Please find our Research on Bloomberg BRYG <GO>)

13th April 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17721.25	+0.94%	+1.70%
S&P 500	2061.72	+0.97%	+0.87%
Nasdaq	4872.09	+0.80%	-2.70%
Nikkei	16381.22	+2.84	-16.31%
Stoxx 600	334.642	+0.53%	-8.52%
CAC 40	4345.91	+0.77%	-6.28%
Oil /Gold			
Crude WTI	40.51	0.00	+8.90%
Gold (once)	1257.57	0.00	+18.37%
Currencies/Rates			
EUR/USD	1.13755	-0.59%	+4.72%
EUR/CHF	1.0887	+0.01%	+0.12%
German 10 years	0.162	+39.25%	-74.51%
French 10 years	0.43	+9.10%	-56.19%
Euribor	-	+-%	+-%

Economic releases :

Date	
13th-Apr	CNY - Trade Balance Mar. (194.06b A, 203.6b E) EUZ -Industrial Prod. Feb. (1.3% E) US - Advance Retail Sales Mar. (0.1% E) US - DoE Inventories US - fed Reserve Beige Book

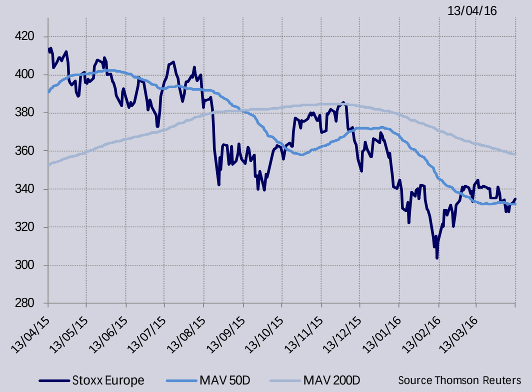
Upcoming BG events :

Date	
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)
27th-Jun	IMERYS (BG Luxembourg with CFO)

Recent reports :

Date	
11th-Apr	ALTICE NUMERICABLE SFR : The time of Marketing?
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	Feedback from our TMT Conference in Paris

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



CASINO GUICHARD — BUY, Fair Value EUR57 (+10%)

GPA Q1 2016 trading statement : sequential improvement

GPA (Casino's Brazilian subsidiary / EI of 32.8%, directly and indirectly) released its Q1 16 trading statement (as a reminder, Casino will release its own trading statement on April 14th with a conference call at 08:30 AM CET / +33 1 70 77 09 47). Net sales reached R$17.8bn (+3%) in Q1, up +0.8% on a LFL basis (vs -2.3% in Q4, -2.6% in Q3 and -3.6% in Q2). The retail business (brick & mortar non-food and food business) is down around -0.5%e (vs -4.8%e in Q4 15, -7.6%e in Q3 and -8.2%e in Q2) taking into account a positive calendar impact. We suspect that the group was again extremely aggressive in terms of pricing in Q1 in a bid to get clients back into the stores. Thenceforward, the ongoing recovery in market share and a sequential improvement in LFL is rather encouraging.

DBV TECHNOLOGIES — BUY, Fair Value EUR89 (+45%)

Feedback from roadshow with CEO and COO

We hosted DBV's roadshow with CEO, P.H. Benhamou and COO, D. Schilansky, and have come back increasingly confident on management's ability to address upcoming commercialization challenges. Broadening the patient's base for Viaskin Peanut should further maximize the value of the biotech late stage asset.

LVMH — BUY, Fair Value EUR174 vs. EUR177 (+17%)

Reassuring information on LV!

Yesterday conference call gave the management the opportunity to add more information on the relatively poor Q1 sales performance. Actually, Fashion & Leather division sales grew 2% excluding the US brands which is reassuring on LV trend. Nevertheless, cautiously, we are trimming our 2016 EBIT by 1.5% and now expect an EBIT margin gain of 10bp vs +40bp previously. Hence our new EUR174 FV vs EUR177. Buy recommendation reiterated.

SOFTWARE AG — BUY, Fair Value EUR39 (+17%)

Preliminary Q1 16 results way ahead of expectations, FY16 guidance reiterated

This morning Software AG pre-announced Q1 16 results way above expectations thanks to early contract closings in the A&N (Adabas & Natural) division, while the DBP (Digital Business Platform) division is growing, but not at the double-digit rate we expected despite easy comps. The strong A&N licence sales and a strong sales productivity increase in DBP boosted the non-IFRS operating margin to 28.7%, while we and the consensus expected 23.4-23.5%. FY16 company guidance is reiterated, while the DBP sales increase in Q1 16 is in the +5%/+10% lfl range guided for the full-year. We expect the share price to react positively.

TESCO — NEUTRAL, Fair Value 166p (-14%)

FY 2015/16 (first take): apart from FCF, nothing that surprising to us

FY group trading profit worked out at GBP944m (vs GBP935m expected by the consensus). Once again, at this stage, today's statement does not allow us to amend our conviction according to which other catalysts can only be considered once the Tesco has restored strong LFL rates in the UK&ROI (in Q4, UK&ROI LFL sales excl. VAT is up +0.9% vs +0.6%e). Hence, at this stage, ahead of the conference call, we maintain our Neutral rating.

In brief...

ACCORHOTELS, *Ownership structure: Jin Jiang could build up its ownership*

ALTICE, *No consolidation in Israel so far*

SAINT GOBAIN, *SIKA AGM : SWH voting rights restricted*

SPIRITS, *LVMH's Q1 sales provides a positive read-across for Rémy Cointreau*

Food retailing

Casino Guichard

Price EUR51.80

GPA Q1 2016 trading statement : sequential improvement

Fair Value EUR57 (+10%) **BUY**

Bloomberg	CO FP
Reuters	CASP.PA
12-month High / Low (EUR)	86.6 / 35.2
Market Cap (EURm)	5,864
Ev (BG Estimates) (EURm)	10,493
Avg. 6m daily volume (000)	807.8
3y EPS CAGR	6.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	10.0%	30.0%	-6.9%	22.1%
Food Retailing	1.2%	8.1%	-2.1%	3.4%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	46,145	41,275	41,815	43,691
% change		*-10.6%*	*1.3%*	*4.5%*
EBITDA	2,343	2,063	2,175	2,384
EBIT	968.0	1,261	1,309	1,423
% change		*30.3%*	*3.8%*	*8.7%*
Net income	412.0	358.6	412.2	472.5
% change		*-13.0%*	*15.0%*	*14.6%*

	2015	2016e	2017e	2018e
Operating margin	3.1	3.1	3.1	3.3
Net margin	0.9	0.9	1.0	1.1
ROE	NM	NM	NM	NM
ROCE	5.2	5.6	5.8	6.2
Gearing	48.9	18.5	18.5	18.1

(EUR)	2015	2016e	2017e	2018e
EPS	2.80	2.32	2.80	3.33
% change	-	*-16.9%*	*20.4%*	*19.0%*
P/E	18.5x	22.3x	18.5x	15.6x
FCF yield (%)	NM	5.1%	10.1%	10.7%
Dividends (EUR)	3.12	3.12	3.12	3.12
Div yield (%)	6.0%	6.0%	6.0%	6.0%
EV/Sales	0.3x	0.3x	0.3x	0.2x
EV/EBITDA	5.9x	5.1x	4.9x	4.5x
EV/EBIT	14.3x	8.3x	8.1x	7.6x

GPA (Casino's Brazilian subsidiary / EI of 32.8%, directly and indirectly) released its Q1 16 trading statement (as a reminder, Casino will release its own trading statement on April 14th with a conference call at 08:30 AM CET / +33 1 70 77 09 47). Net sales reached R$17.8bn (+3%) in Q1, up +0.8% on a LFL basis (vs -2.3% in Q4, -2.6% in Q3 and -3.6% in Q2). The retail business (brick & mortar non-food and food business) is down around -0.5%e (vs -4.8%e in Q4 15, -7.6%e in Q3 and -8.2%e in Q2) taking into account a positive calendar impact. We suspect that the group was again extremely aggressive in terms of pricing in Q1 in a bid to get clients back into the stores. Thenceforward, the ongoing recovery in market share and a sequential improvement in LFL is rather encouraging.

Net Revenue (R$ million)	1Q16	1Q16 x 1Q15 Δ
Consolidated (1)	17,764	3.0%
Food Businesses	9,888	10.9%
Multivarejo (2)	6,740	2.0%
Assai	3,148	36.2%
Non-Food Businesses	7,881	-4.5%
Cnova	3,177	7.7%
Via Varejo (3)	4,704	-12.7%

Δ Net 'Same-Store' Sales	1Q16
Consolidated (1)	0.8%
Multivarejo + Assai	6.0%
Cnova	7.7%
Via Varejo (3)	-11.8%

The highlight of Q1 16 was the growth at Assaí (+36.2% vs +27.8% in Q4 15 / double digit LFL), which, along with an increased competitiveness throughout (supported by assertive promotions) at Extra and resilience at Pao de Acucar, spurred sales growth in the Food segment (LFL sales growth of +6.0% / +3.1% excl. calendar vs +1.9% in Q4 2015 +3.3% in Q3 and +1.8% in Q2). Sales performances improved gradually during the quarter. The food segment (56% of sales) registered growing market shares.

LFL were unsurprisingly hit by the performance of Via Varejo (26% of sales) which worked out at -11.8% LFL (vs -15.2% in Q4 2015, -24.6% in Q3, -23.5% in Q2 and -2.7% in Q1). Sales fell more sharply in January due to the strong comparison base, while the February-March performance was above the quarterly average. Via Varejo also continued the closure of lower performance stores and intensified its strategy of price competitiveness and better promotions. Along with healthy performance of services, it has helped improve the company's sales. Via Varejo has increased its market share.

As a reminder, GPA consolidates Cnova (Cdiscount+Nova Pontocom / 18% of sales). As expected, the environment was very challenging for Nova Pontocom with a 25% LFL sales decline or -19.7% restated for VAT adjustments (vs -15% in Q4 15) while Cdiscount (France and other countries) turned out to be rather resilient (+15.3% LFL vs +9.1% LFL in Q4 15). As a reminder, the recent difficulties in Brazil are explained not only by the macro-economic environment but also by company-specific issues (employee misconduct related to inventory management in distribution centers).

VALUATION

Casino owns a 32.8% Economic Interest in GPA (10.3% through Exito and Holdco, 22.5% through Holdco and directly), which represents less than 17%e of Casino's MtM SOTP. The SOTP corresponds to the theoretical value of a company's assets in the event of a disposal. Calculating this intrinsic value on the basis of the market value of listed stakes is an inappropriate stance. It is tantamount to believing that an investor aiming to get his hands on GPA or the bricks & mortar business of Via Varejo (i.e. excl. the 22% stake owned by the banner in Cnova) would offer and obtain a multiple of less than 0.30x sales for the first and a null ratio for the second.

NEXT CATALYSTS

- Recovering profits at Cnova and Via Varejo
- Buyback of minorities by Casino?

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Healthcare

DBV Technologies

Price EUR61.42

Feedback from roadshow with CEO and COO

Fair Value EUR89 (+45%) **BUY**

Bloomberg	DBV FP
Reuters	DBV.PA
12-month High / Low (EUR)	81.0 / 40.6
Market Cap (EURm)	1,480
Ev (BG Estimates) (EURm)	1,137
Avg. 6m daily volume (000)	50.00
3y EPS CAGR	54.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	11.5%	9.6%	-0.3%	-7.5%
Healthcare	0.2%	-3.8%	-5.3%	-10.4%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	4.8	5.4	5.1	7.1
% change		*13.5%*	*-5.8%*	*39.1%*
EBITDA	-24.1	-17.2	-93.6	-132.5
EBIT	-24.6	-17.7	-94.0	-133.0
% change		*28.2%*	*NS*	*-41.5%*
Net income	-24.0	-17.1	-93.4	-132.4
% change		*28.9%*	*NS*	*-41.8%*

	2014	2015e	2016e	2017e
Operating margin	-517.4	-327.5	-1,848	-1,879
Net margin	-504.3	-316.0	-1,835	-1,870
ROE	-21.2	-5.0	-37.6	-114.1
ROCE	-20.1	-5.0	-37.5	-113.5
Gearing	-100.7	-100.5	-100.4	-100.4

(EUR)	2014	2015e	2016e	2017e
EPS	-1.49	-0.71	-3.87	-5.49
% change	*-*	*52.5%*	*NS*	*-41.8%*
P/E	NS	NS	NS	NS
FCF yield (%)	NM	NM	NM	NM
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	286.9x	210.4x	241.9x	192.7x
EV/EBITDA	NS	NS	NS	NS
EV/EBIT	NS	NS	NS	NS

We hosted DBV's roadshow with CEO, P.H. Benhamou and COO, D. Schilansky, and have come back increasingly confident on management's ability to address upcoming commercialization challenges. Broadening the patient's base for Viaskin Peanut should further maximize the value of the biotech late stage asset.

ANALYSIS

- Managment was confident on its ability to complete the recruitment of the 330 patients expected to be enrolled in the PEPITES phase III trial towards Q3. Ramp-up of the sales force (~60 sales and 20ms sales) alongside 20-30 support (marketing and Finance IT) should be progressive and accelerate not before 2017. However, note that top position have already been filed (Market access and SVP commercial operations NA). Our sentiment is that DBV has a deep understanding on how to better address the 5,500 US allergologists. Indeed, it is important to keep in mind that it is working closely with the FDA and its allergologists whom, so far, have been proven supportive of the product development (fast track and breakthrough therapy designation). Pedatricians, who represent an increased pool of professionals, should not be addressed before 2021 with the launch of both Viaskin Milk and Viaskin Peanut for younger populations. We do not rule out that DBV, following last year's interaction with regulatory authorities leading to the inclusion of populations from 4 to 6 years old in the phase III trial might decide to address even younger ones. Addressing 1-4 year-old populations would require the launch of a specific study. Note that this would add roughly 80,000 addressable infants at peak or an additional EUR0.5bn to our EUR1.5bn peak sales i.e. a positive EUR10 impact on our fair value. Intereactions with payors have started and DBV estimates that a USD16-17 price/patch would limit co-pay, maximizing penetration. We would underline that it would also put Viaskin under the radar of ongoing price issues discussions (USD5840-6205/year).
- Recently DBV extensively communicated on findings (please see here) supportive of the benefit of EPIT over OIT and SLIT in inducing long-term desensitization, even after treatment discontinuation. 3-years follow-up data should be reassuring as to the products ability to at least maintain the results seen in OLFUS VIPES at 2 years as no plateau effect have been reached yet. This also raises the issue of how to reintroduce peanut in patient's life? While this should be handled by allergologists, it might be of interest for DBV to explore the possibility of developping peanut boost (at a higher dose ?, LT maintenance program).
- Hen's egg will be the next allergy addressed by the company and is of particular interest in Asian populations where we find the highest prevalence rate (vs. Europe and US). The biotech is currently running preclinical tests and we do not rule out that licensing agreement for the use of the platform in the region, albeit successful PoC in the clinic.
- Should the competition be swept aside? While phase III trials from DBV and Aimmune Therapeutics are expected to report in H2 2017, AIT's PALISADE phase III trial is likely to face hurdles, in our view. The later includes a 22w up-dosing protocol forcing patient's to visit the physician's office every 2 weeks for a food challenge until reaching a 300mg/day maintenance dose. Should the patients miss 2 days of treatment, it should start again the up-dosing protocol. As a reminder, DBV's study protocal only requires a Food challenge at the beginning (to determine baseline) and end of the trial, the patients being treated for 52weeks at the 250µg dose.

VALUATION

- We reiterate our BUY rating and EUR89

NEXT CATALYSTS

- H2 2016:
  - o End of recruitment for the PEPITES phase III and MILES phase IIa trials in Peanut and Milk Allergy
  - o Results from phase I feasibility study in Pertussis Boost vaccine
  - o OLFUS-VIPES 3-year study results

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Luxury & Consumer Goods

LVMH

Price EUR148.30

Reassuring information on LV!

Fair Value EUR174 vs. EUR177 (+17%) BUY

Bloomberg	MC FP
Reuters	LVMH.PA
12-month High / Low (EUR)	175.6 / 134.7
Market Cap (EURm)	75,185
Ev (BG Estimates) (EURm)	78,936
Avg. 6m daily volume (000)	974.9
3y EPS CAGR	14.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-5.8%	6.3%	-10.9%	2.3%
Pers & H/H Gds	-1.4%	4.1%	-2.0%	-2.2%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	30,638	35,664	37,305	39,360
% change		*16.4%*	*4.6%*	*5.5%*
EBITDA	6,576	7,505	7,915	8,670
EBIT	5,716	6,605	6,965	7,670
% change		*15.6%*	*5.5%*	*10.1%*
Net income	2,972	3,573	4,094	4,472
% change		*20.2%*	*14.6%*	*9.2%*

	2014	2015e	2016e	2017e
Operating margin	18.7	18.5	18.7	19.5
Net margin	9.7	10.0	11.0	11.4
ROE	11.5	12.7	13.3	13.3
ROCE	10.3	10.1	10.2	10.7
Gearing	16.5	13.4	9.8	6.1

(EUR)	2014	2015e	2016e	2017e
EPS	5.92	7.11	8.15	8.90
% change	-	*20.2%*	*14.6%*	*9.2%*
P/E	25.1x	20.8x	18.2x	16.7x
FCF yield (%)	3.8%	3.0%	3.6%	4.1%
Dividends (EUR)	3.20	3.55	3.90	4.30
Div yield (%)	2.2%	2.4%	2.6%	2.9%
EV/Sales	2.6x	2.2x	2.1x	2.0x
EV/EBITDA	12.1x	10.5x	9.9x	8.9x
EV/EBIT	13.9x	12.0x	11.2x	10.1x

Yesterday conference call gave the management the opportunity to add more information on the relatively poor Q1 sales performance. Actually, Fashion & Leather division sales grew 2% excluding the US brands which is reassuring on LV trend. Nevertheless, cautiously, we are trimming our 2016 EBIT by 1.5% and now expect an EBIT margin gain of 10bp vs +40bp previously. Hence our new EUR174 FV vs EUR177. Buy recommendation reiterated.

ANALYSIS

- Within **Wines & Spirits division** (sales up 6% in Q1 2016), Champagne sales grew 3% (-1% in volume), while Hennessy revenues were up 7% (+8% in volume). Hennessy sales increase has been driven by US and also by China, as sell-out sales grew double-digit in US and depletion in MC increased MSD for VSOP and even stronger for XO.
- Concerning the **Fashion & Leather** sales stability, LVMH management added that excluding US brands as Marc Jacobs and Donna Karan, divisional sales grew 2% (including for Louis Vuitton). LV Q1 momentum slowdown vs Q4 2015 (+3%) is mainly due to fewer tourists in Europe and particularly in France (in France, tourists account for around 60% of LV sales versus 37% for LV average). For instance, LV sales in Paris were down double digit in Q1. In our view, Paris accounts for around for 4% of LV revenues. If LV sales in mainland China grew slightly, revenues with Chinese clientele was flattish due to less momentum with Chinese tourists (particularly). LV sales increase was particularly driven by small leather goods. If LV activity with tourists was penalized, business with locals was resilent. For instance sales in Italy and in UK were up high single digit.
- **By geographical area**, it is worthnoting the strong momentum in Japan (+6%, despite some slowdown versus Q4 2015 with +12% as comps become more challenging), driven by local consumers (up low-single-digit for Louis Vuitton) and even more by still-dynamic Chinese tourists flows (+100% in January and +35% in February) thanks to pricing difference and more value-added shopping experience (better service and bigger stores with larger products offer). US is also well oriented (+6% vs +5% in Q4 2015) mainly driven by Hennessy sales and Sephora market shares gains while LV sales slowed down slightly. On the other hand, Europe remained very strong in Q1 (+7% vs +6% in Q4 2015), thanks to Pefumes & cosmetics, Wines & Spirits and and Sephora. Lastly, in Asia-Pacific, sales were down 2% in line with in Q4 2015 and -5% on FY 2015. Nevertheless, in Asia-Pacific, LV sales recovered in Q1 2016.

Organic sales growth by geographical area

chge in %	Q3 15	9m 15	Q4 15	2015	Q1 16
US	12	11	5	9	6
Japan	24	13	12	13	6
Asia Pacific	-8	-6	-2	-5	-2
Europe	12	12	6	10	7
Group	**7**	**6**	**4**	**6**	**3**

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

- Following Q1 **Fashion & Leather division** sales stability (even if LV is up 2%) and given the likely impact on Group profitability (F&L business accounts for 53% of LVMH EBIT), we are slightly more cautious and have trimmed our FY 16 EBIT by around 1.5% and we currently expect 2016 EBIT margin to be almost stable (+10bp to 18.6%) versus +40bp previously.

VALUATION

- Following FY 2016 EBIT adjustments, we are lowering our Fair Value from EUR177 to EUR174, and nevertheless we keep our Buy recommendation. LVMH is trading 11.2x on 2016 EV/EBIT (in line with luxury sector average).

NEXT CATALYSTS

- H1 results to be released end of July 2016.

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Software AG

Price EUR33.47

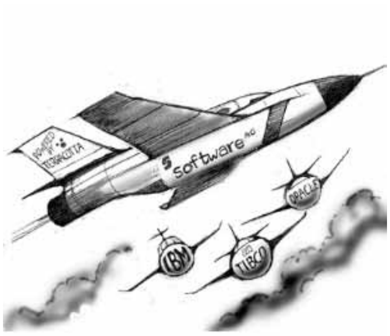
Bloomberg	SOW GR
Reuters	SOWG.DE
12-month High / Low (EUR)	34.9 / 23.8
Market Cap (EURm)	2,644
Ev (BG Estimates) (EURm)	2,517
Avg. 6m daily volume (000)	256.4
3y EPS CAGR	3.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.6%	31.0%	26.3%	26.7%
Softw.& Comp.	-1.2%	-1.6%	9.0%	-5.9%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

YEnd Dec. (€m)	2015	2016e	2017e	2018e
Sales	873.1	879.7	911.6	953.7
% change		*0.8%*	*3.6%*	*4.6%*
EBITDA	278	285	302	322
EBIT	209.4	231.2	248.6	267.7
% change		*10.4%*	*7.5%*	*7.7%*
Net income	188.1	190.7	204.2	218.2
% change		*1.4%*	*7.1%*	*6.9%*

	2015	2016e	2017e	2018e
Operating margin	30.2	30.7	31.6	32.2
Net margin	16.0	17.2	18.1	18.8
ROE	12.8	12.6	12.5	12.0
ROCE	17.7	18.1	19.8	21.7
Gearing	1.3	-10.6	-21.0	-32.6

(€)	2015	2016e	2017e	2018e
EPS	2.33	2.25	2.40	2.57
% change	*-*	*-3.6%*	*7.1%*	*6.9%*
P/E	14.4x	14.9x	13.9x	13.0x
FCF yield (%)	6.5%	6.8%	7.3%	7.7%
Dividends (€)	0.55	0.60	0.65	0.70
Div yield (%)	1.6%	1.8%	1.9%	2.1%
EV/Sales	3.0x	2.9x	2.6x	2.3x
EV/EBITDA	9.6x	8.8x	7.8x	6.7x
EV/EBIT	10.1x	9.3x	8.2x	7.0x



Preliminary Q1 16 results way ahead of expectations, FY16 guidance reiterated

Fair Value EUR39 (+17%) **BUY**

This morning Software AG pre-announced Q1 16 results way above expectations thanks to early contract closings in the A&N (Adabas & Natural) division, while the DBP (Digital Business Platform) division is growing, but not at the double-digit rate we expected despite easy comps. The strong A&N licence sales and a strong sales productivity increase in DBP boosted the non-IFRS operating margin to 28.7%, while we and the consensus expected 23.4-23.5%. FY16 company guidance is reiterated, while the DBP sales increase in Q1 16 is in the +5%/+10% lfl range guided for the full-year. We expect the share price to react positively.

ANALYSIS

- **Q1 16 preliminary results above expectations**. Based on preliminary figures, Q1 16 sales rose 6.2% (+8.8% lfl) to EUR206.2m, or 4% above our forecast (EUR198.4m) and the consensus (EUR198.2m). Non-IFRS operating profit was up 22.9% to EUR59.1m or 28.7% of sales (+3.9ppt) or 27% ahead of our estimate and the consensus (EUR46.5m or 23.4-23.5%). IFRS EBIT was up 54.6% to EUR45.3m (BG est.: EUR35.9m; consensus: EUR35.1m). Licence sales were up 31% lfl to EUR59.1m or 17% above our est. (EUR50.5m) and 21% ahead of the consensus (EUR48.7m), while maintenance was up 2% lfl.
- **Details by division**. **1). For the Digital Business Platform (DBP) division**, Product sales were up 4% (+6% lfl) to EUR94.6m (BG est.: EUR99.4m, consensus: EUR97.9m), of which EUR32.7m (+7% lfl) in licences and +5% lfl on maintenance, while the business line margin was up 7.7ppt to 25.2% (BG est.: 24.2%) thanks to sales and marketing costs down 11% lfl - demonstrating a sharp improvement in sales productivity; **2). For the A&N (Adabas & Natural) division**, Product sales were up 14.8% (+20% lfl) to EUR63.6m (BG est.: EUR51.6m; consensus: EUR52.3m), of which an impressive EUR26.4m (+79% lfl) in licences - due to early contract closings and driven by Software AG's announcement in Q4 15 to support the A&N customer base beyond 2050 - and -4% lfl on maintenance, while the business line margin was up 2ppt to 70.4% (BG est.: 67.7%); **3). For Consulting**, sales were up 0.6% (+2% lfl) to EUR48m (BG est.: EUR47.4m; consensus: EUR48m) with a business line margin down 4ppt to 4% (BG est.: 8.8%) as the gross margin fell by 4.7ppt to 13.1%.
- **FY16 guidance reiterated**. For FY16, Software AG still expects DBP Product sales up 5-10% at cc, A&N Product sales at -8%/-4% at cc, and a non-IFRS operating margin of 30-31%. These figures are in line with our forecasts, as we expect +8% for DBP, -5% for A&N, and a non-IFRS operating margin of 30.7% (consensus: 30.8%). DBP revenues in Q1 16, up 6% lfl, are still in the guidance range for the full-year, but we thought Software AG could be able to deliver a better performance (+10% lfl) due to east comps (Q1 15 DBP revenues were down 14% lfl). On the other hand, the performance for A&N was outstanding in Q1 15 - helped by early deal closings, which may augur a weak quarter in Q2 or Q3 - but supports our view that the upper-end of the -8%/-4% range could be reached.

VALUATION

- Software AG's shares are trading at est. 9.3x 2016 and 8.2x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was EUR13.9m (net gearing: 1%).

NEXT CATALYSTS

Conference call at 9am CET / 8am BST / 3am EDT (UK: +44 20 30 59 81 28; USA: +1 631 302 65 47).

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Food retailing

Tesco

Price 193.50p

FY 2015/16 (first take): apart from FCF, nothing that surprising to us

Fair Value 166p (-14%) **NEUTRAL**

Bloomberg	TSCO LN
Reuters	TSCO.L
12-month High / Low (p)	246.9 / 139.2
Market Cap (GBPm)	15,753
Ev (BG Estimates) (GBPm)	23,278
Avg. 6m daily volume (000)	26 907
3y EPS CAGR	0.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.7%	33.0%	-5.5%	29.4%
Food Retailing	1.2%	8.1%	-2.1%	3.4%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

YEnd Feb. (GBPm)	02/15	02/16e	02/17e	02/18e
Sales	62,284	55,691	56,710	58,156
% change		*-10.6%*	*1.8%*	*2.6%*
EBITDA	2,942	2,240	2,236	2,450
EBIT	-5,792	903.4	1,051	1,235
% change		*NS*	*16.3%*	*17.5%*
Net income	589.3	279.6	460.3	594.7
% change		*-52.5%*	*64.6%*	*29.2%*

	02/15	02/16e	02/17e	02/18e
Operating margin	2.2	1.6	1.9	2.1
Net margin	0.9	0.5	0.8	1.0
ROE	NM	NM	NM	NM
ROCE	5.5	4.2	5.0	6.0
Gearing	119.9	54.7	42.5	30.6

(p)	02/15	02/16e	02/17e	02/18e
EPS	7.27	3.45	5.68	7.34
% change	*-*	*-52.5%*	*64.6%*	*29.2%*
P/E	26.6x	56.1x	34.1x	26.4x
FCF yield (%)	NM	0.0%	0.1%	0.1%
Dividends (p)	1.16	0.00	0.85	2.20
Div yield (%)	0.6%	NM	0.4%	1.1%
EV/Sales	0.4x	0.4x	0.4x	0.4x
EV/EBITDA	9.5x	10.4x	10.1x	8.9x
EV/EBIT	NS	25.8x	21.5x	17.7x

FY group trading profit worked out at GBP944m (vs GBP935m expected by the consensus). Once again, at this stage, today's statement does not allow us to amend our conviction according to which other catalysts can only be considered once the Tesco has restored strong LFL rates in the UK&ROI (in Q4, UK&ROI LFL sales excl. VAT is up +0.9% vs +0.6%e). Hence, at this stage, ahead of the conference call, we maintain our Neutral rating.

Overseas (29% of EBIT), sales performances remain in a good momentum with a +3.8% LFL rate (vs +3.5% e / +2.9% in Q3, +2.3% in Q2 and -0.2% in Q1), which breaks down into a +3.5% LFL rate in Asia (vs +2.4% in Q3, flat in Q2 and -3.4% in Q1) and +4.1% LFL rate in Europe (vs +3.3% in Q3, +4.0% in Q2 and +2.2% in Q1).

In the UK (53% of EBIT), Q4 LFL sales growth excl. fuel and VAT (main kpi) works out at +0.9% vs (+0.6% e / -1.5% in Q3, -1.0% in Q2 and -1.5% in Q1). Admittedly, this is a sequential improvement (driven by volumes and transactions up +3.3% and +2.8% respectively in Q4) which, at this stage and ahead of the conference call, is not sufficient to definitely wipe out operating concerns.

As a reminder, *ceteris paribus*, lfl need to be well above the current levels to amortize the natural cost inflation (~2.5%) and the emergence operating leverage. Growth is at a standstill (a disruptive factor in a fixed-cost industry, as Tesco's CEO hinted at when he spoke of a "lethal cocktail of costs" in the UK).

Bottom line, FY trading profit worked out at GBP505m (vs GBP505m expected by the consensus) in UK & ROI (i.e. +4bp improvement in margin / +176 bp in H2); GBP277m (vs GBP264m e) for international activities (i.e. flat margin / +52bp in H2); GBP162m (vs GBP170m e) at Tesco Bank (i.e. -140bp decline in margin / -176 bp in H2).

The net debt came in at GBP5.1bn (in line with the consensus). Note that FCF worked out at GBP1.3bn which is obviously well above expectations (a point we need to look into detail, but obviously, WCR was better than expected while tax were below estimates).

ANALYSIS

Tesco's balance sheet is all the more precarious (adjusted ND/EBITDA ratio of ~5.3x e before disposal of Korea) in that that even the sale of Homeplus only prompted a modest improvement in the ratio (i.e. an estimated 25bp).

Yet, the improvement in the major balances is dependent on a recovery in lfl figures in the UK. As such, ceteris paribus, we believe that lfl growth rates of more than 2% are necessary to amortise the natural inflation in costs (~2.5%) and the emergence of convincing operating leverage.

Given the sluggishness specific to the sector, Tesco's commercial resolutions could take time to produce their effects. Growth is at a standstill (a disruptive factor in a fixed-cost industry, as Tesco's CEO Dave Lewis hinted at when he spoke of a "lethal cocktail of costs" in the UK).

VALUATION

- NM

NEXT CATALYSTS

- Significant improvement of LFL sales growth in UK&ROI

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Hotels

AccorHotels

Price EUR36.95

Bloomberg	AC FP
Reuters	ACCP.PA
12-month High / Low (EUR)	51.3 / 30.0
Market Cap (EURm)	8,698
Avg. 6m daily volume (000)	1 546

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.8%	-0.4%	-16.4%	-7.6%
Travel&Leisure	-2.2%	-7.2%	-2.6%	-10.5%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

	2014	2015e	2016e	2017e
P/E	22.0x	19.6x	21.2x	18.2x
Div yield (%)	2.6%	2.7%	3.0%	3.4%

Ownership structure: Jin Jiang could build up its ownership

Fair Value EUR48 (+30%) **BUY-Top Picks**

ANALYSIS

- **Jin Jiang International**, which is n°7 hotel companies in the world, is one of the fastest growing Chinese companies and the only one investing abroad. In fact, Jin Jiang bought in 2014 Group du Louvre and is today AccorHotels' biggest shareholder with almost 12% of equity capital. More yesterday, Jin Jiang announced that it could build up its ownership to about 20%.
- No more comment from companies. Regarding shareholder declarations and beyond legal one to each 5% to AMF, there are specific statutes disclosure thresholds: shareholder that acquires or raises its interest to 1% of the capital or voting rights is required to disclose its interest to the Company. Any shareholder that acquires or raises its interest to more than one-twentieth, three-twentieths or one quarter of the capital or voting rights is required to notify the Company of its intentions over the following twelve months.

Shareholder structure(before FRHI)

	Shares (estimated)		%	
Colony capital	14 121 146		6,0%	
Eurazeo	12 238 326		5,2%	
SS total		26 359 472		11,2%
Jin Jiang	27 536 234		11,7%	
Founders & Directors	5 937 840		2,5%	
Free float	175 518 880		74,6%	
Total	**235 352 425**		**100,0%**	

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

Shareholder structure (after FRHI)

	Shares (estimated)		%	
Colony capital	14 121 146		5,0%	
Eurazeo	12 238 326		4,3%	
SS total		26 359 472		9,3%
Qatar Investment Authority (QIA)	30 046 206		10,7%	
Kingdom Holding Company (KHC)	16 645 316		5,9%	
SS total		46 691 522		16,6%
Jin Jiang	27 536 234		9,8%	
Founders & Directors	5 937 840		2,1%	
Free float	175 598 933		62,2%	
Total	282 124 000		100,0%	

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

VALUATION

- At the current share price, the stock is trading EV/EBITDA of 10.1x for 2016e and 8.4x for 2017e compared with an historical median of 7.6x and an average for European peers of 9.4x for 2016e and 8.6x for 2017e.

NEXT CATALYSTS

- Q1 2016 revenue on 19th April (after market). Conference call at 6:30pm

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TMT

Altice

Price EUR14.04

No consolidation in Israel so far

Fair Value EUR16.3 (+16%) **BUY**

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	32.2 / 10.0
Market Cap (EURm)	15,358
Avg. 6m daily volume (000)	2,617

	1 M	3 M	6 M	31/12/15
Absolute perf.	-11.9%	-2.1%	-28.6%	5.9%
Telecom	-4.8%	-5.1%	-5.9%	-8.7%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

	2014	2015e	2016e	2017e
P/E	NS	NS	NS	18.9x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Israeli operator Cellcom yesterday announced that the Israeli Antitrust commissioner and the Ministry of Communications were opposing the proposed purchase of Golan Telecom. The arguments for the decisions have yet to be provided. Cellcom said it will consider its options after receiving and reviewing the arguments for the decisions.
- The deal was very unlikely since the Prime Minister said last year that he was opposing the deal. We do not believe that hopes of the deal happening were priced in the stock.
- Altice Israel, ie Hot Telecom, only represents 6.5% of Altice pro forma 2015 EBITDA and our EBITDA forecast for Israel did not take into account any probability of the deal going through.
- Nevertheless, an opportunity exists again for Altice to buy Golan: Altice had previously made a USD124m offer according to Israeli press, inferior to Cellcom's EUR277m one. A merger between Golan and Hot should raise less competitive issues.

VALUATION

- We stick to our Fair Value of EUR16.3 for Altice, with a Buy recommendation.

NEXT CATALYSTS

- Altice 2016 Q1 results on May 10th.

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Thomas Coudry, tcoudry@bryangarnier.com

Construction & Building Materials

Saint Gobain

Price EUR38.73

Bloomberg	SGO FP
Reuters	SGOB.PA
12-month High / Low (EUR)	44.5 / 32.1
Market Cap (EURm)	21,725
Avg. 6m daily volume (000)	2,040

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.2%	5.4%	-1.1%	-2.8%
Cons & Mat	-0.2%	4.1%	1.1%	-2.5%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

	2014	2015e	2016e	2017e
P/E	19.6x	18.8x	14.7x	11.5x
Div yield (%)	3.2%	3.2%	3.4%	3.6%

SIKA AGM : SWH voting rights restricted

Fair Value EUR42 (+8%) **BUY**

ANALYSIS

- Sika AGM was set up yesterday. As widely anticipated, the Board of Directors of Sika has decided to restrict the voting rights of SWH to 5%. The restriction regarded several votes, mainly related to the election of board members. The scenario was similar in the two last EGMs last year.
- Hence, the composition of the Board has not changed and therefore the family has not recovered the control of it. Basically, as underlined by the Sika press release, the *statu quo* is maintained.
- The first decision of the Zug Court on the SHW voting rights is expected this summer. This could be followed by appeals, but Saint-Gobain and the Burkard family have recently extended their deal until June 2017 and SGO has an option for another extension until December 2018.
- The recovery of the voting rights is the first step for the family. Then, SWH will be able to recover the control of the Board and then proceed with the Saint-Gobain deal.
- In any case, the Saint-Gobain share price is unlikely to react to this well-anticipated piece of news.

VALUATION

- EUR42 FV derived from the application of historical EV/EBIT to our 2017 estimates, discounted back.

NEXT CATALYSTS

- Q1 2016 sales on 27th April 2016, post market

Eric Lemarié, elemarie@bryangarnier.com

Sector View

Spirits

	1 M	3 M	6 M	31/12/15
Food & Bev.	-1.4%	-0.3%	1.0%	-5.1%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

*Stoxx Sector Indices

Companies covered		
CAMPARI	BUY	EUR9,3
DIAGEO	NEUTRAL	1790p
PERNOD RICARD	BUY	EUR113
REMY COINTREAU	BUY	EUR72

LVMH's Q1 sales provides a positive read-across for Rémy Cointreau

In Q1, LVMH's cognac sales were up 7% organically, partly reflecting a recovery in China. This provides a positive read-across for Rémy Cointreau. Pernod Ricard remains penalized by the weight of scotch in its Chinese portfolio.

ANALYSIS

- **LVMH's cognac sales were up 7% organically in Q1.** This partly reflects a gradual recovery in China. **During the conference call, the group reported that its sell-out during the Chinese New Year were healthy.** The XO trend is better than VSOP's which was impacted by the termination of some unprofitable accounts last year. The United States continued to have a very good momentum. Sell-out in volume in the country were up high single digit over the quarter.
- **The read-across is positive for Rémy Cointreau. The group's value depletions in China should be flat in Q4 (end-March), in line with the 9M trend. On the contrary, Pernod Ricard's value depletions are expected to be down 5% because of the weight of scotch** in its Chinese sales (20%). This category is still declining by 20%.
- **Rémy Cointreau's next release should show an accelerating trend of the cognac division.** Its sales should grow 10% in Q4 (end-March), implying +7.6% at the group level. **Compared to Pernod Ricard, the group should not suffer from a negative technical effect related to the Chinese New Year's shipments.** Pernod Ricard is expected to post a 15% organic drop in its Chinese sales in Q3 (end-March).

VALUATION/NEXT CATALYSTS

- **We maintain our preference for Rémy Cointreau and Campari over Pernod Ricard.** At yesterday's share price, the stock is trading at 21.3x EV/EBIT 2015/16e and 19.3x EV/EBIT 2016/17e, 17% and 15% above the peers' average (average 10-year historical premium vs its peers: 18%) / Rémy Cointreau's Q4 sales on April 19th / Pernod Ricard's Q3 sales on April 21st

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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 56.8% NEUTRAL ratings 35.3% SELL ratings 7.9%

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