility is subdued elsewhere amid few incremental macro developments. Greater China is little changed following its run of strong gains that were driven in large part by stepped up policy support measures. The PBoC fixed the yuan midpoint slightly lower today. Energy stocks are lagging on the ASX following oil’s late selloff overnight. In FX the Aussie dollar has come under some slight pressure after RBA board member John Edwards told the WSJ he would be more comfortable with the Aussie dollar at 0.6500. The Korean won clawed back some its recent losses after the BoK and South Korean finance ministry indicated a readiness to arrest currency’s volatility.

US equities closed lower today, turning negative following a three-day rally. Treasuries were stronger across the curve. The dollar was slightly higher, but lagged against the yen and sterling. Gold rose, settling +1.2%. Oil was mixed, finishing off the day’s best levels. WTI settled +0.4% and Brent settled (0.6%).

Today saw a fairly uneventful session following yesterday’s short-covering rally. Oil settled higher in choppy trading amid news of an inventory build and continued production-freeze discussions. Economic data was mixed, with jobless claims falling but the Philadelphia Fed survey remaining in negative territory.

There were mixed takeaways from the corporate calendar. WMT was hit by weaker comps. NVDA beat and guided next quarter above the Street. DISCA results saw a larger-than-expected FX impact. MAR disappointed on RevPAR growth. COF boosted its buyback. The branded consumer segment was a disappointment for PRGO. IM agreed to be acquired by a Chinese firm for ~$6B.

Energy trailed the market. Biotech lagged. Restaurants and leisure names weighed on consumer discretionary. Software companies were weaker. Banks gave back some of their recent strength. Chemicals were mixed. Airlines were stronger. Utilities was the best-performing sector.

Stocks Factor to watch today :

ESSILOR : 2015 profit rises, sees higher revenue in 2016. Organic growth 4.6% in 2016

TECHNIP : named Industry leader in Sustainability by RobeccoSAM.

GAMELOFT : VIVENDI's Board approved a tender offer for Gameloft's share at 6 €

FRENCH TELCO : ARCEP warned Bouygues Telecom and SFR that they must respect their obligations n terms of 4G coverage for less densely populated areas.

SAFT : Net profit plunged 72% as a slower than expected switch to lithium ion batteries forced the company to take writedown on its factories.

RENAULT : Moody's upgraded to Baa3 with stable outlook Renault's rating

Rating & TP Changes

CASINO : TP raised to 57€ vs. 54, BUY *@Bryan Garnier*

PUMA : TP raised to 200€ vs. 160, HOLD *@ EVERCORE ISI*

NESTLE : TP cut to 73€ vs. 76, Neutral *@Bryan Garnier*

CAPGEMINI : TP cut to 93€ vs. 96, BUY *@Bryan Garnier*

CAPGEMINI : TP cut to 100€ vs. 105, BUY *@ HSBC*

RANDSTAD : TP cut to 61€ vs. 64, BUY *@ ING*

RANDSTAD : TP raised to 60€ vs. 68.5, Overweight *@Barclays*

FRESENIUS SE : TP cut to 63€ vs. 66, Neutral*@ Goldman Sachs*

VICAT : HOLD vs. BUY, TP cut to 54€ vs. 70, *@Berenberg*

Technical Analysis

ADIDAS, ADP(ADP.PA), C. DIOR, CNP, COMPASS, KERING, VINCI : at their highest ytd

BIC : at its lowest ytd

Upward Signals

Downward Signals

DIAGEO (DGE.L), : 50D MAV crossing downward 200d MAV

NESTLE : (NESN.VX) : stock price crossing downward 50d, 100d, 200d MAV

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

Kering	RATING : BUY	Fair Value EUR180 (+12%)

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. Positive

Allianz RATING : BUY-Top Picks Fair Value EUR195 (+44%)

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, driven by Life/Health. FY 2015 operating profit is EUR10.7bn, up 3% yoy, in the higher end of the EUR10.0-10.8bn guidance (as expected). Solvency II margin is 200% at end-2015. Dividend is EUR7.30 vs. EUR6.85 last year, slightly below consensus (EUR7.35), offering 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 keep in mind that that “the Allianz way” is to come in the higher-end of consensus. -> Slightly negative.

Casino Guichard RATING : BUY Fair Value EUR57 vs. EUR54 (+36%)

Admittedly, the current psychosis does contain elements of truth and maintaining the IG is evidently key to us (the investor base would be largely reduced if Casino is downgraded, while the potential return to the IG 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.

Gameloft RATING : BUY Fair Value EUR6.7 (+22%)

As we expected, Vivendi take the wise decision of launching a takeover bid on Gameloft rather than taking a creeping control of the company. 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 step to come to a friendly takeover on Ubisoft (Buy, FV of EUR34). However, we believe that Vivendi has to be more generous if it really wants to add a 5th pilar to its French media group. => Positive.

Ubisoft RATING : BUY Fair Value EUR34 (+69%)

Yesterday, Ubisoft has given 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 increase by +11.2% on average our EPS sequence over 2016/19e (the share price reaction yesterday was therefore fully justified). We believe in 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. => Positive.

Ingenico Group RATING : BUY Fair Value EUR150 (+44%)

Ingenico Group posted broadly in line FY15 earnings (better in revenue, in line in EBITDA, lower in net income, better in net debt) and 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. => Neutral.

Heidelbergcement RATING : BUY-Top Picks Fair Value EUR86 (+29%)

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. Positive.

Voltalia RATING : BUY Fair Value EUR13 (+41%)

According to Reuters, Voltalia has inked its first private contract in Morocco with 40MW hydro power plants 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.

Kering RATING : BUY Fair Value EUR180 (+12%)

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. Positive

Nestlé	RATING : NEUTRAL	Fair Value CHF73 vs. CHF76 (+2%)

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.

Capgemini	RATING : BUY	Fair Value EUR93 vs. EUR96 (+23%)

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. Positive.

Aegon	RATING : BUY	Fair Value EUR6.4 (+43%)

Q4 2015 net income totalled EUR478m, above consensus (EUR259m), driven by net recoveries on previously impaired structures assets and lower fair value losses on hedges. Q4 operating profit stood at EUR486m, below consensus (EUR515m), down 14% yoy, driven by the US and the NL (assumption changes, model updates and a few one-offs). 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. The company continue to deliver on strategic shift, yet numbers remain unconvincing. -> Neutral

Essilor	RATING : BUY-Top Picks	Fair Value EUR134 (+21%)

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). **=> Negative**