

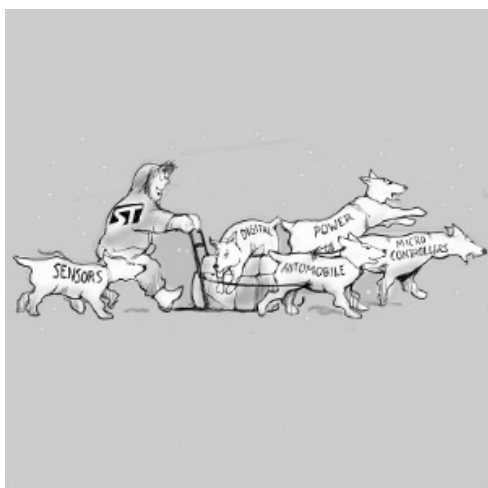
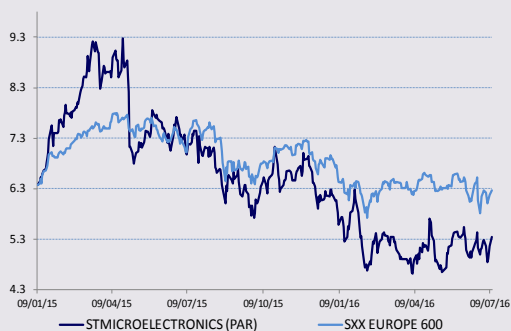
INDEPENDENT RESEARCH
UPDATE

21 juillet 2016

TMT

Bloomberg	STM FP
Reuters	STM.FR
+Haut /+Bas 12 mois (EUR)	7,4 / 4,6
Capitalisation Boursière (MEUR)	5 058
Valeur d'Entreprise	4 376
Volume moyen 6 mois (000 actions)	2 560
Flottant	70,3%
TMVA BPA (3 ans)	31,7%
Gearing (12/15)	-11%
Rendement (12/16e)	4,35%

Fin Décembre	12/15	12/16e	12/17e	12/18e
C. d'affaires (MUSD)	6 897	6 882	6 998	7 151
EBITA USDm)	174,0	264,1	405,2	513,3
Op.Margin (%)	2,5	3,8	5,8	7,2
BPA dilué (USD)	0,20	0,21	0,35	0,45
EV/CA	0,66x	0,64x	0,59x	0,55x
EV/EBITDA	5,0x	4,5x	3,7x	3,1x
EV/EBITA	26,2x	16,6x	10,3x	7,7x
P/E	27,9x	26,5x	16,1x	12,2x
ROCE	5,1	4,9	8,3	11,2



STMicronics

Toujours dans le flou

Fair Value 6.5EUR vs. 6.3EUR (cours 5,55EUR)

NEUTRE

STMicronics est un groupe en décroissance depuis une demi-décennie et beaucoup pensent que le titre est maintenant arrivé à son point bas. Fin Janvier, le groupe a annoncé un plan stratégique dont l'initiative la plus marquante a été l'arrêt de la production de processeurs pour Set-Top box, une activité jusqu'alors considérée comme le porte étendard technologique du groupe. Cette décision devrait permettre, à terme, d'améliorer les marges du groupe afin de se rapprocher des 10% de MOP. Dans cette période de transition, nous conservons une recommandation Neutre sur le titre qui souligne l'approbation des initiatives menées mais également le manque de preuves tangibles de l'efficacité de ce plan et une valorisation finalement peu attractive (P/E 2016e 26.5x). Nous mettons à jour notre modèle, notamment l'évolution des taux de changes, ainsi notre FV est rehaussée de 6,3 EUR à 6,5 EUR.

■ **Un refocus stratégique sur deux segments du marché : l'automobile et l'Internet des objets (IoT).** Concernant l'IoT, ST dispose d'un portefeuille produits parfaitement adapté à cette nouvelle vague. Le groupe souhaite notamment faire levier sur son offre microcontrôleurs (actuellement référence sur le marché) pour vendre des capteurs, des puces de connectivité ou encore des puces de gestion d'énergie. C'est une stratégie qui nous semble intéressante bien que son succès repose entièrement sur la dynamique des ventes de MCU. Dans l'automobile, ST dispose d'une position forte (n° 4 mondial, 9% pdm), et la croissance sur ce marché devrait porter naturellement le groupe.

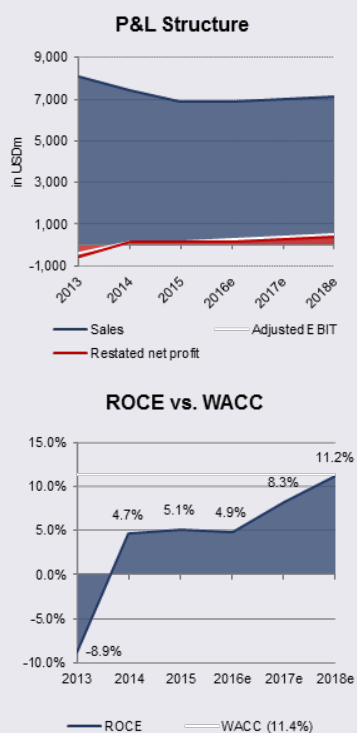
■ **Concernant les marges, le groupe conserve son objectif d'une MOP de 10% à moyen terme... mais sans timing précis, les investisseurs restent dans le flou.** Au cours de la dernière conférence Analystes en mai dernier, le management a rappelé que cet objectif restait d'actualité. C'est un objectif qu'ST a partagé pour la première fois en 2013 mais il n'a jamais été atteint, soit à cause d'éléments externes soit à cause de décisions stratégiques malheureuses. Avec ce plan, le groupe se donne clairement tous les moyens pour y parvenir, seulement l'histoire n'est pas favorable à ST lorsqu'on parle d'exécution de plans stratégiques. Nous pensons que les investisseurs sanctionnent aujourd'hui ST pour son manque de précision alors qu'ils sont aussi nombreux à attendre une clarification concernant la transition de CEO qui approche. Nous pensons qu'ST dispose maintenant de tous les ingrédients pour atteindre cette MOP de 10% cependant cela devrait prendre du temps, et dans l'attente d'éléments plus tangible concernant ce point, nous conservons un avis Neutre.

Bryan Garnier : Semi-conducteurs A la recherche de la croissance perdue



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Activités

STMicroelectronics est un fabricant franco-italien de semi-conducteurs. Le groupe dispose d'un large portefeuille de produits qui comprend aussi bien des composants de gestion de la puissance que des circuits intégrés pour les applications industrielles, l'automobile et les produits grand public. En décroissance depuis plusieurs années, le groupe exécute actuellement un plan de transformation pour retrouver la croissance et des marges positives.

Simplified Profit & Loss Account (USDm)	31/12/13	31/12/14	31/12/15	31/12/16e	31/12/17e	31/12/18e
Revenues	8 082	7 404	6 897	6 882	6 998	7 151
Change (%)	-4,8%	-8,4%	-6,8%	-0,2%	1,7%	2,2%
Change LFL (%)	-%	-%	-%	-%	-%	-%
EBITDA	501	994	910	980	1 133	1 257
Depreciation & amortisation	910	812	736	716	728	744
Adjusted EBIT	-409	182	174	264	405	513
EBIT	-465	168	109	264	405	513
Change (%)	-%	-%	-4,2%	51,7%	53,6%	26,7%
Financial results	-5,0	-19,2	-22,0	-16,5	-16,8	-17,2
Pre-Tax profits	-470	149	87,0	248	388	496
Tax	-37,0	23,0	21,0	-66,3	-86,7	-103
Profits from associates	-122	-43,0	2,0	3,1	3,2	3,2
Minority interests	129	-0,60	-6,0	0,0	0,0	0,0
Net profit	-500	128	104	184	305	397
Restated net profit	-573	143	175	184	305	397
Change (%)	-%	-%	22,4%	5,4%	65,3%	30,1%
Cash Flow Statement (USDm)						
Operating cash flows	333	791	846	900	1 033	1 140
Change in working capital	33,0	-76,0	-122	12,8	-30,1	-39,4
Capex, net	-531	-505	-467	-516	-525	-536
Financial investments, net	96,0	-341	0,0	0,0	0,0	0,0
Dividends	-350	-357	-350	-211	-265	-349
Issuance of shares	0,0	1,0	0,0	0,0	0,0	0,0
Issuance (repayment) of debt	-34,0	774	0,0	0,0	0,0	0,0
Other	-17,0	-168	-13,0	2,0	0,0	0,0
Net debt	-741	-546	-494	-682	-895	-1 110
Free Cash flow	-165	210	257	397	478	564
Balance Sheet (USDm)						
Tangible fixed assets	3 156	2 647	2 321	2 121	1 918	1 711
Intangibles assets & goodwill	307	275	242	242	242	242
Investments	676	649	516	516	516	516
Deferred tax assets	227	386	436	436	436	436
Current assets	2 913	2 700	2 570	2 565	2 606	2 661
Cash & equivalents	1 894	2 351	2 106	2 294	2 507	2 722
Total assets	9 173	9 008	8 191	8 174	8 225	8 288
Shareholders' equity	5 717	5 055	4 693	4 667	4 706	4 754
Provisions	524	574	509	509	509	509
Deferred tax liabilities	11,0	10,0	12,0	12,0	12,0	12,0
L & ST Debt	1 153	1 805	1 612	1 612	1 612	1 612
Current liabilities	1 768	1 564	1 365	1 372	1 384	1 400
Total Liabilities	9 173	9 008	8 191	8 174	8 225	8 288
Capital employed	4 976	4 509	4 199	3 985	3 812	3 644
Ratios						
Operating margin	-5,06	2,45	2,52	3,84	5,79	7,18
Tax rate	6,25	21,80	0,30	-26,45	-22,15	-20,61
Net margin	-7,09	1,92	2,54	2,68	4,36	5,54
ROE (after tax)	-8,75	2,54	2,22	3,95	6,48	8,34
ROCE (after tax)	-8,87	4,65	5,14	4,85	8,26	11,17
Gearing	-12,96	-10,80	-10,53	-14,61	-19,01	-23,35
Pay out ratio	NM	287	336	115	87,47	86,98
Number of shares, diluted	890	882	873	879	884	884
Data per Share (USD)						
EPS	-0,56	0,14	0,12	0,21	0,35	0,45
Restated EPS	-0,64	0,16	0,20	0,21	0,35	0,45
% change	-%	-%	23,7%	5,6%	64,4%	31,6%
EPS bef. GDW	-0,64	0,16	0,20	0,21	0,35	0,45
BVPS	6,43	5,73	5,37	5,31	5,33	5,38
Operating cash flows	0,37	0,90	0,97	1,02	1,17	1,29
FCF	-0,19	0,24	0,29	0,45	0,54	0,64
Net dividend	0,40	0,40	0,40	0,24	0,30	0,39

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

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Stock rating

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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.

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NEUTRAL ratings 34%

SELL ratings 10.2%

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