



## 2Q17 - Equity Quarterly THEMA

### *Key market themes*

*This document is a marketing communication provided for information purposes and does not constitute investment advice or recommendation. Potential investors should consult their financial adviser to assess suitability before investing.*

*Data as of April 12<sup>th</sup>, 2017.*

## KEY TAKEAWAYS

The outlook for 2017 is one of synchronised global growth. In the developed world, our central scenario relies on **robust growth perspective, a steady rise in inflation and gradual monetary policy normalisation**.

Thinking beyond the next few months can be challenging in the current context. However, by taking a step back, we have identified a **number of persistent global trends** in-line with Societe Generale's Private Banking's House View. In this report, our **Equity Solutions team picked three main themes** that would have significant implications for businesses and economies in the medium- to long-term: **Disruptive Technologies, Scarce Resources and A New World Order**.

The team identified **63 companies** within its coverage which have a BUY or Neutral rating that are **sensitive to these secular trends**. On this basis, we have constructed **nine equity baskets**. After a short rationale on each company exposure, valuation and market data is disclosed.

These equity baskets will be closely monitored in the months ahead. Our team will provide updates in the event of corporate actions or market events that would impact our view on a given stock.

### #1 DISRUPTIVE TECHNOLOGIES

- Security First: Preventing digital security breaches
- Robotics: The fourth industrial revolution
- Internet of Things: How it will change the way we live?

### #2 SCARCE RESOURCES

- Blue Gold: The challenges of water-supply
- Climate change: The global shift towards Energy efficiency
- Sustainable food: Changing food habits

### #3 A NEW WORLD ORDER

- Ageing Population: How ageing will shape future spending?
- Infrastructure: Building the future
- Emerging Challengers: Time to conquer the world

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*Disclaimers & Disclosures*

# Introduction

## *Global Equity Markets Outlook*

## GLOBAL EQUITY MARKET OUTLOOK - OVERVIEW

The outlook for 2017 is one of synchronised global growth. In the developed world, our central scenario relies on robust growth perspective, a steady rise in inflation and gradual monetary policy normalisation. In the emerging world, a solid improvement in the macro outlook (bounce in commodity prices, revival of the manufacturing and export cycle) along conservative monetary policies should continue to attract foreign investors capital flows. The risks to this scenario are largely political in nature which could lead to short-term volatility spikes in coming months. While we remain constructive on global equities, selectivity is advised.

**United States (negative):** The optimism on US stocks is bordering on complacency. With stretched valuations, higher bond yields and the Federal Reserve likely to raise key rates three times this year, upside seem now limited and we are looking for opportunities elsewhere.

**Eurozone (positive):** Financial conditions are set to remain broadly accommodative in the near-term, in context of low volatility despite political uncertainty. Corporate margins should be supported by higher producer prices and weak wage pressure. The major area of concern is the upcoming French elections but we do not expect a Le Pen victory. In this context we favour eurozone equities.

**UK (neutral):** Recent economic data have pointed to a deceleration in economic activity. In addition the recent slide in oil prices could represent a downside risk for the Energy & Materials sectors, two key components of the UK equity market. Furthermore, downward pressure on sterling is now limited. Despite attractive valuation we turned more cautious on the market and adopted a neutral stance.

**Japan (positive):** Japanese equities look very attractive both in absolute and relative terms, the lowest in the developed world. A favourable policy-mix, a positive economic momentum (the Japanese economy is growing above its long-term potential) and a weak JPY should provide further support to corporate margins and return on equity. We upgrade our view on the market.

**Emerging Markets (neutral):** We remain cautious on Emerging Markets despite attractive valuation compared to developed markets, rising commodity prices and a gradual recovery in global trade. We prefer Asia over Latin America and EMEA (Europe, Middle East & Africa). Asian economies are more reliant on domestic demand than global trade via exports and pro-growth structural reforms remain on track (e.g. India with demonetisation).

# THEMA

## *Key market themes*

## THEMA #1 DISRUPTIVE TECHNOLOGIES

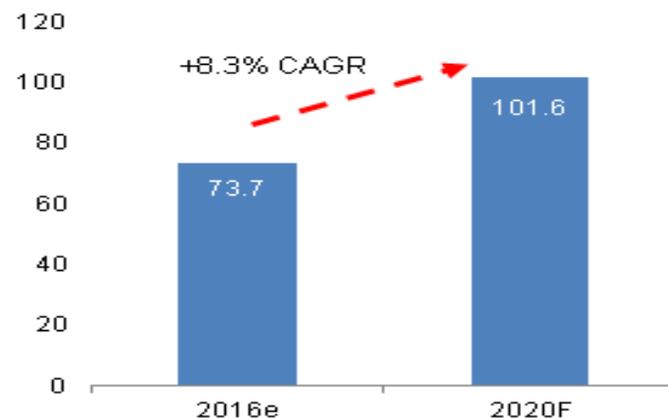
### Security First: Preventing digital security breaches (1/4)

Cyber attacks were ranked among the top 10 threats in the 2017's World Economic Forum's Global Risks Report. With the fast evolution of the IT infrastructure landscape towards next generation offerings such as mobile computing, Internet of Things and cloud data storage solutions, the number of digital security breaches has increased significantly (over 80 million a year of which 70% remained undetected).

There will be an increasing need for investments in digital security solutions in the years ahead, particularly in the United States where cybercrime costs are the highest in the world. The global cyber security market is expected to grow at an average annual growth rate of 8.3%, from USD 73.7 bn in 2016 to USD 101.6 bn by 2020 (source: International Data Corporation, 12/10/2016).

We expect companies with the biggest exposure to next generation security to garner market share and emerge as winners in the years to come. In our view, companies specialised in networks, endpoint and content security, data protection, cyber insurance, identity verification and analysis of machine-generated big data would benefit the most.

Global security technology revenue forecasts. (USD bn)



Sources: SGPB, IDC, October 2016

#### OUR EQUITY SELECTION

Accenture	Checkpoint
Airbus	Cisco
Alphabet	Honeywell
Amazon	Microsoft
Atos	United Technologies
Boeing Company	Wirecard

## THEMA #1 DISRUPTIVE TECHNOLOGIES

## Security First: Preventing digital security breaches (2/4)

## Our Selection (1/3)

Company	Exposure to the theme
<b>Accenture</b>	The company has transformed its product offerings to high-growth services such as digital, cloud and security-related services, which together accounted for ~USD 13.5 bn (40% of FY16 revenues). Given the growing demand for such new technologies, it should help Accenture gaining market share and lead to organic growth.
<b>Airbus</b>	Through its subsidiary Defense and Space (DS) CyberSecurity, Airbus offers a large set of services and solutions against cyber threats to governments, corporations and critical infrastructures. Operating from three European bases, Airbus is part of several on-going research programmes to maintain its best-in-class protection solutions. The company also proposes global training programmes to its clients.
<b>Alphabet</b>	As a leading player in the internet and IoT space, Alphabet through Google focuses on security. The company provides integrated security features for its cloud based applications. Over the last 10 years the company has made seven acquisitions to strengthen its security offerings.
<b>Amazon</b>	Amazon has been investing into cyber-security and launched new services to help protect customers against cyber attacks. The company's high-margin cloud services (FY17E growth of 40.4%) should continue to facilitate revenue growth in our view; along with the Amazon Prime and Fulfilment programmes driving market share.

## THEMA #1 DISRUPTIVE TECHNOLOGIES

## Security First: Preventing digital security breaches (3/4)

## Our Selection (2/3)

Company	Exposure to the theme
<b>Atos</b>	Atos is well-placed among European IT service-providers following successful acquisitions. The company has a strong backlog of EUR 21.4 bn, providing revenue visibility for the next 1.8 years. Atos carries strong growth in cyber security, and the company's Big Data & Cyber security revenues have grown ~13% in FY16.
<b>Boeing</b>	Boeing provides a comprehensive suite of products and services in cybersecurity. It includes infrastructure protection network surveillance and data analytics, information management systems, cyber defense solutions such as advanced malware assessment. The company provides customised solutions to the US Department of Justice and Department of Defense, including training and organisational advisory.
<b>Checkpoint Software</b>	Checkpoint Software (CHKP) is the largest pure player in network cyber security. We believe the company holds strong growth potential. While maintaining its leadership in traditional firewall and intrusion-prevention segments, CHKP has been focusing on expanding sales into mobile, IoT and data center security. In our view, this should allow the company to gain market share while retaining industry-leading margins.
<b>Cisco</b>	Cisco currently generates ~5% of its revenues from its security offerings. Its offering caters the entire cyber security spectrum from basic mail security to advanced web and router security products.

## THEMA #1 DISRUPTIVE TECHNOLOGIES

## Security First: Preventing digital security breaches (4/4)

## Our Selection (3/3)

Company	Exposure to the theme
<b>Honeywell</b>	Honeywell has developed a full range cybersecurity products. The company offers not only solutions on security management systems but also visitor management systems, intelligent controllers, digital video and radar solutions, readers and credentials. These products are used in combination with 'smart' information systems to protect sophisticated organisations like airports, banks, casinos, research centers and factories.
<b>Microsoft</b>	Microsoft invests heavily in security R&D and provides comprehensive, integrated security solutions that are built-in several products (Windows Defender and Cloud App Security). Microsoft Advanced Threat Analytics and Azure Active directory also provide identity-based threat prevention capabilities across devices and platforms through the cloud.
<b>United Technologies</b>	United Technologies has a long history in security products (fire safety, video surveillance, alarms, access controls, intrusion barriers, control panels and communication systems). In recent years, the company has integrated highly technological cyber solutions to combine both physical security and virtual intelligence. The customer base ranges from individuals (home solutions) to public and private organisations.
<b>Wirecard</b>	Wirecard is a Germany-based electronic payment processor providing technologies and services for payment transactions. The company is well-established in risk management solutions and provides security for all payment methods. Payment processing and Risk management segment accounted for ~72% of FY16's revenues.

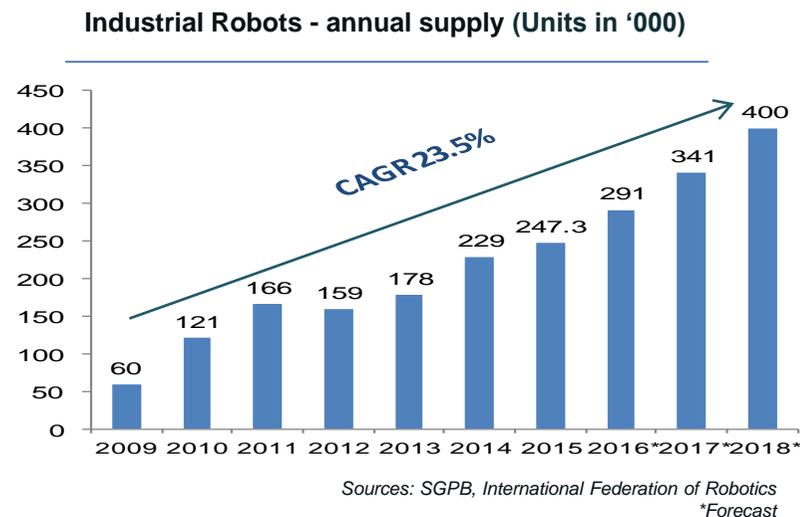
## THEMA #1 DISRUPTIVE TECHNOLOGIES

### Robotics: The fourth industrial revolution (1/3)

We stand on the brink of a technological revolution that will fundamentally alter the way we live, work and relate to one another. Technological innovation in recent years such as artificial intelligence, analytics, remote monitoring, sophisticated sensors and robotics has a major impact on businesses across all industries.

The introduction of new technologies in the supply chain such as devices driven by Internet of Things (IoT) has created new ways of serving existing needs to the point of disrupting existing industry value chain. The integration of connected machines and big data analytics has led to the development of innovative systems helping corporations in long-term gains in efficiency and productivity. Research firm McKinsey estimates the economic impact of Industrial Internet to at least USD 1.4 trn by 2025.

Overall, the shift from simple digitalisation (the Third Industrial Revolution) to innovation based on combinations of technologies (the Fourth Industrial Revolution) will encourage companies to reassess the way they do business. We expect progress in robotics in artificial intelligence to be a key catalyst in business developments in the years ahead. We provide here a selection of companies that should benefit from the increased adoption of artificial intelligence and robotics in the supply-chain.



#### OUR EQUITY SELECTION

ABB	General Electric
Alphabet	Rockwell Automation
Amazon	Schneider Electric
Dürr	Siemens
Facebook	

## THEMA #1 DISRUPTIVE TECHNOLOGIES

### Robotics: The fourth industrial revolution (2/3)

#### Our Selection (1/2)

Company	Exposure to the theme
<b>ABB</b>	ABB is a global leader in power and automation technologies. The company offers wide variety of industrial robots with an installed base of more than 300 000 robots globally. The company strengthened its robotics portfolio with new offerings (Connected Services and SafeMove2). We expect strong automation demand from US end-markets such as food and beverages and automotives.
<b>Alphabet</b>	Alphabet has undertaken many robotics initiatives under its subsidiary Project X (robotics, artificial intelligence, humanoid robots, robotic arms, and computer vision). In 2016, the company launched a robotic dog capable of taking care of domestic chores.
<b>Amazon</b>	Amazon has invested significantly into artificial intelligence and Robotics. The company has huge robotic capabilities with thousands of robots operating across its warehouse facilities. In our view, high-margin services such as cloud data storage solutions should facilitate revenue growth along with the Amazon Prime and Fulfillment centers.
<b>Dürr</b>	The Dürr Group is one of the world's leading mechanical and plant engineering firms with outstanding automation expertise. The company's software platform called the iTAC.IoT.Suite and associated analytics services help customers control and optimise industrial production processes. The company should benefit from higher robots adoption and further process automation by global automotive manufacturers.
<b>Facebook</b>	Facebook is aiming to become the world leader in artificial intelligence (AI) after setting up Facebook Artificial Intelligence Research unit. This unit focuses on helping advertisers to generate better return for their ads based on technologies such as Machine Learning and Deep learning (both parts of AI).

## THEMA #1 DISRUPTIVE TECHNOLOGIES

### Robotics: The fourth industrial revolution (3/3)

#### Our Selection (2/2)

Company	Exposure to the theme
<b>General Electric</b>	General Electric (GE) business focuses on automation, robotics and connectivity. The company aims to develop an end-to-end industrial internet platform that combines Machine-to-Machine (M2M) communication, industrial Big Data analytics, technology, cyber security and automation. GE believes that this will drive new levels of efficiency and productivity.
<b>Rockwell Automation</b>	Rockwell is a pure-play on global industrial automation demand. The company provides industrial automation power, control and information solutions to manufacturers. Rockwell has made significant technology investments in its Connected Enterprises business. The growing need of productivity improvement, product quality and workplace safety in the manufacturing sector should support demand in the years to come.
<b>Schneider Electric</b>	Schneider Electric (SU) is a global leader in energy management and automation. SU offers technology and integrated solutions for utilities and infrastructure industry, data centres and residential and non-residential buildings. In our view, Schneider should benefit from higher demand for robotic solutions (components and software). The recovery in China's industrial market should also favour SU.
<b>Siemens</b>	Siemens has developed Technomatix robotics simulation and programming solutions addressing multiple levels of robot simulation and workstation development from single-robot stations to complete production lines and zones. Additionally the company recently acquired Mentor Graphics making the company the largest player in product lifecycle management automation.

## THEMA #1 DISRUPTIVE TECHNOLOGIES

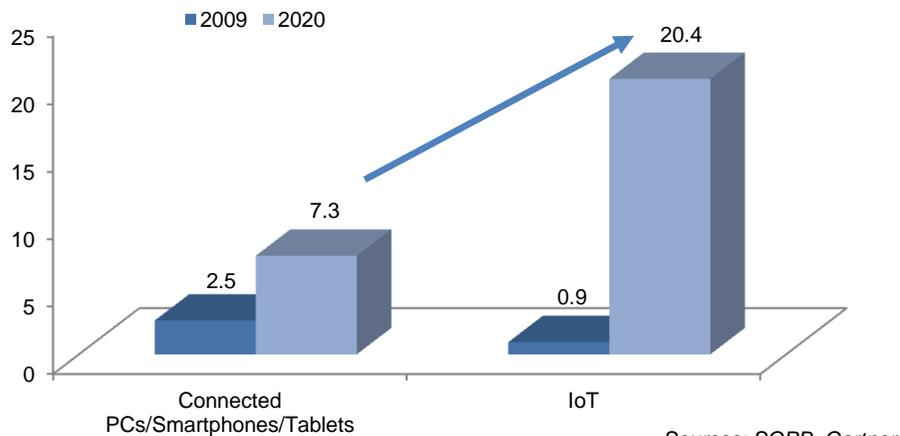
### Internet of Things: How it will change the way we live? (1/2)

Internet of Things (IoT) describes 'smart' internet connected devices such as home appliances, automobiles, healthcare and industrial equipment. Embedded **sensors, microcontrollers and wireless modules** allows IoT objects to be sensed or controlled remotely across existing network infrastructures. These are also able to make smart decisions by collecting and analysing real-time data.

Technology Research firm Gartner estimates that there will be **over 20.4 bn connected devices** by 2020 (from ~8.4 bn in 2017). Total spending on IoT hardware is expected to grow to **USD 2.9 trn by 2020 with revenues coming almost equally from consumer and corporate spendings**.

As technological innovation advances, IoT devices are most likely to provide a fundamental change in how people and businesses operate.

**Total connected devices (estimate in bn)**



#### OUR EQUITY SELECTION

Alphabet  
Apple  
Cisco  
Intel  
Salesforce  
Samsung

## THEMA #1 DISRUPTIVE TECHNOLOGIES

## Internet of Things: How it will change the way we live? (2/2)

## Our Selection

Company	Exposure to the theme
<b>Alphabet</b>	Alphabet develops not only wearables (Google Glass) but also automated cars. The company recently unveiled Project Brillo, an operating system for IoT and Weave (a communication layer enabling interaction between IoT devices). In our view, these products and solutions will help the company to strengthen its position in the IoT space.
<b>Apple</b>	Apple devices and software's ecosystem (iOS, iTunes and App Store) is key for the interaction between the firm's connected devices. Apple recently announced its HomeKit and HealthKit platforms for connected homes and fitness wearables. It had earlier announced Apple CarPlay, an ecosystem for connected cars.
<b>Cisco</b>	Cisco was among the first companies to focus on IoT and expects the market to be 5–10x the size of the internet market. The company has ~800 IoT-enabled products.
<b>Intel</b>	Intel manufactures low-power processors like Atom, Quark and Curie specifically designed for wearables and Internet of Things segments (~5% of FY16 revenues). In our view, the recent acquisition of Mobileye (announced on 13 March) will allow Intel to gain a leading position in the connected cars and autonomous driving markets.
<b>Salesforce</b>	The Salesforce IoT cloud platform links data from connected devices in a network to traditional CRM systems and helps generate customer insights. Salesforce supports applications for IoT-connected devices. Salesforce Wear allows companies to connect with their customers through apps for wearables.
<b>Samsung</b>	Samsung has an open platform for IoT called Artik to power devices such as wearables, drones, and smart-home hubs. Artik platform includes chips, software support, developer tools, and embedded encryption for security. In 2014, the company acquired SmartThings, an open platform for smart-home devices supporting over 1 000 devices and 8 000 apps.

## THEMA #1 DISRUPTIVE TECHNOLOGIES

### Valuation & Market data(1/2)

DESCRIPTION			VALUATION									GROWTH				PROFITABILITY	
FactSet	Company	Cap (m€)	SGPB (e) *			EV/Sales (e)		P/E (e)			Div.Yield	Sales Growth		EPS Growth		OpM**	ROE
			RATING	TP	CRY	FY1x	FY2x	FY1x	FY2x	10Yx		FY1%	FY2%	FY1%	FY2%	FY1%	FY1%
ABBN-CH	ABB Ltd.	46 579	BUY	24.10	CHF	1.5	1.5	18.8	16.6	18.7	3.4	0.4	3.1	11.7	13.9	14.7	19.3
ACN-US	Accenture Plc Class A	73 616	BUY	133.00	USD	2.1	2.0	20.1	18.4	16.8	2.1	5.3	6.5	9.7	9.4	16.7	44.9
AIR-FR	Airbus Group SE	54 926	BUY	72.00	EUR	0.7	0.6	20.9	15.5	44.3	2.1	3.0	6.9	5.0	32.6	9.6	48.0
GOOGL-US	Alphabet Inc. Class A	546 489	BUY	922.00	USD	5.6	4.5	25.3	21.5	30.9	0.0	18.9	16.2	-4.3	18.1	49.5	13.6
AMZN-US	Amazon.com, Inc.	408 353	BUY	880.00	USD	2.4	2.0	127.7	74.0	204.2	0.0	21.6	20.8	46.1	75.5	11.9	13.4
AAPL-US	Apple Inc.	708 696	NEUTRAL	134.00	USD	2.6	2.3	16.0	14.0	20.8	1.7	6.1	7.6	7.4	13.9	32.1	33.9
ATO-FR	Atos SE	12 006	BUY	124.00	EUR	0.9	0.8	14.4	13.5	31.8	1.5	6.1	2.3	8.9	7.6	12.8	17.0
BA-US	Boeing Company	101 870	NEUTRAL	180.00	USD	1.2	1.2	19.1	17.3	19.3	3.2	-2.7	2.0	28.0	10.2	12.1	nm
CA-FR	Carrefour SA	15 747	BUY	26.50	EUR	0.3	0.2	13.1	11.7	26.0	3.7	5.4	3.5	16.2	12.1	5.1	10.4
CHKP-US	Check Point Software Tecl	17 046	BUY	112.00	USD	7.5	6.8	20.0	18.3	18.9	0.0	7.5	6.5	9.7	9.5	53.8	24.0
CSCO-US	Cisco Systems, Inc.	155 967	BUY	36.40	USD	2.6	2.8	13.9	13.2	16.9	3.3	-1.8	2.3	0.8	4.1	34.8	18.1
DUE-DE	Durr AG	2 881	BUY	90.00	EUR	0.7	0.7	15.1	14.7	21.4	2.6	-0.3	2.3	6.3	1.6	10.3	20.1
FB-US	Facebook, Inc. Class A	384 992	BUY	150.00	USD	9.7	7.3	26.0	21.1	587.6	0.0	36.7	26.3	28.6	22.5	62.4	21.4
GE-US	General Electric Company	246 578	BUY	32.60	USD	2.4	2.3	18.4	15.8	35.2	3.2	0.7	6.9	10.0	16.0	16.6	25.1
HON-US	Honeywell International Inc	89 384	BUY	136.00	USD	2.5	2.4	17.7	16.3	17.7	2.1	-0.2	3.3	6.1	9.3	22.0	24.3
INTC-US	Intel Corporation	159 348	BUY	42.00	USD	2.9	2.8	12.8	12.2	16.4	3.0	0.6	2.7	2.9	4.6	41.5	18.5
MSFT-US	Microsoft Corporation	477 767	BUY	72.00	USD	4.8	4.3	22.0	20.1	17.2	2.2	4.8	7.4	6.1	9.8	37.9	32.0
ROK-US	Rockwell Automation, Inc.	18 934	BUY	157.00	USD	3.4	3.2	24.9	22.8	17.6	1.9	3.3	4.2	5.7	10.1	21.5	40.6
AD-NL	Royal Ahold Delhaize N.V.	24 427	BUY	23.50	EUR	0.4	0.4	14.7	12.8	15.0	3.3	4.6	2.4	13.8	12.9	6.6	10.3
CRM-US	salesforce.com, inc.	56 232	BUY	95.00	USD	5.6	4.5	65.2	50.4	2 009.9	0.0	21.3	19.7	27.7	30.2	21.8	10.7
SMSN-GB	Samsung Electronics Co.,l	212 021	BUY	1 030.00	USD	1.1	0.9	9.0	8.3	10.3	1.6	18.7	7.0	60.3	10.3	30.4	16.4
SU-FR	Schneider Electric SE	39 264	BUY	73.00	EUR	1.8	1.7	17.7	16.1	16.6	3.1	2.6	2.7	13.9	10.5	16.3	10.3
SIE-DE	Siemens AG	102 790	BUY	139.00	EUR	1.6	1.4	15.8	14.9	16.4	3.0	5.7	5.4	16.3	6.1	13.8	17.0
UTX-US	United Technologies Corpr	85 380	NEUTRAL	106.00	USD	1.8	1.8	17.2	16.1	19.5	2.4	2.5	4.6	-0.9	7.3	18.0	18.7
WDI-DE	Wirecard AG	6 561	BUY	60.00	EUR	4.6	3.6	24.7	19.8	28.0	0.3	29.6	22.1	50.3	25.9	29.9	15.3
Average						2.2	1.9	16.9	15.0	18.2	2.1	11.8	8.4	28.0	12.0	21.7	15.6

\* SGPB recommendation as of 12-04-2017. \*\*EBITDA Margin. FY1 Current Unrealized Year, FY2 Next Year. Sources: SGPB, Factset.

## THEMA #1 DISRUPTIVE TECHNOLOGIES

## Valuation &amp; Market data(2/2)

FactSet	Company	CCY	Price	52 WEEK		Avg Daily Turnover*	PERFORMANCE (%)					RISK	
				Low	High		3m	6m	12m	YTD	5y	Volatility	Beta
ABBN-CH	<b>ABB Ltd.</b>	CHF	23.3	23.9	18.4	130 220.0	5.3	3.6	25.5	8.5	29.9	26.4	0.8
ACN-US	<b>Accenture Plc Class A</b>	USD	117.8	126.5	108.7	310 818.3	2.4	0.3	4.4	0.6	86.6	10.4	1.0
AIR-FR	<b>Airbus Group SE</b>	EUR	71.1	72.6	48.1	117 290.5	9.0	30.8	23.6	13.1	139.2	21.7	0.9
GOOGL-US	<b>Alphabet Inc. Class A</b>	USD	841.7	874.4	672.7	1 506 061.6	1.9	3.4	10.8	6.2	168.3	19.5	1.2
AMZN-US	<b>Amazon.com, Inc.</b>	USD	907.0	923.7	592.3	3 183 474.0	14.0	7.8	52.5	21.0	385.1	2.0	0.8
AAPL-US	<b>Apple Inc.</b>	USD	143.2	145.5	89.5	3 837 321.7	20.2	23.4	31.8	23.6	59.5	32.7	1.2
ATO-FR	<b>Atos SE</b>	EUR	115.2	116.7	70.4	29 095.8	11.9	19.6	60.6	14.9	180.7	38.2	0.5
BA-US	<b>Boeing Company</b>	USD	177.6	185.7	122.4	579 256.6	11.6	30.7	38.8	14.1	151.5	39.6	1.0
CA-FR	<b>Carrefour SA</b>	EUR	21.1	26.7	20.9	59 013.6	-8.0	-8.7	-10.3	-7.7	29.6	12.6	1.1
CHKP-US	<b>Check Point Software Technologies Lt</b>	USD	103.3	104.4	74.3	122 420.0	17.1	33.1	21.3	22.3	67.5	14.9	0.5
CSCO-US	<b>Cisco Systems, Inc.</b>	USD	33.0	34.5	25.8	726 932.1	8.7	4.9	19.2	9.2	68.8	14.5	1.2
DUE-DE	<b>Durr AG</b>	EUR	83.3	84.2	60.3	10 802.2	13.6	16.8	28.8	9.1	240.1	49.2	1.2
FB-US	<b>Facebook, Inc. Class A</b>	USD	141.0	143.4	106.3	2 626 456.8	13.4	8.3	27.5	22.6	na	5.2	0.7
GE-US	<b>General Electric Company</b>	USD	30.0	33.0	28.2	1 001 073.7	-4.3	4.0	-2.5	-5.0	60.1	7.4	1.1
HON-US	<b>Honeywell International Inc.</b>	USD	124.5	127.5	105.2	404 455.9	5.6	16.5	11.6	7.4	121.2	3.2	1.0
INTC-US	<b>Intel Corporation</b>	USD	35.8	38.5	29.5	869 022.0	-2.0	-5.8	13.2	-1.3	30.4	10.0	1.1
MSFT-US	<b>Microsoft Corporation</b>	USD	65.5	66.4	48.0	1 715 332.4	4.6	12.9	20.4	5.5	115.1	7.1	0.9
ROK-US	<b>Rockwell Automation, Inc.</b>	USD	156.1	159.8	107.2	152 046.3	11.8	33.3	40.0	16.1	104.8	28.3	1.6
AD-NL	<b>Royal Ahold Delhaize N.V.</b>	EUR	19.3	23.0	17.9	81 471.8	-2.5	-4.9	-4.1	-3.7	90.0	5.2	0.7
CRM-US	<b>salesforce.com, inc.</b>	USD	84.2	86.4	66.4	465 717.0	13.9	12.2	12.5	23.0	119.2	1.3	0.7
SMSN-GB	<b>Samsung Electronics Co., Ltd. GDR Reg</b>	USD	923.5	949.5	527.5	20 231.3	18.0	23.8	71.0	23.6	61.0	64.9	0.6
SU-FR	<b>Schneider Electric SE</b>	EUR	69.0	69.6	49.5	85 055.1	2.5	9.9	29.9	4.3	52.3	40.8	1.1
SIE-DE	<b>Siemens AG</b>	EUR	127.7	129.5	86.8	229 853.0	8.4	20.6	43.0	9.3	81.8	40.1	1.1
UTX-US	<b>United Technologies Corporation</b>	USD	113.1	114.4	96.9	364 890.1	1.9	14.5	10.8	3.2	42.1	17.4	1.1
WDI-DE	<b>Wirecard AG</b>	EUR	53.1	53.8	32.3	21 445.2	26.9	20.3	56.2	29.9	272.5	53.2	0.2

\* 6-month average, in thousand. Sources SGPB, Factset. Data as of 12/04/2017.

## THEMA #2 SCARCE RESOURCES

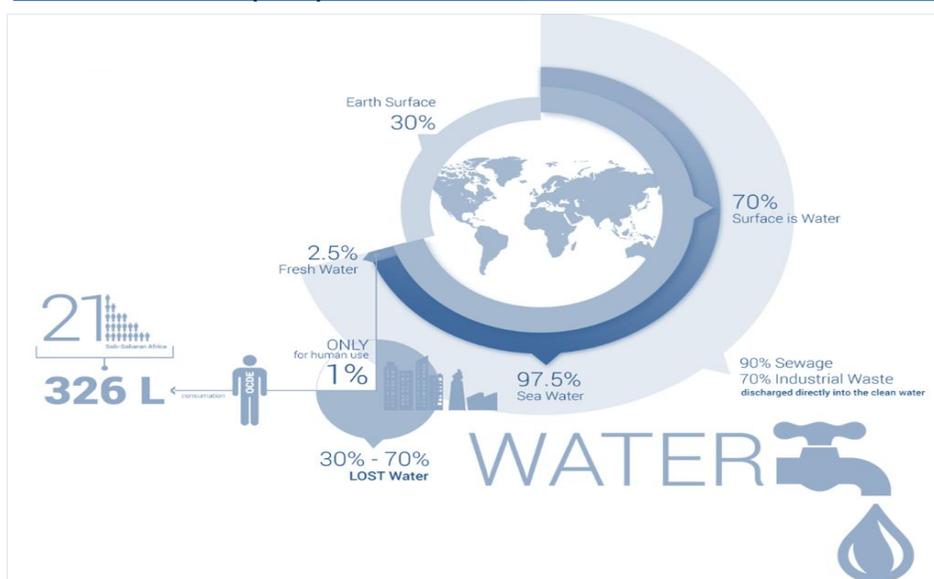
### Blue Gold: The challenges of water-supply (1/2)

The world's population is expected to reach 9.7 bn by 2050, according to Undesa. Higher living standards and increased level of urbanisation will push further demand for water across the globe. However, global climate change is expected to exacerbate current and future stresses on water resources from population growth and land use.

Water – also known as “blue gold” - is set to become one of the most important physical commodities. The water industry also exhibits the characteristics of a defensive industry less exposed to economic cycles and economic downturns than other sectors.

Global Water Intelligence (GWI) estimates the global water market to grow 4.2% per year to reach USD 689 bn in 2018. GWI expects the water/wastewater utilities submarket to account for 58% of the global water market. The remainder would comprise water/wastewater solutions and services submarket. India and China are expected to be the fastest growing water markets by 2020, driven by government efforts.

#### Water in numbers (2015)



Sources: SGPB, Swiss Water Tech Research

#### OUR EQUITY SELECTION

Danone  
Pennon Group  
Suez Environnement  
Veolia Environnement

## THEMA #2 SCARCE RESOURCES

### Blue Gold: The challenges of water-supply (2/2)

#### Our Selection

Company	Exposure to the theme
<b>Danone</b>	Danone is a global leader in the bottled water segment. The Water division represents 21% of Danone's sales and offers high growth potential (e.g. with Evian in the US). Danone has an explicit sustainability agenda aiming for zero carbon and reduced water use in its supply and production chain.
<b>Pennon Group</b>	Pennon holds a strong position in the regulated UK water market, helped by its fast-track status allowing for superior returns on regulated equity. The UK's water sector has consolidated over the last decade. With regulatory uncertainties out of the way, Pennon could become a takeover target given its regulated asset base.
<b>Suez Environnement</b>	Suez Environnement provides water treatment and waste management services. Despite global macroeconomic uncertainties, government regulations across the world is supportive for environmental companies. Landfill tax has been increased in the UK, China enacted three important laws in 2015, expediting the treatment of hazardous waste and water pollutants. Many countries submitted pollution-control plans at the Climate Conference in Paris last December.
<b>Veolia Environnement</b>	Veolia is well positioned to benefit from global need for enhanced environmental infrastructure and water & waste opportunities in the industrial segment. The company's earnings growth should be supported by plans to double the discretionary growth capex from EUR 205 mn in FY16 to ~EUR 500 mn over the next years.

## THEMA #2 SCARCE RESOURCES

### Climate change: The global shift towards Energy efficiency (1/2)

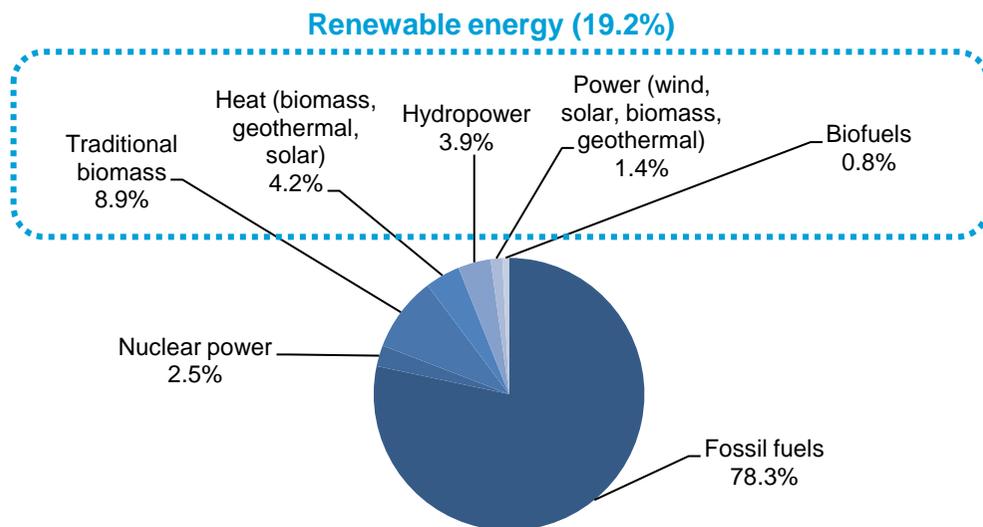
With no change to the current trends, **global energy consumption and CO<sub>2</sub> emissions would double by 2060**. This would be devastating for the environment, forcing us to reconsider how we produce and consume energy.

The **energy sector is the largest source of greenhouse-gas emissions** (66% of emissions result from energy production and use) and 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 energy and energy efficiency**.

With the world shifting progressively towards clean energy, we believe **efficiency can make the transition cheaper, faster and more beneficial across all sectors of the economy**. IEA estimates that the global investment in energy efficiency rose 6% YoY in 2015 to USD 221 bn. Investment growth was the strongest in building sector, at 9%, **with US accounting for almost 25% of all efficiency investment in the sector**.

As a result, **demand for clean energy sources like solar and wind is growing fast and carries huge long-term potential**. We believe the world's transition to a low-carbon economy will offer investment opportunities in a wide range of sectors.

#### Energy consumption in 2014



Sources: SGPB, REN21

#### OUR EQUITY SELECTION

ABB  
Enel  
Engie  
Schneider Electric

## THEMA #2 SCARCE RESOURCES

## Climate Change: The Global Shift Towards Energy Efficiency (2/2)

## Our Selection

Company	Exposure to the theme
<b>ABB</b>	ABB is a global leader in power and automation technologies. ABB's energy efficient and renewable energy solutions contribute in the reduction of greenhouse gases. The company also targets a 20% reduction of its business energy intensity by 2020.
<b>Enel</b>	We are particularly positive about Enel's increasing exposure to renewable energy and emerging markets, which offer demand driven growth along with better pricing. Moreover, the company's increased growth capex targets in Renewable and Networks while reducing those for Generation. 53% of the company's EUR 17 bn growth capex till FY19 is linked to EGP.
<b>Engie</b>	Engie's strategic renewable-energy initiatives are encouraging. The company has announced that all new investments in power production will mainly focus on projects with low to no CO <sub>2</sub> emissions, in renewable energies and in natural gas. The company also plans to stop construction of coal-fired power plants. The contribution of regulated activities to EBITDA is expected to increase to >85% by FY18.
<b>Schneider Electric</b>	Schneider Electric is a global leader in energy management and automation. The company is in the Climate A List of CDP, an international non-profit organisation driving sustainable economies. Schneider has developed low-carbon technologies and is committed to measure and reduce the environmental impact of its product offering.

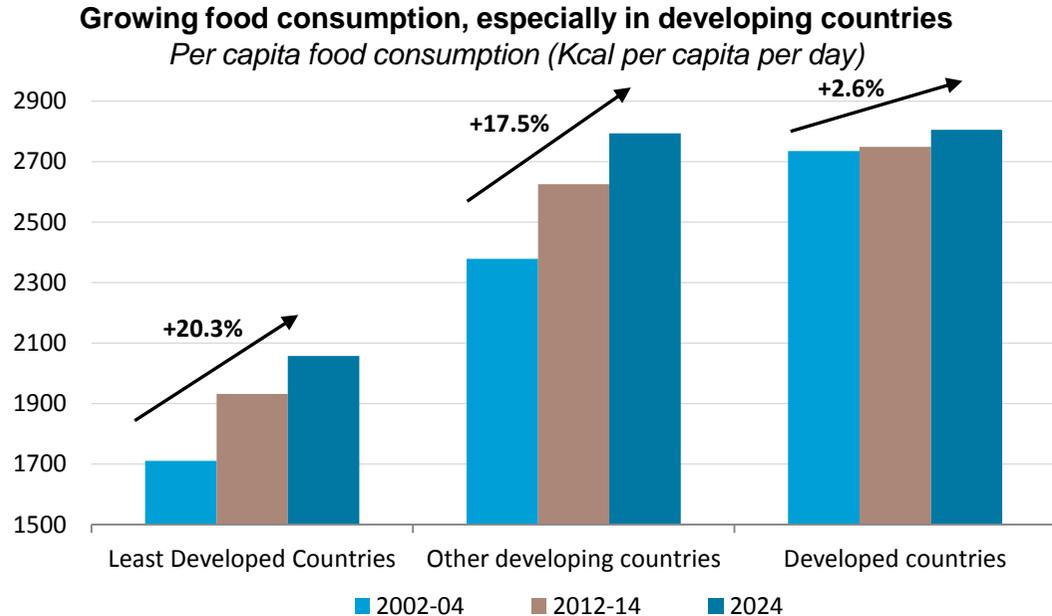
## THEMA #2 SCARCE RESOURCES

### Sustainable food: Changing food habits (1/3)

In Monsanto's 2016 annual report the CEO Hugh Grant writes: "In my 35 years with Monsanto, the challenges within the agriculture industry have never been greater and neither have the possibilities."

The global population is expected to grow from 7.2 bn today to 9.6 bn by 2050<sup>E</sup>. The combination of rising incomes and changing diets mean that by 2050, the world needs to produce 70% more food globally. While global population growth is strong, farmland available per head is shrinking.

Agricultural productivity and improved logistics will be key to safeguard food supply in the long term. Farming digitalisation should favour resources sustainability and efficiency. It will also allow farmers to get the highest yield with minimal environmental impact. According to Beecham Research, the use of new technologies could increase agricultural productivity by up to 70% through 2050. In 2024, 225 mn interconnected devices will be in use worldwide in the farming industry. (Machina Research).



Sources: SGPB, OECD/FAO (data as of 2015)

#### OUR EQUITY SELECTION

AB Inbev	Danone
Ahold Delhaize	DSM
Bayer	Kroger
Bunge	Metro
Carrefour	Thermo Fisher Scientific
Coca-cola	

## THEMA #2 SCARCE RESOURCES

### Sustainable food: Changing food habits (2/3)

#### Our Selection (1/2)

Company	Exposure to the theme
<b>AB Inbev</b>	AB Inbev has a set of goals to reduce the harmful use of alcohol. It increases efficiency and reduces impacts throughout its operations and its entire value chain. The environmental goals span its own operations and extend to its supply chain and beyond.
<b>Ahold Delhaize</b>	Ahold Delhaize continuously reviews its operational processes to reduce food waste across stores, warehouses and transport. It diverts unsold food to food banks. Food no longer suitable for human consumption is used for animal feed production, green energy facilities or industrial uses. In 2016, the company recycled 72% of food waste, moving towards its FY20 goal of 90%.
<b>Bayer</b>	After the acquisition of Monsanto, closing at the end of 2017E, Bayer will be the dominant leader in seeds and crop protection with an R&D budget of ~EUR 2.5 bn. The company not only will own the best platform for digital farming, but also have the largest global network, which should allow for quick adaptation to local needs. Bayer is committed to develop carbon-neutral agriculture.
<b>Bunge</b>	Bunge aims to improve the world's food production chain and create value for shareholders, farmers, customers and communities. The company is a market leader in oilseed and grain trading and processing. Bunge strives to be best-in-class in sustainability (deforestation, water, palm, transparency, governance). Its global integrated supply chain reduces waste.
<b>Carrefour</b>	Carrefour is the first private donor for food banks in France. The Carrefour foundation supports the food banks to transport products, especially fresh ones, and to store them through cold storage rooms. Since 1994, Carrefour has financed the acquisition of more than 215 equipments for food banks, which include 165 refrigerated vehicles, 35 cold storage rooms and refrigerated boxes.
<b>Coca-Cola</b>	Coca-Cola is making continuous progress on its 2020 sustainability commitments. The company will offer low- or no-calorie beverage options in every market and provide transparent nutrition information. Water efficiency will be improved. The company also aims to reduce its carbon footprint and sustainably source its key agricultural ingredients.

## THEMA #2 SCARCE RESOURCES

### Sustainable food: Changing food habits (3/3)

#### Our Selection (2/2)

Company	Exposure to the theme
<b>Danone</b>	Danone is the world leader in fresh dairy products, bottled water, baby and medical nutrition products. Danone's Manifesto embodies a commitment to lead an Alimentation Revolution leading to healthier choices and lifestyles. The company aims for zero carbon and strongly reduced water use in its global supply chain.
<b>DSM</b>	DSM consistently receives recognition for integrating sustainability into its business. In 2016, the company held a leading position in the Materials industry group in the Dow Jones Sustainability World Index. DSM's Brighter Living Solutions are products and innovations that have a measurable positive impact on planet and people.
<b>Kroger</b>	Kroger is known as one of America's most generous companies for its support to more than 100 Feeding America food bank partners, the military and their families, and more than 145 000 communities including schools. The company has been part of the Dow Jones Sustainability North America Index for four consecutive years.
<b>Metro</b>	Metro has integrated sustainability across all its key operations and is collaborating with start-ups to find solutions for securing food supply. The company actively supports local food banks with both financial support and food donations in 17 countries and has initiated a project to contribute to the integration of refugees. Metro is also an industry leader in the Dow Jones sustainability World and Europe indices.
<b>PepsiCo</b>	In 2016, PepsiCo launched its 2025 Sustainability Agenda. The company aims to reduce added sugars, saturated fat and sodium levels in its product range. The environmental footprint of the food system will be reduced through operational efficiencies and mobilisation of the company's suppliers and business partners. Moreover, PepsiCo intends to empower people and social development across its operations, supply chain and communities.
<b>Thermo Fisher Scientific</b>	Thermo Fisher Scientific (TMO) is a global leader in serving science. TMO has strengthened its capabilities in 2016 (Shanghai, Seoul and Singapore) and is also set to see accelerated sales in China (given the country's underpenetrated applied market for environment safety and food safety equipment).

## THEMA #2 SCARCE RESOURCES

### Valuation & Market data (1/2)

DESCRIPTION			VALUATION									GROWTH				PROFITABILITY	
FactSet	Company	Cap (m€)	SGPB (e) *			EV/Sales (e)		P/E (e)			Div.Yield	Sales Growth		EPS Growth		OpM**	ROE
			RATING	TP	CRY	FY1x	FY2x	FY1x	FY2x	10Yx		FY1%	FY2%	FY1%	FY2%		
ABBN-CH	ABB Ltd.	46 579	BUY	24.10	CHF	1.5	1.5	18.8	16.6	18.7	3.4	0.4	3.1	11.7	13.9	14.7	19.3
ABI-BE	Anheuser-Busch InBev SA	201 878	BUY	115.00	EUR	5.1	4.8	24.7	21.7	30.9	3.5	23.5	3.0	56.6	14.1	38.3	12.7
BAYN-DE	Bayer AG	88 194	BUY	119.00	EUR	2.1	2.0	13.9	13.0	24.1	2.7	5.0	3.9	4.8	7.3	24.2	20.6
BG-US	Bunge Limited	10 081	BUY	87.00	USD	0.3	0.3	12.5	11.4	57.3	2.2	4.5	2.6	30.6	10.3	4.4	11.3
CA-FR	Carrefour SA	15 747	BUY	26.50	EUR	0.3	0.2	13.1	11.7	26.0	3.7	5.4	3.5	16.2	12.1	5.1	10.4
KO-US	Coca-Cola Company	172 871	BUY	44.00	USD	6.1	7.0	22.9	22.0	21.4	3.4	-17.3	-13.4	-2.1	3.4	32.2	37.8
BN-FR	Danone SA	39 484	BUY	77.00	EUR	2.3	2.1	18.6	16.7	19.4	2.8	17.2	8.2	10.4	12.5	17.5	14.4
ENEL-IT	Enel SpA	44 266	BUY	5.00	EUR	1.1	1.1	12.4	11.1	18.8	5.1	3.4	2.5	9.4	11.4	20.8	9.9
ENGI-FR	ENGIE SA	32 426	BUY	15.50	EUR	0.9	0.9	13.7	13.0	15.5	5.3	-0.9	2.0	-1.9	3.6	16.1	5.6
KR-US	Kroger Co.	26 041	BUY	36.30	USD	0.3	0.3	13.7	13.0	32.7	1.7	5.3	1.7	4.2	6.1	5.0	27.3
MEO-DE	METRO AG	9 552	BUY	35.00	EUR	0.2	0.2	14.0	12.7	257.2	3.7	2.2	2.2	5.7	11.8	4.3	12.3
PNN-GB	Pennon Group Plc	4 292	BUY	11.02	GBP	4.5	4.5	20.5	19.9	26.5	4.1	0.4	2.0	12.3	2.2	34.3	12.0
AD-NL	Royal Ahold Delhaize N.V.	24 427	BUY	23.50	EUR	0.4	0.4	14.7	12.8	15.0	3.3	4.6	2.4	13.8	12.9	6.6	10.3
DSM-NL	Royal DSM NV	11 343	BUY	76.00	EUR	1.7	1.5	17.8	15.9	29.1	2.8	5.5	3.7	26.8	12.0	16.2	10.1
SU-FR	Schneider Electric SE	39 264	BUY	73.00	EUR	1.8	1.7	17.7	16.1	16.6	3.1	2.6	2.7	13.9	10.5	16.3	10.3
SEV-FR	SUEZ SA	8 446	BUY	16.20	EUR	1.1	1.0	18.8	15.9	18.2	4.3	4.2	8.9	6.9	24.5	16.6	7.8
TMO-US	Thermo Fisher Scientific Ir	56 639	BUY	179.00	USD	3.8	3.5	16.7	15.2	27.2	0.4	6.8	4.6	10.9	10.3	25.6	15.8
VIE-FR	Veolia Environnement SA	9 458	BUY	22.00	EUR	0.7	0.7	16.6	14.2	28.1	4.9	1.1	2.0	-2.8	18.3	12.2	7.2
<b>Average</b>						<b>1.8</b>	<b>1.7</b>	<b>17.5</b>	<b>15.3</b>	<b>22.5</b>	<b>3.2</b>	<b>3.7</b>	<b>4.6</b>	<b>7.2</b>	<b>15.9</b>	<b>17.7</b>	<b>10.3</b>

\* SGPB recommendation as of 12-04-2017. \*\*EBITDA Margin. FY1 Current Unrealized Year, FY2 Next Year. Sources: SGPB, Factset.

## THEMA #2 SCARCE RESOURCES

### Valuation & Market data (2/2)

FactSet	Company	CCY	Price	52 WEEK		Avg Daily Turnover*	PERFORMANCE (%)					RISK	
				Low	High		3m	6m	12m	YTD	5y	Volatility	Beta
ABBN-CH	<b>ABB Ltd.</b>	CHF	23.3	23.9	18.4	130 220.0	5.3	3.6	25.5	8.5	29.9	26.4	0.8
ABI-BE	<b>Anheuser-Busch InBev SA/NV</b>	EUR	104.4	119.6	92.1	173 994.3	4.2	-9.3	-2.3	3.8	94.3	5.1	0.9
BAYN-DE	<b>Bayer AG</b>	EUR	106.7	112.0	83.5	203 912.2	5.8	17.1	4.8	7.6	110.4	24.9	0.9
BG-US	<b>Bunge Limited</b>	USD	76.6	82.7	55.7	89 573.3	8.8	24.0	36.2	6.1	14.7	49.5	0.3
CA-FR	<b>Carrefour SA</b>	EUR	21.1	26.7	20.9	59 013.6	-8.0	-8.7	-10.3	-7.7	29.6	12.6	1.1
KO-US	<b>Coca-Cola Company</b>	USD	42.7	47.1	39.9	634 855.1	4.0	2.3	-8.9	3.0	18.6	16.7	0.6
BN-FR	<b>Danone SA</b>	EUR	64.1	70.5	57.7	102 885.4	4.7	-1.6	4.6	6.4	28.2	7.3	0.8
ENEL-IT	<b>Enel SpA</b>	EUR	4.4	4.4	3.5	157 759.1	5.6	13.7	15.7	4.0	74.4	21.4	0.7
ENGI-FR	<b>ENGIE SA</b>	EUR	13.3	15.2	10.8	79 782.1	11.6	0.6	-0.1	9.9	-26.9	21.7	1.0
KR-US	<b>Kroger Co.</b>	USD	30.2	38.1	28.3	295 376.7	-9.0	3.9	-20.5	-12.5	159.5	13.5	0.7
MEO-DE	<b>METRO AG</b>	EUR	29.2	32.3	25.7	24 008.0	-6.5	8.3	5.4	-7.5	11.1	17.7	1.1
PNN-GB	<b>Pennon Group Plc</b>	GBP	8.8	9.6	7.6	12 176.1	7.9	7.2	7.1	6.3	24.7	6.6	1.0
AD-NL	<b>Royal Ahold Delhaize N.V.</b>	EUR	19.3	23.0	17.9	81 471.8	-2.5	-4.9	-4.1	-3.7	na	5.2	0.7
DSM-NL	<b>Royal DSM NV</b>	EUR	64.9	65.1	48.2	41 874.2	11.4	8.0	31.6	14.0	56.9	27.4	0.9
SU-FR	<b>Schneider Electric SE</b>	EUR	69.0	69.6	49.5	85 055.1	2.5	9.9	29.9	4.3	52.3	40.8	1.1
SEV-FR	<b>SUEZ SA</b>	EUR	15.0	16.8	12.7	19 636.8	8.9	9.1	-8.5	6.8	42.9	3.4	0.7
TMO-US	<b>Thermo Fisher Scientific Inc.</b>	USD	153.5	161.7	139.1	291 669.7	3.8	-3.6	7.9	8.8	188.9	1.1	1.2
VIE-FR	<b>Veolia Environnement SA</b>	EUR	17.2	21.7	15.0	47 192.7	13.3	-12.0	-17.9	6.4	56.8	20.7	0.8

\* 6-month average, in thousand. Sources SGPB, Factset. Data as of 12/04/2017.

## THEMA #3 A NEW WORLD ORDER

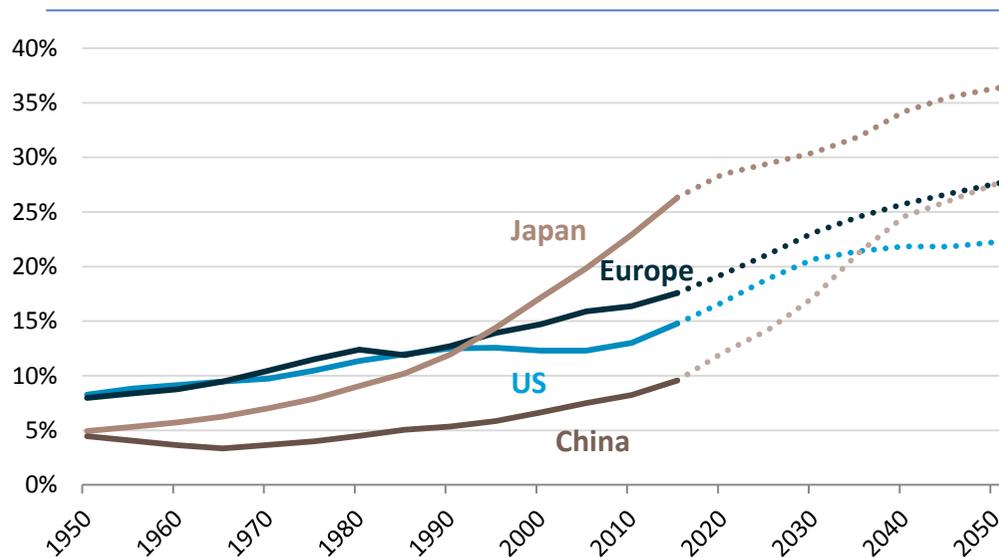
## Demographics: How ageing will shape future spending? (1/4)

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: SGPB, United Nations.

## OUR EQUITY SELECTION

Burberry	Inditex SA
CVS Health Corp	LVMH
Diageo Plc	Merck & Co Inc
Dollar General Corp	Novartis AG
Dufry AG	Pernod Ricard SA
Expedia Inc	UCB SA
Fresenius Medical Care	Walt Disney
Home Depot Inc	

## THEMA #3 A NEW WORLD ORDER

## Demographics: How ageing will shape future spending? (2/4)

## Our Selection (1/3)

Company	Exposure to the theme
<b>Burberry</b>	Burberry's combination of heritage and innovation should allow it to attract customers in all age categories. While the brand is well perceived in Asia, where the middle-class is growing, there is room for improvement in the US. Burberry's portfolio offers a product range for all age categories.
<b>CVS Health</b>	CVS Health (CVS) is the largest pharmacy healthcare provider in the US. CVS is a pure-play on the largest and growing healthcare market, the US. In our view, the company is best positioned in the US healthcare market, given its integrated pharmacy model and its diversified products and services portfolio.
<b>Diageo</b>	Diageo's product portfolio range reaches both the younger and older consumers. A growing number of people reaching the legal drinking age should benefit Diageo's beer and spirits activities. Revenues are well-spread over developed and emerging markets.
<b>Dollar General</b>	Dollar General Corp is a US-based discount retailer, the largest small-box retailer by sales. The company has made multiple initiatives to increase traffic, including store remodelling, cooler expansion, category reset and improved affordability through price cuts. These efforts should support further market share gains and protect margins. New store growth is expected to improve in FY17.
<b>Dufry</b>	Switzerland-based Dufry is a global leader in travel retailing with operations in 63 countries. The company operates ~2 200 shops in airports, cruise liners, seaports and other tourists locations, offering brands through more than 1 000 suppliers. Through strategic acquisitions, Dufry has become a market leader in the duty-free retail space.

## THEMA #3 A NEW WORLD ORDER

## Demographics: How ageing will shape future spending? (3/4)

## Our Selection (2/3)

Company	Exposure to the theme
<b>Expedia</b>	Expedia is a pure-play online travel company with strong brand positioning in the US and Europe, as well as a solid foothold in Asia. It has a huge addressable global travel market with significant headroom for further growth. Expedia has been consistently investing to expand its brand portfolio internationally.
<b>Fresenius Medical Care</b>	Fresenius Medical Care (FME) is the world's largest provider of dialysis services and products (haemodialysis machines, dialysers and related disposables). 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.
<b>Home Depot</b>	US-based Home Depot is the world's largest home-improvement specialty retailer operating through 2 200+ retail stores in the US, Canada and Mexico. The company's focus on investing in improving its omni-channel offerings and supply-chain infrastructure, along with the increase in its professional contract customer base, should aid in revenue expansion.
<b>Inditex</b>	We are positive on Inditex given its wide geographic exposure multi-format approach, low inventory model vs. peers and improving online offerings. 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.
<b>LVMH</b>	LVMH is present in all segments of the soft- and hard-luxury market and through Moët Hennessy it also has exposure to the premium wines and spirits market. Its different brands appeal to customers of all age. Accessories are an ideal way to attract young customers who can then be 'upgraded'.

## THEMA #3 A NEW WORLD ORDER

## Demographics: How ageing will shape future spending? (4/4)

## Our Selection (3/3)

Company	Exposure to the theme
<b>Merck</b>	Merck & Co offers remedies for diseases due to an unhealthy lifestyle and old age. The company is a world leader a leader in immuno-oncology thanks to Keytruda (approved in melanoma, lung and head&neck). It has a broad research programme working on combination therapies for cancer and owns also a leading position in diabetes treatments.
<b>Novartis</b>	Starting from a rapidly expanding library of over 3 million chemical molecules, Novartis works on more than 200 projects in several disease areas including cancer, cardiovascular and ophthalmology. The incidence of these diseases strongly increases with age. Alcon is world leader in eye treatment, often age-related. Novartis has also developed partnerships with Apple, Google and a number of healthtech start-ups.
<b>Pernod Ricard</b>	With a product portfolio skewed towards higher-end spirits, Pernod Ricard should benefit from ageing population trends. The group's entry-level brands reaches out to the younger population with the aim of moving these consumers upmarket. Pernod Ricard has great ambitions for Africa.
<b>UCB</b>	UCB is focused on innovative medicines for immunological diseases (arthritis, Crohn's disease, psoriasis) and neurological disorders (epilepsy, Parkinson's). A new key long-term driver will be Evenity (romosozumab) for the treatment of osteoporosis in postmenopausal women.
<b>Walt Disney</b>	Walt Disney has over time focused on expanding its global presence in theme parks and resorts, driven by increasing footfalls benefited by a steadily growing global population. Near-term, Disney's earnings is likely to benefit from the opening of Shanghai Disney Resort in 3Q16 and Avatar Land in May, 2017.

## THEMA #3 A NEW WORLD ORDER

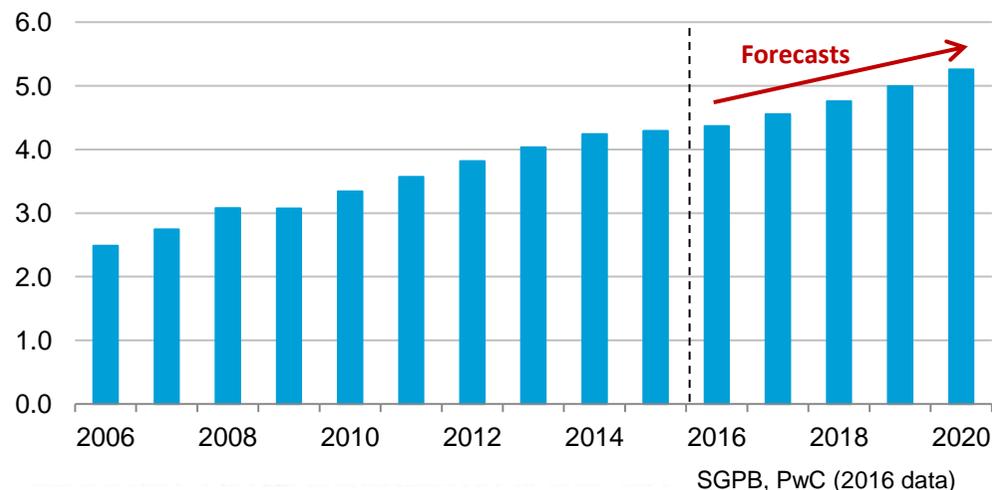
### Infrastructure: Building the future (1/3)

Global [population growth and increased urbanisation](#) are the major drivers of higher infrastructure spending globally. Moreover, the momentum of infrastructure spending has improved following the emergence of the public-private partnership (PPP) models and greater participation from private entities in infrastructure projects.

At the country-level, China will be an infrastructure spending champion in Asia-Pacific through the [One Belt One Road \(OBOR\)](#) initiative. This initiative aims to connect countries located on the Silk Road Economic Belt and the 21st Century Maritime Silk Road to increase economic cooperation, boost regional trade and promote social and cultural cooperation. Overall OBOR targets to connect over 60 countries in Asia and Europe. In the US, [Trump's plan to improve](#) the country's highways, bridges, tunnels, schools, airports, hospitals etc. is seen as a major boost to the government's infrastructure spending. [Finally in Europe, the European Commission's Investment Plan should drive infrastructure spending in the member states.](#)

Overall, the prospects of higher infrastructure spending in these regions should benefit our selection of global infrastructure companies.

Global infrastructure spending on the rise (USD tn)



#### OUR EQUITY SELECTION

Abb	Saint-Gobain
Acs	Schneider Electric
Alstom	Vinci
CRH Plc	
Eiffage	
Ingersoll-Rand	
Rockwell Automation	

## THEMA #3 A NEW WORLD ORDER

### Infrastructure: Building the future (2/3)

Company	Exposure to the theme
<b>ABB</b>	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. ABB should also benefit from power transmission-related capex and strong demand for discrete automation (mainly robotics) from automotive companies in China and India.
<b>ACS</b>	ACS derives 46% of its revenue from the US and caters to a number of end-markets, viz. healthcare, education, retail, transportation, entertainment and manufacturing. With its large footprint in the US, it is suitably positioned to capture large new projects under the potential Trump's infrastructure stimulus.
<b>Alstom</b>	Alstom is a leading player in integrated railway systems. Rapid urbanisation in emerging economies and the need to modernise ageing fleets in developed economies indicate a healthy demand outlook for the rail transport market. In our view, Alstom should outperform the market given its global reach, innovative product offerings and a robust order backlog of EUR 33.8 bn as of 9M17, which brings revenue visibility for more than four years.
<b>CRH</b>	CRH derives majority of its revenues (~98%) from the US and Europe. The construction and infrastructure markets in these regions are expected to recover, driven by improving consumer sentiment and increased federal infrastructure spending. This should support the company's long term top line growth.
<b>Eiffage</b>	Eiffage is poised to benefit from the surge in contracting activity, driven by the strong order intake witnessed in Europe's metallic construction market and offshore wind farms. Being the third largest engineering and construction company in France, Eiffage is expected to bag government projects in the extension of the Grand Paris and the Canal Seine Nord Europe projects.

## THEMA #3 A NEW WORLD ORDER

### Infrastructure: Building the future (3/3)

Company	Exposure to the theme
<b>Ingersoll-Rand</b>	Ingersoll-Rand provides a healthy exposure to the residential and non-residential construction end-markets (61% of FY15 revenues) with a majority of it derived from the US. It's brands like Trane air conditioning equipment and Ingersoll Rand compressors should benefit from increased construction spending in the US.
<b>Rockwell Automation</b>	Rockwell is a pure-play on global industrial automation demand. It provides industrial automation power, control and information solutions to manufacturers. We expect Rockwell Automation to be a key beneficiary of increased infrastructure spending globally given its diverse automation and control offerings, as well as safety solutions.
<b>Saint-Gobain</b>	Saint-Gobain commands an industry leading position in building and high-performance materials, and flat glass. The recent industry data highlights a recovery in the US and European (in particular, key markets of France and Germany) residential and non-residential construction markets. This improvement should help the company to boost its earnings growth.
<b>Schneider Electric</b>	Schneider Electric (SU) is a global leader in energy management and automation. SU offers technology and integrated solutions for utilities and infrastructure, industry, data centres and residential and non-residential buildings. Schneider has a wide range of medium-voltage and grid-automation products and solutions catering to the infrastructure market. We expect the strong construction market in the US and an improvement in SU's Building and Industry segment in Western Europe to counter the impact of lower O&G prices.
<b>Vinci</b>	Vinci is capturing an upturn in the French infrastructure projects, namely motorway investment plan and residential property development with the extension of the Grand Paris project and the Canal Seine Nord Europe project. It is also targeting new projects in buoyant markets outside France, such as underground storage, wastewater treatment plants and sewer networks and systems.

## THEMA #3 A NEW WORLD ORDER

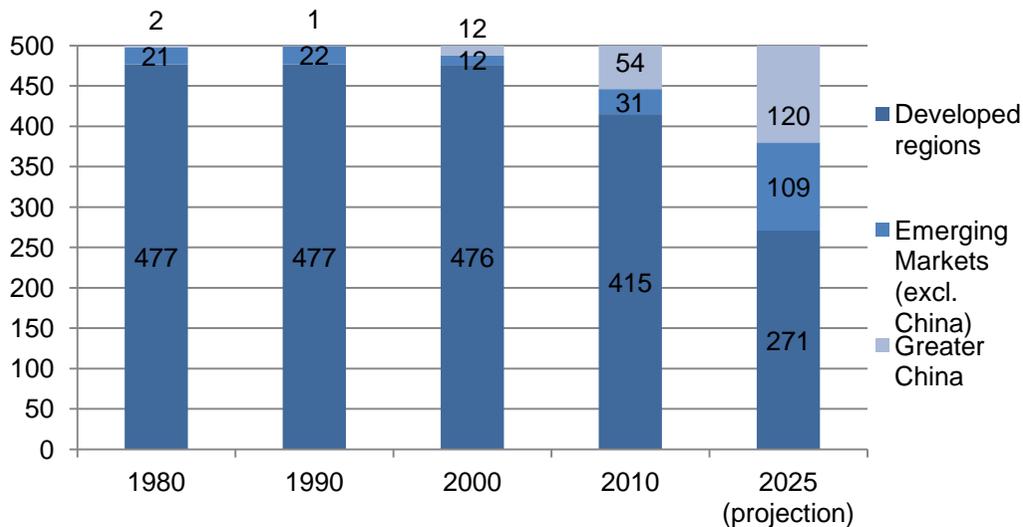
### Emerging Challengers: Time to conquer the world (1/2)

The landscape of emerging market companies have evolved substantially over the years. Consumer oriented companies are transforming beyond cost-based advantages with an emphasis on product quality, superior services and stronger brand positioning.

Emerging markets' new challengers focus on the digital needs of an expanding middle class and their increasing spending power. A supportive regulatory framework has also helped emerging market companies in accommodating and developing disruptive technologies. Their fast-expanding domestic base is giving them more revenue visibility. By expanding internationally, they can improve their brand image and attract new talents, creating a positive feedback loop in their domestic market.

However, challengers face increased competition and overseas expansion is a costly affair for some emerging companies. Nevertheless some emerging heavyweights are now better equipped to achieve global success, as many sectors now offer increased investment opportunities, larger addressable market and stronger growth.

**Fortune Global 500 by location (number of companies)**



#### OUR EQUITY SELECTION

Alibaba Group  
 Checkpoint Software  
 Hyundai Mobis  
 Samsung Electronics  
 TSMC

## THEMA #3 A NEW WORLD ORDER

### Emerging Challengers: Time to conquer the world (2/2)

#### Our Selection

Company	Exposure to the theme
<b>Alibaba Group</b>	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.
<b>Checkpoint Software</b>	Being the largest pure player in network cyber security, we believe Checkpoint (CHKP) has strong growth prospects. While maintaining its leadership in traditional firewall and intrusion-prevention segments, CHKP has been focusing on expanding sales into mobile, IoT and data center security. This should allow it to gain market share while retaining industry-leading margins.
<b>Hyundai Mobis</b>	Today, Hyundai Motor and Kia Motor are Hyundai Mobis' largest customers, accounting for ~80% of annual revenues. However, the group's ambition is to grow sales to outside customers to ~30% by 2025. Mobis is targeting US and Japanese car manufacturers for selected products for which carmakers lack a preferred supplier.
<b>Samsung Electronics</b>	Samsung has a global leadership position in multiple consumer segments like smartphones, memory and TVs due to its technology expertise and continuous R&D investments. The company's solid balance sheet should allow it to maintain capex in new technologies and help maintain its leadership in these segments in the future.
<b>TSMC</b>	As a global foundry leader, TSMC should benefit from the rising use of semiconductor content in electronic devices. The growing demand for high-end hardware specifications in mobile devices, as well as for enterprise-server computing and virtual-reality devices, should be a tailwind for TSMC's revenues in FY17.

## THEMA #3 A NEW WORLD ORDER

### Valuation & Market data (1/2)

DESCRIPTION			VALUATION									GROWTH				PROFITABILITY	
FactSet	Company	Cap (m€)	SGPB (e) *			EV/Sales (e)		P/E (e)			Div.Yield	Sales Growth		EPS Growth		OpM**	ROE
			RATING	TP	CRY	FY1x	FY2x	FY1x	FY2x	10Yx	FY1%	FY1%	FY2%	FY1%	FY2%	FY1%	FY1%
ACS-ES	Actividades de Construccion	10 521	BUY	34.0	EUR	0.3	0.3	13.8	12.9	10.6	3.6	8.5	1.9	0.3	6.4	6.3	18.5
BABA-US	Alibaba Group Holding Ltd.	256 109	BUY	120.0	USD	11.5	8.5	32.2	25.8	33.6	0.0	43.8	31.2	33.2	24.8	47.2	21.2
ALO-FR	Alstom SA	6 268	BUY	28.10	EUR	0.9	0.8	24.0	17.9	21.1	0.8	6.4	5.8	339.5	30.9	7.7	7.6
BRBY-GB	Burberry Group plc	9 051	BUY	19.00	GBP	2.6	2.4	23.3	21.4	23.2	2.1	10.2	4.9	7.7	9.9	21.1	20.3
CHKP-US	Check Point Software Technol	17 046	BUY	112.00	USD	7.5	6.8	20.0	18.3	18.9	0.0	7.5	6.5	9.7	9.5	53.8	24.0
SGO-FR	Compagnie de Saint-Gobain	25 975	BUY	55.00	EUR	0.8	0.7	16.3	14.4	24.7	2.7	4.8	3.7	15.2	11.5	10.6	8.0
CRH-GB	CRH Plc	27 282	BUY	39.00	GBP	1.1	1.0	17.4	15.1	19.5	2.2	6.8	5.0	22.8	16.6	12.1	10.1
CVS-US	CVS Health Corporation	76 040	BUY	88.00	USD	0.6	0.5	13.3	12.2	17.5	2.5	3.7	6.0	0.3	8.8	6.9	16.7
DGE-GB	Diageo plc	67 365	BUY	24.50	GBP	5.5	5.2	21.6	19.8	18.0	2.7	14.5	4.9	18.6	9.1	34.0	27.8
DG-US	Dollar General Corporation	18 054	BUY	83.00	USD	0.9	0.9	15.6	14.2	18.2	1.5	5.1	7.4	0.5	10.5	10.6	20.4
DUFN-CH	Dufry AG	7 550	BUY	160.00	CHF	1.4	1.3	16.7	14.4	284.3	0.4	5.0	5.2	51.5	15.3	12.8	15.1
FGR-FR	Eiffage SA	6 853	BUY	80.00	EUR	1.3	1.2	15.1	13.2	13.1	2.3	1.8	2.1	14.2	14.4	17.1	11.6
EXPE-US	Expedia, Inc.	18 157	BUY	138.00	USD	2.0	1.6	23.7	18.6	29.9	0.8	14.6	12.6	20.9	26.7	18.3	16.0
FME-DE	Fresenius Medical Care AG	24 121	BUY	90.00	EUR	1.7	1.6	18.8	17.2	20.4	1.3	7.4	8.1	8.5	10.0	19.0	11.3
HD-US	Home Depot, Inc.	167 964	BUY	165.00	USD	2.0	1.9	20.6	18.3	18.8	2.4	4.6	4.9	11.0	12.7	16.5	312.7
012330-KR	Hyundai Mobis Co., Ltd	17 519	BUY	275000	KRW	0.4	0.4	6.6	6.1	8.5	1.9	3.5	5.5	7.5	7.4	9.5	10.4
ITX-ES	Industria de Diseno Textil, S.A.	105 380	BUY	37.00	EUR	3.7	3.3	28.8	25.5	24.8	2.3	12.2	10.3	16.0	12.9	22.4	25.9
IR-US	Ingersoll-Rand Plc	20 383	BUY	86.00	USD	1.7	1.6	18.6	16.7	20.5	1.9	2.0	3.6	8.2	11.9	14.9	17.2
MC-FR	LVMH Moet Hennessy Louis Vuitton	104 267	BUY	200.00	EUR	2.7	2.5	22.8	20.8	18.5	2.1	7.7	5.2	16.3	9.5	23.9	15.9
MRK-US	Merck & Co., Inc.	162 030	BUY	73.00	USD	4.5	4.3	16.4	14.9	33.3	3.0	-0.3	3.3	0.5	10.7	41.1	27.1
NOVN-CH	Novartis AG	161 506	BUY	94.00	CHF	4.3	4.1	16.0	14.5	17.4	3.9	1.1	3.7	-0.2	10.6	28.4	14.8
RI-FR	Pernod Ricard SA	29 705	BUY	120.00	EUR	4.2	4.0	19.8	18.3	19.8	1.8	3.4	4.3	9.0	8.3	29.6	10.6
ROK-US	Rockwell Automation, Inc.	18 934	BUY	157.00	USD	3.4	3.2	24.9	22.8	17.6	1.9	3.3	4.2	5.7	10.1	21.5	40.6
SMSN-GB	Samsung Electronics Co., Ltd	212 021	BUY	1 030.00	USD	1.1	0.9	9.0	8.3	10.3	1.6	18.7	7.0	60.3	10.3	30.4	16.4
SU-FR	Schneider Electric SE	39 264	BUY	73.00	EUR	1.8	1.7	17.7	16.1	16.6	3.1	2.6	2.7	13.9	10.5	16.3	10.3
2330-TW	Taiwan Semiconductor Manufacturing Co.	151 768	NEUTRAL	188.00	TWD	4.4	3.9	13.7	12.6	14.1	3.8	7.5	9.1	7.7	9.7	65.1	22.7
UCB-BE	UCB S.A.	13 720	BUY	83.00	EUR	3.4	3.2	18.9	15.9	40.1	1.7	3.6	6.1	19.6	21.4	27.3	12.1
DG-FR	VINCI SA	40 579	BUY	77.00	EUR	1.4	1.4	16.0	14.9	12.7	3.0	2.4	2.5	9.2	7.9	16.4	14.6
DIS-US	Walt Disney Company	167 733	BUY	115.00	USD	3.5	3.3	18.9	16.6	16.9	1.4	2.3	6.2	3.8	13.1	31.0	22.0
Average						3.2	3.0	16.9	15.0	21.0	2.5	3.9	6.0	10.1	13.0	34.9	17.8

\*SGPB recommendation as of 12-04-2017. \*\*EBITDA Margin. FY1 Current Unrealized Year, FY2 Next Year. Sources: SGPB, Factset.

## THEMA #3 A NEW WORLD ORDER

### Valuation & Market data (2/2)

FactSet	Company	CCY	Price	52 WEEK		Avg Daily Turnover*	PERFORMANCE (%)					RISK	
				Low	High		3m	6m	12m	YTD	5y	Volatility	Beta
ACS-ES	Actividades de Construccion y Servicio	EUR	33.4	33.5	21.7	36 204.9	11.1	24.5	25.2	11.4	89.1	31.3	0.8
BABA-US	Alibaba Group Holding Ltd. Sponsored	USD	111.7	111.9	73.3	1 116 181.2	15.5	3.0	44.2	27.2	na	37.2	0.7
ALO-FR	Alstom SA	EUR	28.5	28.8	19.0	21 116.3	6.9	23.0	29.9	9.0	9.7	39.6	1.0
BRBY-GB	Burberry Group plc	GBP	17.6	18.4	10.4	32 063.7	14.9	19.1	35.9	17.6	15.1	45.3	1.0
CHKP-US	Check Point Software Technologies Lt	USD	103.3	104.4	74.3	122 420.0	17.1	33.1	21.3	22.3	67.5	14.9	0.5
SGO-FR	Compagnie de Saint-Gobain SA	EUR	47.0	48.4	32.2	63 958.8	4.4	21.9	21.4	6.1	56.6	20.7	1.0
CRH-GB	CRH Plc	GBP	27.9	33.4	17.0	49 481.7	-0.9	2.3	37.7	-1.6	130.2	17.7	1.3
CVS-US	CVS Health Corporation	USD	77.8	106.7	69.3	637 982.6	-5.9	-10.4	-23.3	-1.4	78.8	15.7	0.1
DGE-GB	Diageo plc	GBP	22.8	23.5	17.4	91 298.1	5.4	2.0	19.4	8.2	51.9	14.7	1.4
DG-US	Dollar General Corporation	USD	69.6	96.9	66.5	231 309.4	-6.3	0.2	-15.5	-6.1	52.9	16.8	1.4
DUFN-CH	Dufry AG	CHF	150.0	156.7	105.1	25 047.1	15.6	23.2	30.8	18.1	40.0	36.8	0.4
FGR-FR	Eiffage SA	EUR	73.4	74.2	58.6	17 964.3	7.5	9.3	8.6	10.7	179.9	8.0	0.7
EXPE-US	Expedia, Inc.	USD	128.5	133.6	96.6	264 280.4	9.2	8.2	24.8	13.4	305.1	14.8	0.7
FME-DE	Fresenius Medical Care AG & Co. KGaA	EUR	78.8	85.7	70.0	51 060.5	2.3	4.6	0.7	-2.1	50.9	3.7	0.8
HD-US	Home Depot, Inc.	USD	148.2	150.2	119.2	662 309.6	8.9	16.5	10.9	10.5	200.3	3.6	1.2
012330-KR	Hyundai Mobis Co., Ltd	KRW	222 000	293 500	221 000	49 075 185	-19.7	-20.4	-5.9	-15.9	-26.4	4.8	0.8
ITX-ES	Industria de Diseno Textil, S.A.	EUR	33.9	34.0	27.2	144 849.5	7.0	3.7	18.5	4.4	143.4	18.4	0.5
IR-US	Ingersoll-Rand Plc	USD	83.3	83.7	59.1	158 347.8	9.5	23.8	37.9	10.9	169.9	35.3	1.5
MC-FR	LVMH Moet Hennessy Louis Vuitton SE	EUR	207.5	209.3	130.6	116 656.4	14.5	32.1	42.4	14.4	82.0	41.0	0.8
MRK-US	Merck & Co., Inc.	USD	62.6	66.8	53.1	702 391.4	4.4	-2.1	13.0	6.3	62.7	11.5	1.0
NOVN-CH	Novartis AG	CHF	74.3	82.8	67.4	405 593.0	-1.5	-2.8	3.1	0.2	48.5	22.7	1.2
RI-FR	Pernod Ricard SA	EUR	112.4	112.6	90.0	49 105.2	7.3	6.8	15.9	9.2	49.4	21.8	0.6
ROK-US	Rockwell Automation, Inc.	USD	156.1	159.8	107.2	152 046.3	11.8	33.3	40.0	16.1	104.8	28.3	1.6
SMSN-GB	Samsung Electronics Co., Ltd. GDR Reg	USD	923.5	949.5	527.5	20 231.3	18.0	23.8	71.0	23.6	61.0	64.9	0.6
SU-FR	Schneider Electric SE	EUR	69.0	69.6	49.5	85 055.1	2.5	9.9	29.9	4.3	52.3	40.8	1.1
2330-TW	Taiwan Semiconductor Manufacturing	TWD	190.0	195.0	143.0	5 057 218.8	3.3	1.1	20.6	4.7	131.7	9.5	1.3
UCB-BE	UCB S.A.	EUR	72.7	75.3	54.8	21 476.4	11.2	6.2	1.8	19.4	113.5	1.8	0.6
DG-FR	VINCI SA	EUR	73.7	75.0	49.9	92 725.1	11.8	10.9	13.4	13.9	106.3	3.4	0.8
DIS-US	Walt Disney Company	USD	112.4	113.8	90.3	787 591.1	3.7	21.6	16.6	7.9	174.3	18.7	1.1

\* 6-month average, in thousand. Sources SGPB, Factset. Data as of 12/04/2017.

## 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.
- Termination** Stock is subject to be deleted from the SGPB recommended universe and will no longer be followed. In this case, a coverage termination alert is issued.

### 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
<b>0 - Lowest Risk</b>	There is a 95% probability that the product will not depreciate in value in one year.
<b>1 - Low Risk</b>	There is a 95% probability that the product will not lose more than 5% of its value in one year.
<b>2 - Medium Risk</b>	There is a 95% probability that the product will not lose more than 15% of its value in one year.
<b>3 - High Risk</b>	There is a 95% probability that the product will not lose more than 30% of its value in one year.
<b>4 - Highest Risk</b>	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 passive bookrunner in AbbVie Inc's bond issue (5y, 7y, 10y, 20y, 30y; USD Benchmark)

SG acted as passive bookrunner in AbbVie's bond issue (3yr, 7yr, and 12yr). SG acted as financial advisor of Accenture in the acquisition of Octo Technology.

SG is acting as joint mandated lead arranger & bookrunner with Anheuser-Busch InBev for the financing of the acquisition of SABMiller.

SG acted as joint bookrunner in Anheuser-Busch Inbev's bond issue (4yr, 4yr, 6yr, 9yr, 12yr, 20yr).

SG acted as co-manager in Boeing's bond issue (7yr, 10yr and 30yr).

SG acted as Co manager of Boeing's senior bond issue.

SG acted as co-manager in Bunge Finance Europe BV's bond issue (7y, EUR, SEC).

SG acted as co-manager on Bunge Ltd's bond issue (10y SEC sr).

SG acted as joint bookrunner in Carrefour Banques's bond issue (300mn, 5yr).

SG acted as joint bookrunner in Saint Gobain's bond issue (EUR Benchmark, 3.5yr).

SG acted as joint bookrunner in CRH's bond issue (12y, EUR).

SG acted as Active Joint Bookrunner on Danone's Bond issue (EUR 2y, 4y, 6y, 8y, 12y).

SG acted as Global Coordinator and Joint Bookrunner in the BPI's disposal of Eiffage Shares.

SG makes a market in Enel warrants.

SG acted as dealer manager in Enel exchange offer.

SG acted as joint bookrunner in the disposal of Engie's stakes by Government of France (APE).

SG acted as sole global coordinateur and joint bookrunner in Engie's tender offer (FR0011289230, FR0000472334, FR0010678185, FR0010709451, FR0010721704, FR0010952770, FR0011261924) and joint dealer manager and structuring advisor in the new bonds issue (EUR, 7-11yr).

SG acted as passive bookrunner in Fresenius' bond issue (Senior, Unsecured, Reg S, multi-tranche, 5y, 7y, 10y, 15y).

SG acted as joint global coordinator and joint bookrunner in the Fresenius bond issue (EUR, 7y, Convertible).

SG provided bridge loan financing to Suez for the acquisition of GE Water, sold by General Electric.

SG is acting as buy-side adviser to Suez for the acquisition of GE Water, sold by General Electric.

SG acted as co-manager in Honeywell's bond issue (3y, 5y, 10y).

SG acted as joint bookrunner in Hyundai Capital America's bond issue (3y, 5y, USD).

SG is acting as Joint bookrunner in Hyundai Capital Services Bond issue(US;5yr;RegS)

SG acted as co-manager in Novartis' bond issue (7y, 12y Eur).

SG acted as Co-manager in Novartis Finance's Bond issue(EUR;RegS;4yr/10.5yr).

SG acted as joint bookrunner in Pernod Ricard's bond issue (10y, EUR).

SG acted as joint bookrunner in Schneider Electric's bond issue (EUR Benchmark, 8yr).

SG acted as joint bookrunner in the disposal of BPI France's stake into Schneider Electric.

SG acted as joint bookrunner in Suez's bond issue (12y, EUR).

SG provided bridge loan financing to Suez for the acquisition of GE Water, sold by General Electric.

SG is acting as buy-side adviser to Suez for the acquisition of GE Water, sold by General Electric.

SG acted as joint bookrunner in Suez's bond issue (EUR, 8y, 12y).

SG is acting as joint bookrunner in Suez's hybrid bond issue (EUR; 7yr).

SG acted as co-manager in United Technologies' senior bond issue.

SG acted as joint Global Coordinator in Cofiroute's bond issue (RegS, 10y or 8y+12y).

SG acted as joint bookrunner in Vinci's convertible bond issue (USD, 5yr).

SG acted as co-manager in Disney's bond issue.

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