

10th June 2016

TMT

Dassault Systèmes

Price EUR68.77

Capital Markets Day: reaffirming FY19 objectives, unsurprisingly

Fair Value EUR62 (-10%)

SELL

Bloomberg	DSY FP
Reuters	DAST.PA
12-month High / Low (EUR)	76.1 / 59.9
Market Cap (EURm)	17,671
Avg. 6m daily volume (000)	265.8

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.1%	1.9%	-8.1%	-6.8%
Softw.& Comp.				
SVS	5.3%	5.0%	-1.1%	-1.5%
DJ Stoxx 600	3.9%	2.1%	-5.8%	-5.8%

	2015	2016e	2017e	2018e
P/E	28.9x	25.1x	23.4x	21.1x
Div yield (%)	0.6%	0.7%	0.8%	0.9%

ANALYSIS

- **2019 objectives reaffirmed.** Today Dassault Systèmes will host a Capital Markets Day at its head office in Vélizy-Villacoublay (France). As we expected, the company is re-affirming its 2019 non-IFRS EPS target of about EUR3.50 (split adjusted) as initially outlined on 13th June 2014 at its prior CMD. At the time, it was based on average cc revenue growth in software (new licences + recurring revenues) of 14%, o/w a 9% CAGR on a lfl basis, over 2014-2019.
- **Well engaged to achieve targets, but still a long way to go.** Management considers DS is well engaged to reach its 2019 objectives, as the company has already doubled its addressable market thanks to a combination of acquisitions and organic developments. On top of this, the group's industry diversification has already hit the targeted mix (31%, i.e. above 30%) and the group expects to exceed this level. That said, although software revenue growth is trending to gain momentum (+11% at cc in 2014 and +13% at cc in 2015), it is still below the 14% average targeted for the period.

VALUATION

- Dassault Systèmes' shares are trading at est. 16.6 2016 and 14.2 2017 EV/EBIT multiples.
- Net cash position on 31st March 2016 was EUR2,590.2m (net gearing: -46%).

NEXT CATALYSTS

Capital Markets Day today from 8.30am CET / 7.30am BST / 2.30am EDT in Vélizy-Villacoublay.

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