3Q16 STRATEGY OUTLOOK

Illustrated With Equities

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Data as of 29 June 2016, 11 p.m. Paris time.

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KEY TAKEAWAYS

- This report contains SGPB Strategy team's 3Q16 market outlook and comments on four themes that should draw investors' attention. We favour the following:

  - **Market Outlook**

    - **US:** The financial segment sectors with domestic exposure and companies supported by long-term innovation
    - **Eurozone:** Sectors likely to benefit from the recovery in global consumption and from low interest rates
    - **Switzerland:** Large cap, high-quality companies in Healthcare
    - **UK:** Large multinationals in the Materials and Energy sectors that would benefit from a recovery in commodity prices
    - **Emerging Markets:** Asian and low-volatility stocks

  - **Equity Themes**

    - **Theme #1:** Emerging Challengers
    - **Theme #2:** Demographic
    - **Theme #3:** Climate Change
    - **Theme #4:** The Gold Rush

- This report shows investors 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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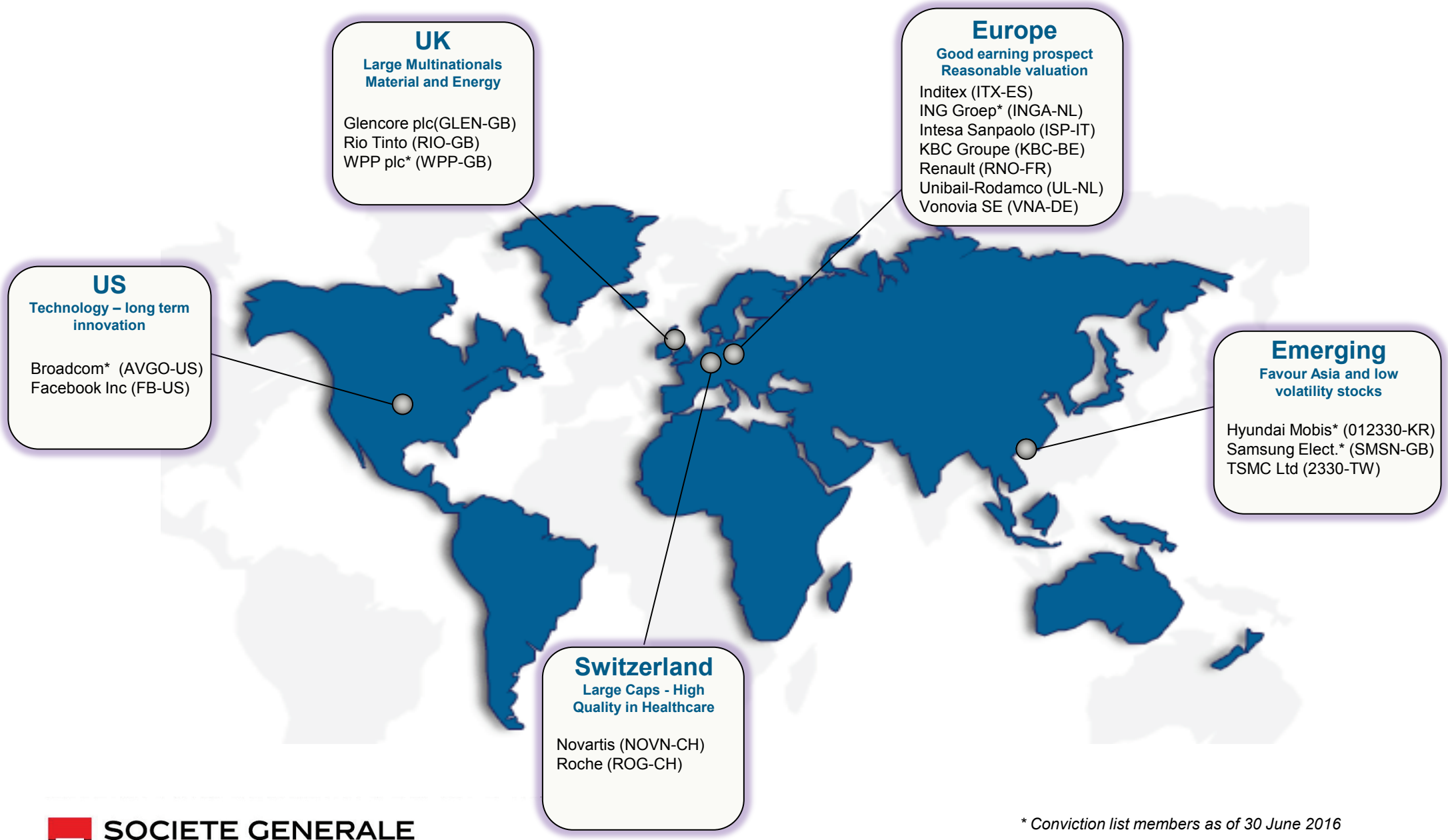
Illustrating Equity Markets Outlook

PART I – Illustrating Equity Markets Outlook



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** Conviction list members as of 30 June 2016*

PART II

Strategy Themes

#1	#2	#3	#4
Emerging Challengers	*Demographic*	*Climate Change*	*The Gold Rush*

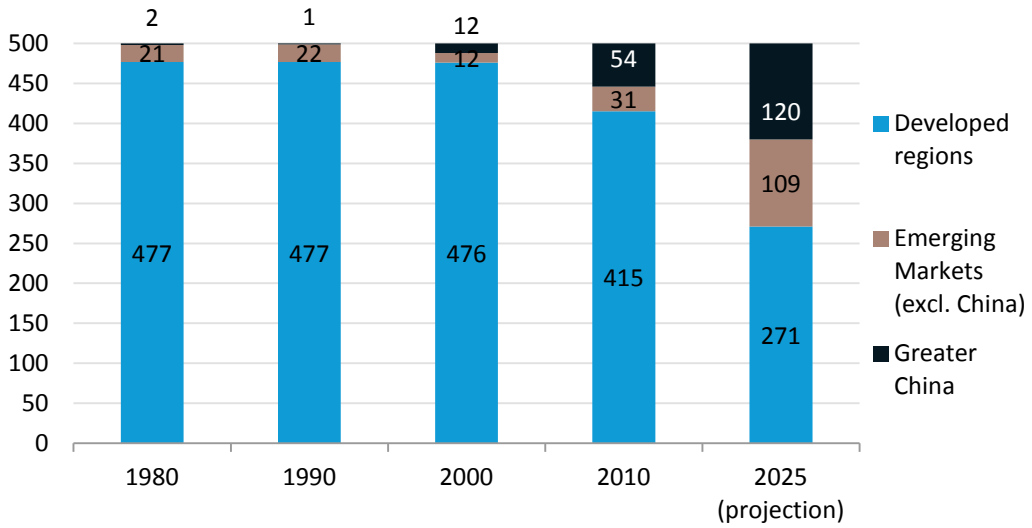
PART II – Strategy Themes

Time For Emerging Challengers To Conquer The World

Emerging heavyweights are investing more aggressively in both emerging and developed markets.

- After two decades of multinationals chasing growth and market share in fast-growing emerging economies, we are now seeing this trend in reverse with large emerging companies looking to conquer the world.
- Although competition is harsh, EM players benefit from high revenue visibility, along with better profit margins (lower labour and regulatory costs) than their DM counterparts.
- But some emerging heavyweights are now better equipped to achieve global success, in interesting markets such as Africa. And many sectors offer investment opportunities (Information Technology, Telecoms, Chemicals, Construction, Consumer Staples and Discretionary).

Fortune Global 500 by location (number of companies)



Sources: Societe Generale Private Banking, McKinsey

Our Selection

Ticker	Name
BABA-US	Alibaba Group Holding Ltd.
CHKP-US	Check Point
012330-KR	Hyundai Mobis
SMSN-GB	Samsung Electronics
2330-TW	TSMC Ltd

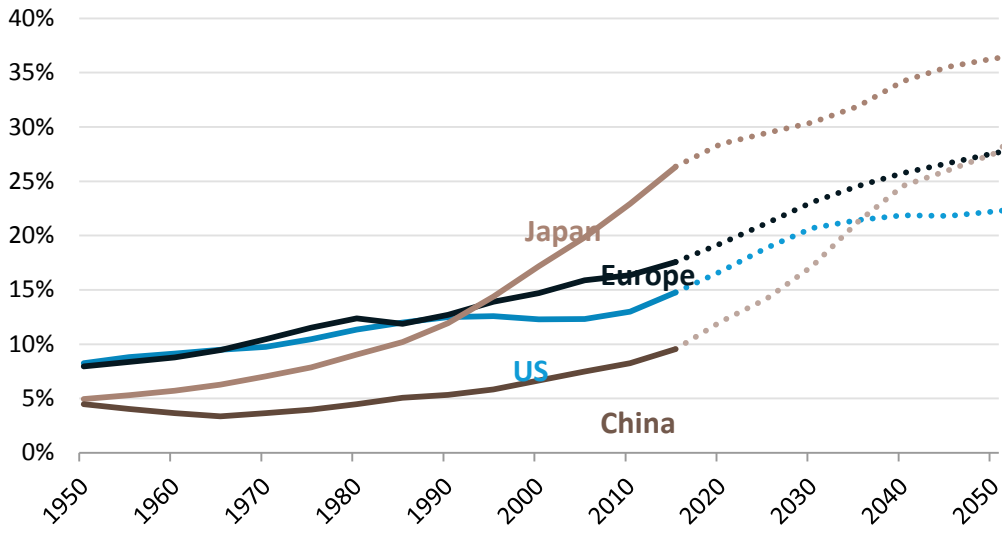
PART II – Strategy Themes

How Demographic Changes Shape Future Spending

Population growth and ageing generate investment opportunities in several sectors.

- The population will stop growing in developed regions, but is expected to increase by almost 50% in less developed regions over 2015-2060, underpinning demand in many sectors: food and beverages, household and personal products. The rise of the middle class will boost various technological and industrial sectors (Telecoms and Transportation).
- Another key trend shaping the demographic transition is population ageing. This dynamic will boost consumption: 1) the newly retired will be in good shape and active, supporting discretionary consumption of various products and services, 2) as these retirees age, they will spend more on healthcare products and services.

Share of 65+ as a % of population



Sources: Societe Generale Private Banking, United Nations

Our Selection

Ticker	Name
AIR-FR	Airbus Group SE
CVS-US	CVS Health Corporation
BN-FR	Danone
FME-DE	Fresenius Medical Care
MC-FR	LVMH SE
RI-FR	Pernod Ricard SA
DIS-US	Walt Disney Co

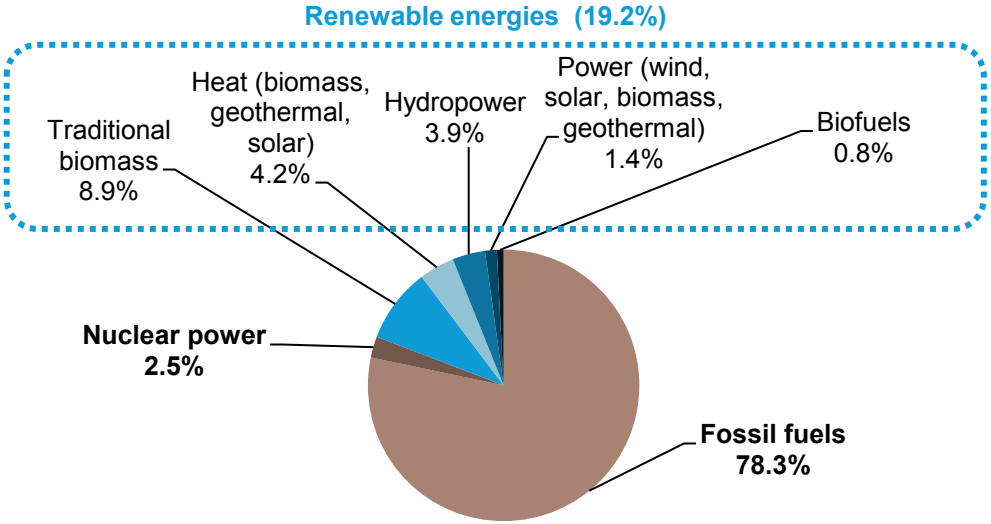
PART II – Strategy Themes

Climate Change – The Global Shift Towards Energy Efficiency

The world's transition to an energy-efficient and low-carbon economy will create long-term opportunities in a wide range of sectors.

- With no change to the current trends, global energy consumption and CO2 emissions would double by 2060. This would be devastating for the environment, forcing us to reconsider how we produce and consume energy.
- As the largest source of greenhouse-gas emissions, the energy sector (66% of emissions result from energy production and use) is most concerned by global efforts to reduce reliance on fossil fuels.
- The good news is that governments have stepped up efforts to favour green growth and energy efficiency.
- Bottom line, the world's transition to a low-carbon economy will offer investment opportunities in a wide range of sectors.

Energy consumption in 2014



Sources: Societe Generale Private Banking, REN21

Our Selection

Ticker	Name
ABBN-CH	ABB Ltd.
ENEL-IT	Enel SpA
SU-FR	Schneider Electric SE
SPWR-US	SunPower Corporation

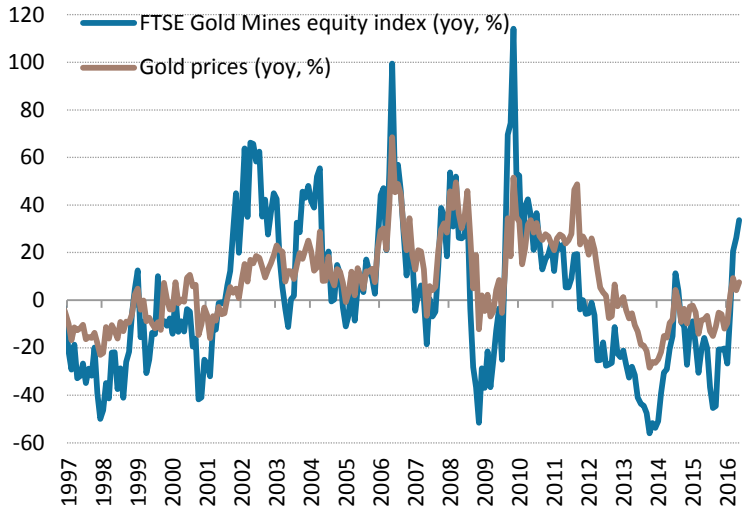
PART II – Strategy Themes

The Gold Rush

Gold prices picked up in early 2016, ending the downtrend initiated in September 2012.

- 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.
- One way of benefiting from such a constructive environment would be to invest in gold mining stocks, which are highly correlated to gold prices.
- Indeed, mining companies' fundamentals have improved considerably over the past 2-3 years. The sector has managed to restructure its activities and cut costs.
- 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 (data as of 12/05/2016)

Our Selection

Ticker	Name
NEM-US	Newmont Mining Corporation

PART III

Investment Cases

PART III – Investment Cases

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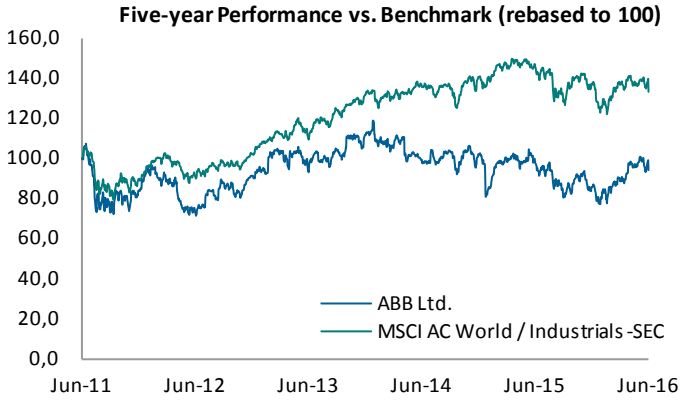
ABB Ltd (ABBN-CH) – BUY – SGPB Target Price: CHF 21.30

ABB is a global leader in power and automation technologies. It provides solutions for energy-efficient electricity generation, transmission and distribution and for increasing productivity in industrial, commercial and utility operations.

We expect strong automation demand from US end-markets like food and beverages, and automotives. ABB should also benefit from power transmission-related capex and strong demand for discrete automation (mainly robotics) from automotive companies in China and India. Moreover, replacing of ageing industrial infrastructure in developed economies indicates a healthy demand outlook for the medium term.

Earnings could be affected by a decline in oil price, leading to lower capex and cautious utilities market (making only selective investments).



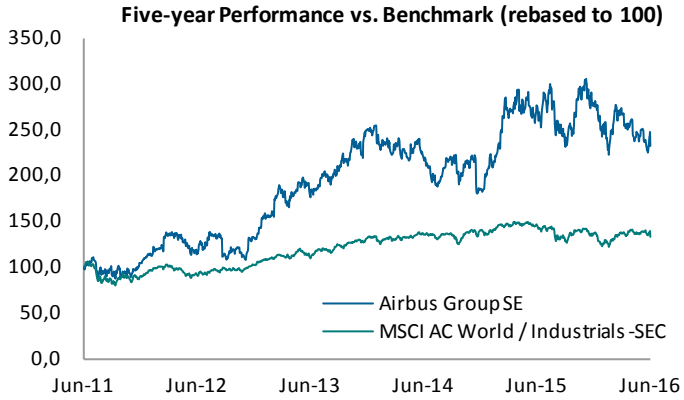
Source: FactSet

Airbus Group SE (AIR-FR) – BUY – SGPB Target Price: EUR 69.00

Airbus has been operating in the aerospace and defence (A&D) sector since 1998. It is a leading aircraft manufacturer, as reflected in its backlog which reaches more than 10 years of production.

Several macroeconomic factors support aircraft demand over the long term. Demand is correlated to load factor air traffic, both of which are encouraging. Air traffic is closely linked to global GDP (historically at ~2x) and has increased 8.1% YoY for FY15 as per IATA. The rise of a middle class in SEA, India and China is driving long term demand for aircraft as the world traffic is expected to double by 2035.

Airbus had already recorded EUR 290 mn charges for its A400m programme in 2Q15. Additional headwinds for A400M/A350XWB ramp-up will affect earnings in the short term.



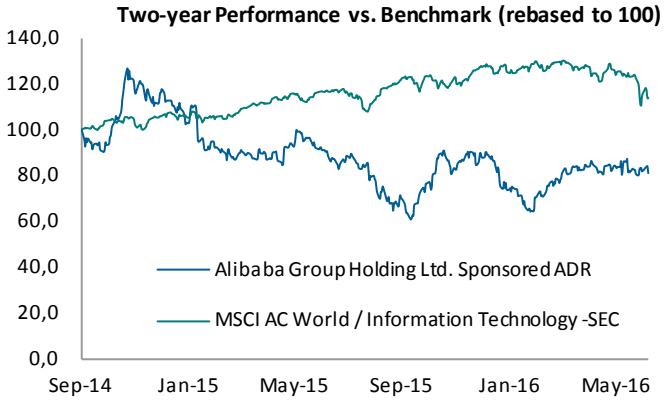
Source: FactSet

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.

According to the China Internet Network Information Center (CINIC), China's online shopping penetration in June 2015 was 48.8% of its total internet users. Bain & Co estimates that Chinese e-commerce will grow to CNY 10 trn by 2020 from CNY 2.14 trn in 2014. In our view, Alibaba being the sector leader should be a key beneficiary of this growth.

As Alibaba is highly exposed to the Chinese e-commerce market, any slowdown in Chinese consumer spending or a slower-than-expected shift towards e-commerce (from traditional retailing) could significantly impact its growth prospects.



Source: FactSet

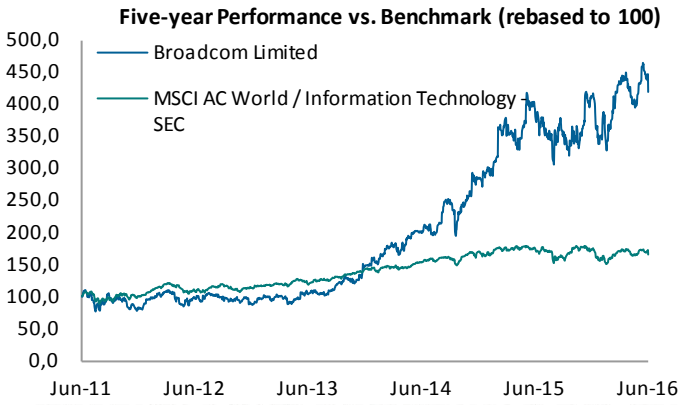
PART III – Investment Cases

Broadcom Ltd (AVGO-US) – BUY – SGPB Target Price: USD 190.00

Broadcom Ltd designs and manufactures analogue and digital semiconductor connectivity solutions for a range of end-products like smart-phones, data centre networking, servers and storage, home connectivity, broadband access, telecommunications equipment and factory automation.

We expect Broadcom's wired infrastructure segment to benefit from the growing need for hyper-scale data centres. Further, increasing content gains in high-end smartphones should benefit its wireless segment revenues. It is trading at a next-12 month P/E of 12.75x, at a discount to its peer average of 16.4x.

Avago's top five customers accounted for over 46% of FY15 revenues. Loss of these key customers to competitors could significantly impact its revenues and earnings.



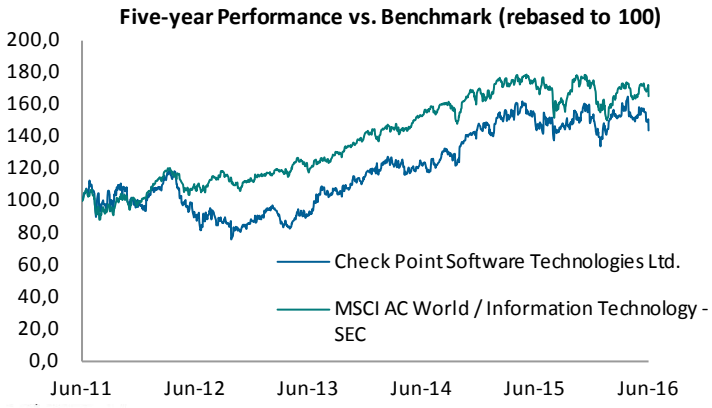
Source: FactSet

Check Point Software Tech. (CHKP-US) – BUY SGPB Target Price: USD 98.00

CHKP develops and markets IT security products, software and services for enterprises.

Being the largest pure player in network cyber security, we believe CHKP has strong growth prospects. We see several growth drivers, including higher enterprise-security budgets, ever-evolving malwares and the increasing prevalence of mobile computing. Healthy end-market demand, continuous investments in new products and best-in-class profitability should, in our view, lead to resilient top- and bottom-line growth for CHKP in 2016.

Pricing pressure due to increased competition, potential share loss to comparable products from competitors and macroeconomic weakness leading to lower IT spending are some of the major risks that we foresee.



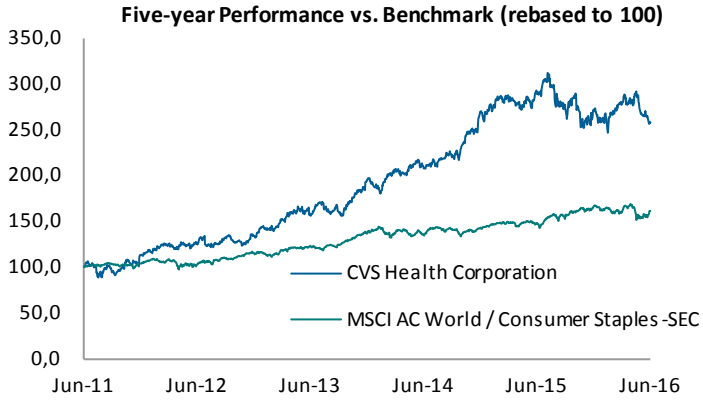
Source: FactSet

CVS Health Corp (CVS-US) – BUY – SGPB Target Price: USD 117.00

CVS Health (CVS) is the largest pharmacy healthcare provider in the US. It provides a range of pharmacy benefit management (PBM) services to ~80 mn plan members.

CVS is a pure-play on the largest and growing healthcare market, the US. In our view, the company is better positioned than its peers in the US healthcare market, given its integrated pharmacy model and its diversified products and services portfolio. CVS is expected to benefit from the increase in generic and biosimilar drug launches, which in turn are expected to reduce treatment costs.

Retail same-store sales and front-end sales could decline in case of an economic slowdown in the US, which could reduce drug utilisation and lower the demand for PBM services.



Source: FactSet

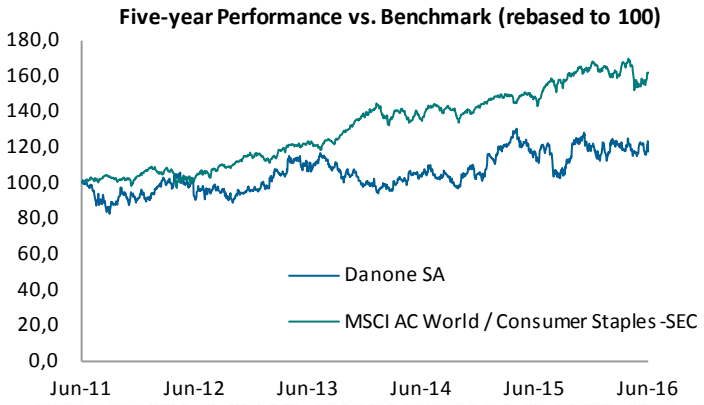
PART III – Investment Cases

Danone (BN-FR) – BUY – SGPB Target Price: EUR 70.00

Danone is a global leader in fresh dairy, bottled water, baby nutrition and medical nutrition.

By 2020 Danone aims for 5% organic sales growth (3-5% in dairy, 6-8% in medical and 7-10% for water and baby) with a 200 bps sustainable margin improvement. It upgraded its 2016 guidance for EBIT margin to +50bps to +60bps with sales growth of 3-5%. Danone has become more efficient and flexible. Its product mix is improving. We value the stock at a P/E of 20.0x 2017E.

Danone is vulnerable to external events beyond its control(China, Russia, Brazil). Weak volume growth and increasing market share for private label are key risks.



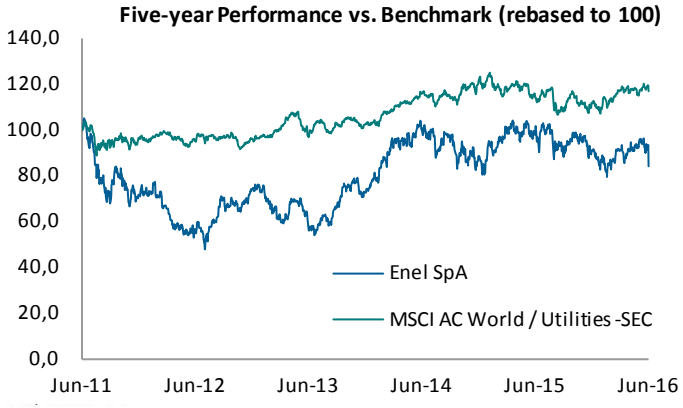
Source: FactSet

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

Enel is major European integrated electricity utility with particular focus on Europe and Latin America. It has a net installed capacity of 27 GW (96 GW including subsidiaries) and distributes electricity and gas.

We are particularly positive about Enel's increasing exposure to renewable and emerging markets, which offer demand-driven growth along with better pricing. Moreover, the company increased growth capex targets in Renewable and Networks and reduced them in Generation. Further, we are encouraged by the company's clear strategy plan for 2015-19, where it guided for a growth capex of EUR 18.3 bn, of which it has allocated >90% for regulated/contracted activities.

An extended period of low commodity prices limits the growth prospects for renewable energy.



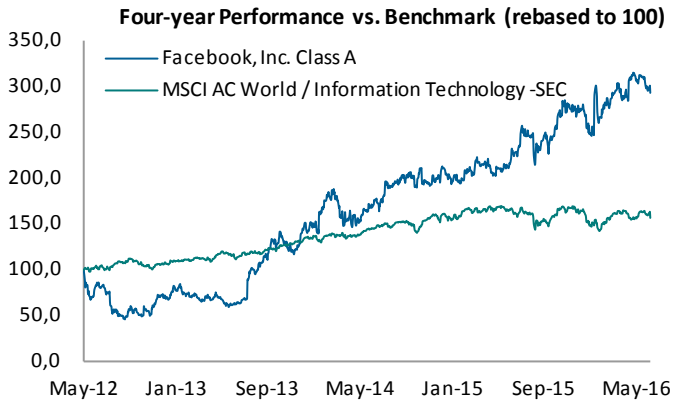
Source: FactSet

Facebook (FB-US) – BUY – SGPB Target Price: USD 150.00

Facebook is the world's leading social media platform with over 1.55 bn monthly active users across the globe.

Facebook is one of the biggest beneficiaries of the shift towards internet advertising. The company's platform enables advertisers to target specific audiences, assess the impact of their ad campaign in real time and generate higher return on investment as compared to traditional advertising. Facebook has successfully capitalised the shift to mobile usage, with mobile ad revenues accounting for 82% of its advertising revenues, and we believe this would be its future revenue growth driver.

The company generates most of its revenues from advertising. A slowdown in the global economy could result in weaker-than-expected ad spending, which could affect earnings growth.



Source: FactSet

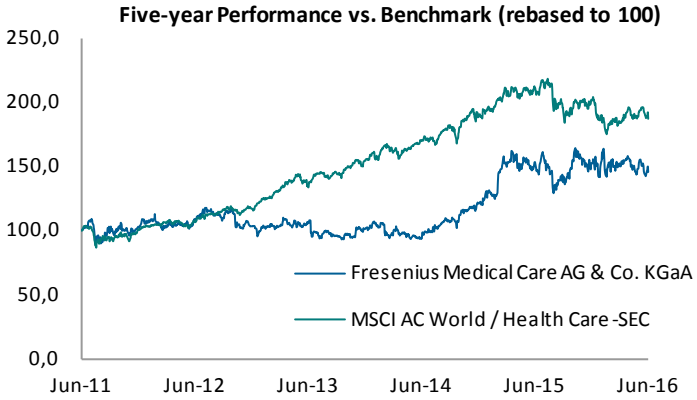
PART III – Investment Cases

Fresenius Medical Care (FME-DE) – BUY – SGPB Target Price: EUR 90.00

Fresenius Medical Care (FME) is the world's largest provider of dialysis services and products.

The global dialysis market is expected to grow with the increasing prevalence of kidney conditions, stemming from demographic factors such as a rapidly ageing population, unhealthy diets and the increasing incidence of diabetes and high blood pressure. In the US, Medicare is gradually moving towards value-based bundled payment models. We expect FME to benefit from this development, given its presence across the dialysis value chain and its experience in treating the world's largest patient base.

Given the political focus on the escalating healthcare spendings in the US, there could be reimbursement cuts after the presidential election.



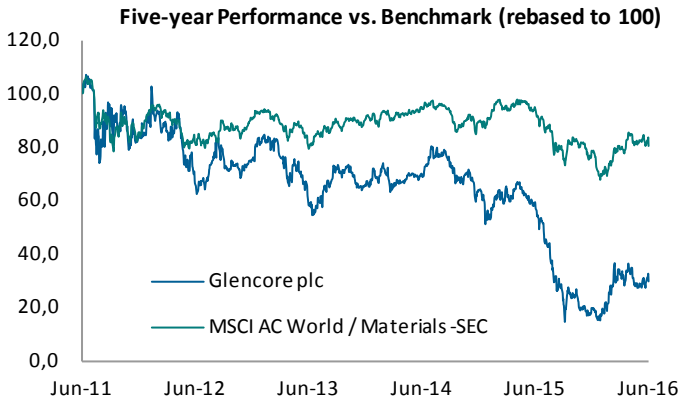
Source: FactSet

Glencore Plc (GLEN-GB) – ADD – Consensus Target Price: GBp 162.00

A leading diversified commodity company engaged in the mining and marketing of copper, zinc, nickel, coal and oil. Its strong marketing division provides stability to its operating margin as earnings from this division are generally resilient to volatility in commodity prices.

The demand-supply dynamics appear to be improving for Glencore's key commodities after major producers announced mine production cuts. Further, China's economic data (composite PMI expanded for the third straight month in May), coupled with gradually improving property prices, points to stabilisation in construction and property markets. This bodes well for the demand outlook for industrial metals.

Glencore's exposure to copper and zinc is relatively high and weakness in prices should weigh on the share price performance.



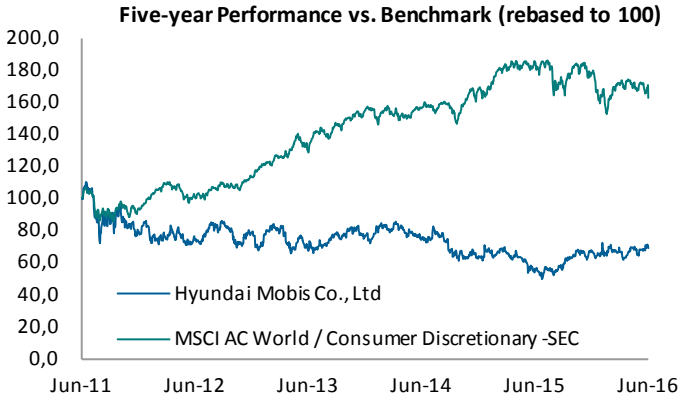
Source: FactSet

Hyundai Mobis (012330-KR) – BUY – SGPB Target Price: KRW 320 000.00

Hyundai Mobis is the largest auto-parts manufacturer in Korea and is the main auto-parts supplier to Hyundai Motors and Kia Motors.

Mobis benefits from overseas expansion and robust product launches at its two captive customers. We expect its operating margin to improve in the medium term with the increasing share of the high-margin business (A/S Parts). In the longer run, Mobis should benefit from product mix improvement to high-valued components, including advanced driver-assistance system (ADAS) and green-car components.

Consensus expects R&D spending to remain high as the company invests in future technology (including ADAS development and eco-friendly parts). This might keep the FCF under pressure as ADAS would need another 3–4 years to generate significant revenues.



Source: FactSet

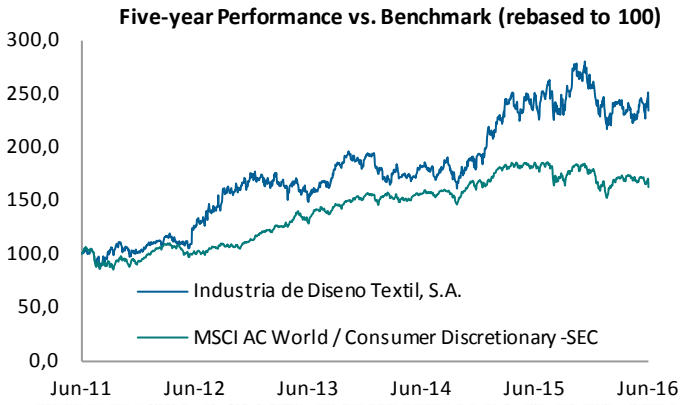
PART III – Investment Cases

Inditex SA (ITX-ES) – BUY – SGPB Target Price: EUR 34.00

Spain-based Industria de Diseno Textil SA (Inditex) is a textile player that owns leading fashion brands.

We are positive on Inditex given its wide geographic exposure with multi-format approach, low inventory model vs. peers and improving online offerings. Inditex has fully integrated its store and online sales platform, which should boost earnings in the long term. Inditex continues to expand globally and has aggressively expanded in developing markets, which should propel growth and increase market share by converting new space to improved revenues.

Any material weakening of consumer demand in Inditex's major markets may significantly affect its sales and thus affect earnings. Unseasonal weather changes, unfavourable currency movements, may create pressure on the top-line.



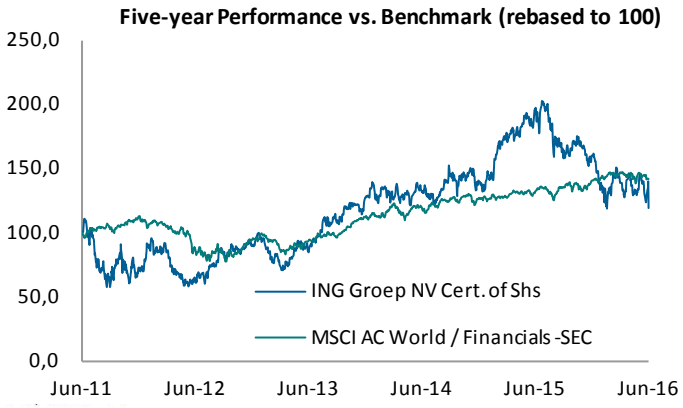
Source: FactSet

ING Groep NV (INGA-NL) – BUY – SGPB Target Price: EUR 13.40

ING Groep (ING) is a global financial institution.

Despite rich valuation (FY17E P/TBV of 0.7x, at a ~18% premium to its peers), we expect ING's valuation re-rating to continue considering its robust capitalisation (pro-forma CET I ratio of 13.6%, well above target of >12.5%), and attractive combination of healthy earnings growth (FY15-18E net income CAGR of ~6%) and strong visibility over shareholder returns (FY16-18E average dividend yield of 6.6%).

ING has an exposure of ~EUR 28.1 bn to the oil and gas industry and EUR 6.0 bn to Russia as of 1Q16. Protracted sluggishness in oil prices or prolonged economic weakness in Russia could lead to higher provisioning requirement or an increase in risk weights on the exposures, thus inhibiting earnings growth or reducing capital buffer.



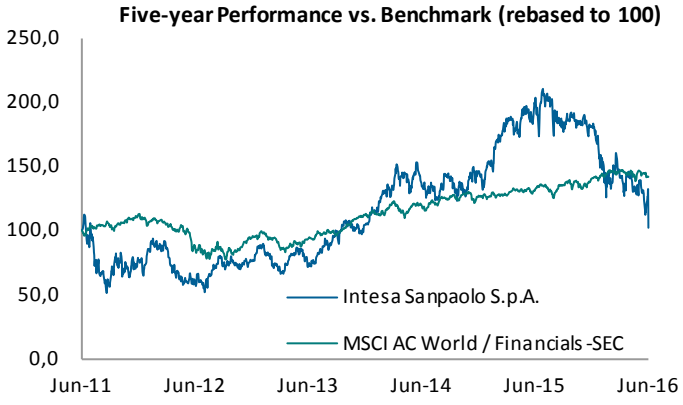
Source: FactSet

Intesa Sanpaolo SpA (ISP-IT) – BUY – SGPB Target Price: EUR 2.55

ISP has a leadership position across all banking segments (market share of ~16% each in loans and deposits) in Italy.

Over the last six months, ISP's stock has sharply de-rated to FY17E P/TBV of 0.5x from 1.2x. Nevertheless, we believe that its re-rating potential remains intact given its structural growth drivers, competitive advantages, and unique combination of solid earnings growth (FY15-18E net income CAGR of 17%) and robust FY16-18E average dividend yield of 9.4%.

Higher competition in the asset management, private banking or insurance segments or inability to improve penetration in wealth management products could adversely impact F&C income growth and poses a key downside risk to earnings estimates.



Source: FactSet

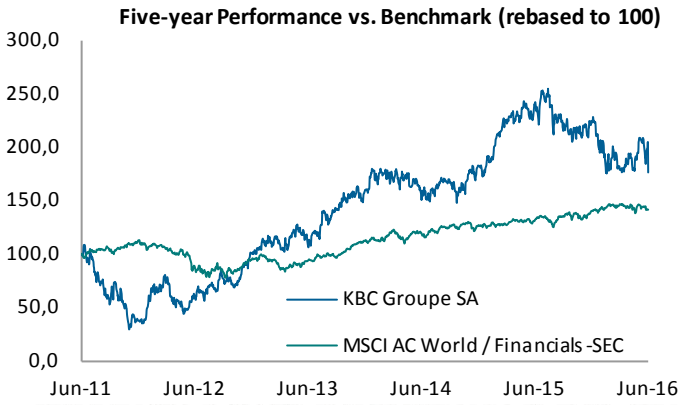
PART III – Investment Cases

KBC Groep NV (KBC-BE) – BUY – SGPB Target Price: EUR 60.00

KBC is an integrated bancassurance group that caters to retail, SME and mid-cap clients.

Despite trading at premium valuation (FY17E P/TBV of 1.2x, at a ~94% premium to its peers), we believe that KBC's valuation re-rating should continue, considering its superior FY17E ROE of 12.8% (peers: 7.3%), strong geographic footprint, competitive advantages, tight cost control, minimal exposure to stressed sectors, and attractive blend of healthy earnings growth (FY15-18E PBT CAGR of ~5%) and solid FY16-18E average dividend yield of 5.6%.

Lower-than-expected net F&C or net interest incomedue to a weak market environment or continued pressure on NIM are key risks to earnings growth. Normalisation of credit cost (towards the mean) could hamper earnings growth.



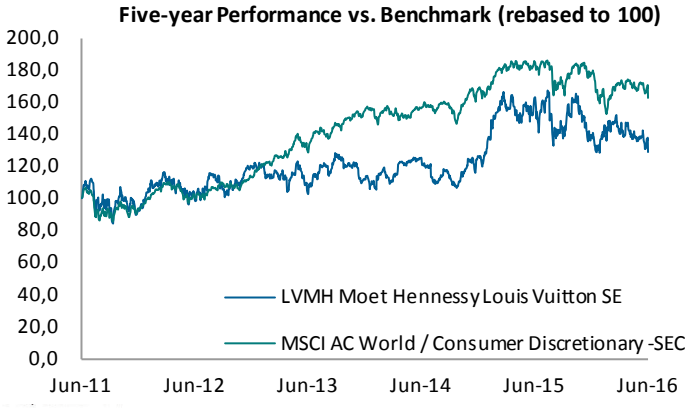
Source: FactSet

LVMH SE (MC-FR) – BUY – SGPB Target Price: EUR 190.00

LVMH is the world's largest luxury group. The Arnault family controls 46.64% of the shares and 62.90% of votes. Bernard Arnault is Chairman and CEO.

LVMH can spend large amounts on advertising and can easily finance the expansion of the retail network, while keeping ample financial leeway for M&A. The group's diversified revenue and profit base make it less vulnerable to a downturn in any particular market segment. The repositioning of LV should ultimately lead to a smoother evolution of sales.

LVMH is very dependent on LV, the Asian market and Asian travellers. The luxury industry is growing, but cyclical. Competition has increased and consumer preferences are changing rapidly. The retail channel has gained importance increasing the fixed cost base.



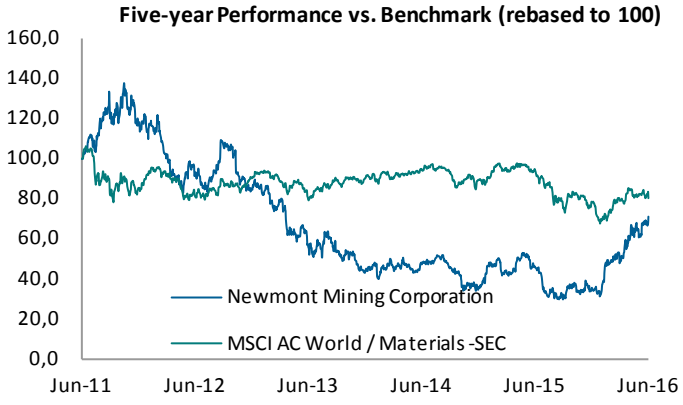
Source: FactSet

Newmont Mining Corp. (NEM-US) – ADD – Consensus Target Price: USD 35.19

Newmont is the world's second-largest publicly traded gold producer with key operations in America, Australia, Asia and Africa.

Newmont's competitive advantages are (1) its industry-leading cost structure (key operations fall in the first quartile of the global cost curve), (2) strong balance sheet (FY15 net debt/EBITDA of 1.1x), (3) attractive growth profile (guides for 9% production growth for FY15-17 at midpoint) and (4) stable production profile with >70% of FY15 production from politically stable areas.

The lack of clarity at Batu Hijau on the issue of domestic processing and refining of concentrate (as demanded by the Indonesian Government) could result in the deferral of the phase 7 growth project.



Source: FactSet

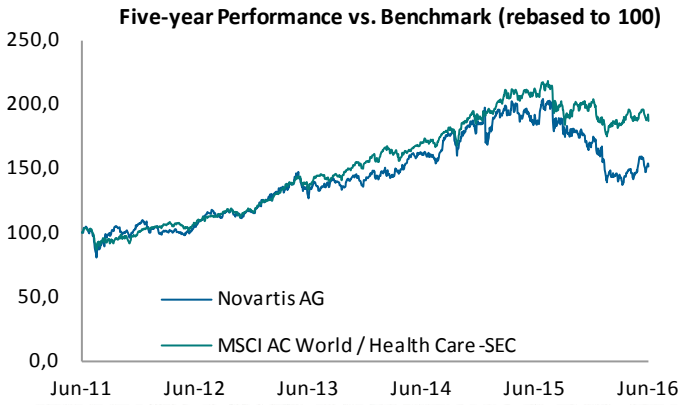
PART III – Investment Cases

Novartis (NOVN-CH) – ADD – Consensus Target Price: CHF 84.82

Novartis has three divisions: Pharma (62% of sales), Alcon (world leader in eye-care, 20%) and Sandoz (generics, leader in biosimilars, 19%).

Novartis is going through a transition, including many changes in top management. It will focus on prescription drugs, eye-care and generics (incl. biosimilars). The 36.5% stake in an OTC joint venture with GSK and the 6.3% equity interest in Roche will be sold in due time. Entresto peak sales were confirmed at USD 5 bn. We expect a return to growth in 2017.

Restoring sustainable growth at Alcon may take two years. Sales of Entresto have to increase strongly because this product is crucial for long-term EPS growth. Price pressure in generics is high, as well as in non-specialty drugs.



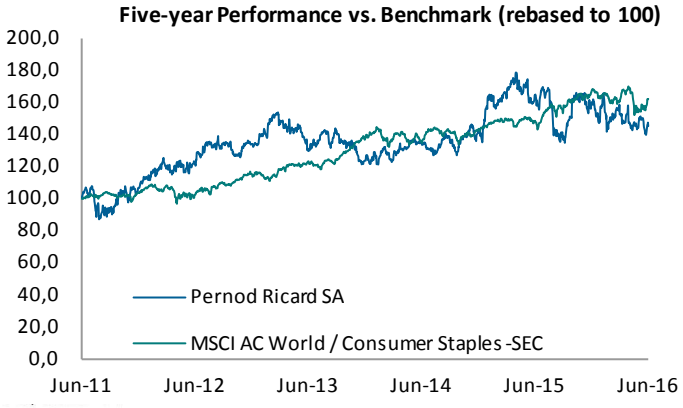
Source: FactSet

Pernod Ricard (RI-FR) – BUY – SGPB Target Price: EUR 120.00

Pernod Ricard (PR) is the co-leader in the global Wines & Spirits market. The Ricard family and Groupe Bruxelles Lambert resp. hold 13.14% and 7.49% of the capital and 19.17% and 6.86% of the votes.

PR should be a main beneficiary of the long-term premiumisation trend. The product portfolio is well diversified. Emerging markets account for ~39% of group revenue and operating profit. CEO expects Africa to become a key growth engine. The new strategic model focuses on reducing complexity, increasing efficiency, etc. The Allegro project should generate recurring savings and spur top-line growth.

Visibility on China still is low. Absolut is suffering in the US. The FY15/16 outlook underwhelmed. Group earnings are heavily exposed to foreign currency swings.



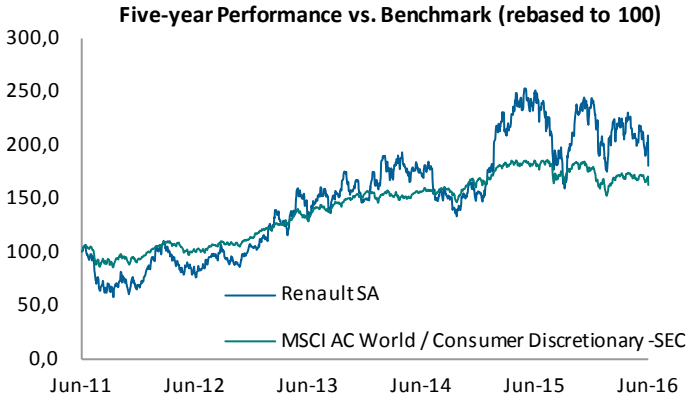
Source: FactSet

Renault SA (RNO-FR) – BUY – SGPB Target Price: EUR 85.00

Renault has a 43.4% stake in Nissan, which has a 15% stake in Renault. Both have a 1.55% stake in Daimler, which owns 3.1% of each company. The French State holds 19.7% of Renault's capital and 23.6% of the votes.

The Renault–Nissan Alliance and other partnerships bring significant synergies. Renault is launching models in attractive segments and is renewing the Megane and Scenic. Next step will be the renewal of entry-range vehicles. All this should lead to a continuation of revenue and profit growth.

The automotive industry is highly cyclical. In a sum-of-the parts model, the value investors are willing to assign to the Renault stub varies substantially over time. Renault is trying to get a foothold in the premium segment, where its earlier attempts failed.



Source: FactSet

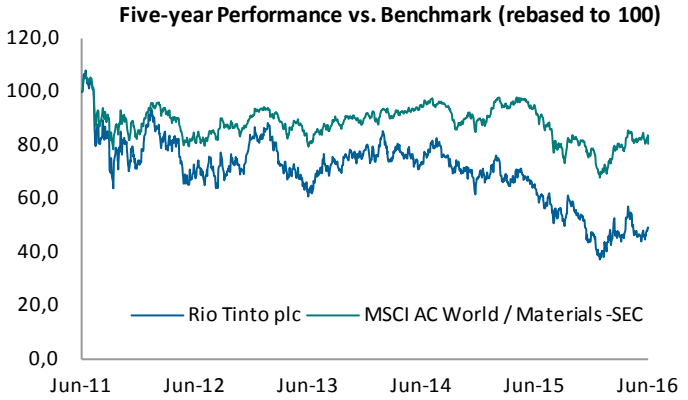
PART III – Investment Cases

Rio Tinto plc (RIO-GB) – ADD – Consensus Target Price: GBp 2 217.00

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 and (3) strong cash flow profile due to high production growth and low capex requirements. The company's earnings are closely linked to the pricing environment of iron ore, its core commodity. We expect gradual recovery in iron ore prices in coming quarters, helped by supply discipline from the Big 4 and high-cost capacity curtailment in China.

Unexpected slowdown in demand from Chinese steel industry would be negative for the iron ore industry.



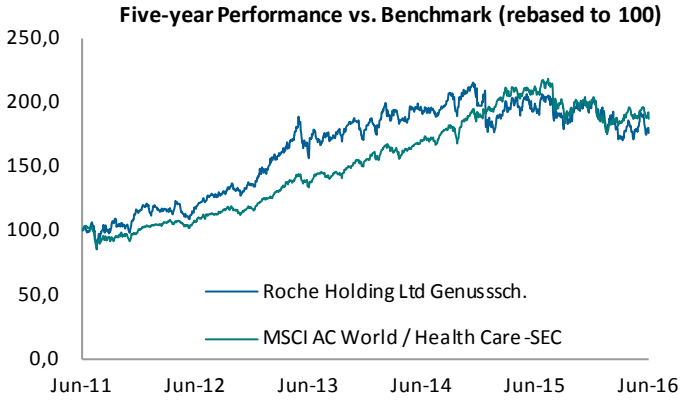
Source: FactSet

Roche (ROG-CH) – ADD – Consensus Target Price: CHF 297.13

Roche is world leader in oncology and in diagnostics (23% of sales).

Roche has five potential big blockbusters: Perjeta in breast cancer, Ocrevus for multiple sclerosis, atezolizumab in oncology, lampralizumab for blindness and ACE910 for haemophilia. It has alternatives for its biologics that will lose share to biosimilars, and many trials ongoing for various cancers. Its leadership in diagnostics is a benefit for selecting and monitoring patients. Management expects sales growth until 2023.

General price pressure in prescription drugs could weigh on margins. The biggest risk is a stronger than expected impact from biosimilars on its blockbusters (Herceptin, Rituxan and Avastin). Rituxan biosimilars will enter the market in 2017. Another risk is pipeline failures for its major projects.



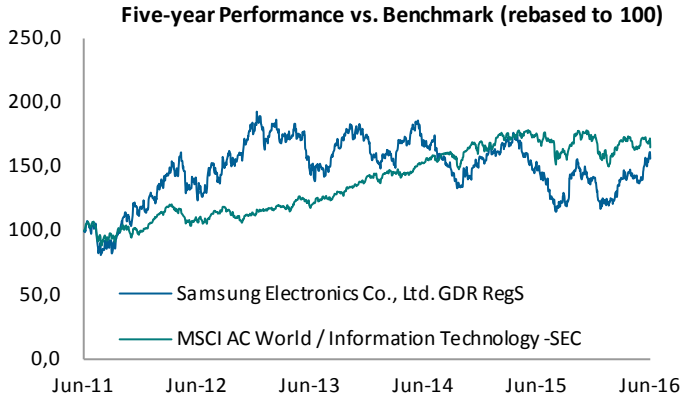
Source: FactSet

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.

We expect Samsung's mobile segment margins to improve in the near term due to a stronger mix of high end smartphone shipments and higher sales of the newly launched A/J series and the Galaxy S7/Edge. It is trading at a next-12-month P/E of 9.2x, at a discount to its peer average of 10.9x. We expect this discount to narrow given its shareholder return policy and medium-term revenue/margin growth opportunities in the memory and mobile divisions.

Increasing competition from Apple and Chinese smartphone makers could hurt Samsung's mobile segment margins.



Source: FactSet

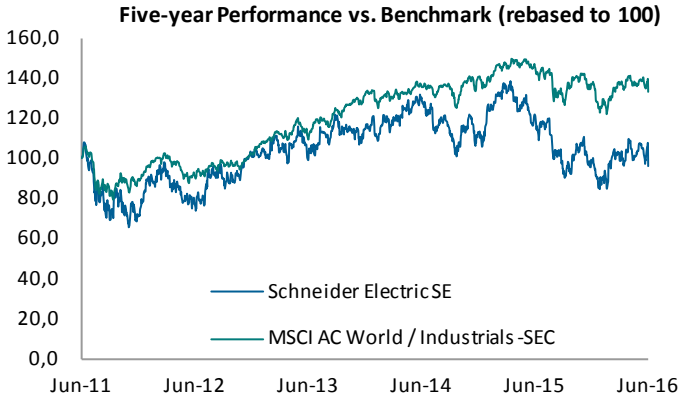
PART III – Investment Cases

Schneider Electric SE (SU-FR) – BUY – SGPB Target Price: EUR 73.00

Schneider Electric (SU) is a global leader in energy management and automation. SU offers technology and integrated solutions for utilities and infrastructure, industry and data centers.

The strong construction market in the US and improvement in SU's Western Europe business should, in our view, counter the negative impact of lower oil and gas prices and the economic slowdown in China. The management is highly focused on project execution. We remain confident on margin expansion in 2016 although revenues may be flat due to preference for high-margin projects.

China contributes ~15% of Schneider's revenue. Sluggish economic growth in the country may prolong its industrial slowdown and thus significantly deteriorate the company's overall revenue growth.



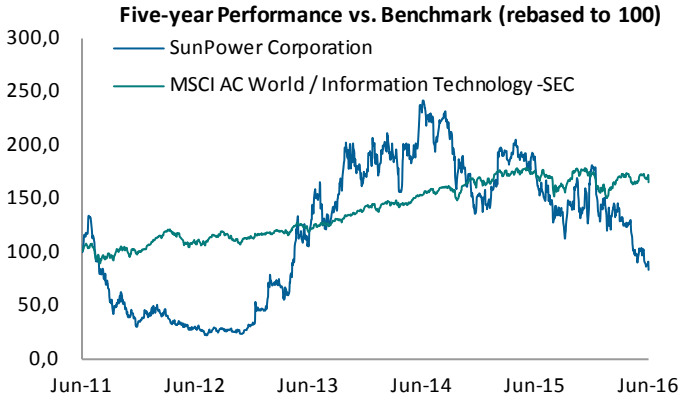
Source: FactSet

Sunpower Corporation (SPWR-US) – ADD – Consensus Target Price: USD 30.80

Sunpower designs and manufactures solar panels, solar cells and inverters. The company provides products and services for residential and commercial customers. It operates in three regions: the Americas, EMEA and the Middle East & Africa.

Sunpower has one of the highest efficiency panels in the industry and is backed by global energy giant Total, which provides it with access to low-cost financing. It expects to generate margins in the high teens or low twenties in the US commercial segment as it introduces new products along with cost efficiencies.

Pricing pressure on polysilicon based PV cell, module and panel due to faster than expected increase in supply. 2) Faster than expected decrease in government subsidies in US, Japan and china can result in slowdown in demand.



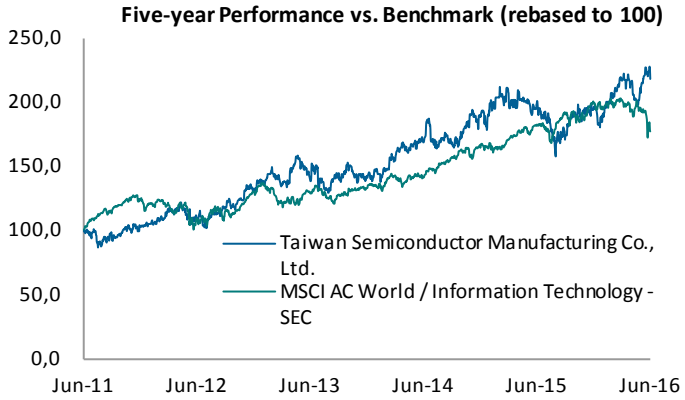
Source: FactSet

TSMC Ltd (2330-TW) – BUY – SGPB Target Price: TWD 172.00

Taiwan Semiconductor Manufacturing Company (TSMC), founded in 1987, is the world's largest dedicated semiconductor foundry. It has a global customer base, and as per research firm Gartner, it commanded a 54.3% global market share in 2015.

TSMC should benefit from the rising use of semiconductor content in electronic devices. We believe that the growing demand for high end hardware specifications in mobile devices, as well as for enterprise-server computing and virtual-reality devices should speedup technology migration and benefit TSMC.

A sharp deterioration in TSMC's end-markets, especially smartphones and industrials (>80% of 1Q16 revenues), would lower revenues and lead to material earning downgrades by consensus.



Source: FactSet

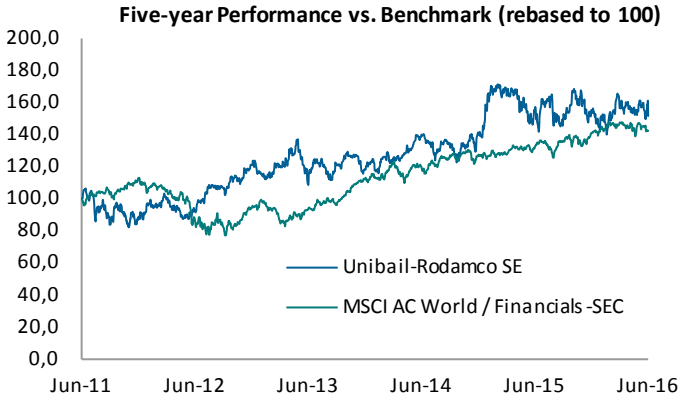
PART III – Investment Cases

Unibail-Rodamco SE (UL-NL) – ADD – Consensus Target Price: EUR 244.81

Unibail Rodamco is a leading France-based commercial real-estate company with a property portfolio valued at EUR 37.8 bn.

Unibail's focus on high footfall, superior quality and leisure locations such as shopping centers, exhibition complexes, etc. throughout Europe underlines its business model. The company has a healthy balance sheet with a loan-to-value of 35% as of FY15 and cost of debt is at a historical low of 2.2% (vs. 2.6% as of FY14). The FY16E dividend yield is ~4.3%. It is trading at an FY16E P/NAV of 1.2x, inline with its five-year average of 1.2x.

Weaker than expected growth in rental income or property prices could impact the company's earnings.



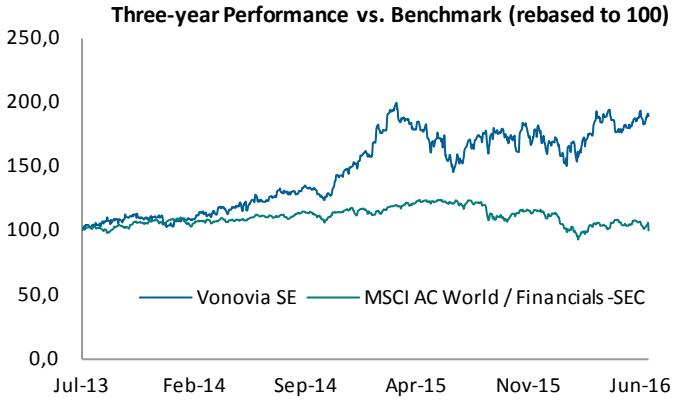
Source: FactSet

Vonovia SE (VNA-DE) – ADD – Consensus Target Price: EUR 33.24

Vonovia is Germany's largest pure-play residential property player which has a portfolio of 344,000 residential units worth ~EUR 24 bn.

Vonovia has an attractive rental growth profile (+48.7% YoY/+79.2% as of 1Q16/FY15), declining vacancy rate (2.8% as of 1Q16 vs. 3.4% as of FY15) with favourable exposure to high-growth locations. Its financial position is on an improving trend with loan-to-value of 45.8% as of 1Q16 (down from 46.9% in FY15). It is trading at an FY16E P/NAV of ~1.2x, inline with its historical average of 1.2x, and offers a healthy dividend yield of 3.3% (FY16E).

Slow macroeconomic recovery in Germany may impact demand, affect tenants' ability to negotiate rental rates and discourage any addition in new leasing contracts.



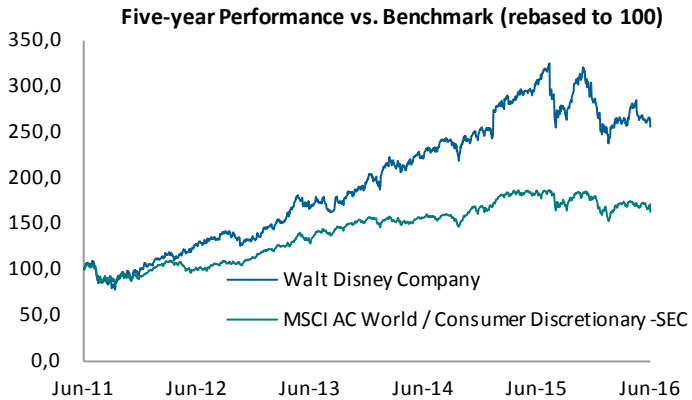
Source: FactSet

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

Walt Disney (DIS) has a diversified business model and portfolio that includes TV channels, theme-parks and resorts, motion-picture studios, and consumer products that monetise Disney brands through merchandise sales.

Disney's globally recognised brand strength and diversified business model offer strong and sustainable growth visibility in earnings. Near-term growth in our view will be driven by expansion in the Parks and Resorts segment. From a medium-term perspective, the Studios and Consumer Products divisions have a well-defined growth plan with a strong pipeline of movie releases planned till as far as 2019.

A volume decline through subscriber losses and pricing pressure through lower affiliate license fee/ subscriber/month may significantly impact the company's earnings growth prospects.



Source: FactSet

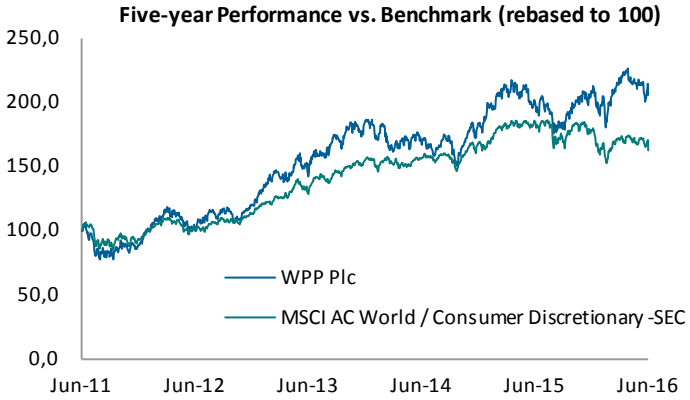
PART III – Investment Cases

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. With high correlation between media spend and economic growth, WPP has also focussed on increasing its exposure in new markets, with FY15 revenue share at 29% (FY06: 21%). It is enhancing growth through both organic and inorganic strategies, with GBP ~649 mn of acquisitions in FY15 vs. GBP 461 mn in FY14. The company has a strong balance sheet, share buyback programme and increasing dividend payout.

An economic slowdown can lead to reduction in advertising budget of clients. Adverse currency movement may impact WPP's reported earnings.



Source: FactSet

PART IV

Valuations and Market Data

PART IV – Valuations and Market Data

Valuations - Europe

DESCRIPTION			VALUATION								GROWTH				PROFITABILITY		
Ticker	Company	Cap (m€)	P/BV		EV/Sales (e)		P/E (e)			Div. Yield	Sales Growth		EPS Growth		EBITDA Margin	Net Margin	ROE
			FY1x	10Yx	FY1x	FY2x	FY1x	FY2x	10Yx	FY1%	FY1%	FY2%	FY1%	FY2%	FY1%	FY1%	FY1%
Europe																	
ABBN-CH	ABB Ltd.	38 879	3,1	3,8	1,3	1,3	17,3	15,3	18,5	3,9	-4,2	2,6	7,1	13,6	13,3	5,9	17,9
AIR-FR	Airbus Group SE	40 078	5,8	3,0	0,5	0,5	16,1	12,5	40,6	2,5	2,6	8,0	-3,7	26,9	9,4	3,6	36,0
BN-FR	Danone SA	37 808	2,8	3,0	2,1	2,0	20,0	18,3	18,8	2,7	-1,0	5,2	4,9	8,7	17,4	8,3	13,9
ENEL-IT	Enel SpA	39 650	1,1	1,3	1,1	1,0	12,8	11,8	18,8	4,6	-2,0	1,0	-0,7	7,2	19,9	4,1	9,0
FME-DE	Fresenius Medical Care	23 819	2,3	2,6	1,9	1,8	21,4	19,1	20,5	1,2	5,7	7,9	14,1	11,4	19,1	6,8	11,0
GLEN-GB	Glencore plc	25 723	0,7	1,3	0,4	0,3	38,2	26,2	25,3	0,2	-2,7	11,5	-52,6	64,9	5,2	0,5	1,7
ITX-ES	Industria de Diseno Textil, S.A.	92 803	7,2	7,1	3,7	3,3	29,2	25,7	24,1	2,2	10,6	10,8	10,5	12,7	22,5	13,8	25,0
INGA-NL	ING Groep NV	34 928	0,7	1,0	na	na	8,4	8,0	11,0	7,6	-0,6	2,8	-2,5	4,6	na	26,0	8,4
ISP-IT	Intesa Sanpaolo S.p.A.	27 659	0,5	0,9	na	na	8,2	7,0	15,9	11,5	0,1	4,7	15,5	19,4	na	21,2	7,2
KBC-BE	KBC Groep NV	18 339	1,2	1,0	na	na	9,1	9,0	15,1	6,3	-1,8	3,1	-23,3	2,9	na	28,9	12,8
MC-FR	LVMH SE	68 324	2,6	3,0	1,9	1,8	16,9	15,6	18,6	2,9	3,6	5,8	13,1	9,1	23,4	11,0	15,3
NOVN-CH	Novartis AG	170 334	2,5	2,6	4,7	4,5	17,3	15,9	16,9	3,5	-3,4	3,3	-7,0	9,0	30,5	23,2	14,5
RI-FR	Pernod Ricard SA	25 950	1,9	2,1	3,9	3,8	19,0	18,0	19,6	1,9	2,5	2,3	3,8	5,5	28,7	15,6	10,0
RNO-FR	Renault SA	20 032	0,6	0,7	0,3	0,3	5,7	4,9	8,9	4,3	7,4	7,2	17,6	17,4	11,3	6,9	11,0
RIO-GB	Rio Tinto plc	48 566	1,4	2,8	2,1	2,0	17,8	17,2	15,1	3,9	0,8	2,4	-26,9	-6,0	31,1	9,2	8,0
ROG-CH	Roche	161 493	8,5	12,5	4,6	4,3	17,3	15,9	19,9	3,4	4,9	5,1	8,3	8,8	41,0	22,7	48,8
SU-FR	Schneider Electric SE	29 302	1,4	1,9	1,4	1,3	14,1	13,1	16,2	4,0	-4,0	2,7	7,8	5,2	15,2	7,5	9,9
UL-NL	Unibail-Rodamco SE	23 040	1,3	1,3	21,3	20,8	21,1	20,1	9,0	4,4	3,6	3,1	5,5	5,2	87,1	102,7	6,0
VNA-DE	Vonovia SE	15 231	1,3	1,4	12,0	11,6	23,1	21,6	12,5	3,3	9,0	2,9	11,7	12,9	47,3	37,7	5,6
WPP-GB	WPP Plc	24 328	2,5	1,9	1,8	1,7	14,7	13,5	16,0	3,4	3,3	2,9	13,5	8,1	17,6	10,4	16,9
		Average	**2,5**	**2,8**	**3,8**	**3,7**	**17,4**	**15,4**	**18,1**	**3,9**	**1,7**	**4,8**	**0,8**	**12,4**	**25,9**	**18,3**	**14,4**

P/BV: Price to Book Value.

FY1 Current Unrealized Year, FY2 Next Year.

Sources SGPB, Factset.

PART IV – Valuations and Market Data

Valuations – Rest of the World

DESCRIPTION			VALUATION								GROWTH				PROFITABILITY		
Ticker	Company	Cap (m€)	P/BV		EV/Sales (e)		P/E (e)			Div. Yield	Sales Growth		EPS Growth		EBITDA Margin	Net Margin	ROE
			FY1x	10Yx	FY1x	FY2x	FY1x	FY2x	10Yx	FY1%	FY1%	FY2%	FY1%	FY2%	FY1%	FY1%	FY1%
Rest of the World																	
BABA-US	Alibaba Group Holding Ltd.	173 886	4,8	8,5	8,1	6,0	24,6	19,3	33,6	0,0	42,6	27,3	21,5	25,0	45,9	23,9	19,3
AVGO-US	Broadcom Limited	55 215	2,6	5,4	5,5	4,2	14,1	12,0	28,3	1,2	92,7	22,6	21,9	17,4	53,0	-3,3	18,3
CHKP-US	Check Point Software Technologies Ltd.	12 045	3,8	3,4	5,5	5,4	17,2	15,6	18,5	0,0	7,4	7,4	8,8	10,3	54,7	45,3	21,6
CVS-US	CVS Health Corporation	91 325	2,7	2,0	0,7	0,6	16,2	14,4	17,7	1,7	18,5	8,2	12,8	12,8	7,3	3,2	17,0
FB-US	Facebook Inc.	294 102	5,9	7,9	11,4	8,2	32,1	24,8	726,3	0,0	45,0	33,5	57,9	30,0	61,5	40,1	18,7
012330-KR	Hyundai Mobis	19 172	0,9	1,9	0,5	0,5	7,4	7,0	8,7	1,6	5,9	5,2	10,9	6,0	9,9	8,8	11,8
NEM-US	Newmont Mining Corporation	18 009	1,7	1,9	2,8	2,5	28,2	20,8	34,3	0,3	3,1	9,7	35,7	31,2	37,2	7,6	5,9
SMSN-GB	Samsung Electronics	133 674	1,2	1,4	0,8	0,7	9,8	9,2	10,5	1,8	3,0	2,2	17,9	4,6	24,3	10,5	11,7
SPWR-US	SunPower Corporation	1 891	1,4	3,2	1,0	0,8	11,0	8,0	208,0	0,0	24,8	9,3	-35,5	40,7	14,1	6,2	12,5
2330-TW	TSMC Ltd	114 827	3,1	3,3	4,2	3,7	13,3	11,9	14,3	3,7	8,9	9,7	2,0	12,2	64,6	34,0	22,5
DIS-US	Walt Disney Company	141 713	3,6	2,4	3,1	3,0	16,7	15,7	17,2	1,5	7,2	4,4	13,0	5,8	31,0	17,1	21,4
		Average	**2,9**	**3,7**	**4,0**	**3,2**	**17,3**	**14,4**	**101,6**	**1,1**	**23,6**	**12,7**	**15,2**	**17,8**	**36,7**	**17,6**	**16,4**

P/BV: Price to Book Value.

FY1 Current Unrealized Year, FY2 Next Year.

Sources SGPB, Factset.

PART IV – Valuations and Market Data

Market Data – Europe

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
Europe													
ABBN-CH	ABB Ltd.	CHF	19,05	21,00	15,94	129 388,17	2,86	5,19	- 4,80	6,07	- 10,98	2,01	1,09
AIR-FR	Airbus Group SE	EUR	51,93	68,50	49,51	146 340,67	-13,52	- 17,64	-12,43	- 16,24	127,51	23,15	1,11
BN-FR	Danone SA	EUR	61,36	66,50	51,73	99 844,62	- 1,87	- 2,82	3,88	- 1,48	18,71	3,19	0,78
ENEL-IT	Enel SpA	EUR	3,90	4,45	3,33	157 237,72	- 1,81	- 0,61	- 5,43	0,21	- 12,20	2,79	0,79
FME-DE	Fresenius Medical Care	EUR	77,95	83,17	63,10	47 822,38	1,19	- 1,00	4,11	0,28	52,69	32,69	0,71
GLEN-GB	Glencore plc	GBP	1,47	2,64	0,67	92 297,92	2,02	57,57	-44,23	62,14	- 69,70	18,25	3,09
ITX-ES	Industria de Diseno Textil, S.A.	EUR	29,81	35,38	26,00	233 164,34	0,10	- 7,58	1,31	- 5,93	137,53	21,00	0,78
INGA-NL	ING Groep NV	EUR	9,01	16,00	8,30	216 495,32	-17,02	- 28,90	-38,40	- 27,61	9,36	56,73	1,01
ISP-IT	Intesa Sanpaolo S.p.A.	EUR	1,65	3,65	1,52	336 757,25	-32,29	- 47,38	-49,54	- 46,63	- 7,73	65,70	1,19
KBC-BE	KBC Groep NV	EUR	43,87	66,00	39,96	53 638,54	- 4,71	- 25,12	-27,26	- 23,94	na	52,69	1,14
MC-FR	LVMH SE	EUR	135,75	176,60	130,55	139 154,12	- 9,98	- 8,12	-17,02	- 6,31	22,96	32,78	0,97
NOVN-CH	Novartis AG	CHF	79,75	103,20	67,00	456 432,57	13,28	- 8,86	-13,60	- 8,12	57,76	20,03	1,10
RI-FR	Pernod Ricard SA	EUR	98,19	111,70	88,00	55 228,72	- 1,17	- 7,54	- 7,28	- 6,66	44,06	19,97	0,86
RNO-FR	Renault SA	EUR	68,33	98,33	59,59	89 209,25	-20,12	- 27,56	-27,52	- 26,23	68,28	47,62	1,54
RIO-GB	Rio Tinto plc	GBP	22,17	26,96	15,57	112 519,58	18,97	12,06	-17,65	11,97	- 49,76	2,71	1,63
ROG-CH	Roche	CHF	254,20	283,90	229,90	379 804,01	7,12	- 8,73	- 3,49	- 8,03	81,57	2,50	1,00
SU-FR	Schneider Electric SE	EUR	51,82	65,26	45,32	102 887,71	- 4,57	- 4,58	-17,69	- 1,41	- 8,61	6,24	1,27
UL-NL	Unibail-Rodamco SE	EUR	232,55	257,85	212,05	84 235,86	- 3,96	- 2,13	1,11	- 0,79	47,65	5,00	0,82
VNA-DE	Vonovia SE	EUR	32,69	33,10	24,92	37 969,33	3,94	13,71	28,30	14,48	na	3,12	0,73
WPP-GB	WPP Plc	GBP	15,53	16,90	12,04	51 706,11	- 3,54	- 1,52	7,77	- 0,64	101,69	4,21	0,97

Sources SGPB, Factset.

PART IV – Valuations and Market Data

Market Data - Rest of the World

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
Rest of the World													
BABA-US	**Alibaba Group Holding Ltd.**	USD	78,04	86,42	57,20	1 102 226,05	- 0,05	- 6,27	- 3,74	- 3,97	na	na	1,80
AVGO-US	**Broadcom Limited**	USD	155,00	166,00	100,00	571 196,00	0,56	4,77	17,42	6,79	311,03	48,56	1,76
CHKP-US	**Check Point Software Technologies Ltd.**	USD	77,99	89,98	65,09	136 629,92	- 6,97	- 6,78	- 0,29	- 4,17	39,04	12,21	0,63
CVS-US	**CVS Health Corporation**	USD	94,41	113,65	81,37	500 583,97	- 7,87	- 4,98	- 9,92	- 3,44	155,92	34,18	0,78
FB-US	**Facebook Inc.**	USD	114,16	121,08	72,00	3 413 601,57	- 1,70	6,43	33,05	9,08	na	4,33	1,22
012330-KR	**Hyundai Mobis**	KRW	258 500,00	272 000,00	185 500,00	40 702 918,19	3,40	4,44	23,10	4,87	- 33,89	34,29	0,28
NEM-US	**Newmont Mining Corporation**	USD	37,69	38,68	15,39	268 563,95	39,85	109,04	60,18	109,51	- 29,58	47,21	0,23
SMSN-GB	**Samsung Electronics**	USD	603,00	627,80	420,00	11 652,59	10,14	10,24	5,88	13,45	54,85	12,00	0,96
SPWR-US	**SunPower Corporation**	USD	15,21	31,10	13,29	41 786,02	-32,49	- 50,18	-47,06	- 49,32	- 16,98	12,04	2,73
2330-TW	**TSMC Ltd**	TWD	159,00	166,00	112,50	5 410 882,37	-	11,97	14,80	11,19	122,69	3,14	0,97
DIS-US	**Walt Disney Company**	USD	96,98	122,08	86,25	844 125,30	- 1,20	- 9,43	-14,21	- 7,71	152,88	33,06	1,04

Sources SGPB, 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.

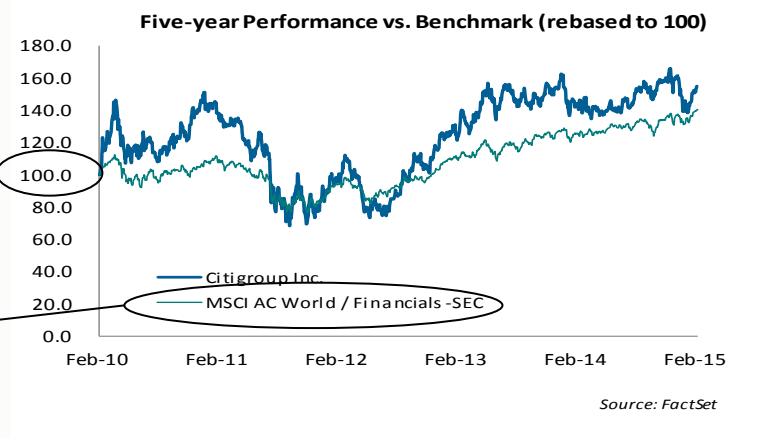
- SGPB target price is based on relative valuation methodology. We use the peer group average or the stock's historical multiple as the target multiple and multiply it with the consensus estimate of the corresponding valuation parameter. In certain cases, a premium or discount is assigned to the target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

NIM: Net Interest Margin

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.

Appendix

Investment Rating Definitions:

Buy	Stock that is expected to outperform its MSCI sector index over a 12-month investment horizon.
Neutral	Stock that is expected to perform in line with its MSCI sector index over a 12-month investment horizon.
Sell	Stock that is expected to underperform its MSCI sector index over a 12-month investment horizon.
Restricted	Covered stock that is not rated or assigned a target price as the Societe Generale group has a capital market transaction with that company.
Add	Non-covered stock that is expected to outperform its MSCI sector index over a 12-month investment horizon. Consensus target price mentioned.

Recommended Universe Principle:

The Recommended Universe is made of companies from the Investment Universe as defined by Societe Generale Private Banking guidelines. Members are chosen by Equity Solutions. There are no lower nor upper limits on the number of stocks in the Recommended Universe. There is no specific constraint in term of geographical or industry representation. A company from the recommended universe can be subject to a rating change, as decided by the Equity Solutions expert covering the company. When a stock is downgraded to a Sell rating, it is still followed for at least 3-month, after which Equity Solutions issues a coverage termination alert.

Product Risk Rating:

The product category of single equity, stock, share is rated at ‘4’.

In order to draw the attention of potential investors to the risk linked to each investment solution, Societe Generale Private Banking has ranked each product according to its own specific risk scale from the lowest risk (class 0) to the highest risk (class 4). The risk classification in 5 levels, is a Societe Generale Private Banking internal risk indicator. These internal indicators are based on the Value at Risk 95% 1 year (VaR). The VaR corresponds to the maximum amount that the portfolio being considered could lose in normal market conditions over a given period with a given probability (past performances and simulations of performance shall not be considered as a reliable indicator of future performance). If the VaR 95% 1 year is y%, this means that there is a 95% probability that the portfolio will not lose more than y% of its value in one year.

Risk Levels	Losses
0 - Lowest Risk	There is a 95% probability that the product will not depreciate in value in one year.
1 - Low Risk	There is a 95% probability that the product will not lose more than 5% of its value in one year.
2 - Medium Risk	There is a 95% probability that the product will not lose more than 15% of its value in one year.
3 - High Risk	There is a 95% probability that the product will not lose more than 30% of its value in one year.
4 - Highest Risk	There is a minimum of 5% probability that the product will lose more than 30% of its value in one year.

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SG acted as dealer manager in Enel exchange offer .
SG acted as joint bookrunner in Pernod Ricard's bond issue (10y, EUR).
SG acted as joint bookrunner in Rio Tinto's bond issue (USD 10y benchmark).
SG acted as joint bookrunner in Schneider Electric's bond issue (EUR, 8yr).
SG acted as joint bookrunner in unibail-Rodamco's bond issue (10yr).
SG acted as joint bookrunners in Deutsche Annington Immobilien SE' right issue.
SG acted as passive joint bookrunner in Vonovia's bond issue (EUR;2,5,8yr).
SG acted as joint bookrunner in Vonovia's bond issue (EUR, 6y, 10y).
SG acted as joint lead manager in ING Belgium's bond issue (EUR).
SG acted as joint lead manager in JBC Group's bond issue (EUR, Senior, 5yr).
SG makes a market in Intesa Sanpaolo warrants.
SG acted as joint lead manager in Intesa SanPaolo's bond issue (5y EUR Benchmark).
SG acted as co-manager in Intesa Sanpaolo's new bond issue (PerpNC5 coupon 5.125%).

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Risk level (cf above Rating System section).

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