



ALPHAVALUE

INSTITUTIONAL PRESENTATION

H2 - 2017






EXTEL 2017
PAN EUROPEAN SURVEY AWARDS

1st

LEADING INDEPENDENT
EQUITY RESEARCH PROVIDER



We are independent

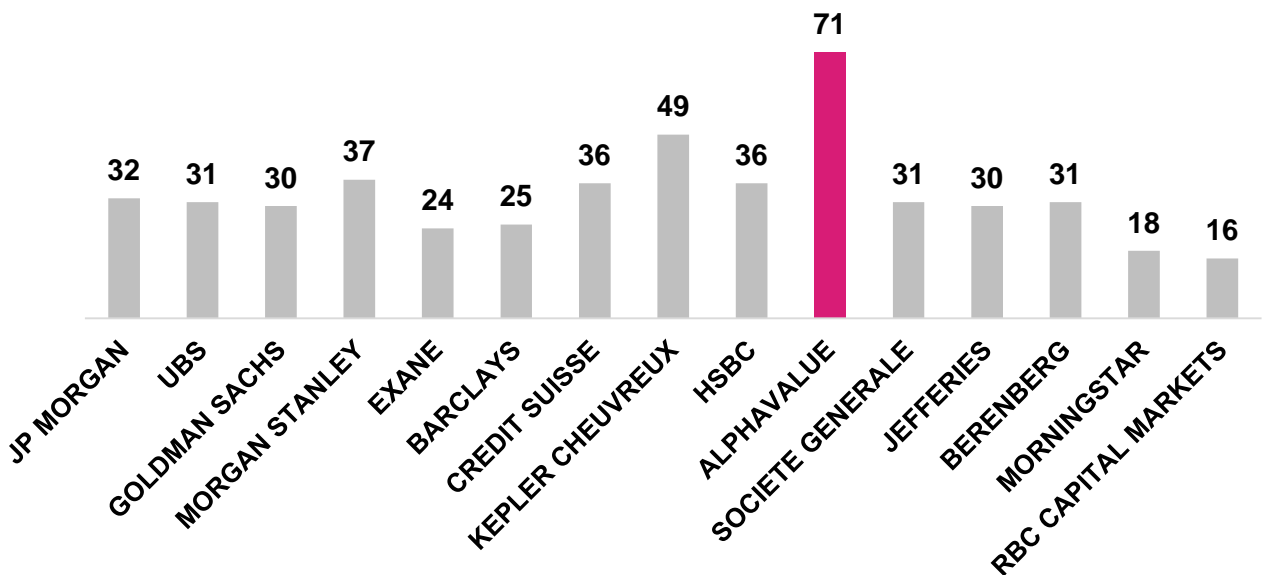
-  We are subscription based, pure investor-pay model.
-  No financing/banking relations with issuers.
-  We have 46% of negative opinions vs 17% for other research houses.





We deliver

Top Stocks Opinions* on Stoxx600



Number of top analysts (BARR1 stocks)

source BLOOMBERG

data as of : March 2nd 2017



We are MIFID2-ready



Valuing research service

AlphaValue complies with the « Substantive Research » criteria. We offer a permanent access to analyst's outperformance and track record.



Clear and realistic pricing

Our pricing grid is downloadable and splitted accordingly to the level of service you need, depending on your size and the number of relevant users



Track your research usage

Calls, meetings, readership, investment case, you have access to the full report for every users at your company.



About us

We are a research-only house

Founded in 2007, AlphaValue has become the world's leading provider of Independent European Equity and Credit Research, helping money managers to generate ideas and assess the risks and opportunities within their mid to large cap portfolios.

- ▶ Ranked #1 by Extel 2017, our team of 30 leading analysts covering 480 stocks across Europe including 60% of the Stoxx 600, use a proprietary valuation model to provide a disciplined, consistent research framework.
- ▶ Proud of our independence – With no execution business or financing/banking relations with issuers, our recommendations are agnostic buy vs sell, with an average of 30-55% of sell recommendations, at any one time.

We run a model portfolio to hold ourselves accountable

- ▶ AlphaValue's proprietary indicators and valuation model overlaid by high-quality analysis, are integrated directly into clients' research and investment decision-making processes.
- ▶ Our research is user-friendly with live target price and recommendations and supported by a sophisticated alert function, tailored to each client's research requirements and workflow.

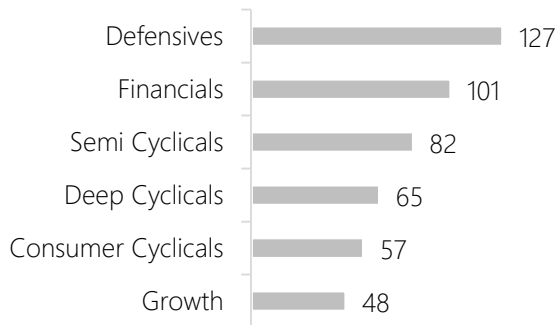


Coverage

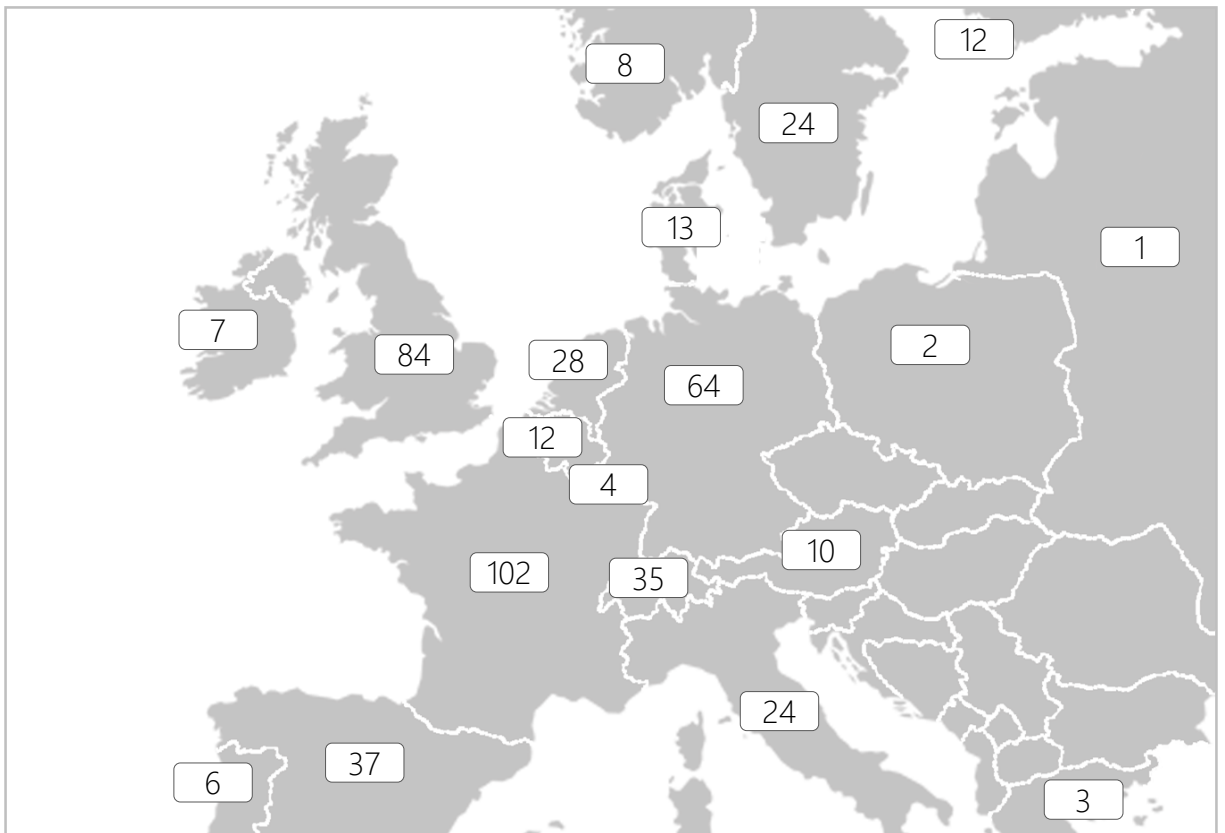
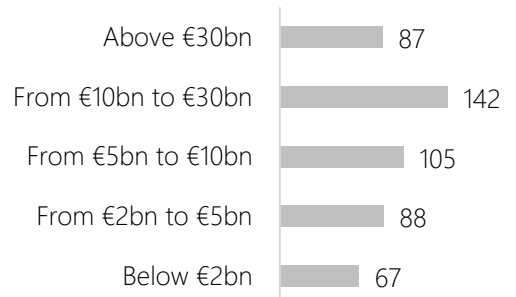
480 European stocks

60% of Stoxx600 components

Breakdown by Sectors



Breakdown by Market Cap



Core Offer



Research Platform

Access the full feature website to get the most of AlphaValue research and data.



Live analysts updates



Daily ideas & Stocks list



Email alerts



Screening & Mining tools



Analyst Access

Our 30 experienced analysts are dedicated to clients, you can interact and benefit from their exclusive insights.



In depth sector presentation



Instant messenger



Incoming calls



Monthly meeting



Research Platform

Each stock's research is displayed the same consistent way

- 1 Comprehensive in depth research navigation
- 2 Live chat with analyst
- 3 Downloadable Analysts updates
- 4 Key Credit Risk informations
- 5 Essentials valuation data
- 6 Qualitative and quantitative proprietary indicators

ALPHAValue

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Glaxosmithline
Big Pharma Sector story / UK

Bloomberg : <GSK LN>
Web Site | Investors Relation

HIV and business integration doing the trick

Updates Chat Updated :13/12/2016

Date	Type	Title
23/01/17	Story	Medtechs at risk?
16/01/17	Story	Pharma made cheap by trump?
22/12/16	Story	Pharmas in the doghouse
13/12/16	Earnings	Vaccines as FX and HIV benefi...
02/12/16	Latest	Sweet N...
08/11/16	Story	Pharmas dive excessively?
28/10/16	Story	Banks bash pharmas
21/09/16	Story	Gsk's diversity shot? (add, 10% upside)
08/09/16	Story	Anaion profits

Target

Upside	10.6%
Price (P)	1,661
Target Price (p)	1,837
Market Cap (€M)	86,289

Credit Risk

A ↑

Overview

Momentum Fundamental Strength

Value Ranking Best

Equity Risk

Governance Worst

Big Pharma

- AstraZeneca
- Bayer
- Novartis
- Novo Nordisk
- Roche Holding
- Sanofi
- Shire

Key Data

	12/14A	12/15A	12/16E	12/17E	12/18E
Adjusted P/E (x)	17.0	16.2	16.7	18.0	15.6
Dividend yield (%)	5.35	7.24	5.40	4.82	4.82
EV/EBITDA(R) (x)	12.3	10.9	10.6	11.2	10.6
Adjusted EPS (p)	87.7	85.0	88.6	92.5	106
Growth in EPS (%)	-16.5	-3.08	4.26	4.36	14.8
Dividend (p)	80.0	100	80.0	80.0	80.0
Sales (€M)	23,006	23,923	27,000	28,128	28,751
Operating margin (%)	23.8	24.2	25.1	25.2	25.8
Attributable net profit (€M)	2,756	8,422	1,815	3,650	5,049
ROE (after tax) (%)	48.9	180	52.1	224	269
Gearing (%)	317	245	582	765	429

Last release : 03/02/2017
Last Div. Indic 19.0 p payment 14/01/2017

Concepts

Business concepts
Government driven business
Regulation & tax drivers

Investment Concepts
Defensive/Bonds proxy
Growth

Analyst
Kamla Singh

Contact
Resume

VIEW MORE DATA



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Research – Know How

What kind of informations analysts are using for fundamental analysis ?

We hold the view that an analyst's job is to start with careful and challenging reading of all material released by a given corporate, fill up a demanding spreadsheet focused on tracking down cash generation, use strict and transparent valuation processes, and then, and only then, put "on paper" the key words summing up her/his views.

How stocks recommendations are built ?

Recommendations are geared to a "value" approach. Recommendations are based on target prices with no allowance for dividend returns. Valuations are computed from the point of view of a secondary market minority holder looking at a medium term (say 6 months) performance. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

How do you determine fundamental upside ?

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.

What is triggering an analyst update ?

New earnings steams, obviously but just as well business models changes

What is the Price Momentum indicator ?

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

What is the Fundamental Strenght indicator ?

The "Fundamental strength" is a quantitative and proprietary indicator built on our financial data and metrics, which aims to qualify a qualitative rating for each stock from 0 to 10 (best rating). This is a long term view

What is the methodology for the Credit Risk indicator ?

The cash flow driven equity research of AlphaValue concludes simultaneously to an equity view (Recommendation) and to a Credit Risk view that relies on rating agencies methodologies. AlphaValue credit risk metrics are truly independent and as dynamic as recommendations



Research – Quality Review

On-going controls

Each new report is flagged to research management with all changes to eps, DCF, NAV and target price for the equity side of the equation, and all credit research metrics (quantitative and qualitative) for the risk side.

System rules will shift to an ad-hoc track research showing significant changes and/or insufficiently explained items. Such research may end up being recomputed/rewritten.

Built-in quality warnings

Management of research will be warned daily about shifts in recommendations (whether coming at the analyst initiative or sudden market shifts), and on a weekly basis about extreme cases (upsides/downsides of more than 30%), changes in share price momentums. On a monthly basis, deleveraged sector beta will be recomputed with big changes highlighted

Modelling

Modelling is strict to the extent that the cash generation anticipated through the fund flow statement eventually drives next FY equity and the net debt so that modelling integrity is strong.

Valuation procedures are strict as well with peer metrics only relying on AlphaValue researched peers and DCF computations leaving only corporate debt spreads and out year growth as degrees of freedom. SOTP/NAVs are recomputed daily when assets are listed.

Examples: Valuation of a non Financial (Sartorius Stedim)

Valuation Summary

Benchmarks		Weight	Values (€)	Upside
DCF (<i>Edit and simulate</i>)		35%	70.2	13%
NAV/SOTP per share		20%	71.9	16%
EV/Ebitda	<i>Peers</i>	20%	62.8	1%
P/E	<i>Peers</i>	10%	66.5	7%
Dividend Yield	<i>Peers</i>	10%	50.4	-19%
P/Book	<i>Peers</i>	5%	94.4	52%
Target Price		100%	67.9	10%



Substantive Research

AlphaValue contribution to comply with "Section 11.6 : Use of dealing commission" of COBS's chapter 11 : "Dealing and managing" (source : <https://www.handbook.fca.org.uk/handbook/COBS/11.pdf>)

To be considered as substantive a research, the relevant research must:

"Be capable of adding value to the investment or trading decisions by providing new insights that inform the investment manager when making such decisions about its customers' portfolios."

AlphaValue's primary insight is to be independent and agnostic thanks to its flat fee payment system so that AlphaValue views are never driven by commission flows. AlphaValue has been meeting MIF2 requirements since 2008. The proof is the proportion of negative recommendations (30 to 55%) which are an order of magnitude above brokers' average. AlphaValue being essentially a web based service is consistently updated when it comes to target prices and thus recommendations. AlphaValue does not leave a piece of research unattended with historical recommendations completely at odd with market developments. The other proof is the success of recommendations as measured by BARR metrics. They point to remarkable effectiveness way above alternative broker research. AlphaValue's disciplined research and valuation procedures mean that it outperforms its brokers competitors when it comes to picking up the right stocks in a consistent fashion. Recommendation's effectiveness is achieved through a highly disciplined and highly transparent research process where all recommendations can be reversed engineered and backtracked. This discipline pays in achieving robust and sensible investment decisions.

"Whatever form its output takes, represent original thought, in the critical and careful consideration and assessment of new and existing facts, and must not merely repeat or repackage what has been presented before."

A most fundamental point of original thought is AlphaValue's independence from commission flows. Its economics are driven by being competent again and again not by capturing commissions (that are mostly obtained through Buy recommendations) or not by compromising with corporates to garner road shows. AlphaValue is viscerally attentive to only bring proprietary views to its clients. It only buys price quotes as external data and entirely relies on its own assessment of listed corporates and their environment for its research processes. All the data is proprietary as is the software designed with the objective of providing clean research. All the thorough analytical steps are the product of AlphaValue's analysts being asked to rejig all accounts to make sure that the cash generation dimension is highlighted. The strict processes make it impossible to skirt such demanding calculations as pension risk exposure or qualitative matters such as the true independence of a board member.

"Have intellectual rigour and must not merely state what is commonplace or self-evident."

Every piece of research or update thereof is the written result of an exacting accounting and valuation process that forces analyst to be loud and clear about why they changed their forecasts and thus valuations. Although valuation methodologies are mainstream the way they are forced upon the analyst is not, so that there cannot be a case of simplifying / shortcutting research. On top the research is available through a completely transparent web site where all the research can be rejigged and cross checked so that there is considerable value added in read-acrosses. It is deemed impossible to replicate those combinations of data if that data is not consistent and if the analytical tools are not designed with a background of considerable experience.

"Present the investment manager with meaningful conclusions based on analysis or manipulation of data."

This points ensues from the previous observation. AlphaValue's views on stocks can be extremely directional and contrarian but always with the proper backing with figures. They are all actionable as AlphaValue operates in a universe of liquid stocks.



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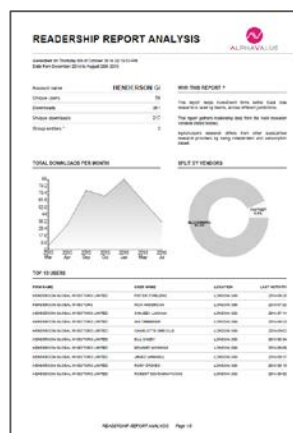
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With the majority of potential users being generalist portfolio managers.

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Access to written research and screening features.

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Request pricing
sales@alphavalue.eu

RPA / CSA ?

AlphaValue has arrangements in place with the following firms to facilitate payment for services :
Barclays, Bernstein, Bloomberg Tradebook, Carax, Citigroup, CM CIC Securities, Crédit Suisse, Deutsche Bank, Exane, Goldman Sachs, HSBC Bank Plc, Instinet, Investec, ITG, JP Morgan Securities, Kepler Capital Markets, Linear Investments, Liquidnet, Merrill Lynch, Morgan Stanley, Natixis Securities, Nomura Securities, SG Securities, UBS.

