Please find our Research on Bloomberg BRYG <GO>)

11th April 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	32170.97	+83.39%	+84.63%
S&P 500	2047.6	+0.28%	+0.18%
Nasdaq	4850.69	+0.05%	-3.13%
Nikkei	15821.52	+0.46%	-16.88%
Stoxx 600	331.855	+1.15%	-9.28%
CAC 40	4303.12	+1.35%	-7.20%
Oil /Gold			
Crude WTI	37.37	0.00	+0.46%
Gold (once)	1241.57	+0.10%	+16.87%
Currencies/Rates			
EUR/USD	1.14075	+0.22%	+5.01%
EUR/CHF	1.0873	+0.05%	-0.01%
German 10 years	0.097	+11.42%	-84.74%
French 10 years	0.369	+1.12%	-62.37%
Euribor	-0.248	+0.41%	+89.31%

Economic releases :

Date	
11th-Apr	CNY - CPI Mar. Y/Y (2.3% A, 2.4% E) IT - Industrial Prod. (3.9% E y/y)

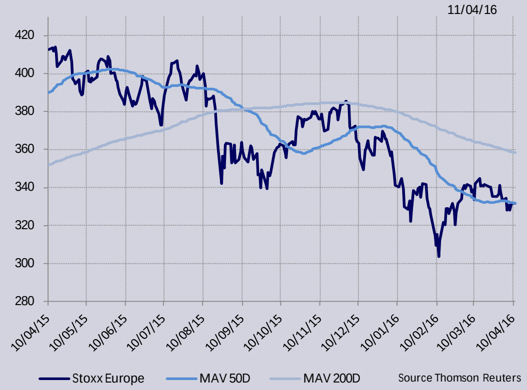
Upcoming BG events :

Date	
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)
15th-Jun	GENMAB (BG Paris roadshow)

Recent reports :

Date	
8th-Apr	Nicox A visible decrease in pressure... (CORPORATE, FV EUR14)
6th-Apr	EDP Renovaveis : Renewables, what else?
4th-Apr	GAMELOFT : Nothing to gain by tendering your GFT shares now!
29th-Mar	IPSEN Cabozantinib makes Ipsen a different story
23rd-Mar	AMOEBA It's getting closer!
23rd-Mar	Feedback from our TMT Conference in Paris

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



ALTICE — BUY Coverage initiated, Fair Value EUR16.3 (+17%)

Diversification is key

We are initiating coverage of Altice with a Buy recommendation and a Fair Value of EUR16.3. We believe the share price over estimates the uncertainty on the French market and does not reflect opportunities prompted by expansion in Portugal and the US sufficiently well. Altice is highly indebted, but it can prove the efficiency of its model by levering up the diversification of geographical locations and markets where it operates.

NUMERICABLE SFR — NEUTRAL Coverage initiated, Fair Value EUR28.4 (-4%)

EBITDA or EBITDA margin, that is the question (Full report will be published today)

We are initiating coverage of Numericable-SFR with a Neutral recommendation and Fair Value of EUR28.4. We are forecasting a still difficult year in 2016 for the group, but expect a recovery by 2017 driven by renewed investments and the change in management. But market consolidation will not be there to help.

DIALOG SEMICONDUCTOR — BUY, Fair Value EUR39 (+13%)

The group might accelerate R&D investments to catch upcoming opportunities

While we expect 2016 to be a transition year for Dialog, we continue to see numerous opportunities for the group over the mid/long-term. However, to catch these opportunities we believe that the company will accelerate its investments in R&D which may lead to higher operating expenses. As a result, we adjust our model to integrate higher research costs which implies a cut of 2% on average in our EPS for FY16/17/18e. We maintain our Buy rating and FV of EUR39.

PRADA — NEUTRAL, Fair Value HKD37 (+44%)

FY15 Results missed expectations as the group continued to face huge margin headwinds

Ahead of the FY15 results presentation which is hosted today in New York (11am NY time/5pm Paris time), Prada released FY15 results on Friday. These fell short of expectations. The EBITDA margin came in at EUR803m (CS: EUR830m), representing a margin decline of 430bp to 22.6%. Low double-digit SSS decline and price adjustments towards the end of the year have significantly squeezed profitability, pending the first positive results from the cost-cutting measures. During the presentation, management should come back more in details on these initiatives and give a glimpse into current trading. Neutral recommendation confirmed.

SAP — NEUTRAL, Fair Value EUR73 (+8%)

Preliminary Q1 16 results below expectations, FY16 guidance reiterated

On Friday night SAP pre-announced Q1 16 results below expectations, but reiterated FY16 guidance amidst of a strong start in Q2 and the expectation of increasing momentum as the year progresses. While Q4 15 benefited from intense licence sales activity (+11% lfl), Q1 16 licence sales were down 10% lfl due to: 1). Continuing political and economic instability in Latin America; 2). A slower-than-anticipated start to the year in North America. Cloud subscriptions performed in line with expectations. As such, we expect a slightly negative reaction in the near term.

UBISOFT — BUY, Fair Value EUR34 (+27%)

We reflect The Division and Far Cry Primal successes in our model

As at end-March Tom Clancy's The Division continues to experience strong sales and Far Cry Primal is well received by gamers, we reflect in our model what we wrote in our previous notes. We have increased our FY16/19e EPS sequence by +5.4% on average. Both games should be well ranked in the next NPD release (US Top 10 sellers in March). We maintain our Buy rating and FV of EUR34 (our FV is a minimum price for a potential public offer). The group boasts positive momentum.

VINCI — BUY, Fair Value EUR72 vs. EUR70 (+11%)

CFO roadshow in Luxembourg feedback. Still a Buy. FV EUR72 vs EUR70.

Vinci's profile remains solid, despite a tough environment in France in civil works and non res for public clients, which put pressure on Contracting margins last year. Don't expect a massive rebound in 2016, which will remain a transition year but the cycle should gradually improve. Besides, regular positive newsflow should underpin the share price: steady toll roads traffic, the Grand Paris projects, M&A in Vinci Energies, new airport projects, well-oriented new res market (Pinel extended) and better margins in Contracting. Buy reiterated. Fair Value adjusted to EUR72 vs EUR70.

In brief...

AEGON, *Sale of two-thirds of the UK annuity portfolio*

ROCHE, *Atezolizumab gets second priority review*

TMT | 11th April 2016

Altice

Price EUR13.97

Diversification is key (full report will be published today)

Fair Value EUR16.3 (+17%)

BUY

Coverage initiated

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	32.2 / 10.0
Market Cap (EURm)	15,282
Ev (BG Estimates) (EURm)	50,843
Avg. 6m daily volume (000)	2,642
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.3%	-1.9%	-29.6%	5.4%
Telecom	-3.3%	-6.1%	-5.8%	-9.2%
DJ Stoxx 600	-1.7%	-2.8%	-8.2%	-9.3%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	3,935	14,550	20,086	23,173
% change			*38.0%*	*15.4%*
EBITDA	1,496	5,494	7,865	9,231
EBIT	0.0	0.0	0.0	0.0
% change				
Net income	-533.0	-219.7	222.5	1,282
% change		*58.8%*	*NS*	

	2014	2015e	2016e	2017e
Operating margin	4.5	8.4	18.0	20.3
Net margin	-13.5	-1.5	1.1	5.5
ROE	-20.3	-11.1	-0.8	18.6
ROCE	0.2	1.0	2.0	5.6
Gearing	375.5	693.0	782.1	635.3

(EUR)	2014	2015e	2016e	2017e
EPS	-1.80	-0.28	-0.02	0.74
% change	-	*84.3%*	*92.0%*	*NS*
P/E	NS	NS	NS	18.8x
FCF yield (%)	63.2%	0.2%	NM	7.5%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	8.8x	3.5x	3.2x	2.8x
EV/EBITDA	23.3x	9.3x	8.3x	6.9x
EV/EBIT	NS	NS	NS	NS

We are initiating coverage of Altice with a Buy recommendation and a Fair Value of EUR16.3. We believe the share price over estimates the uncertainty on the French market and does not reflect opportunities prompted by expansion in Portugal and the US sufficiently well. Altice is highly indebted, but it can prove the efficiency of its model by levering up the diversification of geographical locations and markets where it operates.

ANALYSIS

- Following a first set of mixed results for France and the first trends in Portugal, we expect a **reaction from the group** testifying to its ability to **create value over the long term**. In particular, we are **very confident in its expansion in the US**, which in our view helps the group diversify operating risk by investing in a market close to its historical core business.
- We are forecasting pro-forma sales down **1.4% over 2016**, vs stable in 2015, due to Portugal and France especially, followed by a **return to sales growth as of 2017**. We estimate adjusted pro-forma EBITDA growth at **4.5% for 2016** (in line with guidance), and expect **an adjusted pro-forma EBITDA margin of 43.1% to be reached in 2018**, **500bp** higher than the 2015 rate.
- **The group's net debt is high** at EUR35.5bn (**before Cablevision) at 5.5x 2015 EBITDA**, and presents a **significant refinancing risk** that we have factored into our valuation and which therefore weighs on our Fair Value.

VALUATION

- We have calculated a **Fair Value for Altice of EUR16.3**, stemming from a **DCF valuation of EUR18.6** and an **SOTP valuation of EUR14.1**, driven especially by a valuation of the North-American business at 10x EBITDA.

NEXT CATALYSTS

- Q1 2016 results on May 10^{th}.

Click here to download

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TMT

11th April 2016

Numericable SFR

Price EUR29.50

EBITDA or EBITDA margin, that is the question (Full report will be published today)

Fair Value EUR28.4 (-4%)

NEUTRAL

Coverage initiated

Bloomberg	NUM FP
Reuters	NUME.PA
12-month High / Low (EUR)	48.0 / 28.1
Market Cap (EURm)	12,928
Ev (BG Estimates) (EURm)	27,324
Avg. 6m daily volume (000)	280.5
3y EPS CAGR	17.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-11.8%	-22.4%	-16.6%	-11.9%
Telecom	-3.3%	-6.1%	-5.8%	-9.2%
DJ Stoxx 600	-1.7%	-2.8%	-8.2%	-9.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	11,039	10,808	10,886	11,054
% change		*-2.1%*	*0.7%*	*1.6%*
EBITDA	3,860	3,982	4,171	4,402
EBIT	0.0	0.0	0.0	0.0
% change				
Net income	682.0	649.3	821.8	1,102
% change		*-4.8%*	*26.6%*	*34.1%*

	2015	2016e	2017e	2018e
Operating margin	11.7	14.9	16.6	19.5
Net margin	6.2	6.0	7.5	10.0
ROE	15.9	13.0	14.2	16.0
ROCE	2.8	4.7	5.2	6.2
Gearing	337.5	292.8	239.5	187.2

(EUR)	2015	2016e	2017e	2018e
EPS	1.45	1.37	1.74	2.35
% change	-	*-5.2%*	*27.0%*	*34.5%*
P/E	20.4x	21.5x	16.9x	12.6x
FCF yield (%)	5.8%	0.0%	4.7%	6.8%
Dividends (EUR)	5.40	0.00	0.00	0.00
Div yield (%)	18.3%	NM	NM	NM
EV/Sales	2.5x	2.5x	2.5x	2.3x
EV/EBITDA	7.1x	6.9x	6.4x	5.8x
EV/EBIT	NS	NS	NS	NS

We are initiating coverage of Numericable-SFR with a Neutral recommendation and Fair Value of EUR28.4. We are forecasting a still difficult year in 2016 for the group, but expect a recovery by 2017 driven by renewed investments and the change in management. But market consolidation will not be there to help.

ANALYSIS

- NC-SFR had a mixed year in 2015 due to **a strong focus on the EBITDA rate to the detriment of customer volumes** and hence the overall EBITDA generated further out. The impact of this strategy is likely to be felt over **2016, with sales set to drop a further 2.1% vs. -3.5% in 2015, and an increase in adjusted EBITDA of 3% after 20% in 2015.**
- The **relaunch of investments** initiated at the end of 2015, recent **management changes** and the associated **change in strategy and governance**, should help inverse the sales curve as of 2017. We are forecasting a **return to sales growth of 0.7% in 2017**, with a stabilised mobile network especially, and a recovery in the BtoB and wholesale businesses.
- We are forecasting **EBITDA of EUR4.400bn out to 2018**, with a level of **capex stabilised at EUR2bn,** after a catching up in 4G investments.
- Despite the need for refinancing, debt of **3.73x 2015 EBITDA looks sustainable** given the level of cash flow generated by the business, and we also believe that the need to move cash up to the holding company level is a good **dividend opportunity** for shareholders.

VALUATION

- Our DCF valuation yields a **Fair Value of EUR28.4** for NC-SFR, namely a discount of 3.1% relative to the current share price and a multiple of **7.2x our 2016e adjusted EBITDA**.

NEXT CATALYSTS

- Q1 2016 results on May 10th.

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TMT

Dialog Semiconductor

Price EUR34.54

The group might accelerate R&D investments to catch upcoming opportunities

Fair Value EUR39 (+13%) **BUY**

Bloomberg	DLG GR
Reuters	DLGS.DE
12-month High / Low (EUR)	53.3 / 24.4
Market Cap (EUR)	2,690
Ev (BG Estimates) (EUR)	1,953
Avg. 6m daily volume (000)	13.50
3y EPS CAGR	10.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.2%	28.3%	-9.5%	10.6%
Semiconductors	4.0%	11.0%	5.0%	-1.4%
DJ Stoxx 600	-1.7%	-2.8%	-8.2%	-9.3%

YEnd Dec. (USDm)	2015	2016e	2017e	2018e
Sales	1,355	1,381	1,619	1,754
% change		*1.9%*	*17.2%*	*8.3%*
EBITDA	360	359	438	477
EBIT	317.7	291.3	365.6	404.9
% change		*-8.3%*	*25.5%*	*10.7%*
Net income	238.4	214.8	282.0	312.3
% change		*-9.9%*	*31.3%*	*10.7%*

	2015	2016e	2017e	2018e
Operating margin	23.4	21.1	22.6	23.1
Net margin	17.6	15.6	17.4	17.8
ROE	17.3	14.9	16.3	16.0
ROCE	46.9	46.4	59.2	64.7
Gearing	-54.0	-61.1	-66.6	-71.4

(USD)	2015	2016e	2017e	2018e
EPS	3.02	2.80	3.67	4.07
% change	*-*	*-7.3%*	*31.3%*	*10.7%*
P/E	11.4x	12.3x	9.4x	8.5x
FCF yield (%)	9.0%	6.9%	8.4%	10.0%
Dividends (USD)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	1.6x	1.4x	1.1x	0.8x
EV/EBITDA	5.9x	5.4x	4.0x	3.1x
EV/EBIT	6.7x	6.7x	4.7x	3.6x

While we expect 2016 to be a transition year for Dialog, we continue to see numerous opportunities for the group over the mid/long-term. However, to catch these opportunities we believe that the company will accelerate its investments in R&D which may lead to higher operating expenses. As a result, we adjust our model to integrate higher research costs which implies a cut of 2% on average in our EPS for FY16/17/18e. We maintain our Buy rating and FV of EUR39.

ANALYSIS

- **2016 is a transition year, but opportunities remain in the mid-term.** While the group remains strongly tied to Apple's momentum, we believe diversification remains a key topic at Dialog. It was the main driver of the acquisition of Atmel and the failure of the deal is likely to lead the group to adopt a new strategy to accelerate diversification organically and boost top line growth. Early March, the group had been clearer regarding its strategy for M&A: Dialog is now looking for smaller acquisition (vs. Atmel) and prefers to take time to find the right opportunity rather than focusing on a diversification fast track. As a result, the group may play two different strategies at the same time: 1/ focus on the acceleration of customer recruitment and 2/ boosts content per chip in order to increase the average selling price (ASP) per chip. Regarding the ASP, we believe there is a good chance to see the group increasing it investments in R&D since opportunities remain strong in the segments where Dialog operates, namely the analog market. In terms of content per chip, we identify some opportunities in different applications such as audio, wireless and wireless charging which are mixed-signal technologies falling right into Dialog's expertise. First, regarding audio, note that the group used to sell low to mid-range PMIC equipped with audio capabilities and it would make sense to leverage this historical knowledge to approach the dynamic Chinese players with an all-in-one cost-efficient product (also for IoT). Then, we see the latest iPad Pro teardowns as an indication of what might come to smartphone in the coming years, i.e. multiple Power Management (PM) chips as PM complexity increases with Application Processor rapid evolution. In our view, by splitting the Power Management IC into two different chips in the two iPad Pro, Dialog can handle higher power requirement while keeping decent thermal level but this adds to the complexity of the PMIC system and drives higher ASP. Another source of incremental revenue per phone could come from BT LE implemented into high volume smartphones. Finally, we see another opportunity coming thanks to the move to wireless charging. The group could leverage this new technology by integrating directly into the PMIC a wireless charging receiver and increase content per chip.
- **We update ou model on Dialog and apply adjustments in seasonality and R&D spending.** During Q1-16, the smartphone supply chain has been deeply impacted by a slowdown in demand that began in December 2015. As a result, January was particularly weak but the environement started to improve through February and we believe the situation is now stabilizing. We have even started to see positive newsflow regarding the smartphone market very recently. According to the initial feedback, the iPhone SE enjoyed a warm welcome and is rumoured to generate descent sales. In addition, the Samsung Galaxy S7 strong start fuels hopes in the smartphone segment. While Dialog's momentum is still closely tied to Apple's one, we believe the group is constantly looking for diversification which is likely to lead it to accelerate its investments in R&D (as detailed above) and to increase its OPEX from 2016. Usually, OPEX at Dialog show a strong seasonality but we think that it might be different in 2016 due to a longer term view on R&D program. As a result, we adjust our expectations with higher OPEX for FY16/FY17/FY18 (Operating margin 21.1%/22.6%/23.1% for FY16/17/FY18e respectively vs. 22.7%/22.8%/23.1%), while we slightly adjust upward our top line growth estimate for FY18 (+8% growth vs. +7% used previously). Overall, our changes lead to an 2% cut in EPS on average over the next three years.

VALUATION

- Based on our estimates, the share is trading on 2016e EV/EBIT of 6.7x and 2016e P/E of 12.3x. Over 2016/18e our estimates show average annual EPS growth of 10.4%, pointing to 2016e PEG of 1.3x.

NEXT CATALYSTS

- May 4th 2016, Q1-16 results.

Our new scenario

Return to front page

[USDm]	1Q16e	2Q16e	3Q16e	4Q16e	FY16e	FY17e	FY18e
Total Group	**242**	**254**	**351**	**533**	**1381**	**1619**	**1754**
Q/Q growth	*-39.0%*	*5.0%*	*38.0%*	*51.9%*	*1.9%*	*17.2%*	*8.3%*
Y/Y growth	*-22.1%*	*-19.6%*	*6.3%*	*34.3%*	*1.9%*	*17.2%*	*8.3%*
Cost of goods sold	-133	-139	-189	-284	-745	-873	-945
Gross margin	**45.2%**	**45.5%**	**46.2%**	**46.7%**	**46.1%**	**46.1%**	**46.1%**
SG&A	-41	-40	-41	-46	-169	-162	-156
R&D	-53	-54	-58	-60	-225	-283	-302
Other operating income	10	10	11	17	48	65	54
Adj. EBIT	**25**	**32**	**74**	**160**	**291**	**366**	**405**
adj. operating margin	*10.5%*	*12.5%*	*21.1%*	*29.9%*	*21.1%*	*22.6%*	*23.1%*
EBIT	16	22	63	143	244	303	352
operating margin	*6.6%*	*8.7%*	*17.9%*	*26.8%*	*17.7%*	*18.7%*	*20.1%*
Net financial result	-1	-1	0	-1	-3	-2	-2
Income tax	-4	-6	-18	-33	-62	-68	-79
tax rate	*-28.5%*	*-28.5%*	*-28.5%*	*-23.5%*	*-25.5%*	*-22.5%*	*-22.5%*
Adj. Net income (loss)	**20**	**25**	**56**	**125**	**215**	**282**	**312**
Net income (loss)	11	15	45	108	180	233	272
Diluted adjusted EPS	**0.27**	**0.33**	**0.73**	**1.63**	**2.80**	**3.67**	**4.07**

Sources: Bryan, Garnier & Co. ests.

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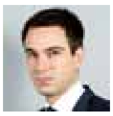

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Luxury & Consumer Goods

Prada

Price HKD25.65

FY15 Results missed expectations as the group continued to face huge margin headwinds

Fair Value HKD37 (+44%) **NEUTRAL**

Bloomberg	1913 HK
Reuters	1913.HK
12-month High / Low (HKD)	45.5 / 20.4
Market Cap (HKD)	65,634
Ev (BG Estimates) (HKD)	65,124
Avg. 6m daily volume (000)	1 235
3y EPS CAGR	2.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.8%	20.4%	-21.7%	6.4%
Pers & H/H Gds	-0.5%	4.1%	-1.8%	-2.2%
DJ Stoxx 600	-1.7%	-2.8%	-8.2%	-9.3%

YEnd Jan. (EURm)	01/15	01/16e	01/17e	01/18e
Sales	3,552	3,548	3,661	3,841
% change		*-0.1%*	*3.2%*	*4.9%*
EBITDA	954	803	908	1,018
EBIT	701.6	502.9	633.4	729.9
% change		*-28.3%*	*26.0%*	*15.2%*
Net income	450.7	328.6	419.7	488.1
% change		*-27.1%*	*27.7%*	*16.3%*

	01/15	01/16e	01/17e	01/18e
Operating margin	19.8	14.2	17.3	19.0
Net margin	12.7	9.3	11.5	12.7
ROE	15.0	11.1	13.9	15.6
ROCE	16.2	11.5	14.4	16.8
Gearing	-6.3	-1.9	-5.4	-9.9

(EUR)	01/15	01/16e	01/17e	01/18e
EPS	0.18	0.13	0.16	0.19
% change	*-*	*-27.1%*	*27.7%*	*16.3%*
P/E	16.5x	22.6x	17.7x	15.2x
FCF yield (%)	1.6%	2.2%	5.5%	6.4%
Dividends (EUR)	0.11	0.11	0.12	0.14
Div yield (%)	3.8%	3.8%	4.1%	4.8%
EV/Sales	2.0x	2.1x	2.0x	1.8x
EV/EBITDA	7.6x	9.2x	8.0x	7.0x
EV/EBIT	10.3x	14.6x	11.4x	9.7x

Ahead of the FY15 results presentation which is hosted today in New York (11am NY time/5pm Paris time), Prada released FY15 results on Friday. These fell short of expectations. The EBITDA margin came in at EUR803m (CS: EUR830m), representing a margin decline of 430bp to 22.6%. Low double-digit SSS decline and price adjustments towards the end of the year have significantly squeezed profitability, pending the first positive results from the cost-cutting measures. During the presentation, management should come back more in details on these initiatives and give a glimpse into current trading. Neutral recommendation confirmed.

ANALYSIS

- **FY15 net revenues virtually stable at EUR3,548m (-7.7% FX-n)** were pre-announced on 17th February. In **Retail**, sales fell 5.3% FX-n, implying similar adverse trends in Q4 (-6.5%e) than in Q3
(-8%). The headwinds remained **Asia-Pacific** (38% of retail sales: -10%e in Q4, -16% in 2015) and the **Americas** (~13% of retail sales: -12%e in Q4, -9% in 2015), whilst the pace of growth in **Europe** was in line with Q3 (Q4: +2%e / 2015: +5%). **Wholesale** sales dropped by approx. 22.5%e in 2015 (Q4: -25%e) given the harmful rationalisation strategy (US and Europe).

- **Prada's margins reached a six-year low.** Yet the gross margin increased by 60bp to 72.4%, driven by efficiency gains throughout the production and supply chain. The 90bp-decrease in Q4 (vs. +110bp in 9M) is explained by price adjustments in China over Q4 to reduce the price gap. The retail expansion (24 net openings to 618 DOS) combined with a low-double-digit same-store sales decline have dramatically weighed on the profitability, highlighted by the 500bp increase in selling costs to 42.8%. Consequently the **EBITDA margin** fell by 430bp to 22.6% whilst the **EBIT margin** dropped by 560bp to 14.2%, close to the profitability level achieved in 2009 (EBIT margin: 12%). Last but not least, **net income** reached EUR331m (-27%).

- **Net debt of EUR115m at end January 2016 vs. NCP of EUR189m the prior year.** Following the profitability decrease and capex investments of EUR390m (o/w EUR175m dedicated to *Retail*), Prada now has a net debt of EUR115m. It is worth noting that the group decided to leave the dividend unchanged at 0.11¢/share.

Prada 2015 Results:

EURm	2014	2015	% change
Net revenues	3,551.7	3,547.8	*-0.1*
Gross Profit	2,550.6	2,567.6	*0.7*
Gross Margin – %	71.8	72.4	*+60bp*
EBITDA	**954.2**	**802.8**	***-15.9***
EBITDA margin – %	26.9	22.6	*-430bp*
EBIT	**701.6**	**502.9**	***-28.3***
EBIT margin – %	19.8	14.2	*-560bp*
Net income	**450.7**	**330.9**	***-27.1***

Source: Company Data

- **Outlook for 2016: very low visibility.** Management has implemented some key initiatives to relaunch the Prada brand and adjust costs, but in our view it is too early to see the first positive results in the ST, all the more since the luxury market environment remains quite tough (Asia, US, less tourist flows to Europe). Hence we doubt that management would give any precise guidance for 2016, but they will certainly go into detail on the initiatives to revitalize the top line growth and to reduce costs.

VALUATION

- Pending the FY15 results presentation today (11am NY time / 5pm Paris time), we leave our FY16 assumptions unchanged. Neutral recommendation reiterated. The stock trades at 11.4x 2016e EV/EBIT, in line with our luxury sample average excluding Hermès (11.3x).

NEXT CATALYSTS

- FY15 results presentation today // Q1 16 Results on June 12th 2016.

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TMT

SAP

Price EUR67.51

Preliminary Q1 16 results below expectations, FY16 guidance reiterated

Fair Value EUR73 (+8%) **NEUTRAL**

Bloomberg	SAP GR
Reuters	SAPG.DE
12-month High / Low (EUR)	74.9 / 55.9
Market Cap (EUR)	82,936
Ev (BG Estimates) (EUR)	85,690
Avg. 6m daily volume (000)	3 083
3y EPS CAGR	6.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.7%	-5.0%	13.5%	-8.0%
Softw.& Comp.	0.6%	-0.9%	9.3%	-5.6%
DJ Stoxx 600	-1.7%	-2.8%	-8.2%	-9.3%

YEnd Dec. (€m)	2015	2016e	2017e	2018e
Sales	20,798	21,562	22,923	24,494
% change		*3.7%*	*6.3%*	*6.9%*
EBITDA	6,884	7,002	7,352	7,963
EBIT	4,251	5,052	5,537	6,108
% change		*18.8%*	*9.6%*	*10.3%*
Net income	4,660	4,978	5,183	5,554
% change		*6.8%*	*4.1%*	*7.2%*

	2015	2016e	2017e	2018e
Operating margin	30.5	29.9	29.5	29.9
Net margin	14.8	17.7	18.0	18.4
ROE	13.2	14.9	14.6	14.4
ROCE	18.5	18.5	19.2	21.0
Gearing	24.7	10.7	-1.7	-12.7

(€)	2015	2016e	2017e	2018e
EPS	3.69	3.95	4.11	4.40
% change	-	*6.8%*	*4.1%*	*7.2%*
P/E	18.3x	17.1x	16.4x	15.3x
FCF yield (%)	3.6%	5.6%	5.9%	6.3%
Dividends (€)	1.15	1.20	1.30	1.40
Div yield (%)	1.7%	1.8%	1.9%	2.1%
EV/Sales	4.3x	4.0x	3.6x	3.2x
EV/EBITDA	12.9x	12.2x	11.2x	9.9x
EV/EBIT	14.0x	13.3x	12.2x	10.8x

On Friday night SAP pre-announced Q1 16 results below expectations, but reiterated FY16 guidance amidst of a strong start in Q2 and the expectation of increasing momentum as the year progresses. While Q4 15 benefited from intense licence sales activity (+11% lfl), Q1 16 licence sales were down 10% lfl due to: 1). Continuing political and economic instability in Latin America; 2). A slower-than-anticipated start to the year in North America. Cloud subscriptions performed in line with expectations. As such, we expect a slightly negative reaction in the near term.

ANALYSIS

- **Q1 16 results below expectations**. For Q1 16, on a non-IFRS basis, SAP pre-announced sales up 6% lfl to EUR4.73bn (BG est.: EUR4.73bn; consensus: EUR4.82bn), Cloud & Software revenues up 6% lfl to EUR3.85bn (BG est.: EUR3.88bn or +8.4% lfl; consensus: EUR3.97bn or +8.7% lfl), cloud subscriptions revenues up 33% lfl to EUR0.68bn (BG est.: EUR0.65bn or +32% lfl; consensus: EUR0.68bn or +33% lfl), licence sales down 10% lfl to EUR0.61bn (BG est.: EUR0.68bn; consensus: EUR0.70bn), and an operating profit of EUR1.10bn (23.3% of sales vs. 23.5% in Q1 15) vs. BG est. of EUR1.11bn (23.6% of sales) and consensus of EUR1.13bn (23.6%). At cc, non-IFRS op. profit was up 4% to EUR1.10bn (margin down 0.4ppt). IFRS operating profit was up 28% to EUR0.81bn, while we expected EUR0.83bn (consensus: EUR0.77bn). Finally, non-IFRS EPS was up 9% to EUR0.64 or 6% below our forecast (EUR0.68) and 7% behind consensus (EUR0.69).
- **Disappointing licence sales in the Americas region after a strong Q4 15**. On a regional basis, SAP had solid software revenue performance in the EMEA and Asia Pacific regions. The disappointment came from the Americas: 1). Latin America – in particular Brazil – suffered from continuing political and economic instability; 2). In North America, SAP, which came off a very strong Q4 15 after an intense promotion period on S/4HANA (version 15-11), had a slower-than-anticipated start to the year. At the end of March, SAP had more than 3,200 S/4HANA customers - at least +500 in Q1 16 (o/w 30% are net new customers), which is basically the pace of new S/4HANA customers it had in Q3 15, vs. an impressive +1,400 in Q4 15. On cloud subscriptions, revenue growth is fully in line with full-year targets, while new cloud bookings were up 25% at cc in Q1 16.
- **FY16 guidance reiterated amidst of a strong start in Q2 16**. On a non-IFRS basis, SAP reiterated FY16 guidance, i.e. Cloud & Software revenues up 6-8% at cc, Cloud subscriptions up 28-33% at cc to EUR2.95-3.05bn, and a non-IFRS operating profit of EUR6.4-6.7bn at cc (est. 29.5-31% of sales). SAP's confidence in achieving FY16 guidance despite weak licence sales in Q1 16 is underpinned by the following items: 1). Q2 16 was off to a strong start with several software and cloud deals closing in early April; 2). Management expects increasing momentum as the year progresses; 3). The robust pipeline across SAP's entire portfolio. The consensus is, at this stage, in line with these assumptions: Cloud & Software sales up 7.6% at cc (BG est.: +7.4%), Cloud subscriptions up 32.5% at cc to EUR3.03bn (BG est.: +32% at cc to EUR2.93bn), non-IFRS operating profit of EUR6.69bn or 32.5% of sales (BG est.: EUR6.48bn or 32% of sales). For FY16 we shave our adj. EPS ests. by 1% and our lfl sales growth forecast to 6.1% from 6.6% (Cloud & Software: to +6.7% from +7.4%).

VALUATION

- SAP's shares are trading at est. 13.3x 2016 and 12.2x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was EUR5,752m (net gearing: 25%).

NEXT CATALYSTS

Final Q1 16 results on 20th April before markets open.

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TMT

Ubisoft

Price EUR26.70

We reflect *The Division* and *Far Cry Primal* successes in our model

Fair Value EUR34 (+27%) **BUY**

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	28.2 / 14.9
Market Cap (EUR)	2,970
Ev (BG Estimates) (EUR)	3,012
Avg. 6m daily volume (000)	382.4
3y EPS CAGR	26.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.3%	9.1%	27.1%	0.1%
Softw.& Comp.	0.6%	-0.9%	9.3%	-5.6%
DJ Stoxx 600	-1.7%	-2.8%	-8.2%	-9.3%

YEnd Mar. (EURm)	03/15	03/16e	03/17e	03/18e
Sales	1,464	1,415	1,706	1,945
% change		*-3.4%*	*20.6%*	*14.0%*
EBITDA	650	630	729	901
EBIT	161.1	166.9	217.0	317.0
% change		*3.6%*	*30.0%*	*46.1%*
Net income	103.1	102.5	140.0	208.7
% change		*-0.6%*	*36.6%*	*49.1%*

	03/15	03/16e	03/17e	03/18e
Operating margin	11.0	11.8	12.7	16.3
Net margin	5.9	7.1	8.2	10.7
ROE	8.9	9.3	11.5	14.6
ROCE	12.7	9.6	13.7	20.2
Gearing	-20.2	3.9	-15.0	-27.5

(EUR)	03/15	03/16e	03/17e	03/18e
EPS	0.91	0.90	1.24	1.84
% change	-	*-0.6%*	*36.6%*	*49.1%*
P/E	29.3x	29.5x	21.6x	14.5x
FCF yield (%)	6.6%	NM	7.4%	7.0%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	1.9x	2.1x	1.6x	1.3x
EV/EBITDA	4.3x	4.8x	3.8x	2.9x
EV/EBIT	17.2x	18.0x	12.8x	8.1x

As at end-March *Tom Clancy's The Division* continues to experience strong sales and *Far Cry Primal* is well received by gamers, we reflect in our model what we wrote in our previous notes. We have increased our FY16/19e EPS sequence by +5.4% on average. Both games should be well ranked in the next NPD release (US Top 10 sellers in March). We maintain our Buy rating and FV of EUR34 (our FV is a minimum price for a potential public offer). The group boasts positive momentum.

ANALYSIS

- **Last facts:** After having sold through more copies in its first 24 hours than any previous title in UBI's history and having registered the biggest first 5 days ever for a new video game franchise (USD330m vs. *Destiny* by Activision Blizzard grossed USD325m in Sept. 2014 on Xbox One, PS4, Xbox 360 and PS3), ***The Division* continues to experience strong sales and *Far Cry Primal* is well received by gamers** (both are only available on the current-gen, namely PS4, Xbox One and PC).

- **Simulation:** In Q4, we see a minimum of 13m cumulated sell-in units for *The Division* and *Far Cry Primal* (9m and 4m units respectively) and a maximum of 16m (11m and 5m respectively). As a result, **Ubisoft should exceed its fiscal Q4 and FY16 guidance**, and could even reach its pre-warning sales guidance (~EUR1,465m) and approach that of non-IFRS EBIT (>=EUR200m).

Simulation for *Far Cry Primal* and *The Division* on Q4 and FY15/16e (vs. current guidance)

FY16e	Q4	Q4	Q4	FY	FY	FY
m units	Mini.	Maxi.	BG central scenario	Mini.	Maxi.	BG central scenario
Cumulated sell-in units for *The Division* (8th March) and *Far Cry Primal* (23rd Feb.)	13.0	16.0	14.4	13.0	16.0	14.4
Revenue outperf. vs. current guidance	*0.0%*	*+18.5%*	*+9.3%*	*0.0%*	*+8.0%*	*+4.0%*
Non-IFRS EBIT outperf. vs. current guidance	-	-	-	*0.0%*	*+39.9%*	*+20.0%*

Source: Bryan, Garnier & Co ests.

- **Change in our estimates:** Now that the month of March has ended with a still good dynamic for Ubisoft's two main games, we can reflect our words of the last few weeks in our model (based on our BG central scenario). **We have revised upward our FY16e sales from EUR1,365.0m to EUR1,414.7m** (vs. current guidance of ~EUR1,360m; cons. of EUR1,382m) **and non-IFRS EBIT from EUR150.0m to EUR179.9m** (vs. current guidance of ~EUR150m; cons. of EUR156m). **We have increased our FY16/19e EPS sequence by 5.4% on average (+23.3% in FY16e and nearly unchanged from FY17e to FY19e).**

- **Our anticipation:** **We expect *Tom Clancy's The Division* and *Far Cry Primal* to be well placed among the US Top 10 sellers in March 2016 (#1 and in the low end respectively),** which will be published by NPD Group during the night of Thursday to Friday. Finally, we confirm our view that ***The Division* could be the first Ubisoft game in history to reach the 15m unit threshold on a 12-month basis** (including 9.9m sell-in units in its first month vs. over 8m for *Watch_Dogs*).

- **UBI made a lot of progress in online games:** The group is **now able to operate big online games, i.e. to attract a large community of players with high-quality games** (re. the good ratings given to *The Division* a few weeks ago by key media outlets), **accompanied with one of the best live operations currently on the market** (in terms of servers and the technology behind these services: e.g. *The Division* surpassed 1.2m peak concurrent users over its first weekend). **In our view, this is a major point in making the group's FY19 financial targets credible.**

VALUATION

- **Bear in mind that our FV is derived from UBI's 12m fwd average multiples over the past 2 console cycles applied to our FY17e estimates** (given the unreliability of a longer horizon guidance in this industry), to which we added a 15% premium (digital sales and other entertainment revenues).

- **Ubisoft boasts positive momentum for coming months:** the next set of figures should beat the current guidance while speculation is increased (Vivendi's interest in GFT and UBI).

NEXT CATALYSTS

- **FY15/16 earnings:** 12th May (after trading), with more details on the FY17e guidance.

Main financial items for 2014/15 to 2018/19e

EURm	14/15 reported	BG 15/16e (old)	BG 15/16e (new)	BG 16/17e	BG 17/18e	BG 18/19e
Sales	**1,463.8**	**1,365.0**	**1,414.7**	**1,706.3**	**1,945.1**	**2,200.0**
Y/Y change (%)	*45.3%*	*-6.7%*	*-3.4%*	*20.6%*	*14.0%*	*13.1%*
Non-IFRS EBIT	**170.7**	**150.0**	**179.9**	**230.0**	**330.0**	**440.0**
As % of sales	*11.7%*	*11.0%*	*12.7%*	*13.5%*	*17.0%*	*20.0%*
IFRS EBIT after SO	**139.4**	**138.0**	**163.4**	**217.0**	**317.0**	**427.0**
As % of sales	*9.5%*	*10.1%*	*11.6%*	*12.7%*	*16.3%*	*19.4%*
Attributable net profit after SO	**87.0**	**80.8**	**100.2**	**140.0**	**208.7**	**284.2**
As % of sales	*5.9%*	*5.9%*	*7.1%*	*8.2%*	*10.7%*	*12.9%*
Adjusted net profit after SO	**103.1**	**83.1**	**102.5**	**140.0**	**208.7**	**284.2**
As % of sales	*7.0%*	*6.1%*	*7.2%*	*8.2%*	*10.7%*	*12.9%*
FCF	**198.9**	**-232.4**	**-219.9**	**225.0**	**210.2**	**284.9**
Net debt	**-197.7**	**54.7**	**42.1**	**-182.9**	**-393.1**	**-678.0**
Gearing	*-20.2%*	*3.9%*	*3.9%*	*-15.0%*	*-27.5%*	*-39.6%*

Sources: Bryan, Garnier & Co ests.

- **During its fiscal Q3 sales release, UBI slashed its FY16 guidance:** from ~EUR1,465m (stable sales) to ~EUR1,360m (-7% Y/Y) and non-IFRS EBIT from at least EUR200m to ~EUR150m (margin of 11%), and still a negative FCF (but slightly negative or breakeven before WCR vs. positive initially).
- **It also gave its first FY17 guidance:** ~EUR1,700m in sales (+25% Y/Y), non-IFRS operating income of ~EUR230m (margin of 13.5%) and strong FCF generation.

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Construction & Building Materials

VINCI

Price EUR65.02

CFO roadshow in Luxembourg feedback. Still a Buy. FV EUR72 vs EUR70.

Fair Value EUR72 vs. EUR70 (+11%) **BUY**

Bloomberg	DG FP
Reuters	SGEF.PA
12-month High / Low (EUR)	66.3 / 51.0
Market Cap (EUR)	38,318
Ev (BG Estimates) (EUR)	49,097
Avg. 6m daily volume (000)	1,756
3y EPS CAGR	7.1%

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.8%	14.4%	12.3%	9.9%
Cons & Mat	1.7%	4.1%	1.0%	-2.5%
DJ Stoxx 600	-1.7%	-2.8%	-8.2%	-9.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	38,518	38,272	39,607	40,984
% change		*-0.6%*	*3.5%*	*3.5%*
EBITDA	5,664	5,772	6,074	6,281
EBIT	3,758	3,972	4,273	4,494
% change		*5.7%*	*7.6%*	*5.2%*
Net income	2,109	2,258	2,469	2,597
% change		*7.1%*	*9.3%*	*5.2%*

	2015	2016e	2017e	2018e
Operating margin	9.8	10.4	10.8	11.0
Net margin	5.4	6.0	6.3	6.4
ROE	13.9	14.2	14.7	14.5
ROCE	7.4	7.8	8.4	8.8
Gearing	81.5	72.4	59.8	47.9

(EUR)	2015	2016e	2017e	2018e
EPS	3.58	3.83	4.19	4.41
% change	-	*6.9%*	*9.3%*	*5.2%*
P/E	18.1x	17.0x	15.5x	14.8x
FCF yield (%)	7.8%	7.3%	7.6%	8.2%
Dividends (EUR)	1.84	2.03	2.22	2.34
Div yield (%)	2.8%	3.1%	3.4%	3.6%
EV/Sales	1.3x	1.3x	1.2x	1.1x
EV/EBITDA	8.8x	8.5x	7.9x	7.4x
EV/EBIT	13.3x	12.4x	11.2x	10.3x

Vinci's profile remains solid, despite a tough environment in France in civil works and non res for public clients, which put pressure on Contracting margins last year. Don't expect a massive rebound in 2016, which will remain a transition year but the cycle should gradually improve. Besides, regular positive newsflow should underpin the share price: steady toll roads traffic, the Grand Paris projects, M&A in Vinci Energies, new airport projects, well-oriented new res market (Pinel extended) and better margins in Contracting. Buy reiterated. Fair Value adjusted to EUR72 vs EUR70.

2016 is likely to be a transition year in France for Construction. This is of course not a surprise. While new residential should be dynamic, non residential for public clients should weaken further, like civil works - in particular the roadworks market as a whole might be down -5% in 2016 vs -10% last year. However, with the trough likely in 2016, the cycle in French construction will gradually improve and 2017 should be better for Vinci Contracting, both on the sales and the margin side. Moreover, the Grand Paris project has started. Vinci has recently won a EUR500m railway station at la Défense in the West of Paris. Further projects will be attributed, approx. 1 to 2 billions euros pa in the next decade or so. Operating margins should gradually improve too, in particular in the construction business, thanks in particular to the reduction of Vinci Construction UK losses and a less painful French market. Hence, Vinci margin in the Contracting business should improve from 3.5% last year to 4%/4.5% in the mid term. On the growth side, the key driver will be M&A for Vinci Energies.

Regarding concessions, toll road traffic has been well oriented so far in 2016, apparently better than Vinci initial expectations. Airports will be the priority though, with numerous new projects won recently, as well as new ones on the radar screen, in France (Lyon, Nice) and outside (e.g. LatAm) . Airports business benefits from various advantages versus other concessions, like steady long-term traffic growth, ability to attract new clients and to develop non-aviation activity. This is clearly a development priority for Vinci, as it is Energies for the Contracting division.

ANALYSIS

- No scoop of course, but the confirmation that 2016 will be a mixed – and overall decent – year for Vinci. Of course this will be a transition year for Contracting in France, but at least market deterioration will gradually fade. On the other side, the newsflow will be positive on the new projects side (further Grand Paris project to be attributed, maybe some M&A announcements for the airport business), while traffic will be steady (but not at last year level), despite a weak economic environment.
- The announcement by Francois Hollande of the extension until end 2017 (vs end 2016) of the Buy-to-Let investment scheme Pinel is obviously a good news for the sector as a whole, although the direct exposure of Vinci to the french residential market is relatively limited (around 5% est.)
- All in all, Vinci looks like a fair investment in trouble times.

VALUATION

- We have updated our model and valuation. We maintain our 2% growth estimates for toll roads traffic in 2016 (fading to 1% in the long term), although Vinci implicit guidance is closer to 1.5%. But we suspect the trend is likely to stay steady, despite more challenging comparison basis. On airports, we have slightly increase our margin estimates, as we were a bit too cautious here but this is compensated by more cautious margin on Contracting. The main impact comes from lower 2017 debt, as we have adjusted our capex plan too. Our new SOTP-derived Fair Value is a bit improved at EUR72 vs EUR70.

NEXT CATALYSTS

- Q1 revenues to be released on 28 April 2016

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Insurance

Aegon

Price EUR4.72

Bloomberg	AGN NA
Reuters	AEGN.AS
12-month High / Low (EUR)	7.6 / 4.1
Market Cap (EURm)	10,125
Avg. 6m daily volume (000)	9,243

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.3%	-0.9%	-14.1%	-9.8%
Insurance	-3.5%	-9.2%	-10.8%	-16.2%
DJ Stoxx 600	-1.7%	-2.8%	-8.2%	-9.3%

	2015	2016e	2017e	2018e
P/E	6.4x	6.5x	6.1x	
Div yield (%)	5.3%	5.8%	6.4%	

Sale of two-thirds of the UK annuity portfolio

Fair Value EUR6 (+27%) **NEUTRAL**

ANALYSIS

- Aegon has announced the sale of two-thirds of its UK annuity portfolio to Rothesay Life (a specialist provider of annuities). The deal is structured in 2 steps: 1/ Rothesay Life takes on economic risk on GBP6bn of annuity reserves (reinsurance agreement), and 2/ the legal ownership is transferred to Rothesay Life through a "Part VII transfer" (subject to UK court approval).
- The deal is positive and consistent with Aegon's strategy (remember Aegon has not been an active player in the UK annuity market since 2010). It will translate into a GBP30m loss in Q2 2016. Once the transaction has been completed, the UK operational free cash flow will be reduced by GBP35m and the UK underlying earnings by GBP20m (i.e. less than 2% of group's underlying earnings), but this is nothing compared to the release of GBP0.6bn of SCR (allocated capital), translating into a 25 points increase of the UK subsidiary Solvency II margin (c. 165% vs. c. 140%), allowing it to upstream excess capital to the holding.
- While positive, the impact of the deal is limited from a group's perspective considering the relative small size of Aegon UK.

VALUATION

- Based on our current estimates, our SOTP valuation is EUR6.

NEXT CATALYSTS

- Q1 2016 numbers are due on 12th May 2016. AGM to follow on 20th May 2016.

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Healthcare

Roche

Price CHF243.40

Bloomberg	ROG VX
Reuters	ROG.VX
12-month High / Low (CHF)	282.5 / 233.2
Market Cap (CHFm)	171,004
Avg. 6m daily volume (000)	1 478

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.0%	-7.5%	-4.1%	-11.9%
Healthcare	0.6%	-5.3%	-5.1%	-10.1%
DJ Stoxx 600	-1.7%	-2.8%	-8.2%	-9.3%

	2015	2016e	2017e	2018e
P/E	18.0x	17.2x	15.5x	15.2x
Div yield (%)	3.3%	3.5%	3.9%	3.9%

Atezolizumab gets second priority review

Fair Value CHF294 (+21%) **BUY**

ANALYSIS

- After it got priority review status in March for advanced bladder cancer based on IMvigor 210 phase II study (with PDUFA date on 12 September 2016), atezolizumab has just obtained a second PR in the US, this time for advanced PD-L1 positive non-small-cell lung cancer (NSCLC) as determined by an approved companion FDA-approved IHC test developed by Roche Diagnostics. This is based on the BIRCH phase II study during which 667 patients received 1,200 mg iv every three weeks for their NSCLC which has progressed after one line of platinum-based chemotherapy.
- For this second indication, it was far from granted as Opdivo and Keytruda have a similar indication already on label and Merck's product even more specifically in PD-L1 positive tumours as determined by an FDA-approved test. So Roche did a great job in achieving that, which may have to do with the difference between PD-1 and PD-L1 targeting antibodies and/or some kind of patient selection through the companion diagnostic test and stratification deriving from its use. Yet, in this case, PDUFA date is set for 19 October 2016.

VALUATION

- So, by year-end, Roche should have atezolizumab on the market in two indications. We had no sales so far for the drug and although they're likely to be minimal, it will prepare for a full commercial in 2017 that could make our CHF220m too low. Together with venetoclax and ocrelizumab, atezolizumab will be one of Roche's major launches in 2016.
- Yet we understand that the current debate around Medicare Part B and biosimilars increase the pressure on injectable drugs. Competition will come. But Roche is well prepared and the new wave of products is now ready to launch. Share price should recover somewhat in the coming months.

NEXT CATALYSTS

- 19 April 2016 : First-quarter sales

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Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

Stock rating

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

Distribution of stock ratings

BUY ratings 56.9% NEUTRAL ratings 35% SELL ratings 8%

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