

## TODAY'S RESEARCH

AMD, COTY, KER.PA, RARE, RCM, SAP, UNH, Semiconductors, Life Science Tools, Restaurants, Refining & Marketing, Human Capital Management, Cybersecurity & Information Security, Trucking, Biotechnology, Pharmaceuticals/Major, Integrated Oils & Major Producers, WRG Washington Strategy

### Today's Research Highlights

#### Technology, Media & Telecom

##### Semiconductors

#### 3Q23 Compute, Wireless & Power Semis Preview: Another Mixed Bag; Some Positives

##### THE TD COWEN INSIGHT

Divergent dynamics still prevail across the compute/wireless landscape, though broadly skew to another mixed bag quarter (outside of NVIDIA) before a potential recovery in 2024. Cloud datacenter likely to be strongest (not yet in China or Enterprise), with PCs finding a bottom while smartphone and consumer electronics remain challenging, particularly in China. Headwinds create opportunities.

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[Link to Full Note](#)

#### Technology, Media & Telecom

##### Advanced Micro Devices

#### 3Q23 Preview: Headwinds To Datacenter Growth & Share Gains Beginning To Ease

##### OUTPERFORM (1)

##### ESG SCORE: 68/100

Symbol	NYSE: AMD		
Price Target	\$135.00		
Price (10/16/2023)	\$106.46		
Market Cap (MM)	\$172.0B		

EPS \$	2022A	2023E	2024E
TD Cowen	\$3.53	\$2.70	\$4.40
Consensus	\$3.51	\$3.00	\$4.30

##### THE TD COWEN INSIGHT

Overall we expect more of the same from AMD this quarter on the numbers. While Embedded and Gaming remain mixed bags, we see headwinds stabilizing in Client and beginning to ease in Datacenter (with a new MI300 catalyst to come). 50% H/H in Datacenter is likely a ceiling rather than consensus, but strong setup for 2024 as Genoa/Bergamo ramp gets an MI300 accelerant. Reiterate Outperform, \$135 PT.

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[Link to Full Note](#)

Health Care

Life Science Tools

3Q Preview: Lg Tools Qtr/Guides Have Risk (Is a Bottom Near?); Labs 3Qs Better

THE TD COWEN INSIGHT

At 2Q sentiment on Large Tools was the worst in 10 years & arguably it's more negative now (given risks/uncertainty w/ China/Biopharma, valuations not cheap). Good news is '24 should improve, #s are coming are down (we're cutting forecasts), sentiment is bad + drivers are in place, bioprocess is bottoming. Spec Tools are more idiosyncratic & Lab setup looks attractive given fundamentals/valuations

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[Link to Full Note](#)

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Consumer

Restaurants

Checks Rule Everything Around Me Vol 18, 3Q EPS Thoughts + Industry Chart Book

THE TD COWEN INSIGHT

Our checks suggest 3Q quick service industry sales were generally steady in July & August before bumps in Sept. We broadly model more bottom-line beats & in-line performance than misses given an easing commodity (ex-beef) & labor inflation backdrop. We are most bullish on WING & QSR into 3Q results & most cautious on a soft WEN 3Q top-line, though reduced G&A could mitigate the bottom-line impact.

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[Link to Full Note](#)

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Energy

Refining & Marketing

Refining Preview: Adjusting 3Q23 Estimates

THE TD COWEN INSIGHT

Refiners have come off recent highs as gasoline cracks responded to depressed demand, though we expect margins to stabilize. Equities near-term could be impacted by divergent 4Q revisions and buyback pacing. We see better 4Q revisions for PSX among large caps and PARR among SMIDs. DINO buyback could be supportive for the stock near-term while PBF's buyback could become more pronounced in 2024.

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[Link to Full Note](#)

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## Other Research Today

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### Capital Goods/Industrials

#### Trucking

#### Quarterly Transportation Packet

##### THE TD COWEN INSIGHT

Our quarterly transportation packet provides a summary of our numerous proprietary research reports on the transportation industry as we move through third quarter earnings.

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### Technology, Media & Telecom

#### Human Capital Management

#### 3Q23 HCM Preview: Another Quarter With Similar Fundamental Message & Sentiment

##### THE TD COWEN INSIGHT

We expect a broadly consistent message with 3Q HCM sector results. Not much as changed: we anticipate updated outlooks to embed a continuation of healthy HCM demand and likely float revenue upside, but limited-to-no client employment growth. We are most favorable on 3Q setups of PCTY, ADP & ASUR and have balanced views on setups of PAYC, CDAY & PYCR.

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[Link to Full Note](#)

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### Health Care

#### Biotechnology

#### TD Cowen ESMO 2023 Planner

##### THE TD COWEN INSIGHT

The TD Cowen Research Team will be in attendance at the ESMO 2023 annual meeting and has assembled a list of titles relevant to companies under coverage. The ESMO planner provides a curated schedule for the full conference, which spans from Friday, Oct. 20th, to Tuesday, Oct. 24th.

*The comprehensive planner PDF is attached, but feel free to request the Excel file from your sales representative.*

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[Link to Full Note](#)

Technology, Media & Telecom

**Cybersecurity & Information Security**

Cybersecurity 3Q23 Preview: BBAI, CLBT, CHKP, CYBR, EVLV, FTNT, NET, TENB, VRNS

**THE TD COWEN INSIGHT**

For 3Q23, we expect Cybersecurity to deliver solid results reflecting healthy demand. Trading at 6x 2024E Consensus revs, the group benefits from a hostile threat landscape, tightening regulations, and Cloud/Digital Transformation. Back-end loaded activity, elevated deal scrutiny, delayed decision-making and elongated sales cycles persist. War in the Middle East increases risk for some names.

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[Link to Full Note](#)

Energy

**Integrated Oils & Major Producers**

IOC 3Q23 Earnings Preview: Expect M&A Focus to Re-Emerge

**THE TD COWEN INSIGHT**

We see upside to TTE 3Q consensus EPS while US IOCs appear in line with consensus. XOM's recent M&A is likely to reignite speculation for peers; we expect this group to continue to be an industry consolidator, though do not see XOM's deal impacting the pace of that trend. Investors continue to favor XOM over CVX with execution risks for the latter likely to persist into 2024.

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[Link to Full Note](#)

Consumer

**Coty**

Initiate Market Perform: Paris To The World - A Fragrance Leader With Growth

**MARKET PERFORM (2)**

**ESG SCORE: 65/100**

Symbol	NYSE: COTY		
Price Target	\$11.00		
Price (10/16/2023)	\$9.75		
Market Cap (MM)	\$8.4B		
<b>EPS \$</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>
TD Cowen	\$0.53	\$0.45	\$0.55
Consensus	-	\$0.47	\$0.56

**THE TD COWEN INSIGHT**

We initiate with a Market Perform and \$11 PT based on ~20x FY2 P/E. We like abundant growth opportunities, which leverage fragrance, distribution & innovation expertise, but monitor execution as COTY scales its prestige skincare & cosmetics brands (~8% of sales) and grows double digits in China & travel retail, which are competitive avenues given the strong brand equity of legacy brands.

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[Link to Full Note](#)

Consumer

## Kering SA

### 3Q Preview: Lowering EPS, Valuation Appears Attractive but Near-Term Hurdles

OUTPERFORM (1)

ESG SCORE: 65/100

Symbol	NXT PA: KER.PA		
Price Target	€550.00 (Prior €670.00)		
Price (10/16/2023)	€410.00		
Market Cap (MM)	€50.9B		
<b>EPS €</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>
TD Cowen	€30.39	€28.76	€33.02
Prior	-	€30.59	€35.06
Consensus	€30.42	€28.39	€30.86

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#### THE TD COWEN INSIGHT

**Cloudier Near-Term Trends.** We remain excited about the innovation and product changes ahead at Gucci (52% of rev), and KER's overall agility, but we think it's prudent to moderate our 3Q & 4Q estimates lower following LVMH's 3Q results last week, which indicated a deceleration in Europe and APAC. Our 3Q organic sales estimate goes to -7.7% from our original +0.3% and compares to the Street's -4%.

[Link to Full Note](#)

Health Care

## Pharmaceuticals/Major

### Launch Monitor: Latest Rx Trends For Key Diabetes/Obesity Drugs

#### THE TD COWEN INSIGHT

Mounjaro (LLY) and Ozempic (NVO) trends have tempered somewhat. Trulicity (LLY) declining Q/Q but Rx up YoY. Listing on FDA shortage website persists for 2mg Ozempic dose. Wegovy Rx lower as NVO restricts supply of starting doses to manage demand with resolution timing unclear.

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[Link to Full Note](#)

Health Care

## R1 RCM

### Concerns Appear Largely Unfounded; View Attractive Risk/Reward At Current Level

OUTPERFORM (1)

ESG SCORE: 57/100

Symbol	NASDAQ: RCM
Price Target	\$26.00
Price (10/16/2023)	\$12.11
Market Cap (MM)	\$5.1B

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#### THE TD COWEN INSIGHT

After reviewing claims made in a short report, we believe the report makes inferences based on issues that are easily explainable. Importantly, we don't believe the company will miss 3Q23 est. due to lower incentive fees, and we expect the company will address many of the issues when RCM reports 3Q in early Nov. We view reaction as overblown and believe this presents a buying opportunity.

[Link to Full Note](#)

## Technology, Media & Telecom

### SAP

#### 3Q Preview: Partner Survey Shows Solid 3Q But Weaker 4Q Outlook

##### MARKET PERFORM (2)

##### ESG SCORE: 69/100

Symbol	NYSE: SAP   XETRA: SAPG.DE		
Price Target	\$140.00   €127.00		
Price (10/16/2023)	\$130.70   €122.66		
Market Cap (MM)	\$159.0B €150.7B   €150.7B		
EPS \$ €	2022A	2023E	2024E
TD Cowen	€4.03	€5.07	€6.21
Consensus	€4.43	€5.52	€6.55

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##### THE TD COWEN INSIGHT

SAP reports 3Q on 10/18. Our partner survey showed 62% of partners met/beat targets, up from 48% in 2Q. While this was encouraging, commentary on forward qtr pipelines was weaker and the avg growth outlook for '23 down-ticked to +6%, down from +9% 3 months ago. These data points are favorable for 3Q, but are modestly cautious for 4Q and we generally look for mgmt to reiterate its FY23 guide.

[Link to Full Note](#)

## Health Care

### Ultragenyx

#### Analyst Day Highlights Solid OI/AS Data, Gene Tx Pipeline + New AD Spinout

##### OUTPERFORM (1)

##### ESG SCORE: 55/100

Symbol	NASDAQ: RARE
Price Target	\$59.00
Price (10/16/2023)	\$37.02
Market Cap (MM)	\$2.6B

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##### THE TD COWEN INSIGHT

Longer term Angelman data shows solid efficacy across multiple domains that improved over time. Dose expansion update in H1:24 should confirm therapeutic window/Ph3 dose. Initial Wilson data encouraging and support dose escalation (next update in H1:24). Optimized gene tx manufacturing supports pipeline expansion including new AAV-PPCA asset for Alzheimer's, which RARE plans to spin out by YE:23.

[Link to Full Note](#)

## Health Care

### UnitedHealth Group

#### UNH Model Update; Modest Increase to Estimates and Target

##### OUTPERFORM (1)

##### ESG SCORE: 52/100

Symbol	NYSE: UNH		
Price Target	\$605.00 (Prior \$555.00)		
Price (10/16/2023)	\$538.03		
Market Cap (MM)	\$498.4B		
Revenue \$	2022A	2023E	2024E
TD Cowen	\$324,162.0	\$370,177.2	\$399,609.7
Prior	-\$367,803.1 \$388,665.7		

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##### THE TD COWEN INSIGHT

Raising 2024-25 EPS by 3/2% respectively as we contemplate stronger commercial and MA enrollment as well as larger corporate G&A reductions as offset to OptumHealth margins that we anticipate will remain below LT guidance of 8-10%. With 2024 guidance now de-risked and macro tailwinds of "higher-for-longer" and GLPs, we increase our target 2024 P/E from 21x to 22x and our target from \$555 to \$605.

[Link to Full Note](#)

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## Macro Commentary Today

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### WRG Macro Commentary

## WRG Washington Strategy

### [White] Smoke on the Water: Jordan Getting Close on Speaker Vote — Next Steps

#### THE TD COWEN INSIGHT

- Founding Freedom Caucus Chair Rep. Jim Jordan (R-OH) getting very close to 217 votes for Speaker
- Public vote begins at 12 PM; Jordan strategy to force the public House vote to put GOP holdouts on record — and invite ire of MAGA grassroots given Trump's support of Jordan
- Jordan likely to push a CR to Mar 1 from Nov 17; Ukraine/Israel aid could pass by Nov 17, but unclear
- 31 days to shutdown

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[Link to Full Note](#)

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## Upcoming Conferences

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### FALL ONCOLOGY INNOVATION SUMMIT: INSIGHTS FOR SITC AND ASH

November 3, 2023

Virtual Summit

### HUMAN CAPITAL MANAGEMENT SUMMIT

November 13-14, 2023

Virtual Event

### DC DAY: 2024 POLICY OUTLOOK - ELECTIONS, CLIMATE, CLEAN ENERGY & TRANSPORT

January 17, 2024

Washington, DC

### 45TH ANNUAL AEROSPACE & DEFENSE CONFERENCE

February 13-14, 2024

Arlington, VA

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**TD COWEN EQUITY RESEARCH RATING DEFINITIONS**

**Outperform (1):** The stock is expected to achieve a total positive return of at least 15% over the next 12 months

**Market Perform (2):** The stock is expected to have a total return that falls between the parameters of an Outperform and Underperform over the next 12 months

**Underperform (3):** Stock is expected to achieve a total negative return of at least 10% over the next 12 months

**Assumption:** The expected total return calculation includes anticipated dividend yield

**TD Cowen Equity Research Rating Distribution**

**Distribution of Ratings/Investment Banking Services (IB) as of 09/30/23**

Rating	Count	Ratings Distribution	Count	IB Services/Past 12 Months
Buy (a)	620	67.10%	173	27.90%
Hold (b)	298	32.25%	48	16.11%
Sell (c)	6	0.65%	2	33.33%

(a) Corresponds to "Outperform" rated stocks as defined in Cowen and Company, LLC's equity research rating definitions. (b) Corresponds to "Market Perform" as defined in Cowen and Company, LLC's equity research ratings definitions. (c) Corresponds to "Underperform" as defined in Cowen and Company, LLC's equity research ratings definitions. Cowen and Company Equity Research Rating Distribution Table does not include any company for which the equity research rating is currently suspended or any debt security followed by TD Cowen Cross-Asset Research.

Note: "Buy", "Hold" and "Sell" are not terms that Cowen and Company, LLC uses in its ratings system and should not be construed as investment options. Rather, these ratings terms are used illustratively to comply with FINRA regulation.

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