Please find our Research on Bloomberg BRYG <GO>)

27th April 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17990.32	+0.07%	+3.24%
S&P 500	2091.7	+0.19%	+2.34%
Nasdaq	4888.28	-0.15%	-2.38%
Nikkei	17353.28	-0.49%	-8.83%
Stoxx 600	347.314	+0.18%	-5.06%
CAC 40	4533.18	-0.28%	-2.24%
Oil /Gold			
Crude WTI	41.5	0.00	+11.56%
Gold (once)	1241.61	+0.08%	+16.87%
Currencies/Rates			
EUR/USD	1.13075	+0.35%	+4.09%
EUR/CHF	1.0999	+0.19%	+1.15%
German 10 years	0.3	+11.23%	-52.65%
French 10 years	0.555	+6.97%	-43.43%
Euribor	-	+-%	+-%

Economic releases :

Date	
27th-Apr	JP - All industry activity index Feb. (-1.4% E m/m) GB - GDP 1Q (2.0% E y/y) US - Pending home Sales Mar. (1.2% E y/y) US - oil Inventories US - FOMC rate decision

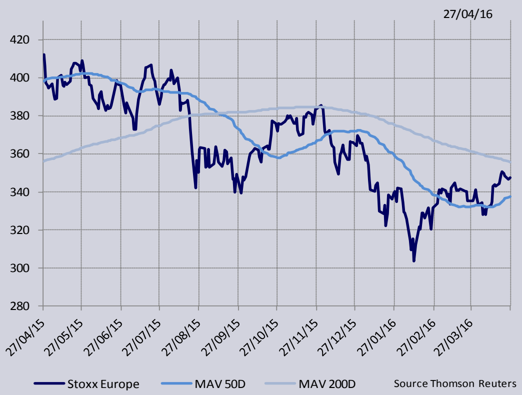
Upcoming BG events :

Date	
27th-Apr	ELIOR (BG Geneva with CFO)
28th-Apr	ORPEA (BG Luxembourg with IR)
28th-Apr	ORPEA (BG Luxembourg with IR)
3rd-May	Groupe SEB (BG Paris Lunch with IR)
4th-May	Groupe SEB (BG Luxembourg Lunch with IR)
15th-Jun	GENMAB (BG Paris roadshow)

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



ALBIOMA — **BUY, Fair Value EUR16 (+17%)**

Strong year start, as expected

BAYER — **NEUTRAL, Fair Value EUR110 (0%)**

Mixed overall picture in Q1

BIC — **NEUTRAL, Fair Value EUR119 (-13%)**

Q1 margin decrease (-290bp) justifies cautious FY16 outlook

CAPGEMINI — **BUY, Fair Value EUR90 (+15%)**

Q1 sales globally in line, FY16 guidance reiterated

CRH — **BUY, Fair Value EUR30 (+16%)**

April trading update cautious in our view

DELHAIZE — **BUY, Fair Value EUR104,5 vs. EUR105 (+14%)**

Q1 2016 (first take): strong commercial momentum / clarification needed on FCF

INGENICO GROUP — **BUY, Fair Value EUR144 (+44%)**

Strong Q1 sales. FY organic sales growth target upgraded and still cautious.

STMICROELECTRONICS — **NEUTRAL, Fair Value EUR6.3 (+24%)**

Q1 results below forecasts, but Q2 on track as the environment improves

In brief...

ADIDAS GROUP, ***Creating… the good surprise! Q1 numbers are clearly above expectations!***

ASTRAZENECA, ***US rights to lesirunad sold to Ironwood***

DIALOG SEMICONDUCTOR, ***Apple is heading for further softness before benefiting from the iPhone 7 cycle***

NUMERICABLE SFR, ***New CFO appointed***

WIRECARD, ***Preliminary Q1 figures, FY16 guidance confirmed***

Utilities

Albioma

Price EUR13.70

Bloomberg	ABIO FP
Reuters	ABIO.PA
12-month High / Low (EUR)	19.4 / 11.9
Market Cap (EURm)	408
Ev (BG Estimates) (EURm)	1,048
Avg. 6m daily volume (000)	23.70
3y EPS CAGR	18.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.7%	6.1%	-9.5%	-8.4%
Utilities	3.4%	0.8%	-6.5%	-2.8%
DJ Stoxx 600	3.6%	2.4%	-7.6%	-5.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	354.0	376.0	427.3	484.4
% change		*6.2%*	*13.6%*	*13.4%*
EBITDA	120	127	147	176
EBIT	76.1	73.9	88.0	112.8
% change		*-2.9%*	*19.1%*	*28.2%*
Net income	30.2	25.9	33.6	50.1
% change		*-14.2%*	*29.8%*	*48.9%*

	2015	2016e	2017e	2018e
Operating margin	21.5	19.7	20.6	23.3
Net margin	8.5	6.9	7.9	10.3
ROE	7.4	6.3	8.0	11.3
ROCE	4.7	4.4	4.5	5.3
Gearing	131.6	155.5	192.2	201.7

(EUR)	2015	2016e	2017e	2018e
EPS	1.04	0.89	1.15	1.72
% change	-	*-14.2%*	*29.8%*	*48.9%*
P/E	13.2x	15.4x	11.9x	8.0x
FCF yield (%)	1.5%	NM	NM	NM
Dividends (EUR)	0.57	0.57	0.58	0.86
Div yield (%)	4.2%	4.2%	4.2%	6.3%
EV/Sales	2.7x	2.8x	2.8x	2.7x
EV/EBITDA	7.9x	8.3x	8.3x	7.4x
EV/EBIT	12.4x	14.2x	13.8x	11.6x

Strong year start, as expected

Fair Value EUR16 (+17%) **BUY**

The French biomass energy producer reported solid Q1 sales helped by a positive base effect compared with last year (strikes in Guadeloupe) and underpinned by the effect of riders to the electricity sale agreements for the Albioma Le Gol and Albioma Bois-Rouge plants signed in the first quarter of 2016 with EDF. In all total Q1 sales were up 12% YoY to EUR87.2m. Positive.

ANALYSIS

- **Main Q1 metrics:** Albioma has posted Q1 sales of **EUR87.2m**, up **12% YoY** and **17%** after excluding the negative effect from raw materials (*coal price decline*). Total electricity production for the period amounted to **887GWh**, compared with **521GWh** in Q1-15 (*+70%*). Total availability rose to **91.4%** compared with **88.6%** in Q1 2015. Most of this very good performance stemmed from the high availability rate at the French thermal biomass business unit, which notably benefited from a positive effect compared with last year given that the Q1 2015 operating performance was affected by staff strikes at the ***Le Moule plant in Guadeloupe***. Albioma also benefited from a strong increase in the duty rate at the **Le Galion in Martinique** (*30% in Q1-16 compared with 21% in Q1-15*). Q1 sales in France were also boosted by the effect of riders to the electricity sale agreements for the Albioma Le Gol and Albioma Bois-Rouge plants signed in the first quarter of 2016 with EDF. These allow compensation to offset the costs generated by managing combustion by-products and processing liquid waste. All in all, total French thermal sales were up **11%** to **EUR74.1m** while solar sales were up **4%** driven mainly by a positive inflation effect given production over Q1 remained similar to last year (*23GWh*). As for Brazil the group managed to reduce the annual maintenance period at Rio Pardo (*2 months in Q1-16 instead of 3 months last year*) allowing the entity to produce power thanks to the bagasse stock built up in 2015. Thanks to this increase in production the group was able to generate **EUR1.8m** of sales vs. **EUR0.2m** last year.
- **2016 guidance confirmed**: The group confirmed its 2016 guidance and and is still targeting generation of **EUR122-130m** in EBITDA and between **EUR25m and EUR30m** in net profit over the year. As a reminder, given the special performance of the group last year, H1 2016 operating performance is set to be stronger than H2 2015.
- **Buy rating reiterated with FV @ EUR16:** We confirm our **Buy rating on Albioma with FV unchanged at EUR16/share**. In our view, the group is entering a massive earnings growth period thanks to its development in Brazil but also thanks to the progressive commissioning of new power production assets in French oversea departments. As a reminder our 2016-24 estimates imply a CAGR of **>5% on group's EPS**.

VALUATION

- At current share price Albioma is trading at 8.3x its 2016e EBITDA and offers a 4.2% yield
- Buy, FV @ EUR16/share

NEXT CATALYSTS

- July 26th: H1 2016 earnings

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Analyst :
Xavier Caroen
33(0) 1.56.68.75.18
xcaroen@bryangarnier.com

Healthcare

Bayer

Price EUR109.70

Bloomberg	BAY GY
Reuters	BAYG.F
12-month High / Low (EUR)	138.4 / 92.8
Market Cap (EURm)	90,716
Ev (BG Estimates) (EURm)	105,296
Avg. 6m daily volume (000)	2 442
3y EPS CAGR	6.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	7.0%	3.7%	-5.8%	-5.3%
Healthcare	6.2%	-2.5%	-7.5%	-7.7%
DJ Stoxx 600	3.5%	3.1%	-8.1%	-5.2%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	46,325	45,950	47,919	49,494
% change		*-0.8%*	*4.3%*	*3.3%*
EBITDA	10,275	10,665	11,284	11,877
EBIT	8,851	9,297	9,828	10,374
% change		*5.0%*	*5.7%*	*5.6%*
Net income	5,687	5,844	6,456	6,915
% change		*2.8%*	*10.5%*	*7.1%*

	2015	2016e	2017e	2018e
Operating margin	19.1	20.2	20.5	21.0
Net margin	12.3	12.7	13.5	14.0
ROE	25.6	22.9	22.8	21.9
ROCE	11.6	12.4	13.2	14.0
Gearing	71.0	51.7	35.2	20.3

(EUR)	2015	2016e	2017e	2018e
EPS	6.88	7.07	7.81	8.36
% change	-	*2.8%*	*10.5%*	*7.1%*
P/E	16.0x	15.5x	14.1x	13.1x
FCF yield (%)	4.8%	6.6%	7.2%	7.7%
Dividends (EUR)	2.50	2.60	2.70	2.80
Div yield (%)	2.3%	2.4%	2.5%	2.6%
EV/Sales	2.3x	2.3x	2.1x	2.0x
EV/EBITDA	10.6x	9.9x	9.0x	8.2x
EV/EBIT	12.3x	11.3x	10.4x	9.4x

Mixed overall picture in Q1

Fair Value EUR110 (0%) **NEUTRAL**

The conference call yesterday afternoon confirmed a mixed first read-out from the first-quarter performance as reflected in the press release. There were some positive one-offs during Q1 and the remainder of the year is expected to show some tougher conditions in pharmaceuticals and in crop sciences. Updates on the pipeline also revealed several setbacks that add to questions about mid-term growth prospects. In all, we are left with a very mixed feeling and NEUTRAL therefore looks like the best rating to have on the stock.

ANALYSIS

- Clearly during the rush time that characterises each and every quarterly publication, especially with Bayer that comes out late and in various written formats, it is not always easy to identify R&D updates lost in the middle of a quarterly report. This is what happened yesterday the report already mentioned the discontinuation of roniciclib in SCLC and the refocus of finerenone on the DKD indication while CHF is not to be pursued. Later on during the conference call, the CEO added that vericiguat missed its primary endpoint in phase II in CHF with pEF but confirmed that it would proceed to phase III in CHF with rEF in collaboration with Merck whereas, despite positive top-line data but considering the competitive environement, all options would be evaluated for molidustat (which is suggestive of either collaboration or pure sale). Although we welcome some of these decisions that are financially responsive, like finerenone in CHF and molidustat considering more advanced similar drugs at AstraZeneca and GSK, all combined they are questioning the depth and breadth of Bayer's R&D pipeline to sustain longer-term growth for its pharmaceutical business. Bayer is obviously the company in our universe for which we have the least value for the pipeline. Asked about how management was qualifying this portfolio and whether it would need to intensify partnerships and M&A activities, notably in oncology, the answer was that the pipeline is "very strong" in all three areas where Bayer has decided to focus i.e. cardiology, women's health and even oncology where it will simply not participate in the first wave of IO.
- In concrete terms, today's updates have little impact on our numbers and FV as we were already very cautious about these assets. Roniciclib was not factored into our model, finerenone was only included in DKD (and so remains as such) and only molidustat is removed but had very limited projected sales as a third entrant into the market with limited available clinical data.
- Now, moving back to the quarterly performance, we would highlight the fact that Bayer stuck to its original guidance as a consequence of a lack of visibility towards the rest of the year in some areas and also because there were some one-offs in the Q1 performance, particularly in CropScience where price effects mostly related to seeds and to canola are not recurring, which is also true for the mix effect in COGS. In Pharmaceuticals, Bayer warned about upcoming pricing cuts in Japan and in China for the remainder of the year, about the changing situation for Stivarga in Germany and the profit-sharing status of Eylea. We think there is a layer of cautiousness in Bayer's management comments and guidance for the full-year, in view of the arrival of a new CEO who probably prefers to beat consensus numbers rather than missing them but the margin is not as big as Q1 might suggest.

VALUATION

- The Slight improvement in EBITDA margins for Pharmaceuticals and CropScience this year vs our initial expectations on one side and revenue cuts and molidustat's removal on the other, balance each other out in the end, such that our FV is unchanged.
- Our FV remains in line with the current share price. Bayer remains a NEUTRAL.

NEXT CATALYSTS

- 2nd May 2016: ex-dividend date (EUR2.50 per share)

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Analyst :
Eric Le Berrigaud
33(0) 1 56 68 75 33
eleberrigaud@bryangarnier.com

Sector Team :
Mickael Chane Du
Hugo Solvet

Luxury & Consumer Goods

BIC

Price EUR136.25

Bloomberg	BB FP
Reuters	BICP.PA
12-month High / Low (EUR)	160.8 / 125.0
Market Cap (EURm)	6,531
Ev (BG Estimates) (EURm)	6,068
Avg. 6m daily volume (000)	49.60
3y EPS CAGR	7.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.8%	-6.4%	-5.8%	-10.2%
Consumer Gds	1.8%	2.9%	-4.7%	-3.1%
DJ Stoxx 600	3.5%	3.1%	-8.1%	-5.2%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	1,979	2,242	2,353	2,468
% change		*13.3%*	*5.0%*	*4.9%*
EBITDA	370	432	431	460
EBIT	369.3	439.9	426.9	455.9
% change		*19.1%*	*-3.0%*	*6.8%*
Net income	262.1	325.1	304.9	326.6
% change		*24.1%*	*-6.2%*	*7.1%*

	2014	2015e	2016e	2017e
Operating margin	18.7	19.6	18.1	18.5
Net margin	13.2	14.5	13.0	13.2
ROE	16.2	16.1	14.5	13.6
ROCE	17.8	18.4	15.5	14.8
Gearing	-19.5	-23.0	-17.8	-18.5

(EUR)	2014	2015e	2016e	2017e
EPS	5.47	6.79	6.37	6.82
% change	-	*24.1%*	*-6.2%*	*7.1%*
P/E	24.9x	20.1x	21.4x	20.0x
FCF yield (%)	3.6%	3.6%	3.2%	3.8%
Dividends (EUR)	2.85	5.90	3.55	3.70
Div yield (%)	2.1%	4.3%	2.6%	2.7%
EV/Sales	3.1x	2.7x	2.6x	2.5x
EV/EBITDA	16.8x	14.0x	14.3x	13.2x
EV/EBIT	16.8x	13.8x	14.4x	13.3x

Q1 margin decrease (-290bp) justifies cautious FY16 outlook

Fair Value EUR119 (-13%) **NEUTRAL**

Q1 sales increased 1.3% on a reported basis and 6.9% LFL to EUR517m, matching the CS of EUR515m. Adjusted for the special premium (EUR11.4m), normalised IFO margin was down 290bp to 17% (CS: 18.4%) after a 150bp-decrease in the GM (less favourable fixed cost absorption) and higher brand support (+80bp). FY16 outlook is reiterated and BIC will host a conference call today at 4:00pm (Paris time).

ANALYSIS

- **Q1 sales came in at EUR517m vs. CS at EUR515m.** Organic growth amounted to 6.9% and beat CS expectations (+3.8% / BG: +4.9%e) but the group experienced a more negative FX impact (-5.6%) over the quarter, mainly due to the fall of the BRL and MEX currencies (~9% and ~5% of sales respectively).
- **Consumer Business was strong with +7.2% LFL (CS: +4.4%).** Trends remained fairly in line with Q4 (+7.9%) on top of a tougher comparison base (Q1 15: +7.4%). Revenue in **Stationery** grew by 7.9% (Q4: +4.3%), driven by HSD growth in Europe and North America, LatAm was up MSD. Momentum remained robust in **Shavers** (+10.9% vs. 13.3% in Q4) thanks to Europe and LatAm that were up in the double-digits. Sales in **Lighters** only increased 5.4% (Q4: +8.9%) given demanding comparison with Q1 15 (+9.7%).
- **Promotional products increased 4.6% LFL.** This performance was fuelled by improving trends in Europe and in North America. As a reminder, in February BIC announced it had initiated a strategic review for BIC Graphic given a more limited outlook regarding the promotional product industry. This should be completed by the end of 2016.
- **Q1 normalised IFO margin excl. the special premium paid to employees contracted 290bp to 17% (CS: 18.4%).** AS in Q1 12, BIC paid an EUR11.4m special bonus to employees who had not been granted performance share plans. This one-off charge had a 150bp negative impact on the gross margin and 70bp on the normalised IFO margin. As announced at the FY15 results presentation, the group increased its brand support (+80bp). **Group net income** decreased by 34% to EUR51m.

BIC Q1 16 Results:

EURm	Q1 15	Q1 16	*% change*
Net sales	510.8	517.3	*1*
Normalised IFO excl. special bonus	101.8	87.7	*-14*
in % of sales	*19.9*	17.0	*-290bp*
Reported IFO	97.6	76.4	*-25*
in % of sales	*19.1*	14.8	*-430bp*
Group Net Income	77.2	51.0	*-34*

Source: Company Data

- **FY16 guidance confirmed.** The groups expects mid single-digit organic sales growth (BG: +5%e) and maintains its cautious NIFO guidance (i.e. -100 to -150bp vs. 19.3% in 2015 / BG: -100bp to 18.3%) given a ramp up in R&D investments and a step up in brand support to protect or strengthen BIC's market share (particularly in Stationery and Shavers), to support new launches and the group's development in emerging markets (Latin America, Africa).

VALUATION

- The significant decrease in profitability over Q1 justifies the cautious FY16 outlook provided by BIC but incremental marketing expenses seem to already fuel the top line growth, as highlighted by the better-than-expected LFL performance (+6.9% vs. CS of 3.8%).
- Yet, the stock trades at 14.4x 2016e EV/EBIT, implying a significant premium (+41% vs. 2004-16 average!). Hence we confirm our Buy recommendation and FV of EUR119.

NEXT CATALYSTS

- Conference call today at 4:00pm (CET) // AGM on 18th May 2016.

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

Consumer Analyst Team:
Nikolaas Faes
Loïc Morvan
Antoine Parison
Virginie Roumage

TMT

Capgemini

Price EUR78.58

Q1 sales globally in line, FY16 guidance reiterated

Fair Value EUR90 (+15%) **BUY**

Bloomberg	CAP FP
Reuters	CAPP.PA
12-month High / Low (EUR)	90.2 / 69.0
Market Cap (EUR)	13,530
Ev (BG Estimates) (EUR)	14,578
Avg. 6m daily volume (000)	665.1
3y EPS CAGR	10.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.5%	-7.0%	-4.5%	-8.2%
Softw.& Comp.	-0.5%	-0.5%	1.1%	-3.8%
DJ Stoxx 600	3.6%	2.4%	-7.6%	-5.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	11,915	12,653	13,070	13,561
% change		*6.2%*	*3.3%*	*3.8%*
EBITDA	1,577	1,697	1,835	1,944
EBIT	1,022	1,207	1,355	1,464
% change		*18.1%*	*12.3%*	*8.0%*
Net income	798.7	923.7	1,020	1,098
% change		*15.7%*	*10.4%*	*7.7%*

	2015	2016e	2017e	2018e
Operating margin	10.6	11.2	11.9	12.3
Net margin	9.4	5.9	6.5	6.8
ROE	16.3	10.1	10.6	10.8
ROCE	17.2	12.6	14.2	15.6
Gearing	25.3	14.2	2.6	-7.9

(EUR)	2015	2016e	2017e	2018e
EPS	4.66	5.35	5.86	6.31
% change	-	*14.8%*	*9.6%*	*7.7%*
P/E	16.9x	14.7x	13.4x	12.5x
FCF yield (%)	6.1%	6.4%	7.4%	7.7%
Dividends (EUR)	1.35	1.50	1.60	1.70
Div yield (%)	1.7%	1.9%	2.0%	2.2%
EV/Sales	1.3x	1.2x	1.1x	0.9x
EV/EBITDA	9.7x	8.6x	7.5x	6.6x
EV/EBIT	12.1x	10.3x	8.8x	7.7x

This morning Capgemini reported Q1 16 sales globally in line with both our ests. and the consensus average, with slightly more fx headwinds than we anticipated however. Management has reiterated FY16 guidance (revenue growth of 7.5-9.5% at cc or up 2.5-4.5% lfl, operating margin of 11.1-11.3%, free cash flow above EUR850m), with the delivery of synergies with Igate ahead of schedule. We expect the share price to react positively near term.

ANALYSIS

- **Q1 16 sales globally in line with our estimates, with more fx headwinds however**. Q1 revenues rose 11.8% (+2.9% lfl) to EUR3,092m, or 1% below both our ests. and the consensus average (EUR3,108m/+2.7% lfl), including a 2.1ppt fx headwind (essentially GBP and BRL) while we expected these headwinds at 1.5ppt. Digital & Cloud revenues were up 28%, with strong traction for innovative offerings. Capgemini's offshore staff now represents 55% of total headcount.

- **Q1 details**. **By service line**: 1) Application Services (systems integration + application management): +16.2% at cc led by strong demand for Digital & Cloud offerings; 2) Other Managed Services (infrastructure management + BPO): +11.2% at cc; 3) Sogeti: +11.2% at cc, boosted by the addition of Igate's engineering activities; 4) Consulting: +7.4% at cc, led by sustained demand for digital transformation, and a strong start in the UK, Germany and Scandinavia. **By geography**, performances were as follows: 1) North America: +40.1% at cc, with strong growth (+6.9% lfl) except for Energy & Utilities; 2) UK: +8.1% at cc with commercial sector up double-digit; 3) France: +2% at cc, driven by Financial Services and Consumer Goods & Retail; 4) Rest of Europe: +6.1% at cc with solid momentum (including in Asia Pacific) in all areas except in Benelux and Brazil. **By industry**, growth was led by Financial Services (+29.7% at cc due to the integration of Igate), then Manufacturing, Automotive & Life Sciences (+18.9% at cc), Telecom, Media & Entertainment (+18% at cc), and Consumer, Retail, Distribution & Transport (+14.7% at cc), while Government and Energy, Utilities & Chemicals were repectively up 1.7% at cc and down 1% at cc.

- **FY16 guidance reiterated**. Management reiterated FY16 guidance, i.e. sales up 7.5-9.5% at cc, i.e. an est. +2.5%/+4.5% lfl (BG est. and consensus: +3.5% lfl), an operating margin of 11.1-11.3% (BG est.: 11.2%; consensus: 11.3%), and a free cash flow above EUR850m (BG est.: EUR886m; consensus: EUR872m). Q1 bookings amounted to EUR3,128m, up 17.6% at cc on a year-on-year basis. The utilisation rate was flat in Application Services (81%), up 1ppt at Sogeti (82%) and down 1ppt in Consulting (70%). NB. The integration of Igate is on track at the operational level, but the delivery of synergies is ahead of schedule for 2017 and 2018.

VALUATION

- Capgemini's shares are trading at est. 10.3x 2016 and 8.8x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was EUR1,747m (net gearing: 25%).

NEXT CATALYSTS

Conference call today at 8.30am CET / 7.30am BST / 2.30am EDT (France: +33 1 70 77 09 37; UK: +44 20 33 67 94 59; USA: +1 855 402 77 63).

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

Sector Team :
Richard-Maxime Beaudoux
Thomas Coudry
Dorian Terral

Construction & Building Materials

CRH

Price EUR25.87

April trading update cautious in our view

Fair Value EUR30 (+16%) **BUY**

Bloomberg	CRH.ID
Reuters	CRH.I
12-month High / Low (EUR)	28.1 / 21.0
Market Cap (EUR)	21,317
Ev (BG Estimates) (EUR)	26,976
Avg. 6m daily volume (000)	962.4
3y EPS CAGR	36.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.9%	6.6%	3.6%	-3.6%
Cons & Mat	3.2%	6.0%	1.3%	0.3%
DJ Stoxx 600	3.6%	2.4%	-7.6%	-5.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	23,635	27,956	28,925	30,521
% change		*18.3%*	*3.5%*	*5.5%*
EBITDA	2,416	3,117	3,336	3,667
EBIT	1,321	2,116	2,335	2,666
% change		*60.2%*	*10.3%*	*14.2%*
Net income	684.5	1,281	1,495	1,739
% change		*87.2%*	*16.7%*	*16.3%*

	2015	2016e	2017e	2018e
Operating margin	5.6	7.6	8.1	8.7
Net margin	3.1	4.7	5.4	6.0
ROE	5.4	9.1	10.1	10.8
ROCE	4.1	6.4	7.1	8.2
Gearing	48.9	41.1	30.5	19.5

(EUR)	2015	2016e	2017e	2018e
EPS	0.84	1.56	1.82	2.11
% change	-	*85.4%*	*16.7%*	*16.3%*
P/E	30.8x	16.6x	14.3x	12.3x
FCF yield (%)	6.8%	3.6%	5.9%	7.1%
Dividends (EUR)	0.63	0.63	0.63	0.63
Div yield (%)	2.4%	2.4%	2.4%	2.4%
EV/Sales	1.2x	1.0x	0.9x	0.8x
EV/EBITDA	11.4x	8.7x	7.8x	6.7x
EV/EBIT	20.9x	12.7x	11.1x	9.2x

CRH has released it interim statement this morning. The Q1 sales increase was healthy at 9% on a proforma basis, with strong progress in the Americas at +22%, while Europe was flat. H1 2016 EBITDA guidance is "close to EUR1bn", i.e. a mid-single digit percentage growth, which sounds low to us. H2 EBITDA should "make progress", but CRH says construction demand in the United States should grow "at a modest pace". Overall a cautious trading statement in our view. Analyst meeting at 9.30am today.

Interim guidance

EURm	H116Guidance	BG Estimates	H216 Guidance	BG Estimates
EBITDA in Europe	Not communicated	449	Not communicated	616
EBITDA in Americas	Not communicated	709	Not communicated	1 286
Group EBITDA	Around EUR1bn	1 158	Expected to make progress0	1 902

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

ANALYSIS

- Q1 sales growth looks steady to us. We can compare the 9% increase with our c5.6% like-for-like growth in H1. Besides, Asia is fine with 12% growth in revenues, underpinned by a dynamic Philippine cement business from the LH assets.
- Guidance is not very precise. We suspect the integration of the LafargeHolcim assets have made the exercise more complex. However, we feel that H1 EBITDA guidance is a bit low at EUR1bn. The mid-single digit percentage growth looks cautious as well, considering the good start to the year and the generally high leverage provided by this type of business.
- H2 guidance is vague, as CRH says they "expect to continue to make progress on a Group EBITDA basis in H2 2016". Moreover, US construction demand is expected to grow in H2 "at a modest pace".
- Overall, not a very promising trading statement. The 9h30 Conference call might give us additional flavour though.

VALUATION

- EUR30 FV derived from the application of 10x EV/EBITDA on our 2017 estimates, disc. back

NEXT CATALYSTS

- AGM on 28th of April 2016

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Analyst :
Eric Lemarié
33(0) 1.70.36.57.17
elemarie@bryangarnier.com

Food retailing

Delhaize

Price EUR91.31

Q1 2016 (first take): strong commercial momentum / clarification needed on FCF

Fair Value EUR104,5 vs. EUR105 (+14%) **BUY**

Bloomberg	DELB BB
Reuters	DELBt.BR
12-month High / Low (EUR)	97.2 / 70.9
Market Cap (EURm)	9,519
Ev (BG Estimates) (EURm)	10,300
Avg. 6m daily volume (000)	299.7
3y EPS CAGR	10.8%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.1%	-1.0%	12.0%	1.7%
Food Retailing	1.2%	5.6%	-3.9%	2.4%
DJ Stoxx 600	3.6%	2.4%	-7.6%	-5.1%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	21,361	24,395	25,249	25,828
% change		*14.2%*	*3.5%*	*2.3%*
EBITDA	1,355	1,538	1,626	1,688
EBIT	424.1	696.0	922.1	952.5
% change		*64.1%*	*32.5%*	*3.3%*
Net income	445.5	474.7	571.4	616.1
% change		*6.6%*	*20.4%*	*7.8%*

	2014	2015e	2016e	2017e
Operating margin	3.6	3.6	3.7	3.7
Net margin	2.1	1.9	2.3	2.4
ROE	NM	NM	NM	NM
ROCE	7.5	7.9	8.3	8.5
Gearing	18.3	12.7	7.8	2.5

(EUR)	2014	2015e	2016e	2017e
EPS	4.37	4.58	5.51	5.94
% change	-	*4.8%*	*20.4%*	*7.8%*
P/E	20.9x	19.9x	16.6x	15.4x
FCF yield (%)	5.7%	5.3%	5.3%	5.9%
Dividends (EUR)	1.17	1.31	1.59	1.72
Div yield (%)	1.3%	1.4%	1.7%	1.9%
EV/Sales	0.5x	0.4x	0.4x	0.4x
EV/EBITDA	7.8x	6.7x	6.2x	5.7x
EV/EBIT	24.8x	14.8x	10.9x	10.2x

Delhaize's Q1 2016 revenue growth woked out at 4.3% on constant currencies to EUR6153m (vs EUR6084m expected by the consensus). LFL sales growth reached +2.6% in the US (vs +2.1% e), +2.9% in Belgium (vs +2.7% e) and +10.8% in SEE (vs +3.6% e). On the whole, Delhaize turned in a very robust performance in Q1 with a 62bp improvement in underlying operating margin to 3.6%. Only FCF (the detail of which needs to be clarified) may disappoint somewhat but, at this stage of the year, cannot wipe out the strong commercial momentum within an industry that is suffering a lack of growth. Buy maintained ahead of the conference call at 09:00 am CET (+44 203 427 1908).

In the US (66% of the group's sales in Q1 and ~72% of the EBIT), against the backdrop of deflation (-1.1% due to price cuts in meat and dairy), Delhaize's performances remained resilient with LFL sales growth working out at 2.6% (vs +2.1% expected by the consensus) excluding a negative calendar impact of -0.5%. Both Food Lion and Hannaford continued to report positive LFL and real sales growth. The underlying operating margin increased 15bp to 3.9%. Gross margin widened slightly, thanks to a lower shrink in fresh categories (we suspect that further progress could be made in this area), partly offset by ongoing price investments at Hannaford.

Belgium (20% of the group's sales and ~15% of the EBIT), which has long been a sensitive issue in the equity story, maintained strong commercial momentum even if topline performances in company operated stores remained below management expectations. On the whole, LFL sales growth worked out at 2.9% LFL excl. a positive calendar impact of +1% (vs +2.7%e by the consensus and +5.1% Q4 15), on top of a return to positive retail inflation (+2.2% internal inflation after +1.8% in Q4 15) since Q3 15 now. This translated into a 50bp market share gain to 24.3%. Underlying operating margin was up +134bp to 2.7%. This was the result of stong improvement in SG&A as a % of sales, due to the Transformation Plan savings and lower advertising expenses.

In South Eastern Europe (15% of the group's sales and ~16% of the EBIT), LFL sales rose 10.8% (vs +3.6%e) and Delhaize thus tapped into operating leverage (+168bp). LFL sales growth and real growth were positive across the segment and were particulary strong in Greece and Romania (while inflation was flat for the region overall).

ANALYSIS

- In terms of the topline, within an industry that is suffering a decline in growth potential, Delhaize continues to post strong valuable commercial performances. This translated into healthy operating leverage. As such, Delhaize generated a robust performance in Q1 with a 62bp improvement in underlying operating margin to 3.6%. Although the group benefited from a slightly stronger gross margin mainly in the US, profitability was especially boosted by lower SG&A as a percentage of revenues in both Belgium and Southeastern Europe.
- Delhaize reported negative FCF in the first quarter (i.e. -EUR268m vs -EUR93m in 2015), which may disappoint somewhat. This was mainly due to increased capex (i.e. EUR120m in Q1 2016 vs EUR85m in 2015) and WCR movements (minus EUR484m in Q1 2016 vs minus EUR265m in 2015). However, management remains confident to generate "a healthy free cash flow for the full year".
- What is of a greater importance and consequence than the quarterly figures themselves is the pending merger. Major execution risks (which cannot be ruled out during such a merger) may arise later notably when the company will have to integrate the US operations. By then, we believe both Ahold and Delhaize are a kind of "insurance" within a skittish market with no clear direction.

VALUATION

- Delhaize is showing a 15x 2017 P/E vs 16x excl. Tesco on average for the panel

NEXT CATALYSTS

- Merger with Ahold

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

Sector Team :
Nikolaas Faes
Loïc Morvan
Cédric Rossi
Virginie Roumage

TMT

Ingenico Group

Price EUR100.00

Strong Q1 sales. FY organic sales growth target upgraded and still cautious.

Fair Value EUR144 (+44%) **BUY**

Bloomberg	ING FP
Reuters	INGC.PA
12-month High / Low (EUR)	127.6 / 87.9
Market Cap (EUR)	6,099
Ev (BG Estimates) (EUR)	6,050
Avg. 6m daily volume (000)	254.3
3y EPS CAGR	15.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.5%	-6.5%	-4.4%	-14.2%
Softw.& Comp.	-0.5%	-0.5%	1.1%	-3.8%
DJ Stoxx 600	3.6%	2.4%	-7.6%	-5.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	2,197	2,453	2,708	2,948
% change		*11.7%*	*10.4%*	*8.9%*
EBITDA	508	577	647	716
EBIT	436.5	502.9	566.0	627.9
% change		*15.2%*	*12.5%*	*10.9%*
Net income	273.7	325.0	376.7	422.9
% change		*18.7%*	*15.9%*	*12.3%*

	2015	2016e	2017e	2018e
Operating margin	19.9	20.5	20.9	21.3
Net margin	10.8	12.1	12.9	13.5
ROE	15.2	16.3	16.3	15.9
ROCE	16.5	19.5	22.4	25.3
Gearing	16.7	-2.8	-19.0	-32.2

(EUR)	2015	2016e	2017e	2018e
EPS	4.47	5.29	6.14	6.89
% change	-	*18.4%*	*15.9%*	*12.3%*
P/E	22.4x	18.9x	16.3x	14.5x
FCF yield (%)	4.5%	5.7%	6.5%	7.2%
Dividends (EUR)	1.30	1.65	1.95	2.23
Div yield (%)	1.3%	1.7%	1.9%	2.2%
EV/Sales	2.9x	2.5x	2.1x	1.8x
EV/EBITDA	12.5x	10.5x	8.8x	7.4x
EV/EBIT	14.5x	12.0x	10.1x	8.5x

Ingenico Group has posted outstanding Q1 sales (+15% lfl, with growth across all regions) and upgraded its 2016 organic growth target (>=+10% vs. ~+10%), despite the difficult comparison base and the already known volume decline at one key GlobalCollect e-payment account in Asia Pacific. This publication should clearly reassure investors. We believe there is still room for further guidance upgrades during the year both in organic sales growth and EBITDA margin. Our FY estimates remain unchanged but we expect the consensus to make upward adjustments (we had the highest FY16 forecasts). We expect today's share price to be well in excess of EUR100. The strong profitable growth story is not yet fully valued. We maintain our Buy recommendation and FV of EUR144.

ANALYSIS

- **Better-than-expected Q1 organic sales growth: revenue came in at EUR552m, +11% Y/Y and +15% lfl** (vs. BG: EUR537.7m with +8-9% lfl; consensus: EUR535m with +9.0% lfl). This performance was all the more impressive in that the comparison base was high (+16.5% lfl in Q1 15). **This level of organic growth should reassure investors** as we believe that even the upgraded FY16 sales organic growth guidance is very cautious (>=10% vs. ~+10% before; BG est.: +11.7%). Q1 by division: **1/ Payment Terminals up 21% lfl at EUR388m** (vs. BG: EUR381.5m, +13.2%), fed by the EMV migration in the US (+27% Y/Y, incl. >+20% in mPOS) and China (+33%), and by particularly strong business in Europe-Africa (+17%, notably in the UK and Nordic countries thanks to higher security levels); **2/ Payment Services up 3% at EUR164m** (vs. BG: EUR156.2m, -3.0%), **i.e. +12% in-store and a decline of only 1% in epayments** (rapid operational progress after the already known decreasing volumes from GlobalCollect's first e-payment client in Asia Pacific). Ingenico still expects this latter division to return to double-digit growth in H2.

- **Ingenico has upgraded its FY organic sales growth guidance and there is room for further upward revisions.** Management **now expects revenue to grow above or equal to 10% lfl** (vs. ~+10% initially) **with still an EBITDA margin of ~21%** (a stepped-up focus on developing and bringing its ePayments and other offers to market). It reaffirmed its objectives for double-digit growth in the US (the EMV migration is not over), again a strong growth in Asia (notably in China where revenue growth will also be in double digits), business should hold steady during the year in Latam (growth in new markets offsetting the slowdown in Brazil), growth in Europe should return to a more normal level but will remain strong. Lastly, the ePayments division should return to double-digit growth in H2 thanks to operational progress initiated in late 2015. **As usual, at this stage of the year Ingenico Group is very cautious.** We clearly believe it gave again a floor in terms of Y/Y organic sales growth and EBITDA margin (the group probably integrated a worst-case scenario in Brazil).

- **What catalysts beyond 2017? 1/ In Payment Terminals,** Japan could shift to EMV before the Olympic Games in 2020 in order to accept international cards and to deal with fraud (there are ~3m POS terminals). We believe card schemes could impose a deadline to Japanese merchants in 2017 (the acquisition of Lyudia yesterday is a strong clue), but also India and Indonesia in the medium term. Ingenico could reasonably reach a 20-30% market share in the Japanese market by 2018 and 40% in 2020 (i.e. about its world position); **2/ In Payment Services,** business should ramp up through M&A deals (we estimate the group has fire power of EUR1.3-1.7bn to make acquisitions). As such, Ingenico's 2020 targets of EUR500m in sales stemming from acquisitions are totally reachable to make the whole group exposed to 60% in Payment Terminals and 40% in Payment Services (vs. 70/30% currently). As a result, it should benefit from more recurring sales (55%e vs. 45% currently) with the associated operating leverage (pooling of its proprietary platforms).

VALUATION

- We maintain our **Buy recommendation** and **Fair Value of EUR144.**
- In FY16e, we expect **earnings growth of 25.1%e vs. a P/E of 18.9x over 2016e.** The group's transformation towards more recurring revenues is not yet priced in.

NEXT CATALYSTS

- **H1 earning results:** 26th July (after trading).

Main P&L items over 2015 and 2016e

Return to front page

EURm	2015	BG 2016e	Consensus 2016e
Revenue	2,197.3	2,453.3	2,413
Y/Y organic growth	*13.9%*	*11.6%*	*10%*
EBITDA	508.0	576.5	519
Margin	*23.1%*	*23.5%*	*21.5%*
Attrib. net income	230.3	288.2	261

Sources: Company consensus on 21st April (20 analysts); Bryan Garnier & Co. ests.

Management's track record (initial guidance vs. reported figures)

Year	2012		2013		2014		2015		2016e	
	Initial guid.	Reported	Initial guid.	Reported	Initial guid.	Reported	Initial guid.	Reported	Initial guid.	BG est.
Revenue growth lfl	>=8%	14.5%	>=8%	13.5%	~10%	19.1%	~10%	13.9%	~10%	11.6%
EBITDA margin	>=18.3%	18.5%	>=18.5	20.4%	~21%	23.4%	~21%	23.1%	~21%	23.5%

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

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

Sector Team :
Thomas Coudry
Gregory Ramirez
Dorian Terral

TMT

STMicroelectronics

Price EUR5.07

Q1 results below forecasts, but Q2 on track as the environment improves

Fair Value EUR6.3 (+24%) **NEUTRAL**

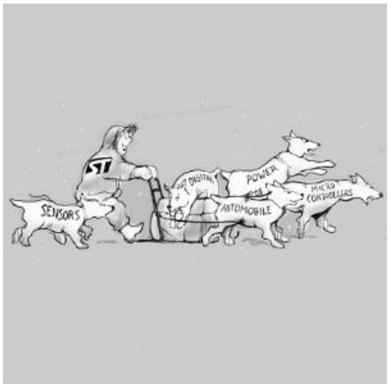
Bloomberg	STM FP
Reuters	STM.FR
12-month High / Low (EUR)	8.8 / 4.6
Market Cap (EURm)	4,622
Ev (BG Estimates) (EURm)	4,105
Avg. 6m daily volume (000)	2,384
3y EPS CAGR	29.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.5%	-13.4%	-28.8%	-17.9%
Semiconductors	-1.8%	-1.1%	-8.1%	-5.2%
DJ Stoxx 600	3.5%	3.1%	-8.1%	-5.2%

YEnd Dec. (USDm)	2015	2016e	2017e	2018e
Sales	6,897	6,882	6,998	7,151
% change		*-0.2%*	*1.7%*	*2.2%*
EBITDA	910	969	1,084	1,235
EBIT	174.0	253.8	356.1	490.9
% change		*45.8%*	*40.3%*	*37.8%*
Net income	175.0	181.0	274.4	377.4
% change		*3.4%*	*51.6%*	*37.6%*

	2015	2016e	2017e	2018e
Operating margin	2.5	3.7	5.1	6.9
Net margin	2.5	2.6	3.9	5.3
ROE	2.2	1.9	4.4	8.3
ROCE	5.1	3.7	6.9	10.6
Gearing	-10.5	-12.8	-15.4	-19.6

(USD)	2015	2016e	2017e	2018e
EPS	0.20	0.21	0.31	0.43
% change	-	*4.3%*	*51.6%*	*37.6%*
P/E	28.8x	27.6x	18.2x	13.2x
FCF yield (%)	5.1%	6.0%	7.5%	10.9%
Dividends (USD)	0.40	0.24	0.30	0.40
Div yield (%)	6.9%	4.2%	5.2%	7.0%
EV/Sales	0.7x	0.7x	0.6x	0.6x
EV/EBITDA	5.2x	4.8x	4.2x	3.5x
EV/EBIT	27.1x	18.2x	12.7x	8.8x



STMicroelectronics has reported Q1 2016 sales slightly below estimates and EPS below consensus. The group has posted Q1 sales of USD1.613bn, down 3.3% seq., with a gross margin stable at 33.4% and EPS of -USD0.05, below consensus expectations (cons. USD0.00, BG ests. -USD0.02). Q2 2016 guidance is broadly in line with estimates with revenues set to rebound 5.5% (+/- 350bp) sequentially, i.e. sales close to USD1.702bn, while current forecasts were for USD1.710bn (BG ests. USD1,702m).

ANALYSIS

- **Q1 top-line and EPS were below the street's expectations.** The company has reported Q1 revenues of USD1.613bn down 3.3% seq. (-5.4% yoy), in the guidance range (revenues -3.0% (+/- 350bp) sequentially), but slightly below consensus expectations. However, gross margin came in at 33.4%, above guidance, the street's forecasts and our expectations of 33.0%. Combined R&D and SG&A (net of grants) in the fourth quarter rose slightly to USD543m vs. USD530m in Q4 2015. As a result, EBIT was below expectations at –USD33m (cons. -USD4m/BG ests. -USD9m) while EPS stood in negative territory at -USD0.05 (cons. USD0.00/BG ests. -USD0.02). In Q1, the group generated a positive cash flow of USD31m compared to USD148m in the previous quarter. Inventories grew to USD1.302bn vs. USD1.251bn at the end of the previous quarter.
- **For the first time, the group reported using the new divisional breakdown.** During Q1, the group benefited from strong momentum in the automotive segment (especially in Europe) with Automotive and Discrete Group (ADG) sales up by 5.5% sequentially. Analog and MEMS Group (AMS) sales were flat. However, the Microcontrollers and Digital ICs Group (MDG) decreased significantly by -13.4% due to 1/ a strong base of comparision and 2/ seasonal patterns. In addition, we understand that demand remained weak in Asia Pacific.
- **Q2 2016 guidance was broadly in line with the consensus and our expectations.** STMicroelectronics expects Q2 sales to increase sequentially by 5.5% (+/-350bp) to about USD1.700bn, in line with our forecast for +5.1% to USD1.702bn and slightly below consensus expectations for +5.3% to USD1.710bn. The short term environment is said to be improving across all regions and the strongest drivers remain the automotive and industrial sectors. Gross margin is expected to increase sequentially by about 50bp to 34.0% (+/-200bp) for management, in line with the street's estimates (cons. 33.8%, BG ests. 35.1%).

VALUATION

- We are making no change to our estimates at this point and will wait for further details from today's conference call (see details below).
- Based on our estimates, STMicroelectronics' shares are trading on 2016e EV/Sales and EV/EBIT ratios of 0.7x and 16.9x respectively.

NEXT CATALYSTS

- Today: Q1 results conference call (9:30am CET, +41 (0)58 310 5000).
- Late in July 2016: Q2 results

Actual Q1-16 vs. Estimates

[USDm]	BG ests. 1Q16e	Consensus 1Q16e	1Q16 Actual	Actual vs. Cons.
Net revenue	1,619	1,624	1,613	-0.7%
% change (seq)	*-2.9%*	*-2.6%*	*-3.3%*	*-67bp*
% change (yoy)	*-5.0%*	*-4.7%*	*-5.4%*	*-65bp*
Gross Margin	33.0%	33.0%	33.4%	40bp
Adj. EBIT	-9	-4	-33	NS
% of revenue	*-0.6%*	*-0.2%*	*-2.0%*	*-181bp*
Adj. EPS (in USD)	-0.02	0.00	-0.05	NS

Sources: Thomson Reuters I.B.E.S; Bryan, Garnier & Co ests.

Guidance Q2-16 vs. Estimates

[USDm]	BG ests. 2Q16e	Consensus 2Q16e	2Q16 Guidance	Guid. vs. Cons.
Net revenue	1702	1710	1702	-0.5%
% change	*5.1%*	*5.3%*	*5.5%*	*23bp*
Gross Margin	35.1%	33.8%	34.0%	20bp
Adj. EPS (in USD)	0.04	0.04		

Sources: Thomson Reuters I.B.E.S; Bryan, Garnier & Co ests.

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Analyst :
Dorian Terral
33(0) 1.56.68.75.92
dterral@bryangarnier.com

Sector Team :
Richard-Maxime Beaudoux
Thomas Coudry
Gregory Ramirez

Luxury & Consumer Goods

adidas Group

Price EUR107.60

Bloomberg	ADS GY
Reuters	ADSG.F
12-month High / Low (EUR)	108.6 / 63.7
Market Cap (EURm)	22,512
Avg. 6m daily volume (000)	1 061

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.0%	16.2%	31.5%	19.7%
Consumer Gds	1.7%	2.0%	-4.3%	-3.3%
DJ Stoxx 600	3.6%	2.4%	-7.6%	-5.1%

	2014	2015e	2016e	2017e
P/E	39.6x	32.4x	26.8x	23.0x
Div yield (%)	1.4%	1.5%	1.7%	2.0%

Creating… the good surprise! Q1 numbers are clearly above expectations!

Fair Value Under Review **BUY**

ANALYSIS

- adidas Group has pre-released some of its Q1 numbers given a significant discrepancy with consensus estimates. Group sales soared 22% FX-n (CS: +12%e) and 17% as reported to EUR4.8bn, 7% above expectations at EUR4.49bn.
- This top line development was certainly fuelled by the new products and lifestyle category (Originals and NEO), leading to a favourable product and price-mix, in addition to positive operating leverage given this robust organic growth. **Consequently, operating profit rose 35% to EUR490m (+24% above the CS at EUR394m!), implying an operating margin close to 10.2%,** while the street was anticipating profitability close to 8.8% (-10bp vs. Q1 15). Basic EPS increased by 50% to EUR1.75.
- Following these strong Q1 numbers, ADS has increased its FY16 outlook: **(i)** sales are now expected to grow around 15% FX-n (vs. +10-12% initially) and **(ii)** net income from continuing operations should increase between 15-18% (vs. +10-12% previously).

VALUATION

- In light of these strong sales and earnings momentum, we place our FV under review pending our assumption adjustments to reflect the more optimistic outlook. Buy recommendation confirmed.

NEXT CATALYSTS

- Q1 results due out on 4th May 2016.

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Cédric Rossi, crossi@bryangarnier.com

Healthcare

AstraZeneca

Price 3,999p

US rights to lesirunad sold to Ironwood

Fair Value 5360p (+34%) **BUY**

Bloomberg	AZN LN
Reuters	AZN.L
12-month High / Low (p)	4,706 / 3,890
Market Cap (GBPm)	50,567
Avg. 6m daily volume (000)	2 562

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.4%	-9.4%	-2.3%	-13.4%
Healthcare	5.0%	-3.7%	-8.4%	-8.7%
DJ Stoxx 600	3.6%	2.4%	-7.6%	-5.1%

	2015	2016e	2017e	2018e
P/E	13.7x	14.8x	15.2x	14.2x
Div yield (%)	4.8%	4.8%	4.8%	4.8%

ANALYSIS

- When we had to consider which products could be good candidates for new externalisation deals within AstraZeneca's portfolio, lesinurad was an obvious one as gout does not belong to the list of targeted diseases and strategic therapeutic areas. Approved in the last days of 2015 by the FDA and in February by the European Commission, we had expected the drug to be either partnered or sold to a third party.
- The final deal actually takes the the form of a licensing agreement with Ironwood Pharmaceuticals for the drug's US rights only, alone and in combination with allopurinol, an FDC that is expected to be submitted to the regulator during H2 2016. The transaction is expected to be completed during Q2.
- Ironwood will pay AstraZeneca USD100m upfront when the deal is completed next quarter, then another USD165m including USD15m if and when the FDC with allopurinol is approved, and USD150m in commercial milestones contingent upon the achievement of certain net sales thresholds in the US over the term of the agreement. Note that the first USD100m upfront payment will be paid and booked in Q2 cash-wise but will be recognised over several years accounting-wise (about 10) so that the impact on externalisation revenues, including in Q2 2016, will be minimal. Ironwood will also pay AstraZeneca tiered single-digit royalties.

VALUATION

- We were expecting Zurampic and associated products to generate around USD100m in sales worldwide at peak. We are removing the US part of this estimate i.e. slightly more than half and adding about USD15m in externalisation per annum. The difference is not material to the value of the company.
- Externalisation revenues are something investors will have to live with when dealing with AstraZeneca as they are a full part of the group's strategy to focus its resources. Q1 2016 will illustrate clearly the point as we anticipate externalisation revenues of USD420m (including USD310m on Plendil Chinese rights and USD70m for Moventig EU rights). The core EBIT expected for the quarter means the period is not going to be an easy one.

NEXT CATALYSTS

- 29 April 2016: First-quarter results - Click here to download

Eric Le Berrigaud, eleberrigaud@bryangarnier.com

TMT

Dialog Semiconductor

Price EUR30.95

Apple is heading for further softness before benefiting from the iPhone 7 cycle

Fair Value EUR39 (+26%) **BUY**

Bloomberg	DLG GR
Reuters	DLGS.DE
12-month High / Low (EUR)	53.3 / 24.4
Market Cap (EURm)	2,410
Avg. 6m daily volume (000)	13.30

	1 M	3 M	6 M	31/12/15
Absolute perf.	-5.1%	8.7%	-4.8%	-0.9%
Semiconductors	-2.0%	-1.5%	-6.0%	-5.4%
DJ Stoxx 600	3.6%	2.4%	-7.6%	-5.1%

	2015	2016e	2017e	2018e
P/E	11.6x	12.5x	9.5x	8.6x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- **During the night, Apple published disappointing FQ2 results although volumes were in line.** The group posted FQ2 sales at USD50.6bn compared with the Street's forecast of USD52bn. iPhone shipments came out at 51.2M units vs. expectations for about 50M. Shipments of iPads were also slightly higher with 10.3M compared with the consensus at 10.1M. Disappointment stemmed from EPS at USD1.90, which was below consensus expectations at USD2.00. As a result, **Calendar-Q1 (FQ2) iPhone and iPad sales were broadly in line with the street's expectations.**

- **However, further disappointment and a more significant impact stemmed from Calendar-Q2 (FQ3) guidance.** The group foresees FQ3 revenue in the range of USD41bn/USD43bn while the consensus was forecasting USD47bn. We estimate that this implies iPhone shipments of about 40M units while we currently have 43M in our model for Dialog. This adjustment has no impact on our FV.

- We remind that our base case scenario foresees a CAGR16/18e in iPhone shipments of +0.5%, plugging a worst case scenario with a CAGR of -3.0% would lead to an EPS cut of about 5% on Dialog. However, in our view, Apple's FQ3 outlook is a tailing impact of late-2015/early-2016 softness and we continue to believe that both, Apple and Dialog should benefit from the iPhone 7 cycle. We believe the performance is due to 1/ inventory cleaning before iPhone 7, 2/ Chinese market softness that should remain temporary and 3/ a negative FX impact at Apple with a strong USD.

VALUATION

- We think the stock is set to come under pressure in the short-term. Nevertheless, we are maintaining our Buy recommendation as we continue to believe in improving momentum over the next six months, especially taking into account the particularly weak environment seen at the moment.

- Dialog's shares trade at a low 2016e P/E ratio of 12.6x to be compared to peers' 2016e P/E ratio of 19.8x.

NEXT CATALYSTS

Dorian Terral, dterral@bryangarnier.com

TMT

Numericable SFR

Price EUR28.66

New CFO appointed

Fair Value EUR28,4 (-1%) **NEUTRAL**

Bloomberg	NUM FP
Reuters	NUME.PA
12-month High / Low (EUR)	48.0 / 28.1
Market Cap (EURm)	12,560
Avg. 6m daily volume (000)	277.6

	1 M	3 M	6 M	31/12/15
Absolute perf.	-21.3%	-16.9%	-23.6%	-14.4%
Telecom	0.4%	-2.4%	-10.0%	-6.8%
DJ Stoxx 600	3.5%	3.1%	-8.1%	-5.2%

	2015	2016e	2017e	2018e
P/E	19.8x	20.9x	16.4x	12.2x
Div yield (%)	18.9%	NM	NM	NM

ANALYSIS

- **Jean Raby** has been appointed **CFO of SFR Group**. Jean Raby was Chief Financial & Legal Officer of **Alcatel-Lucent** and prior to that, enjoyed a career in the Investment Banking Division of Goldman Sachs, holding functions of CEO of Investment Banking in France, Belgium and Luxembourg, and CEO of Investment Banking in Russia and the CIS.
- Following the appointment of a **new CEO**, a **new BtoC Executive Director** and a **new CIO** in January 2016, Jean Raby is joining the list of managers **replacing former Numericable executives** who were appointed after the takeover of SFR by Altice.
- As mentioned in our initiation report on NC-SFR, these changes testify to the fact that the key shareholder recognised that **a reorganisation of the company's management was necessary**, after a year of **mixed results** and a **chaotic share performance**.
- We believe this change is **positive** and should help NC-SFR improve its **economic steering**.

VALUATION

- We stick to our FV of EUR28.4, with a Neutral recommendation.

NEXT CATALYSTS

- Q1 results on 10th May.

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Thomas Coudry, tcoudry@bryangarnier.com

TMT

Wirecard

Price EUR35.09

Preliminary Q1 figures, FY16 guidance confirmed

Fair Value EUR52 (+48%) **BUY-Top Picks**

Bloomberg	WDI GR
Reuters	WDIG.DE
12-month High / Low (EUR)	47.4 / 31.2
Market Cap (EUR)	4,335
Avg. 6m daily volume (000)	868.6

	1 M	3 M	6 M	31/12/15
Absolute perf.	7.8%	-24.6%	-22.1%	-24.5%
Softw.& Comp. SVS	-0.5%	-0.5%	1.1%	-3.8%
DJ Stoxx 600	3.6%	2.4%	-7.6%	-5.1%

	2015	2016e	2017e	2018e
P/E	26.5x	19.2x	15.1x	12.4x
Div yield (%)	0.4%	0.4%	0.4%	0.5%

ANALYSIS

- Wirecard has just reported its preliminary Q1 figures. Revenue came out at EUR210.1m (+31.8% Y/Y vs. our +30%e). EBITDA was EUR61.9m i.e. a margin of 29.5% (vs. our 29.5%e). Management is optimistic about the company's business performance and confirmed its expectation to reach FY16 EBITDA of EUR290-310m.
- The group is experiencing a strong start to the year in operating business, the newly consolidated subsidiaries in Brazil and Romania and additionally a high EBITDA contribution from the new Indian business.
- As a reminder, we have FY16e revenue of EUR1,016.3m (+20.3% lfl), EBITDA of EUR306.4m (margin of 30.1%, +60bp) and net income of EUR200.8m.

VALUATION

- **Buy recommendation and FV of EUR52 maintained**. The stock is in our Q1 Top Pick List.
- **Over FY16e:** P/E of 19.2x vs. rest. EPS growth of +37.9%.

NEXT CATALYSTS

- **Q1 financial statements:** 19th May (before trading).

Click here to download

Richard-Maxime Beaudoux, rmbeaudoux@bryangarnier.com

Bryan Garnier stock rating system

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

Stock rating

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

Distribution of stock ratings

BUY ratings 57.6% NEUTRAL ratings 33.8% SELL ratings 8.6%

Bryan Garnier Research Team

Healthcare Team	**Pharmaceuticals**	**Eric Le Berrigaud** *(Head of Equities)*	33 (0) 1 56 68 75 33	eleberrigaud@bryangarnier.com
	Biotech/Medtech	**Mickael Chane-Du**	33 (0) 1 70 36 57 45	mchanedu@bryangarnier.com
	Medtech/Biotech	**Hugo Solvet**	33 (0) 1 56 68 75 57	hsolvet@bryangarnier.com
Consumer Team	**Luxury/Consumer Goods**	**Loïc Morvan**	33 (0) 1 70 36 57 24	lmorvan@bryangarnier.com
	Beverages	**Nikolaas Faes**	33 (0) 1 56 68 75 72	nfaes@bryangarnier.com
	Retailing	**Antoine Parison**	33 (0) 1 70 36 57 03	aparison@bryangarnier.com
	Luxury /Consumer Goods	**Cedric Rossi**	33 (0) 1 70 36 57 25	crossi@bryangarnier.com
	Food & Beverages	**Virginie Roumage**	33 (0) 1 56 68 75 22	vroumage@bryangarnier.com
TMT	**Video Games / Payments**	**Richard-Maxime Beaudoux**	33 (0) 1 56 68 75 61	rmbeaudoux@bryangarnier.com
	Telecom	**Thomas Coudry**	33(0) 1 70 36 57 04	tcoudry@bryangarnier.com
	Software & IT Services	**Gregory Ramirez**	33 (0) 1 56 68 75 91	gramirez@bryangarnier.com
	Semiconductor	**Dorian Terral**	33 (0) 1 56 68 75 92	dterral@bryangarnier.com
Utilities		**Xavier Caroen**	33 (0) 1 56 68 75 18	xcaroen@bryangarnier.com
Insurance		**Olivier Pauchaut** *(Head of Research)*	33 (0) 1 56 68 75 49	opauchaut@bryangarnier.com
Hotels/Business Services		**Bruno de La Rochebrochard**	33 (0) 1 56 68 75 88	bdelarochebrochard@bryangarnier.com
Construction/ Infrastructures Building Materials		**Eric Lemarié**	33 (0) 1 70 36 57 17	elemarie@bryangarnier.com
Marketing		**Sophie Braincourt**	33(0) 1 56 68 75 36	sbraincourt@bryangarnier.com
Market Data & Information Systems Manager		**Eric Monnier**	33(0) 1 56 68 75 63	emonnier@bryangarnier.com

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

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

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

Munich
Widenmayerstrasse 29
80538 Munich
Germany
+49 89 2422 62 11

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

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

BRYAN, GARNIER & CO