



Please find our Research on Bloomberg BRYG <GO>

19th December 2016

## BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
<b>Indices</b>			
Dow Jones	19843.41	-0.04%	+13.88%
S&P 500	2258.07	-0.18%	+10.48%
Nasdaq	5437.16	-0.36%	+8.58%
Nikkei	19391.6	-0.05%	+1.93%
Stoxx 600	360.021	+0.34%	-1.58%
CAC 40	4833.27	+0.29%	+4.23%
<b>Oil /Gold</b>			
Crude WTI	51.9	+1.96%	+39.52%
Gold (once)	1131.56	+0.45%	+6.51%
<b>Currencies/Rates</b>			
EUR/USD	1.04095	-0.05%	-4.17%
EUR/CHF	1.07125	-0.25%	-1.49%
German 10 years	0.217	-16.45%	-65.87%
French 10 years	0.793	-0.87%	-19.13%
Euribor	-0.314	-0.63%	+139.70%

### Economic releases :

Date	
19th-Dec	10h00 DE - IFO Business Climate Dec. 10h00 DE - IFO Expectations Dec. 11h00 EUZ - Construction output 15h45 US - Services PMI (55.2 E) 15h45 US - Markit US composite PMI Dec.

### Upcoming BG events :

### Recent reports :

Date	
13th-Dec	Construction - Paris Reverse Roadshow feedback
7th-Dec	Brewers : Our takeaways from the Consumer Conference
5th-Dec	TAVI is VITAL
2nd-Dec	FD-SOI: forbidden fruit of the industry and market
29th-Nov	Morphosys We want MORE! (Fair Value EUR65 BUY)
28th-Nov	Fashion E-Commerce: Serving Consumers not Uberising Them! Coverage initiation of ZALANDO, YOOX, H&M,

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



### In brief...

#### AMS, ams withdraws from NY wafer fab project and strengthens in active noise cancellation

Following delays in building the NY-based fab, ams has decided to withdraw from the wafer fab facility project in the State of New York.

#### DANONE, Danone revises its 2016 guidance on dairy

This morning, Danone has revised its guidance for 2016. LFL sales are now expected to grow slightly below 3% vs in the range of 3-5% previously

#### EDENRED, Positive arbitrage ruling from the ICSID, a first step towards solving the dispute with the Hungarian State

In August 2013, following changes in the regulatory and tax framework in Hungary related to issuance conditions for Meal & Food Vouchers

#### INNATE PHARMA, Key leadership changes to take the company to a next level

New CEO, new CFO. IPH has announced the appointment of Mondher Mahjoubi (currently Senior VP, Global Product Strategy Oncology at AZN) as Chairman of its Executive Board

## TMT

## ams

Price CHF28.90

ams withdraws from NY wafer fab project and strengthens in active noise cancellation

Fair Value CHF27 (-7%)

NEUTRAL

Bloomberg	AMS SW
Reuters	AMS.S
12-month High / Low (CHF)	34.4 / 23.0
Market Cap (CHFm)	2,122
Avg. 6m daily volume (000)	449.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.1%	-6.8%	16.3%	-13.9%
Semiconductors	8.3%	14.4%	42.5%	33.2%
DJ Stoxx 600	6.4%	6.6%	12.1%	-1.6%
	2015	2016e	2017e	2018e
P/E	13.0x	25.7x	14.5x	9.9x
Div yield (%)	1.2%	1.8%	1.2%	1.5%

## ANALYSIS

**Following delays in building the NY-based fab, ams has decided to withdraw from the wafer fab facility project in the State of New York.** The NY-based fab construction was part of the multi-billion dollar upstate economic development plans named "Buffalo Billion" to be implemented by New York Governor Andrew Cuomo. However, in mid-2016, political corruption suspicions caused delays in vital contracting decisions and basic bill-paying for work already under-way according to the New York Post. As such, ams has decided to withdraw from the project.

**Initially, a 20-year lease.** This fab was to be built under ams's specification. The Austrian group agreed to operate the fab under a 20-year lease. This fab was initially scheduled to have capacity of 150,000 200mm wafer equivalent per year at 130nm node with a possible expansion of more than 450,000 wafer per year. The fab was expected to deliver the first batches of wafers by the first half of 2018.

**No impact on margins according to the group but we see a more limited patch when it comes to manufacturing process development.** According to the group, the decision to withdraw from this project will have no impact on ams' target for 30% CAGR revenue growth for the next three-years and 30% operating margin from 2019. Indeed, the group said it has access to sufficient cost-attractive external capacity at its current manufacturing partners (foundries). The fabless/foundry model has the advantage of being more flexible and less volume-dependant than the IDM model (operating its own fabs). Nevertheless, we believe that the group will have more limited choices regarding manufacturing process evolution.

**In addition, the group also announced this morning the acquisition of Incus Laboratories for an undisclosed consideration.** The Austrian group has signed a definitive agreement to acquire Incus Laboratories, a UK-based privately held provider of IP for digital active noise cancellation (ANC) in headphones and earphones, in order to strengthen its ANC portfolio.

## VALUATION

Based on our estimates, ams' shares are trading on 2017e P/E and PEG ratios of 14.5x and 1.5x respectively.

## NEXT CATALYSTS

Early February 2017: FY16 and Q4 results (not confirmed yet)

[Click here to download](#)

Dorian Terral, [dterral@bryangarnier.com](mailto:dterral@bryangarnier.com)

## Food &amp; Beverages

**Danone**

Price EUR61.24

**Danone revises its 2016 guidance on dairy**

Fair Value EUR71 (+16%)

**NEUTRAL****ANALYSIS**

- This morning, Danone has revised its guidance for 2016. LFL sales are now expected to grow slightly below 3% vs in the range of 3-5% previously. The company indicated that in the fourth quarter dairy performance was below expectations due to deteriorated market conditions in Spain and weak results of Activia following its relaunch. However, the EBIT margin increase was adjusted upwards in LFL from 50-60bps to >50-60bps.

**VALUATION**

- We maintain our Neutral recommendation. We make no changes to our estimates before the conference call at 8h30 am CET. Our Fair Value remains unchanged at EUR71.

**NEXT CATALYST**

- Danone will release its 2016 results on 15th February

[Click here to download](#)

Bloomberg	BN FP
Reuters	DANO.PA
12-month High / Low (EUR)	70.3 / 58.0
Market Cap (EURm)	40,167
Avg. 6m daily volume (000)	1 726

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.5%	-4.2%	1.6%	-1.7%
Food & Bev.	3.8%	-4.7%	-0.7%	-6.3%
DJ Stoxx 600	6.4%	6.6%	12.1%	-1.6%

	2015	2016e	2017e	2018e
P/E	20.9x	20.0x	17.9x	16.2x
Div yield (%)	2.6%	2.7%	3.1%	3.4%

Virginie Roumage, [vroumage@bryangarnier.com](mailto:vroumage@bryangarnier.com)

## Business Services

## Edenred

Price EUR18.84

Positive arbitration ruling from the ICSID, a first step towards solving the dispute with the Hungarian State

Fair Value EUR22 (+17%)

NEUTRAL

Bloomberg	EDEN.FP
Reuters	EDEN.PA
12-month High / Low (EUR)	22.0 / 13.9
Market Cap (EURm)	4,404
Avg. 6m daily volume (000)	803.2

## ANALYSIS

In August 2013, following changes in the regulatory and tax framework in Hungary related to issuance conditions for Meal & Food Vouchers (more favourable tax concession granted to domestic enterprises), Edenred filed a claim for arbitration against the Hungarian State with the International Center for Settlement of Investment Disputes (ICSID).

After more than three years, the ICSID has delivered its decision in favour of Edenred and the Hungarian State has been ordered to pay Edenred an award of around EUR23m, excluding interest.

This is a first important step towards solving this dispute, but a new one is engaged to implement the ICSID's decision. Wait and see!

## VALUATION

At the current share price, the stock is trading at 14.8x EV/EBIT 2016e and 12.7x 2017e, which compares with a 2015-2018 CAGR EBIT of 9.5x.

## NEXT CATALYSTS

FY results on 23rd February

[Click here to download](#)

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.2%	-5.8%	18.8%	8.0%
Travel&Leisure	6.3%	2.8%	5.1%	-11.5%
DJ Stoxx 600	6.4%	6.6%	12.1%	-1.6%

	2015	2016e	2017e	2018e
P/E	21.7x	21.0x	18.1x	16.6x
Div yield (%)	4.5%	4.2%	4.3%	4.7%

Bruno de La Rochebrochard, [bdelarochebrochard@bryangarnier.com](mailto:bdelarochebrochard@bryangarnier.com)

## Healthcare

## Innate Pharma

Price EUR13.44

## Key leadership changes to take the company to a next level

Fair Value EUR23 (+71%)

BUY

Bloomberg	IPH FP
Reuters	IPH.PA
12-month High / Low (EUR)	14.8 / 9.5
Market Cap (EURm)	725
Avg. 6m daily volume (000)	338.9

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.2%	24.7%	30.2%	-0.7%
Healthcare	2.6%	-3.2%	1.8%	-11.0%
DJ Stoxx 600	6.4%	6.6%	12.1%	-1.6%
	2015	2016e	2017e	2018e
P/E	NS	27.6x	13.5x	NS
Div yield (%)	NM	NM	NM	NM

## ANALYSIS

- **New CEO, new CFO.** IPH has announced the appointment of Mondher Mahjoubi (currently Senior VP, Global Product Strategy Oncology at AZN) as Chairman of its Executive Board, thus succeeding Hervé Brailly (who becomes Chairman of the Supervisory Board). At the same time, Laure-Hélène Mercier, who used to be Head of Investor Relations, is to become the group's CFO. Catherine Moukheibir will leave the Executive Board, but remain in an advisory position.
- **Preparing ground for a vertically-integrated company.** We see these changes very positively as they support the group's evolution towards a vertically-integrated biotech; with IPH41 and monalizumab (for which IPH has a right to co-promote in Europe for a 50% profit share in the territory) as primary drivers. And having a CEO with 1/ in-depth knowledge of the I-O environment, 2/ significant experience in building/structuring a part of a big pharma's division, and 3/ strong links with one of its key partners (AZN) is obviously a key asset in our view.

## VALUATION

- We stick to our BUY recommendation with a FV of EUR23.

## NEXT CATALYSTS

- Q1 2017: Phase IIb results of lirilumab for the maintenance therapy of AML.

[Click here to download](#)Mickael Chane Du, [mchanedu@bryangarnier.com](mailto:mchanedu@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 54.9%

NEUTRAL ratings 35.2%

SELL ratings 9.9%

## 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

A copy of the Bryan Garnier & Co Limited conflicts policy in relation to the production of research is available at [www.bryangarnier.com](http://www.bryangarnier.com)

## London

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)

## Paris

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 prudentiel et  
de résolution (ACPR)

## New York

750 Lexington Avenue  
New York, NY 10022  
Tel: +1 (0) 212 337 7000  
Fax: +1 (0) 212 337 7002  
FINRA and SIPC member

## Munich

Widenmayerstrasse 29  
80538 Munich  
Germany  
**+49 89 2422 62 11**



**BRYAN, GARNIER & Co**

### Disclaimer:

Bryan Garnier & Co Limited, registered in England Number 03034095 with registered office : Beaufort House 15 St Botolph Street, London EC3A 7BB , United Kingdom and its MIFID branch registered in France Number 452 605 512 with registered office : 26, Avenue des Champs Elysées 75008 Paris , France. Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority (Firm Reference Number 178733) and is a member of the London Stock Exchange.

This Report may not be reproduced, distributed or published by you for any purpose except with the Firms' prior written permission. The Firm reserves all rights in relation to this Report.

Past performance information contained in this Report is not an indication of future performance. The information in this report has not been audited or verified by an independent party and should not be seen as an indication of returns which might be received by investors. Similarly, where projections, forecasts, targeted or illustrative returns or related statements or expressions of opinion are given ("Forward Looking Information") they should not be regarded as a guarantee, prediction or definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. A number of factors, in addition to the risk factors stated in this Report, could cause actual results to differ materially from those in any Forward Looking Information.

### Important information - This report may contain "Independent" and "Corporate/Non-independent" research reports.

Unless stated otherwise, documents in this report are classified under the FCA Handbook as being investment research (independent research). Bryan Garnier & Co Limited has in place the measures and arrangements required for investment research as set out in the FCA's Conduct of Business Sourcebook.

#### Independent investment research reports:

Independent investment research reports are prepared by Bryan Garnier & Co Limited and are distributed only to clients of Bryan Garnier & Co Limited (the "Firm"). Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

These reports are provided for information purposes only and do not constitute an offer, or a solicitation of an offer, to buy or sell relevant securities, including securities mentioned in this Report and options, warrants or rights to or interests in any such securities. These reports are for general circulation to clients of the Firm and as such are not, and should not be construed as, investment advice or a personal recommendation. No account is taken of the investment objectives, financial situation or particular needs of any person. The information and opinions contained in these reports have been compiled from and are based upon generally available information which the Firm believes to be reliable but the accuracy of which cannot be guaranteed. All components and estimates given are statements of the Firm, or an associated company's, opinion only and no express representation or warranty is given or should be implied from such statements. All opinions expressed in these reports are subject to change without notice. To the fullest extent permitted by law neither the Firm nor any associated company accept any liability whatsoever for any direct or consequential loss arising from the use of these reports. Information may be available to the Firm and/or associated companies which is not reflected in these reports. The Firm or an associated company may have a consulting relationship with a company which is the subject of these reports.

#### Corporate or Non-Independent investment research reports:

Non-independent research reports are prepared by Bryan Garnier & Co Limited and are being distributed only to clients of Bryan Garnier & Co Limited (the "Firm"). Bryan Garnier & Co Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

These reports have been sent to you for marketing purposes only and are non-independent research within the meaning of the FCA rules. These reports are not being held out as an objective or independent explanation of the matters contained in them and should not be treated as such. These reports have not been prepared in accordance with the legal requirements designed to promote the independence of investment research. The Firm is not subject to any prohibition on dealing ahead of the dissemination of investment research. These reports usually focus on emerging European growth companies. The contents of these reports as well as the other research documents on emerging growth stocks do not contain the Firm's usual stock ratings. The intrinsic value analysis is presented to provide a framework for stock valuation and discussion, and represents an estimated value on the date of publishing, which may be subject to change without notice.

The Firm's rationale for not having ratings on the stock includes the fact that such stock may have limited market capitalisation and liquidity and while the Firm may express an opinion on the near-term movement of the stock, what action investors should take depends on many factors, including liquidity/risk tolerance, holdings timeframe and investment philosophy. Emerging companies evolve rapidly with a continuous flow of information that can significantly impact the company and in the Firm's opinion this cannot be reflected by a periodic rating. Additionally, the Firm may have an advisory relationship with the company which is the subject of these reports, including for the production of sponsored research, and may expect to receive or intend to seek compensation for investment banking services from that company in the six months following the date of these reports.

To the fullest extent permitted by law, the Firm does not accept any liability whatsoever for any direct or consequential loss arising from any use of the information contained in these reports. Information may be available to the Firm which is not reflected in these reports. They are provided for information purposes only and do not constitute an offer or solicitation to buy or sell any of the securities discussed in them. These reports are for general circulation to clients of the Firm and as such are not, and should not be construed as, investment advice or a personal recommendation. No account is taken of the investment objectives, financial situation or particular needs of any person.

#### Disclosures specific to clients in the United Kingdom

This Report has not been approved by Bryan Garnier & Co Limited for the purposes of section 21 of the Financial Services and Markets Act 2000 because it is being distributed in the United Kingdom only to persons who have been classified by Bryan Garnier & Co Limited as professional clients or eligible counterparties. Any recipient who is not such a person should return the Report to Bryan Garnier & Co Limited immediately and should not rely on it for any purposes whatsoever.

#### Notice to US investors

This research report (the "Report") was prepared by Bryan Garnier & Co Limited for information purposes only. The Report is intended for distribution in the United States to "Major US Institutional Investors" as defined in SEC Rule 15a-6 and may not be furnished to any other person in the United States. Each Major US Institutional Investor which receives a copy of this Report by its acceptance hereof represents and agrees that it shall not distribute or provide this Report to any other person. Any US person that desires to effect transactions in any security discussed in this Report should call or write to our US affiliated broker, Bryan Garnier Securities, LLC, 750 Lexington Avenue, New York NY 10022. Telephone: 1-212-337-7000.

This Report is based on information obtained from sources that Bryan Garnier & Co. Ltd. believes to be reliable and, to the best of its knowledge, contains no misleading, untrue or false statements but which it has not independently verified. Neither Bryan Garnier & Co. Ltd. and/or Bryan Garnier Securities LLC make no guarantee, representation or warranty as to its accuracy or completeness. Expressions of opinion herein are subject to change without notice. This Report is not an offer to buy or sell any security.

Bryan Garnier Securities, LLC and/or its affiliate, Bryan Garnier & Co Limited may own more than 1% of the securities of the company(ies) which is (are) the subject matter of this Report, may act as a market maker in the securities of the company(ies) discussed herein, may manage or co-manage a public offering of securities for the subject company(ies), may sell such securities to or buy them from customers on a principal basis and may also perform or seek to perform investment banking services for the company(ies).

Bryan Garnier Securities, LLC and/or Bryan Garnier & Co Limited are unaware of any actual, material conflict of interest of the research analyst who prepared this Report and are also not aware that the research analyst knew or had reason to know of any actual, material conflict of interest at the time this Report is distributed or made available....