

BG SALES-TRADING MORNING DU 28/10/2016

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	18169,7	-0,2%	-0,4%	Telecom Op.	1,6	5,6	Banks	1,2	-15,7
NASDAQ	5216	-0,7%	-0,5%	PHARMA.	1	-6,9	Oil & Gas	0,7	12,9
S&P 500	2133	-0,3%	-0,4%	Banks	0,4	-1,4	Media	0,7	-14,2
NIKKEI	17450,9	0,7%	-	Transportation	0,3	5,9	Food & BeV	0,6	-3,5
				SECTEURS S&P : WORST PERFS.			SECTEURS STOXX : WORST PERFS		
				S&P	Var %	YTD	STOXX	Var %	YTD
				Real Estate	-2,5	-2	Real Estate	-1,8	-11,9
				Entprises Serv	-1,6	7,9	Industrial Goods & Serv.	-1,3	1,1
				Spec. Retail	-1,1	3,7	Const. & Materials	-0,9	3,9
				Cap Goods	-1	5,4	Technology	-0,8	-2,1

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%
NOKIA OYJ	4,3	-7,5	NOKIA OYJ	4,3	-7,6	STMICROELECTRONICS	8	10,4
CAPGEMINI	75,4	-1,5	TELEFONICA SA	9,2	-1	SOBI	95,8	-1,8
SCHNEIDER	60,2	-3	SCHNEIDER ELECTRIC	60,2	-3	FERROVIAL SA	18	-3,4
UNIBAIL-RODAMCO	216,8	-2,6	BBVA	6,6	2,8	BERENDSEN PLC	1030	-16,3
KLEPIERRE	37,4	-1,8	UNIBAIL-RODAMCO	216,8	-2,6	ABB LTD-REG	20,6	-6,6

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	99,7	0%	0,9%	€/ \$	1,0901	0,1%	0,3%	BRENT	48,7	0,4%	36,3%
U.S 10 ANS	96,8	0%	1,9%	€/ ¥	114,84	-0,2%	13,7%	ONCE OR (\$)	1268,2	-0,1%	19,4%
VIX Index	15,4		7,9%				VSTOXX Index	18,7		0,3%	

Economic Calendar

7h30 FR- GDP 3Q (1.2%E)
 11h00 EUZ - Eco confidence Oct. (104.9 E)
 14h00 DE - CPI Oct. (0.8% m/m)
 14h30 US - Employment cost index.
 14h30 US -GDP Q3 (2.5% E annualized)
 14h30 US -Personal consumption Q3
 16h00 US -U. of Michigan confidence (88.1 E)
 19h00 US- Baker Hughes U.S Rig Count

Dividends Calendar ex-date next day

INDITEX €0.1134 (0.35%)
 ABERTIS €0.2916 (2.14%)

Ex Div today

ATLAS COPCO SEK3.15 (1.17%)
 TELENOR NOK 3.5 (2.65%)

Markets Recap (source Street account)

Asian markets are trading mixed on Friday. The Nikkei has defied wider regional weakness, where a softer yen is again being cited for equity market strength. It has been a busy day of earnings, headlined by Nomura's solid EPS beat. The usual batch of month-end data releases showed Japanese deflationary pressures continuing to persist as households again cut back on spending. The JGB 10y yield has crept back to (0.5%) with curve steepening a recent focus amid skepticism over BoJ policy effectiveness, and Governor Kuroda's intent not to push down longer-term yields.

Elsewhere mainland markets are little changed, having come off their opening highs. Financials are a weighing on the ASX as investors react negatively to the latest earnings. Aussie yields have spiked higher again, which follows a similar backup in global rates. The yield backup received a lot of attention overnight with blame going to firmer data, central bank policy shifts and limits of unconventional

measures, as well as calls for fiscal stimulus to do more

US equities finished lower on Thursday. Treasuries sold off with the curve steepening. The dollar was broadly higher and outperformed on the yen cross. Gold gained 0.2%. Oil was stronger, with WTI crude settling up 1.4%.

Earnings in the center of attention once again today. No directional takeaway, but growth metrics continue to improve. Yield backup and strengthening dollar remain key areas of focus. Some mixed data on the economic calendar, with core capital goods orders soft and pending home sales beating expectations. Overseas, UK GDP ahead of consensus. Political uncertainties remain, particularly in relation to a potential contentious post-election atmosphere should Clinton win.

Busy day of tech earnings. WDC, FFIV, NOW and TWTR the notable standouts. TDC and GRPN both hit on results. Some better restaurant results from BWLD and CAKE. CELG and BMY the standouts in healthcare, while CYH the big loser. Elsewhere, DOW with a solid report, while MJN and F weaker after reporting.

Stocks Factor to watch today :

FUTURES 08h00 : DAX 0.3%, CAC -0.1%, FTSE -0.2%, ES50 -0.2%

LVMH : owned Sephora sues local firm for trademark infringement.

PUBLICIS: Laura Desmond Chief Revenue Officer has resigned effective Dec 31.

BNP: net profit 3Q €10.589bn up 2.4%(poll €10.227)

EDF: postpones restart of its 1,300MW penly 2 nuclear reactor from Nov4 to 11

SANOFI :earnings beat view, now expected 2016 business EPS to grow 3-5% at CER

ZEALAND: 3Q2016 lixisenatide royalty revenue was DKK6m

GEMALTO: 3Q revenue €753m,

AB INBEV : CFO says one of most difficult years in Brazil in Decade, will continue to invest in Brazil business.

TOTAL: interim dividend €0.6, 3Q sales \$37.4bn.

Rating & TP Changes



AXWAY : TP raised to €31 vs. 28, BUY @Bryan Garnier

ST GOBAIN: TP raised to €35 vs. 33.5, SELL @UBS

SCOR: TP raised to €33 vs. 30, BUY @HSBC

TECHNIP: TP raised to €68 vs. 67, BUY @Jefferies

CAPGEMINI: TP raised to €100 vs. 108, @Berenberg



ADOCIA : TP cut to €82 vs. 90, BUY @ Bryan Garnier

GEMALTO: SELL vs. NEUTRAL, TP cut to €50 vs. 60 @Bryan Garnier

SGS : TP cut to CHF2300 vs. 2360, BUY @Bryan Garnier

ALTEN: NEUTRAL vs. SELL, TP raised to €57 vs. 54 @Bryan Garnier

GRANDVISION: TP cut to €27 vs. 28, BUY @Bryan Garnier

GRANDVISION: TP cut to €27 vs. 30, @Barclays

GRANDVISION: TP cut to €28 vs. 32.50, Buy @HSBC

Technical Analysis

HIGHEST YTD : DIOR, BNP, INFINEON, KERING, SEB, STM, ZALANDO, ZURICH INS.

LOWEST YTD : BRITVIC, ERICSSON, JCDECAUX, NOKIA, NOVOZYMES, SOBI

Bryan Garnier ... Today's comment(s)

AXA	RATING : BUY	Fair Value EUR29 (+39%)
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S&P has just upgraded the group's insurer financial strength to AA- with stable outlook. Remember the rating was cut to A+ in December 2012. AXA's rating with S&P is now on a par with Zurich and one notch below Allianz (AA with stable outlook). One notch also below the French state. In its statement, S&P highlighted (among others) the strengthening of the company's risk profile thanks to an improved capital adequacy, the focus of the company on efficiency gains and products that are lower risk and less capital-intensive, the strong risk control particularly on market and underwriting risks, and its confidence on solid retained earnings for 2016-2018. Despite its strong rebound over the last weeks, AXA's performance ytd remains disappointing and the stock is currently trading with a c. 15% discount to peers like Allianz and Zurich. -> **positive**

Suez	RATING : BUY-Top Picks	Fair Value EUR17,5 (+24%)
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Following the company's solid 9M-16 results reported yesterday, we made slight adjustments in our estimates for 2016 and beyond. We increased our 2016 and 2017 EBIT forecasts by respectively 0.5% and 1.2% in order to notably reflect the EUR40m additional savings to be implemented. All in all, we remain confident in the company's ability to reach its FY16e guidance as our 2016e revenues and EBIT organic growth stands at 2.3% and 2.4% respectively (vs. guidance at 2.0%+). Buy and FV at EUR17.5 reiterated.

Gemalto	RATING : SELL vs. NEUTRAL	Fair Value EUR50 vs. EUR60
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Q3 sales fell short of expectations (-5% vs. consensus and -4% vs. BG est.). Management warned both on FY 2016 (vs. cons.) and FY 2017 (vs. guid. and cons.), because of a very adverse mobile environment and slower than anticipated migration of payment cards. Moreover, it will increase investments to capture growth beyond 2017. GTO now targets a PFO between EUR500m and EUR520m vs. over EUR660m previously (i.e. a miss between of over 21% and 24%). The only hope was if Gemalto guided in line with our last downward revision, but it's much worse than our EUR565m (the new guidance is between 8% and 12% below our expectation). It confirms that the stock is often a "value trap". We again cut our 2016-18 EPS sequence, by 9.3% on average this time. We cut our rating from Neutral to Sell and FV from EUR60 to EUR50. => **Negative**

SGS SA	RATING : BUY	Fair Value CHF2300 vs. CHF2360 (+14%)
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During CMD in Poland, management adjusted its FY 2016 lfl revenue growth to approximately 2.5% vs. between 2.5%-3.5% guided at the end of H1. Adjustment was due to OGC, MIN and IND still under pressure with current market conditions. So 2016 and 2017 are expected to be softer than initial planning. We reduce our 2016 top line growth to 2.5% vs. 3.1% previously and 2017 to 2.6% vs. 3.4%. Based on our new estimates, our FV moves to CHF2,300 from CHF2,360. Negative.

Grandvision	RATING : BUY	Fair Value EUR27 vs. EUR28 (+26%)
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In our view, yesterday's miss on Q3 results alone does not justify the significant correction of the share price yesterday. We believe it was exacerbated by the tiny free float (20% for a market cap of EUR6.1bn prior to publication) and by current question marks about the ST momentum in the optical industry, as highlighted by Essilor post-Q3 and by Luxottica earlier this year until its more reassuring Q3 publication. We nudge down our FY16 estimates by ~4% (=> new FV of EUR27 vs. EUR28) but Buy recommendation maintained as GV can rely on self-help drivers to regain traction as early as Q4.

Axway Software	RATING : BUY	Fair Value EUR31 vs. EUR28 (+12%)
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We reiterate our Buy rating and raise our DCF-derived fair value to EUR31 from EUR28 as we raise our medium-term adj. EBIT margin assumptions (to 19% from 18% = +EUR2/share) and lfl revenue growth (to 9% from 8% = +EUR1). Yesterday evening Axway reported Q3 2016 sales fully in line with our expectations, and clearly driven by Digital solutions. Positive outlook confirms that momentum is improving, thus showing that the sales transformation is bearing fruit.

Altran Technologies	RATING : BUY	Fair Value EUR15 (+16%)
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We reiterate our Buy rating following the conference call held yesterday. We increase our adj. EPS ests. by 2% for 2017-18, as we add the acquisitions of Benteler Engineering and Swell to our model. We share our lfl sales growth ests. to 6% from 6.3% for 2016 and to 6.4% from 6.7% for 2017. Market conditions remain buoyant, the turnaround of Germany is in line, while the resolution of a few local short-term issues is in progress. As such, we deem yesterday's sanction on the share price was overdone.

Imerys	RATING : BUY-Top Picks	Fair Value EUR72 (+7%)
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Q3 revenues are down -2.5 % on a like-for-like basis at EUR1030m. Volumes (-3.2%) have been penalised by the usual weak markets, steel and papers, while mix-price is still positive (+0.7%), notably thanks new products. Good news is that the current EBIT is up 10% at EUR149m. This is another steady improvement of margin : +130 bps at 14.4% in Q3, following +30bps in Q1 and +100bps in Q2. Hence we expect positive market reaction today. Conference call at 10am. **Positive.**

STMicroelectronics	RATING : NEUTRAL	Fair Value EUR7.3 vs. EUR6.5 (-9%)
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Yesterday, STMicroelectronics hosted a conference call to comment Q3 results. In our view, there were several compelling messages. Following the conference call and discussions with ST, it looks like FY17 opportunities are promising in multiple markets and applications while margins improvement will continue in FY17. We already expected a positive evolution but it looks like FY17e and FY18e might be better than we anticipated. On the back of a supportive environment and additional proofs that the STB exit is on track, we adopted a more aggressive margin scenario. Our FV is up to EUR7.3 from EUR6.5.

Saint Gobain	RATING : BUY	Fair Value EUR46 (+19%)
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Q3 revenues is up 2.1% on a like-for-like basis at EUR9757m, close to expectations. Price effect is positive (+0.5%) for the first time in 2016, France organic growth is almost at breakeven (-0.5%), despite unfavourable calendar effect, volumes are down in the US Industry segment while Asia/Emergings organic growth is accelerating. Outlook is unchanged, as well as guidance. The comments regarding renovation in France are still cautious but look to us very slightly more positive. **Overall Neutral.**

SOBI	RATING : SELL	Fair Value SEK90 (-8%)
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At the end of the day, the stock fell by c.2% and this is probably due to the disappointing sales from Elocta. Summer/vacation time and a quite gradual granting of reimbursements in different European countries played a role here... But going forward, we stick to our cautious stance especially in light of 1/ the recent comments from Bayer (which confirmed our view that the switch to the first-gen of long-acting FVIII is likely to be slow/low), and 2/ the lacklustre Q3 performance of Eloctate in the US.

Fresenius SE	RATING : BUY-Top Picks	Fair Value EUR78 (+12%)
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Tone was very positive during yesterday's Q3 call. Management sees no incapacitating pricing pressure in the US and should reach the high end of the 6-10 drug launches per year. Slowdown in Q4 should be expected (investment in plants and high comp basis). On the M&A front, management is not stressed by time but give indication on its aim to rebalance contributions from different geographies to group's sales while staying within the existing businesses.

Alten	RATING : NEUTRAL vs. SELL	Fair Value EUR57 vs. EUR54 (-3%)
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We upgrade our rating to Neutral from Sell and raise our DCF-derived fair value to EUR57 from EUR54 as we increase our adj. EPS ests. by 1% for 2016 and 3% for 2017-18. Yesterday evening, Alten reported Q3 2016 sales 2% above consensus. With 7.7% year-to-date lfl growth, the management raised FY16 lfl revenue growth guidance to above 5.5% from above 3.4% - we now forecast +6.8% vs. +6.3%. In a scenario where Alten would drop its "research tax credit-approved" status for R&D work done on behalf of clients, we consider our fair value would gain EUR7-8 based on a 2ppt margin gain.
