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22nd June 2016

## BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
<b>Indices</b>			
Dow Jones	17829.73	+0.14%	+2.32%
S&P 500	2088.9	+0.27%	+2.20%
Nasdaq	4843.76	+0.14%	-3.27%
Nikkei	16065.72	-0.64%	-15.05%
Stoxx 600	340.043	+0.70%	-7.05%
CAC 40	4367.24	+0.61%	-5.82%
<b>Oil /Gold</b>			
Crude WTI	48.99	-0.45%	+31.69%
Gold (once)	1270.55	-1.15%	+19.59%
<b>Currencies/Rates</b>			
EUR/USD	1.1271	-0.58%	+3.76%
EUR/CHF	1.0802	-0.68%	-0.66%
German 10 years	0.048	-21.19%	-92.46%
French 10 years	0.426	-2.27%	-56.53%
Euribor	-	+-%	+-%

### Economic releases :

Date	
22nd-Jun	CH - ZEW survey US - House Price index Apr. (0.6% E) US - J Yellen testifies to House Financial Serv. US - Existing Home Sales May (0.9% E) US - DOE Oil Inventories

### Upcoming BG events :

Date	
27th-Jun	IMERYX (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	
21st-Jun	GENMAB The saga goes on!
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

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



### AXA

**BUY-Top Picks, Fair Value EUR29 (+40%)**

*Ready for the next run (FOCUS released today)*

We are maintaining our Buy rating on AXA following the presentation of the 2020 strategic plan by the new Buberl-led management team. As expected, earnings growth is unlikely to be spectacular in the current low rates environment, yet AXA is a more than decent investment proposal, which combines visibility, track record, diversification, high yields and an undemanding valuation.

### BIOMÉRIEUX

**BUY, Fair Value EUR122 (+7%)**

*FilmArray growth prospects intact, it is all about value added*

The sustainability of FilmArray growth prospects was the centre of interest during the group meeting with Alexandre Mérieux, bioMérieux's CEO. This seems intact as highlighted by 1/ clinical value-added of FilmArray (depicted in several 2016 ASM's abstracts) which is increasingly echoed by clinicians, 2/ a good performance by the respiratory panel accounting for 80% of FilmArray sales and 3/ ramp-up of other panels both in the US and in Europe (Japan as free upside). The tougher US reimbursement framework does not impact BIM.

### ELIOR

**BUY-Top Picks, Fair Value EUR23 (+14%)**

*On track with 2020 Ambitions (Focus released today)*

Summary Following H1 2015-16 results and recent developments, management is clearly stepping up the roll-out of its 2020 Ambitions plan. Although we are making no changes to our forecasts since our model takes into account future acquisitions, this move makes us increasingly confident in management's short and medium-term guidance. Based on a DCF valuation using a leverage beta, we are confirming our FV of EUR23. Note that our SOTP yields a valuation of EUR24 per share.

### INFINEON

**BUY, Fair Value EUR15 (+15%)**

*Underestimated potential (focus released today)*

A year ago, we initiated coverage of Infineon with the strong conviction that the group could integrate International Rectifier faster than expected. This proved to be true and led the group to announce strong guidance for FY16 in a tough environment (back in November 2015). Over one year, the share price has already jumped 17% (vs. Stoxx 600 14%). However, in view of the group's strong operating performance over the period, we believe the opportunity remains intact. We reiterate our Buy recommendation.

### In brief...

**ALTICE, Closing of Cablevision deal announced**

**LAFARGEHOLCIM, Press comments regarding Lafarge previous activities in Syria**

**VINCI, Top management changes**

Insurance

**AXA**

Price EUR20.77

Ready for the next run (FOCUS released today)

Fair Value EUR29 (+40%)

BUY-Top Picks

We are maintaining our Buy rating on AXA following the presentation of the 2020 strategic plan by the new Buberl-led management team. As expected, earnings growth is unlikely to be spectacular in the current low rates environment, yet AXA is a more than decent investment proposal, which combines visibility, track record, diversification, high yields and an undemanding valuation.

ANALYSIS

- A new management team and a new five-year strategic plan: this is quite an event! Even in the end, as expected, there is no strategic breakthrough and most financial targets are pretty much in line with expectations, the overall impression is positive to us as Thomas Buberl and his team have passed the financial community's exam. And we have long been convinced by the powerful internal positive effects of such a plan (and its preparation) for a large organisation.
- Insurance players have been dealing with major constraints (mainly solvency II and low interest rates), which limit their ability to adopt materially different strategies from one another. AXA aims to "focus" (growth in operations in selected areas, leveraging strengths and best practices, improving cost efficiency and technical margins) and "transform" (accelerating business innovation to meet customers' rapidly evolving needs in the digital world and developing further in areas such as prevention and care), which are common goals by industry standards. And funny enough, AXA's 3-7% earnings growth target by 2020 (supported by 8% growth linked to management-controlled actions) is dramatically close to Allianz's 5% earnings growth target by 2018. So to put it simply: execution will be key. And AXA's track record has been pretty convincing over the last years as far as management-controlled actions are concerned.
- At this stage we see no reason to move our numbers, which are pretty consistent with company guidance, yet in the low-end of the range so far considering markets have been pretty adverse since the beginning of 2016. We also keep our EUR29 fair value. AXA still suffers from an unjustified 10-15% discount to major peers like Allianz and Zurich.

NEXT CATALYSTS

- H1 2016 numbers on 3<sup>rd</sup> August.

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Bloomberg	CS FP
Reuters	AXAF.PA
12-month High / Low (EUR)	25.8 / 18.9
Market Cap (EURm)	50,450
Emb. Value (BG Est.)	51,218
Avg. 6m daily volume ('000)	7,065
3y EPS CAGR	2.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.2%	-4.3%	-16.7%	-17.7%
Insurance	-0.9%	-5.3%	-14.0%	-15.3%
DJ Stoxx 600	0.6%	-0.2%	-4.8%	-7.0%

(EURm)	2015	2016e	2017e	2018e
Total gross prem.	91,938	93,823	95,748	97,713
% change		2.1%	2.1%	2.1%
Insurance op. profit	7,743	7,833	8,069	8,312
Total operating profit	7,880	8,027	8,316	8,603
Underlying PTP	8,314	8,362	8,651	8,938
% change		0.6%	3.4%	3.3%
Net attributable profit	6,011	6,033	6,236	6,442
% Change		0.4%	3.4%	3.3%

(EURm)	2015	2016e	2017e	2018e
Shareholders' equity	61,964	64,730	68,092	71,333
Technical reserves :				383,64
-Life net (excl. UL)	361,513	368,743	376,118	0
				213,09
-UL contracts	195,011	200,861	206,887	4
-P&C net	54,221	55,305	56,412	57,540
NAV net of intangibles	15,233	17,531	20,422	23,186
Embedded value	51,218	53,779	56,468	59,291

(EUR)	2015	2016e	2017e	2018e
EPS (€)	2.48	2.49	2.57	2.66
% change	-	0.4%	3.4%	3.3%
P/E	8.4x	8.3x	8.1x	7.8x
P/NAV (%)	0.8x	0.8x	0.8x	0.7x
ROE	10.0	9.5	9.4	9.2
Dividends	1.1	1.2	1.3	1.3
Div yield (%)	5.3%	5.8%	6.0%	6.3%



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Healthcare

**bioMérieux**

Price EUR114.00

**FilmArray growth prospects intact, it is all about value added**

Fair Value EUR122 (+7%)

**BUY**

Bloomberg	BIM FP
Reuters	BIOX.PA
12-month High / Low (EUR)	120.3 / 93.7
Market Cap (EURm)	4,498
Ev (BG Estimates) (EURm)	4,893
Avg. 6m daily volume (000)	47.80
3y EPS CAGR	27.8%

The sustainability of FilmArray growth prospects was the centre of interest during the group meeting with Alexandre Mérieux, bioMérieux's CEO. This seems intact as highlighted by 1/ clinical value-added of FilmArray (depicted in several 2016 ASM's abstracts) which is increasingly echoed by clinicians, 2/ a good performance by the respiratory panel accounting for 80% of FilmArray sales and 3/ ramp-up of other panels both in the US and in Europe (Japan as free upside). The tougher US reimbursement framework does not impact BIM.

**ANALYSIS**

- We hosted a group meeting with BIM's CEO, Alexandre Mérieux and IR, Sylvain Morgeau yesterday afternoon. Investor focus was directed at the sustainability of FilmArray growth prospects going forward. Back from the 2016 ASM microbe congress (Boston, 16-20th June), management seemed confident with clinical value added of the test being increasingly echoed by clinicians. Among other presentations, FilmArray's respiratory panel demonstrated its ability to significantly reduce the inappropriate use of antimicrobial and hence resistance alongside generating cost savings (abstracts #FRIDAY-505 accessible [here](#)). Note that the latter, launched in May 2011 continues to drive growth and represents 80% of FilmArray sales. Putting this in the perspective of a 55% growth in Q1 2016 despite 1/ strong comp basis in Q1 2015 and 2/ weak 2015/2016 flu season, we believe this translates not only BIM's ability to broaden its reach in the US but also an increasing user rate. We estimate that FilmArray's respiratory panel holds a 48% market share (volumes of test; BGe).

- Continuous growth of FilmArray sales should also be supported by the ramp-up of other panels and the launch of the FilmArray torch (high volume labs). Looking at available panels, the gastrointestinal (GI) one, launched in May 2014, represents the largest market opportunity in the infectious disease diagnostic market (~USD500m in 2014). An interesting abstract presented at the ASM congress (#MONDAY-201 see link above) highlighted the superior performance of FilmArray's GI panel vs. Verigene and Luminex'GI panels. The Meningitis – Encephalitis panel continues to be a door opener in Europe where ramp-up is expected to be slower (country by country negotiations). In the long run, BIM is working on expanding the panel of available tests (lower respiratory tract infections).

- Management does not see high pricing strategy under pressure with an ASP per test of USD140-150 vs USD5-10 for traditional and lengthy tests. In an election year, oncology and commodity tests (i.e. HPV, Vit. D) are under the spotlight. Turnaround time of BIM's system as well as performance of the results justify the price and we do not anticipate the latter to negatively influence utilisation rates, supported by a decrease of the use of high complexity LDT systems. Alere-I flu test with results in 15min not seen as a threat as do not support multiplexing.

- BIM is well on track with its investment plan, mainly with the aim of reinforcing its sales force before GenMark reaches the market next year in the US.

**VALUATION**

- We stick to our BUY rating and EUR122 Fair Value, a month ahead of H1 sales.
- Our estimates point to a contribution from BioFire of 11.2% of sales or EUR233, of which EUR198 from FilmArray and EUR35 from BioFire Defense. Our top-line sales growth rate at CER is 8%, at the high end of the company's guidance (contribution from BioFire is 450bp). The division is expected to be breakeven this year.

**NEXT CATALYSTS**

- 18th July: H1 sales
- 31st August: H1 results

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	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.5%	14.9%	4.6%	3.7%
Healthcare	-0.5%	3.6%	-8.4%	-10.1%
DJ Stoxx 600	-0.1%	-1.2%	-6.5%	-7.7%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	1,965	2,078	2,220	2,366
% change		5.8%	6.8%	6.6%
EBITDA	388	422	466	527
EBIT	260.0	286.8	321.9	372.7
% change		10.3%	12.3%	15.8%
Net income	110.3	163.5	194.4	230.0
% change		48.2%	18.9%	18.3%

	2015	2016e	2017e	2018e
Operating margin	13.2	13.8	14.5	15.8
Net margin	5.6	7.9	8.8	9.7
ROE	7.3	10.1	11.0	11.8
ROCE	8.2	8.5	9.2	10.4
Gearing	14.9	24.3	19.3	11.3

(EUR)	2015	2016e	2017e	2018e
EPS	2.80	4.14	4.93	5.83
% change	-	48.2%	18.9%	18.3%
P/E	40.8x	27.5x	23.1x	19.6x
FCF yield (%)	1.6%	NM	2.6%	4.3%
Dividends (EUR)	1.00	1.04	1.23	1.46
Div yield (%)	0.9%	0.9%	1.1%	1.3%
EV/Sales	2.4x	2.4x	2.2x	2.0x
EV/EBITDA	12.2x	11.6x	10.4x	9.0x
EV/EBIT	18.2x	17.1x	15.0x	12.7x



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Business Services

**ELIOR**

Price EUR20.10

On track with 2020 Ambitions (Focus released today)

Fair Value EUR23 (+14%)

BUY-Top Picks

Bloomberg	ELIO.FP
Reuters	ELIO.PA
12-month High / Low (EUR)	20.6 / 16.7
Market Cap (EURm)	3,463
Ev (BG Estimates) (EURm)	5,051
Avg. 6m daily volume (000)	219.5
3y EPS CAGR	26.9%

Summary Following H1 2015-16 results and recent developments, management is clearly stepping up the roll-out of its 2020 Ambitions plan. Although we are making no changes to our forecasts since our model takes into account future acquisitions, this move makes us increasingly confident in management's short and medium-term guidance. Based on a DCF valuation using a leverage beta, we are confirming our FV of EUR23. Note that our SOTP yields a valuation of EUR24 per share.

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.7%	3.4%	8.8%	4.1%
Travel&Leisure	0.2%	-0.4%	-7.6%	-9.2%
DJ Stoxx 600	0.6%	-0.2%	-4.8%	-7.0%

**ANALYSIS**

- **Confident in management's guidance:** During H1 2015-16 ending 31st March, management accelerated the implementation of its plan focused on operating costs (contract review, purchasing and procurement) and new growth initiatives based on digital solutions (in-house solutions and with start-ups recently presented during the Seeds & Chips fair in Milan), as well as new marketing. Finally, M&A was clearly ramped-up over the first nine months with around EUR400m in total revenue acquired o/w EUR350m in the US.
- **Debt which was largely restructured:** Early last May, the group undertook the early redemption of all the outstanding high yield 6.5% May 2020 Senior Secured Notes for a total amount of EUR186m. Simultaneously, the group raised the same amount from investors via a seven-year private placement at a variable rate Euribor 3m plus 250bps. In all, taking into account recent M&A, we estimate net debt at the end of 2015-16 at around EUR1.6bn up EUR150m vs. last year with an average cost of 2.8% (vs. 3.3%).
- **Transformation well engaged but not fully reflected in valuation:** This momentum should deliver strong results and we definitely confirm that at least the mid-range of management's 2020 targets could be reached i.e. total revenue of c. EUR7.5bn with an EBITDA margin of 9.4%, bearing in mind that the group confirmed its guidance of 9% by the end of 2016-17 vs. 8.4% at the end of 2014-15.

YEnd Sept. (EURm)	09/15	09/16e	09/17e	09/18e
Sales	5,674	6,071	6,447	6,809
% change		7.0%	6.2%	5.6%
EBITDA	473	523	580	633
EBIT	315.1	358.2	405.1	445.7
% change		13.7%	13.1%	10.0%
Net income	130.6	194.8	248.8	279.8
% change		49.2%	27.7%	12.5%

	09/15	09/16e	09/17e	09/18e
Operating margin	5.6	5.9	6.3	6.5
Net margin	2.3	3.2	3.9	4.1
ROE	7.1	10.9	13.3	13.8
ROCE	6.4	6.8	7.4	7.9
Gearing	97.8	101.2	93.1	80.0

(EUR)	09/15	09/16e	09/17e	09/18e
EPS	0.80	1.13	1.44	1.62
% change	-	42.2%	27.7%	12.5%
P/E	25.3x	17.8x	13.9x	12.4x
FCF yield (%)	5.7%	5.7%	6.4%	7.1%
Dividends (EUR)	0.32	0.40	0.52	0.60
Div yield (%)	1.6%	2.0%	2.6%	3.0%
EV/Sales	0.9x	0.8x	0.8x	0.7x
EV/EBITDA	10.4x	9.7x	8.7x	7.8x
EV/EBIT	15.6x	14.1x	12.5x	11.1x

**VALUATION**

- On EPS, our forecasts point to a 3y CAGR of nearly 27% compared with the current P/E of 17x 2015-16e and 13.6x 2016-17e. Bullet
- Our SOTP yields a valuation of EUR24 per share based on 2016e figures, using the average EV/EBITDA ratios of Sodexo (excluding Benefits & Rewards valued on Edenred's EV/EBITDA multiple of 10.8x) and Compass Group for Contract Catering. Concession Catering is based on the average EV/EBITDA of Autogrill (5.8x) and SSP (9.8x).

**NEXT CATALYSTS**

- 9m 2015-16 revenue on 28<sup>th</sup> July
- FY 2015-16 results on 9<sup>th</sup> December

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TMT

**Infineon**

Price EUR13.09

**Underestimated potential (focus released today)**

**Fair Value EUR15 (+15%)**

**BUY**

Bloomberg	IFX GY
Reuters	IFXGn.DE
12-month High / Low (EUR)	14.0 / 8.7
Market Cap (EURm)	14,809
Ev (BG Estimates) (EURm)	14,249
Avg. 6m daily volume (000)	5,606
3y EPS CAGR	15.7%

A year ago, we initiated coverage of Infineon with the strong conviction that the group could integrate International Rectifier faster than expected. This proved to be true and led the group to announce strong guidance for FY16 in a tough environment (back in November 2015). Over one year, the share price has already jumped 17% (vs. Stoxx 600 14%). However, in view of the group's strong operating performance over the period, we believe the opportunity remains intact. We reiterate our Buy recommendation.

**ANALYSIS**

- **Recently, the share has suffered from the downward revision to FY16 guidance although business is stronger than ever.** When reporting FQ2-16 results in May, management provided an update to FY16 guidance and said it now expects FY16 revenue growth of 12% (at mid-point) and a segment result margin of 15.5% (at mid-point) vs. 13% and 16% respectively beforehand. Some feared the update implied weaknesses in the environment but management was clear in stating that it was only due to forex changes (EUR/USD of 1.15 vs. 1.10 previously). As a result, Infineon's valuation metrics have plummeted from a 52w high 2016e P/E of 22.6x in late 2015 to 16.4x currently (-27%), which is also below the 52w average of 18.3x.
- **We see room for revenue growth and margin improvement.** The group boasts strong expertise in power semiconductors and leverages this in multiple market segments (especially auto and industrial sector). As a result, it is growing faster than the market (+9.5% 5y avg. growth vs. +2.3% respectively), gains market share continuously and maintains a competitive edge thanks to well selected R&D programmes (R&D FY15: 12% of sales). In addition, Infineon invests in manufacturing technologies and is preparing the transition to 300mm production (vs. 200mm), which is unique among Analog players. The ramp-up in this production should provide an additional tailwind for margins from 2017 and accentuate the group's competitive edge.

**VALUATION**

- **We have applied minor changes to our model and in view of current valuation metrics, reiterate our Buy recommendation.** We have updated our model to include the latest FX spot data which has a minor impact on our estimates. Our FV remains unchanged at EUR15 and points to an upside of 15%.

**NEXT CATALYSTS**

- 2<sup>nd</sup> August 2016: Fiscal Q3-16 results

*[Click here to download](#)*

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.8%	8.3%	-3.8%	-3.1%
Semiconductors	4.2%	1.4%	-0.8%	-1.8%
DJ Stoxx 600	0.6%	-0.2%	-4.8%	-7.0%

YEnd Sept. (EURm)	09/15	09/16e	09/17e	09/18e
Sales	5,795	6,508	6,909	7,274
% change		12.3%	6.2%	5.3%
EBITDA	1,658	1,877	2,064	2,241
EBIT	898.0	1,031	1,166	1,296
% change		14.8%	13.1%	11.2%
Net income	680.0	906.4	942.0	1,056
% change		33.3%	3.9%	12.1%

	09/15	09/16e	09/17e	09/18e
Operating margin	15.5	15.8	16.9	17.8
Net margin	11.7	13.9	13.6	14.5
ROE	13.3	13.2	13.1	13.8
ROCE	18.5	16.4	16.6	18.3
Gearing	-4.7	-10.9	-18.3	-26.0

(EUR)	09/15	09/16e	09/17e	09/18e
EPS	0.60	0.80	0.83	0.94
% change	-	32.8%	3.9%	12.1%
P/E	21.6x	16.3x	15.7x	14.0x
FCF yield (%)	0.6%	3.7%	4.7%	5.6%
Dividends (EUR)	0.18	0.20	0.20	0.20
Div yield (%)	1.4%	1.5%	1.5%	1.5%
EV/Sales	2.5x	2.2x	2.0x	1.8x
EV/EBITDA	8.8x	7.6x	6.7x	5.9x
EV/EBIT	16.2x	13.8x	11.8x	10.2x



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**Altice**

Price EUR14.08

**Closing of Cablevision deal announced**

Fair Value EUR16,3 (+16%)

**BUY**

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	32.2 / 10.0
Market Cap (EURm)	15,402
Avg. 6m daily volume (000)	1 866

	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.3%	-16.7%	16.3%	6.2%
Telecom	-5.2%	-6.8%	-8.7%	-11.7%
DJ Stoxx 600	0.6%	-0.2%	-4.8%	-7.0%

	2015	2016e	2017e	2018e
P/E	NS	NS	18.9x	12.4x
Div yield (%)	NM	NM	NM	NM

**ANALYSIS**

- Altice announced yesterday that it has **completed the acquisition of Cablevision Systems Corporation**, the leading communications service provider in the New York metropolitan area. Cablevision together with Suddenlink will form Altice USA, the **no. 4 cable operator in the US**, with more than **4.6 million customers** across 20 states.
- The acquisition of Cablevision by Altice represents an enterprise value of **USD17.7bn**. BC Partners and CPP Investment Board hold a **30 percent stake**.
- As mentioned in our initiation report, we believe the US offers **great development opportunities** for Altice, thanks to the **market and competition structure**. Development and synergies in the US should enable Altice to **offset a difficult context in France**. We estimate Altice USA's contribution to group EBITDA at around **35%**.
- We think Altice might look for **additional development in the US**, but **we do not expect it to happen soon**. With an estimated US net debt/EBITDA multiple above **6x**, we think Altice should first deliver the synergies it promised in the country, and restore the situation in France, before considering additional M&A activity.

**VALUATION**

- We stick to our Fair Value of EUR16.3 and our Buy recommendation.

**NEXT CATALYSTS**

- H1 results on 9th August.

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## Construction &amp; Building Materials

**LafargeHolcim**

Price CHF42.24

## Press comments regarding Lafarge previous activities in Syria

Fair Value CHF50 (+18%)

BUY

Bloomberg	LHN.VX
Reuters	LHN.VX
12-month High / Low (CHF)	71.9 / 34.1
Market Cap (CHFm)	25,636
Avg. 6m daily volume (000)	2,272

	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.9%	0.2%	-12.5%	-16.0%
Cons & Mat	-0.8%	1.2%	1.2%	-1.6%
DJ Stoxx 600	0.6%	-0.2%	-4.8%	-7.0%

	2015	2016e	2017e	2018e
P/E	24.4x	17.5x	11.5x	9.8x
Div yield (%)	3.6%	3.9%	4.3%	4.6%

**ANALYSIS**

- According to French daily, Le Monde, Lafarge attempted to maintain activity at its plant in Jalabiya, Syria, in 2013 and 2014. As such, the French group, now part of LafargeHolcim, would have paid go-betweens in order to access its plant and buy raw materials or energy. Le Monde therefore reports that Lafarge has indirectly financed the Islamic State. The plant is no longer operating today.
- LafargeHolcim has published no press release as yet (an email was sent to Reuters though, underlying that the priority was then the security and safety of staff). We do not know what consequences (if any) could be related to these previous actions on the Lafarge side (if this is confirmed), but we doubt it could impact today's LHN valuation. We cannot rule out various negative comments in the press, though, but, in all, this might have a limited impact on the share price anyway. Actually, LHN was down -0.38% yesterday at CHF42.24, while the news was on the screen around midday.

**VALUATION**

- CHF50 derived from the application of historical multiples, discounted back.

**NEXT CATALYSTS**

- 2016 interim on the 5th August, before market.

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## Construction &amp; Building Materials

**VINCI**

Price EUR64.73

## Top management changes

Fair Value EUR72 (+11%)

BUY

Bloomberg	DG FP
Reuters	SGEF.PA
12-month High / Low (EUR)	68.2 / 51.5
Market Cap (EUR)	38,492
Avg. 6m daily volume (000)	1,737

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.9%	-0.3%	11.8%	9.5%
Cons & Mat	-0.8%	1.2%	1.2%	-1.6%
DJ Stoxx 600	0.6%	-0.2%	-4.8%	-7.0%

	2015	2016e	2017e	2018e
P/E	18.1x	16.9x	15.5x	14.7x
Div yield (%)	2.8%	3.1%	3.4%	3.6%

**ANALYSIS**

- Chairman and CEO Xavier Huillard is now assisted by three Executive Vice-Presidents (*"Directeurs généraux adjoints"*): Richard Francoli (in charge of contracting), Christian Labeyrie (CFO), both already Executive VPs and now Pierre Coppey (previously COO, *"Directeur général délégué"*).
- Mr Coppey will be in charge of cross-group operations. We understand his new role will be more strategic and a bit less exposed to day-to-day operational duties (he will be in charge of "forward-looking strategic discussion", notably). He remains Chairman of VINCI Autoroutes and VINCI Stadium and hence will continue to be closely involved in the usual negotiations with the French authorities. Although press rumours in the past stated that Pierre Coppey might succeed Xavier Huillard, his new position looks equivalent to the one of Richard Francoli and Christian Labeyrie now – while we understand he was more a number two previously. Besides, he is not an engineer, which might be seen as a disadvantage in this industry. In any case, it is worth underscoring the fact that the age limit for VINCI's CEO is 70 and that Xavier Huillard is around 62.
- Additionally, Nicolas Notebaert, previously Chairman of VINCI Airports and hence behind the success of this *relatively* new business of VINCI, is now CEO of VINCI Concessions and part of VINCI's Executive Committee. We see this nomination as confirmation of the key position of airports in the VINCI business portfolio.

**VALUATION**

- FV at EUR72 derived from an SOTP

**NEXT CATALYSTS**

- H1 2016 results on 29th July, before market

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## 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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