



18th November 2016

## BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
<b>Indices</b>			
Dow Jones	18903.82	+0.19%	+8.49%
S&P 500	2187.12	+0.47%	+7.01%
Nasdaq	5333.97	+0.74%	+6.52%
Nikkei	17967.41	+0.59%	-6.15%
Stoxx 600	340.599	+0.63%	-6.89%
CAC 40	4527.77	+0.59%	-2.36%
<b>Oil /Gold</b>			
Crude WTI	45.42	-0.33%	+22.10%
Gold (once)	1228	+0.17%	+15.59%
<b>Currencies/Rates</b>			
EUR/USD	1.0674	0.00	-1.74%
EUR/CHF	1.07165	-0.09%	-1.45%
German 10 years	0.197	-10.78%	-68.89%
French 10 years	0.748	-1.07%	-23.74%
Euribor	-	+-%	+-%

### Economic releases :

Date	
18th-Nov	8h00 DE - PPI 16h00 US - leading indicators 19h00 US Baker Hughes Rig count

### Upcoming BG events :

Date	
18th-Nov	ENGIE (BG Luxembourg roadshow with IR)
24th-Nov	IMERYS (BG London roadshow with IR)
28th-Nov/ 29th-Nov	2nd Paris Consumer Conference
5th-Dec/ 6th-Dec	ATOS (BG Paris Roadshow)
8th-Dec	Reverse roadshow Brewers Netherlands, Belgium
12th-Dec	Jean-Pierre Petit, Président des Cahiers Verts de l'Economie.

### Recent reports :

Date	
16th-Nov	VEOLIA ENVIRONNEMENT EBITDA growth remains the key driver
9th-Nov	VOLTALIA Starting to play with the big boys
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

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



### AHOLD DELHAIZE

**BUY, Fair Value EUR24 vs. EUR25 (+21%)**

*The outlook (deflation in the US) is not engaging*

We have to admit that the outlook provided by Ahold Delhaize (competitive environment and deflation in the US) during its Q3 2016 is not very engaging. Moreover, the consensus (and ourselves as we adjust downward our 2016/18 estimates by 6.7% on average) is struggling to adjust estimates following the merger. Hence, we are still in a period of latency during which we are adopting a more cautious stance. We are looking forward to more details regarding the merger and the strategic plan during the upcoming CMD (7th December).

### PERNOD RICARD

**BUY vs. NEUTRAL, Fair Value EUR115 vs. EUR114 (+12%)**

*Getting better!*

Organic sales should grow 2.7% in 2016/17, accelerating vs last year (+1.8%) thanks to a recovery in China and Europe while momentum in the United States should remain strong. We upgrade our recommendation to Buy and our Fair Value to EUR115 (full note to follow).

### SODEXO

**NEUTRAL, Fair Value EUR92 (-6%)**

*Feedback conf. call: Headwinds but margin improvement confirmed*

Q4 2015-16 was challenging especially in France, and the first part of FY 2016-17 should again face headwinds and lfl revenue growth will be under pressure. Nevertheless, operating is well managed, margins should improve again and financial results should benefit from debt restructuring. In all, after some adjustments, results looks well valued at the current price. Neutral confirmed.

### VOLTALIA

**BUY, Fair Value EUR15,5 (+90%)**

*Solid Q3 2016 results and new partnership in Morocco unveiled*

Volitalia unveiled its Q3 2016 revenues yesterday. These amounted to EUR33.5m, 2.0x higher than Q3 2015 revenues thanks to new commissioning in Brazil and the first contribution from Martifer Solar. At the same time, the group announced the signature of a new strategic partnership with Green of Energy in Morocco in order to jointly develop 190MW in new solar and wind projects in Morocco and in other European countries. Positive. Buy recommendation and FV of EUR15.5 maintained.

### In brief...

**MORPHOSYS, Guselkumab filed for US approval. FV slightly revised up.**

### FOCUS : Actelion Several upsides to play in an exciting 2017 year (Fair Value CHF194 vs. CHF180 BUY vs. NEUTRAL)

Our 4th annual Healthcare Conference made Actelion one of the most interesting companies to discuss with and we came out from the meetings with Jean-Paul Clozel (CEO) with fresh views on the case. Although 2017 will see bosentan sales collapsing in the US and in most of Europe, Opsumit and Upravi should more or less balance the impact out at the top and bottom line levels. But it is the pipeline that is expected to make a difference and we see a huge upside here, hence our new FV and the return to a BUY recommendation on Actelion

### FOCUS Fresenius SE Steady as she goes (Fair Value EUR78 BUY-Top Picks)

We believe that Fresenius KABI is right positioned to leverage its US hospital channel with the ramp-up of clinical nutrition and strong launch pace in 2017 and 2018. US margins are resilient and negative impact from the normalisation of the US drug shortage situation appears to be a slow process with further delay towards it as an upside. Noise following US presidential elections does not impact the group. Helios evolves in a stable environment and we continue to believe that synergies with Quirónsalud could be higher than initially anticipated. We reiterate our BUY rating and EUR78 fair value.

Food retailing

**Ahold Delhaize**

Price EUR19.87

The outlook (deflation in the US) is not engaging

Fair Value EUR24 vs. EUR25 (+21%)

**BUY**

Bloomberg	AD.NA
Reuters	AD.AS
12-month High / Low (EUR)	22.1 / 18.4
Market Cap (EURm)	25,459
Ev (BG Estimates) (EURm)	27,237
Avg. 6m daily volume (000)	4,061
3y EPS CAGR	ns

We have to admit that the outlook provided by Ahold Delhaize (competitive environment and deflation in the US) during its Q3 2016 is not very engaging. Moreover, the consensus (and ourselves as we adjust downward our 2016/18 estimates by 6.7% on average) is struggling to adjust estimates following the merger. Hence, we are still in a period of latency during which we are adopting a more cautious stance. We are looking forward to more details regarding the merger and the strategic plan during the upcoming CMD (7th December).

As a reminder, Q3 2016 figures were in line with expectations. Note however that this was mainly due to the Netherlands (20% of PF sales / **+3.3% LFL vs +2.6% e / 4.4% current margin vs 4.5% e**) and Central & SEE (9% / **+6.0% LFL vs 4.3% e / 4.2% current margin vs 3.9% e**), where commercial performances were higher than expected (+0.6% and +1.5% above respectively), while the US (63% of PF sales) turned out to be soft (**+0.7% LFL vs -1.3% e / 3.7% current margin vs 3.9% e**).

In fact, the trading environment remains challenging in the US with ongoing deflation (-0.8% and -1.6% respectively at Ahold USA and Delhaize USA) and competitive pressure in the market (especially when it comes to Food Lion, of which ~75% of the stores compete directly with Wal-Mart). Management even indicated that the deflationary environment in relation to food sales in the United States should continue at current levels through the fourth quarter.

In the Netherlands, e-commerce (>30% growth) had a strong positive impact on LFL (+3.3% released, including +1.3% for supermarkets, +0.7% for online and +1.3% for Bol.com). Bottom line, the decline in margin (-20bp) is driven by a higher dilutive impact of Bol.com (70bp) in line with investment plans to accelerate growth. However, it is worth remembering that Amazon recently arrived in the Netherlands and hence we suspect that the dilutive impact of Bol.com could widen over coming quarters.

On the whole, the outlook is not very engaging. For the full year, AD expects PF underlying operating profit margin for the group to be broadly in line with the Ytd performance (i.e. 3.6% vs 3.7% estimated by the consensus) and slightly ahead of last year. It continues to expect 2016 FCF to be EUR1.3bn (in line), including expected capital expenditure of EUR1.8bn. We are looking forward for more details regarding the merger and the strategic plan during the upcoming CMD (7th December).

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.2%	-7.1%	3.8%	2.0%
Food Retailing	1.4%	3.4%	0.5%	-1.7%
DJ Stoxx 600	0.9%	0.0%	1.8%	-6.9%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	NM	60,881	62,225	63,649
% change		ns	2.2%	2.3%
EBITDA	NM	3,862	4,020	4,305
EBIT	NM	1,899	2,057	2,401
% change		ns	8.3%	16.7%
Net income	0.0	1,410	1,415	1,612
% change			0.3%	14.0%

	2014	2015e	2016e	2017e
Operating margin	NM	3.5	3.7	4.0
Net margin	NM	2.3	2.3	2.5
ROE	NM	NM	NM	NM
ROCE	NM	8.0	8.5	9.5
Gearing	NM	19.2	13.3	6.3

(EUR)	2014	2015e	2016e	2017e
EPS	NM	1.11	1.11	1.27
% change	-	ns	0.3%	14.0%
P/E	x	17.9x	17.9x	15.7x
FCF yield (%)	%	6.5%	5.0%	6.0%
Dividends (EUR)	NM	NM	0.49	0.60
Div yield (%)	%	%	2.5%	3.0%
EV/Sales	x	0.4x	0.4x	0.4x
EV/EBITDA	x	7.1x	6.6x	5.9x
EV/EBIT	x	14.3x	12.9x	10.6x

**ANALYSIS**

We have lowered our 2016/18 estimates by 6.7% on average. We have notably adjusted the phasing of synergies (EUR30m expected in 2016 out of the EUR500m final target)

**VALUATION**

The company is currently showing a 16x 2017 P/E vs 16.5x on average for the panel

**NEXT CATALYSTS**

CMD in London on 7th December 2016

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**Analyst :**  
 Antoine Parison  
 33(0) 1 70 36 57 03  
 aparison@bryangarnier.com

**Sector Team :**  
 Nikolaas Faes  
 Loïc Morvan  
 Cédric Rossi  
 Virginie Roumage

Food & Beverages

**Pernod Ricard**

Price EUR102.75

**Getting better!**

**Fair Value EUR115 vs. EUR114 (+12%)**

**BUY vs. NEUTRAL**

**Organic sales should grow 2.7% in 2016/17, accelerating vs last year (+1.8%) thanks to a recovery in China and Europe while momentum in the United States should remain strong. We upgrade our recommendation to Buy and our Fair Value to EUR115 (full note to follow).**

**ANALYSIS**

- **A solid performance in the United States.** Sales in the US were up by 4% in 2015/16, having been flat in 2014/15. This growth rate is expected to continue in 2016/17. Irish whiskey Jameson and the single-malt scotch Glenlivet, accounting for 25% and 7% of sales in the United States respectively, remain the main growth drivers. These two brands saw their sell-outs increase by 23% and 9% last year. Although remaining in negative territory, the Absolut brand is showing signs of an improvement, depletions having declined by only 2% in 2015/16 following a 4% fall in 2014/15. This was the result of measures taken by the group: renegotiation of two distribution contracts, packaging changes, refocusing of the advertising campaigns around the notion of authenticity, reduction in the number of flavours, increased advertising expenditure, price reductions and expansion into super premium via Absolut Elyx. Pernod Ricard has reiterated its goal of stabilising Absolut in the medium term.
- **A recovery in China not offset by a slowdown in India.** Chinese sales were down by only 2% in 2014/15 before posting a 9% decline in 2015/16. This deterioration was mainly due to whisk(e)y which posted double-digit falls while Martell cognac was just slightly negative thanks to a normalisation in private consumption, before returning to positive territory in Q1 2016/17 (+3%). At present, the performance remains driven by Noblige although Cordon Bleu is showing signs of an improvement. In our view, Pernod Ricard should manage to stabilise its sales in China this year. The pick-up in China should offset the slowdown in India. Sales in the country are expected to grow by only 8% in 2016/17, decelerating vs 2015/16 (+12%), as the group missed some sales during the Divaly celebration. The group should return to double digit growth in India in 2017/18.
- **Europe is also showing signs of an improvement.** We are forecasting organic sales growth of 2% in 2016/17 in the region, an acceleration relative to 2015/16 (+1.1%), driven by Russia and France. Destocking came to an end in Russia last year and spirits consumption is now showing signs of a recovery. France should also be better due to the end to the negative technical effect that impacted last year's performance. Spain is expected to continue to grow strongly. The intelligence of the company's strategy during the crisis with, notably, the maintenance of advertising expenditure, enabled it to become the leader in Spain with market share of 24%.

**VALUATION**

- We have upgraded our recommendation to Buy and our Fair Value to EUR115. At yesterday's close, the share is trading at 14.9x 2016/17e EV/EBIT vs 16.6x for the peer group average and 15.9x for Diageo.

**NEXT CATALYSTS**

- The group should publish its H1 2016/17 results on 9th February

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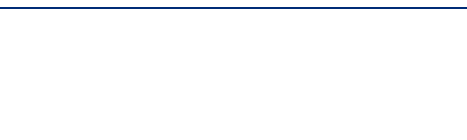
Bloomberg	RI FP
Reuters	PERP.PA
12-month High / Low (EUR)	110.3 / 91.6
Market Cap (EUR)	27,272
Ev (BG Estimates) (EUR)	35,556
Avg. 6m daily volume (000)	457.3
3y EPS CAGR	7.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.8%	-2.1%	8.2%	-2.3%
Food & Bev.	-6.9%	-9.6%	-5.5%	-9.2%
DJ Stoxx 600	0.9%	0.0%	1.8%	-6.9%

YEnd Jun. (EURm)	06/16	06/17e	06/18e	06/19e
Sales	8,682	8,899	9,253	9,673
% change		2.5%	4.0%	4.5%
EBITDA	2,494	2,612	2,748	2,897
EBIT	2,277	2,390	2,517	2,655
% change		5.0%	5.3%	5.5%
Net income	1,380	1,486	1,608	1,723
% change		7.7%	8.2%	7.1%

	06/16	06/17e	06/18e	06/19e
Operating margin	26.2	26.9	27.2	27.5
Net margin	14.2	16.0	16.7	17.1
ROE	9.3	10.1	10.3	10.3
ROCE	6.7	11.5	11.8	12.1
Gearing	64.5	59.3	52.4	45.8

(EUR)	06/16	06/17e	06/18e	06/19e
EPS	5.20	5.60	6.05	6.49
% change	-	7.7%	8.2%	7.1%
P/E	19.8x	18.4x	17.0x	15.8x
FCF yield (%)	4.4%	4.8%	5.2%	5.4%
Dividends (EUR)	1.88	2.03	2.18	2.33
Div yield (%)	1.8%	2.0%	2.1%	2.2%
EV/Sales	4.1x	4.0x	3.8x	3.6x
EV/EBITDA	14.4x	13.6x	12.8x	11.9x
EV/EBIT	15.8x	14.9x	13.9x	13.0x



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

**Sector Team :**  
 Nikolaas Faes  
 Loïc Morvan  
 Antoine Parison  
 Cédric Rossi

Business Services

**Sodexo**

Price EUR97.70

Feedback conf. call: Headwinds but margin improvement confirmed

Fair Value EUR92 (-6%)

NEUTRAL

Bloomberg	SW FP
Reuters	EXHO.PA
12-month High / Low (EUR)	107.7 / 80.3
Market Cap (EUR)	15,020
Ev (BG Estimates) (EUR)	15,433
Avg. 6m daily volume (000)	203.5
3y EPS CAGR	7.0%

**Q4 2015-16 was challenging especially in France, and the first part of FY 2016-17 should again face headwinds and lfl revenue growth will be under pressure. Nevertheless, operating is well managed, margins should improve again and financial results should benefit from debt restructuring. In all, after some adjustments, results looks well valued at the current price. Neutral confirmed.**

**ANALYSIS**

	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.9%	-6.8%	8.8%	8.4%
Travel&Leisure	4.2%	-1.9%	-6.0%	-16.3%
DJ Stoxx 600	0.9%	0.0%	1.8%	-6.9%

**2016-17 top line growth will remain under pressure...**: Following organic growth of 2.5% for FY 2015-16 including a positive effect from RWC of 0.6%, management guided on around 3% for FY 2016-17 which seems a bit aggressive to us taking into account current challenges. In fact, even if that number includes positive calendar effects of 0.5-0.6% from a 53-week fiscal year in NA, comps will be hard in the first half bearing in mind notably that **RWC** contributed 2.4%pt to Q1 organic growth up 4.7% or business in **France**, which remains under pressure driven by Continental Europe organic growth in negative territory in Q4 (-1.6%). Moreover, the impact of Brexit on the **United Kingdom** (10% consolidated revenue) remains to be seen with growth depending on GDP growth and employment. As such, we have moved our forecast to 2.9% from 3.3% previously. Note that forex to date has a positive impact of c.2% on our forecast.

YEnd Aug. (EURm)	08/15	08/16	08/17e	08/18e
Sales	19,815	20,245	21,225	22,031
% change		2.2%	4.8%	3.8%
EBITDA	1,396	1,466	1,568	1,678
EBIT	1,143	1,203	1,292	1,391
% change		5.2%	7.4%	7.7%
Net income	700.0	721.2	787.5	853.8
% change		3.0%	9.2%	8.4%

**...but operating margin will continue to improve**: As in 2015-16, the Adaptation and simplification plan should continue to pay off. In fact, management is confident it can deliver operating profit growth of 8-9% i.e. a margin improvement of 20-30bps. This improvement should also be delivered in 2017-18. We are in line with this improvement.

	08/15	08/16	08/17e	08/18e
Operating margin	5.8	5.9	6.1	6.3
Net margin	3.5	3.6	3.7	3.9
ROE	19.5	20.3	21.5	21.9
ROCE	28.6	29.8	30.9	31.9
Gearing	10.2	11.2	9.3	3.4

**Main changes to our forecasts**

(EUR)	08/15	08/16	08/17e	08/18e
EPS	4.60	4.77	5.21	5.64
% change	-	3.6%	9.2%	8.4%
P/E	21.2x	20.5x	18.8x	17.3x
FCF yield (%)	4.6%	3.3%	4.7%	5.4%
Dividends (EUR)	2.20	2.40	2.60	2.82
Div yield (%)	2.3%	2.5%	2.7%	2.9%
EV/Sales	0.8x	0.8x	0.7x	0.7x
EV/EBITDA	11.0x	10.5x	9.8x	9.0x
EV/EBIT	13.5x	12.8x	11.9x	10.9x

	2016			2017e			2018e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
SALES	20 386	20 245	-0.7%	21 481	21 225	-1.2%	22 305	22 031	-1.2%
EBITDA	1 470	1 466	-0.3%	1 589	1 568	-1.3%	1 685	1 678	-0.5%
	7.2%	7.2%	3 bp	7.4%	7.4%	-1 bp	7.6%	7.6%	6 bp
EBIT	1 205	1 203	-0.2%	1 309	1 292	-1.3%	1 396	1 391	-0.3%
	5.9%	5.9%	3 bp	6.1%	6.1%	-1 bp	6.3%	6.3%	6 bp
EPS	4,75	4,77	0,4%	5,21	5,21	0,0%	5,71	5,64	-1,1%

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

**Largely restructured debt will significantly lower finance costs as expected**: With the early redemption of USD316m at 5% and the recent bond issue of EUR600m with a coupon of 0.88%, the group has increased its debt maturity by c. one year to 7.5 and significantly reduced its average interest rate to 2.7% on pro forma FY 2016 (3.3% reported) from 3.8% in FY 2015. As such, taking into account a USD12m early redemption indemnity due in 2017 after USD23m in 2016, we estimate that finance costs could be reduced by EUR40m to EUR70m vs. EUR111m in 2016.

**VALUATION**

At the current share price, the stock is trading on 2017e and 2018e EV/EBIT multiples of 11.9x and 10.9x compared with a median historical level of 10.9% and 2016-18 CAGR of EBIT of 7.2%.

Management will propose a new share buyback programme of EUR300m. In view of this second programme in two years mainly due to limited cash allocated to M&A, with a larger pipeline today than for several years and two acquisitions closed since the beginning of the year, no exceptional returns should be anticipated next year.

**NEXT CATALYSTS**

Q1 2016-17 revenue on 12th January 2017

AGM on 24th January 2017

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

## Utilities

## Volitalia

Price EUR8.15

## Solid Q3 2016 results and new partnership in Morocco unveiled

Fair Value EUR15,5 (+90%)

BUY

Bloomberg	MLVLT.FP
Reuters	MLVLT.PA
12-month High / Low (EUR)	10.3 / 8.0
Market Cap (EURk)	398,885
Ev (BG Estimates) (EURk)	715,590
Avg. 6m daily volume (000)	7.30
3y EPS CAGR	85.6%

Volitalia unveiled its Q3 2016 revenues yesterday. These amounted to EUR33.5m, 2.0x higher than Q3 2015 revenues thanks to new commissioning in Brazil and the first contribution from Martifer Solar. At the same time, the group announced the signature of a new strategic partnership with Green of Energy in Morocco in order to jointly develop 190MW in new solar and wind projects in Morocco and in other European countries. Positive. Buy recommendation and FV of EUR15.5 maintained.

## ANALYSIS

French renewable energies company Volitalia unveiled yesterday its Q3 2016 revenues, which amounted to EUR33.5m, 2.0x higher than Q3 2015 revenues (at EUR16.4m). 9M 2016 revenues reached EUR79.7m vs. EUR40.2m over the same period last year. Volitalia particularly benefited from 1/new commissioning in Brazil (Vila Para, Vamacruz and SMG wind farms and Oiapoque hybrid power plant) and 2/the first contribution from Martifer Solar, recently acquired by Volitalia, with around EUR9.5m of revenues generated in the third quarter and linked with development, construction and operation & maintenance activities. Regarding the integration of Martifer Solar, the group confirmed that cost and revenue synergies are likely to be achieved but no financial details have been unveiled.

Volitalia confirmed its targets for 2019 (unveiled during H1 2016 results) which include 1/1GW of installed capacities by 2019 (vs. 2022 initially); 2/operation of 3GW by 2019 (vs. 1GW as of today) including 2GW for third-party clients notably thanks to the acquisition of Martifer Solar and 3/ 2019 EBITDA at EUR180m spurred by both new commissioning and development of third-party services. As a reminder, we stand slightly below, at EUR178.5m, but only due to a small discrepancy in the "others/corporate" contribution. As for the energy sales business, our estimates were above Volitalia's guidance at EUR168m (vs. EUR165m).

At the same time, Volitalia announced the signature of a new strategic partnership with Green of Africa in Morocco with the aim of jointly developing wind and solar projects in Morocco and in other African countries. 140MW of wind projects will be developed in Morocco with a first 14MW project (for which long-term sales' contract is already secured) and a second 126MW project with long-term sales having started to being secured. The partnership also includes 50MW of solar projects to be developed in Morocco and in other African countries.

**Conclusion:** Q3 2016 revenues were strongly up yoy, as expected, and confirmed that the development in Brazil was a well thought move. The new partnership in Morocco unveiled is clearly a positive in our view as we believe Volitalia could find the same opportunities in the country that it has found in Brazil with 1/rising electricity demand from both retail and business; 2/ a supportive climate for both wind and solar energies (wind and solar load factors to potentially reach 50-55% and 25%, respectively) and 3/ambitious government policies with existing stable regulatory framework.

Buy recommendation and FV at EUR15.5 per share maintained.

## VALUATION

At current share price, the stock trades at 11.5x its 2016e EV/EBITDA multiple.

Buy, FV @ EUR15.5

## NEXT CATALYSTS

February/March 2017: FY16 results



Analyst :  
Pierre-Antoine Chazal  
33(0) 1.56.68.75.06  
pchazal@bryangarnier.com

Sector Team :  
Xavier Caroen

## Healthcare

**Morphosys**

Price EUR44.85

**Guselkumab filed for US approval. FV slightly revised up.****Fair Value EUR65 vs. EUR64 (+45%)****BUY**

Bloomberg	MOR GR
Reuters	MORG.DE
12-month High / Low (EUR)	60.8 / 33.2
Market Cap (EUR)	1,190
Avg. 6m daily volume (000)	119.6

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.7%	15.8%	1.0%	-22.2%
Healthcare	-1.3%	-6.2%	-2.2%	-12.9%
DJ Stoxx 600	0.9%	0.0%	1.8%	-6.9%

	2015	2016e	2017e	2018e
P/E	78.7x	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

**ANALYSIS**

- **Guselkumab filed for approval.** MOR yesterday announced that Janssen has submitted a BLA to the FDA for guselkumab (anti-IL23p19) as a treatment for plaque psoriasis. The event has triggered a milestone payment that should amount to c.EUR5m in our view. Having said that, both MOR and Janssen have previously stated that a filing was scheduled by year end, so the news was widely expected.
- **Likely approval in late 2017.** Given the timing and the absence of a Priority Review (not specified in the press releases at any rate), an approval is therefore very likely in Q4 2017 or in Q1 2018 at the latest.
- **Diving into the details: all the other Phase III studies are probably positive.** Janssen's press release clearly stated that the dossier included the VOYAGE 1 study (see our previous comment [here](#) for further details) as well as other Phase III studies (VOYAGE 2, NAVIGATE), meaning the latter were arguably positive. And given data consistency from previous trials (VOYAGE 1 and XPLORE), we believe they are probably in line with what we saw earlier.

**VALUATION**

- **We stick to our BUY rating with a FV of EUR65 vs EUR64** (our PoS for guselkumab in plaque psoriasis being revised up from 70% to 80% to reflect 1/ the likely positive results from VOYAGE 2 and NAVIGATE; 2/ its filing for approval in the US).

**NEXT CATALYSTS**

- 2016 ASH meeting (3-6th December): Follow-up data for MOR202 in myeloma + MOR208 in DLBCL.
- Q4 2016: Read-across from Lilly's solanezumab for the treatment of Mild Alzheimer's Dementia (but note that we are cautious on this one, see our initiation report for additional details).

[Click here to download](#)[Mickael Chane Du, mchannedu@bryangarnier.com](mailto:mchannedu@bryangarnier.com)

## BG's Wake Up Call

# Bryan Garnier stock rating system

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

### Stock rating

BUY	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
NEUTRAL	Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
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 55.4%

NEUTRAL ratings 33.1%

SELL ratings 11.5%

## Bryan Garnier Research Team

Healthcare Team	Pharmaceuticals	Eric Le Berrigaud <i>(Head of Equities)</i>	33 (0) 1 56 68 75 33	eleberrigaud@bryangarnier.com
	Biotech/Medtech	Mickael Chane-Du	33 (0) 1 70 36 57 45	mchanedu@bryangarnier.com
	Medtech/Biotech	Hugo Solvet	33 (0) 1 56 68 75 57	hsolvet@bryangarnier.com
Consumer Team	Luxury/Consumer Goods	Loïc Morvan	33 (0) 1 70 36 57 24	lmorvan@bryangarnier.com
	Beverages	Nikolaas Faes	33 (0) 1 56 68 75 72	nfaes@bryangarnier.com
	Retailing	Antoine Parison	33 (0) 1 70 36 57 03	aparison@bryangarnier.com
	Luxury /Consumer Goods	Cedric Rossi	33 (0) 1 70 36 57 25	crossi@bryangarnier.com
	Food & Beverages	Virginie Roumage	33 (0) 1 56 68 75 22	vroumage@bryangarnier.com
TMT	Video Games / Payments	Richard-Maxime Beaudoux	33 (0) 1 56 68 75 61	rmbeaudoux@bryangarnier.com
	Telecom	Thomas Coudry	33(0) 1 70 36 57 04	tcoudry@bryangarnier.com
	Software & IT Services	Gregory Ramirez	33 (0) 1 56 68 75 91	gramirez@bryangarnier.com
	Semiconductor	Dorian Terral	33 (0) 1 56 68 75 92	dterral@bryangarnier.com
Utilities		Xavier Caroen	33 (0) 1 56 68 75 18	xcaroen@bryangarnier.com
		Pierre-Antoine Chazal	33 (0) 1 56 68 75 06	pachazal@bryangarnier.com
Insurance		Olivier Pauchaut <i>(Head of Research)</i>	33 (0) 1 56 68 75 49	opauchaut@bryangarnier.com
Hotels/Business Services		Bruno de La Rochebrochard	33 (0) 1 56 68 75 88	bdelarochebrochard@bryangarnier.com
Construction/Infrastructures/Building Materials		Eric Lemarié	33 (0) 1 70 36 57 17	elemarie@bryangarnier.com
Automotive & Parts		Xavier Caroen	33 (0) 1 56 68 75 18	xcaroen@bryangarnier.com
Marketing		Sophie Braincourt	33(0) 1 56 68 75 36	sbraincourt@bryangarnier.com
Market Data & Information Systems Manager		Eric Monnier	33(0) 1 56 68 75 63	emonnier@bryangarnier.com

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London	Paris	New York	Munich
Beaufort House 15 St. Botolph Street London EC3A 7BB Tel: +44 (0) 207 332 2500 Fax: +44 (0) 207 332 2559 Authorised and regulated by the Financial Conduct Authority (FCA)	26 Avenue des Champs Elysées 75008 Paris Tel: +33 (0) 1 56 68 75 00 Fax: +33 (0) 1 56 68 75 01 Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle Prudential et de Résolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany <b>+49 89 2422 62 11</b>



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