4th May 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17750.91	-0.78%	+1.87%
S&P 500	2063.37	-0.87%	+0.95%
Nasdaq	4763.22	-1.13%	-4.88%
Nikkei	closed	-	-15.16%
Stoxx 600	335.559	-1.66%	-8.27%
CAC 40	4371.98	-1.59%	-5.72%
Oil /Gold			
Crude WTI	43.79	-2.25%	+17.72%
Gold (once)	1285.5	-0.68%	+21.00%
Currencies/Rates			
EUR/USD	1.15175	+0.03%	+6.03%
EUR/CHF	1.09745	-0.22%	+0.92%
German 10 years	0.197	-28.83%	-68.95%
French 10 years	0.559	-10.49%	-43.00%
Euribor	-	+-%	+-%

Economic releases :

Date	
4th-May	FR - Merchandise Trade FR - PMI composite (50.5E) DE- PMI composite (53.8E) EUZ - Retail Sales Mar. (2.6% E y/y) US- ADP EmplomENT change Apr. (195K E) US - ISM non manuf./Servives Composite Apr. (54.8E)

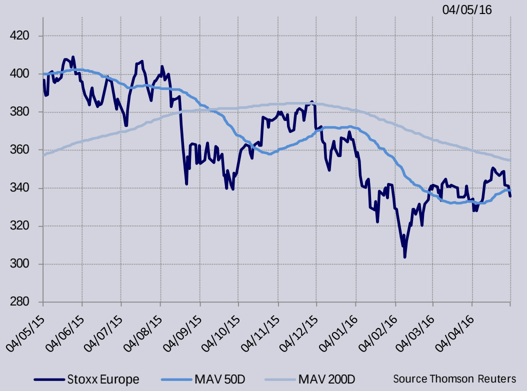
Upcoming BG events :

Date	
4th-May	Groupe SEB (BG Luxembourg Lunch with IR)
15th-Jun	GENMAB (BG Paris roadshow)
27th-Jun	IMERYS (BG Luxembourg with CFO)

Recent reports :

Date	
3rd-May	Rémy cointreau The glass is filling up
2nd-May	Moncler Good protection from chilly conditions
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!

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



AB INBEV — NEUTRAL, Fair Value EUR109 (+1%)

Q1 2016 disappoints

ADIDAS GROUP — BUY, Fair Value EUR122 (+8%)

(Impressive) Q1 16 numbers in line with pre-announced publication

DIALOG SEMICONDUCTOR — BUY, Fair Value EUR39 (+30%)

Dialog slashes FY16 guidance and announces a share buyback programme

EDP RENOVAVEIS — NEUTRAL, Fair Value EUR7.5 (+12%)

Q1-16 earnings supported by commissioning and assets management

FRESENIUS SE — BUY-Top Picks, Fair Value EUR73 vs. EUR70 (+13%)

We see room to outstrip FY2016 guidance

HEIDELBERGCEMENT — BUY-Top Picks, Fair Value EUR86 (+11%)

Q1 EBITDA slightly better than expectations

HUGO BOSS — NEUTRAL, Fair Value EUR77 vs. EUR80 (+34%)

FY16 outlook requires a clear improvement in persistently challenging market conditions

INFINEON — BUY, Fair Value EUR15 (+18%)

Current share price weakness is a Buy opportunity

VEOLIA ENVIRONNEMENT — NEUTRAL, Fair Value EUR22 (+5%)

Q1 first take: Poor sales performance and solid LfL EBITDA growth as expected

VINCI — BUY, Fair Value EUR72 (+11%)

Vinci London Roadshow reinforces our positive stance on the stock

In brief...

ALTICE, *FCC signs off on Altice's Cablevision Buy*

AXA, *Satisfactory Q1 numbers*

BEIERSDORF, *Q1 sales up 2.4% organically, below expectations mainly due to Tesa*

CASINO GUICHARD, *Exercise of call option on Monoprix Mandatory Bonds*

ORPEA, *Q1 2016 revenue (contact): higher than expected reported figures with strong lfl growth*

PERNOD RICARD, *Pernod Ricard ready to sell Paddy Irish Whiskey*

SAINT GOBAIN, *Wendel to sell 5.3% of SGO shares*

Food & Beverages

AB InBev

Price EUR108.15

Q1 2016 disappoints

Fair Value EUR109 (+1%) **NEUTRAL**

Bloomberg	ABI BB
Reuters	ABI.BR
12-month High / Low (EUR)	123.3 / 91.3
Market Cap (EURm)	173,931
Ev (BG Estimates) (EURm)	240,343
Avg. 6m daily volume (000)	1,704
3y EPS CAGR	3.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.9%	-3.7%	-0.4%	-5.5%
Food & Bev.	-0.7%	-3.4%	-5.7%	-5.0%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

YEnd Dec. (USDm)	2014	2015e	2016e	2017e
Sales	47,063	44,386	42,865	59,594
% change		*-5.7%*	*-3.4%*	*39.0%*
EBITDA	18,663	17,838	17,236	24,671
EBIT	15,308	14,508	13,837	20,444
% change		*-5.2%*	*-4.6%*	*47.7%*
Net income	8,865	8,375	8,027	11,721
% change		*-5.5%*	*-4.2%*	*46.0%*

	2014	2015e	2016e	2017e
Operating margin	32.5	32.7	32.3	34.3
Net margin	18.8	18.9	18.7	19.7
ROE	17.7	16.0	14.6	12.3
ROCE	11.1	10.3	9.5	10.0
Gearing	83.5	80.7	75.6	85.0

(USD)	2014	2015e	2016e	2017e
EPS	5.32	5.06	4.85	5.91
% change	-	*-5.1%*	*-4.2%*	*22.0%*
P/E	23.4x	24.6x	25.7x	21.1x
FCF yield (%)	4.5%	4.8%	4.1%	5.8%
Dividends (USD)	2.64	2.65	2.54	3.10
Div yield (%)	2.1%	2.1%	2.0%	2.5%
EV/Sales	6.1x	6.2x	6.4x	5.3x
EV/EBITDA	15.4x	15.5x	16.0x	12.8x
EV/EBIT	18.8x	19.1x	19.9x	15.5x

AB InBev has reported disappointing first quarter results with revenues down 10% and EBITDA down 13%. Figures fell short of consensus expectations by 4% and 5% respectively.

InBev reported Q1 2016 results this morning

ANALYSIS

- Reported figures were down double digit: Revenue down 10.1%, EBITDA down 12.7% and EBIT down 16.2%. The figures were well below the consensus, which was looking for a decline in revenue of 6% and EBITDA by 8%. So a big miss.
- The weak performance was partly explained by weak emerging market currencies. Organic revenue growth was still a decent 3.1% and EBITDA organic growth is 2.5%. But of course these more positive figures were helped by the high level of inflation stemming from the currency declines. As such, its probably best to look for organic volume growth as a measure of performance, especially for emerging markets business. For the company as a whole, volumes were down organically by 1.7%, which is pretty poor compared to the 7% organic volume growth that Heineken reported last month (20/4).
- The weakest regions were Latin-America North (mainly Brazil) and Latin-America South (mainly Argentina) with reported revenues down 26% and 18% respectively and volumes down 7.3% and 5.3% in organic terms, respectively. Clearly the weak performance was due to beer consumption finally reflecting the challenging macroeconomic environment and Brazil beer volumes fell 10%. However in China volumes also fell 1.1% for AB InBev in a market down 4%. Although this was still a decent relative performance, price/mix seemed only to have increased by 2% which is a far cry from the 9.4% that the company delivered in 2015. Maybe this indicates that the strong outperformance that AB InBev enjoyed in the past thanks to premium Budweiser is slowing down.
- The good news was that Mexico is benefiting from an improved macro in the US. A favourable consumer environment and an early Easter drove volumes 13% higher and organic revenue growth was 16.3%, although reported growth was still down 4% (because of currency weakness). However with more marketing costs this year going into Q1, organic EBITDA was up only 10.3% and down 11% in reported terms.
- News from the US business was still mixed. The company continued to underperform the market (ABI sales to retailers down 0.3% in a market up 0.7%) but the decline in market share of 45bps was better than it was in 2015 (-65bps). The core Bud Light and Budweiser brands are still the ones causing the damage, with Bud Light down "just over 1%" and Budweiser down "low single digits".

VALUATION

- Our DCF based Fair Value of USD109 is based on a risk free rate of 1.7%, a risk premium of 7% and a terminal growth rate of 3.7%.
- Valued at 25.7x 2016 earnings including expectations that the SABMiller deal will be strongly earnings enhancing.

NEXT CATALYSTS

- Conference call at 3pm (Paris time) this afternoon

(to be continued next page)

Q1 results by region				
	Q1 15	Q1 16	Reported	Organic
Revenues				
North America	3601	3532	-2%	0.3%
Mexico	893	854	-4%	16.3%
Latam North	2489	1845	-26%	-1.9%
Latam South	918	749	-18%	17.2%
Europe	775	740	-5%	4.6%
Apac	1294	1258	-3%	1.9%
GEMC	483	422	-13%	-0.5%
Group	10453	9400	-10%	3.1%
EBITDA				
North America	1381	1384	0%	2.1%
Mexico	417	371	-11%	10.3%
Latam North	1267	916	-28%	-3.4%
Latam South	417	364	-13%	24.2%
Europe	154	134	-13%	-4.7%
Apac	340	338	-1%	3.3%
GEMC	-10	-46	360%	na
Group	3966	3461	-13%	2.5%

Source: AB InBev

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Analyst :
Nikolaas Faes
33(0) 1 56 68 75 72
nfaes@bryangarnier.com

Sector Team :
Loïc Morvan
Antoine Parison
Cédric Rossi
Virginie Roumage

Luxury & Consumer Goods

adidas Group

Price EUR113.45

(Impressive) Q1 16 numbers in line with pre-announced publication

Fair Value EUR122 (+8%) **BUY**

Bloomberg	ADS GY
Reuters	ADSG.F
12-month High / Low (EUR)	114.1 / 63.7
Market Cap (EURm)	23,736
Ev (BG Estimates) (EURm)	24,724
Avg. 6m daily volume (000)	1 071
3y EPS CAGR	20.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	10.7%	23.3%	39.7%	26.2%
Consumer Gds	-0.6%	-0.8%	-7.4%	-5.6%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	16,915	18,924	20,219	21,750
% change		*11.9%*	*6.8%*	*7.6%*
EBITDA	1,442	1,712	1,996	2,234
EBIT	1,059	1,276	1,511	1,712
% change		*20.5%*	*18.4%*	*13.3%*
Net income	630.0	842.9	1,019	1,166
% change		*33.8%*	*20.9%*	*14.5%*

	2015	2016e	2017e	2018e
Operating margin	6.3	6.7	7.5	7.9
Net margin	3.7	4.5	5.0	5.4
ROE	11.1	15.2	16.5	17.0
ROCE	10.0	11.9	13.9	15.1
Gearing	8.1	17.9	10.4	3.5

(EUR)	2015	2016e	2017e	2018e
EPS	3.32	4.18	5.05	5.79
% change	-	*26.0%*	*20.9%*	*14.5%*
P/E	34.2x	27.1x	22.4x	19.6x
FCF yield (%)	2.5%	1.7%	3.2%	3.6%
Dividends (EUR)	1.60	1.85	2.15	2.40
Div yield (%)	1.4%	1.6%	1.9%	2.1%
EV/Sales	1.4x	1.3x	1.2x	1.1x
EV/EBITDA	16.8x	14.4x	12.2x	10.7x
EV/EBIT	22.8x	19.4x	16.1x	14.0x

The Q1 16 results reported this morning are naturally in line with the P&L items pre-announced last week (on 27th May), sales came in at EUR4,769m and grew at an impressive rate of 22% FX-n. The other good surprise was that operating profit reached EUR490m (+35%), 24% above CS expectations. Following this Q1 publication, ADS has increased all its targets. The group has also announced its intention to divest three brands (TaylorMade, Adams Golf and Ashworth) while keeping adidas-Golf positioned within the golf apparel & footwear category. ADS is hosting a conference call today at 3:00pm (CET).

ANALYSIS

- **A robust start to the year (+22% FX-n).** By brand, **adidas** grew by 26% FX-n (Q4: +14% FX-n) boosted by the key categories such as, Training, Running, Football (ahead of the Copa America and EURO Championships) and of course Lifestyle (Originals and NEO). **Reebok** registered +6% FX-n growth (Q4: +5%) with double-digit growth in Western Europe, LatAm and China, while the streamlining of the US outlet store network is still underway. Trends at **TMaG** have improved sequentially but remain in negative territory (-1% vs. -15% in Q4).

- By region, sales in **Western Europe** increased 25% FX-n thanks to a solid performance in all key markets (France, UK, Germany, etc.) Momentum in **North America** clearly accelerated in Q1 with +22% FX-n (vs. +8% in Q4) while it remained buoyant in **Greater China** (+30% FX-n after +16% in Q4). There were no signs of a slowdown in **Latin America** (+19% FX-n) with even a double-digit growth in Brazil (acceleration vs. Q4). It is worth noting the surprising 44% FX-n increase in **Japan** and **Russia/CIS** which returned to growth (+2% vs. -16% in Q4).

- **Q1 adj. operating margin expanded 140bp to 10.3% (CS: 8.8%).** The GM increased 30bp to 49.4% as the combination of drivers (price-mix, geographical, channel) has more than offset unfavourable hedging rates and the drag from TMaG. At the opex cost level, the very dynamic top line development enabled a significant operating leverage, even on marketing expenses that "only" grew by 8%. **Adj. net income from continuing operations** increased 38% to EUR350m.

Q1 16 Adjusted results (excl. GW impairment):

EURm	Q1 15	Q1 16	*% change*
Sales	4,083	4,769	*17*
Gross profit	2,008	2,358	*17*
% of sales	49.2	49.4	*+30pb*
Operating profit	363	490	*35*
% of sales	8.9	10.3	*+140bp*
Net income from continuing operations	255	350	*38*

Source: Company Data

- **FY16 targets are increased.** In light of this strong Q1 publication and given a promising backlog, the group has raised all its targets for the year. Two of them were already announced last week (i.e sales to increase around 15% FX-n vs. +10-12% initially and net income from continuing operations to rise 15-18% vs. 10-12% previously) and this morning the group has also raised its GM and operating margin objectives.

Table 3: 2016 targets:

	2016 Initial Guidance	2016 New Guidance
FX-n net sales growth	+10-12%	"around +15%"
Gross margin (%)	47.3-47.8	47.8-48.3
Adjusted operating margin (%)	"at least stable vs. 2015"	"Between 6.6-7%"
Net income from continuing operations (% change)	+10-12%	+15-18%

Source: Company Data

VALUATION

- These definitive results naturally confirm adidas' strong momentum in almost all regions. We believe the market should welcome positively the outcome of the strategic review of its golf business which sustained operating losses of ~EUR100m last year. Buy recommendation and FV of EUR122 confirmed. ***(Continued on next page)***

Table 1: adidas Group quarterly FX-neutral growth:

% change	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
Western Europe	11	12	18	30	25
North America	7	0	3	8	22
Greater China	21	19	15	16	30
Russia/CIS	-3	-14	-7	-16	2
Latin America	6	9	20	12	19
Japan	6	-6	6	-4	44
MEAA	10	16	13	17	17
Total	**9**	**5**	**13**	**12**	**22**

Source: Company Data

Table 2: quarterly FX-neutral growth for the adidas Group's three main brands:

% change	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
adidas	11	10	14	16	26
Reebok	9	6	3	5	6
Other businesses	-1	-14	10	-3	6
o/w TaylorMade-adidas Golf	*-9*	*-26*	*7*	*-15*	*-1*

Source: Company Data

NEXT CATALYSTS

Conference call today at 3:00pm (CET) // AGM on 12th May // H1 16 Results on 4th August.

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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

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Dialog Semiconductor

Price EUR30.02

Dialog slashes FY16 guidance and announces a share buyback programme

Fair Value EUR39 (+30%) **BUY**

Bloomberg	DLG GR
Reuters	DLGS.DE
12-month High / Low (EUR)	53.3 / 24.4
Market Cap (EURm)	2,337
Ev (BG Estimates) (EURm)	1,698
Avg. 6m daily volume (000)	11.10
3y EPS CAGR	10.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-15.4%	10.5%	-16.5%	-3.8%
Semiconductors	-6.9%	-1.2%	-8.8%	-8.4%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

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

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

(USD)	2015	2016e	2017e	2018e
EPS	3.02	2.80	3.67	4.07
% change	*-*	*-7.3%*	*31.3%*	*10.7%*
P/E	11.4x	12.4x	9.4x	8.5x
FCF yield (%)	9.0%	6.9%	8.4%	10.0%
Dividends (USD)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	1.6x	1.4x	1.1x	0.8x
EV/EBITDA	5.9x	5.4x	4.0x	3.1x
EV/EBIT	6.7x	6.7x	4.8x	3.6x

This morning, Dialog Semiconductor announced a significant downward adjustment to its FY16 guidance. The group now expects to see a high single digit sales decline vs. the slight growth expected previously (vs. current consensus expectation of 0.7% sales growth). In addition, the group has reported Q1 results below consensus estimates. Q1 sales fell 39% sequentially to USD241m (down 23% yoy). Q1 underlying EBIT came out at USD30m and EPS came out at USD0.28, i.e. 10% below consensus expectations for EPS at USD0.31. For Q2, the company sees revenue in the range of USD240m to USD260m, which at the mid-point is 5% below the current street expectation of USD264m and 2% below our estimate at USD254m. We are waiting for the conference call to be held today at 10:30am.

ANALYSIS

- **Today, Dialog has slashed its FY16 guidance from "slight growth in sales" to "a high single digit decline".** The group explained that the current environment in the smartphone market remains very weak and that while revenue should be strongly weighted towards H2, the recovery is unlikely to be as strong as it expected before. As a result, FY16 gross margin is expected to be slightly below the level achieved in 2015 of 46.1%. At very first take, applying this new sales and gross margin guidance (FY16 sales down -9%) to our model while keeping operating expenses at the current level in FY16, points to a significant cut in FY16 EPS of about 30% and a c. 10% impact on our 3y EPS sequence (excl. share buyback impacts described below). We highlight that this scenario implies that the group does not benefit from any flexibility at the operating level in FY16 while the group expects the lower anticipated revenue for FY16 to be partially offset by strict control of opex in the period.
- **Dialog also reported Q1 results 10% below expectations.** The group reported sales of USD241m, down 39% sequentially. Gross margin of 45.4% and underlying EBIT of USD30m were broadly in line with the street's expectations at USD30m (BG ests. USD25m). However, underlying diluted EPS of USD0.28 was 10.0% below the street's estimates at USD0.31 (BG ests. USD0.26).
- **Q2 revenue guidance 5% below consensus expectations at mid-point.** For Q2, the company sees revenues in the range of USD240m to USD260m, which, at the mid-point (USD250m) points to a 4% sequential increase in sales but comes out 5% below the street's expectation of USD264m and 2% below our estimate at USD254m. Gross margin guidance for a similar level to that delivered in Q1 is broadly in line with consensus expectations. Note that the second quarter is usually flat (5y historical pattern).
- **Finally, the group announced the launch of its share buyback programme for a total amount comprised in the range of EUR37.5m to EUR50m.** At EUR30 per share, the share buyback programme would enable the company to acquire between 1.25m and 1.67m shares or between 1.7% and 2.3% of current number of shares (non diluted).

VALUATION

- We have applied no changes to our model so far, pending further details from the conference call to be held later today (at 10:30am).
- Dialog's shares trade at a 2016e EV/Sales ratio of 1.4x and a 2016e P/E ratio of 12.4x.

NEXT CATALYSTS

- July 28th 2016, Q2 results

Q1-16: Actual vs. consensus' estimates

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[USDm]	BG ests. Q1-16e	Consensus Q1-16e	Q1-16 Actual	Actual vs. cons.
Net revenue	242	241	241	0.2%
% change (seq.)	*-39.0%*	*-39.4%*	*-39.2%*	13bp
% change (yoy)	*-22.1%*	*-22.6%*	*-22.4%*	16bp
Gross Margin	45.2%	45.4%	45.5%	10bp
Adj. EBIT	25	30	30	-1.6%
% of revenue	*10.5%*	*12.6%*	*12.4%*	-23bp
Dil. Adj. EPS (in USD)	0.26	0.31	0.28	-9.7%

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

Q2-16 : Guidance vs. consensus' estimates

[USDm]	BG ests. Q2-16e	Consensus Q2-16e	Q2-16e Guidance	Guid. vs. cons.
Net revenue (mid-pt)	254	264	250	-5.3%
% change (seq.)	*5.0%*	*9.6%*	*3.6%*	-603bp
% change (yoy)	*-19.6%*	*-16.6%*	*-21.0%*	-442bp
Gross margin	45.5%	46.5%	45.5%	-100bp
Dil. Adj. EPS (in USD)	0.47	0.43	-	-

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

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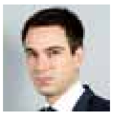

Analyst :
Dorian Terral
33(0) 1.56.68.75.92
dterral@bryangarnier.com

Sector Team :
Richard-Maxime Beaudoux
Thomas Coudry
Gregory Ramirez

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Utilities

Edp Renovaveis

Price EUR6.70

Q1-16 earnings supported by commissioning and assets management

Fair Value EUR7.5 (+12%) **NEUTRAL**

Bloomberg	EDPR LI
Reuters	EDPR.LS
12-month High / Low (EUR)	7.3 / 5.7
Market Cap (EURm)	5,844
Ev (BG Estimates) (EURm)	11,087
Avg. 6m daily volume (000)	416.4
3y EPS CAGR	8.2%

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.3%	-4.1%	1.9%	-7.6%
Utilities	2.9%	0.4%	-7.1%	-3.8%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	1,549	1,750	1,927	2,128
% change		*13.0%*	*10.1%*	*10.4%*
EBITDA	1,142	1,198	1,306	1,432
EBIT	577.8	606.3	667.5	722.2
% change		*4.9%*	*10.1%*	*8.2%*
Net income	166.6	145.2	174.1	211.2
% change		*-12.9%*	*19.9%*	*21.3%*

	2015	2016e	2017e	2018e
Operating margin	37.3	34.7	34.6	33.9
Net margin	10.8	8.3	9.0	9.9
ROE	2.4	2.1	2.5	3.0
ROCE	4.4	4.5	4.9	5.2
Gearing	72.4	69.9	67.5	65.4

(EUR)	2015	2016e	2017e	2018e
EPS	0.19	0.17	0.20	0.24
% change	-	*-12.9%*	*20.0%*	*21.3%*
P/E	35.1x	40.3x	33.6x	27.7x
FCF yield (%)	NM	NM	3.8%	3.5%
Dividends (EUR)	0.04	0.06	0.07	0.08
Div yield (%)	0.6%	0.9%	1.0%	1.3%
EV/Sales	7.3x	6.3x	5.7x	5.1x
EV/EBITDA	9.9x	9.3x	8.4x	7.5x
EV/EBIT	19.5x	18.3x	16.4x	14.9x

The Portuguese renewable energy producer group unveiled Q1 2016 results slightly above expectations with this morning, mainly supported by the commissioning of new power plants in US and Brazil and the assets management performance leading to high load factor. Power prices are to monitor in the US and Europe yet.

ANALYSIS

- **Main Q1-16 metrics**: **1/ Mitigated sales conditions:** Revenues came out slightly below consensus estimates at **EUR508m** vs **EUR513** consensus, i.e. +22%, supported by the commissioning of **672MW** power plants (mainly o/w 623MW in Portugal, 398 in US and 120MW in Brazil) and the consolidation of 533MW ENEOP power plants. EDPR now operates 9,707GW of installed capacity. Regarding load factor, it improved by 4% to reach **38%**, mainly supported by higher load factors in US and Brazil, resulting in an output increased by **30%** at **7,535GWh**. However, electricity price fell from **EUR65.5/MWh** to **EUR60.8/MWh**, impacted by power price pressures in US and Europe. As of March 2016, 90% of installed capacity are not exposed to spot market prices through PPA and other incentives, knowing that the 10% remaining are mainly gathered in the US and Spain. **2/ Good metrics:** EBITDA generated **EUR379m** (vs **EUR365m** Bryan Garnier estimates), i.e. **+29%,** following well operating costs control. EBIT was enhanced by **35%** at **EUR232m**, following EBITDA trend and also thanks to higher depreciation and amortization. Net profit rose by **32%** at **EUR75m** (vs **EUR68m** Bryan Garnier estimates). EDPR's asset rotation program was the main contributor to the generation of operating cash flow which improved by **28%** at **EUR281m**. Net debt decreased by **8%** at **EUR3.4bn**.
- Conclusion: Despite harsh pricing conditions and revenues below expectations, EDPR's operating metrics demonstrated a good performance through EBITDA and net profit above our estimates thanks to its high load factors proving the group's know-how in wind power generation. Commissioning bring EDPR's installed capacity at **9.7GW** worldwide. None information concerning FY-16 guidance was released for now. We see this Q1-16 release positively, power prices are to monitor and especially in the US and Europe. **We confirm our Neutral rating and hope to get more details on group's strategic plan tomorrow during the investor day.**

VALUATION

- At current share price the stock is trading at 9.3x its 2016e EBITDA and offers a 0.9% yield
- Neutral FV @ EUR7.5

NEXT CATALYSTS

- Conference call at 2.00pm CET
- May 05th Investor Day

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

Healthcare

Fresenius SE

Price EUR64.47

We see room to outstrip FY2016 guidance

Fair Value EUR73 vs. EUR70 (+13%) **BUY-Top Picks**

Bloomberg	FRE GR
Reuters	FREG.DE
12-month High / Low (EUR)	69.8 / 53.1
Market Cap (EURm)	35,198
Ev (BG Estimates) (EURm)	50,496
Avg. 6m daily volume (000)	1 296
3y EPS CAGR	9.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.5%	10.8%	-3.8%	-2.3%
Healthcare	2.6%	-1.5%	-11.6%	-11.1%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	27,626	29,070	30,963	33,250
% change		*5.2%*	*6.5%*	*7.4%*
EBITDA	4,990	5,432	5,799	6,287
EBIT	3,875	4,269	4,561	4,957
% change		*10.2%*	*6.8%*	*8.7%*
Net income	1,358	1,576	1,681	1,843
% change		*16.1%*	*6.6%*	*9.6%*

	2015	2016e	2017e	2018e
Operating margin	14.0	14.7	14.7	14.9
Net margin	4.9	5.4	5.4	5.5
ROE	7.2	7.6	7.5	7.6
ROCE	3.8	4.2	4.3	4.6
Gearing	118.4	107.5	99.2	90.1

(EUR)	2015	2016e	2017e	2018e
EPS	2.62	2.90	3.09	3.39
% change	-	*10.8%*	*6.6%*	*9.6%*
P/E	24.6x	22.2x	20.9x	19.0x
FCF yield (%)	2.1%	4.4%	4.4%	4.6%
Dividends (EUR)	1.69	1.87	2.00	2.19
Div yield (%)	2.6%	2.9%	3.1%	3.4%
EV/Sales	1.8x	1.7x	1.6x	1.5x
EV/EBITDA	9.8x	9.3x	8.7x	8.1x
EV/EBIT	12.6x	11.8x	11.1x	10.3x

A strong start to the year, which was slightly ahead of FRE's internal expectations and reinforced management's confidence in delivering its FY2016 guidance (6-8% organic and 8-12% net income growth), but not to the point of upgrading it. The main reason for this is caution on profitability levels at KABI. We acknowledge that the division will face tough comps starting in Q2, however, we do not see tailwinds fading rapidly. Although our updated numbers are within the company's topline growth guidance range (BGe 7.4%) they are slightly ahead in terms of net income growth (BGe 12.3%). We will monitor closely any changes that could impact KABI's profitability levels. However, there is room for the company to outstrip guidance at this stage.

ANALYSIS

- The main point of interest during yesterday's call on Q1 results was KABI growth prospects for the remainder of the year and the division's ability to deliver/maintain current profitability levels. As a reminder, while organic growth was in line with expectations at EUR1,470m (7% cc and reported) for the first quarter, the good trend in profitability stemmed from multiple sources, which we do not see fading entirely towards the end of the year. Management was pleased by growth, which came from all KABI's businesses and was slightly ahead of internal projections.
- This strong start to the year occurred despite pricing pressure on Neostigmine. Indeed, Hikma's entrance on the market earlier in 2016 led to a 33% price cut for the product. Note also that Fresenius KABI's competitor now holds a 20% market share in the country. Three Gx IV launches in Q1 bodes well with strategy to reach high end of 6-10 product launches guidance in 2016. Our model points to 11 launches this year. In the longer run, it is important in our view to also consider the newly acquired BD plant, which might well help to sustain profitability levels with additional launches of high margin prefilled syringes. Note that at the time of the first launch of a prefilled syringe from this plant in 2013, BD's management mentioned that the division could reach USD100-200m towards 2018. While the previous owner struggled in leveraging its hospital channel to grow this business before deprioritizing it, we believe that Fresenius KABI is in better place to create synergies out of it, once necessary investments would have been made. Hence, we do not rule out that sales of prefilled Gx produced in this plant might well go above the above mentioned numbers (not included in our valuation yet). Finally, a 10 year supply agreement with BD should help to enhance synergies by bringing KABI's legacy products to the US (management di not mentioned if BD was a client before this agreement was inked, which if not might be a free upside).
- We acknowledge that Fresenius KABI will face tough comps starting in Q2 (12.5% organic growth and EBIT margin of 20.4% in Q2 2015). However, we and the consensus have already integrated this, leaving us with a positive risk-reward profile at this stage. While easing the shortage situation needs to be monitored closely, we would highlight that on a sequential basis (Q1 2016 vs Q4 2015), management has been able to at least maintain profitability in the US.
- Turning to Helios which reported 3% organic growth for the quarter (in line with company's guidance of 3-5% organic growth), note that Q1 was impacted by Easter weekend during which physicians are reluctant to take in new patients. From a profitability standpoint, a good performance from former RHK hospitals and Helios led to a 50bp increase in EBIT margin, and our numbers for the year is within the company's range (EUR670-700, BGe EUR690m).

VALUATION

- We have adjusted our tax rate to 28.5% for the year (vs. 29%) as well as our net interest for the year, which are now anticipated at EUR592m vs. BGe EUR633m previously.
- While we were previously in the middle range of the company's net income growth guidance (8-12%) guidance, these small adjustments put our net income growth slightly ahead of it EUR2.94 (+12.3%) vs EUR2.89 (+10.4%) previously.

NEXT CATALYSTS

- August 2nd, 2016: HY 2016 results Click here to download

Analyst :
Hugo Solvet
33(0) 1 56 68 75 57
hsolvet@bryangarnier.com

Sector Team :
Mickael Chane Du
Eric Le Berrigaud

Construction & Building Materials

Heidelbergcement

Price EUR77.40

Q1 EBITDA slightly better than expectations

Fair Value EUR86 (+11%) **BUY-Top Picks**

Bloomberg	HEI GY
Reuters	HEIG.F
12-month High / Low (EUR)	79.9 / 60.1
Market Cap (EUR)	14,545
Ev (BG Estimates) (EUR)	25,651
Avg. 6m daily volume (000)	652.2
3y EPS CAGR	26.1%

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.3%	19.0%	13.8%	2.4%
Cons & Mat	-0.1%	6.3%	-1.6%	-1.4%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	13,465	17,720	19,129	20,282
% change		*31.6%*	*8.0%*	*6.0%*
EBITDA	2,412	3,388	3,918	4,371
EBIT	1,645	2,221	2,751	3,204
% change		*35.0%*	*23.8%*	*16.5%*
Net income	800.2	974.8	1,369	1,695
% change		*21.8%*	*40.5%*	*23.8%*

	2015	2016e	2017e	2018e
Operating margin	12.2	12.5	14.4	15.8
Net margin	7.3	7.1	8.7	10.2
ROE	5.4	6.0	8.0	9.4
ROCE	5.6	5.9	6.8	7.9
Gearing	33.1	49.2	40.8	34.8

(EUR)	2015	2016e	2017e	2018e
EPS	4.27	4.92	6.92	8.56
% change	-	*15.4%*	*40.5%*	*23.8%*
P/E	18.1x	15.7x	11.2x	9.0x
FCF yield (%)	4.8%	7.8%	9.5%	10.4%
Dividends (EUR)	1.30	1.50	2.80	3.90
Div yield (%)	1.7%	1.9%	3.6%	5.0%
EV/Sales	1.6x	1.4x	1.3x	1.1x
EV/EBITDA	9.0x	7.6x	6.3x	5.3x
EV/EBIT	13.2x	11.5x	8.9x	7.2x

HeidelbergCement has published Q1 2016 revenues of EU2.832bn (similar to the EUR2.845bn expected by the consensus) up 1% y/y l-f-l. EBITDA stood at EUR321m (5% above consensus expectations of EUR307m) up 7% (+13% l-f-l) with the margin at 11.3%, up 70bps y/y. Promising outlook: HeidelbergCement expects a moderate increase in revenues and a high single-to double-digit increase in operating income (vs c7% expected by the consensus). Italcementi deal on track.

Key figures in Q1 2016

Quarterly trends	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Cement volumes y/y change %	-1.0	1.0	-3.0	-0.3	5.0
Like-for-like revenues growth %	4.0	0.0	-2.0	-2.0	1.0
EBITDA y/y change %	29.0	6.0	3.0	10.0	13.0
EBITDA margin %	10.5	20.7	24.0	20.6	11.3
EBITDA margin change bps	242	81	98	168	70

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

ANALYSIS

- Positive comments were made for severel key geographical zones, with volumes rising in most of the regions, except Africa. North America was apparently buoyant, with a double-digit volume increase, while HeidelbergCement mentioned a "trend reversal in Asia, particularly in Indonesia"
- Profitability is improving, with a 70bp improvement in EBITDA margin, thanks to efforts in costs, prices increase and lower fuel costs
- The outlook is promising, as management mentioned a high single to double-digit increase in operating income, versus "the goal of moderately increasing" operating income.
- The Italcementi deal is on track. On the anti-trust side, HEI formally contacted the European Commission at the start of April, while discussions with the American authorities have started. Decisions on anti-trust issues are expected in late May/early June.

VALUATION

- EUR86 derived from the application of historical EV/EBITDA multiples (7.5x) to our 2018 estimates, discounted back. We have rolled oved from 2017 to 2018.

NEXT CATALYSTS

- H1 results at end June to be released on 29th July 2016

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

Luxury & Consumer Goods

Hugo Boss

Price EUR57.65

FY16 outlook requires a clear improvement in persistently challenging market conditions

Fair Value EUR77 vs. EUR80 (+34%) **NEUTRAL**

Bloomberg	BOSS GR
Reuters	BOSG_p.DE
12-month High / Low (EUR)	113.8 / 51.3
Market Cap (EURm)	4,059
Ev (BG Estimates) (EURm)	4,141
Avg. 6m daily volume (000)	418.7
3y EPS CAGR	-5.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.9%	-18.2%	-38.4%	-24.7%
Pers & H/H Gds	-0.1%	-0.3%	-6.6%	-2.2%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

YEnd Dec. (EURm)	2014	2015	2016e	2017e
Sales	2,572	2,809	2,803	2,956
% change		*9.2%*	*-0.2%*	*5.5%*
Reported EBITDA	571	590	495	544
Reported EBIT	448.7	447.7	349.8	393.3
% change		*-0.2%*	*-21.9%*	*12.5%*
Net income	333.3	319.3	257.5	295.4
% change		*-4.2%*	*-19.4%*	*14.7%*

	2014	2015	2016e	2017e
Operating margin	17.4	15.9	12.5	13.3
Net margin	13.0	11.4	9.2	10.0
ROE	39.5	34.0	25.4	25.4
ROCE	33.2	29.1	22.3	23.9
Gearing	5.1	8.8	4.2	-4.2

(EUR)	2014	2015	2016e	2017e
EPS	5.04	4.67	3.82	4.32
% change	*-*	*-7.3%*	*-18.3%*	*13.2%*
P/E	11.4x	12.3x	15.1x	13.3x
FCF yield (%)	7.0%	7.2%	7.6%	8.2%
Dividends (EUR)	3.62	3.62	3.20	3.65
Div yield (%)	6.3%	6.3%	5.6%	6.3%
EV/Sales	1.6x	1.5x	1.5x	1.4x
EV/EBITDA	7.2x	7.0x	8.3x	7.4x
EV/EBIT	9.1x	9.2x	11.7x	10.2x

During the conference call yesterday, CFO Mark Langer updated us on the two main initiatives that are underway (i.e. category migration in the US and price adjustments in China) and which should pay off mainly in H2. This is why the groups expects more beneficial sales and earnings momentum over the second half of the year, especially since the group has identified additional cost savings of EUR50m. We remain a bit more cautious than the group's targets after some minor adjustments (mostly FX). Neutral recommendation and FV nudged down to EUR77 vs. EUR80.

ANALYSIS

- **US: negative underlying trends are not helping.** The sales decline in the **US** (-16% FX-n) was broadly similar between Retail and Wholesale (59%-41% of 2015 US sales respectively), confirming that the US premium apparel market is clearly affected by a number of headwinds (deflationary trends, declines in footfall, lack of tourists). In the meantime the group continues to upgrade its distribution in both channels: improving execution and focusing on achieving healthy inventory levels (almost completed) in its own stores and continuing the category migration and some takeovers to better control distribution. However the positive results from these initiatives are slower to appear given the sluggish market conditions.
- **Mainland China: price adjustments were welcomed by consumers.** Indeed the 10% rebound in volumes in Q1 encompassed the 2015 F/W collection and the 2016 S/S collection on which prices were adjusted by 20%. Consequently, the increase in volumes for this Spring collection was even higher, revealing a relatively high price elasticity as well as Chinese consumers' prompt reactivity, also backed by a successful digital marketing campaign. Management is confident in a gradual recovery over the rest of the year, but the negative trends in HK-Macau (double-digit decline) have not stabilised yet.
- **Hugo Boss is aggressive on cost savings...** The group has identified additional cost savings of around EUR50m over 2016 thanks to: **(i)** the first renegotiations of rental contracts, mostly in China, while the group is currently reviewing its rents with landlords concerning larger stores, **(ii)** more selective and targeted marketing expenses (=> difference between the initial marketing spend budget and the current budget = cost savings) and **(iii)** fewer store openings (~15 DOS) than the initial MT target of 20-25 openings. Last but not least, Mark Langer also declared that he was analysing the 15-20 least profitable stores, which could lead to some store closures.
- **... and is comfortable with FY16 guidance.** In light of this difficult start to the year, FY16 targets are becoming more challenging but management remains confident in achieving them: **(i) GM** should remain stable (Q1: -140bp) as the headwinds (inventory write-downs, price adjustments, discounts) should gradually diminish and the channel-mix will remain favourable, **(ii) adj. EBITDA** is expected to decrease in low double-digits (Q1: -29%) thanks to a less harmful operating deleverage (company guides on a flat SSSG over 2016 vs. -6% in Q1) combined with tight opex control (o/w cost-savings).
- **We have nudged down our FY16 estimates by 3%.** These adjustments are a consequence of the Q1 publication (below our expectations) and reflect a more negative FX impact at the top line level. Like the consensus estimates, we remain more cautious than the group's targets: we expect 1% FX-n growth (vs. +2% previously) and a 15% decline in adj. EBITDA, close to the CS expectations prior to yesterday's publication.

VALUATION

- The group has clearly implemented a proactive and ambitious reset plan but the FY outlook requires a significant improvement over H2 and the group noticed no signs of a recovery in April. Since visibility remains low, we maintain our Neutral recommendation pending the first positive impact of these initiatives on the group's operating performance. Our FV is slightly reduced to EUR77 vs. EUR80 following our estimates adjustments.

NEXT CATALYSTS

- AGM on 19th May // H1 results on 5th August. Click here to download

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

Infineon

Price EUR12.75

Current share price weakness is a Buy opportunity

Fair Value EUR15 (+18%) **BUY**

Bloomberg	IFX GY
Reuters	IFXGn.DE
12-month High / Low (EUR)	14.0 / 8.7
Market Cap (EURm)	14,422
Ev (BG Estimates) (EURm)	13,822
Avg. 6m daily volume (000)	6,162
3y EPS CAGR	15.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.4%	8.7%	11.4%	-5.6%
Semiconductors	-3.9%	1.1%	-5.4%	-5.5%
DJ Stoxx 600	2.4%	2.0%	-9.4%	-6.7%

YEnd Sept. (EURm)	09/15	09/16e	09/17e	09/18e
Sales	5,795	6,494	6,853	7,147
% change		*12.1%*	*5.5%*	*4.3%*
EBITDA	1,658	1,876	2,044	2,206
EBIT	898.0	1,031	1,153	1,277
% change		*14.9%*	*11.8%*	*10.8%*
Net income	680.0	842.6	946.9	1,051
% change		*23.9%*	*12.4%*	*11.0%*

	09/15	09/16e	09/17e	09/18e
Operating margin	15.5	15.9	16.8	17.9
Net margin	11.7	13.0	13.8	14.7
ROE	13.3	13.1	13.3	13.7
ROCE	18.5	14.9	16.6	18.3
Gearing	-4.7	-11.7	-19.3	-27.1

(EUR)	09/15	09/16e	09/17e	09/18e
EPS	0.60	0.75	0.84	0.93
% change	-	*23.4%*	*12.4%*	*11.0%*
P/E	21.1x	17.1x	15.2x	13.7x
FCF yield (%)	0.6%	4.1%	5.0%	5.8%
Dividends (EUR)	0.18	0.20	0.20	0.20
Div yield (%)	1.4%	1.6%	1.6%	1.6%
EV/Sales	2.5x	2.1x	1.9x	1.8x
EV/EBITDA	8.6x	7.4x	6.5x	5.8x
EV/EBIT	15.8x	13.4x	11.6x	10.0x

Following the conference call held yesterday by Infineon, we are maintaining our strong positive view on the case. In addition to our first take on FQ2-16 results yesterday, note that management's tone was reassuring. We had confirmation that FY guidance adjustments are only due to FX effects and that business fundamentals remain solid. We see current share price weakness as a Buy opportunity given 1/ low valuation ratios, 2/ a leading position in buoyant markets, and 3/ operational leverage still to be activated (300mm fab, phase out of Newport fab, deeper synergies with International Rectifier).

ANALYSIS

- **Confirmation that lower guidance is only due to FX effects.** As we commented in our "first take", management now uses a EUR/USD exchange rate of 1.15 (compared to 1.10 in FQ1), meaning that both sales and operating margin have been slightly impacted negatively. This led management to adjust guidance for sales growth to +12% (+/-2ppts) vs. +13% previously and Segment result margin in the range of 15-16%. Note that these FX impacts were included in our estimates, as a result the new guidance is in line with our expectations. For Q2 16, the group is guiding for growth of 2%, whereas this would have stood at 5% adjusted for FX, i.e. in line with seasonal.

- **Positive comments about Automotive market in China.** During yesterday's conference call, management shared positive comments from multiple players in the Auto supply chain in China. We believe this is mainly due to government incentives which started by late 2015. Overall, Automotive business (c. 41% of sales) is seen to grow at about 12% over FY16. The main catalysts for Infineon remain ADAS (autonomous driving) and xEV (electric cars). In xEV, China is said to remain a key area and Infineon could benefit from its strong positions there. For ATV and IPC division, we uses a 12% growth rate over FY16.

- **The smartphone market is weak but IFX's comparison base should play positively.** Given the small penetration of Infineon in the Smartphone market, the group sees opportunities (PMM division) thanks to higher contents per phone and market share gains. We remind that the PMM division represent about 30% of group's sales and is the division the most exposed to consumer market which is the most volatile. For PMM, our model uses a 14% growth (H1-16 is up by 35% yoy, but down 4% sequentially).

- **Payment is no more a tailwind, catalysts are to come from other applications.** As expected, payment is expected to reach a plateau anytime soon but we continue to expect growth for CCS division (c. 11% of sales) thanks to a good momentum in Government ID business over H2-16 and growing opportunities in Security for IoT while Infineon remains a major player in this field (#2 worldwide with 24% market share, NXP being #1 with 31% market share). We forecast an 8% increase of CCS revenue over FY16 given that the division shows a 12% yoy performance in H1-16.

- **Technology portfolio maintains a competitive edge.** We understand that an announcement should be made soon regarding Silicon Carbide (SiC), probably about a product targeting drive train in Automotive. Regarding production technology, we believe that 300mm fab should continue to weight on margin until the end of 2017 before to add operational leverage at margin level.

- Finally on M&A, the group continues to scan the market but we believe that it remains selective and that valuable targets at a good price remain rare in 2016.

VALUATION

- **We apply only minor changes to our model.** We have updated our model to include Fiscal Q2 data and applied slight changes with minor impacts on our EPS sequence (+1% on average over the next 3y).

- **In our view, the current share price weakness should be seen as a Buy opportunity.** The group's profile remains intact and IFX continues to outperform the market thanks to leading positions in buoyant markets (Auto, Industry and Security). Valuation remains attractive in our view with a 2016e P/E ratio of 16.7x, compared to 17.8x on average for Logic and Analog IDMs (players owning and operating fabs). We remind that our FV of EUR15 points to a potential upside of +21%.

NEXT CATALYSTS

- 2nd August 2016: Fiscal third quarter results.

Detailed P&L

[EURm]	1Q16	2Q16	3Q16e	4Q16e	FY16e	FY17e	FY18e
Total Group	**1556**	**1611**	**1645**	**1683**	**6494**	**6853**	**7174**
Seq. growth	*-2.6%*	*+3.5%*	*+2.1%*	*+2.3%*	*+12.1%*	*+5.5%*	*+4.7%*
Y/Y growth	*+15.4%*	*+8.6%*	*+3.7%*	*+5.3%*	*+12.1%*	*+5.5%*	*+4.7%*
Cost of goods sold	-998	-1045	-1064	-1017	-4124	-4208	-4362
Gross margin	**35.9%**	**35.1%**	**35.3%**	**39.6%**	**36.5%**	**38.6%**	**39.2%**
SG&A	-200	-195	-197	-206	-799	-864	-875
R&D	-198	-195	-197	-202	-792	-843	-861
Other operating income	60	52	77	53	242	209	195
Adj. EBIT	**220**	**228**	**263**	**310**	**1021**	**1148**	**1272**
adj. operating margin	*14.1%*	*14.2%*	*16.0%*	*18.4%*	*15.7%*	*16.7%*	*17.7%*
EBIT	166	174	189	261	790	922	1059
operating margin	*10.7%*	*10.8%*	*11.5%*	*15.5%*	*12.2%*	*13.5%*	*14.8%*
Net financial result	-12	-18	-17	-20	-67	-57	-52
Income tax	-2	21	-26	-36	-43	-130	-151
tax rate	*-1.3%*	*13.5%*	*-15.0%*	*-15.0%*	*-5.9%*	*-15.0%*	*-15.0%*
Net income (loss)	153	180	146	201	680	736	856
Adj. Net income (loss)	194	207	209	288	898	927	1036
Adj. Dil. EPS (in EUR)	**0.17**	**0.18**	**0.18**	**0.25**	**0.79**	**0.82**	**0.92**

Source: Bryan Garnier & Co. ests.

P&L changes highlights

[EURm]	**Old**			**New**			**Old vs. New**
	2016e	**2017e**	**2018e**	**2016e**	**2017e**	**2018e**	**avg. Δ%**
Net revenue	**6494**	**6853**	**7147**	**6494**	**6853**	**7174**	**0%**
% change	*12.1%*	*5.5%*	*4.3%*	*12.1%*	*5.5%*	*4.7%*	
Adj. EBIT	1031	1153	1277	1021	1148	1272	-1%
Adj. operating margin	*15.9%*	*16.8%*	*17.9%*	*15.7%*	*16.7%*	*17.7%*	
Adj. Dil. EPS (in EUR)	**0.75**	**0.84**	**0.93**	**0.79**	**0.82**	**0.92**	**1%**

Source: Bryan Garnier & Co. ests.

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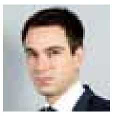

Analyst :
Dorian Terral
33(0) 1.56.68.75.92
dterral@bryangarnier.com

Sector Team :
Richard-Maxime Beaudoux
Thomas Coudry
Gregory Ramirez

Utilities

Veolia Environnement

Price EUR20.89

Q1 first take: Poor sales performance and solid LfL EBITDA growth as expected

Fair Value EUR22 (+5%) **NEUTRAL**

Bloomberg	VIE FP
Reuters	VIE.PA
12-month High / Low (EUR)	22.9 / 17.8
Market Cap (EURm)	11,766
Ev (BG Estimates) (EURm)	19,210
Avg. 6m daily volume (000)	1 946
3y EPS CAGR	28.1%

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.8%	-5.4%	-1.6%	-4.5%
Utilities	2.9%	0.4%	-7.1%	-3.8%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	24,965	25,324	25,870	26,474
% change		*1.4%*	*2.2%*	*2.3%*
EBITDA	2,997	3,148	3,310	3,471
EBIT	1,060	1,375	1,520	1,630
% change		*29.8%*	*10.5%*	*7.2%*
Net income	380.2	517.0	708.2	798.9
% change		*36.0%*	*37.0%*	*12.8%*

	2015	2016e	2017e	2018e
Operating margin	4.5	5.4	5.9	6.2
Net margin	1.8	2.3	3.0	3.3
ROE	4.0	5.2	7.0	7.8
ROCE	6.4	7.9	8.3	8.7
Gearing	82.6	80.8	77.8	74.9

(EUR)	2015	2016e	2017e	2018e
EPS	0.68	0.92	1.26	1.42
% change	-	*36.0%*	*37.0%*	*12.8%*
P/E	30.9x	22.7x	16.6x	14.7x
FCF yield (%)	9.0%	0.5%	6.3%	7.2%
Dividends (EUR)	0.73	0.72	0.90	0.96
Div yield (%)	3.5%	3.4%	4.3%	4.6%
EV/Sales	0.7x	0.8x	0.7x	0.7x
EV/EBITDA	5.9x	6.1x	5.8x	5.5x
EV/EBIT	16.6x	14.0x	12.6x	11.7x

Veolia posted a poor Q1 sales performance and solid LfL EBITDA growth as expected. As for Suez, earnings growth was only generated by the cost reduction programme, and not by a rebound in activities. We were positively surprised by stable activities in France while Suez posted a LfL decline in the region last week but were not surprised by the good contribution from cost cutting. Despite this, we are sticking to our Neutral recommendation as we think only positive macro surprises from Europe or North America could drive up consensus. FV unchanged at EUR22/share.

ANALYSIS

- **Main Q1 metrics:** As expected, Veolia posted a poor Q1 sales performance, with total sales down **3.4%** YoY to **EUR6.09bn** below our forecast for a **1.8% YoY** sales decline. Most of the drop stemmed from a slowdown in construction and more importantly, from adrop in energy prices. On a LfL basis sales were down **1.7%.** This should be compared with **+1.5%** for Suez. French activities were relatively flat, which is positive in our view, in both the water and waste segments while sales outside France (Europe and RoW) were affected by the decline in landfill volumes in the UK and by lower energy prices, mild weather and challenging industrial services in the US. The group was able **generate positive** LfL sales growth in waste (+1.2%) while Suez posted one week ago a **-1.8% LfL sales** performance (European waste segment only). Volumes treated were positive at **+1.6%.** As for EBITDA, Veolia was able to post **EUR840m** in line with our expectation (EUR843m), reflecting as expected **3%** YoY growth and **5%** LfL growth (Suez posted respectively -3.9% and -1.6%). Costs reduction program was the main earnings growth driver. Current EBIT came out at **EUR413m** (BG at EUR410m) reflecting a 4.2% YoY rise and a +7.5% LfL surge. Current net income came out slightly below our forecast at **EUR173m** (**BG at EUR190m**) with a lower contribution from capital gains compared with last year. Net debt remained almost stable at around **EUR8.26bn.** All 2016 targets were reiterated.

- **What to retain from this publication? 1/**Q1 sales performance was poor, as anticipated, as the group suffered from an unfavourable weather effect in the US (higher temperatures, lower energy prices) and from a fall in commodity prices. Despite this drop we are positively surprised by the good performance of the group in France on its two segments while Suez posted more negative metrics. Waste segment in France at Veolia declined only by **1%** LfL vs. **-5.4%** posted by Suez in Q1-16 while on water segment, Veolia posted stable revenue vs. **-1%** posted by Suez. We expect more details during conference call. **2/**EBITDA performance was in line with expectations and clearly confirms group's restructuring program is the main growth driver (*Veolia EBITDA would have decline by 3.3% YoY assuming no costs reduction)* as for Suez (*Suez EBITDA would have fall by 10%).* **3/**2016 targets to generate sales and EBITDA LfL growth, to generate EUR650m of FCF and to posted current net income of at least EUR600m were confirmed.

- **Conclusion:** Earnings growth generated by Veolia was more impressive than earnings growth generated by Suez during Q1 and the 2016-18 consensus seems less at risk for Veolia given that it is not based on M&A. Yet when looking at valuation and implicit yield we see Veolia is today offering a less attractive yield than Suez even after integrating a dividend rise.The implicit risk reward on Suez appears to us more attractive than at Veolia. **Neutral rating confirmed with FV unchanged at EUR22.**

VALUATION

- At the current share price the stock is trading at 6.1x its 2016e EBITDA and offers a 3.4% yield
- Neutral with FV @ EUR22

NEXT CATALYSTS

- Conference call at 08.30am

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

Construction & Building Materials

VINCI

Price EUR64.94

Bloomberg	DG FP
Reuters	SGEF.PA
12-month High / Low (EUR)	66.3 / 51.0
Market Cap (EURm)	38,295
Ev (BG Estimates) (EURm)	49,074
Avg. 6m daily volume (000)	1,764
3y EPS CAGR	7.1%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.5%	3.3%	5.6%	9.8%
Cons & Mat	1.3%	5.8%	-0.1%	-0.1%
DJ Stoxx 600	2.4%	2.0%	-9.4%	-6.7%

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

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

(EUR)	2015	2016e	2017e	2018e
EPS	3.58	3.83	4.19	4.41
% change	-	*6.9%*	*9.3%*	*5.2%*
P/E	18.1x	17.0x	15.5x	14.7x
FCF yield (%)	7.8%	7.3%	7.6%	8.2%
Dividends (EUR)	1.84	2.03	2.22	2.34
Div yield (%)	2.8%	3.1%	3.4%	3.6%
EV/Sales	1.3x	1.3x	1.2x	1.1x
EV/EBITDA	8.8x	8.5x	7.9x	7.4x
EV/EBIT	13.3x	12.4x	11.2x	10.3x

Vinci London Roadshow reinforces our positive stance on the stock

Fair Value EUR72 (+11%) **BUY**

We organised a roadshow with Vinci in London. Several topics were raised, notably the still difficult construction environment in France. This was nevertheless offset by a 12% increase in order intake at end-March on a 12-month basis, while construction margins should gradually recover. We confirm our positive stance on the stock. Its defensive qualities, with 69% of EBITDA generated by concessions, offer some visibility in this complicated environment.

We organised a one day roadshow with Vinci in London. Several topics were raised.

ANALYSIS

- First, Vinci confirmed that the construction environment remains tough in France. Eurovia and Vinci Construction sales fell sharply in Q1 - although part of the decline in roadworks was due to lower prices, because of asphalt deflation (note that this is mostly a pass-through to customers). Anyhow, sentiment is that the cycle trough is not far ahead. Actually order intake is pretty strong, up double digit at 12% in Q1 and this should be reflected in stronger sales in coming years, although the order book will now be executed over a longer period of time compared with a year ago. Of course, no growth can be expected for contracting revenues in 2016. 2017 and 2018 are likely to be better however.
- Secondly, the challenge remains of how to improve operating margins in the construction business. While the UK should be close to breakeven this year, with a lower burden from the Nottingham tramway contract, France should benefit from further reorganisation with, in particular, a new manager transferred internally to the head of Vinci Construction France. The aim is to gradually increase the margin in order to offset, at least, the 40bp Ebit margin decline in 2015. In 2016, this could add as much as 50 to 60bp to last year's 2.1% EBIT margin in construction. Vinci Energies' profitability should remain solid at 5.6%, while the 3% margin in roadwork, a pretty decent level considering the environment, is expected to be flat too.
- Finally, regarding concessions, the very good performance in Q1 toll roads (7.2% apparent, around 4% excluding calendar effects) might have been driven by various factors, especially for cars: oil prices, consumer confidence, private consumption, development of car-sharing, new bus offers (the "Macron" busses), while the terrorist attacks in Paris and Brussels may have favoured roads rather than public transport systems like aeroplanes or trains. For trucks, the Spanish industrial production recovery might have underpinned volumes, as Spain usually accounts for roughly 30% of Vinci Autoroutes traffic growth. In any case, note that Vinci is maintaining its full year traffic growth guidance for 1.7-1.8%, despite this pointing to just 0.4% traffic growth for the rest of the year... We have 2% in our model and this seems conservative. But Vinci will not update its guidance before having a better view on summer traffic anyway.

VALUATION

- EUR72 FV derived from a SOTP

NEXT CATALYSTS

- H1 2016 results in 29th July, before market

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

TMT

Altice

Price EUR13.15

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	32.2 / 10.0
Market Cap (EURm)	14,384
Avg. 6m daily volume (000)	2 402

	1 M	3 M	6 M	31/12/15
Absolute perf.	-14.3%	-2.0%	-22.9%	-0.8%
Telecom	-1.4%	-3.4%	-12.5%	-9.0%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

	2014	2015e	2016e	2017e
P/E	NS	NS	NS	17.7x
Div yield (%)	NM	NM	NM	NM

FCC signs off on Altice's Cablevision Buy

Fair Value EUR16,3 (+24%) **BUY**

ANALYSIS

- On Tuesday, the US Federal Communications Commission consented to Altice's proposal to buy Cablevision. In a public memorandum, the FCC said that "the likely public interest benefits outweigh any potential public interest harms" and that "the transaction on balance, serves the public interest". Altice confirmed closing should happen before the end of H1 2016.
- As a reminder, in its discussions with the FCC, Altice committed to upgrade the Cablevision network so that all existing customer locations are able to receive broadband service of up to 300 Mbps, and also agreed to introduce a low income broadband package, subject to eligibility requirements.
- This decision from the FCC is positive, as we believe US expansion is key for Altice. As stated in our initiation report, the US is allowing Altice to diversify in a less competitive market, with great synergy expectations. We expect Altice to deliver synergies of around USD550m at Cablevision in our model.

VALUATION

- We stick to our Fair Value of EUR16.3, with a BUY recommendation.

NEXT CATALYSTS

- Altice Q1 results on 10th May.

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Thomas Coudry, tcoudry@bryangarnier.com

Insurance

AXA

Price EUR22.05

Bloomberg	CS FP
Reuters	AXAF.PA
12-month High / Low (EUR)	25.8 / 18.9
Market Cap (EUR)	53,532
Avg. 6m daily volume (000)	7,194

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.4%	5.6%	-10.1%	-12.6%
Insurance	1.0%	0.8%	-14.4%	-14.2%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

	2015	2016e	2017e	2018e
P/E	8.9x	8.9x	8.6x	
Div yield (%)	5.0%	5.3%	5.7%	

Satisfactory Q1 numbers

Fair Value EUR29 (+32%) **BUY-Top Picks**

ANALYSIS

- Reported Q1 2016 revenues came in at EUR31.75bn, up 1% yoy (also up 1% on a comparable basis), slightly above consensus (EUR31.735bn).
- P&C premiums rose 3% on a comparable basis to EUR11.7bn (consensus EUR11.6bn). Personal line premiums were 4% (including pricing up 4%). Commercial lines premiums rose 2% (including pricing up 3%).
- In Life/Protection, the NBV margin was 29% (consensus 33%) vs. 35% in Q1 2015, mainly driven by a temporary change in product-mix (higher corporate pension scheme sales in the UK). Excluding the UK, the NBV margin would have been 36.0% vs. 37.6% in Q1 2016. Note that the NBV margin widened by (54% vs. 51%) in Protection/Health, which represents 51% of the division's operating profit. Net new money stood at EUR3.0bn, o/w EUR3.1bn in Protection/Health.
- In Asset Management, net new money totalled EUR10bn, o/w EUR2bn at AllianceBernstein and EUR8bn at AXA IM. Revenues fell 9% driven by lower average AuM and by a change in product-mix (higher share of lower margin fixed income products).
- Solvency II margin at end-March was 200% (vs. 205% at end-2015), with the impact of adverse financial market conditions partially offset by the operating return contribution and the issuance of EUR1.5bn in dated subordinated notes. Remember the optimal range is 170-230%.

VALUATION

- Based on our current estimates, our SOTP valuation is EUR29.

NEXT CATALYSTS

- Investors' Day on 21st June. H1 2016 numbers on 3rd August.

Olivier Pauchaut, opauchaut@bryangarnier.com

Luxury & Consumer Goods

Beiersdorf

Price EUR79.56

Q1 sales up 2.4% organically, below expectations mainly due to Tesa

Fair Value EUR80 (+1%) **NEUTRAL**

Bloomberg	BEI GY
Reuters	BEIG.DE
12-month High / Low (EUR)	90.0 / 71.1
Market Cap (EUR)	18,044
Avg. 6m daily volume (000)	0.80

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.0%	-6.1%	-6.8%	-6.1%
Pers & H/H Gds	-0.1%	-0.3%	-6.6%	-2.2%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

	2014	2015e	2016e	2017e
P/E	34.3x	27.4x	26.6x	24.6x
Div yield (%)	0.9%	0.9%	0.9%	0.9%

ANALYSIS

- **The German group has reported Q1 sales of EUR1.67bn (consensus: EUR1.70bn), down 1.9% and up 2.4% organically (consensus: +3.1%)**. BDF does not disclose quarterly results any more but only sales. Q1 revenues slowed down versus the Q4 performance (+3%) mainly due to Tesa. **Nevertheless, Consumer sales were up 3.6% organically in Q1 following +4.7% in Q4 and +3.6% over 2015**. In Q1, Nivea brand sales increased 4.3%. Tesa sales declined 3.2%.
- **By main geographical area and for the consumer activity, Q1 sales grew 3.2% in Europe** (50% of sales), following +2% in Q4. In **Western Europe** alone, Q1 revenues grew 2% (on undemanding comps) with a strong performance in Germany and in the UK, while momentum was also very positive in **Eastern Europe** (+8.5%). In **Americas** (20% of sales), activity remained disappointing with a 1.2% decline, including -4.3% in **North America** while sales in **LATAM** were more subdued (+1.3%). Lastly, sales in **Asia** (30% of sales) were robust in Q1 (+7.3%) but on an undemanding comparison basis (-2.5% in Q 15).
- **Management has reiterated its FY 2016 guidance**, implying sales up 3-4% (both for the Group and the consumer division) with "slight" EBIT margin improvement (again both for the consumer division and the group). For the moment, we expect sales to grow 3.5% and EBIT margin to gain 40bp to 14.8%.

VALUATION

- The BDF share price is down 6% YTD (our HPC sample is stable). Neutral recommendation and EUR80 FV unchanged.

NEXT CATALYSTS

- H1 results should be reported on 4th August.

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Loïc Morvan, lmorvan@bryangarnier.com

Food retailing

Casino Guichard

Price EUR50.00

Bloomberg	CO FP
Reuters	CASP.PA
12-month High / Low (EUR)	79.8 / 35.2
Market Cap (EURm)	5,660
Avg. 6m daily volume (000)	810.3

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.1%	28.2%	-7.6%	17.9%
Food Retailing	-2.6%	-0.2%	-7.8%	-1.3%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

	2015	2016e	2017e	2018e
P/E	17.9x	21.5x	17.9x	15.0x
Div yield (%)	6.2%	6.2%	6.2%	6.2%

Exercise of call option on Monoprix Mandatory Bonds

Fair Value EUR57 (+14%) **BUY**

ANALYSIS

- As a reminder, following the disposal of both Thailand (EUR3.1bn proceed+EUR0.2bn linked to the deconsolidation of Big C's net debt) and Vietnam (EUR920m proceed), Casino's asset disposal programme reached EUR4.2bn. And we believe that there is room for further disposals.
- Initially, Casino made it clear that EUR3.5bn out of the initial EUR4bn deleveraging plan would be allocated to Holdco's net debt reduction. Given that there is currently no discount on Casino's debt, the redemption of this debt is constrained. Hence, besides the 2016 (already redeemed) and 2017 maturities, the exercise of the Monoprix call option was an obvious alternative.
- Yet, according to a press release, Casino effectively exercised its call option on all of the EUR500m mandatory convertible bonds issued by Monoprix in December 2013 (ORA). In our view, this is a relief since the conversion of this bond would have strongly diluted Casino's share in Monoprix (~20%) which remains the most profitable asset of the group.
- Beyond this news, the group's growth profile over the long term is somewhat penalised by the disposal of Asia. Thenceforward, we continue to believe that Casino may do what is generally expected from a wise asset manager: sell high at 1.7x sales (i.e. Asia) and buy low at 0.3x sales (i.e. LatAm).

VALUATION

- The sacrosanct spot SOTP currently stands at EUR53 per share

NEXT CATALYSTS

- Sell high at 1.7x sales (i.e. Asia) and buy low at 0.3x sales (i.e. LatAm)

Antoine Parison, aparison@bryangarnier.com

Healthcare

Orpea

Price EUR72.80

Bloomberg	ORP FP
Reuters	ORP.PA
12-month High / Low (EUR)	76.7 / 59.0
Market Cap (EURm)	4,373
Avg. 6m daily volume (000)	114.4

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.5%	-1.6%	0.6%	-1.3%
Healthcare	3.3%	-3.3%	-10.9%	-10.5%
DJ Stoxx 600	2.4%	2.0%	-9.4%	-6.7%

	2015	2016e	2017e	2018e
P/E	30.1x	25.2x	22.4x	20.0x
Div yield (%)	1.2%	1.4%	1.6%	1.8%

Q1 2016 revenue (contact): higher than expected reported figures with strong lfl growth

Fair Value EUR79 (+9%) **BUY**

ANALYSIS

- **Strong revenue growth driven by acquisitions made in 2015….:** Total revenue reached EUR680.5m, up 26.5% on a reported basis and higher than our forecast and the consensus figure (EUR666m and EUR669m respectively). This took into account the consolidation of companies acquired during 2015 adding EUR110m in consolidated revenue in Q1 (**Senevita** in Austria consolidated since Q2 2015, **Celenius** + **RGB** and **Vitalis** in Germany since Q3 2015, 1st September 2015 and 1st January 2016 respectively, and **Medi-System** in Poland).
- **…and sustained organic growth: Lfl revenue growth was robust at 5.9%** benefiting notably from the positive impact of the leap year in 2016 (additional revenue of over EUR6m). **Excluding this extra day, lfl revenue growth would have been 4.7%** (sustained demand with a positive ramp-up at recently opened facilities and despite price decrease in clinics in France). By geography, **France** turned in a strong performance, up 4.1% excluding calendar effects and taking into account a price decrease of 2.5% in clinics. **International** business was up 6.2%, notably with **Germany** up 9.4%, **Switzerland** up 12.7%, **Belgium** up 1.2%, **Spain** +2.9% and **Italy** broadly flat.
- **FY guidance confirmed:** Following Q1 revenue, management confidently confirmed its FY 2016 guidance of EUR2,720m, up 13.7% in reported terms excluding new additional developments. We are confirming our forecast for consolidated revenue of EUR2,772m, up 5.3% on a lfl basis.

VALUATION

- At the current share price, the stock is trading on 2016e and 2017e EV/EBITDA multiples of 15.5x and 14.1x respectively, compared with the historical average 12m FWD of 13.1x and an EBITDA CAGR over 2015-2018 of 11.4%

NEXT CATALYSTS

- H1 2016 revenue on 20th July

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Bruno de La Rochebrochard, bdelarochebrochard@bryangarnier.com

Food & Beverages

Pernod Ricard

Price EUR93.75

Bloomberg	RI FP
Reuters	PERP.PA
12-month High / Low (EUR)	114.4 / 88.3
Market Cap (EURm)	24,883
Avg. 6m daily volume (000)	513.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.4%	-11.5%	-12.3%	-10.9%
Food & Bev.	-0.7%	-3.4%	-5.7%	-5.0%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

	06/15	06/16e	06/17e	06/18e
P/E	18.8x	18.6x	18.3x	17.3x
Div yield (%)	1.9%	2.0%	2.0%	2.1%

Pernod Ricard ready to sell Paddy Irish Whiskey

Fair Value EUR107 (+14%) **BUY**

ANALYSIS

- The group has entered into exclusive negotiations to sell Paddy Irish Whiskey to Sazerac, a privately held company based in New Orleans. Paddy is priced below Pernod Ricard's key Irish whiskey brand Jameson and is playing in the flavoured arena (which Jameson is not). The terms of the transaction have not been disclosed. The deal could be signed and completed in coming weeks and would involve Pernod Ricard continuing to produce Paddy at its Midleton Distillery.
- We think that Pernod Ricard could have received an interesting price that might have prompted it to sell off a non-core brand. It will be able to increase resources behind other Irish whiskey brands such as Jameson or Powers. This sale is in line with the group's strategy to refocus its investments behind key priorities.

VALUATION

- At yesterday' share price, the stock is trading at EV/EBIT multiples of 14.9 for 2015/16e and 14.7 for 2016/17e, 19% and 13% below the peer average.

NEXT CATALYSTS

- The group will hold a conference call on Asia on 31st May.

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Virginie Roumage, vroumage@bryangarnier.com

Construction & Building Materials

Saint Gobain

Price EUR39.50

Bloomberg	SGO FP
Reuters	SGOB.PA
12-month High / Low (EUR)	44.5 / 32.1
Market Cap (EURm)	22,154
Avg. 6m daily volume (000)	1,920

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.9%	10.8%	0.9%	-0.9%
Cons & Mat	-0.1%	6.3%	-1.6%	-1.4%
DJ Stoxx 600	0.7%	1.9%	-11.3%	-8.3%

	2015	2016e	2017e	2018e
P/E	19.2x	18.5x	14.5x	12.0x
Div yield (%)	3.1%	3.3%	3.3%	3.3%

Wendel to sell 5.3% of SGO shares

Fair Value EUR46 (+16%) **BUY**

ANALYSIS

- Yesterday Wendel announced its intention to sell 30 million SGO shares, representing roughly 5.3% of the capital of Saint-Gobain. Wendel's stake will fall from 11.7% to 6.4% after the placement. Additionally, Wendel is issuing a EUR500m zero coupon bond exchangeable into SGO shares (1 for 1 ratio). Maturity date is 31st of July, 2019; with a 35% to 40% exchange premium.
- Wendel has agreed for a 12-month lock-up period for the remaining shares.
- It worth saying the placement of 30 million shares of Saint-Gobain corresponds to a EUR220m of accounting loss for Wendel.
- On its side, Saint-Gobain has announced its commitment to buy 10 million shares (c1.8% of the capital) out of the total 30 million. These shares will be cancelled and should help Saint-Gobain close the gap between the current number of shares of 561 million and the midterm objective of 531 million.
- This is of course not a positive news for SGO share price. Considering the good resilience YTD (-1% vs -5.7% for the CAC40), it is likely to come under some pressure in the short term.

VALUATION

- EUR46 derived from the application of historical EV/EBIT of 10x to our 2018 estimates, then discounted back.

NEXT CATALYSTS

- AGM on 2nd June. Interim results on 28th July.

Eric Lemarié, elemarie@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 57.9% NEUTRAL ratings 33.6% 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	Paris	New York	Munich	New Delhi
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