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16th September 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	18212.48	+0.99%	+4.52%
S&P 500	2147.26	+1.01%	+5.05%
Nasdaq	5249.69	+1.47%	+4.84%
Nikkei	16519.29	+0.7%	-13.81%
Stoxx 600	340.335	+0.57%	-6.97%
CAC 40	4373.22	+0.07%	-5.69%
Oil /Gold			
Crude WTI	43.91	+0.76%	+18.04%
Gold (once)	1319.88	-0.27%	+24.24%
Currencies/Rates			
EUR/USD	1.1244	-0.04%	+3.51%
EUR/CHF	1.09365	-0.10%	+0.57%
German 10 years	-0.033	-11.53%	-105.27%
French 10 years	0.271	+4.49%	-72.37%

Economic releases :

Date	
16th-Sept	14h30 US- CPI Aug. (+1% E)
	14h30 US - Michigan Confidence Sep. (90.6 E)
	19h00 US - Baker Hughes rig Count

Upcoming BG events :

Date	
22nd-Sept	Thematic Lunch with HC specialist
30th-Sept	Thematic Breakfast with Vimpelcom
28th-Oct	IMERYS (Paris roadshow)
14th-Nov/ 15th-Nov	4th Paris Healthcare Conference
28th-Nov/ 29th-Nov	2nd Paris Consumer Conference

Recent reports :

Date	
14th-Sept	Automotive Innovation: the only way to stand out!
9th-Sept	ENGIE The twelve labours of Engie
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

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



DANONE

NEUTRAL, Fair Value EUR65 vs. EUR67 (+1%)

Sluggish trends in Chinese water and baby food

We have lowered our EBIT estimates by 3% on average for the next three years. This is due to the Baby Food and Waters divisions, which are respectively suffering from regulation in China and destocking of Mizone. Our Fair Value has been revised downwards from EUR67 to EUR65. Neutral recommendation maintained.

KORIAN

NEUTRAL, Fair Value Under Review

Feedback CMD: Ready for action, but delivering results will take time

Confirming the group's position as a full senior care provider with existing business (i.e nursing Homes, Geriatric clinics, Home Care and Service flats), new management presented and quantified its 2021 strategic plan. The latter is defined by a focus on five main levers: 1-organic growth, 2-improvement of current operating results, 3-higher investment in human resources, 4-more dynamic real estate management, and 5-medical innovation and digital solutions and 15 key projects. Overall, the 2021 strategic plan sounds credible. The plan/group is finally in working order, but most measures have yet to be implemented and positive impacts on results will take some time objectively announced by the management. We are confirming our opinion. Fair Value under review.

SOFTWARE AND IT SERVICES

Oracle Q1 FY17 results: neutral read-across for European Software vendors

Yesterday evening, Oracle reported Q1 FY17 sales (FYE 31st May) in line with consensus on revenues but below expectations on non-GAAP EPS due to a higher tax rate and borrowings. FY17 outlook continues to reflect Oracle's accelerated positive momentum in the Cloud, helped by an aggressive strategy. We view these numbers as a neutral read-across for European software vendors

In brief...

EIFFAGE, TP Ferro Concession contract to be terminated

LAFARGEHOLCIM, Another reorganisation announced

UBISOFT, Small date shift for the next South Park game, but no financial impact

BG Healthcare CHART #32

Focus on GENMAB valuation – BUY – FV DKK1,600 (+48%)

Food & Beverages

Danone

Price EUR64.67

Sluggish trends in Chinese water and baby food

Fair Value EUR65 vs. EUR67 (+1%)

NEUTRAL

We have lowered our EBIT estimates by 3% on average for the next three years. This is due to the Baby Food and Waters divisions, which are respectively suffering from regulation in China and destocking of Mizone. Our Fair Value has been revised downwards from EUR67 to EUR65. Neutral recommendation maintained.

ANALYSIS

- **Cut in estimates.** We have trimmed our EBIT estimates by 3% on average for the next three years. This is due to the Baby Food and Waters divisions, which are respectively suffering from regulation in China and destocking of Mizone. This is partly offset by slightly more optimistic forecasts for Yoghurts and Medical Nutrition. In 2016, we expect 3% group's organic sales growth, with Yoghurts: +2.5%, Waters: +2.7%, Baby Food: +3.5% and Medical Nutrition: +6.9%. This compares to our previous estimate of 3.4% organic sales growth, with Yoghurts: +1.9%, Waters: +3.4%, Baby Food: +5.5% and Medical Nutrition: +6.7%. This is still in line with the group's guidance for 3-5% organic sales growth over the year. Q3 2016 should be very weak. We expect 1.4% organic sales growth after +4.1% in Q2. Danone will only reach its medium-term target of around 5% group's organic sales growth in 2018.
- **Regulation in China impacting Baby Food.** We expect the division to post 1% organic sales growth in Q3 and Q4, which implies a strong deterioration vs the first half of the year (+6%). Traders in the cross border C2C channel are currently destocking due to tougher regulation. The regulation of the Chinese infant formula industry is a risk for Danone, as it is for other players. But the company is in a worse position than its peers due to its overexposure to cross-border C2C. The latter accounts for an estimated 7% of the group's EBIT and is expected to shrink. Danone's Chinese infant business rebounded after the Fonterra alert (2013) as the company was the principal beneficiary of the exceptional growth in cross-border C2C transactions. The volatility could last for some time and it is unlikely the group will manage to transfer all its C2C sales into B2C sales.
- **Challenging trend in Waters.** We expect flat organic sales in the next quarter, mainly due to destocking of Mizone (7% of group EBIT). The non-alcoholic beverages market has slowed significantly in China and is now showing flat to low-single-digit growth. Six months ago, it was running at 5-10%. Q3 sales of the Waters division should also be penalized by flooding in China, and tough comps.

VALUATION

- Our Fair Value is revised downwards from EUR67 to EUR65. We have downgraded our recommendation to Neutral in July 11th due to uncertainty around Water and Baby food in China and integration of WhiteWave's operations. At yesterday's share price, the stock is trading at a discount of 2% vs its peers in 2016 and in line with them in 2017.

NEXT CATALYSTS

- Q3 sales on October 18th
- Shareholders's meeting on October 4th

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Bloomberg	BN FP
Reuters	DANO.PA
12-month High / Low (EUR)	70.3 / 53.8
Market Cap (EUR)	42,417
EV (BG Estimates) (EUR)	60,730
Avg. 6m daily volume (000)	1 550
3y EPS CAGR	6.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.3%	6.9%	1.6%	3.8%
Food & Bev.	-2.7%	4.5%	2.7%	-1.2%
DJ Stoxx 600	-1.7%	5.2%	-0.2%	-7.0%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	22,412	21,899	25,880	27,252
% change		-2.3%	18.2%	5.3%
EBIT	2,892	2,980	3,493	3,775
% change		3.0%	17.2%	8.1%
Net income	1,791	1,871	1,966	2,180
% change		4.5%	5.1%	10.9%

	2015	2016e	2017e	2018e
Operating margin	12.9	13.6	13.5	13.9
Net margin	8.0	8.5	7.6	8.0
ROE	10.2	14.7	15.3	15.7
ROCE	11.0	12.4	14.0	14.8
Gearing	61.6	141.3	127.2	113.1

(EUR)	2015	2016e	2017e	2018e
EPS	2.93	3.04	3.19	3.54
% change	-	3.6%	5.1%	10.9%
P/E	22.1x	21.3x	20.3x	18.3x
FCF yield (%)	3.9%	4.2%	4.4%	4.6%
Dividends (EUR)	1.60	1.66	1.74	1.93
Div yield (%)	2.5%	2.6%	2.7%	3.0%
EV/Sales	2.2x	2.8x	2.3x	2.2x
EV/EBIT	17.4x	20.4x	17.2x	15.7x

Analyst :
 Virginie Roumage
 33(0) 1.56.68.75.22
 vroumage@bryangarnier.com



Sector Team :
 Nikolaas Faes
 Loïc Morvan
 Antoine Parison
 Cédric Rossi

Healthcare

Korian

Price EUR30.75

Feedback CMD: Ready for action, but delivering results will take time

Fair Value Under Review

NEUTRAL

Bloomberg	KORI.FP
Reuters	KORI.PA
12-month High / Low (EUR)	36.3 / 23.2
Market Cap (EUR)	2,465
Ev (BG Estimates) (EUR)	4,678
Avg. 6m daily volume (000)	102.4
3y EPS CAGR	20.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.9%	10.0%	17.3%	-8.7%
Healthcare	-3.1%	4.1%	2.6%	-8.3%
DJ Stoxx 600	-1.7%	5.2%	-0.2%	-7.0%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	2,579	2,994	3,133	3,278
% change		16.1%	4.6%	4.6%
EBITDA	342	401	439	484
EBIT	218.2	256.9	288.5	326.3
% change		17.7%	12.3%	13.1%
Net income	85.0	112.4	130.5	153.4
% change		32.3%	16.1%	17.6%

	2015	2016e	2017e	2018e
Operating margin	6.9	8.2	8.9	9.6
Net margin	2.3	3.5	4.0	4.5
ROE	4.4	5.6	6.1	6.7
ROCE	2.4	2.7	3.0	3.4
Gearing	85.1	107.2	94.4	81.3

(EUR)	2015	2016e	2017e	2018e
EPS	1.06	1.39	1.60	1.86
% change	-	31.1%	15.0%	16.5%
P/E	29.0x	22.1x	19.2x	16.5x
FCF yield (%)	7.8%	10.6%	11.2%	12.3%
Dividends (EUR)	0.60	0.60	0.60	0.60
Div yield (%)	2.0%	2.0%	2.0%	2.0%
EV/Sales	1.6x	1.6x	1.5x	1.3x
EV/EBITDA	12.0x	11.7x	10.4x	9.1x
EV/EBIT	18.8x	18.2x	15.8x	13.5x

Confirming the group's position as a full senior care provider with existing business (i.e nursing Homes, Geriatric clinics, Home Care and Service flats), new management presented and quantified its 2021 strategic plan. The latter is defined by a focus on five main levers: 1-organic growth, 2-improvement of current operating results, 3-higher investment in human resources, 4-more dynamic real estate management, and 5-medical innovation and digital solutions and 15 key projects. Overall, the 2021 strategic plan sounds credible. The plan/group is finally in working order, but most measures have yet to be implemented and positive impacts on results will take some time objectively announced by the management. We are confirming our opinion. Fair Value under review.

ANALYSIS

- **Main financial guidances for 2021:** Management objectives, which are in fact not far from our current numbers, is to deliver:
 - Top line growth of 5% per annum o/w c.3% on organic and c.2% with bolt-on acquisitions to reach by end of the plan EUR3.8bn (our current number on our DCF is EUR3.7bn);
 - EBITDA margin of c. 14.5% in 2021 vs. 13.7% expected in 2016 with limited improvement during the first two years (objective to be c 14% in 2019) mainly due to Germany with adaptation measures that require time to deliver results (time to recover Curamum's operating performance, to manage Casa Reha integration and to offset anticipated German market changes). From Germany, management expects to reduce base costs by EUR25m over 3 years.
 - Operating Free Cash Flow up 50% from EUR150m anticipated in 2016 to reach over EUR225m (our forecasts are respectively EUR176m in 2016e and EUR239m in 2021e);
 - Dividend maintained at the same level than last year i.e.EUR 0.60 per share.
- **Real estate valuation and Korian's strategy:** Group ownership structure represents 14% of operating assets contributing same % of 2015 revenue. Based on historical book value of EUR764m, the market valuation has been estimated at EUR980m using an average cap rate of 5.7% o/w 5.4% for France representing 77% of real estate valuation. Real estate debt is EUR390m. With an effort rate of 53% on average and significant discrepancy between countries, the objective is to be under 50% in 2021 by being more active in portfolio management (renegotiation lease conditions, or using pre-emption rights, with the decision to internalise real estate know-how and to build a strategic partnership with real estate investors.
- **Standalone Operating Cash flow to implement the strategy:** Based on EBITDA expectations, the group will have resources to finance its strategy taking into account maintenance capex of around 3.5% of consolidated revenue including notably an IT project (a 3 year c. EUR25m investment plan) with more around EUR100m cash available per year after dividend for expansion (bolt-on acquisitions). Under a clear governance for development by CEO/CFO for all project, management confirmed criterias of an IRR after tax between 1.5x and 2x WACC minimum and a ROCE after tax over WACC in year 3. Finally, financial leverage would stand c. 4x (covenant under 4.5x) during the first part of the plan to reach 3.5x at the end.

VALUATION

- At the current share price and before some adjustments to our forecast after CMD, the stock is trading at 11.7x EV/EBITDA 2016e and 10.4x 2017e, which compares with historical average of 9.3x.

NEXT CATALYSTS

- Q3 revenue on 26th October



Analyst :
 Bruno de La Rochebrochard
 33(0) 1 56 68 75 88
 bdelarochebrochard@bryangarnier.com

Sector View

Software and IT Services

Oracle Q1 FY17 results: neutral read-across for European Software vendors

	1 M	3 M	6 M	31/12/15
Softw. & Comp. SVS	1.5%	14.3%	10.5%	6.6%
DJ Stoxx 600	-1.7%	5.2%	-0.2%	-7.0%
*Stoxx Sector Indices				

Companies covered

ALTEN	SELL	EUR52
Last Price	EUR62,31	Market Cap. EUR2,099m
ALTRAN TECHNOLOGIES	BUY	EUR15
Last Price	EUR13,295	Market Cap. EUR2,337m
ATOS	BUY	EUR102
Last Price	EUR90,97	Market Cap. EUR9,530m
AXWAY SOFTWARE	BUY	EUR28
Last Price	EUR27,65	Market Cap. EUR575m
CAPGEMINI	BUY	EUR94
Last Price	EUR85,24	Market Cap. EUR14,677m
CAST	NEUTRAL	EUR3,6
Last Price	EUR3,46	Market Cap. EUR56m
DASSAULT SYSTEMES	SELL	EUR64
Last Price	EUR76,45	Market Cap. EUR19,666m
INDRA SISTEMAS	NEUTRAL	EUR11
Last Price	EUR12,345	Market Cap. EUR2,026m
SAGE GROUP	SELL	600p
Last Price	729,5p	Market Cap. GBP7,878m
SAP	NEUTRAL	EUR75
Last Price	EUR78,81	Market Cap. EUR96,818m
SOFTWARE AG	BUY	EUR40
Last Price	EUR36,385	Market Cap. EUR2,874m
SOPRA STERIA GROUP	BUY	EUR125
Last Price	EUR104,35	Market Cap. EUR2,137m
SWORD GROUP	BUY	EUR31
Last Price	EUR27,23	Market Cap. EUR257m
TEMENOS GROUP	NEUTRAL	CHF54
Last Price	CHF60,75	Market Cap. CHF4,225m

Yesterday evening, Oracle reported Q1 FY17 sales (FYE 31st May) in line with consensus on revenues but below expectations on non-GAAP EPS due to a higher tax rate and borrowings. FY17 outlook continues to reflect Oracle's accelerated positive momentum in the Cloud, helped by an aggressive strategy. We view these numbers as a neutral read-across for European software vendors

ANALYSIS

- Revenues in line, but non-GAAP EPS below consensus estimates due to tax and borrowings.** For its quarter ended 31st August 2016, Oracle has reported non-GAAP EPS up 4% (+5% at cc) at USD0.55 (i.e. USD0.56 at cc) or at the low-end of company guidance, which was given at cc (USD0.56-0.60), and below consensus (USD0.58) due to a higher tax rate - driven by an over-achievement in Cloud revenues in the US - and borrowings (USD0.015 adverse impact). Total revenues were up 3% at cc to USD8.61bn or at the mid-point of the guidance range (+2%/+5% at cc) and almost in line with consensus (USD8.7bn). Cloud and on-premise software revenues were up 7% at cc to USD6.81bn (guidance: +5%/+7%; consensus: USD6.82bn). Hardware product sales were down 18% at cc, but engineered systems grew mid double-digit with Exadata up 30%+.
- Q1 FY17 details.** At cc, on-premise software sales were up 1%, with new licences down 10% and maintenance up 3%, Cloud SaaS/PaaS sales rose an impressive 82% (guidance: +75%/+80% at cc), and cloud IaaS was up 10%. Cloud and on-premise software revenues were up 6% cc (vs. -2% in Q4 FY16) in the Americas, up 7% at cc (vs. +5% in Q4 FY16) in EMEA, and up 8% at cc (vs. +11% in Q4 FY16) in Asia Pacific. In the Cloud, Cloud ERP/EPM was up 70%, HCM up 131%, CRM up double-digit, Data as a service up 75%, PaaS up 22%. Oracle added 776 new customers (vs. 1,640 in Q4 FY16) - 677 customer expansions - of which 173 (vs. 318) in HCM, 346 (vs. 700) in Customer Experience and 344 (vs. 808) in ERP. Its ERP/EPM installed base now reaches 2,800 customers. Over 50% of ERP/EPM customers were net new to Oracle. In PaaS, Oracle had 2,032 new customers and has an installed base of 11,000 clients.
- Q2 FY17 guidance.** For Q2 FY17 (November 2016 quarter), management expects total revenues up 0-3% at cc, with Cloud & On-Premise software guidance up 3-5% at cc (SaaS/PaaS guidance +78%/+82% at cc including acquisitions), and non-GAAP EPS USD0.59-0.62 (consensus: USD0.65) taking into account a USD0.06 adverse impact from a higher tax rate and borrowings. Cloud bookings were up 49% at cc, which is above the +38% reported in Q4 FY16. For FY17, Oracle now anticipates SaaS/PaaS revenues up 65-67% (vs. above 65% previously). NB. SaaS/PaaS posted a gross margin of 62% in Q1 FY17 (+22ppt), should continue to rise over FY17, and Oracle confirms its plan to reach 80% as soon as possible.
- Neutral short-term read-across for European Software vendors.** As such, from a short-term perspective we consider this publication is neutral for SAP and other European software vendors. Revenue momentum is strong in the cloud, unsurprisingly. With an aggressive strategy, Oracle's cloud SaaS/PaaS revenue growth (+68% lfl) remains way above the cloud subscription growth of SAP (+33% lfl in Q2 2016), Workday (+37% in Q2 FY17) and Salesforce (+26% lfl in Q2 FY17).

VALUATION

European Software companies: EV/EBIT multiples of 18.0x for 2016 and 15.6x for 2017.

NEXT CATALYSTS

- Accenture's Q4 FY16 results on 29th September before US markets open.
- SAP's Q3 2016 results on 21st October before markets open.

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

Sector Team :
 Richard-Maxime Beaudoux
 Thomas Coudry
 Dorian Terral

Construction & Building Materials

Eiffage

Price EUR68.76

TP Ferro Concession contract to be terminated

Fair Value EUR77 (+12%)

BUY

Bloomberg	FGR FP
Reuters	FOUG.PA
12-month High / Low (EUR)	71.8 / 54.3
Market Cap (EURm)	6,744
Avg. 6m daily volume (000)	341.1

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.2%	9.7%	4.3%	15.5%
Cons & Mat	-1.1%	9.2%	6.3%	3.5%
DJ Stoxx 600	-1.7%	5.2%	-0.2%	-7.0%

	2015	2016e	2017e	2018e
P/E	20.4x	16.5x	14.8x	12.3x
Div yield (%)	2.2%	2.2%	2.2%	2.2%

ANALYSIS

- TP Ferro, 50% owned by Eiffage, is the concession company in charge of the high-speed rail line between Perpignan in the South of France and Figueras in Spain. It is going into liquidation.
- Since the opening in 2010, TP Ferro has faced numerous difficulties, in particular lower-than-expected traffic, the absence of private operators and the difficult Spanish macro situation. In March 2015, the concessionaire was unable to repay the debt as scheduled and declared a suspension of payment. EUR557m TP Ferro debt is non-recourse (and not consolidated in Eiffage's balance sheet): Eiffage, as well as ACS, will not be requested to repay it. The operation of the line will be transferred to a (French and Spanish) state-owned company and the concession contract will be terminated.
- We don't expect any pressure on Eiffage's share price, as TP Ferro has been under administration since 2015. Apparently, the termination of the concession contract was, unfortunately, the likely outcome.

VALUATION

- EUR77 FV is derived from a SOTP. TP Ferro value in our FV was equal to zero.

NEXT CATALYSTS

- Q3 sales of APRR on 20 October 2016; Q3 sales of Eiffage on 7th November 2016.

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Eric Lemarié, elemarie@bryangarnier.com

Construction & Building Materials

LafargeHolcim

Price CHF50.35

Another reorganisation announced

Fair Value CHF50 (-1%)

BUY

Bloomberg	LHN.VX
Reuters	LHN.VX
12-month High / Low (CHF)	58.4 / 34.1
Market Cap (CHF)	30,558
Avg. 6m daily volume (000)	1,891

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.4%	24.4%	19.5%	0.1%
Cons & Mat	-1.1%	9.2%	6.3%	3.5%
DJ Stoxx 600	-1.7%	5.2%	-0.2%	-7.0%

	2015	2016e	2017e	2018e
P/E	38.7x	21.0x	13.8x	11.7x
Div yield (%)	3.0%	3.3%	3.6%	3.9%

ANALYSIS

- The corporate structure will be reshaped, LafargeHolcim announced yesterday. The key idea is to (further) simplify the organisation. The central functions will mostly focus on "*strategy, governance and transformation*" and we understand the operational sites should be more responsive to local industrial issues (through the "*reshaping of the technical support organization*"). All in all, this will translate into 250 job-cuts by end of next year (from approx. 100.000 employees today).
- This reorganisation will further streamline LafargeHolcim. This makes sense, as cement remains mostly a local business.
- In its press release, LafargeHolcim stressed that this reorganisation of central functions "*reflects the end of the integration phase and the fact that the Group is now entering a new phase of its development*". We suspect this can be viewed as another step in the right direction.

VALUATION

- CHF50 FV derived from the application of historical multiples to our 2017 estimates, discounted.

NEXT CATALYSTS

- Q3 results on 4th November. Capital Markets Day on 18th November.

[Click here to download](#)Eric Lemarié, elemarie@bryangarnier.com

TMT

Ubisoft

Price EUR35.90

Small date shift for the next *South Park* game, but no financial impact

Fair Value EUR34 (-5%)

BUY

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	38.3 / 17.1
Market Cap (EUR)	4,035
Avg. 6m daily volume (000)	242.6

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.8%	13.9%	32.6%	34.6%
Softw.& Comp.				
SVS	1.5%	14.3%	10.5%	6.6%
DJ Stoxx 600	-1.7%	5.2%	-0.2%	-7.0%
	03/16	03/17e	03/18e	03/19e
P/E	35.3x	29.6x	19.5x	14.1x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Yesterday after trading, Ubisoft announced that *South Park: The Fractured But Whole* will now launch on Xbox One, PS4 and PC in calendar Q1 2017 i.e. fiscal Q4 2016-17 (vs. 6 December 2016 previously). Ubisoft explained that the development team (entirely developed by Ubisoft and helped by South Park Digital Studios on jokes and some contents) wants to make sure the game experience meets their high expectations, so the additional time will help them to achieve this goal.
- This is not a small shift and as a reminder we do not consider this game as an AAA. This is why the group maintains its FY16-17 unchanged, namely EUR1,700m in sales (BG est. EUR1,706.3m and cons. EUR1,706.7m), c.EUR230m in non-IFRS EBIT (BG est. EUR235m and cons. EUR236.4m) and strong FCF generation (BG est. EUR250m). As expected, this fiscal year will be back-end-loaded (H1 should represent only ~15% of FY sales) as in FY15/16.

Ubisoft's line-up on fiscal year 2016-17

Games	Launch date	Target audience	Our impression at E3
<i>Watch Dogs 2</i>	15/11/16	Core gamers	PPP
<i>Ghost Recon: Wildlands</i>	07/03/17	Core gamers	PPP
<i>South Park: The Fractured But Whole</i>	Calendar Q1 17, i.e. fiscal Q4	Core/casual gamers	PP
<i>For Honor</i>	14/02/17	Mostly core gamers	PP
<i>Steep</i>	Dec. 2016	Mostly core gamers	P

Source: Bryan, Garnier & Co (P Weak; PP Good; PPP Excellent).

VALUATION

- We maintain our Buy rating and FV of EUR34 (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 to be a "safe haven stock".

NEXT CATALYSTS

- Ubisoft's AGM: 29th September.

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Richard-Maxime Beaudoux, rmbeaudoux@bryangarnier.com

BG's Wake Up Call

Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

Stock rating

BUY	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
NEUTRAL	Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
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Bryan Garnier Research Team

Healthcare Team	Pharmaceuticals	Eric Le Berrigaud <i>(Head of Equities)</i>	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 <i>(Head of Research)</i>	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
Automotive & Parts		Xavier Caroen	33 (0) 1 56 68 75 18	xcaroen@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

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London	Paris	New York	Munich
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)	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 prudentiel et de résolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11



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