

BG SALES-TRADING MORNING DU 26/10/2016

LA SEANCE DE LA VEILLE

INDICES U.S & JAPON			SECTEURS S&P : BEST PERFS			SECTEURS STOXX : BEST PERFS			
Indices	Cloture	Var %	Var 17h30-22H (en %)	S&P	Var %	YTD	STOXX	Var %	YTD
DJ	18169,3	-0,3%	-0,1%	Household Products	2,1	5,4	Basic Resources	3,2	43,8
NASDAQ	5283,4	-0,5%	0%	Utilities	0,5	11,8	Telecom	1,5	-14,9
S&P 500	2143,2	-0,4%	-0,1%	Banks	0,1	-2,6	Insurance	0,2	-14,9
NIKKEI	17391,8	0,2%	-	Tech Hardware	0,1	13,8	Chemicals	0,2	-1,9
			SECTEURS S&P : WORST PERFS.			SECTEURS STOXX : WORST PERFS			
				S&P	Var %	YTD	STOXX	Var %	YTD
				Consumer Durables	-2,7	-5,3	Healthcare	-1,7	-12,9
				Entprises Serv	-2,6	9,1	Retail	-1	-9,3
				Auto	-2,4	-9,3	Travel & Leisure	-1	-18,4
				Spec. Retail	-1	5,5	Technology	-0,9	-1,2

Valeurs les plus traitées hier vs. Moy. 3M

CAC 40			EURO STOXX 50			STOXX 600		
Stocks*	Last	Var%	Stocks*	Last	Var%	Stock*s	Last	Var%
ORANGE	14,7	4,1	INDUSTRIA DE DISENO TEXTIL	32,6	-1,1	AMS AG	26,4	-12,7
ESSILOR INTERNATIONAL	102	-1,6	DEUTSCHE TELEKOM AG-REG	15,1	3,1	INDUSTRIA DE DISENO TEXTIL	32,6	-1,1
PUBLICIS GROUPE	61,2	-1,7	ORANGE	14,7	4,1	DISTRIBUIDORA INTERNACIONAL	5,1	-6,6
AIRBUS GROUP SE	53,4	-2,6	ESSILOR INTERNATIONAL	102	-1,6	STORA ENSO OYJ-R SHS	8,6	6,9
BOUYGUES SA	30,2	1,3	AIRBUS GROUP SE	53,4	-2,6	UPM-KYMMENE OYJ	21	10,7

DEFINITION : * compare les capitaux traités sur une valeur la veille rapportés à la moyenne des capitaux traités ces 3 derniers mois sur la valeur.

TAUX U.S				DEVISES				MAT. PREMIERES			
Taux U.S	Valeur	Var%	Yld	Devises	Valeur	Var%	YTD	Mat. Prem	Valeur	Var%	YTD
U.S 2 ANS	99,8	0%	0,9%	€/§	1,0894	0%	0,3%	BRENT	48,2	-0,1%	34,9%
U.S 10 ANS	97,8	0,1%	1,8%	€/¥	113,56	-0,1%	15%	ONCE OR (§)	1274,2	0%	20%
VIX Index	13,5		3,4%					VSTOXX Index	18,2		2,9%

Economic Calendar

8h00 DE - GfK Consumer Confidence Survey
 14h30 US - Advance goods trade Balance Sep.
 15h45 US - Markit US composite PMI Oct.
 16h00 - New Home Sales Sep. (-3.1% m/m)
 16h30 - US DoE Crude Oil Inventories Oct.

Dividends Calendar ex-date next day

BARRATT DEV. 12.3p (2.4%)
 WOLSELEY 66.72p (1.48%)

Ex Div today

Markets Recap (source Street account)

Asian markets are weaker on Wednesday. Trading activity has been relatively subdued in China and Japan. The Nikkei is flat in a quiet day for macro with the yen also steadying after its overnight strength. There has been little in the way of directional drivers for Chinese markets. Elsewhere S&P 500 futures have weakened slightly with Apple lower after-hours as investors take a dim initial view of its Q4 earnings.

Australia has been a focus with equities under some selling pressure. Soft earnings are dragging on the major grocers, and the big banks are selling off with investors wary ahead of upcoming earnings releases. Energy stocks have tracked the decline in oil prices with crude down a further ~1%. Earlier, the API reported a 4.8M barrel crude inventory build in the latest week, against forecasts in a Reuters poll for a 1.7M barrel build. The economic calendar has been headlined by a rebound in Aussie inflation,

which has reduced already low odds of further RBA easing.

US equities finished lower on Tuesday. Treasuries were mixed with the curve flattening a bit. The dollar was unable to hold on to early strength and closed mixed versus the euro and yen. Gold gained 0.8%. Oil was lower, with WTI crude settling down 1.1%.

Earnings in focus today. UA hit on weaker growth comments. WHR flagged softer demand. LLY earnings missed on softer sales. Mixed takeaways from MRK. Government/Academic the drag on WAT. CAT cut guidance. Operating miss at MMM. UTX beat. PG helped by better organic growth. Fee income (IB) a tailwind for KEY. Cost management helped BHI. SWFT results better than TL group.

Not much on the macro front. Consumer confidence came in weaker than expected. August home price data firmer. San Francisco Fed President Williams said December is best time for rate hike. Market continues to take yuan weakening in stride. Also some press attention on unlikelihood of Democrats to take control of the House.

Eight of the ten major sectors closed lower today, with consumer discretionary and materials the laggards. Utilities and consumer staples the only sectors to close higher.

Stocks Factor to watch today :

FUTURES 08h00 : ES50 +0.1%; DAX +0.2%, CAC -0.2%, FTSE -0.2%

BIC : confirms FY outlook, for mid-single digit FY sales growth, and Norm. IFO margin to fall 100-150bps

ALBIOMA: 3Q sales €90.5m, confirms 2016 targets

CAPGEMINI: UK banking, retail are most exposed to BREXIT.

HEINEKEN: Van Boxmeer reappointed as CEO, 3Q cons organic beer volume rise 3%.

Rating & TP Changes



AMS : TP raised to CHF27 vs. 29, NEUTRAL @Bryan Garnier

SEB : TP raised to €140 vs. 132, BUY @ Bryan Garnier

SEB : TP raised to €145 vs. 141, BUY @ UBS

KERING : TP raised to €218 vs. 211, BUY @Bryan Garnier

KERING : TP raised to €205 vs. 195, OVERWEIGHT @Barclays

KERING : TP raised to €212 vs. 202, BUY @Barclays

KERING : TP raised to €225 vs. 220, BUY @Berenberg

KERING : TP raised to €211 vs. 192, BUY @Jefferies

EDENRED: TP raised to €22 vs. 21.6, NEUTRAL @UBS

DIAGEO : BUY vs. HOLD, TP raised to 2600p vs. 2350 @HSBC

RANDSTAD : TP raised to €53 vs. 42, OVERWEIGHT @Barclays

RANDSTAD : TP raised to €60 vs. 57, BUY @ING

LUXOTTICA: TP raised to €45 vs. 47, NEUTRAL @ UBS

BUREAU VERITAS : TP raised to €18.5 vs. 20, NEUTRAL @UBS

DASSAULT SYSTEMES : TP cut to €83 vs. 8, BUY @ HSBC

VIVENDI: TP raised to €18 vs. 17.5, NEUTRAL @UBS



DIA: NEUTRAL vs. BUY, TP cut to €6 vs. 6.5 @BRYAN GARNIER

UCB : TP cut to €72 vs. 73, EQUAL WEIGHT @ Barclays

Dassault Systèmes	RATING : SELL	Fair Value EUR64 (-10%)
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We reiterate our Sell rating following the analysts' meeting and the conference call held yesterday. Q3 2016 demonstrate that Dassault Systèmes' route to get an average 9% CAGR for IFl revenue growth for 2014-2019 may take a bit longer than initially expected in our view (BG est. +8% for 2017 and +7% for 2016 after +7% for 2015 and +5% for 2014) due to the success of the 3DExperience platform. This translate into bigger and more transformational deals which need the approval at the Board level and sometime slip.

Groupe SEB	RATING : BUY	Fair Value EUR140 vs. EUR132 (+6%)
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Yesterday Groupe SEB unveiled Q3 sales of EUR1,204m (CS: EUR1,195m), up 6.8% reported with a better-than expected LFL growth (+6.5% vs. CS of 5.4%e). The adj. EBIT reached EUR140m and topped expectations by 8%, representing 130bp-margin improvement to 11.6%. Against this favourable momentum, the Group raises its FY sales and adj. EBIT targets. We raise our FY16 estimates on SEB stand-alone (acquisition of WMF should be completed by the end of November), leading to our new FV of EUR140 vs EUR132 initially. Buy recommendation confirmed. => **Positive**

Kering	RATING : BUY	Fair Value EUR218 vs. EUR211 (+16%)
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Kering reported Q3 sales at EUR3.19bn (consensus: EUR3.10bn), up 10% and 10.5 % organically (consensus: +7.1%). This follows a 6.9% organic sales growth in Q2 and 5.5% in H1. Gucci brand registered a stellar performance (+17% in Q3). We reiterate our buy recommendation and we uplift our FV to EUR218 vs EUR211 FV previously. Positive

VINCI	RATING : BUY	Fair Value EUR74 vs. EUR72 (+10%)
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Q3 revenues are down -3.4% l-f-l at EUR10bn, c2% below consensus. Concessions sales are up 6.6% l-f-l (c2% above consensus) but Contracting are down -5.4% l-f-l (c3% below consensus). Vinci Energy performance was disappointed in Q3, with a -5.4% l-f-l decline but margins are not at risk. Order book is fine but tough comparison basis impact order intake in Q3 (-18%). Guidance roughly unchanged. Share price likely to be under pressure today, as the Energy weakness was unexpected. Negative.

DIA	RATING : NEUTRAL vs. BUY	Fair Value EUR6 vs. EUR6,5 (+17%)
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Dia is a value play (2017 P/E of 11.3x vs 17x for the sector). But we believe that the communication and the visibility on FCF (especially with regard LFL acceleration in Spain) can prevent investors from expecting any reward from the optionality embedded in the value case. Unfortunately, despite the current upside (17%), we suspect that the stock could be dead-money until FY. Hence, to avoid any opportunity cost, we downgrade our rating to Neutral (vs Buy). We favor Carrefour (Buy, top-pick, FV @EUR30).

Wirecard	RATING : BUY-Top Picks	Fair Value EUR58 (+33%)
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Preliminary figures: Q3 revenues of EUR268.0m, +33.4% Y/Y (BG est.: EUR263.1m i.e. +31%) and EBITDA of EUR81.4m i.e. margin up 50bp to 30.4% (BG est.: 79.7m, margin of 30.3%). This implies 9-month revenues at EUR719.8m +33.0% Y/Y and EBITDA at EUR213.8m i.e. margin up 40bp to 29.7%. Management expects a positive business development in Q4 and confirmed its most recent FY 2016 guidance, namely for EBITDA of between EUR298m and EUR312m (BG est. of EUR306.3m and consensus of EUR303.5m). => **Positive**

Melexis	RATING : SELL	Fair Value EUR48 (-23%)
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Today, Melexis' announcement comes out with no major surprise. The group reports Q3 revenue of EUR114.5m, EBIT of EUR29.7m (EBIT margin of 25.9%), yielding EPS of EUR0.62, i.e. slightly below Street's expectations (at EUR0.63). However, FY16 guidance for a top-line growth in the range of 13% to 14% and EBIT margin of 25%. This implies Q4 2016 revenue to increase sequentially by 3.0% to EUR118m at mid-range of the guidance, slightly above consensus but EBIT at around EUR28m, slightly below consensus forecasting EBIT of EUR29m.

BIC	RATING : NEUTRAL	Fair Value EUR123 (-3%)
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Q3 sales came in at ~EUR560m (+2.1%), fairly in line with CS at EUR567m even if the LFL growth (+3.8%) was below expectations (+5%e) after +5.4% in H1. On the positive side, the Q3 normalised IFO margin only contracted 20bp to 18.8% (CS: -100bp to 18%) after -170bp in H1 excl. the impact of the special employee bonus. BIC reiterates FY16 outlook: mid single-digit LFL growth and NIFO to decline between 100-150bp (excl. the impact the special employee bonus). Conference call today at 4pm Paris time.

Capgemini **RATING : BUY** **Fair Value EUR94 (+14%)**

This morning Capgemini reported Q3 2016 sales slightly below our ests. and the consensus average, with more fx headwinds than we initially expected. Management reiterates FY16 guidance (revenue growth of 7.5-9.5% at cc or up 2.5-4.5% lfl, operating margin of 11.3-11.5%, free cash flow above EUR850m). We expect the share price to react a bit negatively near term due to lfl revenue growth, but we estimate this was anticipated by investors as Indian IT services firms have already reported decelerating growth rates.

ams **RATING : NEUTRAL** **Fair Value CHF27 vs. CHF29 (-11%)**

We are convinced that Heptagon acquisition was the only solution left to ams in order to maintain its slot in Apple's smartphones. With the future being sensor fusion, ams had to propose a truly innovative value-added solution to Apple, including a complete advanced integrated module embedding at least true-tone and ToF sensors. Stuck in this battle, competing with STMicroelectronics (Neutral, FV EUR6.5), we believe ams struck the decisive blow by acquiring Heptagon. The question is, was it worth taking such a scorched earth approach? We think so! Nevertheless, the acquisition impacts our near- and mid-views. As such, we trim our FV to CHF27 (vs. CHF29 previously) and keep our Neutral recommendation.
