BRYAN, GARNIER & CO

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22nd March 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17623.87	+0.12%	+1.14%
S&P 500	2051.6	+0.10%	+0.37%
Nasdaq	4808.87	+0.28%	-3.96%
Nikkei	17048.55	+1.94%	-12.13%
Stoxx 600	340.817	-0.26%	-6.83%
CAC 40	4427.8	-0.78%	-4.51%
Oil /Gold			
Crude WTI	40.05	+1.70%	+7.66%
Gold (once)	1246.09	-0.60%	+17.29%
Currencies/Rates			
EUR/USD	1.12595	-0.28%	+3.65%
EUR/CHF	1.0897	-0.33%	+0.21%
German 10 years	0.23	+5.98%	-63.75%
French 10 years	0.481	+0.18%	-50.94%

Economic releases :

Date	
22nd-Mar	JP - industry activity (2.0% A) JP - PMI mfg Mar. (49.1A, 50.5E) DE - German IFO Business climate Mar. DE - IFO expectations Mar. (99.8E) GB - CPI Feb. (+0.4%E y/y) GB - Core CPI Feb. (1.2%E y/y)

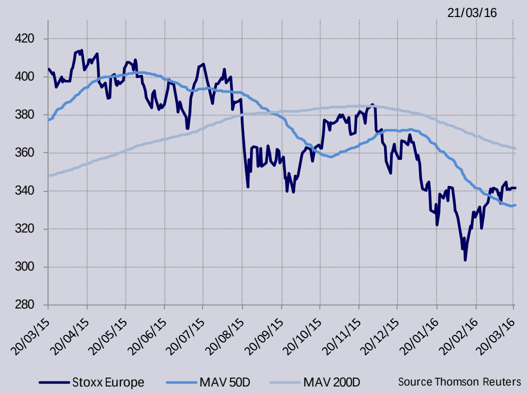
Upcoming BG events :

Date	
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)
28th-Apr	ORPEA (BG Luxembourg with IR)

Recent reports :

Date	
21st-Mar	WORLDLINE The cheapest stock in our Payment coverage
21st-Mar	ATOS :Earnings growth IS the story
18th-Mar	SOITEC Focus on the capital increases
18th-Mar	CAPGEMINI Smooth sailing
18th-Mar	Brewers Same again, Carlos
17th-Mar	AXWAY The remedial test

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



CASINO GUICHARD — BUY vs. UNDER REVIEW , Fair Value EUR57 (+14%)

The price of freedom?

GAMELOFT — BUY, Fair Value EUR6.7 (-8%)

Too early to tender your shares

GENMAB — BUY-Top Picks, Fair Value DKK1170 (+43%)

Daratumumab to be combined with Roche's anti-PD-L1 in myeloma AND a solid tumor

LUXOTTICA — BUY, Fair Value EUR63 vs. EUR65 (+29%)

Turbulence almost over, make the most of it! (full report release today)

SOFTWARE AG — BUY, Fair Value EUR38 vs. EUR34 (+15%)

From value to growth (FOCUS report released today)

SOPRA STERIA GROUP — BUY, Fair Value EUR113 (+9%)

Flawless integration of Steria so far (FOCUS report released today)

HOTELS & TOURISM

Marriott International and Starwood Hotels & Resorts: A new offer that looks expensive and challenging

In brief...

ADOCIA, *Short-term pain for higher long-term gain?*

DIALOG SEMICONDUCTOR, *Apple unveils the iPhone SE and a new iPad as expected*

GENOMIC VISION, *FY2015 results*

KORIAN, *New appointment in Germany + FY 2015 results preview*

LUXURY GOODS, *3.3% Swiss watch exports decline in February (-5.3% for first two months)*

Food retailing

Casino Guichard

Price EUR50.00

The price of freedom?

Fair Value EUR57 (+14%) **BUY vs. UNDER REVIEW**

Bloomberg	CO FP
Reuters	CASP.PA
12-month High / Low (EUR)	87.3 / 35.2
Market Cap (EUR)	5,660
Ev (BG Estimates) (EUR)	16,013
Avg. 6m daily volume (000)	827.3
3y EPS CAGR	-12.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	22.0%	18.6%	2.6%	17.9%
Food Retailing	4.0%	3.4%	2.8%	2.2%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

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	11.3x	21.2x	20.5x	16.9x
FCF yield (%)	12.2%	7.9%	10.5%	14.1%
Dividends (EUR)	3.12	3.12	3.12	3.12
Div yield (%)	6.2%	6.2%	6.2%	6.2%
EV/Sales	0.4x	0.3x	0.4x	0.3x
EV/EBITDA	5.8x	6.6x	6.6x	6.1x
EV/EBIT	10.6x	10.1x	10.4x	9.8x

We admittedly believed that a downgrade by S&P would prompt a very negative reaction. However, this was clearly not the market's point of view (share up +1.3% yesterday!). According to the traditional expression, we could fallaciously conclude that the downgrade was "already priced-in". With hindsight, there are two possible interpretations, which, incidentally, are not incompatible: 1/ clearly some investors cannot afford to remain shareholders in a non-investment grade company; 2/ since the axe has fallen and Casino is no longer investment grade, management could gain in flexibility from a strategic viewpoint. And we believe that opportunities exist such as the buyback of LatAm minorities for example (see our report: With hindsight, a real Catch-22!). Taking yesterday's (non)event into consideration, along with an attractive intrinsic value (FV of EUR57) and a possible simplification of the portfolio going forward, we are maintaining our Buy recommendation.

In our latest report, we wrote that the recent "psychosis does contain elements of truth" and that maintaining an investment grade rating was "evidently key to us". We concluded that what is most regretful in Casino's situation is that the recent "credit noise leaves little room for management to explore all the potential strategic options which it could otherwise consider in order to maintain the necessary conditions for long-term growth".

Hence, we clearly believed that a downgrade by S&P would prompt a very negative reaction (indeed **1/** the investor base will be largely reduced, while **2/** the potential return to the sacrosanct rating should come at high price). However, this was obviously not the market's point of view as the slip to non-investment grade turned out to be a damp squib (share up +1.3% yesterday!). According to the traditional expression, we could fallaciously conclude that the downgrade was "already priced-in".

With hindsight, there are two possible interpretations, which incidentally are not incompatible way: **1/** clearly some investors cannot afford to remain shareholders in a non-investment grade company; **2/** since the axe has fallen and Casino is no longer investment grade, management could gain in flexibility from a strategic viewpoint. And we believe that opportunities exist such as the buyback of LatAm minorities for example (see our report: With hindsight, a real Catch-22!). In so doing, Casino could compensate for the growth opportunity cost linked to the disposal of Big C.

As a reminder, from a very fundamental viewpoint, we estimate that we are witnessing a change in paradigm (see our latest sector report: 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!). This long-term vision is perhaps taken insufficiently into account in S&P's statements.

Indeed, we believe investors should not lose sight of the fact that Brazil (notably) offers: **1/** high demographic potential (200m inhabitants with a median age of 32 years, 84% of which are urban), **2/** a low penetration of modern Food Retail (less than 50%), and **3/** a rather business-friendly environment. These characteristic features are the basis of sustainable healthy growth in a fixed costs industry.

Buying-back LatAm minorities at a very low price would be a "once-in-a-lifetime" opportunity to kill three birds with one stone: **1/** It would radically simplify the structure of the group and hence the circulation of cash within the holding (something the market has always been demanding!); **2/** Casino would get rid of its LatAm stock market listing (which has been its Achille's heel over the past 18 months); **3/** ultimately, Casino would maintain the necessary conditions for long-term growth.

PS: At the end of the day, the strategy applied by Casino is rather similar to that implemented by Carrefour with its Columbian assets in 2012 or to what Tesco did in 2015 by disposing of South Korea...

VALUATION

- The spot SOTP currently stands at EUR50

NEXT CATALYSTS

- Upcoming simplification of the holding?

Analyst :
Antoine Parison
33(0) 1 70 36 57 03
aparison@bryangarnier.com

Sector Team :
Nikolaas Faes
Loïc Morvan
Cédric Rossi
Virginie Roumage

TMT

Gameloft

Price EUR7.31

Too early to tender your shares

Fair Value EUR6.7 (-8%) **BUY**

Bloomberg	GFT FP
Reuters	GLFT.PA
12-month High / Low (EUR)	7.5 / 3.2
Market Cap (EUR)	628
Ev (BG Estimates) (EUR)	591
Avg. 6m daily volume (000)	369.3
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	14.2%	18.1%	120.2%	20.6%
Softw.& Comp.	3.0%	-2.1%	12.1%	-4.1%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	227.3	256.2	269.0	287.8
% change		*12.7%*	*5.0%*	*7.0%*
EBITDA	13.7	8.0	47.4	56.8
EBIT	-4.2	-1.2	28.0	34.9
% change		*71.4%*	*NS*	*24.7%*
Net income	-5.9	-19.6	19.2	24.8
% change		*NS*	*NS*	*29.4%*

	2014	2015e	2016e	2017e
Operating margin	-1.8	-0.5	10.4	12.1
Net margin	-2.8	-9.4	6.9	8.6
ROE	-4.6	-21.2	14.0	15.8
ROCE	-3.5	-1.1	25.7	28.9
Gearing	-38.6	-32.4	-41.2	-45.2

(EUR)	2014	2015e	2016e	2017e
EPS	-0.07	-0.22	0.22	0.28
% change	-	*NS*	*NS*	*29.4%*
P/E	NS	NS	33.7x	26.1x
FCF yield (%)	NM	NM	3.9%	3.8%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	2.5x	2.3x	2.1x	1.9x
EV/EBITDA	41.9x	74.0x	12.1x	9.8x
EV/EBIT	NS	NS	20.5x	16.0x

FY15 underlying op. profit before SO came to EUR2.1m (vs. our breakeven est. and cons. of EUR1.6m) and the net loss to-EUR24.2m (vs. our -EUR22.7m figure and cons. of -EUR18.2m). We expect the group's op. margin to return to past levels in 2016e (BG. est. 11.5%, cons. of 8.3%). Management has just provided its strategic plan, which will be detailed this afternoon in London. Its 2018 targets are higher by 14% for sales, 50% for underly. op. profit and 10% for cumulative FCF compared with our estimates. Regarding speculation surrounding the stock, we cannot exclude a new increase in the offer price as 1/ the share is trading above Vivendi's last offer and 2/ Gameloft's 2018 targets are promising. As a reminder, we estimate a fair offer in the range EUR7.2/8.4. We maintain our Buy rating.

ANALYSIS

- **FY15 performance:** revenue of EUR256.2m (+13% Y/Y, +6% at cc) had already been reported, with 16 new games. The gross margin improved to 84.9% (+250bp Y/Y), mainly thanks to a better revenue mix (own brands accounted for two-thirds of sales). Underlying operating profit before stock options (SO) came to EUR2.1m, i.e. above our breakeven est. and EUR1.6m for the consensus. After SO (-EUR3.3m vs. our -EUR3.0m) and non-recurring items (-EUR10.3m vs. our -EUR8.7m), operating loss was at -EUR11.5m vs. our -EUR11.7m. Net loss came out at -EUR24.2m, closer to our estimate (-EUR22.7m) than that of the consensus (-EUR18.2m). FCF was negative at -EUR13.5m (vs. our -EUR17.0m) and net cash at EUR36.9m (vs. our EUR29.0m estimate and consensus of EUR33m).

- **Cost reductions completed:** the group closed down 10 development studios between Dec. 2014 and the end of Jan. 2016, generating annualised gross savings of more than EUR35m i.e. net savings of ~EUR25-27m. As such, Gameloft's workforce decreased by 10.7% (6,000 people at end-January), benefiting its underlying operating profit as of H2 2015. The full impact of savings should be felt in 2016 and should allow the "margin to bounce back significantly", according to management. We still believe the massive reduction in its cost base should enable the group to return to past profitability levels (10-13%) in 2016e, even with ~10 new games released (BG est.: 11.5%e, close to 2013's level when the share price was in the EUR5.3-8.2 range; cons. of 8.3%).

- **The group announced its strategic plan this morning (2018 targets) and will detail it this afternoon in London: 1/** 2018 sales target of more than EUR350m i.e. CAGR15/18 of +11%, of which ~30% from advertising (vs. BG est. EUR308m, CAGR +6,3%); **2/** underlying op. profit before SO target of more than EUR65m in 2018, i.e. margin of 18.6% (vs. BG est. EUR43.3m, i.e. margin of 14.1%); **3/** cumulative free cash flow target of more than EUR85m (vs. BG est. EUR77.1m).

- **Speculative appeal:** The first bid from Vivendi was too low (EUR6), while the latest price is attractive (EUR7.2). However, as Vivendi is seeking to acquire Ubisoft, which has to be a friendly move, it must be generous with Gameloft (the Guillemot family runs both companies). As a result, we cannot exclude a fresh increase in the offer price. We believe everything remains possible as: 1/ the stock is trading above Vivendi's last offer, and 2/ Gameloft is to organise an investor day in London this afternoon probably to give its mid-term financial targets (a 3-year plan in our view).

VALUATION

- **Beyond current speculation**, as the stock market usually pays very close attention to GFT's profitability, **we are playing the margin recovery story as of 2016e**.

- **We are maintaining our Buy rating and FV of EUR6.7 on Gameloft**. Note that if Vivendi pays 2.5x sales for Gameloft (i.e. same multiple Activision paid for King), this would result in an offer price of EU8.4. We see this latter as an absolute maximum level that Gameloft does not really deserve (King is 3x more profitable). As such, **a fair offer is probably somewhere in the middle, i.e. EUR7.2-8.4.**

NEXT CATALYSTS

- **Investor day:** this afternoon in London (at 2:30 p.m. GMT).
- **Q1 sales:** 28th April (after trading).

Main financial factors for 2013-2017e

EURm	2013	2014	2015	vs. BG est. 2015	vs. Cons. 2015	BG est. 2016	Cons. 2016	BG est. 2017	Cons. 2017
Sales	**233.3**	**227.3**	**256.2**	**256.2**	**256**	**269.0**	**271**	**287.8**	**290**
Y/Y growth	*12.0%*	*-2.6%*	*12.7%*	*12.7%*	*13%*	*5.0%*	*6%*	*7.0%*	*7%*
Y/Y organic growth	*16.3%*	*1.1%*	*5.7%*	*5.7%*	*-*	*5.0%*	*-*	*7.0%*	*-*
Current EBIT before SO	**28.4**	**-1.1**	**2.1**	**0.0**	**1.6**	**31.0**	**22.6**	**37.9**	**27.2**
Margin	*12.2%*	*-0.5%*	*0.8%*	*0.0%*	*0.6 %*	*11.5%*	*8.3%*	*13.2%*	*9.4%*
Current EBIT after SO	**24.9**	**-4.2**	**-1.2**	**-3.0**	**-**	**28.0**	**-**	**34.9**	**-**
margin	*10.7%*	*-1.8%*	*-0.5%*	*-1.2%*	*-*	*10.4%*	*-*	*12.1%*	*-*
EBIT	**23.6**	**-4.9**	**-11.5**	**-11.7**	**-**	**26.0**	**-**	**34.9**	**-**
Margin	*10.1%*	*-2.1%*	*-4.5%*	*-4.6%*	*-*	*9.7%*	*-*	*12.1%*	*-*
Net income	**7.5**	**-6.4**	**-24.2**	**-22.7**	**-18.2**	**18.5**	**12.3**	**24.8**	**16.1**
Margin	*3.2%*	*-2.8%*	*-9.4%*	*-8.9%*	*-7.1%*	*6.9%*	*4.5%*	*8.6%*	*5.5%*
Restated net income	**8.4**	**-5.9**	**-19.6**	**-16.8**	**-**	**19.2**	**-**	**24.8**	**-**
Margin	*3.6%*	*-2.6%*	*7.7%*	*-6.6%*	*-*	*7.1%*	*-*	*8.6%*	*-*
Net cash	**60.3**	**52.7**	**36.9**	**29.0**	**33**	**54.6**	**44**	**71.1**	**57**

Sources: Consensus from the company (09/02/16); Bryan Garnier & Co. ests.

Annual game releases from 2012 to 2016e

Number of games	Q1	Q2	Q3	Q4	Full year
2012	-	9	7	9	25
2013	2	7	4	3	16
2014	1	3	4	4	12
2015	5	4	2	5	16
2016e	1	3	3	3	10

Source: Bryan, Garnier & Co ests.

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Analyst :
Richard-Maxime Beaudoux
33(0) 1.56.68.75.61
rmbeaudoux@bryangarnier.com

Sector Team :
Thomas Coudry
Gregory Ramirez
Dorian Terral

Healthcare

Genmab

Price DKK816.50

Daratumumab to be combined with Roche's anti-PD-L1 in myeloma AND a solid tumor

Fair Value DKK1170 (+43%) **BUY-Top Picks**

Bloomberg	GEN DC
Reuters	GEN.CO
12-month High / Low (DKK)	954.0 / 466.2
Market Cap (DKK)	48,727
Ev (BG Estimates) (DKK)	45,347
Avg. 6m daily volume (000)	411.5
3y EPS CAGR	-12.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.9%	-10.6%	23.3%	-11.0%
Healthcare	-0.9%	-10.1%	-12.4%	-12.8%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

YEnd Dec. (DKKm)	2015	2016e	2017e	2018e
Sales	1,133	866.7	906.4	1,306
% change		*-23.5%*	*4.6%*	*44.1%*
EBITDA	554	50.1	2.7	351
EBIT	730.4	50.1	2.7	351.2
% change		*-93.1%*	*-94.5%*	
Net income	587.3	85.1	42.7	396.2
% change		*-85.5%*	*-49.8%*	

	2015	2016e	2017e	2018e
Operating margin	64.5	5.8	0.3	26.9
Net margin	67.4	9.8	4.7	30.3
ROE	21.9	2.4	1.2	9.9
ROCE	-15,400	44.2	11.1	69.2
Gearing	-100.2	-94.6	-89.4	-85.8

(DKK)	2015	2016e	2017e	2018e
EPS	9.71	1.41	0.71	6.55
% change	-	*-85.5%*	*-49.8%*	
P/E	84.1x	NS	NS	NS
FCF yield (%)	0.4%	0.0%	0.1%	NM
Dividends (DKK)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	39.9x	52.3x	50.2x	34.7x
EV/EBITDA	81.6x	904.2x	16552.0x	129.0x
EV/EBIT	61.9x	904.2x	16552.0x	129.0x

Genmab announced that daratumumab (an anti-CD38) will be investigated in early-stage clinical studies (Phase Ib) in combination with Roche's atezolizumab (an anti-PD-L1) in solid tumour, and multiple myeloma. We see this as 1) a strong validation of the best-in-class status of daratumumab as a treatment for MM… and we think the novel triplet combo (dara/atezo/lena) could bring the bar even higher, and 2) potentially as another step towards the enlargement of the addressable market with other malignancies (be it prostate cancer or non-hodgkin's lymphomas). BUY reiterated with a FV of DK1,170.

ANALYSIS

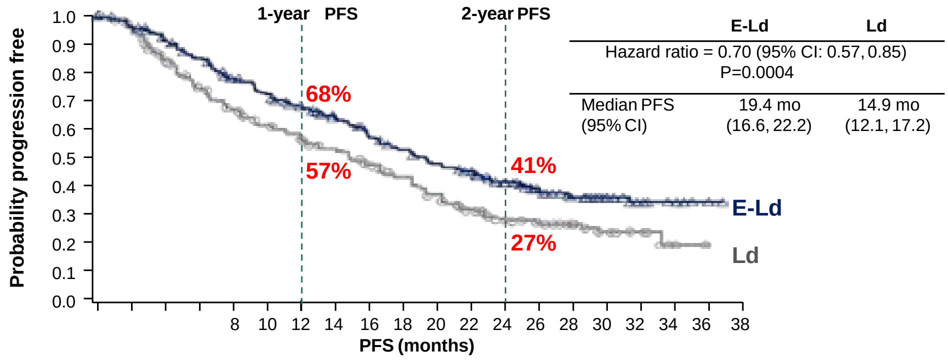
- As we expected (see our latest report here), **JNJ has found a partner (Roche in this case) to assess the potential of daratumumab in combination with an anti-PD-L1 (atezolizumab)** AND an immunomodulatory (lenalidomide or pomalidomide) in R/R multiple myeloma… But we have to admit that 1) the timing of the announcement was much earlier than we anticipated (we thought that a partner would only ink a collaboration agreement once the (positive) results of the POLLUX and CASTOR studies were available); 2) we had not anticipated the assessment of dara/atezo in a solid tumour (prostate?)… which of course is a very nice surprise.
- **We see this as a validation of the best-in-class status of daratumumab as a treatment for multiple myeloma**… and we think this novel triplet combo could bring the bar even higher as 1) we know that Merck's pembrolizumab (anti-PD-1) in combination with Celgene's pomalidomide generated an ORR of 76% in heavily pre-treated patients; 2) daratumumab is known to increase the CD8+/CD4+ T cells ratio thanks to its immune-modulation properties (and we assume it may lead to a stronger upregulation of PD-L1). In other words, we assume dara's market penetration could be enchanced should such development prove to be positive.
- **Daratumumab is currently seen as a myeloma drug… but this collaboration should change this image (for the better)**. We've said it several times: CD38 is a very interesting therapeutic target for several types of haematological malignancies (like non-hodgkin lymphomas and chronic lymphocytic leukemia to name just two); and we're pretty sure "dara"'s addressable market should be enlarged to some of them. But announcing the initiation of a new trial involving a solid tumour could be a step towards a new (and perhaps more lucrative) venue… and potentially more royalties for Genmab.
- **What's next ?** No study involving dara/atezo in NHL and other blood cancers has been initiated… but we can't rule out that 1) JNJ is willing to test dara along with ibrutinib (a BTK inhibitor - which is known to favour a Th1 response and is synergistic with immunotherapies) in these indications; 2/ another big pharma may have shown its interest (Merck & Co?) in replicating Roche's strategy in other malignancies (the press release does specify it, but we guess the deal is not an exclusive one).
- **Read-across: we see this is as another validation for the concept of Cellectis' UCART38** (the first one news being the recent announcement of a collaboration agreement between Roche and Kite Pharma; the objective to evaluate the safety and efficacy and KTE-C19 in combination with "atezo" in R/R NHL) as 1) not only this allogeneic CAR-T candidate has been designed to target cancerous cells exhibiting CD38; 2) but its anti-tumoral activity should theoretically be strengthen by the knock-out of the PD-1 gene (see our recent initiation report here for more details).

Fig. 1: Single-agent therapies in R/R multiple myeloma

Drugs	Settings	Responses
Carfilzomib	R/R patients (median of 5 prior lines)	ORR: 23.7%, CR: 0.4%, VGPR: 5.0%, PR: 18.3%
Carfilzomib	R/R patients (median of 5 prior lines)	ORR: 19.1%
Daratumumab	Double refractory (median of 5 prior lines)	ORR: 29.2%, CR: 3%, VGPR: 9%, PR: 17%
Daratumumab	R/R patients (median of 4 prior lines)	ORR: 35%, CR: 10%, VGPR: 5%, PR: 20%
SAR650984	R/R patients (median of 5 prior lines)	ORR: 33%, CR: 11%, PR: 22%
MOR202	R/R patients (median of 4 prior lines)	ORR: 33% (PR and VGPR) with dexamethasone
Pomalidomide	R/R patients (median of 5 prior lines)	ORR: 18%, CR: 2%, PR: 16%
Elotuzumab	R/R patients (median of 5 prior lines)	ORR: 0%, SD: 26.5%

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

Fig. 2: BMS' elotuzumab in combination with lenalidomide/dexamethasone (ELOQUENT-2)



- **Next catalyst: top-line results from two Phase III trials (CASTOR and POLLUX).** As a reminder, 1/ daratumumab has so far exhibited best-in-class data in relapsed/refractory patients with multiple myeloma either as a monotherapy, or as part of a combination regimen with the current standard of care (in particular with Celgene's lenalidomide); 2/ BMS' elotuzumab has generated positive Phase III results in a similar setting (see Fig. below)… while it was quite inefficient as a single-agent.

VALUATION

- **BUY reiterated with a FV of DKK1,170**. To our eyes, the recent fall in the share price has opened an interesting window of opportunity. Based on our SOTP valuation, the street gives little value to daratumumab as a first and second-line treatment for patients with myeloma (these two settings accounting for roughly DKK500 of our FV). In other words, the risk-reward profile looks quite attractive… and allows us to play serenely the upcoming publication of key Phase III data.

NEXT CATALYSTS

- Q2: Phase III results for daratumumab for the treatment of patients with multiple myeloma who received more than one prior therapy.
- H2: Read-across from the approval of Roche's ocrelizumab (anti-CD20) as a therapy for multiple sclerosis.

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Analyst :
Mickael Chane Du
33(0) 1 70 36 57 45
mchanedu@bryangarnier.com

Sector Team :
Eric Le Berrigaud
Hugo Solvet

Luxury & Consumer Goods

Luxottica

Price EUR48.88

Turbulence almost over, make the most of it! (full report release today)

Fair Value EUR63 vs. EUR65 (+29%) **BUY**

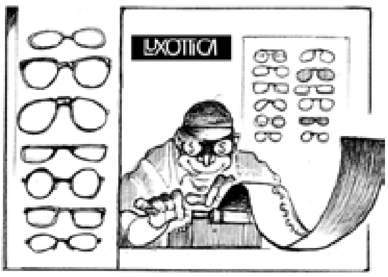
Bloomberg	LUX IM
Reuters	LUX.MI
12-month High / Low (EUR)	67.5 / 48.7
Market Cap (EURm)	23,641
Ev (BG Estimates) (EURm)	24,647
Avg. 6m daily volume (000)	848.2
3y EPS CAGR	14.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.9%	-15.5%	-20.1%	-19.1%
Consumer Gds	2.7%	-1.9%	1.6%	-4.1%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

YEnd Dec. (€m)	2014	2015e	2016e	2017e
Sales	7,652	8,837	9,366	10,017
% change		*15.5%*	*6.0%*	*7.0%*
EBITDA	1,542	1,853	2,040	2,225
EBIT	1,158	1,376	1,536	1,685
% change		*18.9%*	*11.6%*	*9.7%*
Net income	642.6	804.1	928.9	1,040
% change		*25.1%*	*15.5%*	*12.0%*

	2014	2015e	2016e	2017e
Operating margin	15.1	15.6	16.4	16.8
Net margin	8.4	9.1	9.9	10.4
ROE	13.1	15.8	16.8	17.3
ROCE	10.4	12.5	13.9	15.2
Gearing	20.6	19.8	12.9	5.1

(€)	2014	2015e	2016e	2017e
EPS	1.44	1.68	1.94	2.17
% change	-	*16.1%*	*15.5%*	*12.0%*
P/E	33.8x	29.2x	25.2x	22.5x
FCF yield (%)	3.1%	3.2%	3.7%	4.4%
Dividends (€)	0.72	0.89	1.00	1.10
Div yield (%)	1.5%	1.8%	2.0%	2.3%
EV/Sales	3.2x	2.8x	2.6x	2.4x
EV/EBITDA	16.0x	13.3x	11.9x	10.8x
EV/EBIT	21.3x	17.9x	15.9x	14.2x



After an excellent performance in 2015 (+33%), the share has plummeted 19% YTD, due to 2016-18 targets viewed as cautious by the market and a lack of visibility concerning governance. The share is now trading at a 5% discount in terms of 1-yr forward EV/EBIT relative to the average over 2014-16 (vs. +32% in December) and since we believe that management will provide convincing answers to these two issues, we advise making the most of current prices to strengthen positions. We have made no changes to our 2016-18 estimates but our new EUR63 Fair Value takes account of a slight increase in beta as well as the number of shares. Buy recommendation confirmed.

ANALYSIS

- **The US (~56% of sales) remains a catalyst:** excluding the negative impact of the 53rd week in the retail segment, organic growth even picked up in North America in Q4 to 5.8% vs. 5.6% after 9M and 4.5% in Q3. For 2016, management is forecasting same-currency growth of 5-6%, driven especially by numerous store openings at LensCrafters and Target Optical. Comparison is nevertheless set to be demanding in Q1 2016.

- **Cautious 2016-18 targets?** We are forecasting same-currency growth of 6% in 2016 followed by 7% in 2017-18, namely the best performance in our optical sample. 2016-18 guidance for EBIT growth of 1.5x sales growth is admittedly lower than that seen over 2010-15 (2x sales growth). However, this is justified by the massive EUR1.5bn capex plan out to 2018. Although our assumptions are more cautious than the group's (1.3x sales growth over 2016-18e), upside potential in EBIT margin (BG: +40pb/year) remains one of the highest in the sector and EBIT should increase by EUR400m between 2016 and 2018, namely as much as during the 2010-14 period.

- **Governance: visibility to return gradually.** Mr Del Vecchio (61.4% of capital) needs to finalise the succession plan and the new governance structure. In the short term, we are very confident in the new management team's ability to efficiently implement and roll out the initiatives announced at the Investor Day (~1,280 store openings by 2018, digital strategy etc.).

VALUATION

- The share is now trading at a 5% discount in terms of 1-yr forward EV/EBIT relative to the average over 2014-16 (vs. +32% in December).

- Our 2016-18 estimates remained unchanged but our new FV or EUR63 takes account of a slight increase in beta as well as the number of shares. Buy recommendation confirmed.

NEXT CATALYSTS

- Luxottica will release its Q1 16 Results on 29th April 2016.

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

Sector Team :
Nikolaas Faes
Loïc Morvan
Antoine Parison
Virginie Roumage

TMT

Software AG

Price EUR33.14

From value to growth (FOCUS report released today)

Fair Value EUR38 vs. EUR34 (+15%) BUY

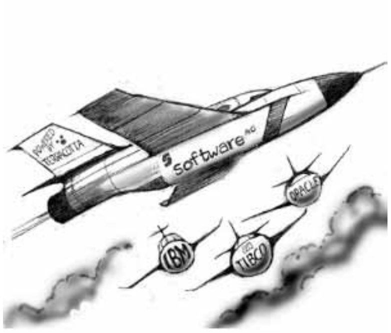
Bloomberg	SOW GR
Reuters	SOWG.DE
12-month High / Low (EUR)	33.5 / 23.8
Market Cap (EURm)	2,618
Ev (BG Estimates) (EURm)	2,490
Avg. 6m daily volume (000)	254.5
3y EPS CAGR	3.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.3%	28.4%	28.2%	25.4%
Softw.& Comp.	3.0%	-2.1%	12.1%	-4.1%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

YEnd Dec. (€m)	2015	2016e	2017e	2018e
Sales	873.1	881.6	913.9	956.4
% change		*1.0%*	*3.7%*	*4.6%*
EBITDA	278	287	305	324
EBIT	209.4	233.1	250.7	270.1
% change		*11.3%*	*7.5%*	*7.7%*
Net income	187.0	191.4	205.0	219.2
% change		*2.4%*	*7.1%*	*6.9%*

	2015	2016e	2017e	2018e
Operating margin	30.2	30.9	31.7	32.3
Net margin	16.0	17.3	18.2	18.9
ROE	12.8	12.7	12.6	12.0
ROCE	17.7	18.3	19.9	21.9
Gearing	1.3	-10.7	-21.2	-32.8

(€)	2015	2016e	2017e	2018e
EPS	2.32	2.25	2.41	2.58
% change	-	*-2.7%*	*7.1%*	*6.9%*
P/E	14.3x	14.7x	13.7x	12.8x
FCF yield (%)	6.6%	6.9%	7.4%	7.9%
Dividends (€)	0.55	0.60	0.65	0.70
Div yield (%)	1.7%	1.8%	2.0%	2.1%
EV/Sales	3.0x	2.8x	2.6x	2.2x
EV/EBITDA	9.5x	8.7x	7.7x	6.6x
EV/EBIT	10.0x	9.1x	8.1x	6.9x



We raise our DCF-derived fair value to EUR38 from EUR34 on an increase to our medium-term adj. EBIT margin assumption (to 35% from 33% = +EUR2/share) and an update to our WCR ests. (+EUR2/share). The meetings held at our TMT conference confirmed that the sales transformation led by Eric Duffaut has started to bear fruit, gradually raising Software AG's stock market status to "growth" from "value".

ANALYSIS

- **Digital Business Platform (DBP) starting the upturn**. Q4 15 has been the first quarter with double-digit lfl DBP licence sales growth since 2013. Software AG reaps the benefits of the sales transformation it underwent a year ago under the management of Eric Duffaut. All the performance indicators speak for themselves. Software AG now boasts a win rate of 1:1 by selling use cases instead of 1:3 by selling products, although there is a lot to be done as use cases only account for 20% of deals.
- **Adabas & Natural still to be there for long**. The resilience of A&N revenues is no longer surprising as Software AG focuses a lot on customer retention. Customers in the installed base are not left behind. Management is confident A&N will deliver for 2016 a business line margin close to the 70% reported for 2015.
- **Reiterated confidence in 2020 targets**. FY16 company guidance (DBP sales up 5-10%, A&N sales down 4-8%, non-IFRS operating margin of 30-31%) brings more confidence to be on track for achieving the 32-35% target set a year ago for 2020: 1). Most of the non-IFRS operating margin increase for 2020 is expected to stem from DBP maintenance; 2). R&D costs will continue to increase at a lower rate than R&D headcount; and 3). In the medium-term, A&N could still have a margin in the high 60s.
- **Always prepared for acquisitions**. Over the past two years, Software AG made no acquisitions as prices were too high. However, management estimates there are signs that prices are coming down for unlisted companies. Software AG is prepared and is working with banks to increase financial flexibility to buy using cash, not shares. If no acquisition occurs, share buy-backs (3.5% up to now, potential: 10%) will resume.

VALUATION

- Software AG's shares are trading at est. 9.1x 2016 and 8.1x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was EUR13.9m (net gearing: 1%).

NEXT CATALYSTS

Q1 16 results on 26th April before markets open.

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Analyst :
Gregory Ramirez
33(0) 1 56 68 75 91
gramirez@bryangarnier.com

Sector Team :
Richard-Maxime Beaudoux
Thomas Coudry
Dorian Terral

TMT

Sopra Steria Group

Price EUR103.95

Flawless integration of Steria so far (FOCUS report released today)

Fair Value EUR113 (+9%) **BUY**

Bloomberg	SOP FP
Reuters	SOPR.PA
12-month High / Low (EUR)	112.0 / 68.9
Market Cap (EURm)	2,125
Ev (BG Estimates) (EURm)	2,571
Avg. 6m daily volume (000)	23.40
3y EPS CAGR	13.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	12.7%	-2.7%	6.3%	-4.0%
Softw.& Comp.	3.0%	-2.1%	12.1%	-4.1%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

YEnd Dec. (€m)	2015	2016e	2017e	2018e
Sales	3,584	3,688	3,847	3,994
% change		*2.9%*	*4.3%*	*3.8%*
EBITDA	295	333	375	402
EBIT	152.6	242.6	281.9	308.4
% change		*59.0%*	*16.2%*	*9.4%*
Net income	150.9	175.7	203.4	219.6
% change		*16.5%*	*15.7%*	*7.9%*

	2015	2016e	2017e	2018e
Operating margin	6.8	7.7	8.4	8.8
Net margin	2.4	3.9	4.4	4.7
ROE	6.8	10.7	11.6	11.5
ROCE	11.0	11.2	12.7	13.4
Gearing	43.0	33.1	21.6	12.5

(€)	2015	2016e	2017e	2018e
EPS	7.38	8.58	9.93	10.71
% change	-	*16.3%*	*15.8%*	*7.9%*
P/E	14.1x	12.1x	10.5x	9.7x
FCF yield (%)	2.3%	4.7%	7.5%	8.3%
Dividends (€)	1.70	1.90	2.10	2.30
Div yield (%)	1.6%	1.8%	2.0%	2.2%
EV/Sales	0.7x	0.7x	0.6x	0.6x
EV/EBITDA	9.0x	7.7x	6.5x	5.8x
EV/EBIT	10.8x	9.1x	7.6x	6.6x

The conference comforts our positive view: 1). The integration of Steria led to faster-than-expected synergies; 2). Free cash flow is improving; 3). The group is growing faster than its market; and 4). The operating margin is catching up with the best European players in IT Services. We consider the 8-9% operating margin target for 2017 is achievable.

ANALYSIS

- **Trends are improving**. 1). In France, the integration of Steria is on the home stretch, the I2S division is planned to post flattish sales in 2016 and strong growth and an operating margin of c. 5% in 2017, while in Consulting & Systems Integration, Sopra Steria intends to keep outperforming the French market; 2). In the UK, the group will try to expand beyond the government; 3). In Germany, Sopra Steria is well under way to raise profitability to reasonable standards by 2017; and 4). Banking Software has a window of opportunity ahead.
- **EUR150m free cash flow by 2017 looks achievable**. Reaching EUR100m of FCF looks to be a fair assumption in 2016 as DSOs should continue to decrease, cash consumption of SSCL is expected to fall to zero, and WCR is likely to increase in line with 2015. For 2017, confidence was reiterated for delivering EUR150m FCF (est. 4% of sales) based on continuous WCR improvement and the complete integration of Steria.
- **Confidence on synergies**. Cost synergies as of end 2015 were ahead of expectations, while the cost of implementation was in line with targets. Sopra Steria confirmed its goal for synergies of EUR62m by end 2016 for a total cost of EUR65m. In other words, the plan to deliver EUR62m synergies with Steria is not supposed to exceed expectations but that synergies were unlocked faster than initially planned. Restructuring costs related to Steria should only total an est. EUR10-15m for 2016.
- **No pause on acquisitions**. We understand Sopra Steria paid EUR92m for acquiring Cimpa, or an est. 18x 2014 EBIT. The recent acquisition of a 75% stake in Cassiopæ will strengthen the Sopra Banking Software offering in real estate and specialised loans. Sopra Steria considers it can use up to EUR100-150m of cash every year for acquisitions.

VALUATION

- Sopra Steria's shares are trading at est. 9.1x 2016 and 7.6x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was EUR530.8m (net gearing: 43%).

NEXT CATALYSTS

Q1 16 sales on 3rd May before markets open.

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Analyst :
Gregory Ramirez
33(0) 1 56 68 75 91
gramirez@bryangarnier.com

Sector Team :
Richard-Maxime Beaudoux
Thomas Coudry
Dorian Terral

Sector View

Hotels & Tourism

	1 M	3 M	6 M	31/12/15
Travel&Leisure	0.4%	-7.3%	-2.9%	-8.8%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

*Stoxx Sector Indices

Companies covered

ACCORHOTELS		**BUY**	**EUR48**
Last Price	EUR38,985	*Market Cap.*	EUR9,176m
InterContinental Hotels		**NEUTRAL**	**2650p**
Last Price	2815p	*Market Cap.*	*GBP6,672m*
MELIA HOTELS		**BUY**	**EUR15**
Last Price	EUR10,6	*Market Cap.*	*EUR2,110m*

Marriott International and Starwood Hotels & Resorts: A new offer that looks expensive and challenging

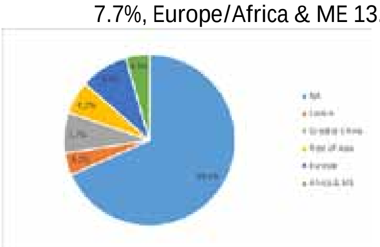
Following Anbang's proposal, Marriott International and Starwood Hotels & Resorts have signed an amended merger agreement.

ANALYSIS

- The new offer: Under the terms of this revised agreement, Starwood shareholders will receive USD21 in cash and 0.80 shares of Marriott International for each share of Starwood compared with USD2 in cash and 0.92 share previously. The new transaction values Starwood at approximately USD13.6bn i.e. USD79.53 per share (USD10bn of Marriott shares plus USD3.6bn of cash) compared with USD11bn previously i.e. USD65.4 per share (USD10.5bn of Marriott shares plus USD339m in cash). Remember that Anbang's offer is USD78 per share in cash valuing Starwood at a total of USD12.8bn. Moreover, Marriott expects to achieve USD250m in annual cost synergies within two years after closing vs. USD200m previously estimated in November 2015 and the transaction is to be "roughly neutral" on adjusted EPS in 2017 and 2018 after merger costs of between USD100m-USD130m.
- The benefit: Combined, **the new company** will operate or franchise more than 5,500 hotels with over 1.1 million rooms worldwide with pro-forma fee revenue for the 12 months ended September 30, 2015 of more than USD2.7bn. Marriott and Starwood will be the leader ahead of IHG (c. 5,000 hotels with nearly 725,000 rooms). The combined **portfolio of brands** is huge with a total number of nearly 30, with by segment:
  - **Luxury**: Ritz Carlton, Bulgari, Edition, JW Marriott, Autograph Collection, Luxury Collection, St Regis, Tribute Portfolio, W Hotels, Design Hotels.
  - **Upscale**: Renaissance, Marriott, Delta Hotels, Gaylord Hotel, AC by Marriott, Courtyard, Sheraton, Le Méridien, Westin.
  - **Midscale**: Moxy, Four Points, Aloft.
  - **Extended stay**: Residence Inn, SpringHill Suites, Fairfield Inn & Suites, TownPlace Suites, Element.

  Loyalty programs will represent a total of 75 million members combining 54 million members from Marriott and 21 million from Starwood.
- Our comment: As we said "**networks remain strategic in terms of size and products"** but hoteliers are also facing a lot of challenges i.e. competition with **OTA**, room-sharing sites such as **Airbnb** (which now manages over 1.5 million rooms), **Flipkey** or **Home Away,** as well as digital solutions and mobile platforms. **The economy is changing and business models have to move.**

  Moreover, the **new group network will remain largely focused on US**, with a total number of rooms representing **over 68% of the total offer** (Asia Pacific 13.9% o/w Greater China 7.7%, Europe/Africa & ME 13.5% and LatAm 4.2%).



  In the US, RevPARs are still benefiting from the favourable balance between supply and demand. Nevertheless, even if supply continues to ramp up at a slower pace than initially anticipated, we have to notice a certain acceleration in new constructions in the last few months. Remember this compares with previous highs, occupancy is around 3% pt higher than in 2007 and ADRs c.12% implying average RevPAR of over USD80 in 2015 which is 20% higher than at the 2007 previous peak.

  In a release, **Marriott International announced yesterday** that it continues to expect strong RevPAR and unit growth in 2016. Actually, the group expects Ifl RevPAR growth of 2-4% in Q1 2016 and 3-5% for the 2016 with a total number of rooms of 8% (7% net) excluding Starwood deal. YoY at the end of February, Ifl RevPAR growth was 3.4% in NA, 3.9% outside and 3.5% worldwide (**Q4** 2015 RevPAR rose 3.8% o/w 4% in NA, **Q3** was up 4.5% o/w 4.2% in NA, **Q2** was up 5.3% o/w 5.4% in NA and Q1 was up 6.8% o/w 6.9% in NA)

Regarding **Brands**, we think that more than numbers this is increasingly the way to offer something different and hotel products needs to fight against commoditization considering how to manage such a large number of brand ad how to maintain their appeal every day. This is another very risky challenge for the new group.

VALUATION

		EV		EV /Sales		EV/EBITDA		EV/EBIT		PER	
	Last price	**2016e**	**2017e**	**2016e**	**2017e**	**2016e**	**2017e**	**2016e**	**2017e**	**2016e**	**2017e**
MARRIOTT INTL.'A'	72,30	22 967	23 647	1,48	1,39	12,08	10,91	14,50	12,81	19,5	16,6
CHOICE HOTELS INTL.	53	3 587	3 537	3,98	3,85	14,08	13,29	14,75	13,88	22,6	20,7
HILTON WORLDWIDE HDG.	22	30 762	29 978	2,58	2,43	10,13	9,46	14,49	13,29	23,6	20,0
STARWOOD HTLS.& RSTS.	84	15 261	14 979	2,90	2,89	13,96	13,43	19,71	18,39	29,9	27,6
WYNDHAM	77	11 590	11 578	2,00	1,92	8,42	8,01	10,19	9,72	13,6	12,2
Average				**2,59**	**2,50**	**11,73**	**11,02**	**14,73**	**13,62**	**21,84**	**19,42**

Source : IBES

		EV		EV /Sales		EV/EBITDA		EV/EBIT		PER	
	Last	**2016e**	**2017e**	**2016e**	**2017e**	**2016e**	**2017e**	**2016e**	**2017e**	**2016e**	**2017e**
ACCOR	38,985	9 760	9 675	1,67	1,57	8,94	7,67	13,56	10,73	21,5	18,3
IHG	2815	11 409	11 222	6,38	6,05	14,39	13,42	16,24	15,02	21,4	18,6
MELIA	10,60	2 772	2 600	1,60	1,51	9,78	8,91	15,28	13,35	27,2	21,5
NH HOTELS	4,24	2 350	2 303	1,58	1,49	12,35	10,54	22,21	17,38	43,7	25,7
MILLENIUM	401,30	191	192	2,23	2,17	8,80	8,40	11,98	11,43	16,0	15,3
WHITBREAD	3948,00	806	829	2,74	2,53	10,69	9,83	14,19	13,07	16,7	15,5
REZIDOR	35,50	661	638	0,64	0,62	5,73	5,03	8,93	7,52	14,3	11,9
Average				**2,41**	**2,28**	**10,10**	**9,11**	**14,63**	**12,64**	**22,99**	**18,11**

Source : IBES

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Analyst :
Bruno de La Rochebrochard
33(0) 1 56 68 75 88
bdelarochebrochard@bryangarnier.com

Healthcare

Adocia

Price EUR60.50

Bloomberg	ADOC FP
Reuters	ADOC.FR
12-month High / Low (EUR)	93.7 / 44.4
Market Cap (EURk)	414,062
Avg. 6m daily volume (000)	32.70

	1 M	3 M	6 M	31/12/15
Absolute perf.	13.0%	-20.5%	-31.2%	-17.4%
Healthcare	-0.9%	-10.1%	-12.4%	-12.8%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

	2014	2015	2016e	2017e
P/E	NS	33.0x	NS	NS
Div yield (%)	NM	NM	NM	NM

Short-term pain for higher long-term gain?

Fair Value EUR100 vs. EUR113 (+65%) BUY

ANALYSIS

- Yesterday Adocia introduced its new Medical Advisory Board composed of nine recognised and highly-respected endocrinologists, seven of whom are based in the US and the other two in Europe, chaired by Dr Jay Skyler who has close to 50 years of experience in the field and in particular strong recognition for his work on type 1 diabetes. In the press release issued by Adocia, Olivier Soula added that "in the near term, MAB engagement will focus on the development of BC Combo". As already mentioned in the previous press releases, 2016 will be mainly dedicated to supporting the phase II clinical package of the BC Combo and preparation for the later-stage programme.
- Up until the very beginning of phase III, Adocia will fully endorse BC Combo and development costs. This might suggest that either potential partners are not yet convinced by the data available or that the price offered is not high enough for Adocia to partner at this stage. We still assume that there is a small chance that Sanofi could partner with Adocia on BC Combo (on U300), but Lilly is even more likely to ink a deal to leverage the basaglar opportunity and replace the Humalog Mix with a similar drug to Ryzodeg. Less lucrative deals might also be envisaged with emerging players in the field of insulin, including from the emerging world.

VALUATION

- In view of the higher-than-expected operating costs incurred in H2 2015 reported last week with the FY results, as well as the anticipation of full costs to be endorsed on BC Combo by Adocia with milestones delayed from 2016 to 2017 (same for HinsBet), we have adjusted our FV from EUR113 to EUR100.

NEXT CATALYSTS

- Q2 2016: New phase Ib/II data for BC Combo

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Eric Le Berrigaud, eleberrigaud@bryangarnier.com

TMT

Dialog Semiconductor

Price EUR32.85

Apple unveils the iPhone SE and a new iPad as expected

Fair Value EUR40 (+22%) **BUY**

Bloomberg	DLG GR
Reuters	DLGS.DE
12-month High / Low (EUR)	53.3 / 24.4
Market Cap (EURm)	2,558
Avg. 6m daily volume (000)	14.70

	1 M	3 M	6 M	31/12/15
Absolute perf.	13.4%	7.6%	-11.4%	5.2%
Semiconductors	7.9%	-2.2%	4.1%	-3.2%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

	2015	2016e	2017e	2018e
P/E	10.9x	10.9x	8.9x	8.2x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- **As expected, Apple presented a new iPhone and a new iPad yesterday.** The new iPhone, dubbed the iPhone SE, has a form factor very close to the iPhone 5S, with a 4" screen. However, the components are similar to an iPhone 6S with an Apple A9 application processor, a M9 motion processor and LTE (up to 150Mbps) wireless capabilities. While no details were given by Apple, the graphic processor should also be the same as the iPhone 6S. In addition, Apple also unveiled a new 9.7" iPad with similar components and capabilities than the iPad Pro 12" presented in September 2015 (Apple A9X and M9 coprocessor). This iPad will be available from USD599.
- **While Apple's new products were in line with expectations, we see the low pricing of the new iPhone as positive news.** Indeed, the iPhone SE will be available from USD399, i.e. lower than the iPhone 5S which was the cheapest iPhone in Apple's portfolio so far and lower than rumoured expectations of USD450/500. We believe this could help to reinvigorate Apple's smartphone sales. As a reminder, we currently expect 2016 shipments (different to Apple's FY16) to reach 213m units, down 8% compared to 2015.
- **No impact on the ASP.** Since this new iPhone uses an Apple A9 processor, we believe that the PMIC will be the same as the one used in the iPhone 6S. As a result, there is no reason in our view to expect a negative (or positive) impact on the average selling price from a Dialog perspective.

VALUATION

- Dialog's shares trade at a low 2016e P/E ratio of 10.9x to be compared to peers' 2016e P/E ratio of 19.8x.

NEXT CATALYSTS

- 4th May 2016, Q1 2016 results.

Dorian Terral, dterral@bryangarnier.com

Healthcare

Genomic Vision

Price EUR8.00

FY2015 results

Fair Value EUR23

CORPORATE

Bloomberg	GV FP
Reuters	GV.PA
12-month High / Low (EUR)	15.9 / 6.3
Market Cap (EURm)	36
Avg. 6m daily volume (000)	4.70

	1 M	3 M	6 M	31/12/15
Absolute perf.	28.0%	-12.6%	-28.0%	-9.0%
Healthcare	-0.9%	-10.1%	-12.4%	-12.8%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

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

ANALYSIS

- After having released its FY2015 sales in January (please see here), Genomic Vision reports its full year results with sales standing at EUR2.360m, in-line with previous communication. Other revenues which mainly consists of grants and tax credits amounted to EUR1.957m (vs. EUR1.438 in 2014). Operating expenses grew 22.5% to EUR8.708m with a 36.4% increase in G&A expenses (consulting fees and headquarter premises expansion) and a nearly three-fold increase in to EUR1.222m of M&S expenses. Net results amounted to –EUR4.338. Genomic Vision entered 2016 with EUR15.6m in cash and cash equivalents. Expected cash burn for the year is ~EUR8m.
- In 2015, Genomic Vision restructured its partnership with Quest (3 years extension to 2018, increased royalty rate, ends of Quest's right of first review). Following the transfer of the BRCA test to Quest, the two companies jointly launched a trial to determine the extent to which molecular combing can identify BRCA gene variant missed by other methods. Result of the trial is expected towards July/August and should it be positive, would trigger the launch of the platform in H2 2016. OTHER advancements are 2/ the transfer of the HNPCC test, 2/ the initiation of a study for the SMA test (first patient recruited in late 2015) and 3/ initiation of a 2x3 years study (including follow-up) for the early detection of cervical cancer.

VALUATION

- We reiterate our EUR23 fair value

NEXT CATALYSTS

- March 23rd 10:00am/12:00pmCET: Strategic Perspectives (Investor Day)
- May 16th : Q1 results

Click here to download

Hugo Solvet, hsolvet@bryangarnier.com

Healthcare

Korian

Price EUR26.04

New appointment in Germany + FY 2015 results preview

Fair Value EUR30 (+15%) **BUY**

Bloomberg	KORI FP
Reuters	KORI.PA
12-month High / Low (EUR)	36.3 / 23.2
Market Cap (EURm)	2,069
Avg. 6m daily volume (000)	134.4

	1 M	3 M	6 M	31/12/15
Absolute perf.	9.1%	-18.3%	-23.4%	-22.7%
Healthcare	-0.9%	-10.1%	-12.4%	-12.8%
DJ Stoxx 600	4.4%	-4.6%	-4.8%	-6.8%

	2014	2015e	2016e	2017e
P/E	18.3x	21.1x	20.4x	18.5x
Div yield (%)	2.3%	2.3%	2.3%	2.3%

ANALYSIS

- After the Board of Directors decision to remove Yann Coléou as CEO last November, the **management reorganisation continues.** In fact, the new management team announced the appointment of Ralf Stiller as CEO for Korian Germany and Group Excecutive Committee member, replacing the CEO that was set up by Yann Coléou just before his departure. The new CEO for Korian Germany will notably be in charge of the merger of the Curanum and Casa Reha groups.
- **Following the 2015** revenue publication (10th February) up 16.1% in reported terms to EUR2,579m with Ifl growth of 2.4% after 1.4% in Q4, the new management team announced that 2015 EBITDA margin is set to drop 100bp vs. the 2014 level of 14.3% compared with previous guidance for "a solid operating margin" due to the reclassification of personnel and IT expenses in France (EUR7m) and Germany (EUR13/14m), plus EUR7m linked to lower than expected operating performance in H2 (60% coming from German bad check charges and the rest from France for social harmonisation costs). In all, we are anticipating an EBITDA of EUR344m with a margin of 13.4% (consensus EUR342m) compared with EUR358m in 2014.
- Regarding 2016 outlook, management expects "significant revenue growth" for 2016 taking into account the first consolidation of **Casa Reha** (total revenue of EUR281m in 2015) as of January 2016 with Ifl revenue growth of 3%. With the arrival of **Sophie Boissard** (CEO) on 26th January and **Laurent Lemaire** (CFO) on 26th February, we are waiting for more details regarding the action plan to restore the performance of the group.

VALUATION

- At the current share price, the stock is trading on 2016e and 2017e EV/EBITDA of 10.1x and 9.4x respectively compared with a 2015-2018 CAGR in EBITDA of 7%.

NEXT CATALYSTS

- FY 2015 results on 23rd March (after market). Meeting on 24th March at 10.00am (Paris time

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Bruno de La Rochebrochard, bdelarochebrochard@bryangarnier.com

Sector View

Luxury Goods

3.3% Swiss watch exports decline in February (-5.3% for first two months)

	1 M	3 M	6 M	31/12/15
Pers & H/H Gds	1.5%	0.4%	3.6%	-1.0%
DJ Stoxx 600	3.9%	-5.4%	-3.7%	-6.6%

*Stoxx Sector Indices

Companies covered		
CHRISTIAN DIOR	BUY	EUR177
HERMES Intl	BUY	EUR360
HUGO BOSS	NEUTRAL	EUR87
KERING	BUY	EUR180
LVMH	BUY	EUR182
PRADA	NEUTRAL	HKD41
RICHEMONT	BUY	CHF90
SALVATORE	BUY	EUR26.5
THE SWATCH GROUP	NEUTRAL	CHF410
TOD'S GROUP	NEUTRAL	EUR82

Swiss watch exports fell 3.3% in February after dropping 7.9% in January, implying -5.3% for the first two months of the year. The main information from February export figures is the still very challenging situation in Greater China (-20%) and a slightly better situation in the US (+2.4%). The high end segment outperformed the market.

ANALYSIS

- Swiss watch exports fell 3.3% in February 2016 (-7.9% in January), implying -5.3% for the first two months. Although January comps were demanding (+5% in January 2015), this was not the case in February (-2%) which could explain the lower decline in February vs the one in January. Not all price segments were down in February. The high end segment (above CHF3,000 export price) rose 1.4% in value terms (+5.8% in volume) while the trend was negative (-9%) for the medium range (between CHF500 and CHF3,000) and for the segment between CHF200 and CHF500 (-5.5%).
- We would highlight the still very tough market in Hong Kong (-29% or -25% for first two months) although comparison is becoming easier (-15% in HK in February 2015). Exports to Mainland China were down 6.8%. Together, exports to HK & MC declined 20% in February and 23% over the first two months. In the US, the situation improved slightly with a 2.4% increase following -14% in January. The situation was mixed in Europe in February (Italy: +0.1%; Germany: +6.6% but -3.3% in UK and -5.1% in France) while Japan fared very well during the month (+22.4%).
- These figures shows that the watch industry is still under pressure and visibility on Swatch Group sales momentum remains quite low.

NEXT CATALYSTS

- March 2016 Swiss exports to be released on April 21th.

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Loïc Morvan, lmorvan@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

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London
Beaufort House
15 St Botolph Street
London EC3A 7BB
Tel: +44 (0) 207 332 2500
Fax: +44 (0) 207 332 2559
Authorised and regulated by the Financial Conduct Authority (FCA)

Paris
26 Avenue des Champs Elysées
75008 Paris
Tel: +33 (0) 1 56 68 75 00
Fax: +33 (0) 1 56 68 75 01
Regulated by the Financial Conduct Authority (FCA) and l Autorité de Contrôle prudential et de resolution (ACPR)

New York
750 Lexington Avenue
New York, NY 10022
Tel: +1 (0) 212 337 7000
Fax: +1 (0) 212 337 7002
FINRA and SIPC member

Geneva
rue de Grenus 7
CP 2113
Genève 1, CH 1211
Tel +4122 731 3263
Fax+4122731 3243
Regulated by the FINMA

New Delhi
The Imperial Hotel
Janpath
New Delhi 110 001
Tel +91 11 4132 6062
+91 98 1111 5119
Fax +91 11 2621 9062

BRYAN, GARNIER & CO