

9th December 2016

TMT

Dassault Systèmes

Price EUR68.42

Acquisition of Next Limit Dynamics in computational fluid dynamics simulation

Fair Value EUR64 (-6%)

SELL

Bloomberg	DSY FP
Reuters	DAST.PA
12-month High / Low (EUR)	78.8 / 64.4
Market Cap (EURm)	17,601
Avg. 6m daily volume (000)	253.7

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.6%	-10.6%	-0.5%	-7.3%
Softw.& Comp.				
SVS	1.3%	-4.7%	4.2%	2.6%
DJ Stoxx 600	5.1%	0.8%	2.1%	-3.8%

	2015	2016e	2017e	2018e
P/E	28.9x	25.2x	23.0x	20.7x
Div yield (%)	0.6%	0.7%	0.8%	0.9%

ANALYSIS

- **This morning Dassault Systèmes announced the acquisition of Next Limit's Dynamics division**, for an undisclosed sum. Based in Madrid (Spain), Next Limit Dynamics develops software (XFlow CFD) for highly dynamic fluid flow simulation used in aerospace and defence, transportation and mobility, high-tech, and energy, with customers such as Airbus, Caterpillar, Doosan, Ford, Google X, Honda, Mitsubishi, NASA, Safran, and Toyota. For 2015, the division posted sales of EUR1.6m.
- **Rationale of the deal.** With this acquisition, DS enhances its industry solution experiences for multi-physics simulation on the 3DEXperience platform and strengthens its foothold in computational fluid dynamics (CFD). Next Limit Dynamics' software solutions are used by simulation analysts to predict and enhance the performance of complex designs when exposed to fluid flow such as aerodynamic flow past an automobile, aerodynamic noise from aircraft landing gear, and lubrication of complex drive trains. Next Limit's decision to get rid of its Dynamics division was driven by profitability issues. We consider the impact to our ests. on DS is not material.

VALUATION

- Dassault Systèmes' shares are trading at est. 16.7x 2016 and 14.3x 2017 EV/EBIT multiples.
- Net cash position on 30th September 2016 was EUR1,502.4m (net gearing: -41%).

NEXT CATALYSTS

FY16 results on 2nd February before markets open.

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NEUTRAL ratings 0%

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