

BG SALES-TRADING MORNING DU 25/02/2016

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	16485	0,3%	1,1%	Tech Hardware	1,4	-6,7	Food & BeV	-1,2	-6,1
NASDAQ	4542,6	0,9%	1,5%	Semi Conducteurs	1,3	-10,1	Healthcare	-1,7	-12,8
S&P 500	1929,8	0,4%	1,2%	Entprises Serv	1,1	0	Media	-1,7	-8,8
NIKKEI	16140,3	1,4%	-	Consumer Durables	1	-1,5	Travel & Leisure	-1,7	-10,7
SECTEURS S&P : WORST PERFS.					SECTEURS STOXX : WORST PERFS				
				S&P	Var %	YTD	STOXX	Var %	YTD
				Auto	-1,4	-14,8	Basic Resources	-6,5	-4,3
				Banks	-0,6	-18,3	Auto & Part	-3,6	-20,8
				Household Products	-0,2	2,6	Banks	-3	-24,6
				Consumer Serv.	-0,2	-3,2	Oil & Gas	-2,8	-7,5

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%	
PEUGEOT SA	13,9	1,5	FRESENIUS SE & CO	59,7	3,4	WIRECARD AG	33,4	-21,6	
DANONE	62,6	-1,2	DANONE	62,6	-1,2	AUTO TRADER GROUP	359	-7,3	
PERNOD RICARD SA	97,1	-1,8	ASML HOLDING NV	79,6	-0,2	SYDBANK A/S	179,3	-8,4	
NOKIA OYJ	5,5	-0,6	INDITEX	27,2	-2,9	BG GROUP PLC	1062	#N/A	N/A
ACCOR SA	35,3	-1,4	AIRBUS GROUP SE	55	-0,8	HUGO BOSS AG -ORD	51,3	-8,4	

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%	€/ \$	1,1033	0,2%	1,6%	BRENT	33,6	-0,8%	-6%
U.S 10 ANS	99	0,2%	1,7%	€/ ¥	123,77	-0,2%	5,5%	ONCE OR (\$)	1238,4	0,8%	16,7%
VIX Index	20,7		-1,2%					VSTOXX Index	33,1		8,5%

Markets Recap (source Street account)

Asian markets are trading lower on Thursday. There has been increased focus on China with markets there under pressure. While the PBoC injected CNY340B via 7-day reverse repos, the overnight repo rate spiked the most since before the Lunar New Year. Bloomberg noted that banks which didn't meet the PBoC's criteria won't receive preferential terms on their reserve requirements effective today. China's corporate debt pile came under scrutiny after an S&P report. Officials outlined scope for higher deficits to fund fiscal policy as they warned exports were under pressure from global weakness. Mainland media also urged lowering the RRR further. Elsewhere a weaker yen has led to modest gains on the Nikkei. M&A is another highlight with Sharp agreeing to Foxconn's offer. The ASX is lower amid broad-based sector weakness. **Aussie private capex surprised higher though forward estimates underwhelmed.**

US equities finished higher on Wednesday. Treasuries were mostly weaker, giving up an earlier rally. The dollar was mixed. Gold extended gains and closed up 1.4%. Oil finished higher after reversing a morning selloff. WTI settled up 0.9%.

Stocks reversed a selloff at the open to close near session highs. A rally in oil following inventory data was a positive catalyst. A number of headlines failed to dampen sentiment. Some disappointing economic data in focus, with the flash services PMI falling below 50. Bank weakness another drag amid growing credit scrutiny. Some fedspeak also received attention, though no clear takeaways.

Corporate calendar centered on some retail earnings. TGT and LOW the high-profile reporters. Autos underperformed on disappointing CAR guidance. M&A activity continued with MNST announcing acquisition of American Fruits & Flavors.

Materials and tech led the market higher. Energy also outperformed on the oil rebound. Financials the

only major sector to trade lower as banks continued to come under pressure.

Stocks Factor to watch today :

AXA: Underlying earnings up 10% (reported basis) to EUR5.57bn (consensus EUR5.56bn), dividend EUR1.10, solvency II at 205%

BioMérieux: Biofire receives FDA clearance for Filmarray torch with FilMarray respiratory panel

Veolia: EBITda up 11% to EUR3.0bn, in line with consensus

Bayer: Q4 adj. EBITDA EUR1.9bn(consensus EUR2.03bn)

Rating & TP Changes



Richemont: TP cut to CHF79 vs. CHF86, Buy reiterated, @ *Nomura*

Heidelbergcement: TP cut to EUR83 vs. EUR88, Overweight reiterated, @ *Barclays*

Essilor: TP cut to EUR116 vs. EUR119, Outperform reiterated, @ *Raymond James*

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

Engie RATING : BUY Fair Value EUR19 (+37%)

Engie posted poor 2015 earnings performance this morning, as expected. Most of the earnings deterioration came from merchant activities, which obliged the group to book massive impairments. 2016 outlook is prudent, as we anticipated, as the group will continue to suffer from commodity prices deterioration. The most interesting element of this publication is the divulgation of the group's transformation plan which will adapt Engie to the new world. Assets rotation will be massive, and will be combined with a EUR1bn costs reduction program (EUR0.3bn/year, on the new group). Management committed to distribute a EUR1/share dividend in 2015 and 2016, and a EUR0.7/share dividend in 2017 & 2018 once Mr. Mestrallet will leave the group and once the group will have made important disposals. First indications of this plan looks quite interesting. We expect a positive share price reaction this morning.

Axway Software RATING : NEUTRAL vs. BUY Fair Value EUR24 vs. EUR30 (+8%)

We downgrade our rating to Neutral from Buy, and reduce our DCF-derived fair value to EUR24 from EUR30. Our adj. EPS ests. are cut by 10% for 2015, 13% for 2017 and 15% for 2018. Yesterday evening Axway reported FY15 results below our forecasts, with France affected in Q4 15 by longer-than-expected sales cycles in API and Operational Intelligence. The new 3-year plan targets strong sales growth but steady operating margins on a lfl basis, while Axway keeps investing in the evolution of its offering. Negative.

Alten RATING : SELL Fair Value EUR47 vs. EUR46 (-5%)

We reiterate our Sell rating following the analysts' meeting held yesterday. We adjust our DCF-derived fair value to EUR47 from EUR46 on upped adj. EPS ests. (+6% = +EUR3/share) offset by lower net cash ests. (-EUR2/share). The key takeaways of the meeting are that: 1). Cautious optimism on sales and margins is confirmed; 2). The strong free cash flow increase seen in 2015 makes another surge unlikely in 2016 in our view; 3). There is no intention to change the business model.

Sopra Steria Group RATING : BUY Fair Value EUR115 (+29%)

Yesterday evening Sopra Steria announced an agreement for the acquisition of 75% of Cassiopae, a French software vendor specialised in specialised finance and real estate management solutions, for an undisclosed sum and an option to purchase the remaining 25% by 2020. We estimate Cassiopae would add 2% to Sopra Steria's revenues. The acquisition price and the operating margin have not been disclosed, but we would not be surprised the deal could be slightly accretive to EPS from 2016-17.

Groupe SEB RATING : BUY Fair Value EUR105 (+23%)

This morning Groupe SEB released 2015 results. Recurring operating result was up 16.3% to EUR428m fairly in line with the market expectations (CS: EUR430m), representing the first margin expansion (+30bp to 9%) since 2010 despite another significant FX headwind of EUR100m. Although this pressure is set to worsen in 2016 (EUR130-140m) SEB expects to further increase its recurring op result for 2015. Buy recommendation and FV of EUR150 reiterated. Analysts' meeting today at 2.30pm (Paris time). => **Positive**

Eiffage **RATING : BUY** **Fair Value EUR71 (+15%)**

Eiffage has reported decent 2015 results last night. Sales are slightly down -1.3% on a like for like basis. However EBIT margin is pretty strong at 10.3% (+70bps), with the combination of lower profitability for contracting but strong performance in the concession business. Group share net profit is up 13.5%, thanks a 15% reduction of the cost of the debt. Order book is solid and up 1.2% excluding BPL, but top line for Contracting will be slightly down in 2016. However, net earnings will continue to increase significantly. 25% increase of the dividend at EUR1.50. Positive.

Atos **RATING : BUY-Top Picks** **Fair Value EUR93 (+40%)**

We reiterate our Buy rating following the conference call held yesterday. Despite some headwinds on Worldline's revenues, the management is confident to double the lfl sales growth in 2016 and 2017 thanks to market share gains in Managed Services, the gradual turnaround of Consulting & Systems Integration and still strong demand on Big Data & Cyber-security. While the integration of Bull has been a success, cost and revenue synergies on Xerox ITO and Unify have been reiterated. Positive.

Veolia Environnement **RATING : NEUTRAL** **Fair Value EUR22,5 (+6%)**

Veolia posted this morning solid 2015 earnings, helped by strong costs reduction contribution and by positive FX effect. Net recurring income came perfectly in line with our estimates at EUR580m (BG at EUR589m) as well as 2015 dividend proposal (EUR0.73/share). The management reached easily its 2015 targets, but this is not a surprise. As for 2016, as expected the global tone is quite cautious (on macro), putting the new costs cutting program further at the center of group's earnings growth strategy. We appreciate the case, yet continue to think most of the equity story is already well priced in by market. Neutral, FV @ EUR22.5.

Bayer **RATING : NEUTRAL** **Fair Value Under Review**

Bayer reported this morning lower-than-expected earnings for the last quarter of 2015 with a meaningful miss to consensus expectations on core EPS (EUR1.07 vs EUR1.21) despite in-line sales. Based on these light numbers, Bayer is forming a first cautious guidance that should be another disappointment. The group is guiding towards low-single digit growth in sales and mid-single digit growth in adjusted EBITDA with Fx playing slightly negative where CS anticipates reported 8.5% growth. FV under review. >> **Negative**

AXA **RATING : BUY-Top Picks** **Fair Value EUR32 (+64%)**

AXA has reported strong 2015 numbers, with underlying earnings up 2% yoy on a comparable basis to EUR5.57bn (consensus EUR5.56bn). The solvency II margin is 205%. The dividend was up to EUR1.10 (5.6% yield). -> Neutral

Bureau Veritas **RATING : NEUTRAL** **Fair Value EUR22 (+25%)**

Results were in line with expectation except net result due to exceptional charges amounting EUR121m. 2016 should be again challenging due to the oil & gas and minerals. Nevertheless, Management expected lfl revenue growth of between 1% and 3% (our forecast is 1.6% vs. consensus at 2.1%) with a progressive improvement in H2 (notably due to construction in France representing around 5% of consolidated revenue). Adjusted EBITA margin should be maintained at a high level between 16.5% and 17% after 16.7% in 2015. Our forecast is flat at 16.7% compared with consensus of 16.8%. Neutral.
