

DAILY EQUITY RESEARCH UPDATE

Technology

Today's news:

Telecoms	Iliad: Free cuts off Altice channels: fair but risky move
Semiconductors	GLOBALFOUNDRIES: Files a patent lawsuit against TSMC and seeks ban of Apple and Nvidia chips in the US

Telecoms

Iliad | Buy | FV EUR150

Free cuts off Altice channels: fair but risky move

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Semiconductors

GLOBALFOUNDRIES | Not covered

Files a patent lawsuit against TSMC and seeks ban of Apple and Nvidia chips in the US

Yesterday, Globalfoundries (GF) announced the filing of multiple lawsuits in the US and Germany against TSMC for allegedly having breached 16 GF patents for its 7nm, 10nm, 12nm, 16nm and 28m manufacturing technologies. GF seeks to prevent semiconductors produced using the infringing technologies by TSMC from being imported into the US and Germany. As part of the customers of TSMC who import the infringing chips, GF named 20 companies including Apple, Broadcom, Qualcomm, Nvidia, and Google.

BG view: Considering the customers involved in this lawsuit and the fact that the involved manufacturing processes of TSMC made up for 63% of its total 2018 revenue (USD34.2bn), the potential consequences could be very important. We believe such lawsuit could take several months or even years before getting a decision from the court. Should the courts take the side of Globalfoundries, it would prevent any of the listed defendants to import their products and would have important consequences beyond those concerned including all the companies we cover. Nonetheless, should this happen, we believe TSMC and its customers would be forced to come to a settlement and may have to pay a heavy compensation.

3Q 2019 TECH Top Picks

ASM INTERNATIONAL (Buy, FV EUR80), SAP (Buy, FV EUR153), SOPRA STERIA GROUP (Buy, FV EUR158)

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