



## 3Q17 - 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 17 July 2017.*

## KEY TAKEAWAYS

The outlook for 2017 remains one of synchronised global growth. In the developed world, our central scenario relies on a 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 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 period: Disruptive Technologies, Scarce Resources and A New World Order.

The team identified, within its coverage, 63 companies with a buy or hold rating sensitive to these secular trends and put forth ten equity baskets. After a short exhibit on each company's exposure, valuation and market data are disclosed.

Our 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 NEW TACTICAL THEME NEW

- Playing the European recovery in Consumer Discretionary and Banks

### #2 DISRUPTIVE TECHNOLOGIES

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

### #3 SCARCE RESOURCES

- Blue Gold: The challenges of water-supply
- Climate Change: The global shift towards Energy efficiency
- Sustainable Food: The future of agricultural productivity

### #4 A NEW WORLD ORDER

- Ageing Population: How ageing will shape future spending?
- Infrastructure: Building the future
- Emerging Challengers: Time to conquer the world
- NEW - Millennials: Generation Y to boost world consumption

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*Disclaimers & Disclosures*

# Introduction

## *Global Equity Markets Outlook*

## GLOBAL EQUITY MARKETS OUTLOOK - OVERVIEW

The outlook for 2017 remains one of synchronised global growth. In the developed world, our central scenario relies on a robust growth perspective, a steady rise in inflation and gradual monetary policy normalisation. Emerging markets should benefit from the upswing in the global trade and improved economic growth. However, the positive impact of commodity prices recovery should start to fade. The risks to this scenario are largely political in nature, which could lead to short-term volatility spikes in the coming months. While we remain constructive on global equities, selectivity is still advised.

- **US (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 seems limited and we are looking for opportunities elsewhere.
- **Eurozone (positive):** Eurozone is best positioned to benefit from the economic recovery. We have a preference for Consumer Discretionary and Financials as funding conditions remain favourable.
- **UK (negative):** Brexit talks leave us increasingly cautious on UK equities. The market is highly sensitive to sterling gyration and commodity price.
- **Japan (positive):** Japanese equities look very attractive both in absolute and relative terms, the lowest in the developed world. Japanese equities should be supported by a stronger earnings growth, rising wage inflation and solid external demand.
- **Emerging Markets (neutral):** Corporate profits have recovered and margins are expanding, while valuations are attractive, especially compared to developed markets. Selectivity is still advised with a preference for markets undertaking structural or corporate governance reforms and those geared to the upswing in the semiconductor cycle. Finally, the positive impact of last year's commodity price recovery for resource producers should start to fade, weighing on markets highly exposed to Energy and Materials.

# THEMA

## *Key market themes*

## THEMA #1 NEW TACTICAL THEME

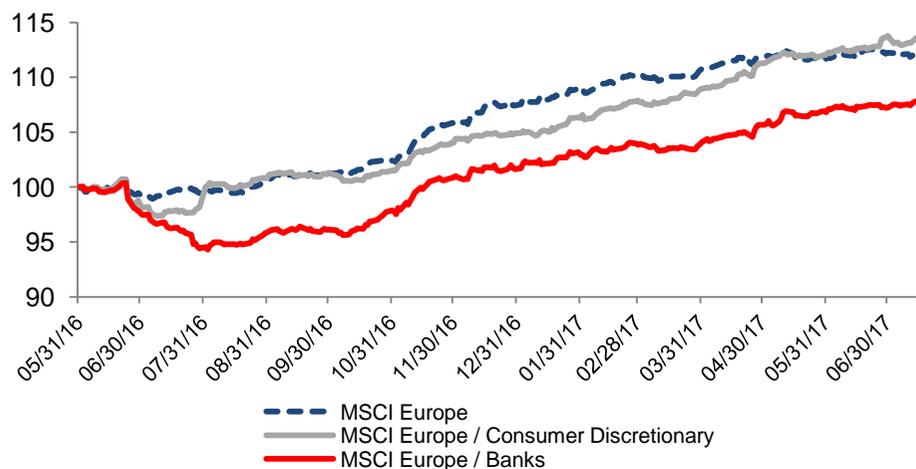
## Playing the European recovery in Consumer Discretionary and Banks

After a challenging period (2011–15), European businesses have seen a pick-up in profits since mid-2016. This was driven by a stronger global trade, the eurozone economic recovery and accommodative monetary conditions.

The recent economic data has been encouraging with the European Commission's economic sentiment indicator rising to a decade high, along with an all-round improvement across sectors and countries. Given assumptions of a gradual rise in inflation and long-term interest rates, we expect the European Central Bank (ECB) to maintain an accommodative monetary policy stance, and do not anticipate a cut in ECB's asset purchases before 2018. In that context, we believe that the Consumer Discretionary (high return on equity, appealing valuations and relatively better earnings growth) and Financials (prefer European banks due to their attractive valuation and positive earnings outlook) sectors are attractively positioned to benefit from the economic improvement.

The Consumer Discretionary sector is likely to witness an increase in the household spending, owing to the declining unemployment rate, low interest rates and weak oil prices. The European banks have seen a meaningful progress on de-risking of balance sheets and capitalisation since 2007. Further, concerns over a bad loan crisis have eased with the EUR 17 bn bailout of two Italian banks in June and consolidation is visible in the sector.

## European Sector 12m Trailing EPS



Sources: SGPB, FactSet, July 2017

## OUR EQUITY SELECTION

ABN AMRO	LVMH
BNP Paribas	Renault
Continental	Valeo
Credit Agricole	
ING Groep	
Intesa Sanpaolo	
KBC Groep	
Kering	

## THEMA #1 NEW TACTICAL THEME

## Playing the European recovery in Consumer Discretionary and Banks

## Our Selection

Company	Exposure to the theme
<b>ABN AMRO</b>	ABN AMRO derived 91% of FY16 revenues from Europe. Given its leadership position in the retail, private and corporate banking segments of the Dutch banking sector, ABN is likely to benefit from strong economic fundamentals and improvement in the housing market in the Netherlands (80% of 1Q17 operating income).
<b>BNP Paribas</b>	Europe contributed 73% of BNP's FY16 revenues. In our view, BNP is well positioned to benefit from the economic upturn in Europe, given its diversified and integrated business model and dominant position in the retail and corporate & institutional banking segments.
<b>Continental</b>	Continental's Automotive Group is the world's second largest automotive supplier and its Rubber Group has a ~6% global market share in tyres. We believe, Automotive is well-placed to benefit from the long-term trends in the automotive sector. Stringent safety and fuel-efficiency requirements should also benefit the Rubber division.
<b>Crédit Agricole</b>	Credit Agricole is a leading European bank with the region accounting for 86% of FY16 revenues. While it has performed well in its retail businesses (barring French retail banking), the bank is poised to benefit from a rise in the demand for corporate loans and funding needs (other than debt) of corporate/SMEs in France (leadership position).
<b>ING Groep</b>	ING is a European-focussed financial institution as the region represented 94% of FY16 revenues. Being a pure-play retail and commercial bank, ING will be able to capture the opportunities in higher-margin and fee-generating segments (transaction services, consumer lending, SME and structured & real-estate finance) in Europe.
<b>Intesa Sanpaolo</b>	Intesa Sanpaolo derived 93% of FY16 revenues from Europe. It has a leadership position across all banking segments in Italy. Recently, the bank acquired certain performing assets of two Italian banks for a mere EUR 1. Further, Intesa received public guarantees worth EUR 17 bn in lieu of the acquisition, which helped it to maintain its robust capitalisation and dividend flexibility. We believe that ISP was able to stitch together a good deal which will be accretive to its earnings in the medium to long-term period.

## THEMA #1 NEW TACTICAL THEME

## Playing the European recovery in Consumer Discretionary and Banks

## Our Selection

Company	Exposure to the theme
<b>KBC Groep</b>	KBC Groep is an integrated bancassurance group and Europe constitutes 97% of its FY16 revenues. The bank has a diversified business model with strong cross-selling opportunities and solid profitability in its core markets in Europe.
<b>Kering</b>	Gucci, Kering's star brand, has made an impressive turnaround, supported by a benign environment for luxury, but also because of the management actions and changes. The relatively high fashion content at Gucci makes results more volatile, despite the current momentum being strong. Kering's majority stake in Puma could be put up for sale.
<b>LVMH</b>	GDP growth, consumer confidence and the state of the financial markets are important drivers for the luxury sector. LVMH is by far the world's biggest luxury group and despite the importance of Louis Vuitton, it is also the most diversified one. As such LVMH makes a good proxy for playing the luxury sector.
<b>Renault</b>	Europe accounts for ~65% of Renault's revenues. The Renault brand range has been renewed and enlarged, providing it with a strong position in a competitive European auto market, which is expected to grow by ~1%. Dacia, the group's low-cost brand continues to be a success. Renault's long-standing alliance with Nissan delivers important synergies.
<b>Valeo</b>	Valeo is well-placed to benefit from the automotive industry's move towards lower emissions and Advanced Driver Assistance Systems (ADAS) development. The group's medium-term target is for revenue growth to outpace the global automotive production growth by 7 ppt and it has a good track record in doing the same.

## THEMA #1 NEW TACTICAL THEME

### 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%		
ABN-NL	ABN AMRO Group N.V. Shs Deposit	22 306	BUY	26.0	EUR	na	na	10.4	10.5	10.7	5.1	0.8	0.0	5.9	-3.1	na	11.2
BNP-FR	BNP Paribas SA Class A	81 996	BUY	73.0	EUR	na	na	10.9	10.3	9.7	4.4	0.7	2.9	0.0	7.0	na	8.0
CON-DE	Continental AG	39 531	BUY	215.0	EUR	1.0	0.9	12.1	11.0	13.9	2.4	7.7	5.2	15.9	10.4	15.8	19.7
ACA-FR	Credit Agricole SA	40 204	BUY	15.4	EUR	na	na	12.5	11.3	13.1	4.3	11.3	5.8	17.2	12.2	na	5.9
INGA-NL	ING Groep NV	60 772	BUY	16.5	EUR	na	na	12.1	11.8	11.4	4.5	0.4	2.2	6.6	1.7	na	9.8
ISP-IT	Intesa Sanpaolo S.p.A.	48 169	BUY	3.1	EUR	na	na	14.1	12.0	17.0	7.2	1.4	3.3	20.9	18.7	na	7.2
KBC-BE	KBC Groupe SA	28 405	BUY	70.0	EUR	na	na	11.8	12.4	14.8	4.5	2.3	0.6	2.6	-6.7	na	14.4
KER-FR	Kering SA	39 064	BUY	300.0	EUR	2.9	2.6	22.3	19.6	52.1	1.8	18.3	8.1	38.1	15.0	20.4	14.1
MC-FR	LVMH Moet Hennessy Louis Vuitton	111 737	BUY	235.0	EUR	2.8	2.6	23.3	21.1	18.5	2.1	9.7	6.8	20.9	10.4	24.2	16.5
RNO-FR	Renault SA	24 569	BUY	91.0	EUR	0.3	0.3	5.6	5.4	9.1	4.1	15.0	4.5	17.7	5.4	11.1	12.4
FR-FR	Valeo SA	15 364	BUY	70.0	EUR	0.9	0.8	14.9	13.0	12.7	2.2	16.8	10.7	12.4	14.7	12.7	21.2
		<b>Average</b>				<b>1.6</b>	<b>1.4</b>	<b>13.6</b>	<b>12.6</b>	<b>16.6</b>	<b>3.9</b>	<b>7.7</b>	<b>4.6</b>	<b>14.4</b>	<b>7.8</b>	<b>16.9</b>	<b>12.8</b>

\* SGPB recommendation as of 17-07-2017. \*\*EBITDA Margin. FY1 Current Unrealised Year, FY2 Next Year. Sources: SGPB, FactSet.

## THEMA #1 NEW TACTICAL THEME

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

FactSet	Company	CCY	Price	52 WEEK		Avg Daily Turnover*	PERFORMANCE (%)					RISK	
				High	Low		3m	6m	12m	YTD	5y	Volatility	Beta
ABN-NL	<b>ABN AMRO Group N.V. Shs Depos</b>	EUR	23.7	25.8	15.7	58 714	8.0	7.0	46.7	12.7	-	-	1.1
BNP-FR	<b>BNP Paribas SA Class A</b>	EUR	65.9	68.4	41.4	264 161	13.0	8.8	54.0	8.8	123.7	56.1	1.6
CON-DE	<b>Continental AG</b>	EUR	197.7	210.4	158.2	79 135	-0.1	4.7	9.8	7.6	176.4	18.6	0.9
ACA-FR	<b>Credit Agricole SA</b>	EUR	14.7	15.0	7.5	90 944	23.1	17.8	86.9	24.4	331.9	93.2	1.5
INGA-NL	<b>ING Groep NV</b>	EUR	15.6	15.9	9.4	232 318	13.3	16.2	59.9	17.0	196.3	69.3	1.3
ISP-IT	<b>Intesa Sanpaolo S.p.A.</b>	EUR	2.9	2.9	1.8	331 682	17.7	18.6	48.6	18.3	193.8	66.7	1.6
KBC-BE	<b>KBC Groupe SA</b>	EUR	67.9	71.0	43.9	54 813	13.1	14.6	51.2	15.5	312.3	57.8	1.3
KER-FR	<b>Kering SA</b>	EUR	309.4	313.1	153.2	57 441	23.4	37.6	102.0	45.0	188.8	78.0	1.1
MC-FR	<b>LVMH Moet Hennessy Louis Vuitt</b>	EUR	222.4	239.7	138.5	136 348	6.6	19.0	58.8	22.6	108.7	53.0	1.1
RNO-FR	<b>Renault SA</b>	EUR	84.4	90.8	69.1	77 579	8.2	0.0	13.5	-0.1	154.6	23.8	1.1
FR-FR	<b>Valeo SA</b>	EUR	64.6	67.8	41.0	46 675	5.0	16.2	55.4	18.3	477.6	43.3	1.0

\* 6-month average, in thousand. Sources SGPB, FactSet. Data as of 17/07/2017.

## THEMA #2 DISRUPTIVE TECHNOLOGIES

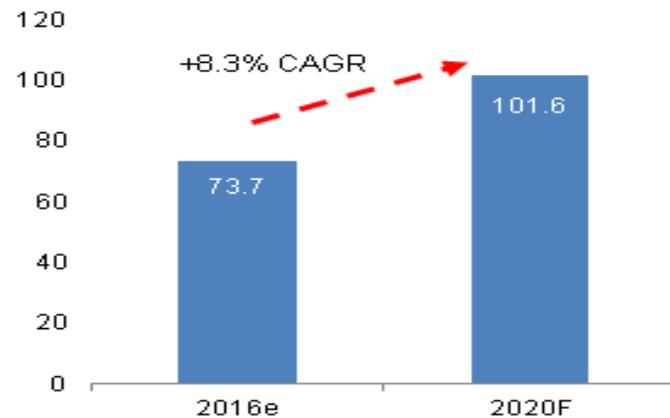
### Security First: Preventing digital security breaches (1/3)

Cyber attacks were ranked among the top 10 threats in the 2017 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 (IoT) 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 US, 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 \$73.7 billion in 2016 to \$101.6 billion 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. (in bn \$)



Sources: SGPB, IDC, October 2016

#### OUR EQUITY SELECTION\*

Accenture  
Alphabet  
Atos  
Checkpoint  
Cisco  
Microsoft  
Wirecard

\*Movements disclosed on slide 46

## THEMA #2 DISRUPTIVE TECHNOLOGIES

## Security First: Preventing digital security breaches (2/3)

## Our Selection (1/2)

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 in gaining market share and lead to organic growth.
<b>Alphabet</b>	As a leading player in the internet and IoT space, Alphabet through Google focusses 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>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 of 1.8 years. Atos is seeing a strong growth in cyber security, and the company's Big Data & Cyber security revenues have grown ~13% in FY16.
<b>Checkpoint</b>	Being the largest pure player in the network cyber security, we believe Checkpoint (CHKP) has strong growth prospects. While maintaining its leadership in the traditional firewall and intrusion-prevention segments, CHKP has been focussing on expanding sales into mobile, IoT and data center security. This should allow it to gain market share, while retaining industry-leading margins.

## THEMA #2 DISRUPTIVE TECHNOLOGIES

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

## Our Selection (2/2)

Company	Exposure to the theme
<b>Cisco</b>	Cisco currently generates ~5% of its revenues from its security offerings. Its offerings cater to the entire cyber security gambit, right from basic mail security to advanced web and router security products.
<b>Microsoft</b>	Microsoft invests heavily in security R&D and provides comprehensive integrated security solutions that are built into its products such as 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>Wirecard</b>	Wirecard holds a strong presence across multiple channels (online, offline and m-commerce), which helps in strengthening its user base and gain market share. In our view, fast growing cashless transactions at global level should create solid growth opportunities for the company.

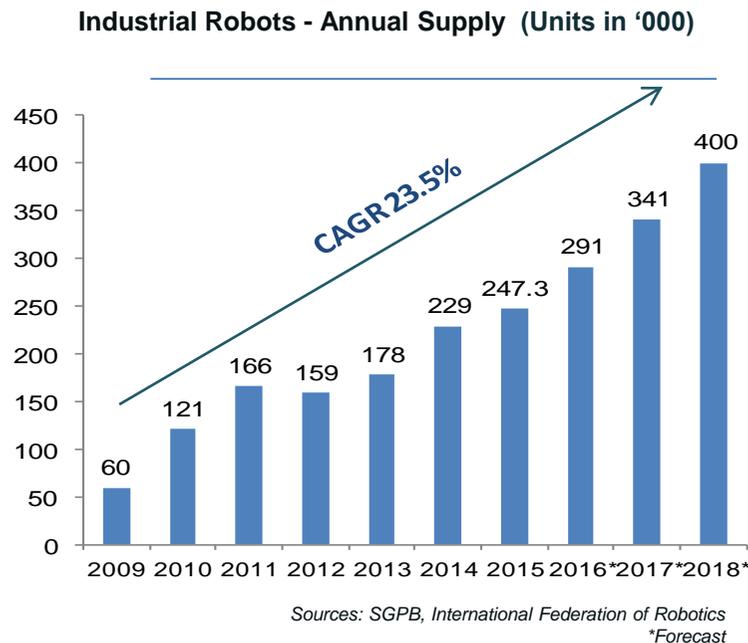
## THEMA #2 DISRUPTIVE TECHNOLOGIES

### Robotics: The fourth industrial revolution(1/2)

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 IoT has created new ways of serving the existing needs to the point of disrupting the 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 and 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  
Amazon  
Dür  
Rockwell Automation  
Schneider Electric

\*Movements disclosed on slide 46

## THEMA #2 DISRUPTIVE TECHNOLOGIES

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

#### Our Selection (1/2)

Company	Exposure to the theme
<b>ABB</b>	ABB is a global leader in power and automation technologies. It offers a variety of industrial robots and has an installed base of more than 300 000 robots globally. The company continues to strengthen its robotics portfolio with new offerings (Connected Services and SafeMove2). We expect a strong automation demand from the US end-markets such as food and beverages and automotives.
<b>Amazon</b>	Amazon has become the most preferred online shopping destination among millennials, given the shift from brick and mortar and increased penetration of mobile/ecommerce growth. The company has strong customer loyalty programs such as Prime Day, which offers huge discounts to attract more customers (dominated by millennials). This, in our view, should further support the company's growth trajectory.
<b>Dürr</b>	Dürr is the worlds' leading supplier of paint shops and assembly automation systems for the automotive and woodworking industries. Its software platform called the iTAC.IoT.Suite and associated analytics services help its customers control and optimise industrial production processes. It should benefit from a higher adoption of robots and process automation by global automotive manufacturers.
<b>Rockwell Automation</b>	Rockwell is a pure-play on global industrial automation demand. The company has made significant technology investments in its Connected Enterprises business. Hence, we expect demand in this domain to increase, led by the growing need to improve productivity, product quality and workplace safety in the manufacturing sector.
<b>Schneider Electric</b>	Schneider Electric (SU) is a global leader in energy management and automation. Schneider should benefit from a higher demand for robotic solutions (components and software). Recovery in China's industrial market augurs well for SU. Process automation is showing signs of improvement, with peers noting a stabilisation in the order inflow.

## THEMA #2 DISRUPTIVE TECHNOLOGIES

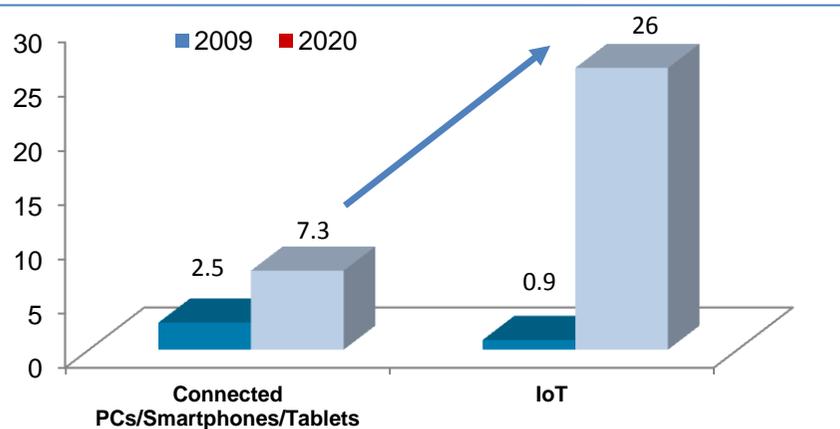
### Internet of Things: How does it change the way we live?(1/2)

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 in 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)



Sources: Gartner, SGPB

#### OUR EQUITY SELECTION\*

Alphabet  
 Apple  
 Cisco  
 Intel  
 salesforce.com  
 Samsung Electronics

\*Movements disclosed on slide 46

## THEMA #2 DISRUPTIVE TECHNOLOGIES

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

## Our Selection

Company	Exposure to the theme
<b>Alphabet</b>	Alphabet is developing wearables such as the Google Glass and is making automated cars. It also unveiled Project Brillo (an operating system for IoT) and Weave (a communication layer that enables 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's ecosystem of devices and software (which include iOS, iTunes and App Store) acts as a key enabler for interaction between connected devices. Apple 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 such as Atom, Quark and Curie, specifically designed for the wearable technology and the IoT segments (~5% of FY16 revenues). In our view, the acquisition of Mobileye (announced on 13 March) should allow Intel to take a leading share in the connected cars and autonomous driving markets.
<b>salesforce.com</b>	The salesforce IoT cloud platform links data from connected devices in a network to traditional CRM systems and helps generate customer insights. Salesforce1 supports applications for IoT-connected devices. Salesforce Wear allows companies to connect with their customers through apps for wearables.
<b>Samsung Electronics</b>	Samsung Electronics has an open platform for IoT called Artik to power devices such as wearables, drones, and smart-home hubs. Artik includes chips, software support, developer tools, and embedded encryption for security. In 2014, it acquired SmartThings, an open platform for smart-home devices supporting over 1 000 devices and 8 000 apps.

## THEMA #2 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%		
ABBN-CH	ABB Ltd.	45 810	BUY	25.4	CHF	1.6	1.6	20.1	17.9	18.7	3.2	-2.3	4.0	7.4	14.9	14.8	19.1
ACN-US	Accenture Plc Class A	72 972	NEUTRAL	128.0	USD	2.3	2.1	21.4	19.6	16.8	1.9	5.5	6.4	10.5	9.2	16.7	43.5
GOOGL-US	Alphabet Inc. Class A	588 544	BUY	1 048.0	USD	6.6	5.4	28.7	24.3	30.9	0.0	19.5	17.3	-2.4	18.2	49.6	15.2
AMZN-US	Amazon.com, Inc.	420 865	BUY	1 100.0	USD	2.7	2.2	151.0	88.4	204.2	0.0	22.1	21.3	39.4	72.5	11.6	12.1
AAPL-US	Apple Inc.	679 786	NEUTRAL	156.0	USD	2.7	2.3	16.8	14.2	20.8	1.6	5.0	10.3	7.0	17.7	31.5	33.7
ATO-FR	Atos SE	13 100	BUY	135.0	EUR	1.0	0.9	14.8	13.9	31.8	1.4	9.7	2.7	14.5	7.7	13.2	18.2
CHKP-US	Check Point Software Technolog	16 289	BUY	118.0	USD	7.8	7.1	22.1	20.2	18.9	0.0	7.7	7.1	9.5	9.5	54.1	23.7
CSCO-US	Cisco Systems, Inc.	137 304	BUY	35.4	USD	2.5	2.6	13.2	12.9	16.9	3.5	-2.6	0.8	0.8	2.7	35.5	18.0
DUE-DE	Durr AG	3 638	BUY	104.0	EUR	0.9	0.9	18.9	18.1	21.4	2.1	0.9	2.3	9.2	1.8	10.3	20.1
INTC-US	Intel Corporation	141 504	BUY	42.0	USD	2.8	2.7	12.1	11.6	16.4	3.1	1.2	2.4	4.8	3.9	42.1	19.3
MSFT-US	Microsoft Corporation	493 680	BUY	76.0	USD	5.4	5.0	24.2	22.1	17.2	2.1	4.5	8.1	8.6	8.9	39.2	33.7
ROK-US	Rockwell Automation, Inc.	18 678	BUY	166.0	USD	3.5	3.3	25.0	22.8	17.6	1.8	6.4	5.7	12.1	10.5	21.5	39.5
CRM-US	salesforce.com, inc.	55 370	BUY	102.0	USD	5.9	4.7	68.6	53.1	2 009.9	0.0	22.6	19.5	28.7	29.2	22.0	10.4
SMSN-GB	Samsung Electronics Co., Ltd. GDF	218 960	BUY	1 130.0	USD	1.3	1.1	9.1	8.1	10.3	1.4	19.0	8.0	79.9	13.9	31.9	18.8
SU-FR	Schneider Electric SE	38 143	BUY	77.0	EUR	1.8	1.7	17.4	15.9	16.6	3.2	1.7	2.3	15.5	8.5	16.4	10.4
WDI-DE	Wirecard AG	8 054	BUY	75.0	EUR	5.6	4.4	30.2	23.8	28.0	0.3	30.1	25.7	53.8	25.0	29.7	15.6
		<b>Average</b>				<b>3.4</b>	<b>3.0</b>	<b>30.9</b>	<b>24.2</b>	<b>156.0</b>	<b>1.6</b>	<b>9.4</b>	<b>9.0</b>	<b>18.7</b>	<b>15.9</b>	<b>27.5</b>	<b>22.0</b>

\* SGPB recommendation as of 17-07-2017. \*\*EBITDA Margin. FY1 Current Unrealised Year, FY2 Next Year. Sources: SGPB, FactSet.

## THEMA #2 DISRUPTIVE TECHNOLOGIES

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

FactSet	Company	CCY	Price	52 WEEK		Avg Daily Turnover*	PERFORMANCE (%)					RISK	
				High	Low		3m	6m	12m	YTD	5y	Volatility	Beta
ABBN-CH	<b>ABB Ltd.</b>	CHF	24.1	24.9	19.5	141 996	5.0	7.7	22.7	12.3	50.6	17.0	1.0
ACN-US	<b>Accenture Plc Class A</b>	USD	126.4	128.5	108.8	302 345	9.2	9.0	9.8	7.9	116.8	3.3	1.1
GOOGL-US	<b>Alphabet Inc. Class A</b>	USD	976.0	1 008.6	736.5	1 585 897	14.1	17.9	32.7	23.2	238.1	19.5	1.3
AMZN-US	<b>Amazon.com, Inc.</b>	USD	1 010.0	1 017.0	710.1	3 357 449	12.0	24.7	37.3	34.7	365.6	10.6	1.2
AAPL-US	<b>Apple Inc.</b>	USD	149.6	156.7	96.4	4 043 227	5.5	24.6	51.4	29.1	72.5	53.2	0.9
ATO-FR	<b>Atos SE</b>	EUR	125.4	132.5	75.0	34 114	9.2	23.2	67.0	25.0	168.2	44.5	0.7
CA-FR	<b>Carrefour SA</b>	EUR	21.9	24.8	20.1	67 089	3.3	-3.7	-5.6	-4.4	55.3	14.0	0.8
CHKP-US	<b>Check Point Software Technologi</b>	USD	114.3	115.9	74.3	124 669	10.9	26.5	40.9	35.4	150.6	26.0	0.4
CSCO-US	<b>Cisco Systems, Inc.</b>	USD	31.5	34.6	29.1	734 182	-3.4	5.0	5.6	4.2	94.1	0.1	1.2
DUE-DE	<b>Durr AG</b>	EUR	105.2	107.7	65.1	12 961	27.6	41.3	44.6	37.7	285.9	43.8	1.0
INTC-US	<b>Intel Corporation</b>	USD	34.5	38.5	33.2	894 305	-2.8	-6.3	-1.7	-5.0	35.8	14.6	1.1
MSFT-US	<b>Microsoft Corporation</b>	USD	73.4	73.5	52.9	1 750 052	12.0	17.3	36.6	18.0	147.3	15.1	1.1
ROK-US	<b>Rockwell Automation, Inc.</b>	USD	166.3	167.8	111.5	162 495	10.5	19.1	39.6	23.7	na	30.6	1.7
AD-NL	<b>Royal Ahold Delhaize N.V.</b>	EUR	17.4	22.2	15.8	97 503	-10.5	-11.5	-18.1	-13.4	79.6	25.6	1.1
CRM-US	<b>salesforce.com, inc.</b>	USD	89.3	92.0	66.4	413 053	6.0	19.0	9.7	30.4	181.7	1.5	0.7
SMSN-GB	<b>Samsung Electronics Co., Ltd. GD</b>	USD	1 123.0	1 124.0	592.6	20 978	20.4	42.8	70.0	50.3	122.4	37.1	0.8
SU-FR	<b>Schneider Electric SE</b>	EUR	68.2	74.5	54.2	94 094	-0.2	1.3	23.1	3.2	57.4	25.8	1.0
WDI-DE	<b>Wirecard AG</b>	EUR	65.2	66.4	38.6	25 710	22.0	54.5	66.1	59.4	309.9	46.2	0.5

\* 6-month average, in thousand. Sources SGPB, FactSet. Data as of 17/07/2017.

## THEMA #3 SCARCE RESOURCES

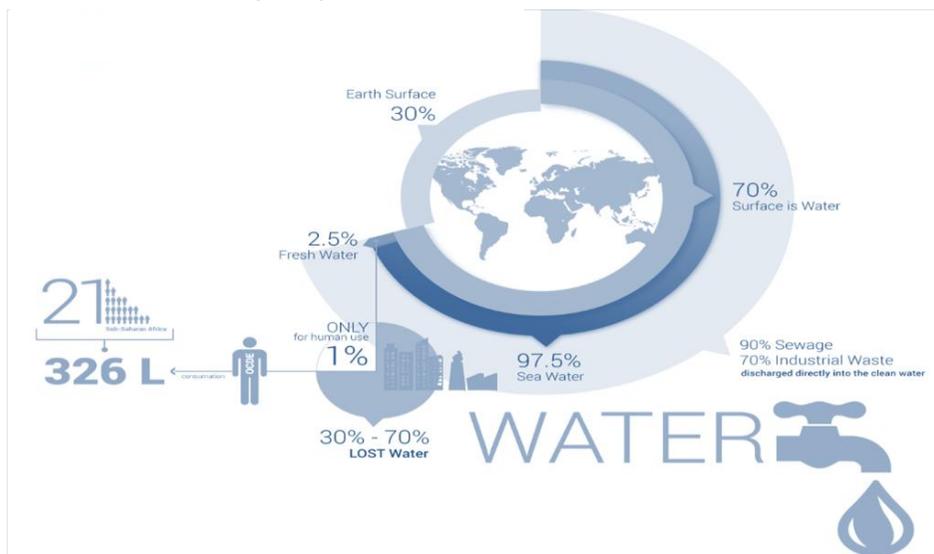
### Blue Gold: The challenges of water-supply (1/2)

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 globally. 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\*

Pennon Group  
Suez Environnement  
Veolia Environnement

\*Movements disclosed on slide 46

## THEMA #3 SCARCE RESOURCES

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

#### Our Selection

Company	Exposure to the theme
<b>Pennon Group</b>	Pennon has a strong position in the regulated UK water market, helped by its fast-track status that allows it to earn superior returns on regulated equity. The market has been consolidating over the last decade, and with the regulatory uncertainty out of the way, Pennon could be a takeover target given its regulated asset base.
<b>Suez Environnement</b>	Suez Environnement (SEV) provides services to the water treatment and waste management sectors. Despite the global macroeconomic uncertainty, government regulations worldwide are supportive of environmental companies. The UK, for instance, has increased landfill tax; China enacted three important laws in 2015, expediting the treatment of hazardous waste and water pollutants, and many countries submitted their pollution-control plans at the Paris climate conference in December.
<b>Veolia Environnement</b>	Veolia is well placed to benefit from the global need for enhanced environmental infrastructure and water and waste opportunities in the industrial segment. The company plans to double its discretionary growth capex from EUR 205 mn in FY16 to ~EUR 500 mn in the coming years, which should drive its earnings growth.

## THEMA #3 SCARCE RESOURCES

### Climate Change: The global shift towards energy efficiency(1/2)

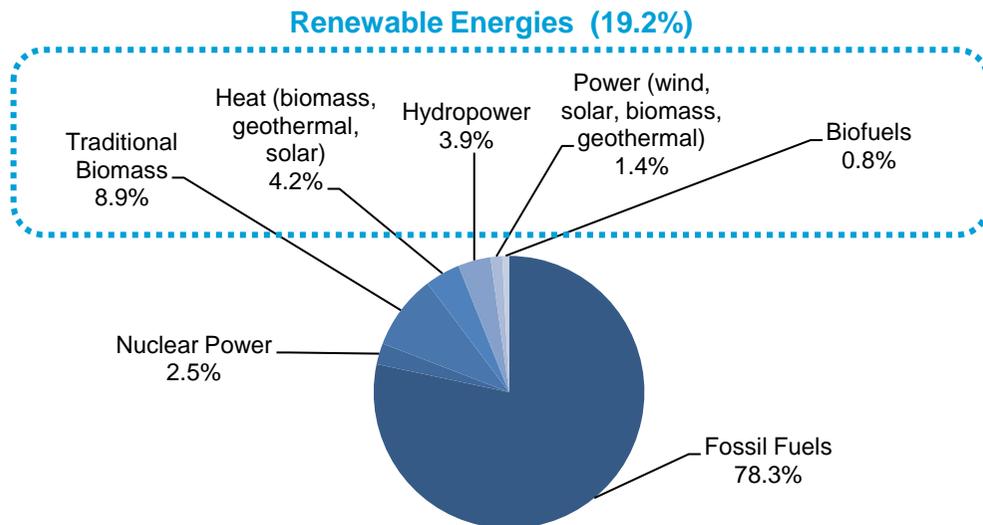
With no change to the current trends, **global energy consumption and CO2 emissions would double by 2060**. This would be devastating for the environment, forcing us to reconsider how we produce and consume energy.

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, the **demand for clean energy sources such as 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: Societe Generale Private Banking, REN21

#### OUR EQUITY SELECTION\*

ABB  
Enel  
Schneider Electric

\*Movements disclosed on slide 46

## THEMA #3 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 is contributing in the reduction of greenhouse gases through its energy efficient and renewable energy solutions. The company is focussing on reducing the carbon intensity in its energy sources and targets to reduce the energy intensity of its business by 20% by 2020 as compared to 2013 baseline.
<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, it increased growth capex targets in Renewable and Networks and reduced them in Generation. Also, 53% of its EUR 17 bn growth capex till FY19 is linked to EGP.
<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 not-for-profit organisation that drives sustainable economies. Schneider has low-carbon technologies and designs its new product offerings in an ecoDesign way, including CO2 profiling.

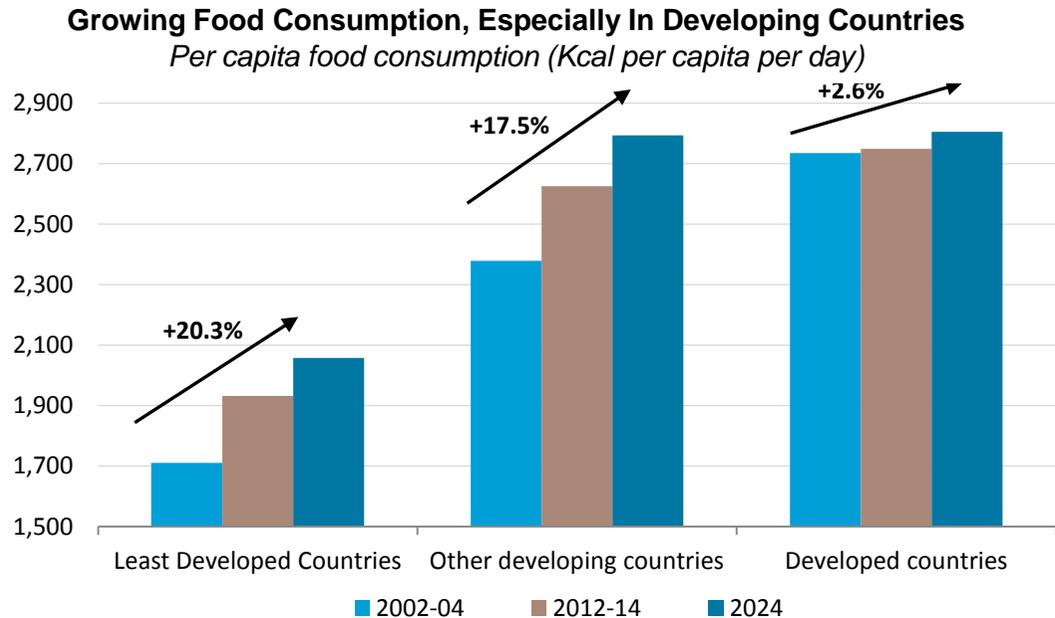
## THEMA #3 SCARCE RESOURCES

### Sustainable Food: The future of agricultural productivity (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 the 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  
Ahold Delhaize  
Carrefour  
Coca-Cola  
Kroger  
PepsiCo  
Starbucks  
Thermo Fisher

\*Movements disclosed on slide 46

## THEMA #3 SCARCE RESOURCES

## Sustainable Food: The future of agricultural productivity (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 is an industry leader in the Dow Jones Sustainability World Index for 2016. Ahold Delhaize's Sustainable Retailing Strategy, which is a part of the Better Together strategy, targets to increase sales of nutritious own-brand products to 45% and aims to cut food wastage by 20% by FY20.
<b>Carrefour</b>	Carrefour is the only French company listed among 12 leading companies under the Food & Staples Retailing industry sector in the Dow Jones Sustainability Europe Index list for 2016. It is also a constituent of the Ethibel Sustainability Index Excellence Europe, FTSE4Good Index Series and the ECPI indices.
<b>Coca-Cola</b>	Coca-Cola is making progress on its 2020 sustainability commitments. Amongst others, the company will offer low- or no-calorie beverage options in every market, provide transparent nutrition information, improve water efficiency, return water to the communities and nature, recover and recycle more, reduce the carbon footprint and sustainably source its key agricultural ingredients.
<b>Kroger</b>	Kroger was named to the Dow Jones Sustainability North America Index for the fourth consecutive year. It is recognized as one of the America's most generous companies for its support to >100 Feeding America food bank partners, the military and their families, and >145,000 community organizations, including schools.

## THEMA #3 SCARCE RESOURCES

## Sustainable food: The future of agricultural productivity (3/3)

## Our Selection (2/2)

Company	Exposure to the theme
<b>PepsiCo</b>	In 2016, PepsiCo launched its 2025 Sustainability Agenda. It will reduce added sugars, saturated fat and sodium levels in its products. The environmental footprint of the food system will be reduced through operational efficiencies and mobilisation of its suppliers and business partners. Also, it intends to empower people and social development across its operations, supply chain and communities.
<b>Starbucks</b>	Starbucks commands an industry leading position in the global coffee market with a strong presence in the US, China and Europe. The company's procurement strategy for Arabica coffee beans also entails in helping farmers with reduced impact on the environment, as well as contributes in reducing the carbon footprint from its operations. Moreover, the company encourages recycling and reducing waste through initiatives such as promoting reusable cups.
<b>Thermo Fisher</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 witness accelerated sales in China (given the country's underpenetrated applied market for environment safety and food safety equipment).

## THEMA #3 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.	45 810	BUY	25.4	CHF	1.6	1.6	20.1	17.9	18.7	3.2	-2.3	4.0	7.4	14.9	14.8	19.1
ABI-BE	Anheuser-Busch InBev SA/NV	192 925	BUY	125.0	EUR	5.1	4.9	27.6	23.6	30.9	3.4	14.8	3.2	39.3	16.8	38.1	11.1
CA-FR	Carrefour SA	16 750	BUY	26.5	EUR	0.3	0.3	14.3	12.8	25.9	3.5	4.1	3.0	11.1	11.9	5.1	10.0
KO-US	Coca-Cola Company	166 604	BUY	46.0	USD	6.2	7.2	23.8	22.8	21.4	3.3	-16.8	-12.5	-1.3	4.0	31.7	37.4
ENEL-IT	Enel SpA	50 040	BUY	5.5	EUR	1.2	1.2	13.9	12.5	18.8	4.5	3.5	2.3	35.1	13.1	21.0	9.9
KR-US	Kroger Co.	17 891	BUY	28.0	USD	0.3	0.3	11.5	11.3	32.7	2.2	5.6	2.1	-5.7	2.5	4.8	26.3
PNN-GB	Pennon Group Plc	3 860	BUY	11.0	GBP	4.5	4.4	17.4	15.5	24.4	4.7	3.1	2.3	1.9	9.4	36.5	13.6
PEP-US	PepsiCo, Inc.	143 124	BUY	125.0	USD	3.0	2.9	22.3	20.7	19.8	2.8	1.4	3.8	6.2	8.0	20.6	56.0
AD-NL	Royal Ahold Delhaize N.V.	21 971	BUY	23.5	EUR	0.4	0.4	13.5	12.0	15.0	3.6	2.2	1.9	10.4	10.1	6.6	10.0
SBUX-US	Starbucks Corporation	73 636	BUY	68.0	USD	3.8	3.4	27.7	24.1	731.2	1.7	6.5	10.0	9.9	15.2	24.6	47.8
SU-FR	Schneider Electric SE	38 143	BUY	77.0	EUR	1.8	1.7	17.4	15.9	16.6	3.2	1.7	2.3	15.5	8.5	16.4	10.4
SEV-FR	SUEZ SA	9 915	BUY	18.0	EUR	1.1	1.1	20.5	16.8	18.2	4.1	6.4	12.8	3.7	25.5	16.9	7.6
TMO-US	Thermo Fisher Scientific Inc.	61 659	BUY	179.0	USD	4.3	3.9	19.6	17.6	27.2	0.3	7.6	4.9	11.6	10.6	25.7	15.4
VIE-FR	Veolia Environnement SA	10 560	BUY	22.0	EUR	0.8	0.7	18.7	15.9	28.1	4.3	2.0	2.4	6.5	18.0	12.6	7.2
<b>Average</b>						<b>2.5</b>	<b>2.4</b>	<b>19.2</b>	<b>17.1</b>	<b>73.5</b>	<b>3.2</b>	<b>2.8</b>	<b>3.0</b>	<b>10.8</b>	<b>12.0</b>	<b>19.7</b>	<b>20.1</b>

\*SGPB recommendation as of 07/17/2017. \*\*EBITDA Margin. FY1 Current Unrealised Year, FY2 Next Year. Sources: SGPB, FactSet.

## THEMA #3 SCARCE RESOURCES

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

FactSet	Company	CCY	Price	52 WEEK		Avg Daily Turnover*	PERFORMANCE (%)					RISK	
				High	Low		3m	6m	12m	YTD	5y	Volatility	Beta
ABBN-CH	<b>ABB Ltd.</b>	CHF	24.1	24.9	19.5	141 996	5.0	7.7	22.7	12.3	50.6	17.0	1.0
ABI-BE	<b>Anheuser-Busch InBev SA/NV</b>	EUR	99.8	119.6	92.1	140 474	-3.4	0.9	-12.1	-0.8	58.5	5.6	1.0
CA-FR	<b>Carrefour SA</b>	EUR	21.9	24.8	20.1	67 089	3.3	-3.7	-5.6	-4.4	55.3	14.0	0.8
KO-US	<b>Coca-Cola Company</b>	USD	44.7	46.1	39.9	610 952	3.9	8.5	-2.0	7.9	15.1	8.9	0.6
ENEL-IT	<b>Enel SpA</b>	EUR	4.9	5.0	3.6	161 267	13.7	18.8	23.3	17.5	108.4	22.3	0.6
KR-US	<b>Kroger Co.</b>	USD	22.9	36.9	20.5	325 140	-23.8	-34.4	-37.7	-33.7	108.3	23.0	0.6
PNN-GB	<b>Pennon Group Plc</b>	GBP	8.1	9.5	7.6	13 216	-9.6	4.1	-10.2	-1.6	4.0	15.9	0.6
PEP-US	<b>PepsiCo, Inc.</b>	USD	114.9	118.2	98.5	469 822	1.4	12.5	4.8	9.8	63.4	6.0	0.4
AD-NL	<b>Royal Ahold Delhaize N.V.</b>	EUR	17.4	22.2	15.8	97 503	-10.5	-11.5	-18.1	-13.4	79.6	25.6	1.1
SBUX-US	<b>Starbucks Corporation</b>	USD	58.3	64.9	50.8	557 396	0.4	0.6	1.6	5.1	117.1	1.1	1.0
SU-FR	<b>Schneider Electric SE</b>	EUR	68.2	74.5	54.2	94 094	-0.2	1.3	23.1	3.2	57.4	25.8	1.0
SEV-FR	<b>SUEZ SA</b>	EUR	16.2	17.0	12.7	22 724	8.3	16.5	12.7	15.7	na	22.4	0.9
TMO-US	<b>Thermo Fisher Scientific Inc.</b>	USD	180.8	182.4	139.1	273 205	17.6	24.6	15.1	28.1	245.5	0.4	1.3
VIE-FR	<b>Veolia Environnement SA</b>	EUR	19.3	21.0	15.0	48 180	12.7	23.8	-0.5	19.1	111.1	1.5	0.9

\* 6-month average, in thousand. Sources SGPB, FactSet. Data as of 07/17/2017.

## THEMA #4 A NEW WORLD ORDER

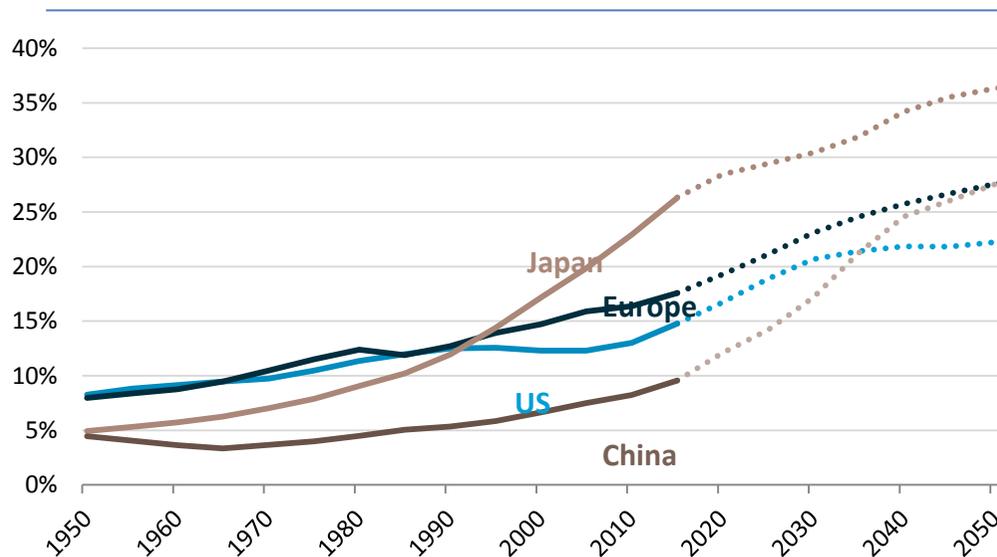
## Demographics: How ageing will shape future spending? (1/3)

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 2015–60, underpinning demand in many sectors: food and beverages, household and personal products. The rise of the middle class will boost various technological, consumption and industrial sectors.

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	LVMH
Diageo	Pernod Ricard
Dollar General	Richemont
Dufry	Walt Disney
Expedia	
Home Depot	
Inditex	
Kering	

\*Movements disclosed on slide 46

## THEMA #4 A NEW WORLD ORDER

## Demographics: How ageing will shape future spending? (2/3)

## Our Selection (1/2)

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. The brand is well perceived in Asia, where the middle-class is growing, but in the US it is weak, offering opportunities to improve the image. Burberry's portfolio allows customers to grow in the brand.
<b>Diageo</b>	Diageo's product portfolio allows it to reach both the younger and older consumers. Going forward a growing number of people will reach the legal drinking age and Diageo should be able to benefit from this through both its 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 continue driving market share and protect margins, given that new store growth is expected to improve in FY17.
<b>Dufry</b>	Millennials are becoming an important audience for the tourism industry. Dufry is a global leader in travel retailing with operations in 63 countries, offering personalised experience of shopping (such as reserve and collect). The company operates ~2 200 shops in airports, cruise liners, seaports and other tourists locations, offering brands through more than 1 000 suppliers.
<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. The ongoing migration of travel bookings from traditional agencies to online/mobile platforms should support Expedia's revenue growth over the long term. Given the deal savvy nature of millennials, Expedia offers exclusive discounts and personalised packages to increase its market share.

## THEMA #4 A NEW WORLD ORDER

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

## Our Selection (2/2)

Company	Exposure to the theme
<b>Home Depot</b>	US-based Home Depot is the world's largest home-improvement speciality 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 and 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>Kering</b>	The fashion content at Gucci, Kering's most important brand, is relatively high. Still, Gucci and the group's other brands feature some 'evergreens'. This balance and the group's offering at different price points in the luxury space should allow it to attract young customers and move them upmarket as they grow older.
<b>LVMH</b>	LVMH is present in all segments of the soft- and hard-luxury market. 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'.
<b>Pernod Ricard</b>	As its product portfolio is skewed towards higher-end spirits the growing graying population should prove beneficial to Pernod Ricard. With its entry-level brands the group reaches out to the younger population and subsequently tries to move these consumers upmarket. Pernod Ricard has great ambitions for Africa.
<b>Richemont</b>	Richemont's high-end watches and jewellery carry high price tags, making its offering only accessible to the wealthier and hence, mostly older part of the population. Moreover, as people age, they tend to develop a greater appetite for high-end luxury. Being active in watches and jewellery, the group has exposure to male and female customers.
<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. In the 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 #4 A NEW WORLD ORDER

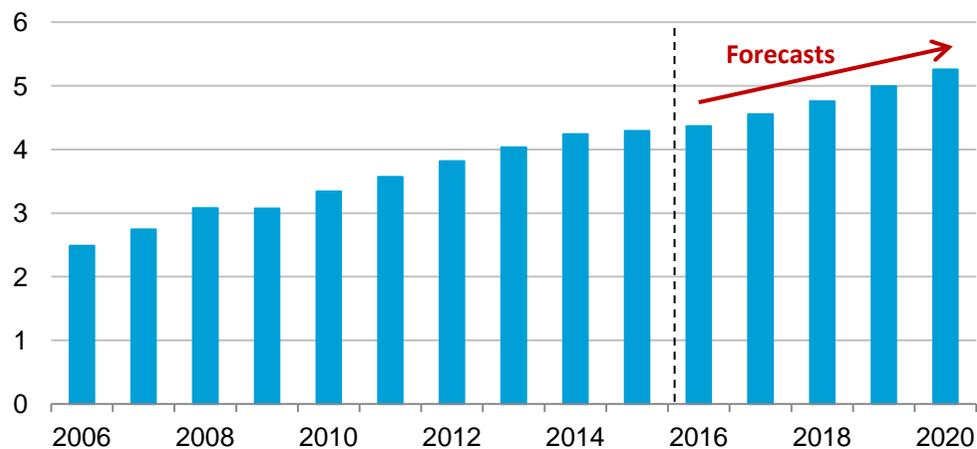
### Infrastructure: Building the future (1/3)

Global [population growth and increased urbanisation](#) are the major drivers of higher infrastructure spending globally. Moreover, the momentum of infrastructure spendings have improved, following the emergence of the public-private partnership (PPP) models and greater participation from private entities to 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, [Donald Trump's plan to improve](#) the country's highways, bridges, tunnels, schools, airports, and hospitals, among others 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 trn)



Sources: SGPB, PwC (2016 data)

#### OUR EQUITY SELECTION\*

ABB	Saint-Gobain
ACS	Schneider Electric
Alstom	Vinci
CRH Plc	
Eiffage	
Ingersoll-Rand	
LafargeHolcim	
Rockwell Automation	

\*Movements disclosed on slide 46

## THEMA #4 A NEW WORLD ORDER

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

#### Our Selection (1/2)

Company	Exposure to the theme
<b>ABB</b>	ABB is a global leader in power and automation technologies. We expect a strong automation demand from the US end-markets such as 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.
<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>	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 34 bn as of 1Q18, 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, along with the extension of the Grand Paris and Canal Seine Nord Europe projects.

## THEMA #4 A NEW WORLD ORDER

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

#### Our Selection (2/2)

Company	Exposure to the theme
<b>Ingersoll-Rand</b>	Ingersoll-Rand provides a healthy exposure to the residential and non-residential construction end-markets (63% of FY16 revenues), with a majority of it derived from the US. Its brands such as Trane air conditioning equipment and Ingersoll Rand compressors should benefit from the increased construction spending in the US.
<b>LafargeHolcim</b>	LafargeHolcim has a strong presence in both developed (the US, Canada, Australia and Europe) and emerging (Latin America, Asia-Pacific, Middle East and Africa) markets. The buoyant demand in the emerging markets and strong construction recovery in developed markets should bode well for the long-term earnings growth.
<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 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 and Canal Seine Nord Europe projects. It is also targeting new projects in buoyant markets outside France, such as underground storage, wastewater treatment plants and sewer networks and systems.

## THEMA #4 A NEW WORLD ORDER

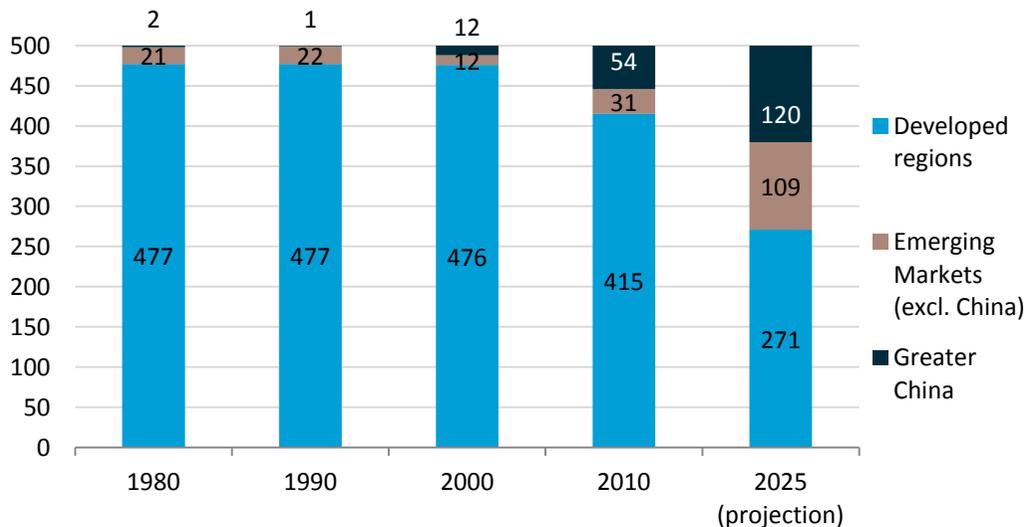
### Emerging Challengers: Time to conquer the world (1/2)

The landscape of emerging market companies has 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, which 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  
Checkpoint Software  
Samsung Electronics  
TSMC

\*Movements disclosed on slide 46

## THEMA #4 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 the Chinese ecommerce 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 the network cyber security, we believe Check point (CHKP) has strong growth prospects. While maintaining its leadership in traditional firewall and intrusion-prevention segments, CHKP has been focussing on expanding sales into mobile, IoT and data center security. This should allow it to gain market share, while retaining industry-leading margins.
<b>Samsung Electronics</b>	Samsung Electronics has a global leadership position in multiple consumer segments such as 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 in maintaining 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 #4 A NEW WORLD ORDER

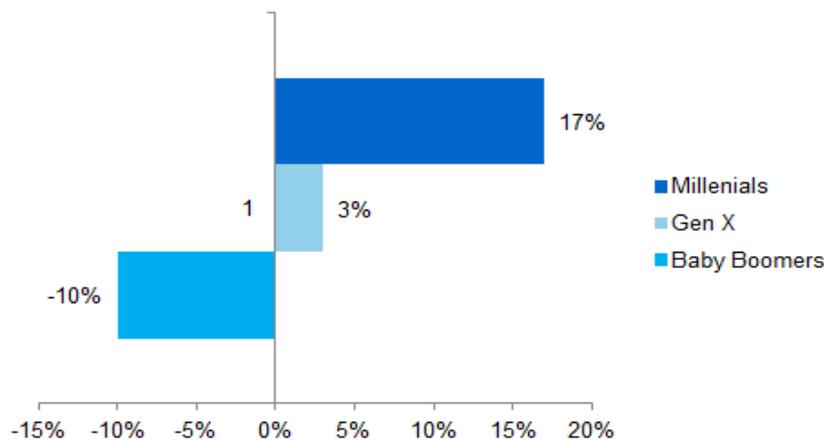
### Millennials: Generation Y will become the main driver of consumption (1/4)

Millennials (Generation Y, Digital Generation and Echo Boomers) are the generation born approximately between 1980 and 2000. According to the United Nations, there are about **2 bn Millennials** or **approximately one-third of the world population**, with **86% of them living in emerging countries**.

Generation Y **will become the main driver of consumption** in the following decades. This first generation of digital natives are reshaping consumer habits. Behavioural studies on Millennials point to changing spending patterns. These tech-savvy customers are influenced by social networks, compare prices and do a lot of online shopping for products and services. In their extremely busy but connected world, they strive for an optimal work-life balance and in their free time they search for 'experiences'.

**Convenience is a key word and as such, 'sharing' is becoming more important than 'owning'**. Health awareness and environmental consciousness with Millennials is much higher than the previous generations. Moreover, Generation Y has high ethical and social standards. Overall, many business activities will be disrupted in the coming years. **Companies that anticipate and/or adapt quickly to these new consumer trends will be the main beneficiaries of Millennials' growing spending power**. This will create **investment opportunities in sectors such as technology, consumer goods and services** (hotel and leisure, gaming and social media, among others), **health and wellness, education and financials** for example .

#### Cumulative Change in spending over next 5 years



Sources: SGPB, FactSet, (July 2017)

#### OUR EQUITY SELECTION

Amazon	PepsiCo
AB Inbev	ProSiebenSat1
Apple	Saamsung Electronics
Coca-Cola	Synchrony Financial
Expedia	Tencent HLDGS LTD
Facebook	Vivendi SA
Marriott International	Wirecard AG
Nike	
PayPal International	

## THEMA #4 A NEW WORLD ORDER

## Millennials: Generation Y will become the main driver of consumption (2/4)

## Our Selection (1/3)

Company	Exposure to the theme
<b>Amazon</b>	Amazon has become the most preferred online shopping destination among millennials, given the shift from brick and mortar and increased penetration of mobile/ecommerce growth. The company has strong customer loyalty programs such as Prime Day, which offers huge discounts to attract more customers (dominated by millennials). This, in our view, should further support the company's growth trajectory.
<b>AB Inbev</b>	Reaching the legal drinking age, consumers tend to favour beer over spirits. AB Inbev's offering goes from 'simple' lagers to more sophisticated beers. Moreover, the group intends to significantly expand its low or no-alcohol beer volumes, appealing to a broader spectrum of customers (young, old, male, female) and creating more beer-drinking occasions.
<b>Apple</b>	Apple's products fall under the aspirational category for the youth. Given its strong brand value and consumer connect, we believe the demand for iPhones and other devices such as Mac would remain strong in the coming years.
<b>Coca-Cola</b>	Younger people are soft drink producers' most important target clients. Yet, their tastes and preferences have changed over the past few years. Coca-Cola is adapting to this new environment, offering low- or no-calorie alternatives, innovating on packaging and advertising, etc. The group is putting a lot of effort connecting with the millennial generation.
<b>Expedia</b>	Expedia is a pure-play online travel company with a strong brand positioning in the US and Europe, as well as a solid foothold in Asia. The ongoing migration of travel bookings from traditional agencies to online/mobile platforms should support Expedia's revenue growth over the long term. Given the deal savvy nature of millennials, Expedia offers exclusive discounts and personalised packages to increase its market share.
<b>Facebook</b>	Social media is highly popular amongst the millennials with ~60% of the overall Facebook users falling under this category (source: statista.com). The category is the most active users of Facebook and advertisers customise their ad campaigns to the taste and preferences of this segment to ensure higher consumption of the ad campaign, which in turn translates into higher sales.

## THEMA #4 A NEW WORLD ORDER

## Millennials: Generation Y will become the main driver of consumption (3/4)

## Our Selection (2/3)

Company	Exposure to the theme
<b>Marriott International</b>	Marriott is the largest hotel group with ~1.2 mn rooms (as of FY16) and the higher spending of millennial travellers should drive its fees revenue in the long-term. The company is also expanding its portfolio to include apartment-styled suites under the Element in order to improve Marriott's appeal to the younger generation.
<b>Nike</b>	Sports is an integral part of the younger generation's lives. Even at recreational level, today's customers train with the appropriate gear. Nike is the world leader in athletic footwear and apparel, focusing on performance equipment. The group is developing its direct-to-consumer channel in an effort to better reach the online shoppers.
<b>PayPal Holdings</b>	PayPal is well-positioned in the e-payment space and has gained a strong market share with a customer base of ~203 mn active user accounts and 16 mn active merchant accounts. PayPal's platform enables digital and mobile payments on behalf of consumers and merchants. Its payment capability solutions include PayPal, PayPal Credit, Braintree, Venmo and Xoom, which are widely used by the millennials.
<b>PepsiCo</b>	PepsiCo is active in both soft drinks and snacks, two activities in which it can win millennial customers. Its drinks business is tilted more towards non-carbonated soft drinks than its main rival's. Connecting with the millennial customer is a challenge and PepsiCo is putting a lot of effort in it, introducing new favours etc.
<b>ProSiebenSat1</b>	PSM continues to increase its presence in the Digital segment, led by over-the-top (OTT) and VOD services, which are addressing the shift in consumer patterns from TV to online viewing, driven largely by the millennials generation. PSM has used the cash flow from its Broadcasting business to fund its Digital growth. With the duopolistic structure of German FTA broadcasting, PSM is ensured stable revenue growth and a high EBITDA margin (34.4% in FY16).
<b>Samsung Electronics</b>	As of 1Q17, Samsung held a 22.8% market share in the global smartphone market. Given its large portfolio of mobile products, we expect Samsung to benefit from the growing adoption of mid- and high-end smartphones by millennials. It has been working towards strengthening its portfolio of products and services, focussing on millennials, which include wearable technology, virtual reality devices and mobile payments (Samsung Pay).

## THEMA #4 A NEW WORLD ORDER

## Millennials: Generation Y will become the main driver of consumption (4/4)

## Our Selection (3/3)

Company	Exposure to the theme
<b>Synchrony Financial</b>	As per the BI Intelligence “Payments Briefing” report, consumer awareness regarding point-of-sale financing options (store cards, monthly payment plans) has increased to 78% in 2016 from 51% in 2015. In its survey, 60% of millennials said that they’re more likely to return to a retailer where they have a store (private-label) card. Synchrony Financial, being the largest provider of private-label credit cards is likely to benefit from this trend in terms of purchase volume and receivables growth.
<b>Tencent HLDGS LTD</b>	Tencent is the leader in the Chinese gaming segment and is highly popular within the millennial users. Also, its social media platform is highly popular within the Chinese speaking millennials.
<b>Vivendi SA</b>	Vivendi’s Universal Music Group segment is likely to benefit from the rapidly growing streaming music consumption by millennials. At the same time, it is expanding as an integrated media group and is strengthening its presence in southern Europe. The company is pursuing organic growth, bolt-on acquisitions and equity stake purchases (Telecom Italia, Gameloft, Ubisoft, Groupe Fnac, Mediaset) to strengthen its media content offerings as well as distribution depth and reach.
<b>Wirecard</b>	Wirecard holds a strong presence across multiple channels (online, offline and m-commerce), which helps in strengthening its user base and gain market share. In our view, fast growing cashless transactions at global level should create solid growth opportunities for the company.

## THEMA #4 A NEW WORLD ORDER

### Millennials: 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%		
ABI-BE	Anheuser-Busch InBev SA/NV	192 925	BUY	125.0	EUR	5.1	4.9	27.6	23.6	30.9	3.4	14.8	3.2	39.3	16.8	38.1	11.1
AMZN-US	Amazon.com, Inc.	420 865	BUY	1 100.0	USD	2.7	2.2	151.0	88.4	204.2	0.0	22.1	21.3	39.4	72.5	11.6	12.1
AAPL-US	Apple Inc.	679 786	NEUTRAL	156.0	USD	2.7	2.3	16.8	14.2	20.8	1.6	5.0	10.3	7.0	17.7	31.5	33.7
KO-US	Coca-Cola Company	166 604	BUY	46.0	USD	6.2	7.2	23.8	22.8	21.4	3.3	-16.8	-12.5	-1.3	4.0	31.7	37.4
EXPE-US	Expedia, Inc.	20 098	BUY	150.0	USD	2.3	2.0	28.7	22.4	29.9	0.7	15.4	12.5	17.6	30.7	18.2	16.3
FB-US	Facebook, Inc. Class A	403 501	BUY	166.5	USD	11.0	8.3	32.9	26.7	587.6	0.0	39.5	27.8	15.2	23.7	61.8	19.2
MAR-US	Marriott International, Inc. Class A	33 476	BUY	122.0	USD	2.1	2.0	25.2	21.6	28.5	1.3	30.9	4.5	10.0	16.5	14.0	na
NKE-US	NIKE, Inc. Class B	83 339	BUY	62.0	USD	2.6	2.4	23.9	20.7	22.0	1.3	5.1	7.7	-4.4	15.0	15.7	30.7
PYPL-US	PayPal Holdings Inc	60 299	BUY	59.0	USD	5.0	4.2	32.2	27.0	35.3	0.0	17.0	17.3	18.7	19.1	25.6	13.4
PEP-US	PepsiCo, Inc.	143 124	BUY	125.0	USD	3.0	2.9	22.3	20.7	19.8	2.8	1.4	3.8	6.2	8.0	20.6	56.0
PSM-DE	ProSiebenSat.1 Media SE	7 757	BUY	42.0	EUR	2.3	2.1	13.7	12.8	21.3	6.1	11.0	7.0	5.6	7.9	25.6	38.8
SMSN-GB	Samsung Electronics Co., Ltd. GDF	218 960	BUY	1 130.0	USD	1.3	1.1	9.1	8.1	10.3	1.4	19.0	8.0	79.9	13.9	31.9	18.8
SYF-US	Synchrony Financial	20 957	BUY	34.0	USD	2.8	2.5	11.5	9.3	11.9	1.9	10.6	8.0	-4.1	24.6	27.3	13.9
700-HK	Tencent Holdings Ltd.	301 762	BUY	300.0	HKD	10.3	7.7	40.9	32.0	39.7	0.3	49.9	27.3	41.7	27.6	38.4	24.8
VIV-FR	Vivendi SA	24 465	BUY	21.0	EUR	2.2	2.1	28.8	24.3	28.3	2.3	5.3	3.9	19.5	17.9	11.5	4.5
WDI-DE	Wirecard AG	8 054	BUY	75.0	EUR	5.6	4.4	30.2	23.8	28.0	0.3	30.1	25.7	53.8	25.0	29.7	15.6
		<b>Average</b>				<b>4.2</b>	<b>3.6</b>	<b>32.4</b>	<b>24.9</b>	<b>71.2</b>	<b>1.7</b>	<b>16.3</b>	<b>11.0</b>	<b>21.5</b>	<b>21.3</b>	<b>27.1</b>	<b>23.1</b>

\* SGPB recommendation as of 17-07-2017. \*\*EBITDA Margin. FY1 Current Unrealised Year, FY2 Next Year. Sources: SGPB, FactSet.

## THEMA #4 A NEW WORLD ORDER

### Millennials: Valuation & Market Data (2/2)

FactSet	Company	CCY	Price	52 WEEK		Avg Daily Turnover*	PERFORMANCE (%)					RISK	
				High	Low		3m	6m	12m	YTD	5y	Volatility	Beta
ABI-BE	Anheuser-Busch InBev SA/NV	EUR	99.8	119.6	92.1	140 474	-3.4	0.9	-12.1	-0.8	58.5	5.6	1.0
AMZN-US	Amazon.com, Inc.	USD	1 010.0	1 017.0	710.1	3 357 449	12.0	24.7	37.3	34.7	365.6	10.6	1.2
AAPL-US	Apple Inc.	USD	149.6	156.7	96.4	4 043 227	5.5	24.6	51.4	29.1	72.5	53.2	0.9
KO-US	Coca-Cola Company	USD	44.7	46.1	39.9	610 952	3.9	8.5	-2.0	7.9	15.1	8.9	0.6
EXPE-US	Expedia, Inc.	USD	152.7	156.4	105.6	250 953	17.2	28.8	33.2	34.8	232.5	21.1	0.5
FB-US	Facebook, Inc. Class A	USD	159.7	160.8	113.6	2 572 637	12.9	24.9	36.7	38.8	468.6	9.6	1.2
MAR-US	Marriott International, Inc. Class A	USD	101.4	110.5	65.9	261 682	10.2	23.0	44.4	22.6	176.2	38.2	0.9
NKE-US	NIKE, Inc. Class B	USD	57.8	60.3	49.0	577 680	2.8	7.7	-0.1	13.7	149.2	1.9	0.9
PYPL-US	PayPal Holdings Inc	USD	57.6	58.6	36.3	382 107	33.6	39.5	47.3	45.9	-	32.2	0.9
PEP-US	PepsiCo, Inc.	USD	114.9	118.2	98.5	469 822	1.4	12.5	4.8	9.8	63.4	6.0	0.4
PSM-DE	ProSiebenSat.1 Media SE	EUR	33.9	41.8	31.3	41 387	-16.8	-12.7	-15.4	-7.4	92.3	0.5	1.0
SMSN-GB	Samsung Electronics Co., Ltd.	USD	1 123.0	1 124.0	592.6	20 978	20.4	42.8	70.0	50.3	122.4	37.1	0.8
SYF-US	Synchrony Financial	USD	29.7	38.1	26.0	251 824	-10.2	-16.5	5.4	-18.3	-	17.9	1.7
700-HK	Tencent Holdings Ltd.	HKD	285.0	288.8	179.6	4 613 367	23.6	44.2	54.2	50.2	523.9	24.0	1.2
VIV-FR	Vivendi SA	EUR	19.6	20.8	16.0	73 415	8.9	11.1	12.9	8.6	32.6	29.5	1.1
WDI-DE	Wirecard AG	EUR	65.2	66.4	38.6	25 710	22.0	54.5	66.1	59.4	309.9	46.2	0.5

\* 6-month average, in thousand. Sources SGPB, FactSet. Data as of 07/17/2017.

## THEMA #4 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%	FY2%	FY1%	FY2%		
ABBN-CH	ABB Ltd.	45 810	BUY	25.4	CHF	1.6	1.6	20.1	17.9	18.7	3.2	-2.3	4.0	7.4	14.9	14.8	19.1
ACS-ES	Actividades de Construccion y Ser	10 922	BUY	40.0	EUR	0.3	0.3	14.2	13.1	10.6	3.4	8.6	3.7	-0.8	8.8	6.3	18.9
BABA-US	Alibaba Group Holding Ltd. Sponsc	333 463	BUY	154.0	USD	10.8	7.9	33.4	25.7	36.2	0.0	48.3	31.9	33.9	31.7	44.7	21.5
ALO-FR	Alstom SA	6 871	BUY	33.2	EUR	0.9	0.8	19.7	17.6	18.3	1.3	5.8	5.5	26.8	9.1	8.0	9.0
BRBY-GB	Burberry Group plc	8 195	BUY	18.6	GBP	2.3	2.2	20.8	18.6	23.8	2.5	0.7	2.0	3.4	12.1	21.4	20.7
CHKP-US	Check Point Software Technologie	16 289	BUY	118.0	USD	7.8	7.1	22.1	20.2	18.9	0.0	7.7	7.1	9.5	9.5	54.1	23.7
CRG-IE	CRH Plc	26 285	BUY	39.0	EUR	1.1	1.0	17.0	14.8	19.4	2.2	6.1	4.7	19.4	15.1	12.1	10.1
DGE-GB	Diageo plc	65 771	BUY	24.5	GBP	5.5	5.3	21.8	20.2	18.0	2.7	14.3	3.6	18.2	8.1	33.9	28.7
DG-US	Dollar General Corporation	17 181	BUY	85.0	USD	1.0	0.9	16.0	14.5	18.2	1.4	6.2	7.8	1.6	10.5	10.5	20.5
DUFN-CH	Dufry AG	7 983	NEUTRAL	160.0	CHF	1.5	1.4	18.6	16.0	284.3	0.4	5.2	5.3	45.9	17.9	12.7	14.9
FGR-FR	Eiffage SA	7 603	BUY	86.0	EUR	1.3	1.2	16.7	14.4	13.1	2.2	2.6	2.6	14.2	13.2	17.1	11.5
EXPE-US	Expedia, Inc.	20 098	BUY	150.0	USD	2.3	2.0	28.7	22.4	29.9	0.7	15.4	12.5	17.6	30.7	18.2	16.3
HD-US	Home Depot, Inc.	160 391	BUY	173.0	USD	2.1	2.0	21.3	18.8	18.8	2.3	4.9	4.9	12.2	12.7	16.6	321.2
ITX-ES	Industria de Diseno Textil, S.A.	107 559	BUY	40.0	EUR	3.8	3.4	29.4	26.1	24.8	2.3	12.1	10.4	16.0	12.2	22.3	26.0
IR-US	Ingersoll-Rand Plc	20 772	BUY	87.0	USD	1.9	1.8	20.6	18.2	20.5	1.7	2.8	3.9	9.2	13.1	15.1	17.2
KER-FR	Kering SA	39 064	BUY	300.0	EUR	2.9	2.6	22.3	19.6	52.1	1.8	18.3	8.1	38.1	15.0	20.4	14.1
LHN-CH	LafargeHolcim Ltd.	31 504	BUY	65.0	CHF	1.8	1.7	17.9	14.8	21.2	3.6	-2.4	4.9	14.7	21.0	22.7	6.1
MC-FR	LVMH Moet Hennessy Louis Vuittr	111 737	BUY	235.0	EUR	2.8	2.6	23.3	21.1	18.5	2.1	9.7	6.8	20.9	10.4	24.2	16.5
RI-FR	Pernod Ricard SA	31 098	BUY	120.0	EUR	4.4	4.1	20.9	19.3	19.8	1.7	3.8	3.6	8.8	7.9	29.4	10.6
CFR-CH	Compagnie Financiere Richemont	41 312	BUY	85.0	CHF	3.1	2.9	24.5	21.7	19.7	2.6	8.0	5.3	39.7	13.4	23.2	10.4
ROK-US	Rockwell Automation, Inc.	18 678	BUY	166.0	USD	3.5	3.3	25.0	22.8	17.6	1.8	6.4	5.7	12.1	10.5	21.5	39.5
SGO-FR	Compagnie de Saint-Gobain SA	26 488	BUY	55.0	EUR	0.8	0.7	15.9	13.8	24.7	2.7	4.6	3.9	19.4	14.0	10.6	8.4
SMSN-GB	Samsung Electronics Co., Ltd. GDF	218 960	BUY	1 130.0	USD	1.3	1.1	9.1	8.1	10.3	1.4	19.0	8.0	79.9	13.9	31.9	18.8
SU-FR	Schneider Electric SE	38 143	BUY	77.0	EUR	1.8	1.7	17.4	15.9	16.6	3.2	1.7	2.3	15.5	8.5	16.4	10.4
2330-TW	Taiwan Semiconductor Manufactu	158 387	NEUTRAL	225.0	TWD	5.3	4.6	16.1	14.4	14.1	3.4	2.7	11.4	1.9	11.8	65.9	22.1
DG-FR	VINCI SA	43 447	BUY	85.0	EUR	1.5	1.4	16.6	15.4	12.7	3.0	3.0	2.3	10.4	7.9	16.4	14.7
DIS-US	Walt Disney Company	142 955	BUY	125.0	USD	3.3	3.2	17.7	15.6	16.9	1.5	1.7	6.3	3.3	13.4	30.9	22.4
Average						<b>2.8</b>	<b>2.5</b>	<b>20.3</b>	<b>17.8</b>	<b>30.3</b>	<b>2.0</b>	<b>8.0</b>	<b>6.6</b>	<b>18.5</b>	<b>13.6</b>	<b>23.0</b>	<b>28.6</b>

\* SGPB recommendation as of 07/17/2017. \*\*EBITDA Margin. FY1 Current Unrealised Year, FY2 Next Year. Sources: SGPB, FactSet.

## THEMA #4 A NEW WORLD ORDER

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

FactSet	Company	CCY	Price	52 WEEK		Avg Daily Turnover*	PERFORMANCE (%)					RISK	
				High	Low		3m	6m	12m	YTD	5y	Volatility	Beta
ABBN-CH	ABB Ltd.	CHF	24.1	24.9	19.5	141 996	5.0	7.7	22.7	12.3	50.6	17.0	1.0
ACS-ES	Actividades de Construccion y Se	EUR	34.7	36.8	23.6	47 305	5.2	16.1	31.2	15.6	-	31.9	0.9
BABA-US	Alibaba Group Holding Ltd. Spons	USD	151.2	153.7	80.6	1 634 904	35.3	57.3	86.1	72.2	-	62.7	0.5
ALO-FR	Alstom SA	EUR	31.2	32.1	20.7	23 580	14.7	19.4	42.4	19.2	24.8	42.9	1.1
BRBY-GB	Burberry Group plc	GBP	16.5	18.8	12.3	32 208	-6.3	3.7	30.9	10.4	38.1	36.6	1.7
CHKP-US	Check Point Software Technologi	USD	114.3	115.9	74.3	124 669	10.9	26.5	40.9	35.4	150.6	26.0	0.4
CRG-IE	CRH Plc	EUR	31.5	34.9	26.0	36 391	-1.0	-2.9	19.8	-4.6	105.7	15.7	1.3
DGE-GB	Diageo plc	GBP	22.9	24.1	19.5	91 552	-0.2	7.6	9.3	8.7	36.2	0.8	1.2
DG-US	Dollar General Corporation	USD	71.9	96.9	66.0	235 498	4.0	-3.3	-21.6	-3.0	30.5	25.2	1.8
DUFN-CH	Dufry AG	CHF	164.0	172.6	105.1	39 197	6.4	17.8	38.9	29.1	41.3	36.3	0.3
FGR-FR	Eiffage SA	EUR	81.9	85.2	60.1	23 365	12.8	21.7	25.6	23.6	257.9	1.2	1.0
EXPE-US	Expedia, Inc.	USD	152.7	156.4	105.6	250 953	17.2	28.8	33.2	34.8	232.5	21.1	0.5
HD-US	Home Depot, Inc.	USD	153.9	160.9	119.2	689 471	4.5	13.2	14.2	14.8	203.4	2.5	1.3
ITX-ES	Industria de Diseno Textil, S.A.	EUR	34.6	36.9	29.8	194 178	0.7	10.0	12.4	6.5	113.7	9.6	0.6
IR-US	Ingersoll-Rand Plc	USD	93.1	94.4	62.4	158 179	13.2	21.5	37.0	24.0	186.8	25.8	1.6
KER-FR	Kering SA	EUR	309.4	313.1	153.2	57 441	23.4	37.6	102.0	45.0	188.8	78.0	1.1
LHN-CH	LafargeHolcim Ltd.	CHF	57.5	60.8	42.7	119 126	-0.7	10.2	30.7	7.1	15.6	48.7	1.0
MC-FR	LVMH Moet Hennessy Louis Vuitt	EUR	222.4	239.7	138.5	136 348	6.6	19.0	58.8	22.6	108.7	53.0	1.1
RI-FR	Pernod Ricard SA	EUR	117.7	124.5	95.7	45 642	3.0	11.8	17.9	14.3	40.6	19.5	0.6
CFR-CH	Compagnie Financiere Richemon	CHF	80.8	85.9	55.8	108 369	0.9	5.8	39.0	19.8	59.2	47.0	0.5
ROK-US	Rockwell Automation, Inc.	USD	166.3	167.8	111.5	162 495	10.5	19.1	39.6	23.7	168.2	30.6	1.7
SGO-FR	Compagnie de Saint-Gobain SA	EUR	47.4	52.4	35.6	82 255	2.7	4.8	30.7	7.2	73.6	33.0	1.3
SMSN-GB	Samsung Electronics Co., Ltd.	USD	1 123.0	1 124.0	592.6	20 978	20.4	42.8	70.0	50.3	122.4	37.1	0.8
SU-FR	Schneider Electric SE	EUR	68.2	74.5	54.2	94 094	-0.2	1.3	23.1	3.2	57.4	25.8	1.0
2330-TW	Taiwan Semiconductor Manufact	TWD	213.0	218.5	168.0	5 592 053	13.6	17.7	25.7	17.4	184.8	3.2	1.4
DG-FR	VINCI SA	EUR	77.8	80.4	49.9	103 083	5.3	19.6	17.3	20.2	122.7	0.2	0.9
DIS-US	Walt Disney Company	USD	104.8	116.1	90.3	783 922	-7.9	-2.9	5.0	0.5	112.3	14.9	1.1

\* 6-month average, in thousand. Sources SGPB, FactSet. Data as of 17/07/2017.

## Basket Changes

Basket changes (from Q2 to Q3)					
Scarce Resources		New World Order		Disruptive Technologies	
Addition	Deletion	Addition	Deletion	Addition	Deletion
<i>Starbucks</i>	<i>Engie</i>	<i>Kering</i>	<i>Novartis</i>	<i>Schneider Electric</i>	<i>Airbus</i>
	<i>Ahold Delhaize</i>	<i>LafargeHolcim</i>	<i>Hyundai Mobis</i>	<i>Rockwell Automation</i>	<i>General Electric</i>
	<i>Bunge</i>	<i>Richemont</i>	<i>UCB</i>		<i>Facebook</i>
	<i>Bayer</i>		<i>Fresenius Medical</i>		<i>Boeing</i>
	<i>Danone</i>		<i>CVS</i>		<i>HoneyWell</i>
	<i>DSM</i>		<i>Merck&amp;Co</i>		<i>United Technologies</i>
					<i>Siemens</i>

Source: SGPB

## 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 financial advisor of Accenture in the acquisition of Octo Technology.

SG acted as Financial advisor for ACS in the sale of Urbaser.

SG acted as global coordinator and joint bookrunner in the disposal of Euronext shares held by Société Générale and BNP Paribas

SG is acting as joint global coordinator and joint bookrunner in Carmila's IPO sold by Carrefour

SG acted as Joint Lead manager in Credit Agricole's bond issue (5yr, 10yr, USD)

SG acted as Joint Bookrunner in Credit Agricole's ABB in Amundi

SG acted as joint bookrunner in Credit Agricole SFH's bond issue (EUR, 8,15yr).

SG acted as joint bookrunner in CRH's bond issue (12y, EUR). SG makes a market in Enel warrants

SG acted as joint bookrunner in Enel's bond issue (5y, 10y, 30y, USD).

SG makes a market in Enel warrants

SG acted as junior bookrunner in Liberty Expedia Holdings' convertible.

SG makes a market in Intesa Sanpaolo warrants SG acted as joint bookrunner on Intesa Sanpaolo's bond issue (5y; EUR).

SG acted as joint bookrunner and joint lead manager in Intesa Sanpaolo's bond issue (7yr, EUR).

SG acted as Joint Lead manager in Intesa Sanpaolo inaugural Green Senior Bond issue (EUR;RegS;5y)

SG acted as co-manager in Pepsi's bond issue (EUR,12yr).

SG acted acting as co-manager in PepsiCo's senior notes issue.

SG acted as Co-Manager in PepsiCo's bond issue (USD, 2yr, 5y, 30y).

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

SG acted as joint bookrunner in Valeo's convertible tap (USD, 125m, 2021)

SG acted as Sole Global Coordinator and Active Joint Bookrunner in ASF's Bond issue (EUR;RegS;9yr)

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 joint bookrunner in ING Group's bond issue (EUR, RegS, 12yr).

SG acted as joint bookrunner in BKC's bond issue (5y senior EUR).

SG acted as global coordinator and joint bookrunner in Kering 's bond issue (EUR 300m, 10y)

SG acted as joint bookrunner in Vivendi's bond issue (EUR, 7yr).

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