

27 November 2015

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Company / Sector	Comment	Recommendation	Price	Target Price
7C Solarparken	Update model post 2015-17 Action Plan	Hold	2.25	2.40
CMB	Saverco at 95.66%	Suspended	16.14	-
Fagron	Disoriented rollercoaster: between hope and fear	Hold	16.84	17.00
Kiadis	9M15 update	Buy	11.74	14.50
RealDolmen	Good 1H after the somewhat mitigated 1Q update	Buy	16.85	22.00
Solvay	Hybrid and senior bond issues	Accumulate	108.20	125.00

CHANGES IN RECOMMENDATION

Company	From	To
Fagron	Buy	Hold
RealDolmen	Accumulate	Buy

CHANGES IN TARGET PRICE

Company	From	To
7C Solarparken	1.70	2.40
Fagron	26.00	17.00
RealDolmen	20.00	22.00

KEY FIGURES

(at close)	Price	1D	1M	12M
AEX	472.2	0.9%	2.0%	11.4%
BEL20	3,752.7	1.2%	6.4%	15.0%
CAC40	4,946.0	1.1%	1.0%	13.1%
DAX30	11,320.8	1.4%	4.8%	14.2%
FTSE100	6,393.1	0.9%	-0.4%	-5.0%
EUROSTOXX50	3,498.6	1.1%	2.5%	8.5%
STOXX50	3,293.7	0.9%	2.2%	7.3%
DJIA	17,813.4	0.0%	0.9%	0.0%
S&P500	2,088.9	0.0%	0.7%	1.1%
NASDAQ Comp	5,116.1	0.3%	1.7%	7.5%
USD/EUR	0.9389	0.0%	3.7%	17.6%
GBP/EUR	1.4287	0.0%	2.8%	13.3%
Bel govt	0.90%	0.0bps	10.0bps	-9.0bps
French govt	0.93%	0.0bps	17.0bps	-13.0bps
Dutch govt	0.78%	0.0bps	11.0bps	-8.0bps

Source: KBC Securities

CHANGES IN EPS FORECAST

Company	From		To	
	2015	2016	2015	2016
7C Solarparken (€)	0.05	0.09	0.10	0.16

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CORPORATE CALENDAR

Date	Company	Event
27.11.15	RealDolmen	Results 1H15
	Retail Estates	Results 1H16
02.12.15	Delta Lloyd	Investor Day
03.12.15	bpost	Trading update 4Q15
	Quest for Growth	NAV update
08.12.15	bpost	Ex div. IN15
	D'Ieteren	Investor Day
11.12.15	Solvac	Trading update 3Q15
15.12.15	Greenyard Foods	Results 1H16
	Solvac	Ex div. FI15
		Ex div. FY15
01.01.16	Umicore	Ex div. FI15
07.01.16	Quest for Growth	NAV update
20.01.16	Beter Bed Holding	Trading update 4Q15
21.01.16	CMB	Trading update 4Q15
	Hal Trust	NAV update
	Quest for Growth	Results FY15
22.01.16	Delhaize	Sales FY15
28.01.16	Euronav	Results 4Q15
	EXMAR	Results FY15
	Telenet	Results 1Q16
02.02.16	Tigenix	Results FY15
03.02.16	KPN	Results FY15
04.02.16	ING	Results FY15
	Mobistar	Results 4Q15

ROADSHOW CALENDAR

Date	Company	Place
02.12.15	Ageas	Frankfurt
03.12.15	Genticel	London
04.12.15	Genticel	Brussels

PUBLICATION OVERVIEW

Date	Company / Sector	Title report	Recommendation	Target Price
26.11.15	ABN Amro	The cheaper way into Dutch banking	Buy	23.00
	ING	Downside risk to CSS earnings and capital returns	Hold	13.50
24.11.15	Kinopolis	Utopolis Part 1: Giant leap in expansion strategy	Buy	46.50
	Staffing	ABU update - Temp revenue +12% in period 11 (week		
06.11.15	Ontex	Taking a quantum leap forward	Buy	33.00
28.10.15	Tessenderlo	3Q REBITDA up 23.5%, guidance slightly upped	Hold	32.00
27.10.15	BAM Group	Watch what happens	Buy	6.00
	Staffing	ABU update – Temp revenue +10% in period 10		
26.10.15	Mobistar	Time to come out swinging	Buy	26.00
	Randstad	Patchy EU, but solid company fundamentals	Buy	68.00
21.10.15	Deceuninck	Solid 3Q top line performance	Hold	2.40
20.10.15	Ghelamco	Strong Belgian sales & FV adjustments boost H1		
19.10.15	Telecom	Preview 3Q15 results		
15.10.15	CFE	Ready for the next logical step	Accumulate	130.00
14.10.15	AB InBev	White smoke for SABMiller deal	Hold	110.00
09.10.15	Zetes	All about collaboration in efficiency	Accumulate	41.00
08.10.15	AB InBev	Chess game with high stakes	Hold	110.00
07.10.15	Aedifica	Pure care player in the making?	Hold	62.00
02.10.15	Delta Lloyd	Not as cheap as it first appears	Reduce	7.00
	Kinopolis	This is not Utopia	Buy	46.50
	Sipef	Money does not yet grow on trees	Hold	46.00

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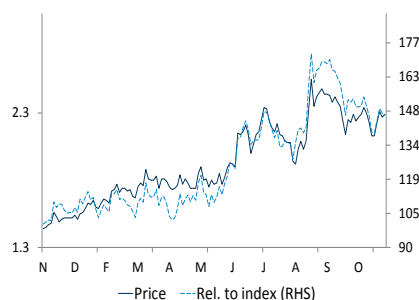
7C SOLARPARKEN

Update model post 2015-17 Action Plan

ELECTRICITY
GERMANY

CURRENT PRICE €2.25
TARGET PRICE €2.40

HOLD
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg HRPK GR
Reuters HRPG.DE
www.solarparken.com

Market Cap €91.2m
Shares outst. 40.5m
Volume (daily) €14,415
Free float 41.9%

Next corporate event

(€m)	2014	2015E	2016E
Sales	14.6	23.3	29.3
REBITDA	11.2	19.0	24.5
Net earnings	7.9	3.5	6.4
Adj. EPS (€)	0.11	0.10	0.16
P/E (x)	12.8	22.4	14.5
EV/REBITDA	15.9	11.4	9.4
FCF Yield	33.1%	3.6%	15.1%
Dividend yield	0.0%	0.0%	0.0%

Dieter Furniere

+32 2 429 18 96

dieter.furniere@kbcsecurities.be

During September 2015, 7C Solarparken communicated its Action Plan 2015-17, forecasting cash flow per share to grow to €0.50 by 2017 (from €0.37-0.39 over 2015) and a first dividend (-alike) pay-out of €0.10 per share. The key objectives are a progressive build-up of the IPP portfolio towards 105MWp (from 71MWp 3Q15), the optimisation of the Miskina acquisition (technical improvement, debt re-financing), asset rotation and a rationalisation of the legal entity.

The company believes that value should be created by breaching 100MWp capacity to attract institutional investors and warrant financing of further capacity growth at the lowest cost of capital.

Financial outlook:

Management expects 2015 clean EBITDA to grow from €17.6m over 2014 (pro-forma) to €18-19m (€19.0m KBCSe). It sees CFPS between €0.37-0.39 (€0.38 KBCSe). Performance ratio improvement, cost reduction and consolidation should be the main drivers.

Clean EBITDA is targeted to move to €27.0m by 2017 (€27.2m KBCSe) and CFPS to €0.50 (€0.51 KBCSe). The inclusion of Miskina will be the main driver behind the 20% CAGR in EBITDA. The company forecasts a net debt position of below €150m by 2017 (€141m KBCSe) and a net debt / EBITDA of < 5.5x (6.7x 2015).

Management targets a 20% pay-out of CFPS as from financial year 2017 and wants to work towards a dividend or dividend equivalent of €0.10/sh over 2017 (€0.10 KBCSe).

Conclusion:

We have adjusted our earnings model taking into account the updated guidance. As a result we lift our TP to €2.40 (from €1.70) and stick to our Hold recommendation. Our TP is based on a mix of peer multiples (EV/EBITDA, P/CF), implied dividend yield and a DCF. We stick to our Hold recommendation.

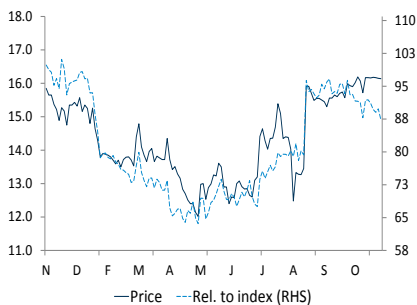
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CMB

Saverco at 95.66%

INDUSTRIAL TRANSPORTATION
BELGIUM

CURRENT PRICE €16.14
TARGET PRICE €

SUSPENDED

Source: Thomson Reuters Datastream

Bloomberg CMB.BB
Reuters CMB.BR
www.cmb.be

Market Cap €564.7m
Shares outst. 35.0m
Volume (daily) €420,931
Free float 33.8%

Next corporate event

Trading update 4Q15: 21 January 2016

(\$ th)	2014	2015E	2016E
Sales	495,871	377,041	436,411
REBITDA	50,020	52,042	95,865
Net earnings	-27,748	-86,814	-64,213
Adj. EPS (\$)	-0.64	-2.87	-1.83
P/E (x)			
EV/REBITDA	22.1	23.6	13.5
FCF Yield	6.9%	6.7%	-9.9%
Dividend yield	0.0%	0.0%	0.0%

Wouter Vanderhaeghen

+32 2 429 37 30

wouter.vanderhaeghen@kbcsecurities.be

Yesterday, after market, CMB and Saverco announced that a total of 1,668,043 CMB shares (4.77%) have been tendered during the reopening of the Bid. Payment date for the shares tendered during the reopening of the Bid is set at 1 December. Following transfer of the shares tendered during the reopening, Saverco holds 33,479,326 shares (95.66%).

The Bid now will reopen as a simplified squeeze-out running from 1 to 21 December with payment on 28 December. Upon closing of the simplified squeeze-out, CMB will be automatically delisted from Euronext Brussels.

KBC Securities acts as financial advisor to Saverco.

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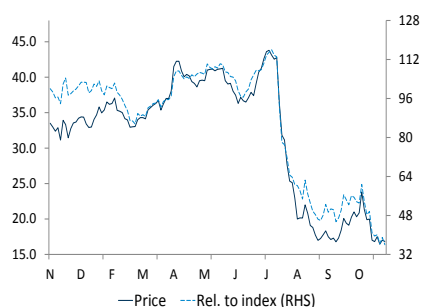
FAGRON

Disoriented rollercoaster: between hope and fear

PHARMACEUTICALS & BIOTECHNOLOGY
BELGIUM

CURRENT PRICE €16.84
TARGET PRICE €17.00

HOLD
RATING DOWNGRADED



Source: Thomson Reuters Datastream

Bloomberg FAGR.BB
Reuters FAGR.BR
www.fagron.com

Market Cap €540.8m
Shares outst. 32.1m
Volume (daily) €3,384,270
Free float 100.0%

Next corporate event

Results FY15: 5 February 2016

(€m)	2014	2015E	2016E
Sales	447.1	480.7	476.9
REBITDA	118.5	113.8	110.9
Net earnings	16.2	37.9	35.8
Adj. EPS (€)	1.51	1.32	1.25
P/E (x)	24.1	12.8	13.5
EV/REBITDA	13.3	8.5	8.3
FCF Yield	5.5%	7.1%	8.3%
Dividend yield	2.7%	0.0%	0.0%

Jan De Kerpel, PhD

+32 2 429 84 67

jan.dekerpel@kbcsecurities.be

News:

It has been two months since Fagron announced it had been approached by parties to acquire all its shares. Lack of M&A process visibility leaves the market disoriented. We drop our BUY rating, moving to neutral (Hold).

Our View:

On 2 October, Fagron announced it had been approached by 'parties' interested in acquiring all shares, yet warning there was no certainty the discussion would lead to a public offer. Simultaneously, Fagron issued a long anticipated profit warning downgrading its FY15 top and bottom line outlook.

On 9 October it announced it had allowed potential bidders to perform due diligence on the company. Quite quickly several names of interested private equity parties (Cinven, Bain Capital, EQT and CVC), next to former reference shareholders M. Coucke and Waterland were rumoured in the press.

By the end of October, MergerMarket reported that several parties had abandoned the process, while Cinven was said to be on the forefront. Cinven had already been rumoured in 2012 to be interested in Fagron. The article mentioned that an argument to quit the bidding process was the uncertainty in the US. The deadline for final bidding offers was said to be end of October. Since then, now 4 weeks later, it has been very silent on the bidding process.

In the meantime, WSJ reported that US Federal prosecutor investigations were nation-wide focusing on the widespread fraud by compounding pharmacies in claiming too high charges. Fagron revealed that it had received questions though no claims had been asserted or filed. At this stage, it is unclear if Fagron won't receive any legal claims, as the Federal investigators said they would start filing claims in 1Q16.

Next to the compounding reimbursement issues, which have been responsible for the company's pressured US-operations, and Fagron's too high debt level (most likely resulting in a covenant breach), we believe that the US nation-wide fraud investigations bring an additional dimension of uncertainty for potential bidders to the table. A type of uncertainty for which the consequences may be difficult to anticipate.

Conclusion:

Lack of any positive signal on the bidding process over the last month and additional uncertainties in the US compounding market, on top of the previously known operational and balance sheet problems which need an imminent solution, force us to abandon our BUY recommendation and move to a neutral position (Hold), with a target price aligned to the pre-M&A announcement (€17/sh).

The stock's current extreme volatility is a reflection of the market's disorientation. Indeed, the Fagron's share price reflects a balancing act between the hope for a quick take-out premium and the fear for a massive stock dilution needed to resolve the debt situation. Even those with short positions seem disoriented as the net short position has dropped to below 3%, versus 6% in October.

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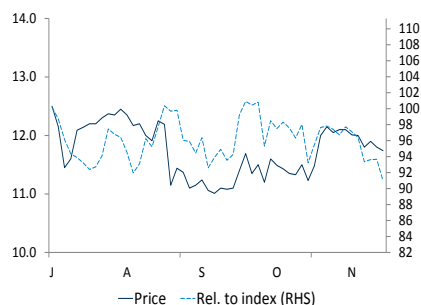
KIADIS

9M15 update

PHARMACEUTICALS & BIOTECHNOLOGY
NETHERLANDS

CURRENT PRICE €11.74
TARGET PRICE €14.50

BUY
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg KDS.NA
Reuters KDS.AS
www.kiadis.com

Market Cap €158.2m
Shares outst. 13.5m
Volume (daily) €
Free float 22.7%

Next corporate event

(€m)	2014	2015E	2016E
Sales	0.0	0.0	0.0
REBITDA	-6.0	-15.4	-8.2
Net earnings	-7.8	-13.9	-10.1
Adj. EPS (€)	-0.72	-1.00	-0.73
P/E (x)			
EV/REBITDA			
FCF Yield		-5.8%	-6.1%
Dividend yield			

Jan De Kerpel, PhD

+32 2 429 84 67

jan.dekerpel@kbcsecurities.be

News:

Kiadis reported a 9M15 net loss of €13m and an end of September cash position of €31m (the IPO's net proceeds were €31m), in-line with expectations.

No new operational items were disclosed versus previous communications.

On the near term, we expect Kiadis to provide more details on the open label ATIR phase 2 trial at ASH (December 5-7)

Buy rating and target price maintained.

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REALDOLMEN

Good 1H after the somewhat mitigated 1Q update

SOFTWARE & COMPUTER SERVICES
BELGIUM

CURRENT PRICE €16.85
TARGET PRICE €22.00

BUY
RATING UPGRADED



Source: Thomson Reuters Datastream

Bloomberg REA BB
Reuters REAL.BR
www.realdolmen.com

Market Cap €90.2m
Shares outst. 5.1m
Volume (daily) €70,874
Free float 70.7%

Next corporate event

(€m)	2014	2015	2016E
Sales	247.8	224.7	221.0
REBITDA	14.2	15.1	10.3
Net earnings	9.0	0.5	7.7
Adj. EPS (€)	2.01	2.34	1.50
P/E (x)	8.8	7.2	11.2
EV/REBITDA	4.9	3.7	4.7
FCF Yield	3.5%	9.0%	9.3%
Dividend yield	0.0%	1.7%	2.7%

Guy Sips

+32 2 429 30 02
guy.sips@kbcsecurities.be

Contrarian to its somewhat mitigated 1Q15/16 trading update, RealDolmen came with a very good set of 1H15/16 results.

- In **Infrastructure Products**, 1H15/16 turnover increased 9.5% y/y to €37.3m. RealDolmen highlighted it gained market share both in Belgium and Luxemburg in a market that is generally shrinking. Such growth is mainly achieved in workplace and volume products. 1H15/16 REBIT margin decreased from 4.6% to 2.4% resulting in a €0.9m 1H15/16 REBIT. Half of this margin-decrease was due to lower margins as a consequence of decreasing prices mitigated by effects of scale. The other half of the decrease is due to a higher impact of allocated overhead costs related to infrastructure offerings as a consequence of decreasing infrastructure services turnover.
- 1H15/16 **Professional Services** turnover decreased 0.6% to €48.7m. Application Services business grew as a consequence of y/y improved headcount numbers and rates. The growth in application services was offset by a negative growth of RealDolmen's infrastructure services business which decreased following reduced project business and following the impact of last year's loss of a large outsourcing deal that still has to be compensated. 1H15/16 REBIT-margin was 9.7%, significantly higher than last year's 6.2%, resulting in 1H15/16 REBIT of €4.7m. RealDolmen explains that such margin increase is a direct consequence of a strong performance of its application services; the positive impact of a reduction in overheads following last year's cost optimisation program and a one off gain.
- 1H15/16 **Business Solutions** revenues decreased 10.4% y/y to €17.7m. This is the consequence of less MS Dynamics business compared to a high activity peak last year and timing of some large deals in RealDolmen's Luxemburg business. Additionally –as we expected– a more selective approach to higher margin business had adversely impacted turnover evolution in this segment. The resulting decrease in turnover has partially been compensated by a strong growth of its Customer Centricity activity. 1H15/16 REBIT margin ended at -1.3%, still negative but better than last year's -7.6%. This positive trend confirms the announced strengthening of margins.

Conclusion : 1H15/16 REBIT margin increased from 1.4% to 4.1% y/y. For FY15/16, RealDolmen expect its Products Business turnover to be around last year's while margins should decrease due to competitive market pressure. RealDolmen indicates that FY15/16 turnover of its Services Business (Professional Services, Business solutions) will slightly decrease. Margins in Professional Services are expected to be in line with the previous year (8.6% which seems a low guidance given the 9.7% in 1H15/16) while Business Solutions margins should show improvement. RealDolmen expect overall FY15/16 REBIT margins to be around last year's level (3.8%). We hope to get more colour on this prudent guidance (given that 1H15/16 margin was 4.1%) and we think this is influenced by RealDolmen's decision to hire over 30 additional graduates, on top of the 43 young graduates that started in September. We increase our rating to BUY and Target Price to €22, still a serious discount to our DCF-valuation (€26.3) impacted by the low visibility.

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SOLVAY

Hybrid and senior bond issues

CHEMICALS
BELGIUM

CURRENT PRICE €108.20
TARGET PRICE €125.00

ACCUMULATE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	SOLB.BB
Reuters	SOLB.BR
www.solvay.com	
Market Cap	€8,822.1m
Shares outst.	84.7m
Volume (daily)	€29,957,126
Free float	68.8%

Next corporate event

Results FY15: 25 February 2016

(€m)	2014	2015E	2016E
Sales	10,629.0	10,666.3	13,415.5
REBITDA	1,783.0	1,988.9	2,658.9
Net earnings	80.0	592.8	917.9
Adj. EPS (€)	6.48	6.70	7.35
P/E (x)	17.7	16.1	14.7
EV/REBITDA	9.2	7.9	8.5
FCF Yield	7.3%	4.0%	1.6%
Dividend yield	3.0%	3.2%	2.6%

Wim Hoste

+32 2 429 37 13

wim.hoste@kbcsecurities.be

News:

Solvay announced yesterday during trading hours it has successfully launched the issue of €2.25bn senior bonds and €1bn hybrid bonds, in order to finance the intended acquisition of Cytec as well as allowing to refinance existing debts.

The **€1bn hybrid bond** issue is split across two perpetual series :

A €500m series, with first call date June 2021 and a coupon of 5.118% until that date, with a reset every five years thereafter;

A €500m series, with first call date June 2024 and a coupon of 5.869% until that date, with a reset every five years thereafter.

The **€2.25bn senior bond** issue is split in three series :

A €1bn bond maturing in December 2017, quarterly coupon at 3-month EURIBOR +82bps;

A €750m bond, maturing in December 2022, annual coupon of 1.625%;

A €500m bond, maturing in December 2027, annual coupon of 2.750%.

Note that the hybrid bonds will rank junior to all senior debt and will be recorded as equity under IFRS, which also means that coupons will be treated as dividends (as is the case for the already previously issued €1.5bn hybrid bonds).

Our view :

The hybrid bond issue and the size of it (€1bn) was previously announced by Solvay in the context of the intended Cytec acquisition (which is expected to close by year-end). We remind that Solvay also plans a €1.5bn capital increase (a recent EGM granted approval authorization to the Board of Directors for such a capital increase) and the issue of USD-denominated bonds as part of the Cytec-financing.

We continue to view the Cytec acquisition as a nice strategic complement to Solvay (especially for the composites business which fits well with Solvay's Specialty Polymers business), but we also still view the Cytec deal as expensive, with an EV/EBITDA multiple of around 15x. Deal synergies are guided to be at least €100m, which means full realization would lower the EV/EBITDA multiple paid by a factor 3.0x. As we continue to appreciate Solvay's transformation story leading to a less cyclical, less capital intensive group, and we also appreciate the good earnings momentum (supported by significant efficiency improvements as part of a €800m 'Excellence' target by 2016), we stick to our Accumulate rating and €125 target price on Solvay.

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CONTACT DETAILS

ANALYST TEAM

Analyst	Contact	Coverage
Wouter Vanderhaeghen (Head of Research)	+32 2 429 37 30	Shipping & Industrials
Jan De Kerpel	+32 2 429 84 67	Biotech & Pharma
Ruben Devos	+32 2 429 58 43	Telco & Media
Matthias De Wit	+32 2 429 37 17	Financials
Yves Franco	+32 2 429 45 04	Holdings & Staffing
Dieter Furniere	+32 2 429 18 96	Engineering, Transport & Utilities
Wim Hoste	+32 2 429 37 13	Chemicals & Breweries
Guy Sips	+32 2 429 30 02	Small & Midcaps Benelux
Koen Overlaet-Michiels	+32 2 429 37 21	Real Estate
Alan Vandenberghe	+32 2 429 18 06	Food Retail & Credit Research
Dirk Verbiesen	+32 2 429 39 41	Oil Services & Construction

EQUITY SALES TEAM

Sales	Contact
Sebastien Fuki (Head of Sales)	+32 2 417 53 43
Stefaan De Lathouwer	+32 2 417 44 68
Xavier Gossaert	+32 2 417 53 68
Margo Joris	+32 2 417 25 66
Kris Kippers	+32 2 417 28 08
Agustin Lanne	+32 2 417 51 45
Tim Leemans	+32 2 417 32 28
Marco Miserez	+32 2 417 36 81

Sales (US)

Sebastiaan Pol	+1 212 845 20 52
Sofie Van Gijssel	+1 212 541 06 48

Sales Trading

Isabel Sebreghts	+32 2 417 63 63
Tim Leemans	+32 2 417 32 28
Marco Miserez	+32 2 417 36 81
Loïc De Smet	+32 2 417 36 99

BOND SALES TEAM

Sales	Contact
Alexander Lehmann (Head of Sales)	+32 2 417 46 25
Maurizio Bartolo	+32 2 417 48 02
Bert Beckx	+32 2 417 31 57
Toon Boyen	+32 2 417 25 65
Alban Kerdranvat	+32 2 417 25 45
Bart Mathijssen	+32 2 417 57 12
Pranab Patel	+32 2 417 46 75
Koen Princen	+32 2 417 44 65

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The company disclosures can be consulted on our website <http://www.kbcsecurities.com/disclosures>.

KBC Securities NV
Havenlaan 12
Avenue du Port
1080 Brussels
Belgium
+32 2 417 44 04
Regulated by FSMA and NBB

KBC Securities USA, Inc.
1177 Avenue of the Americas
New York, NY 10036
US
+1 212 845 2200
Regulated by FINRA

KBC Securities NV Hungarian Branch
Lechner Ödön fasor 10
1095 Budapest
Hungary
+361 483 4005
Regulated by PSZAF

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