



21st June 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	17804.87	+0.73%	+2.18%
S&P 500	2083.25	+0.58%	+1.92%
Nasdaq	4837.21	+0.77%	-3.40%
Nikkei	16169.11	+1.28%	-16.12%
Stoxx 600	337.667	+3.65%	-7.69%
CAC 40	4340.76	+3.50%	-6.39%
Oil /Gold			
Crude WTI	49.21	+2.14%	+32.28%
Gold (once)	1285.38	-0.13%	+20.99%
Currencies/Rates			
EUR/USD	1.1337	+0.79%	+4.36%
EUR/CHF	1.08765	+0.58%	+0.02%
German 10 years	0.061	+196.28%	-90.43%
French 10 years	0.436	+2.44%	-55.52%

Economic releases :

Date	
21st-Jun	DE - ZEW survey GB - CBI industrial US - Redbook US - J Yellen speaks

Upcoming BG events :

Date	
27th-Jun	IMERYs (BG Luxembourg with CFO)
13th-Jul	Galapagos (BG Paris Roadshow with CFO)
14th-Nov/ 15th-Nov	4th Paris Healthcare Conference
28th-Nov/ 29th-Nov	2nd Paris Consumer Conference

Recent reports :

Date	
16th-Jun	UTILITIES Haste makes waste, it's upside time!
15th-Jun	MELIA The best place to be under the sun
13th-Jun	MORPHOSYS Back for MORE
10th-Jun	UNILEVER Well priced Quality
9th-Jun	GLAXOSMITHKLINE : ViiV likely to impact GSK beyond dolutegravir
8th-Jun	IMERYs : Stronger than Kryptonite

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



AXA

BUY-Top Picks, Fair Value EUR29 (+41%)

At first sight the 2020 plan looks solid

The new Ambition 2020 strategic plan due to be presented this morning seems to be solid and pretty much in line with expectations. The company aims to "focus" and "transform", which are common goals by industry standards. The CAGR in underlying earnings per share is expected to run at between 3% and 7% (mainly depending on interest rates), of which c. 8% self-helped (i.e. the negative impact of lower interest rates is estimated at between 1 and 5%), while cash flows/dividends remain key. Detailed presentation starting at 8am Paris time.

GENMAB

BUY, Fair Value DKK1600 vs. DKK1450 (+46%)

The saga goes on! (report to be released)

We raise our FV from DKK1,450 to DKK1,600 following a roadshow with Jan van de Winkel (CEO), and after increasing our peak sales for daratumumab in multiple myeloma from EUR6.5Bn to EUR8.9Bn. The compound is so potent that we now believe: 1/ it could be used for several years in earlier lines of treatment; 2/ the first Phase III data involving newly diagnosed patients could be available a year earlier (assuming the trial is stopped early due to strong benefits). Plus, we see potential for extension to other malignancies (including solid tumours) as significant free options. BUY reiterated.

ROCHE

BUY, Fair Value CHF293 (+19%)

APHINITY – it is worth taking the residual risk

Ahead of our Oncology Day, Roche's management was available for meetings and at the heart of them was the APHINITY phase III trial that the company itself describes as game-changing. Whether it delivers positive results or not, the profile of Roche will be significantly and profoundly modified at the turn of the decade. The difference can be as high as CHF5-6bn in revenues and 80%-90% of that is profit. This would also be a major defense against biosimilars trastuzumab, on top of the sc form. Beyond oncology, Roche mainly focused its presentation on ocrelizumab and ACE910. Although the stock is unlikely to perform prior to APHINITY results, we see the benefit-risk profile as favourable.

VOLTALIA

BUY, Fair Value EUR13 (+46%)

An acquisition that makes sense, despite being dilutive on margin

Voltalia stated yesterday that it is in advanced talks with Martifer in order to buy solar PV company Martifer Solar for an EV estimated at EUR49-50m. Through this strategic and complementary move, Voltalia is therefore set to accelerate the diversification of both its international footprint and its energy mix. We confirm our Buy rating with FV unchanged at EUR13/share.

In brief...

ADIDAS GROUP, adidas remains the key supplier of Die Mannschaft until 2022

ALTICE, Top management reorganisation, Drahi stepping down

CELLECTIS, First ALL patient treated with UCART19 in a Phase I

GAMELOFT, Game, set and match

NICOX, FDA priority review granted to AC-170

Insurance

AXA

Price EUR20.51

At first sight the 2020 plan looks solid

Fair Value EUR29 (+41%)

BUY-Top Picks

The new Ambition 2020 strategic plan due to be presented this morning seems to be solid and pretty much in line with expectations. The company aims to "focus" and "transform", which are common goals by industry standards. The CAGR in underlying earnings per share is expected to run at between 3% and 7% (mainly depending on interest rates), of which c. 8% self-helped (i.e. the negative impact of lower interest rates is estimated at between 1 and 5%), while cash flows/dividends remain key. Detailed presentation starting at 8am Paris time.

ANALYSIS

- "Focus" and "Transform" are the two key concepts set to drive the company over the next five years:
 - "Focus" concerns actions to ensure the company delivers: growth in operations in selected areas (commercial lines, capital light savings products, Asia), leveraging strengths and best practices, improving cost efficiency and technical margins.
 - "Transform" concerns actions to ensure tomorrow's growth and adapt the business model: accelerating business innovation to meet customers' rapidly evolving needs in the digital world and developing further in areas such as prevention and care.
- The main financial targets of the Ambition 2020 plan are quite realistic at first sight and include an interest rate buffer:
 - A CAGR in underlying earnings per share of between 3% and 7% (mainly depending on interest rates), of which c. 8% self-helped (i.e. the negative impact of lower interest rates is estimated between 1 and 5%).
 - Cumulative group operating free cash flows of EUR28-32bn from 2016 to 2020
 - Adjusted return on equity between 12% and 14% over the period
 - Solvency II ratio target range between 170% and 230%
 - EUR2.1 billion pre-tax cost savings by 2020

VALUATION

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

NEXT CATALYSTS

- Presentation of the 2020 plan today. H1 results on 3rd August.

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Bloomberg	CS FP
Reuters	AXAF.PA
12-month High / Low (EUR)	25.8 / 18.9
Market Cap (EURm)	49,818
Emb. Value (BG Est.)	51,218
Avg. 6m daily volume ('000)	7,105
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.4%	-5.0%	-17.9%	-18.7%
Insurance	-2.1%	-6.7%	-15.6%	-16.3%
DJ Stoxx 600	-0.1%	-1.2%	-6.5%	-7.7%

(EURm)	2015	2016e	2017e	2018e
Total gross prem.	91,938	93,823	95,748	
% change		2.1%	2.1%	
Insurance op. profit	7,743	7,833	8,069	
Total operating profit	7,880	8,027	8,316	
Underlying PTP	8,314	8,307	8,596	
% change		-0.1%	3.5%	
Net attributable profit	6,011	5,978	6,181	
% Change		-0.6%	3.4%	

(EURm)	2015	2016e	2017e	2018e
Shareholders' equity	61,964	65,075	62,236	
Technical reserves :				
-Life net (excl. UL)	361,513	368,743	376,118	
-UL contracts	195,011	200,861	206,887	
-P&C net	54,221	55,305	56,412	
NAV net of intangibles	15,233	17,876	14,566	
Embedded value	51,218	53,779	56,468	

(EUR)	2015	2016e	2017e	2018e
EPS (€)	2.48	2.47	2.55	
% change		-0.6%	3.4%	
P/E	8.3x	8.3x	8.0x	
P/NAV (%)	0.8x	0.8x	0.8x	
ROE	10.0	9.4	9.7	
Dividends	1.1	1.2	1.3	
Div yield (%)	5.4%	5.7%	6.2%	



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Healthcare

Genmab

Price DKK1,097

The saga goes on! (report to be released)

Fair Value DKK1600 vs. DKK1450 (+46%)

BUY

Bloomberg	GEN DC
Reuters	GEN.CO
12-month High / Low (DKK)	1,266 / 548.0
Market Cap (DKKm)	65,638
Ev (BG Estimates) (DKKm)	62,022
Avg. 6m daily volume (000)	467.8
3y EPS CAGR	17.3%

We raise our FV from DKK1,450 to DKK1,600 following a roadshow with Jan van de Winkel (CEO), and after increasing our peak sales for daratumumab in multiple myeloma from EUR6.5Bn to EUR8.9Bn. The compound is so potent that we now believe: 1/ it could be used for several years in earlier lines of treatment; 2/ the first Phase III data involving newly diagnosed patients could be available a year earlier (assuming the trial is stopped early due to strong benefits). Plus, we see potential for extension to other malignancies (including solid tumours) as significant free options. BUY reiterated.

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.2%	34.5%	18.5%	19.6%
Healthcare	-1.3%	0.6%	-11.0%	-12.1%
DJ Stoxx 600	-2.7%	-4.4%	-10.7%	-10.9%

ANALYSIS

- **Our peak sales estimate for daratumumab in myeloma has risen from EUR6.5Bn to EUR8.9Bn**, following integration of two new elements into our model: 1/ we now assume the compound will be used for several years in early lines of therapy, given the trends in progression-free survival observed in the POLLUX study; 2/ we also consider that Phase III results involving newly diagnosed patients should be published in 2017, a year earlier than previously expected.
- **Numerous free call options to be played by the end of the year.** "Dara" is pretty much seen as a myeloma therapy, but we think the street is overlooking its potential in other indications (particularly in non-Hodgkin Lymphomas). At current levels, we believe such expansion in the addressable market is not priced in... And as such, a significant option could be played with an attractive risk-reward.

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

VALUATION

- **BUY rating reiterated with a FV of DKK1,600 (c.+40%) vs DKK1,450 following our adjustments...** But this is clearly not the end of the story: should the different catalysts we have identified prove to be positive ("dara's" label expanded to include second-line patients with myeloma, Phase III results involving first-line patients, favourable label for Roche's ocrelizumab in relapsing multiple sclerosis), our FV could be further increased to DKK2,050 (c.+80%).

(DKK)	2015	2016e	2017e	2018e
EPS	9.71	5.27	9.54	15.68
% change		-45.8%	81.0%	64.4%
P/E	NS	NS	NS	70.0x
FCF yield (%)	NM	NM	NM	NM
Dividends (DKK)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	54.8x	52.8x	36.7x	27.5x
EV/EBITDA	112.1x	217.5x	114.2x	67.0x
EV/EBIT	85.1x	217.5x	114.2x	67.0x

NEXT CATALYSTS

- **August 2016:** FDA priority review given to daratumumab 1/ as a treatment for patients with myeloma who received at least one prior therapy, and 2/ as part of a combination regimen (bort/dex or len/dex)... which would pave the way for a label expansion by the end of the year.
- **Q4 16:** Phase II results involving daratumumab in Non-Hodgkin Lymphomas.
- **Q4 16:** Presentation of follow-up data from the POLLUX and CASTOR trials during the ASH meeting.
- **Q4 16:** Read-across from the approval of Roche's ocrelizumab (anti-CD20) as a treatment for relapsing-remitting multiple sclerosis (RRMS).



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Healthcare

Roche

Price CHF245.80

APHINITY – it is worth taking the residual risk

Fair Value CHF293 (+19%)

BUY

Bloomberg	ROG VX
Reuters	ROG.VX
12-month High / Low (CHF)	282.5 / 233.2
Market Cap (CHF)	172,690
Ev (BG Estimates) (CHF)	185,271
Avg. 6m daily volume (000)	1,491
3y EPS CAGR	5.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.5%	5.0%	-8.6%	-11.1%
Healthcare	-0.5%	3.6%	-8.4%	-10.1%
DJ Stoxx 600	-0.1%	-1.2%	-6.5%	-7.7%

YEnd Dec. (CHFm)	2015	2016e	2017e	2018e
Sales	48,145	49,918	51,187	52,387
% change		3.7%	2.5%	2.3%
EBITDA	19,430	20,246	21,178	21,419
EBIT	13,821	17,015	18,378	19,219
% change		23.1%	8.0%	4.6%
Net income	11,626	12,604	13,525	13,741
% change		8.4%	7.3%	1.6%

	2015	2016e	2017e	2018e
Operating margin	28.7	34.1	35.9	36.7
Net margin	24.1	25.2	26.4	26.2
ROE	43.7	50.1	45.4	40.4
ROCE	28.1	27.7	28.3	28.2
Gearing	60.4	44.7	28.3	14.5

(CHF)	2015	2016e	2017e	2018e
EPS	13.49	14.62	15.69	15.94
% change	-	8.4%	7.3%	1.6%
P/E	18.2x	16.8x	15.7x	15.4x
FCF yield (%)	5.6%	4.6%	5.5%	6.1%
Dividends (CHF)	8.10	8.78	9.42	9.57
Div yield (%)	3.3%	3.6%	3.8%	3.9%
EV/Sales	3.9x	3.7x	3.6x	3.4x
EV/EBITDA	9.6x	9.2x	8.6x	8.3x
EV/EBIT	13.5x	10.9x	9.9x	9.3x

Ahead of our Oncology Day, Roche's management was available for meetings and at the heart of them was the APHINITY phase III trial that the company itself describes as game-changing. Whether it delivers positive results or not, the profile of Roche will be significantly and profoundly modified at the turn of the decade. The difference can be as high as CHF5-6bn in revenues and 80%-90% of that is profit. This would also be a major defense against biosimilars trastuzumab, on top of the sc form. Beyond oncology, Roche mainly focused its presentation on ocrelizumab and ACE910. Although the stock is unlikely to perform prior to APHINITY results, we see the benefit-risk profile as favourable.

ANALYSIS

- When Roche has to deal with an audience of generalists asking about future prospects, it refers to its historical sales growth in the mid-single digits and suggests that it should move on at the same pace should the APHINITY phase III study be positive. Otherwise, it is reasonable to expect top-line to be flat by the end of the decade as biosimilars offset innovative compounds coming out of the pipeline. This illustrates how meaningful APHINITY is to the investment case.
- As a reminder, APHINITY is the phase III study investigating Perjeta in combination with Herceptin and chemotherapy in adjuvant HER2+ breast cancer. Because a vast majority of breast cancers are diagnosed in the early stages, adjuvant represents the lion's share of the target market and of current Herceptin prescriptions. So far, Perjeta has demonstrated benefit in combination with Herceptin in metastatic and neo-adjuvant HER2+ BC and for Roche, this is illustrative of a clear synergistic effect between the two drugs. Roche believes that it has done everything well to show benefit across all indications and although each is different with adjuvant working on minimal residual disease, "a failure would be a surprise".
- Of course, positive APHINITY data would give Roche more power to play with Perjeta and Herceptin prices more aggressively in opposite directions. This would leave the HER2+ franchise in good shape to enter the biosimilar trastuzumab period, on top of the subcutaneous formulation that has a market share of approx. 45% currently in Europe. This would give Roche roughly similar weapons to defend Herceptin to the ones it has now for Rituxan, since GALLIUM phase III trial unveiled positive data (HR at least 0.73). Note that Roche is currently working on a subcutaneous formulation of rituximab for the US too, where it is worth investing considering the gain in infusion time. It has also been noted that sc was cheaper than iv in overweight patients. Roche considers the risk of failure with GOYA to be higher than 50%, as earlier studies only looked at ORR so survival benefit has not been clearly assessed.
- Before moving to ex-oncology assets, a word about Avastin. Roche expects to get interim data on its CrossMab project soon that will tell more about its ability to be a new-generation Angio2/VEGF bispecific antibody both in cancer (RG7221 in phase II in CRC, head-to-head vs Avastin) and in ophthalmology (RG7716 in phase II in wet AMD and DME, head-to-head vs Lucentis).
- Outside Oncology, Roche spontaneously pointed to two projects of meaningful impact on its top and bottom line: first is ocrelizumab in MS, for which it expects a PDUFA date very soon and potential priority review and confirms high confidence based on strong MRI data, together with clean safety profile (no concern about cancer). Management also pointed to a lack of ambition in ofatumumab's trial design, low likelihood of disability data and price issue with ofa available in hematology; second is ACE910 with Roche currently investigating how to price the drug in two indications where SoC prices are so different. By chance, haemophilia A with inhibitors will come first (data by year-end) with an annual price that can be as high as USD1m per patient.

VALUATION

- We believe we have room for upside with Perjeta at CHF3.7bn at peak, Gazyva at CHF1.6bn (not impacted by GALLIUM), Tecentriq at CHF3.1bn or ACE910 at CHF800m (40% PoS).
- A P/E 2017 of 15x is attractive in our view, as momentum is expected to improve gradually.

NEXT CATALYSTS

- Coming days: FDA's answer to ocrelizumab filing - [Click here to download](#)



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Utilities

Voltalia

Price EUR8.93

An acquisition that makes sense, despite being dilutive on margin

Fair Value EUR13 (+46%)

BUY

Bloomberg	MLVLT.FP
Reuters	MLVLT.PA
12-month High / Low (EUR)	10.7 / 8.3
Market Cap (EURk)	234,073
Ev (BG Estimates) (EURk)	401,250
Avg. 6m daily volume (000)	2.50
3y EPS CAGR	14.0%

Voltalia stated yesterday that it is in advanced talks with Martifer in order to buy solar PV company Martifer Solar for an EV estimated at EUR49-50m. Through this strategic and complementary move, Voltalia is therefore set to accelerate the diversification of both its international footprint and its energy mix. We confirm our Buy rating with FV unchanged at EUR13/share.

ANALYSIS

- **An acquisition that makes sense:** French renewables company Voltalia said yesterday that it is in advanced talks with **Martifer** in order to buy Portuguese solar PV company **Martifer Solar**. Voltalia aims to acquire Martifer Solar's development, construction and operation, and maintenance activities. The deal is nevertheless subject to Martifer Solar selling off its US activities which Voltalia considers non-strategic. A final agreement as well as the overall transaction should be completed in Q3 2016, for an estimated **EV of EUR49-50m** and is subject to the sale by Martifer Solar of its US assets, considered non-strategic.

- **A word on Martifer Solar:** The group's business is based on **three activities** and is specialised in solar projects: **1/** solar projects development, **2/** solar farms building and **3/** solar farms operation and maintenance (*O&M*). Since its creation, **Martifer Solar** has developed projects representing a total of **757 MW**, all sold to investors. At year-end 2015, its portfolio of projects in development included **1.34 GW** with some projects intended to be sold to third-parties, but Martifer Solar can also be in charge of their construction and operation according to investors' needs. Martifer Solar also builds solar farms for its clients, with **599 MW** of solar PV power plants commissioned over the past 10 years and **85 MW** currently in construction. As for the O&M business the company operates **585 MW** in capacities for third parties. All in all the group generated **EUR142m in sales and EUR2.1m in EBITDA (1.5% EBITDA margin)** last year and covers four continents (Europe, Africa, Asia and Latam) with a **team of 265 people** spread worldwide. Just like Voltalia, Martifer Solar develops, builds and operates renewable power plants. However, Martifer Solar has positioned itself as a service provider: its business model is therefore complementary to Voltalia's. Indeed, Martifer Solar does not own any of the power plants, which are held, thus financed, by third-party clients. **As a result, Martifer Solar's activity has a low capital content, compared to electricity production, Voltalia's core business.**

- **Conclusion:** While this deal will be highly dilutive in terms of margin for the group (*between 15% and 20% EBITDA margin after the deal, depending on the extent of synergies in procurement vs. 51% before the deal for Voltalia*) we assume it is clearly in line with the group's strategy to accelerate the diversification of both its international footprint and its energy mix. By acquiring this entity, Voltalia will then expand its presence in the solar market, a market, which is set to grow in most emerging markets, without any subsidiaries. **We confirm our Buy rating with FV unchanged for the moment at EUR13/share.**

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.4%	6.1%	-11.8%	-11.8%
Utilities	1.7%	1.4%	-1.8%	-3.3%
DJ Stoxx 600	-0.1%	-1.2%	-6.5%	-7.7%

YEnd Dec. (EURk)	2014	2015e	2016e	2017e
Sales	27,609	59,455	98,246	133,664
% change		115.3%	65.2%	36.0%
EBITDA	12,536	37,158	59,509	85,702
EBIT	6,736	17,979	31,642	51,553
% change		NM	76.0%	62.9%
Net income	4,495	6,934	4,368	9,531
% change		54.3%	-37.0%	118.2%

	2014	2015e	2016e	2017e
Operating margin	45.4	62.5	60.6	64.1
Net margin	NM	NM	NM	NM
ROE	NM	NM	NM	NM
ROCE	NM	NM	NM	NM
Gearing	NM	NM	NM	NM

(EUR)	2014	2015e	2016e	2017e
EPS	0.25	0.26	0.17	0.36
% change	-	7.7%	-37.0%	118.2%
P/E	36.3x	33.7x	53.5x	24.5x
FCF yield (%)	NM	NM	NM	37.9%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	15.2x	6.7x	6.2x	4.1x
EV/EBITDA	33.5x	10.8x	10.3x	6.3x
EV/EBIT	62.4x	22.3x	19.4x	10.5x



VALUATION

- At the current share price, Voltalia is trading at 10.3x its 2016e EBITDA
- Buy, FV @ EUR13

NEXT CATALYSTS

- 28th July: Q2 2016 sales

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Luxury & Consumer Goods

adidas Group

Price EUR121.95

adidas remains the key supplier of Die Mannschaft until 2022

Fair Value EUR124 (+2%)

BUY

Bloomberg	ADS.GY
Reuters	ADSG.F
12-month High / Low (EUR)	122.0 / 63.7
Market Cap (EURm)	25,514
Avg. 6m daily volume (000)	952.4

	1 M	3 M	6 M	31/12/15
Absolute perf.	7.8%	21.7%	37.0%	35.6%
Consumer Gds	0.8%	-0.1%	-2.8%	-3.9%
DJ Stoxx 600	-0.1%	-1.2%	-6.5%	-7.7%
	2015	2016e	2017e	2018e
P/E	36.7x	29.7x	24.2x	21.3x
Div yield (%)	1.3%	1.5%	1.8%	2.0%

ANALYSIS

- Following several months of negotiations, adidas Group announced yesterday the extension of its partnership with the German Football Association (DFB) for four additional years until 2022.
- Although this new partnership agreement implies a doubling of the contract value according to the German newspaper "*Frankfurter Allgemeine Zeitung*" (EUR50m per year vs. EUR25m currently), this offer enabled the German brand to keep this longstanding partnership (1954) from competitors like Nike, Puma or Under Armour. Germany remains also one of adidas' most powerful partnerships regarding national teams, with over 3m jerseys sold in 2014 (World Cup) and 1.3m sold in 2016 (Euro Championship). Consequently, Germany should become the highest-paid football team, ahead of France (-EUR43m, Nike) and England (-EUR35m, Nike).
- As a reminder, adidas confirmed last week that it should achieve record sales of EUR2.5bn in its football category for 2016 (~16% of adidas brand sales and ~13% of group sales), representing a ~15% increase over 2015. Furthermore, the German brand is the leading brand across Western Europe's top five markets (the UK, France, Spain, Italy and Germany), comforting the brand's global leadership vs. Nike.

VALUATION

- The stock trades at 29.7 2016e P/E, which is supported by an adj. EPS CAGR of 19.8% over the 2015-18 period. Buy recommendation and FV of EUR124 confirmed.

NEXT CATALYSTS

- Nike** will publish Q4 FY16 results on 28 June. The market is likely to focus on the order backlog, particularly in the US where some analysts have pointed to rising competition (adidas, Under Armour) and a more challenging apparel market environment. Note that adidas brand grew its sales by 31% FX-n in Q1 16.
- adidas Group** will report its H1 15 Results on 4 August 2016

[Click here to download](#)Cédric Rossi, crossi@bryangarnier.com

TMT

Altice

Price EUR14.00

Top management reorganisation, Drahi stepping down

Fair Value EUR16,3 (+16%)

BUY

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	32.2 / 10.0
Market Cap (EURm)	15,320
Avg. 6m daily volume (000)	1 901

	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.8%	-16.8%	14.0%	5.7%
Telecom	-4.9%	-6.6%	-10.0%	-11.4%
DJ Stoxx 600	-0.1%	-1.2%	-6.5%	-7.7%
	2015	2016e	2017e	2018e
P/E	NS	NS	18.8x	12.3x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Altice has announced a reorganisation of its top management, ahead of the closing of Cablevision: **Dexter Goei is named CEO of Altice USA and President of Altice NV**. He will continue to lead Altice NV's global M&A related activities. **Michel Combes is named CEO of Altice NV** and is joining the board. Michel Combes will lead **Altice's executive committee**. **Patrick Drahi will step down from his position as President of Altice NV**, and will now lead the newly formed **Altice Group Advisory Council**.
- These nominations are consistent with the **group's effort to strengthen management structures, and empower experienced top managers to support its development**. We believe Patrick Drahi should remain **very much involved, more in the shadows**. As a **controlling shareholder**, he will **focus on major strategic issues**, while **delegating operational matters** to trustworthy teams.
- Dexter Goei has long been an investment banker in the US and was behind the deals with Cablevision and Suddenlink. His nomination reflects **Altice's ambitions in the US**. Michel Combes's nomination as CEO is a **confirmation and clarification** of his responsibilities within the group. For now, Michel Combes remains CEO and chairman of SFR Group, with Michel Paulin in charge of Telecom activities and Alain Weil in charge of Media activities.

VALUATION

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

NEXT CATALYSTS

- H1 results on 9th August

Thomas Coudry, tcoudry@bryangarnier.com

Healthcare

Collectis

Price EUR24.42

First ALL patient treated with UCART19 in a Phase I

Fair Value EUR37 (+52%)

BUY

Bloomberg	ALCLS.FP
Reuters	ALCLS.PA
12-month High / Low (EUR)	40.9 / 16.9
Market Cap (EURm)	863
Avg. 6m daily volume (000)	129.9

	1 M	3 M	6 M	31/12/15
Absolute perf.	-9.6%	0.1%	-5.8%	-12.5%
Healthcare	-0.5%	3.6%	-8.4%	-10.1%
DJ Stoxx 600	-0.1%	-1.2%	-6.5%	-7.7%

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

ANALYSIS

- **Collectis announces that the very first patient from its Phase I has been treated.** And following this, we understand that Collectis will receive a milestone payment from Servier (EUR5-10m?). As a reminder, 1/ this single-arm trial aims to evaluate UCART19 (an allogeneic version of anti-CD19 CAR-T cells) in paediatric refractory/relapsing patients with acute B lymphoblastic leukaemia (B-ALL); 2/ the compound is currently in Pfizer and Servier's hands.
- Obviously this is very good news, and we can assume the stock will react positively. But we believe the most significant catalyst in the short term is the publication of preliminary data (perchance at the 2016 ASH meeting?), and/or a feedback from the DSMB regarding the safety profile of the compound.

VALUATION

- **BUY rating reiterated with a FV of EUR37.**

NEXT CATALYSTS

- H2 16: Potential publication of preliminary data involving UCART19 in R/R B-ALL.

[Click here to download](#)Mickael Chane Du, mchanedu@bryangarnier.com

TMT

Gameloft

Price EUR8.03

Game, set and match

Fair Value EUR7.2 (-10%)

NO RATING

Bloomberg	GFT.FP
Reuters	GLFT.PA
12-month High / Low (EUR)	8.2 / 3.2
Market Cap (EURm)	699
Avg. 6m daily volume (000)	261.6

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.5%	10.0%	34.1%	32.5%
Softw.& Comp.				
SVS	0.2%	-0.1%	-2.5%	-3.8%
DJ Stoxx 600	-0.1%	-1.2%	-6.5%	-7.7%
	2015	2016e	2017e	2018e
P/E	NS	37.0x	26.7x	18.6x
Div yield (%)	NM	NM	NM	NM

FACTS

- Vivendi yesterday announced that it now owns 95.94% of the capital and 95.77% of voting rights in Gameloft, following the closing of the hostile public tender offer. By reaching the 95% threshold, it should request a squeeze-out for the GFT shares soon (in the coming three months). Finally, at the Gameloft AGM on 29th June, Vivendi will propose a modification to the Board of Directors in order to reflect the new shareholding structure.

ANALYSIS

- This is more of a confirmation rather than real news. Indeed, after the Guillemot family decided to reluctantly sell its Gameloft stake (~22% of GFT share capital; it was strongly encouraged by its lawyers to do so in order to take no risks), we expected Fidelity to follow them (10% of the capital). On our calculations, Vivendi would have held a minimum of ~94%, meaning that the 95% threshold needed for a mandatory squeeze-out of the GFT shares would be easily reached in the very short term. This is now officially the case.

VALUATION

- Now, all eyes are on Ubisoft (Buy, Fair Value of EUR34: our valuation does not integrate any speculative premium) as this is the next natural step for Vivendi to create a real 5th pillar to its media group (Video Games). Indeed, in our view, Gameloft without Ubisoft would be nonsense.

NEXT CATALYSTS

- Gameloft's AGM: 29th June.

[Click here to download](#)Richard-Maxime Beaudoux, rmbeaudoux@bryangarnier.com

Healthcare

Nicox

Price EUR10.76

FDA priority review granted to AC-170

Fair Value EUR14 (+30%)

CORPORATE

Bloomberg	COX FP
Reuters	NCOX.LN
12-month High / Low (EUR)	12.6 / 6.0
Market Cap (EURm)	246
Avg. 6m daily volume (000)	139.1

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.5%	55.3%	29.4%	17.9%
Healthcare	-0.5%	3.6%	-8.4%	-10.1%
DJ Stoxx 600	-0.1%	-1.2%	-6.5%	-7.7%

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

ANALYSIS

- Nicox has announced that 1/ the FDA has granted a Priority Review to AC-170 for the treatment of allergic conjunctivitis (BG peak sales: EUR60m); 2/ the compound could then be approved by the US regulator by 18th October 2016, which would be much earlier than we previously expected (H1 2017).
- As a reminder, we believe that European markets are unlikely to be addressed before 2018 as 1/ we understand that a few small modifications could be necessary to adapt the file to EMA requirements; and 2/ we are cautiously factoring in a filing in 2017...

VALUATION

- We reiterate our FV of EUR14 (+30%).**
- We might raise our valuation if Nicox were to ink a collaboration agreement with another pharma to commercialise AC-170 in the US.

NEXT CATALYSTS

- 21st July 2016:** Potential FDA approval of latanoprostene bunod for the treatment of patients with open-angle glaucoma or ocular hypertension.
- 18th October 2016:** Potential FDA approval of AC-170 as a treatment for patients with allergic conjunctivitis.

[Click here to download](#)Mickael Chane Du, mchanedu@bryangarnier.com

BG's Wake Up Call

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 56.5%

NEUTRAL ratings 34%

SELL ratings 9.5%

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