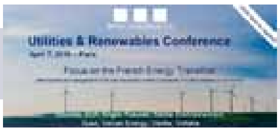
Please find our Research on Bloomberg BRYG <GO>)

17th March 2016

BG's Wake Up Call



	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17325.76	+0.43%	-0.57%
S&P 500	2027.22	+0.56%	-0.82%
Nasdaq	4763.97	+0.75%	-4.86%
Nikkei	16936.38	-0.22%	-10.82%
Stoxx 600	341.002	+0.04%	-6.78%
CAC 40	4463	-0.22%	-3.75%
Oil /Gold			
Crude WTI	38.46	+5.34%	+3.39%
Gold (once)	1229.53	-0.24%	+15.73%
Currencies/Rates			
EUR/USD	1.10745	-0.34%	+1.95%
EUR/CHF	1.09425	-0.05%	+0.63%
German 10 years	0.31	-2.26%	-51.18%
French 10 years	0.547	-4.38%	-44.22%

Economic releases :

Date	
17th-Mar	CNY - Foreign Direct Investment Feb. (1.7%A, 1.8% E y/y) GB - BoE rate Decision US - Philadelphia FED Mar. (-1.7E) US - Initial Jobless Claims (266K E) US - Continuing Clails (2230M E) US - Leading Indicators (0.2% E)

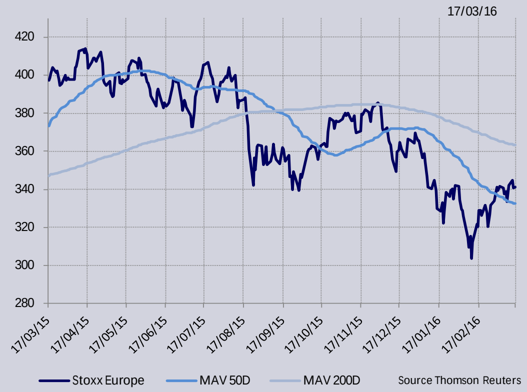
Upcoming BG events :

Date	
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)
20th-Apr	REMY COINTREAU (BG Paris breakfast with CFO)
22nd-Apr	PERNOD RICARD (BG Paris roadshow with Head of IR)

Recent reports :

Date	
15th-Mar	STMICROELECTRONICS : Prepares for higher margin
15th-Mar	WIRECARD : The Great Vendetta
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.

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



GRANDVISION — BUY, Fair Value EUR29 vs. EUR29,5 (+17%)

Sounds fundamentals but in the optical industry acquisitions often cause dilution

At the conference call yesterday, management discussed GrandVision's key pillars (to deploy global capabilities, drive comparable growth, global expansion, etc.), which will remain the growth catalyst for 2016 onwards. Most analysts' questions concerned the newly-consolidated US chain For Eyes, the ramp-up of the group's TechCenters (Rx labs) and the capex budget. In light of a higher-than-expected dilutive impact from acquisitions, we have fine-tuned our 2016-17 assumptions (-2%) but the underlying margin performance (adj. EBITDA: +60bp in 2015) clearly confirms that the business model, which relies on scale, is efficient. FV adjusted to EUR29 vs. EUR29.5 but Buy recommendation confirmed.

HEIDELBERGCEMENT — BUY-Top Picks, Fair Value EUR86 (+20%)

Strong dividend per share increase: +73% at EUR1.30

The German cement company already reported preliminary figures on 16th of February. 2015 revenues rose 6.7% y/y (flat like-for-like) to EUR13,465m and EBITDA 14.2% (8.2% like-for-like) to EUR2,613m, equivalent to a 19.4% margin (up 151 bps). Net profit group share was in line at EUR800m vs EUR809m for the consensus. Dividend at EUR1.30 (vs EUR0.75 last year and vs EUR1.18 for the consensus). Conference call at 3.00pm.

LAFARGEHOLCIM — BUY, Fair Value CHF50 (+21%)

2015 EBITDA in line with our estimates. 2018 targets confirmed. But CHF3bn in impairment.

LafargeHolcim has reported its first full-year figures since the merger. 2015 revenues totalled CH29,483m down 6.2% (+0.1% l-f-l), 2% below our estimate and 3% above the consensus while EBITDA came in at CHF5,751m, in line with our estimates and 7% above the consensus. EBITDA margin stood at 19.5%, down 90bps but we expected 19% and IBES 18.8%. CHF1.50 dividend proposed. CHF3.5bn divestment programme underway with one third secured. However, Q4 included a massive CHF3bn in impairment charges. 2018 target confirmed. Analysts' meeting at 9am.

In brief...

ADOCIA, *Hike in operating costs a touch higher than anticipated*

CELLECTIS, *Collaboration with MabQuest on a new class of PD-1 mAbs*

SANOFI, *Jury's verdict in PCSK9 battle favours Amgen*

Luxury & Consumer Goods

Grandvision

Price EUR24.81

Sounds fundamentals but in the optical industry acquisitions often cause dilution

Fair Value EUR29 vs. EUR29,5 (+17%) **BUY**

Bloomberg	GVNV NA
Reuters	GVNV AS
12-month High / Low (EUR)	27.7 / 21.3
Market Cap (EUR)	6,311
Ev (BG Estimates) (EUR)	7,261
Avg. 6m daily volume (000)	109.1
3y EPS CAGR	14.1%

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.6%	-3.4%	9.4%	-10.3%
Consumer Gds	4.0%	-2.9%	0.9%	-3.9%
DJ Stoxx 600	6.4%	-5.4%	-5.8%	-6.8%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	2,817	3,205	3,444	3,605
% change		*13.8%*	*7.5%*	*4.7%*
EBITDA (adjusted)	449	512	557	599
EBIT (reported)	288.6	353.3	388.5	423.1
% change		*22.4%*	*10.0%*	*8.9%*
Net income	161.2	213.3	238.0	263.9
% change		*32.3%*	*11.6%*	*10.9%*

	2014	2015e	2016e	2017e
Operating margin	10.2	11.0	11.3	11.7
Net margin	5.7	6.7	6.9	7.3
ROE	25.9	37.4	33.7	32.6
ROCE	17.6	20.8	22.6	24.6
Gearing	137.6	154.3	108.7	84.0

(EUR)	2014	2015e	2016e	2017e
EPS	0.70	0.85	0.94	1.04
% change	-	*22.2%*	*9.6%*	*10.9%*
P/E	35.5x	29.1x	26.5x	23.9x
FCF yield (%)	3.5%	4.3%	4.3%	4.6%
Dividends (EUR)	0.00	0.14	0.35	0.39
Div yield (%)	NM	0.6%	1.4%	1.6%
EV/Sales	2.6x	2.3x	2.1x	1.9x
EV/EBITDA	16.1x	14.2x	12.8x	11.7x
EV/EBIT	25.1x	20.6x	18.3x	16.6x

At the conference call yesterday, management discussed GrandVision's key pillars (to deploy global capabilities, drive comparable growth, global expansion, etc.), which will remain the growth catalyst for 2016 onwards. Most analysts' questions concerned the newly-consolidated US chain For Eyes, the ramp-up of the group's TechCenters (Rx labs) and the capex budget. In light of a higher-than-expected dilutive impact from acquisitions, we have fine-tuned our 2016-17 assumptions (-2%) but the underlying margin performance (adj. EBITDA: +60bp in 2015) clearly confirms that the business model, which relies on scale, is efficient. FV adjusted to EUR29 vs. EUR29.5 but Buy recommendation confirmed.

ANALYSIS

- **For Eyes: successful integration is a priority for 2016.** Management admitted that revenue declined to EUR83m in 2015 and that this could suggest a higher-than-expected dilutive impact on profitability. GVNV has already implemented several initiatives to turn around the business: **(i)** new experienced leadership team that has a proven track-record in integrating new chains, **(ii)** supply chain integration and **(iii)** a revamped commercial proposition with the roll-out of the group's global in-house brands (*see picture overleaf*). The EUR3m in one-off charges booked in Q4 were due to inventory and other balance sheet item write-offs, no other costs are expected this year. Last but not least, management expected the integration to be completed within 12-18 months, which is the traditional deadline for large acquisitions.

- **The US optical market harbours significant MT/LT growth opportunities for GVNV.** Indeed the world's largest optical market grew 6.3% to USD39.4bn for the 12 months ending September 2015 and industry experts were expecting a similar pace of growth for 2016. Moreover the market environment offers opportunities for GVNV: **(i)** the value and mass segments account for 76% of the US market which fits perfectly with the group's value positioning and **(ii)** it is very fragmented since independent opticians/optometrists own 53% of the market, which enables GVNV to make the most of its critical size to improve competitiveness and win market share, probably vs. other small chains as optometrists enjoy strong customer loyalty thanks to their high level of expertise.

- **TechCenters (TC) now assemble 60% of global lenses sold by GVNV.** These TCs are an illustration of the aim to involve critical mass in the assembly phase by pooling volumes to release productivity and efficiency gains, as well as shorter lead times. New countries are now covered by these TCs and this share will further increase in the coming years, implying an accretive impact to the group's profitability.

- **Solaris is accelerating its global expansion** as the group is under-exposed to the sun-wear category (~10-12% of sales vs. ~15% of global optical market). Last year Solaris opened 390 new POS to a total of 1,201), including 60 stores in Mexico (Sunglass Island banner was rebranded Solaris). As a reminder, Solaris expansion mainly relies on the opening of shop-in-shops within existing optical stores in order to favour cross-selling by addressing customers who initially visited the store to buy Rx glasses or contact lenses. Main advantages: low capex intensive strategy and accretive to margins as it increases sales/store.

- **Capex should remain in the region of 5-5.5% of sales.** The management does not anticipate a major inflation in capex despite the integration of *For Eyes* and investments should grow in line with the FCF generation. The share of non-store capex might increase as the group continues to invest in IT, supply chain and omni-channel. Hence the leverage ratio should continue to improve to give more firepower for acquisitions.

- **G4 segment (62% of group sales): watch out for the challenging comparison base and update on the French market.** While the comparable growth achieved in Q1 (+5.6%) was slightly lower than in Q4 2014 (+6.1%), we draw attention to the tough comps in the G4 segment (Q1 15: +6.8% vs. +5.9% in Q4 14) given successful promotional campaigns. Management also delivered an interesting update about **France** (~20% of sales): the new reimbursement conditions that came into force in April 2015 did not hamper the **group's business that remained well-oriented throughout 2015.** The CEO even reminded that any deregulation of this market would be a growth opportunity to gain market share vs. independent opticians and small chains unable to benefit from their critical mass.

(Continued on next page)

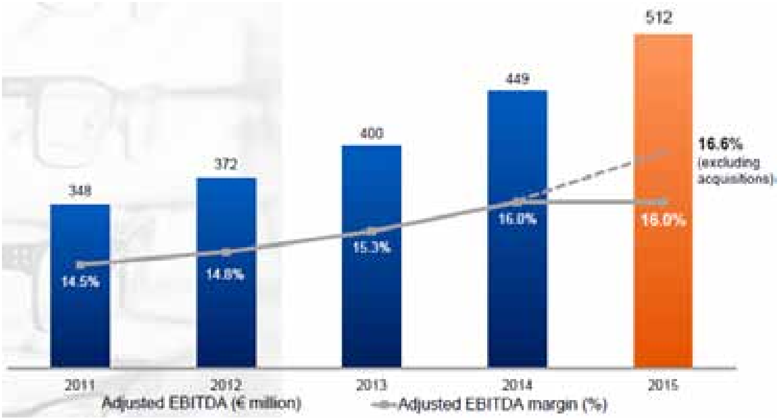
VALUATION

- We maintain our top-line assumptions. However we have nudged down our FY16-17 margin assumptions by 2% on average to reflect the higher-than-expected dilutive impact from acquisitions (Italy, the US) which might last in H1, pending the turnaround in Italy and the integration of For Eyes in the US. Hence our FV is adjusted to EUR29 vs. EUR29.5 previously.
- We still have a positive stance on GrandVision to play both structural catalysts in the optical market and the group's ability to make the most of its critical mass to win market share, consolidate the very fragmented optical distribution market (M&A, despite the possible dilutive impacts) and generate substantial leverage to operating expenses.
- GrandVision's 2016e PEG of 2.2x, the stock trades below Luxottica and Essilor (2.4x and 2.5x respectively) and offers a significant discount relative to its most direct peer, Fielmann (3.7x) despite more appealing growth prospects (2015-18e EPS CAGR of ~10% vs. 7.8% for Fielmann).

NEXT CATALYSTS

- GrandVision will report its Q1 Trading Update on 29th April.

The solid improvement in the adj. EBITDA margin (excl. dilutive impact from acquisitions) illustrates how efficient the business model is:



Source: Company Data

Some of GrandVision's global in-house brands are already displayed on *For Eyes'* website

Source: foreyes.com

Click here to download

Analyst:
Cédric Rossi
33(0) 1 70 36 57 25
crossi@bryangarnier.com

Consumer Analyst Team:
Nikolaas Faes
Loïc Morvan
Antoine Parison
Virginie Roumage

Construction & Building Materials

Heidelbergcement

Price EUR71.91

Bloomberg	HEI GY
Reuters	HEIG.F
12-month High / Low (EUR)	77.0 / 60.1
Market Cap (EUR)	13,513
Ev (BG Estimates) (EUR)	20,366
Avg. 6m daily volume (000)	651.8
3y EPS CAGR	38.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	12.3%	0.4%	7.2%	-4.9%
Cons & Mat	7.9%	-1.3%	-2.0%	-3.2%
DJ Stoxx 600	6.4%	-5.4%	-5.8%	-6.8%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	12,614	13,373	17,703	19,110
% change		*6.0%*	*32.4%*	*8.0%*
EBITDA	2,117	2,371	3,356	3,884
EBIT	1,424	1,621	2,206	2,734
% change		*13.9%*	*36.1%*	*23.9%*
Net income	498.4	689.8	960.2	1,392
% change		*38.4%*	*39.2%*	*45.0%*

	2014	2015e	2016e	2017e
Operating margin	11.3	12.1	12.5	14.3
Net margin	5.5	6.9	6.5	8.6
ROE	3.8	5.1	6.5	8.9
ROCE	6.4	5.3	5.9	7.4
Gearing	48.6	35.2	51.9	43.7

(EUR)	2014	2015e	2016e	2017e
EPS	2.66	3.68	4.85	7.03
% change	-	*38.4%*	*31.8%*	*45.0%*
P/E	27.1x	19.5x	14.8x	10.2x
FCF yield (%)	4.9%	5.3%	8.6%	9.4%
Dividends (EUR)	0.75	1.10	1.50	2.80
Div yield (%)	1.0%	1.5%	2.1%	3.9%
EV/Sales	1.8x	1.5x	1.4x	1.2x
EV/EBITDA	10.6x	8.6x	7.2x	6.0x
EV/EBIT	15.7x	12.6x	11.0x	8.5x

Strong dividend per share increase: +73% at EUR1.30

Fair Value EUR86 (+20%) **BUY-Top Picks**

The German cement company already reported preliminary figures on 16th of February. 2015 revenues rose 6.7% y/y (flat like-for-like) to EUR13,465m and EBITDA 14.2% (8.2% like-for-like) to EUR2,613m, equivalent to a 19.4% margin (up 151 bps). Net profit group share was in line at EUR800m vs EUR809m for the consensus. Dividend at EUR1.30 (vs EUR0.75 last year and vs EUR1.18 for the consensus). Conference call at 3.00pm.

A trading statement was published mid-February, with most of the operational figures reported. The rest of the figures were reported this morning. In particular group share net income stood at EUR800m, up 65% y/y in line with the consensus (and significantly above our own but conservative estimates). As previously announced, net debt was EUR5.3bn, equivalent to 2.0x leverage.

The Italcementi transaction is expected to be finalised in H2 2016.

Guidance for 2016 was provided: HEI anticipates an increase in sales volumes, combined with slight to moderate growth in energy costs, a moderate rise in raw materials and staff costs and a significant decrease in financing costs (excluding Italcementi deal). All in all, HEI expects a moderate increase in revenues and operating income before forex and scope.

Key figures

EURm	Reported	Consensus (corporate)	% vs Cons.
Operating income (already reported)	1846	1807	2%
Net income group share	800	809	-100%

Source : Company Data; Bryan Garnier & Co. ests.

ANALYSIS

- Confirmation of healthy 2015 figures
- Positive outlook with the combination of positive sales volumes and moderate cost inflation.
- Very strong (+73%) dividend increase reflects management's confidence.

2015 Revenues and EBITDA by zone

EURm	Revenues	y/y% l-f-l	Split%	EBITDA*	Split%	Mrgn %	Delta bps
Western & Northern Europe	4196	0.1	30	672	25	16.0	201
Eastern Europe-Central Asia	1097	1.1	8	207	8	18.9	-59
North America	3746	6.7	27	829	31	22.1	213
Asia-Pacific	2775	-5.6	20	719	27	25.9	-45
Africa-Mediterranean Basin	1008	11.4	7	260	10	25.8	244
Group Services	1060	-17.8	8	25	1	2.4	-16
Reconciliation	-417	0.2	-	-99	-	23.7	155
Total	**13465**	**-0.2**	**100**	**2613**	**100**	**19.4**	**127**

** included JVs*

Source: Company Data; Bryan Garnier & Co. ests.

VALUATION

- EUR86 FV derived from the application of historical multiples to our 2017 figures. Current EV/EBITDA at 7.2x 2016s vs 7.9x for the sector (under coverage).

NEXT CATALYSTS

- AGM and Q1 2016 results on 4th May 2015

Click here to download

Analyst :
Eric Lemarié
33(0) 1.70.36.57.17
elemarie@bryangarnier.com

Construction & Building Materials

LafargeHolcim

Price CHF41.20

2015 EBITDA in line with our estimates. 2018 targets confirmed. But CHF3bn in impairment.

Fair Value CHF50 (+21%) **BUY**

Bloomberg	LHN VX
Reuters	LHN.VX
12-month High / Low (CHF)	72.9 / 34.1
Market Cap (CHF)	25,005
Ev (BG Estimates) (CHF)	45,202
Avg. 6m daily volume (000)	2,137
3y EPS CAGR	19.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	13.7%	-17.5%	-29.5%	-18.1%
Cons & Mat	7.9%	-1.3%	-2.0%	-3.2%
DJ Stoxx 600	6.4%	-5.4%	-5.8%	-6.8%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	31,814	30,144	30,741	32,518
% change		*-5.2%*	*2.0%*	*5.8%*
EBITDA	6,495	5,723	6,204	7,234
EBIT	3,765	2,993	3,474	4,504
% change		*-20.5%*	*16.1%*	*29.7%*
Net income	1,247	1,005	1,445	2,127
% change		*-19.4%*	*43.8%*	*47.2%*

	2014	2015e	2016e	2017e
Operating margin	11.8	9.9	11.3	13.9
Net margin	5.3	3.1	4.1	7.2
ROE	3.3	2.7	3.9	5.6
ROCE	3.4	3.4	4.0	5.2
Gearing	41.6	43.9	42.1	36.8

(EUR)	2014	2015e	2016e	2017e
EPS	2.06	1.66	2.39	3.51
% change	*-*	*-19.4%*	*43.8%*	*47.2%*
P/E	20.0x	24.8x	17.3x	11.7x
FCF yield (%)	1.9%	3.4%	7.8%	13.6%
Dividends (EUR)	1.30	1.50	1.75	2.00
Div yield (%)	3.2%	3.6%	4.2%	4.9%
EV/Sales	1.4x	1.5x	1.5x	1.3x
EV/EBITDA	6.6x	7.9x	7.2x	6.0x
EV/EBIT	11.5x	15.1x	12.9x	9.6x

LafargeHolcim has reported its first full-year figures since the merger. 2015 revenues totalled CH29,483m down 6.2% (+0.1% l-f-l), 2% below our estimate and 3% above the consensus while EBITDA came in at CHF5,751m, in line with our estimates and 7% above the consensus. EBITDA margin stood at 19.5%, down 90bps but we expected 19% and IBES 18.8%. CHF1.50 dividend proposed. CHF3.5bn divestment programme underway with one third secured. However, Q4 included a massive CHF3bn in impairment charges. 2018 target confirmed. Analysts' meeting at 9am.

2015 was a difficult year. Adjusted EBITDA fell 4.6% on a like-for-like basis, impacted by difficult markets like Brazil, China, Indonesia or Nigeria. But the group is very well diversified and the top line was flat (+0.1% like-for-like) thanks to positive developments in the US, Mexico and the Philippines. Moreover, 2015 adjusted EBITDA was bang in line with line with our expectations, and looks better than the consensus (although it might not be fully comparable, as LH reports two differents EBITDA).

2015 targets were apparently exceeded (CHF200 less capex at CHF1.6; CHF17.3 net debt vs 17.5). The divestment programme is well underway with one third of the CHF3.5bn already secured. However, Q4 net result was massively impacted by a negative CHF3bn in asset impairment and other charges (equivalent to CHF5 per share), which explains the net loss of CHF2.86bn in Q4.

Regarding 2016, LH expects market growth of between 2% and 4% and EM "will continue to grow overall". More than CHF450m in synergies are expected at the EBITDA level in 2016, vs CHF338 in our model but in line with initial guidance.

Key figures

2015	CHFm	y/y	y/y l-f-l	BG	IBES	vs BG	vs IBES
Revenues	29483	-6%	0.1%	30144	28709	-2%	3%
EBITDA adjusted	5751	-11%	-4.6%	5723	5399	0%	7%
EBITDA margin	19.5%	-	-	19.0%	18.8%	52bps	70bps

Source : Company Data; Bryan Garnier & Co. ests.

ANALYSIS

- As fas as we are concerned, the CHF3bn in impairment charges was not expected and is obviously not good news. However, adjusted EBITDA was in line with our expectations and is likely to be better than the consensus. This reflects LH's very good diversification.
- Additionally, 2018 targets are confirmed and comments on 2016 market trends do not reflect any sort of market deterioration, on the contrary. Our volume forecasts stand at 2% on average between 2016 and 2018, at the low-end of the range provided for by the markets where LH is located. In all, we think this is reassuring and excludes a worse case scenario for LH.

Operating performance by zone

CHFm	Sales FY15	Split %	y/y % l-f-l FY	y/y % l-f-l Q4	EBITDA FY15	mg%	y/y bps	Split %
Europe	7356	25	-2.4	-1.2	1264	17.2	-168	20
North America	5678	19	5.4	3.1	1183	20.8	139	19
Latin America	3241	11	2.8	1.3	907	28.0	76	14
Africa Middle-East	4536	15	1.9	3.7	1362	30.0	-239	22
Asia-Pacific	9048	30	-1.7	2.6	1565	17.3	-85	25
Adjust	-376				-530	-		
Total	**29483**	**100**	**0.1**	**1.7**	**5751**	**19.5**	**-91**	**100**

Source : Company Data; Bryan Garnier & Co. ests.

VALUATION

- CHF50 FV derived from the application of historical EV/EBITDA of 7.5x to our 2017 estimates, discounted back. Current EV/EBITDA stands at 7.2x 2016e, vs 7.9x for the sector (under coverage)

NEXT CATALYSTS

- Q1 2016 release date not disclosed, yet.

Analyst :
Eric Lemarié
33(0) 1.70.36.57.17
elemarie@bryangarnier.com

Healthcare

Adocia

Price EUR60.29

Hike in operating costs a touch higher than anticipated

Fair Value EUR113 (+87%) **BUY**

Bloomberg	ADOC FP
Reuters	ADOC.FR
12-month High / Low (EUR)	93.7 / 44.4
Market Cap (EURk)	412,625
Avg. 6m daily volume (000)	32.70

	1 M	3 M	6 M	31/12/15
Absolute perf.	23.8%	-21.4%	-27.7%	-17.7%
Healthcare	2.4%	-9.0%	-10.3%	-11.2%
DJ Stoxx 600	6.4%	-5.4%	-5.8%	-6.8%

	2014	2015e	2016e	2017e
P/E	NS	54.1x	29.7x	10.0x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Following yesterday evening's press release reporting full-year numbers for Adocia, we would make the following three comments:
- First, expenses were higher than we had anticipated. Operating expenses were expected to show a marked jump from the first half to the second as pipeline activity intensified and the company expanded its administrative footprint both in France and in the US. However, this had a more significant impact than we expected as operating expenses grew from around EUR12m in H1 to EUR22m in H2 (the main origin being "external expenses" i.e. mainly CRO costs). That said, the cash position (already reported in February), at EUR72m was very close to our estimates. For 2016, we anticipate EUR30m in total operating expenses and this could prove somewhat conservative dependent on what follows i.e. development plans for BC Combo and expansion of premises in Lyon.
- Second, Adocia announced that it signed a preliminary sales agreement in January 2016 for the acquisition of a new field of 7,120 m² in Central Lyon for a consideration of EUR5m. From one year to the next, full-time employees have risen from 74.6 to 93.9 in 2015.
- Lastly, more as a confirmatory statement, Adocia stated that it "intends to intensify the development [of the BC Combo] and to push the product up to the entry in phase 3", which includes the planning of two new phase 1b/2 studies in type 2 diabetes in H1 2016. This suggests a desire to keep the drug proprietary until phase 3, which could be disappointing for some who may have expected a deal on the BC Combo in 2016.

NEXT CATALYSTS

- Today at 6pm: Conference call

Click here to download

Eric Le Berrigaud, eleberrigaud@bryangarnier.com

Healthcare

Cellectis

Price EUR22.67

Bloomberg	ALCLS FP
Reuters	ALCLS.PA
12-month High / Low (EUR)	40.9 / 16.9
Market Cap (EURm)	798
Avg. 6m daily volume (000)	219.7

	1 M	3 M	6 M	31/12/15
Absolute perf.	14.7%	-13.8%	-23.3%	-18.8%
Healthcare	2.4%	-9.0%	-10.3%	-11.2%
DJ Stoxx 600	6.4%	-5.4%	-5.8%	-6.8%

	2014	2015e	2016e	2017e
P/E	NS	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

Collaboration with MabQuest on a new class of PD-1 mAbs

Fair Value EUR37 (+63%) **BUY**

ANALYSIS

- **Cellectis announced it has entered into a collaboration agreement with MabQuest** to develop and eventually commercialise a class of monoclonal antibodies (mAbs) targeting PD-1. Targeting the PD-1/PD-L1 axis is a pretty well-known strategy (see BMS' nivolumab or Roche's atezolizumab), but MabQuest's mAbs is quite different as it aims to promote the recovery of T-cells from exhaustion. **We think this additional development could be of interest in PD-L1- patients with solid tumours (lung, liver, etc.)**, the objective being to enhance the anti-tumour activity and the half-life of future UCARTs (or even currently approved PD-1/PD-L1 checkpoint blockers) as part of a combination.
- Under the terms of the agreement, **MabQuest has granted an exclusive option to Cellectis** on the worldwide rights to these future antibodies if the option is exercised. That said, the press release does not provide any details concerning the financial terms.
- While we see this as a pretty interesting add-on, we'd say it is too early to integrate into our FV.

VALUATION

- **BUY reiterated with a FV of EUR37**.

NEXT CATALYSTS

- June 2016: Potential read-across analyses from Juno, Novartis and Kite Pharma's CD19 CAR-T cells during the ASCO meeting.
- 2016: DSMB feedback regarding the Phase I study of UCART19.
- 2016: Potential listing of Calyxt (agro-biotech business) in the US.

Click here to download

Mickael Chane Du, mchanedu@bryangarnier.com

Healthcare

Sanofi

Price EUR73.02

Bloomberg	SAN FP
Reuters	SASY.PA
12-month High / Low (EUR)	100.7 / 67.3
Market Cap (EURm)	95,342
Avg. 6m daily volume (000)	3 267

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.1%	-7.2%	-18.5%	-7.1%
Healthcare	2.4%	-9.0%	-10.3%	-11.2%
DJ Stoxx 600	6.4%	-5.4%	-5.8%	-6.8%

	2016	2017e	2018e	2019e
P/E	13.1x	12.7x	11.7x	10.7x
Div yield (%)	4.1%	4.3%	4.8%	5.2%

Jury's verdict in PCSK9 battle favours Amgen

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

ANALYSIS

- Yesterday a jury ruled in favour of Amgen in the patent infringement case that concerns the PCSK9 class and that started in 2014 when Amgen sued both Regeneron and Sanofi for infringement of its patent portfolio with alirocumab. No decision was made in terms of damages or any royalty payment due to Amgen but a follow-on hearing by a judge this time is scheduled for 23rd March on Amgen's request for permanent injunction. Sanofi and Regeneron issued a press release to say that they "strongly disagree" with the US jury's verdict and that they plan to appeal the judgement. Should the case now move to the Appeal Court it may take a different angle if only because legal and patent specialists would advise the Court and a judge would make the decision rather than a jury that has little knowledge about these matters.
- That said, it could have been expected that that both parties reach an agreement even before this ruling. It is not fully clear why this has not been the case but each party thought it had strong enough arguments to move forward. Now clearly, Amgen looks in an even stronger position. Will the two parties wait for the permanent injunction hearing? Permanent injunction is granted when harm for one party is irremediable and it may prove difficult for the judge to make such a statement but Amgen will argue in this way. The probability is low but the risk is high for Sanofi. As such, it would make more sense than ever for Sanofi and even more for Regeneron to try settling the case with Amgen. Even without a permanent injunction being granted and appealing the jury decision, a long period of uncertainty (15-18 months?) would open that is not good for the drug, for the companies, their investment cases and the stock prices.

VALUATION

- In anticipation of this jury verdict, we said on 7th March that a 20% royalty rate paid to Amgen would have a negative impact on our FV for Sanofi of EUR1.2. We have made no changes to our estimates as yet but will do so after the decision on the permanent injunction is made and based on comments from the various parties involved in the case about their intentions.
- Besides this case, note that Zealand yesterday confirmed that LixiLan would face an AdCom in May. New diabetes drugs are used to having AdComs. It will be interesting to hear where exactly specialists consider a LixiLan-like proposition to be in the treatment paradigm of diabetes.

NEXT CATALYSTS

- 24th March 2016: decision on the permanent injunction request in the PCSK9 patent case

Click here to download

Eric Le Berrigaud, eleberrigaud@bryangarnier.com

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%

Bryan Garnier Research Team

Healthcare Team	Pharmaceuticals	Eric Le Berrigaud *(Head of Equities)*	33 (0) 1 56 68 75 33	eleberrigaud@bryangarnier.com
	Biotech/Medtech	Mickael Chane-Du	33 (0) 1 70 36 57 45	mchanedu@bryangarnier.com
	Medtech/Biotech	Hugo Solvet	33 (0) 1 56 68 75 57	hsolvet@bryangarnier.com
Consumer Team	Luxury/Consumer Goods	Loïc Morvan	33 (0) 1 70 36 57 24	lmorvan@bryangarnier.com
	Beverages	Nikolaas Faes	33 (0) 1 56 68 75 72	nfaes@bryangarnier.com
	Retailing	Antoine Parison	33 (0) 1 70 36 57 03	aparison@bryangarnier.com
	Luxury /Consumer Goods	Cedric Rossi	33 (0) 1 70 36 57 25	crossi@bryangarnier.com
	Food & Beverages	Virginie Roumage	33 (0) 1 56 68 75 22	vroumage@bryangarnier.com
TMT	Video Games / Payments	Richard-Maxime Beaudoux	33 (0) 1 56 68 75 61	rmbeaudoux@bryangarnier.com
	Telecom	Thomas Coudry	33(0) 1 70 36 57 04	tcoudry@bryangarnier.com
	Software & IT Services	Gregory Ramirez	33 (0) 1 56 68 75 91	gramirez@bryangarnier.com
	Semiconductor	Dorian Terral	33 (0) 1 56 68 75 92	dterral@bryangarnier.com
Utilities		Xavier Caroen	33 (0) 1 56 68 75 18	xcaroen@bryangarnier.com
Insurance		Olivier Pauchaut *(Head of Research)*	33 (0) 1 56 68 75 49	opauchaut@bryangarnier.com
Hotels/Business Services		Bruno de La Rochebrochard	33 (0) 1 56 68 75 88	bdelarochebrochard@bryangarnier.com
Construction/ Infrastructures Building Materials		Eric Lemarié	33 (0) 1 70 36 57 17	elemarie@bryangarnier.com
Marketing		Sophie Braincourt	33(0) 1 56 68 75 36	sbraincourt@bryangarnier.com
Market Data & Information Systems Manager		Eric Monnier	33(0) 1 56 68 75 63	emonnier@bryangarnier.com

A copy of the Bryan Garnier & Co Limited conflicts policy in relation to the production of research is available at www.bryangarnier.com

London	Paris	New York	Geneva	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	rue de Grenus 7	The Imperial Hotel
15 St Botolph Street	75008 Paris	New York, NY 10022	CP 2113	Janpath
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Genève 1, CH 1211	New Delhi 110 001
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	Tel +4122 731 3263	Tel +91 11 4132 6062
Fax: +44 (0) 207 332 2559	Regulated by the Financial Conduct	FINRA and SIPC member	Fax+4122731 3243	+91 98 1111 5119
Authorised and regulated by	Authority (FCA) and l Autorité de		Regulated by the	Fax +91 11 2621 9062
the Financial Conduct Authority	Contrôle prudential et de resolution		FINMA	
(FCA)	(ACPR)			

BRYAN, GARNIER & CO

Disclaimer:

Bryan Garnier & Co Limited, registered in England Number 03034095 with registered office : Beaufort House 15 St Botolph Street, London EC3A 7BB , United Kingdom and its MIFID branch registered in France Number 452 605 512 with registered office : 26, Avenue des Champs Elysées 75008 Paris , France. Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority (Firm Reference Number 178733) and is a member of the London Stock Exchange.

This Report may not be reproduced, distributed or published by you for any purpose except with the Firms' prior written permission. The Firm reserves all rights in relation to this Report.

Past performance information contained in this Report is not an indication of future performance. The information in this report has not been audited or verified by an independent party and should not be seen as an indication of returns which might be received by investors. Similarly, where projections, forecasts, targeted or illustrative returns or related statements or expressions of opinion are given ("Forward Looking Information") they should not be regarded as a guarantee, prediction or definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. A number of factors, in addition to the risk factors stated in this Report, could cause actual results to differ materially from those in any Forward Looking Information.

Important information - This report may contain "Independent" and "Corporate/Non-independent" research reports.

Unless stated otherwise, documents in this report are classified under the FCA Handbook as being investment research (independent research). Bryan Garnier & Co Limited has in place the measures and arrangements required for investment research as set out in the FCA's Conduct of Business Sourcebook.

Independent investment research reports:

Independent investment research reports are prepared by Bryan Garnier & Co Limited and are distributed only to clients of Bryan Garnier & Co Limited (the "Firm"). Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

These reports are provided for information purposes only and do not constitute an offer, or a solicitation of an offer, to buy or sell relevant securities, including securities mentioned in this Report and options, warrants or rights to or interests in any such securities. These reports are for general circulation to clients of the Firm and as such are not, and should not be construed as, investment advice or a personal recommendation. No account is taken of the investment objectives, financial situation or particular needs of any person. The information and opinions contained in these reports have been compiled from and are based upon generally available information which the Firm believes to be reliable but the accuracy of which cannot be guaranteed. All components and estimates given are statements of the Firm, or an associated company's, opinion only and no express representation or warranty is given or should be implied from such statements. All opinions expressed in these reports are subject to change without notice. To the fullest extent permitted by law neither the Firm nor any associated company accept any liability whatsoever for any direct or consequential loss arising from the use of these reports. Information may be available to the Firm and/or associated companies which is not reflected in these reports. The Firm or an associated company may have a consulting relationship with a company which is the subject of these reports.

Corporate or Non-Independent investment research reports:

Non-independent research reports are prepared by Bryan Garnier & Co Limited and are being distributed only to clients of Bryan Garnier & Co Limited (the "Firm"). Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

These reports have been sent to you for marketing purposes only and are non-independent research within the meaning of the FCA rules. These reports are not being held out as an objective or independent explanation of the matters contained in them and should not be treated as such. These reports have not been prepared in accordance with the legal requirements designed to promote the independence of investment research. The Firm is not subject to any prohibition on dealing ahead of the dissemination of investment research.

These reports usually focus on emerging European growth companies. The contents of these reports as well as the other research documents on emerging growth stocks do not contain the Firm's usual stock ratings. The intrinsic value analysis is presented to provide a framework for stock valuation and discussion, and represents an estimated value on the date of publishing, which may be subject to change without notice.

The Firm's rationale for not having ratings on the stock includes the fact that such stock may have limited market capitalisation and liquidity and while the Firm may express an opinion on the near-term movement of the stock, what action investors should take depends on many factors, including liquidity/risk tolerance, holdings timeframe and investment philosophy. Emerging companies evolve rapidly with a continuous flow of information that can significantly impact the company and in the Firm's opinion this cannot be reflected by a periodic rating. Additionally, the Firm may have an advisory relationship with the company which is the subject of these reports, including for the production of sponsored research, and may expect to receive or intend to seek compensation for investment banking services from that company in the six months following the date of these reports.

To the fullest extent permitted by law, the Firm does not accept any liability whatsoever for any direct or consequential loss arising from any use of the information contained in these reports. Information may be available to the Firm which is not reflected in these reports. They are provided for information purposes only and do not constitute an offer or solicitation to buy or sell any of the securities discussed in them. These reports are for general circulation to clients of the Firm and as such are not, and should not be construed as, investment advice or a personal recommendation. No account is taken of the investment objectives, financial situation or particular needs of any person.

Disclosures specific to clients in the United Kingdom

This Report has not been approved by Bryan Garnier & Co Limited for the purposes of section 21 of the Financial Services and Markets Act 2000 because it is being distributed in the United Kingdom only to persons who have been classified by Bryan Garnier & Co Limited as professional clients or eligible counterparties. Any recipient who is not such a person should return the Report to Bryan Garnier & Co Limited immediately and should not rely on it for any purposes whatsoever.

Notice to US investors

This research report (the "Report") was prepared by Bryan Garnier & Co Limited for information purposes only. The Report is intended for distribution in the United States to "Major US Institutional Investors" as defined in SEC Rule 15a-6 and may not be furnished to any other person in the United States. Each Major US Institutional Investor which receives a copy of this Report by its acceptance hereof represents and agrees that it shall not distribute or provide this Report to any other person. Any US person that desires to effect transactions in any security discussed in this Report should call or write to our US affiliated broker, Bryan Garnier Securities, LLC. 750 Lexington Avenue, New York NY 10022. Telephone: 1-212-337-7000.

This Report is based on information obtained from sources that Bryan Garnier & Co. Ltd. believes to be reliable and, to the best of its knowledge, contains no misleading, untrue or false statements but which it has not independently verified. Neither Bryan Garnier & Co. Ltd. and/or Bryan Garnier Securities LLC make no guarantee, representation or warranty as to its accuracy or completeness. Expressions of opinion herein are subject to change without notice. This Report is not an offer to buy or sell any security.

Bryan Garnier Securities, LLC and/or its affiliate, Bryan Garnier & Co Limited may own more than 1% of the securities of the company(ies) which is (are) the subject matter of this Report, may act as a market maker in the securities of the company(ies) discussed herein, may manage or co-manage a public offering of securities for the subject company(ies), may sell such securities to or buy them from customers on a principal basis and may also perform or seek to perform investment banking services for the company(ies).

Bryan Garnier Securities, LLC and/or Bryan Garnier & Co Limited are unaware of any actual, material conflict of interest of the research analyst who prepared this Report and are also not aware that the research analyst knew or had reason to know of any actual, material conflict of interest at the time this Report is distributed or made available....