8th September 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	18526.14	-0.06%	+6.32%
S&P 500	2186.16	-0.01%	+6.96%
Nasdaq	5283.93	+0.15%	+5.52%
Nikkei	16958.77	-0.32%	-10.62%
Stoxx 600	350.46	+0.29%	-4.20%
CAC 40	4557.66	+0.61%	-1.71%
Oil /Gold			
Crude WTI	45.5	+1.49%	+22.31%
Gold (once)	1344.94	+0.31%	+26.60%
Currencies/Rates			
EUR/USD	1.12425	+0.03%	+3.49%
EUR/CHF	1.08945	-0.31%	+0.19%
German 10 years	-0.187	+11.51%	-129.40%
French 10 years	0.1	-16.13%	-89.79%

Economic releases :

Date	
8th-Sept	EUZ - ECB rate Decision Sep. (0.00% =) EUZ - ECB Deposit Facility rate (-0.4% =) EUZ - ECB President Draghi holds Press ConF. US - Initial jobless Claims (265K E) US - DoE Curde Oil Inventories US - Consumer Credit

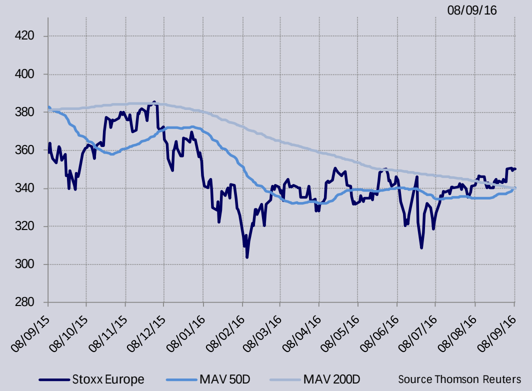
Upcoming BG events :

Date	
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
28th-Oct	IMERYS (Paris roadshow)

Recent reports :

Date	
7th-Sept	FRESENIUS : ¡Salud!
6th-Sept	WIRECARD Ready to reconnect with the fundamentals
24th-Aug	AMS Catching the ball when it bounces - all a question of timing
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

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



ADOCIA — BUY, Fair Value EUR90 (+74%)

Adocia takes a ticket to participate into the attractive basal-GLP1segment

Yesterday Adocia announced that it was developing two basal insulin-GLP1 combinations: glargine-dulaglutide and glargine-liraglutide. One of the two is expected to enter clinics in 2017. Adocia now needs to convince that it can transform another platform into a new partnership in 2017.

ALTRAN TECHNOLOGIES — BUY, Fair Value EUR14 (+5%)

H1 2016 results above expectations, Albin Jacquemont new CFO

This morning Altran reported H1 2016 results above expectations, with an op. margin up 1.1ppt to 8.7% thanks to very tight cost management. Free cash flow was negatively impacted by revenue seasonality and strong lfl growth in Q2, and we expect a strong catch up in H2. The company also announced a CFO change with the appointment of Albin Jacquemont (ex-Darty, Carrefour and Lyonnaise des Eaux) in order to accelerate Altran's transformation within the 'Altran 2020 Ignition' plan. We expect the share price to react positively short-term.

MONCLER — BUY, Fair Value EUR17.5 (+15%)

London flagship store visit: "Retail Excellence" well on track

Yesterday's visit was a good opportunity for the Moncler management to showcase the first achievements of the "Retail Excellence" project presented at the CMD last December: upgrade of its store network, a better display of the new categories (knitwear, shoes and accessories) and a more customer-centric approach (staff training, CRM, app). These initiatives will contribute to strengthening Moncler's legitimacy in the high-end segment (barriers-to-entry, pricing power) and driving Retail KPIs that are already among the best-in-class in the industry.

SCOR — BUY, Fair Value EUR35 vs. EUR38 (+28%)

Cost of capital should ease over time due to strong fundamentals and nice dividends

The targets Scor presented yesterday with its new 2016-2019 "Vision in Action" plan are achievable, especially for solvency one, while ROE will depend on how much pressure return on investments will have to deal with. We believe the company is fully aware of that, as it decided to apply a more normalised, less risk-adverse investment strategy (less cash, higher duration, slightly higher risk profile on bonds). Short-term momentum is not exciting (not only a Scor issue), yet fundamentals remain very solid and the reinsurance industry still offers growth drivers. We have fine-tuned our estimates (5% down on average) and cut our fair value to EUR35. We remain at Buy.

UBISOFT — BUY, Fair Value EUR34 (-8%)

Sony has unveiled a PS4 Pro (10th November) and a PS4 Slim (15th September)

During Sony's PlayStation Meeting 2016, the group unveiled the price point and release date for its forthcoming PS4 Pro (formerly called "Neo") and PS4 Slim consoles. We make the same observation as during E3 in June, namely Sony again won the battle this year as the PS4 Pro will be launched far ahead of Microsoft's Project Scorpio (expected in fall 2017). Ubisoft will have four games for the PS4 Pro (but none of them on day one). We maintain our Buy rating and FV of EUR34 on UBI (based on its fundamentals). We advise investors to play speculation as we value the stock between EUR40 (the very minimum, and EUR45 to avoid counterbids as far as possible) and EUR51 (maximum) in the event of a takeover bid.

In brief...

INNATE PHARMA, *H1 16 results in line with our estimates. Strong newsflow ahead!*

SEMICONDUCTORS, *New iPhone launch shows no major surprises still just as attractive*

Healthcare

Adocia

Price EUR51.86

Bloomberg	ADOC FP
Reuters	ADOC.FR
12-month High / Low (EUR)	87.9 / 44.4
Market Cap (EURk)	355,034
Ev (BG Estimates) (EURk)	339,682
Avg. 6m daily volume (000)	25.90
3y EPS CAGR	-2.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.9%	-11.2%	-7.4%	-29.2%
Healthcare	-3.6%	-1.1%	3.8%	-7.5%
DJ Stoxx 600	2.4%	2.1%	2.2%	-4.5%

YEnd Dec. (EURk)	2015	2016e	2017e	2018e
Sales	36,936	31,771	37,884	51,974
% change		*-14.0%*	*19.2%*	*37.2%*
EBITDA	10,571	3,571	12,884	26,974
EBIT	10,103	3,071	12,384	26,474
% change		*-69.6%*	*NM*	*113.8%*
Net income	12,554	5,189	-9,921	11,710
% change		*-58.7%*	*NM*	*NS*

	2015	2016e	2017e	2018e
Operating margin	27.4	9.7	32.7	50.9
Net margin	34.0	16.3	-26.2	22.5
ROE	26.7	9.9	-23.4	21.7
ROCE	NM	NM	NM	NM
Gearing	-153.2	-29.4	12.7	-165.2

(EUR)	2015	2016e	2017e	2018e
EPS	1.84	0.76	-1.45	1.71
% change	*-*	*-58.7%*	*NM*	*NS*
P/E	28.3x	68.4x	NS	30.3x
FCF yield (%)	NM	NM	NM	26.7%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	7.7x	10.7x	9.5x	5.1x
EV/EBITDA	26.8x	95.1x	28.0x	9.9x
EV/EBIT	28.0x	110.6x	29.1x	10.0x

Adocia takes a ticket to participate into the attractive basal-GLP1segment

Fair Value EUR90 (+74%) **BUY**

Yesterday Adocia announced that it was developing two basal insulin-GLP1 combinations: glargine-dulaglutide and glargine-liraglutide. One of the two is expected to enter clinics in 2017. Adocia now needs to convince that it can transform another platform into a new partnership in 2017.

ANALYSIS

- Adocia is obviously looking into a very "fashionable" new class of drugs as iGlarLixi and iDegLira were two of the more obvious stars at the past ADA congress and are, as commercial opportunities, two highly expected drugs soon to be approved by the FDA, by the end of the year.
- That said, we believe Adocia might benefit from a situation that makes the two products not ideally designed for current market trends. On one hand, lixisenatide can be criticised as a weak GLP1 component in Sanofi's combination whereas on the other, Novo is struggling to give Xultophy a reasonable price considering the price of the two individual components. From that perspective, Trulicity and Victoza can be seen as the two most successful GLP1s in the market place and as such are very good candidates for combinations with glargine, which remains standard among basals.
- What are the pros and cons of each of the two projects? Well, it seems like they are not on par in terms of freedom and flexibility to operate for Adocia. On the one hand, liraglutide has patent protection until the early part of the next decade and as such is very likely to be free of IP rights by the time a combination is ready to be filed. By the time it eventually reaches the market however, the question is whether liraglutide will still be standard or to what extent Novo-Nordisk – for many reasons including the patent protection of its franchise – will have made everything possible to make semaglutide its priority and its flagship product. In any case, combining glargine with liraglutide would create a very effective product. On the other hand, using dulaglutide will probably require an agreement with Lilly as the drug has long-lasting patent protection. It would also require a bit more work and a more complex study design to compare a daily combination with a single-arm weekly GLP1 analogue.
- It seems reasonable to say that either Adocia reaches an agreement with Lilly, not only to agree on the combination but to help finance the development (as a reminder, Lilly is the only one of the Big3 insulin players not to have such a combination in development), or the simpliest project of glargine with liraglutide is likely to be favoured for further development. However, it is less clear to determine who could be the right partner for a glargine-liraglutide combination since both Sanofi and Novo-Nordisk have alternatives. A challenger in the diabetes field might be the partner of choice, although at the price of weaker financial conditions for Adocia.
- And this is where the challenge is for Adocia because investing in diabetes has to be thought about twice these days as market conditions are deteriorating. Adocia's intention is clearly to offer a very competitive combination as a reasonable price but in doing so, despite a fairly expensive cost of development anyway, it is more difficult to attract interest from partners.

VALUATION

- After the focus, the strengthening of the portfolio in diabetes is continuing at Adocia. The company has created a lot of partnering opportunities but none of the candidates looks so easy and obvious to partner in a tougher market environment in diabetes (cf. BC Combo).
- It is too early to give value to the new basal/GLP1 combination project and we will wait until the decision to move one of the two candidates into clinics in 2017 before doing so. Now, Adocia needs to convince that it can partner another BC platform beyond lispro to rerate. We do not see one before 2017. However, BC lispro still and always provides support to the valuation as it is worth EUR56 per share. With BC Glucagon and now BC basal/GLP1, we have to understand if it means anything about BC Combo and HinsBet, which account for EUR48 in our current FV.

NEXT CATALYSTS

- 12-16th September 2016: EASD meeting

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TMT

Altran Technologies

Price EUR13.35

H1 2016 results above expectations, Albin Jacquemont new CFO

Fair Value EUR14 (+5%) **BUY**

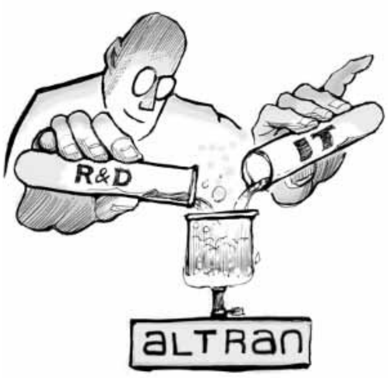
Bloomberg	ALT FP
Reuters	ALTR.PA
12-month High / Low (EUR)	13.4 / 9.8
Market Cap (EUR)	2,347
Ev (BG Estimates) (EUR)	2,504
Avg. 6m daily volume (000)	210.4
3y EPS CAGR	16.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.7%	4.5%	22.6%	8.2%
Softw.& Comp.	4.1%	8.6%	14.0%	7.8%
DJ Stoxx 600	2.7%	1.2%	2.8%	-4.2%

YEnd Dec. (€m)	2015	2016e	2017e	2018e
Sales	1,945	2,129	2,322	2,485
% change		*9.5%*	*9.1%*	*7.0%*
EBITDA	208	238	276	319
EBIT	155.0	186.0	222.0	261.0
% change		*20.0%*	*19.4%*	*17.6%*
Net income	123.0	142.0	168.0	195.0
% change		*15.4%*	*18.3%*	*16.1%*

	2015	2016e	2017e	2018e
Operating margin	9.6	10.1	10.8	11.7
Net margin	5.2	5.6	6.2	6.9
ROE	12.6	13.6	15.0	16.0
ROCE	15.0	15.2	17.3	20.1
Gearing	18.0	18.0	7.0	-5.0

(€)	2015	2016e	2017e	2018e
EPS	0.70	0.81	0.95	1.11
% change	-	*15.7%*	*17.3%*	*16.8%*
P/E	19.1x	16.5x	14.1x	12.0x
FCF yield (%)	3.4%	4.7%	6.1%	7.3%
Dividends (€)	0.20	0.25	0.30	0.30
Div yield (%)	1.5%	1.9%	2.2%	2.2%
EV/Sales	1.3x	1.2x	1.0x	0.9x
EV/EBITDA	12.0x	10.5x	8.8x	7.2x
EV/EBIT	13.4x	11.6x	9.6x	7.9x



This morning Altran reported H1 2016 results above expectations, with an op. margin up 1.1ppt to 8.7% thanks to very tight cost management. Free cash flow was negatively impacted by revenue seasonality and strong lfl growth in Q2, and we expect a strong catch up in H2. The company also announced a CFO change with the appointment of Albin Jacquemont (ex-Darty, Carrefour and Lyonnaise des Eaux) in order to accelerate Altran's transformation within the 'Altran 2020 Ignition' plan. We expect the share price to react positively short-term.

ANALYSIS

- **Operating margin above expectations**. For H1 2016, Altran reported sales up 10.8% (+7.9% lfl) to EUR1,057.6m, an operating margin up 27.6% to EUR92m or 8.7% of sales (vs. 7.6% in H1 2015), EBIT up 33.8% to EUR79.2m after EUR10.7m in non-recurring costs (o/w EUR5.8m restructuring costs in Germany and Benelux), and net profit up 35.8% to EUR51.6m. Operating margin was 0.2ppt above our forecast (EUR90.2m or 8.5% of sales) and 0.4ppt ahead of the consensus average (EUR88m or 8.3%), while we expected EUR5m in restructuring costs. Gross margin was up 0.1ppt to 27%, in line with stability in the invoicing (utilisation) rate as Altran accelerated its hiring activity (recruitment ahead of projects in France, Morocco…). Finally, SG&A costs as a percentage of revenues fell 1ppt to 18.3% on the back of a very tight cost management.

- **Free cash flow negatively impacted by revenue growth**. Net debt on 30th June 2016 was EUR208m, up EUR70m from EUR138m on 31st December 2015 but down EUR4m from EUR212m on 30th June 2015, due to a sharp WCR increase related to accelerated revenue growth (+9.6% lfl) in Q2. In addition, free cash flow for H1 2016 reached a negative EUR37m, down from a negative EUR25m one year ago due despite a fall in DSOs to 83.3 days from 90.1 days.

- **No change in the outlook statement**. In its statement, management still believes that 2016 will be another year of profitable growth for Altran. At this stage, we remain confident this year with 6.3% lfl revenue growth (consensus: est. +6%) and an op. margin of 10.1% (consensus: 9.6%). The acquisitions of Lohika and Synapse were closed on 29th August. Now the question is whether or not Altran will be able to reach our EUR157m free cash flow estimate (consensus: EUR155m) which implies an est. free cash flow of EUR194m for H2 2016 (vs. H2 2015 at EUR117m).

- **Albin Jacquemont new CFO**. Altran announced the departure of Olivier Aldrin as CFO and his replacement by Albin Jacquemont, effective 8th September. Albin Jacquemont has been appointed for his vast experience in challenging environments with listed companies and help Altran to accelerate its transformation and financial performance. Before joining Altran, he was CFO of Darty (2015). Albin Jacquemont started his career at Arthur Andersen, then joined Lyonnaise des Eaux (1992-1998) as CFO of Lyonnaise Communications, then Carrefour (1998-2014) in the M&A team then successively as CFO Poland, group financial controller and CFO France. Olivier Aldrin will remain an advisor to the Altran Chairman & CEO.

VALUATION

- Altran's shares are trading at est. 11.6x 2016 and 9.6x 2017 EV/EBIT multiples.
- Net debt on 30th June 2016 was EUR208m.

NEXT CATALYSTS

Analysts' meeting today at 9am CET / 8am BST / 4am EDT in Neuilly-sur-Seine (96 avenue Charles de Gaulle).

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Return to front page

Luxury & Consumer Goods

Moncler

Price EUR15.26

London flagship store visit: "Retail Excellence" well on track

Fair Value EUR17.5 (+15%) **BUY**

Bloomberg	MONC IM
Reuters	MONC.MI
12-month High / Low (EUR)	16.3 / 12.2
Market Cap (EUR)	3,818
Ev (BG Estimates) (EUR)	3,776
Avg. 6m daily volume (000)	906.2
3y EPS CAGR	10.2%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.6%	0.3%	1.3%	18.1%
Pers & H/H Gds	1.4%	1.5%	5.8%	4.1%
DJ Stoxx 600	2.7%	1.2%	2.8%	-4.2%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	880.4	986.0	1,090	1,191
% change		*12.0%*	*10.6%*	*9.2%*
EBITDA	300	331	363	399
EBIT	252.7	279.1	309.0	340.3
% change		*10.5%*	*10.7%*	*10.1%*
Net income	163.8	182.2	203.9	225.9
% change		*11.3%*	*11.9%*	*10.8%*

	2015	2016e	2017e	2018e
Operating margin	28.7	28.3	28.3	28.6
Net margin	18.6	18.5	18.7	19.0
ROE	30.0	27.2	25.3	23.7
ROCE	40.9	42.5	44.7	47.6
Gearing	9.1	-6.2	-18.5	-28.5

(EUR)	2015	2016e	2017e	2018e
EPS	0.69	0.75	0.83	0.92
% change	*-*	*9.5%*	*10.5%*	*10.6%*
P/E	22.3x	20.3x	18.4x	16.6x
FCF yield (%)	3.4%	4.0%	4.6%	5.2%
Dividends (EUR)	0.14	0.17	0.20	0.23
Div yield (%)	0.9%	1.1%	1.3%	1.5%
EV/Sales	4.4x	3.8x	3.4x	3.0x
EV/EBITDA	12.9x	11.4x	10.1x	8.9x
EV/EBIT	15.3x	13.5x	11.9x	10.4x

Yesterday's visit was a good opportunity for the Moncler management to showcase the first achievements of the "Retail Excellence" project presented at the CMD last December: upgrade of its store network, a better display of the new categories (knitwear, shoes and accessories) and a more customer-centric approach (staff training, CRM, app). These initiatives will contribute to strengthening Moncler's legitimacy in the high-end segment (barriers-to-entry, pricing power) and driving Retail KPIs that are already among the best-in-class in the industry.

ANALYSIS

- **The London flagship store fully embraces the retail excellence project.** Moncler's third flagship store after Paris (2013) and Tokyo-Ginza (2015) was opened in May. Although its size is relatively smaller than the two others (500sqm and selling surface of 330sqm vs 560sqm for Paris and 545sqm for Ginza), Moncler's luxury positioning is affirmed: **(i)** the store is made from the finest materials, **(ii)** more space is allocated to upscale collections (Gamme Bleu/Rouge, Grenoble in October) and **(iii)** higher in-store visibility for knitwear, footwear (dedicated area) and accessories.

- **Enlarged and enhanced product offering.** These flagship stores and the future refurbished DOS better showcase the new categories (more space allocation, suggestions to match clothing, etc), implying more cross-selling opportunities and incremental sales (higher Units Per Transaction). Remo Ruffini insisted on the objective to constantly improve the quality of products from these new categories to gain legitimacy, like for down jackets, and raise consumers interest. The **"Moncler Clinique"** project clearly illustrates this strategy, with the new R&D center and the target of internalising up to 20-25% of production by 2018.

- **A more consumer-centric approach.** Besides this more "luxury atmosphere", Moncler continues to improve the customer experience. The London flagship store is part of 17 pilot stores that are currently testing a new clienteling tool (in-store "*Mon Client*" app): every sales associates' iPhone/iPad collects customer data (number of visits, purchased items, personal interests, etc.) in order to build closer relationships and create a more engaging *customer. Hence t*his app should drive sales conversion. The most active/curious customers would become "Preferred Customers" and each store associate should ideally have between 60-80 "Preferred Customers" by the end of the next year. The app should be available in 50 stores by the end of the year that account for more than 50% of sales, and a full coverage is expected by mid-2017.

- **Capex and costs are tightly controlled.** Management reminded that only 10 flagship stores are set to be opened in the MT out of the future store network of approx. 220 DOS. Seoul and NYC (~700sqm) will open in October-November and the Group will add one or two each year. Consequently, capex and opex remain under control, while flagship stores should not dilute Retail KPIs, especially the very high sales density (~EUR30k/sqm). A higher selling surface enables Moncler to display more SKUs (+30% vs. the prior year) and since carry-over items only represent 1/3 of sales, the offering is refreshed every 3-4 weeks, fuelling traffic and SSSG figures.

- **Solid current trading and outlook.** Moncler confirmed that activity in the **UK** has accelerated after Brexit, driven by both tourists (GBP fall) and local customers. The latter have also fuelled the performance across **Europe** (excl. Italy: +13% FX-n in Q2), more than offsetting lower tourist flows, this is why we remain confident for Q3. Last but not least, trends remained healthy in **Asia-Pacific** and in **North America** that are two challenging regions for many peers.

VALUATION

- This visit was an interesting glimpse into the group's initiatives to elevate further the brand equity and driving growth within the retail channel that is key for the investment case. Buy recommendation and FV of EUR17.5 confirmed.

NEXT CATALYSTS

- Moncler is to release Q3 2016 sales on 8th November.

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Insurance

Scor

Price EUR27.35

Cost of capital should ease over time due to strong fundamentals and nice dividends

Fair Value EUR35 vs. EUR38 (+28%) **BUY**

Bloomberg	SCR FP
Reuters	SCOR.PA
12-month High / Low (EUR)	37.2 / 24.9
Market Cap (EUR)	5,250
Emb. Value (BG Est.) (EUR)	7,458
Avg. 6m daily volume ('000)	431.0
3y EPS CAGR	-6.8%

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.4%	-6.5%	-14.3%	-20.8%
Insurance	5.3%	-3.8%	-4.5%	-16.5%
DJ Stoxx 600	2.7%	1.2%	2.8%	-4.2%

(EURm)	2015	2016e	2017e	2018e
Total gross prem.	13,421	13,843	14,419	15,080
% change		*3.1%*	*4.2%*	*4.6%*
Insurance op. profit	1,173	1,038	978	1,004
Total operating profit	1,049	914	854	880
Underlying PTP	869.0	694.7	652.2	677.7
% change		*-20.1%*	*-6.1%*	*3.9%*
Net attributable profit	*642.0*	*521.0*	*495.6*	*521.9*
% Change		*-18.8%*	*-4.9%*	*5.3%*

(EURm)	2015	2016e	2017e	2018e
Shareholders' equity	6,330	6,498	6,215	5,958
Technical reserves :				
-Life net (excl. UL)	13,744	14,019	14,369	14,729
-UL contracts	0	0	0	0
-P&C net	14,095	14,236	14,449	14,738
NAV net of intangibles	2,504	2,855	2,375	1,905
Embedded value	7,458	7,818	7,586	7,376

(EUR)	2015	2016e	2017e	2018e
EPS (€)	3.45	2.81	2.66	2.79
% change	-	*-18.7%*	*-5.1%*	*5.0%*
P/E	7.9x	9.7x	10.3x	9.8x
P/NAV (%)	0.8x	0.8x	0.9x	0.9x
ROE	10.7	8.1	7.8	8.6
Dividends	1.5	1.5	1.5	1.5
Div yield (%)	5.5%	5.5%	5.5%	5.5%

The targets Scor presented yesterday with its new 2016-2019 "Vision in Action" plan are achievable, especially for solvency one, while ROE will depend on how much pressure return on investments will have to deal with. We believe the company is fully aware of that, as it decided to apply a more normalised, less risk-adverse investment strategy (less cash, higher duration, slightly higher risk profile on bonds). Short-term momentum is not exciting (not only a Scor issue), yet fundamentals remain very solid and the reinsurance industry still offers growth drivers. We have fine-tuned our estimates (5% down on average) and cut our fair value to EUR35. We remain at Buy.

ANALYSIS

- The company insisted that despite the current challenging environment (mainly ROI and P&C pricing), the reinsurance sector enjoys solid foundations and long-term prospects: expansion of the risk universe, protection gap to close, limited exposure to technological "contestability", innovation potential.
- In P&C, over the course of the plan, Scor is targeting 3-8% premium growth per annum, depending on the dynamics of the business and the pricing environment. The main growth drivers should be: i/ the US, with the aim of achieving a Tier 1 position (vs. #13 currently); ii/ developing the Lloyd's "Channel Syndicate" to grow international positions; iii/ developing business with large corporates (through the repositioning of Scor Business Services); iv/ developing the MGA platform (agents) to promote new business. From a profitability standpoint, the goal is to generate a 95-96% combined ratio (vs. 93-94% target in the previous plan), mainly due to changes in the business mix, in particular the increase in expense ratio due to the relative weight of long-tail and Lloyd's.
- In Life, Scor is targeting 5-6% annual growth in premiums, building on its leading position in the US market and expanding in fast-growing Asia-Pacific markets (GWP +16% CAGR expected). The company will continue to optimise its in-force book, expand longevity transactions (GWP x2 expected) and enhance its Global Distribution Solutions capabilities. From a profitability standpoint, the goal is to generate a 6.8-7.0% technical margin (vs. 7% target in the previous plan).
- The main breakthrough came from Investments, as the company intends to rapidly normalise its investment policy by reducing liquidity to the target level of 5% (vs. 14% at end-June), closing the duration gap (i.e. higher duration) and becoming less risk-adverse. For instance, the average rating of the bond portfolio is expected to drop from AA- to A+ (fewer govies, more corporate bonds and structured/securitised products), and bottom line, capital intensity (VaR 99.5% 1-year) should increase from 6.6% of invested assets to 8.5%. Remember Scor's investment portfolio is 47% USD, so a hike in rates by the FED would be good news. Scor's goal is to generate a 2.5%-3.2% ROI over the plan. At this stage, given the current rate environment and despite Scor's less risk-adverse strategy, we consider it is wise to focus on the low-end of that range.
- In the end, the main objectives of the new 2016-2019 "Vision in Action" plan are: i/ an ROE of 800bps over the 5-year risk-free rate over the plan (vs. 1,000bps above the 3-month risk-free rate in the last plan); and ii/ a Solvency II ratio in the 185-220% range (same as in the last plan, vs. 210% at end-June). We are rather comfortable with solvency, while we consider the ROE target is achievable but is highly dependent on how much pressure the ROI will have to deal with.
- No change in the dividend policy: 35% payout minimum and low variation from year to year.
- Denis Kessler's mandate as Chairman and CEO, due to expire at the next AGM in April 2017, will be extended for four more years (-> 2021).

VALUATION

- We have fine-tuned our estimates (down 5% on average over the 2016-2018 period). Our SOTP valuation is revised downwards to EUR35 vs. EUR38, using an 8.1% cost of equity (with a 0.9 beta derived from our proprietary methodology).
- Scor is currently trading on a 10% discount vs. reinsurance peers.

NEXT CATALYSTS

- Q3 2016 numbers on 27th October.

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TMT

Ubisoft

Price EUR37.10

Sony has unveiled a PS4 Pro (10th November) and a PS4 Slim (15th September)

Fair Value EUR34 (-8%) **BUY**

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	38.3 / 16.1
Market Cap (EURm)	4,170
Ev (BG Estimates) (EURm)	3,963
Avg. 6m daily volume (000)	245.2
3y EPS CAGR	35.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.7%	11.4%	40.9%	39.1%
Softw.& Comp.	4.1%	8.6%	14.0%	7.8%
DJ Stoxx 600	2.7%	1.2%	2.8%	-4.2%

YEnd Mar. (EURm)	03/16	03/17e	03/18e	03/19e
Sales	1,394	1,706	1,945	2,200
% change		*22.4%*	*14.0%*	*13.1%*
EBITDA	600	722	894	1,080
EBIT	156.1	210.0	310.0	420.0
% change		*34.5%*	*47.6%*	*35.5%*
Net income	116.0	139.9	212.6	292.5
% change		*20.6%*	*52.0%*	*37.6%*

	03/16	03/17e	03/18e	03/19e
Operating margin	11.2	12.3	15.9	19.1
Net margin	6.7	8.2	10.9	13.3
ROE	9.2	12.1	15.5	17.6
ROCE	11.0	14.9	22.7	31.5
Gearing	4.3	-17.8	-31.5	-44.3

(EUR)	03/16	03/17e	03/18e	03/19e
EPS	1.02	1.21	1.85	2.54
% change	-	*19.5%*	*52.0%*	*37.6%*
P/E	36.5x	30.6x	20.1x	14.6x
FCF yield (%)	NM	5.9%	5.3%	7.1%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	3.0x	2.3x	1.9x	1.6x
EV/EBITDA	7.0x	5.5x	4.2x	3.2x
EV/EBIT	27.0x	18.9x	12.1x	8.2x

During Sony's PlayStation Meeting 2016, the group unveiled the price point and release date for its forthcoming PS4 Pro (formerly called "Neo") and PS4 Slim consoles. We make the same observation as during E3 in June, namely Sony again won the battle this year as the PS4 Pro will be launched far ahead of Microsoft's Project Scorpio (expected in fall 2017). Ubisoft will have four games for the PS4 Pro (but none of them on day one). We maintain our Buy rating and FV of EUR34 on UBI (based on its fundamentals). We advise investors to play speculation as we value the stock between EUR40 (the very minimum, and EUR45 to avoid counterbids as far as possible) and EUR51 (maximum) in the event of a takeover bid.

ANALYSIS

- **Sony has officially unveiled the next version of its PS4** (upgrade of the three-year-old PS4). The console codenamed Neo, which Sony discussed in brief just ahead of E3 in June, is now officially **named "PS4 Pro". It launches on 10th November, and will cost USD399**, i.e. launched far ahead of Microsoft's Project Scorpio (expected in fall 2017) and at a very affordable price. Since E3, rumours suggested a possible presentation and launch at the end of the year. The box is intended to be sold alongside the base PS4 instead of replacing it, and new games will still be playable on the older hardware. The hardware can output 4K and HDR video, which is powered by an upgraded GPU. Sony also boosted the clock rate for the new PS4 Pro. It will come with a 1TB hard drive. According to the chief architect for the PS4, the vision is "to take the PS4 experience to extraordinary new levels". Titles like *Call of Duty: Infinite Warfare* and *Modern Warfare: Remastered* will be able to support PS4 Pro's extra capabilities on day one. *Battlefield 1* and *FIFA 16* will be supported later this year, and *Mass Effect: Andromeda* gaining support next year. Ubisoft will release *Watch Dogs 2, For Honor*, *Ghost Recon Wildlands* and *Steep* for this hardware (but no games on day one, the first one to be playable will be *Watch Dogs 2* on 15th November).
- **Sony also announced that a PS4 Slim** (a more compact version of the PS4) **will arrive on 15th September in most regions and will cost USD299.** The new model of PS4 leaked weeks ago. Note that the new PS4 Slim will still get HDR compatibility, thanks to an upcoming update.
- **As a reminder, we forecast a 2013/20e console cycle**, namely two years more than the traditional duration (one year prompted by the entertainment functions included in the consoles and another year owing to the bumped-up console versions from Microsoft and Sony and the launch of the Nintendo NX in 2017). The previous cycle lasted eight years with no real updating in hardware, which is unlikely to be repeated this time. As such, **we view a cycle peak for hardware in 2018 (and thus in 2019 for the software).** This is the last year before an annual slowdown in hardware sales, even if the rising share of digital sales at players and virtual reality should help them cushion a large share of the down-phase before new platforms are launched.

VALUATION

- **We maintain our Buy rating and FV of EUR34 for UBI (based on its fundamentals).** The share price fully values the group's earnings results over the current fiscal year (at end-March 2017).
- As noted throughout our recent research report *"Same player shoot again"?*, **we are not surprised that the share price now starts to reflect its speculative premium**, i.e. trading above our FV. As a reminder, we estimated in the same report a **valuation between EUR40 (the very minimum, and EUR45 if Vivendi wants to avoid counterbids as far as possible) and EUR51 (maximum) in the event of a takeover bid.** We still consider **UBI as a "safe haven stock".**

NEXT CATALYSTS

- **Ubisoft's AGM:** 29th September.

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Healthcare

Innate Pharma

Price EUR10.90

Bloomberg	IPH FP
Reuters	IPH.PA
12-month High / Low (EUR)	14.5 / 9.5
Market Cap (EURm)	588
Avg. 6m daily volume (000)	241.8

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.9%	-13.4%	-9.3%	-19.5%
Healthcare	-3.6%	-1.8%	3.4%	-7.4%
DJ Stoxx 600	2.7%	1.2%	2.8%	-4.2%

	2015	2016e	2017e	2018e
P/E	NS	18.8x	10.8x	54.7x
Div yield (%)	NM	NM	NM	NM

H1 16 results in line with our estimates. Strong newsflow ahead!

Fair Value EUR18 (+65%) **BUY**

ANALYSIS

- **H1 2016 results were fully in line with our estimates with net income at –EUR3.1m** (vs BG: EUR0m). Of note: 1/ revenues and other income moved from EUR4.6m to EUR20.7m, notably thanks to an increased recognition of AZN's upfront associated with monalizumab's licensing deal (USD250m collected at the very end of June 2015); 2/ OPEX grew by +53% to EUR23.6m with R&D expenses as the main driver (+59% to EUR20.3m due to the expansion of monalizumab's clinical program); 3/ cash & cash equivalents stood at EUR243.6m (vs EUR273.7m at the end of 2015).
- **More importantly (at least from a stock perspective), IPH confirmed that H2 2016 will be a newsflow-rich period**: 1/ the readout of the EffiKIR study (Phase IIb evaluating lirilumab as a single-agent for the maintenance treatment of acute myeloid leukaemia) is confirmed to occur in H2 2016; 2/ preliminary efficacy data for "liri/nivo" (PFS? OS?) will rather be disclosed at the end of the year (during the SITC meeting?); 3/ some preliminary safety/efficacy data from the dose-ranging part of the Phase I/II evaluating "mona" in ovarian cancer will be presented during a EORTC-NCI-AACR meeting in Munich.

VALUATION

- **BUY recommendation reiterated with a FV of EUR17.0**. Admittedly, IPH shares have poorly performed since the beginning of the year, and this is certainly due to the lack of transforming catalysts (i.e. clinical data, inking of significant collaboration agreements, etc.)… But we believe that a window of opportunity has opened since 1/ many significant clinical catalysts are expected in the next few months (and we are quite confident for most of them – see our previous comments for further details); 2/ at current levels, the valuation looks very attractive (based upon our FV, the market gives no value to monalizumab).

NEXT CATALYSTS

- H2 2016: Readout of the EffiKIR study, with a potential impact on our FV: -EUR1.5 or +EUR1.5).
- Q4 2016: Phase Ib data involving lirilumab (anti-KIR) in combination with BMS' nivolumab (anti-PD-1) in solid tumours. Potential impact: -EUR1.5 or +EUR3.5.
- Q4 2016: Preliminary data for monalizumab (anti-NKG2A) as a single-agent in ovarian cancer.

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Sector View

Semiconductors

New iPhone launch shows no major surprises still just as attractive

	1 M	3 M	6 M	31/12/15
Semiconductors	0.6%	20.6%	24.7%	20.4%
DJ Stoxx 600	2.7%	1.2%	2.8%	-4.2%

*Stoxx Sector Indices

Companies covered

ams	NEUTRAL	CHF29
ASML	SELL	EUR81
DIALOG	BUY	EUR37
INFINEON	BUY	EUR16
MELEXIS	SELL	EUR48
SOITEC	NEUTRAL	EUR0.5
STMICROELECTRONICS	NEUTRAL	EUR6.5
u-blox	BUY	CHF255

Yesterday, Apple unveiled its new iPhone 7. Most of the new features were already known and the Apple event took place almost with no surprise. The new iPhone 7 is more an evolution in the iPhone 6/6S with a better "everything" (camera, processor, graphics, screen…) but a similar design. Nevertheless, the new Apple flagship maintained its attractiveness and a technological lead that appears to be enough to maintain momentum, especially with an ageing iPhone base becoming a factor like never before. In addition, Apple also unveiled the Apple Watch Series 2 which is also an improvement on the current Watch with a dedicated GPS. At first take, we do not see any major impact for European semiconductor players, especially ams (Neutral, FV CHF29) and Dialog (Buy, FV EUR37).

ANALYSIS

- **The new iPhone was launched with no major surprises, but is still just as attractive**. The new iPhone 7 keeps most of the current iPhone 6 features, but it is better in lots of little ways including the processor, graphics, the screen, the battery or the home button. However, in our view, the two major improvements are 1/ a new dual-camera allowing iPhone 7 Plus users to shoot images with depth of field (mimicking effects of an expensive optical lens for DSLR), optical stabilisation for both models (7 and 7 Plus), and improved image sensors, 2/ the waterproof feature with a IP67 grade meaning that the new iPhone is able to support a water immersion (up to 1 meter depth) during 30 minutes. Finally, because Apple removed the mini-jack port for earphones, the group unveiled airPods, which are a wireless version of the earPods (sold separately). This new iPhone 7 (Plus) will be available from 16th September in stores (pre-orders start from 9 September).

- **A new Apple watch getting closer to a fully independent device.** In addition to the improvements Apple has made in the processor (twice as fast), the Apple Watch is now really water resistant (up to 50 meters depth) and now embeds a GPS chip, which means that the watch is now able to track users paths and running sessions on a standalone basis (no iPhone needed while running). This makes it more attractive especially for runners, cyclists and swimmers.

- **Implication for Semiconductor players.** Most of the improvements announced for the iPhone and the Apple Watch were expected and, at first take, we do not see any major changes that could impact **Dialog (Buy, FV EUR37) or ams (Neutral, CHF29),** the two players the most tied to Apple (80% and 20% of sales are made by Apple at Dialog and ams respectively). Nevertheless, the new iPhone has been welcomed warmly by the press and adds to our view that, despite just being a development on the previous model, the iPhone 7 is still attractive enough to fuel Apple's momentum (and its suppliers) for one more year, especially with an ageing iPhone base becoming a factor like never before.

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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 55.3% NEUTRAL ratings 33.3% SELL ratings 11.3%

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