Please find our Research on Bloomberg BRYG <GO>)

24th March 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17502.59	-0.45%	+0.45%
S&P 500	2036.71	-0.64%	-0.35%
Nasdaq	4768.86	-1.09%	-4.76%
Nikkei	16892.33	-0.64%	-10.68%
Stoxx 600	340.074	-0.07%	-7.04%
CAC 40	4423.98	-0.18%	-4.60%
Oil /Gold			
Crude WTI	38.44	-4.16%	+3.33%
Gold (once)	1223.38	-2.31%	+15.15%
Currencies/Rates			
EUR/USD	1.1175	-0.46%	+2.87%
EUR/CHF	1.08775	-0.17%	+0.03%
German 10 years	0.199	-5.82%	-68.60%
French 10 years	0.478	+0.06%	-51.29%

Economic releases :

Date	
24th-Mar	DE - GfK consumer Confidence Apr. (9.5 E) EUZ - ECB Economic Bulletin GB - Retail Sales Feb. (-1% E m/mn 3.4% E y/y) US - Initial Jobless claims Mar. US - Continuing claims US - Durable goods Orders Feb. (-3 %E)

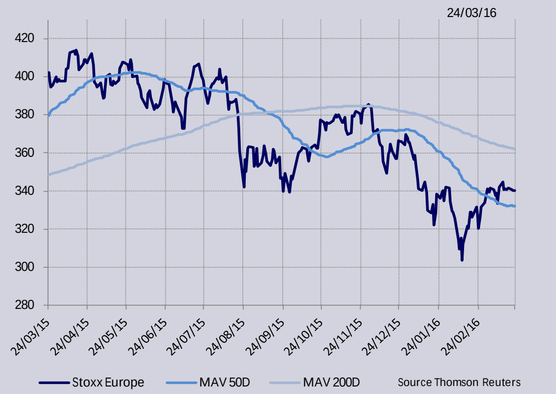
Upcoming BG events :

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

Recent reports :

Date	
23rd-Mar	Feedback from our TMT Conference in Paris
23rd-Mar	AMOEBA It's getting closer!
22nd-Mar	SOPRA STERIA : Flawless integration of Steria so far
22nd-Mar	SOFTWARE AG : From value to growth
22nd-Mar	LUXOTTICA : Turbulence almost over, make the most of it!
21st-Mar	WORLDLINE The cheapest stock in our Payment coverage

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



HERMÈS INTL. — BUY, Fair Value EUR360 (+13%)

Ebit margin expansion expected in 2016!

We assume that 2016 sales should increase by 7.5% organically, slightly below the MT target (+8%). While 2015 EBIT margin was up 30bp despite a negative hedging impact, we expect profitability to improve more strongly in 2016 (+70bp to 32.5%). We reiterate our Buy recommendation with an unchanged EUR360 FV.

INGENICO GROUP — BUY, Fair Value EUR150 (+50%)

Key points from yesterday's investor day

As a reminder, 2020 targets are for revenue of EUR4bn, EBITDA margin of 22-23%, an EBITDA to FCF conversion rate of 45% as a floor, and a payout ratio of 35%. Ingenico's average 2020 EBITDA target of EUR900m (EUR880/920m) is higher than our estimate by 3.3% on average (in the range +1.0/+5.6%), whereas we were the highest of the consensus. Management's strategic plan for 2020 has reassured the market by addressing concerns beyond 2017. We maintain our Buy rating and FV of EUR150.

KORIAN — BUY, Fair Value EUR30 (+12%)

2015 results: No major surprises. 2016 forecasts in line with our scenario.

Following the FY 2015 results downgrade mid-February, no major surprises were noted in the group's results with EBITDA margin bang in line with the new management guidance and consensus at 13.3%, down 100bps vs. 2014. Nevertheless, for 2016, and ahead of the "Korian 2020" strategic plan due to be presented on 15th September, new management announced that it has already taken measures (cost control, single procurement policy, management performance tools and strengthening processes) and confirmed its guidance for "significant" revenue growth to reach almost EUR3bn with an EBITDAR margin expected to be close to the 2015 level. Finally, with stable operating cash flow vs. 2014 at EUR245m, management will propose a dividend of EUR0.60 at the AGM.

In brief...

ASK, *ASK is looking to move from Euronext to Alternext*

CELYAD, *Celyad FY2015 results*

EIFFAGE, *Key takeaways from our Eiffage roadshow in Luxembourg*

GENOMIC VISION, *Feedback from Investor Day*

SANOFI, *An interest for Medivation? Why not!*

UCB, *Cimzia not superior to Humira in H2H phase III trial*

TELECOM SERVICES, *Orange - Bouygues merger: now or never!*

Luxury & Consumer Goods

Hermès Intl.

Price EUR320.00

Ebit margin expansion expected in 2016!

Fair Value EUR360 (+13%) BUY

Bloomberg	RMS FP
Reuters	HRMS.PA
12-month High / Low (EUR)	363.4 / 291.6
Market Cap (EURm)	33,782
Ev (BG Estimates) (EURm)	32,482
Avg. 6m daily volume (000)	55.70
3y EPS CAGR	14.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.1%	3.0%	1.2%	2.6%
Pers & H/H Gds	2.2%	-0.9%	4.7%	-1.1%
DJ Stoxx 600	3.7%	-7.2%	-2.0%	-7.0%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	4,119	4,841	5,225	5,700
% change		*17.5%*	*7.9%*	*9.1%*
EBITDA	1,365	1,605	1,761	2,045
EBIT	1,299	1,541	1,698	1,885
% change		*18.6%*	*10.2%*	*11.0%*
Net income	858.1	973.0	1,145	1,290
% change		*13.4%*	*17.7%*	*12.7%*

	2014	2015e	2016e	2017e
Operating margin	31.5	31.8	32.5	33.1
Net margin	20.8	20.1	21.9	22.6
ROE	24.9	26.8	27.6	25.4
ROCE	41.3	41.4	42.6	42.5
Gearing	4.5	4.2	3.7	3.0

(EUR)	2014	2015e	2016e	2017e
EPS	8.16	9.26	10.89	12.27
% change	-	*13.4%*	*17.7%*	*12.7%*
P/E	39.2x	34.6x	29.4x	26.1x
FCF yield (%)	2.0%	2.4%	2.7%	NM
Dividends (EUR)	7.95	3.35	4.00	4.55
Div yield (%)	2.5%	1.0%	1.3%	1.4%
EV/Sales	7.9x	6.7x	6.2x	5.6x
EV/EBITDA	23.7x	20.2x	18.3x	15.5x
EV/EBIT	24.9x	21.1x	19.0x	16.8x

We assume that 2016 sales should increase by 7.5% organically, slightly below the MT target (+8%). While 2015 EBIT margin was up 30bp despite a negative hedging impact, we expect profitability to improve more strongly in 2016 (+70bp to 32.5%). We reiterate our Buy recommendation with an unchanged EUR360 FV.

ANALYSIS

- **2015 EBIT grew 19% to EUR1.54bn, implying a 30bp gain in EBIT margin to 31.8%**, globally in line with company guidance ("close to 2014 level of 31.5%"). This slight improvement was achieved despite a gross margin decline of 80bp to 66.1% due to a negative hedging impact even if a positive product (strong performance of leather goods sales with a 12.6% increase) and distribution mix (retail sales outperformed) had a positive impact on GM level. Total OPEX grew 14% and accounted for 34.2% of sales versus 35.3% in 2014. The positive operating leverage impact stemmed from cost control and also 8% organic sales growth. Communication costs remained almost stable and declined as a % of sales (4.4% vs 5.0% in 2014) as in 2015 the group did not launch any major perfumes and 2014 was affected by heavy investments linked to the opening of the Shanghai Maison. Furthermore, SG&A declined also as % of sales (25% vs 26.3%).

- **Last year, net cash reached EUR1.57bn versus EUR1.42bn in 2014,** thanks to strong Cash Flow increase (+16% to EUR1.22bn) and also lower cap ex (EUR267m versus EUR325m in 2014), despite EUR840m dividends paid including around EUR500m linked to the EUR5 per share expectional dividend.

- **For 2016, we expect organic sales growth 7.5%,** slightly below the 8% MT target, given current uncertainties on macro economic prospects and also geopolitics risks. Q1 will be again br affected in France by the tragic events in November, as activity in Paris has not yet fully recovered the pre-attacks level. Leather goods sales should grow 10% thanks to a production capacity increase of around 7%. Actually, each year, the group hires 250/300 new craftsmen. Each new plant is fully operational within 18/24 months. There are close to 15 workshops in France, a last one (Héricourt, east of France) was inaugurated in Q4. Hermès will be cautious in pricing policy with a 3% increase in Europe but not in other regions, in order to reduce the pricing gap. Furthermore in 2016, Hermès should open four new stores including one in mainland China in a "new" city (Chongking) for the brand, one in Rio (a small one), one in Macau and lastly a store in Hong Kong airport. Beyond these openings, Hermès will renovate and expand around 15 to 20 stores (Roma, Liat Tower in Singapore, Hawaii…).

- **In our view, 2016 EBIT margin should increase by 70bp to 32.5%** (management did not give any guidance on 2016 profitability)**,** partly thanks to **a** positive hedging impact while 2015 suffered a negative effect (-50bp on EBIT margin) and also thanks to cost control as was already the case in 2015 (with no major store openings). Furthermore, net cash should reach around EUR1.9bn in 2016 in our view, allowing management to be more aggressive in terms of dividend policy. We do not rule out a new "exceptional" dividend that should be paid in 2017 given the fact that Hermès is very cautious in terms of M&A.

VALUATION

- **Hermès' share price has gained 3% YTD** and has outperformed the DJ Stoxx by 9%. The stock is trading at 19x on 2016 EV/EBIT vs 12.4x for our luxury sample average. We reiterate our Buy recommendation with an unchanged EUR360 FV.

NEXT CATALYSTS

- Q1 2016 sales to be reported on April 28th.

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TMT

Ingenico Group

Price EUR99.94

Key points from yesterday's investor day

Fair Value EUR150 (+50%) BUY

Bloomberg	ING FP
Reuters	INGC.PA
12-month High / Low (EUR)	127.6 / 87.9
Market Cap (EURm)	6,095
Ev (BG Estimates) (EURm)	6,348
Avg. 6m daily volume (000)	272.2
3y EPS CAGR	21.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	7.8%	-12.9%	-6.2%	-14.2%
Softw.& Comp.	4.4%	-1.9%	16.7%	-2.5%
DJ Stoxx 600	3.7%	-7.2%	-2.0%	-7.0%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	1,607	2,197	2,453	2,708
% change		*36.7%*	*11.7%*	*10.4%*
EBITDA	376	508	577	647
EBIT	323.5	436.5	502.9	566.0
% change		*34.9%*	*15.2%*	*12.5%*
Net income	207.3	273.7	325.0	376.7
% change		*32.1%*	*18.7%*	*15.9%*

	2014	2015e	2016e	2017e
Operating margin	20.1	19.9	20.5	20.9
Net margin	10.8	10.8	12.1	12.9
ROE	16.0	15.2	16.3	16.3
ROCE	11.8	16.5	19.5	22.4
Gearing	71.0	16.7	-2.8	-19.0

(EUR)	2014	2015e	2016e	2017e
EPS	3.41	4.47	5.29	6.14
% change	-	*31.3%*	*18.4%*	*15.9%*
P/E	29.3x	22.4x	18.9x	16.3x
FCF yield (%)	4.0%	4.5%	5.7%	6.5%
Dividends (EUR)	1.00	1.30	1.65	1.95
Div yield (%)	1.0%	1.3%	1.7%	1.9%
EV/Sales	4.3x	2.9x	2.5x	2.1x
EV/EBITDA	18.2x	12.5x	10.5x	8.8x
EV/EBIT	21.2x	14.5x	12.0x	10.1x

As a reminder, 2020 targets are for revenue of EUR4bn, EBITDA margin of 22-23%, an EBITDA to FCF conversion rate of 45% as a floor, and a payout ratio of 35%. Ingenico's average 2020 EBITDA target of EUR900m (EUR880/920m) is higher than our estimate by 3.3% on average (in the range +1.0/+5.6%), whereas we were the highest of the consensus. Management's strategic plan for 2020 has reassured the market by addressing concerns beyond 2017. We maintain our Buy rating and FV of EUR150.

ANALYSIS

- The company's very positive track record regarding its three-year plan (2013 plan reached in just one year, 2016 plan reached in just two years). It shows that Ingenico's management is usually cautious. The strategic plan for 2020 is ambitious but reasonable.
- By giving 2020 guidance above the consensus (according to us, in organic terms Ingenico is targeting EUR3.5bn and 23-24% vs. consensus expected the group to give EUR3.4bn and 22.6%), the group addressed the Street's concerns on what will happen beyond 2017. The answer is sustainable gowth in Payment Terminals (high single digit CAGR 15/20) and strong market dynamics in Payment Services (mid-teens, including mid to high teens for ePayments).
- 2016 Ebitda margin target of 21% is considered as a floor in its mid-term plan (efforts to develop and bring to market its offerings in ePayments and to roll out the new terminal product ranges)
- Terminal business revenue CAGR per main geography: mid-single digit for E&A, high-single digit for Latam, low-double digit for North America, double digit for APAC.
- Uncertainties in the Brazilian market in 2016, but if confirmed this should be a one-off, and this market will be back as of 2017.
- Next countries to move to EMV are Japan (expected in 2017: installed base of 3m terminals), Turkey (fiscal memory), India (tax incentives). Expansion expected in countries with low POS penetration such as China (doubling installed base), India and South-East Asia (selective direct approach).
- 2020 revenue breakdown: 60% Payment Terminals & 40% Payment Services (vs. 70/30% in 2015).
- No risk of big acquisitions: the group is looking to acquire a total of EUR500m in revenue by 2020. According to management, some deals could happen in 2016 and at the latest in 2017. Selected acquisitions in fast growing markets (distributors in terminal business, and face-to-face or online gateway in payment services, for example).
- Despite a selected acquisition strategy,an attractive dividend policy with a payout of 35%.
- The group intends to enter the acquirer business organically (better to have that in-house, to control technology and data). However, according to us, with its M&A strategy Ingenico perhaps will have no choice but to acquire this part. Indeed, a lot of the remaining independent players on the payment services market are both processors and acquirers.
- Peer-to-peer offers (Square, Stripe…) are a risk but there is time. They do not displace the industry and there is no disruption in the payment industry. They are simply an added solution to the current market, but Ingenico does not see this kind of offer as a threat or a revolution in the next five years.

VALUATION

- We maintain our **Buy rating and Fair Value of EUR150**. The group's transformation towards more recurring revenues is not yet priced in.
- We expect **earnings growth of +25.1%e vs. a P/E of 18.9x** over 2016e.

NEXT CATALYSTS

- **Q1 2016 revenue:** on 26th April (after trading). As a reminder, following VeriFone's Q1, we expect +8-9% for Ingenico's Q1 Ifl sales growth (the loss of volumes from GlobalCollect's 1st client should weigh on topline services growth until H1).

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Healthcare

Korian

Price EUR26.85

2015 results: No major surprises. 2016 forecasts in line with our scenario.

Fair Value EUR30 (+12%) **BUY**

Bloomberg	KORI FP
Reuters	KORI.PA
12-month High / Low (EUR)	36.3 / 23.2
Market Cap (EURm)	2,134
Ev (BG Estimates) (EURm)	3,681
Avg. 6m daily volume (000)	131.1
3y EPS CAGR	-0.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	9.1%	-17.0%	-22.6%	-20.3%
Healthcare	-0.8%	-11.3%	-8.5%	-12.1%
DJ Stoxx 600	3.7%	-7.2%	-2.0%	-7.0%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	2,500	2,579	2,931	3,009
% change		*3.2%*	*13.6%*	*2.7%*
EBITDA	358	344	378	398
EBIT	235.6	231.0	255.2	274.9
% change		*-2.0%*	*10.5%*	*7.7%*
Net income	112.8	99.1	104.1	116.0
% change		*-12.1%*	*5.0%*	*11.4%*

	2014	2015e	2016e	2017e
Operating margin	9.4	9.0	8.7	9.1
Net margin	4.2	3.8	3.6	3.9
ROE	4.9	5.0	5.0	5.2
ROCE	3.0	2.9	3.0	3.1
Gearing	78.2	76.4	82.0	72.8

(EUR)	2014	2015e	2016e	2017e
EPS	1.42	1.23	1.28	1.41
% change	-	*-13.2%*	*3.8%*	*10.1%*
P/E	18.9x	21.8x	21.0x	19.1x
FCF yield (%)	8.0%	10.1%	11.1%	11.1%
Dividends (EUR)	0.60	0.60	0.60	0.60
Div yield (%)	2.2%	2.2%	2.2%	2.2%
EV/Sales	1.4x	1.4x	1.3x	1.3x
EV/EBITDA	10.1x	10.7x	10.3x	9.5x
EV/EBIT	15.4x	15.9x	15.3x	13.8x

Following the FY 2015 results downgrade mid-February, no major surprises were noted in the group's results with EBITDA margin bang in line with the new management guidance and consensus at 13.3%, down 100bps vs. 2014. Nevertheless, for 2016, and ahead of the "Korian 2020" strategic plan due to be presented on 15th September, new management announced that it has already taken measures (cost control, single procurement policy, management performance tools and strengthening processes) and confirmed its guidance for "significant" revenue growth to reach almost EUR3bn with an EBITDAR margin expected to be close to the 2015 level. Finally, with stable operating cash flow vs. 2014 at EUR245m, management will propose a dividend of EUR0.60 at the AGM.

ANALYSIS

- **2015 results reset as announced:** After restatement, no major surprises were noted, with **EBITDAR** of EUR680m down EUR9m vs. 2014 (our forecast was EUR688m) representing a margin of 26.4%, down 120bp, and **EBITDA** of EUR342m with a margin of 13.3% down 100bps as announced by management mid-February. **Recurring EBIT** reached EUR218m lower than the consensus (EUR227m) and our EUR231m forecast. **Negative non-recurring items** increased significantly up to EUR39m from EUR12m taking into account the group reorganisations and the coverage of a certain number of risks (not yet detailed).
- **2016 outlook in line with our scenario:** The short term priority is to restore group performances. The new management team has already rolled out measures to reinforce Korian's dynamism with cost streamlining, a new procurement policy and tools and processes to better control management performances. 2016 is nevertheless set to be a year of transition as expected, and in all, management expects to maintain EBITDAR margin close to the 2015 level (our forecast is flat for EBITDAR with EBITDA margin down 40bps) after significant revenue growth to almost EUR3bn with the consolidation of Casa Reha (total revenue of EUR281m in 2015) integrated since January 2016.
- **Beyond,** new management will present its 2020 strategic plan on 15th September 2016.

VALUATION

- At the current share price, the stock is trading on 2016e and 2017e EV/EBITDA of 10.7x and 9.5x respectively compared with a 2015-2018 CAGR in EBITDA of 7%.

NEXT CATALYSTS

- Meeting at 10:00 am (Paris time)
- Q1 2016 revenue on 3rd May (after market)

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TMT

ASK

Price EUR1.18

Bloomberg	ASK FP
Reuters	ASK.PA
12-month High / Low (EUR)	4.3 / 1.1
Market Cap (EURm)	10
Avg. 6m daily volume (000)	66.40

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.4%	-21.3%	-31.0%	-31.0%
Industry	3.7%	-7.2%	-2.0%	-7.0%
DJ Stoxx 600	3.7%	-7.2%	-2.0%	-7.0%

	2014	2015e	2016e	2017e
P/E	NS	NS	16.3x	3.4x
Div yield (%)	NM	NM	NM	NM

ASK is looking to move from Euronext to Alternext

Fair Value EUR2.4 (+103%) **CORPORATE**

ANALYSIS

- **Yesterday, ASK proposed the transfer of its shares from Euronext Paris to Alternext Paris.** The project aims to reduce the cost of the Euronext listing while allowing the company to continue to benefit from the financial markets. It would also allow ASK to be quoted on a market more appropriate to the size of the company, enjoying a regulatory framework more responsive to SMEs and easing its regulatory obligations in relation to those applicable to the regulated market Euronext.
- **The group will continue to uses IFRS reporting standards.** Companies listed on Alternext have no obligation to use IFRS standards, however the group plans to continue using IFRS as a standard. In addition, note that the groups listed have no obligation to publish on a quarterly basis but they must publish half-year reports (within four months of the period's closing).
- **This transfer is to be proposed and voted at the General Meeting scheduled for 24th May and the transfer, if approved, is scheduled for 26th May.**

VALUATION

- ASK's shares currently trade at a 2016e EV/Sales ratio of 0.5x and a 2016e P/E ratio of 16.2x.

NEXT CATALYSTS

- 25th April: FY15 results.

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Healthcare

Celyad

Price EUR41.70

Celyad FY2015 results

Fair Value EUR81 (+94%) **BUY**

Bloomberg	CARD.BB
Reuters	CARD BB
12-month High / Low (EUR)	69.5 / 29.5
Market Cap (EURm)	388
Avg. 6m daily volume (000)	31.70

	1 M	3 M	6 M	31/12/15
Absolute perf.	24.5%	-7.1%	8.3%	-13.8%
Healthcare	-1.7%	-9.2%	-8.5%	-12.3%
DJ Stoxx 600	2.6%	-4.6%	-1.8%	-7.0%

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

ANALYSIS

- Celyad reports FY2015 results with cash and cash equivalents standing at EUR108m at the end of the year. Significant advancements have been made in 2015 with 1/ the acquisition of an immune-oncology platform and 2/ the review and clearance of the amended phase III design for C-Cure by the FDA as well as 3/ a EUR120m NASDAQ IPO.
- Following a year of execution on strategy, several readouts are expected in 2016. In late H1 2016, the company should report phase III results for CHART-1 in CHF (European trial). This should be closely followed by the first results from the CAR-NKG2D platform currently evaluated in phase I/IIa trial in liquid tumors. Note that Celyad announced its intention to start a program in solid tumors over the course of the year. In H2, and should the results from the CHART-1 trial be positive, the US trial, CHART-2, should be initiated.

VALUATION

- BUY rating and fair value of EUR81 reiterated

NEXT CATALYSTS

- Today 6:00pm: conference call on FY2015 results (+44 1 452 560 304, ID 78283186)

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Hugo Solvet, hsolvet@bryangarnier.com

Construction & Building Materials

Eiffage

Price EUR66.75

Bloomberg	FGR FP
Reuters	FOUG.PA
12-month High / Low (EUR)	66.9 / 47.8
Market Cap (EURm)	6,370
Avg. 6m daily volume (000)	300.1

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.7%	15.4%	19.3%	12.1%
Cons & Mat	4.4%	0.5%	3.6%	-2.0%
DJ Stoxx 600	2.6%	-4.6%	-1.8%	-7.0%

	2014	2015e	2016e	2017e
P/E	21.6x	20.4x	16.6x	13.5x
Div yield (%)	1.8%	1.8%	1.8%	1.8%

Key takeaways from our Eiffage roadshow in Luxembourg

Fair Value EUR71 (+6%) **BUY**

ANALYSIS

- Key points from this event: **1)** Q1 newsflow should be positive for the Concession business. APRR traffic is likely to be robust in Q1 (favourable weather, Easter weekend in March, an additional day thanks to the leap year). In Contracting, we expected certain project attributions (i.e. Eole) in early 2016. Obviously this has not been the case, but Eiffage nevertheless expects them before the summer. **2)** Regarding the outlook in Contracting, Eiffage confirmed that the worst seems to be behind us. Construction sales should grow slightly this year while margins should improve despite steady competition. Infrastructure should stabilize after a strong 20% decline in the roadworks market over the last two years. Flat volumes should translate into better margins, as efforts have been already made. Besides, the metal business has been restructured (two plants remain in service in France vs seven before) for a EUR20m one off cost last year. In 2016, the branch is set to benefit from an easy comparison basis (1.7% of op. mg in 2015). Finally, the energy business operating margin is likely to improve by 20bp per year to reach 5% over the mid-term. **3)** Financial interests will continue to decline. After a EUR110m drop last year, a EUR50m reduction is likely in 2016, cEUR30m in 2017, cEUR100m in 2018 and approx. EUR60m in 2019.
- In all, this confirmed that FGR should enjoy a combination of a decent outlook in Contracting, regular improvement in Concessions profitability and a further decline in the cost of net debt.

VALUATION

- EUR71 FV derived from an STOP

NEXT CATALYSTS

- APRR Q1 revenues on 19 April 2016

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Healthcare

Genomic Vision

Price EUR8.55

Bloomberg	GV FP
Reuters	GV.PA
12-month High / Low (EUR)	15.9 / 6.3
Market Cap (EURm)	38,116
Avg. 6m daily volume (000)	4.80

	1 M	3 M	6 M	31/12/15
Absolute perf.	32.6%	-4.3%	-23.6%	-2.7%
Healthcare	-0.8%	-11.3%	-8.5%	-12.1%
DJ Stoxx 600	3.7%	-7.2%	-2.0%	-7.0%

Feedback from Investor Day

FAIR VALUE : EUR23

CORPORATE

ANALYSIS

- Genomic Vision (GV) hosted an Investor Day during which management gave an update on its partnership with US diagnostic company, Quest, as well as proprietary projects, and highlighted its new strategy to address the Life Science Research Tools market (biopharma, research labs).
- Interactions with Genomic Vision's management gave us the feeling that Quest is committed to penetrating the BRCA test market in the US after suffering a lack of differentiation relative to competitors. GV's technology could overcome the limitations of currently available tests by its ability to accurately detect rearrangements hard to sequence. GV and Quest jointly launched a trial for the BRCA test set to readout in H2 2016 and which aims at better assessing the clinical value-added of the molecular combing technology to support launch. As a reminder, both companies are shouldering the cost, with marginal costs incurred to GV. Positioning and commercial strategy should therefore be determined by Quest in H2 2016 with an effective launch expected in late 2016. HNPCC launch in the US initially expected in 2017 is likely to face a slight delay with Quest that might follow the same pathway as for the BRCA test i.e. study to support launch. However, GV is preparing for a launch in Europe. A clinical study for the SMA test which includes an African-American cohort (samples provided by Quest) is ongoing at the Rouen University Hospital and should readout in early 2017. In Europe, GV should use its own sales force to sell the tests.
- GV expects to reshuffle the cards in the HPV testing market as its test could potentially avoid colposcopies (50% of colposcopy results are neg. for HPV and 95% of HPV+ patients outgrow the virus). A large study which aims at recruiting >3,500 patients is ongoing in 11 French hospitals. We would expect a partner to back GV in this indication as the group's ability to gain reimbursements outside of France (potentially Europe) might be limited without the inclusion of a US population in the study.
- Management highlighted its new strategy to broaden commercial reach to biopharma companies and research labs either with a partner or on a standalone basis. In order to do so, we would expect the company to leverage 1/ its European sales force already in place 2/ recently recruited top executives and 3/ its in-depth relationship with leading hospital laboratories and collaborations with research clusters. The customer oriented work force has been allocated to answering needs and prioritising the orders that should arise from these new customers. On top of that, management expects to stream revenues from the on-demand development of detection software as well as gene editing quality control (albeit a long term opportunity). Dr JB Vannier (Imperial College London) highlighted the advantages of the technology and also underlined that after the placement of an instrument, it takes around five years for the lab to use it on a regular basis. Given that few details were provided regarding the new platform due to be launched in 2017 featuring a reduced footprint, we have not integrated any additional sales from new client typologies of yet.

VALUATION

- We have not added any potential sales in the Life Science Tool market at this stage and would wait for more details on the new platform set to be launched by GV towards 2017.

NEXT CATALYSTS

- 10th May 10 2016: Q1 sales
- Mid-2016: Results from the BRCA trial to support the test's launch by Quest in the US

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Healthcare

Sanofi

Price EUR70.68

Bloomberg	SAN FP
Reuters	SASY.PA
12-month High / Low (EUR)	100.7 / 67.3
Market Cap (EURm)	92,287
Avg. 6m daily volume (000)	3 272

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.3%	-11.6%	-17.5%	-10.1%
Healthcare	-0.8%	-11.3%	-8.5%	-12.1%
DJ Stoxx 600	3.7%	-7.2%	-2.0%	-7.0%

	2016	2017e	2018e	2019e
P/E	12.7x	12.3x	11.3x	10.4x
Div yield (%)	4.2%	4.5%	5.0%	5.4%

An interest for Medivation? Why not!

Fair Value EUR88 (+25%) **NEUTRAL**

ANALYSIS

- Rumours report interest from Sanofi for Medivation. This seems credible to us. We think Sanofi is looking for targets in the oncology field as the group clearly stated that it intends to make oncology one of its key franchises again in the future which would require years and years if only via internal growth. So we are convinced that at least one structuring acquisition or large partnership could be undertaken, that however has to be reasonably dilutive if not quickly accretive which limits the opportunities as a lot of targets in this field are biotech companies that do not have products on the market yet.
- But Medivation fits well into this category in view of its partnership with Astellas for Xtandi that has become one of the most popular drugs to treat prostate cancer (worldwide sales were close to USD2bn in 2015, booked by Astellas with Medivation receiving collaboration revenues of close to USD700m). This makes Medivation a profitable company in GAAP terms (including amortization of milestones). Moreover, Xtandi is still being developed in new indications for prostate and breast cancers in particular and Medivation has other assets in late-stage trials like pidilizumab in haematology or the recently-acquired PARP inhibitor talazoparib in breast cancer. All this would be a great addition to Sanofi's pipeline that has always been largely exposed to prostate and breast cancers through Taxotere or Jevtana.
- At the current share price, Medivation is worth between USD6bn and USD7bn but the acquisition is likely to be close to USD10bn in our view (a modest premium over the highest levels seen in 2015). We could also consider that other companies might be interested in bidding for Medivation, starting with its partner Astellas.

NEXT CATALYSTS

- Coming days: result from hearing about permanent injunction on Praluent

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Healthcare

UCB

Price EUR71.85

Bloomberg	UCB BB
Reuters	UCBBt.BR
12-month High / Low (EUR)	85.6 / 61.5
Market Cap (EURm)	13,975
Avg. 6m daily volume (000)	337.8

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.6%	-11.5%	1.0%	-13.7%
Healthcare	-0.8%	-11.3%	-8.5%	-12.1%
DJ Stoxx 600	3.7%	-7.2%	-2.0%	-7.0%

	2014	2015e	2016e	2017e
P/E	42.6x	33.1x	22.9x	16.3x
Div yield (%)	1.3%	1.5%	2.3%	3.2%

Cimzia not superior to Humira in H2H phase III trial

Fair Value EUR82 (+14%) **NEUTRAL**

ANALYSIS

- UCB released today results from its head to head trial comparing certolizumab pegol to adalimumab on top of MTX which does not meet primary endpoint of superiority at three months and two years. 915 patients suffering from rheumatoid arthritis have been enrolled in the study and randomized to either Cimzia or Humira on top of MTX. Non-responders at 3 months were switched to the alternative treatment arm (DAS28<=3.2 or change from baseline >=1.2). While Cimzia failed to demonstrate superiority to Humira, efficacy results between the two treatment compares well with ACR20 responder rate at 3 months stands at 69.2% vs. 71.4% respectively and 35.5% and 33.5% patients achieving low disease activity at 2 years. The safety of the two drugs were comparable.
- While Cimzia is currently used as 2nd to 3rd line anti-TNF in patients suffering from severe rheumatoid arthritis, 1/ the launch of biosimilars alongside 2/ the rise of other classes such as JAK-inhibitors as well as anti-IL-6 might affect the product's ability to increase its market shares. Indeed, it is not to rule out that rheumatologists will favor therapeutic alternative that have been proven superior to Humira (baracitinib, sarilumab). The nonradiographic axial spondyloarthritis indication studied in phase III (readout expected in 2018) as well as a broad range of indication for Cimzia should support sales and enable the group to meet its EUR1.5bnlatter could be topped.
- Following mixed results from the FRAME and BRIDGE study results for romosozumab, this is another setback for UCB's Rheumatism franchise which highlights the need for finding new sources of growth beyond CVN. Beyond 2018 and the group's guidance of recEBITDA representing 30% of sales (integrated in the consensus), this might also questioned the group's ability to leverage its sales force to maintain profitability.

VALUATION

- We reiterate our NEUTRAL rating and EUR82 fair value

NEXT CATALYSTS

- April 25th, 2016: Q1 results

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Sector View

Telecom services

Orange - Bouygues merger: now or never!

	1 M	3 M	6 M	31/12/15
Telecom	2.4%	-5.4%	-2.7%	-5.7%
DJ Stoxx 600	3.7%	-7.2%	-2.0%	-7.0%

*Stoxx Sector Indices

Companies covered

ILIAD	**BUY**	**EUR270**

The merger agreement is approaching as the deadline is 31st March and blocking issues are seemingly being resolved, one after the other, as BFM Business today confirms. Although discussions are still in process on the valuation and HR side, we believe a positive announcement could be made during the first week of April.

ANALYSIS

- According to BFM Business, the French ministry of economy is ready to accept Bouygues' acquisition of a 12% stake in Orange's capital. This agreement should facilitate the merger between the two groups, as it was one the remaining issues to be solved. Previously, the ministry did not want Bouygues' stake to exceed 9%.
- Nevertheless, the discussions are not over, as Bouygues wants the right to reach a 15% stake, more or less quickly. No matter the final scheme, the French state, which today owns 23% of Orange, should not go below 20%. But the "loi Florange" should help the State maintain significant influence even if Bouygues increases its stake.
- Stephane Richard and Martin Bouygues are both meeting with Emmanuel Macron this afternoon.
- BFM Business confirmed that Orange, Free and NC-SFR have come to an agreement on the split of assets, Free buying licenses and network infrastructures and NC-SFR buying some of Bouygues Telecom's clients, but discussions on prices are still ongoing.

VALUATION

- We stick to our Fair Value of EUR270 for Iliad

NEXT CATALYSTS

- Deadline for ending the negotiations is March 31st. Announcement expected first week of April.

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BUY	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
NEUTRAL	Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
SELL	Negative opinion for a stock where we expect an unfavourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential downside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

Distribution of stock ratings

BUY ratings 64.4% NEUTRAL ratings 28.1% SELL ratings 7.4%

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