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11th March 2016

# BG's Wake Up Call

| | Last close | Daily chg (%) | Chg YTD (%) |
|---|---|---|---|
| **Indices** | | | |
| Dow Jones | 16995.13 | -0.03% | -2.47% |
| S&P 500 | 1989.57 | +0.02% | -2.66% |
| Nasdaq | 4662.16 | -0.26% | -6.89% |
| Nikkei | 16938.87 | +0.51% | -11.46% |
| Stoxx 600 | 333.5 | -1.66% | -8.83% |
| CAC 40 | 4350.35 | -1.70% | -6.18% |
| **Oil /Gold** | | | |
| Crude WTI | 37.84 | -0.73% | +1.72% |
| Gold (once) | 1266.32 | +0.76% | +19.20% |
| **Currencies/Rates** | | | |
| EUR/USD | 1.11465 | +1.24% | +2.61% |
| EUR/CHF | 1.10095 | +0.36% | +1.25% |
| German 10 years | 0.297 | +24.44% | -53.24% |
| French 10 years | 0.635 | +17.63% | -35.26% |

**Economic releases :**

| Date | |
|---|---|
| 11th-Mar | DE - CPI (-0.2% E)<br>GB - Trade Balance<br>US - Baker Hughes U.S. Rig Count |

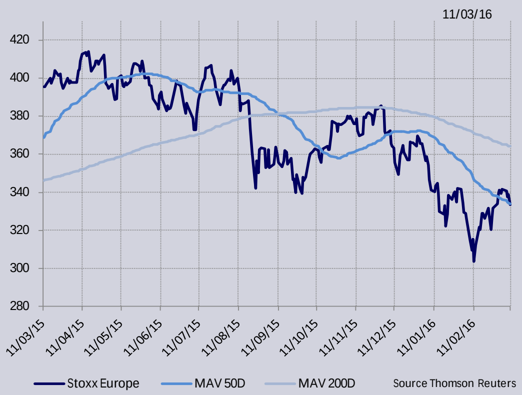
**Upcoming BG events :**

| 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




## ROCHE — BUY, Fair Value CHF303 vs. CHF311 (+24%)

*Adjustment to our model after LAVOLTA results*

Following mixed headline results from the LAVOLTA studies, we have cautiously decided to remove lebrikizumab from our sales model. Together with a few other changes to sales estimates, including figures for Gazyva and Kadcyla, we have reduced our FV by CHF8 to CHF303. Roche remains a BUY.

## ALTRAN TECHNOLOGIES — BUY, Fair Value EUR13 (+19%)

*FY15 analysts meeting's feedback: right on track*

We reiterate our Buy rating following the analysts' meeting held yesterday. While providing no detailed guidance for FY16, Altran is on track for the turnaround of the German business (breaking the business and repairing it), is on the right trajectory for its strategic plan (World Class Centers, industrialisation and offshoring), and still has room to improve free cash flow.

## CARREFOUR — BUY, Fair Value EUR31 (+31%)

*Analyst meeting: we hoped management would be more specific*

Carrefour has been punished (-6.5%) despite fairly decent 2015 results. Indeed, investors may have been somewhat dissatisfied. 1/ In terms of outlook, we hoped management would add more flavour to 2016 concerning the margin in France, especially since losses at Dia should be flat in 2016 (i.e. around EUR50-60m) vs the reduction in losses previously expected by the group. 2/ Along with a slight disappointment concerning the dividend, this certainly put pressure on the stock, not to mention the fact that 3/ management was perhaps not specific enough notably regarding e-commerce intiatives (a question mark) going forward. On the whole, we hoped there would be a bit more meat on the bone in terms of fresh impetus for the equity story. This being said, valuation remains attractive.

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

*Proactive reset plan in still tough apparel markets*

At the Analysts Conference yesterday, management spent some time on the major initiatives it has implemented in the US (category migration) and China (price adjustments) to address the tough apparel market environment. 2016 will be marked by a strict focus on margin protection (set to pay off mostly in 2017) and on FCF protection, which is a key priority this year. The group therefore remains committed to the 60-80% pay-out ratio corridor, which should partly ease off worries about the impact of a dividend cut, especially since Hugo Boss is first and foremost a growth story.

## ILIAD — BUY, Fair Value EUR270 (+21%)

*Feedback from FY2015 results conference call*

We reiterate our Buy rating with a Fair Value of EUR270 following the conference call on 2015 results. We are confident in Iliad's strategy and ability to deliver ambitious plans on the fibre side. We are currently waiting for news on the Orange/Bouygues merger, and details on the price and nature of assets to be bought out by Iliad.

## VIDEO GAMES

*US packaged software sales in February, Ubisoft leading the charts*

The NPD Group has released data for February's packaged video games sales in the US. Hardware sales were down 23% Y/Y (the PS4 was again the top-selling console). Packaged software was down 10% (vs. BG ests: -11%e), mainly due to declines in handheld and last generation consoles and the strong trend towards digital. Ubisoft's Far Cry Primal was the best-selling game and we expect another of its titles to top the charts in March (Tom Clancy's The Division). We are making no change to ratings for our sector coverage: Buy ratings on UBISOFT with a FV of EUR34 and on GAMELOFT with a FV of EUR6.7. As a reminder, our FVs reflect minimum prices for potential public offers.

### *In brief...*

**AMOÉBA, *Ready to sell the product!***

**SANOFI, *Sarilumab tops AbbVie's adalimumab in head-to-head trial***

Healthcare

# Roche

Price CHF244.60

| | |
|---|---|
| Bloomberg | ROG VX |
| Reuters | ROG.VX |
| 12-month High / Low (CHF) | 282.5 / 240.7 |
| Market Cap (CHF) | 171,847 |
| Ev (BG Estimates) (CHF) | 184,417 |
| Avg. 6m daily volume (000) | 1 482 |
| 3y EPS CAGR | 6.5% |

| | 1 M | 3 M | 6 M | 31/12/15 |
|---|---|---|---|---|
| Absolute perf. | -0.4% | -9.1% | -5.6% | -11.5% |
| Healthcare | 3.7% | -9.4% | -10.5% | -11.7% |
| DJ Stoxx 600 | 5.8% | -8.2% | -7.2% | -8.8% |

| YEnd Dec. (CHFm) | 2015 | 2016e | 2017e | 2018e |
|---|---|---|---|---|
| Sales | 48,145 | 50,836 | 52,235 | 53,773 |
| *% change* | | *5.6%* | *2.8%* | *2.9%* |
| EBITDA | 19,430 | 20,029 | 21,475 | 21,844 |
| EBIT | 13,821 | 16,798 | 18,675 | 19,644 |
| *% change* | | *21.5%* | *11.2%* | *5.2%* |
| Net income | 11,626 | 12,341 | 13,854 | 14,055 |
| *% change* | | *6.2%* | *12.3%* | *1.4%* |

| | 2015 | 2016e | 2017e | 2018e |
|---|---|---|---|---|
| Operating margin | 28.7 | 33.0 | 35.8 | 36.5 |
| Net margin | 24.1 | 24.3 | 26.5 | 26.1 |
| ROE | 43.7 | 49.3 | 46.3 | 41.1 |
| ROCE | 28.1 | 27.3 | 28.7 | 28.7 |
| Gearing | 60.4 | 45.1 | 28.1 | 14.3 |

| (CHF) | 2015 | 2016e | 2017e | 2018e |
|---|---|---|---|---|
| EPS | 13.49 | 14.32 | 16.07 | 16.31 |
| *% change* | - | *6.2%* | *12.3%* | *1.4%* |
| P/E | 18.1x | 17.1x | 15.2x | 15.0x |
| FCF yield (%) | 5.6% | 4.6% | 5.5% | 6.2% |
| Dividends (CHF) | 8.10 | 8.60 | 9.65 | 9.79 |
| Div yield (%) | 3.3% | 3.5% | 3.9% | 4.0% |
| EV/Sales | 3.9x | 3.6x | 3.5x | 3.3x |
| EV/EBITDA | 9.6x | 9.2x | 8.4x | 8.1x |
| EV/EBIT | 13.5x | 11.0x | 9.7x | 9.0x |


## Adjustment to our model after LAVOLTA results

## Fair Value CHF303 vs. CHF311 (+24%) BUY

**Following mixed headline results from the LAVOLTA studies, we have cautiously decided to remove lebrikizumab from our sales model. Together with a few other changes to sales estimates, including figures for Gazyva and Kadcyla, we have reduced our FV by CHF8 to CHF303. Roche remains a BUY.**

### ANALYSIS

- After the earnings season, we are reviewing the stocks we cover to make adjustments, like we did yesterday with AstraZeneca. With Roche, the idea is to factor in product ramp-ups that are slightly different compared to our expectations, as well as to take in to account the first lessons from last week's headline results from the two LAVOLTA phase III studies.
- The products for which we have made the most significant changes are Gazyva and Kadcyla on the downside, and Esbriet and the HER2 family on the upside. For the first two, our statement as of today is that they are running behind expectations (i) Gazyva because the indication scope is too limited so far, whereas competition to broaden it is already intense, making it fair to notch down our estimates for the next few years while waiting for the key GOYA and GALLIUM studies; (ii) Kadcyla because it is limited to the advanced stages of HER2+ BC (EMILIA) without clear upside potential from ongoing studies (KRISTINE is a small opportunity, the combo with atezo is unlikely to beat a similar combo with Herceptin/Perjeta) and so penetration already looks high in certain geographies (+4% in the US in 2015) and upside limited except for new territories. In the opposite direction, Esbriet is outstripping expectations in the US and we simply have to be cautious about potential competition emerging because we know that Esbriet is not the ideal drug for IPF. The HER2 franchise is also surprisingly robust with Herceptin and Perjeta both strong, although the second will depend increasingly on the results of APHINITY (expected in Q4) to bring its success to another stage which is adjuvant BC, with the aim being to triple sales at least.
- That said, the reason for this short update today is also and mainly to take account of the first lessons provided by the recently-presented headline data for the two LAVOLTA studies that were investigating the IL-13-targeting antibody lebrikizumab in severe asthma. Last week Roche said that only one of these two identical phase III trials had met its primary endpoint of reducing exacerbations compared to placebo. Detailed results will be presented in an upcoming scientific meeting and Roche is waiting for the full data analysis in order to decide what steps to take next. Before we know more, what reasonable assessment of the situation can we make relative to our sales model? The most reasonable assumption before seeing any data would be that lebrikizumab is unlikely to have a strong enough effect to support full endorsement by payers and prescribers. Considering the partial overlap with IL-5-targeting agents that are more advanced in their journey (Nucala is already approved and is being launched by GSK), the bar has been set at a higher level for IL-13 agents. As such, the LAVOLTA results do not bode very well for the "filability" of lebrikizumab at least in asthma (it is also being developed in COPD, in AD and in IPF). However, it could also be that the final results show a clear enough benefit in a subset of patients (underlying medication, eosinophil count, high dose vs low dose, etc ...), thus offering a path forward from a regulatory perspective. We had so far assumed a penetration rate of 60% of that of Xolair (if only because AZN's "tralo" is just behind) which, together with a PoS of 60% translated into a sales contribution of just CHF330m in 2022. Actually, what could be worse than the financial impact of "lebri"'s failure *per se* is the fact that the Respiratory franchise would have one less contributor to drive its growth.

### VALUATION

- To stay on the safe side, we have decided to remove lebrikizumab from our model until we have more data (-CHF4). The other above-mentioned changes to products have an additional net impact of -CHF4 (Gazyva and Kedcyla both now with PS of CHF1.6bn vs CHF2bn previously) on our FV thereby leading to a new FV of CHF303. Roche remains a BUY given that it still looks attractive after taking into account the coming wave of new products. However, momentum for 2016 is not as good as for UK companies in our view.

### NEXT CATALYSTS

19th April 2016: Q1 sales *Click here to download*

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TMT

# Altran Technologies

Price EUR10.95

## FY15 analysts meeting's feedback: right on track

## Fair Value EUR13 (+19%)

**BUY**

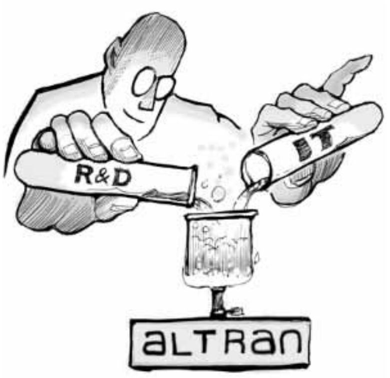
| | |
|---|---|
| Bloomberg | ALT FP |
| Reuters | ALTR.PA |
| 12-month High / Low (EUR) | 12.6 / 8.4 |
| Market Cap (EUR) | 1,924 |
| Ev (BG Estimates) (EUR) | 1,980 |
| Avg. 6m daily volume (000) | 273.8 |
| 3y EPS CAGR | 14.8% |

| | 1 M | 3 M | 6 M | 31/12/15 |
|---|---|---|---|---|
| Absolute perf. | 5.8% | -9.9% | 6.6% | -11.3% |
| Softw.& Comp. | 4.3% | -5.4% | 10.5% | -6.4% |
| DJ Stoxx 600 | 5.8% | -8.2% | -7.2% | -8.8% |

| YEnd Dec. (€m) | 2015 | 2016e | 2017e | 2018e |
|---|---|---|---|---|
| Sales | 1,945 | 2,088 | 2,203 | 2,326 |
| *% change* | | *7.4%* | *5.5%* | *5.6%* |
| EBITDA | 208 | 236 | 268 | 306 |
| EBIT | 155.0 | 185.0 | 218.0 | 252.0 |
| *% change* | | *19.4%* | *17.8%* | *15.6%* |
| Net income | 123.0 | 141.0 | 162.0 | 187.0 |
| *% change* | | *14.6%* | *14.9%* | *15.4%* |

| | 2015 | 2016e | 2017e | 2018e |
|---|---|---|---|---|
| Operating margin | 9.6 | 10.2 | 11.0 | 11.9 |
| Net margin | 5.2 | 5.7 | 6.5 | 7.1 |
| ROE | 12.6 | 13.6 | 14.8 | 15.7 |
| ROCE | 15.0 | 16.6 | 18.5 | 21.2 |
| Gearing | 18.0 | 6.0 | -3.0 | -14.0 |

| (€) | 2015 | 2016e | 2017e | 2018e |
|---|---|---|---|---|
| EPS | 0.70 | 0.80 | 0.92 | 1.06 |
| *% change* | - | *14.3%* | *15.0%* | *15.2%* |
| P/E | 15.6x | 13.7x | 11.9x | 10.3x |
| FCF yield (%) | 4.1% | 5.6% | 7.4% | 8.6% |
| Dividends (€) | 0.20 | 0.25 | 0.30 | 0.30 |
| Div yield (%) | 1.8% | 2.3% | 2.7% | 2.7% |
| EV/Sales | 1.1x | 0.9x | 0.9x | 0.8x |
| EV/EBITDA | 9.9x | 8.4x | 7.1x | 5.8x |
| EV/EBIT | 11.1x | 9.3x | 7.8x | 6.4x |




**We reiterate our Buy rating following the analysts' meeting held yesterday. While providing no detailed guidance for FY16, Altran is on track for the turnaround of the German business (breaking the business and repairing it), is on the right trajectory for its strategic plan (World Class Centers, industrialisation and offshoring), and still has room to improve free cash flow.**

### ANALYSIS

- **In line with FY20 targets**. Management considers Altran is on track to deliver the targets set for the Altran 2020 Ignition strategic plan (4.5% lfl revenue CAGR and operating margin of 13%): 1) for sales, demand currently is boosted by Automotive, Aerospace/Defence and Life Sciences, altogether accounting for c. 50% of revenues. 2) Management looks comfortable with an operating margin of c. 10% for 2016, with softer seasonality in H1 vs. H2 compared with 2015. 3) Restructuring costs are projected to be below 1% of sales in 2016 (i.e. <EUR20m) and even lower from 2017 onwards. Altran has five World Class Centers up and running (Passive Safety, IoT Platforms, Life Science Process Excellence, Network Configuration, Industrial Analytics) and five others are to be set up in 2016 with the 10 of them expected to generate EUR100 revenues by end 2016. In Industrialisation and Offshoring ("Industrialised GlobalShore" in Altran's terminology), as of today, Altran has 2,700 staff in low-cost countries (vs. 2,200 end 2015) in India, Morocco, Portugal and Central & Eastern Europe, multiplying by 5.4x the headcount it had end 2014.
- **German turnaround: at breakeven as expected**. In Germany, Altran is fully aligned with what management announced in early September 2015 according to a plan in four stages (aggressive cost-cutting in Q3 2015, labour efficiency in Q4, restored top line in H1 2016, renewed growth in H2). The country reached break-even in Q4 2015 (vs. losses of EUR2m in Q3 and EUR5m in Q2), with headcount stabilised (engineer staff est. -2% in Q1 2016 vs. -11% between Q4 2014 and Q3 2015) since all the staff concerned by restructuring left in Q4 (100 engineers + 80 SG&A staff), and the bench slashed by 50% (to 117 in Q4 from a peak of 235 in Q2, vs. 128 in Q4 2014). As mentioned in January, revenues are expected to be flat for H1 2016 (down in Q1 and up in Q2 due to calendar effects) with a return to modest growth in H2, and management is confident in posting an op. margin just above breakeven in 2016 taking into account some investments in growth. Altran also considers that once the turnaround is completed (a question of quarters) there is no reason the margin in Germany would not be one of the best in the group (double-digit). NB. The AÜG-related staff in Aerospace (i.e. time & materials: 100 engineers), which is at breakeven, has been carved out.
- **Further room for improvement in free cash flow**. 1) The EUR26m in non-recurring costs booked in the P&L for 2015 were above expectations and included EUR17m in restructuring costs (o/w EUR10m for Germany), and a EUR7m provision for social risks in France related to litigation on overtime while an agreement with the main trade unions has been reached. 2) While the target for 2015 was to cut it to 80 days, Altran intends to keep reducing DSOs to 77.5 days, while excluding Germany it is even lower - which provides leeway for reaching a free cash flow equal to 7% of sales by 2020 -, although in France and Southern Europe DSO is close to the optimum level (e.g. France at 71 days).

### VALUATION

- Altran's shares are trading at est. 9.3x 2016 and 7.8x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was EUR143.8m (net gearing: 18%).

### NEXT CATALYSTS

Q1 2016 sales on 28th April before markets open.

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Food retailing

# Carrefour

Price EUR23.68

## Analyst meeting: we hoped management would be more specific

**Fair Value EUR31 (+31%)** **BUY**

| | |
|---|---|
| Bloomberg | CA FP |
| Reuters | CARR.PA |
| 12-month High / Low (EUR) | 32.8 / 22.3 |
| Market Cap (EUR) | 17,487 |
| Ev (BG Estimates) (EUR) | 23,087 |
| Avg. 6m daily volume (000) | 3 237 |
| 3y EPS CAGR | 10.4% |

| | 1 M | 3 M | 6 M | 31/12/15 |
|---|---|---|---|---|
| Absolute perf. | 0.2% | -11.9% | -14.4% | -11.1% |
| Food Retailing | 4.2% | 0.2% | -1.2% | 0.0% |
| DJ Stoxx 600 | 5.8% | -8.2% | -7.2% | -8.8% |

| 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 | 16.1x | 14.9x | 13.4x | 12.0x |
| FCF yield (%) | NM | 1.8% | 3.8% | 6.0% |
| Dividends (EUR) | 0.80 | 0.89 | 0.97 | 1.06 |
| Div yield (%) | 3.4% | 3.8% | 4.1% | 4.5% |
| EV/Sales | 0.3x | 0.3x | 0.3x | 0.3x |
| EV/EBITDA | 6.1x | 5.9x | 5.6x | 5.2x |
| EV/EBIT | 9.1x | 9.6x | 8.8x | 8.1x |


**Carrefour has been punished (-6.5%) despite fairly decent 2015 results. Indeed, investors may have been somewhat dissatisfied. 1/ In terms of outlook, we hoped management would add more flavour to 2016 concerning the margin in France, especially since losses at Dia should be flat in 2016 (i.e. around EUR50-60m) vs the reduction in losses previously expected by the group. 2/ Along with a slight disappointment concerning the dividend, this certainly put pressure on the stock, not to mention the fact that 3/ management was perhaps not specific enough notably regarding e-commerce intiatives (a question mark) going forward. On the whole, we hoped there would be a bit more meat on the bone in terms of fresh impetus for the equity story. This being said, valuation remains attractive.**

We have been developing the following investment case for months: **1/** underpinned especially by the LME, Carrefour has entered a growth cycle (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 favorable format mix in Brazil should allow Carrefour to weather the storm (potential margin widening remains significant in this area). No denying that Carrefour delivered performances in line with this investment case.

In terms of risk/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). Indeed, following a series of hugely negative LFLs, the retailer is in negative territory. This concern accompanies those regarding **2/** financial services in Brazil. However, management appeared to be rather confident regarding China (the CEO fears no significant increase in losses and even foresees a turning point at the end of 2016) and claimed to have good control of default risk for financial services in Brazil. These elements (China and financial services in Brazil) will nevertheless need to be closely monitored in 2016.

Over the medium medium term, management still sees room for margin improvement notably thanks to **1/** a more favourable inflation scenario, **2/** logistics and **3/** the recovery in both Italy (in positive territory in H2 we understand and which could break even in 2016) and China. However for the short term, we hoped management would add more flavour to 2016 especially in terms of the margin in France, since losses at Dia should be flat in 2016 vs 2015 (i.e. ~EUR50-60m) vs the reduction in losses previously expected by the group. As such, investors may have been a bit dissatisfied. Along with a slight disappointment concerning the dividend, this certainly put pressure on the stock, not to mention the fact that management was perhaps not specific enough regarding e-commerce intiatives notably.

From a more fundamental viewpoint, 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 with 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. That is what the very issue is going forward.

### VALUATION

- Carrefour is currently showing a 2016 P/E of 13.5x vs 16x on average for the sector

### NEXT CATALYSTS

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

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Luxury & Consumer Goods

# Hugo Boss

Price EUR54.12

## Proactive reset plan in still tough apparel markets

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

| | |
|---|---|
| Bloomberg | BOSS GR |
| Reuters | BOSG_p.DE |
| 12-month High / Low (EUR) | 120.0 / 51.3 |
| Market Cap (EURm) | 3,810 |
| Ev (BG Estimates) (EURm) | 3,893 |
| Avg. 6m daily volume (000) | 367.6 |
| 3y EPS CAGR | -3.1% |

| | 1 M | 3 M | 6 M | 31/12/15 |
|---|---|---|---|---|
| Absolute perf. | -18.2% | -30.5% | -46.8% | -29.3% |
| Pers & H/H Gds | 4.9% | -1.8% | 3.7% | -2.5% |
| DJ Stoxx 600 | 5.8% | -8.2% | -7.2% | -8.8% |

| YEnd Dec. (EURm) | 2014 | 2015e | 2016e | 2017e |
|---|---|---|---|---|
| Sales | 2,572 | 2,809 | 2,852 | 3,007 |
| *% change* | | *9.2%* | *1.5%* | *5.5%* |
| EBITDA (reported) | 571 | 590 | 518 | 564 |
| EBIT | 448.7 | 447.7 | 375.5 | 416.9 |
| *% change* | | *-0.2%* | *-16.1%* | *11.0%* |
| Net income | 333.3 | 319.3 | 277.2 | 313.5 |
| *% change* | | *-4.2%* | *-13.2%* | *13.1%* |

| | 2014 | 2015e | 2016e | 2017e |
|---|---|---|---|---|
| Operating margin | 17.4 | 15.9 | 13.2 | 13.9 |
| Net margin | 13.0 | 11.4 | 9.7 | 10.4 |
| ROE | 39.5 | 34.0 | 26.7 | 25.9 |
| ROCE | 33.2 | 29.1 | 23.7 | 24.6 |
| Gearing | 5.1 | 8.8 | 2.9 | -4.8 |

| (EUR) | 2014 | 2015e | 2016e | 2017e |
|---|---|---|---|---|
| EPS | 5.04 | 4.67 | 4.07 | 4.59 |
| *% change* | - | *-7.3%* | *-12.9%* | *12.6%* |
| P/E | 10.7x | 11.6x | 13.3x | 11.8x |
| FCF yield (%) | 7.4% | 7.7% | 8.5% | 8.8% |
| Dividends (EUR) | 3.62 | 3.62 | 3.25 | 3.70 |
| Div yield (%) | 6.7% | 6.7% | 6.0% | 6.8% |
| EV/Sales | 1.5x | 1.4x | 1.3x | 1.2x |
| EV/EBITDA | 6.7x | 6.6x | 7.4x | 6.7x |
| EV/EBIT | 8.6x | 8.7x | 10.2x | 9.0x |

**At the Analysts Conference yesterday, management spent some time on the major initiatives it has implemented in the US (category migration) and China (price adjustments) to address the tough apparel market environment. 2016 will be marked by a strict focus on margin protection (set to pay off mostly in 2017) and on FCF protection, which is a key priority this year. The group therefore remains committed to the 60-80% pay-out ratio corridor, which should partly ease off worries about the impact of a dividend cut, especially since Hugo Boss is first and foremost a growth story.**

### ANALYSIS

- **US: Hugo Boss to step up category migration at wholesalers:** note that this strategy of replacing the BOSS brand by the HUGO and BOSS Green brands (lower entry prices) is not new and was successfully completed across Europe in 2015. Hugo Boss was planning to implement this category migration in the US this year but the group was obliged to accelerate the pace given tough market conditions (US sales down 5% FX-n). At the same time, the group has continued to upgrade its distribution network as retail now accounts for 59% of US sales vs. 49% in 2012. Last but not least, rebates have helped to clear inventories which should return to healthier levels by the end of H1 2016.

- **China: prices cut by 20% to strengthen the value proposition.** In a Chinese men's luxury apparel market down 12% last year, revenues at the German group fell 9% FX-n. This adverse environment forced Hugo Boss to take several initiatives in the country: **(i) price reduction of 20%** to reduce the price gap (*see chart overleaf*) between France and H-K (35% premium after adjustment) and Mainland China (50% premium) and to open up to aspirational customers, **this price cut will affect the GM by 100bp in 2016**, **(ii) approx. 20 store closures** out of a total store network of 131, we believe these closures will mainly affect the former franchise stores which are smaller (~100 sqm on average) and less profitable, and **(iii) ongoing renegotiation of rental contracts,** which already had positive results.

- **Tight focus on margin protection…** Surprisingly, the group expects **GM** to remain flat vs. 2015, which is more optimistic than our forecast. The negative impact from the price adjustments in China (-100bp) should be offset by the positive channel mix and an efficient rebate management (i.e. discontinuation of lower margin price-off business in the US). However **opex** costs will continue to rise given flat SSSG, retail expansion and IT/logistic cost increases. The group is launching initiatives to mitigate this inflation such as reducing the overhead cost structure, renegotiating rental contracts and reviewing the entire store network to eventually close the DOS that are highly dilutive to the group's profitability. Note that these measures will mainly bear fruit in 2017, **justifying guidance for adj. EBITDA to decrease at a low double-digit rate this year**.

- **… and on FCF generation.** Management clearly stated that it was targeting an increase in FCF for 2016, driven by strict inventory management and lower capex investments (below EUR200m vs. EUR220m spent in 2015) as the group will open fewer stores than the MT target of 20-25 openings per year. This FCF protection, in addition to the commitment to the 60-80% payout ratio corridor, probably reassured investors who feared a significant dividend cut. On our estimates, Hugo Boss would have to decrease the dividend by 10% to return to a P/O ratio of 80%, implying a marginal impact on the dividend yield (6% vs. 6.6%).

- **Recessionary market environment reflected in current trading.** All the above-mentioned measures are part of the "reset plan" which is all the more urgent in that retail comp store sales have further deteriorated with a mid single-digit decrease over the first two months after -1% in Q4 and +2% in 2015 because of the US market, while trends have slightly improved in Asia-Pacific (albeit still negative) and remain in positive territory for Europe.

- **Minor adjustments to our FY16-17 assumptions that are aligned with guidance.** We expect 2% FX-n growth for 2016, in line with the target for a "low single-digit increase". This performance includes a flat SSSG for the entire year. As for profitability, we anticipate a 12% drop in adj. EBITDA, representing a margin decline of 290bp to 18.3%

***(To be continued next page)***

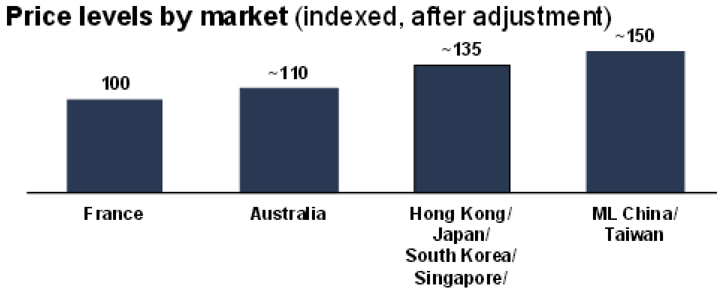
## VALUATION

- The market should have been reassured by the group's proactive initiatives aimed at protecting margins (over the MT) and FCF generation (as early as 2016), illustrated by the strong commitment to the 60-80% corridor dividend policy. However, the positive impacts from this "reset plan" will be gradual, especially at the margin level (in 2017).
- Given that sluggish trends in the apparel market are lingering, as highlighted by weak current trading, we also believe it is too soon to adopt a positive stance despite the low valuation at 10.2x 2016e EV/EBIT (21% discount vs. 2007-16 historical average).

## NEXT CATALYSTS

- Hugo Boss is due to release its Q1 2016 Results on 3rd May.

**Table 1: New price gap between France and Hugo Boss' main markets in Asia-Pacific:**
*(**France** is 20% more expensive than Germany whilst the **US** is slightly above France)*




*Source: Company Data*

**Table 2: Sales outlook by region and channel**


*Source: Company Data*

**Table 3: FY 2016 outlook:**

| Outlook 2016 | |
|---|---|
| Sales growth (currency adjusted) | Low single-digit percentage increase |
| Gross margin | Stable performance |
| EBITDA before special items | Low double-digit percentage decrease |
| Capex | < EUR 200 million |
| Free cash flow | Increase |

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TMT

# Iliad

Price EUR222.85

## Feedback from FY2015 results conference call

**Fair Value EUR270 (+21%)** **BUY**

| | |
|---|---|
| Bloomberg | ILD FP |
| Reuters | ILD.PA |
| 12-month High / Low (EUR) | 231.4 / 175.5 |
| Market Cap (EURm) | 13,078 |
| Ev (BG Estimates) (EURm) | 14,200 |
| Avg. 6m daily volume (000) | 98.10 |
| 3y EPS CAGR | 27.2% |

| | 1 M | 3 M | 6 M | 31/12/15 |
|---|---|---|---|---|
| Absolute perf. | 6.5% | 4.4% | 14.3% | 1.3% |
| Telecom | 4.6% | -6.2% | -8.5% | -7.1% |
| DJ Stoxx 600 | 5.8% | -8.2% | -7.2% | -8.8% |

| 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* | | *NM* | *NM* | *NM* |
| 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 | 47.1x | 38.1x | 31.3x | 22.9x |
| FCF yield (%) | NM | 0.4% | NM | 2.6% |
| Dividends (EUR) | 0.36 | 0.38 | 0.38 | 0.38 |
| Div yield (%) | 0.2% | 0.2% | 0.2% | 0.2% |
| EV/Sales | 3.4x | 3.2x | 3.0x | 2.8x |
| EV/EBITDA | 11.0x | 9.4x | 8.2x | 6.9x |
| EV/EBIT | NS | NS | NS | NS |

**We reiterate our Buy rating with a Fair Value of EUR270 following the conference call on 2015 results. We are confident in Iliad's strategy and ability to deliver ambitious plans on the fibre side. We are currently waiting for news on the Orange/Bouygues merger, and details on the price and nature of assets to be bought out by Iliad.**

### ANALYSIS

- **Fibre:** Iliad presented an ambitious fibre roll out plan, with a target of 8m FTTH homes exceeded by 2018 and 20m by 2022. These targets appear compatible with CAPEX guidance, with Iliad stating that mobile CAPEX will decrease as fixed CAPEX takes overs. The FTTH roll out is now moving to an industrialisation phase. Free has about 200k fibre customers in very dense areas, and is now starting to pick up customers in medium dense areas. Iliad considers fibre regulations as still too favorable for Orange and is pushing for a change in the rules, especially in less dense areas.
- **Landline and Mobile ARPU:** On the mobile side, Iliad did not make any comments on ARPU, but said it still relied essentially on customer acquisition and retention to fuel revenue growth. Nevertheless, Iliad is enjoying a good trend in customers migrating from the EUR2 offer to the EUR20 offer, driven by a sharp increase in 4G users, and expects these migrations to transform into ARPU in the future. We believe in this strategy, but were expecting results as soon as Q4, whereas it seems more time is needed before upside kicks in. On the fixed side, Iliad said not to expect any ARPU increase soon, although the trend was better than expected, with a stabilisation over the past two quarters. In particular, Iliad said that customers coming out of promotions were contributing to the good level of ARPU.
- **Guidance:** Iliad reiterated 2020 EBITDA guidance for a minimum of 40%. We still see this guidance as slightly conservative. On the CAPEX side, Iliad gave 2016 guidance of between EUR1.25bn and EUR1.3, which is a little above our estimate for EUR1.23. Iliad's DSL CAPEX will be lower in 2016 than in 2015, fibre CAPEX will be higher (with more customer connections in particular), and mobile CAPEX should be the same.
- **M&A and French market consolidation:** Iliad said it is looking at several M&A opportunities, not only in the UK, but said there was no guarantee that any of these would lead to a deal. Iliad insisted on its healthy balance sheet, saying the company was not debt-adverse. In particular, in the case of French consolidation, Iliad insisted there would be no dilution of shareholders, and asset buy outs would be financed exclusively by debt. Iliad said it was not interested in buying BtoB assets in the case of French consolidation while discussions with Orange and Bouygues are complex, from an industrial and operational point of view, although the group seemed rather confident in a positive outcome.
- **Box:** Regarding a new Box replacing the Revolution device, Iliad did not give any precise timing, but Xavier Niel's declarations did suggest hat a new Box might be out by the beginning of 2017.
- Iliad said the guidelines published by ARCEP on **network sharing agreements** were very demanding, but are compatible with Free's roll out plans.

### VALUATION

- Iliad is now trading at trading at 8.2x EV/EBITDA 2016e
- We reiterate our BUY rating on Iliad, with a 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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Sector View

# Video Games

## US packaged software sales in February, Ubisoft leading the charts

| | 1 M | 3 M | 6 M | 31/12/15 |
|---|---|---|---|---|
| Softw.& Comp. SVS | 4.3% | -5.4% | 10.5% | -6.4% |
| DJ Stoxx 600 | 5.8% | -8.2% | -7.2% | -8.8% |

*Stoxx Sector Indices

**Companies covered**

| | | | |
|---|---|---|---|
| **GAMELOFT** | | **BUY** | **EUR6.7** |
| *Last Price* | EUR7.35 | *Market Cap.* | EUR628m |
| **UBISOFT** | | **BUY** | **EUR34** |
| *Last Price* | EUR26.555 | *Market Cap.* | *EUR2,953m* |


**The NPD Group has released data for February's packaged video games sales in the US. Hardware sales were down 23% Y/Y (the PS4 was again the top-selling console). Packaged software was down 10% (vs. BG ests: -11%e), mainly due to declines in handheld and last generation consoles and the strong trend towards digital. Ubisoft's *Far Cry Primal* was the best-selling game and we expect another of its titles to top the charts in March (Tom Clancy's *The Division*). We are making no change to ratings for our sector coverage: Buy ratings on UBISOFT with a FV of EUR34 and on GAMELOFT with a FV of EUR6.7. As a reminder, our FVs reflect minimum prices for potential public offers.**

### ANALYSIS

- **On Thursday night, the NPD Group released its monthly sales report for February's packaged video games in the US** (four-week period ending 27th February). Bear in mind that these numbers only represent a fraction of the industry (i.e. around 50% of spending). NPD only tracks new games sold at US retailers. This does not include second-hand software, mobile, and digital. As such, it simply gives an insightful glimpse of a much more dynamic industry. **Revenue in the sector was down 12.3% over one year at USD842.5m: 1/ Hardware -22.7% Y/Y at USD292.2m** (mainly because of a decrease of 58% in handheld consoles). The PS4 was again the best-selling platform in the US over the month. **2/ Software -10.3% Y/Y at USD303.9m** (-10.8% incl. PC), i.e. slightly higher than our -10.8%e (no consensus). Ubisoft's *Far Cry Primal* (23rd Feb.) was the top-selling game (greater sales than *Far Cry 4*). **3/ Accessories +1.3% Y/Y at USD246.4m**, mainly thanks to peripherals, interactive toys, points, subscription cards sales.
- **Worth noting on the software side: 1/** a fairly unfavourable base effect (+7% in Feb. 2015); **2/** further sales of November's strong game release slate (Activision Blizzard's *Call of Duty: Black Ops III* was again in the monthly Top 10 for the fourth time in a row); **3/** softness in February performances of Q4 launches, which were down from the Q4 launches (-12% in volumes and -4% in value), **4/** a sharp decline of 52% in 7th generation consoles despite the 14% in 8th generation software, and handheld software also dropped 30% due to a difficult comparison base; **5/** the growing transition towards digital (gamers are increasingly comfortable with downloading games, all the more so with the highly connected home consoles).
- **Bear in mind that the NPD Group does not track: 1/** digital game sales; and **2/** games packed-in with consoles.
- **For NPD data in March:** we expect a **return to Y/Y growth in packaged game sales**, thanks to **Ubisoft's game *Tom Clancy's The Division*** (8th March) which should top the US charts.

### VALUATION

- **UBISOFT:** We maintain our **Buy rating** and **FV of EUR34** (we value the entire cycle).
- **GAMELOFT:** We maintain our **Buy rating** and **FV of EUR6.7** (we value the entire cycle).
- **Our FVs reflect <u>minimum</u> prices for potential public offers**.

### NEXT CATALYSTS

- **UBISOFT: FY15/16 earnings** – the week of the 9th May.
- **GAMELOFT: FY15 earnings** – 21st March (after trading), **investor day in London** on 22nd March.

**Top ten selling games in February 2016 by platform in the US**

| Rank | Games | Consoles | Publisher |
|---|---|---|---|
| 1 | *Fra Cry Primal* | PS4, Xbox One | Ubisoft |
| 2 | *Call of Duty: Black Ops III* | Xbox One, PS4, Xbox 360, PS3, PC | Activision Blizzard |

| | | | |
|---|---|---|---|
| 3 | *Grand Theft Auto V* | PS4, Xbox One, Xbox 360, PS3, PC | Take-Two Interactive |
| 4 | *Naruto Shippuden: Ultimate Ninja Storm 4* | PS4, Xbox One | Bandai Namco Games |
| 5 | *NBA 2K16* | PS4, Xbox One, Xbox 360, PS3 | Take-Two Interactive |
| 6 | *Lego Marvel Avengers* | PS4, Xbox 360, Xbox One, Wii U, PS3, 3DS, PSV | Warner Bros. Interactive |
| 7 | *Street Fighter V* | PS4 | Capcom |
| 8 | *Minecraft* | Xbox 360, Xbox One, PS4, PS3 | Microsoft |
| 9 | *Fire Emblem Fates: Birthright* | 3DS | Nintendo |
| 10 | *Fallout 4* | PS4, Xbox One, PC | Bethesda Softworks |

*N.B.: games bundled with hardware are not tracked by the NPD Group*

*Sources: NPD Group; Bryan, Garnier & Co.*

- **Ubisoft's *Far Cry Primal*** was the top-selling game and it registered greater sales than *Far Cry 4*.
- **Take-Two Interactive** was the publisher of the month, with 2 titles in the TOP 10 (#3 and 5).

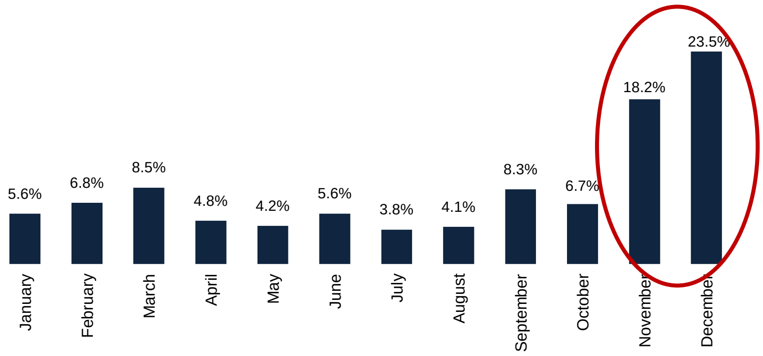
**Y/Y % change in retail software sales in the US from 2000 to 2016 (in value, at constant scope)**

| % | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| January | 2 | 16 | 4 | 0 | 18 | 0 | -5 | 53 | 12 | 10 | -12 | -5 | -38 | 1 | -25 | 6 | -10 |
| February | 5 | -11 | 45 | -5 | 5 | 13 | -12 | 32 | 48 | 9 | -15 | -5 | -23 | -36 | -9 | 7 | -10 |
| March | 20 | -15 | 33 | 8 | -6 | 31 | -8 | 16 | 64 | -17 | 10 | -16 | -25 | -1 | -27 | -3 | |
| April | 27 | -13 | 11 | 39 | -3 | 9 | 16 | -1 | 69 | -22 | -22 | 26 | -42 | -17 | -10 | 13 | |
| May | 4 | 10 | 31 | 20 | -17 | 30 | -10 | 33 | 42 | -17 | 4 | -19 | -32 | -31 | 57 | -25 | |
| June | 4 | 23 | 27 | -9 | 12 | 2 | 15 | 22 | 61 | -29 | -15 | -12 | -29 | -10 | -3 | 21 | |
| July | -1 | 26 | 11 | 4 | 27 | -10 | 19 | 11 | 41 | -26 | -8 | -17 | -23 | -19 | -15 | 0 | |
| August | -12 | 18 | 43 | 4 | 1 | 0 | 18 | 23 | 13 | -15 | -14 | -34 | -9 | 23 | -21 | -10 | |
| Septembe | -26 | -8 | 50 | -10 | 44 | -24 | 29 | 47 | -6 | 5 | -6 | 3 | -18 | 52 | -36 | -3 | |
| October | 13 | -20 | 74 | -15 | 35 | -24 | 1 | 40 | 36 | -18 | 6 | 3 | -25 | 12 | -27 | -3 | |
| November | 1 | 28 | 7 | 7 | 11 | -17 | 14 | 63 | 11 | -3 | 3 | 11 | -11 | -24 | -1 | -7 | |
| December | -9 | 24 | 7 | 13 | -1 | -3 | 6 | 37 | 15 | -7 | -8 | -14 | -26 | -17 | -2 | -3 | |
| Total | -1 | 10 | 21 | 5 | 8 | -3 | 7 | 34 | 27 | -10 | -6 | -6 | -23 | -9 | -12 | -2 | |

*Sources: NPD Group; Bryan, Garnier & Co.*

- **Packaged software sales were down 10.3% in February** (vs. BG est.: -10.8%e).
- **Physical sales account for 50%e of the US consumer spend** on the industry (35-40%e in Europe).

**Average US retail software contribution in FY sales per month, over 2009/15**




Sources: NPD Group; Bryan, Garnier & Co.

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Utilities

# Amoéba

## Ready to sell the product!

**Fair Value EUR65,33 (NM)**

**CORPORATE**

### ANALYSIS

- **Amoeba**, the French producer of a biological biocide capable of eliminating waterborne bacterial risk, announced yesterday after market that it has signed a letter of intent with **Green Chemicals**, a private Turkish group, which provides services for water treatment, metal treatment, oil and gas technologies, industrial systems, automation and adhesive areas. This letter of intent will allow Green Chemicals to distribute Amoeba's products **for three years** (*with no exclusivity*), once approval by the Turkish regulator has been received. The group estimates this approval should be given in the next two coming months. Through this partnership, Amoeba will then be able to commercialise its product for the first time, in a country estimated to be similar **to the French market** for cooling stations. As a reminder, the European cooling tower market is estimated at **EUR479m**, with France representing **roughly EUR30m**.
- **Positive, as this confirms the group's commercial development is well on track.**

### VALUATION

- FV @ EUR65m

### NEXT CATALYSTS

- 21st March 2016: 2015 results

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Healthcare

# Sanofi

Price EUR72.56

| | |
|---|---|
| Bloomberg | SAN FP |
| Reuters | SASY.PA |
| 12-month High / Low (EUR) | 100.7 / 67.3 |
| Market Cap (EURm) | 94,741 |
| Avg. 6m daily volume (000) | 3 254 |

| | 1 M | 3 M | 6 M | 31/12/15 |
|---|---|---|---|---|
| Absolute perf. | 5.6% | -5.5% | -18.0% | -7.7% |
| Healthcare | 3.7% | -9.4% | -10.5% | -11.7% |
| DJ Stoxx 600 | 5.8% | -8.2% | -7.2% | -8.8% |

| | 2016 | 2017e | 2018e | 2019e |
|---|---|---|---|---|
| P/E | 13.1x | 12.6x | 11.6x | 10.7x |
| Div yield (%) | 4.1% | 4.3% | 4.8% | 5.2% |

## Sarilumab tops AbbVie's adalimumab in head-to-head trial

**Fair Value EUR88 (+21%)** **NEUTRAL**

### ANALYSIS

- Sanofi and Regeneron announced today that the SARIL RFA MONARCH Phase III trial evaluating SC sarilumab (an anti-IL-6R administrated at the 200mgQ2W) against adalimumab (AbbVie's anti-TNF-α administrated at the 40mg Q2W dose) achieved the primary endpoint of reducing DAS28 score ($p<0.0001$) in the monotherapy setting. As a reminder, the trial recruited 369 patients suffering from RA and who were either naive or non-responders to MTX over a 24-week treatment course. Change in DAS28 score from baseline at w24 was -3.25 and -2.22 respectively for sarilumab and adalimumab respectively while the secondary endpoint of ACR20 response rate came in at 72% and 58% for sarilumab and adalimumab respectively.
- While we do not view sarilumab as benefitting from a clearly differentiated profile compared to Roche's Actemra, which also compared well vs. adalimumab, we are pleased to see that this study tends to confirm the trend that IL-6 offer a benefit over anti-TNF. While Roche has the only IL-6 marketed at the moment, we might see an increasing recognition for the class in coming years with more products potentially on the market (GSK's sirukumab shortly after Sanofi's sarilumab). However, this should also raise issues as to reimbursement and payers might be willing to favour products with the most favourable efficacy/safety profile (which might cloud's sarilumab's ramp-up alongside a commercial sales force that has to be reinforced for Sanofi in autoimmune diseases) or to the one that offers the highest discounts if products are close.

### VALUATION

- We reiterate our NEUTRAL rating and EUR88 Fair Value

### NEXT CATALYSTS

- March 2016: Headline results for dupilumab's phase III trials SOLO 1&2 in AD

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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 64.4% NEUTRAL ratings 28.1% SELL ratings 7.4%

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