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9th May 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17740.63	+0.45%	+1.81%
S&P 500	2057.14	+0.32%	+0.65%
Nasdaq	4736.16	+0.40%	-5.42%
Nikkei	16216.03	+0.68%	-15.38%
Stoxx 600	331.674	-0.36%	-9.33%
CAC 40	4301.24	-0.42%	-7.24%
Oil /Gold			
Crude WTI	44.66	+0.77%	+20.05%
Gold (once)	1290.38	+1.23%	+21.46%
Currencies/Rates			
EUR/USD	1.1423	+0.21%	+5.16%
EUR/CHF	1.1077	+0.39%	+1.87%
German 10 years	0.149	-6.96%	-76.51%
French 10 years	0.525	-4.33%	-46.52%
Euribor	-0.256	+0.39%	+95.42%

Economic releases :

Date	
9th-May	CH - CPI Apr. (-0.7% E y/y) EUZ - Sentix Investor conf. May (6E, 5.7P) US - LABOR market cond. Index Change Apr. (-1.0E)

Upcoming BG events :

Date	
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

CASINO GUICHARD — BUY, Fair Value EUR57 (+15%)

Interview with Jean-Charles Naouri (CEO) in Le Figaro (first take)

Today's French daily Le Figaro has published a first interview with Jean-Charles Naouri (CEO of Casino) since 2012 (the year when Casino took full control of GPA).

MELIA HOTELS — BUY-Top Picks, Fair Value EUR15 (+40%)

Feedback call: Stronger top line, EBITDA slightly disappointing. RevPAR guidance upgraded.

Top-line growth was ahead of expectations with total revenue up 8% at EUR399m (consensus at EUR389m) after RevPAR rose 10.7% (6.8% anticipated). Despite this, EBITDA improved by only 5% to EUR65.5m (in line with consensus) affected by the digital plan (not yet fully detailed) and the ramp-up in new openings under lease contracts. The outlook remains bright especially in Spain and management now expects a mid-to-high single-digit RevPAR increase for 2016, versus mid-single digit previously. Positive.

EDP RENOVAVEIS — NEUTRAL, Fair Value EUR7,5 (+9%)

Toward a more US EDPR; still Neutral despite FV being up from EUR7.5 to EUR7.65

We updated this morning our model with latest group's strategic targets unveiled during EDP/EDPR investor day organised by the group last Thursday. Through a more aggressive capex program than anticipated the group is further investing in North America (65% of its capex program) where it already generate 55% of its EBITDA while unveiled timid guidance for developing its footprint in Brazil and on solar market (10% of capex program each). Our FV is up from EUR7.5 to EUR7.65 which still implies limited upside compared with latest share price (11%). We appreciate the equity story yet see too limited upside, especially with such low visibility on future outcomes on U.S energy sector (U.S elections). We keep our Neutral rating.

SEMICONDUCTORS

March data disappoints on PC weakness

In March, the environment improved for most of end-markets but was unexpectedly disappointing for PC. According to WSTS data, unadjusted global semiconductor sales stood at USD27.2bn, up 9.3% on a sequential basis and down 8.6% on a yearly basis. This increase was significantly lower than our 5-y historical benchmark pointing to a sequential increase of 19.4%. This was mainly due to disappointment in PC processor sales while the environment in the Automotive and Industry segment continues to improve. As a result, sales in the first quarter of 2016 fell by 6% compared to Q1 sales in 2015.

In brief...

CELLECTIS, *Another baby in remission thanks to UCART19*

Food retailing

Casino Guichard

Price EUR49.65

Bloomberg	CO FP
Reuters	CASP.PA
12-month High / Low (EUR)	79.8 / 35.2
Market Cap (EURm)	5,620
Ev (BG Estimates) (EURm)	10,249
Avg. 6m daily volume (000)	806.2
3y EPS CAGR	6.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.2%	16.4%	-11.5%	17.0%
Food Retailing	-4.8%	-1.2%	-11.0%	-3.1%
DJ Stoxx 600	0.3%	1.8%	-12.7%	-9.3%

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

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

(EUR)	2015	2016e	2017e	2018e
EPS	2.80	2.32	2.80	3.33
% change	-	*-16.9%*	*20.4%*	*19.0%*
P/E	17.8x	21.4x	17.7x	14.9x
FCF yield (%)	NM	5.3%	10.6%	11.2%
Dividends (EUR)	3.12	3.12	3.12	3.12
Div yield (%)	6.3%	6.3%	6.3%	6.3%
EV/Sales	0.3x	0.2x	0.2x	0.2x
EV/EBITDA	5.8x	5.0x	4.7x	4.4x
EV/EBIT	14.0x	8.1x	7.9x	7.4x

Interview with Jean-Charles Naouri (CEO) in Le Figaro (first take)

Fair Value EUR57 (+15%) **BUY**

Today's French daily Le Figaro has published a first interview with Jean-Charles Naouri (CEO of Casino) since 2012 (the year when Casino took full control of GPA).

- Casino's debt has stood at EUR5-6bn for several years now and this level was bearable as long as Brazil was faring well. This is no longer the case as evidenced by the strong decline in GPA's share price. As such, the group has decided to slash its debt by EUR4bn (JC Naouri stated that disposal projects were initiated well before speculation concerning Casino).
- Management looked at the portfolio from both a valuation and a growth perspective and came to the conclusion that Thailand had reached the classical inflection point in emerging countries where hypermarkets are caught in a vice between proximity and discount. As far as Vietnam was concerned, management estimated that competition had reached a similar level as that in China and that it was timely to leave the country.
- Once again, the group's CEO made it clear that EUR4bn out of the EUR4.2bn in asset disposals will be dedicated to redeeming debt. He added that the group intends to sell assets worth several EUR100m in the months to come (real Estate in Colombia in coming months). So far, the board has made no decision as to how the group could use any excess cash. At this stage however, JC Naouri stated that the group's simplification is a key priority.
- In terms of momentum in Brazil, JC Naouri is reasonably confident as to the ability of Via Varejo (brick & mortar non-food business in Brazil) to return to growth in the course of 2016. From a macroeconomic perspective, JC Naouri remains confident in prospects for Brazil, which is used to crossing large amplitude cycles. His assumption is that of a gradual recovery from 2017. The São Paulo Stock Exchange is an early indicator and has risen sharply since January.
- As far as France is concerned, JC Naouri has felt a slight tremor in consumption but nothing very specific. He added that the price war is an objective element of the economic environment, against which it is absurd to rebel and which on the contrary, should help the group build its strategy. Hence, JC Naouri reiterated his conviction regarding discount (in all forms including hypermarkets) going forward. Finally, JC Naouri seemed confident in guidance for EUR500m in current operating profit in France (the group has been gaining market share for nine months while margin mix, cost cutting, franchising… could help).

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Hotels

Melia Hotels

Price EUR10.69

Feedback call: Stronger top line, EBITDA slightly disappointing. RevPAR guidance upgraded.

Fair Value EUR15 (+40%) **BUY-Top Picks**

Bloomberg	MEL SM
Reuters	MELL.MC
12-month High / Low (EUR)	13.7 / 8.4
Market Cap (EUR)	2,127
Ev (BG Estimates) (EUR)	2,615
Avg. 6m daily volume (000)	735.9
3y EPS CAGR	47.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.4%	17.1%	-18.1%	-12.3%
Travel&Leisure	-2.9%	-2.2%	-11.8%	-13.1%
DJ Stoxx 600	0.3%	1.8%	-12.7%	-9.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	1,738	1,827	1,970	2,113
% change		*5.1%*	*7.8%*	*7.3%*
EBITDA	293	277	314	350
EBIT	164.1	171.4	199.0	224.4
% change		*4.5%*	*16.1%*	*12.8%*
Net income	36.1	76.3	111.9	133.3
% change		*111.4%*	*46.6%*	*19.1%*

	2015	2016e	2017e	2018e
Operating margin	9.4	9.4	10.1	10.6
Net margin	2.1	4.2	5.7	6.3
ROE	3.1	4.8	6.7	7.7
ROCE	5.2	5.2	5.8	6.3
Gearing	58.5	28.8	30.2	29.5

(EUR)	2015	2016e	2017e	2018e
EPS	0.19	0.37	0.53	0.62
% change	*-*	*91.5%*	*42.3%*	*17.8%*
P/E	55.1x	28.8x	20.2x	17.2x
FCF yield (%)	5.3%	1.1%	2.1%	3.5%
Dividends (EUR)	0.03	0.06	0.07	0.07
Div yield (%)	0.3%	0.6%	0.6%	0.7%
EV/Sales	1.7x	1.4x	1.3x	1.3x
EV/EBITDA	9.9x	9.4x	8.4x	7.6x
EV/EBIT	17.6x	15.3x	13.3x	11.8x

Top-line growth was ahead of expectations with total revenue up 8% at EUR399m (consensus at EUR389m) after RevPAR rose 10.7% (6.8% anticipated). Despite this, EBITDA improved by only 5% to EUR65.5m (in line with consensus) affected by the digital plan (not yet fully detailed) and the ramp-up in new openings under lease contracts. The outlook remains bright especially in Spain and management now expects a mid-to-high single-digit RevPAR increase for 2016, versus mid-single digit previously. Positive.

ANALYSIS

- **Strong top line growth…:** With RevPAR up 10.7%, including a significant 21% rebound in Spain (RevPAR in the Mediterranean region was up 37.4% and 10.1% in Spain cities), consolidated revenue reached nearly EUR400m with room revenues up 9% for owned and leases hotels and up 14% for hotels under management contracts. By region, although Spain registered a strong RevPAR, the environment was more challenging in the Americas due to weather conditions in feeder markets for the Caribbean, especially the US and Canada, a depreciation in the CAD and the Zika impact causing reservations to be postponed. In EMEA, the situation in France remained "very difficult" and to a lesser extent in the UK while Italy and Germany performed well.
- **…not totally reflected in EBITDA:** Undoubtedly with such top line numbers we are a bit disappointed by EBITDA growth of 5% to EUR65.5m. In fact, EBITDA was impacted by rental expenses up 21.5% linked to significant new openings during Q1 i.e. Melia La Defense, Innside Manchester, Innside New York, etc… (EBITDAR was up 9.3%) and the digital plan recently launched with an impact of more than EUR3m (FY 2016 OPEX impact should represent between EUR12m and EUR15m. The digital plan has not yet been fully detailed).
- **FY 2016 RevPAR guidance upgraded:** Despite some headwinds notably from America during the low season (Q2 and Q3) and from France, management remains very positive on Spain in Mediterranean resort with bookings for the summer season ahead of last year and and in Spanish cities. In all, Melia now anticipates mid-to-high single digit RevPAR growth vs. mid-single digit previously. Our forecast is based on 6.6% RevPAR growth. The pipeline remains strong with 62 hotels and almost 16,000 rooms at the end of March, representing over 20.4% of current portfolio.

VALUATION

- Remember that the company announced its decision to force the conversion of convertible bonds representing EUR250m in early Q2. Acting on total requests by delivering a combinaition of treasury shares and newly-issued shares, the company will issue 30.6m new ordinary shares during May to reach a total number of 229.7m. Note that at the end of Q1, net debt was broadly flat vs. last year at EUR780.8m with an average interest rate of 3.9% vs. 4.8% last year. Financial expenses were down EUR3.6m in Q1 2016 to EUR10m.
- At the current share price, the stock is trading on 2016e and 2017e EV/EBITDA multiples of 9.4x and 8.4x respectively compared with an EBITDA 2015-2018 CAGR of 12.5%

NEXT CATALYSTS

- H1 2016 results at the end of July

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Utilities

Edp Renovaveis

Price EUR6.86

Toward a more US EDPR; still Neutral despite FV being up from EUR7.5 to EUR7.65

Fair Value EUR7,5 (+9%) **NEUTRAL**

Bloomberg	EDPR LI
Reuters	EDPR.LS
12-month High / Low (EUR)	7.3 / 5.7
Market Cap (EURm)	5,981
Ev (BG Estimates) (EURm)	11,223
Avg. 6m daily volume (000)	417.0
3y EPS CAGR	8.2%

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.5%	2.0%	3.9%	-5.4%
Utilities	2.7%	0.8%	-7.4%	-4.9%
DJ Stoxx 600	0.3%	1.8%	-12.7%	-9.3%

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	35.9x	41.2x	34.3x	28.3x
FCF yield (%)	NM	NM	3.7%	3.4%
Dividends (EUR)	0.04	0.06	0.07	0.08
Div yield (%)	0.6%	0.9%	1.0%	1.2%
EV/Sales	7.4x	6.4x	5.7x	5.1x
EV/EBITDA	10.0x	9.4x	8.5x	7.6x
EV/EBIT	19.7x	18.5x	16.6x	15.1x

We updated this morning our model with latest group's strategic targets unveiled during EDP/EDPR investor day organised by the group last Thursday. Through a more aggressive capex program than anticipated the group is further investing in North America (65% of its capex program) where it already generate 55% of its EBITDA while unveiled timid guidance for developing its footprint in Brazil and on solar market (10% of capex program each). Our FV is up from EUR7.5 to EUR7.65 which still implies limited upside compared with latest share price (11%). We appreciate the equity story yet see too limited upside, especially with such low visibility on future outcomes on U.S energy sector (U.S elections). We keep our Neutral rating.

ANALYSIS

- **Main metrics to retain from the new EDPR strategic plan? 1**/group's new annual installed capacities target is above our expectations at **700MW** (*BG at around 500MW*) and above previous plan (*500MW*) while new program is a **5 years** program vs. **4 years** previously (*2014-2017 plan*). Between 2015 and 2020 group's installed capacities are then expected to grow by **3.5GW. 2/**Out of **700MW**, North Amercia will represent **65%** of group's efforts, while Europe will only represent **15%** and Brazil **10%**. Without mentioning any specific regions, the group indicated it will dedicate **10% or 350MW** over its 5 year program on solar technologies. **3/**This program is set to cost the group around **EUR4.8bn** of gross capex over the period (*less than EUR1/bn per year).* The group also indicated it is targeting around **EUR1.1bn** of disposals as part of its assets rotation program, **o/w EUR550m** was already signed. This growth capex program should allow the group to generate an **EBITDA CAGR >8%** over the period, and an **EPS CAGR >16%** over the period. **EDPR is clearly an earnings growth story.**
- **Our view on this strategic plan**: In MW and in EURbn this capex program is more ambitious than we anticipated (***EUR4.8bn** likely to be spent over the 5Y periods vs. **EUR3.6bn** expected in our mode)* explaining our FV increase yet we are disappointed by low share of investments dedicated to Brazil and to solar market. While we anticipated that around 40-50% of group's capex envelop would be dedicated to these two high growth markets, the group unveiled only 20% will be specifically dedicated to it. The group is then reinforcing its positions in markets where it as already a dominant position (North America and Europe) while even accelerating its exposure to North America where energy sector could be potentially heckled by a more conservative US president (Trump?).
- **Impact our model**: After integrating group's assumptions in our model, our 2016 EPS is unchanged while our 2017 EPS is up 5%. **Our new EUR7.65/share FV implies 11% upside.**
- **Conclusion:** We appreciate the equity story yet see too limited upside, especially with such low visibility on future outcomes on U.S energy sector (U.S elections). **We keep our Neutral rating with FV up from EUR7.5 to EUR7.65.**

VALUATION

- At current share price EDPR is trading at 9.4x its 2016e EBITDA and offers a 0.9% yield
- Neutral, FV @ EUR7.65

NEXT CATALYSTS

- Bullet

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Sector View

Semiconductors

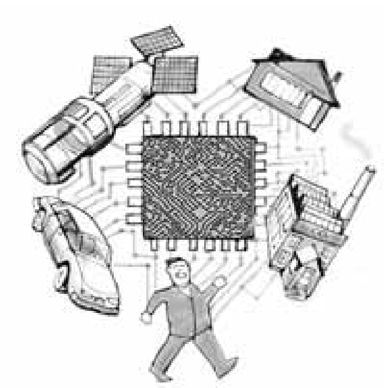
March data disappoints on PC weakness

	1 M	3 M	6 M	31/12/15
Semiconductors	-6.1%	0.8%	-9.9%	-8.7%
DJ Stoxx 600	1.4%	2.1%	-12.1%	-9.0%

*Stoxx Sector Indices

Companies covered

ARM HOLDINGS		**BUY**	**1340p**
Last Price	942.5p	*Market Cap.*	GBP13,269m
ASML		**SELL**	**EUR81**
Last Price	EUR81.93	*Market Cap.*	*EUR35,503m*
DIALOG SEMICONDUCTOR		**BUY**	**EUR35**
Last Price	EUR27.377	*Market Cap.*	*EUR2,132m*
INFINEON		**BUY**	**EUR15**
Last Price	EUR12.025	*Market Cap.*	*EUR13,607m*
SOITEC		**NEUTRAL**	**EUR0.5**
Last Price	EUR0.6	*Market Cap.*	*EUR222m*
STMICROELECTRONICS		**NEUTRAL**	**EUR6.3**
Last Price	EUR4.889	*Market Cap.*	*EUR4,454m*



In March, the environment improved for most of end-markets but was unexpectedly disappointing for PC. According to WSTS data, unadjusted global semiconductor sales stood at USD27.2bn, up 9.3% on a sequential basis and down 8.6% on a yearly basis. This increase was significantly lower than our 5-y historical benchmark pointing to a sequential increase of 19.4%. This was mainly due to disappointment in PC processor sales while the environment in the Automotive and Industry segment continues to improve. As a result, sales in the first quarter of 2016 fell by 6% compared to Q1 sales in 2015.

ANALYSIS

- **Unadjusted global semiconductor sales continued to decrease on a yoy basis with March sales down 8.6% yoy to USD27.2bn.** On a sequential basis, unadjusted global sales were up 9.3% in March compared to February. This was disappointing compared to our benchmark based on 5-y historical data showing an historical seasonal sequential increase of 19.4% in March. Based on the visibility we now have, we anticipate further healthy momentum in the Automotive and Industrial segment while smartphones and PCs remains at risk. Macro-economic indices have deteriorated slightly but remain at an acceptable level (US ISM is now above 50 and Chinese ISM is still close to 50). Overall, the environment remains soft but some segments should perform better than others. We continue to expect soft growth of 2-3% over the full year with H2 stronger than H1 thanks to better comparison but another set of disappointing data could force us to change our medium term view.
- **Europe was particularly weak in March.** March sales in Asia, which represents about 60% of semiconductor billings (~50% of which generated in China), were down by 7.1% yoy. European sales were down by 17.7%, US by 9.1% and Japanese by 6.9%.
- **April and beyond: April sales might disappoint too.** Although the environment in the smartphone market has been stabilising recently, it appears that things could continue to deteriorate for few more months. In addition, PC end-market demand remains under pressure. However, Production of light vehicles in China rose by 7% yoy and by 9% in Europe over the three first months of 2016 (but US, which is ¼ of Chinese production and 1/3 of European production, decreased by 3%) pointing to a greener outlook while current Industry sector momentum looks also encouraging. Overall, we continue to expect better momentum in H2 2016 thanks to better comparison in Automotive and Smartphones. April ISM data decreased slightly with the US PMI Manufacturing index at 50.8 from 51.8 in March. Compared to January PMI at 48.2, this highlights a reacceleration in the industrial sector in the US that could boost demand for chips in this segment. This was also confirmed by a supportive April production index of 54.2. Finally, Chinese data also dipped slightly with Markit PMI Manufacturing at 49.4, compared with a low point of 49.7 in March.

VALUATION

- **2016e P/E valuation deteriorated slightly in April.** Our semiconductor valuation table shows that the overall valuation between the six sub-sectors of the industry deteriorated slightly in April. On average, IP & EDA vendors, and Fabless have the highest valuation metrics with average 2016e P/E ratios of 18.4x and 15.6x respectively (from 19.0x and 16.6x a month ago). Conversely, Foundries have the lowest valuation with an average 2016e P/E ratio of 11.2x (down from 12.2x a month ago) while memory makers remained stable over April at around 11.5x (vs. 11.4x).

BG semiconductor sub-sector valuation table

	YTD stocks perf.		2016e			
Subsector (# of comp.)	Avg. / Median	High / Low	EV/Sales	EV/EBITDA	EV/EBIT	P/E
Fabless (15)	-5.6% / -8.5%	19.6% / -28.1%	2.3x	8.5x	10.9x	15.6x
Logic & Analog IDM (19)	-7.3% / -5.4%	4.0% / -31.9%	2.5x	8.0x	11.2x	14.8x
Memory IDM (4)	-12.8% / -12.2%	2.4% / -29.4%	0.8x	4.2x	5.0x	11.5x
Foundry (5)	-6.7% / -5.4%	2.9% / -20.3%	1.4x	3.9x	12.9x	11.2x
Semi Equipmt & Materials (11)	-3.2% / -3.0%	6.3% / -10.0%	2.0x	8.0x	11.5x	14.1x
Intellectual Property & EDA (10)	11.2% / 11.3%	37.0% / -9.9%	4.2x	13.4x	17.9x	18.4x

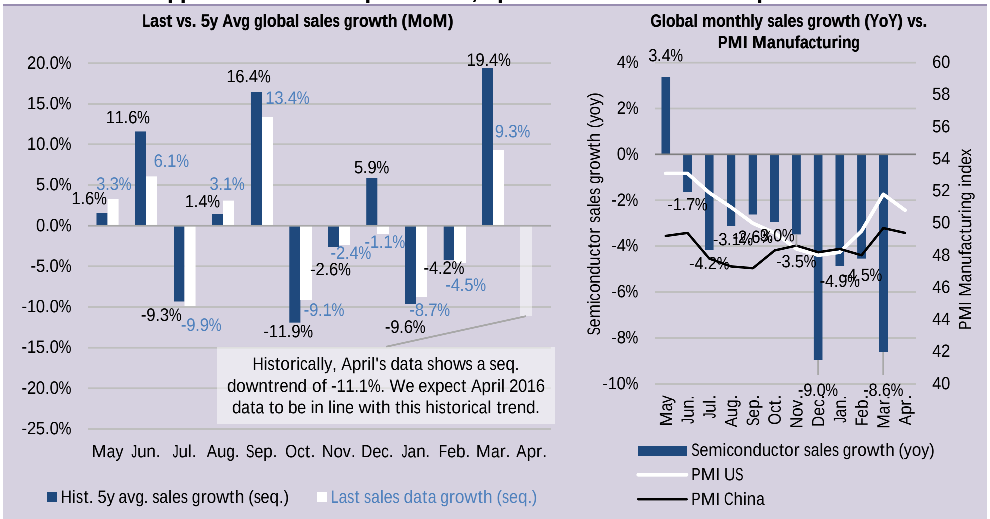
Numbers between brackets represent the number of companies in each category; green/red numbers are higher/lower data per ratio.

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

NEXT CATALYSTS

- April 2016 WSTS global billing reports, expected for early June.

March sales disappoints due to PC's processors, April should harbour no surprises



Sources: WSTS; Bryan Garnier & Co.

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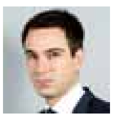

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Healthcare

Cellectis

Price EUR23.76

Bloomberg	ALCLS FP
Reuters	ALCLS.PA
12-month High / Low (EUR)	40.9 / 16.9
Market Cap (EURm)	837
Avg. 6m daily volume (000)	199.3

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.3%	27.9%	-34.2%	-14.9%
Healthcare	0.3%	0.6%	-13.8%	-12.4%
DJ Stoxx 600	1.4%	2.1%	-12.1%	-9.0%

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

Another baby in remission thanks to UCART19

Fair Value EUR37 (+56%) **BUY**

ANALYSIS

- According to Reuters**, a little baby with ALL (acute lymphoblastic leukaemia) 1/ has been successfully treated with UCART19** (allogeneic anti-CD19 CAR-T cells), and **2/ remains in remission six months after treatment**. Just like the very first baby to be treated (Layla), this second baby benefited from a compassionate treatment and we guess it was refractory to all currently available therapies. Apart from that, we're pretty sure the baby could not benefit from autologous options because his immune system was far too weak and lacked T lymphocytes.
- **While this is not a clinical event, we find it very encouraging** as it shows the compound could be as effective as its competitors (Kite Pharma's KTE-C19, Juno Therapeutics' JCAR014 and assimilated), and more importantly, no graft-versus-host disease phenomenon has been observed so far (i.e. when the injected cells start attacking those of the receiver after identifying them as foreign).

VALUATION

- No changes to our valuation. **BUY reiterated with a FV of EUR37**.
- Note that the top-line results from the Phase I testing of UCART19 in ALL are expected in 2017. By this time, we believe that potential feedback from a DSMB could provide qualitative factors that should reassure the street about its safety profile.

NEXT CATALYSTS

- Potential read-across analyses following the ASCO 2016 annual meeting.

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Bryan Garnier stock rating system

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

Stock rating

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

Distribution of stock ratings

BUY ratings 57.9% NEUTRAL ratings 33.6% SELL ratings 8.6%

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