



ALPHAVALUE  
different by **nature**

# WHAT INDEPENDENT RESEARCH IMPLIES

INSTITUTIONAL PRESENTATION

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2023



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# About Us

Founded in 2007, AlphaValue has become the leading provider of independent European equity, credit risk and ESG research, offering agnostic analysis of business models and valuations, and helping clients assess their investment risks and opportunities. Our team of 30 analysts actively covers over 450 large caps in Europe, maintaining regular communications with management and clients.

In a holistic and consistent approach, the analyst is responsible for both financials (modelling and valuation) and extra-financials (S-ESG) utilising 15 years of proprietary data.

To ensure impartiality and facilitate meaningful comparisons between stocks, we deploy a highly disciplined and standardised research process, designed to minimize analyst bias.



AlphaValue is a proud member of Euro IRP  
[Click here](#) if you want to know more.



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# Different by Nature but **Complementary** to Sell Side Research

AlphaValue equity research offers benefits that traditional sell-side research cannot naturally provide. This complementarity in features enhances any investment process.

➤ **Absence of buyer bias**

Unlike investment banking divisions, we derive no revenues from issuers, neither directly nor indirectly, or from execution. There is therefore no incentive for our analyst to have a structural buyer bias. This explains our approximately 30% of negative recommendations over a cycle versus less than 15% for the sell-side.

➤ **Ensured continuity of coverage**

Traditional sell-side research is suspended when there is a deal, meaning that the amount of expertise available drops exactly when it is most needed.

➤ **Our research will always be available when needed**

Thanks to our research, the two main blind spots of traditional sell-side research are covered : buyer bias and suspension of coverage.

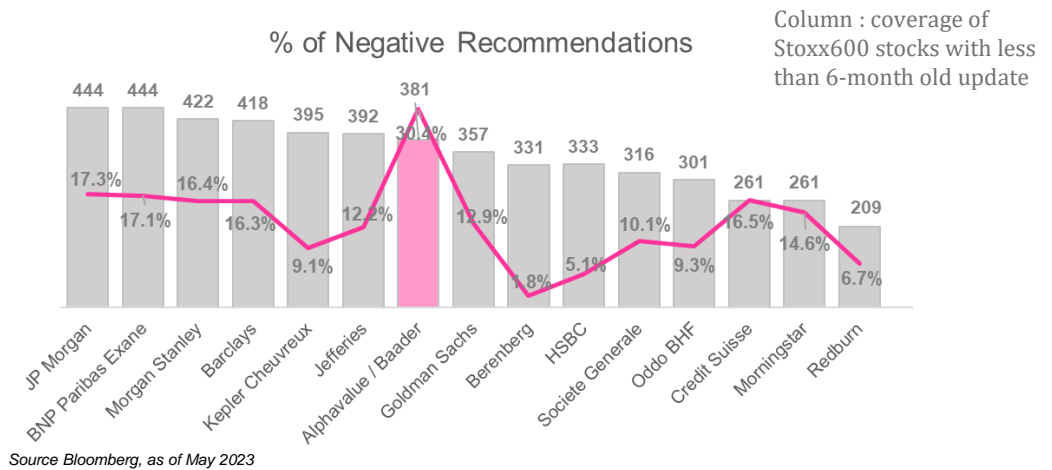
Furthermore, AlphaValue's economic model provides an alternative to inducement research and fosters equity market integrity.



# Different Research but with Better Stock Picking Outcome

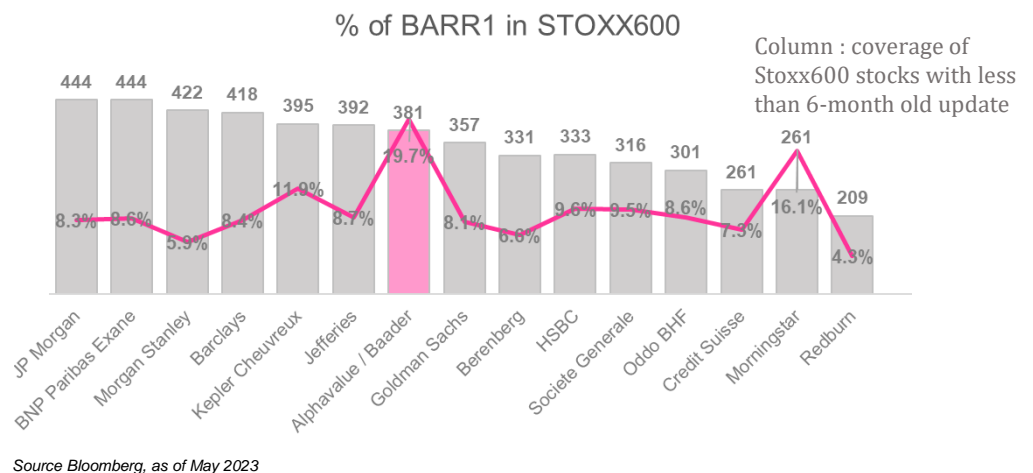
Because of the absence of buyer's bias, we have consistently the highest % of negative opinions with more than 30% negative opinions across a cycle vs less than 20% for the street.

## More than 30% negative recommendation



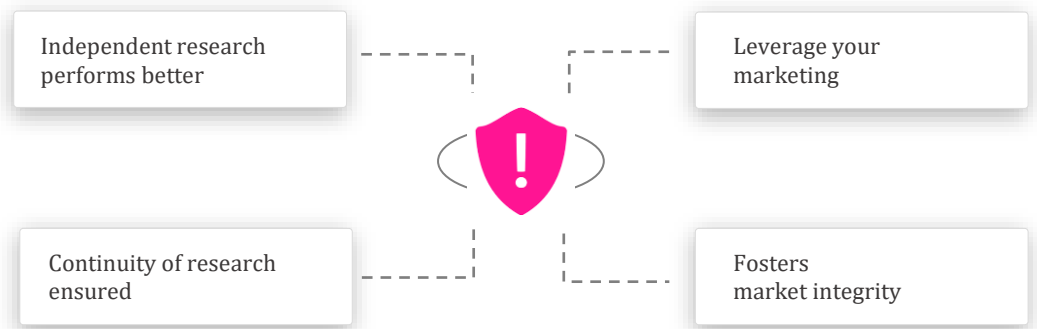
Furthermore, our consistent valuation system enables our analysts to be right more often than the rest of the street.

## Almost 20% of our analysts have BARR1 ranking





# Benefits of Independence



## ➤ Independent research performs better

- Agnostic research outperforms
- Our uniform methodology promotes consistency and minimises personal bias

## ➤ Access research when you need it the most

- With no M&A related business, we offer uninterrupted research
- For the past 14 years, we have never discontinued coverage on any listed stocks

## ➤ Leverage integrity first

- Independent research provides de facto alignment with asset owners' best interests
- Deploying independent research aligns with ESG requirements



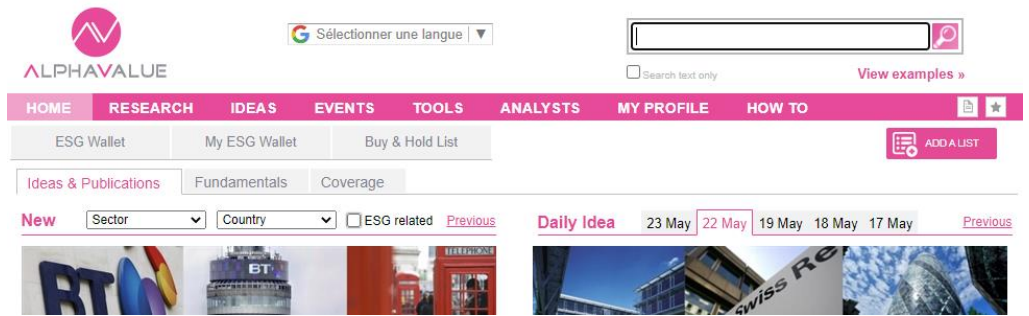
**ALPHAVALUE**  
different by **nature**

**EFFECTIVE  
NO NONSENSE  
RESEARCH**

OFFER IN DETAIL



# Do Significantly More with Web Access



## ➤ Research platform

- Fundamental in-depth analysis of more than 450 European stocks
- Systematic consistent financial modelling and valuation
- A holistic approach with ESG and credit alongside equity
- Daily ideas & Investment cases
- Sector strategy reports
- Unique tools for stock screening, data mining and valuation

## ➤ Analyst access

- In-depth sector presentation
- Built-in instant messaging system
- Live and phone meetings with our 30 analysts
- Weekly webinars and monthly meetings

## ➤ Proprietary tools

- Portfolio analytics
- Multi-factor stock screening tools
- Fully customisable valuation tools (DCF, SOTP, peers...)





# EQUITY

## Vast & Comprehensive Big Caps Coverage

AlphaValue stands amongst the leading equity research houses in terms of STOXX600 coverage.

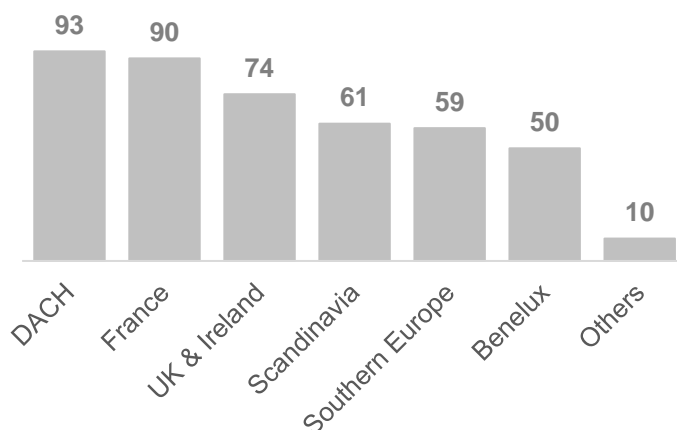
AlphaValue covers c. 450 stocks on a continuous basis out of which c. 380 belong to the Stoxx600. This coverage spans across 20 European countries.

Coverage is never interrupted, including for ex large caps becoming mid caps.

Coverage is determined by sector consistency i.e. making sure that large stocks can be compared. There is depth in every one of the 30 sectors covered.

AlphaValue coverage is determined by what is of value to buy side clients acting in secondary markets. That includes independent pre-IPO research.

### Stocks from over 20 countries under coverage (May 2023)



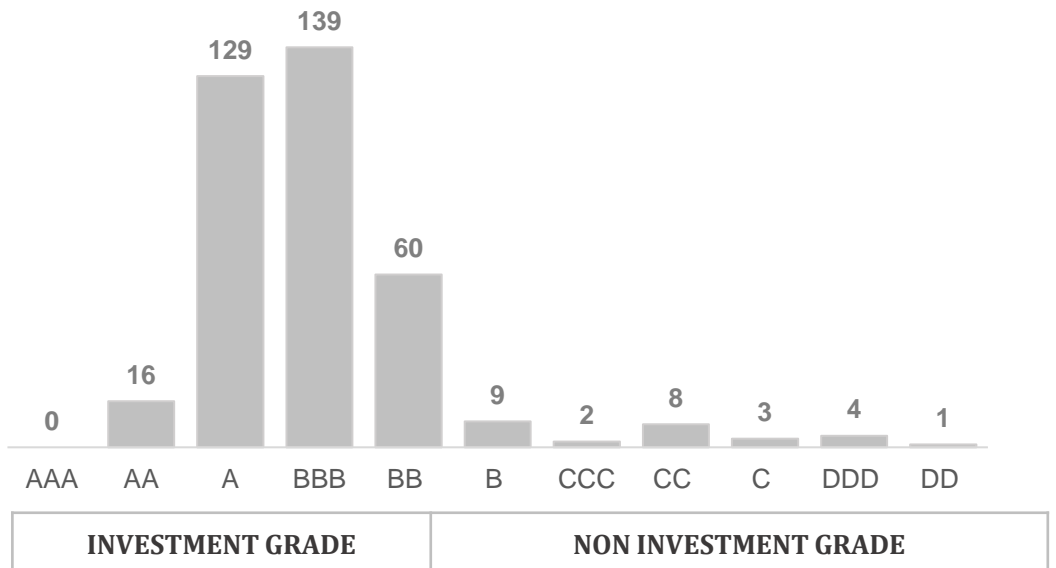


# CREDIT RISK

## Large European Coverage <sup>(1)</sup>

Only pure investor-pay credit metrics provider vs. biased issuer-pay model.  
Our approach is focused on cash-flow driven credit risk research, which is uniquely reactive.

### Breakdown of credit risk research on 400 european companies (May 2023)



Source: AlphaValue website, as of May 2023



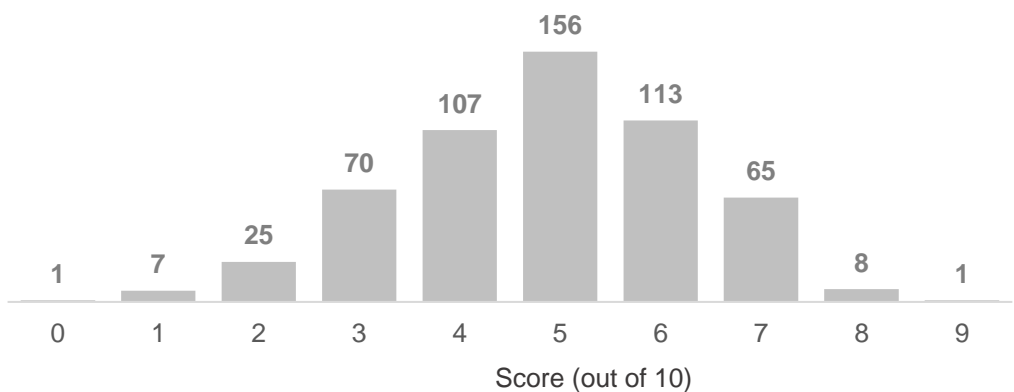
# ESG

## Reliable ESG Metrics

AlphaValue's ESG and Sustainability data is entirely proprietary and uniquely practical and robust. Our calculation methods and algorithms are transparent to clients.

ESG metrics are designed to be fully integrated seamlessly in the equity analysis.

### Sustainability ratings on a scale of 0 – 10 for companies in coverage



Source: AlphaValue website, as of May 2023

- AlphaValue's sustainability rating has a direct impact on valuation and target price.
- Our sustainability reporting is SFDR compliant for any buy-side user.
- A selection tool relying on both financials and non financials:
  - All financial and extra-financial data points and metrics are available
  - Easily combine both sets of data to generate on-the-fly, effective stock selections



## Focus on

# List of Stocks

Learn more:

<http://selections.alphavalue.com>

AlphaValue maintains 4 different lists of stocks, exclusively based on its proprietary data and processes.

As they are replicated by asset management partners, access to those lists is available upon request and subject to agreements with AlphaValue.

### Active list

Strong price momentum  
more than 15% upside or 10% downside  
Reviewed on a weekly basis

Year	Outperformance
2023 YTD	-3.17%
2022 A	7.84%
2021 A	1.96%
2020 A	6.29%
2019 A	3.25%
2018 A	-0.57%
2017 A	5.93%
2016 A	7.87%
2015 A	9.91%
2014 A	7.55%
2013 A	10.6%

### Buy & Hold

Long term secured growth profile  
Fundamental upside and FSI >7/10  
Reviewed on a monthly basis

Year	Outperformance
2023 YTD	1.89%
2022 A	-3.85%
2021 A	14.2%
2020 A	8.29%
2019 A	9.61%
2018 A	5.37%
2017 A	6.42%
2016 A	5.74%
2015 A	0.99%
2014 A (From 1/10)	4.99%

### Governance driven

Strong governance profile >7/10  
Reviewed on a quarterly basis

Year	Outperformance
2023 YTD	3.37%
2022 A	3.22%
2021 A	-6.84%
2020 A	11.9%
2019 A (From 28/5)	9.61%

### Short & Hold

Intrinsic weakness with FSI <4/10  
Credit rating : <BB  
Governance <4  
Reviewed on a weekly basis

Year	Outperformance
2023 YTD	-0.14%
2022 A	17.5%
2021 A	5.02%
2020 A	-7.18%
2019 A (From 2/8)	-6.95%

Performance as of 23/05/23.



## Focus on

# Portfolio Analytics

AlphaValue's research portal allows for portfolio analysis in real-time. This analysis tool includes:

- Key analytics including ESG metrics (Art. 6-8 compatible)
- Index or portfolio weighting options
- Fully confidential

	ESG Wallet	AV Universe
Upside	18.5%	16.0%
Momentum	🔴🟡	🟢🟡
F.Strength	6 / 10	7 / 10
Yield	2.85%	3.43%
Credit Risk	BBB →	BBB →
Sustainability score	5.9 / 10	5.5 / 10
Nb of stocks	10	553
Market Cap	€M 114,990	€M 12,187,112

### List Performance





## Focus on

# In Depth - More Tools

AlphaValue owns its data and software. Its web platforms offer immense insight into any sector, any issue, any accounting point. It can be downloaded to data intensive users and tailored for complex objectives such as extracting short ideas or offering a vast number of long-short opportunities.

### ➤ Short & Hold

A 25-stock list actively managed in a total return objective.

Year	Short & Hold List	Short STOXX 600 (net return)	Outperformance
2023 YTD	-12.6%	-12.2%	-0.40%
2022 A	28.2%	10.6%	17.5%
2021 A	-19.9%	-24.9%	5.02%
2020 A	-5.19%	1.99%	-7.18%
2019 A (From 2/8)	-17.7%	-10.7%	-6.95%

- Short only
- Focus on weak fundamentals

### ➤ Pair trades

Pair trades are based on both momentum and recommendations

Long / Short	Chart	Mom.	Upside	Ratio	Targeted ratio	Long target	Short target	Rel. Perf 1M
● Sopra Steria / ● Indra		🟢🟢	34.5%	16.1 x	21.7 x	€ 256	€ 11.8	4.48%
● Wacker Chemie <sup>BH</sup> / ● REC		🟢🟢	29.7%	8.14 x	10.6 x	€ 170	NOK 16.1	1.11%
● NatWest / ● Lloyds		🟢🟢	23.1%	5.79 x	7.12 x	351 p	49.3 p	3.60%
● Prada / ● Burberry		🟢🟢	19.7%	0.03 x	0.03 x	HKD 67.7	2,232 p	11.0%
● AIB Group / ● Bank of Ireland		🟢🟢	13.3%	0.44 x	0.50 x	€ 5.03	€ 10.00	7.05%
● Muenchener Rueck / ● Swiss Re		🟢🟢	11.0%	3.66 x	4.06 x	€ 381	CHF 93.8	1.03%
● LVMH / ● Richemont		🟢🟢	10.6%	5.71 x	6.32 x	€ 1,024	CHF 162	-3.84%



# Our Strategic Partner



Baader Bank is one of the largest market makers on Europe's key stock exchanges as well as off-exchange. Baader Bank is a family-run, full-service bank with its headquarters in Unterschleissheim near Munich with over 400 employees.

Baader Bank is a top level Corporate/Investor Access provider in Europe with roadshows, across Europe and North America.

Each year, Baader holds 2 major investment conference in Europe



**18-21 September 2023**  
Munich Germany

- 224 european companies.
- 750 investors from 35 countries.
- 3,200 meetings in 5 days.



**10-12 January 2024**  
Bad Ragaz, Switzerland

- 72 swiss companies.
- 200 international investors.



# Our Research Team

## Pierre-Yves GAUTHIER

Head of Research

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# Detailed Offer

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## **REAL TIME PDF ONLY**

Access to AlphaValue PDF analysts' publications via BLOOMBERG

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## **WEB - READ ONLY**

Website based analytics at will, Live research update, screenings incl on ESG, analysts' models etc.

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## **ANALYST CHAT**

Live talks with our 30 equity analysts team via website. Online, Occupied or Offline, our team will always handle your message with no delay.

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## **MODEL PORTFOLIOS**

Pure idea generation. Access « Model portfolios » (total return and buy&hold) updated on a weekly basis.

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## **DEDICATED SALES**

Dedicated Research Sales

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## **CONFERENCES**

Attend AlphaValue's investment strategy conference 4 times a year.

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## **CREDIT RISK ANALYTICS**

Non conflicted credit risk research, only paid for by investors, covering 400 European issuers.

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## **ANALYSTS ACCESS**

Full access to 30 analysts.

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## **RPA / CSA?**

AlphaValue has arrangements in place with the following firms to facilitate payment for services : Barclays, Bernstein, Bloomberg Tradebook, Carax, Citigroup, CM CIC Securities, Crédit Suisse, Deutsche Bank, Exane, Goldman Sachs, HSBC Bank Plc, Instinet, Investec, ITG, JP Morgan Securities, Kepler Capital Markets, Linear Investments, Liquidnet, Merrill Lynch, Morgan Stanley, Natixis Securities, Nomura Securities, SG Securities, UBS.

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# Research – FAQ

## **What kind of informations are analysts using for fundamental analysis ?**

We hold the view that an analyst's job is to start with careful and challenging reading of all material released by a given corporate, fill up a demanding spreadsheet focused on tracking down cash generation, use strict and transparent valuation processes, and then, and only then, put "on paper" the key words summing up her/his views.

## **How are stocks recommendations built ?**

Recommendations are geared to a "value" approach. Recommendations are based on target prices with no allowance for dividend returns. Valuations are computed from the point of view of a secondary market minority holder looking at a medium term (say 6 months) performance. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

## **How do you determine fundamental upside ?**

Valuation processes have been organized around transparency and consistency as primary objectives. Stocks belong to different categories that recognize their main operating features : Banks, Insurers and Non-Financials. Within those three universes, the valuation techniques are the same and in relation to the financial and ESG data available.

## **What is triggering an analyst update ?**

New earnings streams, obviously but just as well business models changes.

## **What is the Price Momentum indicator ?**

Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.

## **What is the Fundamental Strength indicator ?**

The "Fundamental strength" is a quantitative and proprietary indicator built on our financial data and metrics, which aims to qualify a qualitative rating for each stock from 0 to 10 (best rating). This is a long-term view.

## **What is the methodology for the Credit Risk indicator ?**

The cash flow driven equity research of AlphaValue concludes simultaneously to an equity view (Recommendation) and to a Credit Risk view that relies on methodologies close to those of rating agencies but .. transparent. AlphaValue credit risk metrics are truly independent and as dynamic as its recommendations.



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# Research – Quality Review

## **On-going controls**

Each new report is flagged to research management with all changes to eps, DCF, NAV and target price for the equity side of the equation, and all credit research metrics (quantitative and qualitative) for the risk side.

System rules will shift to an ad-hoc track research showing significant changes and/or insufficiently explained items. Such research may end up being recomputed/rewritten.

## **Built-in quality warnings**

Management of research will be warned daily about shifts in recommendations (whether coming at the analyst initiative or sudden market shifts), and on a weekly basis about extreme cases (upsides/downsides of more than 30%), changes in share price momentums.

On a monthly basis, deleveraged sector beta will be recomputed with big changes highlighted

## **Modelling**

Modelling is strict to the extent that the cash generation anticipated through the fund flow statement eventually drives next FY equity and the net debt so that modelling integrity is strong.

Valuation procedures are strict as well with peer metrics mostly relying on AlphaValue researched peers and DCF computations leaving only corporate debt spreads and out year growth as degrees of freedom. SOTP/NAVs are recomputed daily when assets are listed.



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# Our Management



## **Pierre-Yves GAUTHIER**

is the co-founder and Head of Strategy at AlphaValue. Prior to co-founding AlphaValue in 2007, he held the position of Head of Strategy at ODDO Securities. He holds a graduate degree from the EMLyon and an MBA from York University in Toronto. He is a member of the French Financial Analyst Association since 1985

[pyg@alphavalue.eu](mailto:pyg@alphavalue.eu)



## **André Le Grand**

is the co-founder & head of IT. Prior to co-founding AlphaValue in 2007, he held the position of Financial Expert Systems developer at HSBC Investment. He holds an Engineering degree in computer science and electronics from ESME-SUDRIA in Paris

[alg@alphavalue.eu](mailto:alg@alphavalue.eu)



## **Laurent Lamagnere**

is the deputy CEO and the Head of Development at AlphaValue. Prior to joining AlphaValue in 2021, he was an Institutional Equity Sales Manager at HSBC in London. He holds a graduate degree from ESSEC Business School. He is a member of the European Securities and Marketing Authority (ESMA)

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