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11th May 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17928.35	+1.26%	+2.89%
S&P 500	2084.39	+1.25%	+1.98%
Nasdaq	4809.88	+1.26%	-3.94%
Nikkei	16579.01	+0.08%	-12.97%
Stoxx 600	336.237	+0.90%	-8.09%
CAC 40	4338.21	+0.36%	-6.44%
Oil /Gold			
Crude WTI	44.71	+2.92%	+20.19%
Gold (once)	1261.18	-0.38%	+18.71%
Currencies/Rates			
EUR/USD	1.13955	-0.02%	+4.90%
EUR/CHF	1.10945	+0.29%	+2.03%
German 10 years	0.122	-6.83%	-80.73%
French 10 years	0.479	-4.24%	-51.20%
Euribor	-	+-%	+-%

Economic releases :

Date	
11th-May	JP Leading index Mar. (98.4A 96.4E) GB -Industrial production Mar. (-0.4 y/y E) US - DOE inventories US - Treasury Budget

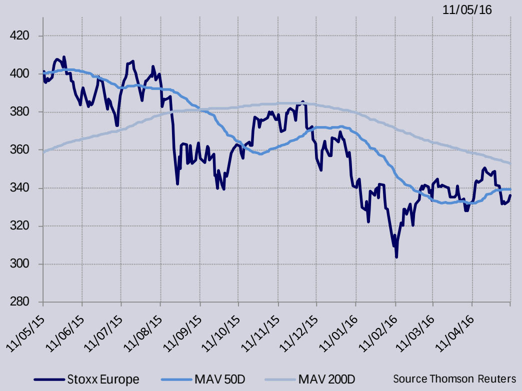
Upcoming BG events :

Date	
15th-Jun	GENMAB (BG Paris roadshow)
27th-Jun	IMERYS (BG Luxembourg with CFO)

Recent reports :

Date	
10th-May	SOFTWARE AG French Flair at work
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?

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



ALTICE — **BUY, Fair Value EUR16,3 (+26%)**

Q1 results: in line with expectations, thanks to diversification!

CARLSBERG — **NEUTRAL vs. SELL, Fair Value DKK600 vs. DKK500 (-6%)**

Q1 release underlines solid execution of new plans

GENMAB — **BUY, Fair Value DKK1350 (+35%)**

Q1 EBIT in line. Now waiting for POLLUX and a continuing ramp-up

EDF — **BUY, Fair Value EUR13.5 (+16%)**

A poor start to the year but 2016 targets reiterated

E.ON — **BUY, Fair Value EUR10 (+18%)**

Growing EBITDA in Q1 thanks to Gazprom

LDR HOLDING — **BUY, Fair Value USD38 (+54%)**

Good sales progression in Q1 despite strong comps

METRO AG — **NEUTRAL, Fair Value EUR26 (-5%)**

Q2 earnings statement (first take)

MONCLER — **BUY, Fair Value EUR17 (+14%)**

Q1 revenues beat expectations, Moncler has clearly outperformed its luxury peers

NUMERICABLE SFR — **NEUTRAL, Fair Value EUR28,4 (+3%)**

Q1 Results: revenues and EBITDA under pressure, performance on fixed disappointing

SAFILO — **NEUTRAL vs. BUY, Fair Value EUR11 vs. EUR12,5 (+49%)**

Production bottlenecks hurt Q1 and might also affect Q2

In brief...

ALLIANZ, *A decent yet unspectacular set of Q1 numbers*

ASK, *Q1 sales down 3% yoy*

CNP ASSURANCES, *Operating performances penalised by unfavourable market developments and FX*

COMPASS GROUP, *H1 results first take: Stronger Q2 than anticipated. FY guidance confirmed*

ERYTECH, *Slight delay in the European approval of GRASPA ALL*

TMT

Altice

Price EUR12.95

Q1 results: in line with expectations, thanks to diversification!

Fair Value EUR16,3 (+26%) **BUY**

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	32.2 / 10.0
Market Cap (EURm)	14,171
Ev (BG Estimates) (EURm)	64,123
Avg. 6m daily volume (000)	2 356
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.3%	15.3%	-19.0%	-2.3%
Telecom	-0.6%	3.1%	-11.9%	-9.8%
DJ Stoxx 600	0.4%	7.7%	-11.3%	-8.9%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	14,550	20,086	23,173	23,466
% change		*38.0%*	*15.4%*	*1.3%*
EBITDA	5,494	7,865	9,231	9,622
EBIT	0.0	0.0	0.0	0.0
% change				
Net income	-219.7	222.0	1,281	1,789
% change		*NS*		*39.7%*

	2015	2016e	2017e	2018e
Operating margin	8.4	18.0	20.3	22.3
Net margin	-1.5	1.1	5.5	7.6
ROE	-30.3	-1.8	31.1	28.6
ROCE	0.9	2.0	5.4	6.2
Gearing	1,798	1,545	1,077	742.2

(EUR)	2015	2016e	2017e	2018e
EPS	-0.28	-0.02	0.74	1.13
% change	-	*91.9%*	*NS*	*52.7%*
P/E	NS	NS	17.4x	11.4x
FCF yield (%)	0.3%	NM	8.9%	12.2%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	3.4x	3.2x	2.7x	2.6x
EV/EBITDA	9.1x	8.2x	6.8x	6.3x
EV/EBIT	NS	NS	NS	NS

This morning Altice published Q1 2016 results for Altice and NC-SFR. Revenues were down 2.7% but slightly above expectations. EBITDA rose by 0.9%, also slightly above consensus. The benefits of diversification are clear: a strong performance in the US and in Portugal offset disappointing results in France. Guidance is confirmed.

ANALYSIS

- **Total group revenues** came out at **EUR4.259bn, down 2.7% yoy** (-3.3% on cc), above consensus at EUR4.235bn, and vs 0.1% in 2015. **Adjusted EBITDA** reached **EUR1.615bn,** up 0.9% yoy, vs consensus at EUR1.603bn. CAPEX (ex spectrum) reached **EUR760m**, **up 6.6% yoy**, vs the consensus at EUR805m. EBITDA-CAPEX reached **EUR855m**, **down 2.4% yoy**, vs the consensus at EUR802m.
- **In France**, **revenues** came out at **EUR2.570bn, down 6.1% yoy**, below consensus at EUR2.624bn, and vs -3.6% in Q4 2015. **Adjusted EBITDA** stood at **EUR851m, down 9.0% yoy**, below consensus at EUR889m. More detailed information is provided in our NC-SFR Q1 2016 results analysis report published today.
- **In the US**, **revenues** came out at **EUR570m, up 6.7% yoy**, vs consensus at EUR561m, and vs 4.0% in Q4 2015. **Adjusted EBITDA** reached **EUR242m, up 21.0% yoy**, above consensus at EUR236m. Suddenlink enjoyed strong customer relations at +22k and broadband subscriber growth at +30k.
- **In Portugal**, **revenues** came out at **EUR568m, down 3.5% yoy**, above consensus at EUR563m, and vs -8.7% in Q4 2015. **Adjusted EBITDA** reached **EUR277m, up 20.4% yoy**, above consensus at EUR253m. Portugal continued to increase postpaid subscribers at +35k, and B2B is expected to improve further in 2016.
- **The positive effects of diversification are starting to appear at the Altice level. Good performances in Portugal and US partly offset disappointing results in France.** Together with the healthy figures published earlier this month by Cablevision, we believe Altice's outlook remains bright for H2 2016.
- **Altice confirmed guidance** for mid single-digit proforma adjusted EBITDA growth in 2016.

VALUATION

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

NEXT CATALYSTS

- Closing of Cablevision expected before end of Q2.
- Q2 results on 9th August.

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Food & Beverages

Carlsberg

Price DKK638.00

Q1 release underlines solid execution of new plans

Fair Value DKK600 vs. DKK500 (-6%) **NEUTRAL vs. SELL**

Bloomberg	CARLB DC
Reuters	CARCb.CO
12-month High / Low (DKK)	648.5 / 490.6
Market Cap (DKKm)	97,163
Ev (BG Estimates) (DKKm)	153,038
Avg. 6m daily volume (000)	353.1
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.9%	12.0%	15.1%	4.2%
Food & Bev.	0.5%	2.7%	-4.4%	-3.4%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

YEnd Dec. (DKKm)	2015	2016e	2017e	2018e
Sales	65,354	64,108	65,441	
% change		*-1.9%*	*2.1%*	
EBITDA	12,614	12,234	12,940	
EBIT	7,940	7,560	8,314	
% change		*-4.8%*	*10.0%*	
Net income	4,557	4,051	4,767	
% change		*-11.1%*	*17.7%*	

	2015	2016e	2017e	2018e
Operating margin	12.1	11.8	12.7	
Net margin	7.0	6.3	7.3	
ROE	10.5	8.8	9.7	
ROCE	5.5	5.6	6.2	
Gearing	79.9	71.1	57.9	

(DKK)	2015	2016e	2017e	2018e
EPS	29.78	26.48	31.16	
% change	-	*-11.1%*	*17.7%*	
P/E	21.4x	24.1x	20.5x	
FCF yield (%)	7.6%	3.1%	5.6%	
Dividends (DKK)	6.48	6.48	6.80	
Div yield (%)	1.0%	1.0%	1.1%	
EV/Sales	2.4x	2.4x	2.3x	
EV/EBITDA	12.3x	12.5x	11.5x	
EV/EBIT	19.5x	20.2x	17.9x	

A slight miss on revenue by 1% is not material given the small and volatile nature of Q1 for Carlsberg. However, we are impressed by the seemingly quick progress the company is making on its efficiency improvement programme and the strategy to balance profitability with chasing market share. We will need to increase our profit outlook for that and already move the fair price to DKK600 (from DKK500) and the recommendation to Hold (from Sell).

Carlsberg started the year well with organic revenue growth of 2% driven by a price/mix of 4%. Volumes were in line with the consensus and net revenue was 1% below (DKK13,011m vs DKK13,155m) but we would not make much of it given the small (and volatile) nature of Q1. However, we are impressed about the seemingly quick progress of the strategy to balance profits better with market share and with the execution of the cost efficiency programme. We will adjust our figures for that and move already the fair price to DKK600 (from DKK500) and the recommendation to Hold (from Sell)

ANALYSIS

- The volume decline was largest in Western Europe where volumes declined by 7%, but with a price/mix improvement of 3%, net revenue decline was limited to 3%. In a flat Western European market, the company's volume decline was caused by the delisting at Tesco, the withdrawal from bigger contracts where the company was not making much money, in Finland and Poland. The delisting and withdrawals are testimony of the company's new policy to balance profitability with market share and did lead to the 3% improvement in price/mix.
- In Eastern Europe, Carlsberg managed a 6% organic growth in volumes and is on the back of easy compass last year when it took, in Russia, significant measures to reduce stock levels at distributors, reflecting the market decline and the further shift from traditional to modern trade. Nevertheless, the company warned that the underlying trend in Russia, Ukraine and Kazakhstan is still a mid-single digit decline. Because of the high inflation in Russia and Ukraine, price/mix was up 12% leading to an organic growth of net revenues by 20%. Reported net revenue declined by 2% due to a significantly negative currency impact.
- In Asia, volumes were flat and revenue grew organic by 5%. Reported net revenue declined by 1% due to a negative currency impact. Some Asian markets (like India and Nepal) continued growing whilst the Chinese beer market was down by 3-4%. With a 25% volume growth, the Tuborg brand continues to drive volume and revenues in Asia.
- In its release this morning the company updated on the execution of its efficiency improvement plan. On supply chain, by the end of Q1 2016 Carlsberg had cut approximately 950 SKUs from the tail. In China, in the last 12 months it has closed eight breweries and continues to work on its network. On operational efficiency, by the end of Q1, white-collar headcount reduction was about 2,000. On shared services, it is now in the process of moving a significant amount of back-office work to an external service provider in India. On operating cost management, after the first quarter, 12 of 15 cost groups have spending better than target across all regions and entities.
- Carlsberg kept its outlook for the year for low-single-digit percentages organic operating profit growth. Furthermore based on today's spot rates, it is now expecting a negative translation impact of DKK 550m compared to its previous expectation of DKK 600m balancing the positive impact of the strengthening of some major Eastern Europe currencies with the weakening of some Asian and Western European currencies.

VALUATION

- The stock is trading at 20.5x 2017 earnings which is in line with the sector.

NEXT CATALYSTS

- 17 August Q2 figures and H1 results Click here to download

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Healthcare

Genmab

Price DKK998.00

Q1 EBIT in line. Now waiting for POLLUX and a continuing ramp-up

Fair Value DKK1350 (+35%) **BUY**

Bloomberg	GEN DC
Reuters	GEN.CO
12-month High / Low (DKK)	998.0 / 529.5
Market Cap (DKK)	59,559
Ev (BG Estimates) (DKK)	55,943
Avg. 6m daily volume (000)	440.4
3y EPS CAGR	17.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.7%	48.1%	38.6%	8.8%
Healthcare	-0.8%	4.7%	-10.6%	-10.9%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

YEnd Dec. (DKKm)	2015	2016e	2017e	2018e
Sales	1,133	1,175	1,680	2,213
% change		*3.7%*	*43.0%*	*31.7%*
EBITDA	554	285	539	908
EBIT	730.4	285.1	539.5	907.9
% change		*-61.0%*	*89.2%*	*68.3%*
Net income	587.3	320.1	579.5	952.9
% change		*-45.5%*	*81.0%*	*64.4%*

	2015	2016e	2017e	2018e
Operating margin	64.5	24.3	32.1	41.0
Net margin	67.4	27.2	34.5	43.1
ROE	21.9	8.4	13.2	17.8
ROCE	-15,400	166.0	150.4	166.5
Gearing	-100.2	-95.0	-91.2	-89.3

(DKK)	2015	2016e	2017e	2018e
EPS	9.71	5.29	9.58	15.76
% change	*-*	*-45.5%*	*81.0%*	*64.4%*
P/E	NS	NS	NS	63.3x
FCF yield (%)	0.3%	0.0%	0.1%	NM
Dividends (DKK)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	49.5x	47.6x	33.1x	24.8x
EV/EBITDA	101.2x	196.2x	103.0x	60.3x
EV/EBIT	76.8x	196.2x	103.0x	60.3x

Q1 revenues were slightly above our estimates, while net result was somewhat lower than anticipated due to non-cash items (in this case, FX unrealised losses because of a weak USD vs DKK over the period). But more importantly, management stated during the conference call that 1/ the top-line results from POLLUX should be published in the very near future; 2/ in theory, an HR of 0.4 (which would be similar to what we saw in the CASTOR study) is entirely achievable... And should it be the case, "dara" would be much more powerful than what we (and probably the consensus) previously thought. BUY reiterated with a FV of DKK1,350, bearing in mind that this figure could be increased by more than DKK50-100m depending on POLLUX results.

ANALYSIS

- **Q1 revenues were slightly above our estimates** (DKK170m vs BG: DKK152m). Note, 1/ royalties related to Darzalex are a bit higher than we expected (DKK83m vs DKK77m), 2/ while inflows from Novartis' Arzerra fell by 31% as the compound is suffering from sharper competition JNJ's Imbruvica in the CLL field (but nothing surprising here); 3/ milestone payments stood at DKK45m (vs DKK34m but our figures did not include a preclinical development milestone of DKK11m achieved in partnership with Lundbeck).

- **The net result was below our expectations** (-DKK12m vs BG: DKK12m and consensus: DKK40-50m), **but this was mainly due to a -DKK38m realised/unrealised FX loss** (the main reason being a weak USD vs DKK)… so part of it is non-cash, and this partly explains why the cash position is quite stable on a y-o-y basis (DKK3,491m vs DKK3,493m at the end of 2015). Plus, we understand that this loss should be closer to zero on a full year basis should current FX rates be maintained going forward.

- As a reminder, **our 2016 figures are above both consensus estimates and the latest company guidance, since we are far more bullish on the commercial ramp-up of Darzalex (daratumumab)**. And against this backdrop, we believe that management (and part of the consensus) is likely to revise up its estimates in coming months… More precisely, we note that Genmab is guiding for FY16 sales of USD400-450m for Darzalex whereas 1/ the compound already generated USD102m during Q1 16 and solely in the US, while initially launched in November there (hence an annualized run rate of USD400m); 2/ the medical need is so high, and "dara" efficacy data was so impressive, that its sales should increase on a sequential basis (as seen with Pfizer's Ibrance – which generated USD38m of sales in Q1 15 and USD311m in Q4 15) ; 3/ we expect a green light from the EC as a treatment for heavily pre-treated patients with myeloma.

Fig. 1: Q1 results vs BG estimates

(DKKm)	Q1 15	Q1 16	Var (%)	BG
(+) Revenues	110	170	55%	152
- Royalties	22	100	355%	98
- Milestone payments	0	45	n/s	34
- Deferred revenue	76	23	-70%	20
- Reimbursement income	12	2	-83%	0
(-) R&D expenses	86	127	49%	120
(-) SG&A expenses	25	27	9%	29
(+) Other income	176	0	-100%	0
= Operating result	176	16	-91%	3
(+/-) Net financial items	44	-28	n/s	9
= Net income	221	-12	n/s	12

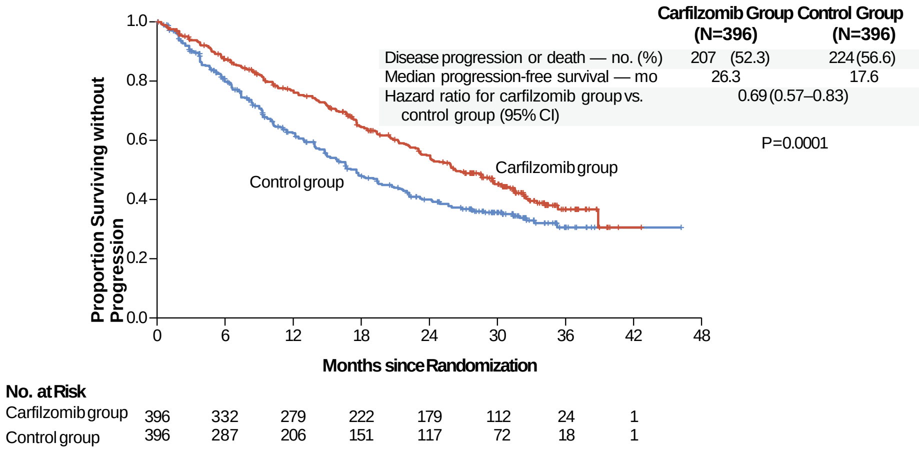
Source : Company Data; Bryan Garnier & Co. ests.

Fig. 2: BG estimates vs consensus and company's guidance

	New BG est.	Consensus	GEN guidance	Former guidance
Revenues (DKKm)	1,175	1,060	925-975	825-875
Darzalex JNJ's sales (USDm)	590	505	400-450	250-300
Operating income (DKKm)	285	196	125-175	25-75
Cash position at year end (DKKm)	3,616	3,420	3,400-3,500	3,300-3,400

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

- We understand that top-line results from the POLLUX study should be published in the very near future. Obviously, most observers are expecting a positive outcome. But how positive could it be? Given the Hazard Ratio observed within the CASTOR study (0.39, p<0.0001), management stated that a similar level of improvement is theoretically achievable with POLLUX (although controls are completely different). And if it turns out that "dara" is far more powerful than we (and probably the consensus) previously thought… its superiority over Amgen's Kyprolis (carfilzomib) would therefore be undisputed, as the latter generated an HR of 0.69 in quite a similar setting.



VALUATION

- **BUY reiterated with a FV of DKK1,350**… but note that this figure could be increased by more than +DKK50-100 depending on the results from POLLUX.

NEXT CATALYSTS

- Q2: top-line results from the Phase III study POLLUX (which evaluates daratumumab in combination with Celgene's Revlimid in patients with multiple myeloma).

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Utilities

EDF

Price EUR11.66

A poor start to the year but 2016 targets reiterated

Fair Value EUR13.5 (+16%) **BUY**

Bloomberg	EDF FP
Reuters	EDF.PA
12-month High / Low (EUR)	22.4 / 9.2
Market Cap (EURm)	22,379
Ev (BG Estimates) (EURm)	85,171
Avg. 6m daily volume (000)	3,042
3y EPS CAGR	-25.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	14.6%	7.5%	-21.5%	-14.1%
Utilities	2.6%	5.7%	-5.5%	-4.0%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	75,006	75,527	76,716	77,948
% change		*0.7%*	*1.6%*	*1.6%*
EBITDA	17,601	16,427	15,794	16,321
EBIT	4,280	7,397	6,313	6,270
% change		*72.8%*	*-14.7%*	*-0.7%*
Net income	4,231	2,613	1,900	1,884
% change		*-38.2%*	*-27.3%*	*-0.8%*

	2015	2016e	2017e	2018e
Operating margin	5.7	9.8	8.2	8.0
Net margin	5.6	3.5	2.5	2.4
ROE	10.5	6.5	4.8	4.8
ROCE	2.0	3.0	2.6	2.6
Gearing	167.6	177.5	188.3	189.6

(EUR)	2015	2016e	2017e	2018e
EPS	2.27	1.30	0.95	0.94
% change	-	*-42.8%*	*-27.3%*	*-0.8%*
P/E	5.1x	9.0x	12.3x	12.4x
FCF yield (%)	NM	NM	NM	10.6%
Dividends (EUR)	1.10	0.96	0.74	0.74
Div yield (%)	9.4%	8.2%	6.4%	6.3%
EV/Sales	1.1x	1.1x	1.1x	1.1x
EV/EBITDA	4.7x	5.2x	5.6x	5.4x
EV/EBIT	19.2x	11.5x	14.0x	14.1x

EDF posted poor Q1 2016 sales yesterday after market due to unfavourable weather and FX effects and most importantly, due to thr end of Yellow and Green regulated tariffs in France. Activities in the UK were also affected by stronger competition in power and gas sales. Despite this poor year start, 2016 operating targets were reiterated as was the 2018 target. We are making no change to our estimates and maintain our FV at EUR13.5/share. We continue to believe that at the current share price, most downside risk is already well priced in.

ANALYSIS

- **Main Q1 metrics:** Yesterday after market EDF posted poor Q1 sales, in line with expectations. Total sales declined by **6.7%** YoY and **6%** organically to **EUR21.4bn** with most of the decline coming from businesses outside of France (*UK and other International*). In France, sales were down **4.8%** LfL due to the impacts of increased competition in such a low price environment and mild weather. In the UK, sales dropped by **9.8%** LfL, due to the impact of the lower number of residential customer accounts on power and gas sales while sales in the Other International segment declined by **7.2%** LfL due to negative price and weather effects in Belgium as well as to the end of the concession agreement in Asia. 2016 guidance for French nuclear output was revised down by **2TWh** due notably to hotter than anticipated temperatures and higher outages with limited impact on the group's guidance though. Most of the value decline in the group's sales stemmed from the French activities with the group suffering from poor market conditions.

- **What to retain from this publication? 1/** Q1 figures were affected by increased competition in France (*due to the opening of Yellow and Green markets*) and in the UK, as well as a disadvantageous weather effect. **2/** 2016 targets to generate **EBITDA** between **EUR16.3 and EUR16.8bn** while maintaining a **net debt/EBITDA** ratio below **2.5x** were confirmed, **3/** as was the 2018 target for positive FCF after dividends. **4/** All details already unveiled by the group to adapt its cost base and and cash equation were also reiterated (*net capex enveloppe of EUR10.5bn in 2018, net reduction of **EUR1bn** in group's opex excluding fuel).* **5/** During the conference call management made few comments on the carbon floor tax and on the Areva integration, due notably to the lack of visibility on both elements.

- **We stick to our Buy rating**: We are making no change to our estimates and **EUR13.5 FV** despite this poor start to the year. We agree visibility on the investment case remains limited due to the Hinkley Point project, the Areva integration and the end of regulated tariffs. However we see very positively the recent announcements by the French government to allow further cost-cutting, to reduce cash consumption and most importantly, to implement a carbon floor tax. Investor mistrust is justified but at the current share price we assume most downside risk is already priced in. **Our mark-to-market model still yields a FV of EUR13.5 implying 18% upside. Buy.**

VALUATION

- At the current share price EDF is trading at 5.2x its 2016e EBITDA
- Buy, FV @ EUR13.5

NEXT CATALYSTS

- July 29th 2016: H1 2016 results

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Utilities

E.ON

Price EUR8.50

Growing EBITDA in Q1 thanks to Gazprom

Fair Value EUR10 (+18%) **BUY**

Bloomberg	EOA GY
Reuters	EONGn.DE
12-month High / Low (EUR)	14.2 / 7.1
Market Cap (EUR)	17,000
Ev (BG Estimates) (EUR)	52,231
Avg. 6m daily volume (000)	12,257
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.7%	1.3%	-7.4%	-4.9%
Utilities	2.6%	5.7%	-5.5%	-4.0%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	116,218	110,156	112,752	124,299
% change		*-5.2%*	*2.4%*	*10.2%*
EBITDA	7,557	6,691	6,666	6,572
EBIT	4,369	3,162	2,921	2,771
% change		*-27.6%*	*-7.6%*	*-5.1%*
Net income	-6,999	1,519	1,345	1,237
% change		*NS*	*-11.4%*	*-8.1%*

	2015	2016e	2017e	2018e
Operating margin	3.8	2.9	2.6	2.2
Net margin	-6.0	1.4	1.2	1.0
ROE	-36.7	7.9	6.9	6.4
ROCE	9.5	7.0	6.4	6.0
Gearing	50.1	53.5	50.9	47.3

(EUR)	2015	2016e	2017e	2018e
EPS	-3.67	0.80	0.71	0.65
% change	*-*	*NS*	*-11.4%*	*-8.0%*
P/E	NS	10.7x	12.0x	13.1x
FCF yield (%)	12.1%	1.5%	4.0%	5.6%
Dividends (EUR)	0.50	0.40	0.54	0.52
Div yield (%)	5.9%	4.7%	6.4%	6.1%
EV/Sales	0.4x	0.5x	0.5x	0.4x
EV/EBITDA	6.8x	7.8x	7.9x	8.0x
EV/EBIT	11.8x	16.5x	17.9x	18.9x

E.ON posted this morning solid Q1-16 metrics in line with expectations, with the group being favourably impacted by a non recurring effect from the agreement with Gazprom. Despite this positive effect, metrics came out slightly above market expectations. Positive.

ANALYSIS

- **Main Q1 metrics**: Total EBITDA came out at **EUR3.1bn up 8%** compared with last year above market expectations (*EUR2.9bn),* with the group being favourably impacted by a non-recurring effect from the agreement with Gazprom (*resulting in a provisions release of EUR400m*). The group also benefited from a positive earnings contribution from new capacities (*mainly wind offshore capacity*) as well as from a strong performance in Other EU countries but suffered like other European integrated utilities from lower prices and volumes in the European power portfolio (minus EUR300m), from disposals (minus EUR300m) and from effects related to the accident in Beresovskaja power plant (minus EUR100m). The deepest EBITDA decline in value terms came from the E&P business (disposals and lower commodities prices) and from Non EU countries (accident). Underlying net income came out at **EUR1.3bn, 30%** above last year and more importantly, slightly above the consensus (*EUR1.25bn*) with the group benefiting from lower depreciation and tax rate. Economic net debt declined **EUR1.1bn to EUR26.6bn despite the EUR1.5bn** pension provision increase. However, E.ON had no choice but to reduce its capex to offset this negative effect.
- **What to retain from the publication? 1/** Q1 benefited strongly from the positive agreement with Gazprom. Excluding this impact, Q1 EBITDA would have been **6%** lower compared with last year. As such, the group has yet to enter an earnings growth phase. 2017 is set to be the year of growth, not 2016. **2/** The group's 2016 targets are for **EBITDA of EUR6.4-6.9bn** (*future E.ON EBITDA of EUR4.6-5bn*) and underlying net income of **EUR1.5-1.9bn** (*future E.ON underlying net income of EUR600m-EUR1bn*). **3/** The spin-off is on track with the next milestone being the AGM decision to validate the spin-off process to be held **on 8th June**. **4/** As for nuclear decommissioning, the group is still unhappy with commission recommendations as this will imply a hefty cash-out and a significant capex cut to the detriment of future earnings growth.
- **Conclusion:** Given Q1 metrics are in line with expectations and given that the group has confirmed its 2016 targets, we do not expect a significantly negative share price reaction today despite underlying net negative EBITDA growth compared with last year. Conference call starts at 11.00am today.

VALUATION

- At the current share price, the stock is trading at 7.8x its 2016e EBITDA and offers a 4.7% yield
- Buy, FV @ EUR10/share

NEXT CATALYSTS

- 8th June: AGM

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Healthcare

LDR Holding

Price USD24.74

Good sales progression in Q1 despite strong comps

Fair Value USD38 (+54%) **BUY**

Bloomberg	LDRH US
Reuters	LDRH.OQ
12-month High / Low (USD)	45.7 / 16.8
Market Cap (USDm)	723
Ev (BG Estimates) (USDm)	606
Avg. 6m daily volume (000)	405.9
3y EPS CAGR	-37.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-5.9%	39.7%	-4.6%	-1.5%
Healthcare	-0.8%	4.7%	-10.6%	-10.9%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

YEnd Dec. (USDm)	2014	2015e	2016e	2017e
Sales	141.3	160.4	188.7	224.8
% change		*13.5%*	*17.7%*	*19.1%*
EBITDA	-6.0	-4.8	-8.5	5.6
EBIT	-10.7	-9.6	-14.2	-1.1
% change		*10.2%*	*-47.1%*	*92.1%*
Net income	-11.0	-14.7	-16.7	-3.1
% change		*-34.3%*	*-13.2%*	*81.7%*

	2014	2015e	2016e	2017e
Operating margin	-7.6	-6.0	-7.5	-0.5
Net margin	-7.8	-9.2	-8.8	-1.4
ROE	-10.2	-9.1	-12.0	-2.2
ROCE	-9.9	-9.1	-11.6	-2.3
Gearing	7.7	3.3	3.8	3.8

(USD)	2014	2015e	2016e	2017e
EPS	-0.43	-0.51	-0.58	-0.11
% change	-	*-17.5%*	*-13.2%*	*81.7%*
P/E	NS	NS	NS	NS
FCF yield (%)	NM	NM	NM	NM
Dividends (USD)	0.00	0.00	0.00	1.00
Div yield (%)	NM	NM	NM	4.0%
EV/Sales	4.6x	3.8x	3.3x	2.9x
EV/EBITDA	NS	NS	NS	115.3x
EV/EBIT	NS	NS	NS	NS

LDR reported Q1 results yesterday evening with sales in line with consensus standing at USD42.4m, up 8.4% and 9.7% on a constant currency basis. Mobi-C sales grew strongly (+29.7%cc) despite strong comps. Other product range which accounted for 59.3% of total group sales decreased slightly as a results of price erosion and increased focus on Mobi-C sales. FY2016 guidance maintained.

LDR Holding (USDm)	Q1 2015	Q1 2016	y/y	Q1 2016 CS	Delta	FY 2016	FY 2016 Cs
Revenue	39,1	42,4	8%	42,7	-0,7%	187,5-189,5*	187,5
EBIT	-5,3	-9,5	-280%	-6,5	-31,6%		
EBIT margin %	-13,5%	-22,3%		-15,2%			
Adjusted Net Income	-6,9	-7,6	-210%	-6,7	-12,8%		
Adjusted EPS	-0,12	-0,26	-317%	-0,23	-11,5%		

** or 14-15,2% reported growth of which -1pp of FX impact i.e. 15-16,2% constant currency*

Source: Company Data; Bloomberg.

ANALYSIS

- Mobi-C sales continues to progress well growing close to 30% at 29.7% on a constant currency basis (28.8% reported), representing 40.7% of the group sales' at USD17.3m (vs. 34.3% in Q1 2015). The US drove this growth as sales from the latter product range in the country grew 36% in Q1 to USD15.1m. Products from both MIVo technology and the traditional fusion range, which represents 59.3% of LDR's sales decreased 2.5% and 1.1% (reported) respectively, resulting from the increased focus on Mobi-C sales and price erosion. However, we would underline that the company's commitment to bring eight new MIVo products to the market over the next three years should reverse this trend with first positive feedbacks from surgeons from three products that have already been beta launched.
- On the back of four recent publications highlighting the benefits of Mobi-C, we do not expect the pace of Mobi-C growth to decrease this year (exc. seasonality in Q3) as we expect the product to be included in payer's lists. The number of lives covered for the two level indication increased from 35m to 50m while the ones covered for the one level indication remains stable at 179m.
- Profitability remains strong with gross margin maintained north of 80% at 83% but lower than 83.5% last year due to higher inventory reserves. EBIT margin was significantly below consensus (-USD9.5m vs -USD6.5m expected) as the latter did not integrate the continuous investments that need to be made throughout the first half of the year (R&D and sales force), before the effect of the direct sales force that is still growing kicks-in towards H2 2016, further leveraged in 2017 onwards with the launch of eight new products.
- FY2016 guidance is maintained with revenues expected to grow within the 15 to 16.2% range on a constant currency basis, 14% to 15.2 when taking into account a 1pp negative FX effect. During the conference call, management highlighted that no further increase in number of lives covered would be need to meet annual guidance. Please note that Anthem and BSBC should have their annual review in the summer. With USD103.3m in cash and cash equivalents, LDR remains well funded.

VALUATION

- We reiterate our USD38 Fair Value

NEXT CATALYSTS

- 3rd August: Q2 results
- 2016: publication of seven-year data for Mobi-C. Data to be transmitted to the FDA for review in May 2016.

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Food retailing

Metro AG

Price EUR27.33

Q2 earnings statement (first take)

Fair Value EUR26 (-5%) **NEUTRAL**

Bloomberg	MEO GY
Reuters	MEOG.DE
12-month High / Low (EUR)	32.2 / 21.9
Market Cap (EURm)	8,856
Ev (BG Estimates) (EURm)	11,734
Avg. 6m daily volume (000)	1 278
3y EPS CAGR	12.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.5%	11.3%	-2.3%	-7.6%
Food Retailing	-4.9%	2.6%	-9.3%	-2.8%
DJ Stoxx 600	0.4%	7.7%	-11.3%	-8.9%

YEnd Sept. (EURm)	09/15	09/16e	09/17e	09/18e
Sales	59,220	58,320	59,835	61,396
% change		*-1.5%*	*2.6%*	*2.6%*
EBITDA	2,457	2,460	2,544	2,631
EBIT	711.0	1,497	1,557	1,618
% change		*110.6%*	*4.0%*	*3.9%*
Net income	502.3	597.5	652.5	711.0
% change		*18.9%*	*9.2%*	*9.0%*

	09/15	09/16e	09/17e	09/18e
Operating margin	2.6	2.6	2.6	2.6
Net margin	0.8	1.0	1.1	1.2
ROE	NM	NM	NM	NM
ROCE	10.5	10.2	9.8	9.6
Gearing	48.9	44.4	45.9	46.4

(EUR)	09/15	09/16e	09/17e	09/18e
EPS	1.54	1.83	2.00	2.18
% change	-	*18.9%*	*9.2%*	*9.0%*
P/E	17.8x	14.9x	13.7x	12.6x
FCF yield (%)	NM	NM	NM	NM
Dividends (EUR)	1.00	0.98	1.02	1.05
Div yield (%)	3.7%	3.6%	3.7%	3.8%
EV/Sales	0.2x	0.2x	0.2x	0.2x
EV/EBITDA	4.8x	4.8x	4.7x	4.7x
EV/EBIT	16.6x	7.8x	7.7x	7.6x

Given the seasonal nature of the business, we would conclude that better than expected bottom line performances (+EUR11m EBIT BSI vs -EUR11me) do not allow us to draw strong conclusions. The fact remains that the LFL (+0.6%) performance (certainly below the normative natural cost inflation) remained soft and prevents us from talking about a commercial recovery. At this stage, we continue to think that hype surrounding the spin-off (details on which would be very much appreciated especially regarding the ex-post credit situation of both seperatly listed entities) has underpinned the share price rather than a commercial recovery whose strength remains unproven.

Q2 2015/16 sales grew 0.6% LFL to EUR13.6bn (vs EUR13.5bn e). As a whole, business seems to have been better in Germany (+1.1% LFL) than in other regions (+0.3% LFL). The picture is mixed at the international level (very sparse details provided) especially with Russia (which management expects to gradually bottom out during Q4), which was penalised by strong comps. In detail, LFL sales rose +0.5% in C&C (48% of sales), +0.7% at MMS (39% of sales) and +0.5% at Real (13% of sales).

EBIT before special items (EBIT BSI) worked out above expecations at +EUR11m (vs -EUR11m expected by the consensus) i.e. a +26bp increase in margin. In detail, EBIT BSI came out at EUR38m at Metro C&C vs EUR33m e (i.e. flat margin), EUR43m at Media Saturn vs EUR23m e (i.e. +43bp in margin), -EUR16m at Real vs -EUR32m e (i.e. +108bp improvement in margin). Other activities worked out at -EUR53m (vs minus EUR34m e).

Given the seasonality of the business, we would conclude that these above than expected bottom line performances do not allow to draw strong conclusions. The fact remains that LFL performance (certainly below the normative natural cost inflation) remains soft and prevent us from talking about a commercial recovery.

On the whole, Q2 15/16 EPS BSI works out at minus EUR0.18 (vs -EUR0.16 e), on account of a 46% tax rate BSI in H1. For FY15/16, Metro continues to expect a slight increase in overall sales, in a persistently challenging environment. In LFL terms, management foresees a slight increase (vs +1.5% in the previous year). It expects EBIT before special items to rise slightly above the EUR1,511m (vs EUR 1,497m in our own estimates) achieved in financial year 2014/15, including income from real estate sales.

ANALYSIS & INVESTMENT CASE

- Metro share is supported since the beginning of April by the buzz surrounding the announcement of a spin-off by mid 2017. Hence, we upgraded our recommendation while stressing that: 1/ the spin-off makes sense from a strategic point of view, 2/ separate listings would help gain operational flexibility, 3/ a pure player is far more valuable than a patchwork of different BU. But we also layed the emphasis on fundamental issues that remain harsh facts:
- The favorable tax lever (shifting of costs out of Germany, in a bid to boost the domestic operating result at Metro C&C and thus activate the loss carry forward) should not eclipse soft commercial trends (evidenced in Q2). In 2015, Metro beat the consensus thanks to property development revenues (~EUR150m) that are incorporated in EBITDA. In the end, it is not so much Metro's commercial potential which seems to be acclaimed but rather the tax engineering potential.
- So far, in view of EBIT margin at around 10% (!), Russia accounts for ~25/30% of EBIT whereas its share of sales stands at less than 10%. In a restricted consumer spending environment, and with the market stigmatising and harshly punishing margin rate policies, a margin rate at this level leaves us somewhat perplexed. Moreover, we are concerned by the situation of Media Saturn outside Russia given that it is in the front row concerning the ramp-up of e-commerce.

VALUATION

- 2017 P/E stands at 14x vs 16x on average for the panel excl. Tesco

NEXT CATALYSTS

- Spin-off by mid 2017

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Luxury & Consumer Goods

Moncler

Price EUR14.97

Q1 revenues beat expectations, Moncler has clearly outperformed its luxury peers

Fair Value EUR17 (+14%) **BUY**

Bloomberg	MONC IM
Reuters	MONC.MI
12-month High / Low (EUR)	18.9 / 12.2
Market Cap (EUR)	3,745
Ev (BG Estimates) (EUR)	3,700
Avg. 6m daily volume (000)	1 376
3y EPS CAGR	10.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.1%	18.3%	-6.4%	15.9%
Pers & H/H Gds	2.3%	7.6%	-3.6%	0.0%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	880.4	978.1	1,081	1,181
% change		*11.1%*	*10.5%*	*9.2%*
Adj. EBITDA	300.0	330.6	365.5	399.1
EBIT	252.7	282.6	311.8	340.9
% change		*11.8%*	*10.4%*	*9.3%*
Net income	163.8	185.2	205.8	226.3
% change		*13.1%*	*11.1%*	*10.0%*

	2015	2016e	2017e	2018e
Operating margin	28.7	28.9	28.8	28.9
Net margin	18.6	18.9	19.0	19.2
ROE	30.0	27.5	25.4	23.7
ROCE	40.9	42.8	45.2	47.8
Gearing	9.1	-6.7	-19.0	-28.9

(EUR)	2015	2016e	2017e	2018e
EPS	0.69	0.75	0.84	0.92
% change	-	*10.0%*	*10.9%*	*9.8%*
P/E	21.8x	19.9x	17.9x	16.3x
FCF yield (%)	3.5%	4.2%	4.7%	5.4%
Dividends (EUR)	0.14	0.17	0.21	0.23
Div yield (%)	0.9%	1.1%	1.4%	1.5%
EV/Sales	4.3x	3.8x	3.3x	2.9x
EV/EBITDA	12.6x	11.2x	9.8x	8.7x
EV/EBIT	15.0x	12.9x	11.3x	10.0x

Q1 sales increased 18% in reported terms and 17% FX-n to EUR237.3m, topping CS expectations by 7% (EUR222m). This better-than expected performance was driven by two regions which proved to be challenging for other luxury peers: Asia-Pacific (+30% FX-n) and Americas (+21% FX-n). Management stated that current trading was in line with Q1 trends. This publication confirms the superior growth profile of Moncler in a luxury sector showing signs of a slowdown, highlighted in our initiation report. Buy recommendation and FV of EUR17 confirmed.

ANALYSIS

- **Retail and Wholesale channels were both above forecasts.** Indeed revenues from the **retail channel soared 22% FX-n** (Q4: +24%) on top of a very challenging comparison base (Q1 15: +54%!). Moncler, which now reports **retail comps** on a semi-annual basis, stated that these were positive in all regions, with **Asia being the best-performing region**. In our view, comparable growth accelerated to ~3-4% from 0 in Q4, which is impressive considering the comparison base (Q1 2015: +25%). Despite an ongoing network streamlining, **wholesale sales increased 5% FX-n** (Q4: -9%), driven by a good reception of the S/S '16 collection and favorable trends with US wholesale accounts, which is a key differentiating factor compared to other groups exposed to the apparel category.
- By region, Moncler achieved 5% FX-n growth in both **Italy** and **EMEA** although Moncler was also affected by declining tourist flows in Italy, France and Belgium (mostly Asian clientele) while the UK and Germany were more buoyant.
- The group enjoyed a very strong rise in sales in **Asia-Pacific** (+30% FX-n), with a balanced performance across Moncler's key markets (i.e. Greater China, Japan, South Korea) and even H-K and Macau were well-oriented. Management mentioned that the price gap between China and Europe currently amounts to 60% vs. 90% in the pevious year. Last but not least, revenues in the **Americas** increased by 21% FX-n, driven by a higher penetration among US department store partners and store openings (+5 in the US to 17 DOS and +1 in Canada to 2 DOS vs. Q1 14).

Moncler Q1 revenues by region:

EURm	Q1 15	Q1 16	*FX-n growth*	*CS median*
Italy	34.9	36.7	*5*	*4*
EMEA excl. Italy	64.6	67.7	*5*	*6*
Asia & RoW	75.3	99.5	*30*	*21*
Americas	26.2	33.5	*21*	*10*
Total Revenues	**201.0**	**237.3**	***17***	***12***

Source: Company Data, Bloomberg consensus

- **"Retail Excellence" projects well underway.** The retail channel, which now accounts for 72% of total revenues vs. 69% in Q1 15, delivered solid results on top of a very demanding comparison base, and CCO Luciano Santel was pleased by KPIs at the new stores, some of them even delivered results above expectations. Yet, Moncler is focusing on improving efficiency further (CRM, relocations and refurbishments). For 2016, the group has planned 15 new openings, o/w three new flagship stores: London (opened on 5th May), Seoul and NY (September-October).
- **Solid current trading and upbeat outlook.** Although Q2 is Moncler's smallest quarter (~10-11% of FY revenues), April and the first weeks of May were in line with the Q1 performance. Moreover Mr Santel confirmed that consensus estimates over 2016 were "reasonable" (CS: sales of EUR991m and EBITDA of EUR333m). At this stage we leave our FY16 assumptions unchanged.

VALUATION

- This publication demonstates Moncler's ability to outperform the luxury sector average thanks to its excellent control of the retail channel and the ramp-up of new categories (e.g. knitwear achieved strong growth in Q1) and new circuits (i.e. travel retail, online). The stock only trades at 12.9x 2016e EV/EBIT vs. 12.3x for our luxury sample average.

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TMT

Numericable SFR

Price EUR27.47

Q1 Results: revenues and EBITDA under pressure, performance on fixed disappointing

Fair Value EUR28,4 (+3%) **NEUTRAL**

Bloomberg	NUM FP
Reuters	NUME.PA
12-month High / Low (EUR)	48.0 / 27.0
Market Cap (EURm)	12,036
Ev (BG Estimates) (EURm)	26,432
Avg. 6m daily volume (000)	272.9
3y EPS CAGR	17.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.9%	-7.2%	-19.4%	-18.0%
Telecom	-0.6%	3.1%	-11.9%	-9.8%
DJ Stoxx 600	0.4%	7.7%	-11.3%	-8.9%

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

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

(EUR)	2015	2016e	2017e	2018e
EPS	1.45	1.37	1.74	2.35
% change	-	*-5.2%*	*27.0%*	*34.5%*
P/E	18.9x	20.0x	15.7x	11.7x
FCF yield (%)	6.2%	0.0%	5.1%	7.3%
Dividends (EUR)	5.40	0.00	0.00	0.00
Div yield (%)	19.7%	NM	NM	NM
EV/Sales	2.4x	2.4x	2.4x	2.2x
EV/EBITDA	6.8x	6.6x	6.2x	5.6x
EV/EBIT	NS	NS	NS	NS

This morning Altice has published Q1 2016 results for NC-SFR. EBITDA down 9.0% yoy and revenues down 6.1% yoy, were disappointing, both below consensus. Promotional intensity remains high and revenues are very much under pressure. Commercial performance in mobile is improving, but performance in fixed is still disappointing. We expect results to improve over the year as the effects of new management kick in, but in the meantime we expect the stock to react negatively.

ANALYSIS

- **Total NC-SFR revenues** came out at **EUR2.573bn, down 6.1% yoy**, vs consensus at EUR2.632bn, and vs -3.3% in Q4 2015. **Adjusted EBITDA** reached **EUR851m,** down 9.0% yoy, vs consensus at EUR880m.
- BtoC revenues are down 4.9% yoy vs -4.2% in Q4 2015, BtoB revenues fell 7.6% yoy vs -4.5% in Q4 2015, wholesale revenues dropped 10.0% yoy vs +4.4% in Q4 2015.
- On the **mobile BtoC side,** the performance seems to be improving, Q1 postpaid net adds worked out to -28k, vs +140k in Q4 2015 and -143k in Q1 2015. Mobile ARPU is stable YoY vs +0.7% in Q4.
- On the **fixed BtoC side, the performance is disappointing**, Q1 net adds stood at -61k, vs -5k in Q4 2015 and -57k in Q1 2015. Fiber net adds reached 66k, vs 77k in Q2 2015 and 47k in Q1 2015.
- **Overall, these results were clearly disappointing, but we expect the trend to improve in 2016** based on increased investment, the impact of new management, but also based on yoy comparison basis effects.

VALUATION

- We stick to our fair value of EUR28.4, with a NEUTRAL recommendation.

NEXT CATALYSTS

- Q2 results on 9th August.

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Luxury & Consumer Goods

Safilo

Price EUR7.37

Bloomberg	SFL IM
Reuters	SFLG.MI
12-month High / Low (EUR)	13.6 / 7.4
Market Cap (EURm)	461
Ev (BG Estimates) (EURm)	502
Avg. 6m daily volume (000)	128.8
3y EPS CAGR	72.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.5%	-4.8%	-35.0%	-31.2%
Consumer Gds	1.9%	6.0%	-5.2%	-3.8%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	1,279	1,287	1,217	1,290
% change		*0.6%*	*-5.5%*	*6.0%*
EBITDA	82.4	102	81.6	103
EBIT	0.8	63.1	45.1	64.5
% change			*-28.4%*	*43.0%*
Net income	-52.3	33.6	23.6	37.6
% change		*NS*	*-29.6%*	*59.1%*

	2015	2016e	2017e	2018e
Operating margin	0.1	4.9	3.7	5.0
Net margin	-4.1	2.6	1.9	2.9
ROE	-5.2	3.2	2.2	3.4
ROCE	0.2	3.6	2.6	3.6
Gearing	9.0	3.8	1.3	-2.0

(EUR)	2015	2016e	2017e	2018e
EPS	0.11	0.59	0.35	0.57
% change	-		*-41.4%*	*64.6%*
P/E	66.5x	12.5x	21.3x	12.9x
FCF yield (%)	NM	5.6%	8.5%	4.8%
Dividends (EUR)	0.00	0.10	0.15	0.20
Div yield (%)	NM	1.4%	2.0%	2.7%
EV/Sales	0.4x	0.4x	0.4x	0.3x
EV/EBITDA	6.7x	4.9x	5.8x	4.3x
EV/EBIT	662.5x	8.0x	10.5x	6.8x

Production bottlenecks hurt Q1 and might also affect Q2

Fair Value EUR11 vs. EUR12,5 (+49%) **NEUTRAL vs. BUY**

Q1 2016 sales of EUR302m fell short of expectations (CS: EUR310m) largely due to production bottlenecks (mid single-digit negative impact) in Italian plants given higher-than-anticipated demand and the supply chain reshuffle. This new headwind renders the timing of a recovery more uncertain in the ST and leads us to cut our FY16 assumptions by 7%. We also adopt a more cautious stance by downgrading our recommendation to Neutral, pending better visibility and the first positive results from catalysts (proprietary brands, new licenses, etc.). Our new FV is EUR11 vs. EUR12.5 previously.

ANALYSIS

- **Q1 sales came in at EUR302m (-6.6% FX-n) vs. CS of EUR310m.** This organic sales growth decline was caused by lost sales from the discontinued small Kering licenses (AMQ, Bottega Veneta and Saint Laurent were still in the PF in H1) and the progressive exit of Gucci (~18-19% of total sales). The "going-forward brand PF" was only up 1% (vs. +2% in Q4), shy of our 3% forecast as the group encountered production bottlenecks resulting from stronger-than-expected final demand for "Made-in-Italy" brands which occurred when Safilo implemented its Integrated Supply Chain Planning. **Consequently, management estimated the sales miss impact to be around 5pp.**

- By region, focusing on "going-forward brand PF", **Europe** remained robust with 3.6% adj. FX-n, driven by double-digit growth in France and Italy. In **North America**, the good performance of the wholesale channel (+3.1% adj. FX-n) was overshadowed by the 17% sales drop at Solstice, given a tough retail environment and the closure of 11 stores (121 DOS vs. 132 at the end of Q1 15). **In Asia** (-14.6% adj. FX-n), half of the decline was due to challenging market conditions in Greater China whilst the other half was due to self-inflicted wounds, as Safilo shut down several wholesale accounts in China throughout 2015.

- **Q1 adj. EBITDA margin down 160bp to 8.4%.** Despite a 50bp increase in GM to 61.1% (+90bp excl. FX), driven by a favorable price-mix and lower obsolescence costs, adj. EBITDA margin was affected by negative operating leverage and the sluggish US retail business (-50bp).

Q1 sales by region:

EURm	Q1 15	Q1 16	FX-n growth (%)	"Going-forward bran PF" FX-n growth (%)
Europe	132.9	130.1	-1.7	3.6
North America	132.9	127.2	-5.6	0.8
Asia-Pacific	37.5	26.7	-28.3	-14.6
ROW	21.1	17.6	-6.0	2.8
Total	**324.3**	**301.6**	**-6.6**	**1.0**

** = excluding the Kering licences that were/will be discontinued* *Source: Company Data*

- **More difficult to identify the timing of a recovery in the ST…** According to management, these production bottlenecks should be solved in the course of Q2 and if the group has not registered any order cancellations, management does not rule out that risk. This situation also means that growth of the "going-forward brand PF" will be partly hampered by this issue during the peak sun season, whilst the gradual termination of the Gucci license will continue to weigh on the group's performance.

- **… We have cut our FY16 assumptions by 7%.** We have lowered our FY sales forecast (-4%) to factor in: **(i)** the negative impact from the sales disruptions in Q1 and probably in Q2 as well, and **(ii)** a more significant sales decline at Solstice. Moreover, the performance of Carrera (~9% of sales) in Q1 was irrelevant as the new Maverick collection was launched in April but growth in the "going-forward brand PF" should continue to be driven by the licensed brand PF. In view of weaker organic sales growth and a more negative impact from the US retail business, we have also reduced our earnings assumptions over 2016.

(Continued on next page)

Return to front page

VALUATION

- Arguably we maintain our positive stance on the stock to play the first positive results of the numerous initiatives implemented last year, but these are ultimately longer in coming. In our view, these new production bottlenecks in the Italian plants could prompt additional doubts from investors on the ability to improve execution.
- We continue to believe that these projects will strengthen the group's fundamentals but the road is still long before seeing clear signs of a recovery in the ST. Upside momentum could stem from a successful relaunch of Carrera, a faster solving of this production issue (and no major orders cancellation) and a higher contribution from the new licenses (Givenchy, Swatch, Havaianas in H2 16) to offset the Gucci transition.
- Against this more challenging backdrop, we adopt a Neutral recommendation and our new FV of EUR11 vs. EUR12.5 reflects adjustments to our 2016 forecasts.

NEXT CATALYSTS

- Safilo is due to report H1 2016 results on August 3rd.

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Insurance

Allianz

Price EUR141.70

A decent yet unspectacular set of Q1 numbers

Fair Value EUR180 (+27%) **BUY**

Bloomberg	ALV GR
Reuters	ALVG.DE
12-month High / Low (EUR)	168.0 / 126.6
Market Cap (EUR)	64,757
Avg. 6m daily volume (000)	1,714

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.0%	6.1%	-10.3%	-13.4%
Insurance	0.9%	4.0%	-15.0%	-15.5%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

	2015	2016e	2017e	2018e
P/E	9.7x	10.0x	9.5x	
Div yield (%)	5.2%	5.2%	5.3%	

ANALYSIS

- Q1 2016 net income of EUR2.19bn was up 20% yoy, mainly driven by higher capital gains, a positive contribution from hedging-related activities and lower taxes. Operating profit fell 3% yoy to EUR2.76bn. These numbers are consistent with the preliminary figures released last week.
- P&C operating profit totalled EUR1.44bn, up 12% yoy and was mainly driven by low natcats. Reported combined ratio stood at 93.3% vs. 94.6% in Q1 2015. Excluding natcats (0.2 point vs. 1.9) and run-offs (3.5 points vs. 3.2), the underlying combined ratio worked out to 96.6% vs. 95.9% in Q1 2015. Internal growth is +2.7%, o/w prices +1.0%.
- In Life, operating profit fell 16% to EUR927m, mainly driven by investment margins. NBV rose 37% to EUR367m, with a new business margin at 2.5% vs. 1.5% in Q1 2015.
- In Asset Management, operating profit dropped 17% to EUR463m, mainly driven by lower average AuM and performance fees. Net outflows are EUR9bn.
- Solvency II margin stood at 186% vs. 200% at end-2015.
- FY guidance (operating profit EUR10.0-11.0bn) is confirmed.

VALUATION

- Based on our current estimates, our SOTP valuation is EUR180.

NEXT CATALYSTS

- Q2 2016 numbers on 5th August.

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TMT

ASK

Price EUR1.12

Bloomberg	ASK FP
Reuters	ASK.PA
12-month High / Low (EUR)	2.8 / 1.1
Market Cap (EURk)	9,912
Avg. 6m daily volume (000)	65.20

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.7%	-5.9%	-36.0%	-34.5%
Industry	0.4%	7.7%	-11.3%	-8.9%
DJ Stoxx 600	0.4%	7.7%	-11.3%	-8.9%

	2014	2015e	2016e	2017e
P/E	NS	NS	36.5x	5.1x
Div yield (%)	NM	NM	NM	NM

Q1 sales down 3% yoy

Fair Value EUR2.4 (+114%)

CORPORATE

ANALYSIS

- **Yesterday, ASK reported Q1 sales of EUR8.3m, down 3% on year.** The e.ID division sales were up 40% yoy to EUR3.4m thanks to better momentum in most countries and favourable comps following the the acquisition of ASK IntTAG by the end of Q1 2015. On a pro-forma basis, Q1 was up 16% thanks to a rebound in US passport demand that is expected to help also in Q2. However this was offset by weak momentum in the Contactless Solutions business with Q1 at EUR5.0m vs. EUR6.2m a year before, i.e. down 19% yoy. Dual Cards are thought to have performed nicely during the first quarter of 2016 and we believe they should help generate higher margin (mix improvement).
- In addition, the group is starting to take advantage of the restructuring ended in late March, and which should now help the group to generate higher margins. ASK now produces from a smaller industrial site in Mouans-Sartoux (vs. Sophia-Antipolis before) and focuses its production capacities on high added-value products such as Passports and Dual Cards. The production of low margin cards is now totally outsourced. As a result, stronger momentum and the restructuring undertaken should help to achieve breakeven by FY16 at the EBITDA level.

VALUATION

- ASK's shares trade on 2016e EV/Sales ratio of 0.5x and EV/EBIT of 22.8x.

NEXT CATALYSTS

- 26th July 2016: Q2 and H1 2016 sales

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Insurance

CNP Assurances

Price EUR14.29

Bloomberg	CNP FP
Reuters	CNPP.PA
12-month High / Low (EUR)	15.8 / 10.5
Market Cap (EUR)	9,808
Avg. 6m daily volume (000)	541.7

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.9%	28.2%	12.3%	14.8%
Insurance	0.9%	4.0%	-15.0%	-15.5%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

	2015	2016e	2017e	2018e
P/E	8.7x	8.2x	7.8x	
Div yield (%)	5.4%	5.4%	5.6%	

Operating performances penalised by unfavourable market developments and FX

Fair Value EUR15 (+5%) **NEUTRAL**

ANALYSIS

- Q1 2016 premiums rose 8% to EUR8.99bn (up 13.5% on a comparable basis), mainly driven by France (LBP up 23%, BPCE up 20%).
- Average technical reserves (excluding deferred participation) were up 2% to EUR321.6bn.
- Revenues were down 4% (up 9% on a comparable basis), due to revenues from own-fund portfolios (down 26%, with lower returns from bond and money market portfolios due to a decline in interest rates, the negative currency effect in Latin America and the amortisation of intangible assets recognised on consolidation of CNP Santander Insurance).
- EBIT fell 5% to EUR513m (up 11% on a comparable basis), below consensus (EUR560m). Net income was flat at EUR281m (up 10% on a comparable basis), broadly in line with the consensus (EUR277m).
- Solvency II margin (standard formula) at end-March stood at 175% vs. 192% at end-2015.

VALUATION

- Based on our current estimates, our SOTP valuation is EUR15.

NEXT CATALYSTS

- Q2 2016 numbers on 28th July.

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Business Services

Compass Group

Price 1,262p

Bloomberg	CPG LN
Reuters	CPG.L
12-month High / Low (p)	1,281 / 991.0
Market Cap (GBPm)	20,742
Avg. 6m daily volume (000)	3 265

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.2%	5.4%	20.0%	7.4%
Travel&Leisure	0.4%	3.4%	-8.1%	-10.6%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

	09/15	09/16e	09/17e	09/18e
P/E	23.9x	21.9x	19.8x	18.4x
Div yield (%)	2.3%	2.5%	2.8%	3.0%

H1 results first take: stronger Q2 than anticipated. FY guidance confirmed

Fair Value 1200p (-5%) **NEUTRAL**

ANALYSIS

- **Strong lfl revenue growth higher than expected…:** We anticipated a slowdown in Q2 after a strong Q1 especially in NA and it is clear that this has not happened. Actually, lfl revenue growth was up 5.8% after 5.9% in Q1 and 5.6% anticipated by the consensus. By region, **NA** (56% of consolidated revenue) was again the main booster with lfl revenue growth of 8.3% (Sodexo was up 3.6%) i.e. an improvement in Q2 after a strong 7.9% in Q1, **Europe** (28%) was up 3.7% confirming its recovery after Q1 up 3.6% and the **ROW** was up 1.7% (+3.6% in Q1) compared with -4.4% for Sodexo.
- **…and stable EBIT margin as anticipated:** Underlying EBIT reached GPG735m up 6.5% (consensus was at GPG715m) with a margin flat at 7.5% (Sodexo was at 5.8% on On-site Service Solutions). Free cash flow was up 22.6% at GPG396m and the group will proposed an interim dividend of 10.6p up 8.2%.
- **Outlook confirmed:** Management expectations for FY2016 "are positive and unchanged". Our forecast is based on lfl revenue growth of 5.1%, which could be conservative after a stronger H1 than anticipated despite headwinds in the ROW especially in remote sites and offshore representing 11% of consolidated revenue and around 50% of ROW.

VALUATION

- At the current share price, the stock is trading at 16.9x EV/EBIT 2015-16e and 15.2x 2016-17e vs. median historical of 12.5x and CAGR EBIT 2015-2018e of 7.3%.

NEXT CATALYSTS

- Conference call at 10:00 am (Paris time).
- Q3 trading statement on 28th July.

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Healthcare

ERYTech

Price EUR25.14

Bloomberg	ERYP FP
Reuters	ERYP.PA
12-month High / Low (EUR)	40.0 / 18.2
Market Cap (EURm)	199
Avg. 6m daily volume (000)	29.40

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.7%	30.2%	-11.9%	-1.9%
Healthcare	-0.8%	4.7%	-10.6%	-10.9%
DJ Stoxx 600	1.3%	6.7%	-10.6%	-8.1%

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

Slight delay in the European approval of GRASPA ALL

Fair Value EUR48 (+91%) **BUY**

ANALYSIS

- ERYTECH published its Q1 16 business update and among others we'd note that **cash & cash equivalents stood at EUR40.6m at the end of March 2016** (meaning that the burn rate reached EUR5.1m over the period). So far, the financial part looks in line with our estimates as we believe total operating expenses should amount to EUR20m on a full year basis.
- But the most importance piece of news lies in the potential MAA of GRASPA as a treatment for relapsed/refractory patients with ALL; and more precisely, **the company underlined it requested and received a 3-month extension to answer the questions asked by the CHMP** (Commission for Human Medicinal Products)… Consequently, a potential approval is more likely to happen at the very beginning of 2017.

VALUATION

- The impact on our FV is quite limited as we previously anticipated a very cautious ramp-up assuming an approval in October (FY 16e sales: EUR1.0m, and knowing that Erytech was supposed to receive 45% in the form of royalties and margins on manufacturing). **BUY reiterated with a FV of EUR48**.

NEXT CATALYSTS

- H2 16: Feedback from the CHMP regarding the approval of GRASPA in Europe.

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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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