

BG SALES-TRADING MORNING DU 28/07/2016

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	18472,2	0%	0,1%	Tech Hardware	3,4	3,6	Auto & Part	2,2	-13,6
NASDAQ	5139,8	0,6%	0,3%	PHARMA.	1	1,8	Insurance	1,4	-21,1
S&P 500	2166,6	-0,1%	0,2%	Telecom Op.	0,7	21	Media	1,1	-8,2
NIKKEI	16496,3	-1%	-	Div. Financials	0,4	0,5	Banks	1	-26,7
				SECTEURS S&P : WORST PERFS.			SECTEURS STOXX : WORST PERFS		
				S&P	Var %	YTD	STOXX	Var %	YTD
				Food Bev & Tobacco	-1,7	9,2	Food & Bev	-0,9	0,4
				Transportation	-1,5	3,2	Healthcare	-0,2	-3
				Utilities	-1,2	19,1	Utilities	-0,1	-0,6
				Consumer Serv.	-1,2	-0,7	Travel & Leisure	0,1	-14,8

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%
LVMH MOET	154,4	7,5	LVMH MOET	154,4	7,5	INGENICO GROUP	99,8	-9,2
PEUGEOT SA	13,6	9,3	KONINKLIJKE PHILIPS	24,3	-0,5	MEDICLINIC INTL	1068	-1,7
CAPGEMINI	82,6	-0,8	BASF SE	70,6	-1,9	STMICROELECTRONICS	6,5	10,5
VALEO SA	46,3	5,6	AIRBUS GROUP SE	54	4,4	WH SMITH PLC	1520	0,1
RENAULT SA	79,6	3,4	DEUTSCHE BANK AG-	12,4	-3,2	UNIBET GROUP PLC-	85,8	-5,9

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	100,1	0%	0,7%	€/ \$	1,109	0,3%	2,1%	BRENT	42,3	0,2%	18,4%
U.S 10 ANS	101,1	0%	1,5%	€/ ¥	116,06	0,4%	12,6%	ONCE OR (\$)	1340,8	0,1%	26,3%
VIX Index	12,8							VSTOXX Index	20,5		2%

Economic Calendar

DE - Unemployment Rate Jul (6.1% E)
 EUZ - Eco Business climate (103.6E 104.4 P)
 DE - CPI Jul (0.3%/y)
 US - Initial Jobless Claims Jul (263K E)
 US - Conitnuing Claims (2136K E)

Dividends Calendar ex-date next day

Ex Div today	
INVESTEK (INVP.L)	11.5p (2.49%=-
SSE (SSE.L)	62.5P (3.84%)

Markets Recap (source Street account)

Asian markets are mostly lower on Thursday. There has been some giveback of yesterday's rally on the Nikkei as anticipation builds ahead of Friday's BoJ meeting. The pressure to expand easing remains elevated with Economy Minister Ishihara urging the BoJ last night to help support growth. The yen has strengthened against the dollar, which has come under broad-based pressure following the FOMC meeting.

Chinese markets are slightly lower with volatility subdued compared to Wednesday's sell-off. Chinese authorities appear increasingly concerned over bubble risks following the latest discussion in mainland media. Recall China's banking regulator tightened rules on banks' wealth management businesses on Wednesday. The offshore renminbi has advanced with the PBoC fixing the yuan higher. The Aussie has been another solid gainer with market-implied odds of an August RBA rate cut down to 50% from 70% prior to Wednesday's Aussie Q2 CPI data.

US equities were mixed in Wednesday trading. Treasuries were stronger with some curve flattening. The dollar was weaker overall, but up on the yen cross. Gold settled up 0.5% but advanced further through market close. Oil was lower, with WTI finishing down 2.3%.

As expected, the FOMC opted to leave rates unchanged at its July meeting, but used its statement to acknowledge better labor market conditions and observe that near-term economic risks have diminished. Overseas, focus remained on Japan's ¥28T stimulus proposal and upcoming European bank stress tests. Oil was weaker on larger-than-expected inventory numbers. Headline durable goods orders missed, but core capital goods posted their first increase in three months.

Despite the macro headlines, earnings drove much of the day's price action. AAPL guidance was better than feared. KO lowered guidance. BA beat and raised. TWTR results were mixed and guidance disappointed. AKAM revenue missed. GMs were blamed for softer guidance at JNPR. Analysts noted volume softness at UHS.

Tech was the best-performing sector, with AAPL leading hardware higher. Biotech boosted healthcare. Precious metals helped materials. Banks were up. Multiline retailers declined after yesterday's strength. Transports weighed on industrials. Consumer staples trailed the market, with beverages a drag.

Stocks Factor to watch today :

SUEZ : Target for a 3bn € EBITDA in 2017 is no longer a priority. Not looking at Van Gansewinkel CEO said

ASTRAZENECA : Q2 Sales \$5,469 vs. 5,448 est. \$0.83 vs. \$0.82 expected

DIAGEO : Sees FX favourably impact net sales about £1.1bn, well to deliver a stronger perf in FY17.

TOTAL : to increase employee stake, interim Div €0.61

Rating & TP Changes



AXWAY : BUY vs. NEUTRAL, FV €28 vs. 20 @Bryan Garnier

MONCLER : TP raised to €17.5 vs. 17 @Bryan Garnier

COFACE : TP restated to €5.4 @Bryan Garnier

ALTEN : TP raised to €52 vs. 48, SELL @Bryan Garnier

STM : TP raised to €5.4 vs. 5.2 @Goldman Sachs

STM : TP raised to €6.2 vs. 5 @UBS

STM : TP raised to €6 vs. 5.5 @Barclays

ADIDAS : BUY vs. HOLD, TP raised to €180 vs. 115 @Evercore ISI

ATOS : TP raised to €95 vs. 82 @HSBC

RWE : HOLD vs. SELL, TP raised to €16 vs. 10.5 @Berenberg

DIA : TP raised to €7.1 vs. 6.8 @RJ

JERONIMOMARTINS : TP raised to 15.5€ +3% @Exane



CAPGEMINI : TP cut to €93 vs. 95, BUY @ Bryan Garnier

GLAXOSMITHKLINE : TP cut to 1908p vs. 1918p @Leerink

HANNOVER re : Reinitiated with REDUCE, €85 TP @ Commerzbank

ALLIANZ Reinitiated with BUY, TP 145€

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

AccorHotels

RATING : BUY

Fair Value EUR45 (+20%)

Despite AccorHotels exposure to France (28% of total number of rooms) and Brazil (7%) largely hit by major events, consolidated H1 revenue reached EUR2,598m, in line with consensus at EUR2,611m, and was up 2.% on lfl vs.-0.2% from consensus. Nevertheless, EBIT at EUR239m was definitely lower than anticipated by the consensus (EUR260m) or our estimate of EUR266m with a margin lower 40bps vs last year at 9.2%. Beyond, AccorHotels expansion was really strong with the opening of over 19,000 rooms and H1 was marked by major transforming actions and deals for the coming years. For H2 2016, uncertainties remain, largely reflected in Management broad range EBIT guidance of between EUR670m and EUR720m (consensus at EUR716m). Negative

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Imerys RATING : BUY-Top Picks Fair Value EUR72 (+19%)

Top line dynamic continues to be modest, with a 2.6% sales decline in Q2 on a organic basis (-1.8% in Q1) penalised by difficult markets while comparison basis didn't help. However, run-rate suggests the trough of the decline is behind us. Current operating margin are really strong with a 70bps improvement in H1 (+100bps in Q2), thanks to synergies, innovation and usual cost control. 2016 current net income increase to be comparable to H1 2016 (i.e. 5.2%) vs 7% for our estimates. Very slightly positive.

Coface RATING : NEUTRAL Fair Value EUR5.4 vs. Under Review (+17%)

Coface terrible 2016 year and the future loss of the state guarantees business have considerably disrupted short term earnings/dividends projections, leading to a very high level of uncertainties. We believe it will take some time before they gradually vanish, and we hope the 22nd September investors' day will help. 2017 is likely to be a transition year. 2018 is more likely to start showing what the new Coface can deliver going forward. Based on our new 2018 numbers, our new fair value is EUR5.4 but we keep our Neutral recommendation considering the still very high level of uncertainties. The ongoing management commitment to a high pay-out ratio is a positive message.

Jeronimo Martins RATING : NEUTRAL Fair Value EUR13,5 (-7%)

Q2 sales (EUR3,583m vs EUR3,530m e) and H1 EBITDA (EUR387m vs EUR386m e) in line. **1/** We remain impressed by the topline momentum in Poland (+9,9% LFL in Q2 vs +5,0% e), with a focus on cash margin (i.e. modest +13bp increase in Q2 margin). **2/** PD bears the scars of price war (-1.5% LFL in Q2 and estimated 30bp decline in Q2 margin), while **3/** the wording of the guidance for FY losses at Ara and Hebe is unfavourably evolving. Given a very demanding valuation (2017 PE of 24x vs 16,5 for the sector), **Neutral**.

Axway Software RATING : BUY vs. NEUTRAL Fair Value EUR28 vs. EUR20 (+20%)

We upgrade our rating to Buy from Neutral, and raise our DCF-derived fair value to EUR28 from EUR20. We increase our adj. EPS ests. by 8-9% for 2016-18 (+EUR1/share) and reduce our company beta to 1.8x from 2.3x due to a change of stockmarket status of the company since the market cap is close to EUR500m (+EUR7/share). The sales transformation accelerated since the arrival of the CEO Jean-Marc Lazzari one year ago is paying off is bearing fruit, while Axway's Digital software see strong growth momentum.

Alten RATING : SELL Fair Value EUR52 vs. EUR48 (-12%)

We reiterate our Sell rating but upped our DCF-derived fair value to EUR52 from EUR48 as we increase our adj. EPS ests. by 3% for 2016, 5% for 2017 and 6% for 2018. Yesterday evening Alten reported Q2 2016 sales 3% above our forecasts with 10.6% lfl growth (+6.1% restated from calendar effects). The management is more than ever confident to deliver lfl revenue growth above 3.4% in 2016, and we estimate it at +6.3% (vs. +4.5%). We expect the share price to react positively short term.

Capgemini RATING : BUY Fair Value EUR93 vs. EUR95 (+13%)

We reiterate our Buy rating but reduce our DCF-derived fair value to EUR93 from EUR95 as we adopt a more cautious approach on the net pension provision. The op. margin guidance upgrade for 2016 reflects Capgemini's emphasis put on industrialisation, innovation and offshoring, but this optimism is tempered by a bit of caution on revenue growth in H2 from management amidst of Brexit fears. As such, we shave our lfl growth forecast for 2016 to 3.3% from 3.8%.

UCB	RATING : NEUTRAL	Fair Value EUR80 (+13%)
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UCB released good set of results for the first-half of 2016. Topline came in-line with estimates growing 5% CER to EUR2bn (+5% reported) with all core products contributing to growth. recEBITDA came 7% above consensus expectations at EUR549m (27.2% of revenues) boosted by 1) a significant -12% drop in G&A expenses and 2) to a lower extend a -3% decrease in R&D expenses. FY2016 guidance is reiterated (Sales EUR4.0-4.1bn, recEBITDA EUR970-1,010m, EPS EUR2.9-3.2). Share price should react positively to the news.

Zealand	RATING : BUY	Fair Value DKK176 (+48%)
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One significant step is now behind for Zealand as FDA approved lixisenatide in monotherapy under the brand name Adlyxin. Risks of allergic reactions and antibody drug formation are mentioned in the prescribing information but not within a black box so we do not expect this to prevent Sanofi from doing good marketing with the drug. Now, what matters even more from a financial perspective is to get iGlarLixi approved (end of August). This is where the upside in the FV is. >> **Positive**

Veolia Environnement	RATING : BUY-Top Picks	Fair Value EUR23 (+17%)
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Veolia announced this morning it has been chosen by Sinopec, Asia's largest refiner, to operate the entire water cycle of its Yanshan petrochemical complex. The contract is worth c. EUR3.3bn over its 25-year duration (c. EUR130m per year). The contract will be completed by a dedicated joint-venture between Veolia and Yanshan Petrochemical – which will employ more than 800 people - and will be consolidated by the French company. Positive.

Wirecard	RATING : BUY-Top Picks	Fair Value EUR54 (+26%)
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Preliminary figures: H1 revenues of EUR450.6m, +32.5% Y/Y (BG est. of EUR448.4m i.e. +31.9%) and EBITDA of EUR132.2m i.e. a margin up 40bp to 29.3% (BG est. of 131.9m). This implies Q2 revenues at EUR240.2m (+32.9% Y/Y vs. BG +31.7%) and EBITDA at EUR70.2m (vs. BG EUR70m). The audited financial statements will be published on 17th August 2016. The management expects a continuing positive business performance in H2 and confirms its most recent FY 2016 guidance, namely an EBITDA of between EUR290m and EUR310m (BG: EUR306.3m). Strong H1, positive momentum and FY guidance maintained => **Positive**

Sopra Steria Group	RATING : BUY	Fair Value EUR127 (+25%)
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This morning Sopra Steria reported H1 2016 results slightly ahead of expectations with an operating margin of 7.1%. Net debt, at EUR720m or 2.2x EBITDA, is above our forecast and consensus, due to acquisitions, WCR change and cash taxes. 2016 company guidance is reiterated, as well as 2017 objectives. We do not expect significant share price reaction in the short-term.

Ipsen	RATING : BUY-Top Picks	Fair Value EUR64 (+15%)
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Largely driven by Somatuline, Specialty Care advanced 18.6% in Q2 and makes Ipsen comfortable enough to raise its FY objective, now expecting a growth above 12% (vs >10%). Operating margin is kept at 21% for FY (although it reached 24.7% in H1) because investments behind cabozantinib will grow substantially in the second part of the year. Our BUY rating is reinforced. >> **Positive**

Altran Technologies	RATING : NEUTRAL	Fair Value EUR13 (+1%)
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This morning Altran reported Q2 2016 revenues slightly above our forecasts (2%) and consensus (1%), with positive growth momentum helped by calendar effects. Unsurprisingly, management considers 2016 will be another year of profitable growth. We expect the share price to have a slightly positive reaction in the short-term.

Danone	RATING : NEUTRAL	Fair Value EUR67 (+2%)
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This morning, Danone unveiled a good set of results. In Q2 organic sales rose 4.1% (consensus: +3.7% and our estimate: +3.8%), above the Q1 trend (+3.5%) thanks to an acceleration of all divisions excluding Waters. The margin in the first half of the year rose 125bps to 13.37% (+93bps in organic) helped by easy comps → positive

CNP Assurances **RATING : NEUTRAL** **Fair Value EUR15 (+4%)**

H1 EBIT is up 3.6% to EUR1,280m (up 14.9% on a comparable basis), slightly above consensus (EUR1,230m), and the company has confirmed its 5%+ EBIT growth on the 2016-2018 period. H1 net income is EUR620m (up 8.7% on a comparable basis), slightly above consensus (EUR587m). Solvency II margin (standard formula) at end-June stands at 165% (consensus 169%) vs. 175% at end-March and 192% at end-2015. Neutral

Dialog Semiconductor **RATING : BUY** **Fair Value EUR37 (+19%)**

Today, Dialog announces a downward revision of its FY16 guidance. The group now expects a 15% decrease in FY16 sales compared to a high single digit decline previously (cs ests. -8.9%). In addition, the group has reported Q2 results above consensus estimates. Q2 sales increased by 1.8% sequentially to USD246m (down 22.4% yoy). Q2 underlying EBIT was at USD33.2m and EPS came out at USD0.34, i.e. 6.4% above consensus expectations for EPS at USD0.32. For Q3, the company sees revenue in the range of USD290m to USD320m, which at the mid-point is in line with the current street expectation of USD303m and our estimate at USD304m.

GlaxoSmithKline **RATING : BUY** **Fair Value 1810p vs. 1740p (+7%)**

GSK yesterday reported very strong Q2 figures that reflect a good underlying performance but even more meaningfully, incredibly high positive currency effects. The same ingredients impact FV too.
