

## BG SALES-TRADING MORNING DU 21/07/2016

### LA SEANCE DE LA VEILLE

| INDICES U.S & JAPON |         |       |                      | SECTEURS S&P : BEST PERFS   |       |      | SECTEURS STOXX : BEST PERFS  |       |       |
|---------------------|---------|-------|----------------------|-----------------------------|-------|------|------------------------------|-------|-------|
| Indices             | Cloture | Var % | Var 17h30-22H (en %) | S&P                         | Var % | YTD  | STOXX                        | Var % | YTD   |
| DJ                  | 18595   | 0,2%  | -0,1%                | IT, SOFTW & Serv.           | 1,7   | 5,1  | Technology                   | 3,2   | -0,7  |
| NASDAQ              | 5089,9  | 1,1%  | 0%                   | Semi Conducteurs            | 1,3   | 9,9  | Auto & Part                  | 2,5   | -17,5 |
| S&P 500             | 2173    | 0,4%  | 0%                   | Entprises Serv              | 1,1   | 17,6 | Banks                        | 1,6   | -26,8 |
| NIKKEI              | 16800   | 0,7%  | -                    | Health Equip.               | 1     | 9,6  | Healthcare                   | 1,4   | -3,1  |
|                     |         |       |                      | SECTEURS S&P : WORST PERFS. |       |      | SECTEURS STOXX : WORST PERFS |       |       |
|                     |         |       |                      | S&P                         | Var % | YTD  | STOXX                        | Var % | YTD   |
|                     |         |       |                      | Household Products          | -0,9  | 8    | Basic Resources              | -1,2  | 24,8  |
|                     |         |       |                      | MEDIAS                      | -0,6  | 8    | Oil & Gas                    | -0,1  | 10,9  |
|                     |         |       |                      | Utilities                   | -0,5  | 19,5 | Telecom                      | 0     | -13,5 |
|                     |         |       |                      | Food Bev & Tobacco          | -0,4  | 12   | Chemicals                    | 0,3   | -6,7  |

### Valeurs les plus traitées hier vs. Moy. 3M

| CAC 40          |      |      | EURO STOXX 50 |      |      | STOXX 600           |       |       |
|-----------------|------|------|---------------|------|------|---------------------|-------|-------|
| Stocks*         | Last | Var% | Stocks*       | Last | Var% | Stock*s             | Last  | Var%  |
| CAPGEMINI       | 82,6 | 4,9  | -             | -    | -    | HEXPOL AB           | 80,2  | -11,9 |
| KLEPIERRE       | 40,6 | 3,1  | -             | -    | -    | AMADEUS IT HOLDING  | 40,1  | 2,2   |
| PEUGEOT SA      | 12,1 | 2,4  | -             | -    | -    | ARM HOLDINGS PLC    | 1672  | 0,5   |
| LEGRAND SA      | 49,6 | 2,2  | -             | -    | -    | ORPEA               | 79,9  | 7,6   |
| PUBLICIS GROUPE | 64,2 | 2,5  | -             | -    | -    | ELECTROLUX AB-SER B | 223,3 | -6    |

**DEFINITION :** \* compare les capitaux traités sur une valeur la veille rapportés à la moyenne des capitaux traités ces 3 derniers mois sur la valeur.

| TAUX U.S   |        |      |       | DEVICES |        |       |       | MAT. PREMIERES |        |      |       |
|------------|--------|------|-------|---------|--------|-------|-------|----------------|--------|------|-------|
| Taux U.S   | Valeur | Var% | Yld   | Devises | Valeur | Var%  | YTD   | Mat. Prem      | Valeur | Var% | YTD   |
| U.S 2 ANS  | 99,8   | 0%   | 0,7%  | €/€     | 1,1033 | 0,2%  | 1,6%  | BRENT          | 46,2   | 0,9% | 29,3% |
| U.S 10 ANS | 100,4  | 0%   | 1,6%  | €/¥     | 118,17 | -0,4% | 10,6% | ONCE OR (\$)   | 1317,3 | 0,1% | 24,1% |
| VIX Index  | 11,8   |      | -1,7% |         |        |       |       | VSTOXX Index   | 20,3   |      | -3,2% |

#### Economic Calendar

GB - Retail sales Jun (+4.8% E y/y)  
 GB - Public Finances  
 ECB - Rate decision (0% unchanged)  
 US - Initial Jobless claims 265K E  
 US -Continuing claims Jul.  
 US Philadelphia FED Jul.  
 US - House price index May.  
 US - Leading indicators

#### Markets Recap (source Street account)

**Asian markets are trading higher on Thursday.** Elevated stimulus expectations have been cited for another Nikkei rally and drop in the dollar-yen. Kyodo reported that the proposed fiscal package may double to ¥20T from the previously flagged ¥10T. Meanwhile a Reuters survey showed large majority of respondents expect the BoJ to expand monetary easing next week.

**Easing expectations have also extended to the RBA and RBNZ ahead of their August meetings.** The RBNZ's economic update this morning said more easing seemed likely amid currency headwinds to inflation and growth. Market-implied odds of an RBA rate cut have also increased recently amid a soft inflation outlook and the dovish-leaning July minutes.

**Elsewhere there are solid gains on Chinese markets.** The PBoC fixed the yuan midpoint higher with losses in the offshore renminbi milder than Wednesday's decline. China's FX regulator downplayed the impact of Brexit and predicted stable capital flows. The ASX is holding its early gains despite a drop in Aussie business confidence. Copper and oil are two of the solid movers in the commodities complex.

**US equities finished higher on Wednesday.** Treasuries were weaker across the curve, extending the

recent backup in rates. The dollar was mixed, but was stronger on the yen cross. Gold lost 1%. Oil reversed early weakness to close higher, with WTI crude settling up 0.7%.

**Earnings once again in focus, with the bulk of the results coming in better than feared.** Q2 earnings metrics continue to tick higher, albeit from depressed levels. Not much went on from a macro perspective. More attention on possible complacency in regards to Fed normalization plans, along with the recent rally in the US dollar. Also some focus on recent signs of yuan stabilization.

**MSFT results the highlight of the earnings calendar, with some positive takeaways on cloud transition.** SAP and ASML also beat in tech. MS the latest bank to exceed consensus expectations. ISRG and ITW the other post-earnings standouts. UAL Q3 PRASM guidance a bit weaker, but announced capacity cut and \$2B buyback. BHP production guidance disappointed. DFS hit after reporting results. EXPO missed on weaker revenues.

**Six of the ten major sectors closed higher today.** Tech was the best performer, rising by more than 1%. Healthcare another standout. Defensive sectors lagged, with utilities and consumer staples the two worst performers.

### Stocks Factor to watch today :

**DELHAIZE** : Q2 Comparable store sales growth of 2.9% in the U.S. 2.1% in Belgium, and 8.7% in SouthEastern Europe.

### Rating & TP Changes



**u-blox (ubxn SW)** : coverage initiated BUY, Fair value CHF265 @Bryan Garnier

**TEMENOS** : TP raised to CHF54 vs.52, NEUTRAL @Bryan Garnier

**ARM** : TP raised to 1410p vs. 1340 @Bryan Garnier

**DIALOG SEMICONDUCTOR** : TP raised to EUR37 vs. 35, BUY @Bryan Garnier

**INFINEON** : TP raised to EUR16 vs. 15,BUY @Bryan Garnier

**SOITEC** : TP raised to EUR0.5 vs. 0.45, NEUTRAL @Bryan Garnier

**STM** : TP raised to 6.5 vs 6.3, NEUTRAL @Bryan Garnier

**SAP** : TP raised to EUR75 vs. 74, NEUTRAL @Bryan Garnier

**SAP** : TP raised to EUR85 vs. 78 @ RBC

**SAP** : TP raised to EUR88 vs. 83 @Bernstein

**SAP** : TP raised to EUR87 vs. 83 @Berenberg



**MELEXIS** : coverage initiated SELL, FV EUR48

**AEGON** : TP cut to EUR 3.4 vs. 4.1 @Barclays

**ALLIANZ** : TP cut to EUR141 vs. 142 @Barclays

**AXA** : TP cut to EUR18.7 vs. 23.3 @UBS

**CARREFOUR** : TP cut to EUR24.5 vs. 27 @ UBS

**SCOR** : TP cut to EUR31 vs. 32 @ UBS

**MUNICH RE** : TP cut to EUR155 vs. 165 @UBS

**HANNOVER RE** : TP cut to EUR93 vs. 97 @UBS

### Technical Analysis

**HIGHEST YTD** : ACTELION, CAMPARI, ADIDAS, CARLSBERG, COMPASS, DELHAIZE, DIA, ESSILOR, GLAXOSMITHKLINE, HERMES, INFINEON, I'OREAL, MERCK, NESTLE, ORPEA, SAGE, SAP, SHIRE? UBISOFT

**LOWEST YTD** : SWATCH

#### Upward Signals

**COVESTRO** : 50d mav crossing upward 200d MAV

**CAPGEMINI** : Stock price crossing upward 50d,100d,200d MAV

🔴 **Downward Signals** 🔴

**KLEPIERRE** : Stock price crossing downward 50d,100d,200d MAV

### Bryan Garnier ... Today's comment(s)

**SAP** RATING : NEUTRAL Fair Value EUR75 vs. EUR74

We reiterate our Neutral rating but raise our DCF-derived fair value to EUR75 from EUR74. We cut out adj. EPS ests. by 5% for 2016 on Venezuela and tax issues but increase them by 2% for 2017-18 as we raise our operating margin forecasts (30.3% vs. 30% for 2016, 30.1% vs. 29.7% for 2017, 30.4% vs. 30% for 2018). Despite the likelihood SAP can reach the top-end of FY16 non-IFRS operating profit guidance (EUR6.4-6.7bn, BG est. EUR6.66bn), we consider the inflexion point for the margin will still be 2018.

**Temenos Group** RATING : NEUTRAL Fair Value CHF54 vs. CHF52

We reiterate our Neutral rating but raise our DCF-derived fair value to CHF54 from CHF52 on recent CHF/USD fx rate moves. Yesterday evening Temenos reported Q2 2016 results above expectations. Management is now confident Temenos will reach the high-end of full-year guidance amidst of deals recently signed in Wealth and Retail (BIL, Standard Chartered, Laurentian, Bank of Montreal), while Brexit had not impact so far. We expect a positive share price reaction in the short-term.

**Suez** RATING : BUY Fair Value EUR17.5

Suez announced yesterday both the sale of its 18.55% stake in Spanish water company Aguas de Valencia - for c. EUR40m - and the creation of a new joint-venture in hazardous waste in China. More than the financial impact, these both transactions are early signs of a strategic shift: from Southern Europe to Asia, notably China, and from traditional environmental services activities to more value-added businesses, such as hazardous waste. Neutral on the short-term, positive on the long-term.

**Actelion** RATING : BUY Fair Value CHF173

As expected, Actelion is revised (once again) its full-year guidance for core operating income growth upwards from high-single digit to low double-digit. CS numbers are already in line with this new guidance provided positive currency impacts reduce by year-end to represent no more than 4pp (vs 7pp in H1). In any case, we see in Uptravi's US performance the key component of today's release as it came well ahead of estimates. This should drive some new upgrades. >> **Positive.**

**The Swatch Group** RATING : SELL Fair Value CHF270

After the release of last Friday, The Swatch Group reported this morning its final H1 2016 results. As pre-announced, net sales declined 11.4% to CHF3.71bn, -12.5% at same forex. H1 2016 EBIT declined 54% to CHF353m, implying a 9.5% EBIT margin, down 870bp to 9.5%. We remain SELL on the stock with a FV at CHF270. **Negative**

**Korian** RATING : NEUTRAL Fair Value EUR29 (-2%)

Better organic in Q2 than in Q1, but in line with our estimate. In fact, total revenue reached EUR740.1m (consensus at EUR734m and our forecast of EUR744m), up 16.4% on reported with organic of c.4% after 3.1% in Q1 excluding the 1.1% positive impact of the 2016 leap year. So, revenue in H1 was EUR1,470.4m, up 16.3% driven by acquisitions with organic of 3.5% excluding calendar effect of 0.5% on H1. Management reiterates its FY 2016 guidance with total revenue around EUR3bn (our forecast is EUR2,994m compares with a consensus at EUR2,974m) up 16% vs. 2015. Management also confirmed FY 2016 organic between 3% and 4% (our estimate is 3.7%). **NEUTRAL**

**Dassault Systèmes** RATING : SELL Fair Value EUR64

This morning Dassault Systèmes has reported Q2 16 results roughly in line with our expectations and the consensus average. The company also announced the acquisition of CST, a German software vendor specialised in electromagnetic and electronic simulation. FY16 company guidance is fine-tuned. We expect no significant share price reaction in the short term.

**Roche** RATING : BUY Fair Value CHF293 (+16%)

Both divisions participated in the second-quarter to beat analysts' estimates for the period with sales 1% higher than expected. Within Pharmaceuticals, the performance of Rituxan, of the HER2 franchise and of new products like Tecentriq and Alecensa deserves a mention. Diagnostics, up 8%, delivered strongest growth over a 2-year period. This results also in higher-than-expected earnings in absolute terms although the leverage may disappoint as the difference between sales and EPS growth is only 1%. This is even more the case considering the CHF426m one-time gain from changes in pension plans. However, Roche confirms objectives for full-year, suggesting higher leverage in H2. >> **Neutral to slightly positive.**

**LafargeHolcim** **RATING : BUY** **Fair Value CHF50 (+15%)**

Several news on LHN : a French Parliament report has exonerated LafargeHolcim from financing the Islamic State in 2013 and 2014. Otherwise, Lafarge Africa has published NRN30bn (CHF100m) of losses in H1 2016 yesterday, in particular linked to an unrealise exchange loss due to the Naira devaluation. Finally, we come back today on the Lafarge India disposal agreement, which means LHN has now completed approx. two third of its CHF3.5bn disposal target for 2016. **Overall Positive.**

**Soitec** **RATING : NEUTRAL** **Fair Value EURO.5 vs. EURO.45**

Yesterday, Soitec announced fiscal Q1 2017 sales of EUR55.4m, slightly above company guidance and expectations. At constant change, fiscal Q1 2017 sales are up 4% (+3% unadjusted) compared to a year ago. As expected, this performance is mainly driven by 200mm wafers sales which is up 7% at constant change (+5% unadjusted). The group reiterates FY17 guidance of a single digit growth and also expect fiscal Q2 2017 to be slightly up.

**Hermès Intl.** **RATING : BUY** **Fair Value EUR355 (+2%)**

H1 16 sales grew 6.1% to EUR2.44bn (consensus: EUR2.42bn) and 7.2% at same forex. This implies a 8.1% sales increase in Q2 alone after +6.2% in Q1. Revenues strong momentum has been driven by the Leather Goods division (45% of group sales) with a 16.3% growth, implying an even stronger Q2 (+17%) than Q1 (+15%). Furthermore; retail sales (82% of sales) outperformed thanks to a 8% increase. H1 EBIT margin should be up 100 bp to 13.5%. Positive

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