

## DAILY EQUITY RESEARCH UPDATE

# Technology

Today's news:

**Software & IT Services**    **RIB Software:** Acquires 60% of a BIM consulting firm for USD26.4m  
**Autodesk:** Noticing a slowdown in the demand environment in the UK, Central Europe and China

**Media**                      **Tencent:** Tencent Music under investigation by China's antitrust authority

### Software & IT Services

**RIB Software | Neutral | FV EUR17**

**Acquires 60% of a BIM consulting firm for USD26.4m**

Carrying out more acquisitions. A BIM consulting firm and Autodesk Platinum reseller. Offering an "Out of the Box" MTWO and iTWO 4.0 solution. Acquisition strategy still focused on services, not on software.

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**Autodesk | Not covered**

**Noticing a slowdown in the demand environment in the UK, Central Europe and China**

Shares of Autodesk fell more than 10% in the extended session Tuesday after the software company decreased its full-year guidance on revenue to USD3.24-3.27bn from USD3.25-3.30bn, on ARR to USD3.425-3.485bn from USD3.500-3.550bn, on FCF to USD1.30bn from USD1.35bn. Q2 revenue was slightly above consensus at USD796.8m vs. USD787.0m and a non-GAAP operating margin of 23.4% vs. 22.7% expected by the consensus.

**BG View:** The share price reaction was abnormally negative given the slight guidance decrease. However, we believe this was mostly driven by comments made during the earnings call, signalling that the company had begun noticing some changes in the demand environment towards the end of July, particularly in the UK due to the Brexit, in Central Europe due to a slowdown in the manufacturing industry and in China due to trade tensions. Nemetschek, RIB Software and Dassault Systèmes could react negatively today.

### Media

**Tencent | Not covered**

**Tencent Music under investigation by China's antitrust authority**

Tencent Music Entertainment Group is currently under investigation by China's antitrust authority, according to a report in Bloomberg published yesterday. According to people cited in the article, the investigation could "bring an end to exclusive licensing deals it forged with the world's biggest record labels". China's State Administration of Market Regulation launched the investigation in January this year, with the firm's deals with Warner Music, Universal Music Group and Sony Music Entertainment under review. Universal, Sony and Warner, says the report, sold "exclusive rights to a major chunk of their music catalogues" to the music platform, which then "sub-licenses that content to smaller rivals" which they argue is anti-competitive behaviour. One of Bloomberg's sources stated that it can "be twice as expensive" for competitors such as ByteDance or Alibaba to license music for the rest of the world from Tencent compared to licensing it direct from the labels.

**BG view:** the investigation highlights the difficulties of generating synergies between music majors and distribution platforms, with anti-competitive concerns at stake in an oligopolist market. Tencent Music's parent company Tencent Holdings is currently in discussions to buy 10%-20% of Universal Music Group, in a strategic partnership where Vivendi and Tencent will seek enhanced cooperation. Competition authorities might have their word to say here.

## 3Q 2019 TECH Top Picks

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

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