



29th March 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17535.39	+0.11%	+0.63%
S&P 500	2037.05	+0.05%	-0.34%
Nasdaq	4766.79	-0.14%	-4.81%
Nikkei	17103.53	-0.18%	-9.98%
Stoxx 600	335.1	0.00	-8.40%
CAC 40	4329.68	0.00	-6.63%
Oil /Gold			
Crude WTI	39.39	+2.26%	+5.89%
Gold (once)	1220.24	-0.03%	+14.86%
Currencies/Rates			
EUR/USD	1.1215	+0.46%	+3.24%
EUR/CHF	1.09125	+0.09%	+0.35%
German 10 years	0.178	-0.05%	-72.00%
French 10 years	0.455	-0.04%	-53.62%
Euribor	-	+-%	+-%

Economic releases :

Date	
29th-Mar	US - Consumer Confidence (94 E)
	US - Janet Yellen to Eco Club of New York
	US - S&P Case Shiller composite 20 Jan (5.75% 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	AMOEBIA 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



IPSEN

BUY vs. UNDER REVIEW, Fair Value EUR60 vs. EUR63 (+25%)

Cabozantinib makes Ipsen a different story (full report released today)

A combination of full-year results with structuring a deal with Exelixis in early March led us put our rating under review until further analysis. We are now back with the output of this reassessment of perspectives and although the short-term cost base and earnings growth are going to be negatively impacted by the deal, which obviously changes Ipsen's investment case, it makes it different but no less attractive in our view. If core EPS are expected to be more or less flat in 2016 vs 2015, they should grow by 15.5% on average from 2016 to 2020 on a base case, with cabozantinib offering even more upside if successful in HCC. Our new FV of EUR60 offers 25% upside: BUY reinstalled.

KORIAN

NEUTRAL vs. BUY, Fair Value EUR29 vs. EUR30 (+10%)

Feedback results: Wait and see but looks promising

In the new CEO and CFO's first speech after only a few weeks of presence, the results presentation was very factual but clear and precise. As announced in the press release, the short term priority is to restore group performances and 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 set to be a year of transition as expected and in all, management expects to maintain EBITDAR margin close to the 2015 level after significant revenue growth to almost EUR3bn with the consolidation of Casa Reha integrated since January 2016. Beyond, we will have to wait for the "Korian 2020" strategic plan due to be presented on 15th September. We have moved our FV to EUR29 with a Neutral recommendation vs. Buy.

MAIN ASSUMPTIONS

New risk-free rate and equity risk premium

Following the significant moves on European capital markets experienced over the past 12 months, our assumptions for valuation modelling needed to be revisited. On the one hand, we have reduced our risk-free rate from 2.0% to 1.6% and on the other hand, we have raised our equity risk premium from 6.4% to 7.0%.

SOFTWARE AND IT SERVICES

Accenture Q2 FY16 results: positive read-across for European IT Services companies

On Thursday last week Accenture reported Q2 FY16 results above guidance and the consensus, and raised FY16 guidance for the second time in a row, thanks to the Consulting division and a lower tax rate. Consulting continue to enjoy positive momentum despite the uncertain economic environment, as demand for digital transformation and IT cost rationalisation remains strong, at the expense of Outsourcing. We believe this publication generates a positive catalyst for Capgemini and Atos.

In brief...

BONE THERAPEUTICS, FY2015 results and first positive results in osteoporosis

CELYAD, R&D day highlights rationale of CAR-T program

GAMELOFT, Gameloft board unanimously recommends rejecting Vivendi's EUR7.20/share offer

LAFARGEHOLCIM, Interview with Eric Olsen on Bloomberg

TELECOM SERVICES, Orange - Bouygues: final talks

Healthcare

Ipsen

Price EUR48.15

Cabozantinib makes Ipsen a different story (full report released today)

Fair Value EUR60 vs. EUR63 (+25%)

BUY vs. UNDER REVIEW

Bloomberg	IPN.FP
Reuters	IPN.PA
12-month High / Low (EUR)	62.0 / 43.4
Market Cap (EURm)	4,008
Ev (BG Estimates) (EURm)	4,107
Avg. 6m daily volume (000)	78.80
3y EPS CAGR	11.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.3%	-18.1%	-20.5%	-21.1%
Healthcare	-2.2%	-12.3%	-10.4%	-13.1%
DJ Stoxx 600	2.6%	-8.5%	-4.1%	-8.4%

YEnd Dec. (€m)	2015	2016e	2017e	2018e
Sales	1,444	1,552	1,683	1,823
% change		7.5%	8.4%	8.3%
EBITDA	366	398	438	517
EBIT	322.5	332.1	367.2	441.0
% change		3.0%	10.6%	20.1%
Net income	228.0	230.8	261.1	316.9
% change		1.2%	13.1%	21.4%

	2015	2016e	2017e	2018e
Operating margin	22.3	21.4	21.8	24.2
Net margin	12.5	13.7	13.4	15.3
ROE	15.5	16.4	15.7	17.0
ROCE	22.6	17.1	18.4	21.4
Gearing	NM	NM	NM	NM

(€)	2015	2016e	2017e	2018e
EPS	2.78	2.81	3.18	3.86
% change	-	1.2%	13.1%	21.4%
P/E	17.3x	17.1x	15.1x	12.5x
FCF yield (%)	4.4%	4.8%	5.5%	6.9%
Dividends (€)	0.85	0.85	1.04	1.16
Div yield (%)	1.8%	1.8%	2.2%	2.4%
EV/Sales	2.7x	2.6x	2.4x	2.1x
EV/EBITDA	10.7x	10.3x	9.2x	7.5x
EV/EBIT	12.1x	12.4x	11.0x	8.8x

A combination of full-year results with structuring a deal with Exelixis in early March led us put our rating under review until further analysis. We are now back with the output of this reassessment of perspectives and although the short-term cost base and earnings growth are going to be negatively impacted by the deal, which obviously changes Ipsen's investment case, it makes it different but no less attractive in our view. If core EPS are expected to be more or less flat in 2016 vs 2015, they should grow by 15.5% on average from 2016 to 2020 on a base case, with cabozantinib offering even more upside if successful in HCC. Our new FV of EUR60 offers 25% upside: BUY reinstated.

ANALYSIS

- Deal with Exelixis gives ex-US/Japan rights to cabozantinib to Ipsen for USD200m upfront and USD110m regulatory milestones plus royalties. This is a lot of money considering that Ipsen also has to build up a new sales-force in oncology but this asset has two strengths: (i) it is already very advanced in development as it is marketed in a niche indication, filed in a more significant one with strong data (2L RCC) and is ending phase III in a third one (2L HCC); (ii) data collected so far are very encouraging and promising and we see cabozantinib as relatively competitive in RCC and HCC, i.e. on its way to potentially become SoC although the environment is moving very quickly with immuno-oncology drugs as threat number 1.
- Of course, because Ipsen has to invest about EUR50m in a new oncology sales-force to support cabozantinib's launch, some pressure will be put on the cost base in 2016 and 2017 and guidance now implies a 130bp core EBIT margin decline (including currencies). This could nevertheless leave little room for (marginal) core EPS growth in 2016 under a conservative scenario. Now from 2016 to 2020, core EPS would grow even faster at a pace of 15.6% p.a., which is more than attractive considering today's P/E that equals a PEG ratio of 1.1x.
- News flow should remain dense across 2016, including for cabozantinib with OS data in 2L RCC (likely at ASCO), 2L RCC European approval, 2L HCC phase III data and 1L RCC phase II data all expected by year-end. We are hopeful this will increase confidence in the deal and offset short-term pain with long-term value.

VALUATION

- Our valuation is based on a DCF. Note that two metrics are being adjusted this morning as BG is moving its risk-free rate from 2% to 1.6% and its equity risk premium from 6.4% to 7.0%. As a consequence, the cost of equity moves from 8.4% to 8.6%. Together with the slight decrease in earnings resulting from the deal with Exelixis (downpayments + recruitment of an European sales force), our FV is revised downwards to EUR60 from EUR63.
- The new FV of EUR60 represents about 25% upside potential compared to the current share price. Because of the absence of growth in 2016 is well understood and offset in our view by the rich news flow related to cabozantinib (OS phase III data in 2L RCC likely at ASCO, approval in Europe in 2L RCC in September, phase III data in 2L HCC in Q4, phase II data in 1L RCC in Q4), this could/should increase the degree of confidence in what Ipsen already described as its future fourth pillar.

NEXT CATALYSTS

- 28 April 2016: First-quarter sales

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Healthcare

Korian

Price EUR26.37

Feedback results: Wait and see but looks promising

Fair Value EUR29 vs. EUR30 (+10%)

NEUTRAL vs. BUY

Bloomberg	KORI.FP
Reuters	KORI.PA
12-month High / Low (EUR)	36.3 / 23.2
Market Cap (EURm)	2,096
Ev (BG Estimates) (EURm)	3,740
Avg. 6m daily volume (000)	131.8
3y EPS CAGR	-1.9%

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.6%	-21.6%	-21.5%	-21.7%
Healthcare	-3.3%	-12.4%	-8.4%	-13.1%
DJ Stoxx 600	1.1%	-8.1%	-1.9%	-8.4%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	2,500	2,579	2,930	3,008
% change		3.2%	13.6%	2.7%
EBITDA	358	342	378	399
EBIT	248.0	218.2	236.9	254.6
% change		-12.0%	8.6%	7.5%
Net income	112.8	85.0	100.3	108.9
% change		-24.7%	18.0%	8.7%

	2014	2015e	2016e	2017e
Operating margin	9.4	6.9	7.7	8.1
Net margin	4.2	2.3	3.2	3.4
ROE	4.9	4.4	5.0	5.2
ROCE	3.0	2.4	2.5	2.6
Gearing	78.2	85.1	118.2	106.7

(EUR)	2014	2015e	2016e	2017e
EPS	1.42	1.07	1.25	1.34
% change	-	-24.7%	16.7%	7.4%
P/E	18.6x	24.7x	21.1x	19.7x
FCF yield (%)	8.1%	9.2%	11.6%	11.7%
Dividends (EUR)	0.60	0.60	0.60	0.60
Div yield (%)	2.3%	2.3%	2.3%	2.3%
EV/Sales	1.4x	1.5x	1.5x	1.5x
EV/EBITDA	10.0x	10.9x	12.0x	11.1x
EV/EBIT	14.4x	17.1x	19.1x	17.4x

In the new CEO and CFO's first speech after only a few weeks of presence, the results presentation was very factual but clear and precise. As announced in the press release, the short term priority is to restore group performances and 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 set to be a year of transition as expected and in all, management expects to maintain EBITDAR margin close to the 2015 level after significant revenue growth to almost EUR3bn with the consolidation of Casa Reha integrated since January 2016. Beyond, we will have to wait for the "Korian 2020" strategic plan due to be presented on 15th September. We have moved our FV to EUR29 with a Neutral recommendation vs. Buy.

ANALYSIS

- **Undeniable advantages but a set that needs to be structured:** The observation made by the new management is relatively clear: after years of development largely directed by external growth, Korian must be structured and managed as a group with a framework of common reporting and control, industrialised processes, global group operations (Purchasing, IT) and synergies to be created in the service offering. Regarding management's financial expectations, we will have to wait for the investor day on 15th September to have numbers
- **Financials not at risk but no major room to implement fresh expansion:** At the end of 2015, financials still looked sound with net debt of EUR1,645m up from EUR1,474m with restated leverage of 3.1x vs. a covenant <4.5x. With the integration of Casa Reha, restated financial leverage (Net debt – real estate debt)/EBITDA -6.5% Real estate debts should be at 3.7x (real estate historical valuation reached almost EUR900m. Given the new management's ambitions confirming that bolt-on acquisitions are still relevant, IT investments need to be anticipated, real estate investment could be revisited regarding financial market conditions and trade-offs will be made.
- **Some adjustments to our short term numbers:** Following FY 2015 results and management expectations we have adjusted our numbers with notably an EBITDAR 2016e margin of 26.2% vs. 26.4% previously i.e. down 20bp compared with 2015 (management's forecast is to maintain EBITDAR margin close to the 2015 level).

Main changes

	2015			2016e			2017e		
	Old	New	Change %	Old	New	Change %	Old	New	Change%
SALES	2 579	2 579	0,0%	2 931	2 930	0,0%	3 009	3 008	0,0%
EBITDA	344	342	-0,7%	378	378	-0,2%	398	399	0,2%
	13,4%	13,3%	-9 bp	12,9%	12,9%	-2 bp	13,2%	13,3%	3 bp
EBIT	231	218	-5,5%	255	237	-7,2%	275	255	-7,4%
	9,0%	8,5%	-49 bp	8,7%	8,1%	-62 bp	9,1%	8,5%	-67 bp
EPS	1,23	1,07	-13,2%	1,28	1,25	-2,4%	1,41	1,34	-4,8%

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

VALUATION

- Based on these estimates and using a DCF with WACC at 6.5% taking into account our new ERP of 7% vs. 6.4% and a risk-free rate of 1.6% vs. with a leverage beta of 1.2x and a long term growth of 2.5%, an EBIT margin of 9.5% compared with 8.5% in 2015, we have reduced our Fair Value to EUR29 vs. EUR30 previously.
- At the current share price the stock is trading on 2016e EV/EBITDA of 12x and 11.1x for 2017e compared with an EBITDA CAGR 2015-2018 of 7.5%

NEXT CATALYSTS

- Q1 revenue on 3rd May
- Investor day on 15th September



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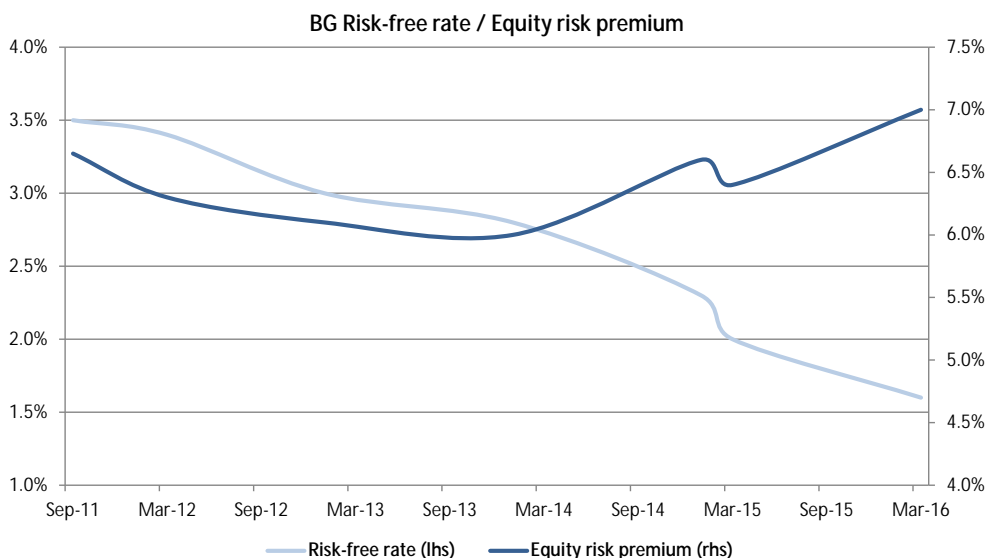
MAIN ASSUMPTIONS

New risk-free rate and equity risk premium

Following the significant moves on European capital markets experienced over the past 12 months, our assumptions for valuation modelling needed to be revisited. On the one hand, we have reduced our risk-free rate from 2.0% to 1.6% and on the other hand, we have raised our equity risk premium from 6.4% to 7.0%.

ANALYSIS

- On one side, we have reduced our risk-free rate, which is based on the 5-year average of the 10Y rates of the five main countries representing companies we cover (France, Germany, Italy, Switzerland and the UK), from 2.0% to 1.6%.
- On the other side, we have increased the equity risk premium from 6.4% to 7.0% to take into account the 9% average rise we have noted over the last 12 months on equity risk premiums for the CAC 40, DJ Stoxx50 and DJ Stoxx600.



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Sector View

Software and IT Services

Accenture Q2 FY16 results: positive read-across for European IT Services companies

	1 M	3 M	6 M	31/12/15
Softw. & Comp. SVS	2.7%	-2.3%	15.8%	-3.3%
DJ Stoxx 600	1.1%	-8.1%	-1.9%	-8.4%
*Stoxx Sector Indices				

Companies covered

ALTEN	SELL	EUR47
Last Price	EUR53,24	Market Cap. EUR1,792m
ALTRAN TECHNOLOGIES	BUY	EUR13
Last Price	EUR11,67	Market Cap. EUR2,052m
ATOS	BUY	EUR93
Last Price	EUR70,82	Market Cap. EUR7,332m
AXWAY SOFTWARE	NEUTRAL	EUR24
Last Price	EUR19,61	Market Cap. EUR403m
CAPGEMINI	BUY	EUR93
Last Price	EUR80,61	Market Cap. EUR13,880m
CAST	BUY	EUR3,9
Last Price	EUR3,55	Market Cap. EUR57m
DASSAULT SYSTEMES	SELL	EUR63
Last Price	EUR68,89	Market Cap. EUR17,686m
INDRA SISTEMAS	BUY	EUR11
Last Price	EUR10,38	Market Cap. EUR1,704m
SAGE GROUP	NEUTRAL	570p
Last Price	616,5p	Market Cap. GBP6,654m
SAP	NEUTRAL	EUR74
Last Price	EUR70,84	Market Cap. EUR87,027m
SOFTWARE AG	BUY	EUR38
Last Price	EUR33,26	Market Cap. EUR2,628m
SOPRA STERIA GROUP	BUY	EUR113
Last Price	EUR103,5	Market Cap. EUR2,116m
SWORD GROUP	BUY	EUR28
Last Price	EUR24,08	Market Cap. EUR225m
TEMENOS GROUP	BUY	CHF53
Last Price	CHF50,1	Market Cap. CHF3,386m

On Thursday last week Accenture reported Q2 FY16 results above guidance and the consensus, and raised FY16 guidance for the second time in a row, thanks to the Consulting division and a lower tax rate. Consulting continue to enjoy positive momentum despite the uncertain economic environment, as demand for digital transformation and IT cost rationalisation remains strong, at the expense of Outsourcing. We believe this publication generates a positive catalyst for Capgemini and Atos.

ANALYSIS

- Q2 FY16 sales and EPS above consensus.** For its Q2 (ending 29th Feb.), Accenture reported sales of USD7.95bn (+12% at cc or est. +10% lfl, vs. +10% at cc in Q1 FY16), or above the top-end of guidance (+6-9% at cc to USD7.5-7.75bn) and 3% ahead of the consensus (USD7.72bn), and, excl. gains from the disposal of Navitaire, diluted EPS was up 24% to USD1.34 (consensus: USD1.18) thanks to a lower tax rate. Consulting was up 18% at cc to USD4.29bn (vs. +15% in Q1 FY16), while Outsourcing was up 6% at cc to USD3.65bn (vs. +4%). North America was up 12% at cc (vs. +11%) with strong double-digit growth in the US, Europe was up 14% at cc (vs. +12%) with double-digit growth in the UK, Spain, Italy, Switzerland and Germany and high single-digit growth in France, and Growth Markets were up 10% at cc (vs. +6%) with strong double-digit growth in Japan and double-digit growth in China and India, and is even growing in Brazil. By industry, the best performers were Communication Media & Technology, Financial Services and Products (+13%), and Health & Public Services (+12%). New bookings were up 2% (+8% at cc) to USD9.55bn (3% above consensus) or a book-to-bill of 1.2x (+17.9% in Consulting to USD5.01bn - book-to-bill 1.17x) -, and down 11.2% in Outsourcing to USD5.54bn - book-to-bill 1.24x). Digital services were up 25%.
- FY16 sales guidance upped, further robust momentum in Consulting.** For FY16, sales are now expected to rise 8-10% cc (vs. 6-9% cc) (est. +6-8% lfl) (consensus: +8.8% at cc), while the company guidance has been fine-tuned to 14.6-14.7% from 14.6-14.8% for the op. margin and upped to USD5.21-5.32 (excl. gains from the sale of Navitaire) from USD5.09-5.24 on EPS, vs. consensus at USD5.21. Consulting continues to enjoy strong momentum driven by digital transformation and cost efficiency, but also and more recently, industry consolidation (M&A). This creates more demand in Digital, Cloud and Security (40% of revenues), but the rest of the business is also growing. This increased interest for new projects is happening at the expense of Outsourcing. However, due to the shift in demand towards digital transformation projects, Consulting benefits from better momentum than previously expected, at the expense of Outsourcing. For Q3 FY16 (May 2016), Accenture projects sales of USD8.1-8.35bn (+7%/+10% at cc) or in line with consensus (USD8.17bn or +8% at cc), Finally, Accenture's global delivery network now accounts for 73% of staff (+3ppt), with GDN headcount up an impressive 21% (vs. +2% for onshore).
- Positive read-across for European IT Services companies.** We consider this publication positive for Capgemini and Atos in the short term. It indicates: 1) Market conditions remain positive, driven by Digital, Cloud and Security, but the economic environment remains as volatile and uncertain as it was 3-6 months ago; 2) Market share gains thanks to Accenture's innovation and competitiveness, which is what Capgemini has been doing as well for a while and what Atos is now doing more actively than it used to - yet "non-digital" services may be under pressure; 3) Even demand for ERP remains solid. We forecast 3.5% lfl sales growth for Capgemini and +0.8% for Atos in 2016.



VALUATION

European IT Services companies: EV/EBIT multiples of 10.3x for 2016e and 9.0x for 2017e.

NEXT CATALYSTS

TCS' 2016 results and IBM's Q1 2016 results on 18th April after markets close.

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Healthcare

Bone Therapeutics

Price EUR18.56

FY2015 results and first positive results in osteoporosis

Fair Value EUR30 vs. EUR29 (+62%)

BUY-Top Picks

Bloomberg	BONE.FP
Reuters	BONE.PA
12-month High / Low (EUR)	23.0 / 15.2
Market Cap (EUR)	127
Avg. 6m daily volume (000)	3.40

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.2%	-3.3%	2.5%	-4.8%
Healthcare	-3.3%	-12.4%	-8.4%	-13.1%
DJ Stoxx 600	1.1%	-8.1%	-1.9%	-8.4%

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

ANALYSIS

- Bone therapeutics has reported FY2015 results with operating income broadly stable vs last year at EUR2.82m, derived primarily from grants and subsidies. R&D expenses stood at EUR12.91m vs. EUR7.96m in 2014 reflecting increased R&D activity and ongoing recruitment in both early and late stage programmes. As a reminder, the company is running two phase III trials and three phase II trials. G&A expenses increased accordingly to EUR3.14m vs EUR1.35m last year, of which EUR1.06m resulted from IPO-related expenses. The operating loss totalled -EUR12.22m while the net loss after financial expenses and a EUR1.33m non-cash impact of convertible bonds was EUR14.09m. Cash and cash equivalents stood at EUR33.61m, offering financial visibility until 2017 year-end.
- Over the course of 2015, Bone Therapeutics successfully delivered on expected milestones communicated at the time of the IPO. Entering 2016, two major clinical milestones are of strong interest in our view, namely the initial results from the osteoporosis trial, communicated alongside FY2015 results, as well as interim results from the Delayed-union phase IIb trial. Moreover, management expects to initiate first trial in the US by the end of the year.
- In a separate press release, Bone Therapeutics announced positive 12-month efficacy results for PREOB in the first seven patients suffering from severe osteoporosis. While primary endpoints of safety and biodistribution were met, a positive effect on clinical symptoms was seen. At six months post-treatment, maximum decrease in pain of more than 40% was assessed after a single IV administration of the company's autologous product vs. 30% within the same timeframe for daily administration of anabolic agents (teriparatide). We are pleased with these results which should enable the company to start active discussions with potential partners in our view. Interesting to note also is that the bone resorption marker decreased shortly following administration while bone formation markers increase continuously over the course of the follow-up.

VALUATION

- We reiterate our BUY rating.
- Our new FV stands at EUR30 vs EUR29. Changes to our equity risk premium and risk free rate assumptions which now stand at 7.0% and 1.6% respectively vs 6.4% and 2.0% previously, have dented our FV by EUR3. On the other hand, raising our PoS from 10% to 20% for the osteoporosis trial adds EUR4.

NEXT CATALYSTS

- Today 01:30pmCET: conference call on FY2015 results
- H1 2016: interim results from the delayed-union phase II trial

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Healthcare

Celyad

Price EUR39.72

R&D day highlights rationale of CAR-T program

Fair Value EUR77 vs. EUR81 (+94%)

BUY

Bloomberg	CARD.BB
Reuters	CARD.BB
12-month High / Low (EUR)	69.5 / 29.5
Market Cap (EURk)	369,906
Avg. 6m daily volume (000)	32.10

	1 M	3 M	6 M	31/12/15
Absolute perf.	12.8%	-15.3%	10.9%	-17.9%
Healthcare	-3.3%	-12.4%	-8.4%	-13.1%
DJ Stoxx 600	1.1%	-8.1%	-1.9%	-8.4%

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

ANALYSIS

- Celyad hosted its R&D Day during which the emphasis was placed on its early stage and promising Immune-Oncology assets. Rationale behind NKG2D is strong and KOL highlighted the ability of the platform to address both liquid and solid tumours.
- The main takeaway from the meeting was that Celyad should be able to disclose preliminary results by the end of June ("2nd half of June"). The phase I/IIa trial is currently recruiting its third cohort. F. Lehmann, head of I-O at Celyad pinpointed that the low starting dose in the phase I/IIa trial might not be enough to have interesting results yet in all three types of liquid tumors (AML, ALL and MM). Complete results are expected by the end of the year and should be of greater interest. Celyad is currently conducting further pharmacokinetic studies for its NKG2D platform (bio-epidemiologic studies on the expression of ligands as well as combination trials with other I-O therapies such as PD1-PD-L1 in preclinical models). We would expect clinical trials in solid tumors to begin by the end of 2016.
- The recent signing of a partnership with the Institut Curie highlights the interest of the research community for the platform and should enable Celyad to better assess which type of cancer might be of interest for future developments. We do not rule out that other collaboration agreement or partnership with Pharma might occur during the course of the year as it seems to be a priority for the company and a point management insisted on during the presentation.
- While it might be too early to accurately position CAR -T in the future treatment paradigm, Celyad benefits from a broad patent estate and has deep knowledge on manufacturing of cell therapies. As a reminder, it takes only eight days for the company to produce an autologous platform while other players in the CAR-T and stem cell therapy space have a manufacturing period of up to 2 to 4 weeks. Note that by 2017, the company should bring to the clinic its first allogeneic product candidate.

VALUATION

- We reiterate our BUY rating
- Our new FV stands at EUR77 vs EUR81 and reflects changes in our equity risk premium and risk free rate assumptions which now stand at 7.0% and 1.6% respectively vs 6.4% and 2.0% previously.

NEXT CATALYSTS

- H1 2016: CHART-1 results in CHF. Following results, management should evaluate all strategic options before initiation of phase III trial, CHART-2 in the US.
- June 2016: preliminary results from phase I/IIa trial in liquid tumours

[Click here to download](#)Hugo Solvet, hsolvet@bryangarnier.com

TMT

Gameloft

Price EUR7.30

Gameloft board unanimously recommends rejecting Vivendi's EUR7.20/share offer

Fair Value EUR6.7 (-8%)

BUY

Bloomberg	GFT.FP
Reuters	GLFT.PA
12-month High / Low (EUR)	7.5 / 3.2
Market Cap (EUR)	627
Avg. 6m daily volume (000)	376.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	7.2%	15.9%	126.0%	20.5%
Softw. & Comp.				
SVS	2.7%	-2.3%	15.8%	-3.3%
DJ Stoxx 600	1.1%	-8.1%	-1.9%	-8.4%

	2014	2015e	2016e	2017e
P/E	NS	NS	33.7x	24.3x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Unsurprisingly, the Gameloft board unanimously recommends rejecting Vivendi's EUR7.20/share offer. The board feels the offer undervalues Gameloft significantly, especially when compared to recent multiples used by Activision Blizzard in its purchase of King Digital Entertainment. The board also feels the proposed merger isn't likely to create substantial synergies for Gameloft or its holders.
- As a reminder, Vivendi owns 25,649,006 Gameloft shares, i.e. 29.86% of the share capital and 26.63% of voting rights. The Guillemot family owns 18,341,890 Gameloft shares, i.e. 21.35% of the capital and 29.36% of voting rights.
- We maintain that Gameloft's mid-term outlook deserves more than EUR7.2 per share. 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 estimate a fair offer in the range of EUR7.2-8.4 to really convince shareholders to tender their shares.

VALUATION

- We reiterate our Buy rating and FV of EUR6.7. We estimate a fair offer in the range of EUR7.2-8.4.

NEXT CATALYSTS

- Q1 sales: 28th April (after trading).

[Click here to download](#)Richard-Maxime Beaudoux, rmbeaudoux@bryangarnier.com

Construction & Building Materials

LafargeHolcim

Price CHF42.73

Interview with Eric Olsen on Bloomberg

Fair Value CHF50 (+17%)

BUY

Bloomberg	LHN VX
Reuters	LHN.VX
12-month High / Low (CHF)	72.9 / 34.1
Market Cap (CHFm)	25,933
Avg. 6m daily volume (000)	2,171

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.6%	-14.2%	-13.5%	-15.0%
Cons & Mat	3.5%	-1.9%	6.0%	-2.9%
DJ Stoxx 600	1.1%	-8.1%	-1.9%	-8.4%

	2014	2015e	2016e	2017e
P/E	20.7x	25.7x	17.9x	12.2x
Div yield (%)	3.0%	3.5%	4.1%	4.7%

ANALYSIS

- In an interview on Bloomberg LH CEO Eric Olsen recalls the three aspects of the investment case.
- Firstly, the slowdown in certain emerging markets like China has been offset by robust growth in other emerging countries such as India, Indonesia, the Philippines and Vietnam and actually Eric Olsen stated "Our volumes in emerging markets are fantastic". The unique geographical diversification through 90 countries is of course a key strength in an uncertain environment.
- Eric Olsen also confirmed that the Chinese slowdown has not affected LH business in Africa/Middle East, LatAm or North America, although this was certainly a concern for investors.
- Finally, Mr Olsen stated that the pending disposal of certain Indian Assets (c11mt of capacity), mandatory in order to comply with anti-trust demand, "will be sealed in three to four months", i.e. in mid-2016, similar to what was communicated at the 2015 results presentation. An attractive price would reinforce the Indian cement market outlook.
- In all nothing new but this confirms **1)** LH business is headed in the right direction; **2)** Chinese global risk has apparently been overplayed by the market; **3)** The Indian disposal could turn out to be a positive catalyst after all (according to the local website Business Standard on 22nd March 2016, the assets are valued at USD1.647bn, i.e. USD153 per ton but no official valuation has been released).

VALUATION

- CHF50 derived from the application of historical multiples to our 2017 est., discounted back.

NEXT CATALYSTS

- Q1 2016 results on 12th May 2016

[Click here to download](#)Eric Lemarié, elemarie@bryangarnier.com

Sector View

Telecom services

Orange - Bouygues: final talks

	1 M	3 M	6 M	31/12/15
Telecom	0.2%	-6.8%	-5.3%	-7.1%
DJ Stoxx 600	2.6%	-8.5%	-4.1%	-8.4%

*Stoxx Sector Indices

Companies covered

ILIAD	BUY	EUR270
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According to French financial daily, Les Echos, Bouygues has scheduled a Board meeting for Wednesday. A deal could be announced by Thursday, but "nothing is done yet", an executive said. Teams have been working throughout the weekend.

ANALYSIS

- Talks over Bouygues Telecom's valuation and Bouygues's stake in Orange remain difficult according to an article in Les Echos. On Friday, Le Figaro reported that divergences still existed over the EUR10bn valuation of Bouygues Tel and the share price on which to calculate Orange's valuation. Emmanuel Macron said he was not prepared to overpay for Bouygues Telecom in order for the consolidation to take place.
- According to Les Echos, NC-SFR would get more frequencies than initially anticipated, which could justify a price closer to EUR4bn rather than EUR3bn in our view, and between 1,500 and 2,000 people. In addition to network infrastructures, Free would get shops, together with 2,000 people, but this point is still being negotiated.
- Le Figaro states that Bouygues would take on the fiscal impact of the operation, and could also get some employees back.

VALUATION

- We stick to our Fair Value of EUR270 for Iliad.

NEXT CATALYSTS

- Bouygues' board meeting on Wednesday 30th March.

[Click here to download](#)

Thomas Coudry, tcoudry@bryangarnier.com

BG's Wake Up Call

Bryan Garnier stock rating system

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Stock rating

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

Distribution of stock ratings

BUY ratings 64.4%

NEUTRAL ratings 28.1%

SELL ratings 7.4%

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