2Q16 STRATEGY OUTLOOK

Illustrated With Equities

SOCIETE GENERALE
Private Banking

In accordance with the applicable regulation, we inform the reader that this material is qualified as a marketing document.
Data as of 07 April 2016, 11 p.m. Paris time.

KEY TAKEAWAYS

- For the on-going quarter, the Strategy team from Societe Generale Private Banking has published its latest market outlooks and commented on two themes that should draw investors' attention.

  Theme #1: Big is Better
  Although small caps have been outperforming larger capitalisations in all main regions for some time, they have been more volatile recently and now underperform large-caps across the globe. Thus, large-caps are being favoured over small ones, in particular in the US and UK, and this positive trend should last considering the current market conditions.

  Theme #2: The Gold Rush
  Following the recent pick-up in gold prices that ended five years of decline, various factors are likely to support gold in the coming quarters. In particular, low real interest rates, expensive sovereign bonds and a mining production that is likely to fall on the supply side together make an appealing environment for gold investors. The global gold mining sector has improved considerably over the past 2-3 years as it managed to restructure its activities and cut costs, and appears attractively valued today.

- This report illustrates how to play these outlooks and themes with single equities, for which we have provided our fundamental views and analysis.

- Each stock is presented with a brief investment case, along with price charts, market data and financial metrics.

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Illustrating Equity Markets Outlook

PART I – Illustrating Equity Markets Outlook

UK
Large Multinationals
Material and Energy

ARM Holdings (ARM-GB)
BAT (BATS-GB)
Rio Tinto (RIO-GB)
WPP* (WPP-GB)

Europe
Good earning prospect
Reasonable valuation

Axa* (CS-FR)
Enagas* (ENG-ES)
Enel* (ENEL-IT)
ING Groep* (INGA-NL)
Publicis* (PUB-FR)

US
Defensive
Valuation cushion

Citigroup* (C-US)
Prudential (PRU-US)

Japan
Industry, Telecoms,
Consumer Disc.

Japan Air.* (9201-JP)
Nippon T&T (9432-JP)
Bridgestone* (5108-JP)

Switzerland
Large Caps
High Quality

Novartis (NOVN-CH)
Roche (ROG-CH)

** Conviction list members as of 08 April 2016*

PART I – Illustrating Equity Markets Outlook

Valuations

DESCRIPTION			VALUATION								GROWTH				PROFITABILITY		
Ticker	Company	Cap (m€)	P/BV		EV/Sales (e)		P/E (e)			Div. Yield	Sales Growth		EPS Growth		Op Margin*	Net Margin	ROE
			FY1x	10Yx	FY1x	FY2x	FY1x	FY2x	10Yx	FY1%	FY1%	FY2%	FY1%	FY2%	FY1%	FY1%	FY1%
Illustrating Equity Markets Outlook																	
ROG-CH	Roche Holding Ltd	189 152	8,2	12,4	4,4	4,1	16,3	14,8	19,9	3,5	5,5	4,8	8,2	9,9	41,4	23,1	49,1
NOVN-CH	Novartis AG	154 529	2,3	2,6	4,4	4,2	15,2	13,8	16,9	3,8	-5,0	3,8	-6,2	9,2	30,8	23,5	15,1
C-US	Citigroup Inc.	108 242	0,6	0,9	na	na	8,6	7,5	16,3	0,9	na	na	-10,3	14,6	na	na	6,6
BATS-GB	British American Tobacco p.l.c.	95 226	12,9	7,4	6,7	6,5	18,1	16,7	16,7	4,0	4,1	3,4	9,6	7,9	40,7	30,6	73,1
9432-JP	Nippon Telegraph and Telephone	71 426	1,1	0,8	1,2	1,1	13,9	12,6	11,6	2,3	3,4	1,3	40,7	11,4	27,5	6,1	7,7
CS-FR	AXA SA	47 750	0,7	0,9	na	na	8,1	7,9	12,3	6,0	na	na	6,2	3,6	na	na	8,8
RIO-GB	Rio Tinto plc	43 092	1,4	2,9	2,1	2,0	20,9	15,9	15,1	4,3	-4,8	4,1	-48,3	34,1	29,9	7,7	6,4
INGA-NL	ING Groep NV	39 529	0,8	1,0	na	na	9,3	8,7	11,0	6,9	na	na	-0,4	8,0	na	na	8,7
ENEL-IT	Enel SpA	37 922	1,1	1,3	1,0	1,0	12,3	11,5	18,7	4,8	-2,1	0,6	-5,0	8,4	19,7	4,0	8,9
PRU-US	Prudential Financial Inc.	28 060	1,0	1,1	1,0	1,0	7,4	6,9	16,5	4,0	-6,9	2,5	-3,2	6,5	16,6	9,6	13,4
WPP-GB	WPP Plc	26 564	2,7	1,9	2,0	1,9	15,9	14,6	16,0	3,1	-5,0	6,0	12,1	8,6	17,7	10,5	16,6
5108-JP	Bridgestone Corporation	24 243	1,3	1,4	0,8	0,7	9,3	8,7	131,2	3,6	1,6	2,0	13,8	7,5	19,3	8,5	13,2
ARM-GB	ARM Holdings plc	17 949	6,9	6,1	12,0	10,6	29,6	26,1	60,2	1,0	17,5	10,6	14,2	13,6	51,6	42,8	23,3
PUB-FR	Publicis Groupe SA	13 873	1,9	2,2	1,5	1,4	13,7	12,6	14,3	2,8	2,8	3,8	4,5	8,1	17,7	10,1	14,2
9201-JP	Japan Airlines Co. Ltd.	11 574	1,6	5,9	0,9	0,9	8,1	7,1	13,6	3,0	-0,2	0,4	19,8	15,7	22,8	13,5	20,3
ENG-ES	Enagas SA	6 332	2,6	2,6	8,8	8,9	15,3	15,2	14,3	5,2	-1,4	-2,5	0,6	0,4	74,1	34,6	16,7
		Average	**2,9**	**3,2**	**3,6**	**3,4**	**13,9**	**12,5**	**25,3**	**3,7**	**0,7**	**3,1**	**3,5**	**10,5**	**31,5**	**17,3**	**18,9**

*P/BV: Price to Book Value. *EBITDA Margin.*
FY1: Current Unrealized Year; FY2: Next Year.
Sources SGPB, Factset, Bloomberg.
na: not available; nm: not meaningful.

PART I – Illustrating Equity Markets Outlook

Market Data

Ticker	Company	Ccy	Price	52 Weeks High	52 Weeks Low	Avg 6M Daily Turnover in (000)	Performance (%)					Risk	
							3m	6m	12m	Ytd	5y	Volatility	Beta
Illustrating Equity Markets Outlook													
ROG-CH	**Roche Holding Ltd**	CHF	235,80	283,90	229,90	385 570,89	-14,35	- 9,48	-11,52	-14,69	77,43	8,87	0,90
NOVN-CH	**Novartis AG**	CHF	69,40	103,20	67,00	480 796,54	-19,72	- 24,32	-27,78	-20,05	36,35	40,27	1,09
C-US	**Citigroup Inc.**	USD	41,51	60,95	34,52	986 766,22	-18,38	- 18,86	-19,96	-19,79	- 7,14	21,24	1,41
BATS-GB	**British American Tobacco p.l.c.**	GBP	41,18	41,49	32,32	96 538,96	11,03	11,92	15,12	9,20	61,52	5,82	1,02
9432-JP	**Nippon Telegraph and Telephone**	JPY	4 651,00	5 419,00	3 713,00	20 469 495,07	- 3,41	10,19	23,29	- 3,83	149,72	9,83	0,72
CS-FR	**AXA SA**	EUR	19,61	26,02	18,80	160 853,95	-19,45	- 12,84	-18,00	-22,28	30,43	28,65	1,06
RIO-GB	**Rio Tinto plc**	GBP	19,28	30,72	15,57	117 213,03	- 0,62	- 16,76	-29,93	- 2,63	- 56,32	8,00	1,54
INGA-NL	**ING Groep NV**	EUR	10,13	16,00	9,19	222 053,25	-17,07	- 23,05	-26,94	-18,63	12,58	38,91	0,91
ENEL-IT	**Enel SpA**	EUR	3,71	4,50	3,33	163 902,11	- 3,58	- 7,47	-13,83	- 4,57	- 19,58	13,00	0,76
PRU-US	**Prudential Financial Inc.**	USD	71,20	92,60	57,19	210 492,13	-10,52	- 7,87	-11,59	-12,54	12,75	5,01	1,48
WPP-GB	**WPP Plc**	GBP	16,53	16,57	12,73	47 248,95	7,34	16,65	7,41	5,76	109,90	10,35	1,03
5108-JP	**Bridgestone Corporation**	JPY	3 840,00	5 182,00	3 561,00	11 773 367,65	- 4,81	- 10,78	-23,20	- 8,00	123,26	39,40	0,98
ARM-GB	**ARM Holdings plc**	GBP	10,23	13,33	8,12	35 763,88	1,89	6,23	- 6,92	- 1,54	73,83	12,20	1,21
PUB-FR	**Publicis Groupe SA**	EUR	61,65	79,40	49,95	55 443,55	3,20	- 1,17	-14,68	0,44	53,32	18,47	0,77
9201-JP	**Japan Airlines Co. Ltd.**	JPY	3 915,00	4 940,00	3 655,00	11 204 574,08	- 8,44	- 11,33	5,24	-10,12	na	27,54	0,73
ENG-ES	**Enagas SA**	EUR	26,21	28,68	22,91	56 546,88	0,98	0,15	- 3,21	0,79	62,31	16,84	0,52

Sources SGPB, Factset, Bloomberg.

PART II

Strategy Themes

#1

Big is Better

#2

The Gold Rush

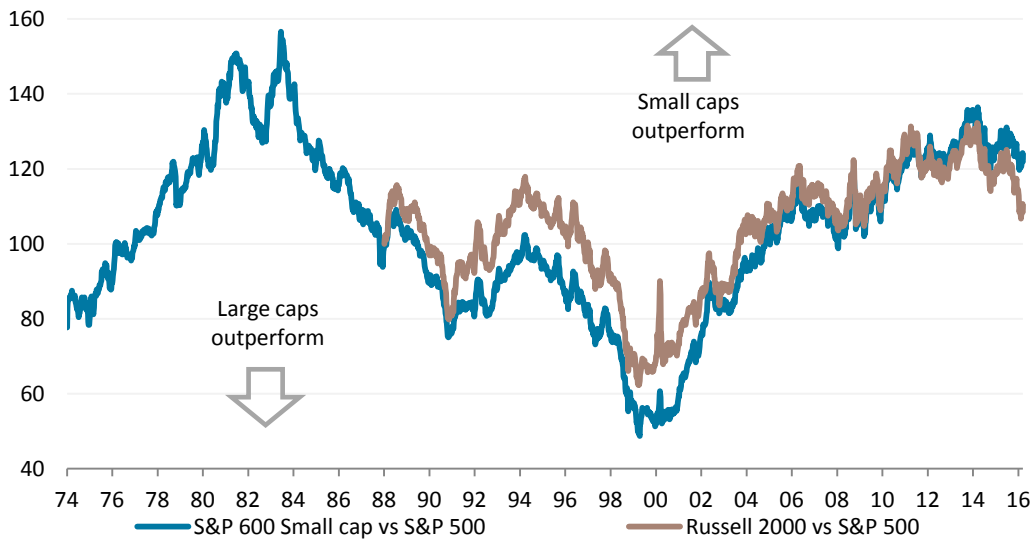
PART II – Strategy Themes

Big is Better

The long-standing theory of the small-cap premium states that smaller market capitalisations tend to outperform larger ones in the long term. Although this has been the case over the past decades, we believe that this trend should now reverse.

- Given current market conditions, we would indeed favour large caps over small caps worldwide.
- Last year, small caps started underperforming globally. We believe that this trend has further to run in current market conditions, given small caps tend to deliver poorer returns at times of sluggish growth, rising volatility – as some investors may consider them less liquid – and currency weakness.
- In particular, US and UK large caps should be the main beneficiaries of the recent depreciation of the effective exchange rates of the USD and GBP respectively.

US small caps relative performance since the mid-70s



Sources: Societe Generale Private Banking, Datastream

Our Selection Of Stocks

Ticker	Company	Sector	Cap (m€)	Target Price	Cur	Potential Upside
Big is Better						
AAPL-US	**Apple Inc.**	Information Techno	535 230	160.00*	USD	46%
GOOGL-US	**Alphabet Inc.**	Information Techno	459 066	850.00*	USD	12%
KO-US	**Coca-Cola Company**	Consumer Staples	177 062	48.00*	USD	3%
BABA-US	**Alibaba Group Holding Ltd.**	Information Techno	170 771	95.00*	USD	23%
RDSA-GB	**Royal Dutch Shell Plc**	Energy	163 815	31.60*	GBP	92%
CVX-US	**Chevron Corporation**	Energy	153 411	112.00*	USD	21%
ORCL-US	**Oracle Corporation**	Information Techno	147 856	49.00*	USD	21%
DIS-US	**Walt Disney Company**	Consumer Discr	139 126	120.00*	USD	24%
939-HK	**China Construction Bank Corp**	Financials	136 309	8.75*	HKD	82%
SMSN-GB	**Samsung Electronics Co. Ltd.**	Information Techno	121 323	720.00*	USD	33%

** SGPB Target Price*

Sources: SGPB, Factset, Bloomberg.

PART II – Strategy Themes

Big is Better

Valuations

DESCRIPTION			VALUATION								GROWTH				PROFITABILITY		
Ticker	Company	Cap (m€)	P/BV		EV/Sales (e)		P/E (e)			Div. Yield	Sales Growth		EPS Growth		Op Margin*	Net Margin	ROE
			FY1x	10Yx	FY1x	FY2x	FY1x	FY2x	10Yx	FY1%	FY1%	FY2%	FY1%	FY2%	FY1%	FY1%	FY1%
Big is Better																	
AAPL-US	**Apple Inc.**	540 882	4,6	5,9	2,0	1,9	12,3	11,2	22,7	1,9	-2,4	5,3	-1,6	11,0	33,9	21,9	37,8
GOOGL-US	**Alphabet Inc.**	464 856	3,7	5,4	6,3	5,2	22,3	19,0	35,8	0,0	17,6	16,1	16,7	16,3	49,2	33,8	16,4
KO-US	**Coca-Cola Company**	177 762	8,0	5,6	5,4	6,0	24,1	22,8	20,7	3,0	-4,0	-6,0	-3,5	5,7	28,4	19,9	35,7
BABA-US	**Alibaba Group Holding Ltd.**	173 790	5,5	8,9	11,7	8,6	29,5	23,5	49,9	0,0	25,8	30,0	19,0	26,0	52,2	71,0	18,7
RDSA-GB	**Royal Dutch Shell Plc**	165 196	1,0	1,4	1,1	0,8	22,4	12,4	16,0	7,7	-11,0	24,0	-34,7	78,6	14,7	3,3	4,3
CVX-US	**Chevron Corporation**	157 017	1,2	1,8	2,1	1,6	68,1	20,0	12,2	4,5	-22,6	16,8	-53,0	na	24,8	1,9	1,8
ORCL-US	**Oracle Corporation**	148 672	3,7	4,4	4,3	4,1	15,6	14,6	19,4	1,4	-3,5	2,1	-5,4	7,3	45,0	30,3	23,9
DIS-US	**Walt Disney Company**	139 826	3,7	2,4	3,1	3,0	16,7	15,6	17,2	1,5	7,5	4,6	13,8	6,8	31,0	17,3	22,0
939-HK	**China Construction Bank Corp**	136 854	0,6	2,0	na	na	4,5	4,3	10,9	7,0	na	na	-1,9	3,4	na	na	14,2
SMSN-GB	**Samsung Electronics Co. Ltd.**	122 563	1,1	1,4	0,7	0,7	10,3	9,6	10,5	2,1	1,8	1,4	-0,7	7,9	22,3	9,2	10,3
		Average	**3,3**	**3,9**	**4,1**	**3,5**	**22,6**	**15,3**	**21,5**	**2,9**	**1,0**	**10,5**	**-5,1**	**18,1**	**33,5**	**23,2**	**18,5**

*P/BV: Price to Book Value. *EBITDA Margin.*
FY1: Current Unrealized Year; FY2: Next Year.
Sources SGPB, Factset, Bloomberg.
na: not available; nm: not meaningful.

PART II – Strategy Themes

Big is Better

Market Data

Ticker	Company	Ccy	Price	52 Weeks High	52 Weeks Low	Avg 6M Daily Turnover in (000)	Performance (%)					Risk	
							3m	6m	12m	Ytd	5y	Volatility	Beta
Big is Better													
AAPL-US	**Apple Inc.**	USD	109,81	134,54	92,00	4 937 756,35	6,91	- 0,88	-12,38	4,32	126,82	54,68	1,36
GOOGL-US	**Alphabet Inc.**	USD	758,57	810,35	529,00	1 799 871,06	- 0,39	12,94	40,14	- 2,50	166,33	28,89	1,49
KO-US	**Coca-Cola Company**	USD	46,53	46,93	36,56	644 840,12	9,35	13,46	14,38	8,31	37,93	5,62	0,62
BABA-US	**Alibaba Group Holding Ltd.**	USD	77,32	95,06	57,20	1 234 976,15	- 1,67	20,94	- 6,03	- 4,86	na	na	1,87
RDSA-GB	**Royal Dutch Shell Plc**	GBP	16,44	21,22	12,56	126 822,14	7,73	- 2,69	-18,79	7,73	- 27,40	7,18	1,41
CVX-US	**Chevron Corporation**	USD	92,67	112,20	69,58	977 091,86	3,41	10,28	-11,98	3,01	- 15,24	0,42	1,25
ORCL-US	**Oracle Corporation**	USD	40,53	45,24	33,13	609 319,36	13,72	7,82	- 4,90	10,95	19,49	8,14	1,07
DIS-US	**Walt Disney Company**	USD	97,00	122,08	86,25	962 005,22	- 3,87	- 6,60	- 8,49	- 7,69	128,61	28,48	1,03
939-HK	**China Construction Bank Corp**	HKD	4,81	7,98	4,31	1 280 394,32	- 6,42	- 9,93	-26,68	- 9,42	na	34,05	1,23
SMSN-GB	**Samsung Electronics Co. Ltd.**	USD	543,00	684,50	420,00	11 067,53	6,78	12,19	-16,72	2,16	25,20	10,91	0,97

Sources SGPB, Factset, Bloomberg.

PART II

Strategy Themes

#1

Big is Better

#2

The Gold Rush

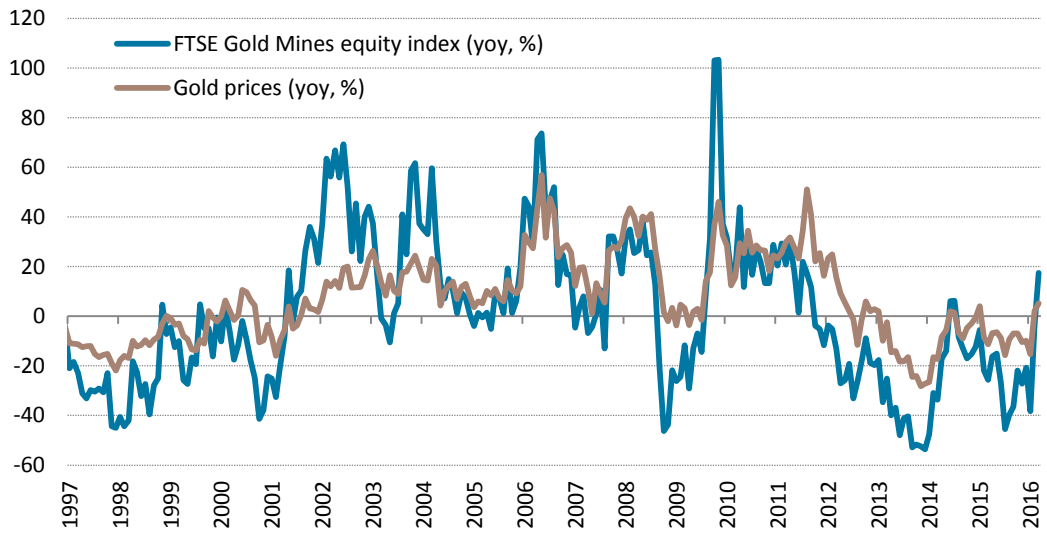
PART II – Strategy Themes

The Gold Rush

Against an uncertain backdrop, a good way to benefit from the gold price recovery is through gold mining stocks.

- Various factors should support gold in coming quarters: low (or negative) real interest rates, expensive sovereign bonds, demand from central banks and from emerging countries, while on the supply side mining production should fall this year according to the World Gold Council's annual projections .
- One way of benefiting from such a constructive environment would be to invest in gold mining stocks, which are highly correlated to gold prices.
- Further, mining companies' fundamentals have improved considerably over the past years. The sector has restructured its activities and cut costs, and most gold mining majors are now able to generate free-cash flows at USD 1,100/oz.
- Finally, despite the recent rally, the global gold mining sector seems attractively valued.

When gold prices rise, mining stocks generally rise even more



Sources: Societe Generale Private Banking, Datastream

Our Selection Of Stocks

Ticker	Company	Sector	Cap (m€)	Target Price	Cur	Potential Upside
The Gold Rush						
ABX-CA	**Barrick Gold Corporation**	Materials	14 343	18,46	CAD	0%
G-CA	**Goldcorp Inc.**	Materials	11 836	22,61	CAD	6%
FNV-CA	**Franco-Nevada Corporation**	Materials	9 708	83,14	CAD	1%
AEM-CA	**Agnico-Eagle Mines Limited**	Materials	7 065	51,67	CAD	8%
GFI-ZA	**Gold Fields Limited**	Materials	2 764	5840,20	ZAR	2%

Sources: SGPB, Factset, Bloomberg.

PART II – Strategy Themes

The Gold Rush

Valuations

DESCRIPTION			VALUATION							GROWTH				PROFITABILITY		
Ticker	Company	Cap (m€)	P/BV		EV/Sales (e)		EV/EBITDA		Div. Yield	Sales Growth		EBITDA Growth		p Margin	Net Margin	ROE
			FY1x	10Yx	FY1x	FY2x	FY1x	FY2x	FY1%	FY1%	FY2%	FY1%	FY2%	FY1%	FY1%	FY1%
The Gold Rush																
ABX-CA	**Barrick Gold Corporation**	14 343	2,1	1,9	2,9	2,8	7,0	6,0	0,6	-17,8	2,4	-1,8	5,5	41,6	5,5	6,6
G-CA	**Goldcorp Inc.**	11 836	1,0	1,6	4,0	3,8	10,4	na	0,7	-16,1	4,5	-10,2	11,0	38,7	0,8	0,9
FNV-CA	**Franco-Nevada Corporation**	9 708	2,7	2,2	20,2	18,7	26,7	5,1	1,4	16,4	8,7	17,6	6,8	75,7	18,4	2,7
AEM-CA	**Agnico-Eagle Mines Limited**	7 065	1,9	2,8	4,7	4,4	12,5	5,9	0,9	-6,4	5,1	-8,5	14,0	37,3	-0,9	0,8
GFI-ZA	**Gold Fields Limited**	2 764	1,1	1,7	1,7	1,6	4,0	10,6	1,6	-3,3	2,4	9,8	8,1	42,9	6,8	5,2
		Average	**1,8**	**2,0**	**6,7**	**6,2**	**12,1**	**6,9**	**1,0**	**-5,4**	**4,6**	**1,4**	**9,1**	**47,2**	**6,1**	**3,2**

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PART II – Strategy Themes

The Gold Rush

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							3m	6m	12m	Ytd	5y	Volatility	Beta
The Gold Rush													
ABX-CA	**Barrick Gold Corporation**	CAD	18,46	20,17	7,89	68 303,88	72,52	106,03	23,64	80,27	- 64,74	35,42	0,37
G-CA	**Goldcorp Inc.**	CAD	21,37	24,87	13,55	67 474,94	31,91	22,89	- 9,72	33,65	- 57,51	2,67	0,37
FNV-CA	**Franco-Nevada Corporation**	CAD	82,11	88,89	49,96	56 832,13	28,24	30,85	31,67	29,72	127,89	7,65	- 0,10
AEM-CA	**Agnico-Eagle Mines Limited**	CAD	47,96	51,49	27,63	42 260,43	24,12	29,59	28,30	31,87	- 25,41	12,80	- 0,52
GFI-ZA	**Gold Fields Limited**	ZAR	57,42	72,48	30,00	141 888,77	25,92	46,11	13,59	36,07	- 45,76	6,16	- 0,45

Sources SGPB, Factset, Bloomberg.

PART III

Investment Cases

PART III – Investment Cases

Index of Stocks

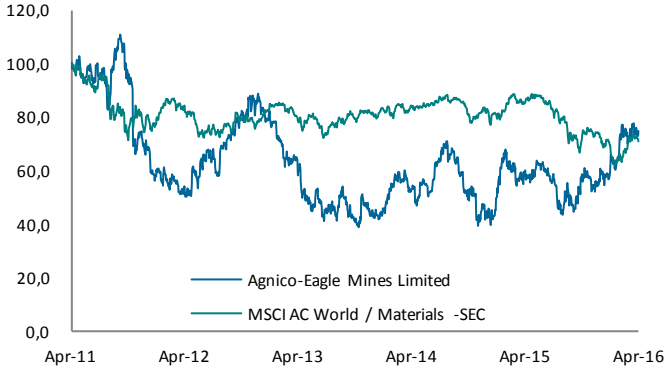
PART III – Investment Cases

Agnico Eagle Mines Ltd (AEM-CA) – ADD – Consensus Target Price: CAD 51.67

Canada-based Agnico is a mid-tier gold miner with key operations in Canada, Finland and Mexico.

The company has an attractive growth profile through its expansion projects at Meadowbank, Kittila, Goldex and LaRonde. Agnico is focusing on production opportunities at the Amaruq deposit in Meadowbank, where it has completed a major drilling programme to expand its resource base. Initial results indicate that the deposit may extend the mine's life significantly. Agnico also reported encouraging drill results at the recently discovered parallel zone at Kittila, Finland. In our view, these discoveries have the potential to sustain several years of production. Meanwhile, cash costs are expected to trend lower due to its strong cost-control initiatives.

Five-year Performance vs. Benchmark (rebased to 100)



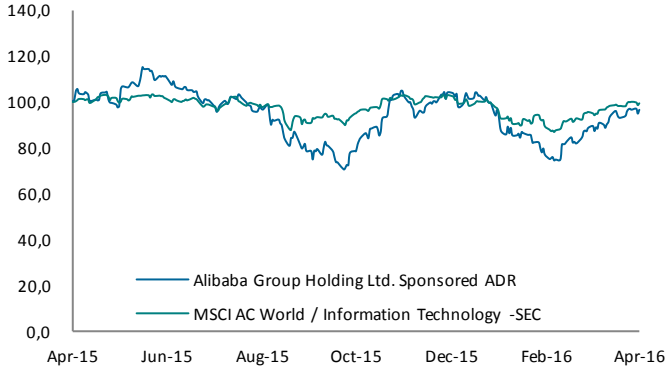
Source: FactSet

Alibaba Group Holding Ltd (BABA-US) – BUY – SGPB Target Price: USD 95.00

Alibaba is a China-based e-commerce company that operates as a platform enabling third parties to buy and sell products. It operates (1) Taobao Marketplace, China's largest online shopping destination, (2) Tmall, China's largest third-party platform for brands and retailers and (3) Juhuasuan, China's most popular group-buying marketplace.

According to the China Internet Network Information Center, online shopping penetration in China was 48.8% of its total internet users in June 2015. This in our view indicates significant growth potential in the e-commerce segment. Alibaba is focusing on developing an ecosystem to improve its offerings and achieve sustainable earnings growth. China's transition to a consumption-based economy should lead to higher consumer spending. We believe this in turn should benefit Alibaba.

One-year Performance vs. Benchmark (rebased to 100)



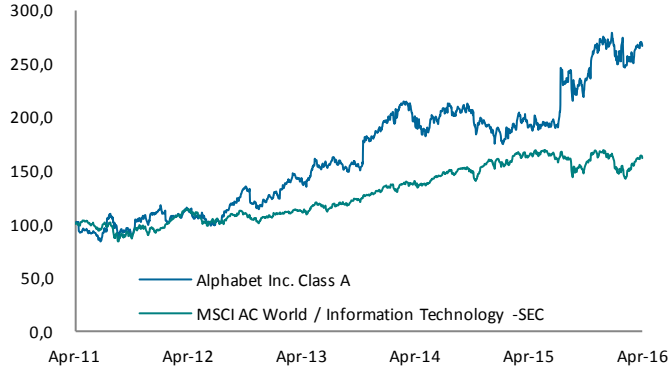
Source: FactSet

Alphabet Inc (GOOGL-US) – BUY – SGPB Target Price: USD 850.00

Alphabet is the parent company of Google, the leader in the web-based search segment. Google maintains an index of websites and other online content and makes this available through its search engine. Its main products include Google.com, Youtube.com, Google Maps etc.

We believe Alphabet's new operating structure will provide more clarity. In our view, Google (the company's core business) benefits from the shift towards digital advertising (internet, smartphones etc.) from advertising through traditional media (radio, newspapers). We believe that this shift should last over the long term as the content published on the internet increases and takes over traditional media platforms.

Five-year Performance vs. Benchmark (rebased to 100)



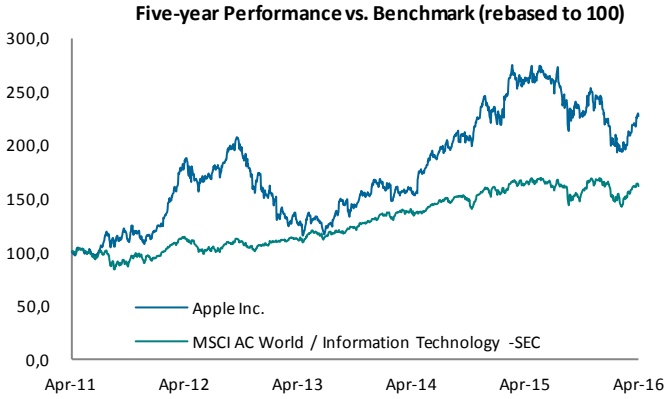
Source: FactSet

PART III – Investment Cases

Apple Inc (AAPL-US) – BUY – SGPB Target Price: USD 160.00

Apple is a leading manufacturer of personal computers and mobile communication devices. Its portfolio includes brands such as the iPhone (63.2% of its 3Q15 revenues; FY ending September), the Macintosh (12.2%) and the iPad (9.1%). Apple also offers portable music devices (the iPod) and software for all its devices.

In our view, Apple is aiming to become a leading player in the Internet of Things (IoT) space, and its new products (like watch and TV) and services are aimed towards this objective. Given its strong user connect, we believe this objective is attainable and should add to the company's revenues in the coming years. In addition, Apple's product sales growth cycle is showing strong growth.

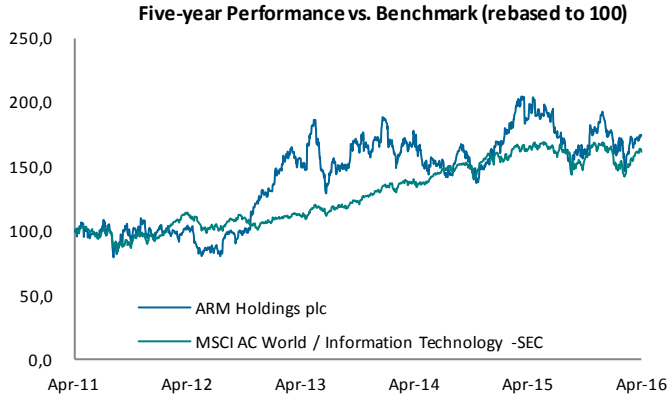


Source: FactSet

ARM Holdings Plc (ARM-GB) – ADD – Consensus Target Price: GBP 1 137.60

ARM is the world's leading semiconductor intellectual property (IP) supplier. It designs and licenses processor IP and has a highly cash-generative business model. It derives revenues by charging licensing fees (38.9% of 4Q15 revenues) for client access to its processor architecture; and royalties (53.1%) for each product that is shipped with an ARM chip.

We expect ARM's revenues to grow strongly in the medium term, driven by higher royalty revenues from the growing adoption of v8 chips, Mali graphics chips and multi-core processors in new-generation smartphones, servers and embedded devices. Introduction of new and more efficient processor designs such as Cortex-A72, Cortex-M7 and Artemis and the growing penetration of IoT-enabled devices should, in our view, continue to benefit ARM's licensing and royalty revenues in 2016 and beyond.

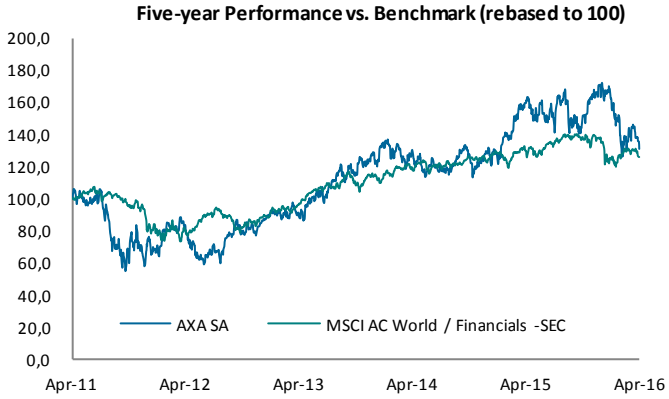


Source: FactSet

AXA SA (CS-FR) – BUY – SGPB Target Price: EUR 29.00

France-based AXA is a leading multiline global insurer with presence in 56 countries. It is one of the largest providers of protection and savings products in Europe.

AXA continues to deliver well on profitability, as evident from its industry-leading combined ratio (for P&C business; 96.2% as of FY15) and VNB margin (for L&S business; 34%). We expect margins to improve further in FY16, driven by ongoing cost-cutting initiatives and the increasing share of higher margin products in its business mix. Meanwhile, strong improvement in L&S product mix and gradual P&C tariff increases (running well ahead of claim inflation) should help AXA offset the impact of low interest rate. The FY15 dividend payout of 47% (vs. the 45–55% target) leaves scope for faster dividend growth in the coming years.



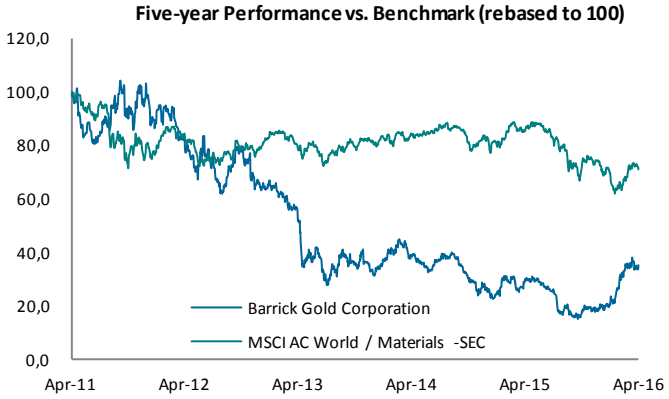
Source: FactSet

PART III – Investment Cases

Barrick Gold Corp (ABX-CA) – ADD – Consensus Target Price: CAD 18.46

Canada-based Barrick Gold (ABX) is the world's largest gold mining company. In 2015, it produced 6.12 Moz of gold, of which ~60% was from its top five gold mines.

We note that ABX is going through major restructuring, wherein it has identified the key strategic goals of (1) optimising its portfolio by exiting high-cost assets, (2) reducing operating costs and (3) focusing on key FCF-generating operations (top five gold mines). For FY16, the management targets to produce 5.0–5.5 Moz of gold at an AISC of USD 775–825/oz (USD 831/oz in FY15). We are encouraged to see the strong improvement in ABX's AISC and expect this trend to continue in the coming quarters.

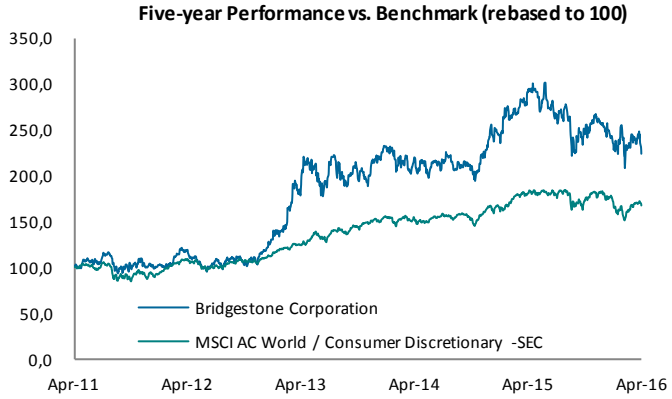


Source: FactSet

Bridgestone Corp (5108-JP) – BUY – SGPB Target Price: JPY 4 751.77

Japan-based Bridgestone is a globally leading producer and distributor of tyres. It manufactures and distributes tyres for passenger automobiles, commercial vehicles, construction and mining vehicles and aircraft, among others.

In our view, the key positives for Bridgestone are strong demand momentum in its key markets (US and Japan) and low raw material prices (rubber and oil), which should help it post industry-leading earnings growth. Further, we believe that demand for mining machinery tyres would improve in FY16 as inventory corrections come to an end, helping the company to improve its operating margins. We remain constructive on Bridgestone considering its attractive valuation, expectations of strong earnings growth and healthy shareholder returns (FY16E dividend yield of 3.7%).

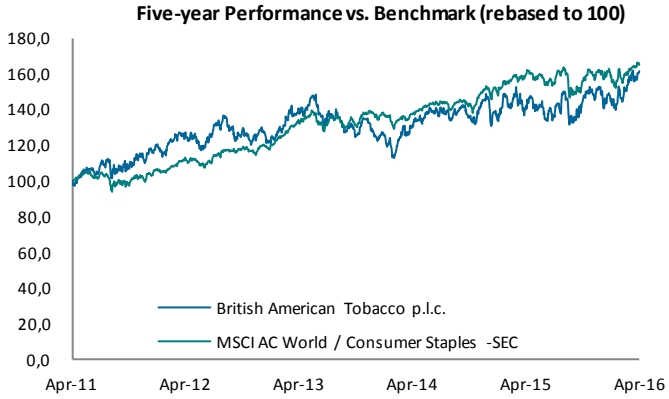


Source: FactSet

British American Tobacco Plc (BATS-GB) – ADD – Consensus Target Price: GBP 4 0088.14

In FY15, BAT sold 663 bn cigarettes, made in 44 factories in 41 countries. The group's five leading brands (45% of volumes) – Global Drive Brands – are Dunhill, Kent, Lucky Strike, Pall Mall and Rothmans. In FY15, the revenue breakdown was: Asia Pacific 28.8%, Eastern Europe 26.0%, Western Europe 24.4% and the Americas 20.8%.

Tobacco remains at the core of BAT's business and should provide growth opportunities. BAT is also committed to developing and promoting a range of next-generation tobacco and nicotine products. BAT has an exposure to emerging markets. BAT does not commit to a specific growth rate for dividend, but its policy is to pay dividend of 65% of long-term sustainable earnings. Hence, dividend growth should keep pace with earnings growth.



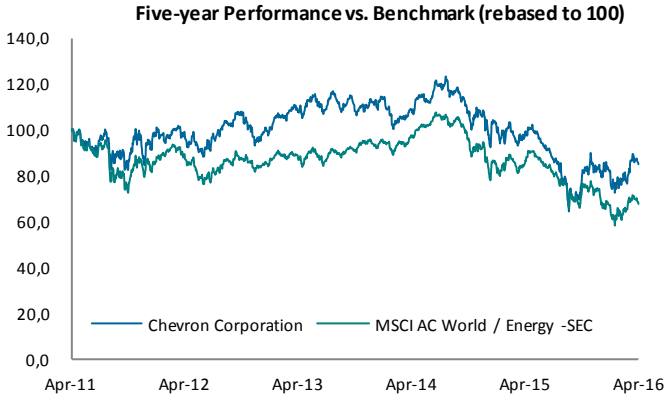
Source: FactSet

PART III – Investment Cases

Chevron (CVX-US) – BUY – SGPB Target Price: USD 112.00

Chevron is one of the world's five super-major integrated oil and gas companies. Its global asset base is considered attractive, especially its low royalty Permian acreage. The company has more leverage to oil prices than peers due to its upstream production being roughly two-thirds oil.

With major projects currently coming online, we notice an improvement in production growth. Improving production and moderation in spending should allow Chevron to return to positive free cash flow, which would in turn secure dividend payments (4.6% yield expected for 2016). Given Chevron strong long-term growth prospects and a solid balance sheet that should allow to weather a prolonged low oil price environment, we find value in the stock. Its EV/EBITDA FY16e stands at 8.6x, at a discount to peers.

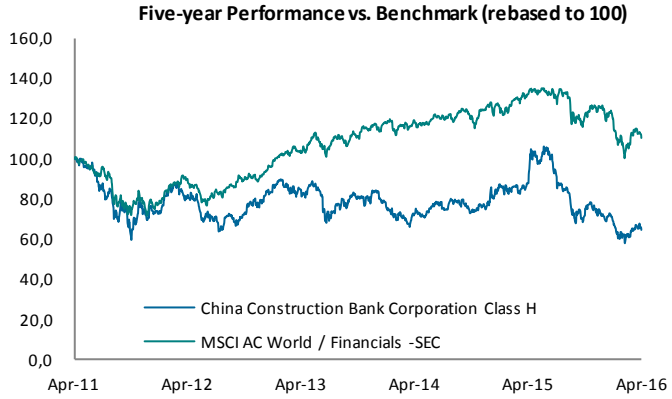


Source: FactSet

China Construction Bank Corp (939-HK) – BUY – SGPB Target Price: HKD 8.75

China Construction Bank (CCB) is the second-largest commercial bank in China in terms of total assets with a market share of 12% of loans and 11% of deposits. The bank's business comprises three principal segments: corporate banking, personal banking and treasury operations. It is among China's market leaders in terms of the number of products and services, including infrastructure loans, residential mortgage and bank cards.

We believe that CCB would be a key beneficiary of the ongoing monetary easing in China as it has one of the highest mortgage exposures in the sector (~24% of loan book). The bank is well capitalised with CET 1 ratio of 12.73% in 3Q15. We also expect CCB to benefit from China's 'One Belt, One Road' project, given its strength in the infrastructure projects.

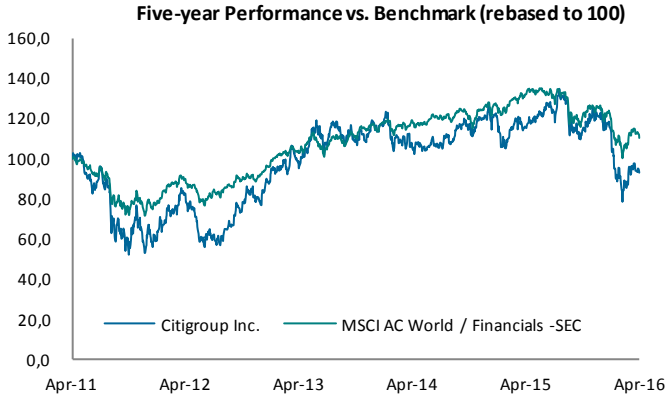


Source: FactSet

Citigroup Inc (C-US) – BUY – SGPB Target Price: USD 69.00

Citigroup is a global, diversified financial services company with an asset base of ~USD 1.73 trn as of 4Q15. It has three core business units: Institutional Clients Group (58% of FY15 Citicorp net income), Global Consumer Banking (39%) and Corporate/Other (3%).

High exposure to emerging markets and energy sector, and weak guidance for FY16 are key investor concerns for Citi. Nevertheless, we have a constructive view on Citi given its (1) attractive valuations (FY16E P/TBV of 0.6x, at a ~39% discount to its peers), (2) strong restructuring potential, (3) continued progress on its strategy of utilising deferred tax assets and reducing non-core assets, (4) focus on tight cost control and credit discipline, (5) best-in-class capitalisation and (6) solid shareholder return prospects.



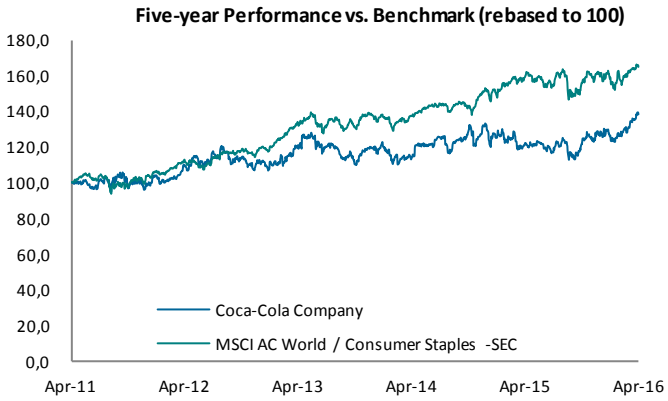
Source: FactSet

PART III – Investment Cases

The Coca-Cola Company (KO-US) – BUY – SGPB Target Price: USD 48.00

The Coca-Cola Company owns or licenses and markets 500+ non-alcoholic beverage brands (mainly sparkling, but also still beverages). The group owns and markets four of the world's top five non-alcoholic sparkling beverage brands: Coca-Cola, Diet Coke, Fanta and Sprite. Berkshire Hathaway owns 9.2% of the company's share capital.

We see growth potential in EM, where increasing disposable incomes should support sales in the long term. The group is adapting packaging and increasing its marketing spends and quality and costs are being reduced. We expect the group to deliver on its long-term targets at constant forex (MSD growth for revenue, 6–8% for profit before tax and HSD growth for EPS). Coca-Cola is highly cash-generative, allowing for dividends and share buybacks.

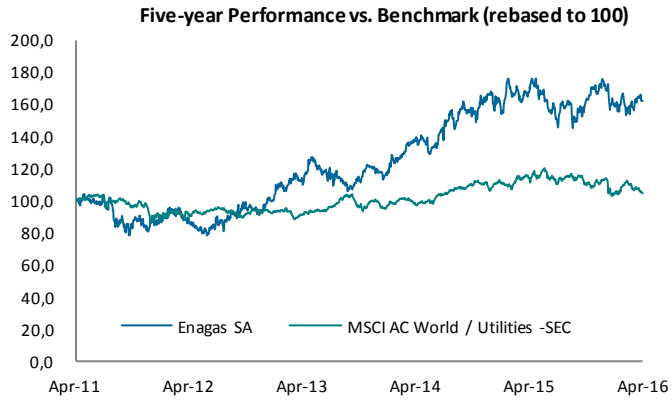


Source: FactSet

Enagas SA (ENG-ES) – BUY – SGPB Target Price: EUR 31.00

Enagas is a Spanish system technical manager engaged in the transport and underground storage of natural gas, as well as the re-gasification of natural gas to the National Pipeline Network. About 95% of its FY15 revenues are regulated. Segmental breakdown: Transmission 45%, Re-gasification 17%, Gas Storage 13% and others 25%.

Enagas enjoys a six-year period where allowed regulated returns would be calculated on the basis of backward-looking nominal bond yields. As a result, it is well-positioned to benefit in an environment of declining sovereign bond yields as it would have a growing positive spread vs. cost of capital. Allowed return for Spanish utilities was set when the country's 10-year yield was at 3.7%, which has now eased to 1.7%. It offers a real return of ~6.6%, including the variable remuneration.

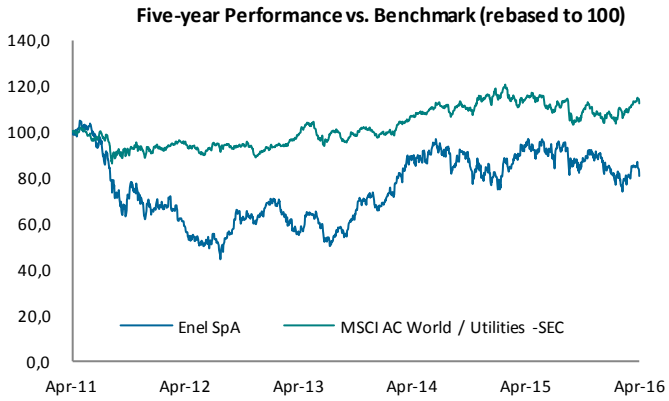


Source: FactSet

ENEL SpA (ENEL-IT) – BUY – SGPB Target Price: EUR 4.64

Enel is major European integrated electricity utility, focused on Europe and Latin America. It has a net installed capacity of 27 GW (96 GW including subsidiaries) and distributes electricity and gas. Networks accounts for 47% of its EBITDA, followed by Generation (34%), Renewable (12%) and Retail (7%).

We are particularly positive about Enel's increasing exposure to Renewable and emerging markets, which offer demand-driven growth and better pricing. Moreover, it increased growth capex targets in Renewable and Networks and reduced them in Generation. Also, 53% of the EUR 17 bn growth capex to FY19 is linked to Enel Green Power (EGP). The share of regulated to contracted EBITDA is expected to reach 75% (vs. 70% in 2014), which should enhance earnings stability while the balance sheet should continue to deleverage.



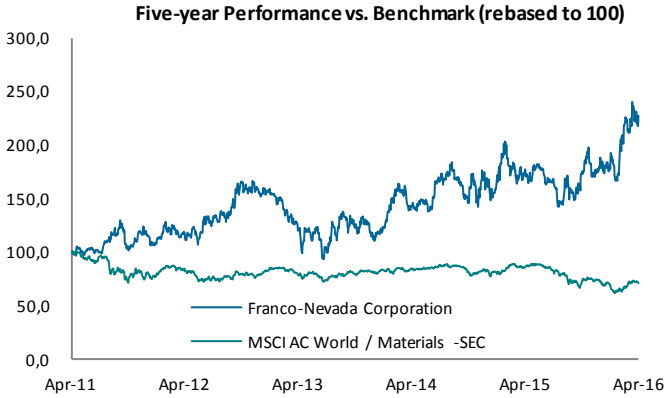
Source: FactSet

PART III – Investment Cases

Franco-Nevada Corporation (FNV-CA) – ADD – Consensus Target Price CAD 83.14

Franco-Nevada (FNV) is a leading royalty-streaming company, focused on the production of gold (~77% to FY15 revenue), silver (8%) and platinum group metals (PGM, 8%).

The company has a diversified portfolio of ~400 mines across the US, Canada, and Latin America. FNV has improved its portfolio quality through its agreements with high-quality mining companies such as Barrick Gold, Newmont, Teck Resources and Kinross that are looking to raise funds. As a result, FNV has maintained strong margins even with falling metal prices owing to its unique business model (major mines come under royalty model with no ongoing cost).

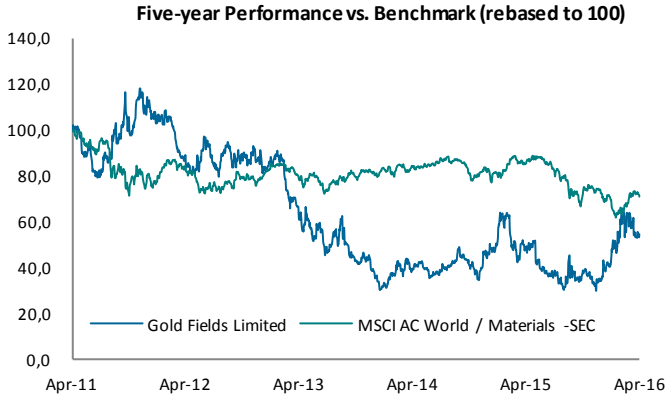


Source: FactSet

Gold Fields Ltd (GFI-ZA) – ADD – Consensus Target Price: ZAR 5 840.20

South Africa-based Gold Fields Ltd (GFI) is leading gold producer with major operations in its home country as well as in Australia, Peru and Ghana. It produced 2.16 Moz of gold in 2015 at an AISC of USD 1,006/oz.

The management has shifted its focus from higher production to cash generation, and it targets an ongoing FCF margin of at least 15%, at a gold price of USD 1,300/oz. To achieve this, GFI is focusing on lowering its position in the global gold cost-curve by acquiring low-cost assets and exiting high-cost ones, which we view as positive. Further, we highlight that improving production profile at high-quality assets in Australia and West Africa (includes the Tarkwa and Damang assets) should help the company to offset the temporary production shortfall at South Deep.

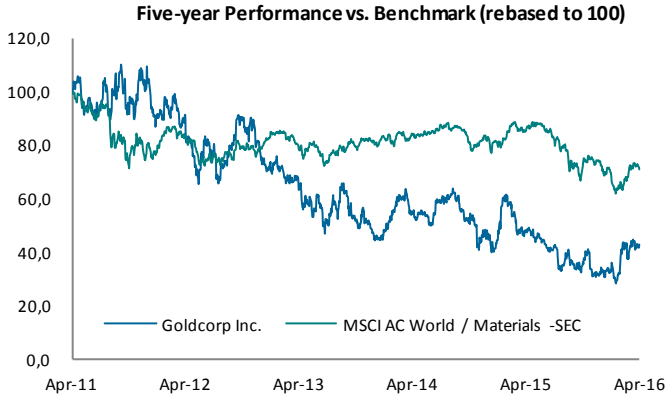


Source: FactSet

Goldcorp Inc (G-CA) – ADD – Consensus Target Price CAD 22.61

Goldcorp (GC) is one of the world's fastest-growing gold producers, with annual production of 3.46 Moz in 2015. Its key mining assets are Penasquito (accounted for ~25% of gold production in FY15), Cerro Negro (~15%) and Pueblo Viejo (~11%).

GC is attractively placed among peers due to its industry-leading cost structure (lowest cash operations among senior gold producers) and strong production growth. In the medium term, Cerro Negro is expected to yield high-grade material, which in our view, should help GC realise high operating margins. Meanwhile, it should continue to benefit from ongoing cost-cutting initiatives and production ramp up. Further, reducing capex requirement as major growth projects near completion should improve its FCF profile.



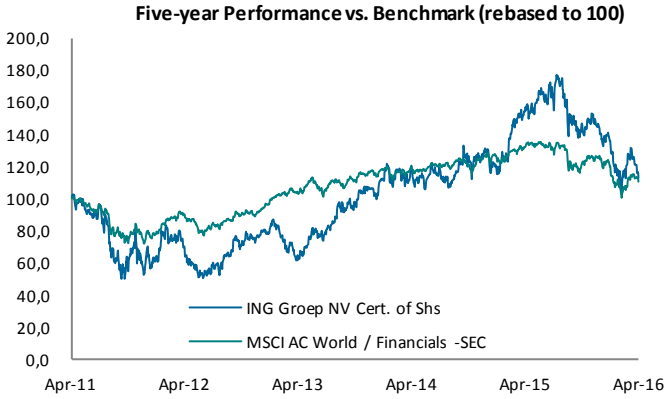
Source: FactSet

PART III – Investment Cases

ING Groep NV (INGA-NL) – BUY – SGPB Target Price: EUR 16.70

ING Groep is a global financial institution. The bank's key markets are the Netherlands, Belgium, Germany and Luxembourg. It has transformed itself from a diversified financial services company in 2009 to a pure-play retail and commercial bank in 2014.

ING's earnings are likely to be driven by healthy loan book growth, continued reduction in deposit rates and lower risk costs. After receiving clarity over capital requirements, ING introduced a new group Common Equity Tier (CET) I ratio target of >12.5% and guided that it intends to maintain a healthy buffer over time. In that context, pro-forma group CET I ratio of 13.4% suggests that ING is well-positioned to reward its shareholders with an attractive dividend – FY16-18E average dividend yield of ~6.3%.

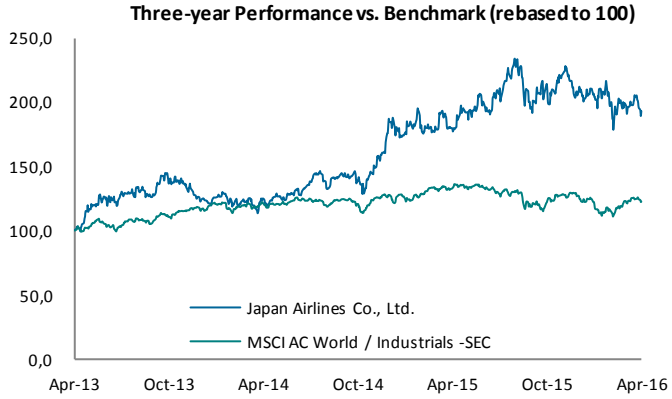


Source: FactSet

Japan Airlines (9201-JP) – BUY – SGPB Target Price: JPY 4 950.00

Japan Airlines (JAL) is the second-largest Japanese airline by sales after ANA. Its main activities are Passenger Transport (74% of FY15 revenues), Cargo (6%) and related Air Transportation activities like travel agencies (20%). After its bankruptcy and restructuring, JAL re-entered markets in 2012 and is now the largest Japanese airline by market capitalisation.

Several macro factors are positive for the company: 1) strong demand from China and Southeast Asia tourism, 2) supply/demand tightening in both international and domestic routes, 3) improving Japanese economy and 4) stabilising jet fuel price <USD 50 per barrel. JAL trades at a next-12-month EV/EBITDA of 3.9x at a 30% discount to ANA Holdings. At this level, we think the discount is exaggerated and that JAL will be rerated to match its profitability.

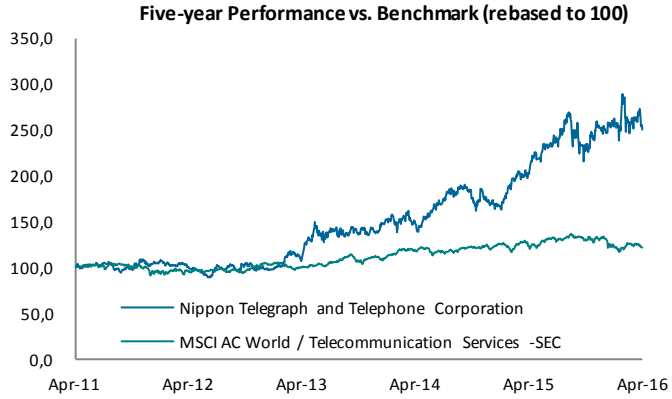


Source: FactSet

Nippon Telegraph and Telep. Corp (9432-JP) – ADD – Consensus Target Price: JPY 5 971.94

NTT is Japan's largest telecom group and operates as a holding company. In 9M16 (FY ending March), its mobile communications segment comprised 35% of revenue, regional communications business 26%, long-distance and international communications 17%, data communications 12% and other 10%.

NTT is focussing on cutting costs to improve profit growth, as revenue growth contribution from NTT Docomo moderates. The company is increasing its exposure to IT services (acquisition of Dell IT services business) to cross-sell to international corporate clients and boost and diversify its revenue base. Moreover, NTT is focussing on utilising its profits to improve shareholder returns, having increased its dividend payout ratio from 31.2% in FY11 to 38.0% in FY15 and conducting share buyback every year for last five years.



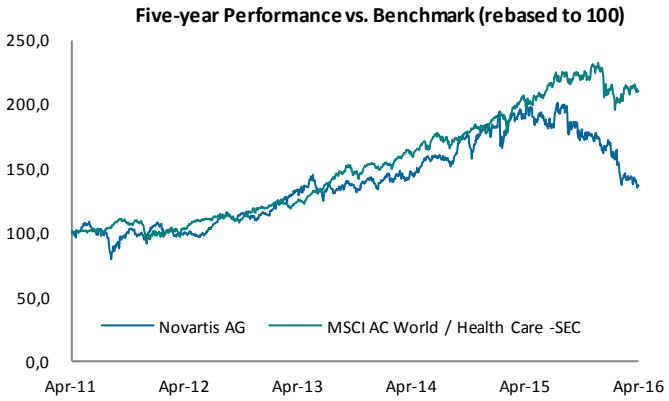
Source: FactSet

PART III – Investment Cases

Novartis (NOVN-CH) – ADD – Consensus Target Price: CHF 88.42

Restated 2015 sales (USD 49.46 bn) by division: Prescription drugs (USD 33.3 bn, 67.4%), Alcon (USD 6.0 bn, 12.1%) and Sandoz (UDS 10.1 bn, 20.4%). Geographical sales breakdown: Europe 35%, Americas 33%, Asia/Africa 23%, Canada/Latin America 9%. Novartis has a 33.3% interest in Roche's voting shares (6.4% equity share).

Novartis is a leading global pharma company, investing USD 8.4 bn in R&D annually. Despite its difficulties, we believe Novartis is becoming stronger. Alcon remains by far the leader in ophthalmology, a highly profitable 40 bn USD market growing 5% per annum. It is also a leader in generics, including in biosimilars, potentially a USD 10 bn market. From 2017 onwards, double digit EPS growth is expected to resume. The dividend is very attractive.

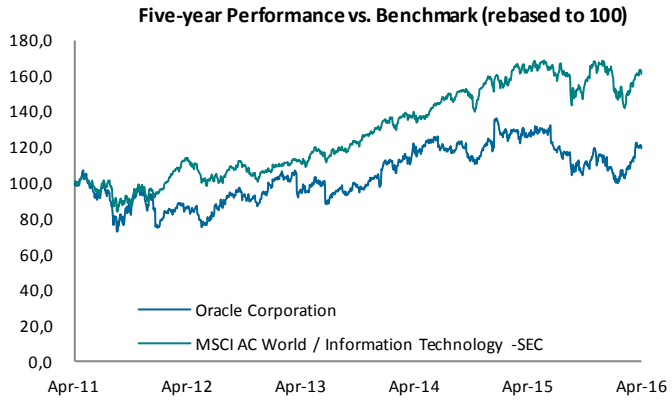


Source: FactSet

Oracle Corp (ORCL-US) – BUY – SGPB Target Price: USD 49.00

Oracle is one of the world's leading enterprise software companies. Its main business is to provide software and related services for data management, applications and networking. Oracle is also active in the hardware segment, focusing on servers and storage products.

Given a consistent rise in communication and networking needs, we believe demand for software and hardware to manage, share and store data should remain healthy. Oracle's ability to leverage its offering of hardware, applications, middleware, and database/analytics into a leading hybrid on premise/cloud service should, in our view, start to bear fruit in its overall growth trend in the near term.

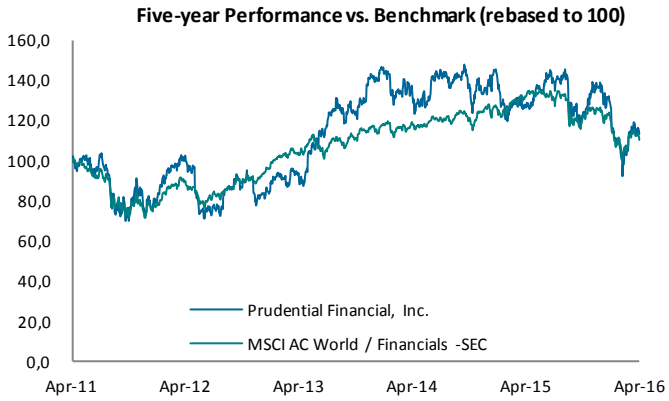


Source: FactSet

Prudential Financial Inc (PRU-US) – ADD – Consensus Target Price: USD 83.29

Prudential is a leading financial services provider with its key operations in the US and Japan. Its key offerings include life insurance, annuity products and asset management services.

Prudential derives a majority of its earnings from its international businesses, which are highly profitable as a result of its strong focus on death protection products. The management expects a greater financial flexibility with its readily deployable capital as a result of its closed block business restructuring. It targets FCF generation of 60% of operating profit (historical level of 50%) and an ROE of 13–14%, which bodes well for strong shareholders return. At an FY16E P/E of 7.3x, the stock is trading at a ~20% discount to its peers' average.



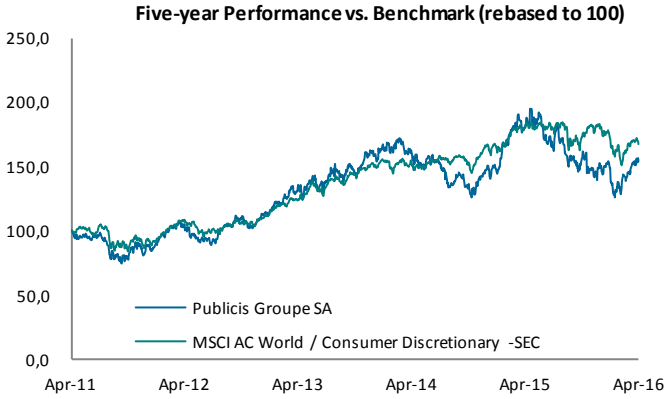
Source: FactSet

PART III – Investment Cases

Publicis Groupe SA (PUB-FR) – BUY – SGPB Target Price: EUR 70.0

Publicis is the world's third-largest advertising group and owns popular networks like Saatchi & Saatchi and Leo Burnett. In FY15, it derived 54% of its revenue from North America, 28% from Europe, 11% from APAC, 4% from LatAm and the rest from Middle East and Africa.

Publicis is refocusing on improving business performance after a difficult 2014/15 owing to a failed merger with Omnicom. Disruptions caused at business level and management focus have now reversed, with the company showing improved organic growth (4Q15: 2.8% YoY, FY15: 1.5%). Post acquisition of Sapient, Publicis has strengthened its presence in the fast-growing digital advertising segment (52% of FY15 revenue). The company is trading at a next-12-month P/E of 13.5x, below its five-year average of 14.0x.

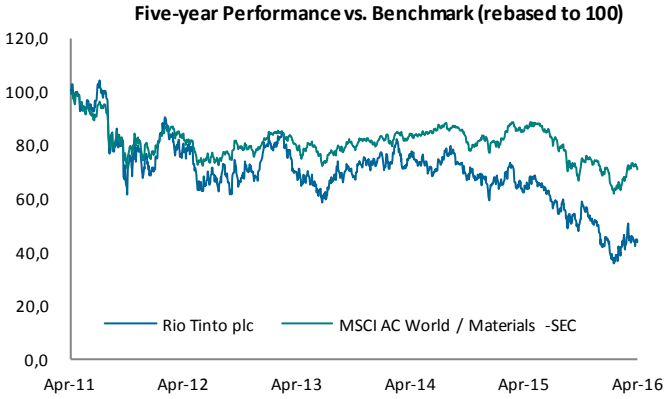


Source: FactSet

Rio Tinto Plc (RIO-GB) – ADD – Consensus Target Price: GBP 2 195.83

Rio Tinto (RIO) is a globally diversified mining company with market leading position in production of iron ore and coal.

RIO's competitive advantages are its (1) portfolio of Tier I assets across its suite of commodities generating industry-leading operating margins, (2) strongest balance sheet in the industry (24% gearing as of FY15, towards the lower end of its target range of 20–30%) and (3) strong cash flow profile due to high production growth, improving operational efficiencies and low capex requirements. We expect gradual recovery in iron ore prices in the coming quarters, helped by supply discipline from the Big 4 and high-cost capacity curtailment in China. That said, RIO appears well-positioned to capitalise on any rise in iron ore prices given its industry-leading cost structure.

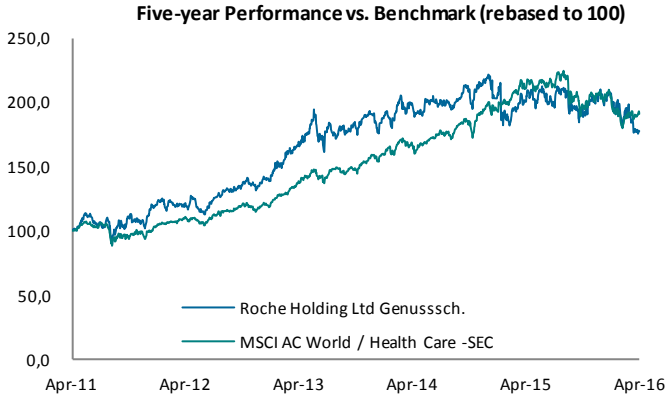


Source: FactSet

Roche (ROG-CH) – ADD – Consensus Target Price: CHF 304.66

Roche is a world leader in oncology and in diagnostics (23% of sales). Geographical sales split: US 41.9%, Europe 26.0%, Japan 7.6%, International 24.6%. Roche will invest about CHF 9.6 bn in R&D in 2016 (18.9% of group sales of CHF 50.7 bn). It plans to launch eight new medicines in the next three years.

Roche has five potential blockbusters: Perjeta for early breast cancer, ocrelizumab for multiple sclerosis, atezolizumab for oncology, lampralizumab for blindness and emicizumab/ACE910 for hemophilia. Roche has alternatives for its biologics that will lose share to biosimilars (Herceptin, Rituxan and Avastin). Management expects sales growth until 2023. Roche is not that vulnerable to lower US drug prices. Based on expected earnings growth of ~8%, we believe the stock offers a good buying opportunity.



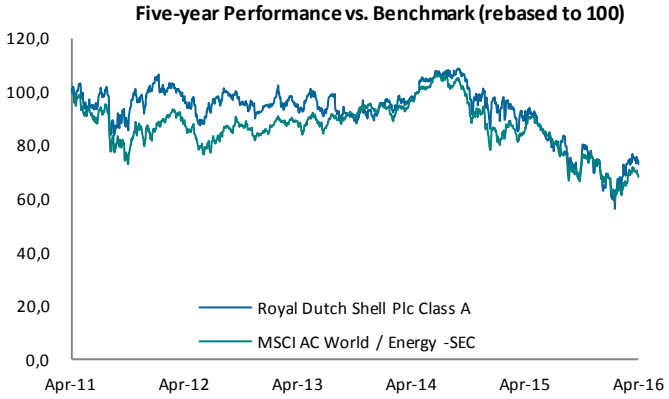
Source: FactSet

PART III – Investment Cases

Royal Dutch Shell (RDSA-GB) – BUY – SGPB Target Price: EUR 31.60

Royal Dutch Shell (RDS) is one of the world's largest integrated international oil and gas (O&G) companies. Its repositioning and divestitures are expected to strengthen cash flow, aided by management focus on opex and capex reduction.

We believe management is taking the right steps in a lower O&G price environment. The company has recently completed the acquisition of BG Group, the largest recent combination in the industry. It is expected to bring ~USD 3.5 bn yearly synergies and allows accelerating growth in deepwater Brazil and LNG. With P/E FY17E of 12.2x, at a discount to peers, valuation is attractive. With 7.8% expected yield for 2016, the dividend is also supportive.

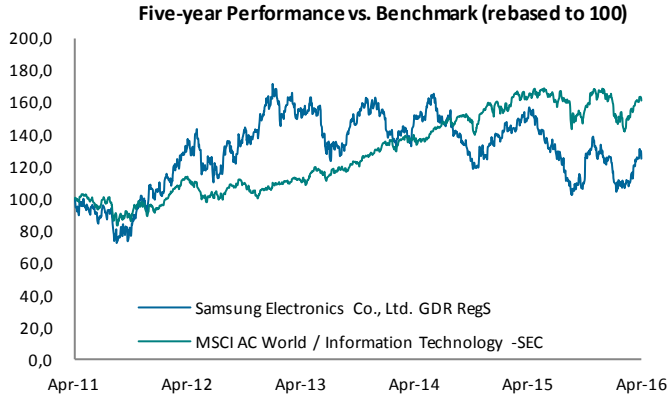


Source: FactSet

Samsung Electronics (SMSN-GB) – BUY – SGPB Target Price: USD 720.00

Samsung Electronics, the flagship company of the Samsung Group, is one of the world's leading producers of consumer electronics and semiconductor components. SEC is the world's top manufacturer of smartphones, DRAM, flash memory and televisions.

We expect Samsung's mobile segment margins to remain stable in the near term due to a stronger mix of high-end smartphone shipments. Further, new product launches in the mid/low end should help maintain its market share. In our view, Samsung's semiconductor segment should benefit from healthier DRAM/NAND supply-demand dynamics and yield improvements. The management's authorised share buyback program of USD 2.5 bn to be carried out from February to April 2016 and its improved DPS of KRW 21,000 (+5% YoY) should provide support to the share price.

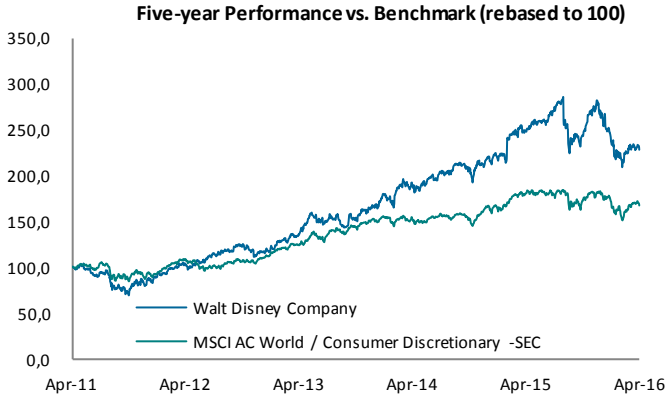


Source: FactSet

Walt Disney Company (DIS-US) – BUY – SGPB Target Price: USD 120.00

Walt Disney (DIS) is a global media and entertainment company. It operates through four segments: Media Networks (42% of 1Q16 revenues; FY ended September), Parks and Resorts (28%), Studio Entertainment (18%), Consumer Products and Interactive Media (12%).

Disney has a globally recognised brands portfolio and a diversified business model. The launch of Shanghai Disneyland expected in 2Q16 will drive growth in Parks and Resorts. The Studios and Consumer Products divisions have a long-term movie pipeline, with a series of releases planned till 2019. In Media Networks, DIS commands strong consumer appeal for ESPN content and has strong contracts with minimum subscriber guarantees regarding its affiliate fees. In 1Q16, revenues grew by 14% YoY, operating income up 20%, net income up by 32%.



Source: FactSet

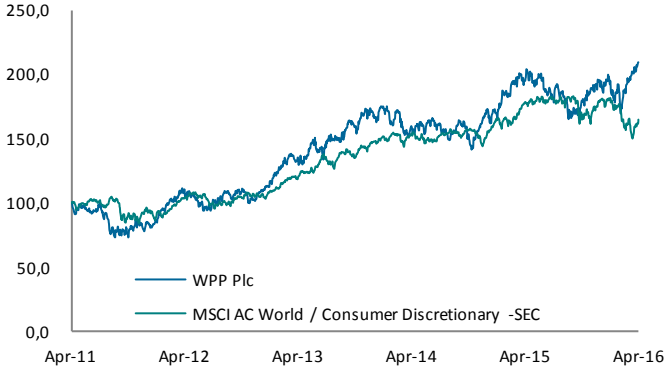
PART III – Investment Cases

WPP Plc (WPP-GB) – BUY –
SGPB Target Price: GBP 1 821.00

WPP is the largest global agency player and is well-placed to cater to clients on digital media platforms and through traditional media.

WPP has successfully increased its presence in the fast-growing digital media segment with a revenue share of 37% in FY15 (FY06: 21%). To increase its digital and new markets revenue share, the company is pursuing both organic and inorganic strategies with GBP ~649 mn of acquisitions in FY15 (FY14: GBP 461 mn). Moreover, as per GroupM, global ad spend is likely to be higher in 2016 at 4.5% YoY (vs. 3.4% in 2015) and may in our view provide tailwind to WPP's growth. With an expected 2015-17E EPS CAGR of 9.6%, FY16E dividend yield of 3.1% and a net debt/EBITDA of <1.42x, we remain positive on the company.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

GENERAL PRINCIPLES

This section provides details that would help the readers understand this publication more clearly. In addition, we present a *GLOSSARY* that provides definitions of the various financial terms used in this document.

Rating and target price:

In this document, Equity Experts provide investment ratings and target prices for listed companies. If the company is part of SGPB Conviction Lists, Equity Experts provide a 'proprietary target price'; otherwise Experts mention 'consensus target price'.

- Consensus target price is the average of the estimated target prices provided by sell-side analysts covering a public company, as available on Factset or Bloomberg. An analyst usually formulates a target price for a 12-month horizon. It does not necessarily reflect our Experts' views which could differ from the consensus.

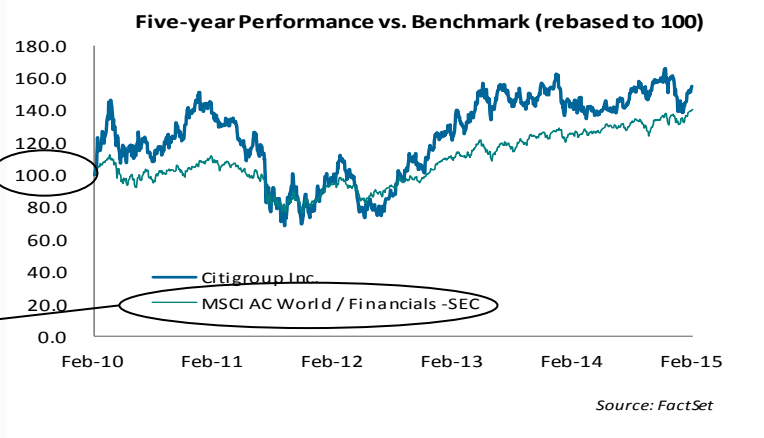
- SGPB target price is based on relative valuation methodology. We use the peer group average or the stock's historical multiple as the target multiple and multiply it with the consensus estimate of the corresponding valuation parameter. In certain cases, a premium or discount is assigned to the target multiple to account for the stock's differentiating factor vs. the peer group.

Potential upside/downside: Percentage difference between the last closing price disclosed in the report of a given company and its target price. When using consensus target prices, the upside/downside may not be considered as a rationale for the investment cases.

The 'Five-year Performance vs. Benchmark' charts are made using Factset data and exhibit a comparison between a particular stock's performance* with a benchmark** over the last five years.

*Stock performance is rebased to 100 to allow relevant comparison with the benchmark

**The benchmark is a standard against which the performance of a security can be measured. The selection of the appropriate benchmark is based on a large world index for each sector. Usually we use MSCI or DJ Stoxx indices.



FINANCIAL TERMS AND ACRONYMS

BV (Book Value): is the total value of net assets of a company.

BV/S (Book Value Per Share): is the total value of the net assets of a company divided by the total number of outstanding shares.

C/I (Cost Income Ratio): is used for valuing banks. It shows a company's costs in relation to its income.

CAGR (Compound Annual Growth Rate): is a term used for the geometric progression ratio that provides a constant rate of return over a specific time period.

CAPEX (Capital Expenditure): is the fund used by the company to acquire or upgrade the physical assets such as property, industrial buildings or equipment. The most capital intensive industries include oil, telecom and utilities.

CAR (Capital Adequacy Ratio): is a measure of a bank's capital. It is expressed as a percentage of a bank's risk-weighted credit exposures.

CET I (Common Equity Tier I Ratio) : is a measure of the bank's common equity capital as a percentage of risk-weighted assets. It is generally compared to a defined benchmark stipulated by the regulatory authority to determine whether a bank is sufficiently capitalised.

COMBINED RATIO: It represents the total of acquisition and administrative expenses, and claims and insurance benefits incurred, divided by net premiums earned.

DIVIDEND YIELD: Dividend per share (total dividend paid out divided by the total number of shares) expressed as a percentage of current stock price.

EBIT (Earnings Before Interest and Taxes): profit before taking into account interest payments and income taxes.

EBIT Margin: Ratio that expresses EBIT as a percentage of total sales (EBIT/Sales*100)

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation): profit before taking into account interest payments, income taxes and non-cash operating expenses (depreciation and amortisation).

EPS (Earnings Per Share): is the division of total net profit by the number of shares.

EQUITY is the difference between the value of the assets and the cost of the liabilities.

EV (Enterprise Value) is a measure of a company's value, often used as an alternative to straightforward market capitalisation. It is calculated as (market cap + debt + minority interest + preferred shares) − total cash − cash equivalents.

FCF (Free Cash Flow): represents the difference between operating cash flow and capital expenditures.

FFO (Funds from Operations): measures a REIT's operating performance. It is net income plus gains (minus losses) from property sale and purchase. FFO per share is often used in place of earnings per share when analysing REITs.

FY0: Realised year, **FY1**: Current unrealised year, **FY2**: next year

GOODWILL: is an intangible asset that arises as a result of the acquisition of one company by another company for a premium value.

GROSS INCOME: gross profit calculated as a company's total sales minus its cost of goods sold (COGS) that corresponds to labour and production costs.

GROSS MARGIN: expresses gross income as a percentage of total sales.

LIKE FOR LIKE (LFL) GROWTH: is a measure of growth in sales, adjusted for new or divested businesses.

Loan-to-deposit (L/D) ratio: Loans/Deposits. This helps in assessing a bank's liquidity, lending capacity and balance sheet quality.

LTV (Loan-To-Value Ratio): is a financial term used to express the ratio of a loan to the value of an asset purchased.

NAV (Net Asset Value): is similar to book value and is also called per investment unit. NAV is the marked-to-market value of the company's property investments less liabilities.

ND (Net Debt): is calculated as a company's total debt minus cash and other similar liquid assets.

NET MARGIN: is a financial ratio which measures the profitability of the net income of a company.

NI (Net Income or Bottom Line): represents a company's total earnings (or profit) which is calculated by adjusting revenues for the costs, depreciation, interest, taxes and other expenses.

NON-PERFORMING LOANS (NPL) RATIO: NPLs/Loans. This indicates the percentage of the loans that are non-performing or are in stressed segments.

OPERATING MARGIN: See definition of EBIT Margin.

ORGANIC GROWTH: is the growth rate that a company can achieve by increasing its output and enhancing sales, excluding any profits or growth from takeovers or M&A activities.

P/E or PER (Price Earnings Ratio): reflects the trading price of a share in relation to the expected earnings.

P/BV (Price To Book Value): expresses the share price with regard to the accounting value of the company.

PAYOUT RATIO: is the proportion of earnings paid out as dividends to shareholders and typically expressed as a percentage.

PROFIT WARNING: is the announcement made by the company before its earnings release indicating the investors that its earnings would not meet the analysts' expectations.

RWA (Risk Weighted Assets): is a measure of the bank's assets, weighted according to their risk. It involves the risk weighting of both on and off-balance-sheet exposures.

REVENUE GROWTH: Illustrates the growth of sales over a given period.

ROA (Return on assets): a financial ratio that is calculated as net income divided by total assets and shows how profitable a company is relative to its total assets.

ROC (Return on invested capital): a profitability ratio which is calculated as net income minus dividends divided by total invested capital.

ROE (Return On Equity): The amount of net income returned as a percentage of shareholders' equity. Return on equity measures a corporation's profitability by disclosing how much profit a company generates with the money shareholders have invested.

TBV (Tangible Book Value): is the book value excluding intangible assets.

TBV/S (Tangible Book Value Per Share): allows to estimate the accounting value of a company by measuring its stockholders' equity per share. Formula: Re-valued Net Assets/Total Shares of Company.

WACC (Weighted Average Cost of Capital): also referred to as the firm's cost of capital, it is the rate that a company is expected to pay on an average to all its security holders to finance its assets.

WORKING CAPITAL: is the difference between a company's current assets and current liabilities and shows whether the company has sufficient short-term assets to cover its short-term debts.

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SG acted as bookrunner in British American Tobacco's bond issue.
SG acted as co-manager in Chevron's bond issue (USD, 2,3,5,10 yr)
SG acted as Co-manager in Citigroup's bond issue.
SG acted as co-manager in Citigroup's bond issue (USD)
SG acted as co-manager in Citigroup's bond issue (USD 12y).
SG acted as co-manager in Citigroup's bond issue (5y SEC).
SG acted as co-manager in Citigroup's bond issue ((USD perpNC5).
SG acted as co-manager in Citigroup's bond issue
SG acted as passive bookrunner for Enagas's bond issue (8y EUR).
SG makes a market in Enel warrants
SG acted as a joint lead manager in ING Groep bond issue
SG acted as joint lead manager in ING Belgium's bond issue (EUR)
SG acted as joint bookrunner in Rio Tinto's bond issue (USD 10y benchmark).
SG is acting as financing joint mandated lead manager with Royal Dutch Shell PLC for the acquisition of BG Group PLC.
SG acted as a joint lead manager in Royal Dutch Shell's bond issue.

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Risk Classification
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R1: Low Risk
R2: Medium Risk
R3: High Risk
R4: Highest Risk

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Societe Generale Private Banking
Equity Solutions
Tour Granite
189 rue d'Aubervilliers
75886 Paris Cedex 18
France

www.sgprivatebanking.com

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