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10th March 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17000.36	+0.21%	-2.44%
S&P 500	1989.26	+0.51%	-2.68%
Nasdaq	4674.38	+0.55%	-6.65%
Nikkei	16852.35	+1.26%	-12.56%
Stoxx 600	339.136	+0.49%	-7.29%
CAC 40	4425.65	+0.49%	-4.56%
Oil /Gold			
Crude WTI	38.12	+5.07%	+2.47%
Gold (once)	1256.8	-0.97%	+18.30%
Currencies/Rates			
EUR/USD	1.10105	-0.39%	+1.36%
EUR/CHF	1.09695	+0.06%	+0.88%
German 10 years	0.238	+33.62%	-62.42%
French 10 years	0.54	+10.31%	-44.96%

Economic releases :

Date	
10th-Mar	CNY - CPI Feb. (2.3% A, 1.8% E) CNY- PPI Feb. (-4.9% A , -4.9E) EUZ - ECB rate Decision (0.05% E) US - Initial Jobless claims Feb. (275K E) US - continuing claims feb. (2252K E) US - Monthly budget statement Feb.

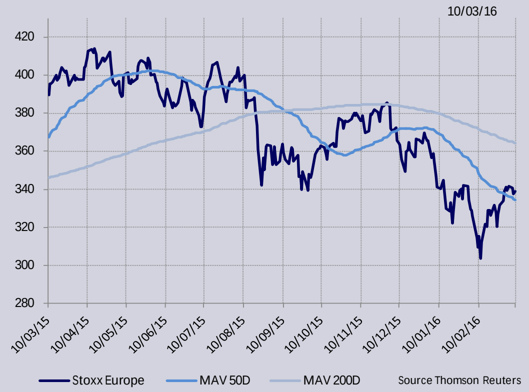
Upcoming BG events :

Date	
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)
12th-Apr	DBV TECH. (BG Paris roadshow with CEO)

Recent reports :

Date	
9th-Mar	CELLECTIS : Super Mario Car-T
4th-Mar	CAMPARI : The wind in its sails
19th-Feb	CASINO With hindsight: a real Catch-22!
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

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



ASTRAZENECA — **BUY-Top Picks, Fair Value 5520p vs. 5550p (+35%)**

A handful of news items to mention

SOITEC — **NEUTRAL, Fair Value EUR0.5 vs. EUR0.65 (-21%)**

We adopt a more cautious scenario.

ALTRAN TECHNOLOGIES — **BUY, Fair Value EUR13 (+20%)**

FY15 results in line with expectations, positive outlook

CARREFOUR — **BUY, Fair Value EUR31 (+21%)**

FY Carrefour (first take): mixed performances

CASINO GUICHARD — **BUY, Fair Value EUR57 (+21%)**

Postview: waiting for S&P...

HUGO BOSS — **NEUTRAL, Fair Value EUR87 (+61%)**

FY16 outlook in line with previous announcements, dividend cut in 2016?

ILIAD — **BUY, Fair Value EUR270 (+26%)**

Iliad: FY2015 results

UBISOFT — **BUY, Fair Value EUR34 (+28%)**

Tom Clancy's The Division is an overwhelming success for its day one

In brief...

CNP ASSURANCES, *Crédit Agricole to internalise the group borrower insurance contracts of its regional banks*

HANNOVER RE, *Typical Hannover Re: strong numbers, nice dividend..., and high multiples*

SAINT GOBAIN, *Saint-Gobain/SWH conference call feedback*

See the link at the bottom of each page for the research disclosure legend table ".

Healthcare

AstraZeneca

Price 4,076p

A handful of news items to mention

Fair Value 5520p vs. 5550p (+35%) **BUY-Top Picks**

Bloomberg	AZN LN
Reuters	AZN.L
12-month High / Low (p)	4,863 / 3,904
Market Cap (GBPm)	51,530
Ev (BG Estimates) (GBPm)	60,983
Avg. 6m daily volume (000)	2,460
3y EPS CAGR	-1.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.1%	-7.4%	-4.5%	-11.7%
Healthcare	7.4%	-8.3%	-10.2%	-10.7%
DJ Stoxx 600	9.6%	-6.9%	-6.8%	-7.3%

YEnd Dec. (USDm)	2015	2016e	2017e	2018e
Sales	23,641	21,754	21,108	22,510
% change		*-8.0%*	*-3.0%*	*6.6%*
EBITDA	5,937	7,033	6,557	7,254
EBIT	4,114	5,503	5,325	5,719
% change		*33.8%*	*-3.2%*	*7.4%*
Net income	5,390	5,016	4,893	5,226
% change		*-6.9%*	*-2.5%*	*6.8%*

	2015	2016e	2017e	2018e
Operating margin	17.4	25.3	25.2	25.4
Net margin	6.8	11.8	10.9	12.9
ROE	8.6	14.4	13.7	18.3
ROCE	16.2	14.5	12.4	12.9
Gearing	47.7	76.5	88.1	102.1

(USD)	2015	2016e	2017e	2018e
EPS	4.26	3.97	3.87	4.13
% change	-	*-6.9%*	*-2.5%*	*6.8%*
P/E	13.6x	14.6x	15.0x	14.0x
FCF yield (%)	NM	NM	4.5%	3.6%
Dividends (USD)	2.80	2.80	2.80	2.80
Div yield (%)	4.8%	4.8%	4.8%	4.8%
EV/Sales	3.5x	4.0x	4.2x	4.0x
EV/EBITDA	13.8x	12.3x	13.4x	12.3x
EV/EBIT	20.0x	15.8x	16.5x	15.6x

We have summarised our thoughts on the consequences on our figures, sentiment and investment case of a two-part deal in China as well as recent data for tremelimumab and lebrikizumab. In all, the financial impact is limited and our FV is reduced by only 30 pence to 5,520p. BUY unchanged.

ANALYSIS

- Over the past 10 days, AstraZeneca has been directly and indirectly in the news with several of its products and our intention here is to summarise our thoughts about the consequences of this information on our figures, sentiment and investment case.
- The first announcement by AstraZeneca was an agreement with a Chinese company called CMS to sell the commercial rights of Plendil in China. This calcium channel blocker approved for HBP is actually a big drug in China as it represented USD189m or 7.5% of the company's total sales in the country in 2015. AZN will continue to manufacture and supply the medicine to CMS and will receive royalties that we assume will reach approx. 30% in total, on top of an initial payment of USD310m. This payment is to be booked as an externalisation revenue in Q1 2016. A second smaller agreement is attached to the first namely the divestment of ex-US rights of another cv drug called Imdur whose sales were USD57m in 2015. In this case, AZN will receive a one-time payment of USD190m that will be booked in other operating income in Q2. Together the two drugs totalled 1% of group sales. The impact is already factored into guidance for a low to mid single digit revenue decline in 2016 vs. 2015. The group stated that externalisation revenues and other operating income would both grow in 2016 vs 2015 but the origin was largely unknown: here is a first component.
- On the same day actually, AstraZeneca reported that tremelimumab, its investigational CTLA-4 targeting agent, failed to reach the primary endpoint in the DETERMINE phase III trial that was assessing its efficacy in advanced malignant mesothelioma. "Treme" failed to improve OS. Although it is rare (about 20,000 new cases in the US per annum), mesothelioma is devastating and has no approved drug beyond first-line. "Treme" received orphan drug status last year and so there was some hope that it could open the market to the drug as early as next year. That said, it has always been considered that big hopes with "treme" were in combination, notably with durvalumab. All interim results here are very encouraging irrespectively of the PD-L1 status of lung cancer patients. As a consequence of DETERMINE data, we have slightly impacted the sales curve at the beginning and removed the USD30m contribution in 2017 while keeping our probability-adjusted estimates of USD500m in 2022 unchanged. DETERMINE represented a "fast-to-market" route for "treme" that will not materialise. This would have helped physicians become more familiar with the drug before the combination with durva is approved. This should not materially impact 2023 targets.
- The third newsflow item is more indirect and relates to the announcement by Roche that lebrikizumab had mixed results in phase III with only one of the two LAVOLTA studies reaching their primary endpoint of reducing the rate of asthma exacerbations. Filing looks uncertain and commercial perspectives are even more jeopardised in our view, at least in asthma. So now, what does this mean for the very similar IL-13 antibody tralokinumab developed by AZN? The fact that only one in two equally designed trials works is intriguing obviously and may question the target itself and its validity in asthma as STRATOS 1-2 are very similar to LAVOLTA1-2 although the compounds are different and could therefore deliver slightly different results: note in particular that "lebri" was tested in two different doses four weeks apart (on top of ICS+other) when "tralo" is tested only with a 300mcg dose every two weeks (on top of ICS+LABA). It looks fair to us at this point to consider that PoS has declined but may give IL-5 targeting agents a larger audience which is good for Nucala (GSK) but also for "benra" (AZN) whereas Roche has no anti-IL-5 in house. Our 2022 sales estimate for "tralo" was USD330m in 2022 and we keep it unchanged for the moment.

VALUATION

- The three product-related news items discussed above have a limited combined impact on our FV that we have marginally reduced from GBP5,550 to GBP5,520p. We remain at BUY.

NEXT CATALYSTS

- March 2016 : SOCRATES phase III results (Brilinta in stroke) - Click here to download

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Soitec

Price EUR0.63

Bloomberg	SOI FP
Reuters	SOIT.PA
12-month High / Low (EUR)	0.9 / 0.5
Market Cap (EURm)	146
Ev (BG Estimates) (EURm)	304
Avg. 6m daily volume (000)	1,293
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	26.0%	-8.7%	12.5%	-1.6%
Semiconductors	10.6%	-8.2%	-1.7%	-5.2%
DJ Stoxx 600	7.4%	-7.7%	-6.0%	-7.7%

YEnd Mar. (EURm)	03/15	03/16e	03/17e	03/18e
Sales	222.9	236.0	248.4	265.2
% change		*5.9%*	*5.3%*	*6.7%*
EBITDA	-67.9	40.5	38.1	41.9
EBIT	-125.9	8.1	10.6	13.1
% change		*NS*	*29.9%*	*24.2%*
Net income	-107.8	-23.2	4.1	6.3
% change		*78.5%*	*NS*	*52.2%*

	03/15	03/16e	03/17e	03/18e
Operating margin	NM	3.4	4.3	5.0
Net margin	NM	NM	1.4	2.4
ROE	-516.1	2,691	5.2	7.3
ROCE	-63.0	5.3	7.0	9.0
Gearing	300.4	NM	NM	73.5

(EUR)	03/15	03/16e	03/17e	03/18e
EPS	-0.51	-0.10	0.01	0.02
% change	-	*81.1%*	*NS*	*24.3%*
P/E	NS	NS	46.3x	37.3x
FCF yield (%)	NM	NM	5.6%	4.4%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	1.3x	1.3x	0.9x	0.8x
EV/EBITDA	NS	7.5x	5.7x	5.0x
EV/EBIT	NS	37.4x	20.5x	15.9x

We adopt a more cautious scenario.

Fair Value EUR0.5 vs. EUR0.65 (-21%) **NEUTRAL**

Soitec has published an update of its 2014-2015 annual report in which it shares 2017 guidance for sales and EBITDA margin for the first time. This cautious guidance prompts us to adopt a more cautious scenario with 1/ FY16 top line growth unchanged at 6%, 2/ FY17/FY18 top line growth lowered to 5-7% vs. 15-10% previously and 3/ FY17 EBITDA margin similar to FY16 at 15% (vs. 20% previously). As a result, we have cut our FV from EUR0.65 to EUR0.50.

ANALYSIS

- **Soitec has published an update of its 2014-2015 annual report in which the group shares FY17 guidance for sales and EBITDA margin for the first time.** In this updated report, the group says that it expects growth in RF and Power products (200mm wafers) to offset the decline in PD-SOI sales. The group adds that it expects 2016 sales of slightly above EUR230m, in line with the Q4 guidance shared during the Q3 publication (Q4 up 10% seq.), and EBITDA margin of 15% for FY16 and FY17 in the Electronic division.

- **As a result, we are adopting a more cautious scenario with a 5-7% growth for FY17/FY18.** The group's caution in FY17/FY18 sales guidance leads us to lower our estimates. We adopt a softer scenario with 1/ FY16 top line growth unchanged at 6%, 2/ FY17/FY18 top line growth lowered to 5-7% vs. 15-10% previously. In addition, we also adopt a FY17 current operating profit margin of 7.5% in Electronic, which is similar to our FY16 expectation. Overall, we now expect current operating margin of 3.4%/4.3%/5.0% for FY16/FY17/FY18 respectively vs. 2.7%/4.3%/7.5% previously (EBITDA margin of 14.9%/15.3%/15.8%). We estimate the gross cash position at the end of 2016 at close to EUR41m.

- **Note that Soitec announced in February that it is preparing two successive capital increases**. The group announced that it intends to carry out two capital increases for a total amount in the range of EUR130m to EUR180m. First, a reserved capital increase of EUR76.5m for BPI France, CEA and a Chinese investment fund National Silicon Industry Group. The reserved capital increase is set to go ahead at a price of EUR0.55 per share (vs. the current share price of EUR0.50), triggering the issuance of about 139m shares, representing 55% of the current number of outstanding shares. In addition to that, the group is preparing a second capital increase with preferential subscription rights for a total amount to be determined in the range of EUR53.5m to EUR103.5m. The proposed amount will depend on potential 2018 OCEANE buy-back opportunities. Proceeds from the operations will be used to pay down debt and accelerate investments to develop Soitec's FD-SOI production capacities. **Shareholders will vote on the capital increase on 11th April.**

VALUATION

- Note that given the advanced talks with quoted investors CEAI, BPI France and the Chinese investment fund National Silicon Industry Group, we have included all the impacts of the reserved capital increase in our FV. However, the second capital increase remains uncertain so far, as a result, we do not include any impact from this one. All other factors remaining equal, including the impact of the second capital increase (lower financial costs and higher production capacities / at current share price and for an amount of EUR103.5m) our FV would be EUR0.4.

- Soitec shares are trading on FY17e EV/Sales of 0.9x and FY17e EV/EBIT of 20.5x.

NEXT CATALYSTS

- 11th April: Shareholders to vote on capital increase

- During April: Q4 2016e sales.

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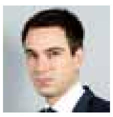

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Altran Technologies

Price EUR10.85

FY15 results in line with expectations, positive outlook

Fair Value EUR13 (+20%) **BUY**

Bloomberg	ALT FP
Reuters	ALTR.PA
12-month High / Low (EUR)	12.6 / 8.4
Market Cap (EUR)	1,907
Ev (BG Estimates) (EUR)	2,030
Avg. 6m daily volume (000)	273.9
3y EPS CAGR	15.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.6%	-11.1%	5.8%	-12.1%
Softw.& Comp.	6.6%	-4.4%	10.6%	-5.5%
DJ Stoxx 600	9.6%	-6.9%	-6.8%	-7.3%

YEnd Dec. (€m)	2014	2015e	2016e	2017e
Sales	1,756	1,945	2,095	2,213
% change		*10.8%*	*7.7%*	*5.6%*
EBITDA	183	204	237	269
EBIT	132.0	158.0	180.0	208.0
% change		*19.7%*	*13.9%*	*15.6%*
Net income	106.0	121.0	142.0	163.0
% change		*14.2%*	*17.4%*	*14.8%*

	2014	2015e	2016e	2017e
Operating margin	9.4	9.5	10.2	11.0
Net margin	4.7	5.2	5.5	6.1
ROE	11.7	12.9	13.6	14.6
ROCE	15.8	14.6	17.6	20.1
Gearing	6.0	16.0	4.0	-6.0

(€)	2014	2015e	2016e	2017e
EPS	0.60	0.69	0.81	0.93
% change	-	*15.0%*	*17.4%*	*14.8%*
P/E	18.1x	15.7x	13.4x	11.7x
FCF yield (%)	5.6%	4.7%	6.3%	7.5%
Dividends (€)	0.15	0.20	0.25	0.30
Div yield (%)	1.4%	1.8%	2.3%	2.8%
EV/Sales	1.1x	1.0x	0.9x	0.8x
EV/EBITDA	10.7x	10.0x	8.2x	6.9x
EV/EBIT	11.8x	11.0x	9.1x	7.6x

This morning Altran reported FY15 results in line with expectations, with an operating margin of 9.6%. Excluding Germany, the margin would have stood at 11.3%. Free cash flow was down 20% as expected, to EUR92m and in line with our estimate. The outlook statement for 2016 is positive, while the "Altran 2020 Ignition" plan is progressing well. Finally, the dividend is raised by 27% to EUR0.19/share. We expect the share price to react slightly positively in the short term.

ANALYSIS

- **FY15 operating margin in line with expectations**. For 2015, Altran has reported sales up 10.5% (+4.1% lfl) to EUR1,945m, operating margin up 13.1% to EUR185.9m or 9.6% of sales (+0.2ppt), EBIT up 17.6% to EUR155m after EUR25.5m in non-recurring costs (including EUR10m restructuring costs for Germany and a EUR7m provision for litigation), and net profit was up 22% to EUR100.5m. Operating margin was 1% above our forecast (EUR183.9m or 9.5% of sales) and fully in line with the consensus (EUR186m or 9.6% of sales). We expected EBIT of EUR157.6m and net profit of EUR100.4m (consensus: EUR161m and EUR101m). Gross margin was up 0.1ppt to 28.7% thanks to an average invoicing rate up 0.7ppt to 87.2%. On their side, SG&A costs grew by 10% and declined as a percentage of sales (19.1%, vs. 19.3% in 2014 and 20.7% in 2011). Excluding Germany, operating margin would have been 1.7ppt above the reported level, at 11.3%. We estimate losses in Germany at EUR8.8m, slightly below our forecast (BG est.: EUR10m).
- **Free cash flow unsurprisingly down 20%, and above FY15 target**. Free cash flow was down 20% to EUR92m or 4.7% of sales (vs. 6.5% in 2014), which was however above the target set for 2015 (4%) and in line with our expectations (EUR89m, vs. consensus EUR95m). The goal for 2020 remains 7% of sales. Free cash flow in 2014 was inflated by EUR15m of one-offs due to the catch-up effect from delayed payments in 2013. DSOs fell by 3.5 days in 2015 to 77.5 days from 81 days. Consequently, net debt on 31st December 2015 was up EUR101m to EUR138.3m - after EUR168m disbursed on acquisitions, EUR26m dividends and EUR11m share buy-backs -, which was EUR14m above our estimate (EUR124m) but pretty in line with the consensus average (EUR133m).
- **Positive outlook for 2016, Altran 2020 Ignition progressing well**. As usual, Altran does not report any formal guidance. In its statement, management expects that 2016 will be another year of profitable growth. At this stage, we forecast 5.3% lfl revenue growth with an op. margin of 10.2% (consensus: 10.3%). In addition, the "Altran 2020 Ignition" strategic plan is progressing well. In 2016, Altran will launch the transformation process in the key levers of the plan (augmented value services, industrialisation and offshoring, expansion in the U.S., Germany and India, and continuous operational improvement). In augmented value services, Altran now has five "World Class Centers" up and running, and five new ones will be launched in 2016.

VALUATION

- Altran's shares are trading at est. 9.1x 2016 and 7.6x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was EUR138.3m (net gearing: 19%).

NEXT CATALYSTS

Analysts' meeting today at 9am CET / 8am BST / 4am EDT in Neuilly-sur-Seine (96 avenue Charles de Gaulle).

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Food retailing

Carrefour

Price EUR25.73

Bloomberg	CA FP
Reuters	CARR.PA
12-month High / Low (EUR)	32.8 / 22.3
Market Cap (EURm)	18,997
Ev (BG Estimates) (EURm)	24,597
Avg. 6m daily volume (000)	3 180
3y EPS CAGR	10.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.1%	-5.6%	-8.6%	-3.5%
Food Retailing	7.4%	1.1%	1.0%	2.7%
DJ Stoxx 600	7.4%	-7.7%	-6.0%	-7.7%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	74,706	77,020	78,398	81,494
% change		*3.1%*	*1.8%*	*3.9%*
EBITDA	3,768	3,938	4,174	4,448
EBIT	2,536	2,411	2,637	2,850
% change		*-4.9%*	*9.4%*	*8.1%*
Net income	1,040	1,127	1,258	1,405
% change		*8.3%*	*11.7%*	*11.7%*

	2014	2015e	2016e	2017e
Operating margin	3.2	3.2	3.4	3.5
Net margin	1.4	1.5	1.6	1.7
ROE	NM	NM	NM	NM
ROCE	9.2	9.0	9.4	9.9
Gearing	48.4	40.3	37.7	32.6

(EUR)	2014	2015e	2016e	2017e
EPS	1.47	1.59	1.77	1.98
% change	-	*7.8%*	*11.7%*	*11.7%*
P/E	17.5x	16.2x	14.5x	13.0x
FCF yield (%)	NM	1.7%	3.5%	5.6%
Dividends (EUR)	0.80	0.89	0.97	1.06
Div yield (%)	3.1%	3.5%	3.8%	4.1%
EV/Sales	0.3x	0.3x	0.3x	0.3x
EV/EBITDA	6.5x	6.2x	5.9x	5.5x
EV/EBIT	9.7x	10.2x	9.4x	8.6x

FY Carrefour (first take): mixed performances

Fair Value EUR31 (+21%) **BUY**

Carrefour has released its H2 trading profit. H2 underlying EBIT worked out to EUR1.72bn (in line with expectations) thanks to western Europe notably, offsetting a lower than expected performance in Asia (note that global functions were also lower than expected). On a FY basis, trading profit reached EUR2.45bn (in line), fully in line with guidance, while net profit rose 7.1%. The 2015 dividend stands at EUR0.70 (in cash or share) vs EUR0.82 expected by the consensus and 0.73 BG estimate. 1/ Carrefour has been able to keep the same guidance all along the year despite headwinds (Forex, China...); 2/ in an industry suffering an obvious lack of growth, it's size is a comparative edge; 3/ its valuation remains quite attractive. Nevertheless, Asia is beginning to lose money while the equity story misses catalysts somewhat. We hope management will be more specific during the call regarding certain market focuses (e-commerce, Dia, Caravelle).

In detail for H2, we would highlight the following: **1/** a 6bp decline in operating margin in France (52% of ROI) vs +9bp e (on a FY basis the margin was up after adjusting for the integration of Dia, the increase in tax on sales space and the transfer of rental incomes to Carmila from shopping malls); **2/** a 41bp margin appreciation in western Europe (26% of ROI) vs +25bpe, given huge operating leverage we think in Spain (the country where Carrefour has always and consistently done its homework in terms of revamping, pricing etc...); **3/** in Latam (24% of ROI) margin was up ~25bp (vs +40 bp e); **4/** unsurprisingly, the main problem area was Asia (-164 bp vs -25bp e), due to poor LFL performances in China, which was in negative territory in H2. FCF worked out to EUR687m vs EUR306m in 2014 and NFD was redued by EUR408m to EUR4.5bn.

During the analysts' meeting, we hope management will be more specific regarding : **1/** the group's strategy in terms of e-commerce (a subject on which management remains somewhat evasive); **2/** progress in the Caravelle project; **3/** the integration of Dia stores. We believe these kinds of details could provide some impetus to the equity story. Moreover, we guess that management could elaborate about the **4/** prospect of an IPO for Carmila (in an historically low interest rate environment, an IPO of Carmila could come sooner rather than later, as investors are currently chasing high dividend yields, something REITs can offer. The idea is all the more attractive in that performances by REITs are almost perfectly inversely correlated with the yield curve for long-term rates...).

ANALYSIS

We have been developing the following investment case for months: 1/ underpinned especially by the LME, Carrefour has entered a cycle of market share growth in its domestic market (Hypermarkets are dead, long live hypermarkets!). **2/** In the rest of Europe, Carrefour has managed to trim its fixed cost base and should be able to tap into operating leverage (especially in Spain). **3/** In emerging countries, a favourable format mix in Brazil should allow Carrefour to weather the storm (potential margin widening remains significant in this area). Carrefour delivered cperformances in line with this investment case.

In terms of risks/momentum, we have also been saying for a while that: 1/ for as long as China makes money, it remains a "secondary issue" (so far, ~3-5% of earnings); but the day it starts losing money, it could become a question mark (operating deleverage can be very painful / re. Géant Casino in another register). Indeed, following a series of hugely negative LFLs, the retailer is certainly in negative territory. This concern accompanies those regarding **2/** financial services in Brazil. These elements will have to be monitored closely in 2016.

From a more fundamental point of view, we are witnessing a change in paradigm (Anorexic growth... the bigger the better!), which for a large number of mature retailers has meant that solid and recurring growth has sunk to a sinusoidal pace limited to just a few points (a disruptive factor in a fixed-cost industry). Yet in hindsight, this challenge for Georges Plassat (and his future successor) has already come up tangentially, especially when the current CEO spoke of an engine that had to be repaired so that it can accelerate in terms of growth going forward.

VALUATION

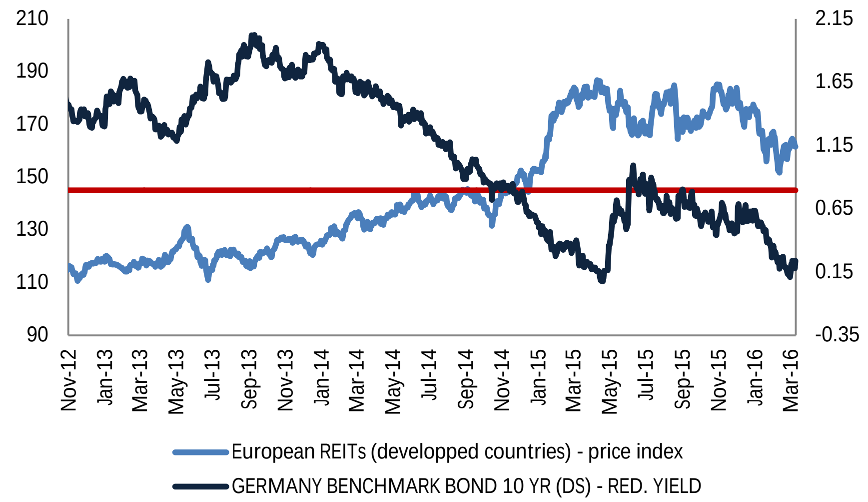
- Carrefour is currently showing a 2016 P/E of 14.5x vs 16x on average for the sector

NEXT CATALYSTS

- An IPO of Carmila (even with a limited impact on the SOTP) would feed momentum

(continued next page)

European REITs vs long term 10 YR bond



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Food retailing

Casino Guichard

Price EUR47.10

Postview: waiting for S&P...

Fair Value EUR57 (+21%) **BUY**

Bloomberg	CO FP
Reuters	CASP.PA
12-month High / Low (EUR)	87.3 / 35.2
Market Cap (EUR)	5,332
Ev (BG Estimates) (EUR)	15,685
Avg. 6m daily volume (000)	818.9
3y EPS CAGR	-12.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	12.7%	-0.4%	-14.0%	11.0%
Food Retailing	8.6%	2.2%	-0.3%	2.9%
DJ Stoxx 600	9.6%	-6.9%	-6.8%	-7.3%

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	10.6x	19.9x	19.3x	16.0x
FCF yield (%)	13.0%	8.3%	11.1%	14.9%
Dividends (EUR)	3.12	3.12	3.12	3.12
Div yield (%)	6.6%	6.6%	6.6%	6.6%
EV/Sales	0.4x	0.3x	0.3x	0.3x
EV/EBITDA	5.7x	6.5x	6.5x	6.0x
EV/EBIT	10.4x	9.9x	10.2x	9.6x

We have to admit we were somewhat frustrated by the FY analyst meeting. Bearing in mind arguments brought forward recently by investors attacking the company (1/ the "unbearable" complexity of the group; 2/ the constrained circulation of cash within the "holding"; 3/ the anxiogenic level of debt which has translated into a very stretched level of proportionate credit ratio; 4/ and lastly, the opportunity cost in terms of long term growth and FCF following the disposal of Big C), we find that management remained tight lipped as to its intentions going forward.

Given management's philosophy which has often been to sell high mature assets and buy low promising GEMs despite the economic crises taking place in these GEMs (Growth Emerging Markets), we thought that the current depressed share prices of listed LatAm assets would have been an opportunity to do the same again (Casino is to sell its asset in Thailand for EUR3.1bn and could finally overcome the target of disposals which is for EUR4bn). In our latest report, we thus described the scenario by which Casino would have taken the full control of its LatAm assets (see our latest report (19/02/2016): With hindsight, a real Catch-22!), thus dramatically simplifying the structure of the group and the circulation of cash within the company, while maintaining the necessary conditions for long term growth (see our report – Anorexic growth... the bigger the better! / management kept saying that Brazil has huge potential going forward).

Frankly, and bluntly, following the meeting with management, we do not feel this scenario is very likely in the short term. There were many questions regarding such a scenario during the meeting and management rather closed the door for the next 12/18 months while insisting that the cash proceeds from disposals will be used to pay both gross and net debt down. Is it a circumstantial posture ahead of S&P's rating decision (which, ultimately, would not surprise us) or is it a firm and definitive "no"...? The only thing we know is that S&P has a rather disastrous outlook regarding Brazil in the short and medium term and that Casino is very committed to its investment grade status. Stay tuned.

But we do not want to let deception build up whereas management also brought encouraging indications when it comes to France (as a reminder, post disposal of Asia, the domestic market could represent up to 70% of proportionate EBITDA and should become the major factor to monitor in 2016). Beyond current trading (up +4.4% LFL at Géant and +5.2% at LP over the last nine weeks), management indicated that revenues from real estate included in EBITDA should be around EUR66m in 2016 (vs ~EUR140m expected by the consensus, EUR167m in 2015 and EUR162m in 2014), pointing to a +50% improvement of the retail underlying operating profit (i.e. excluding revenue from real estate) to ~EUR830m in 2016 (vs +30% initially expected). Clearly, the guidance seems rather bullish to us, but the optimism of the management tends to prove that France is gaining momentum and rather close to profit recovery after two years of prices investment (for a total consideration of EUR600/700m).

The repositioning of Géant, which brought visible benefits more than two years after the price initiative was launched, illustrates the timescale specific to the sector. In its Retail Journal (vol. 1), consultancy firm Oliver Wyman addresses the case of a US retailer whose volumes surged three years after it slashed its prices. This, along with several other cases, leads the firm to conclude that: **1/** in the wake of price reductions, the bulk of the resulting benefits appear only after a significant period has lapsed (>1 year); **2/** the upturn in volumes is not restricted to the products subject to the biggest price cuts, but affects the store as a whole; **3/** the increase in volumes during the months following a wave of price cuts represents on average less than 40% of the potential gain. Hence we remain reasonably optimistic when it comes to France!

VALUATION

- The sacrosanct spot SOTP currently stands at EUR48

NEXT CATALYSTS

- S&P decision regarding a potential downgrade to non-investment grade (by mid-April)

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Luxury & Consumer Goods

Hugo Boss

Price EUR54.01

FY16 outlook in line with previous announcements, dividend cut in 2016?

Fair Value EUR87 (+61%) **NEUTRAL**

Bloomberg	BOSS GR
Reuters	BOSG_p.DE
12-month High / Low (EUR)	120.0 / 51.3
Market Cap (EUR)	3,802
Ev (BG Estimates) (EUR)	3,889
Avg. 6m daily volume (000)	363.3
3y EPS CAGR	-2.9%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-18.2%	-30.5%	-46.7%	-29.5%
Pers & H/H Gds	7.8%	-0.7%	4.3%	-0.9%
DJ Stoxx 600	9.6%	-6.9%	-6.8%	-7.3%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	2,572	2,809	2,852	3,008
% change		*9.2%*	*1.5%*	*5.5%*
EBITDA (reported)	571	591	514	563
EBIT	448.7	447.5	377.3	419.0
% change		*-0.3%*	*-15.7%*	*11.0%*
Net income	333.3	321.9	278.5	316.4
% change		*-3.4%*	*-13.5%*	*13.6%*

	2014	2015e	2016e	2017e
Operating margin	17.4	15.9	13.2	13.9
Net margin	13.0	11.5	9.8	10.5
ROE	39.5	34.4	27.1	27.9
ROCE	33.2	29.3	24.4	26.6
Gearing	5.1	9.3	0.9	-6.9

(EUR)	2014	2015e	2016e	2017e
EPS	5.04	4.71	4.09	4.62
% change	-	*-6.7%*	*-13.1%*	*12.9%*
P/E	10.7x	11.5x	13.2x	11.7x
FCF yield (%)	7.4%	7.7%	9.4%	10.5%
Dividends (EUR)	3.62	3.75	4.20	4.65
Div yield (%)	6.7%	6.9%	7.8%	8.6%
EV/Sales	1.5x	1.4x	1.3x	1.2x
EV/EBITDA	6.7x	6.6x	7.4x	6.6x
EV/EBIT	8.6x	8.7x	10.1x	8.9x

The FY15 results released this morning are not materially different than the pre-announced sales and EBITDA on 15th February: FY sales increased 9% as reported and 3% FX-n to EUR2,809m but adj. EBITDA only grew by 1% to EUR594m, missing FY guidance (+3-5%) given a weak SSSG (-1%) and higher markdowns in Q4. It is worth noting that the FY15 dividend is unchanged at EUR3.62 (P/O ratio: 78%) but question marks remain for FY16. At the analysts' meeting today (1.30pm CET) investors will clearly focus on: 1/ the dividend policy for FY16 and beyond and 2/ the CEO transition.

ANALYSIS

- **FY15 FX-n growth of 3% including +5% in Q4.** The top line growth acceleration vs. Q3 (-1%) was driven by **Europe** (Q4: +10% FX-n / 2015: +6%) but on top of higher rebates whilst the **Americas** and **Asia-Pacific** regions decreased by 1% FX-n (2015: -1%) and 7% FX-n (2015: -3%) respectively. By channel, **retail** increased 6% FX-n (2015: +7%) which encompasses a negative **SSSG** of 1% (+2% in 2015), not enough for the German group to absorb the cost inflation. **Wholesale** rebounded to 2% after -7% in Q3 (2015: -3%).
- **FY15 adjusted EBITDA only rose 1% shy of guidance (+3-5%).** This lower-than-expected performance is explained by: **(i)** retail comp sales in Q4 down 1% (group expected them to be at least stable) and **(ii)** a negative impact from a higher rate of markdowns (promotional activity, unfavourable weather conditions). These headwinds have caused a more significant margin squeeze given the inflation in opex costs (+12% in 2015) due to the retail expansion strategy.
- **FY15 dividend stable at EUR3.62**. This dividend payment implies a payout ratio of 78%, which is in the higher end of the 60-80% range from the profit-based distribution policy.

Hugo Boss 2015 sales and Adjusted EBITDA:

EURm	2014	2015	*% change*
Sales	**2,572**	**2,809**	***9***
Gross Profit	1,699	1,853	9
Gross Margin (%)	66.1	66.0	-10bp
Adjusted EBITDA	**591**	**594**	**1**
Adjusted EBITDA margin (%)	23.0	21.2	-280bp

Source: Company Data

- **Hugo Boss already guided on a very challenging FY16 outlook**. Indeed no improvement has materialised in the US and in China since the beginning of the year, forcing Hugo Boss to warn on its sales and earnings development for 2016 on 23th February: **(i)** top line is now expected to grow at a low single-digit growth rate (BG: +2%e) vs. LT target of high single-digit growth and **(ii)** adj. EBITDA would fall low double-digit (BG: -12%e), consequence of the price adjustments in China (-20%e on average) combined with a flat SSSG this year. The group announced this morning the closure of ~20 DOS in China (from 130 stores in 2015) and that it was reviewing its cost structure.
- **Hot topics during the Analysts' Conference: dividend policy going forward and CEO transition.** Investors will certainly scrutinise any statement from management about the future dividend policy, which is a key catalyst for the share price. Given 2015 net debt of EUR82m, we believe the group could afford to pa the same dividend in 2016 despite declining margins, all the more since the group aspires to rise its FCF generation this year. However, based on our FY16 estimates, the P/O ratio would amount to ~90%, exceeding the current 60-80% range which was reiterated this morning. **Hence it could imply a lower dividend for 2016.**

VALUATION

- The market will look closely at the announcements made during this afternoon's meeting. At 10x 2016e EV/EBIT the stock trades at a 22% discount to its 2007-16 historical average.

NEXT CATALYSTS

- Analysts' Conference today at 1.30pm (CET) // Q1 2016 Results on 3rd May.

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TMT

Iliad

Price EUR215.00

Bloomberg	ILD FP
Reuters	ILD.PA
12-month High / Low (EUR)	231.4 / 175.5
Market Cap (EURm)	12,617
Ev (BG Estimates) (EURm)	13,740
Avg. 6m daily volume (000)	97.20
3y EPS CAGR	27.2%

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.1%	0.8%	8.2%	-2.3%
Telecom	7.5%	-5.6%	-8.9%	-5.9%
DJ Stoxx 600	9.6%	-6.9%	-6.8%	-7.3%

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

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

(EUR)	2014	2015e	2016e	2017e
EPS	4.73	5.85	7.13	9.73
% change	*-*	*23.7%*	*21.9%*	*36.4%*
P/E	45.5x	36.8x	30.2x	22.1x
FCF yield (%)	NM	0.4%	NM	2.7%
Dividends (EUR)	0.36	0.38	0.38	0.38
Div yield (%)	0.2%	0.2%	0.2%	0.2%
EV/Sales	3.3x	3.1x	2.9x	2.7x
EV/EBITDA	10.7x	9.1x	8.0x	6.7x
EV/EBIT	NS	NS	NS	NS

Iliad: FY2015 results

Fair Value EUR270 (+26%) **BUY**

This morning Iliad published strong full year 2015 results, with EBITDA above consensus, up 16.1%, and a robust commercial performance in Q4, in line with expectations. Revenues rose 5.9%, a little below our estimates and the consensus at 6.3%, because of lower than expected mobile revenues in Q4. CAPEX was under control, below our estimates. We think the stock should react positively although mobile ARPU should be carefully watched. We still believe in the market consolidation and stick to our FV of EUR270.

ANALYSIS

- **Annual results.** Revenues came out at EUR4.414bn, up 5.9% yoy (vs. consensus: EUR4,429bn), with fixed sales up 1.3% (vs consensus 1.1%) and mobile sales up 13.3% (vs consensus 14.5%). EBITDA reached EUR1.490bn (vs cons EUR1.476bn), up 16.7% yoy, at a margin of 33.8% up 295 bps vs 2014. Current operating profit reached EUR666.2m, vs cons EUR667.9m, and net profit reached EUR351.1m, vs cons EUR351.1m. CAPEX reached EUR1.220bn, vs cons EUR1.250bn, up 26% vs 2014.
- **Mobile:** Mobile Q4 Revenues were up 7.2% yoy, compared with 11.2% in Q3, with services revenues up 11.4% according to our estimates, vs 20% in Q3. Net adds reached 370k in Q4, vs the consensus figure of 368k, 390k in Q3 and 530k in Q4 2014. Net adds market share was 41% over Q4, vs 55% in Q3 and 63% in Q4 2014. Our estimate for mobile services ARPU is EU11.7 in Q4, down -4.7% yoy vs 0.8% in Q3.
- **Broadband:** Fixed Q4 Revenues were up 2.8% yoy, compared with 1.4% in Q3. Net adds reached 56k in Q4, vs consensus 54k, vs 91k in Q3, and 63k in Q4 2014. Net adds market share was 19.3% over Q4, vs 30% in Q3 and 20% in Q4 2014. Broadband ARPU was EUR34.5 in Q4, down -2.8% yoy vs -3.6% in Q3, and stable vs Q3.
- **Commercial performance was good, as expected, in a context of high promotional levels. Fixed ARPU is better than our estimates, which is very positive and shows a good turnaround trend after the first quarters of 2015. Mobile revenus appear under pressure, probably due to high promotional intensity from SFR in particular. The trend in mobile services should be watched carefully.**

VALUATION

- We reiterate our BUY rating on Iliad, with FV of EUR270, based on market consolidation.

NEXT CATALYSTS

- News on the Orange-Bouygues merger talks expected by the end of March.

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Ubisoft

Price EUR26.55

Tom Clancy's The Division is an overwhelming success for its day one

Fair Value EUR34 (+28%) **BUY**

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	28.1 / 14.9
Market Cap (EURm)	2,952
Ev (BG Estimates) (EURm)	3,007
Avg. 6m daily volume (000)	403.3
3y EPS CAGR	22.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	23.0%	-2.1%	60.0%	-0.5%
Softw.& Comp.	6.6%	-4.4%	10.6%	-5.5%
DJ Stoxx 600	9.6%	-6.9%	-6.8%	-7.3%

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	29.2x	36.2x	21.3x	15.8x
FCF yield (%)	6.6%	NM	7.2%	6.5%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	1.9x	2.2x	1.6x	1.4x
EV/EBITDA	4.2x	5.1x	3.8x	3.0x
EV/EBIT	17.1x	21.8x	12.8x	9.0x

***The Division* sold through more copies in its first 24 hours than any previous title in the company's history. We are betting on around 6m sell-through units in its first week vs. more than 4m units for *Watch_Dogs* mid-2014. We reiterate what we wrote in our previous note, namely that the game could sell at 15m units at end-March 2017e and that the group could even meet its previous FY15/16 guidance (before the profit warning). We maintain our Buy rating and FV of EUR34 (our FV reflects a minimum price for a potential public offer).**

ANALYSIS

- **Overwhelming success for *The Division*.** *Tom Clancy's The Division* was launched worldwide on 8th March for PS4, Xbox One and PC. As a reminder, Ubisoft announced two weeks ago that 6.4m players participated in the beta for this game, making it the biggest beta ever for a new IP on current generation platforms. Now management has stated that the game has sold through more copies in its first 24 hours than any previous title in the company's history (i.e. better than *Watch_Dogs*, *Assassin's Creed*...).
- **What are we expecting?** We expect the company to announce in a couple of days that *The Division* has reached a new industry sales record for the launch of a new IP. We are betting on ~6m copies in its first week (sell-through units) vs. more than 4m units for *Watch_Dogs* mid-2014. We reiterate what we wrote in our previous note, namely that the game could sell at 15m units at end-March 2017e (including 10-12m sell-in units in its first month vs. over 8m for *Watch_Dogs*).
- **We confirm our scenario: 1/** *The Division* will certainly be the most successful game ever for Ubisoft in terms of units sold (it could sell 15m units, which span over two fiscal years). Its last historical record was *Assassin's Creed III* with over 12.5m units sold in FY12/13. **2/** Ubisoft could have maintained its previous FY15/16 guidance (before the recent profit warning reducing sales from EUR1,465m to ~1,360m and non-IFRS EBIT from >=EUR200m to ~EUR150m) simply by putting more units at retailers in March (its revenue is based on sell-in sales) as gamers would have bought them anyway. Indeed, we were particularly surprised by the FY15/16 profit warning issued at the Q3 release whereas *Far Cry Primal* (23/02) and *The Division* (08/03) were maintained in its line-up.
- **What could be the impact over Q4 and FY15/16e?** In Q4, we see a minimum of 14m sell-in units of *Far Cry Primal* and *The Division* cumulated units (4m and 10m respectively) and a maximum of 17m units (5m units and 12m units respectively). As a result, on average Ubisoft should exceed its last Q4 and FY guidance (+7% minimum and +3% minimum respectively) it could even meet its previous FY15/16 guidance on average (between our minimum and maximum scenarios), namely ~EUR1,465m in sales and >=EUR200m in non-IFRS EBIT.

Simulation for *Far Cry Primal* and *The Division* on Q4 and FY15/16 (vs. last guid. and previous guid.)

2015/16	Q4		FY	
	Minimum	Maximum	Minimum	Maximum
Cumulated sell-in units for *Far Cry Primal* and *The Division* (m)	14	17	14	17
Revenue outperformance vs. last guidance	+7%	+30%	+3%	+13%
Average outperformance vs. previous guidance (before the PW)	+0.7%		+0.2%	

Sources: Bryan, Garnier & Co ests.

VALUATION

- **We maintain our Buy rating and FV of EUR34** (we value the entire cycle). As a reminder, our FV reflects a minimum price for a potential public offer.
- **Ubisoft boasts positive momentum for coming months:** the next set of figures should probably beat guidance while speculation is increased (Vivendi's interest in GFT and UBI).

NEXT CATALYSTS

- **FY15/16 earnings:** the week of the 9th May.

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Insurance

CNP Assurances

Price EUR13.59

Bloomberg	CNP FP
Reuters	CNPP.PA
12-month High / Low (EUR)	17.3 / 10.5
Market Cap (EUR)	9,328
Avg. 6m daily volume (000)	499.7

	1 M	3 M	6 M	31/12/15
Absolute perf.	24.7%	11.4%	-0.7%	9.2%
Insurance	11.3%	-12.7%	-6.6%	-12.5%
DJ Stoxx 600	9.6%	-6.9%	-6.8%	-7.3%

	2015	2016e	2017e	2018e
P/E	8.2x	7.8x	7.5x	
Div yield (%)	5.7%	5.7%	5.9%	

Crédit Agricole to internalise the group borrower insurance contracts of its regional banks

Fair Value EUR15 (+10%) **NEUTRAL**

ANALYSIS

- Crédit Agricole had decided to internalise the group borrower insurance contracts of its regional banks. As a consequence, the contribution from this deal to CNP earnings is expected to gradually decrease as of 2018.
- The practicalities of the change in the partnership between the two groups, especially as regards the existing contracts, has yet to be discussed.
- Over the past three years, the average contribution from the partnership with Crédit Agricole to CNP's recurring EBIT has been EUR30m, i.e. c. 2% of EBIT France or c. 1-1.5% of EBIT Group.
- So bottom line, this news is negative, but the financial impact should be small.

VALUATION

- Based on our current estimates, our SOTP valuation is EUR15.

NEXT CATALYSTS

- AGM on 28th April. Q1 results on 11th May.

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Insurance

Hannover Re

Price EUR94.55

Typical Hannover Re: strong numbers, nice dividend..., and high multiples

Fair Value EUR107 (+13%) **SELL**

Bloomberg	HNR1 GY
Reuters	HNRGn.DE
12-month High / Low (EUR)	111.5 / 84.1
Market Cap (EURm)	11,402
Avg. 6m daily volume (000)	182.0

	1 M	3 M	6 M	31/12/15
Absolute perf.	10.9%	-12.6%	3.2%	-10.5%
Insurance	11.3%	-12.7%	-6.6%	-12.5%
DJ Stoxx 600	9.6%	-6.9%	-6.8%	-7.3%

	2014	2015e	2016e	2017e
P/E	11.6x	11.2x	11.8x	11.3x
Div yield (%)	4.5%	4.8%	4.5%	4.5%

ANALYSIS

- FY 2015 net income was EUR1,151m, up 17%, ahead of the consensus (EUR1.05bn), with a Q4 net income (EUR365m) up 26% yoy driven by strong underwriting performance and strong investment income. Q4 EBIT was EUR565m, up 50% yoy, way ahead of consensus (EUR398m).
- P&C Re Q4 EBIT is EUR405m, up 18% yoy, consensus (EUR329m). Q4 combined ratio was 91.3% vs. 93.1% in Q4 2014 (consensus 93.7%). The FY combined ratio was 94.4% vs. 94.7% in 2014 (consensus 95.2%) despite higher natcats (7.1 points vs. 6.1 points), yet below budget (reported EUR573m vs. budget EUR690m), i.e. 130bp improvement excluding natcats, which is a strong performance.
- Life Re Q4 EBIT was EUR159m vs. consensus EUR67m, driven by improved technical results.
- NAV at end-2015 was EUR66.9 vs. EUR62.6 at end-2014 and EUR64.1 at end-September 2015.
- The regular dividend was EUR3.25 (vs. EUR3 last year), plus a special dividend of EUR1.50 (vs. EUR1.25 last year), i.e. a global 50% pay-out ratio (vs. official 35-40% guidance), offering a 5.0% yield.
- The company confirms net income guidance for 2016 in the c. EUR950m area (vs. current consensus EUR1bn). Official company guidance as far as the pay-out ratio is concerned remains 35-40%, but management stated that "this ratio may increase in light of capital management considerations if the present comfortable level of capitalisation remains unchanged".

VALUATION

- Based on our current estimates, our SOTP valuation is EUR107.

NEXT CATALYSTS

- AGM and Q1 2016 numbers are due on 10th May 2016.

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Construction & Building Materials

Saint Gobain

Price EUR37.15

Bloomberg	SGO FP
Reuters	SGOB.PA
12-month High / Low (EUR)	44.5 / 32.1
Market Cap (EUR)	20,836
Avg. 6m daily volume (000)	2,150

	1 M	3 M	6 M	31/12/15
Absolute perf.	14.5%	-4.4%	-10.8%	-6.8%
Cons & Mat	12.5%	-3.3%	-3.1%	-3.6%
DJ Stoxx 600	9.6%	-6.9%	-6.8%	-7.3%

	2014	2015e	2016e	2017e
P/E	18.8x	18.0x	13.9x	11.1x
Div yield (%)	3.3%	3.3%	3.5%	3.8%

Saint-Gobain/SWH conference call feedback

Fair Value EUR42 (+13%) **BUY**

ANALYSIS

- SWH and Saint-Gobain organised a conference call yesterday to re-present the deal rationale.
- Both SGO and the Burkard family have reiterated their commitment to close the deal, whatever the apparent delays. A figure of EUR180m in total synergies was reiterated. Both parties have insisted that the decision to sign the deal was not a last minute one, but reflected a long and thought-out process. From the Burkard family's viewpoint, Saint-Gobain is the right partner and no alternative deal is considered. Besides, both SGO and SWH have stated they are under no pressure. They can wait apparently (knowing that the deal price is fixed at EUR2.3bn), even if possible appeals could add 1 to 1.5 years of delays to the legal process. Actually, no validity date for the current deal between the two parties has been disclosed but Saint-Gobain CFO Guillaume Texier said: "an extension of the calendar will not be an issue for us".
- No real fresh news from the call in our view. The key uncertainty regarding the Zug Court decision on SWH voting rights remains intact (the first instance decision is expected this summer).

VALUATION

- EUR42 FV from the application of historical EV/EBIT to our 2017 estimates, discounted back

NEXT CATALYSTS

- Q1 revenues on 27th April 2016, after trading

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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 64.4% NEUTRAL ratings 28.1% SELL ratings 7.4%

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