BRYAN, GARNIER & CO

FOCUS

18th November 2016

Healthcare

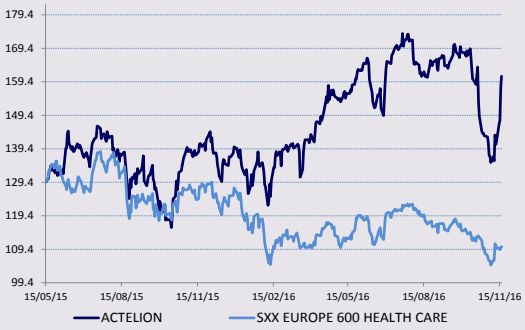
Actelion

Several upsides to play in an exciting 2017 year

Fair Value CHF194 vs. CHF180 (price CHF161.10) **BUY** vs. NEUTRAL

Bloomberg	ATLN VX
Reuters	ATLN.VX
12-month High / Low (CHF)	173.8 / 122.5
Market capitalisation (CHFm)	17,360
Enterprise Value (BG estimates CHFm)	16,398
Avg. 6m daily volume ('000 shares)	420.6
Free Float	82.2%
3y EPS CAGR	9.0%
Gearing (12/15)	-31%
Dividend yield (12/16e)	0.93%

YE December	12/15	12/16e	12/17e	12/18e
Revenue (CHFm)	2,042	2,396	2,326	2,438
EBIT (CHFm)	655.64	838.64	731.76	787.65
Basic EPS (CHF)	5.09	6.95	6.08	6.65
Diluted EPS (CHF)	6.17	8.16	7.41	7.99
EV/Sales	8.31x	6.84x	6.80x	6.24x
EV/EBITDA	22.1x	17.1x	18.6x	16.7x
EV/EBIT	25.9x	19.6x	21.6x	19.3x
P/E	26.1x	19.7x	21.7x	20.2x
ROCE	77.0	91.8	91.9	105.4



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 Uptravi 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.

- Jean-Paul Clozel found three reasons in the recent past for an increased optimism about Actelion's future: (i) first is Gilead's failed phase II trial in PAH with GS-4997 which likely means the end of the company's investment in the field and an even greater share of voice for Actelion post Letairis' patent expiry in 2018; (ii) positive results for macitentan in MERIT really changes the game for the drug because it makes it the first ERA to work in CETPH, which constitutes a differentiating factor and an opportunity to re-open discussions with some payers and regulators. Moreover, MAESTRO comes soon and could be an incremental optionality for Opsumit, driving the drug to over USD2bn peak sales; (iii) lastly, 2017 will be an outstanding year in terms of clinical data delivered by the pipeline with six major outcomes including phase II data in sleep disorders and resistant hypertension and a final phase III with cadazolid in *C.diff*.

- Some of the arguments bring new light to our view on the case. Together with the very solid third-quarter numbers for Uptravi, they are reducing significantly our level of concern about Opsumit and Uptravi peak sales as seen by consensus, which were behind our June's rating cut. MERIT now makes CETPH a reality for Opsumit, which corresponds to something like CHF200-300m more sales at least and several other optionalities are coming, starting soon with Eisenmenger (MAESTRO). But we also believe it is a balanced approach to factor in more of the pipeline assets, given that several ones will deliver ph. II results next year.

- Our new FV is CHF194 up from CHF180 and represents an upside of 20%, hence the adoption of a new BUY rating.

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Actelion Major keys to Focus on
1. One Chart

	Compound	Indication	Study	Status
Phase III	Cadazolid	*Clostridium difficile*-associated diarrhea	IMPACT	Ongoing
	Macitentan	Eisenmenger syndrome	MAESTRO	Ongoing
	Macitentan	Pediatric PAH	TOMORROW	Initiating
	Macitentan	Portopulmonary hypertension (PoPH)	PORTICO	Ongoing
	Macitentan	Fontan-palliated	RUBATO	Initiating
	Ponesimod	Multiple sclerosis	OPTIMUM	Ongoing
	Ponesimod	Multiple sclerosis	POINT	Initiating
Phase II	Cenerimod	Systemic lupus erythematosus	-	Ongoing
	Clazosentan	Reversal of vasospasm associated with aneurysmal subarachnoid hemorrhage	REVERSE	Ongoing
	Dual Orexin Receptor Antagonist	Insomnia	-	Ongoing
	Endothelin Receptor Antagonist	Specialty cardiovascular disorders	-	Ongoing
	Macitentan	Chronic thromboembolic pulmonary hypertension	MERIT	Complete
Phase IIb	Lucerastat	Fabry disease	-	Complete
Phase I	New Chemical Entity	Cardiovascular disorders	-	Ongoing
	New Chemical Entity	Inflammatory disorders	-	Ongoing
	Selective Orexin 1 Receptor Antagonist	Neurological disorders	-	Ongoing
	T-type Calcium Channel Blocker	Neurological disorders	-	Ongoing

- When it comes to picking a chart that can best illustrate what Actelion is about right now, then the pipeline is what comes first to our mind, although the market is reluctant to pricing it in yet.

- Our view is that it has progressed a lot in 2016 and it is now time, before it becomes obvious to everyone, to put a more balanced price on it. We will remain cautious about the two historical assets, i.e. cadazolid and ponesimod because the first carries limited value whereas the second might prove difficult to differentiate in a crowded market (although we recognise the originality of the clinical programme design). However, on the other side, new projects have emerged during the year that carry less risk in our view (dual ORA in insomnia, ERA in resistant hypertension) and others have progressed to a point where it is difficult to ignore them any longer (Fabry). We believe it is reasonable to keep both clazosentan and cenerimod out of the scope for the time being, considering the risky indications they are developed in.

- Therefore, the compounds that we have decided to introduce into our sales model for the first time are lucerastat (in Fabry disease), ACT-132577 in resistant hypertension and DORA in insomnia with so far a conservative PoS until the phase II data are out. We have introduced lucerastat because our understanding is that phase II data are clear-cut and strong enough to take the decision to move into phase III, although they have not been presented yet. However, we are cautious because it is not an extensive market and several other companies are working in the field, including Amicus Therapeutics with a similar compound (migalustat, in phase III) and Sanofi Genzyme with a different mechanism but a deep knowledge and understanding of the disease. So it is fair to keep numbers low. As for the two other indications, the underlying market is huge and competition is manageable while JP Clozel's enthusiasm is high. On DORA, he believes Actelion has "the ideal product" i.e. rapid onset, not too long an action and no interaction. As for the ERA in resistant hypertension, because it is macitentan's active metabolite, PoC is already done and so progression to phase III is almost granted. Interestingly here, JP Clozel agrees in saying that a commercial partner (Pfizer-like) is very likely because it makes no sense for Actelion to build a full sales force for the drug whereas leverage from an existing CV platform could be huge.

- The changes to our FV coming from pipeline projects factored in for the first time into our model are summarised below and all together represent CHF7 per Actelion share. This does not take into account an additional CHF2 per share when upgrading the PoS for Opsumit in CETPH, following positive results from the phase II MERIT, from 40% to 90% (with a very conservative PS of USD200m).

Compounds	Stage	Peak sales	PoS	NPV per share
Lucerastat (Fabry)	Entering phase III	USD100m	50%	CHF0.6/share
DORA (insomnia)	Phase II in 2017	USD450m	40%	CHF2.6/share
ACT-132577 (hypertension)	Phase II in 2017	USD800m	40%	CHF2.6/share

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

2. One Sentence

« Failure of Gilead in phase II in PAH was very good news for Actelion »

- Something that was not really noticed by anybody in the investment community for its influence over Actelion was the press release issued by Gilead on October 20th which included good news for GS-4997 (selonsertib) in NASH but disappointing news with the same compound in DKD and in PAH. As a consequence, Gilead decided not to pursue with the drug in PAH.

- Actelion reads this news as the likely end of the game for Gilead in PAH because GS-4997 was the last chance for the group to have a future in PAH once Letairis' patent has expired, which is supposed to be in October 2018 in the US (exclusivity expiration). Because Gilead is a strong competitor to Actelion in PAH, at least since it obtained AMBITION data on label, we can understand the relief it would represent if Gilead exited from the field. In relative terms, this would give Actelion a massive advantage in terms of share of voice but also, for physicians working in PAH, a clear view that Actelion remains the only company investing in this field. It remains to be seen what happens with United Therapeutics and the FREEDOM-EV study which is expected to report in 2019.

- It leaves unchanged the challenge of facing generic Letairis in late 2018 and 2019 because Letairis and Opsumit might appear equally ideal candidates for combinations (to a PDE-5 inhibitor in particular but also to Uptravi), with similar positioning in guidelines too, so that payers might take the opportunity to make arbitrage in favour of generics. However, like with CVS recently, it is very unlikely to be applied to patients already receiving a treatment because it would be hard to imagine forcing a switch in this disease. Moreover, by then, Actelion will have unveiled a lot of new clinical data supporting macitentan in new indications, which will help differentiate the two drugs, making a switch even less likely and a risk towards reimbursement very low. Since we know that MERIT is positive, and because it is a sizeable phase II trial (80 patients), the opportunity to see Opsumit as the first ERA to have CETPH on label is high. Our understanding is that Actelion might wait for MAESTRO phase III trial results to come out (at the very beginning of 2017 at the latest) and if positive, file both MERIT and MAESTRO together for approval.

- MERIT is already a great achievement for macitentan because it has to be remembered that bosentan failed to get similarly positive results in the BENEFIT trial, when PVR was improved by 28% whereas the 6-minute walk test was unchanged. So, Opsumit would be the only ERA to have CETPH on label, offering a true alternative to Adempas (Bayer), a drug that has obvious disadvantages, drawbacks and side effects: "prescribers have a poor confidence in riociguat" said Jean-Paul Clozel during meetings not only because it has side-effects including hypotension but also because it has proved detrimental to the heart in several long-term studies. Prescribers would probably be more comfortable with macitentan should it be approved in CETPH. The key question about the scope of the indication relates to the fact that only inoperable patients were included in MERIT, leaving postoperative patients out of it unless off-label is used. Nevertheless, this is food for thought for the CVS and other French authorities of this world that have so far considered macitentan not well differentiated enough vs bosentan.

- Now, can Gilead play the game a beat differently and bid for Actelion not to exit the PAH field while benefiting from the bright perspectives of this market in the future? At first glance, it could be perceived as not intuitive because it would force Gilead's sales force to support drugs they have fought against for years. But Actelion's sales force could remain in place to ensure continuity in the service to physicians. What would certainly matter more than a switch from Letairis into Opsumit for Gilead is the possibility to offer a future to its PAH franchise and also to acquire new assets for future growth in other Speciality Care areas and this is what Actelion is all about. Clearly, this is another reason why we believe it is worth talking about the pipeline now, at a time when it remains largely under the radar screens, because as soon as it becomes more mature and visible, not only will stock price react quickly but rumours about Actelion being a potential target will surface again and that is what started to happen a couple of days ago. Historically, Bayer and AstraZeneca have been mentioned as interested parties but we are not sure that they have the capability to do something that big now. Sanofi could try. It would make a lot of sense for the company. It is still expected that one of the two big Swiss companies would react if that happens, and Roche is more likely than Novartis to make a move.

3. One Figure

6

■ This is the number of phase III clinical trials expected to be run by Actelion with different compounds in 2017.

■ This includes (1) cadazolid, which is already in phase III and expected to report results in H2 2017 in *Clostridium difficile* infections. This is not a major market opportunity but it is going to be an interesting catalyst because it would demonstrate that Actelion can manage to develop successfully a drug outside of PAH; (2) ponesimod is another compound that is already in phase III but this time no data are expected before 2018. Two phase III trials are running, the first of which is now well-advanced and is comparative to Sanofi Genzyme's Aubagio (called OPTIMUM) with the objective of beating this soon-blockbuster drug while offering same advantages of oral formulation and a safe profile. Actelion believes that it can differentiate ponesimod from its predecessor(s), namely Gilenya and potentially Receptos/Celgene S1P agonist that are both too long-acting agents. Considering the mode of action and the risk of sequestering lymphocytes in the case of a serious infectious disease, a short half-life could be a major advantage. Based on the follow-up data from the phase IIb study and the accumulation of long-term data with exposure of patients for as much as 6 years to the drug now, Actelion knows that ponesimod's efficacy is similar to Gilenya's but with the advantages of being an easier-to-use and a safer drug. It remains to be seen whether this will be well documented enough to convince regulators reducing requirements in terms of monitoring compared to Gilenya. The second trial could be even more transforming if successful because for the first time (with the exception of Biogen's anti-LINGO that was tested on top of Avonex), a drug will be evaluated in combination with another in the field of MS. Cumulative toxicity had so far prevented big companies from assessing the value of a combination of immuno-suppressive or immune-modulating agents. But, because Actelion is very confident in the safety profile of ponesimod, it has decided to design a trial that will use the compound on top of Tecfidera when Tecfidera alone does not prevent progression of MS in patients. It is differentiating as a design, a bit risky as well, but the reward could be huge should it work. We would be cautious here until we see the data because a few cases of PML would kill the project for sure. It is hard to think of any combination that would work in MS except with a Geneuro-type of approach, i.e. not combining two immuno-suppressants or immuno-modulators (and even more so if GNbAC1 works in mono).

■ About (3), (4) and (5) we've talked already: they are the three drugs for which phase II data are expected to be unveiled in 2017 and provided they are positive all three could start phase III during the same year. Actually, first is lucerastat and our understanding is that phase II data are already available in-house and that the decision to move to phase III has been taken in Fabry's disease. The other two benefited from dedicated conference calls by Actelion during 2016 and are two substantial market opportunities for the company: first is the dual orexin receptor antagonist (DORA) for insomnia. This is a field that Actelion knows very well because it has already invested a lot in the past until it failed to deliver a product (almorexant), in collaboration with GSK, because of drug interactions. Keeping it secret until recent times, Actelion moved forward for back-ups and created what Jean-Paul Clozel believes is "the ideal DORA" with a perfect profile. It is fair to say that Actelion knew what it had to do to design a good molecule and that it would not have moved ahead without a strong belief in having a good candidate. In the meantime, Merck went to market with first-in-class drug (called Belsomra) whereas others are still trying like Actelion (Eisai, J&J). The market could be significant in the end. Actelion might accept to go to market with a partner. Phase II data delivered in 2017 and the design of the phase III trials will tell us more about the potential of the drug. The second big opportunity is the active metabolite of macitentan developed in resistant hypertension with the perspective, here also, to go into phase III next year. It looks like Actelion here might even consider a partner to help the company set up an ambitious phase III programme and to keep R&D costs under control. This could be a largely unexpected triggering event in 2017. The target population is 10-15 million in the US and 1 million in France to give rough numbers.

■ Of course the last drug (6) in phase III is macitentan in many new indications where other ERA have either failed or not been tested. Some of these new targeted indications have not been loudly disclosed but the next significant one to deliver results is MAESTRO in Eisenmenger patients, including patients carrying trismy 21 who are more likely to develop the disease because the underlying congenital heart defect was not corrected. Again here, if successful, it could make Opsumit a difficult drug to ignore including for the most demanding payers in the world.

4. How does the Conference impact our Investment Case

The Conference has had a significant impact on our investment case. We downgraded the stock in June this year when we realised that consensus numbers were already quite high for both Opsumit and Uptravi, hence leaving no more upside to the revenues of the two drugs for some time, until new data come available. At the time, only the R&D pipeline appeared as a reservoir for extra upside to numbers but we did not see any catalyst here until mid-2017. As a consequence, we decided to take a rest until momentum improved again.

And actually that is what has happened, we would say a bit quicker than we had expected. First of all, it is fair to say that Uptravi delivered stronger-than-expected revenue numbers in Q3 and concerns about discontinuations have largely disappeared. Moreover, ex-US sales are still to come and so we are getting more confident of the drug achieving peak sales above our current estimate of USD1.3bn. Obviously, positive results in MERIT also give us relief that Opsumit will approach and maybe now even exceed the CHF2bn mark (that's something Jean-Paul Clozel is now absolutely convinced about). Optimism about MAESTRO adds to this level of confidence. This should help weak European sales to increase, of course easily should France finally decide to give a decent price to the drug once considering the entire body of evidence that the drug is probably best-in-ERA class. But what convinces us even more that the time has come to reinstall a BUY rating on the stock is that it would be over pessimistic to leave the R&D pipeline with almost no value any longer. Our approach to projects like DORA or ACT-132577 is clearly more positive than with ponesimod in MS.

So, although we are coming close to the entry of first generics bosentan in the US and in the main European markets, we believe it is well captured by consensus unlike the value from the pipeline. Because some of the R&D catalysts are expected early in 2017, we believe it can more than offset the impact from generics and help convince that Actelion is worth more interest beyond PAH. If so, then speculation would increase in intensity and include backing a premium to the share price that has disappeared for some time.

Our new FV is CHF194 and the spreadsheet below shows how it is split, considering also that we have taken the opportunity with this note to roll-over our SOTP model to 2017 while adjusting also for the new number of shares. Note on this topic that Jean-Paul Clozel clearly said that he would favour a new share buy-back programme over any other use of available cash now, adding that M&A was somewhat lower on the agenda because valuations are often too high and also because progress in R&D make it less vital than before.

Assets	NPV
Tracleer/Macitentan (ERA franchise)	127,4
Veletri	5,3
Ventavis	2,2
Selexipag	38,4
Total PAH franchise	**173,3**
Zavesca	0,2
Macitentan new indications	8,1
Ponesimod	5,9
Cadazolid	2,4
Valchlor	3,4
lucerastst	0,6
DORA	2,6
ACT-132577	2,6
Net cash	8,1
R&D central costs	(13,4)
Valuation	**193,8**

Source: Bryan, Garnier & Co ests.

Next Catalysts

Period	Product	Area		
By early '17	Macitentan	Eisenmenger	MAESTRO phase III data read-out	Impact on Opsumit PS
14 Feb. '17		Financials	Full-year results 2016	Guidance '17 disclosed

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

Sales estimates

CHFm	Dec-14	Dec-15	Mar-16	Jun-16	Sept-16	Dec-16	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	DEc-21	Dec-22	Dec-23	Dec-24
Tracleer (bosentan, PAH)	1 481,0	1 212,2	291,0	256,0	243,8	224,4	1 015,2	632,8	430,1	302,0	182,0	128,6	108,6	108,6	108,6
Ventavis (iloprost, PAH)	112,0	104,9	27,0	16,5	15,0	14,4	72,9	58,3	46,6	44,3	42,1	40,0	38,0	36,1	34,3
Zavesca (miglustat, Gaucher's Disease)	103,0	91,6	25,0	27,0	26,0	25,1	103,1	51,6	25,8	12,9	6,4	3,2	1,6	0,8	0,4
Veletri	64,0	82,7	24,0	24,0	23,0	24,4	95,4	105,0	115,5	127,0	139,7	153,7	169,1	186,0	204,6
Opsumit (macitentan)	180,0	516,2	178,0	200,0	218,0	230,2	826,2	1 027,5	1 173,2	1 304,0	1 456,1	1 597,1	1 723,3	1 880,8	1 934,1
Uptravi (selexipag)			35,0	55,5	70,0	79,5	240,0	390,0	527,5	656,3	895,5	1 032,0	1 282,5	1 350,0	1 350,0
S1P ponesimod (MS)										50,8	127,1	216,0	324,0	405,0	432,0
Cadazolid (C.diff)									25,4	61,0	76,2	91,5	101,7	111,8	119,5
Xiaflex (Dupuytren contracture)	2,0	6,5	2,0	2,0	2,2	2,8	9,0	15,0	20,0	25,0	25,0	25,0	26,0	27,0	28,0
Valchlor	11,0	26,9	9,0	9,0	8,0	8,4	34,4	45,9	62,0	90,4	123,4	139,5	146,5	153,8	161,5
lucerastst										2,5	10,0	25,0	37,5	45,0	50,0
DORA									12,0	40,0	80,0	112,0	140,0	160,0	180,0
ACT-132577										12,0	56,0	120,0	180,0	240,0	320,0
Other	3,5	0,5													
Total product sales	**1 956,5**	**2 041,5**	**591,0**	**590,0**	**606,0**	**609,2**	**2 396,2**	**2 326,0**	**2 438,1**	**2 728,2**	**3 219,6**	**3 683,6**	**4 278,7**	**4 704,9**	**4 923,0**

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

Price Chart and Rating History

Actelion

Ratings		
Date	**Ratings**	**Price**
22/07/16	NEUTRAL	CHF170
05/11/12	BUY	CHF44.82

Target Price	
Date	**Target price**
22/07/16	CHF180
22/04/16	CHF173
21/04/16	CHF172
06/04/16	CHF163
06/01/16	CHF166
25/11/15	CHF159
21/10/15	CHF156
25/09/15	CHF154
15/07/15	CHF155
09/04/15	CHF129
16/03/15	CHF118
16/02/15	CHF117
16/01/15	Under review
12/01/15	CHF126
22/10/14	CHF118
02/09/14	CHF116
23/07/14	CHF115
17/06/14	CHF110
12/02/14	CHF91
11/02/14	Under review
07/01/14	CHF75
18/10/13	CHF73

Please see the section headed "Important information" on the back page of this report.

Company description

Actelion is a mid-sized biopharmaceuticals company, founded in December 1997, and listed on the Swiss Stock Exchange, As of 22nd September 2008, its shares were included as part of the Swiss Market Index SMI®, the Swiss blue-chip index. .Long it was only dependent on Tracleer but in recent years, Actelion was successful in diversifying its portfolio. Opsumit and Uptravi are still in an early launch phase but today all eyes are on the pipeline because Actelion's objective it to develop beyond PAH by creating new Speciality Care franchises.

Income Statement (CHFm)	**2013**	**2014**	**2015**	**2016e**	**2017e**	**2018e**	**2019e**
Revenues	1,786	1,956	2,042	2,396	2,326	2,438	2,728
Change (%)	*3.3%*	*9.6%*	*4.3%*	*17.4%*	*-2.9%*	*4.8%*	*11.9%*
Adjusted EBITDA	625	687	769	958	852	909	1,120
EBIT	482	570	656	839	732	788	996
Change (%)	*14.5%*	*18.2%*	*15.0%*	*27.9%*	*-12.7%*	*7.6%*	*26.4%*
Financial results	(52.8)	(33.2)	(20.2)	2.0	2.5	7.5	12.5
Pre-Tax profits	430	537	635	841	734	795	1,008
Exceptionals	(12.9)	NM	NM	NM	NM	NM	NM
Tax	22.8	57.0	(87.5)	(113)	(103)	(111)	(141)
Profits from associates	0.0	0.0	0.0	0.0	0.0	1.0	2.0
Minority interests	0.0	0.0	0.0	0.0	0.0	1.0	2.0
Net profit	453	594	552	729	631	684	867
Restated net profit	509	648	693	881	791	845	1,032
Change (%)	*13.8%*	*27.3%*	*7.0%*	*27.0%*	*-10.1%*	*6.8%*	*22.2%*
Cash Flow Statement (CHFm)							
Operating cash flows	592	159	666	804	834	852	1,008
Change in working capital	(27.4)	(542)	(48.1)	(94.4)	29.9	(7.2)	(39.9)
Capex, net	(21.4)	(25.0)	(25.0)	(35.0)	(40.0)	(40.0)	(40.0)
Financial investments, net	(237)	(6.9)	0.0	0.0	0.0	0.0	0.0
Dividends	(113)	(133)	(142)	(162)	(157)	(156)	(154)
Other	(588)	1,126	(802)	44.3	(79.9)	(42.9)	(10.2)
Net debt	(878)	(970)	(405)	(962)	(1,548)	(2,155)	(2,918)
Free Cash flow	571	134	641	769	794	812	968
Balance Sheet (CHFm)							
Tangible fixed assets	281	368	348	305	266	225	183
Intangibles assets	283	441	414	388	361	334	307
Cash & equivalents	878	1,205	405	962	1,548	2,155	2,918
current assets	529	521	558	655	632	654	722
Other assets	1,058	213	190	190	190	190	190
Total assets	3,030	2,748	1,915	2,500	2,997	3,559	4,320
L & ST Debt	0.0	235	0.0	0.0	0.0	0.0	0.0
Others liabilities	1,321	592	597	600	606	621	649
Shareholders' funds	1,709	1,920	1,318	1,900	2,391	2,937	3,671
Total Liabilities	1,321	827	597	600	606	621	649
Capital employed	111	898	899	925	829	769	739
Financial Ratios							
Operating margin	35.53	40.07	40.68	46.31	43.41	46.11	49.90
Tax rate	14.70	15.00	15.00	15.00	15.00	15.00	15.00
Net margin	28.50	33.13	33.97	36.75	34.02	34.66	37.84
ROE (after tax)	29.78	33.75	52.63	46.34	33.10	28.77	28.12
ROCE (after tax)	477	70.37	76.96	91.81	91.95	105	134
Gearing	(51.40)	(50.50)	(30.72)	(50.61)	(64.74)	(73.35)	(79.49)
Pay out ratio	29.58	27.02	26.32	17.94	19.80	18.54	16.82
Number of shares, diluted	112	116	112	108	107	106	105
Data per Share (CHF)							
EPS	4.06	5.34	5.09	6.95	6.08	6.65	8.52
Restated EPS	3.92	5.11	4.91	6.76	5.91	6.47	8.28
% change	*15.8%*	*26.4%*	*10.6%*	*32.4%*	*-9.3%*	*7.8%*	*23.4%*
BVPS	15.32	16.52	11.72	17.62	22.39	27.77	35.05
Operating cash flows	5.31	1.37	5.93	7.46	7.80	8.06	9.62
FCF	5.12	1.15	5.70	7.13	7.43	7.68	9.24
Net dividend	1.20	1.30	1.50	1.50	1.50	1.50	1.70

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

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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.

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Distribution of stock ratings

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