Please find our Research on Bloomberg BRYG <GO>)

17th August 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	18552.02	-0.45%	+6.47%
S&P 500	2178.15	-0.55%	+6.57%
Nasdaq	5227.11	-0.66%	+4.39%
Nikkei	16727.47	+0.79%	-12.80%
Stoxx 600	343.318	-0.79%	-6.15%
CAC 40	4460.44	-0.83%	-3.81%
Oil /Gold			
Crude WTI	45.74	0.00	+22.96%
Gold (once)	1348.07	+0.45%	+26.89%
Currencies/Rates			
EUR/USD	1.126	+0.56%	+3.65%
EUR/CHF	1.08495	-0.32%	-0.23%
German 10 years	-0.089	-30.51%	-114.08%
French 10 years	0.19	+25.27%	-80.63%
Euribor	-	+-%	+-%

Economic releases :

Date	
17th-Aug	GBP - Jobless Claims Change Jul. (9k E) CHF - ZEW Survey Expectations Aug. USD - DOE US Crude Oil Inventories Aug. USD - FED Releases Minutes from July 26-27 FOMC Meeting

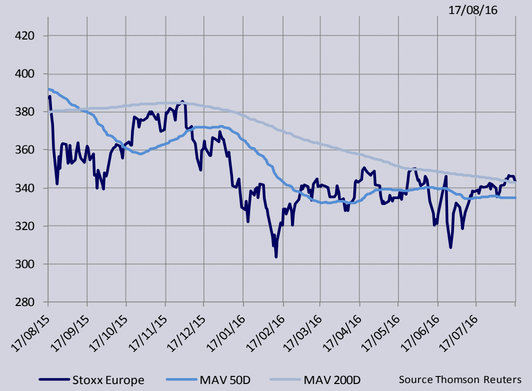
Upcoming BG events :

Date	
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
30th-Sept	Thematic Breakfast with Vimpelcom

Recent reports :

Date	
26th-Jul	NICOX Don't turn a blind eye to opportunities
21st-Jul	SEMICONDUCTORS : Looking for lost growth
13th-Jul	Oncology is an increased focus
12th-Jul	DANONE No redemption
1st-Jul	UBISOFT Same player shoot again?
29th-Jun	ORANGE : Lights are turning green.

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



CAPGEMINI — BUY, Fair Value EUR94 vs. EUR93 (+10%)

Feedback from company contact: risks related to Brexit do not have to be exaggerated

We reiterate our Buy rating and raise our DCF-derived fair value to EUR94 from EUR93 (+EUR2 on medium-term tax rate - 30% vs. 32% - and -EUR1 on updated fx rates). The takeaways from a company contact we had last week are that: 1) negative comments from Cognizant and Infosys on Brexit are mainly client-specific issues and do not have to be generalised; 2) discretionary IT spending is less important than a few years ago; 3) service automation and new offers will increasingly contribute to op. margin improvement.

CARLSBERG — SELL vs. NEUTRAL, Fair Value DKK600 (-12%)

Likely downgrade of full year consensus

We are downgrading our rating on Carlsberg from Neutral to Sell following the slightly lower than expected H1 results and the lack of upgrade in earnings outlook implicit in our and consensus figures.

ESSILOR — BUY, Fair Value EUR130 (+14%)

Essilor is shaping the European online retail with the acquisition of MyOptique Group

Yesterday Essilor announced the future acquisition of MyOptique Group, Europe's leading online optical retailer that operates six online retail brands and generated sales of GBP57m (~EUR65m) in the FY ended April 30th, 2016. This new acquisition completes Essilor's existing online platforms in Europe (Coastal, Vision Direct and Lensway) when multi-channel players such as Mister Spex or Brillen.de are also expanding their operations in Europe. Earlier this month, GrandVision has also announced the opening of its first European omni-channel platform in Germany.

BUILDING MATERIALS

Wienerberger outlook for 2016 roughly unchanged, except for the UK

While Wienerberger continues to predict positive development in 2016 for the US Construction and a "slightly positive development in European residential construction", with good trends expected in France or Germany, expectations have turned negative for the UK residential market. Renovation in Europe outlook roughly unchanged and still very cautious. Overall, we don't see this publication as a strong positive catalyst for the European building material sector.

In brief...

ASML, *Intel is cautious about EUV*

TMT

Capgemini

Price EUR85.28

Feedback from company contact: risks related to Brexit do not have to be exaggerated

Fair Value EUR94 vs. EUR93 (+10%) **BUY**

Bloomberg	CAP FP
Reuters	CAPP.PA
12-month High / Low (EUR)	89.0 / 69.0
Market Cap (EUR)	14,684
Ev (BG Estimates) (EUR)	16,030
Avg. 6m daily volume (000)	641.8
3y EPS CAGR	10.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.3%	5.7%	19.6%	-0.4%
Softw.& Comp.	8.3%	9.8%	16.1%	4.0%
DJ Stoxx 600	1.6%	2.6%	7.2%	-6.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	11,915	12,608	12,909	13,410
% change		*5.8%*	*2.4%*	*3.9%*
EBITDA	1,577	1,710	1,837	1,950
EBIT	1,022	1,189	1,375	1,488
% change		*16.3%*	*15.7%*	*8.2%*
Net income	797.4	970.4	1,026	1,105
% change		*21.7%*	*5.7%*	*7.7%*

	2015	2016e	2017e	2018e
Operating margin	10.6	11.4	12.1	12.5
Net margin	9.4	6.2	6.8	7.1
ROE	16.3	11.3	12.0	12.3
ROCE	17.2	13.6	14.5	15.9
Gearing	25.3	19.6	9.5	0.1

(EUR)	2015	2016e	2017e	2018e
EPS	4.66	5.64	5.84	6.29
% change	*-*	*21.1%*	*3.5%*	*7.7%*
P/E	18.3x	15.1x	14.6x	13.6x
FCF yield (%)	5.6%	6.0%	6.7%	7.1%
Dividends (EUR)	1.35	1.50	1.60	1.70
Div yield (%)	1.6%	1.8%	1.9%	2.0%
EV/Sales	1.4x	1.3x	1.2x	1.1x
EV/EBITDA	10.4x	9.4x	8.4x	7.5x
EV/EBIT	13.0x	11.2x	9.8x	8.8x

We reiterate our Buy rating and raise our DCF-derived fair value to EUR94 from EUR93 (+EUR2 on medium-term tax rate - 30% vs. 32% - and -EUR1 on updated fx rates). The takeaways from a company contact we had last week are that: 1) negative comments from Cognizant and Infosys on Brexit are mainly client-specific issues and do not have to be generalised; 2) discretionary IT spending is less important than a few years ago; 3) service automation and new offers will increasingly contribute to op. margin improvement.

ANALYSIS

- **Brexit analysis**. Cognizant's FY16 sales guidance cut to USD13.47-13.6bn (+8.5%/+9.5%) from USD13.65-14bn (+10%/+13%) due to fx (USD40m, -0.5ppt), slower growth in financial services (low interest rates + increased economic uncertainty post-Brexit) and delayed healthcare payer M&A processes (Aetna-Humana, Anthem-Cigna) cannot be extrapolated to Capgemini. We consider the same comment is valid for Infosys with the shelved project from RBS to set up a separate bank for the UK (Williams & Glyn) - with 3,000 Infosys staff to be reallocated to other contracts, and an est. 0.3% headwind to its top line. These negative comments are essentially related to client-specific issues, not a general trend. Capgemini's approach regarding H2 2016 lfl revenue growth (no acceleration vs. +3.3% reported for H1 2016) has to be considered as caution, as a portion of discretionary IT spending - which is definitely lower than it used to be before it was slashed in 2008-09 and 2012-13 - may be put on hold by the end of the year. Capgemini is optimistic regarding IT demand in financial services (26% of sales) as banks cannot avoid digital transformation.

- **Operating leverage: offshoring vs. service automation**. Capgemini's offshore leverage is very likely to increase by only 1-2ppt per year instead of 3-4ppt over 2011-2014, with 55% of headcount now based offshore (medium-term target: 65%), certain geographies reaching a plateau (North America, commercial sectors in the UK), and digital services using more onshore staff. This translates into a halt in the decline of average remuneration per head - it stabilised in H1 2016 to +0.3% lfl -, but also into higher average prices. As such, offshore leverage becomes a less relevant indicator than before for measuring the ability to increase the margin. We understand the medium term operating margin goal (12.5-13%, vs. guidance 11.3-11.5% for 2016) will rely more on further service automation and industrialisation (productivity gains), better managing the "people supply chain" (recruitment, staff mobility, utilisation rates), and new offers (augmented value), than just raising offshore leverage. NB. the benefit from Igate to the op. margin was 0.9ppt in H1 2016 - instead it would have been up 0.6ppt - and management expects 0.4-0.45ppt for the full-year.

- **Use of cash**. Capgemini still continues to intend to give back half of free cash flow (company guidance for 2016: >EUR850m; BG est. EUR895m) to shareholders, in the form of dividends of share buy-back programmes (EUR600m launched in February, o/w one-fourth to be executed in 2016). The EUR500m 5-year bonds issued in 2011 and maturing in November 2016 will not be refinanced. Capgemini will have to redeem senior notes in July 2018 (EUR0.5m), July 2020 (EUR1.25bn) and July 2023 (EUR1bn) - these were issued for the acquisition of Igate - and then EUR400m ORNANE bonds in January 2019. As such, acquisitions are likely to remain small and focused at least in 2016-17 when the integration of Igate will be completed.

VALUATION

- Capgemini's shares are trading at est. 11.2x 2016 and 9.8x 2017 EV/EBIT multiples.
- Net debt on 30th June 2016 was EUR2,270m (net gearing: 36%).

NEXT CATALYSTS

Q3 2016 sales on 26th October before markets open.

Click here to download

Analyst :
Gregory Ramirez
33(0) 1 56 68 75 91
gramirez@bryangarnier.com

Sector Team :
Richard-Maxime Beaudoux
Thomas Coudry
Dorian Terral

Food & Beverages

Carlsberg

Price DKK679.00

Likely downgrade of full year consensus

Fair Value DKK600 (-12%) **SELL vs. NEUTRAL**

Bloomberg	CARLB DC
Reuters	CARCb.CO
12-month High / Low (DKK)	679.0 / 490.6
Market Cap (DKK)	103,620
Ev (BG Estimates) (DKK)	151,645
Avg. 6m daily volume (000)	259.1
3y EPS CAGR	6.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.8%	7.8%	12.3%	10.9%
Food & Bev.	0.4%	4.4%	7.0%	0.8%
DJ Stoxx 600	1.6%	2.6%	7.2%	-6.1%

YEnd Dec. (DKKm)	2015	2016e	2017e	2018e
Sales	65,354	63,690	64,956	66,415
% change		*-2.5%*	*2.0%*	*2.2%*
EBITDA	12,614	12,419	13,159	13,778
EBIT	7,940	7,745	8,535	9,194
% change		*-2.5%*	*10.2%*	*7.7%*
Net income	4,557	4,692	5,024	5,471
% change		*3.0%*	*7.1%*	*8.9%*

	2015	2016e	2017e	2018e
Operating margin	12.1	12.2	13.1	13.8
Net margin	7.0	7.4	7.7	8.2
ROE	10.5	10.2	10.1	10.2
ROCE	5.5	5.8	6.3	6.9
Gearing	79.9	71.4	57.7	44.3

(DKK)	2015	2016e	2017e	2018e
EPS	29.87	30.76	32.93	35.87
% change	-	*3.0%*	*7.1%*	*8.9%*
P/E	22.7x	22.1x	20.6x	18.9x
FCF yield (%)	7.1%	2.8%	5.5%	6.0%
Dividends (DKK)	6.48	6.48	6.80	7.14
Div yield (%)	1.0%	1.0%	1.0%	1.1%
EV/Sales	2.3x	2.4x	2.3x	2.1x
EV/EBITDA	12.1x	12.2x	11.2x	10.3x
EV/EBIT	19.2x	19.6x	17.3x	15.5x

We are downgrading our rating on Carlsberg from Neutral to Sell following the slightly lower than expected H1 results and the lack of upgrade in earnings outlook implicit in our and consensus figures.

Carlsberg reported this morning first half figures which came in below expectations. It delivered revenue of DKK 31.24bn vs consensus DKK 31.44bn (miss 1%), EBIT of DKK3,513m vs. consensus DKK3,541 (miss 1%) and adjusted net profit of DKK1,688m vs consensus of DKK1,758m (miss 4%). Organic revenue and EBIT growth was respectively 4% and 8%, which was ahead of consensus of 3% and 5%.

ANALYSIS

- H1 organic volume decline of -1% was in line with the much smaller Q1 (-2%). In H1 AB InBev delivered organic volume decline of -1.7%m Molson Coors' volumes were flat and Heineken's +4.1%.
- The top line miss was across all three regions (Western Europe, Eastern Europe and Asia), but the miss in operating profit mainly came from the non-distributed operating loss, which is driven by the higher marketing investments related to UEFA EURO 2016 (but the benefit of those higher marketing investments is in the devisional figures).
- The region that performed best was Western Europea that reported operating profit growth of 6% (9% organic) on flat revenues (organic +2%). Net revenue in Western Europe grew organically by 2% driven by a healthy price/mix of 3% as total volumes declined organically 1%. The positive price/mix was the result of the company's new value management approach. Positive price/mix together with efficiency improvements (funding the journey programme) drive the growth in operating profit. The good performance in the Nordic region with volume growth of 3-4% (ex Finland where they lost a big contract) and 'solid price/mix' also bodes well for Royal Unibrew (H1 results due on 24th August).
- In Eastern Europe organic revenue growth of 8% and organic EBIT growth of 19% is driven by inflation following the decline in the currencies (reported figures are down 15% and 10% respectively). Also the flat volumes is not really a good indicator as they include last year's Q1 impact of destocking and wholesalers. Indeed volumes in Q2 deteriorated to -3% compared to +6% in Q1.
- The Asia business continues a solid underluying trend. In Asia net revenue grew organically by 4% as a result of 7% price/mix offset by an organic volume decline of 3% (mainly because of the decline in Chinese volumes due to market decline and brewery closures). Reported net revenue declined by 4% due to a negative currency impact, mainly from China, Malawi, Malaysia and India. But the solid price/mix was due to premiumisation efforts on local power brands, reduction of lowpriced products in China and growth of the premium propositions. The latter was particularly positively impacted by the Tuborg brand, which grew 17%.
- For the full year, the company maintains its guidance of low-single-digit percentage organic growth in operating profit, but increases the expected negative translation impact on operating profit to around DKK -600m (previously DKK -550m), based on currency rates as at 15 August. It also increases the expected effective tax rate to 33% (previously 28%). On the back of this outlook guidance I would expect the consensus operating profit exectation of DKK8,356m (vs DKK8,457m) to come down by 2% to around DKK8,200m.

VALUATION

- Trading at 20.6x 2017 earnings is a significant premium on Heineken which is trading at 18.5x.
- Our fair value of DKK600 is based on a risk free rate of 1.6% and a risk premium of 7% and a long term growth rate of 3.5%. At DKK600 the stock would be trading at 18.2x 2017 earnings.

NEXT CATALYSTS

- 17 August 2016: conference call at 9 CET.
- 9 November 2016: Q3 trading statement.

Click here to download

Analyst :
Nikolaas Faes
33(0) 6 11 12 44 44
nfaes@bryangarnier.com

Sector Team :
Loïc Morvan
Antoine Parison
Cédric Rossi
Virginie Roumage

Luxury & Consumer Goods

Essilor

Price EUR114.35

Essilor is shaping the European online retail with the acquisition of MyOptique Group

Fair Value EUR130 (+14%) **BUY**

Bloomberg	EF FP
Reuters	ESSI.PA
12-month High / Low (EUR)	123.6 / 100.4
Market Cap (EUR)	24,939
Ev (BG Estimates) (EUR)	26,608
Avg. 6m daily volume (000)	484.9
3y EPS CAGR	10.1%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.1%	1.1%	5.3%	-0.6%
Consumer Gds	1.8%	4.2%	7.9%	-0.3%
DJ Stoxx 600	1.6%	2.6%	7.2%	-6.1%

YEnd Dec. (€m)	2015	2016e	2017e	2018e
Sales	6,716	7,132	7,625	8,157
% change		*6.2%*	*6.9%*	*7.0%*
EBITDA	1,263	1,341	1,449	1,566
EBIT	1,183	1,271	1,379	1,501
% change		*7.5%*	*8.5%*	*8.9%*
Net income	757.1	846.6	923.3	1,017
% change		*11.8%*	*9.1%*	*10.1%*

	2015	2016e	2017e	2018e
Operating margin	17.6	17.8	18.1	18.4
Net margin	11.3	11.9	12.1	12.5
ROE	13.3	13.2	12.9	13.4
ROCE	20.0	20.1	20.9	21.5
Gearing	34.7	24.5	15.9	13.7

(€)	2015	2016e	2017e	2018e
EPS	3.57	3.96	4.32	4.76
% change	-	*11.0%*	*9.1%*	*10.1%*
P/E	32.1x	28.9x	26.5x	24.0x
FCF yield (%)	3.5%	3.8%	4.1%	4.3%
Dividends (€)	1.15	1.30	3.15	4.15
Div yield (%)	1.0%	1.1%	2.8%	3.6%
EV/Sales	4.0x	3.7x	3.4x	3.2x
EV/EBITDA	21.4x	19.8x	18.0x	16.6x
EV/EBIT	22.9x	20.9x	19.0x	17.3x

Yesterday Essilor announced the future acquisition of MyOptique Group, Europe's leading online optical retailer that operates six online retail brands and generated sales of GBP57m (~EUR65m) in the FY ended April 30th, 2016. This new acquisition completes Essilor's existing online platforms in Europe (Coastal, Vision Direct and Lensway) when multi-channel players such as Mister Spex or Brillen.de are also expanding their operations in Europe. Earlier this month, GrandVision has also announced the opening of its first European omni-channel platform in Germany.

ANALYSIS

- **MyOptique Group is a leading online optical retailer in Europe...** The UK-based Group was founded in 2004 when **Glasses Direct** was set up, with a value-for-money positioning on prescription lenses/sunglasses even on premium brands (e.g.: Ray-Ban, Dolce & Gabbana). Then **Sunglasses Shop** (non-prescription sunglasses) was acquired in 2011, followed by **LensOn** in 2012, which mostly sells contact lenses in the Nordics. The last three online platforms were all acquired last year: **LensBest** (contact lenses in Germany), **NetzOpitker** (full optical service in Germany) and **Eyewearbrands** (premium & luxury eyewear brands). Thanks to these six online retail brands, (*see graph 1 next page*) MyOptique Group achieved sales of GBP57m (~EUR65m) in the year ended April 30th, 2016 and serves around 1m customers.

- **... with key differentiating factors: 1/** This is the only online player to have this **multi-category** (Rx, sunglasses, contact lenses) and multi-brand strategy, **2/** The Group's **own brands** represent 80% of eyewear sales, driven by *London Retro* and *Scout*, **3/** the supply chain is supported by a central infrastructure and more importantly, by an **in-house Rx lab**, enabling orders to be shipped in three days. In light of the high share owned by its house brands (more profitable) and the positive contribution from having an in-house lab (economies of scale, efficiency gains), this is not surprising that MyOptique Group is profitable at the EBITDA level since FY 2012/13.

- **Essilor clearly leads the European online optical retail.** In February Essilor acquired **Vision Direct**, one of Europe's leading online contact lens retailers which generated sales of GBP33m (~EUR45m) in 2015. This e-retailer, which only sells contact lenses and contact lens care products, operates in the UK/Ireland, but also in some other European countries. Hence Vision Direct is complimentary to **Coastal** (+**Lensway**) that are mainly present in the Nordic countries (~30% of total sales). With the addition of MyOptique, we estimate that all Essilor's online platforms in Europe should generate sales of approx. EUR150m on a full-year basis, or ~8% of total Group's sales in Europe.

- **European optical retail taking shape.** While Essilor continues to consolidate the online retail industry in this region (~4% of total optical distribution), other major players chose a multi-channel approach to overcome the consumers' reluctance to buy prescription glasses online: **Mister Spex** (2015 revenue of ~EUR100m) was a pure online retailer but the strategy changed in 2011 when it partnered with independent opticians in Germany-Austria-Switzerland (550+ today) and has even opened its first eyewear shop in Berlin in February 2016. Its German competitor **Brillen.de** (2015 sales over EUR30m, EBITDA of ~EUR2m) has adopted this hybrid system since its launch in 2012 (*see graphs 2 & 3 next page*) and it is now working with over 700 affiliated opticians across Germany, Austria, England and Spain. It is worth noting that the fast-growing U.S. brand **Warby Parker** (2015 revenue >USD100m vs. USD35m in 2013) also went from pure online to multi-channel with the opening of its retail location in 2013. It now runs 35 stores in the U.S. and one in Canada.

  GrandVision introduces its first European omni-channel platform in Germany. The new online store for the German Apollo Optik retail banner will provide value-added services such as the "Click-and-collect" service, online booking eye tests, etc. The aim is to drive in-store traffic and improve the customer experience. Hence this online platform should become an interesting competitive advantage vs. Fielmann that does not want to expand online and an interesting reaction to deal with Brillen.de. GV also confirmed that it would replicate this omni-channel approach in other European countries, particularly in the UK where it owns a leading online contact lens retailer (Lenstore), which could become a possible omni-channel platform for Vision Express.

VALUATION

- This acquisition is consistent with Essilor's strategy to expand its online operations globally, as it aims to reach sales of EUR400-500m by 2018 (vs. ~EUR220m in 2015). The integration of MyOptique Group should have a 90bp scope effect on a full-year basis and a slight dilutive impact on the contribution margin, like with most of bolt-on acquisitions made by Essilor.

(To be continued next page).

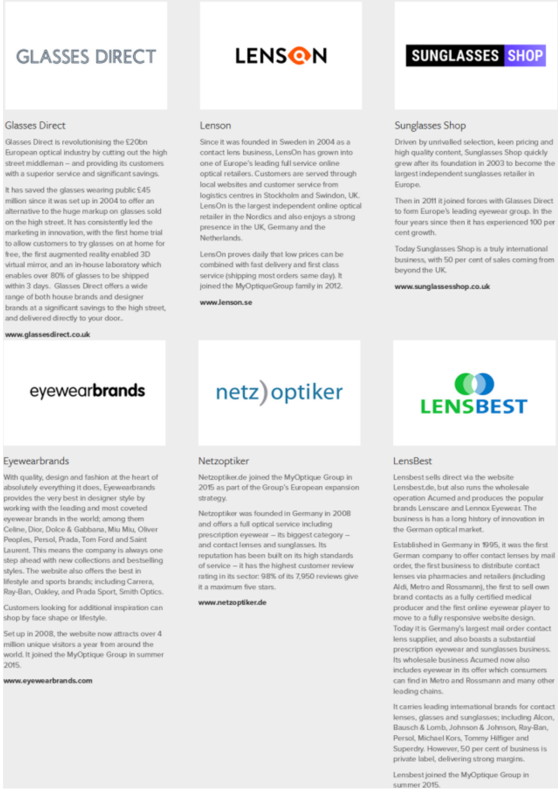
NEXT CATALYSTS

Return to front page

- U.S. Field Trip: 28-30th September // Q3 2016 Sales on 21st October 2016.

Click here to download

Graph 1: The Six International Brand Portfolio of MyOptique Group:

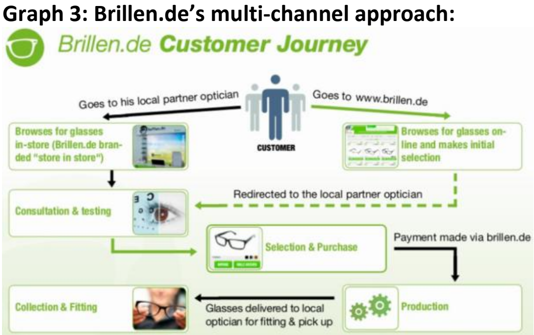


Source: Company Data

Graph 2: Brillen.de: strategic partnership with independent opticians:

Source: Company Data

Graph 3: Brillen.de's multi-channel approach:



Source: Company Data

Analyst:
Cédric Rossi
33(0) 1 70 36 57 25
crossi@bryangarnier.com

Consumer Analyst Team:
Nikolaas Faes
Loïc Morvan
Antoine Parison
Virginie Roumage

Sector View

Building Materials

Wienerberger outlook for 2016 roughly unchanged, except for the UK

	1 M	3 M	6 M	31/12/15
Cons & Mat	6.9%	6.4%	16.5%	4.5%
DJ Stoxx 600	1.6%	2.6%	7.2%	-6.1%

*Stoxx Sector Indices

Companies covered

CRH		**BUY**	**EUR30**
Last Price	EUR29.06	*Market Cap.*	EUR24,112m
HEIDELBERGCEMENT		**BUY**	**EUR86**
Last Price	EUR81.14	*Market Cap.*	*EUR16,099m*
IMERYS		**BUY**	**EUR72**
Last Price	EUR64.05	*Market Cap.*	*EUR5,097m*
LAFARGEHOLCIM		**BUY**	**CHF50**
Last Price	CHF51.4	*Market Cap.*	*CHF31,195m*
SAINT GOBAIN		**BUY**	**EUR46**
Last Price	EUR39.035	*Market Cap.*	*EUR21,661m*
VICAT		**NEUTRAL**	**EUR56**
Last Price	EUR57	*Market Cap.*	*EUR2,559m*

While Wienerberger continues to predict positive development in 2016 for the US Construction and a "slightly positive development in European residential construction", with good trends expected in France or Germany, expectations have turned negative for the UK residential market. Renovation in Europe outlook roughly unchanged and still very cautious. Overall, we don't see this publication as a strong positive catalyst for the European building material sector.

ANALYSIS

- Wienerberger has reported Q2 2016 sales at EUR858m, down -0.5% and EBITDA at EUR138m, down -5.9%, (i.e. 16.1% margin down 93bps) but up 9% l-f-l. Figures were not too far from the (poor) consensus (-1% and -3%, respectively, source ThomsonReuters). EUR405m EBITDA guidance maintained. The group has benefited from decent residential market in Europe, good dynamism in North America but subdued infrastructures markets in Eastern Europe.
- Market outlook comments are contrasted but most of the time positive. Based on housing starts in 2016, views on the US new residential markets is unchanged (+10% expected). In the western part of Europe, views are still positive (but less bullish) for France (+6% vs +8%) or Netherlands (+7% vs +12%) but very clearly more negative in the UK (-5% vs +4%) and still cautious for Switzerland (-6% vs -3%). In Central and Eastern Europe, Wienerberger views are (usually) more optimistic, like in Germany (+3% vs +1%), Poland (+5% vs +2%) or Bulgaria (+10% vs 2%). Renovation market is expected to decline by -3% this year (vs an "ongoing weakness" previously).

%	US	FR	UK	Bel	Netherlands	Germany	Switzerland	Italy	Austria	Poland	Slovakia	Hungary	Romania	Bulgaria
Previous	10	8	4	-6	12	1	-6	-2	1	2	4	13	12	2
New	10	6	-5	-6	7	3	-3	-2	3	5	4	15	6	10

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

- Wienerberger is one of the key producers of clay building materials (bricks, roof tiles) in particular in Europe. The read-across regards Building materials companies the most exposed to Europe in 2015: Saint-Gobain (67% of sales), CRH (46% of sales), Imerys (44% of Sales in Western Europe) and Vicat (49% of sales). The read-across is particularly interesting for groups exposed to the residential segment like Saint-Gobain (15% of sales exposed to Europe new res and 34% est. to Europe renovation), CRH (24% est. of sales exposed to Europe residential) and Imerys (in particular though its clay tile business, which weights 7% of its sales).
- Amongst our coverage, Saint-Gobain is the most exposed to the UK with 12% of its sales.

NEXT CATALYSTS

- CRH to report interim results on 25 August, Eiffage (Buy, FV EUR73) on 31th August.

Click here to download

Analyst :
Eric Lemarié
33(0) 1.70.36.57.17
elemarie@bryangarnier.com

TMT

ASML

Price EUR97.91

Intel is cautious about EUV

Fair Value EUR81 (-17%) **SELL**

Bloomberg	ASML NA
Reuters	ASML.AS
12-month High / Low (EUR)	99.4 / 71.8
Market Cap (EURm)	42,428
Avg. 6m daily volume (000)	1,162

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.4%	16.3%	31.5%	18.6%
Semiconductors	16.3%	30.5%	41.0%	19.9%
DJ Stoxx 600	1.6%	2.6%	7.2%	-6.1%

	2015	2016e	2017e	2018e
P/E	30.5x	32.5x	23.1x	16.9x
Div yield (%)	0.7%	1.1%	1.2%	1.4%

ANALYSIS

- **Yesterday, at the Intel Developer Forum held in San Francisco, Intel had few word regarding EUV lithography technologies**. First of all, the group confirmed that it would not use extreme ultraviolet lithography as a manufacturing in its 10nm production. This is not a surprise and no one expected to see EUV tools used for 10nm ramp happening right now. Deep ultraviolet lithography continues to show a higher efficiency and AMSL is not ready to ship enough EUV tools for a new node ramp currently.
- **More importantly, the group also commented on possible delay regarding EUV adoption for 7nm production**. The group said in a conference that EUV tools could not be ready for the next generation production (7nm) and Intel has plan to ramp this next gen production without using EUV. The largest chipmaker has been clear, it will not use EUV technology until it delivers acceptable efficiency.

VALUATION

- **Intel comments come in a context where ASML's valuation leaves very little room for error.** Intel's comment confirmed our view that there is a risk of delay regarding the adoption of EUV for mass production. We already highlighted that whereas uncertainty hangs over the share, the valuation leaves no room for disappointment. Indeed, the share is trading on 2016e P/E of 32.5x compared with an historical average of 22x and peer comparison of 18x. Following Intel's comments, we continue to see a negative risk-reward and we reiterate our Sell recommendation.

NEXT CATALYSTS

- 19 October 2016: Q3 2016 results.

Click here to download

Dorian Terral, dterral@bryangarnier.com

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 55.7% NEUTRAL ratings 33.6% SELL ratings 10.7%

Bryan Garnier Research Team

Healthcare Team	**Pharmaceuticals**	**Eric Le Berrigaud** ***(Head of Equities)***	33 (0) 1 56 68 75 33	eleberrigaud@bryangarnier.com
	Biotech/Medtech	**Mickael Chane-Du**	33 (0) 1 70 36 57 45	mchanedu@bryangarnier.com
	Medtech/Biotech	**Hugo Solvet**	33 (0) 1 56 68 75 57	hsolvet@bryangarnier.com
Consumer Team	**Luxury/Consumer Goods**	**Loïc Morvan**	33 (0) 1 70 36 57 24	lmorvan@bryangarnier.com
	Beverages	**Nikolaas Faes**	33 (0) 1 56 68 75 72	nfaes@bryangarnier.com
	Retailing	**Antoine Parison**	33 (0) 1 70 36 57 03	aparison@bryangarnier.com
	Luxury /Consumer Goods	**Cedric Rossi**	33 (0) 1 70 36 57 25	crossi@bryangarnier.com
	Food & Beverages	**Virginie Roumage**	33 (0) 1 56 68 75 22	vroumage@bryangarnier.com
TMT	**Video Games / Payments**	**Richard-Maxime Beaudoux**	33 (0) 1 56 68 75 61	rmbeaudoux@bryangarnier.com
	Telecom	**Thomas Coudry**	33(0) 1 70 36 57 04	tcoudry@bryangarnier.com
	Software & IT Services	**Gregory Ramirez**	33 (0) 1 56 68 75 91	gramirez@bryangarnier.com
	Semiconductor	**Dorian Terral**	33 (0) 1 56 68 75 92	dterral@bryangarnier.com
Utilities		**Xavier Caroen**	33 (0) 1 56 68 75 18	xcaroen@bryangarnier.com
		Pierre-Antoine Chazal	33 (0) 1 56 68 75 06	pachazal@bryangarnier.com
Insurance		**Olivier Pauchaut** ***(Head of Research)***	33 (0) 1 56 68 75 49	opauchaut@bryangarnier.com
Hotels/Business Services		**Bruno de La Rochebrochard**	33 (0) 1 56 68 75 88	bdelarochebrochard@bryangarnier.com
Construction/ Infrastructures Building Materials		**Eric Lemarié**	33 (0) 1 70 36 57 17	elemarie@bryangarnier.com
Marketing		**Sophie Braincourt**	33(0) 1 56 68 75 36	sbraincourt@bryangarnier.com
Market Data & Information Systems Manager		**Eric Monnier**	33(0) 1 56 68 75 63	emonnier@bryangarnier.com

A copy of the Bryan Garnier & Co Limited conflicts policy in relation to the production of research is available at www.bryangarnier.com

London
Beaufort House
15 St. Botolph Street
London EC3A 7BB
Tel: +44 (0) 207 332 2500
Fax: +44 (0) 207 332 2559
Authorised and regulated by the Financial Conduct Authority (FCA)

Paris
26 Avenue des Champs Elysées
75008 Paris
Tel: +33 (0) 1 56 68 75 00
Fax: +33 (0) 1 56 68 75 01
Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle prudential et de resolution (ACPR)

New York
750 Lexington Avenue
New York, NY 10022
Tel: +1 (0) 212 337 7000
Fax: +1 (0) 212 337 7002
FINRA and SIPC member

Munich
Widenmayerstrasse 29
80538 Munich
Germany
+49 89 2422 62 11

New Delhi
The Imperial Hotel Janpath
New Delhi 110 001
Tel +91 11 4132 6062
+91 98 1111 5119
Fax +91 11 2621 9062

Geneva
rue de Grenus 7
CP 2113
Genève 1, CH 1211
Tel +4122 731 3263
Fax+4122731 3243
Regulated by the FINMA

BRYAN, GARNIER & CO

Disclaimer:

Bryan Garnier & Co Limited, registered in England Number 03034095 with registered office : Beaufort House 15 St Botolph Street, London EC3A 7BB , United Kingdom and its MIFID branch registered in France Number 452 605 512 with registered office : 26, Avenue des Champs Elysées 75008 Paris , France. Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority (Firm Reference Number 178733) and is a member of the London Stock Exchange.

This Report may not be reproduced, distributed or published by you for any purpose except with the Firms' prior written permission. The Firm reserves all rights in relation to this Report.

Past performance information contained in this Report is not an indication of future performance. The information in this report has not been audited or verified by an independent party and should not be seen as an indication of returns which might be received by investors. Similarly, where projections, forecasts, targeted or illustrative returns or related statements or expressions of opinion are given ("Forward Looking Information") they should not be regarded as a guarantee, prediction or definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. A number of factors, in addition to the risk factors stated in this Report, could cause actual results to differ materially from those in any Forward Looking Information.

Important information - This report may contain "Independent" and "Corporate/Non-independent" research reports.

Unless stated otherwise, documents in this report are classified under the FCA Handbook as being investment research (independent research). Bryan Garnier & Co Limited has in place the measures and arrangements required for investment research as set out in the FCA's Conduct of Business Sourcebook.

Independent investment research reports:

Independent investment research reports are prepared by Bryan Garnier & Co Limited and are distributed only to clients of Bryan Garnier & Co Limited (the "Firm"). Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

These reports are provided for information purposes only and do not constitute an offer, or a solicitation of an offer, to buy or sell relevant securities, including securities mentioned in this Report and options, warrants or rights to or interests in any such securities. These reports are for general circulation to clients of the Firm and as such are not, and should not be construed as, investment advice or a personal recommendation. No account is taken of the investment objectives, financial situation or particular needs of any person. The information and opinions contained in these reports have been compiled from and are based upon generally available information which the Firm believes to be reliable but the accuracy of which cannot be guaranteed. All components and estimates given are statements of the Firm, or an associated company's, opinion only and no express representation or warranty is given or should be implied from such statements. All opinions expressed in these reports are subject to change without notice. To the fullest extent permitted by law neither the Firm nor any associated company accept any liability whatsoever for any direct or consequential loss arising from the use of these reports. Information may be available to the Firm and/or associated companies which is not reflected in these reports. The Firm or an associated company may have a consulting relationship with a company which is the subject of these reports.

Corporate or Non-Independent investment research reports:

Non-independent research reports are prepared by Bryan Garnier & Co Limited and are being distributed only to clients of Bryan Garnier & Co Limited (the "Firm"). Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

These reports have been sent to you for marketing purposes only and are non-independent research within the meaning of the FCA rules. These reports are not being held out as an objective or independent explanation of the matters contained in them and should not be treated as such. These reports have not been prepared in accordance with the legal requirements designed to promote the independence of investment research. The Firm is not subject to any prohibition on dealing ahead of the dissemination of investment research.

These reports usually focus on emerging European growth companies. The contents of these reports as well as the other research documents on emerging growth stocks do not contain the Firm's usual stock ratings. The intrinsic value analysis is presented to provide a framework for stock valuation and discussion, and represents an estimated value on the date of publishing, which may be subject to change without notice.

The Firm's rationale for not having ratings on the stock includes the fact that such stock may have limited market capitalisation and liquidity and while the Firm may express an opinion on the near-term movement of the stock, what action investors should take depends on many factors, including liquidity/risk tolerance, holdings timeframe and investment philosophy. Emerging companies evolve rapidly with a continuous flow of information that can significantly impact the company and in the Firm's opinion this cannot be reflected by a periodic rating. Additionally, the Firm may have an advisory relationship with the company which is the subject of these reports, including for the production of sponsored research, and may expect to receive or intend to seek compensation for investment banking services from that company in the six months following the date of these reports.

To the fullest extent permitted by law, the Firm does not accept any liability whatsoever for any direct or consequential loss arising from any use of the information contained in these reports. Information may be available to the Firm which is not reflected in these reports. They are provided for information purposes only and do not constitute an offer or solicitation to buy or sell any of the securities discussed in them. These reports are for general circulation to clients of the Firm and as such are not, and should not be construed as, investment advice or a personal recommendation. No account is taken of the investment objectives, financial situation or particular needs of any person.

Disclosures specific to clients in the United Kingdom

This Report has not been approved by Bryan Garnier & Co Limited for the purposes of section 21 of the Financial Services and Markets Act 2000 because it is being distributed in the United Kingdom only to persons who have been classified by Bryan Garnier & Co Limited as professional clients or eligible counterparties. Any recipient who is not such a person should return the Report to Bryan Garnier & Co Limited immediately and should not rely on it for any purposes whatsoever.

Notice to US investors

This research report (the "Report") was prepared by Bryan Garnier & Co Limited for information purposes only. The Report is intended for distribution in the United States to "Major US Institutional Investors" as defined in SEC Rule 15a-6 and may not be furnished to any other person in the United States. Each Major US Institutional Investor which receives a copy of this Report by its acceptance hereof represents and agrees that it shall not distribute or provide this Report to any other person. Any US person that desires to effect transactions in any security discussed in this Report should call or write to our US affiliated broker, Bryan Garnier Securities, LLC. 750 Lexington Avenue, New York NY 10022. Telephone: 1-212-337-7000.

This Report is based on information obtained from sources that Bryan Garnier & Co. Ltd. believes to be reliable and, to the best of its knowledge, contains no misleading, untrue or false statements but which it has not independently verified. Neither Bryan Garnier & Co. Ltd. and/or Bryan Garnier Securities LLC make no guarantee, representation or warranty as to its accuracy or completeness. Expressions of opinion herein are subject to change without notice. This Report is not an offer to buy or sell any security.

Bryan Garnier Securities, LLC and/or its affiliate, Bryan Garnier & Co Limited may own more than 1% of the securities of the company(ies) which is (are) the subject matter of this Report, may act as a market maker in the securities of the company(ies) discussed herein, may manage or co-manage a public offering of securities for the subject company(ies), may sell such securities to or buy them from customers on a principal basis and may also perform or seek to perform investment banking services for the company(ies).

Bryan Garnier Securities, LLC and/or Bryan Garnier & Co Limited are unaware of any actual, material conflict of interest of the research analyst who prepared this Report and are also not aware that the research analyst knew or had reason to know of any actual, material conflict of interest at the time this Report is distributed or made available....