Please find our Research on Bloomberg BRYG <GO>)

9th November 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	18332.74	+0.40%	+5.21%
S&P 500	2139.56	+0.38%	+4.68%
Nasdaq	5193.49	+0.53%	+3.72%
Nikkei	16251.54	-5.36%	-9.78%
Stoxx 600	334.914	+0.32%	-8.45%
CAC 40	4476.89	+0.35%	-3.45%
Oil /Gold			
Crude WTI	44.89	0.00	+20.67%
Gold (once)	1281.09	+0.01%	+20.59%
Currencies/Rates			
EUR/USD	1.10465	+0.11%	+1.69%
EUR/CHF	1.0767	-0.15%	-0.98%
German 10 years	0.103	+41.33%	-83.71%
French 10 years	0.484	+5.44%	-50.64%

Economic releases :

Date	
9th-Nov	10h30 - GB Visible Trade Balance 11h00 - ECB European Commission Eco Forecasts 16h00 - US Wholesales Inventories Sep. 16h30 - US DoE Crude Oil Inventories Nov.

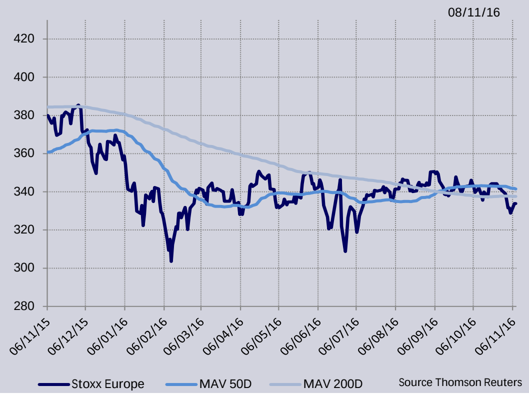
Upcoming BG events :

Date	
9th-Nov	SEB (BG Geneva roadshow with CFO)
9th-Nov/ 10th-Nov	UBISOFT (BG London roadshow with CEO, CFO)
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	
8th-Nov	FOCUS INNATE Liri to shine at the upcoming SITC congress
7th-Nov	FOCUS ACCORHOTELS On the right track
3rd-Nov	Casino The fat Lady has not sung yet
20th-Oct	Luxury goods :We bet on a rebound in Greater China in 2017
19th-Oct	Back from ESMO 2016: What's hot in oncology
19th-Oct	IPSEN Cabometyx AND Somatuline to transform Ipsen

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



ALTICE — **BUY, Fair Value EUR19 (+18%)**

Fined EUR80m for gun-jumping before acquiring SFR.

ATOS — **BUY, Fair Value EUR114 vs. EUR104 (+20%)**

Feedback from Capital Markets Day: digital transformation entering stage 2

CAMPARI — **BUY, Fair Value EUR10,7 vs. EUR10,5 (+19%)**

Still one of the best

CARLSBERG — **SELL, Fair Value DKK600 (-2%)**

Q3 short of expectations but full year outlook revised upwards

EDF — **BUY, Fair Value EUR14,6 (+48%)**

Q3 2016 revenues up 0.6% yoy thanks to the EUR1bn positive tariff adjustment

E.ON — **BUY, Fair Value EUR10,2 (+59%)**

9M 2016 results – first take: another EUR6.1bn writedown linked to Uniper

HEIDELBERGCEMENT — **BUY, Fair Value EUR86 (-3%)**

Q3 EBITDA a bit low but HEI well placed to benefit from USD1trillion Trump infra plan

INNATE PHARMA — **BUY, Fair Value EUR21 (+88%)**

Can't for this weekend!

MELIA HOTELS — **BUY-Top Picks, Fair Value EUR15 (+36%)**

Contact: Positive opinion confirmed

MONCLER — **BUY-Top Picks, Fair Value EUR17.5 (+18%)**

Q3 Sales in line with estimates, reacceleration expected in Q4

VOLTALIA — **BUY, Fair Value EUR15,5 vs. EUR13 (+91%)**

Starting to play with the big boys (report released today)

In brief...

BURBERRY, *H1 adj EBIT at GBP146m (down 14% underlying), globally in line with expectations*

CNP ASSURANCES, *Solvency a little low, but higher BRL has started to translate into results*

ENGIE, *Engie said to aim at grouping together GRTgaz and Elengy*

EULER HERMES, *Solid Q3 underwriting results, preparing for the future*

MUNICH RE, *Q3 a little low, FY guidance to be exceeded, as expected*

NICOX, *2017 is indeed set to be a transforming year*

QIAGEN, GeneReader's US sales to be resumed in late 2016

TMT

Altice

Price EUR16.16

Fined EUR80m for gun-jumping before acquiring SFR.

Fair Value EUR19 (+18%) **BUY**

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	17.4 / 10.0
Market Cap (EUR)	17,684
Ev (BG Estimates) (EUR)	66,264
Avg. 6m daily volume (000)	1 540
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.8%	23.8%	24.3%	22.0%
Telecom	-0.1%	-6.2%	-8.9%	-18.5%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	14,550	20,417	23,344	23,592
% change		*40.3%*	*14.3%*	*1.1%*
EBITDA	5,494	8,139	9,577	9,960
EBIT	0.0	0.0	0.0	0.0
% change				
Net income	-219.7	-848.0	990.3	1,969
% change		*NS*	*NS*	*98.8%*

	2015	2016e	2017e	2018e
Operating margin	8.4	15.1	18.1	22.9
Net margin	-1.5	-4.2	4.2	8.3
ROE	-11.1	181.6	850.8	95.8
ROCE	2.1	3.3	4.6	6.0
Gearing	693.0	10,727	3,303	1,338

(EUR)	2015	2016e	2017e	2018e
EPS	-0.28	-0.78	0.49	1.29
% change	-	*NS*	*NS*	
P/E	NS	NS	33.2x	12.5x
FCF yield (%)	0.2%	1.9%	5.0%	11.1%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	3.7x	3.2x	2.8x	2.7x
EV/EBITDA	9.7x	8.1x	6.8x	6.4x
EV/EBIT	NS	NS	NS	NS

Altice/SFR has been fined EUR80m by the French competitions authority for gun-jumping related to the acquisition of SFR and Virgin Mobile in 2014. The fnancial impact is not significant for the group, but we believe this decision, together with other recent decisions from public authorities maintains doubts about its methods and the quality of its relations with public authorities.

ANALYSIS

- **Yesterday, SFR Group and Altice were notified of the decision by the French Competition Authority, sentencing them to an EUR80m gun-jumping fine in connection with the 2014 acquisition of SFR and Virgin Mobile**. Altice/SFR accepts the decision and states "this settlement demonstrates the Group's eagerness to restore a constructive dialogue with the regulator". This decision is the first to be handed down on this issue in France. Other similar cases in Europe or the US have led to much lower penalties, of EUR20m max.
- **This fine is bad news for Altice/SFR but its financial impact is limited.** We expected a fine to a certain extent, and this one is **far from the EUR500m worst case** scenario referred to weeks ago in the press. EUR80m is **~0.8% of SFR market value**, and **~0.4% of Altice' market value**. The current expectation is that **SFR will pay** as the acquiring party.
- **Altice' recent history with regulators has proven harmful**. **1/** Altice was already fined EUR15m by the competitions authority at the beginning of the year for non-compliance with some of the commitments linked to the divestiture of Outremer Telecom's mobile telephony business. **2/** Altice/SFR is still under investigation by the competitions authority for possible failure to meet the commitments related to the Fiber co-investment agreement with Bouygues Telecom. **3/** in September SFR was fined EUR380k by ARCEP for failing to meet network roll-out commitments. **4/** as a reminder AMF blocked Altice's tentative buy-out of SFR minorities in October. In our opinion, the hiring of Regis Turini, former head of the French State's participations agency, as General secretary of Altice at the beginning of 2016, was designed to help progressively smooth out relationships with public authorities.
- **Other risks remain.** Altice is already under investigation by the European Commission on Portugal for a similar issue. There is nothing going on in the US at this time. But the risk exists, in our opinion, that this **decision from the French authority could influence other possible investigations/decisions** by other authorities. In addition, it is now **possible for SFR's competitors in France to sue SFR** for possible prejudice caused by the behavior of SFR. Misconduct cannot be proven any more, but they would have to prove the damage suffered, which is **far from obvious**.

VALUATION

- The direct financial impact of the fine is not significant to SFR and Altice. We stick to our Fair Value of EUR29.7 for SFR with a Neutral recommendation, and to our FairVvalue of EUR19 for Altice, with a Buy recommendation.

NEXT CATALYSTS

- SFR and Altice Q3 results on 10th November, after market close.

Click here to download

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TMT

Atos

Price EUR94.70

Feedback from Capital Markets Day: digital transformation entering stage 2

Fair Value EUR114 vs. EUR104 (+20%) **BUY**

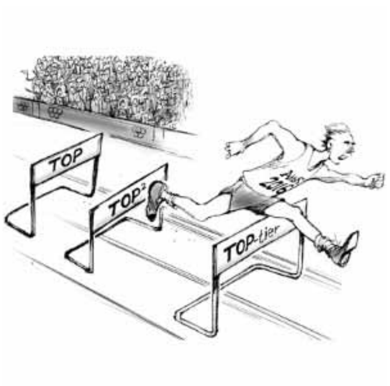
Bloomberg	ATO FP
Reuters	ATOS.PA
12-month High / Low (EUR)	97.8 / 62.7
Market Cap (EUR)	9,921
Ev (BG Estimates) (EUR)	9,188
Avg. 6m daily volume (000)	282.5
3y EPS CAGR	15.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.1%	7.1%	21.1%	22.3%
Softw.& Comp.	-5.0%	-1.8%	8.3%	1.3%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

YEnd Dec. (€m)	2015	2016e	2017e	2018e
Sales	10,686	11,719	12,322	12,670
% change		*9.7%*	*5.1%*	*2.8%*
EBITDA	1,334	1,536	1,719	1,816
EBIT	589.0	826.0	919.0	1,017
% change		*40.2%*	*11.3%*	*10.7%*
Net income	610.0	730.0	876.0	967.0
% change		*19.7%*	*20.0%*	*10.4%*

	2015	2016e	2017e	2018e
Operating margin	8.6	9.3	10.1	10.5
Net margin	4.0	5.1	5.7	6.3
ROE	9.9	13.2	13.5	13.6
ROCE	22.9	25.9	42.5	49.0
Gearing	-14.0	-17.0	-49.0	-58.0

(€)	2015	2016e	2017e	2018e
EPS	5.83	6.89	8.24	9.03
% change	-	*18.2%*	*19.6%*	*9.6%*
P/E	16.2x	13.7x	11.5x	10.5x
FCF yield (%)	4.0%	5.5%	6.5%	8.5%
Dividends (€)	0.90	1.10	1.40	1.55
Div yield (%)	1.0%	1.2%	1.5%	1.6%
EV/Sales	0.9x	0.8x	0.6x	0.5x
EV/EBITDA	7.0x	6.0x	4.4x	3.7x
EV/EBIT	10.2x	8.4x	6.1x	5.0x



We reiterate our Buy recommendation and raise our DCF-derived Fair Value to EUR114 from EUR104 as we raise our medium-term adj. EBIT margin assumption (11% vs. 10.5% = +EUR5/share) and lower our mid-term tax rate (20% vs. 26% = +EUR5), following the Investor Day held yesterday in Bezons. Levers for an op. margin of 10.5-11% in 2019 (vs. a pro forma of 9-9.3% for 2016) will be Systems Integration (+0.7ppt), Managed Services (+0.6ppt), Worldline (+0.6ppt) and Big Data & Cybersecurity (+0.15ppt). Lfl sales growth will benefit from a boost from all divisions, except Managed Services.

ANALYSIS

- **2019 ambitions unveiled**. As announced yesterday, Atos aims to deliver 2-3% lfl sales growth over 2017-2019 (i.e. an est. EUR12.7-13.1bn in 2019 from a pro forma base of c. EUR12m for 2016), a non-IFRS operating margin of 10.5-11% in 2019 (i.e. an est. EUR1.35-1.45bn) from an est. pro forma of 9-9.3% for 2016 (actual guidance: 9.2-9.5%), and a FCF/EBITA ratio of c. 65% in 2019 (i.e. an est. EUR870-940m) vs. an est. c. 50% for 2016 (>EUR550m). The levers to reach these targets will be: 1) consolidating leadership in Managed Services; 2) Catching-up in Systems Integration growth and profitability towards peers; 3) rolling out a sales process based on digital transformation offerings and industrialisation; 4) developing Worldline as a clear European leader in payments; 5) leveraging solutions in Big Data & Cybersecurity to sustain double digit growth.

- **Detailed targets by division**. 1) in Managed Services, the goal is a lfl sales CAGR of 0-1% (from c. EUR6.6bn in 2016) while improving the margin by 0.5-1ppt to an est. 10.5-11% (from c. 10%) driven by sales mix, automation and operating efficiency; 2) in Systems Integration, the goal is a lfl sales CAGR of 3-4% (from c. EUR3.2bn) - driven by digital and North America - while improving the margin by 2-2.5ppt to an est. 9.5-9.5% (from c. 7%) thanks to business mix (offshoring in India = 0.7-0.9ppt boost), productivity and industrialisation; 3) in Big Data & Cybersecurity, the goal is a lfl sales CAGR of 12%+ (from c. EUR660m) - driven by joint sales with other divisions and overseas expansion - while keeping a flat margin at c. 16%; 4) for Worldline, the goal is a lfl sales CAGR of 5-7% as of H2 2017 (from EUR1.5bn pro forma) while raising the EBITDA margin by 3.5-4ppt to an est. 22-22.5% (from c. 18.5% pro forma) and the FCF by 50% to EUR210-230m.

- **Unveiling the Digital Transformation Factory**. Digital offerings are expected to account for 13% of revenues in 2016, and Atos aims to reach c. 40% in 2019, thanks to four global offers: Atos Canopy Orchestrated Hybrid Cloud (c. EUR700m sales in 2016, est. EUR1.7bn in 2019), SAP HANA by Atos (c. EUR100m in 2016, est. EUR700m in 2019), Atos Digital Workplace (c. EUR200m in 2016, est. EUR1.3bn in 2019), and Atos Codex (business analytics and IoT solutions, c. EUR500m in 2016, est. EUR1bn in 2019). The migration of existing customers to hybrid cloud, SAP HANA or S/4HANA or to a 'digital workplace' will be a burden to growth but should be more than offset by new services, expanded scope and market share gains, while being accretive to the margin.

- **Use of cash, tax rate and pensions**. 1) Atos intends to maintain its dividend policy, with a 25-30% pay-out ratio, and there is no 'dogma' regarding share buy-backs and paying dividends in shares; 2) on acquisitions, management intends to maintain the same financial discipline it has had so far, Atos has headroom of EUR4bn for M&A, and we see Worldline and North America as the main acquisition priorities; 3) thanks to the ability to use Unify's tax loss carry forwards, Atos will reduce its tax rate below 20% (18% could be a 'fair' assumption); 4) on pensions, over 2017-19, Atos will continue to reduce annual service costs and stabilise annual cash-out around EUR95m per year.

VALUATION

- Atos' shares are trading at est. 8.4x 2016 and 6.1x 2017 EV/EBIT multiples.

- Net cash position on 30th June 2016 was EUR412.3m (net gearing: -10%).

NEXT CATALYSTS

FY16 results on 22nd February 2017 before markets open.

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Food & Beverages

Campari

Price EUR8.96

Bloomberg	CPR IM
Reuters	CPR.MI
12-month High / Low (EUR)	10.1 / 6.9
Market Cap (EUR)	5,204
Ev (BG Estimates) (EUR)	6,506
Avg. 6m daily volume (000)	1 189
3y EPS CAGR	15.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.1%	-5.3%	5.2%	12.0%
Food & Bev.	-4.2%	-6.6%	-1.6%	-6.6%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	1,657	1,730	1,917	2,020
% change		*4.4%*	*10.8%*	*5.4%*
EBITDA	380	407	468	503
EBIT	332.7	355.2	410.0	442.4
% change		*6.8%*	*15.4%*	*7.9%*
Net income	175.4	171.0	262.5	285.2
% change		*-2.5%*	*53.6%*	*8.6%*

	2015	2016e	2017e	2018e
Operating margin	20.1	20.5	21.4	21.9
Net margin	10.6	9.9	13.7	14.1
ROE	10.1	9.1	13.2	13.0
ROCE	7.0	6.7	10.3	11.1
Gearing	47.3	69.6	56.4	41.5

(EUR)	2015	2016e	2017e	2018e
EPS	0.32	0.35	0.45	0.49
% change	-	*10.4%*	*28.1%*	*8.6%*
P/E	27.9x	25.3x	19.7x	18.2x
FCF yield (%)	3.9%	3.4%	5.4%	6.2%
Dividends (EUR)	0.09	0.09	0.10	0.10
Div yield (%)	1.0%	1.0%	1.1%	1.1%
EV/Sales	3.6x	3.8x	3.3x	3.0x
EV/EBITDA	15.9x	16.0x	13.5x	12.2x
EV/EBIT	18.1x	18.3x	15.4x	13.8x

Still one of the best

Fair Value EUR10,7 vs. EUR10,5 (+19%) **BUY**

The stock remains one of our favourites in view of its superior top line growth (good positioning) and improvement in gross margin (growth of global and regional priorities), not entirely wiped out by higher A&P and SG&A expenses. We have cut our 2016 EBIT forecast by 2% but raised our Fair Value to EUR10.7 as we have rolled over our estimates by one year.

ANALYSIS

- **Sales came out well above consensus**. Q3 sales rose 12.8% to EUR436m in reported terms, which was well above expectations (consensus: EUR407m and our estimate: EUR415m). The positive surprise came from the contribution of Grand Marnier (EUR43.8m over the quarter vs an estimate of EUR25m) and a better operating performance than anticipated. Organic sales grew 6.1% (consensus +4.6% and our estimate +5.4%), implying an acceleration vs both Q2 (+3.4%) and Q1 (+7.2%) which was driven by all regions.
  - **North, Central and Eastern Europe (19% of sales)**: The region was the big positive surprise. Sales rose 14.8% on an organic basis in Q3, well above estimates (consensus: +4.3% and our forecast: +9%).The improvement vs Q2 (+12.7%) was driven by Russia (+50.4% in 9M on easy comps) and the other countries (the UK up 63.5% in 9M). Germany confirmed its recovery, with organic sales up 6.3% in 9M driven by Aperol (+13.7%), Frangelico (+56.5%), and Averna (+14.4%).
  - **Americas (42% of sales)**: Organic sales were up 3.1% in Q3 (consensus: +4% and our estimate: +5%). The improvement in Brazil (easy comps and phasing effect) and Jamaica (increased focus on the core business) offset a 1.7% decline in the US arising from the phasing of some raw materials.
  - **Southern Europe, Middle East, Africa (32% of sales)**: Sales grew 4.3% organically over the quarter (+2.7% in Q2), in line with expectations (consensus and our estimate: +4%). Italy slowed in Q3 but other countries in the region accelerated.
  - **Asia Pacific (7% of sales):** Q3 organic sales increased 8.2% (consensus: +6% and our estimate: +4%) after +2.7% in Q2. This reflected a positive technical effect in Japan and easy comps in Australia and the rest of the countries.
- **Q3 adjusted EBIT was just in line.** It amounted to EUR87.6m (consensus: EUR88m and our estimate: EUR91m), pointing to a margin of 20.1%, down 110bps YoY. This reflected an increase in 1/ marketing investments behind the Wild Turkey campaign with Matthew Mc Conaughey and the new communication platform for the Campari brand and 2/ distribution expenses, especially in the US with the aim to strengthen on-trade capabilities in the wake of the SPML acquisition. This was not completely offset by a positive mix arising from stronger growth in the higher margin global priorities brands (+7.9% in Q3).
- **Outlook.** We revise upwards our 2016 sales estimates by 2% on average to factor in a less unfavourable FX effect and more positive contribution from the SPML acquisition (EUR68m vs EUR50 previously). Our expectation for 5.4% organic sales growth over the year remains unchanged. However, we have cut our EBIT forecast for 2016 by 2% to reflect the increase in A&P expenditures (Campari and Wild Turkey) and SG&A costs (route-to-market in the US and new in-market company in South Africa) in H2. Of note, the group said that the integration of SPML did not reveal any negative surprise.

VALUATION/ NEXT CATALYST

- We have lifted our Fair Value to EUR10.7 as we have rolled over our estimates by one year. The stock has lost 3% over the past three months in a food & beverage market down 5%. The upcoming Italian referendum could place it under pressure. Nevertheless, Campari remains one of our favourite companies in view of its superior top line growth (good positioning) and improvement in gross margin (growth of global and regional priorities), not entirely wiped out by higher A&P and SG&A expenses. At yesterday's share price, the stock is trading at 15.4x EV/EBIT 2017e vs 16.2x for Diageo, 20.3x for Rémy Cointreau and 15.2x for Pernod Ricard // The group will release its 2016 results at the beginning of March 2017

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Food & Beverages

Carlsberg

Price DKK612.50

Q3 short of expectations but full year outlook revised upwards

Fair Value DKK600 (-2%) **SELL**

Bloomberg	CARLB DC
Reuters	CARCb.CO
12-month High / Low (DKK)	679.0 / 518.5
Market Cap (DKKm)	93,593
Ev (BG Estimates) (DKKm)	138,658
Avg. 6m daily volume (000)	235.8
3y EPS CAGR	6.9%

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.3%	-5.4%	-1.6%	0.0%
Food & Bev.	-4.2%	-6.6%	-1.6%	-6.6%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

YEnd Dec. (DKKm)	2015	2016e	2017e	2018e
Sales	65,354	63,522	65,637	67,289
% change		*-2.8%*	*3.3%*	*2.5%*
EBITDA	12,614	12,276	12,879	13,392
EBIT	7,940	7,602	8,304	8,899
% change		*-4.3%*	*9.2%*	*7.2%*
Net income	4,557	4,439	5,108	5,561
% change		*-2.6%*	*15.1%*	*8.9%*

	2015	2016e	2017e	2018e
Operating margin	12.1	12.0	12.7	13.2
Net margin	7.0	7.0	7.8	8.3
ROE	10.5	9.4	10.1	10.1
ROCE	5.5	5.3	6.3	6.8
Gearing	79.9	62.1	47.9	36.0

(DKK)	2015	2016e	2017e	2018e
EPS	29.87	29.10	33.49	36.45
% change	-	*-2.6%*	*15.1%*	*8.9%*
P/E	20.5x	21.0x	18.3x	16.8x
FCF yield (%)	7.9%	5.1%	6.9%	6.5%
Dividends (DKK)	6.48	6.48	6.80	7.14
Div yield (%)	1.1%	1.1%	1.1%	1.2%
EV/Sales	2.2x	2.2x	2.0x	1.9x
EV/EBITDA	11.3x	11.3x	10.3x	9.6x
EV/EBIT	17.9x	18.2x	16.1x	14.4x

The Q3 trading statement looked a little shaky mainly because of weak Western European and Asian business. However, in Eastern Europe (Russia), Carlsberg seemed to become a more aggressive market leader being sharp on pricing allowing for much stronger than expected volume growth. The increase in full year guidance for organic operating profit growth of around 5% from low-single-digit percentage growth previously was already captured in our 5.4% growth. Carlsberg seems to be one of the few beverages stocks potentially to benefit from a Trump victory given its absence in the Mexican and US markets and a relatively friendly relationship between Trump and Putin (which could get Russia out of its isolation and have a positive impact on its economy). Nearly 20% of Carlsberg's operating profits come from Russia.

Carlsberg reported Q3 revenues this morning (organic growth of 1%) falling 2% short of expectations, with particularly weak scores in Western Europe (-3% v consensus) and Asia (-4%), but far better than expected in Eastern Europe (+7% v consensus). The Eastern European outperformance was mainly driven by far better volumes (+13%) as Carlsberg seemed to drive relative pricing down to gain some volume share momentum. For the full year, the company has increased its operating profit growth outlook to around 5% from low-single-digit percentage growth previously (we already have 5.4% growth in our model) and expects a translation impact of -DKK550m compared to previously -DKK600m.

ANALYSIS

- This morning Carlsberg reported net revenue of DKK17,535 which is a decline of 4% compared to Q3 last year (-4% after 9 months). Organic growth over the period was 1% with flat volumes and a 1% price/mix increase. The lower price/mix in Q3 compared to +4 ytd was mainly due to stronger growth in the licence business and better volumes in Eastern Europe. This improvement in Eastern European volumes came on the back of market share gains (a weak 5% growth in price/mix hints towards tough pricing), warm weather and sell-in of large-size PET bottles in Russia as Carlsberg will stop production of these in Q4.
- In Western Europe, the company did not do so well with volumes down by 4% in organic terms in a market that grew by 1-2%. Carlsberg did suffer from destocking in a number of markets following the UEFA EURO2016 sell-in in Q2 and from the reduction of margin-dilutive volumes at the end of last year in the UK and Finland and the beginning of this year in Poland. Adjusting for the latter, volumes would have been down by an estimated 1%, still underperforming the market.
- Net revenue in Asia grew organically by 2% (9M: +3%) as a result of the 4% price/mix (9M: +6%) and total organic volumes of -1% (9M: -2%). Volumes were down in China as they were impacted by the Eastern Assets brewery closures. Excluding China, Asian volumes grew organically by 4%. The positive price/mix was driven by both price increases and a positive product mix as premiumisation continued, in particular, with 13% growth at the Tuborg brand (India and China but also in Cambodia and Vietnam, where the brand was recently launched). Reported net revenue was down 6% (9M: -4%) due to a negative currency impact, mainly from China and Malaysia, and the disposal of Carlsberg Malawi.

VALUATION

- Our DKK600 Fair Value is based on a risk free rate of 1.7% and a risk premium of 7%.
- At 18.3x 2017, the stock trades exactly at the same multiple as Heineken. Its 2018 PE of 16.8x is also in line with Heineken's 16.9x and shows a discount to AB InBev's 19.6x.

NEXT CATALYSTS

- 8th February 2017: Full year results

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Utilities

EDF

Price EUR9.89

Q3 2016 revenues up 0.6% yoy thanks to the EUR1bn positive tariff adjustment

Fair Value EUR14,6 (+48%) **BUY**

Bloomberg	EDF FP
Reuters	EDF.PA
12-month High / Low (EUR)	15.2 / 9.2
Market Cap (EURm)	20,849
Ev (BG Estimates) (EURm)	84,068
Avg. 6m daily volume (000)	1 766
3y EPS CAGR	-15.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.0%	-15.4%	-15.4%	-27.2%
Utilities	0.5%	-7.6%	-5.7%	-10.3%
DJ Stoxx 600	-1.7%	-2.2%	0.7%	-8.7%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	75,006	75,527	77,629	79,506
% change		*0.7%*	*2.8%*	*2.4%*
EBITDA	17,601	15,789	16,548	17,611
EBIT	4,280	6,759	7,067	7,561
% change		*57.9%*	*4.6%*	*7.0%*
Net income	4,231	2,186	2,405	2,749
% change		*-48.3%*	*10.0%*	*14.3%*

	2015	2016e	2017e	2018e
Operating margin	5.7	8.9	9.1	9.5
Net margin	5.6	2.9	3.1	3.5
ROE	10.5	5.5	6.1	6.9
ROCE	2.0	2.8	2.8	3.0
Gearing	167.6	180.5	185.5	182.5

(EUR)	2015	2016e	2017e	2018e
EPS	2.27	1.09	1.20	1.37
% change	*-*	*-52.1%*	*10.0%*	*14.3%*
P/E	4.3x	9.1x	8.3x	7.2x
FCF yield (%)	NM	NM	2.9%	17.4%
Dividends (EUR)	1.10	0.83	0.90	1.00
Div yield (%)	11.1%	8.4%	9.1%	10.1%
EV/Sales	1.1x	1.1x	1.1x	1.1x
EV/EBITDA	4.6x	5.3x	5.2x	4.9x
EV/EBIT	18.8x	12.4x	12.2x	11.3x

EDF unveiled 9M 2016 revenues yesterday, down 3.1% on an organic basis to EUR51,966m. Q3 2016 revenues rose slightly yoy (+0.6%) notably thanks to the EUR1bn positive impact of the 2014 tariff catch-up. Adjusted for this impact, 9M 2016 revenues fell 5.0% on an organic basis. As expected, nuclear output was down c. 6% over the period, mainly due to the additional controls needed. The group reiterated its full-year guidance for 2016 with EBITDA expected between EUR16.0bn and EUR16.3bn. Buy recommendation and FV at EUR14.6 maintained.

ANALYSIS

EDF unveiled its **9M 2016 revenues** yesterday evening. Revenues amounted to **EUR51,966m** down **3.1%** yoy on an organic basis but **1.3%** above consensus expectations. Q3 2016 revenues therefore reach **EUR15,307m** and rose slightly yoy on an organic basis at **0.6%.** 9M 2016 revenues in France were up **0.4%** on an organic basis, notably thanks to the **positive effect of the 2014 tariff adjustment (EUR1bn positive impact)**. **Excluding this adjustment**, 9M group and French revenues were down **5.0%** and **3.1%** yoy, respectively, on an organic basis. The **Italian** (-5.8% on an organic basis) and the **UK** (-10.4% on an organic basis) divisions bore the brunt of the unfavorable market environment, with **low prices**, over the first nine months of the year.

Note that French nuclear output amounted to **287.1TWh** over the period, down **19.2TWh** (or 6.3%) vs. 9M-15 mainly due to the additional controls needed, notably on steam generators. As a reminder, last week, the full-year **nuclear output target was revised downward from 380-390TWh to 378-385TWh.** The 2017 nuclear output target, at 390-400TWh, remained unchanged.

The group reiterated its full-year guidance for 2016 with the aim of reaching EBITDA of between **EUR16.0bn** and **EUR16.3bn**. Net financial debt/EBITDA is still expected to be between 2x and 2.5x and the payout ratio (excluding non-recurring items) is expected between 55% and 65%. EDF also confirmed its target for **positive cash flow in 2018** (after dividends, excluding Linky, new developments and assets disposals maintained). Finally, the group also confirmed its **capital increase** schedule with the aim of launching it before the end of Q1 2017.

EDF also discussed the proposal by the French Regulatory Commission of Energy (CRE) aimed at **tightening rules related to the ARENH mechanism**. The proposal would tighten current conditions related to the termination clause, which allows suppliers a late power of arbitration which is said not to be consistent with the principle of annuality of the mechanism. **This change would be positive for the group as it would help curb potential speculation in the French power market where forward prices have reached their highest level since the end of 2012.**

No change to Buy recommendation and **FV** of **EUR14.60.**

VALUATION

At the current share price, the stock is trading at **5.3x** its 2016e EV/EBITDA multiple

Buy, FV @ EUR14.6

NEXT CATALYSTS

14th February 2017: FY16 results

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Utilities

E.ON

Price EUR6.42

9M 2016 results – first take: another EUR6.1bn writedown linked to Uniper

Fair Value EUR10,2 (+59%) **BUY**

Bloomberg	EOA GY
Reuters	EONGn.DE
12-month High / Low (EUR)	8.5 / 6.1
Market Cap (EURm)	12,836
Ev (BG Estimates) (EURm)	47,968
Avg. 6m daily volume (000)	12 180
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.7%	-21.4%	-13.0%	-28.2%
Utilities	0.7%	-7.5%	-5.5%	-10.1%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	116,218	110,095	112,801	124,326
% change		*-5.3%*	*2.5%*	*10.2%*
EBITDA	7,557	6,595	6,640	6,511
EBIT	4,369	3,003	3,815	3,693
% change		*-31.3%*	*27.0%*	*-3.2%*
Net income	-6,999	1,401	2,004	1,948
% change		*NS*	*43.1%*	*-2.8%*

	2015	2016e	2017e	2018e
Operating margin	3.8	2.7	3.4	3.0
Net margin	-6.0	1.3	1.8	1.6
ROE	-36.7	7.3	10.0	9.3
ROCE	9.5	6.7	8.1	7.7
Gearing	50.1	53.3	51.3	50.1

(EUR)	2015	2016e	2017e	2018e
EPS	-3.67	0.74	1.05	1.02
% change	-	*NS*	*43.1%*	*-2.8%*
P/E	NS	8.7x	6.1x	6.3x
FCF yield (%)	16.0%	1.0%	10.0%	12.8%
Dividends (EUR)	0.50	0.39	0.38	0.32
Div yield (%)	7.8%	6.1%	5.9%	5.0%
EV/Sales	0.4x	0.4x	0.4x	0.4x
EV/EBITDA	6.2x	7.3x	7.3x	7.6x
EV/EBIT	10.8x	16.0x	12.7x	13.4x

E.ON unveiled its 9M 2016 results this morning. 9M EBITDA fell 13% yoy, in line with consensus expectations. Adjusted EBIT from core business reached EUR1,937m up 13% yoy on the back of the strong performance achieved in renewables. However, the group posted a EUR9.3bn net loss mainly attributable to the EUR6.1bn writedown in the company's stake in Uniper. FY16 guidance remains unchanged with adjusted EBIT expected at EUR2.7-3.1bn. No change to Buy recommendation and FV of EUR10.2.

ANALYSIS

- **E.ON unveiled its 9M 2016 results this morning**. 9M adjusted EBITDA reached **EUR3,640m** down **13%** yoy but broadly in line with consensus expectations. Q3 EBITDA fell **17%** yoy. Adjusted EBIT reached **EUR2,311m**, 1.5% above consensus expectations but down c. 4% yoy. However, 9M adjusted EBIT from core business reached **EUR1,937m** up 13% yoy on the back of the strong performance achieved in the renewables division (+38% yoy mainly thanks to the commissioning of Amrumbank West and Humber Gateway wind farms) and in the customer solutions' business (+13%). Q3 adjusted EBIT from core business was broadly flat at **EUR248m**.
- The group posted a 9M **EUR9.3bn** net loss (EUR6.4bn loss for Q3) mainly attributable to the **EUR6.1bn writedown in the company's stake in Uniper** in order to reflect the lower market value (vs. book value). The net loss is exclusively attributable to discontinued operations and is not cash-effective. 9M adjusted net income reached **EUR641m** down 8% yoy, c. 20% above consensus' expectations.
- Finally, **E.ON reaffirmed its guidance for FY2016** with adjusted EBIT expected to total **EUR2.7-3.1bn** and adjusted net income to total between **EUR0.6bn** and **EUR1.0bn**.
- **Conclusion**: Except for the negative **EUR6.1bn** writedown attributable to Uniper, global metrics and comments reported by the group were pretty much in line with market expectations. 2016 guidance was confirmed on the back of a solid performance coming from Renewable business. Positive.

VALUATION

- At the current share price, the stock trades at **7.3x** its 2016e EV/EBITDA multiple
- Buy, **FV @ EUR10.2**

NEXT CATALYSTS

- **15th March 2017:** FY16 results

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Construction & Building Materials

Heidelbergcement

Price EUR88.23

Q3 EBITDA a bit low but HEI well placed to benefit from USD1trillion Trump infra plan

Fair Value EUR86 (-3%) **BUY**

Bloomberg	HEI GY
Reuters	HEIG.F
12-month High / Low (EUR)	88.2 / 60.1
Market Cap (EURm)	17,506
Ev (BG Estimates) (EURm)	28,511
Avg. 6m daily volume (000)	541.9
3y EPS CAGR	28.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.0%	16.4%	15.3%	16.7%
Cons & Mat	-0.5%	1.8%	6.7%	3.3%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	13,465	17,993	19,358	20,548
% change		*33.6%*	*7.6%*	*6.1%*
EBITDA	2,412	3,327	3,904	4,357
EBIT	1,645	2,160	2,737	3,190
% change		*31.3%*	*26.7%*	*16.6%*
Net income	800.2	932.3	1,481	1,773
% change		*16.5%*	*58.8%*	*19.7%*

	2015	2016e	2017e	2018e
Operating margin	12.2	12.0	14.1	15.5
Net margin	7.3	6.7	9.2	10.4
ROE	5.4	5.8	8.6	9.9
ROCE	5.6	5.7	7.4	8.3
Gearing	33.1	49.1	40.3	33.9

(EUR)	2015	2016e	2017e	2018e
EPS	4.27	4.71	7.48	8.96
% change	-	*10.3%*	*58.8%*	*19.7%*
P/E	20.7x	18.7x	11.8x	9.9x
FCF yield (%)	4.2%	7.0%	9.0%	9.9%
Dividends (EUR)	1.30	1.70	3.00	4.00
Div yield (%)	1.5%	1.9%	3.4%	4.5%
EV/Sales	1.8x	1.6x	1.4x	1.2x
EV/EBITDA	10.1x	8.6x	7.0x	5.9x
EV/EBIT	14.9x	13.2x	10.0x	8.0x

While revenues were roughly in line, Q3 EBITDA was 4% below expectations at EUR1009m, up 1% on a like-for-like basis, while 9 month organic growth stood at 6%. Integration of Italcementi's assets is ongoing. The group is confident it can exceed the EUR400m synergy target. Guidance reiterated. With CRH, HeidelbergCement is the best European player to benefit from D. Trump's USD1trillion infrastructure plan. This should support the stock today, despite lower-than-expected Q3 results.

ANALYSIS and read-across US Elections

- Q3 revenues were roughly line with expectations at EUR4588m vs EUR4520m for the consensus. Cement volumes rose 5%, with weak volumes (+2%) in North America; penlisaed by the weather. Q3 revenues fell 2% in organic terms (0% over 9M). EBITDA was a bit low, down 2% l-f-l in Q3 (vs 6% in 9M), and EBITDA margin was down 170bps at 22.3%. This sounds a bit disappointing.
- However, with CRH (59% of EBITDA in North America, of which approx. one third used to be directly exposed to infrastructures), HeidelbergCement (approx. 30% of EBITDA in North America) is the second European player which should benefit from any infrastructure plans in the US.
- Note that Donald Trump has revealed a USD1trillion infra plan, notably financed by revenus-generating projects (such as toll roads), while Hillary Clinton announced a USD275bn plan. Trump's idea is to fund this plan largely through private investment (tax credit can be put in place). Of course, policical hurdles exist (acceptance of tolls in particular).
- Of course, HEI and CRH figures will be impacted by a lower USD, but this will be a translation effect only, as their businesses are mostly local. On the contrary, LafargeHolcim might benefit from its Swiss status.
- Other players are less likely to be affected, either because they have a relatively limited exposure to the US (c10% of revenues for Vicat and Bouygues through Colas mostly, c6% for Vinci, which might play a role if toll roads are developed) or limited exposure to US infrastructure (13% of Saint-Gobain sales but much lower exposure to infrastructure).

VALUATION

- EUR86 FV derived from the application of historical multiples to our 2017 estimates.

NEXT CATALYSTS

- Capital Market Day tomorrow in London.

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Healthcare

Innate Pharma

Price EUR11.15

Can't for this weekend!

Fair Value EUR21 (+88%) **BUY**

Bloomberg	IPH FP
Reuters	IPH.PA
12-month High / Low (EUR)	14.5 / 9.5
Market Cap (EUR)	601
Ev (BG Estimates) (EUR)	397
Avg. 6m daily volume (000)	273.9
3y EPS CAGR	

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.3%	1.7%	-5.5%	-17.7%
Healthcare	-6.8%	-11.6%	-3.4%	-16.1%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	25.1	69.6	112.9	81.4
% change			*62.1%*	*-27.9%*
EBITDA	-8.1	24.3	53.4	6.9
EBIT	-10.8	21.3	49.9	2.9
% change		*NS*	*134.3%*	*-94.3%*
Net income	-6.7	26.3	53.9	5.9
% change		*NS*	*104.9%*	*-89.1%*

	2015	2016e	2017e	2018e
Operating margin	-42.8	30.6	44.2	3.5
Net margin	-26.7	37.7	47.7	7.2
ROE	-9.3	26.7	35.4	3.7
ROCE	4.2	-25.3	-185.9	6.5
Gearing	-322.1	-207.3	-120.2	-44.3

(EUR)	2015	2016e	2017e	2018e
EPS	-0.12	0.49	1.00	0.11
% change	-	*NS*	*105.0%*	*-89.1%*
P/E	NS	22.9x	11.2x	NS
FCF yield (%)	33.4%	NM	NM	NM
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	14.7x	5.7x	3.7x	6.5x
EV/EBITDA	NS	16.4x	7.8x	77.5x
EV/EBIT	NS	18.7x	8.4x	186.3x

We stick to our BUY rating following yesterday's abstract publication involving lirilumab/nivolumab in head & neck cancer. At first sight, we see the obtained response rates as very encouraging should we compare them with nivo alone in another study (24% vs 13% respectively). However, we admittedly need more details to better appreciate them... and fortunately, the November 12th presentation is likely to bring answers to our questions.

ANALYSIS

- SITC abstracts were released yesterday, so we finally got some flavour from the Phase Ib evaluating lirilumab in combination with BMS' nivolumab in heavily pre-treated patients with head and neck cancer. At first sight, the 24% objective response rate (ORR) obtained in 29 evaluable patients compares more than favourably with nivo alone (ORR: 13%, 57% of them having a PD-L1 expression of≥ 1%). Plus, two patients cl assified with a stable disease actually benefited from "unconventional" tumor regression (-100% and -37% respectively), so the reported ORR might actually be quite conservative.
- We see these responses as deep and durable ones as 1/ 5 out of 7 responders had tumor reductions of more than 80% (17%)... which looks pretty encouraging compared to nivo alone (CR: 2.5%); 2/ the median duration of response was not reached. And fortunately, some charts from the SITC poster book help us to better appreciate this aspect (see Fig below).

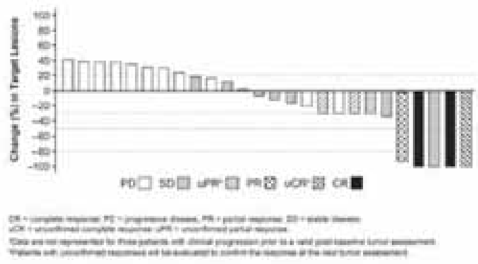

Figure 1. Maximum percent reduction in target lesions from baseline.*

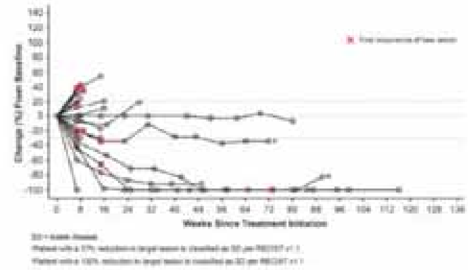

Figure 2. Percent change from baseline in target lesions over time.

- Some investors may relate these with pembrolizumab (ORR 18%), but we understand MRK tend to recruit more PD-L1 high-expressors... so we believe the comparison is more biased than with nivolumab's study.
- These data are very encouraging in our view, but we obviously need more details regarding 1/ the proportion of patients overexpressing PD-L1 (and to which extent) as well as their HPV status; 2/ how heavily pre-treated they are, and what was their prognosis at baseline. In a best-case, most of these patients would be (i) PD-L1 low-expressors, (ii) HPV+, (iii) with a median of prior lines of 2-3, and (iv) less than 70% of ECOG PS 1.

VALUATION

- **BUY reiterated with a FV of EUR21**.

NEXT CATALYSTS

- November 12th: Detailed presentation of efficacy data for liri/nivo in refractory/relapse head & neck cancer.
- Q4 16: Phase IIb results of lirilumab as a single-agent for the maintenance treatment of acute myeloid leukemia.

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Hotels

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Price EUR11.00

Contact: Positive opinion confirmed

Fair Value EUR15 (+36%) **BUY-Top Picks**

Bloomberg	MEL SM
Reuters	MELL.MC
12-month High / Low (EUR)	12.9 / 8.4
Market Cap (EURm)	2,527
Ev (BG Estimates) (EURm)	3,010
Avg. 6m daily volume (000)	524.2
3y EPS CAGR	44.0%

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.4%	-1.0%	2.9%	-9.7%
Travel&Leisure	1.9%	-3.3%	-4.9%	-17.4%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	1,738	1,824	1,957	2,100
% change		*4.9%*	*7.3%*	*7.3%*
EBITDA	293	281	314	351
EBIT	164.1	170.1	198.0	223.6
% change		*3.6%*	*16.4%*	*13.0%*
Net income	36.1	75.4	111.2	132.8
% change		*108.7%*	*47.6%*	*19.4%*

	2015	2016e	2017e	2018e
Operating margin	9.4	9.3	10.1	10.6
Net margin	2.1	4.1	5.7	6.3
ROE	3.1	4.7	6.7	7.6
ROCE	5.2	5.2	5.8	6.3
Gearing	58.5	28.5	29.7	28.9

(EUR)	2015	2016e	2017e	2018e
EPS	0.19	0.33	0.48	0.58
% change	-	*69.2%*	*47.7%*	*19.4%*
P/E	56.8x	33.5x	22.7x	19.0x
FCF yield (%)	4.4%	5.0%	5.7%	6.8%
Dividends (EUR)	0.03	0.05	0.06	0.06
Div yield (%)	0.3%	0.5%	0.5%	0.6%
EV/Sales	1.9x	1.7x	1.6x	1.5x
EV/EBITDA	11.2x	10.7x	9.7x	8.7x
EV/EBIT	20.1x	17.7x	15.4x	13.6x

Market reaction a bit surprising following results, as expected, and FY guidance confirmed. As in previous quarters, Q3 results took into account the Strategic Plan (mainly IT opex) and higher rentals following new major contracts. In all, minor adjustments to our forecasts with a positive impact on reported figures notably in view of capital gains (more should be undertaken by the end of the year). Positive opinion confirmed.

ANALYSIS

- **Sustained Q3 results:** Q3 results were sustained even if in line with expectations, benefiting particularly from strong activity in the Mediterranean despite high comps (revenue up 23% in Q3). Indeed, **consolidated revenue** excluding capital gains was up 8% (+4% in Q2 and +7.7% in Q1), **EBITDAR** was up 14.6% with an EBITDAR margin of 30.3% up 170bps and an EBITDA up 9.1% representing a margin of 19.1% up 20bps. Note that **EBITDA** (as anticipated and as in previous quarters) was again affected by new rentals with the opening of new significant contracts with Hotels still in a ramp-up phase (NY, Paris La defense, Manchester).
- **Some adjustments to reported results due to disposals:** Albeit limited, management confirmed new disposals made in early November representing a total amount of EUR8m with EUR4m in capital gains. Going forward, management aims to sell off additional property from a limited number of non-core hotel assets.

Main changes

	2016			2017			2018		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
SALES	1 809	1 824	0,9%	1 952	1 957	0,3%	2 095	2 100	0,3%
EBITDA	274	281	2,3%	313	314	0,5%	349	351	0,5%
	15,2%	15,4%	22 bp	16,0%	16,0%	4 bp	16,7%	16,7%	4 bp
EBIT	168	170	1,1%	197	198	0,7%	222	224	0,6%
	9,3%	9,3%	2 bp	10,1%	10,1%	4 bp	10,6%	10,6%	4 bp
EPS	0,32	0,33	1,7%	0,48	0,48	0,7%	0,57	0,58	0,7%

Source : Company Data; Bryan Garnier & Co. ests.

FY guidance confirmed: After 9m results and the "positive evolution" of the hotel business in October and current bookings for Q4, management confirmed its guidance for mid-to-high single digit RevPAR growth over the FY, o/w 80% explained by ADR (9m Owned & leased RevPAR was up 9.9% on reported)

VALUATION

- At the current share price, the stock is trading on 2016e and 2017e EV/EBITDA multiples of 10.7x and 9.7x respectively compared with an EBITDA CAGR of 12.5%.

NEXT CATALYSTS

- FY 2016 results at the end of February 2017

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Luxury & Consumer Goods

Moncler

Price EUR14.86

Q3 Sales in line with estimates, reacceleration expected in Q4

Fair Value EUR17.5 (+18%) **BUY-Top Picks**

Bloomberg	MONC IM
Reuters	MONC.MI
12-month High / Low (EUR)	16.0 / 12.2
Market Cap (EUR)	3,718
Ev (BG Estimates) (EUR)	3,675
Avg. 6m daily volume (000)	928.2
3y EPS CAGR	10.9%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.0%	-4.9%	2.5%	15.0%
Pers & H/H Gds	-1.7%	-4.0%	-0.1%	-2.3%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	880.4	1,004	1,110	1,212
% change		*14.1%*	*10.6%*	*9.2%*
EBITDA	300	337	370	406
EBIT	252.7	284.4	314.7	346.6
% change		*12.6%*	*10.7%*	*10.1%*
Net income	163.8	185.7	207.7	230.1
% change		*13.4%*	*11.8%*	*10.8%*

	2015	2016e	2017e	2018e
Operating margin	28.7	28.3	28.3	28.6
Net margin	18.6	18.5	18.7	19.0
ROE	30.0	27.6	25.6	23.9
ROCE	40.9	43.1	45.3	48.2
Gearing	9.1	-6.3	-18.7	-28.8

(EUR)	2015	2016e	2017e	2018e
EPS	0.69	0.76	0.84	0.93
% change	-	*11.5%*	*10.5%*	*10.6%*
P/E	21.7x	19.4x	17.6x	15.9x
FCF yield (%)	3.5%	4.1%	4.8%	5.5%
Dividends (EUR)	0.14	0.17	0.21	0.23
Div yield (%)	0.9%	1.2%	1.4%	1.5%
EV/Sales	4.3x	3.7x	3.2x	2.8x
EV/EBITDA	12.6x	10.9x	9.6x	8.5x
EV/EBIT	14.9x	12.9x	11.3x	9.9x

Q3 sales increased 10% both in reported terms and FX-n to EUR293m (CS: EUR292m). As expected and like in Q3 15, the organic growth slowed down vs. H1 (+17%) as this quarter was more "wholesale-weighted" (i.e. 50% of total sales vs. 32% in H1) and the Group is traditionally cautious ahead of the winter peak season by sending limited products to wholesalers (Italy, US). Management said that CS' FY sales forecast (EUR1bn) was "reasonable", implying a reacceleration in Q4 (+16-17%e FX-n). Trends in October were good and the first two weeks of November were even better. Buy recommendation and FV of EUR17.5 confirmed.

ANALYSIS

- **Retail and Wholesale channels were both fairly in line with expectations.** Revenues from the **retail channel increased 16% FX-n** (H1: +22%). Moncler, which now reports **retail comps** on a semi-annual basis, stated that these were positive in all regions, with again a good performance in Asia even if the Japanese market was more difficult. On our estimates, the comparable growth amounted to ~3-4% (H1: +5%). **Wholesale sales were up 4% FX-n** (H1: +6%). As already highlighted, the Group only sent a limited number of products to wholesalers ahead of its winter peak season to avoid excessive inventory levels, especially in Italy and in the US.
- By region, in **Italy** contracted 1% FX-n only because of the ongoing rationalisation in this channel. As a reminder, management expected to reduce the number of wholesale doors to ~1,500 worldwide at year-end vs. ~1,600 in 2015. Sales in **EMEA** increased 10% FX-n, driven by the UK and Germany whilst France and Belgium remained affected by the slowdown in tourist flows. The activity generated by the local clientele remained well-oriented in the region.
- The group continued to enjoy a strong performance in **Asia-Pacific** (+18% FX-n), with a balanced performance across key markets (i.e. Mainland China, H-K, South Korea). Like other luxury brands, Moncler faced a significant slowdown in Japan given the slowdown in tourist flows with Chinese tourists. Revenues in the **Americas** increased by 13% FX-n, driven by both retail and wholesale channels, Moncler even experienced historical sell-through numbers within the wholesale channel.

Moncler quarterly FX-n growth (%):

EURm	Q1 16	Q2 16	Q3 16
Italy	5	6	-1
EMEA excl. Italy	5	13	10
Asia & RoW	30	30	18
Americas	21	17	13
Total Group	**17**	**17**	**10**

Source: Company Data

- **Solid current trading...** Moncler's management specified that October was good and trends during the first two weeks of November have accelerated. Consequently, the Group said that the EUR1bn sales mark expected by the CS for 2016 was "reachable". This forecast implies 16-17% FX-n growth in Q4. The latter is obviously the biggest quarter of the year (~36% of FY sales) and almost exclusively "Retail-weighted" (~90% of sales).
- **... and a promising 2017. Retail** will clearly remain the main growth driver: **(i)** the three new flagship stores that were opened in London (Q2 16), Seoul and Madison Ave in NYC (Q4 16) would step up next year, **(ii)** 12 new locations already secured for next year (no additional flagship stores) and with some key stores will be either extended (e.g.: Via Montenapoleone, Milan) or relocated (Kowloon store in HK that will be 3x bigger). In light of robust trends with **US wholesalers**, Moncler will increase further its penetration next year by opening several shop-in-shops. The first deliveries of the S/S 17 collection were off to a strong start.

VALUATION

- At 11.1x 2017e EV/EBIT the stock trades at 14% discount to our luxury sample excl. Hermès, explained by the recent re-rating of the luxury sector. Buy recommendation and FV of EUR17.5 confirmed.

NEXT CATALYSTS

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Utilities

Voltalia

Price EUR8.11

Starting to play with the big boys (report released today)

Fair Value EUR15,5 vs. EUR13 (+91%) **BUY**

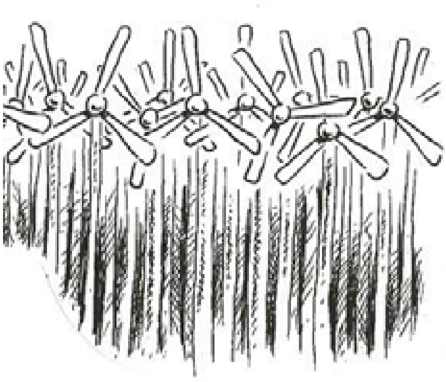
Bloomberg	MLVLT FP
Reuters	MLVLT.PA
12-month High / Low (EUR)	10.3 / 8.0
Market Cap (EURk)	396,928
Ev (BG Estimates) (EURk)	902,299
Avg. 6m daily volume (000)	5.20
3y EPS CAGR	50.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-14.4%	-15.1%	-5.6%	-19.9%
Utilities	0.7%	-7.5%	-5.5%	-10.1%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

YEnd Dec. (EURk)	2015	2016e	2017e	2018e
Sales	58,482	158,938	298,500	354,762
% change			*87.8%*	*18.8%*
EBITDA	30,042	62,038	84,928	119,545
EBIT	22,629	36,608	43,138	69,879
% change		*61.8%*	*17.8%*	*62.0%*
Net income	3,889	5,088	5,950	24,861
% change		*30.8%*	*16.9%*	

	2015	2016e	2017e	2018e
Operating margin	51.4	39.0	28.5	33.7
Net margin	NM	NM	NM	NM
ROE	NM	NM	NM	NM
ROCE	NM	NM	NM	NM
Gearing	NM	NM	NM	NM

(EUR)	2015	2016e	2017e	2018e
EPS	0.15	0.10	0.12	0.51
% change	-	*-29.9%*	*16.9%*	
P/E	54.6x	78.0x	66.7x	16.0x
FCF yield (%)	NM	NM	NM	NM
Dividends (EUR)	0.00	0.00	0.02	0.08
Div yield (%)	NM	NM	0.2%	0.9%
EV/Sales	15.5x	5.7x	3.5x	3.2x
EV/EBITDA	30.3x	14.5x	12.3x	9.4x
EV/EBIT	40.2x	24.6x	24.2x	16.1x



Following both impressive H1-16 results and the unveiling of ambitious objectives for 2019, we have reviewed our model in order to integrate the new capacity to be installed in 2017 and beyond as well as the full integration of Martifer Solar, recently acquired by Voltalia. We are now broadly in line with the company's new guidance (EUR178m vs. EUR180m for 2019e EBITDA) and are confident on Voltalia's ability to continue its solid pace of commissioning. We have increased our FV by c. 19% to EUR15.5. Buy rating confirmed.

ANALYSIS

- Following **solid H1-16 results** posted by Voltalia (revenues up 82% yoy and EBITDA margin up 850bps yoy to 53.7%), the announcement of **new ambitious objectives for 2019 –** inherent to the **recent acquisition** of solar PV company **Martifer Solar –** and the completion of an **EUR170m capital increase** aiming at funding these objectives, we have **reviewed our model** and notably integrated the new capacity to be installed by the company in 2017 and beyond.
- We are now slightly below Voltalia's target for 2019e EBITDA (EUR178m vs. EUR180m) but due only to a small discrepancy in the "others/corporate" contribution. As for the energy sales business, our estimates came above Voltalia's EBITDA guidance at EUR168m (vs. EUR165m). **All in all, we remain confident on the company's ability to continue its solid pace of commissioning and appreciate the enhanced visibility provided by the company on 2016 and beyond**.
- We now value Voltalia using an equally-weighted combination of two methods (DCF and EV/EBITDA multiple). **We set out three scenarios** depending on **the minority stake** in the company's new projects. Our base case implies a **EUR15.5 FV** – vs. EUR13 – i.e. c. **90% theoretical upside** vs. the current share price. **Our alternative scenarios imply EUR16.0** of equity value per share ("high-minorities" scenario) and **EUR15.2** of equity value per share ("no minorities" scenario) both representing **significant upside** vs. the current share price. **Buy rating confirmed**.

VALUATION

- At current share price, the stock currently trades at **14.5x** its 2016e EV/EBITDA multiple
- **Buy, FV @ EUR15.5**

NEXT CATALYSTS

- **17th November**: Q3-16 results

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Luxury & Consumer Goods

Burberry

Price 1,415p

H1 adj EBIT at GBP146m (down 14% underlying), globally in line with expectations

Fair Value 1350p (-5%) **NEUTRAL**

Bloomberg	BRBY LN
Reuters	BRBY.L
12-month High / Low (p)	1,530 / 1,041
Market Cap (GBPm)	6,248
Avg. 6m daily volume (000)	2 730

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.4%	9.0%	20.0%	18.4%
Pers & H/H Gds	-6.5%	-4.8%	-0.5%	-3.3%
DJ Stoxx 600	-5.0%	-2.7%	-0.9%	-10.1%

	03/16	03/17e	03/18e	03/19e
P/E	20.2x	18.3x	17.0x	15.9x
Div yield (%)	2.6%	2.6%	2.6%	2.7%

ANALYSIS

- Sales in H1 were down 4% underlying (at same forex) to GBP1,159m and up 5% in reported terms. Retail sales (GBP859m) were up 2% underlying and retail comparable remained unchanged in H1 which implied +2% in Q2 after a 3% decrease in Q1. In H1, Asia and Americas were both down low single digit in H1 and in Q2, while in EMEIA, sales were up low single digit, including high single digit growth in Q2 alone thanks to a 30% increase in retail comparable sales.
- Adjusted EBIT declined 24% underlying but was down 4% in reported terms. This was globally in line with consensus expectations (GBP143m). Adjusted EBIT margin was clearly under pressure with a 385bp decline to 9.9%. Retail/wholesale adj. EBIT was down 19% underlying to GBP134m (consensus: GBP133).
- FY guidance remains unchanged with an adjusted PBT close to GBP445m, including a positive GBP125m forex impact with current currencies. Burberry should open 15 mainline stores but with a similar number of closures. Due to larger stores openings, new space should contribute to a low single digit positive impact to retail sales.

VALUATION

- We reiterate our Neutral recommendation with a p1,350 Fair Value.

NEXT CATALYSTS

- Q3 trading statement to be released mid-January 2017.

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Insurance

CNP Assurances

Price EUR16.08

Solvency a little low, but higher BRL has started to translate into results

Fair Value EUR15 (-7%) **NEUTRAL**

Bloomberg	CNP FP
Reuters	CNPP.PA
12-month High / Low (EUR)	16.1 / 10.5
Market Cap (EUR)	11,041
Avg. 6m daily volume (000)	420.0

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.7%	14.8%	14.2%	29.3%
Insurance	1.0%	3.8%	0.1%	-16.4%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

	2015	2016e	2017e	2018e
P/E	9.8x	9.3x	8.9x	8.5x
Div yield (%)	4.8%	4.8%	5.0%	5.0%

ANALYSIS

- 9M 2016 premiums are 3.2% to EUR24.3bn (up 5.8% lfl), driven by . The average technical reserves (excluding deferred participation) are % to EURbn.
- 9M revenues are up 5.1% (up 11.4% lfl), accelerating vs. H1 (up 2.5%) thanks to a higher BRL.
- EBIT is up 6.5% (up 14% lfl) to EUR1878m, slightly above consensus and accelerating vs. H1 (up 3.6%). Net income is up 1.3% (up 7% lfl) to EUR886m.
- Solvency II margin at end-September is 160% vs. 165% at end-June, mainly driven by unfavourable market impact.
- -> Solvency metrics a little low by market standards, but higher BRL has started to translate into operating results.

VALUATION

- Based on our current estimates, our SOTP valuation is EUR15.

NEXT CATALYSTS

- FY 2016 numbers will be reported on

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Utilities

ENGIE

Price EUR12.97

Engie said to aim at grouping together GRTgaz and Elengy

Fair Value EUR17 (+31%) **BUY**

Bloomberg	ENGI FP
Reuters	ENGIE.PA
12-month High / Low (EUR)	16.6 / 12.7
Market Cap (EURm)	31,586
Avg. 6m daily volume (000)	5 259

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.8%	-11.3%	-3.0%	-20.6%
Utilities	0.5%	-7.6%	-5.7%	-10.3%
DJ Stoxx 600	-1.7%	-2.2%	0.7%	-8.7%

	2015	2016e	2017e	2018e
P/E	6.4x	12.1x	11.9x	11.2x
Div yield (%)	7.7%	7.7%	5.4%	5.4%

ANALYSIS

French newspaper *Les Echos* reports that **Engie is aiming at grouping together two of its regulated subsidiaries: GRTgaz** (transmission network operator) **and Elengy** (LNG terminal operator). **This operation could be done via the buyout of Elengy by GRTgaz**, the newspaper said, and would makes sense considering that in Europe, the LNG terminal operator and transmission network operator are often integrated.

As a reminder, **Engie currently owns 75% of GRTgaz** while the remaining 25% is owned by CNP Assurances and the CDC. The buyout could imply a similar capital opening for Elengy, Les Echos said. Based on our 2016e regulated asset base (RAB) for Elengy (around **EUR1.2bn**), this would imply a c. **EUR305m cash-in for Engie**. Such a scheme would yet have a **negative impact on the company's EPS** (higher implied minorities) which is however hard to assess given that no information is unveiled by Engie regarding Elengy's net margin.

VALUATION

At the current share price, the stock is trading at **6.3x** its 2016e EV/EBITDA multiple

Buy, FV @ EUR17.0

NEXT CATALYSTS

10th November: Q3 2016 results

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Pierre-Antoine Chazal, pachazal@bryangarnier.com

Insurance

Euler Hermes

Price EUR78.43

Solid Q3 underwriting results, preparing for the future

Fair Value EUR89 (+13%) **BUY**

Bloomberg	ELE FP
Reuters	ELER.PA
12-month High / Low (EUR)	88.6 / 70.3
Market Cap (EUR)	3,344
Avg. 6m daily volume (000)	22.60

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.7%	6.1%	-5.5%	-11.5%
Insurance	1.0%	3.8%	0.1%	-16.4%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

	2015	2016e	2017e	2018e
P/E	11.4x	10.7x	10.9x	10.1x
Div yield (%)	6.0%	6.0%	6.0%	6.4%

ANALYSIS

- Q3 2016 net income is up 3% yoy to EUR56m, with a satisfactory underwriting performance (up 37% yoy). The reported combined ratio is 79.5% vs. 85.2% last year and 79.8% in H1 2016. The CY net loss ratio for Q3 is 60.4%, which is the best quarterly performance since Q2 2015, confirming the quality of the fundamentals of the company. The risk exposure has stabilised in Q3 vs. Q2 (but still down 4% yoy), with the share of low quality grades still slightly down (13.8% vs. 14.0%).
- The company booked a EUR37m pretax restructuring charge (compensated by EUR35m capital gains booked in Q1 on Bürgel and Q3 on Graydon, two minority-held information companies), with the aim to generate EUR32-35m FY savings by 2019 (300 FTE reduction). The main goal of this restructuring is to fee-up capacity to invest in international, product development, digital and to deal with the ongoing negative trend of investment income (down 9% in Q3). We see this plan as very positive.
- No news on Solvency II margin as expected (165% at end-June).
- -> Contrary to Coface, which is struggling with poor overall underwriting performance and the need to adjust to its new perimeter, Euler Hermes is generated convincing underwriting result and is preparing for the future. We continue to prefer Euler Hermes' story.

VALUATION

- Based on our current estimates, our SOTP valuation is EUR89.

NEXT CATALYSTS

- FY 2016 numbers on 9th February 2017.

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Insurance

Munich Re

Price EUR174.80

Bloomberg	MUV2 GR
Reuters	MUVGn.DE
12-month High / Low (EUR)	190.8 / 141.2
Market Cap (EURm)	28,152
Avg. 6m daily volume (000)	623.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.1%	14.5%	7.5%	-5.3%
Insurance	1.0%	3.8%	0.1%	-16.4%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

	2015	2016e	2017e	2018e
P/E	9.2x	11.3x	9.9x	9.1x
Div yield (%)	4.7%	4.7%	4.7%	4.7%

Q3 a little low, FY guidance to be exceeded, as expected

Fair Value EUR185 (+6%) **SELL**

ANALYSIS

- Q3 2016 net income is EUR684m, up 30% yoy, slightly below consensus (EUR753m). Operating profit is EUR1014m, up 75% yoy, below consensus (EUR1115m), mainly driven by investments (ROI up 10bps vs. Q3 2015).
- In P&C reinsurance, operating profit is EUR870m (up 105% yoy), mainly driven by investments. The reported combined ratio is 92.5% (consensus 91.9%) vs. 94.5% in Q3 2015. Excluding large losses (6.6 pts) and run-offs (5 pts), the Q3 adjusted combined ratio is 90.9% vs. 90.1% in Q3 2015.
- The company has said FY net income will exceed its EUR2.3bn guidance, which is no surprise (consensus EUR2.5bn). Note that the initial guidance (cut in May) was for EUR2.3-2.8bn.

VALUATION

- Based on our current estimates, our SOTP valuation is EUR185.

NEXT CATALYSTS

- January 2017 renewals and preliminary FY 2016 numbers on 7th February 2017.

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Healthcare

Nicox

Price EUR7.81

Bloomberg	COX FP
Reuters	NCOX.LN
12-month High / Low (EUR)	13.4 / 6.0
Market Cap (EURm)	195
Avg. 6m daily volume (000)	284.9

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.3%	-26.8%	-4.7%	-14.4%
Healthcare	-6.8%	-11.6%	-3.4%	-16.1%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

	2015	2016e	2017e	2018e
P/E	NS	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

2017 is indeed set to be a transforming year

Fair Value EUR14 (+79%) **CORPORATE**

ANALYSIS

- **LBN to be launched mid-2017? So far, our base-case scenario is confirmed.** Nicox has provided an update on its two lead compounds this morning, i.e. latanoprotene bunod (LBN) and AC-170. As all eyes are notably on LBN, we'll start with this one. Valeant yesterday stated they are addressing all the (manufacturing) issues raised by the recent complete response letter, and should now be ready for an inspection by year end, meaning that the candidate could be launched mid-2017 should everything go well (which in the end would be in line with our assumptions – see our latest report *here* for further details).
- AC-170 is the other compound that unfortunately received a CRL when the company asked for an FDA approval. Here again, the issue is related to Good Manufacturing Practices rather than the clinical package per se. Following continuous interactions, COX expects to meet with the US regulator during this Q4 2016, and thus might receive feedback by early 2017.
- Because AC-170's approval is more than likely to happen next year (BG: H2 17), the potential related milestone payment to former Aciex shareholders will be USD10m (vs USD35m in case of a green light before 1st December 2016). As such, the associated dilution should be reduced to 5% vs 18% based upon current share price.

VALUATION

We stick to our FV of EUR14. But remember that we might lift it to EUR17 in the case of an US approval.

NEXT CATALYSTS

- Q4 2016: FDA inspection at Valeant's manufacturing facility in Florida.

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Healthcare

QIAGEN

Price EUR24.63

GeneReader's US sales to be resumed in late 2016

Fair Value EUR28 (+14%)

BUY-Top Picks

Bloomberg	QIA GR
Reuters	QGEN.DE
12-month High / Low	25.3 / 17.8
Market Cap (EURm)	5,903
Avg. 6m daily volume	405.6

	1 M	3 M	6 M	31/12/15
Absolute	0.8%	2.0%	29.6%	-2.0%
Healthcare	-6.8%	-11.6%	-3.4%	-16.1%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

	2015	2016e	2017e	2018e
P/E	25.9x	25.0x	21.4x	19.1x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- QIAGEN has announced that US commercial activities for the GeneReader should be resumed in late 2016 for selected customers, shortly followed by a broader launch in Q1 2017. This is positive news that confirms the company's commitment to making its GeneReader available to US customers in need of alternatives to TMO and Illumina sequencers.
- In early September 2016, the US Court prompted QIAGEN to halt US sales for the GeneReader by granting a motion for preliminary against the company as part of a patent infringement lawsuit filed by Illumina in May 2016. The patent at stake describes a method of labelling nucleotides as part of the sequencing (please see our note here). QIAGEN already announced that R&D investments have been made to upgrade its GeneReader and following today's news, it appears that what we should expect from the trial in November 2017 would "only" be payment of damages to Illumina for 9 months for commercial activities in the US.
- The company is set to host its IR day in NYC on Tuesday next week. With the preliminary injunction hangover now behind it in our view, we would expect the company to give more details on the pricing model for the GeneReader and potentially be able to provide investors with long term guidance (?).

VALUATION

- We reiterate our BUY recommendation and EUR28 Fair Value.
- Note that QIAGEN derives 48% of its sales from Americas (out of which close to 90% in the US)

NEXT CATALYSTS

- 15th November: IR Day in NYC

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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.

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