

Advenis (Avenir Finance)

Other financials / France

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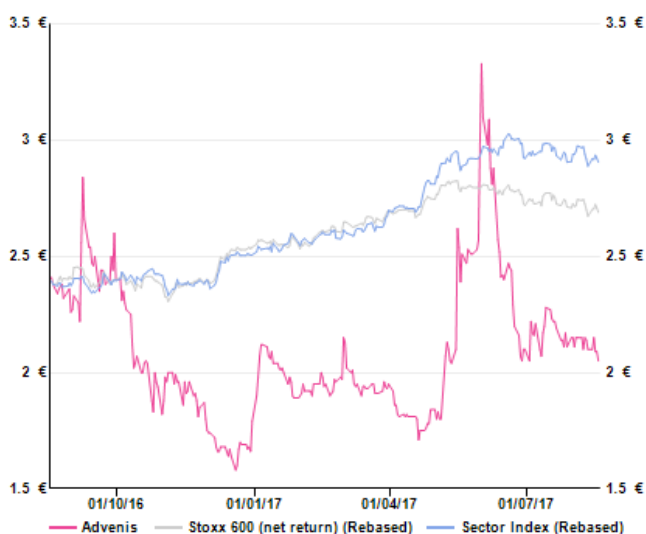
ALPHAValue
CORPORATE SERVICES

2017: Focus on developing synergies and reducing costs

Buy

Upside potential : 95.6%

Target Price (6 months)	4.01
Share Price	€ 2.05
Market Capitalisation €M	16.1
Price Momentum	UNFAVORABLE
Extremes 12Months	1.58 ▶ 3.33
Bloomberg ticker	ADV FP



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KEY DATA	12/14A	12/15A	12/16E	12/17E	12/18E
Adjusted P/E (x)	37.0	-4.15	-4.98	-6.13	-12.5
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-14.8	-5.59	-5.77	-8.46	-16.2
Adjusted EPS (€)	0.24	-1.68	-0.54	-0.33	-0.16
Growth in EPS (%)	-50.5	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00	0.00
Sales (€th)	79,822	86,100	87,763	90,545	97,419
EBITDA/R margin (%)	-6.00	-11.5	-6.63	-4.06	-1.74
Attributable net profit (€th)	1,298	-22,852	-4,446	-2,743	-1,341
ROE (after tax) (%)	3.47	-59.3	-15.4	-9.42	-4.56
Gearing (%)	-2.82	7.00	21.2	46.8	42.5

Last forecasts updated on the 04/05/2016

Benchmarks	Values (€)	Upside	Weight
DCF	4.91	139%	35%
NAV/SOTP per share	10.2	399%	20%
EV/Ebitda	Peers	-100%	20%
P/E	Peers	-50%	10%
Dividend Yield	Peers	-100%	10%
P/Book	Peers	42%	5%
TARGET PRICE	4.01	96%	100%

Conflicts of interest

Corporate broking	NO
Trading in corporate shares	NO
Analyst ownership	NO
Advising of corporate (strategy, marketing, debt, etc)	NO
Research paid for by corporate	YES
Provision of corporate access paid for by corporate	YES
Link between AlphaValue and a banking entity	NO
Brokerage activity at AlphaValue	NO
Client of AlphaValue Research	NO

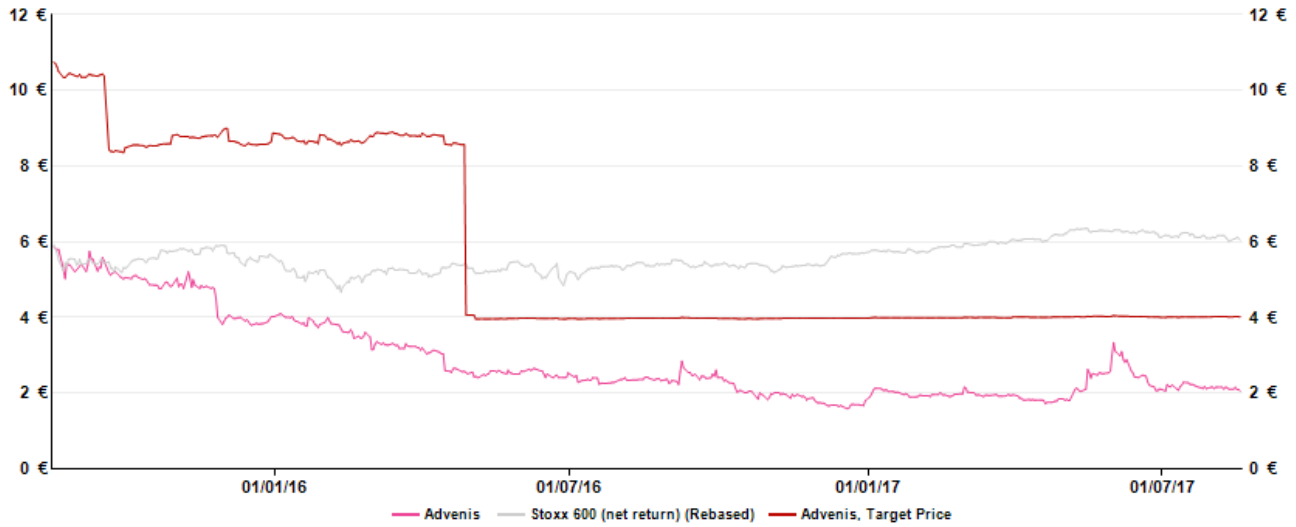
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Body of research

► Target Price & Opinion

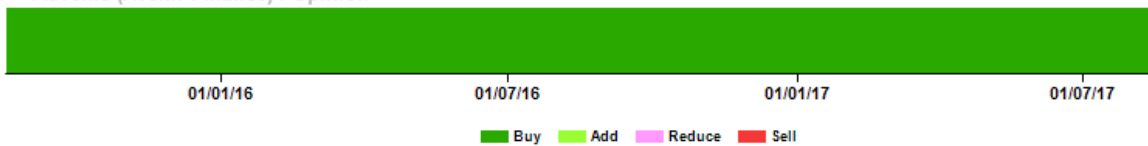
Stock Price and Target Price



Earnings Per Share & Opinion



Advenis (Avenir Finance) : Opinion



► Businesses & Trends

Businesses & Trends

Advenis — formerly known as Avenir Finance — was founded in 1995 by Danyel Blain, who remained Chairman and CEO and the main shareholder until July 2014, and had chosen, after some twenty years' experience of wealth management, to offer a comprehensive range of tailored solutions catering to the needs of both high net worth individuals and institutional investors. Since 18 July 2014, the finalisation date of the merger with Inovalis, Stéphane Amine, the Chairman and CEO of the latter company has taken the reins of the newly-formed group.

A refocusing on its strategic activities.

This commitment to meeting the investment needs of a high net worth client base led the group to offer a wide range of products and services: from real estate investments, estate agency services, private equity funds, venture capital funds and open-ended collective investment schemes, etc. to financing solutions for companies, listing-sponsor and Reception and Transmission of Orders (RTO) services. This diversification strategy reached its limits, however, with the unleashing of the 2007-08 financial crisis: the carrying costs of real estate investments became onerous, there was a marked slow-down in corporate finance, listing-sponsor and order reception-transmission activities and asset management was negatively impacted by the crisis, etc. This led the group to refocus on its core activities and partially review its business model by concentrating on two main areas: asset management whether financial or real estate (within the Asset Management division) and the distribution of investment products (within the Private Banking division).

Vertical business integration

Advenis thus implemented an organisational structure based on vertical integration ranging from investment product innovation to their distribution. The extensive offer of financial and real estate products is fed by in-house teams embedded within Advenis' Asset Management division (production part). The real estate products (particularly the SCPIs) are created by a team responsible for the block purchasing and resale of units in buildings of high architectural merit located in unique positions but requiring extensive renovation (tax breaks on Historic Monuments, Loi Malraux and real estate loss schemes covering the work but not the assets), supposed to be immune to market fluctuations and the significant reduction in tax breaks but nonetheless under threat from pressure on the French budget. The financial products are the work of the Avenir Finance Investment Managers teams (AFIM) who also include small management teams in the capacity of a incubator asset management company (e.g. Melanion Capital which manages the AFIM Melanion Dividends fund under a mandate on behalf of AFIM). Oak Field Partners (OFP, €223m under management at the end of 2013) now 33.34%-owned developed its business under the aegis of AFIM prior to its spin-off in August 2012.

Since January 2014, the integration date for the front and middle office teams from the Ageas France Employee Network, product distribution (Private Banking division) has been looked after by a 200-strong marketing team (versus 50 people previously).

Without ruling out partnerships

Advenis has nonetheless retained a structure that is open to partnerships in terms of products distributed and distribution channels. The Sicavonline website (now 35% owned, the remaining 65% held by Ageas France) offers more than 7,000 funds in open architecture: this is a fund search engine offering fund descriptions and investment advice to both individual and institutional investors. The increase in Ageas France's shareholding in Sicavonline corresponds to the latter's strategy which is oriented towards a greater emphasis on IFA, the Sicavonline website acting as a gateway to this end. Advenis also relies heavily on partner networks including the banking networks of BNP Paribas Private Banking and certain Caisses d'Epargne enabling it to multiply considerably the number of sales people offering its products.

Ambitious objectives

This refocusing of the business enabled the group to envisage a new phase of very strong sales growth within the framework of the Horizon 2015 plan (now null and void) established in 2010 (average annual growth of +27%, sales of €88m in 2015) aimed at reaching critical mass and generating more substantial margins and earnings. The three first years of this plan

Businesses & Trends

were convincing (sales grew by 27.7% in 2011, +17.6% in 2012 and +9.7% in 2013) thanks, notably, to a strong performance from Asset Management.

Change in scale and roll-out of the product offer.

However, the end of 2013/mid-2014 marked Advenis's transition to a new dimension. In late 2013, the group announced a stronger partnership with Ageas Finance and notably the multiplication by four of its marketing teams in the distribution of financial and real estate products (Private Banking). In mid-2014, the integration (approved by the shareholders on 18 July 2014) of the Inovalis real estate activities (Realista, Inoprom, Inovalis AM and Inovalis PM), realised in the form of an asset transfer in exchange for around 66% of the Advenis share capital, is expected to complete the group's "production" segment. The group, which will be henceforth be majority owned by Inovalis, can now leverage strong growth areas and generate significant commercial synergies arising from these recent business combinations (we don't expected any real synergies in terms of costs).

Divisional Breakdown Of Revenues

Sector		12/15A	12/16E	12/17E	12/18E	Change 16E/15		Change 17E/16E	
						€th	of % total	€th	of % total
Distribution & Asset Manage...	Finance-Other Services	27,673	29,783	30,020	33,848	2,110	129%	237	9%
Production	Finance-Other Services	31,747	30,053	31,312	33,010	-1,694	-103%	1,259	45%
Services	Diversified Finan Serv	26,701	27,927	29,212	30,561	1,226	75%	1,285	46%
Other		0.00 ⁽¹⁾	0.00 ⁽¹⁾	0.00	0.00	0	0%	0	0%
Total sales		86,121 ⁽²⁾	87,763	90,545	97,419	1,642	100%	2,782	100%

- The merger between Avenir Finance and Inovalis should lead to the creation of a new division oriented towards financial (with AF Investment Managers) and real estate services (Realista, Adyal, AF Gestion and Property, IAM and IPM).
- Within the framework of its Horizon 2015 plan (null and void following the arrival of the Ageas France teams and the merger with Inovalis), the group had expected sales of €88m in 2015.

Key Exposures

	Revenues	Costs	Equity
Dollar	0.0%	0.0%	0.0%
Emerging currencies	0.0%	0.0%	0.0%
Long-term global warming	0.0%	0.0%	0.0%

We address exposures (eg. how much of the turnover is exposed to the \$) rather than sensitivities (say, how much a 5% move in the \$ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data.

Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in \$ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclicals. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling

In addition, subjects are frequently intertwined. A \$ exposure may encompass all revenues in \$ pegged currencies and an emerging currency exposure is likely to include \$ pegged currencies as well.

Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.

Sales By Geography

	Revenues	Costs	Equity
Dollar	0.0%	0.0%	0.0%
Emerging currencies	0.0%	0.0%	0.0%
Long-term global warming	0.0%	0.0%	0.0%

France	99.0%
Germany	1.0%

► Money Making

Money Making

Advenis's businesses follow a vertical integration rationale but the group has also been able to diversify its offer horizontally to achieve its sales and net result growth targets without burdening its balance sheet.

Advenis's two main activities (investment product production and distribution within, respectively, the Asset Management and Private Banking divisions) have clearly delineated earnings mechanisms. In June 2014, Asset Management posted a gross margin (before employee costs, external expenses, taxes and duties) of 17.8% versus 80.4% for Private Banking. The latter will mechanically gain more advantage from a strategy based on achieving critical mass and increased experience.

Production (i.e. Asset Management)

The asset management results are subject to a number of constraints. The reduction in tax breaks in the real estate sector can only be countered by niche positioning based on a selection of assets with architectural merit and high-quality geographical positioning. A group team is responsible for identifying real estate opportunities across France. Real estate value creation at Advenis has moved from ownership (given the change in strategy) to refurbishment (via its subsidiary Aupera) and the creation of SCPIs (Advenis launched Renoyalys 4 Déficit Foncier with fund inflows of €25m in December 2013). The SCPI market remains very attractive with fund inflows of €2.5bn into Déficit Foncier funds in 2013 (stable versus 2012, source ASPIM) and healthy (only 0.16% of the units expected to be sold, source ASPIM). The asset management by Avenir Finance Investment Managers is subject to the ups and downs of the financial markets, the talent of the teams expected to be reflected in fund outperformance (e.g. after a successful first few years, the assets whose management is outsourced to OFP, which is owned at only 33.33%, collapsed in 2013 from €416m to €223m under the effect of a funds outflow and the unsuitability of its model for the market environment). Production is thus primarily a story of highly-talented people.

Following the merger with Inovalis (approved by shareholder votes on 18 July 2014), Inoprom will enrich the group's production activity as well as assisting with project management. In our view, there is still potential for growth in these activities with the Aupera order book offering comfortable visibility (more than 50% of the division's sales based on our estimates).

Distribution (i.e. Private Banking)

Reaching critical mass is key for this business which posted losses at the EBITDA level for a number of years (in 2013, the EBITDA for Private Banking was barely at breakeven). Now that Sicavonline and Sicavonline Partnaires are no longer in the consolidation scope (following the acquisition of a stake by Ageas to reach 65% in April 2014), the Private Banking division comprises only Avenir Finance Gestion Privée (AFGP).

From 40 AFGP private bankers in 2010, the subsidiary saw a quadrupling in staff in early 2014 with the arrival of the Ageas France teams. This significant increase will enable AFGP to reach 50,000 clients representing funds under management of €875m and should be reflected in a strong increase in sales (the integration of the new teams may nonetheless take a few months and thus weigh on the EBITDA margin in 2014). Distribution has an extensive range of financial and real estate products to maximise the chances of success with end clients and now enjoys critical mass internally (the development of partnerships with banking network also contributes to the success of this division). Given its strong gross margin, we consider that Private Banking has the most potential in terms of improvement in the Group's EBITDA margin.

Some improvement already seen since 2010

In 2013, the group set a new record in terms of sales and saw its current operating margin (i.e. the EBIT margin restated for extraordinary items) continue to progress along with the operating result. In 18 years of existence, the group has only once posted losses (in 2008 at the height of the crisis); this event triggered a group restructuring (with the departure of some thirty people) and a refocusing on the core activities.

New opportunities

► Money Making

The merger with Inovalis will also bring a real estate services offer (the sales arising from its services are included under "Others" in our model ahead of the announcement of a new name). In addition to diversifying the group's offer in asset value optimisation (Inovalis Asset Management), property management (Inovalis Property Management) and rental and technical management (Realista and Adyal), this merger also opens the way to opportunities in the German market where Inovalis AM and Inovalis PM are already present.

Divisional EBITDA/R

	12/15A	12/16E	12/17E	12/18E	Change 16E/15		Change 17E/16E	
					€th	of % total	€th	of % total
Distribution & Asset Management	1,607	1,489	1,801	2,369	-118	-3%	312	15%
Production	-6.00	1,511	1,714	1,946	1,517	37%	203	9%
Services	8,369	6,982	7,303	7,640	-1,387	-34%	321	15%
Other/cancellations	-19,857	-15,801	-14,494	-13,650	4,056	100%	1,307	61%
Total	-9,887	-5,819	-3,676	-1,695	4,068	100%	2,143	100%

Divisional EBITDA/R margin

	12/15A	12/16E	12/17E	12/18E
Distribution & Asset Management	5.81%	5.00%	6.00%	7.00%
Production	-0.02%	5.03%	5.47%	5.89%
Services	31.3%	25.0%	25.0%	25.0%
Total	-11.5%	-6.63%	-4.06%	-1.74%

► Debt

Debt

The difficulties in 2008 and 2009 triggered an in-depth review of the group's activities with, at its heart, a profound change in balance sheet profile. Prior to the summer of 2007, all the real estate operations had been held by the group. This strategy has undergone a profound change since the real estate assets are now held either through third parties or (albeit to a lesser degree) still by Avenir Finance Immobilier. In terms of capital, the real estate activity had been extremely expensive: in 2007, 71% of the gross debt had corresponded to real estate debt versus 60% in 2013. Note: for reasons of effective cash management, most of the real estate lots are sold prior to the launch of refurbishment.

Since this real estate activity only involves short-term ownership (inventory rotation rate of one year), the debt maturities are established over a comparable period (100% of the 2013 gross debt is short term). The inventories which represent most of the working capital requirement mostly comprise buildings acquired under the estate agent regime. The group has little in the way of investment needs (under €200,000 in recent years).

Furthermore, the group also has a relatively high level of cash which even enables it to post a negative net debt (€6.2m of net cash at 31 December 2013). The results of the new strategy have enabled operating income to very comfortably cover financial expenses since 2012. Lastly, between 2007 and 2013, the size of the balance sheet has been roughly halved and the risks linked to liabilities considerably reduced whereas revenues have exceeded their record 2006 levels.

The merger with Inovalis will not weaken the group's balance sheet in that Inovalis has very little debt (around €2m). We don't anticipate any issues surrounding future financing for the new group.

Funding - Liquidity

		12/15A	12/16E	12/17E	12/18E
EBITDA	€th	-9,886	-5,819	-3,676	-1,695
Funds from operations (FFO)	€th	-5,839	-4,506	-3,011	-1,630
Ordinary shareholders' equity	€th	28,005	29,671	28,535	30,345
Gross debt	€th	14,364	14,412	14,412	15,412
o/w Less than 1 year - Gross debt	€th	5,612	11,000	11,000	12,000
o/w 1 to 5 year - Gross debt	€th	3,412	3,412	3,412	3,412
of which Y+2	€th	3,412			
o/w Beyond 5 years - Gross debt	€th	5,340			
+ Gross Cash	€th	13,811	2,411	-276	4,322
= Net debt / (cash)	€th	553	12,001	14,688	11,090
Bank borrowings	€th	14,364	14,412	14,412	15,412
Other financing	€th	0.00	0.00	0.00	0.00
Gearing (at book value)	%	7.00	21.2	46.8	42.5
Adj. Net debt/EBITDA(R)	x	-0.06	-2.06	-4.00	-6.54
Adjusted Gross Debt/EBITDA(R)	x	-2.19	-3.74	-5.92	-13.4
Adj. gross debt/(Adj. gross debt+Equity)	%	43.6	42.3	43.3	42.9
Ebit cover	x	-48.9	-12.7	-8.46	-4.67
FFO/Gross Debt	%	-26.9	-20.7	-13.8	-7.16
FFO/Net debt	%	-1,056	-37.5	-20.5	-14.7
FCF/Adj. gross debt (%)	%	-13.9	-50.3	-14.6	13.6
(Gross cash+ "cash" FCF+undrawn)/ST debt	x	1.92	-0.78	-0.32	0.62
"Cash" FCF/ST debt	x	-0.44	-1.00	-0.29	0.26

► Valuation

Valuation

Although the Horizon 2015 plan is now null and void (given the integration of Ageas France teams and the merger with Inovalis (submitted to the shareholder vote on 18 July 2014) which are going to imply a significant overshoot relative to the group's initial objectives), the first three years of the plan proved Advenis' ability to generate growth (sales up by 65% in three years) and to convert this into earnings (which define the group's distribution capability). While the growth in sales appears to have slowed in the past three financial years (+27.7%, +17.6% then +9.7%), this was mainly due to a challenging environment in 2012 (French Presidential election creating fiscal uncertainties, persistent economic difficulty, risk aversion) and a difficult start-up in 2013 (absence of SCPI tax break and delay in some markets).

Three valuation approaches enable the cross-referencing of three perspectives:

The DCF is built based on the group's initial expectations for these legacy businesses (weighted for delays linked to the trading environment) to which we have added the impact of the arrival of the Ageas teams and the merger with Inovalis approved by shareholders on 18 July 2014). Our DCF is underpinned by strong EBITDA growth.

The NAV-derived valuation considers the revenue-generating subsidiaries separately. Avenir Finance Gestion Privée (65% owned since December 2013) benefits from the Advenis brand with its customer base, substantial gross margin, the arrival of the Ageas France teams (following the partnership agreement signed in December 2013) increasing the sales team to some 200 people and thus significant growth potential. We apply an EV/Sales multiple of 1x to this entity. The valuation of Sicavonline is based on the last transaction with Ageas France signed in December 2013, thus deemed sufficiently recent to be reliable. On the asset management side, we value Avenir Finance Investment Managers based on the funds under management or distributed. Avenir Finance Immobilier and Aupera are valued based on a normalised P/E of 10x. The Inovalis subsidiaries (Realista, Inoprom, Inovalis AM and Inovalis PM) are valued based on the transaction announced in April 2014 (the assumptions used in the report of the expert appraisers on the value of the assets being transferred seeming, in our view, sufficiently robust).

Realista (which owns the Adyal group), regrouping the Property Management, Facility Management and Advice & Transaction activities in France (sales of €25m) represents nearly half the group's assets. Furthermore, we estimate that the group's strong earnings growth (excluding the impact of the Inovalis merger) will be driven by the Private Banking division (Avenir Finance Gestion Privée) which has now reached critical mass, its relative weight in our SOTP reflecting this vision.

The peer-based methodology may prove to have weaknesses: peers operate in the private banking space but they are much larger in size and thus offer more liquidity. We apply a flat-rate premium to the multiples, justified by the group's strong short and medium-term growth characteristics now that critical mass has been reached.

Conclusion

For our target price calculation, we use a blend of these three approaches through a weighted average. The NAV-based approach tends not to reflect the group's growth potential and the positive commercial synergies resulting from the Inovalis merger. The peer-group based methodology is complicated by the highly specific nature of the Advenis Group's business activity. In France, Union Financière de France (UFF), a listed company specialising in wealth management with a market capitalisation of around €300m, is the main comparable for Advenis. We have, however, opted for peers which are larger in size (EFG International and Julius Baer) but are under AlphaValue coverage (i.e. with earnings forecasts produced by our research department). The different weights attributed in the weighted average used to calculate the share price target aim to reflect the best estimates.

► Valuation

Valuation Summary

Benchmarks		Values (€)	Upside	Weight
DCF		4.91	139%	35%
NAV/SOTP per share		10.2	399%	20%
EV/Ebitda	Peers	0.00	-100%	20%
P/E	Peers	1.03	-50%	10%
Dividend Yield	Peers	0.00	-100%	10%
P/Book	Peers	2.91	42%	5%
Target Price		4.01	96%	

Comparison based valuation

Computed on 18 month forecasts	P/E (x)	Ev/Ebitda (x)	P/Book (x)	Yield(%)
Peers ratios	12.9	9.73	1.10	3.68
Advenis (Avenir Finance)'s ratios	-8.91	-11.7	0.54	0.00
Premium	-30.0%	30.0%	-30.0%	-30.0%
Default comparison based valuation (€)	1.03	0.00	2.91	0.00
Julius Baer	14.2	11.8	1.99	2.71
AGEAS	11.7	8.85	0.75	4.50
EFG International	12.2	6.94	0.88	5.15

► DCF

DCF Valuation Per Share

WACC	%	7.76	Avg net debt (cash) at book value	€th	13,345
PV of cashflow FY1-FY11	€th	19,268	Provisions	€th	7,359
FY11CF	€th	4,206	Unrecognised actuarial losses (gains)	€th	0.00
Normalised long-term growth"g"	%	2.00	Financial assets at market price	€th	7,855
Terminal value	€th	73,040	Minorities interests (fair value)	€th	805
PV terminal value	€th	34,598	Equity value	€th	40,212
<i>PV terminal value in % of total value</i>	%	64.2	Number of shares	Th	8,196
Total PV	€th	53,866	Implied equity value per share	€	4.91

Assessing The Cost Of Capital

Synthetic default risk free rate	%	3.50	Company debt spread	bp	270
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	6.20
Tax advantage of debt finance (normalised)	%	30.0	Company beta (leveraged)	x	1.31
Average debt maturity	Year	5	Company gearing at market value	%	74.5
Sector asset beta	x	0.89	Company market gearing	%	42.7
Debt beta	x	0.54	Required return on geared equity	%	10.1
Market capitalisation	€th	16,105	Cost of debt	%	4.34
Net debt (cash) at book value	€th	12,001	Cost of ungeared equity	%	7.96
Net debt (cash) at market value	€th	10,824	WACC	%	7.76

DCF Calculation

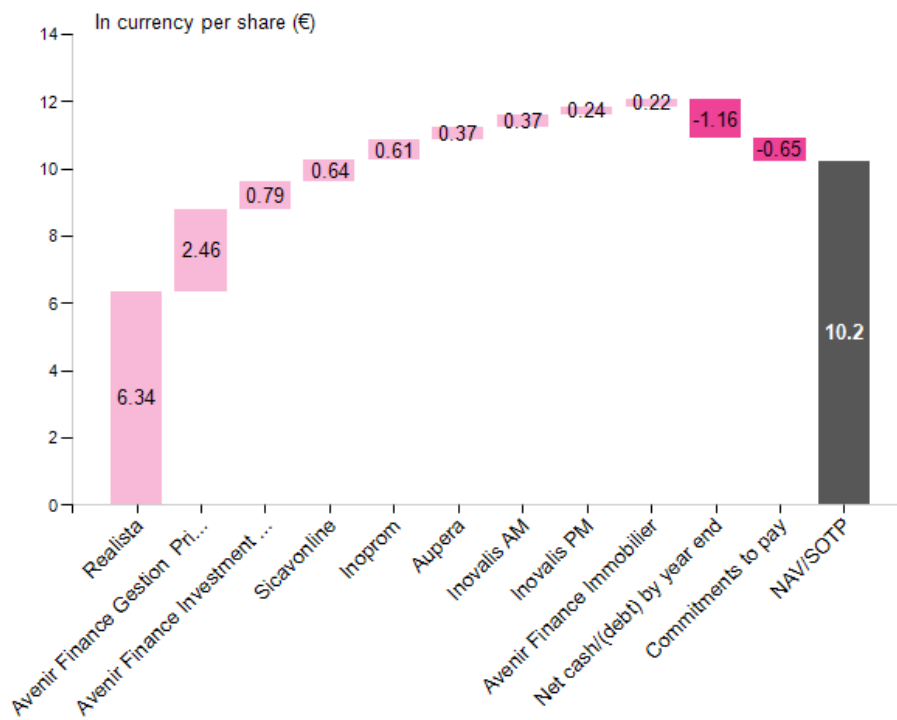
		12/15A	12/16E	12/17E	12/18E	Growth	12/19E	12/26E
Sales	€th	86,100	87,763	90,545	97,419	1.50%	98,880	109,742
EBITDA	€th	-9,886	-5,819	-3,676	-1,695	1.50%	-1,721	-1,910
<i>EBITDA Margin</i>	%	-11.5	-6.63	-4.06	-1.74		-1.74	-1.74
Change in WCR	€th	4,132	-6,003	1,824	5,128	2.00%	5,231	6,008
Total operating cash flows (pre tax)	€th	-1,967	11,822	-1,852	3,433		3,510	4,099
Corporate tax	€th	160	1,819	1,175	574	2.00%	586	673
Net tax shield	€th	-133	-152	-153	-153	2.00%	-156	-180
Capital expenditure	€th	-772	-439	-2,000	-400	2.00%	-408	-469
<i>Capex/Sales</i>	%	-0.90	-0.50	-2.21	-0.41		-0.41	-0.43
Pre financing costs FCF (for DCF purposes)	€th	-2,712	10,594	-2,831	3,454		3,531	4,123
Various add backs (incl. R&D, etc.) for DCF purposes	€th							
Free cash flow adjusted	€th	-2,712	10,594	-2,831	3,454		3,531	4,123
Discounted free cash flows	€th	-2,712	10,594	-2,627	2,974		2,822	1,953
Invested capital	€	15.1	19.8	20.6	16.6		16.9	19.4

► NAV/SOTP (edit)

NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (€th)	Stake valuation (€th)	In currency per share (€)	% of gross assets
Realista	100%	Adj. historical price		52,000	52,000 ⁽¹⁾	6.34	52.7%
Avenir Finance Gestio...	65.0%	EV/Sales	1	31,000	20,150	2.46	20.4%
Avenir Finance Inves...	100%	Volume based valuation	0.01	6,500	6,500	0.79	6.59%
Sicavonline	35.0%	Adj. historical price		15,000	5,250 ⁽²⁾	0.64	5.32%
Inoprom	100%	Adj. historical price		5,000	5,000 ⁽³⁾	0.61	5.07%
Aupera	100%	PE	10	3,000	3,000	0.37	3.04%
Inovalis AM	100%	Adj. historical price		3,000	3,000	0.37	3.04%
Inovalis PM	100%	Adj. historical price		2,000	2,000	0.24	2.03%
Avenir Finance Immo...	100%	PE	9	1,800	1,800	0.22	1.82%
Other							
Total gross assets					98,700	12.0	100%
Net cash/(debt) by year end					-9,511 ⁽⁴⁾	-1.16	-9.64%
Commitments to pay					-5,362 ⁽⁵⁾	-0.65	-5.43%
Commitments received							
NAV/SOTP					83,827	10.2	84.9%
Number of shares net of treasury shares - year end (Th)					8,196		
NAV/SOTP per share (€)					10.2		
Current discount to NAV/SOTP (%)						80.0	

1. Including Adyal The Inovalis subsidiaries have been valued based on the transaction announced in April 2014 (the assumptions used in the report of the expert appraisers on the value of the assets transferred seeming, in our view, sufficiently robust).
2. The valuation of Sicavonline is based on the transaction with Ageas France in December 2013. Ageas France owns 65% of Sicavonline.
3. The Inovalis subsidiaries have been valued based on the transaction announced in April 2014 (the assumptions used in the report of the expert appraisers on the value of the assets transferred seeming, in our view, sufficiently robust).
4. Net debt of the parent company "Avenir Finance SA".
5. Pension and other provisions



► Worth Knowing

Worth Knowing

Following the merger with Inovalis, the Blain family (i.e. the family of the founder and former Chairman and CEO of Avenir Finance (Advenis), Danyel Blain has held a stake of around 12% in the Avenir Finance since July 2014 compared with around 35% prior to the merger (on the other hand, given the double voting rights, the Blain family retains around 20% of the votes). Around 66% of the capital is now in the hands of Inovalis. Note that while the free float is reduced in relative terms the absolute value remains unchanged.

The composition of the Board of Directors has changed since the merger with Inovalis: Danyel and Joëlle Blain have withdrawn and six new Board directors have been appointed (Stéphane Amine is now Chairman of the Board). These changes are consistent with the new make-up of the group's share capital.

Note that Ageas France, the group's veritable industrial partner, does not own shares in the parent company Avenir Finance (Advenis). On the other hand, Aegas France owns 65% of Sicavonline and Sicavonline Partners, 35% of Avenir Finance Private Banking and a (negligible) shareholding in Avenir Finance Investment Managers.

Shareholders

Name	% owned	Of which % voting rights	Of which % free to float
Inovalis	66.3%	55.3%	0.00%
Famille Blain	11.9%	19.8%	0.00%
Apparent free float			21.8%

► Financials

Valuation Key Data

		12/15A	12/16E	12/17E	12/18E
Adjusted P/E	x	-4.15	-4.98	-6.13	-12.5
Reported P/E	x	-2.39	-4.78	-5.87	-12.0
EV/EBITDA(R)	x	-5.59	-5.77	-8.46	-16.2
P/Book	x	1.95	0.72	0.56	0.53
Dividend yield	%	0.00	0.00	0.00	0.00
<i>Free cash flow yield</i>	%	-5.53	-51.5	-19.8	19.2
Average stock price	€	6.95	2.70	2.05	2.05

Consolidated P&L

		12/15A	12/16E	12/17E	12/18E
Sales	€th	86,100	87,763	90,545	97,419
<i>Sales growth</i>	%	7.87	1.93	3.17	7.59
<i>Sales per employee</i>	€th	171	174	180	193
Purchases and external costs (incl. IT)	€th	-66,390	-59,793	-59,814	-62,582
Staff costs	€th	-33,200	-33,789	-34,407	-36,532
Operating lease payments	€th				
Cost of sales/COGS (indicative)	€th				
EBITDA	€th	-9,886	-5,819	-3,676	-1,695
EBITDA(R)	€th	-9,886	-5,819	-3,676	-1,695
<i>EBITDA(R) margin</i>	%	-11.5	-6.63	-4.06	-1.74
<i>EBITDA(R) per employee</i>	€th	-19.7	-11.5	-7.31	-3.36
Depreciation	€th	-9,440	-614	-634	-682
<i>Depreciations/Sales</i>	%	11.0	0.70	0.70	0.70
Amortisation	€th	-795			
Additions to provisions	€th		0.00	0.00	0.00
Reduction of provisions	€th	-1,525	0.00	0.00	0.00
Underlying operating profit	€th	-21,646	-6,433	-4,310	-2,377
<i>Underlying operating margin</i>	%	-25.1	-7.33	-4.76	-2.44
Other income/expense (cash)	€th	-1,572	878	905	974
Other inc./ exp. (non cash; incl. assets revaluation)	€th				
Earnings from joint venture(s)	€th				
Impairment charges/goodwill amortisation	€th		0.00	0.00	0.00
Operating profit (EBIT)	€th	-23,218	-5,555	-3,404	-1,403
Interest expenses	€th	-773	-575	-576	-576
<i>of which effectively paid cash interest expenses</i>	€th	100	74.3	74.6	74.6
Financial income	€th	311	66.6	65.2	65.2
Other financial income (expense)	€th	19.0	0.00	0.00	0.00
Net financial expenses	€th	-443	-508	-511	-511
<i>of which related to pensions</i>	€th	0.00	-1.65	-1.96	-2.00
Pre-tax profit before exceptional items	€th	-23,661	-6,063	-3,916	-1,914
Exceptional items and other (before taxes)	€th	481	0.00	0.00	0.00
<i>of which cash (cost) from exceptionals</i>	€th				
Current tax	€th	160	1,819	1,175	574
Impact of tax loss carry forward	€th				
Deferred tax	€th		0.00	0.00	0.00
Corporate tax	€th	160	1,819	1,175	574
<i>Tax rate</i>	%	0.68	30.0	30.0	30.0
<i>Net margin</i>	%	-27.3	-4.84	-3.03	-1.38
Equity associates	€th	0.00 ⁽³⁾	498 ⁽³⁾	498	498
<i>Actual dividends received from equity holdings</i>	€th				
Minority interests	€th	-6.00	-700	-500	-500
<i>Actual dividends paid out to minorities</i>	€th	-4.00	0.00	1,000	1,000
Income from discontinued operations	€th	174			
Attributable net profit	€th	-22,852	-4,446	-2,743	-1,341
Impairment charges/goodwill amortisation	€th	0.00	0.00	0.00	0.00
Other adjustments	€th	9,440			
Adjusted attributable net profit	€th	-13,586	-4,446	-2,743	-1,341

3. In December 2013, Avenir Finance became a minority shareholder in SicavOnline and SicavOnline Partenaires with 35% (Ageas France holds the remaining 65%).

Financials

Interest expense savings	€th				
Fully diluted adjusted attr. net profit	€th	-13,586	-4,446	-2,743	-1,341
NOPAT	€th	-15,152	-4,004	-2,517	-1,164

Cashflow Statement

		12/15A	12/16E	12/17E	12/18E
EBITDA	€th	-9,886	-5,819	-3,676	-1,695
Change in WCR	€th	4,132	-6,003	1,824	5,128
<i>of which (increases)/decr. in receivables</i>	€th	2,492	-4,610	643	-1,029
<i>of which (increases)/decr. in inventories</i>	€th	4,570	-5,347	-2,308	-828
<i>of which increases/(decr.) in payables</i>	€th	-2,930	3,954	3,488	6,985
<i>of which increases/(decr.) in other curr. liab.</i>	€th		0.00	0.00	0.00
Actual dividends received from equity holdings	€th	0.00	0.00	0.00	0.00
Paid taxes	€th	337	1,819	1,175	574
Exceptional items	€th				
Other operating cash flows	€th	3,610	0.00	0.00	0.00
Total operating cash flows	€th	-1,807	-10,003	-678	4,007
Capital expenditure	€th	-772	-439	-2,000	-400
<i>Capex as a % of depreciation & amort.</i>	%	7.54	71.4	316	58.7
Net investments in shares	€th	230	-500	-500	-500
Other investment flows	€th		0.00	0.00	0.00
Total investment flows	€th	-542	-939	-2,500	-900
Net interest expense	€th	-443	-508	-511	-511
<i>of which cash interest expense</i>	€th	100	-506	-509	-509
Dividends (parent company)	€th	0.00	0.00	0.00	0.00
Dividends to minorities interests	€th	-4.00	0.00	1,000	1,000
New shareholders' equity	€th	498	0.00	0.00	0.00
<i>of which (acquisition) release of treasury shares</i>	€th	0.00	0.00	0.00	0.00
(Increase)/decrease in net debt position	€th	-4,419	48.0	0.00	1,000
Other financial flows	€th				
Total financial flows	€th	-3,825	-458	491	1,491
Change in cash position	€th	-6,174	-11,400	-2,687	4,598
Change in net debt position	€th	-1,755	-11,448	-2,687	3,598
Free cash flow (pre div.)	€th	-3,022	-10,950	-3,189	3,096
Operating cash flow (clean)	€th	-1,807	-10,003	-678	4,007
Reinvestment rate (capex/tangible fixed assets)	%	47.4	18.5	38.5	6.22

Financials

Balance Sheet

		12/15A	12/16E	12/17E	12/18E
Goodwill	€th	7,427	7,427	7,427	7,427
Contracts & Rights (incl. concession) intangible assets	€th		0.00	0.00	0.00
Other intangible assets	€th	22,757	22,757	22,757	22,757
Total intangible	€th	30,184	30,184	30,184	30,184
Tangible fixed assets	€th	1,630	1,762	3,945	4,504
Financial fixed assets (part of group strategy)	€th	7,355	7,855	8,355	8,855
Financial hedges (LT derivatives)	€th	1,928			
Other financial assets (investment purpose mainly)	€th		0.00	0.00	0.00
<i>of which available for sale</i>	<i>€th</i>		<i>0.00</i>	<i>1,000</i>	<i>2,000</i>
WCR	€th	-26,024	-20,021	-21,844	-26,972
<i>of which trade & receivables (+)</i>	<i>€th</i>	<i>37,709</i>	<i>42,319</i>	<i>41,675</i>	<i>42,704</i>
<i>of which inventories (+)</i>	<i>€th</i>	<i>3,245⁽⁴⁾</i>	<i>8,592⁽⁴⁾</i>	<i>10,901</i>	<i>11,728</i>
<i>of which payables (+)</i>	<i>€th</i>	<i>66,978</i>	<i>70,932</i>	<i>74,420</i>	<i>81,405</i>
<i>of which other current liabilities (+)</i>	<i>€th</i>				
Other current assets	€th	23,242	30,056	32,249	36,032
<i>of which tax assets (+)</i>	<i>€th</i>	<i>5,242</i>	<i>30,056</i>	<i>32,249</i>	<i>36,032</i>
Total assets (net of short term liabilities)	€th	38,315	49,836	52,888	52,602
Ordinary shareholders' equity (group share)	€th	28,005	29,671	28,535	30,345
Minority interests	€th	105	805	2,305	3,805
Provisions for pensions	€th		54.7	56.1	57.5
Other provisions for risks and liabilities	€th	7,304	7,304	7,304	7,304
Deferred tax liabilities	€th	2,348			
Other liabilities	€th		0.00	0.00	0.00
Net debt / (cash)	€th	553	12,001	14,688	11,090
Total liabilities and shareholders' equity	€th	38,315	49,836	52,888	52,602
Average net debt / (cash)	€th	1,960	6,277	13,345	12,889
Parent company net debt / (cash)	€th	9,483	9,492	9,502	9,511
Off B/S business guarantees given	€th		0.00	0.00	0.00

4. Since H2 09, Avenir Finance has opted to mitigate the risk linked to the financing of building by relying on financial partners for the ownership of its real estate assets.

EV Calculations

		12/15A	12/16E	12/17E	12/18E
EV/EBITDA(R)	x	-5.59	-5.77	-8.46	-16.2
EV/EBIT (underlying profit)	x	-2.55	-5.22	-7.22	-11.6
EV/Sales	x	0.64	0.38	0.34	0.28
EV/Invested capital	x	3.66	1.70	1.51	1.66
Market cap	€th	54,630	21,241	16,105	16,105
+ Provisions (including pensions)	€th	7,304	7,359	7,360	7,362
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00	0.00
+ Net debt at year end	€th	553	12,001	14,688	11,090
+ Leases debt equivalent	€th	0.00	0.00	0.00	0.00
- Financial fixed assets (fair value) & Others	€th	7,355	7,855	7,855	7,855
+ Minority interests (fair value)	€th	105	805	805	805
= Enterprise Value	€th	55,237	33,551	31,103	27,506

Financials

Per Share Data

		12/15A	12/16E	12/17E	12/18E
Adjusted EPS (bfr goodwill amort. & dil.)	€	-1.68	-0.54	-0.33	-0.16
<i>Growth in EPS</i>	%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Reported EPS	€	-2.91	-0.57	-0.35	-0.17
Net dividend per share	€	0.00	0.00	0.00	0.00
Free cash flow per share	€	-0.37	-1.34	-0.39	0.38
Operating cash flow per share	€	-0.23	-1.27	-0.09	0.51
Book value per share	€	3.56	3.78	3.63	3.86

5. Including Bonus Shares. The plan involves the conditional granting of shares, foreseeing a two-year vesting period after which the acquisition is effective and definite, subject to fulfilment of the plan conditions.

	Th	7,856	7,856	7,856	7,856
Number of ordinary shares	Th	7,856	7,856	7,856	7,856
Number of equivalent ordinary shares (year end)	Th	7,856	7,856	7,856	7,856
Number of shares market cap.	Th	7,856	7,856	7,856	7,856
Treasury stock (year end)	Th				
Number of shares net of treasury stock (year end)	Th	7,856	7,856	7,856	7,856
Number of common shares (average)	Th	7,764	7,856	7,856	7,856
Conversion of debt instruments into equity	Th				
Settlement of cashable stock options	Th	340 ⁽⁵⁾	340 ⁽⁵⁾	340	340
Probable settlement of non mature stock options	Th				
Other commitments to issue new shares	Th				
Increase in shares outstanding (average)	Th	342	340	340	340
Number of diluted shares (average)	Th	8,105	8,196	8,196	8,196
Goodwill per share (diluted)	€	0.00	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	€	-1.68	-0.54	-0.33	-0.16
EPS before goodwill amortisation (non-diluted)	€	-2.94	-0.57	-0.35	-0.17
Actual payment	€				
Payout ratio	%	0.00	0.00	0.00	0.00
Capital payout ratio (div +share buy back/net income)	%	0.00	0.00	0.00	0.00

Funding - Liquidity

		12/15A	12/16E	12/17E	12/18E
EBITDA	€th	-9,886	-5,819	-3,676	-1,695
Funds from operations (FFO)	€th	-5,839	-4,506	-3,011	-1,630
Ordinary shareholders' equity	€th	28,005	29,671	28,535	30,345
Gross debt	€th	14,364	14,412	14,412	15,412
o/w Less than 1 year - Gross debt	€th	5,612	11,000	11,000	12,000
o/w 1 to 5 year - Gross debt	€th	3,412	3,412	3,412	3,412
of which Y+2	€th	3,412			
o/w Beyond 5 years - Gross debt	€th	5,340			
+ Gross Cash	€th	13,811	2,411	-276	4,322
= Net debt / (cash)	€th	553	12,001	14,688	11,090
Bank borrowings	€th	14,364	14,412	14,412	15,412
Other financing	€th	0.00	0.00	0.00	0.00
Gearing (at book value)	%	7.00	21.2	46.8	42.5
Adj. Net debt/EBITDA(R)	x	-0.06	-2.06	-4.00	-6.54
Adjusted Gross Debt/EBITDA(R)	x	-2.19	-3.74	-5.92	-13.4
Adj. gross debt/(Adj. gross debt+Equity)	%	43.6	42.3	43.3	42.9
Ebit cover	x	-48.9	-12.7	-8.46	-4.67
FFO/Gross Debt	%	-26.9	-20.7	-13.8	-7.16
FFO/Net debt	%	-1,056	-37.5	-20.5	-14.7
FCF/Adj. gross debt (%)	%	-13.9	-50.3	-14.6	13.6
(Gross cash+ "cash" FCF+undrawn)/ST debt	x	1.92	-0.78	-0.32	0.62
"Cash" FCF/ST debt	x	-0.44	-1.00	-0.29	0.26

► Financials

ROE Analysis (Dupont's Breakdown)

		12/15A	12/16E	12/17E	12/18E
Tax burden (Net income/pretax pre expc income)	x	0.97	0.73	0.70	0.70
EBIT margin (EBIT/sales)	%	-27.0	-6.33	-3.76	-1.44
Assets rotation (Sales/Avg assets)	%	175	199	176	185
Financial leverage (Avg assets /Avg equity)	x	1.26	1.53	1.76	1.79
ROE	%	-58.8	-15.4	-9.42	-4.56
ROA	%	-401	-46.6	-27.7	-18.2

Shareholder's Equity Review (Group Share)

		12/15A	12/16E	12/17E	12/18E
Y-1 shareholders' equity	€th	25,036	2,682	29,671	28,535
+ Net profit of year	€th	-22,852	-4,446	-2,743	-1,341
- Dividends (parent cy)	€th	0.00	0.00	0.00	0.00
+ Additions to equity	€th	498	0.00	0.00	0.00
<i>o/w reduction (addition) to treasury shares</i>	€th	0.00	0.00	0.00	0.00
- Unrecognised actuarial gains/(losses)	€th	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	€th		31,435	1,606	3,152
= Year end shareholders' equity	€th	2,682	29,671	28,535	30,345

Staffing Analytics

		12/15A	12/16E	12/17E	12/18E
Sales per staff	€th	171	174	180	193
Staff costs per employee	€th	-66.0	-66.9	-68.4	-72.3
<i>Change in staff costs</i>	%	6.02	1.77	1.83	6.18
<i>Change in unit cost of staff</i>	%	3.28	1.37	2.23	5.76
<i>Staff costs/(EBITDA+Staff costs)</i>	%	142	121	112	105

Average workforce	unit	503	505	503	505
Europe	unit	503	505	503	504
North America	unit	0.00	0.00	0.00	0.00
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	0.00	0.00	0.00	0.00
Other key countries	unit	0.00	0.00	0.00	0.00
Total staff costs	€th	-33,200	-33,789	-34,407	-36,532
Wages and salaries	€th	-33,000	-33,589	-34,207	-36,332
<i>of which social security contributions</i>	€th	-10,000	-10,178	-10,366	-11,010
Equity linked payments	€th	-200	-200	-200	-200
Pension related costs	€th		0.00	0.00	0.00

Divisional Breakdown Of Revenues

		12/15A	12/16E	12/17E	12/18E
Distribution & Asset Management	€th	27,673	29,783	30,020	33,848
Production	€th	31,747	30,053	31,312	33,010
Services	€th	26,701	27,927	29,212	30,561
Other	€th	0.00 ⁽¹⁾	0.00 ⁽¹⁾	0.00	0.00
Total sales	€th	86,121⁽²⁾	87,763	90,545	97,419

1. The merger between Avenir Finance and Inovalis should lead to the creation of a new division oriented towards financial (with AF Investment Managers) and real estate services (Realista, Adyal, AF Gestion and Property, IAM and IPM).
2. Within the framework of its Horizon 2015 plan (null and void following the arrival of the Ageas France teams and the merger with Inovalis), the group had expected sales of €88m in 2015.

► Financials

Divisional Breakdown Of Earnings

		12/15A	12/16E	12/17E	12/18E
EBITDA/R Analysis					
Distribution & Asset Management	€th	1,607	1,489	1,801	2,369
Production	€th	-6.00	1,511	1,714	1,946
Services	€th	8,369	6,982	7,303	7,640
Other/cancellations	€th	-19,857	-15,801	-14,494	-13,650
Total	€th	-9,887	-5,819	-3,676	-1,695
EBITDA/R margin	%	-11.5	-6.63	-4.06	-1.74

Revenue Breakdown By Country

		12/15A	12/16E	12/17E	12/18E
France	%	99.0	99.0		
Germany	%	1.00	1.00		
Other	%	0.00	0.00		

ROCE/CFROIC/Capital Invested

		12/15A	12/16E	12/17E	12/18E
ROCE (NOPAT+lease exp.*(1-tax))/(net) cap employed adjusted	%	-101	-20.2	-12.2	-7.03
CFROIC	%	-20.0	-55.4	-15.5	18.7
Goodwill					
Goodwill	€th	7,427	7,427	7,427	7,427
Accumulated goodwill amortisation	€th	0.00	0.00	0.00	0.00
All intangible assets					
All intangible assets	€th	22,757	22,757	22,757	22,757
Accumulated intangible amortisation	€th	0.00	0.00	0.00	0.00
Financial hedges (LT derivatives)					
Financial hedges (LT derivatives)	€th	1,928	0.00	0.00	0.00
Capitalised R&D					
Capitalised R&D	€th	0.00	0.00	0.00	0.00
PV of non-capitalised lease obligations					
PV of non-capitalised lease obligations	€th	0.00	0.00	0.00	0.00
Other fixed assets					
Other fixed assets	€th	1,630	1,762	3,945	4,504
Accumulated depreciation	€th	0.00	614	1,248	1,930
WCR					
WCR	€th	-26,024	-20,021	-21,844	-26,972
Other assets					
Other assets	€th	7,355	7,855	8,355	8,855
Unrecognised actuarial losses/(gains)					
Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00	0.00
Capital employed after deprec. (Invested capital)					
Capital employed after deprec. (Invested capital)	€th	15,073	19,780	20,639	16,570
Capital employed before depreciation					
Capital employed before depreciation	€th	13,145	20,394	21,888	18,500

Divisional Breakdown Of Capital

		12/15A	12/16E	12/17E	12/18E
Distribution & Asset Management	€th				
Production	€th				
Services	€th				
Other	€th	15,073	19,780	20,639	16,570
Total capital employed	€th	15,073	19,780	20,639	16,570

► Pension Risks

Pension matters

At its inception in 1995, Advenis functioned with only four employees. In step with organic growth based on the multiplication of the services offered and external growth transactions, the number of employees had previously peaked in 2008 at 137. The difficulties encountered in 2008 were reflected in a sharp reduction in the teams (some thirty employees left the company) before their size again increased (average employees at 142 in 2013).

The group's strategy based on increasing the number of products offered and reaching critical mass notably in terms of distribution implied the recruitment of new employees (the initial target in the Horizon 2015 plan aimed to hire some fifty new wealth management advisers for the AF Private Banking subsidiary, i.e. representing a doubling in staff in this division. This target was comfortably exceeded following the transfer of the Ageas France Employee Network as of January 2014). Additionally, the merger with Inovalis will result in the group employing a total of around 500 people. This represents a real change in scale, particularly since new recruitment remains on the cards.

Since the Advenis businesses largely depend on recruiting and retaining talented individuals (payroll expenses represented 26% of sales in 2013 and 27% in 2012), effective HR management is vital, the proportion of fixed remuneration potentially rapidly putting serious strain on the company's results. This is why the remuneration of around one half of staff comprises a very significant variable portion, enabling the company to cope with business downturns more effectively.

Prior to the merger with Inovalis, all the present employees were French nationals. However, the Inovalis teams include 15 German nationals. The pension provisions recognised in the balance sheet correspond to the schemes legally and contractually applicable to French staff. However, the group incurs no particular risk on this point. Note that none of the management benefits from a special pension scheme or contractual indemnity in the event of resignation or redundancy.

Summary Of Pension Risks

		12/15A	12/16E	12/17E	12/18E
Pension ratio	%	0.24	0.18	0.20	0.19
Ordinary shareholders' equity	€th	28,005	29,671	28,535	30,345
Total benefits provisions	€th	66.0	54.7	56.1	57.5
<i>of which funded pensions</i>	<i>€th</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
<i>of which unfunded pensions</i>	<i>€th</i>	<i>66.0</i>	<i>54.7</i>	<i>56.1</i>	<i>57.5</i>
<i>of which benefits / health care</i>	<i>€th</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Unrecognised actuarial (gains)/losses	€th	0.00	0.00	0.00	0.00
<i>Company discount rate</i>	%	<i>4.00</i>	<i>4.00</i>	<i>4.00</i>	<i>4.00</i>
Normalised recomputed discount rate	%		2.50		
<i>Company future salary increase</i>	%	<i>3.00</i>	<i>3.00</i>	<i>3.00</i>	<i>3.00</i>
Normalised recomputed future salary increase	%		2.00		
<i>Company expected rate of return on plan assets</i>	%	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Normalised recomputed expd rate of return on plan assets	%		0.50		
Funded : Impact of actuarial assumptions	€th		0.00		
Unfunded : Impact of actuarial assumptions	€th		10.6		

Geographic Breakdown Of Pension Liabilities

		12/15A	12/16E	12/17E	12/18E
US exposure	%				
UK exposure	%				
Euro exposure	%	100	100	100	100
Nordic countries	%				
Switzerland	%				
Other	%				
Total	%	100	100	100	100

► Pension Risks

Balance Sheet Implications

		12/15A	12/16E	12/17E	12/18E
Funded status surplus / (deficit)	€th	0.00	0.00	0.00	0.00
Unfunded status surplus / (deficit)	€th	-66.0	-78.2	-80.2	-82.2
Total surplus / (deficit)	€th	-66.0	-78.2	-80.2	-82.2
Total unrecognised actuarial (gains)/losses	€th	0.00	0.00	0.00	0.00
Provision (B/S) on funded pension	€th	0.00	0.00	0.00	0.00
Provision (B/S) on unfunded pension	€th	66.0	54.7	56.1	57.5
Other benefits (health care) provision	€th		0.00	0.00	0.00
Total benefit provisions	€th	66.0	54.7	56.1	57.5

P&L Implications

		12/15A	12/16E	12/17E	12/18E
Funded obligations periodic costs	€th	0.00	0.00	0.00	0.00
Unfunded obligations periodic costs	€th	0.00	-1.65	-1.96	-2.00
Total periodic costs	€th	0.00	-1.65	-1.96	-2.00
<i>of which incl. in labour costs</i>	€th	0.00	0.00	0.00	0.00
<i>of which incl. in interest expenses</i>	€th	0.00	-1.65	-1.96	-2.00

Funded Obligations

		12/15A	12/16E	12/17E	12/18E
Balance beginning of period	€th	0.00	0.00	0.00	0.00
Current service cost	€th		0.00	0.00	0.00
Interest expense	€th		0.00	0.00	0.00
Employees' contributions	€th				
Impact of change in actuarial assumptions	€th		0.00	0.00	0.00
<i>of which impact of change in discount rate</i>	€th		0.00		
<i>of which impact of change in salary increase</i>	€th		0.00		
Changes to scope of consolidation	€th				
Currency translation effects	€th				
Pension payments	€th				
Other	€th				
Year end obligation	€th	0.00	0.00	0.00	0.00

Plan Assets

		12/15A	12/16E	12/17E	12/18E
Value at beginning	€th		0.00	0.00	0.00
Company expected return on plan assets	€th		0.00	0.00	0.00
Actuarial gain/(loss)	€th		0.00	0.00	0.00
Employer's contribution	€th	0.00	0.00	0.00	0.00
Employees' contributions	€th	0.00	0.00	0.00	0.00
Changes to scope of consolidation	€th				
Currency translation effects	€th				
Pension payments	€th	0.00	0.00	0.00	0.00
Other	€th				
Value end of period	€th	0.00	0.00	0.00	0.00
Actual and normalised future return on plan assets	€th	0.00	0.00	0.00	0.00

► Pension Risks

Unfunded Obligations











		12/15A	12/16E	12/17E	12/18E
Balance beginning of period	€th	66.0	66.0	78.2	80.2
Current service cost	€th		0.00	0.00	0.00
Interest expense	€th		1.65	1.96	2.00
Employees' contributions	€th				
Impact of change in actuarial assumptions	€th		10.6	0.00	0.00
<i>of which Impact of change in discount rate</i>	€th		22.3		
<i>of which Impact of change in salary increase</i>	€th		-11.7		
Changes to scope of consolidation	€th				
Currency translation effects	€th				
Pension payments	€th				
Other	€th				
Year end obligation	€th	66.0	78.2	80.2	82.2

Advenis (Buy)








Diversified Finan Serv / France

► Governance & Management

Governance parameters

	Yes  / No 	Weighting
One share, one vote		33%
Chairman vs. Executive split		5%
Chairman not ex executive		0%
Independent directors equals or above 50% of total directors		20%
Full disclosure on mgt pay (performance related bonuses, pensions and non financial benefits)		5%
Disclosure of performance anchor for bonus trigger		10%
Compensation committee reporting to board of directors		7%
Straightforward, clean by-laws		20%
Governance score	78	100%















Existing committees

	Audit / Governance Committee
	Compensation committee
	Financial Statements Committee
	Litigation Committee
	Nomination Committee
	Safety committee
	SRI / Environment

Management


Name	Function	Birth date	Date in	Date out	Compensation, in k€ (year)	
					Cash	Equity linked
Stéphane AMINE	M CEO	1968	2014			
Fadi CALEDIT	M Deputy CEO	1972	2014			
Jérôme FRANK	M Deputy CEO	1954	2014			

Board of Directors

Name	Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in k€ (year)	Value of holding, in k€ (year)
Stéphane AMINE	M 	President/Chairman of th...	2020	1968	2014			
David GIRAUD	M 	Member	2020	1967	2014			
Joëlle CHAUVIN	F 	Member	2020	1947	2014			
Jean-Daniel COHEN	M 	Member	2020	1962	2014			
François SIMON	M 	Member	2020	1956	2014			
Marie-Laure TUFFAL-QUIDET	F 	Member	2020	1965	2014			
Gilbert HABERMANN	M  	Member				3.00 (2013)	(2013)	
Frédéric BOUTÉ	M  	Member	2017			3.00 (2013)	(2013)	
AGEAS FRANCE	 	Member				3.00 (2013)	0.00 (2013)	
Grégory BLAIN	M  	Member	2017	1983	2012		(2014)	


► Governance & Management


Human Resources

Accidents at work
25% Of H.R. Score






















Human resources development
35% Of H.R. Score


Pay
20% Of H.R. Score


Job satisfaction
10% Of H.R. Score


Internal communication
10% Of H.R. Score


HR Breakdown

		Yes  / No 	Rating
Accidents at work	25%		25/100
Set targets for work safety on all group sites?	40%		10/100
Are accidents at work declining?	60%		15/100
Human resources development	35%		35/100
Are competences required to meet medium term targets identified?	10%		4/100
Is there a medium term (2 to 5 years) recruitment plan?	10%		4/100
Is there a training strategy tuned to the company objectives?	10%		4/100
Are employees trained for tomorrow's objectives?	10%		4/100
Can all employees have access to training?	10%		4/100
Has the corporate avoided large restructuring lay-offs over the last year to date?	10%		4/100
Have key competences stayed?	10%		4/100
Are managers given managerial objectives?	10%		4/100
If yes, are managerial results a deciding factor when assessing compensation level?	10%		4/100
Is mobility encouraged between operating units of the group?	10%		4/100
Pay	20%		14/100
Is there a compensation committee?	30%		0/100
Is employees' performance combining group performance AND individual performance?	70%		14/100
Job satisfaction	10%		0/100
Is there a measure of job satisfaction?	33%		0/100
Can anyone participate ?	34%		0/100
Are there action plans to prop up employees' morale?	33%		0/100
Internal communication	10%		10/100
Are strategy and objectives made available to every employee?	100%		10/100
Human Ressources score:			84/100

HR Score

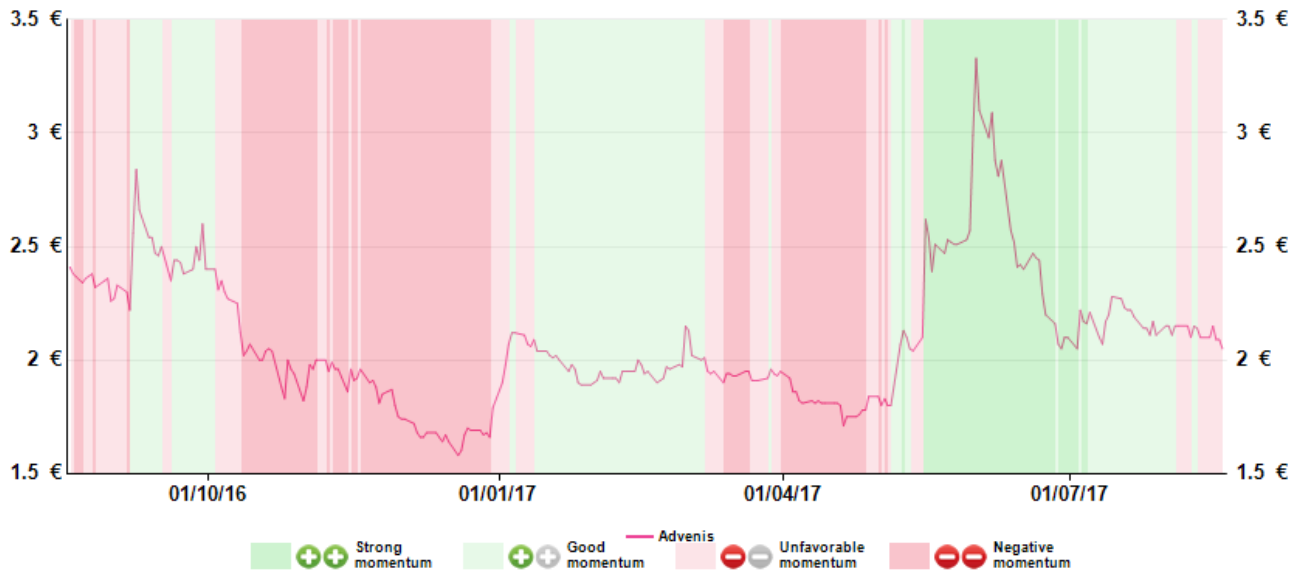
H.R. Score : 8.4/10





▼ Other financials
■ Advenis (Avenir Finance)


► Graphics


Momentum



 : Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes

 : Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes

 : Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes

 : Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.

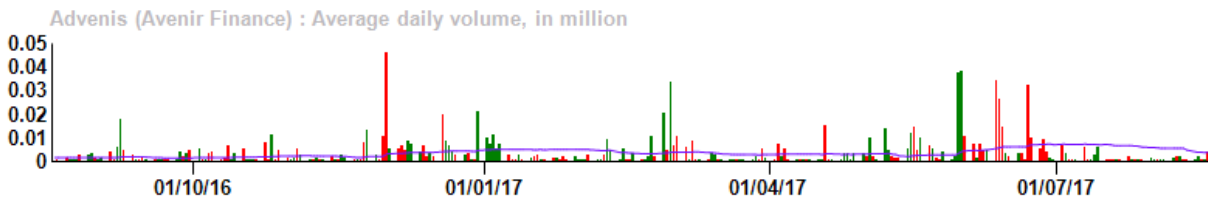
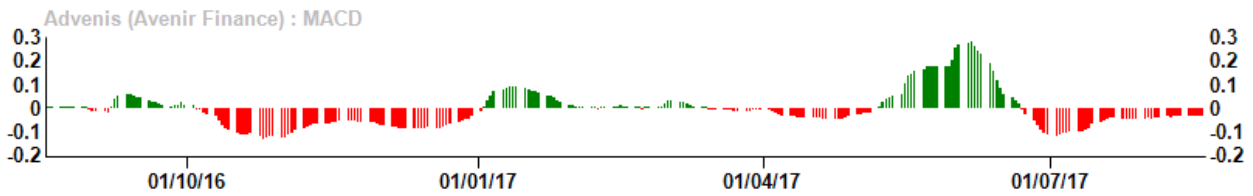
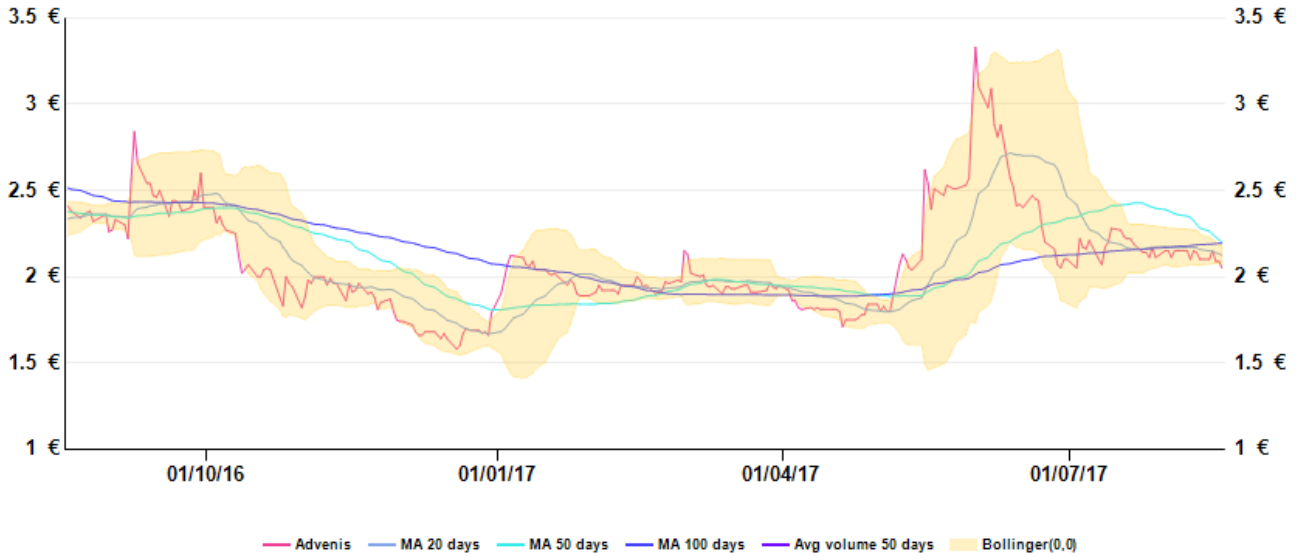
The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames.

For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator.

The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

► Graphics

Moving Average MACD & Volume



► Graphics

Sector Other financials



Methodology

► Methodology

Fundamental Opinion

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

Recommendations are geared to a "value" approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency**, all underlying figures are accessible, and **consistency**, same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility	Normal Volatility	High Volatility
	10 < VIX index < 30	15 < VIX index < 35	35 < VIX index
Buy ●	More than 15% upside	More than 20% upside	More than 30% upside
Add ■	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce ■	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell ●	Below -10%	Below -10%	Below -10%

There is deliberately no "neutral" recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

► Methodology

Valuation

Valuation processes have been organized around transparency and consistency as primary objectives.

Stocks belong to different categories that recognise their main operating features : Banks, Insurers and Non Financials.

Within those three universes, the valuation techniques are the same and in relation to the financial data available.

The weighting given to individual valuation techniques is managed centrally and may be changed from time to time. As a rule, all stocks of a similar profile are valued using equivalent weighting of the various valuation techniques. This is for obvious consistency reasons.

Within the very large universe of Non Financials, there are in effect 4 sub-categories of weightings to cater for subsets: 1) 'Mainstream' stocks; 2) 'Holding companies' where the stress is on NAV measures; 3) 'Growth' companies where the stress is on peer based valuations; 4) 'Loss making sectors' where peers review is essentially pointing nowhere (ex: Bio techs). The bulk of the valuation is then built on DCF and NAV, in effect pushing back the time horizon.

Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	25%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	15%	15%
P/Book	5%	5%	5%	5%	15%	10%
Banks' intrinsic method	0%	0%	0%	0%	25%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%