

3 November 2014

Healthcare Conference – Thursday, 13 November 2014 – New York. Click [here](#) to register.
 Benelux 4Q Conference – Tuesday, 25 November 2014 – London. Click [here](#) to register.
 Small Cap Conference – Tuesday, 2 December 2014 – Brussels. Click [here](#) to register.

CONTENTS

Company / Sector	Comment	Recommendation	Price	Target Price
Argen-X	Submits IND for ARGX-110 in Waldenströms	Buy	7.12	10.00
DSM	Preview 3Q results	Buy	49.97	63.00
Fugro	Earnings risks trigger focus on covenants	Reduce	11.02	9.00
Hamon	9M14 TU: Strong order intake continues	Hold	10.40	12.00
ING	Solid Q3e, H2 2014 dividend increasingly likely	Buy	11.41	13.00
NN Group	Mixed Q3 expected	Buy	22.77	27.00
Option	announces agreement with USRobotics	Sell	0.29	0.25
Pharming	Salix launches Ruconest in the US	Buy	0.39	0.70
PostNL	Soft 3Q14 results, outlook confirmed	Hold	3.38	3.80
Prosenza	Uncommon communication of FDA	Buy	11.79	17.00
RTL Group	Acquires majority stake in StyleHaul	Accumulate	74.16	86.00

CHANGES IN RECOMMENDATION

Company	From	To

CHANGES IN TARGET PRICE

Company	From	To
Fugro	17.50	9.00

KEY FIGURES

(at close)	Price	1D	1M	12M
AEX	411.3	1.9%	-2.3%	5.0%
BEL20	3,157.2	1.2%	-2.0%	8.7%
CAC40	4,233.1	2.2%	-4.2%	-1.6%
DAX30	9,326.9	2.3%	-1.6%	3.2%
FTSE100	6,546.5	1.3%	-1.2%	-2.8%
EUROSTOXX50	3,113.3	2.6%	-3.5%	1.5%
STOXX50	2,998.3	2.0%	-2.3%	4.2%
DJIA	17,195.4	1.3%	0.7%	10.1%
S&P500	1,994.7	0.6%	0.9%	13.1%
NASDAQ Comp	4,566.1	0.4%	1.3%	16.2%
USD/EUR	0.7981	0.7%	0.8%	8.5%
GBP/EUR	1.2769	0.6%	-0.5%	8.1%
Bel govt	1.12%	-4.0bps	-10.0bps	-130.0bps
French govt	1.19%	-4.0bps	-10.0bps	-98.0bps
Dutch govt	0.98%	-3.0bps	-11.0bps	-105.0bps

Source: KBC Securities

CHANGES IN EPS FORECAST

Company	From		To	
	2014	2015	2014	2015

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3 November 2014

CORPORATE CALENDAR

Date	Company	Event
03.11.14	bpost	Results 3Q14
	PostNL	Results 3Q14
04.11.14	DSM	Results 3Q14
	MDxHealth	Results 3Q14
	Tigenix	Results 3Q14
05.11.14	Tubize	Results 3Q14
	Ageas	Results 3Q14
	Brunel International	Trading update 3Q14
	DSM	Investor Day
	GBL	Results 3Q14
	Heijmans	Trading update 3Q14
	ING	Results 3Q14
	NN Group	Results 3Q14
	WDP	Results 3Q14
	Wolters Kluwer	Results 3Q14
06.11.14	BAM Group	Trading update 3Q14
	Delhaize	Results 3Q14
	Delta Lloyd	Results 3Q14
	Montea	Results 3Q14
07.11.14	Thrombogenics	Trading update 3Q14
07.11.14	Cofinimmo	Results 3Q14
10.11.14	Vopak	Trading update 3Q14
12.11.14	Fugro	Trading update 3Q14
	Heineken	Analyst Meeting
	Solvac	Results 3Q14

ROADSHOW CALENDAR

Date	Company	Place
05.11.14	IBA	Frankfurt
06.11.14	Mobistar	Brussels
07.11.14	Corbion	Paris
	Heijmans	The Netherlands
18.11.14	Barco	Paris
20.11.14	bpost	Brussels
21.11.14	Gimv	London
24.11.14	Galapagos	Paris
28.11.14	DSM	Paris
04.12.14	CFE	New York
05.12.14	CFE	Boston
15.09.15	Randstad	Frankfurt

For an overview of our upcoming events, please click [here](#).

PUBLICATION OVERVIEW

Date	Company / Sector	Title report	Recommendation	Target Price
31.10.14	Delhaize	Mixed 3Q14 results expected	Accumulate	60.00
29.10.14	AB InBev	Expect slow organic volume growth in 3Q	Hold	87.00
28.10.14	Randstad	3Q14E: Slower growth, but still a Buy	Buy	44.00
24.10.14	Corbion	3Q organic growth picks up, all eyes on CMD	Accumulate	17.00
	Heineken	Poor weather impacts Europe in 3Q, ROW ok	Buy	62.00
	Umicore	Reiterating guidance, Recycling volumes up	Accumulate	36.00
23.10.14	Sipef	Solid palm oil production volumes in 3Q14	Accumulate	60.00
21.10.14	Akzo Nobel	3Q result in line with market consensus	Accumulate	61.00
16.10.14	Telecom	Content and mobile stirring the pot		
14.10.14	Ghelamco	H1 break-even, but positive outlook		
10.10.14	Nutreco	Slowdown in volume growth in 3Q14	Accept The Offer	40.00
08.10.14	Wessanen	3Q14 trading update preview	Buy	5.10
01.10.14	Atenor	Ready for the prosperous years	Accumulate	40.00
26.09.14	NN Group	More value than meets the eye	Buy	27.00
12.09.14	Etex Group	Strong margins in 1H14 but prudent outlook		
	MDxHealth	Accurately diagnosing cancer	Buy	5.50
05.09.14	Ontex	Beating expectations in 2Q14	Buy	21.50
	Recticel	Making progress on several fronts	Accumulate	8.00
04.09.14	Aedifica	Being Senior in Elderly care	Hold	51.00
03.09.14	BAM Group	Come rain or come shine	Hold	2.00
	D'leteren	Adjusting to challenging conditions	Accumulate	38.00

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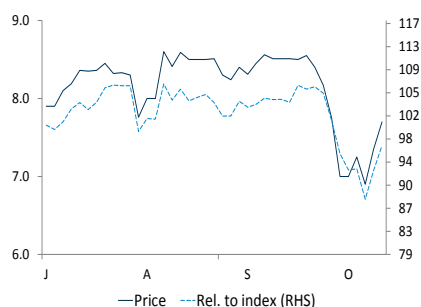
ARGEN-X

Submits IND for ARGX-110 in Waldenströms

PHARMACEUTICALS & BIOTECHNOLOGY
BELGIUM

CURRENT PRICE €7.12
TARGET PRICE €10.00

BUY
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	ARGX.BB
Reuters	ARGX.BR
www.argen-x.com	
Market Cap	€ 111.8m
Shares outst.	15.7m
Volume (daily)	€
Free float	15.3%

Next corporate event

Results 3Q14: 14 November 2014

(€ th)	2013	2014E	2015E
Sales	5,254	6,300	10,571
REBITDA	-6,351	-11,086	-14,696
Net earnings	-6,131	-10,719	-13,815
Adj. EPS (€)	-11.34	-0.64	-0.83
P/E (x)			
EV/REBITDA			
FCF Yield		-6.5%	-12.8%
Dividend yield			

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News:

Argen-X announced the submission of the IND to the FDA to test phase 1b/2 testing of ARGX-110 in Waldenströms' lymphoma. No impact on valuation

Our View:

ARGX-110 is a novel anti-CD70 antibody currently being evaluated in a Phase 1b study in hematological and solid cancers in Europe.

Waldenström's macroglobulinemia (WM) is a rare, slow-growing B-cell lymphoma. According to the Lymphoma Research Foundation, 1,500 new cases of Waldenström's occur each year in the US. Waldenström's is an incurable disease, although many patients have a long-term response to treatment. According to scientific literature, CD70 is expressed in 100% of the cells of WM patients, hence the choice of Argen-X to test the product in this population. Moreover, the company received a \$2.3m funding from the respected Leukemia & Lymphoma Society to perform a PoC study in this population.

The phase 1b/2 study planned aims to enrol 30 patients and will be conducted at two leading cancer centres in the US (Dana-Farber Cancer Institute and Memorial Sloan Kettering). The phase 1b part consists of a dose optimization while the phase 2 part of the study will assess overall safety and efficacy of ARGX-110. Both phases will seek to correlate an extensive panel of biomarkers with clinical outcome. Patient enrolment in the study is planned to start during the first quarter of 2015, to complete recruitment by 1H 2016, with efficacy results expected in 2017.

Last month, Argen-X completed the recruitment of the first cohort of 15 patients with CD-70 positive hematological malignancies in its ongoing phase 1b study. Based on evidence of activity, the company decided to test ARGX-110 in T-cell lymphoma. Top-line results from both the hematological and solid tumor expansion cohorts are expected in the second half of 2015.

Conclusion:

The filing of the IND submission to start the phase 2 study in WM patients is in line with previously guided timelines. The testing of the product in this disease indication is already incorporated in our valuation. Buy rating and target price maintained.

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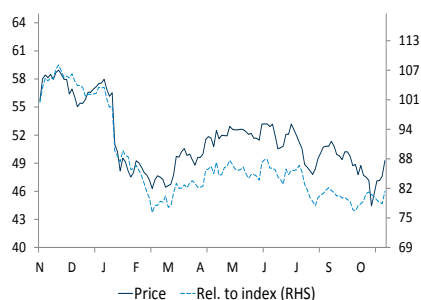
DSM

Preview 3Q results

CHEMICALS
NETHERLANDS

CURRENT PRICE €49.97
TARGET PRICE €63.00

BUY
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg DSM NA
Reuters DSMN.AS
www.dsm.com

Market Cap €8,584.0m
Shares outst. 175.5m
Volume (daily) €38,482,736
Free float 100.0%

Next corporate event

Results 3Q14: 4 November 2014

(€m)	2013	2014E	2015E
Sales	9,618.0	9,263.4	9,561.2
REBITDA	1,262.0	1,194.4	1,315.7
Net earnings	156.0	408.0	547.8
Adj. EPS (€)	2.87	2.60	3.06
P/E (x)	18.0	19.2	16.3
EV/REBITDA	8.9	8.9	8.0
FCF Yield	0.6%	3.2%	5.6%
Dividend yield	3.2%	3.3%	3.4%

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News:

DSM will release 3Q14 results tomorrow before market. We believe 3Q market conditions have been broadly unchanged from 2Q14, with the exception of caprolactam which has benefited from slightly higher spreads over its key raw material benzene.

We forecast group EBITDA to decline by 5% in 3Q14 (from €331m to €314m), which is in line with consensus (€313m). For Polymer Intermediates we bank on €24m EBITDA (2Q14 : €17m, 3Q13 : €28m; CSS €3Q14 : €22m).

In Nutrition, we remind that after a slight improvement in US retail volumes for multivitamins (+1.5%), the September data were again weaker (-2% y/y). The same pattern was visible for US retail volumes of Omega 3 : After a 3% decline in August there was again a weaker September (-7%). We should start to cycle easier comparables during 4Q but the recent data at least suggest there has not been a real underlying market improvement in 3Q. Food and Beverage markets are expected to have remained soft during 3Q. We expect a continued good volume development in Animal Nutrition, with meat production growing globally and no big diseases. An area of worry is the pricing of Vitamin E, which has dropped below €7/kg during 3Q. We forecast 2% revenue growth for Nutrition in 3Q14 with EBITDA down 5% y/y (to €228m, in line with CSS).

In Performance Materials, cost cutting is expected to further support EBITDA generation. We forecast EBITDA to be up 11% y/y to €92m (CSS €90m).

Our View:

Although it seems unlikely that 3Q results will be a strong positive trigger for the share, we decided to stick to our BUY rating as we continue to like the company for its strongly integrated Nutrition business with generally solid market positions and improving customer intimacy as well as undervaluation as suggested by our SOP model.

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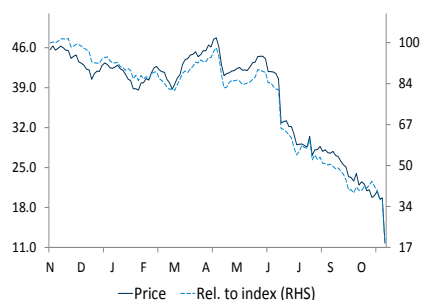
FUGRO

Earnings risks trigger focus on covenants

OIL EQUIPMENT, SERVICES & DISTRIBUTION
NETHERLANDS

CURRENT PRICE €11.02
TARGET PRICE €9.00

REDUCE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg FUR NA
Reuters FUGRc.AS
www.fugro.com

Market Cap €932.0m
Shares outst. 84.6m
Volume (daily) €7,152,141
Free float 88.9%

Next corporate event

Trading update 3Q14: 12 November 2014

(€m)	2013	2014E	2015E
Sales	2,437.0	2,529.4	2,453.6
REBITDA	443.4	321.3	398.8
Net earnings	224.2	-197.9	119.6
Adj. EPS (€)	2.65	1.10	1.59
P/E (x)	16.6	10.1	6.9
EV/REBITDA	9.8	5.3	4.2
FCF Yield	8.1%	2.1%	16.0%
Dividend yield	3.4%	3.8%	5.1%

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Conclusion Fugro's CMD was overshadowed by a profit warning with cautionary statements on core 2H14 margins ('mid-single digit' vs 'low-double digit' previously), risks for visibility in the order book and a net debt/EBITDA ratio of 2.9x (covenant <3.0x). Despite the substantial fall in the share price, we still regard Fugro as an investment case with a high risk profile. We believe the net debt/EBITDA covenant is likely to be breached at y-e 2014 and 1H15. We reiterate our Reduce rating with a new price target of €9.0 (vs €17.5) valuing Fugro at 2015-2016E P/E of 8.5x and 5.5x.

Disappointing earnings momentum Fugro realised a 'low-teens' EBIT margin in the core business in 3Q14, but the outlook for a mid-single digit EBIT margin for 2H14 implies an unexpected loss in 4Q14 EBIT. Fugro also expects a substantial FY14 EBIT loss in Seabed Geosolutions of ~€100m and issued cautionary statements on visibility in their order book where 'under the current market conditions confirmed work can be subject to further delays and scope changes and even cancellations'. We think this uncertainty has positioned Fugro in an unfavourable position with regard to the net debt/EBITDA covenant. We have revised our earnings downward and estimate a 2H14 EBIT margin in Geotechnical, Survey and Subsea of 4.7% and 5.0% for 1H15. For Seabed Geosolutions we included a 2H14 EBIT loss of €-50m and for 1H15 a loss of €-20m. Our new 2014-2016E EPS (adjusted) are €0.37 - €1.04 - €1.62 (vs. €1.10 - €1.59 - €1.87).

Leverage covenant y-e 2014 and 1H15 at risk According to our calculations, Fugro will arrive at a net debt/EBITDA ratio of 3.1x at y-e 2014 and 3.3x in 1H15, which would imply a breach. We expect Fugro will remain within the interest coverage covenant, albeit with a very thin safety margin. Fugro has an RCF of €775m (€155m drawn) with eight banks and Fugro issued \$909m in a private placement in 2011 to 25 US institutional investors and 2 British institutional investors (and \$76m was issued in 2002). The USPP loans and RCF carry the same covenants. In an environment with challenging market conditions, pressure on prices in certain segments and as Fugro states, risks for delays and scope reductions and cancellations of contracts, we believe the risk profile of Fugro remains high for shareholders.

Focus on cash flows The company has scaled back its capex spending to €200-300m per year vs. previous target for €425m per year, will not pay dividend over 2014 and focusses on improving working capital by €50-100m in 2015. The potential sale of the Synergy vessel, a multi-purpose drilling, well intervention and geotechnical vessel built in 2009, with an estimated new build value of €170m, could help company back into safer territory with the leverage ratio. However, timing and potential proceeds remain uncertain, we believe. This also goes for renegotiating covenants to exclude the guarantees out of the net debt definition, in our view, which was highlighted by the CFO as a topic for discussion with debt holders. When Fugro would be successful in selling the Synergy (e.g. for €75m) and renegotiating the guarantees, we estimate net debt/EBITDA to amount to 2.6x at y-e 2014 and 2.8x at 1H15. Nevertheless, we believe chances for a capital strengthening remain above average as debt holders may prefer a wider safety margin in Fugro's financial ratios given the current market conditions.

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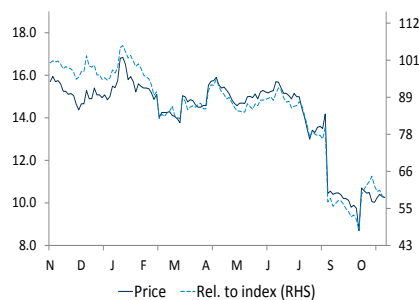
HAMON

9M14 TU: Strong order intake continues

INDUSTRIAL ENGINEERING
BELGIUM

CURRENT PRICE €10.40
TARGET PRICE €12.00

HOLD
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg HAMO BB
Reuters HAMO.BR
www.hamon.com

Market Cap €74.8m
Shares outst. 9.0m
Volume (daily) €42,168
Free float 30.5%

Next corporate event

Results FY14: 27 February 2015

(€m)	2013	2014E	2015E
Sales	513.8	619.1	665.1
REBITDA	9.5	24.0	29.9
Net earnings	-14.9	4.4	5.1
Adj. EPS (€)	-1.63	0.75	0.86
P/E (x)		13.8	12.2
EV/REBITDA	16.5	5.4	4.2
FCF Yield	-5.7%	-6.9%	8.6%
Dividend yield	0.0%	1.6%	1.8%

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Over the first nine months of 2014 Hamon booked new orders for €477m (9M13: €532m, 9M12: €292m), along with new orders for €132m during the third quarter of 2014 (3Q13: €100m, 3Q12: €87m). As a result management hit 81% of our FY14 order intake expectation so far.

Emerging markets are the major contributor with new orders at €282 million or 59% of the bookings at the end of September 2014 with an important increase of the sales in the Middle East (21% of new orders in September 2014 versus 3% for the same period in 2013).

Conclusion:

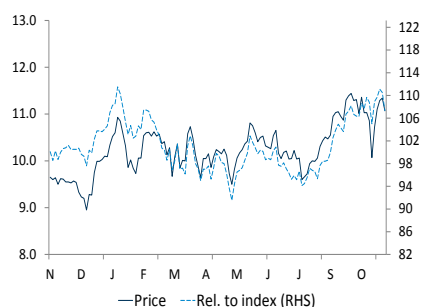
Order intake continues to be strong and should support our revenues and EBITDA growth forecasts going forward. We stick to our Hold rating on Hamon and TP of €12.

The reason we are not more positive reflects the company's relatively small scale, increased operational risk because of more turnkey jobs, while the accounting issues in France will likely continue to weigh on sentiment for some time.

3 November 2014

ING

Solid Q3e, H2 2014 dividend increasingly likely

BANKS
NETHERLANDSCURRENT PRICE €11.41
TARGET PRICE €13.00BUY
RATING UNCHANGED

Source: Thomson Reuters Datastream

Bloomberg	INGA.NA
Reuters	ING.AS
www.ing.com	
Market Cap	€ 43,186.9m
Shares outst.	3,801.5m
Volume (daily)	€ 197,366,581
Free float	99.1%

Next corporate event

Results 3Q14: 5 November 2014

(€m)	2013	2014E	2015E
Premiums	9,525	9,419	9,608
GOP	4,401	5,899	7,071
Net profit	3,232	1,289	5,349
Adj. EPS (€)	0.86	1.14	1.40
DPS (€)	0.00	0.00	0.56
P/E (x)	9.1	33.7	8.1
P/BV (x)	0.6	0.9	0.8
Dividend yield	0.0%	0.0%	4.9%

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We expect ING Bank to report a solid 19% y/y increase in pre-tax profits (KBCSe €1310m, CSS €1282m) on the back of strong NII and lower loan loss provisions. Strong capital generation (boosted by higher unrealized gains) and the favourable AQR outcome might moreover allow for a resumption of the dividend over H2 2014, which would be earlier than initially anticipated. BUY reiterated.

We expect a solid 3% QoQ increase in Net Interest Income (KBCSe €3062m vs CSS 3052) on the back of lower non-recurring items (which negatively impacted Q2 NIM by 59m). Underlying trends are also solid with lower deposit rates and resilient commercial margins both forecasted to offset the negative impact from lower reinvestment rates. Since the start of the quarter, deposit rates were cut by 20bps in Germany, 30bps in Spain, 10-30bps in Belgium and 10bps in Netherlands. This should support Net Interest Margins which we expect to increase by 4bps sequentially to 150bps.

For the coming quarters, we see further upside to NIMs on the back of lower holding debt service expenses. Note that all holding debt services expenses are currently allocated to the bank. With holding debt expected to decline from 4.6bn in Q2 to around €1.5bn in the Q3, interest expenses should significantly decrease in the coming quarter, a tailwind not incorporated by CSS.

We expect loan loss provisions to increase slightly from the relatively low Q2 level reflecting some buffer strengthening in Ukraine and Russia. Asset quality trends will in our view nevertheless continue to improve, in line with the recovery of the Dutch economy and housing market. On balance, we expect Q3 risk costs of 60bps of RWA, sharply down on the 89bps reported in Q2 but up moderately on the 55bps Q2 level.

Nationale Nederlanden - Mixed Q3e outlook captured by CSS: We expect Nationale Nederlanden to report a 7% QoQ drop in operating result reflecting the challenging Dutch life market as well as seasonally lower dividend income. We are exactly in line with CSS expecting a Q3 operating result before tax of €232m.

Below the line, ING will take a €4.3bn hit related to the IPO of NN at a price significantly below NN's book value. This non-cash, one-off hit will not impact the bank's capital base as it is taken at the holding level (only group equity to be impacted). We expect €0.1bn other non-recurring charge related to the SNS levy.

Revaluation gains, retained earnings to boost CT1: Boosted by retained earnings and higher unrealized gains, ING Bank's CT1 ratio is expected to increase by 30bps QoQ to 10.8% (CSS 10.7%). Pro-forma for the reimbursement of the remaining state hybrids, scheduled for Q4, its fully loaded BIII CT1 ratio would still end up at 10.5%. ING could therefore decide to resume dividend payments over H2, which would be earlier than initially anticipated.

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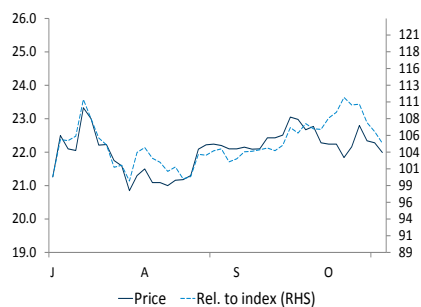
NN GROUP

Mixed Q3 expected

LIFE INSURANCE
NETHERLANDS

CURRENT PRICE €22.77
TARGET PRICE €27.00

BUY
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	NN NA
Reuters	NNBR.O
www.nn-group.com	
Market Cap	€7,969.5m
Shares outst.	350.0m
Volume (daily)	€
Free float	28.6%

Next corporate event

Results 3Q14: 5 November 2014

(€m)	2013	2014E	2015E
Premiums	9,525	9,419	9,608
GOP	883	975	1,032
Net profit	358	386	854
Adj. EPS (€)	1.85	2.08	2.21
EV per share	29.4	31.2	33.1
DPS (€)	0.00	0.50	1.00
P/E (x)		20.7	9.3
Dividend yield		2.2%	4.4%

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We expect NN to report a 7% QoQ drop in operating result reflecting the challenging Dutch life market as well as seasonally lower dividend income. We are exactly in line with CSS aiming for Q3 operating result before tax of €232m.

Cautious on Dutch life: The Dutch life segment is facing some near-term headwinds due to tough comps (number of one-offs inflated 2013 results), pressure on investment margins and fee and premium-based revs. Cost savings will provide relief but management stresses that it will take time before expense reductions will become visible. We expect Dutch life earnings to drop 15% y/y to €143m, in line with CSS.

Dutch non-life will in our view on the other hand deliver solid earnings growth in the third quarter thanks to the recently implemented price increases in D&A and normalizing claims in P&C. Note that the P&C claims ratio was inflated by the Q2 Belgian hail storms which had a €9m negative impact in the second quarter.

Insurance Europe earnings will be impacted by the recently implemented Polish pension reforms. We expect a 27% y/y drop in Q3 earnings but stability on the q2 level. Japan Life should benefit from a seasonal increase in fee and commission based revenues and operating profits (Q1 and Q3 are seasonally strongest quarters).

The Other segment should show a solid y/y improvement in the operating result on the back of lower interest costs (thanks to deleveraging, interest income intragroup hybrids), cost savings and as sustained improvement in NN Bank's earnings.

Non-operating items will include a €52m one-off refund gain related to a guarantee fund that was discontinued. This one-off is not fully incorporated in CSS and we are therefore slightly ahead of CSS on the net result level (KBCSe €235m vs CSS €204m)

Capitalization: We forecast a stable IGD ratio as market impacts (drop in interest rates, equity markets) might offset the positive impact from retained earnings. At 275%, NN's solvency would remain at the high-end of its EU peer group.

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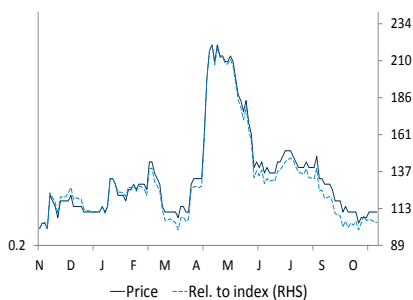
OPTION

announces agreement with USRobotics

TECHNOLOGY HARDWARE & EQUIPMENT
BELGIUM

CURRENT PRICE €0.29
TARGET PRICE €0.25

SELL
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg OPTI BB
Reuters OPIN.BR
www.option.com

Market Cap €23.6m
Shares outst. 82.5m
Volume (daily) €127,116
Free float 91.5%

Next corporate event

(€ th)	2013	2014E	2015E
Sales	9,393	14,800	25,900
REBITDA	-7,108	-4,300	4,550
Net earnings	-11,703	-8,713	-630
Adj. EPS (€)	-0.14	-0.11	-0.01
P/E (x)			
EV/REBITDA			8.4
FCF Yield	-52.7%	-22.5%	23.3%
Dividend yield	0.0%	0.0%	0.0%

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Option today announces a manufacturing and supply agreement with USRobotics, a division of Unicom Global. This means that USRobotics will commercialise certain Option (we presume Cloudgate although the name Cloudgate was not mentioned as it is a “private label agreement”) products under the USRobotics brand.

USRobotics is a leader in providing Internet connectivity solutions through a wide range of products, and this partnership provides further expansion and leverage of that brand benefitting both companies. USRobotics can now offer its clients and sales channels a wide array of M2M solutions, including remote maintenance and control, monitoring, telematics, asset tracking, security systems. The deal is the result of USRobotics quest for opportunities to further enhance its M2M offerings as M2M technology is becoming more and more a standard for some small to medium-sized businesses that have undergone technology transitions (due to increased availability of big data products and access, as well as the convergence of data, voice, and video applications).

Conclusion

After Option’s shift from a B2C to a B2B company, Option’s future now relies fully on its new product, CloudGate, aimed at the M2M market. Option continues to work on further expanding the ecosystem to secure a good market coverage and presence in the different M2M segments. With CloudGate Option is competing for some of the existing and new projects in the U.S. M2M market. For Option, private label agreements of this kind offer extra opportunities and access to new distribution channels and end-customers. Recall that the successful adoption of M2M devices depends to a large extent on reliable and flexible devices.

No changes to our €0.25 Target Price and Sell rating.

3 November 2014

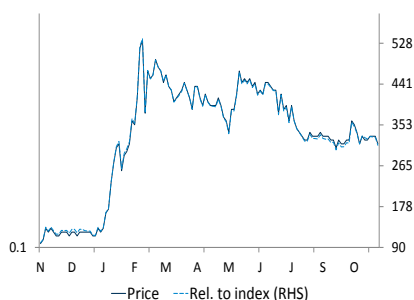
PHARMING

Salix launches Ruconest in the US

PHARMACEUTICALS & BIOTECHNOLOGY
NETHERLANDS

CURRENT PRICE €0.39
TARGET PRICE €0.70

BUY
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg PHARM NA
Reuters PHAR.AS
www.pharming.com

Market Cap €155.8m
Shares outst. 407.1m
Volume (daily) €8,942,258
Free float 100.0%

Next corporate event

(€m)	2013	2014E	2015E
Sales	5.8	20.4	11.5
REBITDA	-7.4	6.1	-5.6
Net earnings	-7.4	5.1	-6.7
Adj. EPS (€)	-0.02	0.01	-0.02
P/E (x)		35.1	
EV/REBITDA		22.3	
FCF Yield	-23.4%	-2.9%	-7.9%
Dividend yield			

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News:

Ruconest was launched by Salix Pharmaceuticals in the US.

Our View:

The timing is in-line with previous guidance and follows the product's FDA approval in July 2014. The launch timing allows Pharming to receive the \$ 20m milestone payment before YE14.

Ruconest will be launched by Salix across the US through Ruconest Solutions, which is a comprehensive patient support services including training to perform self-administration, reimbursement services etc. We understand that Salix has a sales force of similar size than other vendors of HAE products in the market. Moreover, as medical education is key in launching this new product, it is believed that the large team of medical liaison officers of Salix could be very supportive for the launch.

As the US HAE market has several products on the market, Ruconest will be positioned as the only recombinant product (versus certain others which are plasma derived), as a product that can be self-administered (although it is an intravenous injection), and because it is effective with a single dose. Moreover, the product has a very low risk of allergic reaction, while plasma derived products may have risk of blood clots, firazyr has a high risk of injection site reactions and Kalbitor has a black box warning for anaphylaxis.

Pharming manufactures the product and sells it to Salix at the production price. The company is eligible for royalties of 30% of net sales up until a US sales level of \$ 100m and gradually moving up to 40% if higher sales levels are reached. Salix guided earlier that it expects peak sales of Ruconest in the US for the acute HAE indication of \$ 87m.

Key growth drivers of the US market are that more patient seek treatment for moderate symptoms. This is driven by guidelines recommending treating all attacks as one could become severe. Moreover many patients use multiple products and steroid usage is still significant to date.

We understand that as part of the launch effort, the first two doses of Ruconest will be provided for free. Hence, we do not expect material royalty streams from US Ruconest sales this year, though Pharming start booking sales (at cost) of the finished product in 4Q14.

Conclusion:

The timing of the launch of Ruconest in the US comes in line with expectations, allowing the company to receive the \$ 20m milestone payment before YE14. It will now be up to Salix to launch the product in an effective manner and we look out for the first updates on the initial market feedback. We believe Salix has sufficient experience and infrastructure to launch a product in an established rare disease area. Buy rating and target price maintained.

3 November 2014

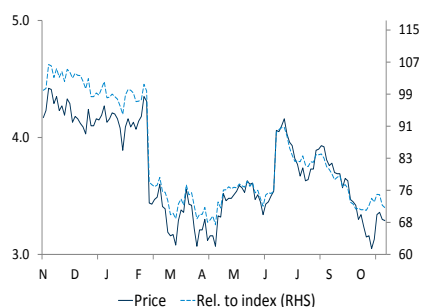
POSTNL

Soft 3Q14 results, outlook confirmed

INDUSTRIAL TRANSPORTATION
NETHERLANDS

CURRENT PRICE €3.38
TARGET PRICE €3.80

HOLD
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	PNL NA
Reuters	PTNLAS
www.postnl.com	
Market Cap	€1,386.0m
Shares outst.	440.0m
Volume (daily)	€13,823,638
Free float	100.0%

Next corporate event

Results FY14: 23 February 2015

(€m)	2013	2014E	2015E
Sales	4,307.0	4,128.1	3,343.0
REBITDA	491.0	480.4	487.0
Net earnings	-170.0	208.3	236.9
Adj. EPS (€)	0.37	0.47	0.54
P/E (x)	7.0	7.2	6.3
EV/REBITDA	4.0	5.0	4.6
FCF Yield	-2.0%	6.4%	7.9%
Dividend yield	0.0%	0.0%	0.0%

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PostNL reported fairly soft 3Q14 results, and saw both its equity and net debt position deteriorate. Management re-iterated its 2014 Underlying cash operating income guidance. A conference call is scheduled at 14.00 CET.

Soft 3Q14 results:

3Q14 revenues (excl. UK) came in at €789m (€795m KBCSe, €811m consensus), Underlying Operating Income at €53m (€63m, €68m), Operating income at €40m (restructuring charges and rebranding/project costs) and Underlying cash operating income at €34m (€36m, €41m). The latter came in at €31m when excluding the UK.

On a divisional basis Underlying Operating Income for Mail in NL came in at €36m (€41m KBCSe, €25m 3Q13), Parcels at €18m (€23m KBCSe, €21m 3Q13), International at €1m (€8m KBCSe, €5m 3Q13) and Mail Other at €-2m (€-9m KBCSe, €8m 3Q13). Mail in NL Underlying cash operating income came in at €22m (€19m KBCSe), Parcels at €19m (€23m), International at €1m (€8m) and PostNL Other at €-8m (€-14m).

Underlying, domestic mail volumes were down 10.9% (-10.5% KBCSe), and management said the total effect of volume decline, change in mix and price increases was flat in the third quarter. Master Plan Savings came in at €25m (€28m KBCSe). PostNL is on track for FY14 cost savings of €115-135m (€125m KBCSe). Parcels volumes grew by 8.1% (8.0% KBCSe), or 9.0% excluding registered mail, driven by a strong e-commerce market. Parcels revenues grew by 6% to €204m (€204m KBCSe). Further improved operational efficiencies were offset by higher subcontractor costs and initial costs for the expansion of the service offering, like the upcoming roll-out of nine parcel lockers. International showed revenue growth, but results were impacted by a competitive environment in Germany.

FY 14 outlook re-iterated:

Our pre-3Q14, FY14 underlying cash operating income forecast sits at €275m and consensus at €278m. Management notes that taking into account the usually strong fourth quarter it continues to expect 2014 Underlying cash operating income of €260-290m.

Balance sheet position deteriorates:

Total equity attributable to equity holders of the parent decreased to €-747m on 27 September 2014 from €-618m as per 28 June 2014. The decrease is mainly explained by net profit for the period of €12m more than offset by a fair value change of the (14.8%) stake in TNT Express of €125m and a negative impact from pensions of €20m. No comments were made regarding management's dividend pay-out expectations. The coverage ratio of the main pension fund was 110.5% (113.4% 2Q14). A tax payment of €65m related to prior years impacted net cash from operating and investing activities. Hence, net debt end 3Q14 deteriorated to €861m from €788m 2Q14.

Conclusion:

We stick to our Hold rating.

3 November 2014

PROSENSA

Uncommon communication of FDA

PHARMACEUTICALS & BIOTECHNOLOGY
NETHERLANDS

CURRENT PRICE \$ 11.79
TARGET PRICE \$ 17.00

BUY
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	RNA US
Reuters	RNA.OQ
www.prosenza.eu	
Market Cap	\$ 412.7m
Shares outst.	35.0m
Volume (daily)	US. 3,658,505
Free float	100.0%

Next corporate event

(€m)	2013	2014E	2015E
Sales	8.9	15.2	23.2
REBITDA	-15.4	-20.3	-18.6
Net earnings	-16.6	-20.9	-17.4
Adj. EPS (€)	-0.45	-0.57	-0.48
P/E (x)			
EV/REBITDA			
FCF Yield	-6.1%	-7.9%	-5.7%
Dividend yield			

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News:

In an uncommon move, the FDA has publicly explained its position on the recent feedback it gave regarding Sarepta Therapeutics' Duchenne muscular dystrophy (DMD) treatment eteplirsen in light of an earlier setback that tanked the biotech's shares.

Our View:

On Monday, Sarepta announced that, after a meeting with regulators, it was delaying its plans to file eteplirsen for at least 6 months, cancelling its earlier goal of a YE14 submission in order to prepare a wealth of new data and analysis.

The agency wants to see an independent assessment of eteplirsen's effect on dystrophin -the protein whose absence leads to DMD- plus more safety results and history data, and getting all that together will put off a filing until mid-2015 or later. We refer to our morning note of 28 October for more details.

In response to questions from DMD patients and their families, the FDA sent out a letter suggesting that its most recent advice shouldn't have been much of a surprise to Sarepta. Since April, when the company first declared it was on track for a 2014 filing, the FDA has consistently told Sarepta that it would need the above-mentioned data to complete its submission, the agency said, name-checking each requirement the company disclosed earlier in the week.

The market is now doubting whether the delay in submission is a missing of guidance but rather an underestimating of the company on how the submission and review process works. With the unusual letter of the FDA, the agency wants to proof it gave all possible support for the company to prepare the necessary data and to allow submission via a rolling submission process afterwards (a trajectory that also Prosenza is following). Moreover, the agency says the NDA of eteplirsen is expected to qualify for a priority review.

Conclusion:

The communication of the FDA towards the general public is very uncommon and shows once more the emotions attached to the DMD drugs and the power the patients and their representatives have to the agencies. At the end of the day, we believe this is also positive for Prosenza's DMD product portfolio which we believe is in the lead to see a regulatory decision by mid 2015.

3 November 2014

RTL GROUP

Acquires majority stake in StyleHaul

MEDIA
LUXEMBOURG

CURRENT PRICE €74.16
TARGET PRICE €86.00

ACCUMULATE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	RTL BB
Reuters	AUDKt.BR
www.rtlgroup.com	
Market Cap	€ 11,479.0m
Shares outst.	154.8m
Volume (daily)	€ 2,062,846
Free float	25.0%

Next corporate event

Results 3Q14: 13 November 2014

(€m)	2013	2014E	2015E
Sales	5,889.0	5,688.0	5,832.0
REBITDA	1,319.0	1,274.9	1,349.3
Net earnings	870.0	606.0	738.7
Adj. EPS (€)	6.05	4.25	5.10
P/E (x)	11.7	17.4	14.5
EV/REBITDA	8.4	9.6	9.1
FCF Yield	8.8%	6.8%	6.5%
Dividend yield	9.9%	8.1%	7.4%

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News:

This morning, RTL group announced the increase of its shareholding stake in leading MCN on Youtube for fashion, beauty, and lifestyle, StyleHaul from 22.3% to 93.6%. The company therefore acquires a controlling stake for approx. ~ €85m, valuing the company at ~ €121m. RTL group will also invest ~ €16m into StyleHaul to fund the company's growth plan.

With this agreement, RTL group further accelerates its rapidly growing presence in the online video space and its position in North America, largest and most innovative media market worldwide. Since its initial investment in 2013 (22.3%), StyleHaul has worked closely with RTL Group's content production arm, FremantleMedia.

Stylehaul fits within the current digital portfolio, complementing its recent acquisitions of Broadband TV and SpotXchange. For the FY 2014, the revenues of StyleHaul are expected to triple in 2014 y/y where on a group level, online video views are estimated to double to around 40bn.

Conclusion:

RTL recent investments in Broadband TV, SpotXchange, and now StyleHaul is a play on the rapidly growing programmatic advertising market in the US which shows a CAGR 2014-2018 of +39%. Currently, total M&A stands at approx. €300m for the FY14 which is at the upper end of its historical €250-300m range. As we have pencilled in €250 of total M&A spend, we slightly adjust total DPS pay-out from €6.5 to €6.0. Recall that RTL announced an interim extraordinary dividend of €2.0 DPS at 1H14 results and intends to pay-out 50-75% of net income in ordinary dividend (€350-500m).

3 November 2014

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3 November 2014

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