



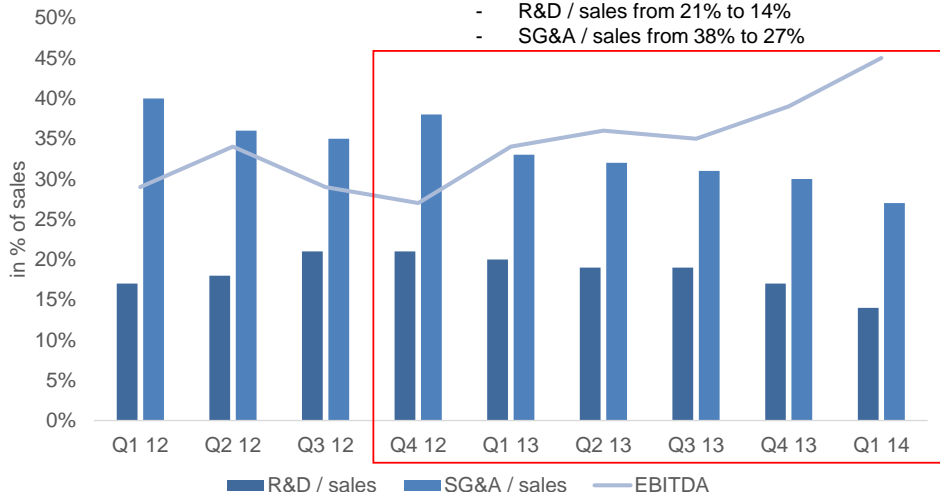
BG Healthcare CHART #31

Focus on SHIRE cost savings

SHP's margins following the OneShire plan

OneShire plan:

- EBITDA margin from 37% to 45%
- R&D / sales from 21% to 14%
- SG&A / sales from 38% to 27%



- **Remember OneShire.** This cost-cutting plan was implemented back in 2013 and resulted in a +700 bps improvement in the EBITDA margin (thanks to R&D prioritization; reduction in the number of business units, etc.) a year after.
- **Potential positive surprises in H2 16.** We and the consensus do not incorporate significant cost savings for this current fiscal year... But given Flemming Ornskov's track record, we believe the forthcoming publications might positively surprise us.
- **Still a very attractive risk-reward.** SHP trades on a c. 50% discount to CSL on 2017e PE... whereas Shire displays 1/ a more attractive growth profile (EPS CAGR 2015-2020: +15% vs +10% respectively), along with 2/ a quite similar product mix and profile risk.

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