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24th October 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	18145.71	-0.09%	+4.14%
S&P 500	2141.16	-0.01%	+4.76%
Nasdaq	5257.4	+0.30%	+4.99%
Nikkei	17234.42	+0.29%	-9.71%
Stoxx 600	344.291	0.00	-5.88%
CAC 40	4536.07	-0.09%	-2.18%
Oil /Gold			
Crude WTI	50.5	+0.24%	+35.75%
Gold (once)	1266.05	-0.04%	+19.17%
Currencies/Rates			
EUR/USD	1.0871	-0.50%	+0.07%
EUR/CHF	1.08225	-0.13%	-0.47%
German 10 years	-0.071	+1.26%	-111.25%
French 10 years	0.219	-4.65%	-77.67%
Euribor	-0.312	-0.32%	+138.17%

Economic releases :

Date	
24th-Oct	9h30 DE - Manuf PMI Oct. (51.5 E) 9h30 DE - Composite PMI Oct. (53.3 E) 10h00 EUZ - Composite PMI Oct. (52.4 E) 15h45 US - Manuf. PMI Oct. (51.5 E)

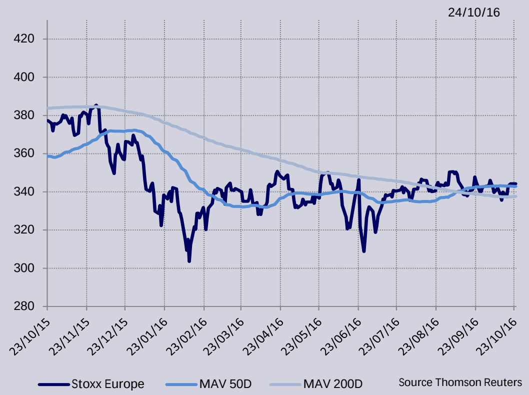
Upcoming BG events :

Date	
28th-Oct	IMERYS (Paris roadshow)
8th-Nov	LVMH (BG Luxembourg roadshow with IR)
14th-Nov/ 15th-Nov	4th Paris Healthcare Conference
18th-Nov	ENGIE (BG Luxembourg roadshow with IR)
24th-Nov	IMERYS (BG London roadshow with IR)
28th-Nov/ 29th-Nov	2nd Paris Consumer Conference

Recent reports :

Date	
19th-Oct	IPSEN Cabometyx AND Somatuline to transform Ipsen
19th-Oct	Back from ESMO 2016: What's hot in oncology
17th-Oct	Haemophilia: « Stemming the bleed »
13th-Oct	TEMENOS Success breeds success
12th-Oct	BOUYGUES Do not forget construction!
11th-Oct	A INBEV Fox in the Hen House

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



ESSILOR — BUY, Fair Value EUR128 vs. EUR130 (+22%)

All eyes on initiatives to renew growth in the US!

While R&S recovered in Q3 (+6.9% LFL), the weak performance in North America (+1.5%) was the main negative point. This slowdown was marked by specific headwinds (TOI, expiration of some government supply programmes, Coastal.com) but also by softer underlying trends in the optical market which surprised the group, as it has not identified the specific reasons for this slowdown. Hence management remain cautious on this market for Q4 (~44% of the L&OI division). Our new FV of EUR128 vs. EUR130 reflects adjustments to our FY16 growth assumptions.

GRIFOLS — NEUTRAL, Fair Value EUR20 (+6%)

Q3 2016 preview: further risks of earnings downgrades

We reiterate our cautious stance a few days before the publication of Q3 2016 results (8th November). Consensus estimates are quite high in our view, especially looking at EBIT and EBITDA margins for the period and thus for the whole year. Given how demanding the valuation is in our view (P/E 2017e: 20.8x), we stick to our Neutral rating. Our preference goes to SHP within the Pharma/Biotech segment. But for those seeing GFS as a medtech company, we would recommend a switch towards FRE SE.

JERONIMO MARTINS — NEUTRAL, Fair Value EUR13,5 (-17%)

Q3 2016 (first take): the virtuous circle linked to a cash margin approach to the business

1/ On the one hand, optimists will remain impressed by topline momentum at Biedronka (+8.5% LFL in Q3 vs +7.4% e), with a clear focus on the cash margin (+10bp increase in quarterly margin) and the sequential improvement at PD (+2.4% LFL vs -1.5% in Q2 and +1.1%e). 2/ On the other hand, the pessimists will stress that the wording of the guidance has changed as management indicated that start-up losses from Ara and Hebe are now expected to be marginally ahead of 2015. As far as we are concerned, we are totally impressed by the group's performances but estimate that a very demanding valuation (2017 PE of 25x vs 16.5 for the sector) tends to be somewhat prohibitive. Neutral maintained at this stage.

PLASTIC OMNIUM — BUY-Top Picks, Fair Value EUR36 (+21%)

Growth from SCR is not a chimera

Last Friday we hosted Plastic Omnium (IR & Executive Vice President of Communications) during a breakfast organised with French investors. Global tone on short term was quite reassuring, with the group confirming Chinese and North American markets are so far still offering growth, thanks to new contracts, while sales growth on mid to long term would come from innovation mainly. Plastic Omnium remains our top pick for Q4-16. Buy rating confirmed with FV unchanged at EUR36/sh.

SAP — NEUTRAL, Fair Value EUR82 vs. EUR79 (0%)

Q3 2016 conference call feedback: confidence on revenues, but fairly valued

We reiterate our Neutral rating and increase our DCF-derived Fair Value to EUR82 from EUR79, as we have revised our adj. EPS ests. by +1% for 2017-18 (+EUR1/share) and adjusted our working capital assumptions (+EUR2/share). We consider that more resilient than initially expected licence and maintenance revenues should offset headwinds on the non-IFRS operating margin in 2017 from the cloud revenue mix and cloud customers migrating to HANA. However we still do not see the non-IFRS operating margin taking off before 2018, and we consider the stock is fairly valued.

SUEZ — BUY-Top Picks, Fair Value EUR17,5 (+23%)

Preview Q3 2016: self-help measures to drive earnings and likely to be strengthened

Suez is set to report Q3 results on 27th October in the morning. After the poor metrics reported in H1 (2.3% organic decline in EBIT yoy), we expect Suez' performance to return to normal in Q3. As such, we expect Q3 EBIT to grow by 5.2% in organic terms, notably spurred by self-help measures (EUR54m contribution to Q3 EBITDA from the Compass plan) and strong growth in the international division. As a reminder, Suez's FY 2016 guidance for higher organic growth in EBIT than in revenues, which are expected to grow by at least 2%, implies minimum organic growth of 5% in EBIT in H2. We also expect Suez to unveil new measures as part of its transformation plan. The streamlining of support functions as well as a fine-tuned asset rotation programme should give more visibility on both 2017 and 2018. Buy recommendation and FV at EUR17.5 maintained.

LUXURY GOODS

We bet on a rebound in Greater China in 2017

Following several quarters of negative trend in Greater China, it seems that momentum is beginning to improve in Mainland China and even in Hong Kong (although at a less extend). We bet that worst is behind us and therefore we are more positive on hard luxury groups with a Buy for Richemont (vs Neutral) and Neutral on The Swatch Group (vs Sell).

In brief...

ENGIE, *Hazelwood power plant likely to be closed*

SHIRE PLC, *One of Gattex's patents is challenged... Limited potential downside on our MT/LT EPS*

Luxury & Consumer Goods

Essilor

Price EUR104.90

Bloomberg	EF FP
Reuters	ESSI.PA
12-month High / Low (EUR)	123.6 / 103.0
Market Cap (EUR)	22,878
Ev (BG Estimates) (EUR)	24,545
Avg. 6m daily volume (000)	447.4
3y EPS CAGR	10.1%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-9.5%	-14.0%	-8.5%	-8.8%
Consumer Gds	-0.6%	-1.3%	-0.5%	-2.9%
DJ Stoxx 600	0.5%	1.1%	-1.5%	-5.9%

YEnd Dec. (€m)	2015	2016e	2017e	2018e
Sales	6,716	7,107	7,595	8,122
% change		*5.8%*	*6.9%*	*6.9%*
EBITDA	1,263	1,337	1,435	1,559
EBIT	1,183	1,267	1,365	1,494
% change		*7.1%*	*7.8%*	*9.4%*
Net income	757.1	843.8	920.4	1,019
% change		*11.4%*	*9.1%*	*10.8%*

	2015	2016e	2017e	2018e
Operating margin	17.6	17.8	18.0	18.4
Net margin	11.3	11.9	12.1	12.6
ROE	13.3	13.1	12.8	13.4
ROCE	20.0	20.0	20.6	21.4
Gearing	34.7	24.5	15.9	13.7

(€)	2015	2016e	2017e	2018e
EPS	3.57	3.95	4.30	4.77
% change	-	*10.6%*	*9.1%*	*10.8%*
P/E	29.4x	26.6x	24.4x	22.0x
FCF yield (%)	3.8%	4.1%	4.4%	4.7%
Dividends (€)	1.15	1.30	3.15	4.15
Div yield (%)	1.1%	1.2%	3.0%	4.0%
EV/Sales	3.7x	3.5x	3.2x	3.0x
EV/EBITDA	19.8x	18.4x	16.8x	15.4x
EV/EBIT	21.1x	19.4x	17.6x	16.0x

All eyes on initiatives to renew growth in the US!

Fair Value EUR128 vs. EUR130 (+22%) **BUY**

While R&S recovered in Q3 (+6.9% LFL), the weak performance in North America (+1.5%) was the main negative point. This slowdown was marked by specific headwinds (TOI, expiration of some government supply programmes, Coastal.com) but also by softer underlying trends in the optical market which surprised the group, as it has not identified the specific reasons for this slowdown. Hence management remain cautious on this market for Q4 (~44% of the L&OI division). Our new FV of EUR128 vs. EUR130 reflects adjustments to our FY16 growth assumptions.

ANALYSIS

What is happening in North America? After a strong start to the year (+4.7% LFL), Essilor experienced two disappointing quarters in a row for the first time since 2013. Like in Q2, **TOI** faced a significant decline in sales to third parties (impact: ~70bp) but contracts with government entities were not renewed (impact: ~1pp): **(i) Department of Veterans Affairs** as the Supreme Court had decided to apply the law: companies that do business with this government entity must be a SME and be at least 50% owned by veterans and **(ii) Medicaid:** two US states have decided to stop reimbursing some lens coatings. **Coastal** continued to be a drag on the US online business.

Besides these company-specific headwinds, Essilor had to cope with an **unexpected slowdown in the Rx lens market**, justifying management's cautious tone at this stage, especially since the group has not identified the reasons behind this deceleration (macro environment? "wait-and-see" behaviour from consumers before the US elections?). On a positive note, there is no pressure on prices and the issue is only on volumes as eye exams decelerated (+1.2% 12m rolling at end June '16) and in-store traffic was down.

North America: what to expect for Q4 and onwards? Essilor controls to some extent three key levers to regain some momentum: **(i)** another step up in marketing expenses to encourage consumers to replace their lenses and revitalise traffic, this strategy being successful in Europe against a fragile macro environment, and **(ii)** the further integration of the dynamic alliance group channel with the **Framedream project** (turnkey solution to deliver both lenses and frames to independent eye-care providers) that will be rolled out in 250 stores by the year-end. We believe this project will be a key competitive advantage (and a catalyst) for Essilor in the coming quarters, **(iii)** the revamped website for Coastal and its new commercial proposition should help regaining some traction over the next quarters (more in Q1 17 in our view). Last but not least, EI hopes that consumer confidence will improve after the US elections, putting an end to the "carry-over effect". Even if visibility remains limited, we expect a slight improvement over Q4 (+1.8%).

R&S: the rebound materialised and more to come in Q4. The 6.8% increase confirmed that H1 issues were only temporary and was driven by **Foster Grant** (MSD growth vs. LSD growth in H1), **Bolon** (LSD increase vs HSD decline in Q2) and the **US readers** business, whilst **Costa** remained strong. Thanks to a solid backlog, management guided on an "outstanding Q4" on top of a challenging comparison base (Q4 15: +15%).

Our FY LFL growth forecast adjusted to 3.8% vs 4.2% previously, implying a 3.7% increase in Q4. Essilor confirmed that LFL growth guidance ("around 4.5%") would not be reached but the group is committed to being as close as possible to the FX-n growth target (+8% / BG: +7.7%e) thanks to the contribution from acquisitions. CEO Hubert Sagnieres also confirmed that the FY contribution margin objective ("at least 18.8%") was not at risk (BG: 18.8% vs 18.9% initially). We leave our FY 2017 assumptions unchanged but the pace of growth in Q1 2017 should be similar to Q4 2016.

VALUATION

We have nudged down our FV to EUR128 vs. EUR130 previously following two adjustments: **(i)** LFL growth forecast (+3.8% from +4.2%) and **(ii)** contribution margin (18.8%e from 18.9%e) given more limited operating leverage.

Luxottica will release its Q3 sales this evening and might also confirm that market conditions were a bit more adverse in the US, raising some question marks about this market in the ST.

NEXT CATALYSTS

- FY results to be released by the end of February 2017. *Click here to download*

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Return to front page

Healthcare

Grifols

Price EUR18.81

Q3 2016 preview: further risks of earnings downgrades

Fair Value EUR20 (+6%) **NEUTRAL**

Bloomberg	GRF SM
Reuters	GRF.MC
12-month High / Low (EUR)	22.7 / 18.0
Market Cap (EUR)	11,634
Ev (BG Estimates) (EUR)	15,227
Avg. 6m daily volume (000)	771.8
3y EPS CAGR	8.5%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.3%	-6.1%	-5.0%	-11.8%
Healthcare	-4.0%	-7.3%	-3.8%	-10.8%
DJ Stoxx 600	0.5%	1.1%	-1.5%	-5.9%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	3,935	4,032	4,249	4,445
% change		*2.5%*	*5.4%*	*4.6%*
EBITDA	1,163	1,157	1,258	1,356
EBIT	970.3	955.7	1,041	1,125
% change		*-1.5%*	*8.9%*	*8.0%*
Net income	532.1	572.3	622.9	681.3
% change		*7.5%*	*8.8%*	*9.4%*

	2015	2016e	2017e	2018e
Operating margin	24.7	23.7	24.5	25.3
Net margin	13.5	14.2	14.7	15.3
ROE	16.1	15.6	15.4	15.2
ROCE	6.9	7.2	7.8	8.4
Gearing	112.6	98.2	82.0	67.1

(EUR)	2015	2016e	2017e	2018e
EPS	0.78	0.83	0.91	0.99
% change	-	*7.2%*	*8.9%*	*9.4%*
P/E	24.2x	22.6x	20.8x	19.0x
FCF yield (%)	3.7%	4.8%	4.1%	4.6%
Dividends (EUR)	0.32	0.31	0.33	0.36
Div yield (%)	1.7%	1.6%	1.8%	1.9%
EV/Sales	3.9x	3.8x	3.5x	3.3x
EV/EBITDA	13.2x	13.2x	11.9x	10.8x
EV/EBIT	15.8x	15.9x	14.4x	13.0x

We reiterate our cautious stance a few days before the publication of Q3 2016 results (8th November). Consensus estimates are quite high in our view, especially looking at EBIT and EBITDA margins for the period and thus for the whole year. Given how demanding the valuation is in our view (P/E 2017e: 20.8x), we stick to our Neutral rating. Our preference goes to SHP within the Pharma/Biotech segment. But for those seeing GFS as a medtech company, we would recommend a switch towards FRE SE.

ANALYSIS

- **The consensus currently anticipates a slight decrease in the FY 2016 EBITDA margin (-20 bps to 29.2% vs BG: 28.7%), which is too optimistic in our view**. As a reminder, the H1 margin narrowed by -110 bps to 28.4% following the accumulation of unfavourable factors (declining royalties within the transfusion diagnostics unit, higher plasma costs due to the recent opening of collection centers, etc.)… And these very same elements are likely to maintain pressure on GFS' profitability for a couple of quarters.
- **Our Q3 estimates stand below those of the consensus regarding EBITDA and EBIT (-3% and -5% respectively)**. Admittedly, our net income figure is not so different from the consensus (probably because our financial result for the period is less impacted by adverse FX variations), but we believe the market is paying closer attention to operating margins (Q2 2016 EPS was notably above expectations while the EBITDA was well below… And this led to a sharp fall in the share price).
- **Where could we be wrong?** We believe the main risks on our investment case are 1/ a faster than anticipated recovery in the Diagnostics franchise (which is quite unlikely given our recent discussions with the company); 2/ an acceleration on immunoglobulins side (c.40% of total sales).

(in EURm)	Q3 15	Q3 16e (BG)	Q3 16e (CS)	BG vs CS
Sales	**971**	**997**	**1,002**	**-1%**
% growth y-o-y		2.6%	3.2%	
EBITDA	**296**	**288**	**296**	**-3%**
in % of sales	30.5%	28.9%	29.5%	
% growth y-o-y		-3%	0%	
EBIT	**247**	**236**	**248**	**-5%**
in % of sales	25.5%	23.7%	24.7%	
% growth y-o-y		-4%	0%	
Net income	**140**	**138**	**140**	**-2%**
% growth y-o-y		-1%	0%	

VALUATION

- **NEUTRAL reiterated with a FV of EUR20**.
- With a 2017e P/E of 20.8x, the stock is trading on a premium of c.10% relative to the European Pharma segment (hence our preference for SHP within this category)… which leaves little room for an eventual disappointment in our view.
- For those comparing it with medtech companies, we would note that Grifols is trading in line with FRE SE (P/E 2017e: 20.7x) while exhibiting a less attractive growth profile (EPS CAGR 2015-18: +13%). Hence our recommendation to switch into the German name.

NEXT CATALYSTS

- 8th November: Q3 2016 results.

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Food retailing

Jeronimo Martins

Price EUR16.25

Q3 2016 (first take): the virtuous circle linked to a cash margin approach to the business

Fair Value EUR13,5 (-17%) **NEUTRAL**

Bloomberg	JMT PL
Reuters	JMT.LS
12-month High / Low (EUR)	16.4 / 10.9
Market Cap (EURm)	10,226
Ev (BG Estimates) (EURm)	10,625
Avg. 6m daily volume (000)	849.0
3y EPS CAGR	7.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.1%	16.5%	10.2%	35.5%
Food Retailing	3.2%	2.9%	-2.2%	0.7%
DJ Stoxx 600	0.5%	1.1%	-1.5%	-5.9%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	13,726	14,570	15,597	16,510
% change		*6.1%*	*7.0%*	*5.9%*
EBITDA	799	868	974	1,038
EBIT	485.0	495.5	563.1	590.1
% change		*2.2%*	*13.6%*	*4.8%*
Net income	354.0	358.8	413.2	437.0
% change		*1.4%*	*15.2%*	*5.8%*

	2015	2016e	2017e	2018e
Operating margin	3.7	3.5	3.8	3.7
Net margin	2.6	2.5	2.6	2.6
ROE	NM	NM	NM	NM
ROCE	22.0	21.4	24.6	26.5
Gearing	13.6	7.0	-5.9	-17.1

(EUR)	2015	2016e	2017e	2018e
EPS	0.56	0.57	0.66	0.69
% change	-	*1.4%*	*15.2%*	*5.8%*
P/E	28.9x	28.5x	24.7x	23.4x
FCF yield (%)	4.5%	2.5%	4.2%	4.6%
Dividends (EUR)	0.27	0.00	0.33	0.35
Div yield (%)	1.6%	NM	2.0%	2.1%
EV/Sales	0.8x	0.7x	0.7x	0.6x
EV/EBITDA	13.4x	12.2x	10.7x	9.7x
EV/EBIT	22.1x	21.4x	18.4x	17.1x

1/ On the one hand, optimists will remain impressed by topline momentum at Biedronka (+8.5% LFL in Q3 vs +7.4% e), with a clear focus on the cash margin (+10bp increase in quarterly margin) and the sequential improvement at PD (+2.4% LFL vs -1.5% in Q2 and +1.1%e). 2/ On the other hand, the pessimists will stress that the wording of the guidance has changed as management indicated that start-up losses from Ara and Hebe are now expected to be marginally ahead of 2015. As far as we are concerned, we are totally impressed by the group's performances but estimate that a very demanding valuation (2017 PE of 25x vs 16.5 for the sector) tends to be somewhat prohibitive. Neutral maintained at this stage.

On Friday evening, Jeronimo Martins published its Q3 2016 trading statement (group sales worked out at EUR3,78bn vs EUR3,74bne) and results (EBITDA reached EUR239m vs EUR238m e) in line with consensus expectations. The group's performance as a whole reflected its consistent focus on sales (i.e. cash margin approach to the business). At this stage (conference call at 10:00 CET), we see no obvious reasons why analysts should increase their FY estimates.

In Poland (66% of sales and 76%e of EBITDA), on the one hand, promotions continue to dominate the market and the competitive landscape shows no signs of softening. Food inflation improved slightly to +0.9% in Q3 (vs +0.6% in H1). On the other hand, the increase in disposable income continued to contribute to the favourable consumer environment. In this context, Biedronka's focus on topline turned out to be very successful again judging by the +8.5% LFL sales growth (vs +7.4% expected by the consensus). This strategy did not prevent Biedronka from increasing its margin by 10bp e (that is the beauty of the strategy when the marginal cost decreases as volume increases, allowing the group to restore the margin rate initially sacrificed in prices). Very strong.

As far as Retail in Portugal is concerned (32% of sales and 32% of EBITDAe), the environment also remains challenging with stong promotions and consumers remaining highly price sensitive. In this context, Pingo Doce (79% of sales of Retail in Portugal) maintained its promotional intensity while continuing to invest in reinforcing the attractiveness of its offer. This resulted in +2.4% LFL sales growth (vs +1.1%e) and an estimated 20bp decline in margin. Recheio (21% of sales) benefited from strong tourist activity across the country (given the defection of tourists in France and Maghreb in favour of destinations such as Portugal?) and delivered a strong +5.9% LFL sales growth in Q3 (vs 3.7% e).

Losses at Ara (Q3 sales of EUR61m) and Hebe (Q3 sales of EUR30m) stand at EUR44m in Q3. As a reminder, the wording of the guidance for FY losses at Ara and Hebe already changed in Q2 ("losses in Ara and Hebe, at the EBITDA level, are not expected to surpass their 2015 level" at cc vs "are expected to be below the 2015 level" excl F/X previously mentioned in Q1). At the end of the day, management indicated in Q3 that Ara will invest in infrastructure and internal organisation to accelerate its expansion. This is bringing a bit more upfront opex and therefore start-up losses from Ara and Hebe are now expected to be marginally ahead of 2015. Admittedly, given the strength of the momentum at JM, we would almost conclude that this is a non-event. Nevertheless, nosayers could probably insist on this little "warning". We believe there is no real point…

ANALYSIS

- Everyone is looking out for themselves… **1/** On the one hand, optimists will remain impressed by topline momentum at Biedronka and the sequential improvement at PD. **2/** On the other hand, pessimists could stress a warning in the new wording of guidance.
- As far as we are concerned, we are totally impressed by the group's performances but estimate that a very demanding valuation (2017 PE of 25x vs 16,5 for the sector) tends to be somewhat prohibitive. Neutral maintained at this stage.

VALUATION

- 2017 PE of 25x vs 16.5 for the sector

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Automotive

Plastic Omnium

Price EUR29.68

Growth from SCR is not a chimera

Fair Value EUR36 (+21%) **BUY-Top Picks**

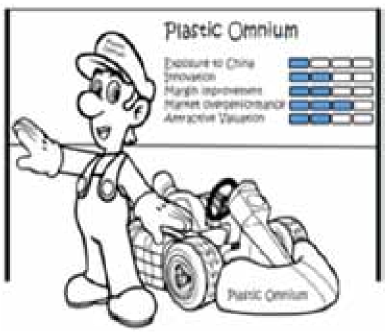
Bloomberg	POM FP
Reuters	PLOF.PA
12-month High / Low (EUR)	31.2 / 24.5
Market Cap (EURm)	4,525
Ev (BG Estimates) (EURm)	5,003
Avg. 6m daily volume (000)	186.6
3y EPS CAGR	20.8%

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.7%	8.2%	-0.1%	3.3%
Auto & Parts	3.0%	5.6%	-3.7%	-12.6%
DJ Stoxx 600	0.5%	1.1%	-1.5%	-5.9%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	5,010	5,813	6,878	7,310
% change		*16.0%*	*18.3%*	*6.3%*
EBITDA	691	774	982	1,057
EBIT	470.0	533.3	630.6	701.6
% change		*13.5%*	*18.3%*	*11.2%*
Net income	258.7	323.8	400.7	453.8
% change		*25.2%*	*23.8%*	*13.2%*

	2015	2016e	2017e	2018e
Operating margin	9.4	9.2	9.2	9.6
Net margin	5.2	5.6	5.8	6.2
ROE	20.4	21.4	22.0	21.0
ROCE	20.0	15.7	19.0	20.0
Gearing	20.8	54.8	24.7	12.2

(EUR)	2015	2016e	2017e	2018e
EPS	1.68	2.12	2.62	2.97
% change	-	*25.7%*	*23.8%*	*13.2%*
P/E	17.6x	14.0x	11.3x	10.0x
FCF yield (%)	4.6%	2.7%	5.9%	6.5%
Dividends (EUR)	0.41	0.53	0.65	0.74
Div yield (%)	1.4%	1.8%	2.2%	2.5%
EV/Sales	0.9x	0.9x	0.7x	0.6x
EV/EBITDA	6.5x	6.5x	4.7x	4.2x
EV/EBIT	9.5x	9.4x	7.3x	6.3x



Last Friday we hosted Plastic Omnium (*IR & Executive Vice President of Communications*) during a breakfast organised with French investors. Global tone on short term was quite reassuring, with the group confirming Chinese and North American markets are so far still offering growth, thanks to new contracts, while sales growth on mid to long term would come from innovation mainly. Plastic Omnium remains our top pick for Q4-16. Buy rating confirmed with FV unchanged at EUR36/sh.

ANALYSIS

- **A few words on Q3: 1/** All Q3 metrics were strong and in line with our expectations. **2/** The group continued to strongly outpace global automotive production in Q3 thanks to higher business from JLR and the SCR segment. **3/** 2016 sales guidance was confirmed (*pro-forma economic sales of around EUR7.5bn). **4/** The group indicated it continued its ongoing effort to optimise its industrial footprint with the closing of its exterior body parts production site in Norcross *(Georgia, U.S.)* with transfer of production to the Chattanooga and Anderson sites. **5/** The **EUR70m in potential synergies** coming from the FAE integration were confirmed, while the group indicated that the disposal process for the French sites and a Spanish site for the bumper business and of the front-end assembly business in Germany is ongoing (*representing in total around EUR700m of sales*).

- **Reassuring tone on Q4**: Comments on Q4 were reassuring on China (*8-9% of group's sales*) where the group will continue to strongly outperform market growth *(+24.5% in 9M vs. 11.6% for the market*) as well on North America where the group sees no sign of slowdown on the short term (*at least on its business*) despite production cut of Ford F-150. As a reminde group's target is to generate by 2016 **EUR7.5bn** of pro-forma economic sales (*with Faurecia consolidated during full year*) implying roughly **EUR5.8bn** of consolidated sales and most importantly implying **16%** of YoY sales growth and of **9.4%** LfL sales growth for 2016 (BGe). We expect the group to post **26%** YoY sales growth during last quarter after **+22%** in Q3 and **+7.5%** in H1-16.

- **Growth from SCR is not a chimera**: The VW gate is accelerating the need for SCR technology and so the need for SCR ammonia tank system, to the profit of POM. Since the beginning of the year, group's sales within this field increased by **37%** making the group confident it will reach its 2016 **EUR300m** sales target *(+50% vs. 2015*). As a reminder the group ambitions to achieve **EUR600m** of sales on SCR by 2019/20. While we admit the uncertainties linked to diesel market share decline within new production are important (*diesel currently represent 19% of total worldwide auto production*) and could lead to lower than expected sales growth for the group from this business, we also believe stricter regulation in Europe from **Euro 7** implementation (*2020/21*) could lead to SCR demand from gasoline engines equipped with direct injection. The group could also enter within the industrial market (buses, high

- **POM, an auto supplier offering the highest EPS CAGR within our universe over 2016-18**: Thanks to the integration of FAE and thanks to its innovation solutions we believe the group will be able to generate **21%** EPS CAGR over 2016-18 ahead of most of its European peers. Assuming dividend pay-out ratio will remain unchanged at **25%** implies dividend distributed by the group will rose by **40%** over 2016-18 (*from EUR0.53/sh in 2016e to EUR0.74/sh*) ahead of **Valeo** (25%), **Faurecia** (25%) and **Hella** *(23%).*

- We confirm our **Buy recommendation with FV and estimates unchanged at EUR36/share.**

VALUATION

- At current share price the group is trading at **4.7x** its **2017e EBITDA** and at **11.3x** its **2017e earnings**

- **Buy**, FV @ **EUR36**

NEXT CATALYSTS

- **February 23rd 2017** – 2016 annual results

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TMT

SAP

Price EUR81.98

Q3 2016 conference call feedback: confidence on revenues, but fairly valued

Fair Value EUR82 vs. EUR79 (0%) **NEUTRAL**

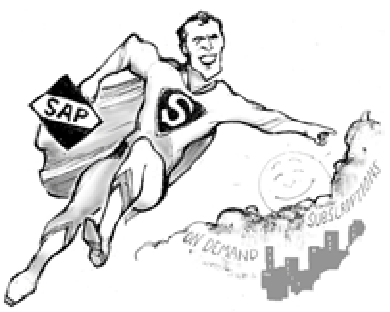
Bloomberg	SAP GR
Reuters	SAPG.DE
12-month High / Low (EUR)	82.4 / 64.9
Market Cap (EUR)	100,713
Ev (BG Estimates) (EUR)	104,149
Avg. 6m daily volume (000)	2 306
3y EPS CAGR	8.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.2%	6.9%	15.3%	11.7%
Softw.& Comp.	-0.3%	6.6%	11.0%	7.7%
DJ Stoxx 600	0.5%	1.1%	-1.5%	-5.9%

YEnd Dec. (€m)	2015	2016e	2017e	2018e
Sales	20,798	22,096	23,849	25,652
% change		*6.2%*	*7.9%*	*7.6%*
EBITDA	6,884	7,147	7,732	8,397
EBIT	4,251	5,059	5,940	6,565
% change		*19.0%*	*17.4%*	*10.5%*
Net income	4,639	4,639	5,431	5,837
% change		*0.0%*	*17.1%*	*7.5%*

	2015	2016e	2017e	2018e
Operating margin	30.5	29.7	29.8	30.2
Net margin	14.8	15.6	18.7	18.9
ROE	13.2	13.6	15.7	15.4
ROCE	18.5	18.1	20.0	22.0
Gearing	24.7	13.6	-0.5	-13.0

(€)	2015	2016e	2017e	2018e
EPS	3.78	3.78	4.42	4.75
% change	-	*0.0%*	*17.1%*	*7.5%*
P/E	21.7x	21.7x	18.5x	17.3x
FCF yield (%)	3.0%	4.4%	5.3%	5.8%
Dividends (€)	1.15	1.20	1.30	1.40
Div yield (%)	1.4%	1.5%	1.6%	1.7%
EV/Sales	5.1x	4.7x	4.2x	3.8x
EV/EBITDA	15.5x	14.6x	13.0x	11.5x
EV/EBIT	16.8x	15.9x	14.1x	12.5x



We reiterate our Neutral rating and increase our DCF-derived Fair Value to EUR82 from EUR79, as we have revised our adj. EPS ests. by +1% for 2017-18 (+EUR1/share) and adjusted our working capital assumptions (+EUR2/share). We consider that more resilient than initially expected licence and maintenance revenues should offset headwinds on the non-IFRS operating margin in 2017 from the cloud revenue mix and cloud customers migrating to HANA. However we still do not see the non-IFRS operating margin taking off before 2018, and we consider the stock is fairly valued.

ANALYSIS

- **More confidence in revenues**. The slowdown in cloud subscriptions in Q3 (+29%, o/w +24% in America) was temporary as it was related to the move of Concur's fiscal year end to 31st December from 30th September. Cloud bookings growth is expected to accelerate in Q4 from +24% reported for Q3. For Q4, SAP is confident on licence revenues performing well despite tough comps (+11% lfl in Q4 2015), while maintenance benefits from higher licence revenues and very low attrition, and cloud subscription revenues may accelerate again thanks to Concur. Guidance for 2017 will be updated for FY16 results in January, but resilience of licence revenues would continue to be driven by S/4HANA and HANA sales. Finally, the average deal size in the higher ticket amounts is going up, and SAP sees a higher share of sales in this higher ticket volumes.
- **Cloud margins: a mix issue**. For 2016, the gross margin for cloud susbcriptions is expected to be nearly flat. Management does not expect any substantial increase in 2017, before a take off in 2018 for reaching 73% in 2020 as stated in the business plan released early 2015: 1) SAP continues to invest heavily in cloud operations to migrate all acquired cloud applications to HANA - SuccessFactors customers to fully migrate within the next 12 months, then Ariba, Fieldglass and Concur customers will do so afterwards; 2) cloud applications (ATS) with a lower gross margin (51.4%) grow almost 3x faster (+47.1% lfl) than Business Networks (+16.7% lfl) with a higher gross margin (76.8%); 3) within cloud applications (ATS), the private cloud offering HANA Enterprise Cloud is a triple-digit million euro business year-to-date and is at breakeven as expected but is expected to keep improving gross margin going forward. The Services gross margin fell 2.9ppt to 20.5% in Q3 due to EUR50m investments in co-innovation projects with customers. These projects are to be completed at the end of Q1 2017, allowing for improvement in 2017.
- **Update on S/4HANA**. The number of "go-lives" for S/4HANA is 350 (+130 vs. June), which looks far from the mid-to-high hundreds figure guided for the end of 2016, but SAP is happy with the way IT Services firms implement S/4HANA through the "value assurance program" (they are involved in more than 80% of S/4HANA implementation projects), and more than 50% of S/4HANA projects are related to full scope ERP (version 15-11). A couple of S/4HANA Cloud Edition customers will go live by end 2016, but the launch of the public cloud division in January 2017 will make it take off.
- **Acquisitions, dividends and share buy-backs**. SAP sees nothing big in terms of acquisitions in a foreseeable future - only "tuck-in" deals in areas like machine learning and the IoT for instance. Debt related to the acquisition of Concur will be totally redeemed by end-2016, which would open more capacity for M&A, more generous dividends (>35% of IFRS net profit), and a share buy-back programme in H2 2017. Note that DSOs, which were higher for a couple of quarters due to overdues in emerging countries, are expected to stabilise in Q4, then decrease again.

VALUATION

- SAP's shares are trading at est. 15.9x 2016 and 14.1x 2017 EV/EBIT multiples.
- Net debt on 30th September 2016 was EUR3,904m (net gearing: 16%).

NEXT CATALYSTS

FY16 results on 24th January 2017 before markets open.

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Utilities

Suez

Price EUR14.20

Preview Q3 2016: self-help measures to drive earnings and likely to be strengthened

Fair Value EUR17,5 (+23%) **BUY-Top Picks**

Bloomberg	SEV FP
Reuters	SEVI.PA
12-month High / Low (EUR)	18.0 / 12.9
Market Cap (EUR)	8,012
Ev (BG Estimates) (EUR)	19,075
Avg. 6m daily volume (000)	1 144
3y EPS CAGR	-0.8%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.1%	1.4%	-12.3%	-17.8%
Utilities	0.1%	-6.0%	-3.4%	-7.0%
DJ Stoxx 600	0.5%	1.1%	-1.5%	-5.9%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	15,135	15,550	16,191	16,685
% change		*2.7%*	*4.1%*	*3.0%*
EBITDA	2,751	2,681	2,848	2,977
EBIT	1,381	1,286	1,380	1,471
% change		*-6.9%*	*7.3%*	*6.6%*
Net income	559.8	431.0	513.1	567.0
% change		*-23.0%*	*19.0%*	*10.5%*

	2015	2016e	2017e	2018e
Operating margin	9.1	8.3	8.5	8.8
Net margin	3.7	2.8	3.2	3.4
ROE	8.2	6.1	7.3	8.0
ROCE	8.0	7.2	7.6	8.0
Gearing	121.6	118.1	122.4	125.4

(EUR)	2015	2016e	2017e	2018e
EPS	1.04	0.77	0.92	1.02
% change	-	*-25.8%*	*19.1%*	*10.5%*
P/E	13.6x	18.4x	15.4x	14.0x
FCF yield (%)	3.3%	4.9%	4.6%	5.1%
Dividends (EUR)	0.65	0.65	0.65	0.68
Div yield (%)	4.6%	4.6%	4.6%	4.8%
EV/Sales	1.3x	1.2x	1.2x	1.2x
EV/EBITDA	7.0x	7.1x	6.8x	6.6x
EV/EBIT	13.9x	14.8x	14.1x	13.4x

Suez is set to report Q3 results on 27th October in the morning. After the poor metrics reported in H1 (2.3% organic decline in EBIT yoy), we expect Suez' performance to return to normal in Q3. As such, we expect Q3 EBIT to grow by 5.2% in organic terms, notably spurred by self-help measures (EUR54m contribution to Q3 EBITDA from the Compass plan) and strong growth in the international division. As a reminder, Suez's FY 2016 guidance for higher organic growth in EBIT than in revenues, which are expected to grow by at least at 2%, implies minimum organic growth of 5% in EBIT in H2. We also expect Suez to unveil new measures as part of its transformation plan. The streamlining of support functions as well as a fine-tuned asset rotation programme should give more visibility on both 2017 and 2018. Buy recommendation and FV at EUR17.5 maintained.

ANALYSIS

- **What to expect from Suez' Q3 publication?** After the **poor H1 metrics** (EBITDA and EBIT down 1.9% and 2.3% yoy in organic terms, respectively), we expect Suez' performance to **return to normal in Q3**. We expect **Q3 2016 EBITDA** to reach **EUR662m** (vs. EUR659m in Q3-15) with **solid growth in the international** division as well as a **strong Compass contribution** (EUR54m in Q3-16) partly offset by **1/**a single digit FX headwind mainly attributable to the GBP but partly made up for by the CLP; **2/**a EUR20m negative one-off in the water business due to higher-than-average temperatures last summer; **3/**a c. EUR10m headwind (EUR20m at the revenues' level) due to the loss of the Lille contract in 2015; **and 4/**a still unsupportive environment in the water business (decreasing trend in volumes and low inflation). We finally expect **5.2%** organic growth in **EBIT** to **EUR317m** (vs. EUR305m in Q3-15), which should help Suez to reach its full-year guidance (higher organic growth in EBIT than in revenues i.e. higher than 2%). As a reminder, following the 2.3% organic decrease in H1, **the FY 2016 target for 2%+ implies 5%+ organic growth in EBIT in H2.**

- **Note that 1/**we **did not include** any contribution from the recent increase in stake in Italian environmental services company **ACEA** as the closing of the transaction only occurred in September (positive impact of c. **EUR5m** at both the EBITDA and EBIT levels expected for **Q4**); **2/**we believe the **electricity price headwind** could be lower-than-expected following the recent increase in European power prices (**EUR4m** headwind for Q3-16 vs. EUR30m initally expected for FY-16); **and 3/**the international division should benefit from a **favourable comparison basis** as last year's performance was particularly hurt by high bidding costs and the lag between the start of some D&B contracts and their inherent margin generations.

- **Speeding-up the transformation plan**… In addition, Suez is expected to give more colour to its **transformation plan**. With this plan, we understand that **additional savings** could be implemented – on top of the current *Compass* plan the targets of which were already upgraded during H1 2016 results to **EUR180m** for 2016 (*vs. EUR150m initially*) – within Suez's **French activities**, especially for **support functions**. As a reminder, **we estimate the 600 job cuts** said to be announced by the group would generate **about EUR30m in additional savings** (based on an average EUR50k payroll cost per employee). In addition, we expect the group to give an update on its **asset rotation strategy**. We do not think any major move will be announced or even considered for now. **Fine-tuning transactions** are more likely to be unveiled such as the expected disposal of the company's Finnish waste subsidiary which could amount to **EUR50-60m** according to our estimates (*assumptions: EUR70m of revenues and a 8.9x EV/EBITDA multiple based on a 15% discount – due to lower EBITDA margin - to multiple paid by Fortum for the acquisition of Finnish waste company Ekokem earlier this year*). In all, we expect these new measures to give **more visibility on 2017 but also on 2018,** which would be well-appreciated as the company is still facing a rather **challenging macro environment** (low inflation and flattish industrial production in Europe, harsher water regulation in France).

- Pending more information on this "enhanced" transformation plan and the extent of the potential new cost-savings measures, **we stick to our Buy recommendation and to our FV of EUR17.5 per share**, which implies a c. **23% upside** vs. company's current share price. Note that **our unchanged full-year estimates are broadly in line with consensus expectations** with FY-16e EBITDA and EBIT expected at **EUR2,681m** (+0.4% BG vs. consensus) and **EUR1,286m** (+1.3% BG vs. consensus) respectively.

VALUATION

- At the current share price, Suez trades at **7.1x** and **6.8x** its **2016e** and **2017e** EV/EBITDA multiples respectively.
- **Buy, FV @ EUR17.5 – Top Picks**

NEXT CATALYSTS

- **27th October** 2016: **Q3 2016** results

Fig 1. Q3 2016e EBITDA bridge (*BG estimates*)

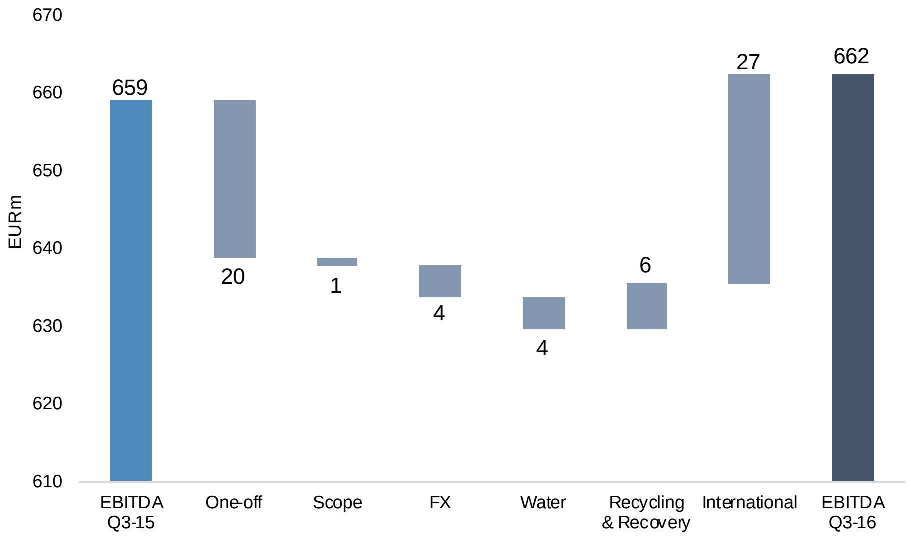
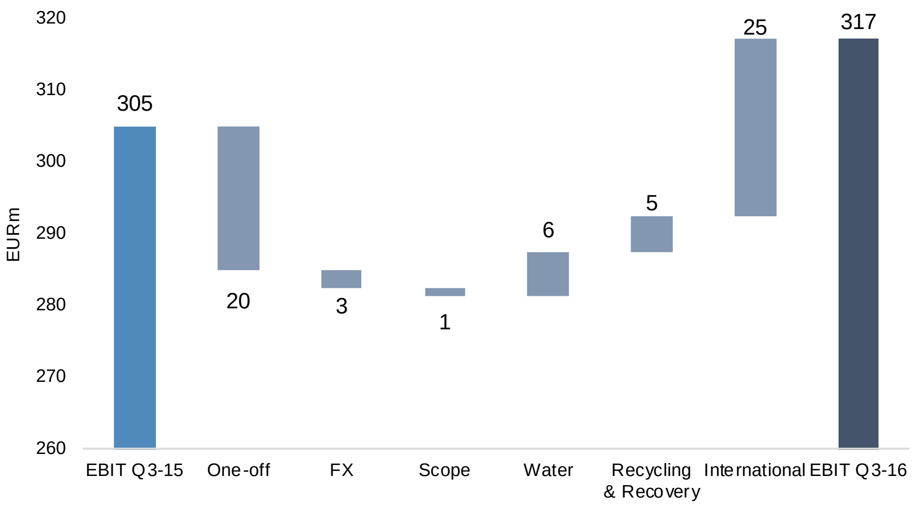


Fig 2. Q3 2016e EBIT bridge (*BG estimates*)



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Sector View

Luxury Goods

We bet on a rebound in Greater China in 2017

	1 M	3 M	6 M	31/12/15
Pers & H/H Gds	-0.5%	-1.9%	0.3%	0.2%
DJ Stoxx 600	0.5%	1.1%	-1.5%	-5.9%

*Stoxx Sector Indices

Companies covered

BURBERRY		**NEUTRAL**	**1260p**
Last Price	1495p	*Market Cap.*	GBP6,608m
CHRISTIAN DIOR		**BUY**	**EUR175**
Last Price	EUR173,4	*Market Cap.*	*EUR31,511m*
HERMES Intl		**BUY**	**EUR410 vs. 370**
Last Price	EUR367,3999	*Market Cap.*	*EUR38,786m*
HUGO BOSS		**NEUTRAL**	**EUR74**
Last Price	EUR55	*Market Cap.*	*EUR3,872m*
KERING		**BUY**	**EUR211 vs.193**
Last Price	EUR189,8	*Market Cap.*	*EUR23,966m*
LVMH		**BUY**	**EUR180**
Last Price	EUR167,15	*Market Cap.*	*EUR84,869m*
MONCLER		**BUY**	**EUR17,5**
Last Price	EUR15,61	*Market Cap.*	*EUR3,905m*
PRADA		**NEUTRAL**	**HKD31**
Last Price	EUR27	*Market Cap.*	*EUR69,088m*
RICHEMONT		**BUY vs. NEUTRAL**	**CHF73 vs.60**
Last Price	CHF65,05	*Market Cap.*	*CHF36,428m*
SALVATORE FERRAGAMO		**BUY**	**EUR23**
Last Price	EUR22,48	*Market Cap.*	*EUR3,794m*
THE SWATCH GROUP		**NEUTRAL vs.SELL**	**CHF320 vs.270**
Last Price	CHF306,7	*Market Cap.*	*CHF16,833m*
TOD'S GROUP		**SELL**	**EUR55 vs.53**
Last Price	EUR50,85	*Market Cap.*	*EUR1,683m*

Following several quarters of negative trend in Greater China, it seems that momentum is beginning to improve in Mainland China and even in Hong Kong (although at a less extend). We bet that worst is behind us and therefore we are more positive on hard luxury groups with a Buy for Richemont (vs Neutral) and Neutral on The Swatch Group (vs Sell).

ANALYSIS

- After several quarters of poor sales growth for the luxury sector, particularly due to negative momentum in Greater China (20% of sales on average for the luxury sector) and above all in Hong Kong (10% of worldwide luxury market), it seems that environment begins to improve at least in Mainland China (10% of sales). Furthermore, if we argue that Europe should remain under pressure until the end of 2016, we guess that undemanding comps should help in 2017.
- Let's be clear: we are fully aware that FY 2016 year will be a nightmare both in terms of top lines and profitability for the Hard Luxury groups (already priced by market). We bet that momentum will gradually improve in the coming quarters and that the worst is behind us, particularly in APAC, and therefore we begin to be more positive for 2017.
- This lead us to be more optimistic on the hard Luxury groups, **Richemont** and The **Swatch Group**, which are the most exposed groups to Asia-Pacific among our luxury goods groups. Therefore, if we leave unchanged our recommendations on others groups, we upgrade our recommendation on Richemont from Neutral to Buy (FV: CHF73 vs CHF60) and The Swatch Group from Sell to Neutral (FV: CHF320 vs CHF270).

VALUATION

- We take the opportunity of this report to do the roll-over on 2017 for our Luxury groups under coverage. We remain positive on **LVMH** (Buy-FV: EUR194 vs EUR180), **Kering** (Buy-FV: EUR211 vs EUR193) and **Hermès** (Buy-FV: EUR410 vs EUR370). On the other hand, we maintain our Sell on **Tod's** (Sell- FV: EUR55 vs EUR53).

NEXT CATALYSTS

- Tod's Group to report 9m sales on October 24th; Kering to report 9m sales on October 24th.

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Utilities

ENGIE

Price EUR13.30

Hazelwood power plant likely to be closed

Fair Value EUR16,5 (+24%) **BUY**

Bloomberg	ENGI FP
Reuters	ENGIE.PA
12-month High / Low (EUR)	16.6 / 12.9
Market Cap (EURm)	32,377
Avg. 6m daily volume (000)	5 378

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.9%	-11.8%	-7.1%	-18.6%
Utilities	0.1%	-6.0%	-3.4%	-7.0%
DJ Stoxx 600	0.5%	1.1%	-1.5%	-5.9%

	2015	2016e	2017e	2018e
P/E	6.5x	12.4x	12.5x	11.7x
Div yield (%)	7.5%	7.5%	5.3%	5.3%

ANALYSIS

French newspaper Les Echos reported yesterday that **Engie has agreed the shutdown of its highly-polluting 1.5GW Hazelwood coal-fired plant in Australia**. Engie owns 72% of the plant while the remaining 28% is owned by Japanese group Mitsui. Engie is awaiting a response from Mitsui as it needs the approval of shareholders for the closure.

The plant dismantling could cost up to EUR1bn, Les Echos said. Such an amount would clearly be **negative** for Engie.

As a reminder, in our last report, we stated that **Australian thermal assets were among the most likely to be disposed of by the company** with a potential **c. EUR1bn** cash-in for Engie.

Earlier this year, Isabelle Kocher, CEO of Engie, mentioned that **Engie was considering a sale or a closure of the Hazelwood power plant as part of its move away from coal-fired power**.

Engie stated that **no decision had been taken so far**.

VALUATION

At the current share price, Engie is trading at **6.4x** its 2016e EV/EBITDA multiple

Buy, FV @ EUR16.5

NEXT CATALYSTS

10th November 2016: Q3 2016 results

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Healthcare

Shire PLC

Price 5,053p

Bloomberg	SHP LN
Reuters	SHP.L
12-month High / Low (p)	5,323 / 3,480
Market Cap (GBPm)	45,627
Avg. 6m daily volume (000)	2,545

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.7%	3.2%	17.3%	7.6%
Healthcare	-4.0%	-7.3%	-3.8%	-10.8%
DJ Stoxx 600	0.5%	1.1%	-1.5%	-5.9%

	2015	2016e	2017e	2018e
P/E	15.8x	14.6x	12.0x	10.5x
Div yield (%)	0.4%	0.3%	0.4%	0.5%

One of Gattex's patents is challenged... Limited potential downside on our MT/LT EPS

Fair Value 6900p (+37%) **BUY-Top Picks**

ANALYSIS

- On Friday, **a final written decision regarding the "patentability" of Gattex' 886 patent was given (*inter partes* review)**... and stated that "Petitioner (the coalition for affordable drugs II LLC) has shown by a preponderance of the evidence that claims 46 – 52 and 67 – 75 of the '886 patent are unpatentable".
- Note that the 886 abstract is summarised as follows: "the invention is directed to formulations of GLP-2 peptides and analogs thereof exhibiting superior stability following storage and/or exposure to elevated temperatures. The GLP-2 compositions comprise a GLP-2 peptide or an analog thereof, a phosphate buffer, L-histidine, and mannitol".
- This is obviously bad news... But let's note that this IPR did not cover the two other patents included in the Orange Book. Plus, 1/ **Gattex accounts for c.3% of our 2020e sales estimates (vs c.2% in 2016e) and benefits from an orphan drug exclusivity until December 2019**, so we should not anticipate any generics entry before that date; 2/ we already anticipate a sharp decline in revenues from 2021, as we cautiously take into account the entrance of Zealand's ZP1848 (a GLP-2 analog with a longer half-life) from 2020e.

VALUATION

- **BUY reiterated with a FV of GBp6,900**.

NEXT CATALYSTS

- 1st November: Q3 2016 results.
- 10th November: Capital Market Day.

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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 56.7%   NEUTRAL ratings 31.2%   SELL ratings 12.1%

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