

Thematic Stock Ideas

High Conviction Calls Amid Cross Currents

Timely stock picks across key themes

With so many cross-currents and two-sided risks, last week we laid out a framework for investing that capitalizes on themes we think offer better asymmetry, accounting for risks – see <u>Retreat</u>, rotate or risk <u>up? Assessing the themes</u>. We introduced a list of stocks that screened well within their sectors for exposure to those themes. Today, we provide more details on our analysts' positive view for each stock.

A top-down and a bottom-up approach

We created a weighted composite score for stocks in the S&P 900 based on the variables in our scorecard: 1) production rebound, based on declines in inventory and inventory/sales ratios, 2) pricing power/margin momentum, 3) sensitivity to vaccine news 4) election risk based on potential tax impacts and beta to election odds 5) yield based on FCF, dividends, and '22 EPS and 6) growth based on the level and change in NTM and 3-5 year EPS growth. We evaluated the UBS coverage universe against that initial screen. For the subset of stocks that screened in the top 1/3 of the respective sector, we then incorporated analyst views on the stock as well as the key themes and selected the stocks below.

Advancing your thinking with the UBS Research Thesis Map

For our selections, we've included a UBS Research Thesis Map for each stock, outlining (1) the pivotal questions driving the stock, with links to more detailed work on these topics; (2) what's priced in by current market expectations; (3) the UBS view of why the market may be wrong; (4) what new evidence we have uncovered; (5) the potential upside vs. downside; and (6) upcoming catalysts to watch. Finally, we provide key valuation metrics and financial snapshots for each company.

Figure 1: UBS Buy-rated stocks that scored high across the major themes

Ticker	Nama	Sector	Industry	Market	Price	Target	Total
lickei	Name	Sector	Industry	cap (\$bn)	(9/18/20)	Price	Return
AMZN	Amazon.com	Cons Disc	Internet Retail	1483	\$2,954.91	\$4,000	35.4%
CXO	Concho Resources	Energy	Oil Gas & Consumable Fuels	9	\$48.09	\$99	105.9%
STZ	Constellation Brands	Cons Staples	Beverages	35	\$187.81	\$208	10.8%
DECK	Deckers Outdoor Corp.	Cons Disc	Textiles & Apparel	6	\$208.91	\$260	24.5%
EA	Electronic Arts	Comm Svcs	Entertainment	37	\$125.90	\$170	35.0%
GNRC	Generac Holdings	Industrials	Electrical Equipment	11	\$182.68	\$203	11.1%
GPN	Global Payments	Technology	IT Services	53	\$179.20	\$247	37.8%
HCA	HCA Healthcare Inc	Health Care	HC Providers & Svcs	42	\$132.25	\$150	13.4%
IQV	IQVIA Holdings Inc	Health Care	Life Sciences	29	\$157.12	\$204	29.8%
ITT	ITT	Industrials	Machinery	5	\$62.19	\$68	9.3%
KMI	Kinder Morgan Inc	Energy	Oil Gas & Consumable Fuels	29	\$13.08	\$22	68.2%
KNX	Knight-Swift Transport	Industrials	Road & Rail	7	\$42.07	\$53	26.0%
LMT	Lockheed Martin	Industrials	Aerospace & Defense	106	\$395.14	\$475	20.2%
LOW	Lowe's Companies	Cons Disc	Specialty Retail	121	\$160.10	\$195	21.8%
MS	Morgan Stanley	Financials	Capital Markets	76	\$50.08	\$57	13.8%
NEE	NextEra Energy	Utilities	Electric Utilities	135	\$276.92	\$312	12.7%
NVDA	NVIDIA Corporation	Technology	Semis & Equip	309	\$487.57	\$625	28.2%
PII	Polaris	Cons Disc	Leisure Products	5	\$89.58	\$117	30.6%
PWR	Quanta Services	Industrials	Construction & Eng	7	\$51.90	\$61	17.5%
SPGI	S&P Global	Financials	Capital Markets	85	\$351.01	\$418	19.1%
NOW	ServiceNow	Technology	Software	89	\$453.09	\$511	12.8%
TFX	Teleflex Incorporated	Health Care	HC Equipment & Supplies	15	\$337.96	\$450	33.2%
HIG	The Hartford Financial	Financials	Insurance	13	\$37.25	\$64	71.8%

Source: FactSet, UBS estimates

Equity Strategy

Americas

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: Can Amazon continue to drive top line momentum?

Yes. We believe strong Prime member growth (esp. in Int'l) and fast seller FBA adoption will continue to advance Amazon's Prime + FBA flywheel effect that is likely to be supportive of a ~21% rev growth CAGR ('19-'24E). On the other side of COVID-19, we see AMZN as well positioned to benefit from key shifts in consumer/enterprise behavior with the potential for increased engagement and higher spend among Prime members. Further, we believe Amazon's growing advertising business should contribute to sustained top line momentum.

Q: Can Amazon stabilize/expand OI margins over the next few years?

We believe Amazon will continue investing in multiple growth opportunities (e.g. AWS, Prime Video content, logistics/shipping, & emerging markets). However, we expect gross profit dollar growth (driven by 3P, AWS, & advertising mix shift) will allow for long-term investments & margin expansion.

Q: Can AWS sustain high revenue growth along with maintaining/expanding OI margins?

Yes. AWS has (and will maintain, in our view) the dominant position in the Infrastructure-as-a-Service (laaS) market and increasingly within Platform-as-a-Service (PaaS) & other IT spending pools. Our estimates assume AWS revs will grow at ~22% CAGR ('19-'24E), while margins continue to stabilize.

UBS VIEW

We continue to believe that COVID-19 will have a profound impact on consumer/enterprise behavior over the medium-to-long term. In our view, Amazon's business mix positions the company to be a beneficiary of sustained long-term behaviors that are likely pulling forward prior multi-year industry adoption curves in eCommerce, cloud computing, media consumption, digital ad & Al voice assistants.

EVIDENCE

3rd party data and Amazon's Q2'20 EPS report (along with forward Q3'20 guidance) point to an accelerating offline to online shift in commerce amid COVID-19. Additionally, the latest UBS Evidence Lab US consumer survey (link) points to a healthy Prime ecosystem with stable to growing usage trends from existing subscribers and an opportunity to increase wallet share in an overall retail environment where eCommerce continues to gain share.

WHAT'S PRICED IN?

At the current valuation, we think investor expectations for strong topline growth (amid positive COVID-19 "stay-at-home" shopping dynamics) and concerns around forward margin pressure (1P/3P mix shift, COVID-related costs, & AWS investments) are largely priced in.

RELATED RESEARCH

Q2'20 EPS Review: Checking Every Box To Drive Outperformance | UBS Evidence Lab inside: Framing Amazon's Present & Future | Examining the AMZN Consumer (2019) | Framing the Forecast for the Global Clouds (2019)

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

Earnings, commentary/updates on Prime Day 2020 (press reports indicate it is likely taking place in October), Q3 industry channel checks

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: Can CXO hold onto capital efficiencies going forward as incremental activity picks up?

Yes, CXO has the scale, depth of top tier acreage, and experience to hold onto capital efficiency going forward. CXO continues to see opportunities to marginally improve capital efficiency but notes that service costs are "bumping along the bottom." At higher prices CXO would expect to see some inflation, however scale and continued efficiencies should help mitigate. Depth of inventory should allow CXO to continue to optimally develop its acreage without needing to down space and potentially impact future free cash flow.

Q: What is CXO's strategy going forward?

CXO is focused on protecting asset base, balance sheet, and generating returns for shareholders. Going forward CXO is prioritizing stabilized production of roughly 200mbopd. Given the current macro growth is not a priority but if the market called for supply CXO could respond given its inventory and liquidity. Today the focus remains on generating FCF through stabilized production and driving capital efficiencies. FCF near term will be used to reduce net debt to below 3bn, or 1.0x at low-end-of the cycle commodity prices. Under current scenarios CXO believes they can hit that level in 1H21. Longer-term management is considering multiple avenues to return value to shareholders, a base plus variable dividend is one potential path being explored. Depth of top tier quality acreage should allow CXO to focus on shareholder returns without need for additional resource.

UBS VIEW

CXO is a top pick given its scale, acreage position, management expertise and expectation for continued capital efficiency as it moves to a stabilized pace of development. Coupled with a strong balance sheet, CXO is well positioned to continue to generate FCF in current environment.

EVIDENCE

We have CXO generating ~9.6% FC yield (before dividend) while holding liquids production roughly flat in 2021. It is not the highest yield in the group, but combined with quality of acreage and commitment to return excess CF provides top risk / reward.

WHAT'S PRICED IN?

We believe the growth story and incremental cash generation over the next 5 years remains underappreciated. Investors got incrementally more positive following upgrade in FCF guidance in Q3 but remain on the sidelines waiting for further catalysts and evidence of operational improvement.

RELATED RESEARCH

Chat with the COO

UPSIDE / DOWNSIDE SPECTRUM



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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: Could STZ continue to deliver +HSD growth despite curtailed production base?

Yes. There is sufficient capacity to meet +HSD demand over the next 3-years despite shuttering the under-construction Mexicali brewery. STZ's low exposure to on-premise (15% of sales) relative to peers provides limited downside in the current environment, while brewery shutdown in Mexico earlier in the year and elevated at-home consumption will drive F2H shipments growth of ~10% to support depletions and system inventory rebalance based on our integrated supply-demand model. All-in, we expect FY21 beer shipments (flat to +1%) to lag depletions (+5%) in FY21. Beyond that, we expect Beer sales will normalize back to +HSD in FY22, supported by Corona Seltzer. STZ is a topline growth story and we believe that story will continue. STZ has benefited from favorable category alignment and consumer demographics, but we have little reason to believe those tailwinds have run their course (incremental distribution gains, capacity-enabled innovation and continued demographic favorability).

Q: Can margins deliver the next leg of earnings growth?

Yes, we expect F20-23 operating margin to grow +335 bps from 32.7% to 36.1%, driven by beer and wine margin improvement of +215 bps and +365 bps. While the wine portfolio transformation following low-end wine divesture will transition the W&S segment to a higher margin structure, the beer segment margins will benefit from improved capacity utilization. In the near-term, channel disruption due to COVID-19 could lead to volume deleverage, we see a number of factors that should help offset those cost pressures.

UBS VIEW

We believe STZ's shares are undervalued at 20x UBSe NTM EPS. STZ's near-term event path includes accelerating shipment through F2H and closure of wine transaction. We believe the Beer growth and margin story remains underappreciated and view the current valuation as a buying opportunity.

EVIDENCE

Our top-line model includes detailed monthly category and channel analysis for FY21. Over the past 5 yrs, STZ consistently over-delivered on initial EPS guidance by +8% on avg vs mid-point of initial guide.

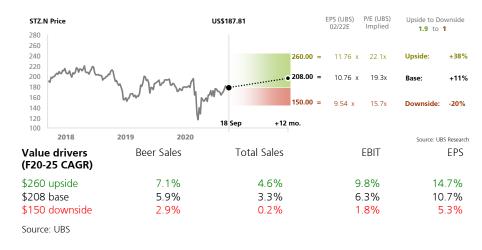
WHAT'S PRICED IN?

With STZ trading \sim 20% below its 3-yr average relative premium to large cap US Beverages group, we think the market is pricing in wine transaction overhang, net demand loss to hard seltzers and elevated unemployment rate among key Hispanic consumers.

RELATED RESEARCH

F1Q Earnings Review (Jul-20); STZ Beer Supply-Demand Dynamics (Jun-20); Upgrade to Buy (Apr-20); Initiation of Coverage (Dec-18)

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

Oct 1st - F2Q21 Earnings; Wine deal closure

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL OUESTIONS

Q: How much can the global footwear industry grow?

We expect it to rise at a 5% to 6% CAGR, highly skewed to sports footwear. Athleisure should continue driving this category at a compelling 8% annual pace, underpinned by leading industry players like NKE pushing for innovation and prevailing themes like casualization and healthy lifestyles. Deckers could benefit from this trend as athleisure covers sports (i.e. HOKA brand) and comfort shoes (i.e. UGG).

Q: How much can Deckers accelerate top-line growth?

We believe Deckers will accelerate sales to 6% 5-year CAGR from 3% in 2015-20. This +6% includes +400 bps contribution from the HOKA brand and an incremental 170 bps from UGG. FY21 revenues should rise 1% y/y despite COVID-19 disruption. We believe sales should accelerate next year post COVID-19, implying FY22 sales should be 14% above FY20 levels.

Q: Will DECK deliver higher operating margins post COVID-19?

Yes. We expect EBIT margins to expand to 18.1% by FY25. COVID-19 should negatively impact FY21 EBIT margins by -70 bps to 15.2%. However, a stronger sales growth next year should drive a 190 bps inflection to 17.1%. DECK's margins should benefit from a mix shift to DTC given accelerated digital sales and SG&A leverage in the medium term as HOKA gains scale.

UBS VIEW

We think Deckers' sales and EPS outlook justify a higher valuation. Its high-growth brand HOKA should drive a +6% 5-year consolidated top-line CAGR. We anticipate a P/E re-rating to 21x. This multiple expansion along with a 12% 5-year EPS CAGR drive 24% PT upside. We see a 2:1 upside/downside skew and rate DECK Buy.

EVIDENCE

UBS Evidence Lab analyses on Instagram Tracker and Google Search support our bullish view on the company's capabilities to grow sales. Meanwhile, Euromonitor data suggests a 5% to 6% 5-year CAGR for the footwear industry, underpinned by a stronger sports footwear category (+8%).

WHAT'S PRICED IN?

Our reverse DCF analysis suggests the market is pricing 5% to 6% annual sales growth vs. UBSe of ~6%. The analysis indicates 40 to 70 bps operating margin expansion per year. This growth and margins outlook suggests a 5% to 7% 5-year EBIT CAGR, below UBSe of +9%.

RELATED RESEARCH

UBS Evidence Lab inside: Laced up to Go the Distance; Initiate at Buy

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

Upcoming earnings.

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: Can EA's bookings grow at a 5% CAGR for the next 5 years?

Yes, we estimate EA bookings will grow at a ~8% FY20-FY25 CAGR largely driven by a mix of stable franchise performance (FIFA, Madden), call options around Star Wars content, and F2P games (Apex Legends).

Q: Can EA achieve 37% EBITDA margins by FY2024?

Yes. We expect 170bps of margin expansion over the next 5 years, primarily driven by digital mix shift with additional benefits from improved marketing efficiencies and more focused R&D.

Q: Can EA drive higher cash returns via margin improvement & balance sheet leverage?

Likely. EA's margins continue to improve on the back of digital mix shift, driving greater FCF to fund shareholder returns. Given EA's net cash position (vs. net debt position for peers across broader media), we believe the company can support greater leverage to drive increased cash returns.

UBS VIEW

Beyond the current environment, we remain constructive on broader gaming industry themes: increased engagement/monetization, cross-platform play & subscription/cloud-based models. In many ways, the "shelter in place" dynamic has accelerated these themes as individuals & households dedicate increased media consumption time toward gaming content. Against the backdrop of solid topline momentum and improving margins, we see a compelling risk/reward in EA.

EVIDENCE

Based on the UBS Evidence Lab Global Gamer Survey vol. 6, player engagement, sentiment & monetization trends present a picture of a highly engaged global user base and a medium that persistently takes share of media time spent – we continue to see a long-tail for monetization to close the gap w/ engagement.

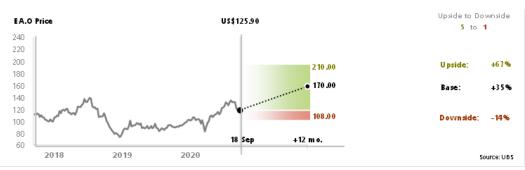
WHAT'S PRICED IN?

We believe investors are discounting management's ability to retain & monetize acquired cohorts during COVID-19. In addition, we believe investors have largely reset their expectations around long tailed call options (e.g., eSports, cloud gaming, etc.) for long-term secular themes.

RELATED RESEARCH

<u>UBS Evidence Lab Inside: Assessing the Gaming Status, UBS Evidence Lab: Assessing the Gaming Landscape Vol. 6</u>

UPSIDE / DOWNSIDE SPECTRUM



Value drivers (FY21E)	Full Game Download Rev Growth	Live Services Rev Growth	Adj. Gross Margin	FCF-SBC Margin
\$210 upside	5.0%	19.6%	76.1%	23.0%
\$170 target	1.0%	15.6%	75.1%	21.6%
\$108 target	-3.0%	11.6%	74.1%	18.0%
Source: UBS				

UPCOMING CATALYSTS

The performance of upcoming sports titles as well as any update on capital allocation.

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: What are GNRC post-COVID-19 growth prospects?

We expect an acceleration of revenue growth to 11% 4-yr CAGR 2021-24 following an anticipated 7% y/y growth in 2020E due to the COVID-19 economic impact. We forecast the U.S. residential HSB market to grow at a CAGR of 6.7% through 2025E with penetration increasing from 4.7% in 2019 to 6.5% by 2025E.

Q: What is the outlook for GNRC's residential clean energy business?

We expect the Clean Energy business to account for 8% of GNRC 2020E domestic residential sales and 42% of net sales growth 2019-2024E. GNRC has distinct advantages in breaking into the residential solar+storage market, in our view, including its brand, experience converting marketing leads to customer sales, ability to leverage its existing customer service infrastructure, installer support and ability to cross-sell traditional HSB. We expect GNRC to become a significant number 3 U.S. player without disrupting the industry pricing dynamic.

UBS VIEW

GNRC provides a relatively uniquely diversified opportunity to which investors can gain exposure to the rapidly growing solar + storage market w/ underlying earnings stability from GNRC's core business of recession resilient home standby power.

EVIDENCE

The resilience of the HSB market was demonstrated in the GFC when GNRC revenue growth during the GFC was more stable than the U.S. backup power market. Housing starts have historically been weakly correlated to GNRC gross profit growth (r=0.36) and uncorrelated to gross margin (r=-0.07).

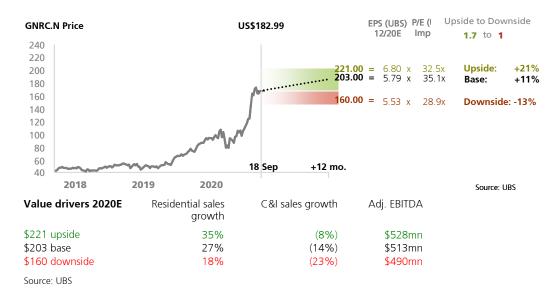
WHAT'S PRICED IN?

Consensus EPS estimates do not fully capture the growth prospects for GNRC's clean energy business in our view. Current consensus estimates imply 6.5% 2-year EPS CAGR 2020-2022E, below 8% UBSe.

RELATED RESEARCH

Interactive model: Residential solar & storage; Renewable energy upside. Initiate GNRC at Buy; September 2020 conference call schedule

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

3Q20 results; Achieving storage MWhrs deployed guidance; California distributed solar data update; International clean energy products launch.

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: What is GPN's medium term revenue growth rate?

Although we anticipate lower growth in the near term, over the medium term, we estimate that Global Payments can grow revenues at ~8-9% vs. our merchant acquiring industry expectation of ~8% and our issuer processing industry expectation of ~5%. While this is below legacy Global Payments' historical 9-11%, post-TSYS acquisition, our forecasted level reflects expansion on a business segment level that is faster than the industries in which it operates and across a larger revenue base.

Q: How do we assess the risk to FIS' recent transformative M&A?

Positive – Our assessment reflects Global Payments' history with large-sized integrations, achievable revenue synergy targets, history of cost management/expense synergy realization and our view of only moderate cultural risks.

UBS VIEW

We believe that Global Payments will grow faster than its respective industry growth rates, due to its mix shift of revenue toward faster growing tech-enabled products (integrated, software-owned assets, ecommerce/omnichannel); international exposure in faster growing geographies; and exposure to attractive industry verticals. Additionally, we believe the company will achieve targeted revenue and cost synergies. As a consequence of these factors, we believe Global Payments will benefit from strong revenue growth of 8-9% and ~160 bps of annual adj. operating margin expansion, driving a ~15% 5-year adj. EPS CAGR and enabling multiple expansion.

EVIDENCE

Our forecast for Merchant Solutions growth of ~8-10% is based on our global electronic payments waterfall and is partially driven by UBS Evidence Lab Retail Processor and Payments Survey and COVID-19 Consumer Spending Survey, which indicates a strong competitive position in U.S. merchant acquiring. UBS Evidence Lab Glassdoor data contributes to our expectation of minimal cultural risks through the integration of TSYS.

WHAT'S PRICED IN?

We believe the shares are discounting terminal growth of \sim 4.5% vs. our expectation of \sim 5%, which we consider to be the long term secular growth rate of Global Payments.

RELATED RESEARCH

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

We believe the next identifiable catalyst is the 3Q earnings report, expected in early November; additional bolt-on M&A could also be a catalyst, particularly for software assets that expand Global Payments' integrated acceptance platform into a wider range of end markets.

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: What is the impact of COVID-19 on 2020-21 forecasts?

We forecast a 2020 gross COVID-19 operational EBITDA headwind of \$1.6b (or -14%) vs our pre-COVID estimates. We expect HCA will receive \$1.3b (most of which was already recognized in 1H20) in CARES act funds and \$90m for the suspension of the Medicare Sequester to act as a partial offset to the near-term impacts from COVID. We forecast that 90% of the 2020 COVID EBITDA headwind will reverse in 2021 leading to a \$160m impact in 2021.

Q: How will the deterioration in payer mix impact 2021 forecasts?

We forecast a 2020-21 payer mix headwind of \$300m (-3%) and \$700m (-7%), respectively, as commercial patients downshift to Medicaid and self-pay.

UBS VIEW

HCA's pre-COVID results outpaced investor expectations and the company remains levered to a recovery w/ one of the leading ASC platforms. HCA's LT capital deployment strategy remains in-tact and we expect HCA's significant FCF generation to resume post-COVID. We peg the company exiting 2020 w/ ~\$2b more cash vs. prior estimates, which reduces the forward multiple by 0.3x.

EVIDENCE

We underwrite our forecasts using intelligence gathered in ~50 expert calls. We analyze UBS Evidence Lab's Hospital Pulse Survey on the impact of COVID-19. We review and analyze UBS Evidence Lab's Hospital Tracker to see the impact on 500+ acute care hospitals. We analyze our COVID Hospital Tracker, our CARES Act analysis, we stress test capacity and analyze the service line exposure for all hospitals. We underwrite our payer mix shift impact estimates with weighted average state level analysis on Medicaid expansion and patient distribution across federal poverty breakpoints.

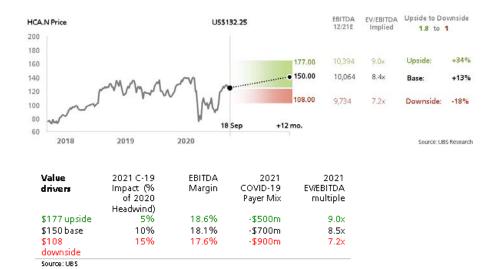
WHAT'S PRICED IN?

Investors have shifted focus from the near-term COVID disruption to the 2021 recovery and the corresponding shape of HCA's out-year earnings. Assuming HCA is worth 8x (historical averages) implies an EBITDA run-rate 4% lower than 2019 actuals. Further, that implies the stock prices in a 2021 EBITDA run-rate 6% below our 2021 estimate of \$10.064b.

RELATED RESEARCH

US Healthcare "UBS Evidence Lab inside: Survey Highlights COVID-19 Impact ..." UBS Hospital Volume Tracker "UBS Evidence Lab inside: July Brings Material ..." Healthcare Facilities & Managed Care "UBS Weekly Hospital COVID Recovery ..." HCA Healthcare Inc "Recap of Virtual NDR – Shifting Gears to Move Into ..." HCA Healthcare Inc "2Q20 Recap: Flexing Muscle Through COVID-19 Disruption; ..."

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

Earnings, potential additional CARES Act funding or new government stimulus/regulation, the upcoming 2020 election

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: How significant will COVID-19 be on IQV and how quickly will IQV see a return to the strong fundamentals in place before the outbreak?

Manageable and we see a strong 2021. We see upside to consensus for 3Q, 2020 guidance, and 2021 driven by the R&D (RDS) segment with new COVID trials (~15% of 605 bookings) offsetting weakness in other areas. Further, our diligence (surveys / expert calls) suggests a strong recovery in 2021 in non-COVID trials, which may not be fully reflected in consensus.

Q: Will IQV's data-driven patient recruitment strategy enable market share gains and generate accelerating revenue growth?

Yes. CROs have been trying to use data to better recruit patients without noticeable success, but our diligence (and IQV results) reflect IQV's Next Gen offering (via IMS/Quintiles merger) is different and driving share gains. We model above average book bill to bills and improving backlog conversion which together drive accelerating growth.

UBS VIEW

We expect the stock to outperform the market. Conviction in IQV's data-driven patient recruitment strategy plus a favorable industry backdrop support our above-consensus estimates, which together with multiple expansion can enable ~30% stock appreciation in the next 12 months.

EVIDENCE

Across the UBS Evidence Lab Pharma Outsourcing Surveys conducted (N ~150 customers), IQV consistently is viewed as the highest quality CRO expected to gain the most share given its differentiated data drive patient recruitment strategy. Our COVID snap surveys suggest a strong recovery in 2021 with pharma budgets expect to be in line with pre-COVID levels. Further, our CRO expert calls suggest a strong 2021 with upside from COVID trials, which are enrolling at a record pace.

WHAT'S PRICED IN?

In 2021, we are 3% above revenue and 4% above EBITDA consensus driven by solid growth in both R&D solutions and Tech & Analytics.

RELATED RESEARCH

UBS COVID Survey suggest (<u>Wave 1</u>, <u>Wave 2</u>, <u>Wave 3</u>); <u>UBS Evidence Lab CRO Survey</u>; UBS CRO Expert Calls (<u>HERE</u>, <u>HERE</u>)

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

Earnings, 2021 guidance, COVID-19 trials, and M&A.

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL OUESTIONS

Q: Can Friction Technologies continue to win share in the global brake pad market?

Yes. ITT's leading technology/standardized production process, optimized footprint, and strategic focus on OEM/OES customers are sustainable competitive advantages. We think it would take at least 5-10+ years for competitors to replicate. After 2+ years of global auto declines, UBS is forecasting a return to growth and we expect Friction to outgrow the market by ~500bps.

Q: Can Motion compensate for short cycle industrial & aero pressures in the near term?

Yes, presuming that the coronavirus situation does not materially worsen from here. MT was gaining momentum in late 2019, as ramping new Friction OEM platforms drove double-digit growth across all regions exiting the year. We model a 5% organic sales CAGR (3Q20-2Q22e) for the MT segment, With growth accelerating to HSD in 1H21.

Q: Should we expect any significant changes under new executive leadership?

Yes, we think under CEO Savi, ITT is taking a more comprehensive approach to creating shareholder value. The past tendency towards overly conservative balance sheet management could be taking a turn, and we expect increased deployment of capital to M&A as well as share repurchase.

UBS VIEW

Key drivers of our Buy rating: 1) acceleration in organic growth for MT; 2) ongoing margin improvement in IP and CCT segments; and 3) increased appetite/ability to deploy capital. We expect new Friction OE platform ramps to drive MSD-DD organic growth in MT over the medium term, above ~LSD levels during the last two years (pre-COVID) of declining global auto production. We also believe the company has just scratched the surface of its margin self-improvement "war chest."

EVIDENCE

Friction consistently outgrowing auto production by 3x past 15 years (~1000bps outgrowth in '19). ITT proprietary production process is protected. Pre-COVID, Friction was +DDs in all regions (China +18%, US +11%, Europe +10%). Under prior mgmt, financial leverage (~1x net debt/EBITDA on avg.) was below SMID-cap industrial IG range of 2-3x.

WHAT'S PRICED IN?

We think the market is pricing in a ~flat 2-year organic CAGR and ~125bps of margin expansion. Our base case assumes organic growth of 2.5% and 175bps of EBIT margin improvement by 2Q22e.

RELATED RESEARCH

A fresh look: Turnaround masterclass or dead cat bounce? GE crossing the sentiment chasm. Buv.

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

Monthly auto sales and industrial production (October 2020), Earnings and Annual Asbestos remeasurement (October 2020), Business Outlook (~February 2021)

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL OUESTIONS

Q: Can KMI increase its dividend in 2021?

Yes, while KMI will face headwinds in 2021 (r-contracting in natgas and lower CO2), tailwinds (higher refined products and growth projects) coupled with lower YoY growth capex results in KMI being FCF positive and able to raise its dividend by 9.5% in 1Q21.

Q: When will KMI's leverage improve to 4.5x?

We estimate KMI will end 2021 at 4.6x post a 9.5% dividend raise in 1Q21, slightly above 4.5x. However, we expect KMI to reach 4.5x leverage in 1Q22 and remain at that level for the year, even with another 8.7% YoY dividend raise in 1Q22, as capex continues to remain low.

UBS VIEW

KMI currently trades at an 8% dividend yield, with an implied yield of 8.8% when taking into account our estimated 9.5% dividend raise in 1Q21. This compares to the S&P yield of less than 2%. We estimate KMI will be FCF positive post dividends in 2021 as capex should be down meaningfully YoY. Further KMI has a large natural gas exposure, which we believe is more stable earnings vs. crude in this environment. While CO2 and Refined Products will be overhangs, we believe refined product demand trends have bottomed and ticking back up.

EVIDENCE

UBS Evidence Lab Congestion Data (> Access Dataset) tracks daily congestion in major US cities relative to average '19 data for that day of the week to discern trends around gasoline demand in the US. The dataset utilizes TomTom data to better pinpoint congestion in our view vs. other datasets which include other forms of mobility. Based on the data congestion in PADD 1 and PADD 5 where KMI has exposure has increased 115%/37% off their respective lows, hence we believe refined products demand has bottomed and volumes on KMI's pipelines should improve over the next year.

WHAT'S PRICED IN?

We don't believe that KMI's stock currently reflects the potential for a 9.5% dividend increase next year and a company that is FCF positive. KMI has underperformed peer WMB and the implied yield spread has flipped (looking more attractive for KMI), hence we see an opportunity for KMI to close the gap.

RELATED RESEARCH

Refreshing KMI Estimates and Expectations

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

KMI reports 3Q earnings on October 21st, that said the larger catalyst is likely early December when KMI historically provides its initial FY guidance for the next year. Additionally, we will continue to track congestion data, as increasing refined products volumes could be a positive catalyst for KMI.

Knight Swift Transportation Holdings (KNX)

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: Will the truckload transportation market remain strong / tight into 1Q21?

Yes, low retail inventory levels drive truckload demand for replenishment while peak season supports a further rise in 4Q20 demand for truckload transportation. COVID related constraints on the pace of new drivers entering the market also support a tight truckload market into 2021.

Q: Can KNX realize strong contract pricing gains and margin expansion in 2021?

Yes. The roughly 30% y/y rise in spot market truckload rates (ex. fuel) at the present time points to potential for high single digit or greater contract pricing gains in 2021. In 4Q18 during the last upcycle in TL rates, KNX realized nearly 500 bp of y/y margin expansion and we expect strong margin gains in 2021 for KNX.

UBS VIEW

We believe the current tightness in the truckload market in combination with low retailer inventory levels provides clear visibility to a favorable outlook for the truckload market and KNX into 2021. We expect the strength in truckload freight and backdrop of improving pricing to support upside EPS performance from KNX in 2H20 and rising EPS expectations looking forward. We expect strong EPS growth to support attractive upside for KNX stock even as valuation may moderate.

EVIDENCE

KNX has captured the upside potential from tight truckload cycles in the past as shown by their strong margin expansion of 490 bp and EPS growth of 78% y/y in 4Q18 in the last upcycle in TL rates. The 30% rise in truckload spot rates at the present time shows the current tightness in the truckload market.

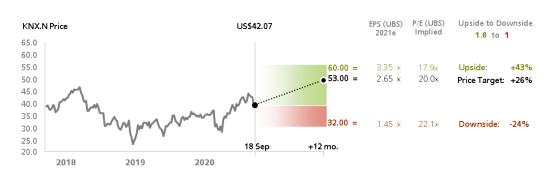
WHAT'S PRICED IN?

At a blended forward P/E of 16x, we believe that KNX reflects concern that the truckload spot market is at a peak level of activity and tightness.

RELATED RESEARCH

Expert Call On Retail & Transportation; U.S. Truckload: Low Retailer Inventory Indicates Strong TL Market Is Likely To Persist; Reiterate Positive View On TL; Truckload Cycle Analysis

UPSIDE / DOWNSIDE SPECTRUM



Value drivers	2021E Revenue Per Mile (Y/Y)	2021E Loaded Miles (Y/Y)	2021E TL Segment Margin	Target P/E On 2021E EPS
\$60 upside	7.0%	6.0%	82.0%	18x
\$53 target	5.0%	3.2%	84.3%	20x
\$32 downside	-4.0%	-4.0%	89.0%	22x
Source: UBS				

UPCOMING CATALYSTS

1) Weekly data points on the Truckstop.com Market Demand Index (MDI), 2) Monthly Class 8 Truck Orders, 3) BLS Trucking Employment; 4) 3Q20 Earnings (late October)

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UBS Research THESIS MAP

a guide to our thinking

PIVOTAL OUESTIONS

Q: How much of the company's value is tied to the F-35 and is it secure?

Our DCF on the F-35 suggests the OEM and Sustainment portion of the F-35 might be worth ~\$165/share. We believe the market understands OEM production growth but does not fully price in or appreciate the sustainment opportunity, which we see as \$4-5M/yea/aircraft for the F-35 fleet. We see OEM revenue flatting in the ~2023 timeframe with Sustainment and follow-on modernization picking up mid-decade. Importantly, we see the company's service revenue on the plane not peaking until the fleet peaks (unlikely in the next 20 years). The aftermarket opportunity drives as much of the company's NPV on the program (55%) as the OEM piece which is a bigger focus for the market.

Q: Will the company grow slower or faster than peers in the next 3-5 years?

We est. LMT will grow faster than the defense average over the next few years. We are modelling 7% topline growth y/y in '20/'21, which is nearly 200 bps higher than the average for our defense coverage.

Q: How should investors value LMT pension recovery—a large contributor to FCF?

We believe investors should separately value the NPV of LMT's prepaid credits to its pension plan, which we calculate at \$24/sh. The value of the pension adjusted earnings can then be valued independently to understand the multiples on the underlying business.

UBS VIEW

Lockheed has consistently been a top pick in our space since we launched coverage in 2018 and is a top pick for 2020 given backlog sales coverage, pace of organic growth, management execution, and expected strong bookings this year and into 2021. Though the company initially revised sales for '20 modestly downward on COVID-19 impacts (confined just to the Aero segment), the company navigated COVID-19 impacts diligently and raised their outlook on the back of 2Q. We still see opportunity in the topline remaining in Aero and MFC given the healthy cushion in their sales. We view the current valuation as compelling (~6% FCF yield) and continued quality of their earnings stream as reasons for attraction to the name.

EVIDENCE

Our DCF analysis of the F -35 program provides a detailed assessment of the opportunity on the F-35 in both production and sustainment of the aircraft. Our proprietary revenue teardown of LMT based on 137k contracts in each of the last 5 years together with UBS Evidence Lab provides conviction in LMT elevated growth through 2021E.

WHAT'S PRICED IN?

The stock has performed in-line with the market YTD and, though it has outpaced peers by ~15%, we think the market has mispriced the sustainment opportunity for the F-35 over the long term and, in the near-term, has undervalued the lower uncertainty in the name vs. peers in terms of impacts from COVID-19 particularly in terms of cash and bookings.

RELATED RESEARCH

2020 Outlook; Defense and Deficits; New CEO; LMT 2Q Note; August Monthly Outlays; F-35 Update

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

3Q Earnings, Monthly Defense Outlays, FY21 Budget Cycle, 2020 Election

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL OUESTIONS

Q: How will LOW's comps trend in FY'21 as it laps begins to lap tough compares?

We model LOW comping down -6.4% in FY'21 as it laps our estimated comp growth of 20.5% in FY'20. Still, our estimates imply a 2-yr stack of \sim 14%. We believe increased repair and remodel needs due to more time spent at home should drive demand next year even as LOW laps tough compares.

Q: How long will LOW continue to outcomp HD?

We expect LOW will outcomp HD for at least the back half of this year. We model 10-20% SSS for LOW in 2H'20 which compares to our 10-15% estimate for HD. However, for FY'21, we believe tough compares for LOW will likely lead to underperformance vs. HD. Still, our forecasts imply that LOW's comp will grow faster than HD's for the 2-yr period of 2020 and 2021.

Q: When can LOW achieve its operating margin target of 12%?

We believe LOW will end FY'21 with a margin that's near 12%. Our model forecasts 60 bps of operating margin expansion in FY'21 to 11.8%. While we expect comps to decline in FY'21, LOW will likely lap ~\$1 bn in incremental COVID costs next year. This should help it expand margins even as its sales decline.

UBS VIEW

We believe LOW's risk-reward is compelling at current levels. The company is likely to be a prime beneficiary of wallet share shifts to home for the foreseeable future. Plus, while LOW's EBIT margin is likely to expand nicely in the near-term, it's still likely to end FY'21 with a margin that's 300+ bps below that of HD's. This shows there is ample room for its margin to improve form here. Despite these tailwinds, the stock is still trading at just 17.5x our CY'21 EPS estimate, which is 4x below HD's multiple.

EVIDENCE

We estimate LOW will end FY'20 with sales per store of ~\$43 mm vs. HD's \$55 mm. LOW can bridge this productivity gap with HD going forward as its Pro penetration increases.

WHAT'S PRICED IN?

Consensus is modeling only \$8.51 in EPS for FY'21. This is below our estimate of \$9.00.

RELATED RESEARCH

Going High From Being Lowe's

UPSIDE / DOWNSIDE SPECTRUM



Value drivers (CY'22)	Comp growth	New store contribution	Revenue growth	Operating margin	Diluted EPS
\$269 upside	4.0%	0.4%	4.4%	13.1%	\$12.82
\$195 target	2.0%	0.4%	2.4%	12.1%	\$10.24
\$104 downside	1.0%	<mark>0.4%</mark>	1.4%	10.9%	\$6.92

UPCOMING CATALYSTS

3Q'20 results in November 18th

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL OUESTIONS

Q: Will E*Trade enhance MS's WM offering and be accretive to returns?

Yes, we expect the <u>addition of ETFC</u> to increase the amount of MS's earnings generated by WM, provides a broader WM offering, and enhance deposit funding/stability. The ETFC deal will also solidify MS's position in <u>the stock plan market</u>, which is a key customer acquisition channel for WM firms.

Q: Will MS's WM business be negatively impacted by the pandemic?

No. MS's recent technology investments have allowed FAs to remain in contact with clients through the COVID-related disruptions, as the <u>benefits of scale are becoming clear</u>. Of course, lower interest rates are a headwind to the WM revenues, but they are manageable and reflected in forecasts.

Q: Is the ISG business well-positioned in the current environment?

Yes, more diversified investment banks have <u>shown stronger results</u> in the current environment, as trading and capital raising activities <u>have been robust</u>. This strength seems NT sustainable, leading MS to be in a stronger position given their business mix, less reliance on NII, and less credit exposure than most peers.

UBS VIEW

Shares likely to re-rate on growing WM earnings: We believe MS's current valuation does not reflect its more attractive mix vs peers. Currently, just under half of MS's earnings are generated by wealth and asset management, and that will expand to about 55-60% of earnings over the next several years. Therefore, as the higher multiple earnings grow, we expect MS's multiple will expand concurrently.

EVIDENCE

We forecast WM PT margins at MS to expand slowly to 25% in 2021, but the addition of ETFC, with its 37% PT margins, should enhance that margin by 50 bps before synergies. Further, the addition of ETFC's stock plan business should provide better opportunities for organic growth in WM.

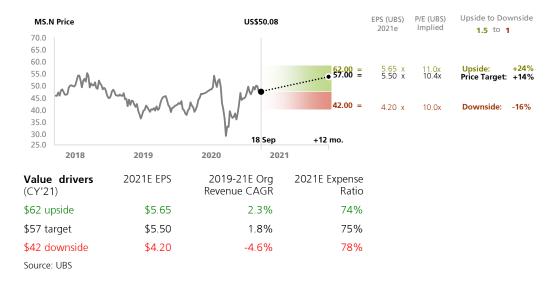
WHAT'S PRICED IN?

MS currently trades at roughly 10x 2021 consensus estimates, which is roughly in line with the LT avg multiple for commercial and investment banks. Given MS's more attractive earnings profile, we do not believe this ascribes value to the nearly half of earnings that are generated by wealth and asset management (12-14x earnings). Over time, we expect the growth of those earnings to lead to multiple expansion of 1-2 turns on a growing earnings base.

RELATED RESEARCH

See above for links.

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

Earnings and Outlook (October 2020), UBS meeting with James Gorman (late October 2020), Close of ETFC deal (4Q20), Strategic update (January 2021).

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: Is NEE's Valuation Justified?

Yes. Our PT of \$312 which implies a P/E of 29.6x is justified premised upon a SOTP valuation. We value the Florida utility assets at a 25% premium to the utility multiple premised upon 1st quartile regulation & eps growth, and ESG metrics. For the NEER business we use Orsted as a comp. which on a MTM implies a P/E multiple of 39.2x 2022e.

Q: Is M&A Activity for Regulated Utility Assets Likely?

Yes. NEE has expressed a desire to deploy the same strategy demonstrated in the Gulf Power transaction to other regulated utility assets. This would involve greening of the generation fleet and reduction of utility O&M costs to FPL's industry leading costs which are 62% below average, yet attain service reliability 62% better than average.

Q: Can NEE Become a Market Leader in Battery Storage and Hydrogen?

Yes. We believe NEE's comparative advantages in the wind business that were born from early adoption of data for weather; resourcing; and location are being currently exploited in solar and are transferring into significant growth opportunities in battery storage, and longer term growth opportunities in hydrogen fuel.

UBS VIEW

NEE is the best in class regulated utility operator in the most constructive regulatory jurisdiction in North America and the success in the Gulf Power integration demonstrates the capability to apply the FPL operational model to acquired utilities. At NEER, we believe that the 20% renewable market share is levered to significant secular growth trends of electrification and de-carbonization of the grid, as well as de-methanization of the fossil fuel stream.

EVIDENCE

Our State of the Grid analysis calls for 164GWs of wind and solar to be deployed in the US by 2030. At NEER's 20% market share they would capture 33GWs (+138%). Further growth would come from battery storage of which there is already 2.2GWs in backlog. Hydrogen could spur continued growth beyond 2030. NEE has a \$50mln R&D pilot project.

WHAT'S PRICED IN?

On our SOTP valuation either NEER is being fairly valued and the utility assets are undervalued by 25%, or the utility assets are being fairly valued, and the market is undervaluing NEER by 20%.

RELATED RESEARCH

CEO Fireside Chat with Jim Robo (Replay Dial In: 888-286-8010; Passcode: 10908656). CFO Fireside Chat with Rebecca Kujawa (<u>Link</u>). <u>Increased Guidance: 4 for 1 Stock Split</u>, 9/14/2020. <u>Updating the State of the Grid</u>, 03/25/2020.

UPSIDE / DOWNSIDE SPECTRUM



Value drivers	2022E EPS	NEER Valuation	ESG Premium
\$333 Upside \$312 Base Case \$250 Downside	\$11.00 \$10.55 \$1 0.20	21.1x EBITDA 39.4x P/E 1.6x PFG Ratio	15% 5% 0%
Source: LIBS	\$10.20	1.0x 1 EG Natio	0 70

UPCOMING CATALYSTS

Stock Split (4 for 1) in October. Third Quarter earnings reporting in mid to late October, US Presidential and Congressional elections on Tuesday November 3. Filing of Florida general rate case in 2021.

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL OUESTIONS

Q: Is Nvidia's competitive moat sustainable?

Yes. The company is many years ahead of peers in hardware/software integration and is using these capabilities to bring significant performance gains to both gaming and data center with its new Ampere product family. The acquisition of MLNX allows NVDA to further scale its accelerated computing solutions and the acquisition of ARM, if approved, allows for NVDA to more broadly and immediately monetize its IP.

Q: Gaming – will the strength continue in a post pandemic world?

Yes. The pandemic has certainly brought a tailwind to gaming and while we don't expect gaming to grow 30% Y/Y for the foreseeable future we do believe the strength will continue to approach \$10B in annual revs in a few years (currently ~\$7B). The PC has become a larger platform for gaming and console gaming has also been healthy going into the holiday season.

UBS VIEW

Gaming is driving most of the upside and continues to be supported by a virtual cycle of new technology and content. Core NVDA data center (DC) is growing modestly (6-7% Q/Q, in-line) even as it rides an Ampere product cycle that carries MUCH higher ASPs given its value proposition. Even though some possible digestion from hyperscalers and additional actions beyond Huawei must be considered (UBSe ~20-25% of core NVDA DC is China hyperscalers), the scale in which NVDA is playing is simply dramatically larger than in years past (data center vs server). In addition, MLNX & ARM acquisitions provide strength to NVDA's product cycle roadmap which we believe is still far and away the most powerful product cycle in semis.

EVIDENCE

Our proprietary bottom up models of the gaming and data center segments give us conviction in our operational forecasts. Our views on how MLNX is assisting to transform the Data Center are also supported by channel checks and UBS hosted expert calls. While the ARM acquisition was just recently announced we will be learning more about how this will enable NVDA to expand the TAM and remain a market leader.

WHAT'S PRICED IN?

The UBS What's Priced In tool attributes approximately 89pct of NVDA's stock price to capitalized long term earnings growth.

RELATED RESEARCH

Addressing An Unsustainable Gap Between Al Compute Demand and Supply

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

NVDA Earnings (Nov 2020), UBS TMT Conference (12/07/20 to 12/10/20), Closing of ARM acquisition (NVDA estimates March 2022)

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: Is there further upside to back half revenue guidance?

Our current 2020 estimates call for +3% YOY growth with H2'20 up +15-17% YOY vs current guidance for FY'20 flat to down -2% and implied H2'20 guidance of +7-9%. Strong retail trends continued in July, though not at 50-60% levels and we believe trends have remained at elevated levels in August/September. Pll guiding to retail up low single digit % for the year, which they say includes a flat 2H retail expectation even though July already exceeding that. They expect Q3 retail positive to some degree and then Q4 negative, just given the volatility of sales and that some retail may have been pulled forward. Pll expects it may take till start of Q4 to replenish dealer inventory for motorcycle and rest of year to replenish ORV inventory. Given current retail trends and low inventory, we believe FY'20 revenue guidance of flat to -2% will prove to be conservative as was the case with their previous guidance -13-17% given after Q1.

Q: Can PII still grow shipments in 2021-2022 despite tough retail comps in 2020?

PII ended Q2 with North Am inventory down -47% YOY and will be working to replenish this through H2, though they still expect to end the year with inventory down YOY. So inventory replenishment will provide a tailwind to 2021 sales. We also expect retail demand will remain strong in 2021 as the industry as a whole has grown in 2020, with 75% of PII's ORV and motorcycle buyers in Q2 being new to Polaris and sales to millennials were up +100%. Additionally, potentially heavier usage of the vehicles this year could lead to more replacement purchases next year.

UBS VIEW

Our price target of \$117 is based on the PV of upper end of ~15-16x '22E EPS in line with PII's historical 3- and 5-year average valuation multiple. We are discounting at 15% annually. We expect +3% revenue growth in 2020, above guide of flat to -2%, while we expect 2021 sales up slightly and 2022 up +6% YOY.

EVIDENCE

Our recent dealer checks (here and here) indicate dealers are still seeing strong demand in August and into September. Additionally, one dealer believes if new buyers are using vehicles enough, retail could be up next year as they look to replace their mostly entry level initial purchases. The same dealer said even if sales were flat YOY next year, he would need 5x his current inventory levels, so he would have to add 200 units to his floor, and he typically retails about 1,100-1,200 units, so that would be about 18% of typical retail.

WHAT'S PRICED IN?

Consensus for 2020 sales is in line with the company's current guidance at roughly flat to down slightly. After Q1, PII guided to FY'20 revenues down -13-17% despite retail remaining strong through April at the time. The company then raised guidance to flat to down -2% after Q2. We expect another upwards guidance revision after Q3 with retail remaining strong through the quarter. Additionally, there could be upside to our flattish margin estimate, given less promotional activity as inventory remains scarce.

RELATED RESEARCH

We See Upside to Back Half Guidance

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

Continued delays in the full reopening of the US Economy should continue to be a catalyst for PII demand as consumers have more disposable time and outdoor vehicles provide a socially distanced activity. We also see potential margin upside if PII can get more tariff exclusions. Tariff exclusions timed out in July and August, but PII is still applying for refunds for tariffs beyond that.

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: Can PWR grow both the electric and pipeline segments?

We expect PWR to grow both the electric and pipeline segments in 2021. We think the electric segment will be driven by steady growth in electric transmission and distribution small project work, a pick-up in fire hardening spending after a relative lull in 2020, and accelerating growth in telecom as 5G ramps up. We expect electric segment profit growth of 10% in 2021, and pipeline segment profit to grow 7% in 2021 as the business sees the benefits of recovering oil prices and the comparison to virus related shutdowns. We also expect Quanta's contract in Puerto Rico as part of the LUMA JV to drive EPS growth in 2021.

Q: Can PWR deliver more consistent cash flow?

We think PWR's cash flow should be relatively more steady over the next few years as compared to the last several, as PWR has fewer swings from large pipeline projects. The business model, which is now more electric and gas utility focused, and driven by steadier project activity including more maintenance work and small projects, should have less volatile working capital swings. We also expect fewer operational disruptions to cash flow. We expect PWR to generate ~\$800m of cash in 2020, and ~\$400m of cash in 2021.

UBS VIEW

We expect Quanta to resume growth in 2021 after 2020's growth is challenged by the COVID-19 shutdowns and the impact of lower oil prices. For 2021, we think PWR can grow overall revenues by 6% and EPS by 22% while generating ~\$400m of cash (~75% of net income).

EVIDENCE

PWR's electric backlog has grown 14% YoY on average over the last 14 quarters. Several utilities, including Sempra and PG&E, have announced plans for growth in system fire-hardening activity over the next several years, and utility capex is rather resilient during downturns; in 2009, capex by 6 of the largest utilities grew 7.5%, declined 2.5% in 2010, and grew another 10% in 2011. UBS Utilities analysts are forecasting total utilities' capex to be flat YoY in 2021, but we note that these forecasts are typically backwardated. For electric specifically, UBS analysts are projecting modest growth in maintenance, T&D, environmental, and grid-modernization capex. TC Energy (formerly TransCanada) is still planning to move forward on the Keystone XL pipeline. PWR's mix of large pipeline projects (typically working capital users) has declined to less than 5% of revenue, from 10+% over the past few years.

WHAT'S PRICED IN?

At 15x (PWR's 10-year average N12M P/E ratio), we calculate that investors are pricing in \sim \$3.25 in 2021 EPS, vs our \$4.10 estimate.

RELATED RESEARCH

Attractive business mix shift to Electric Power; Raising PT on expected multiple expansion

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

Fire-hardening/grid-modernization/utility capex; Keystone XL pipeline

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: Can Chinese ratings drive revenue upside in the next five years?

Yes. UBS Evidence Lab data indicates that a significant number of Chinese companies will seek a rating from an international agency within the next two years, which we think will drive upside to Ratings revenue growth sooner than the 3-5 year consensus expectation.

Q: Can debt issuance continue to support healthy top-line growth?

Yes. While issuance growth will likely be challenged in 2H20, we expect the combination of low rates, corporate debt refinancing needs, the Fed programs, and pricing power to provide support. We expect Ratings to grow 7.0% in 2020 and 6.0% in 2021.

Q: Can SPGI's non-Ratings segments drive attractive growth??

We see mid- to high-single digits in the medium term. We expect solid growth in Indices as well as consistency in Market Intelligence and Platts, though the latter may be pressured in 2021.

UBS VIEW

We upgraded SPGI to Buy from Neutral in May 2019 on the back of UBS Evidence Lab data that suggested upside from new Chinese opportunities will materialize much sooner than the three-to-five years the market is currently pricing in. While issuance has been robust YTD, and growth will likely be challenged in 2H2O, we expect the combination of low rates, corporate debt refinancing needs, and Fed programs to provide support. Non-Ratings segments should also see mid-single-digit growth. While uncertainty remains, we are constructive on the stock as we think SPGI's diversified business could weather near-term challenges, and upside opportunities (China/ESG) provide optionality.

EVIDENCE

SPGI's diversified business mix has supported a ~7% CAGR since 2005, demonstrating the resiliency of model through various economic conditions. Looking to the China Ratings opportunity, over 90% of respondents in the latest UBS Evidence Lab survey of Chinese corporates indicated that they plan to seek a rating from an international rating agency within the next two years. With SPGI being the first international agency to receive approval by Chinese regulators to rate domestic Chinese debt, this provides a large runway for further growth.

WHAT'S PRICED IN?

While shares are up 29% YTD, we believe investors will continue to appreciate the diversified business model, which should prove to be more resilient than feared amid the current economic backdrop. Furthermore, we continue to believe that the China Ratings opportunity will play out sooner than the 3-5 years expected by the market.

RELATED RESEARCH

Meeting Takeaways - Algorithm in Place for Attractive Growth to Continue Meeting Takeaways - Focus on New Initiatives as Resilient ...

UBS Evidence Lab inside: China Upside Within Reach; ...

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

3Q20 Earnings; Issuance trends (please let us know if you would like to receive our weekly tracker)

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UBS Research THESIS MAP a guide to our thinking

PIVOTAL OUESTIONS

Q: Can ServiceNow achieve \$10B of revenue by 2025?

Yes. ServiceNow is successfully evolving into a multi-product company which we think sustains a Salesforce-like revenue growth curve and puts the company on track to exceed \$10B of revenue in 2025. The current pandemic is further accelerating customers' digital transformation plans, creating additional favorable growth tailwinds for ServiceNow.

Q: Can ServiceNow continue to optimize for both profits and growth?

Yes, we still expect ServiceNow to maintain one of the best revenue growth + FCF margin profiles in software, as stepped-up investments back into the business ultimately translate to better growth. We expect modest FCF margin expansion, reaching 33% FCF margin by CY26 vs. 28% today.

UBS VIEW

ServiceNow's focus on broad adoption within large enterprise customers positions the company to deliver both strong revenue growth through continued upsell and new logo adds, and sustain high sales efficiency and gradual free cash flow margin gains. The market values software stocks on a combination of growth and profits, and ServiceNow leads on both fronts, yet this combo looks underpriced, as the current 15.8x EV/CY21E sales multiple lags the 18.1x implied by our EV/Sales vs. rev. growth regression valuation model.

EVIDENCE

Our analysis of NOW's customer base and product portfolio supports a part to \$10B of revenue in 2025, while UBS Evidence Lab data highlights both single-digit percentage but real ServiceNow use in HR IT, and the opportunity to grow brand awareness in key Asian markets. Our benchmarking analysis highlights ServiceNow's superior free cash flow profile versus leading SaaS peers, while our FL-CAC analysis shows that leverage is feasible as the company continues to generate high and stable returns on growth investments.

WHAT'S PRICED IN?

We think investors are generally bullish on the near-term growth prospects for ServiceNow, but the stock still underprices the opportunity to sustain 25-30% FCF growth for the next 5 years if not longer. We expect shares to hold current multiple levels and work higher on growth in company fundamentals.

RELATED RESEARCH

<u>Digital Transformation Leadership Drives Upside In Challenging Macro</u> Breaking Away From the Pack to Trace the Salesforce Growth Curve

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

Q3 Earnings.

Matt Taylor, matthew-c.taylor@ubs.com, +1-212-713-6257

UBS Research THESIS MAP a guide to our thinking

PIVOTAL QUESTIONS

Q: Can TFX return to and maintain a HSD organic growth rate longer-term?

Yes. We model 14% xfx growth in 2021 (reflects easy comp due to COVID-19) and 9% in 2022(~7% comp adjusted) in our base case; our estimates are 200 bps above consensus in 2021 and ~150bps above in 2022. We note 2Q growth excluding COVID impact was ~8%. We think upside could come from a faster return to normalization in procedural volumes, more consistent base business growth and the pipeline, including Urolift 2, UL geographic expansion, Manta, and EZPlaz.

Q: Can TFX Achieve its Long Term Margin Guidance?

Yes, but it could be pushed out a year; LT we think margins can go significantly higher. TFX originally guided to 2021 GMs of 60-61% and OMs of 30-31%. During its F2Q call, management noted that due to COVID-19 related disruptions timing on achieving long term margin guidance is now uncertain. TFX makes a credible case that its long term margin goals are the right ones and still achievable. Footprint consolidation and continuous improvement programs, drivers of margin expansion, remain on track. Additionally, positive margin mix drivers like Urolift and Interventional Access are key components; these should recover well and add natural lift to the GM line.

UBS VIEW

We have a Buy rating on TFX given its leverage to necessary procedures and also elective ones like Urolift for enlarged prostate that should return quickly given it is a combination of a) good therapy; b) an outpatient procedure, c) can be done quickly, and d) has good reimbursement. We see TFX as a good procedural recovery play. Looking ahead, key value drivers include Urolift, Interventional Access, Manta, EZ Plas, and growth in Asia.

EVIDENCE

Physician checks on Urolift have been bullish and gives us confidence in a long runway for the product; we think the Street is missing upside that could come from OUS expansion and a replacement cycle. Feedback on Manta has also been positive and gives TFX another near term high growth/margin driver.

WHAT'S PRICED IN?

The stock is down 9% YTD vs. the IHI Medical Devices Index +11.5%. TFX has leverage to both necessary and elective procedures like UL, which we believe will recover quickly. We see room for multiple expansion as top-line growth accelerates as UL procedures return.

RELATED RESEARCH

Executing Despite COVID-19; LRP Targets Still the Right Ones; Urolift Recovering Strongly; 2Q Beat; UL Grew in July; Underlying Momentum; No 2020 Guidance; UL Greenshoots; China Near Pre-COVID Levels; Continued Respiratory, Vascular Demand; Growth Expected in the Right Places; LRP Targets Still 'The Right Ones'

UPSIDE / DOWNSIDE SPECTRUM



Value drivers	Avg. Rev. Growth 2020- 2021E	EBIT Expansion p.a. 2020-2021E	Avg. EPS Growth 2020-2021E	2020E NeoTract Sales
\$470 upside	7.9%	1.59%	17.5%	\$302
\$450 base	6.6%	1.09%	13.6%	\$299
\$295 downside	5.6%	0.59%	10.3%	\$296
Source: UBS Research				

UPCOMING CATALYSTS

Earnings

Brian Meredith, brian.meredith@ubs.com, +1-212-713-2492

UBS Research THESIS MAP a guide to our thinking

PIVOTAL OUESTIONS

Q: How much will HIG's Commercial margins benefit from the "hard" pricing environment?

We forecast HIG's Commercial underlying combined ratio x/ COVID-19 losses will improve by 140bps in 2021 to 91.5% with 50 bps coming from loss ratio improvement and the remainder from its expense savings program. While the competitive workers' compensation insurance market will be a headwind to margin expansion, the "hard" pricing environment in HIG's other commercial lines business will more than offset it. Moreover, it appears that workers compensation insurance pricing is approaching a bottom, which could lessen the impact and provide additional upside to margins.

Q: How exposed is HIG to COVID-19 losses?

We estimate that HIG will incur \$600mm of COVID-19 related losses in total with \$259mm still to be booked; a manageable earnings event. Yet to be reserved COVID-19 losses will largely come from workers' compensation, group disability, and second order exposure in areas like surety, general liability, and professional liability. We believe the company's insured losses from the business interruption part of property insurance are largely reserved for and we do not see significant additional exposure. Most of HIG's property policies have virus/pandemic exclusions or require physical damage to the insured property. In the U.S., court cases to date have largely ruled in favor of the insurers' arguments that COVID-19 does not constitute physical damage to a property.

UBS VIEW

We believe HIG is a meaningful beneficiary of the "hard" commercial lines pricing environment which could drive better than expected underwriting margin expansion. Moreover, while HIG's significant exposure to works comp insurance is a headwind to margin expansion, as workers comp insurance pricing improves, the headwind could dissipate quicker than expected. We also believe the stock's significant discount to peers is due in part to concern over exposure to business interruption (BI) claims. As we continue to get more clarity on BI and court decisions go in favor of the P&C industry, we would expect the overhang to diminish and the shares re-rate higher, closer to peers.

EVIDENCE

In 2Q20, HIG's Standard Commercial renewal written price increases were 3.6%. Middle market commercial price increases were +7.0% (+9.3% x/ workers comp).

WHAT'S PRICED IN?

HIG's shares currently trade at a substantial discount to peers (CB, TRV) given investor concerns over its exposure to business interruption claims and its higher than average exposure to workers compensation insurance where pricing is more competitive.

RELATED RESEARCH

2020: New cost savings plan Takeaways from Virtual Insurance Conferencehttps://neo.ubs.com/shared/d2oOX3cMOROb5

UPSIDE / DOWNSIDE SPECTRUM



UPCOMING CATALYSTS

3Q20 Earnings

Financial Snapshots

Amazon.com (AMZ	N US)		Rating: Buy (CBE) Price target/current (USD): 4000 / 296				2960.47	0.47 United States				
Internet Services												http://www.amazon.com
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Amazon.com (AMZN US) vs S & P 500
Revenues	280,522	371,406	443,991	525,329	617,285	Net tangible fixed assets	72,705	87,513	93,550	100,633	108,752	4000 - 12000%
EBITDA	43,394	53,394	70,991	83,757	98,560	Goodwill	14,754	14,751	14,751	14,751	14,751	12000%
EBIT	21,605	27,043	41,181	52,048	64,641	Other intangible assets	0	0	0	0	0	3000
Profit before tax	13,975	16,322	28,786	38,235	49,293	Net working capital	(46,499)	(61,891)	(79,349)	(100,417)	(125,682)	2500
Net income (stated)	11,588	13,201	24,386	32,588	42,196	Other fixed assets	41,455	45,463	44,015	42,301	40,288	2000 6000%
						Provisions	0	0	0	0	0	1500
Margins	12/19	12/20E	12/21E	12/22E	12/23E	Total IC	30,453	67,166	52,347	34,723	13,474	1000
EBITDA margin	15.5%	14.4%	16.0%	15.9%	16.0%	Investments	0	0	0	0	0	500
EBIT margin	7.7%	7.3%	9.3%	9.9%	10.5%	Net cash /(debt)	31,607	57,432	105,078	165,396	241,115	0 0%
EBIT ROIC	76.8%	55.4%	68.9%	119.6%	268.2%	Others	0	0	0	0	0	Aug-16, Aug-16, Aug-16, Aug-17, Aug-20, Aug-20
Net RoE	21.9%	14.1%	17.3%	18.2%	18.6%	Minority interest	0	0	0	0	0	
Interest cover (EBIT)	24.7x	-	-	-	-	Shareholders equity	62,060	124,599	157,426	200,119	254,589	
Dividend cover (EPS)	-	-	-	-	-							Closing price AMZN US (lhs)
						Productivity	12/19	12/20E	12/21E	12/22E	12/23E	
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	7.8%	7.1%	6.7%	6.0%	5.5%	Price rel. to S & P 500 (rhs)
EBIT	21,605	27,043	41,181	52,048	64,641	Capex % of sales	4.7%	5.6%	5.3%	5.2%	5.0%	
Depr./amortisation	21,789	26,351	29,809	31,709	33,919	Revenues to IC	10.0 x	7.6 x	7.4 x	12.1 x	25.6 x	·
Net change in WC	(2,439)	7,004	17,458	21,068	25,265	Net debt / total equity	-50.9%	-46.1%	-66.7%	-82.6%	-94.7%	Performance (%) 3m YTD 12m 3yr
Other (operating)	7,577	10,439	11,409	13,340	15,547	Net debt / EBITDA	-0.7x	-1.1x	-1.5x	-2.0x	-2.4x	Absolute performance 7.1% 60.2% 65.0% 210.0%
Operating CF	48,532	70,837	99,858	118,165	139,372							Relative to local index 2.2% 57.8% 50.5% 136%
Net interest	(767)	(1,094)	(986)	(472)	199	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E	Relative to UBS sector
Capex	(13,259)	(20,851)	(23,681)	(27,186)	(30,966)	EPS (UBS adjusted)	23.47	26.40	48.39	64.13	82.29	
Tax paid	0	0	0	0	0	Cash EPS	67.60	79.11	107.55	126.53	148.43	Amazon is the world's largest online retailer. The company
Dividends paid	0	0	0	0	0	Net DPS	0.00	0.00	0.00	0.00	0.00	operates as both a direct seller of goods and as a platform
Net (acqu.)/disposals	(2,461)	(209)	0	0	0	BVPS (stated)	122.89	248.25	311.14	392.09	494.20	for third-party sellers to distribute their products, including
Change in equity	0	0	0	0	0							its Fulfillment by Amazon services. To support this operation, Amazon has built a global network of fulfillment
Other items	(18,193)	(22,858)	(27,544)	(30,190)	(32,885)	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E	centers. In addition to its core retail business, Amazon also
(Incr.)/decr. net debt	13,852	25,825	47,646	60,317	75,720	Market C (USD m)	933,159	1,506,879	1,506,879	1,506,879	1,506,879	provides IT infrastructure services to business customers
						EV (EV, avg.)	901,552	2,184,690	2,184,690	2,184,690	2,184,690	through Amazon Web Services (AWS).
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	EV/Sales (core)	3.1 x	5.9 x	4.9 x	4.2 x	3.5 x	, ,
Sales growth	20.5%	32.4%	19.5%	18.3%	17.5%	EV/EBITDA (core)	20.0 x	40.9 x	30.8 x	26.1 x	22.2 x	
EBITDA growth	29.6%	23.0%	33.0%	18.0%	17.7%	EV/EBIT (core)	40.2 x	80.8 x	53.1 x	42.0 x	33.8 x	
EBIT growth	19.1%	25.2%	52.3%	26.4%	24.2%	EV/OpFCF	28.8 x	67.1 x	46.2 x	38.6 x	32.3 x	
Cash EPS	29.5%	17.0%	36.0%	17.6%	17.3%	P/E	76.2 x	112.1 x	61.2 x	46.2 x	36.0 x	Eric Sheridan - Analyst
EPS (UBS)	13.5%	12.5%	83.3%	32.5%	28.3%	Dividend yield (net)	0.0%	0.0%	0.0%	0.0%	0.0%	+1-212-713 9310
DPS (net)	-	-	-	-	-	P/BV (average)	14.6x	11.9x	9.5x	7.6x	6.0x	eric.sheridan@ubs.com

Concho Resources	Inc (CXO	US)	1	Rating: I	Buy (CBE	:)	Price tar	get/cur	rent (US	SD): 99 /	46.25			U	nited S	States
Oil Companies, Secondary	/												http://ww	w.concl	horesourc	es.com
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Cash Flow (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Concho Resources Inc (C	XO US) vs S	& P 500		
Total revenues	4,592	3,374	3,580	4,050	4,423	Net Income	(705)	(9,258)	762	1,076	1,261					mana
EBITDA	3,082	2,795	2,481	2,903	3,230	DD&A	1,964	1,386	1,199	1,212	1,272	180				700%
Op. Profit (adj.)	832	(1,451)	1,128	1,531	1,785	Exploration Expense	201	2,768	65	72	81	160	M . A			600%
PBT (pre-ex)	0	0	0	0	0	Change in NWC	0	0	0	0	0	140	WWW			
Net Income (pre-ex)	0	0	0	0	0	Net cashflow from ops	2,997	2,702	2,393	2,814	3,137	120	THE N	Α.		500%
						Sources	NA	NA	NA	NA	NA	100	V1	AIN		400%
						Capex	(3,186)	(1,600)	(1,450)	(1,600)	(1,800)	80	•	THE STATE OF	Λ.	300%
Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Dividends	0	0	0	NA	NA			<u> </u>	A L	+ 300%
Accounts Receivable	NA	NA	NA	NA	NA	Shares purchase	NA	NA	NA	NA	NA	60		-	20/44	200%
Inventory	NA	NA	NA	NA	NA	Applications	NA	NA	NA	NA	NA	40			11.00	
Net Cash	-3955	-3357	-3357	-3357	-3357	Cash surplus/(deficit)	NA	NA	NA	NA	NA	20 -				100%
Total Current Assets	NA	NA	NA	NA	NA	FX/Other	NA	NA	NA	NA	NA	0		1 1	1 1 1	0%
Total Current Liabilities	NA	NA	NA	NA	NA	Decrease in net debt	0	0	0	0	0	Aug-16 Dec-16 Apr-17 Aug-17 Dec-17	Apr-18 Aug-18 Dec-18	Apr-19 Aug-19	Apr-20	Ŕ
Net Working Capital	-127	514	1222	2091	3031								losing price CXO	-	u - a	
Total Operating Capital	21622	11916	12809	13995	15383								rice rel. to S & P 5			
Total Equity	15854	8273	8963	9967	11159									()		
Minority Interests	0	0	0	0	0	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E					
Shareholders Equity	15854	8273	8963	9967	11159	EPS (Basic)	-3.5	-47.2	3.8	5.4	6.2	Performance (%)	3m	YTD	12m	Зуг
						EPS (fully diluted)	-3.5	-47.2	3.8	5.4	6.2	Absolute performance	-15.6% -	47.2%	-36.8%	-63.6%
						EPS (pre-ex)	3.1	4.2	3.8	5.4	6.2	Relative to local index	-19.4% -	48.0%	-42.4%	-72%
Ratios	12/19	12/20E	12/21E	12/22E	12/23E	DPS	0.5	0.8	0.8	0.8	0.8	Relative to UBS sector	4.3%	6.6%	26.2%	-23%
Interest Cover	-832.0 x	1451.5 x	-1128.4 x	-1530.9 x	-1784.6 x	BVPS	78.9	42.1	45.6	50.7	56.7					
Pre-ex Dividend Cover	6.1 x	5.2 x	4.8 x	6.7 x	7.8 x	Scrip Factor	1.0	1.0	1.0	1.0	1.0	Concho Resources Inc.				
Dividend Cover	NA	NA	NA	NA	NA							production company he				
Net Debt/Cash Flow	1.3 x	1.2 x	1.4 x	1.2 x	1.1 x							company's asset are in		n basin,	spanning	the
Debt to Equity	-24.9 x	-40.6 x	-37.5 x	-33.7 x	-30.1 x							Midland and Delaware	basins.			
Debt to Capital	NA	NA	NA	NA	NA	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E					
						Market C (USD m)	17,604	9,097	9,097	9,097	9,097					
						P/BV	1.2 x	1.1 x	1.0 x	0.9 x	0.8 x					
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	P/E (reported)	-26.3 x	-1.0 x	12.1 x	8.6 x	7.4 x					
Revenue growth	NA	-26.5%	6.1%	13.1%	9.2%	P/E (UBS adjusted)	30.4 x	11.1 x	12.1 x	8.6 x	7.4 x					
EBITDA growth	9.1%	-9.3%	-11.3%	17.0%	11.3%	Dividend yield (% net)	0.5	1.7	1.7	1.7	1.7					
Op. Profit growth	-30.6%	-274.5%	177.7%	35.7%	16.6%	Market cap./Revenues	NA	NA	NA	NA	NA					
	NA	NA	NA	NA	NA	-						Lloyd Byrne - Analyst				
Net Income growth	14/-4															
Net Income growth EPS (UBS) growth	-33.5%	35.8%	-8.1%	39.9%	16.1%							+1-212-713 9701				

Datailana Assassi						-						http://www.doverdowns.com
Retailers, Apparel												'
P&L (USD m)	03/20	03/21E	03/22E	03/23E		Bal Sheet (USD m)	03/20	03/21E	03/22E	03/23E		Deckers Outdoor Corp (DECK US) vs S & P 500
Revenues	2,133	2,158	2,422	2,580		Net tangible fixed assets	209	198	201	210	221	250 д т 800%
EBITDA	377	372	456	499			62	62	62	62	62	700%
EBIT	338	328	415	457		Other intangible assets	0	0	0	0		200 - 600%
Profit before tax	341	328	428	465	494	Net working capital	244	276	298	306	319	150
Net income (stated)	276	257	337	367	391	Other fixed assets	300	304	341	363	379	4009
						Provisions	0	0	0	0		150
Margins	03/20	03/21E	03/22E	03/23E	03/24E	Total IC	522	542	567	586	609	50 2009
EBITDA margin	17.7%	17.2%	18.8%	19.3%	19.7%	Investments	0	0	0	0	0	100%
EBIT margin	15.9%	15.2%	17.1%	17.7%	18.0%	Net cash /(debt)	619	855	917	993	1,071	0
EBIT ROIC	67.1%	61.7%	74.7%	79.3%	81.4%	Others	0	0	0	0	0	Aug-16 Dec-16 Apr-17 Aug-17 Aug-17 Aug-18 Apr-18 Apr-19 Dec-19 Aug-20 Aug-20
Net RoE	25.3%	20.3%	23.4%	24.0%	24.0%	Minority interest	0	0	0	0	0	
Interest cover (EBIT)	-	-	-	-	-	Shareholders equity	1,140	1,397	1,484	1,579	1,681	
Dividend cover (EPS)	-	-	-	-	-							Closing price DECK US (lhs)
						Productivity	03/20	03/21E	03/22E	03/23E	03/24E	
CF (USD m)	03/20	03/21E	03/22E	03/23E	03/24E	Depreciation % of sales	1.8%	2.0%	1.7%	1.6%	1.6%	Price rel. to S & P 500 (rhs)
EBIT	338	328	415	457	487	Capex % of sales	1.5%	1.5%	1.8%	2.0%	2.0%	
Depr./amortisation	39	44	41	42	44	Revenues to IC	4.2 x	4.1 x	4.4 x	4.5 x	4.5 x	
Net change in WC	(47)	(31)	(22)	(8)	(13)	Net debt / total equity	-54.3%	-61.2%	-61.8%	-62.9%	-63.7%	Performance (%) 3m YTD 12m 3
Other (operating)	(0)	(1)	(0)	(0)	(0)	Net debt / EBITDA	-1.6x	-2.3x	-2.0x	-2.0x	-2.0x	Absolute performance 2.4% 22.6% 52.0% 225.9
Operating CF	330	340	433	490	517							Relative to local index -2.2% 20.7% 38.6% 149
Net interest	2	(1)	12	6	6	Per Share (USD)	03/20	03/21E	03/22E	03/23E	03/24E	Relative to UBS sector -6.6% 56.7% 73.4% 236
Capex	(32)	(33)	(44)	(52)	(54)	EPS (UBS adjusted)	9.73	9.05	12.40	14.10	15.65	
Tax paid	(65)	(71)	(90)	(97)	(104)	Cash EPS	11.10	10.59	13.92	15.70	17.41	Deckers Outdoor Corp is a company engaged in designin
Dividends paid	0	0	0	0	0	Net DPS	0.00	0.00	0.00	0.00	0.00	marketing and distribution of mainly footwear, as well as
Net (acqu.)/disposals	0	0	0	0	0	BVPS (stated)	40.75	49.22	54.56	60.61	67.31	apparel and accessories for lifestyle and high-performance
Change in equity	(192)	0	(250)	(272)	(290)							activities. The company distributes its products through the
Other items	16	2	1	1	2	Valuation*	03/20	03/21E	03/22E	03/23E	03/24E	direct-to-consumer channel (including company-operated
(Incr.)/decr. net debt	60	236	62	76	78	Market C (USD m)	NA	5,793	5,793	5,793	5,793	stores and eCommerce) and wholesale. Its offerings
						EV (EV, avg.)	5.094	4.945	4.855	4,780	4,761	include brands such as UGG, HOKA, Koolaburra, Sanuk and Teva, among others.
Momentum	03/20	03/21E	03/22E	03/23E	03/24E		1.9 x	2.3 x	2.0 x	1.9 x	1.8 x	and reva, among others.
Sales growth	5.6%	1.2%	12.2%	6.5%	4.5%	EV/EBITDA (core)	10.5 x	13.6 x	10.8 x	9.7 x	9.0 x	
EBITDA growth	1.4%	-1.4%	22.6%	9.5%	6.3%	EV/EBIT (core)	11.7 x	15.4 x	11.8 x	10.6 x	9.8 x	
EBIT growth	3.4%	-2.9%	26.3%	10.3%	6.4%	EV/OpFCF	11.5 x	14.9 x	11.9 x	10.8 x	10.0 x	
Cash EPS	6.5%	-4.6%	31.5%	12.8%	10.9%	P/E	16.3 x	22.9 x	16.7 x	14.7 x		Jay Sole - Analyst
EPS (UBS)	9.2%	-7.0%	37.0%	13.7%	11.0%	Dividend yield (net)	0.0%	0.0%	0.0%	0.0%	0.0%	+1-212-713 3559

Electronic Arts (EA	US)		1	Rating: E	Buy (CB	E)	Price targ	get/curre	nt (USD)): 170 / 1	28.29	United States
Entertainment												http://www.ea.com
P&L (USD m)	03/20	03/21E	03/22E	03/23E	03/24E	Bal Sheet (USD m)	03/20	03/21E	03/22E	03/23E	03/24E	Electronic Arts (EA US) vs S & P 500
Revenues	5,372	5,950	6,465	6,939	7,400	Net tangible fixed assets	449	436	443	458	478	160 600%
EBITDA	1,977	2,050	2,293	2,514	2,738	Goodwill	1,885	1,889	1,889	1,889	1,889	140
EBIT	1,827	1,906	2,156	2,378	2,600	Other intangible assets	53	35	23	15	10	120
Profit before tax	1,508	1,097	1,702	1,987	2,226	Net working capital	(1,882)	(2,245)	(2,366)	(2,435)	(2,446)	100
Net income (stated)	3,039	873	1,396	1,629	1,826	Other fixed assets	2,208	2,102	2,148	2,226	2,325	80 300%
						Provisions	0	0	0	0	0	60 200%
Margins	03/20	03/21E	03/22E	03/23E	03/24E	Total IC	1,726	1,166	1,042	1,036	1,121	40
EBITDA margin	36.8%	34.5%	35.5%	36.2%	37.0%	Investments	0	0	0	0	0	20 100%
EBIT margin	34.0%	32.0%	33.4%	34.3%	35.1%	Net cash /(debt)	5,735	7,313	9,170	11,190	13,339	0 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
EBIT ROIC	226.7%	131.8%	195.3%	228.9%	241.1%	Others	0	0	0	0	0	Aug-16 Aug-17: Aug-17: Aug-18 Aug-18 Aug-19 Aug-19 Aug-30
Net RoE	24.2%	19.4%	19.7%	18.3%	17.0%	Minority interest	0	0	0	0	0	40 1 40 1 40 1 4
Interest cover (EBIT)	-	-	-	-	-	Shareholders equity	7,461	8,480	10,212	12,226	14,460	
Dividend cover (EPS)	-	-	-	-	-							Closing price EA US (lhs)
						Productivity	03/20	03/21E	03/22E	03/23E	03/24E	-
CF (USD m)	03/20	03/21E	03/22E	03/23E	03/24E	Depreciation % of sales	2.8%	2.4%	2.1%	2.0%	1.9%	Price rel. to S & P 500 (rhs)
EBIT	1,827	1,906	2,156	2,378	2,600	Capex % of sales	2.6%	2.0%	2.0%	2.1%	2.1%	
Depr./amortisation	150	144	137	136	138	Revenues to IC	6.7 x	4.1 x	5.9 x	6.7 x	6.9 x	
Net change in WC	(1,744)	386	74	(8)	(89)	Net debt / total equity	-76.9%	-86.2%	-89.8%	-91.5%	-92.2%	Performance (%) 3m YTD 12m 3y
Other (operating)	352	444	474	501	526	Net debt / EBITDA	-2.9x	-3.6x	-4.0x	-4.5x	-4.9x	Absolute performance -1.8% 19.3% 30.0% 8.3%
Operating CF	585	2,880	2,841	3,006	3,175							Relative to local index -6.3% 17.5% 18.5% -17%
Net interest	63	(21)	94	132	164	Per Share (USD)	03/20	03/21E	03/22E	03/23E	03/24E	Relative to UBS sector -8.5% 7.2% 4.7% -22%
Capex	(140)	(118)	(132)	(143)	(152)	EPS (UBS adjusted)	5.28	5.33	6.29	6.94	7.55	
Tax paid	0	0	0	0	0	Cash EPS	5.79	5.83	6.76	7.39	8.01	Electronic Arts (EA) is a global marketer, publisher and
Dividends paid	0	0	0	0	0	Net DPS	0.00	0.00	0.00	0.00	0.00	distributer of console, PC, mobile device, tablet, and
Net (acqu.)/disposals	0	0	0	0	0	BVPS (stated)	25.55	29.09	34.61	40.95	47.88	Internet games. The company's games are based on
Change in equity	(1,207)	(78)	0	0	0							wholly-owned IP (such as Battlefield, Mass Effect, Need for
Other items	989	(1,085)	(947)	(976)	(1,038)	Valuation*	03/20	03/21E	03/22E	03/23E	03/24E	Speed, The Sims, etc.) and licensed IP (FIFA, Madden NFL,
(Incr.)/decr. net debt	290	1,578	1,857	2,020	2,149	Market C (USD m)	NA	37,461	37,461	37,461	37,461	etc.). EA also publishes and distributes games developed by third parties (e.g., Titanfall). EA has historically generated
						EV (EV, avg.)	40,583	43,536	43,536	43,536	43,865	most of its revenue through traditional retail channels,
Momentum	03/20	03/21E	03/22E	03/23E	03/24E	EV/Sales (core)	4.4 x	7.3 x	6.7 x	6.3 x	5.9 x	however, digital sales through console manufacturers'
Sales growth	8.7%	10.8%	8.6%	7.3%	6.6%	EV/EBITDA (core)	11.9 x	21.2 x	19.0 x	17.3 x	15.9 x	online stores, PC download platforms (including EA Origin)
EBITDA growth	20.0%	3.7%	11.8%	9.6%	8.9%	EV/EBIT (core)	12.8 x	22.8 x	20.2 x	18.3 x	16.7 x	& mobile devices have grown as part of the mix.
EBIT growth	21.6%	4.3%	13.1%	10.3%	9.3%	EV/OpFCF	12.8 x	22.5 x	20.1 x	18.4 x	16.8 x	, , , , , , , , , , , , , , , , , , , ,
Cash EPS	21.4%	0.7%	15.9%	9.3%	8.3%	P/E	18.6 x	24.0 x	20.4 x	18.5 x	17.0 x	Eric Sheridan - Analyst
EPS (UBS)	23.0%	1.0%	18.0%	10.2%	8.9%	Dividend yield (net)	0.0%	0.0%	0.0%	0.0%	0.0%	+1-212-713 9310
DPS (net)						P/BV (average)	3.9x	4.4x	3.7x	3.1x	2.7x	

Generac Holdings I	nc (GNRC	US)		Rating: E	Buy		Price targ	jet/curre	nt (USD): 203 / 1	81.23	United States
Electric Components & Equ	ipment											https://www.generac.com
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Generac Holdings Inc (GNRC US) vs S & P 500
Revenues	2,204	2,353	2,621	2,906	3,181	Net tangible fixed assets	317	332	363	391	422	
EBITDA	454	513	548	615	671	Goodwill	805	782	758	734	710	250
EBIT	393	447	483	547	599	Other intangible assets	298	277	277	277	277	200 - 500%
Profit before tax	385	451	494	553	573	Net working capital	442	506	503	543	579	400%
Net income (stated)	252	299	322	365	403	Other fixed assets	50	80	80	80	80	150
						Provisions	0	0	0	0	0	100
Margins	12/19	12/20E	12/21E	12/22E	12/23E	Total IC	1,675	1,676	1,641	1,653	1,695	200%
EBITDA margin	20.6%	21.8%	20.9%	21.2%	21.1%	Investments	0	0	0	0	0	50 100%
EBIT margin	17.8%	19.0%	18.4%	18.8%	18.8%	Net cash /(debt)	(581)	(318)	63	441	826	0
EBIT ROIC	24.6%	26.7%	29.1%	33.2%	35.8%	Others	0	0	0	0	0	Aug-16, Aug-17, Aug-18, Aug-18, Aug-18, Aug-18, Aug-18, Aug-18, Aug-19, Aug-19, Aug-19, Aug-19, Aug-19, Aug-20, Aug-20
Net RoE	35.4%	31.5%	26.3%	23.1%	19.2%	Minority interest	(61)	(61)	(61)	(61)	(61)	40 4 4 0 4 4 0 4 4
Interest cover (EBIT)	13.6x	-	-	-	-	Shareholders equity	1,033	1,297	1,644	2,033	2,461	
Dividend cover (EPS)	-	-	-	-	-							Closing price GNRC US (lhs)
						Productivity	12/19	12/20E	12/21E	12/22E	12/23E	
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	2.8%	2.8%	2.5%	2.4%	2.3%	
EBIT	393	447	483	547	599	Capex % of sales	2.8%	2.5%	2.7%	2.5%	2.5%	
Depr./amortisation	61	66	65	69	72	Revenues to IC	1.4 x	1.4 x	1.6 x	1.8 x	1.9 x	
Net change in WC	(46)	(87)	3	(40)	(37)	Net debt / total equity	53.1%	23.4%	-3.7%	-21.1%	-32.8%	Performance (%) 3m YTD 12m 3yr
Other (operating)	41	60	62	57	26	Net debt / EBITDA	1.3x	0.6x	-0.1x	-0.7x	-1.2x	Absolute performance 55.3% 80.2% 126.6% 299.4%
Operating CF	450	486	613	632	660							Relative to local index 48.2% 77.4% 106.6% 205%
Net interest	(42)	(33)	(32)	(32)	(32)	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E	Relative to UBS sector 21.6% 40.9% 34.6% 113%
Capex	(61)	(60)	(71)	(73)	(80)	EPS (UBS adjusted)	5.13	5.89	6.21	6.82	6.93	
Tax paid	(49)	(56)	(70)	(95)	(140)	Cash EPS	6.11	6.94	7.25	7.92	8.09	GNRC designs and manufactures power generation
Dividends paid	0	0	0	0	0	Net DPS	0.00	0.00	0.00	0.00	0.00	equipment, energy storage systems, and other power
Net (acqu.)/disposals	(112)	0	0	0	0	BVPS (stated)	16.56	20.85	26.40	32.65	39.52	products serving the global residential, light commercial
Change in equity	0	0	0	0	0							and industrial markets. GNRC holds a 75% share in the
Other items	(63)	(73)	(59)	(55)	(23)	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E	North America residential home standby market. During
(Incr.)/decr. net debt	123	263	381	378	385	Market C (USD m)	6,274	11,490	11,490	11,490	11,490	2019, GNRC began providing solar PV + battery energy storage systems for residential use following the company's
						EV (EV, avg.)	6,978	12,000	11,678	11,299	10,917	acquisition of Pika in April 2019. GNRC sells its products
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	EV/Sales (core)	2.3 x	5.1 x	4.5 x	3.9 x	3.4 x	primarily through a global network of dealers, distributors,
Sales growth	9.1%	6.7%	11.4%	10.9%	9.5%	EV/EBITDA (core)	11.1 x	23.4 x	21.3 x	18.4 x	16.3 x	and retailers.
EBITDA growth	7.0%	12.9%	7.0%	12.2%	9.0%	EV/EBIT (core)	12.9 x	26.8 x	24.2 x	20.7 x	18.2 x	
EBIT growth	4.3%	13.7%	8.1%	13.1%	9.5%		10.3 x	21.4 x	19.6 x	16.9 x	15.0 x	
Cash EPS	10.9%	13.6%	4.5%	9.2%	2.1%		13.6 x	30.8 x	29.2 x	26.6 x	26.2 x	Jon Windham, CFA - Analyst
EPS (UBS)	8.2%	14.8%	5.4%	9.8%	1.6%	Dividend yield (net)	0.0%	0.0%	0.0%	0.0%	0.0%	+1-617-478-4711
DPS (net)		-	-	-	-	P/BV (average)	4.2x	8.7x	6.9x	5.6x		jon.windham@ubs.com

Global Payments In	nc (GPN US)		Rating: E	Buy		Price tarç	jet/curre	nt (USD)	: 247 / 1	75.56	United State
Diversified Financial												http://www.globalpaymentsinc.co
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Global Payments Inc (GPN US) vs S & P 500
Revenues	4,588	6,825	7,575	8,278	8,984	Net tangible fixed assets	1,383	1,534	1,615	1,673	1,700	
EBITDA	2,518	3,590	4,124	4,625	5,120	Goodwill	23,760	23,680	23,680	23,680	23,680	250
EBIT	1,821	2,705	3,217	3,693	4,163	Other intangible assets	13,155	12,255	11,683	11,107	10,527	
Profit before tax	1,578	2,394	2,953	3,433	3,907	Net working capital	(393)	(421)	(381)	(321)	(241)	50
Net income (stated)	431	489	896	1,276	1,650	Other fixed assets	1,817	1,954	1,954	1,954	1,954	150
						Provisions	0	0	0	0	0 1	100
Margins	12/19	12/20E	12/21E	12/22E	12/23E	Total IC	35,965	35,303	34,852	34,394	33,921	20
EBITDA margin	54.9%	52.6%	54.4%	55.9%	57.0%	Investments	0	0	0	0	0	50 + 10
EBIT margin	39.7%	39.6%	42.5%	44.6%	46.3%	Net cash /(debt)	(7,910)	(7,882)	(7,963)	(7,905)	(7,667)	0
EBIT ROIC	8.1%	7.6%	9.2%	10.7%	12.2%	Others	0	0	0	0	0	Aug-16 Aug-17 Aug-17 Aug-17 Dec-17 Apr-18 Aug-18 Aug-19 Apr-29 Aug-30 Aug-30
Net RoE	7.7%	7.0%	8.7%	10.2%	11.8%	Minority interest	0	0	0	0	0	40
Interest cover (EBIT)	8.7x	-	-	-	-	Shareholders equity	28,055	27,421	26,889	26,489	26,254	
Dividend cover (EPS)	2.1x	-	-	-	-							
						Productivity	12/19	12/20E	12/21E	12/22E	12/23E	
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	15.2%	13.0%	12.0%	11.3%	10.7%	Price rel. to S & P 500 (rhs)
EBIT	1,821	2,705	3,217	3,693	4,163	Capex % of sales	6.7%	6.2%	5.5%	5.0%	4.5%	
Depr./amortisation	697	885	908	932	957	Revenues to IC	0.2 x	0.2 x	0.2 x	0.2 x	0.3 x	
Net change in WC	(156)	(145)	(40)	(60)	(80)	Net debt / total equity	28.2%	28.7%	29.6%	29.8%	29.2%	Performance (%) 3m YTD 12m
Other (operating)	200	173	140	148	156	Net debt / EBITDA	3.1x	2.2x	1.9x	1.7x	1.5x	Absolute performance -0.9% -3.8% 8.6% 83
Operating CF	2,562	3,618	4,224	4,713	5,196							Relative to local index -5.5% -5.3% -0.9% 4
Net interest	(244)	(311)	(264)	(260)	(256)	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E	Relative to UBS sector -1.5% 0.0% 5.2% 2
Capex	(308)	(423)	(417)	(414)	(404)	EPS (UBS adjusted)	6.23	6.45	8.00	9.49	11.06	
Tax paid	0	0	0	0	0	Cash EPS	9.74	9.40	11.09	12.73	14.47	Headquartered in Atlanta, Georgia, Global Payments is
Dividends paid	(87)	(233)	(229)	(224)	(219)	Net DPS	0.41	0.78	0.78	0.78	0.78	leading payment technology company delivering innova
Net (acqu.)/disposals	(645)	(74)	0	0	0	BVPS (stated)	93.45	92.45	92.59	93.41	94.98	software and services to customers globally. It operates
Change in equity	(349)	(905)	(1,338)	(1,599)	(1,823)							three segments: Merchant Solutions, Issuer Solutions, a
Other items	(4,220)	(1,643)	(2,057)	(2,157)	(2,257)	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E	Consumer Solutions. Merchant Solutions provides
(Incr.)/decr. net debt	(3,291)	28	(81)	58	237	Market C (USD m)	54,809	52,528	52,528	52,528	52,528	merchant services and related services to clients globall
· · · · · · · · · · · · · · · · · · ·						EV (EV, avg.)	61,074	60.424	60.450	60.461	60,314	Issuer Solutions offers account processing and output services for printing and embossing items, as well as
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	EV/Sales (core)	8.1 x	8.9 x	8.0 x	7.3 x	,	processing each card transaction for the issuing retailer
Sales growth	15.6%	48.8%	11.0%	9.3%	8.5%	EV/EBITDA (core)	14.8 x	16.8 x	14.7 x	13.1 x		financial institution. Consumer Solutions includes prepa
EBITDA growth	41.5%	42.6%	14.9%	12.1%	10.7%	EV/EBIT (core)	20.4 x	22.3 x	18.8 x	16.4 x		and payroll cards.
EBIT growth	44.9%	48.6%	18.9%	14.8%	12.7%	EV/OpFCF	16.8 x	19.1 x	16.3 x	14.4 x	12.8 x	
Cash EPS	14.9%	-3.4%	17.9%	14.9%	13.6%	P/E	24.3 x	27.2 x	21.9 x	18.5 x		Eric Wasserstrom - Analyst
EPS (UBS)	20.1%	3.5%	24.1%	18.7%	16.5%	Dividend yield (net)	0.3%	0.4%	0.4%	0.4%		+1-212-713 1355
DPS (net)	925.0%	90.2%	0.0%	0.0%	0.0%	P/BV (average)	1.6x	1.9x	1.9x	1.9x		eric.wasserstrom@ubs.com

HCA Healthcare Inc	(HCA US)	1	1	Rating: I	Buy		Price targ	et/currer	nt (USD):	150 / 12	5.45		United	State
Healthcare Providers												http://http://wwv	.hcahealth	care.con
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	HCA Healthcare Inc (HCA US) vs S & P 50)	
Revenues	51,336	50,387	55,707	58,404	60,933	Net tangible fixed assets	22,715	22,974	23,160	24,522	25,988	160 -		- 600%
EBITDA	9,857	9,951	10,064	10,968	11,714	Goodwill	8,269	8,578	8,578	8,626	8,674	140	J/N	T 600%
EBIT	7,261	7,189	7,250	8,138	8,868	Other intangible assets	0	0	0	0	0	120	W	500%
Profit before tax	5,244	5,309	5,745	6,629	7,353	Net working capital	3,584	4,996	8,307	8,542	8,960	100	W TIM	400%
Net income (stated)	3,505	3,821	3,882	4,519	5,052	Other fixed assets	2,878	3,171	3,205	3,239	3,270	80		300%
						Provisions	0	0	0	0	0	60	1	200%
Margins	12/19	12/20E	12/21E	12/22E	12/23E	Total IC	33,157	34,410	37,751	39,239	41,023	40		_
EBITDA margin	19.2%	19.7%	18.1%	18.8%	19.2%	Investments	0	0	0	0	0	20		100%
EBIT margin	14.1%	14.3%	13.0%	13.9%	14.6%	Net cash /(debt)	(33,722)	(31,040)	(30,945)	(30,850)	(30,756)	· 		0%
EBIT ROIC	23.0%	21.3%	20.1%	21.1%	22.1%	Others	0	0	0	0	0	Aug-16 Dec-16 Apr-17 Aug-17 Apr-18 Aug-18 Aug-18 Apr-19	Aug-19 Dec-19 Apr-20	^ug-20
Net RoE	-94.3%	-334.2%	192.3%	103.2%	84.7%	Minority interest	(2,243)	(2,995)	(3,144)	(3,295)	(3,437)	404404		۹.
Interest cover (EBIT)	4.6x	-	-	-	-	Shareholders equity	(2,808)	375	3,663	5,093	6,830			
Dividend cover (EPS)	-	-	-	-	-							Closing price HCA US (Ihr		
						Productivity	12/19	12/20E	12/21E	12/22E	12/23E	-		
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	5.1%	5.5%	5.1%	4.8%	4.7%	Price rel. to S & P 500 (rhr)	
EBIT	7,261	7,189	7,250	8,138	8,868	Capex % of sales	8.1%	5.8%	5.4%	6.8%	6.8%			
Depr./amortisation	2,596	2,762	2,814	2,830	2,846	Revenues to IC	1.6 x	1.5 x	1.5 x	1.5 x	1.5 x	•		
Net change in WC	(33)	2,184	(2,787)	(172)	(161)	Net debt / total equity	-5968.5%	921.1%	454.7%	367.8%	299.5%	Performance (%) 3m Y	ΓD 12m	ո 3չ
Other (operating)	1,534	2,316	1,248	1,308	1,322	Net debt / EBITDA	3.4x	3.1x	3.1x	2.8x	2.6x	Absolute performance 26.6% -15.1	% 0.9%	60.49
Operating CF	11,358	14,450	8,524	12,104	12,875							Relative to local index 20.8% -16.4	% -7.9%	229
Net interest	(1,824)	(1,565)	(1,505)	(1,509)	(1,515)	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E	Relative to UBS sector 27.0% -12.1	% -8.8%	579
Capex	(4,158)	(2,898)	(3,000)	(4,000)	(4,120)	EPS (UBS adjusted)	10.51	11.86	11.23	13.20	15.19			
Tax paid	(1,099)	(1,102)	(1,160)	(1,350)	(1,509)	Cash EPS	17.96	19.92	19.37	21.46	23.75	HCA Healthcare Inc. is the largest publ		
Dividends paid	0	0	(594)	(589)	(615)	Net DPS	0.00	0.00	1.72	1.72	1.85	healthcare service provider, with over		
Net (acqu.)/disposals	(1,682)	(346)	0	(240)	(240)	BVPS (stated)	-8.10	1.09	10.54	15.09	20.84	The company operates 179 acute-care		nd 122
Change in equity	(1,527)	(860)	0	(2,500)	(2,700)							freestanding outpatient surgery center		
Other items	(1,969)	(4,998)	(2,171)	(1,821)	(2,081)	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E	approximately 1,800 sites of care, including EDs, as well as urgent care		- 20
(Incr.)/decr. net debt	(901)	2,682	95	95	95	Market C (USD m)	51,259	43,167	43,167	43,167	43,167	states and the UK. Following the anno		
•						EV (EV, avg.)	84,317	76,225	76,225	76,225	76,225	\$1.5bn agreement to acquire nonprofi		
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	EV/Sales (core)	1.5 x	1.5 x	1.4 x	1.3 x	1.3 x	Mission Health, HCA will expand into N		
Sales growth	10.0%	-1.8%	10.6%	4.8%	4.3%	EV/EBITDA (core)	8.0 x	7.7 x	7.6 x	6.9 x	6.5 x	acquiring substantially all of Mission's 7		
EBITDA growth	10.1%	0.9%	1.1%	9.0%	6.8%	EV/EBIT (core)	10.9 x	10.6 x	10.5 x	9.4 x	8.6 x	medical centers, with 911 combined b		
EBIT growth	8.8%	-1.0%	0.9%	12.2%	9.0%	EV/OpFCF	13.9 x	10.8 x	10.8 x	10.9 x	10.0 x			
Cash EPS	11.1%	10.9%	-2.7%	10.8%	10.7%	PÆ	12.5 x	10.6 x	11.2 x	9.5 x	8.3 x	Whit Mayo - Analyst		
EPS (UBS)	7.6%	12.9%	-5.3%	17.5%	15.1%	Dividend yield (net)	0.0%	0.0%	1.4%	1.4%	1.5%	+1-212-713 3842		
DPS (net)	-	-		0.0%	7.5%	P/BV (average)	-16.2x	114.9x	11.9x	8.3x	6.0x	whit.mayo@ubs.com		

ITT Inc. (ITT US) Industrial, Diversified												http://www.ittind.com
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/225	Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	'
, ,		2,409	2.649	2.765	2.844	Net tangible fixed assets	532	481	469	456	443	111 Inc. (111 05) vs 3 & P 300
Revenues	2,846	•	•	•	•							80 T 250%
EBITDA EBIT	534	431	506	546	568 455	Goodwill Other intangible assets	927 138	920	920	920	920	70
	421	327	402	430				116	116	116	116	60 200%
Profit before tax	424 337	325 255	402 314	430 336	455 356	Net working capital Other fixed assets	362 774	324 783	336 783	381 783	396 783	50 150%
Net income (stated)	33/	255	314	330	330							40 100%
M	12/19	12/20E	12/21E	12/22E	12/23E	Provisions Total IC	0 1.552	0 1.493	0 1.520	0 1.579	0 1,608	30
Margins	18.8%	17.9%	19.1%	19.8%	20.0%		-,	.,			1,608	20 50%
EBITDA margin				-		Investments	0 526	0	914	0		10
EBIT margin	14.8%	13.6%	15.2% 26.7%	15.6% 27.8%	16.0% 28.6%	Net cash /(debt)		666		1,149	1,431	Aug-16 - Aug-17 - Aug-18 - Aug-19 - Aug-20 - Aug
EBIT ROIC	28.7%	21.5%		-		Others	0	0	0	0	0	Aug Ar Ar Be Aug Ar
Net RoE Interest cover (EBIT)	17.3% 163.7x	12.0%	13.7%	13.0%	12.3%	Minority interest Shareholders equity	2.078	2,159	2,433	2,728	3,040	
		-	-	-	-	shareholders equity	2,078	2,159	2,433	2,728	3,040	
Dividend cover (EPS)	5.0x	-	-	-		Productivity	12/19	12/20E	12/21E	12/22E	12/23E	
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	4.0%	4.3%	4.0%	4.2%	4.0%	—— Price rel. to S & P 500 (rhs)
EBIT	421	327	402	430	455	Capex % of sales	3.2%	2.4%	3.5%	3.8%	3.5%	
Depr./amortisation	113	104	105	116	112	Revenues to IC	1.9 x	1.6 x	1.8 x	1.8 x	1.8 x	
Net change in WC	(43)	20	(12)	(45)	(15)	Net debt / total equity	-25.3%	-30.9%	-37.6%	-42.1%	-47.1%	Performance (%) 3m YTD 12m 3y
Other (operating)	(36)	(28)	(14)	(14)	(14)	Net debt / EBITDA	-1.0x	-1.5x	-1.8x	-2.1x	-2.5x	Absolute performance 6.0% -19.9% -0.7% 33.2%
Operating CF	455	423	480	488	539							Relative to local index 1.2% -21.2% -9.4% 2%
Net interest	3	(2)	(0)	(0)	(0)	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E	Relative to UBS sector -2.3% -13.1% -1.9% 72%
Capex	(91)	(59)	(93)	(104)	(100)	EPS (UBS adjusted)	3.87	2.97	3.68	3.94	4.17	
Tax paid	0	0	0	0	0	Cash EPS	5.17	4.18	4.91	5.30	5.49	ITT is a leading manufacturer of highly engineered,
Dividends paid	(52)	(53)	(52)	(55)	(58)	Net DPS	0.59	0.60	0.61	0.64	0.67	customized solutions for the energy, transportation,
Net (acqu.)/disposals	(113)	(5)	0	0	0	BVPS (stated)	23.88	25.21	28.53	31.98	35.64	industrial, and aerospace & defense markets. The company
Change in equity	(27)	(84)	0	0	0	•						is broken down into three segments: Industrial Process;
Other items	(95)	(80)	(88)	(94)	(99)	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E	Motion Technologies; and Connect & Control Technologies.
(Incr.)/decr. net debt	81	141	248	235	282	Market C (USD m)	6,526	5,225	5,225	5,225	5,225	Sales in 2018 were approximately \$2.8bn.
						EV (EV, avg.)	6,149	4,848	4,848	4,848	4,848	
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	EV/Sales (core)	1.7 x	2.0 x	1.8 x	1.8 x	1.7 x	
Sales growth	3.7%	-15.4%	10.0%	4.4%	2.8%	EV/EBITDA (core)	9.3 x	11.2 x	9.6 x	8.9 x	8.5 x	
EBITDA growth	12.2%	-19.3%	17.4%	7.9%	3.9%	EV/EBIT (core)	11.8 x	14.8 x	12.1 x	11.3 x	10.6 x	
EBIT growth	14.7%	-22.2%	22.6%	7.2%	5.9%	EV/OpFCF	11.2 x	13.0 x	11.7 x	10.9 x	10.3 x	
Cash EPS	13.9%	-19.1%	17.2%	8.1%	3.5%	P/E	15.7 x	19.9 x	16.1 x	15.0 x	14.2 x	Damian Karas, CFA - Analyst
EPS (UBS)	17.8%	-23.2%	23.7%	7.2%	5.9%	Dividend yield (net)	1.0%	1.0%	1.0%	1.1%	1.1%	+1-212-713 2267
DPS (net)	9.7%	2.0%	2.0%	5.0%	5.0%	P/BV (average)	2.5x	2.3x	2.1x	1.9x	1.7x	damian.karas@ubs.com

Kinder Morgan Inc	(KMI US)			Rating: E	Buy (CB	E)	Price targ	get/curre	nt (USD): 22 / 12	.86	United States
Pipelines												http://www.kindermorgan.com
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Kinder Morgan Inc (KMI US) vs S & P 500
Revenues	13,209	11,282	11,104	11,148	11,246	Net tangible fixed assets	36,419	35,925	35,282	34,713	34,192	
EBITDA	7,618	6,824	6,974	7,010	7,115	Goodwill	21,451	19,851	19,851	19,851	19,851	25
EBIT	5,207	4,436	4,548	4,626	4,768	Other intangible assets	0	0	0	0	0	20 100%
Profit before tax	3,165	442	2,573	2,754	2,902	Net working capital	406	(224)	(223)	(217)	(215)	80%
Net income (stated)	2,190	(50)	1,929	2,069	2,183	Other fixed assets	0	0	0	0	0	60%
						Provisions	0	0	0	0	0	
Margins	12/19	12/20E	12/21E	12/22E	12/23E	Total IC	55,220	52,299	51,130	49,999	48,876	
EBITDA margin	57.7%	60.5%	62.8%	62.9%	63.3%	Investments	5,290	5,572	5,572	5,572	5,572	20%
EBIT margin	39.4%	39.3%	41.0%	41.5%	42.4%	Net cash /(debt)	(34,183)	(33,944)	(33,408)	(32,997)	(33,198)	0
EBIT ROIC	9.4%	8.3%	8.8%	9.1%	9.6%	Others	0	0	0	0	0	Aug-16 Dec-16 Aug-17 Aug-17 Aug-18 Aug-18 Aug-19 Aug-20 Aug-20
Net RoE	6.5%	-0.2%	6.2%	6.8%	7.4%	Minority interest	(344)	(371)	(371)	(371)	(371)	
Interest cover (EBIT)	2.7x	-	-	-	-	Shareholders equity	33,742	31,448	30,815	30,095	28,772	
Dividend cover (EPS)	-	-	-	-	-							Closing price KMI US (lhs)
						Productivity	12/19	12/20E	12/21E	12/22E	12/23E	
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	18.3%	21.2%	21.8%	21.4%	20.9%	Price rel. to S & P 500 (rhs)
EBIT	5,207	4,436	4,548	4,626	4,768	Capex % of sales	17.2%	18.5%	16.1%	16.3%	16.2%	
Depr./amortisation	2,411	2,389	2,426	2,384	2,347	Revenues to IC	0.2 x	0.2 x	0.2 x	0.2 x	0.2 x	
Net change in WC	(227)	(6)	(1)	(6)	(1)	Net debt / total equity	100.3%	106.7%	107.1%	108.3%	113.9%	Performance (%) 3m YTD 12m 3yr
Other (operating)	374	2,318	579	621	655	Net debt / EBITDA	4.5x	5.0x	4.8x	4.7x	4.7x	Absolute performance -16.7% -39.3% -38.5% -33.3%
Operating CF	7,765	9,136	7,552	7,624	7,769							Relative to local index -20.5% -40.2% -43.9% -49%
Net interest	(1,801)	(1,628)	(1,578)	(1,474)	(1,469)	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E	Relative to UBS sector -1.2% 8.8% 17.1% 31%
Capex	(2,270)	(2,085)	(1,783)	(1,815)	(1,826)	EPS (UBS adjusted)	0.97	-0.02	0.85	0.92	0.97	
Tax paid	(926)	(438)	(592)	(634)	(668)	Cash EPS	2.03	1.03	1.93	1.97	2.02	Kinder Morgan Inc. (KMI) has one of the largest and most
Dividends paid	(2,163)	(2,361)	(2,562)	(2,789)	(3,006)	Net DPS	1.00	1.05	1.15	1.25	1.35	diverse asset footprints of all North American energy
Net (acqu.)/disposals	1,420	682	0	0	0	BVPS (stated)	14.91	13.90	13.63	13.31	12.80	companies. KMI owns and operates pipeline systems used
Change in equity	(2)	(50)	0	0	(500)							to transport gasoline, natural gas liquids, refined petroleum products, and carbon dioxide, and operates bulk terminal
Other items	(2,213)	(3,017)	(501)	(501)	(501)	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E	facilities that transload coal, petroleum coke, and other
(Incr.)/decr. net debt	(190)	239	536	411	(201)	Market C (USD m)	47,914	29,106	29,106	29,106	29,106	liquid petroleum products and chemicals.
						EV (EV, avg.)	69,297	50,077	49,689	49,689	49,110	inquia perioleani produces una chemicus.
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	EV/Sales (core)	5.0 x	4.4 x	4.5 x	4.5 x	4.4 x	
Sales growth	-6.6%	-14.6%	-1.6%	0.4%	0.9%	EV/EBITDA (core)	8.7 x	7.3 x	7.1 x	7.1 x	6.9 x	
EBITDA growth	0.6%	-10.4%	2.2%	0.5%	1.5%	EV/EBIT (core)	12.7 x	11.3 x	10.9 x	10.7 x	10.3 x	
EBIT growth	-1.2%	-14.8%	2.5%	1.7%	3.1%	EV/OpFCF	9.5 x	8.1 x	7.9 x	7.9 x	7.7 x	
Cash EPS	19.2%	-49.1%	86.3%	2.3%	2.3%	P/E	20.6 x	-581.5 x	15.1 x	14.1 x	13.2 x	Shneur Gershuni, CFA - Analyst
EPS (UBS)	44.8%	-102.3%	-3958.1%	7.2%	6.1%	Dividend yield (net)	5.0%	8.2%	8.9%	9.7%	10.5%	+1-212-713 3974
DPS (net)	25.0%	5.0%	9.5%	8.7%	8.0%	P/BV (average)	1.3x	0.9x	0.9x	1.0x	1.0x	shneur.gershuni@ubs.com

Trucking	<u> </u>				-							http://www.knighttrans.cor
P&L (USD m)	12/10	12/20E	42/245	42/225	42/225	Del Cheek (UCD)	12/10	12/20E	42/245	12/22E	42/225	, J
Revenues	12/19 4.844	4.601	12/21E 4.997	12/22E 5.320		Bal Sheet (USD m) Net tangible fixed assets	12/19 2.851	2.843	12/21E 2,985	2,940	12/23E 2,953	Knight-Swift Transportation Holdings Inc (KNX US) vs S & P
	•	•	•	•	•		•	,				60 T 200%
EBITDA	935	1,048	1,133	1,236	1,294	Goodwill Other intangible assets	2,919	2,919	2,919	2,919	2,919 0	50 180%
EBIT	515	583	615	680			0	0	0	0		100%
Profit before tax	501	561	601	665			(304)	282	283	262	263	40
Net income (stated)	378	418	446	495	524		1,622	1,112	1,083	1,106	1,130	30 100%
						Provisions	0	0	0	0	0	20 80%
Margins	12/19	12/20E	12/21E	12/22E	12/23E	Total IC	6,119	6,196	6,247	6,253	6,218	10 40%
EBITDA margin	19.3%	22.8%	22.7%	23.2%	23.6%	Investments	0	0	0	0	0	20%
EBIT margin	10.6%	12.7%	12.3%	12.8%	13.1%	Net cash /(debt)	(451)	(236)	(47)	237	544	5 5 7 7 7 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8
EBIT ROIC	8.4%	9.5%	9.9%	10.9%	11.5%	Others	0	0	0	0	0	Aug-16 Aug-16 Aug-17 Aug-17 Dec-17 Aug-18 Aug-18 Aug-18 Aug-20 Aug-20 Aug-20 Aug-20
Net RoE	6.8%	7.2%	7.3%	7.8%	7.9%	Minority interest	(2)	(1)	(1)	(1)	(1)	
Interest cover (EBIT)	38.0x	-	-	-	-	Shareholders equity	5,666	5,959	6,200	6,490	6,761	
Dividend cover (EPS)	8.9x	-	-	-	-							Closing price KNX US (lhs)
						Productivity	12/19	12/20E	12/21E	12/22E	12/23E	
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	8.7%	10.1%	10.4%	10.5%	10.5%	Price rel. to S & P 500 (rhs)
EBIT	515	583	615	680	719	Capex % of sales	11.8%	11.5%	11.2%	10.5%	9.8%	
Depr./amortisation	420	465	518	557	575	Revenues to IC	0.8 x	0.7 x	0.8 x	0.9 x	0.9 x	
Net change in WC	46	0	0	0	0	Net debt / total equity	8.0%	4.0%	0.8%	-3.7%	-8.1%	Performance (%) 3m YTD 12m 3y
Other (operating)	22	29	34	41	45	Net debt / EBITDA	0.5x	0.2x	0.0x	-0.2x	-0.4x	Absolute performance -2.2% 15.9% 19.0% 1.3%
Operating CF	1,003	1,077	1,167	1,277	1,339							Relative to local index -6.6% 14.1% 8.5% -23%
Net interest	(26)	(15)	(14)	(14)	(14)	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E	Relative to UBS sector
Capex	(570)	(530)	(560)	(560)	(540)	EPS (UBS adjusted)	2.20	2.46	2.66	3.01	3.27	
Tax paid	(242)	(230)	(250)	(266)	(274)	Cash EPS	4.65	5.20	5.75	6.40	6.84	KNX is a national transportation company with multiple
Dividends paid	(41)	(47)	(49)	(48)	(47)	Net DPS	0.24	0.28	0.29	0.29	0.29	service offerings, including dry van truckload, refrigerating
Net (acqu.)/disposals	0	0	0	0	0	BVPS (stated)	33.08	35.13	36.97	39.53	42.11	trucking, and a mix of asset-light businesses such as
Change in equity	(74)	(120)	(200)	(200)	(250)							brokerage. KNX has a fleet of ~4,700 tractors. In 2016,
Other items	240	80	96	95	94	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E	KNX had base revenue of \$1,028m (\$1,118m including
(Incr.)/decr. net debt	290	215	189	284	307	Market C (USD m)	6.139	7,119	7,119	7,119	7,119	fuel), continuing net income of \$94m, and EPS of
						EV (EV, avg.)	6,737	7,716	7,716	7,025	6,730	\$1.16/share.
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	EV/Sales (core)	1.3 x	1.7 x	1.5 x	1.3 x	1.2 x	
Sales growth	-9.4%	-5.0%	8.6%	6.5%	3.2%	EV/EBITDA (core)	6.9 x	7.4 x	6.8 x	5.7 x	5.2 x	
EBITDA growth	-7.0%	12.1%	8.1%	9.1%	4.7%	EV/EBIT (core)	12.6 x	13.2 x	12.6 x	10.3 x	9.4 x	
EBIT growth	-16.7%	13.2%	5.4%	10.6%	5.9%	EV/OpFCF	17.8 x	14.9 x	13.5 x	10.4 x	8.9 x	
		,5.2,0	J. F/0	10.0,0	3.570	P., C.	x	A		10. 1 A	0.5 A	
	-2 5%	11.8%	10.5%	11 /1%	6.9%	D/E	15 3 v	169 v	15.6 v	13.8 v	12 7 v	Thomas Wadewitz - Analyst
Cash EPS EPS (UBS)	-2.5% -14.7%	11.8%	10.5% 8.1%	11.4% 13.2%	6.9% 8.4%	PÆ Dividend yield (net)	15.3 x 0.7%	16.9 x 0.7%	15.6 x 0.7%	13.8 x 0.7%	12.7 x 0.7%	Thomas Wadewitz - Analyst +1-212-713 6116

d States	Unite		59.6): 195 / 1	nt (USD)	get/curre	Price targ	1	Buy	Rating: E		US)	Inc. (LOW	Lowe's Companies,
.lowes.com	http://www													Retailers, Broadline
	LOW US) vs S & P 500	Lowe's Companies, Inc.	01/24E	01/23E	01/22E	01/21E	01/20	Bal Sheet (USD m)	01/24E	01/23E	01/22E	01/21E	01/20	P&L (USD m)
- 600%		180	18,313	18,565	18,810	18,969	18,669	Net tangible fixed assets	83,706	81,729	79,801	85,400	72,123	Revenues
M		160	_	0	0	0	0	Goodwill	12,433	11,731	11,215	10,842	7,988	EBITDA
500%		140		0	0	0	0	Other intangible assets	10,508	9,851	9,379	9,568	6,578	EBIT
400%	A CARL COMPANY	120	2,599	2,575	2,550	3,069	1,983	Net working capital	9,667	9,015	8,543	8,721	5,887	Profit before tax
300%	AND WAS A COMMENT	100	5,191	5,166	5,141	5,118	5,112	Other fixed assets	7,347	6,851	6,476	6,565	4,281	Net income (stated)
	· · · · · · · · · · · · · · · · · · ·	80 Lyman Tolland	0	0	0	0	0	Provisions						
200%		60	20,180	20,407	20,628	21,306	20,215	Total IC	01/24E	01/23E	01/22E	01/21E	01/20	Margins
100%		20	0	0	0	0	0	Investments	14.9%	14.4%	14.1%	12.7%	11.1%	EBITDA margin
0%			(15,282)	(15,822)	(15,755)	(15,652)	(18,615)	Net cash /(debt)	12.6%	12.1%	11.8%	11.2%	9.1%	EBIT margin
Aug-20	Aug-18 - Apr-19 - Aug-19 - Dec-19 - Aug-19 - Aug-19 - Apr-20 - Apr	Aug-16 Dec-16 Apr-17 Aug-17 Dec-17	0	0	0	0	0	Others	51.8%	48.0%	44.7%	46.1%	33.4%	EBIT ROIC
<	< 0 ° < 0 °	« o	0	0	0	0	0	Minority interest	145.0%	135.5%	115.9%	165.5%	159.4%	Net RoE
			5,223	4,911	5,199	5,980	1,972	Shareholders equity	-	-	-	-	9.5x	Interest cover (EBIT)
	sing price LOW US (lhs)								-	-	-	-	3.4x	Dividend cover (EPS)
			01/24E	01/23E	01/22E	01/21E	01/20	Productivity						
	e rel. to S & P 500 (rhs)	Pri	2.3%	2.3%	2.3%	1.5%	2.0%	Depreciation % of sales	01/24E	01/23E	01/22E	01/21E	01/20	CF (USD m)
			2.0%	2.0%	2.1%	1.9%	2.1%	Capex % of sales	10,508	9,851	9,379	9,568	6,578	EBIT
			4.1 x	4.0 x	3.8 x	4.1 x	3.7 x	Revenues to IC	1,925	1,880	1,835	1,273	1,410	Depr./amortisation
m 3y	3m YTD 12	Performance (%)	292.6%	322.2%	303.1%	261.7%	944.0%	Net debt / total equity	(28)	(28)	515	(254)	(2,267)	Net change in WC
% 104.0%	18.9% 33.3% 43.8	Absolute performance	1.2x	1.3x	1.4x	1.4x	2.3x	Net debt / EBITDA	345	337	329	418	872	Other (operating)
% 56%	13.4% 31.2% 31.2	Relative to local index							12,750	12,040	12,059	11,006	6,593	Operating CF
% 139	6.2% 13.6% 18.9	Relative to UBS sector	01/24E	01/23E	01/22E	01/21E	01/20	Per Share (USD)	(841)	(836)	(836)	(847)	(691)	Net interest
			11.82	10.30	9.05	8.77	5.78	EPS (UBS adjusted)	(1,674)	(1,635)	(1,676)	(1,594)	(1,484)	Capex
me	is the second largest hor	Lowe's Companies, Inc.	14.92	13.12	11.62	10.47	7.60	Cash EPS	(2,320)	(2,164)	(2,067)	(2,142)	(1,412)	Tax paid
0 stores in	perating more than 1,85	improvement retailer, o	2.20	2.20	2.20	2.20	1.64	Net DPS	(1,376)	(1,472)	(1,583)	(1,664)	(1,618)	Dividends paid
		the US, Mexico, and Ca	8.41	7.38	7.27	7.98	2.56	BVPS (stated)	0	0	0	22	163	Net (acqu.)/disposals
		and services for home in							(6,000)	(6,000)	(6,000)	(883)	(4,195)	Change in equity
	air, and remodeling and		01/24E	01/23E	01/22E	01/21E	01/20	Valuation*	0	0	0	(934)	(234)	Other items
any serves	rcial buildings. The comp	retail and commercial b	120,179	120,179	120,179	120,179	NA	Market C (USD m)	539	(67)	(103)	2,963	(2,878)	(Incr.)/decr. net debt
	usiness customers.	retaii and commercial b	134,725	135,425	135,634	135,675	136,986	EV (EV, avg.)						
			1.6 x	1.7 x	1.7 x	1.6 x	1.4 x		01/24E	01/23E	01/22E	01/21E	01/20	Momentum
			10.9 x	11.6 x	12.1 x	12.6 x	12.9 x	EV/EBITDA (core)	2.4%	2.4%	-6.6%	18.4%	1.1%	Sales growth
			12.9 x	13.8 x	14.5 x	14.3 x	15.6 x	EV/EBIT (core)	6.0%	4.6%	3.4%	35.7%	3.6%	EBITDA growth
			12.2 x	13.0 x	13.7 x	14.3 x	15.4 x	EV/OpFCF	6.7%	5.0%	-2.0%	45.5%	7.8%	EBIT growth
		*** I II	40.5	15.5 x	17.6 x	18.2 x	18.8 x	P/E	13.7%	13.0%	10.9%	37.7%	6.3%	Cash EPS
	st	Michael Lasser - Anai	13.5 x	15.5 X										
	st	Michael Lasser - Analy +1-212-713 2440	13.5 x 1.4%	1.4%	1.4%	1.4%	1.5%	Dividend yield (net)	14.8%	13.8%	3.2%	51.8%	11.9%	EPS (UBS)

United States

Morgan Stanley (MS US)		ı	Rating: Bu	у		Price tar	get/curr	ent (USI)): 57 / 4	8.36	United State
Diversified Financial												http://www.msdw.co
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Capital dynamics	12/19	12/20E	12/21E	12/22E	12/23E	Morgan Stanley (MS US) vs S & P 500
NII	4,694	5,861	5,774	6,051	6,255	RWAs (USD m)	382,496	431,315	440,006	448,806	457,782	
Other Incomes	36,725	37,672	37,097	38,328	41,050	Tier one capital (USD m)	73,443	71,758	73,436	75,769	78,652	70 7
Total revenues	41,419	43,532	42,871	44,379	47,305	Total capital (USD m)	82,423	90,094	91,772	94,105	96,988	60
PTP	11,301	11,686	11,603	12,477	13,417	Tier one ratio	19.2	16.6	16.7	16.9	17.2	50 + 2009
Net Income (reported)	8,512	8,363	8,416	9,097	9,828	Capital ratio	21.5	20.9	20.9	21.0	21.2	150
												40 100
												30 100
Margins	12/19	12/20E	12/21E	12/22E	12/23E							20
Net interest margin	0.5	0.6	0.6	0.6	0.6							50%
RoAdjE	11.8	10.8	10.3	10.8	11.3	Productivity	12/19	12/20E	12/21E	12/22E	12/23E	10
RoRWA	2.3	2.1	2.0	2.1	2.2	Cost income ratio	72.7	73.2	72.9	71.9	71.6	0
RoA	1.1	1.0	0.9	0.9	1.0	Cash cost income ratio	72.7	73.2	72.9	71.9	71.6	Aug-16. Aug-17. Aug-17. Aug-18. Aug-19. Aug-19. Aug-19. Aug-20. Aug-20.
												. 40 40 40 40 4
Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E							
Common equity	73,029	81,171	82,849	85,182	88,065							-
Year end total assets	895,429	993,983	1,034,342	1,075,716 1			12/19	12/20E	12/21E	12/22E	12/23E	•
Net customer loans	0	0	0	0	0	OPS (ex. Goodwill)	6.9	7.5	7.6	9.3	10.8	
Tot. customer deposits	190,356	241,610	251,420	261,629		EPS (stated)	5.3	5.4	5.6	6.9	8.0	· ·
Shareholders funds	82,697	91,055	92,733	94,850	97,953		5.2	5.3	5.5	6.8	7.9	
						DPS	1.3	1.4	1.4	1.5	1.6	Relative to UBS sector 1.9% -0.2% 8.8% -28
						BVPS	44.0	51.2	56.1	60.7	62.5	
Asset quality	12/19	12/20E	12/21E	12/22E	12/23E							Morgan Stanley is a leading global financial services firm
NPAs (USD m)	NA	NA	NA	NA	0							providing a wide range of investment banking, securities,
Risk reserves (USD m)	NA	0	0	0	0							and investment management services. The firm's wealth
NPLs : loans (USD m)	NA	NA	NA	NA	0							management operations employ roughly 16,000 global
NPA/Shareholders funds	NA	NA	NA	NA	0.0	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E	representatives and oversee more than \$2 trillion in client
						Market C (USD m)	84,808	76,215	76,215	76,215	76,215	assets. Further, Morgan Stanley's asset management operations have roughly \$400 billion in assets under
						P/BV	1.0 x	0.9 x	0.9 x	0.8 x	0.8 x	management or supervision, catering primarily to
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	P/E (reported)	8.4 x	8.9 x	8.7 x	7.0 x	6.0 x	institutional investors.
Revenue growth	3.3%	5.1%	-1.5%	3.5%	6.6%	P/E (UBS adjusted)	8.5 x	9.0 x	8.8 x	7.1 x	6.1 x	
NII growth	23.3%	24.9%	-1.5%	4.8%	3.4%	Dividend yield (% net)	2.9	2.9	2.9	3.1	3.4	
PTP growth	0.6%	3.4%	-0.7%	7.5%	7.5%	Market cap./Revenues	2.0 x	1.8 x	1.8 x	1.7 x	1.6 x	
Net Income growth	3.5%	-1.7%	0.6%	8.1%	8.0%	•						Brennan Hawken, CPA - Analyst
EPS (UBS) growth	9.7%	3.1%	2.9%	23.8%	16.4%							+1-212-713 9439
DPS (net) growth	23.8%	7.7%	0.0%	8.0%	8.0%							brennan.hawken@ubs.com

NextEra Energy Inc	(NEE US)		ı	Rating: E	Buy		Price tar	get/curre	nt (USD): 312 / 2	76.2			ι	Jnited	States
Electric Utilities														http://w	ww.fplgr	roup.com
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E N	extEra Energy Inc (NEE	US) vs S &	P 500		
Revenues	19,205	19,556	20,266	21,743	22,781	Net tangible fixed assets	82,854	89,589	95,502	100,928	105,439					
EBITDA	9,557	9,807	10,693	11,726	12,595	Goodwill	0	0	0	0	O 350				- It	T 1000%
EBIT	5,648	5,517	6,071	6,762	7,300	Other intangible assets	0	0	0	0	O 300			a An	No.	800%
Profit before tax	4,131	4,376	4,770	5,279	5,713	Net working capital	(359)	(791)	(709)	(764)	(701) 250		Land Market	100 July 100	Z W	700%
Net income (stated)	3,768	3,729	4,866	5,215	5,560	Other fixed assets	20,783	20,783	20,783	20,783	20,783 200	ALT MANAGEMENT AND	U/MAY'	and the same		- 600% - 500%
						Provisions	0	0	0	0	O 150		Marrier or			400%
Margins	12/19	12/20E	12/21E	12/22E	12/23E	Total IC	79,090	84,935	90,922	96,085	100,648 100	المسياسة ا				- 300%
EBITDA margin	49.8%	50.1%	52.8%	53.9%	55.3%	Investments	0	0	0	0	O 50					200%
EBIT margin	29.4%	28.2%	30.0%	31.1%	32.0%	Net cash ((debt)	(43,734)	(48,809)	(54,209)	(58,418)	(61,968)	L				0%
EBIT ROIC	7.6%	6.7%	6.9%	7.2%	7.4%	Others	0	0	0	0	0	Aug-16 Dec-16 Apr-17 Aug-17 Apr-18	Aug-18 Dec-18	Apr-19 Aug-19	Apr-20	07-6m
Net RoE	11.1%	11.4%	12.2%	12.8%	13.3%	Minority interest	(3,269)	(3,269)	(3,269)	(3,269)	(3,269)	4 0 4 4 0 4	∢ □	~ «		ī
Interest cover (EBIT)	2.9x	-	-	-	-	Shareholders equity	38,835	39,605	40,192	41,146	42,159					
Dividend cover (EPS)	1.4x	-	-	-	-	•						—— Cle	sing price NEE	US (lhs)		
						Productivity	12/19	12/20E	12/21E	12/22E	12/23E					
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	20.4%	21.9%	22.8%	22.8%	23.2%	——Pri	ce rel. to S & P	500 (rhs)		
EBIT	5,648	5,517	6,071	6,762	7,300	Capex % of sales	62.7%	54.3%	50.0%	45.9%	41.3%					
Depr./amortisation	3,909	4,291	4,622	4,964	5,294	Revenues to IC	0.3 x	0.2 x	0.2 x	0.2 x	0.2 x					
Net change in WC	0	0	0	0	0	Net debt / total equity	103.9%	113.8%	124.7%	131.5%	136.4% P	erformance (%)	3m	YTD	12m	Зуг
Other (operating)	(355)	(191)	(1,233)	(911)	(862)	Net debt / EBITDA	4.6x	5.0x	5.1x	5.0x	4.9x	bsolute performance	13.6%	14.1%	22.4%	88.7%
Operating CF	9,201	9,616	9,459	10,815	11,733						R	elative to local index	8.4%	12.3%	11.6%	44%
Net interest	(2,249)	(1,907)	(2,126)	(2,351)	(2,508)	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E R	elative to UBS sector	11.1%	26.1%	33.9%	61%
Capex	(12,050)	(10,625)	(10,135)	(9,990)	(9,405)	EPS (UBS adjusted)	8.38	9.14	9.91	10.62	11.32					
Tax paid	(782)	(750)	(766)	(926)	(1,015)	Cash EPS	16.44	17.88	19.32	20.73	22.10 N	extEra Energy is a lead	ding clean	energy	provider v	with
Dividends paid	(2,380)	(2,768)	(3,045)	(3,350)	(3,685)	Net DPS	4.88	5.60	6.16	6.78		oproximately 46,000 n				
Net (acqu.)/disposals	0	0	0	0	0	BVPS (stated)	80.57	80.65	81.85	83.79		omposed principally of				
Change in equity	1,500	0	0	0	0							nd gas-fired. NEE oper				
Other items	738	1,359	1,213	1,592	1,330	Valuation*	12/19	12/20E	12/21E	12/22E		extEra Energy Resourd ectric utility serving ap				
(Incr.)/decr. net debt	(6,022)	(5,075)	(5,400)	(4,209)	(3,550)	Market C (USD m)	116,721	135,890	135,890	135,890		orida. NEER is the wor				
						EV (EV, avg.)	153,965	178,683	183,920	188,725		ind and solar energy.				
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	EV/Sales (core)	7.1 x	9.1 x	9.1 x	8.7 x		artner and majority sta				
Sales growth	15.1%	1.8%	3.6%	7.3%	4.8%	EV/EBITDA (core)	14.4 x	18.2 x	17.2 x	16.1 x		extEra Energy Partner				
EBITDA growth	16.9%	2.6%	9.0%	9.7%	7.4%	EV/EBIT (core)	24.3 x	32.4 x	30.3 x	27.9 x		eldco.				
EBIT growth	32.4%	-2.3%	10.1%	11.4%	8.0%	EV/OpFCF	24.3 x	32.4 x	30.3 x	27.9 x	25.9 x					
Cash EPS	2.7%	8.8%	8.1%	7.3%	6.6%	P/E	24.8 x	30.2 x	27.9 x	26.0 x	24.4 x D	aniel Ford, CFA - An	alyst			
EPS (UBS)	8.0%	9.1%	8.4%	7.2%	6.6%	Dividend yield (net)	2.4%	2.0%	2.2%	2.5%	2.7% +	1-212-713-2224				
DPS (net)	10.0%	14.7%	10.0%	10.0%	10.0%	P/BV (average)	2.6x	3.4x	3.4x	3.3x	3.2x d	an.ford@ubs.com				

Price target/current (USD): 625 / 500.69

Polaris Inc (PII US)				Rating: E	Buy		Price targ	jet/curre	nt (USD)	: 117 / 8	7.87	United States
Recreational Products & Servi	ices											http://www.polaris.com/en-us
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Polaris Inc (PII US) vs S & P 500
Revenues	6,783	6,988	7,087	7,512	7,756	Net tangible fixed assets	900	862	848	867	897	160 7 7 600%
EBITDA	669	716	723	815	913	Goodwill	1,490	1,092	1,092	1,092	1,092	140
EBIT	435	475	499	603	705	Other intangible assets	0	0	0	0	0	120
Profit before tax	501	541	570	682	783	Net working capital	144	(99)	(166)	(172)	(191)	100 400%
Net income (stated)	398	430	454	542	623	Other fixed assets	303	391	391	391	391	80 1 300%
						Provisions	0	0	0	0	0	60 200%
Margins	12/19	12/20E	12/21E	12/22E	12/23E	Total IC	2,583	1,943	1,792	1,723	1,655	40
EBITDA margin	9.9%	10.3%	10.2%	10.8%	11.8%	Investments	0	0	0	0	0	20 100%
EBIT margin	6.4%	6.8%	7.0%	8.0%	9.1%	Net cash /(debt)	(1,571)	(990)	(785)	(578)	(301)	0 / 0%
EBIT ROIC	16.8%	21.0%	26.7%	34.3%	41.7%	Others	0	0	0	0	0	Aug-16 Dec-16 Aug-17 Aug-17 Aug-18 Aug-18 Aug-19 Dec-19 Aug-20 Aug-20
Net RoE	39.9%	40.1%	43.1%	47.3%	47.1%	Minority interest	0	0	0	0	0	4044044044
Interest cover (EBIT)	9.1x	-	-	-	-	Shareholders equity	1,122	1,026	1,079	1,217	1,426	
Dividend cover (EPS)	2.8x	-	-	-	-							Closing price PII US (lhs)
						Productivity	12/19	12/20E	12/21E	12/22E	12/23E	•
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	3.5%	3.5%	3.2%	2.8%	2.7%	—— Price rel. to S & P 500 (rhs)
EBIT	435	475	499	603	705	Capex % of sales	3.7%	2.7%	3.0%	3.1%	3.1%	
Depr./amortisation	235	241	224	212	208	Revenues to IC	2.6 x	3.1 x	3.8 x	4.3 x	4.6 x	
Net change in WC	58	237	70	20	27	Net debt / total equity	140.1%	96.5%	72.8%	47.5%	21.1%	Performance (%) 3m YTD 12m 3y
Other (operating)	35	(43)	50	52	55	Net debt / EBITDA	2.3x	1.4x	1.1x	0.7x	0.3x	Absolute performance -7.9% -13.6% -0.4% -18.29
Operating CF	762	911	843	887	994							Relative to local index -12.1% -14.9% -9.1% -389
Net interest	(78)	(62)	(49)	(46)	(45)	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E	Relative to UBS sector -6.5% 105.8% 114.8% 1145
Capex	(251)	(191)	(210)	(231)	(238)	EPS (UBS adjusted)	6.49	6.93	7.26	8.78	10.22	· •
Tax paid	(5)	(12)	0	0	0	Cash EPS	10.30	10.82	10.84	12.22	13.63	Polaris Industries Inc. is a leading manufacturer of
Dividends paid	(149)	(154)	(158)	(159)	(165)	Net DPS	2.44	2.48	2.53	2.58	2.71	powersports products, having evolved from a snowmobile
Net (acqu.)/disposals	(2)	0	0	0	0	BVPS (stated)	18.22	16.52	17.25	19.70	23.39	manufacturer since 1954, into a leading manufacturer of
Change in equity	(8)	(49)	(242)	(245)	(248)							all-terrain recreational and utility off-road vehicles (ORVs)
Other items	(39)	138	20	2	(20)	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E	that include ATVs and side-by-sides, snowmobiles, and on
(Incr.)/decr. net debt	230	582	205	207	277	Market C (USD m)	6,261	5,413	5,413	5,413	5,413	road vehicles such as motorcycles (with a presence in the heavyweight cruiser and touring motorcycle markets) and
						EV (EV, avg.)	7,837	6.621	6.228	6.022	5,780	small vehicles (including small electric/hybrid powered
Momentum	12/19	12/20E	12/21E	12/22E	12/23E	EV/Sales (core)	1.0 x	0.9 x	0.9 x	0.8 x	0.7 x	vehicles). Off-road vehicles make up close to 50-60% of
Sales growth	11.5%	3.0%	1.4%	6.0%	3.2%	EV/EBITDA (core)	10.6 x	9.2 x	8.6 x	7.4 x	6.3 x	PII's top line.
EBITDA growth	0.5%	7.0%	0.9%	12.7%	12.0%	EV/EBIT (core)	16.3 x	13.9 x	12.5 x	10.0 x	8.2 x	
EBIT growth	-4.4%	9.3%	4.9%	20.9%	16.9%	EV/OpFCF	11.7 x	10.1 x	9.4 x	8.0 x	6.8 x	
Cash EPS	2.1%	5.0%	0.2%	12.7%	11.5%	P/E	13.9 x	12.7 x	12.1 x	10.0 x	8.6 x	Robin Farley - Analyst
EPS (UBS)	-3.4%	6.9%	4.6%	21.1%	16.3%	Dividend yield (net)	2.7%	2.8%	2.9%	2.9%	3.1%	+1-212-713 2060
DPS (net)	1.7%	1.6%	2.0%	2.0%	5.0%	P/BV (average)	4.9x	5.3x	5.1x	4.5x	3.8x	robin.farley@ubs.com

NVIDIA Corp (NVDA US)

Rating: Buy

United States

S&P Global (SPGI US Diversified Financial													b	tp://www	megray	v bill cor
	42/40	42/205	42/245	42/225	42 (225	Pul Chara (UCP and	42/40	42/205	42/245	42/225	42/225			tp//www	incgrav	V-FIIII.COI
P&L (USD m)	12/19	12/20E	12/21E	12/22E		Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E		S&P Global (SPGI US) vs S	& P 500			
Revenues	6,699	7,165	7,601	8,165	8,697	Net tangible fixed assets	320	281	234	187	142	400 1				T 1200%
EBITDA	3,564	3,995	4,292	4,674	5,043	Goodwill	3,575	3,700	3,700	3,700	3,700	350			- 4	1000%
EBIT	3,360	3,793	4,090	4,472	4,841	Other intangible assets	1,424	1,368	1,279	1,191		300		/Inc	1	_
Profit before tax	2,930	3,524	3,786	4,168	4,537	Net working capital	(1,295)	(1,323)	(1,273)	(1,223)		250	بر بابیات	No.	~ V	800%
Net income (stated)	2,352	2,652	2,698	2,969	3,226		0	0	0	0		200	Mar	A PART	_	600%
						Provisions	(259)	(260)	(260)	(260)		150	''4			400%
Margins	12/19	12/20E	12/21E	12/22E	12/23E		2,780	2,842	2,756	2,672	2,591	100				
EBITDA margin	53.2%	55.8%	56.5%	57.2%	58.0%	Investments	1,317	1,240	1,240	1,240	1,240	50				200%
EBIT margin	50.2%	52.9%	53.8%	54.8%	55.7%	Net cash (debt)	(1,034)	(681)	(201)	325	867	0 1 2 2 2 8	60 60	6 6	0 8	-10%
EBIT ROIC	103.8%	134.9%	146.1%	164.8%	184.0%	Others	(259)	(260)	(260)	(260)	(260)	Aug-16 Dec-16 Apr-17 Aug-17 Apr-18	Aug-18 Dec-18	Apr-19	Apr-20	Aug-20
Net RoE	385.6%	416.3%	299.5%	227.0%	184.4%	Minority interest	(2,268)	(2,403)	(2,403)	(2,403)	(2,403)					
Interest cover (EBIT)	25.3x	-	-	-	-	Shareholders equity	536	738	1,132	1,574	2,035					
Dividend cover (EPS)	4.1x	-	-	-	-							——Clo	sing price SP0	GI US (lhs)		
						Productivity	12/19	12/20E	12/21E	12/22E	12/23E					
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	3.0%	2.8%	2.7%	2.5%	2.3%	—— Pric	e rel. to S & F	500 (rhs)		
EBIT	3,360	3,793	4,090	4,472	4,841	Capex % of sales	1.7%	0.9%	0.9%	0.8%	0.8%					
Depr./amortisation	204	202	202	202	202	Revenues to IC	2.1 x	2.5 x	2.7 x	3.0 x	3.3 x					
Net change in WC	(284)	56	(50)	(50)	(50)	Net debt / total equity	36.9%	21.7%	5.7%	-8.2%	-19.5%	Performance (%)	3m	YTD	12m	1 3y
Other (operating)	449	324	312	341	373	Net debt / EBITDA	0.3x	0.2x	0.0x	-0.1x	-0.2x	Absolute performance	6.8%	28.5%	38.8%	123.89
Operating CF	3,729	4,375	4,554	4,965	5,365							Relative to local index	1.9%	26.5%	26.6%	719
Net interest	(141)	(150)	(152)	(152)	(152)	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E	Relative to UBS sector	4.1%	31.0%	31.8%	559
Capex	(115)	(63)	(66)	(68)	(71)	EPS (UBS adjusted)	9.58	11.03	12.00	13.63	15.38					
Tax paid	(628)	(767)	(852)	(938)	(1,021)	Cash EPS	10.41	11.88	12.87	14.52	16.32	S&P Global provides info	rmation	products	and serv	rices to
Dividends paid	(703)	(848)	(936)	(1,019)	(1,104)	Net DPS	2.28	2.68	3.00	3.36	3.77	the financial and comm				
Net (acqu.)/disposals	(91)	(185)	0	0	0	BVPS (stated)	2.18	3.09	4.92	6.86	9.41	S&P Ratings - a leading				
Change in equity	(1,266)	(1,570)	(1,681)	(1,849)	(2,034)							the largest domestic ind				
Other items	(133)	(439)	(387)	(413)	(442)	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E	provider of market data				a
(Incr.)/decr. net debt	652	353	480	526	542	Market C (USD m)	67,061	84,880	84,880	84,880	84,880	provider of data to the o	ommodi	ties mark	ets.	
						EV (EV, avg.)	69,407	85,684	85,177	84,569	83,893					
Momentum	12/19	12/20E	12/21E	12/22E	12/23E		8.9 x	12.0 x	11.2 x	10.4 x	9.6 x					
Sales growth	7.0%	7.0%	6.1%	7.4%	6.5%	EV/EBITDA (core)	16.7 x	21.4 x	19.8 x	18.1 x	16.6 x					
EBITDA growth	8.9%	12.1%	7.4%	8.9%	7.9%	EV/EBIT (core)	17.7 x	22.6 x	20.8 x	18.9 x	17.3 x					
EBIT growth	9.5%	12.9%	7.8%	9.4%	8.2%	EV/OpFCF	17.1 x	21.9 x	20.2 x	18.4 x	16.9 x					
Cash EPS	10.2%	14.0%	8.3%	12.9%	12.3%	P/E	24.1 x	31.8 x	29.2 x	25.7 x	22.8 x	Alex Kramm, CFA - An	alvst			
EPS (UBS)	11.0%	15.2%	8.8%	13.6%	12.9%	Dividend yield (net)	1.0%	0.8%	0.9%	1.0%	1.1%	+1-212-713 4060	,			
/	14.0%	17.5%	12.0%	12.0%	12.0%	P/BV (average)	105.8x	113.6x	71.3x	51.1x	37.3x					

Teleflex Inc (TFX US)			F	Rating: E	Buy	1	Price targ	jet/curre	nt (USD)	: 450 / 3	26.7 United State
Medical Supplies											http://www.teleflex.co
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E Teleflex Inc (TFX US) vs S & P 500
Revenues	2,595	2,569	2,942	3,214	3,506	Net tangible fixed assets	431	452	492	532	572
EBITDA	888	701	910	1,049	1,204	Goodwill	2,245	2,344	2,344	2,344	2,344 400
EBIT	670	625	824	955	1,101	Other intangible assets	2,156	2,261	2,261	2,261	2,261 350
Profit before tax	591	561	757	890	1,037	Net working capital	492	779	866	936	1,004 300
Net income (stated)	461	496	668	621	749	Other fixed assets	171	184	184	184	184 250
						Provisions	0	0	0	0	0 200 600%
Margins	12/19	12/20E	12/21E	12/22E	12/23E	Total IC	4,587	5,137	5,264	5,375	5,482
EBITDA margin	34.2%	27.3%	30.9%	32.6%	34.3%	Investments	0	0	0	0	0 50 200%
EBIT margin	25.8%	24.3%	28.0%	29.7%	31.4%	Net cash /(debt)	(1,608)	(1,833)	(1,963)	(2,120)	(2,144) 0 0 0%
EBIT ROIC	15.0%	12.9%	15.8%	17.9%	20.3%	Others	0	0	0	0	O Aug-16 Aug-17 Aug-18 Aug-18 Aug-18 Aug-19 Dec-19 Aug-20 Aug-20
Net RoE	19.0%	15.4%	19.9%	23.5%	27.3%	Minority interest	0	0	0	0	0 4 6 4 6 4 6 4 6 4 4
Interest cover (EBIT)	9.5x	-	-	-	-	Shareholders equity	2,979	3,304	3,301	3,254	3,338
Dividend cover (EPS)	7.9x	-	-	-	-						Closing price TFX US (lhs)
						Productivity	12/19	12/20E	12/21E	12/22E	12/23E
CF (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Depreciation % of sales	8.4%	2.9%	2.9%	2.9%	2.9% Price rel. to S & P 500 (rhs)
EBIT	670	625	824	955	1,101	Capex % of sales	4.0%	4.0%	3.7%	3.6%	3.4%
Depr./amortisation	218	76	87	95	103	Revenues to IC	0.6 x	0.5 x	0.6 x	0.6 x	0.6 x
Net change in WC	(114)	(168)	(93)	(76)	(74)	Net debt / total equity	54.0%	55.5%	59.5%	65.2%	64.2% Performance (%) 3m YTD 12m 3
Other (operating)	(103)	(91)	(38)	(38)	(38)	Net debt / EBITDA	1.8x	2.6x	2.2x	2.0x	1.8x Absolute performance -11.3% -13.2% -5.0% 35.1
Operating CF	671	442	779	935	1,092						Relative to local index -15.4% -14.5% -13.3% 3
Net interest	(80)	(66)	(68)	(67)	(66)	Per Share (USD)	12/19	12/20E	12/21E	12/22E	12/23E Relative to UBS sector -15.4% -12.2% -9.4% 13
Capex	(103)	(102)	(110)	(115)	(120)	EPS (UBS adjusted)	11.46	10.27	13.87	16.27	18.94
Tax paid	(67)	(75)	(101)	(118)	(138)	Cash EPS	16.22	11.87	15.70	18.27	21.12 Teleflex is a global medical technology company that
Dividends paid	(63)	(63)	(63)	(63)	(63)	Net DPS	1.33	1.34	1.33	1.33	1.33 designs, develops, manufactures and supplies single-use
Net (acqu.)/disposals	(3)	(266)	(266)	(266)	(266)	BVPS (stated)	64.97	69.89	69.73	68.65	70.34 medical devices used by hospitals and healthcare provide
Change in equity	28	14	14	14	14						for common diagnostic and therapeutic procedures in
Other items	(190)	(109)	(317)	(478)	(477)	Valuation*	12/19	12/20E	12/21E	12/22E	12/23E critical care and surgical applications. The company has
(Incr.)/decr. net debt	194	(225)	(130)	(157)	(24)	Market C (USD m)	17,241	14,963	14,963	14,963	eight business segments: Vascular North America (15% o sales), Interventional North America (10%), Anesthesia
						EV (EV, avg.)	18,946	16,683	16,861	17,005	17,095 North America (9%), Surgical North America (8%), OEM
Momentum	12/19	12/20E	12/21E	12/22E	12/23E		6.3 x	6.5 x	5.7 x	5.3 x	4.9 x (8%), EMEA (26%), Asia (13%) and Other (11%). Telefle:
Sales growth	6.0%	-1.0%	14.5%	9.2%	9.1%	EV/EBITDA (core)	18.4 x	23.8 x	18.5 x	16.2 x	14.2 x is headquartered in Wayne, Pennsylvania.
EBITDA growth	5.3%	-21.1%	29.9%	15.2%	14.8%	EV/EBIT (core)	24.3 x	26.7 x	20.5 x	17.8 x	15.5 x
EBIT growth	6.6%	-6.7%	31.8%	15.9%	15.3%		19.0 x	25.1 x	19.2 x	16.7 x	14.6 x
Cash EPS	8.7%	-26.9%	32.3%	16.3%	15.6%	P/E	27.8 x	31.8 x	23.6 x	20.1 x	17.2 x Matthew Taylor, CFA - Analyst
EPS (UBS)	12.3%	-10.4%	35.1%	17.3%	16.4%	Dividend yield (net)	0.4%	0.4%	0.4%	0.4%	0.4% +1-212-713 6257
DPS (net)	0.4%	0.1%	-0.1%	-0.1%	-0.1%	P/BV (average)	4.9x	4.7x	4.7x	4.8x	4.6x matthew-c.taylor@ubs.com

Insurance, Full-Line												http://www.thehartford.com
P&L (USD m)	12/19	12/20E	12/21E	12/22E	12/23E	Capital dynamics	12/19	12/20E	12/21E	12/22E	12/23E	The Hartford Financial Services Group (HIG US) vs S & P 500
NII	NA	NA	NA	NA	NA	RWAs (USD m)	NA	NA	NA	NA	NA	70 7 7 250%
Other Incomes	NA	NA	NA	NA	NA	Tier one capital (USD m)	NA	NA	NA	NA	NA	70
Total revenues	20,088	20,129	20,846	21,688	22,541	Total capital (USD m)	NA	NA	NA	NA	NA	60 200%
PTP	NA	NA	NA	NA	NA	Tier one ratio	NA	NA	NA	NA	NA	50
Net Income (reported)	NA	NA	NA	NA	NA	Capital ratio	NA	NA	NA	NA	NA	40 Mg 150%
												40 7
												30 + 100%
Margins	12/19	12/20E	12/21E	12/22E	12/23E							20
Net interest margin	NA	NA	NA	NA	NA							+ 50%
RoAdjE	14.0	9.5	11.1	11.9	11.9	Productivity	12/19	12/20E	12/21E	12/22E	12/23E	10
RoRWA	NA	NA	NA	NA	NA	Cost income ratio	NA	NA	NA	NA	NA	
RoA	NA	NA	NA	NA	NA	Cash cost income ratio	NA	NA	NA	NA	NA	Aug-16 Apr-17 Aug-17 Aug-18 Aug-19 Apr-19 Apr-20 Aug-20
Bal Sheet (USD m)	12/19	12/20E	12/21E	12/22E	12/23E							
Common equity	NA	NA	NA	NA	NA							
Year end total assets	NA	NA	NA	NA	NA		12/19	12/20E	12/21E	12/22E	12/23E	
Net customer loans	NA	NA	NA	NA	NA	OPS (ex. Goodwill)	NA	NA	NA	NA	NA	
Tot. customer deposits	NA	NA	NA	NA		EPS (stated)	5.7	3.7	5.5	6.3	6.8	Absolute performance -8.3% -40.4% -40.0% -33.4%
Shareholders funds	NA	NA	NA	NA	NA	. , ,	6.4	3.3	5.5	6.3	6.8	
						DPS	1.2	1.3	1.4	1.5	1.6	Relative to UBS sector -5.2% -18.7% -17.5% -16%
						BVPS	45.6	48.5	51.9	56.0	60.6	
Asset quality	12/19	12/20E	12/21E	12/22E	12/23E							The Hartford (HIG) is a diversified insurer that operates in
NPAs (USD m)	NA	NA	NA	NA	NA							property and casualty insurance, group benefits, and mutual funds. Since 2012, HIG has placed its Individual
Risk reserves (USD m)	NA	NA	NA	NA	NA							Annuity unit into runoff and completed the sales of the
NPLs : loans (USD m)	NA	NA	NA	NA	NA							Individual Life and Retirement Plans and Japanese annuity
NPA/Shareholders funds	NA	NA	NA	NA	NA		12/19	12/20E	12/21E	12/22E	12/23E	businesses. Of the company's property and casualty
						Market C (USD m)	21,853	13,021	13,021	13,021	13,021	premiums, roughly 60% come from commercial lines and
						P/BV	1.2 x	0.7 x	0.7 x	0.6 x	0.6 x	40% from personal lines.
Momentum	12/19	12/20E	12/21E	12/22E		P/E (reported)	9.7 x	9.8 x	6.6 x	5.8 x	5.3 x	
Revenue growth	5.6%	0.2%	3.6%	4.0%	3.9%	. , ,	8.6 x	10.9 x	6.6 x	5.8 x	5.3 x	
NII growth	NA	NA	NA	NA	NA	Dividend yield (% net)	2.2	3.6	3.9	4.1	4.3	
PTP growth	NA	NA	NA	NA	NA	Market cap./Revenues	1.1 x	0.6 x	0.6 x	0.6 x	0.6 x	
Net Income growth	NA	NA	NA	NA	NA							Brian Meredith - Analyst
EPS (UBS) growth	31.7%	-47.5%	63.3%	14.7%	8.9%							+1-212-713 2492
DPS (net) growth	16.7%	7.8%	6.1%	5.7%	5.4%							brian.meredith@ubs.com

Valuation Method and Risk Statement

Equity market returns are influenced by corporate earnings, interest rates, risk premia, as well as other variables influenced by the business cycle. The outlook for any and all of these variables is subject to change.

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UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage ¹	IB Services ²	
Buy	FSR is > 6% above the MRA.	49%	32%	
Neutral	FSR is between -6% and 6% of the MRA.	39%	30%	
Sell	FSR is > 6% below the MRA.	13%	20%	
Short-Term Rating	Definition	Coverage ³	IB Services ⁴	
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%	
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%	

Source: UBS. Rating allocations are as of 30 June 2020.

- 1:Percentage of companies under coverage globally within the 12-month rating category.
- 2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
- 3:Percentage of companies under coverage globally within the Short-Term rating category.
- 4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS:Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption** (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

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UBS Securities LLC: Keith Parker; Sean Simonds.

Company Disclosures

Company Name	Reuters 12	2-month ratingSh	ort-term rating Price Pr	rice date
Amazon.com ^{6c, 7, 16, 20a}	AMZN.O	Buy (CBE)	N/AUS\$3,128.9922 S	Sep 2020
Concho Resources Inc16, 20b	CXO.N	Buy (CBE)	N/A US\$45.6022 S	Sep 2020
Constellation Brands Inc ¹⁶	STZ.N	Buy	N/A US\$188.5022 S	Sep 2020
Deckers Outdoor Corp ^{16, 20a}	DECK.N	Buy (CBE)	N/A US\$213.6722 S	Sep 2020
Electronic Arts ^{16, 20a}	EA.O	Buy (CBE)	N/A US\$131.0222 S	Sep 2020
Generac Holdings Inc ¹⁶	GNRC.N	Buy	N/A US\$182.9022 S	Sep 2020
Global Payments Inc ¹⁶	GPN.N	Buy	N/A US\$179.8622 S	Sep 2020
HCA Healthcare Inc ^{7, 16}	HCA.N	Buy	N/A US\$120.6522 S	Sep 2020
IQVIA Holdings Inc ^{7, 16, 20a}	IQV.N	Buy (CBE)	N/A US\$153.3022 S	Sep 2020
ITT Inc. ¹⁶	ITT.N	Buy	N/A US\$59.7222 S	Sep 2020
Kinder Morgan Inc ^{16, 20a}	KMI.N	Buy (CBE)	N/A US\$12.8022 S	Sep 2020
Knight-Swift Transportation Holdings Inc ¹⁶	KNX.N	Buy	N/A US\$40.8622 S	Sep 2020
Lockheed Martin Corp ^{4, 6b, 6c, 7, 16}	LMT.N	Buy	N/A US\$388.4222 S	Sep 2020
Lowe's Companies, Inc. ¹⁶	LOW.N	Buy	N/A US\$161.5522 S	Sep 2020
Morgan Stanley ^{2, 4, 6a, 6b, 6c, 7, 16}	MS.N	Buy	N/A US\$47.6322 S	Sep 2020
NextEra Energy Inc ^{4, 6a, 7, 16}	NEE.N	Buy	N/A US\$278.0622 S	Sep 2020
NVIDIA Corp ¹⁶	NVDA.O	Buy	N/A US\$505.5122 S	Sep 2020
Polaris Inc ¹⁶	PII.N	Buy	N/A US\$90.9022 S	Sep 2020
Quanta Services ¹⁶	PWR.N	Buy	N/A US\$50.0822 S	Sep 2020
S&P Global ¹⁶	SPGI.N	Buy	N/A US\$350.1722 S	Sep 2020
ServiceNow Inc ¹⁶	NOW.N	Buy	N/A US\$470.5722 S	Sep 2020
Teleflex Inc ¹⁶	TFX.N	Buy	N/A US\$331.8322 S	Sep 2020
The Hartford Financial Services Group ^{6b, 7, 13, 16, 20}	a HIG.N	Buy (CBE)	N/A US\$35.8422 S	Sep 2020

Source: UBS. All prices as of local market close.

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- 2. UBS AG, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
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- Because this security exhibits higher-than-average volatility, the FSR has been set at 25% above the MRA for a Buy rating, and at -25% below the MRA for a Sell rating (compared with 6/-6% under the normal rating system).

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

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