



12th July 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	18226.93	+0.44%	+4.60%
S&P 500	2137.16	+0.34%	+4.56%
Nasdaq	4988.64	+0.64%	-0.37%
Nikkei	1095.65	+2.46%	-17.47%
Stoxx 600	332.718	+1.64%	-9.05%
CAC 40	4264.53	+1.76%	-8.03%
Oil /Gold			
Crude WTI	44.76	-1.43%	+20.32%
Gold (once)	1359.57	+0.29%	+27.97%
Currencies/Rates			
EUR/USD	1.1046	+0.10%	+1.68%
EUR/CHF	1.08585	+0.01%	-0.14%
German 10 years	-0.166	-8.84%	-126.15%
French 10 years	0.128	+19.01%	-86.92%

Economic releases :

Date	
12th-Jul	GB - Carney speaks on Financial Stability in Parliament US - Wholesale inventories US - Jobs Openings May

Upcoming BG events :

Date	
13th-Jul	Galapagos (BG Paris Roadshow with CFO)
1st-Sept	L'OREAL (BG Paris roadshow with CFO)
8th-Sept	ACCOR (BG Roadshow with CFO)
13th-Sept	Thematic Breakfast with ARCEP
14th-Sept	SAINT GOBAIN (BG Luxembourg roadshow)
22nd-Sept	Thematic Lunch with HC specialist

Recent reports :

Date	
12th-Jul	DANONE No redemption
1st-Jul	UBISOFT Same player shoot again?
29th-Jun	ORANGE : Lights are turning green.
24th-Jun	Back from ADA 2016: Update on T2D treatments
22nd-Jun	INFINEON Underestimated potential
22nd-Jun	AXA Ready for the next run

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



CARREFOUR

BUY, Fair Value EUR30 (+34%)

Q2 2016 preview: let us not deceive ourselves, Q2 is unlikely to reassure

Carrefour's statement (July 28th), following that of Casino, is likely to reflect a mitigated consumption environment both in France and Europe. Carrefour has been suffering a decline in market share at its French hypermarchés (momentum at which remains key to the equity story...) for a while now (-40 bp in P06), meaning the group could be somewhat under pressure during this publication. Going forward, we believe the post-summer promotions campaign in France (which was not particularly successful in 2015) will be key for reassuring on Carrefour's ability to compete with Leclerc.

SHIRE PLC

BUY-Top Picks, Fair Value 6750p vs. 6500p (+40%)

Lifitegrast approved by the FDA! A significant overhang now gone. FV lifted.

Shire has announced that lifitegrast has been approved as a treatment for dry eye disease, and more precisely, as a way to improve both signs and symptoms of the sickness. Valuation-wise, our FV is "only" lifted from GBP6,500 to 6,750 after increasing our PoS (100% vs 50% previously) along with our peak sales for the compound (USD1.2Bn vs USD800m). But from a market-sentiment perspective, we believe this news should be more than well-received as "lifi" has always been presented as a cornerstone in the future ophthalmic franchise. BUY reiterated.

SEMICONDUCTORS

We are lowering our 2016 expectations although we expect June data to surprise positively

May sales came out in line with expectations and the seasonal average. According to WSTS data, unadjusted global semiconductor sales stood at USD25.2bn, up 0.1% on a sequential basis and down 9.1% on a yearly basis. This was 150bp below our 5-y historical benchmark pointing to a sequential increase of 1.6% in May. Computer processors disappointed again in May, resulting in lower overall ASPs (-2% mom) offsetting slightly higher unit shipments (+2% mom). With 5-month aggregated sales down 6.5% yoy, we now expect 2016 sales to fall slightly (vs. increase slightly before).

In brief...

BURBERRY, New strategic appointments

Food retailing

Carrefour

Price EUR22.35

Q2 2016 preview: let us not deceive ourselves, Q2 is unlikely to reassure

Fair Value EUR30 (+34%)

BUY

Bloomberg	CA FP
Reuters	CARR.PA
12-month High / Low (EUR)	32.0 / 21.3
Market Cap (EURm)	16,902
Ev (BG Estimates) (EURm)	23,115
Avg. 6m daily volume (000)	3 431
3y EPS CAGR	10.8%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.6%	-7.5%	-9.9%	-16.1%
Food Retailing	0.1%	-6.7%	0.9%	-3.5%
DJ Stoxx 600	-0.1%	0.0%	-2.2%	-9.0%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	76,945	75,732	79,736	82,927
% change		-1.6%	5.3%	4.0%
EBITDA	3,914	3,895	4,286	4,593
EBIT	2,187	2,449	2,764	3,010
% change		12.0%	12.8%	8.9%
Net income	1,113	1,162	1,370	1,536
% change		4.4%	18.0%	12.1%

	2015	2016e	2017e	2018e
Operating margin	3.2	3.2	3.5	3.6
Net margin	1.4	1.5	1.7	1.9
ROE	NM	NM	NM	NM
ROCE	9.6	8.8	9.7	10.2
Gearing	42.6	43.4	38.4	33.5

(EUR)	2015	2016e	2017e	2018e
EPS	1.54	1.58	1.87	2.09
% change	-	2.9%	18.0%	12.1%
P/E	14.5x	14.1x	12.0x	10.7x
FCF yield (%)	NM	0.3%	5.7%	6.6%
Dividends (EUR)	0.93	1.05	1.14	1.24
Div yield (%)	4.2%	4.7%	5.1%	5.5%
EV/Sales	0.3x	0.3x	0.3x	0.3x
EV/EBITDA	5.7x	5.9x	5.4x	5.0x
EV/EBIT	10.3x	9.4x	8.3x	7.6x

Carrefour's statement (July 28th), following that of Casino, is likely to reflect a mitigated consumption environment both in France and Europe. Carrefour has been suffering a decline in market share at its French hypermarchés (momentum at which remains key to the equity story...) for a while now (-40 bp in P06), meaning the group could be somewhat under pressure during this publication. Going forward, we believe the post-summer promotions campaign in France (which was not particularly successful in 2015) will be key for reassuring on Carrefour's ability to compete with Leclerc.

France (49% of sales / 41% of EBIT excl. global function in H1): LFL sales excl. fuel and calendar should work out at -3.3% at Carrefour hypermarkets (vs -0.6% in Q1 16, -0.7% in Q4 15, +0.7% in Q3, +0.5% in Q2 and +2.1% in Q1 2015). LFL growth should reach 1.4% for supermarkets (vs +0.7% in Q1 2016, +1.5% in Q4, +2.5% in Q3, +1.2% in Q2 and +2.5% in Q1 2015).

International (51% of sales / 59% of EBIT excl. global function in H1): momentum should remain decent in Europe (26% of sales / 21% of EBIT excl. global function) but with a sequential deceleration. In detail, LFL excl. fuel and calendar should increase 1.3% (vs +3.1% in Q1 16). LatAm (18% of sales / 39% of EBIT excl. global function) remains a subject of satisfaction given LFL rates, which should reach +11.4% excl. calendar (vs +13.5% in Q1 16). In Asia (8% of sales / -1% of EBIT excl. global function), momentum should unsurprisingly remain under pressure with LFL growth declining 4.7% excl. calendar (vs -4.9% in Q1 16).

LFL (excl. fuel and calendar effect) in Q1 2016

LFL	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16 e
Total group	2.7%	3.8%	1.6%	3.1%	2.3%	1.7%	+3.5%	+2.1%	+3.1%	+1.3%
France	1.7%	2.1%	-0.2%	1.1%	2.5%	0.9%	+1.6%	+0.2%	0.0%	-1.1%
Europe	-1.4%	1.5%	-1.3%	0.5%	0.9%	-0.4%	+4.2%	+2.2%	+3.2%	+1.3%
Latam	12.7%	15.2%	13.7%	15.7%	12.5%	10.7%	+11.7%	+11.9%	+13.5%	+11.4%
Asia	-2.5%	-6.1%	-6.6%	-6.5%	-11.3%	-9.2%	-7.5%	-12.9%	-4.9%	-4.7%

	H1 15	H2 15	2015	H1 16 e
GROUP Sales excl. VAT	37 738	39 207	76 945	36 072
Global function	-63	-40	-103	-30
Activity contribution (AC)	726	1 719	2 445	676
Margin	1,9%	4,4%	3,2%	1,9%
Var. (bps)	-40 bp	39 bp	-2 bp	-5 bp
FRANCE Sales excl. VAT	17 587	18 685	36 272	17 240
Activity contribution (AC)	321	870	1 191	289
Margin	1,8%	4,7%	3,3%	1,7%
Var. (bps)	-56 bp	-6 bp	-31 bp	-15 bp
EUROPE Sales excl. VAT	9 356	10 368	19 724	9 349
Activity contribution (AC)	122	445	567	150
Margin	1,3%	4,3%	2,9%	1,6%
Var. (bps)	91 bp	41 bp	66 bp	30 bp
LATAM Sales excl. VAT	7 257	7 033	14 290	6 271
Activity contribution (AC)	291	414	705	273
Margin	4,0%	5,9%	4,9%	4,4%
Var. (bps)	46 bp	9 bp	18 bp	35 bp
ASIA Sales excl. VAT	3 538	3 121	6 659	3 212
Activity contribution (AC)	50	-37	13	-6
Margin	1,4%	-1,2%	0,2%	-0,2%
Var. (bps)	-115 bp	-164 bp	-135 bp	-160 bp

Source: Carrefour, Street account, Bryan Garnier

VALUATION

- Carrefour is showing a 2017 P/E of 12x vs 15.5x on average for the sector. Given a FV @ EUR30 offering 34% upside potential, we believe the stock is attractive

NEXT CATALYSTS

- Q2 trading statement and earnings on 28th July



Q2 2016 trading statement

	Q1	Q2	Q3	Q4	2015	Q1	Q2 e	H1 e
(A)+(B)+(C)+(D) TOTAL GROUP	21 006	21 371	21 544	22 430	86 351	20 052	20 380	40 503
(1) LFL excl. Fuel	2,5%	1,2%	3,5%	1,9%	2,3%	3,5%	1,5%	2,7%
(2) Fuel effect	-2,1%	-1,2%	-1,9%	-1,1%	-1,6%	-1,0%	-0,4%	-0,8%
(3) Expansion	0,8%	0,9%	0,7%	0,3%	0,7%	0,2%	-0,1%	0,0%
(1)+(2)+(3) Organic growth	1,2%	0,9%	2,3%	1,0%	1,3%	2,7%	1,0%	1,9%
(4) Acquisition	2,9%	2,6%	2,3%	2,0%	2,4%	-0,1%	-0,2%	-0,1%
(1)+(2)+(3)+(4) Var. (cc)	4,1%	3,6%	4,5%	3,0%	3,8%	2,6%	0,9%	1,8%
(5) Forex	2,1%	0,6%	-2,3%	-3,8%	-1,0%	-6,9%	-5,5%	-6,2%
(1)+(2)+(3)+(4)+(5) total var.	6,2%	4,2%	2,2%	-0,9%	2,8%	-4,3%	-4,6%	-4,4%
(A) FRANCE (€ m)	9 558	10 168	10 267	10 663	40 656	9 334	9 930	19 334
(1) LFL excl. Fuel	2,5%	0,7%	1,7%	0,0%	1,2%	0,7%	-0,7%	0,4%
(2) Fuel effect	-4,3%	-2,2%	-3,3%	-2,2%	-3,0%	-1,9%	-0,4%	-1,4%
(3) Expansion	0,1%	0,2%	0,0%	-0,5%	-0,1%	-0,8%	-1,2%	-1,0%
(1)+(2)+(3) Organic growth	-1,7%	-1,3%	-1,6%	-2,7%	-1,8%	-2,0%	-2,3%	-2,1%
(4) Acquisition	5,3%	4,6%	3,9%	3,7%	4,3%	0,2%	0,0%	0,1%
(1)+(2)+(3)+(4) total var.	3,6%	3,3%	2,3%	1,0%	2,5%	-1,8%	-2,3%	-2,0%
(B) EUROPE EXCL. FRANCE	5 150	5 368	5 535	6 077	22 130	5 196	5 314	10 511
(1) LFL excl. Fuel	1,2%	-0,7%	4,3%	2,0%	1,7%	3,6%	1,5%	2,5%
(2) Fuel effect	-0,7%	-0,6%	-1,0%	-0,8%	-0,8%	-0,9%	-0,5%	-0,7%
(3) Expansion	0,0%	0,2%	-0,7%	-1,4%	-0,5%	-0,7%	-0,7%	-0,7%
(1)+(2)+(3) Organic growth	0,5%	-1,1%	2,6%	-0,2%	0,4%	2,0%	0,3%	1,1%
(4) Acquisition	1,6%	1,6%	1,7%	0,9%	1,4%	-0,7%	-0,7%	-0,7%
(1)+(2)+(3)+(4) Var. (cc)	2,1%	0,5%	4,3%	0,7%	1,9%	1,3%	-0,4%	0,4%
(5) Forex	0,1%	0,2%	-0,1%	-0,2%	0,0%	-0,4%	-0,6%	-0,5%
(1)+(2)+(3)+(4)+(5) total var.	2,2%	0,7%	4,2%	0,5%	1,8%	0,9%	-1,0%	-0,1%
(C) LATAM	4 069	4 089	3 857	4 091	16 106	3 451	3 598	7 049
(1) LFL excl. Fuel	13,2%	10,1%	11,7%	11,8%	11,7%	14,7%	10,0%	12,3%
(2) Fuel effect	-0,9%	-0,4%	-0,3%	0,6%	-0,2%	0,3%	-0,5%	-0,1%
(3) Expansion	4,1%	3,9%	4,3%	4,0%	4,1%	3,6%	3,5%	3,5%
(1)+(2)+(3) Organic growth	16,4%	13,6%	15,7%	16,4%	15,5%	18,6%	13,0%	15,8%
(4) Acquisition	0,0%	0,0%	0,0%	0,0%	0,0%	0,1%	0,0%	0,0%
(1)+(2)+(3)+(4) Var. (cc)	16,4%	13,6%	15,7%	16,4%	15,5%	18,7%	13,0%	15,8%
(5) Forex	2,3%	-5,8%	-18,4%	-22,6%	-11,9%	-33,9%	-25,0%	-29,4%
(1)+(2)+(3)+(4)+(5) total var.	18,7%	7,8%	-2,7%	-6,2%	3,6%	-15,2%	-12,0%	-13,6%
(D) ASIA	2 229	1 746	1 885	1 599	7 459	2 071	1 538	3 609
(1) LFL excl. Fuel	-10,1%	-9,3%	-7,5%	-12,8%	-9,9%	-4,8%	-5,0%	-4,9%
(2) Fuel effect	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
(3) Expansion	0,8%	0,6%	0,5%	1,2%	0,8%	-0,1%	0,0%	-0,1%
(1)+(2)+(3) Organic growth	-9,3%	-8,7%	-7,0%	-11,6%	-9,1%	-4,9%	-5,0%	-4,9%
(4) Acquisition	-0,2%	0,1%	0,0%	-0,1%	-0,1%	-0,3%	0,0%	-0,2%
(1)+(2)+(3)+(4) Var. (cc)	-9,5%	-8,6%	-7,0%	-11,7%	-9,2%	-5,2%	-5,0%	-5,1%
(5) Forex	16,1%	21,6%	14,1%	8,1%	14,9%	-1,9%	-6,9%	-4,1%
(1)+(2)+(3)+(4)+(5) total var.	6,6%	13,0%	7,1%	-3,6%	5,7%	-7,1%	-11,9%	-9,2%

Source: Carrefour, Street account, Bryan Garnier

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Healthcare

Shire PLC

Price 4,818p

Lifitegrast approved by the FDA! A significant overhang now gone. FV lifted.

Fair Value 6750p vs. 6500p (+40%)

BUY-Top Picks

Bloomberg	SHP LN
Reuters	SHP.L
12-month High / Low (p)	5,730 / 3,480
Market Cap (GBPm)	43,308
Ev (BG Estimates) (GBPm)	58,910
Avg. 6m daily volume (000)	2,776
3y EPS CAGR	14.6%

Shire has announced that lifitegrast has been approved as a treatment for dry eye disease, and more precisely, as a way to improve both signs and symptoms of the sickness. Valuation-wise, our FV is "only" lifted from GBP6,500 to 6,750 after increasing our PoS (100% vs 50% previously) along with our peak sales for the compound (USD1.2Bn vs USD800m). But from a market-sentiment perspective, we believe this news should be more than well-received as "lifi" has always been presented as a cornerstone in the future ophthalmic franchise. BUY reiterated.

	1 M	3 M	6 M	31/12/15
Absolute perf.	16.0%	13.5%	22.8%	2.6%
Healthcare	5.7%	7.1%	3.0%	-4.1%
DJ Stoxx 600	-0.1%	0.0%	-2.2%	-9.0%

ANALYSIS

- Lifitegrast has finally been approved by the FDA for the treatment of dry eye disease (a disorder affecting nearly 35m persons in the US characterised by inflammation of the surface of the eye and tear glands, and a chronic inability to produce tears), and will be marketed as Xiida® from this Q3.
- But good things come in pairs: contrary to our belief, the label is much broader than we anticipated as the compound will be indicated for the improvement of both signs and symptoms (and we thought Shire would only get the latter). And thus, Xiida will be the very first FDA-approved drug with such a favourable label... And this is not insignificant as the medical need is largely unmet. As a reminder, the only available pharmaceutical treatment is Allergan's Restasis – which is known to generate nearly USD1bn in revenues, with a very restricted label however ("increasing tear production in patients with a type of Chronic Dry Eye disease").
- In our view, a significant "overhang" is now removed as although it now can be considered as a quite small molecule following the acquisition of Baxalta, lifitegrast is nonetheless a key element in building an ophthalmic franchise... Which we believe might yield more than USD2bn in sales.

YEnd Dec. (USDm)	2015	2016e	2017e	2018e
Sales	6,100	10,774	15,298	16,656
% change		76.6%	42.0%	8.9%
EBITDA	2,924	4,564	6,723	7,646
EBIT	2,785	4,220	6,142	6,980
% change		51.5%	45.5%	13.6%
Net income	2,310	3,184	4,520	5,315
% change		37.8%	42.0%	17.6%

	2015	2016e	2017e	2018e
Operating margin	45.7	39.2	40.1	41.9
Net margin	37.9	29.6	29.5	31.9
ROE	23.5	9.9	12.1	12.3
ROCE	16.3	5.7	8.1	9.4
Gearing	13.8	63.0	42.4	23.8

(USD)	2015	2016e	2017e	2018e
EPS	3.89	4.11	4.99	5.86
% change	-	5.5%	21.3%	17.6%
P/E	16.1x	15.2x	12.6x	10.7x
FCF yield (%)	6.0%	0.1%	8.3%	10.2%
Dividends (USD)	0.23	0.20	0.23	0.32
Div yield (%)	0.4%	0.3%	0.4%	0.5%
EV/Sales	9.4x	7.1x	4.7x	4.0x
EV/EBITDA	19.7x	16.8x	10.7x	8.7x
EV/EBIT	20.7x	18.1x	11.7x	9.5x

VALUATION

- Our FV is lifted from GBP6,500 to GBP6,750 after increasing 1/ our PoS from 50% to 100% for this molecule, along with 2/ our peak sales (USD1.2bn vs USD800m) to take into account a broader-than-anticipated label. BUY rating reiterated.
- We more than ever believe that Shire displays a very attractive risk-reward as 1/ we anticipate a +15% EPS CAGR over the 2015-2020 period; 2/ the stock is trading on a 30% discount vs its European peers (and even 50% if we compare it to CSL limited...).
- As a reminder, our valuation might go further up in coming weeks, as we assume the anticipated cost synergies with Baxalta could be raised (USD750m vs 500m?). In such a scenario, our FV and our mid-term EPS would be increased by +GBP200 and +4% respectively.

NEXT CATALYSTS

- 2nd August 2016: Q2 2016 results + Update on the cost synergies with Baxalta.

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Sector View

Semiconductors

We are lowering our 2016 expectations although we expect June data to surprise positively

	1 M	3 M	6 M	31/12/15
Semiconductors	-0.6%	-0.3%	10.7%	-1.7%
DJ Stoxx 600	-5.0%	-1.4%	-4.1%	-10.5%
*Stoxx Sector Indices				

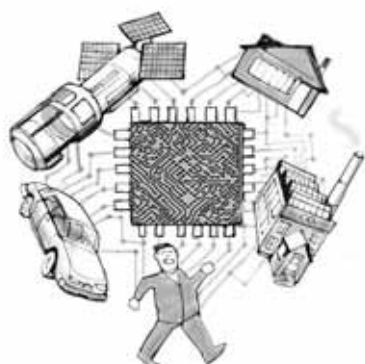
Companies covered

ARM HOLDINGS	BUY	1340p
<i>Last Price</i>	1167p	<i>Market Cap.</i> GBP16,424m
ASML	SELL	EUR81
<i>Last Price</i>	EUR87.3	<i>Market Cap.</i> EUR37,830m
DIALOG SEMICONDUCTOR	BUY	EUR35
<i>Last Price</i>	EUR26.351	<i>Market Cap.</i> EUR2,052m
INFINEON	BUY	EUR15
<i>Last Price</i>	EUR12.785	<i>Market Cap.</i> EUR14,474m
SOITEC	NEUTRAL	EUR0.45
<i>Last Price</i>	EUR0.61	<i>Market Cap.</i> EUR370m
STMICROELECTRONICS	NEUTRAL	EUR6.3
<i>Last Price</i>	EUR5.162	<i>Market Cap.</i> EUR4,702m

May sales came out in line with expectations and the seasonal average. According to WSTS data, unadjusted global semiconductor sales stood at USD25.2bn, up 0.1% on a sequential basis and down 9.1% on a yearly basis. This was 150bp below our 5-y historical benchmark pointing to a sequential increase of 1.6% in May. Computer processors disappointed again in May, resulting in lower overall ASPs (-2% mom) offsetting slightly higher unit shipments (+2% mom). With 5-month aggregated sales down 6.5% yoy, we now expect 2016 sales to fall slightly (vs. increase slightly before).

ANALYSIS

- May data did not show an uptick in worldwide sales, we are lowering our 2016 expectations.** Unadjusted global semiconductor sales continued to decrease on a yoy basis to USD25.2bn (down 9.1%). On a sequential basis, unadjusted global sales were flat (+0.1%) in May compared to April. This was broadly in line with our benchmark based on 5-y historical data showing an historical seasonal increase in sales of 1.6% in May compared to April. **As a result, 2016 5-month sales came out 6.5% lower than in 2015.** Based on the visibility we now have, we continue to see a healthy environment in the Automotive and Industrial sectors, but expect Smartphone sector growth to remain bumpy until September (iPhone 7 release). Due to lacklustre sales in PC processors (MPUs), we have adjusted our 2016 expectations and now expect 2016 worldwide semiconductor sales to fall slightly (vs. increase slightly before). **We do not expect a significant impact on companies we cover due to limited exposure to the PC segment.**
- All regions were down yoy but the Americas were again the weakest point in May.** Sales in Asia (about 60% of semiconductor billings, o/w ~50% in China), were down 8% yoy in May. European sales fell 7%, Japanese sales 5% and US sales by 15%.
- June and beyond: we expect June data harbour a positive surprise.** May sales came out in line with our expectations and in view of current visibility, we expect June sales to be slightly better than historical seasonality (i.e. a sequential increase of 11.6%, +/-300bp). With 11.6% sequential growth, H1 2016 would be close to USD156.8bn, down 6.1% yoy. We expect Smartphone sales to be bumpy until September and have no signs of a rebound in PC sales. 5-month vehicle production remains healthy, with production of light vehicles up 6.2%, of which +6% yoy in China and +11% in Europe (however, the US, which accounts for a quarter of Chinese production and a third of European production, decreased by 5%). Our mid-term view has not changed and we continue to expect better momentum in H2 2016 thanks to better comparison in Automotive and Smartphones. June ISM data improved nicely with the US PMI Manufacturing index at 53.2 compared with 51.3 in May. Compared to the January PMI at 48.2, this continues to highlight a reacceleration in the industrial sector in the US. Chinese data dipped slightly with Markit PMI Manufacturing at 48.6 compared with 49.2 in May (48.0 in January) while the German Industrial production (IFO) data appears to be supportive in June (up 1.1% seq.). Finally, Taiwanese foundry sales were up 19.5% yoy in June, prompting us to be confident on June WW sales.



VALUATION

- The 2016e P/E valuation improved slightly in June.** Our semiconductor valuation table shows that the overall valuation between the six sub-sectors of the industry continued to improve slightly in June. On average, IP & EDA vendors, and Fabless maintained the highest valuation metrics with average 2016e P/E ratios of 20.3x and 19.1x respectively (from 20.0x and 19.4x a month ago). Conversely, Foundry makers have the lowest valuation with an average 2016e P/E ratio of 11.9x (stable from 12.0x a month ago). IDMs valuation lowered to 15.5x respectively (vs. 16.4x a month ago).

To be continued next page

BG semiconductor sub-sector valuation table

Subsector (# of comp.)	YTD stocks perf.		2016e			
	Avg. / Median	High / Low	EV/Sales	EV/EBITDA	EV/EBIT	P/E
Fabless (14)	-0.6% / 0.1%	44.6% / -43.2%	2.3x	9.2x	11.7x	19.1x
Logic & Analog IDM (17)	-6.1% / -4.3%	11.4% / -33.8%	2.7x	8.2x	11.2x	15.5x
Memory IDM (4)	1.5% / 5.2%	12.8% / -17.2%	0.8x	3.6x	5.9x	12.9x
Foundry (5)	0.8% / 2.1%	14.9% / -21.5%	1.5x	4.0x	12.6x	11.9x
Semi Equipmt & Materials (11)	4.1% / 3.2%	28.5% / -15.8%	2.0x	8.1x	9.0x	14.4x
Intellectual Property & EDA (10)	17.4% / 14.7%	39.8% / -1.5%	4.4x	13.8x	18.4x	20.3x

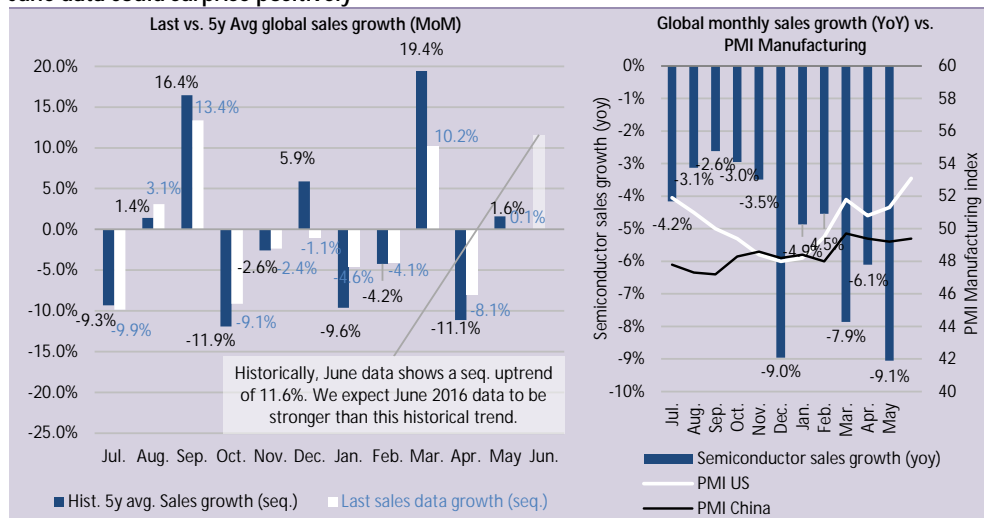
Numbers between brackets represent the number of companies in each category; green/red numbers are higher/lower data per ratio.

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

NEXT CATALYSTS

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

June data could surprise positively



Sources: WSTS; Bryan Garnier & Co.

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Luxury & Consumer Goods

Burberry

Price 1,211p

New strategic appointments

Fair Value 1200p (-1%)

NEUTRAL

Bloomberg	BRBY LN
Reuters	BRBY.L
12-month High / Low (p)	1,620 / 1,041
Market Cap (GBP)	5,389
Avg. 6m daily volume (000)	2,568

	1 M	3 M	6 M	31/12/15
Absolute perf.	13.4%	-6.6%	11.7%	1.3%
Pers & H/H Gds	2.5%	3.9%	8.2%	1.6%
DJ Stoxx 600	-0.1%	0.0%	-2.2%	-9.0%
	03/15	03/16e	03/17e	03/18e
P/E	15.8x	17.3x	16.9x	14.6x
Div yield (%)	2.9%	3.1%	3.1%	3.1%

ANALYSIS

- Burberry has announced strategic moves in the group's management. As of 2017, the current CEO and Creative Officer, Christopher Bailey, has been appointed to the new role of President and Chief Creative Officer overseeing all elements of brand and design and will remain member of the board. He will be replaced as CEO by Marco Gobetto, who is the current Céline CEO, with more than 20 years of experience in the luxury industry. Both will report to Chairman, Sir John Peace.
- Furthermore, Julie Brown has been appointed to the new role of Chief Operating & Financial Officer. She is currently Smith & Nephew CFO. This nomination follows the resignation a few weeks ago of former COO, John Smith, to pursue new interests. The current Burberry CFO has resigned from his position.
- These appointments are answers to governance issues, as for more and more investors, the fact that Christopher Bailey was both CEO and CCO was not the best solution in an increasingly challenging environment in the luxury goods industry. The group is also due to report its Q1 2016/17 trading update tomorrow morning with retail comps likely to be on the same trend as in Q4 2015/16 (-5%). On the other hand, given GBP weakness, we guess that FX impact on PBT should be higher than the last management estimate (GBP50m).

VALUATION

- We are making no change to our Neutral recommendation with p1,200 FV.

NEXT CATALYSTS

- On 13th July, Q1 trading statement.

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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 56.8%

NEUTRAL ratings 33.8%

SELL ratings 9.5%

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