Stock	Buy / Short	Thesis	Current Price	Target Price
INSY	BUY	Insys Therapeutics headquartered in Chandler, Arizona is a companies operating in the opioids segment, which is a very controversial and moving business overall. Most governments forbid the non-medical use of drugs such as morphine for example. In that aspect companies selling opioid derived products for purposes of pain reduction are very lucrative but not risk free due to legal restraints. Currently the company was able to increase their revenue by 2037% from 2012 to 2015 and generate a Net income of $58.5 million (2015) against $(24.4) million (2012) earlier. This increase of revenue which is mostly related to their only approved product (SUBSYS) can only make the investors wonder what would imply the release of their 7 products currently in testing. All these products have different purposes and aims different type of clients in order to broaden the market share of the company. In addition to this increase of revenue the company can only benefit from the legalization of drugs such as marijuana in several states. This legalization underlines the modification of the social vision on drug uses and could imply growth for companies like Insys Therapeutics.	$ 17.49	$ 23.34
SEDG	BUY	Since their IPO on March 25, 2015, SolarEdge has outperformed their earnings estimates in each quarter. SoalrEdge has positioned themselves with a high potential to be a prominent company within the solar equipment sector of the information technology industry. Since 2013, SolarEdge has increased their profitability margins down the income statement, and shows strong signs of further improvement. SolarEdge is also best in class in terms of value creation. The information technology industry as a whole has demonstrated high growth, which is forecasted to continue in the near future.	$ 25.05	$ 33.80

VRX	BUY	It is no secret that Valeant is currently experiencing internal troubles. After being caught using questionable accounting policies which showed issues in revenue growth; the market saw Valeant as the next Enron. The high amount of debt that Valeant currently holds is also a bit of a red flag to the market. With all of this going against Valeant; they have recently shown some light and have proved the skeptics wrong in a sense. With key personnel changes, a change in company policy and high level investors supporting them; the future for Valeant could be far greater than many have projected. A company of this size and market presence has one thing that many companies in their situation do not have; and that is a second chance which they have been given. The market believes that Valeant has bottomed out as my analysis will argue and that the future for them is immense. The delayed 10-k has hurt investor confidence for the short term; but the information given by many suggests that there will be no more bad news once it is published. This shows a high potential for short term earnings as I will explain. This company is currently experiencing very high trading volumes which suggests that positive news will produce more than favorable outcomes for this company. The credit facility has recently extended Valeant's debt; which has decreased the default probability dramatically. I personally believe that this stock is completely undervalued and has a high chance of short term gain.	$ 33.71	$ 44.20

OA	BUY	Orbital ATK just completed its first fiscal year of operations after its 2015 merger. Since then, the new company proved it achieved even more synergies than targeted and is planning on even more cost reductions and revenue growth over 2016 and beyond. Knowing that the company is already placing itself among the top industry performers in term of efficiency, and that there is still room for improvement thanks to the merger, the stock may continue to outperform and bring more capital returns as the price will adjust to the new financial results and expectations. Its improving cash generation will improve and enable a lot of value to shareholders via increasing dividends and share repurchase program. Furthermore, the company is going to invest in 2016 in three major growth investments in each of OA's segments to solve the slow growth in sales, and is expected to bring huge returns on investments. Then, the current geopolitical situation, where the military expenditures of every key nations are increasing, and where the terrorist threats is becoming more and more present, will positively affect the Aerospace & Defense Industry. Given all those reasons, OA is in a very good position to grow and gain more and more interests from investors.	$ 86.91	$ 104.00

EXP	SELL	In the last two years Eagle has capitalized on their great success in the cement market by using accumulated earnings to purchase a relatively small hydraulic fracturing operator. Through this purchase the company has left itself exposed to a serious of unnecessary risks that appear to have been caused by unwise management. With the price of oil dropping last year it was arguably the worst time in recent history to have made this type of acquisition. Eagle now has a massive investment in an industry that has unfavorable outlooks. Their most profitable and largest segment is cement sales, which has seen a relatively stable margin until the last 3 years. Cement has risen in price on the consumer market in the last year, however this is a side effect of the increase in costs of production. It is unlikely that Eagle will be able to maintain the margins they have experienced in the last 3 quarters. Continuing in line with the decision to acquire an oil and gas company during an inadvisable period of time, the management team at Eagle has also made questionable decisions with whom they do business. Eagle has been drawn into a class action lawsuit due to their business partnerships with three companies who perform operations related to the gypsum industry. The anti-trust lawsuit has been ongoing since January and will be for some time. Although the outcome of this lawsuit may not be felt in this fiscal year, the potential for negative impact is significant.	$ 70.97	$ 57.00
PLAY	BUY	Dave & Buster's Entertainment Inc. (NASDAQ:PLAY) has a unique business model with the ability to eat and play under the same roof. They is backed by their slogan of Eat, Drink, Play, and Watch Sports! Despite having such unique characteristics, D&B only has 81 stores in 30 states. There is great growth potential for them to add new stores and continue to grow revenues. They are the best in class due to the unique model that they possess resulting in increasing margins and a competitive advantage over their competitors. At a price of $38.83, Dave & Buster's is considered a BUY. With a one-year target of $51.78, an upside potential of 33.3% can be seen	$ 38.83	$ 51.78

M	SELL	Macy’s has seen a decrease in revenue growth ever since 2011. This is because there has been a consistent decrease in same store sales starting in 2012. In 2012, same store sales were growing at 5.30% and in 2015 they have decreased to -3%. Without any increase in same store sales, that means that there is no organic growth within the business and that the market is almost completely saturated. For Macy’s to reverse this trend, they would need to come up with a new competitive strategy to differentiate themselves from the rest of the industry in order to steal more of the market share. Another occurrence that should have investor’s worried is the amount of stores that have closed within the last year. Macy’s closed 41 stores in 2015 which is double what it was in 2014. This is quite troubling for this company. In the most recent earnings call, Macy’s stated that one of their keys to rebounding from a troubling 2015 was the expansion of their mobile and online business. It was also stated that have stores in the area builds more awareness to shop with them online and it one of the keys to their online success. But if they are closing more stores then they are opening, then it must have a negative impact on their growth in the online segment.	$ 39.65	$ 30.20
USCR	BUY	US Concrete, Inc., through its subsidiaries, has become a well-established and reputable contractor for aggregate concrete in the United States. Through strategic acquisitions and notable revenue growth, the company has expanded its margins, improved its position in a competitive market, and become a profitable stock over the past two years. It will become clear through the aforementioned theses along with a DCF valuation method with a focus on return on invested capital that this company is undervalued. However, this is not very surprising since USCR is a company with fairly low trading volume. The six analysts covering this stock up to date have an average price target of $70.	$ 62.50	$ 71.70

GOGO	BUY	Gogo just recently unveiled their brand new 2ku technology in late 2015. With the new technology they can accomate many more people while keeping speeds up. In early 2016, American Airlines filed a lawsuit against Gogo. American Airlines accounted for around 35% of revenues, so it was critical for Gogo to not lose their business. During this time the stock price dropped by about 8%. The reason for the lawsuit was more of a scare tactic rather than actually wanting to terminate its contract with Gogo. Since the lawsuit Gogo has signed two more airlines, Air Canada and Beijing Shareco, and the stock price only moderately risen meaning that investors are still most likely reluctant about investing in Gogo due to the American Airlines lawsuit, even though demand in the industry is expected to grow. It was currently reported that 90% of global passengers brought a Wi-Fi enabled device on a plane with them, citing an added need for airlines to provide Wi-Fi to their customers. In the study it also noted that 32% of US & Canada and 55% in other regions said that Wi-Fi is an important factor when deciding which airline to choose. Airlines are already extremely competitive meaning to help them stay on the cutting edge, it is imperative for them to invest in in-flight Wi-Fi to help accommodate their customer's needs. This will lead to increased demand for Gogo in the future.	$ 10.89	$ 15.30
IDTI	BUY	Integrated Device Technology, Inc., or IDT, is a value creating semiconductor company. This is supported by their increasing revenue and strong margins. IDT is also out performing its semi-conductor competitors. With acquiring Zentrum Mikroelekronik Dresden AG, or ZMDI, it has expanded its markets to the highly growing automotive and industrial sectors. IDT also remains innovative with their consistent new product releases. IDT is gaining a competitive advantage by partnering with industry leaders. The company's high ROIC/WACC margin shows IDT is increasing value at a higher rate than its competitors. The company plans to be at the leading end of the market in wireless mobile communication charges. IDT shows potential for future success no matter what direction the technology market takes. Even after analyst over optimistic projections were accounted for IDT has a target value of $23.91. And after its latest earnings call on February 1st, 2016 IDT stock price plunged from $25.50 to $16.56. The stock only rose to about $19 making it an opportune time for a long position buy.	$ 19.26	$ 23.91

DSW	BUY	DSW is a company that knows how to deal with demand and focuses on dollar margin, which makes it a company with predictable steady revenue, and a safe stock. Moreover it is likely that the company will benefit from lower raw materials prices this year to reduce their costs and increasing their margins. The company has had a decrease in its stock price recently very likely attributed to a big shift in management which the retirement of the previous CEO and the appointment of a new one, this appears to make DSW undervalued as the expectations about the new management should not be negative. Last but not least, DSW has a lot of developing opportunities for its near future which will logically increase its revenues and make the brand stronger.	$ 26.09	$ 35.07

Macroeconomic Overview

U.S. Markets

Index	Weekly % Change	YTD % Change
S&P 500	-1.35%	+0.18%
Dow Jones Industrial	-1.21%	+0.87%
NASDAQ Composite	-1.30%	-3.13%
Russell 2000	-2.00%	-3.59%
VIX	+17.25%	-15.65%

U.S equities indexes followed a bearish trend this week, stopping the firm rally that began in February. Indeed, markets experienced their worst week since February. The S&P 500 started the week by losing 1.01% on Monday, but it erased this lost on Tuesday thanks to a rally in oil prices and a good ISM Non-Manufacturing PMI March report at 54.5, beating the consensus of 54.0. On Thursday, The Federal Open Market Committee released its meeting minutes allowing investors to gain insights on the committee's perspectives after a 3 week lag. Even if the committee was not unanimous, a hike rate in April is very unlikely. The Federal Reserve still worries about the global financial and economic developments, such as a weaker growth in China, that could impact the inflation target rate and the domestic economic growth. In addition, the increasing volatility of the market – the VIX recorded a weekly gain of 17.25% - support the FOMC's conclusions that consider that hiking rates in April "would signal a sense of urgency they did not think appropriate." The Federal Reserve Chair also stated that the US economy is still recovering from the crisis, driving the S&P 500 index on a 5 days loss of 1.35% at 2,047.60 level, while the Dow Jones Industrial decreased to 17,576.96 for a 1.21% weekly loss. The NASDAQ Composite, the technological index, finished the week on 1.30% loss at 4,850.68 level, increasing its year to date loss to 3.13%. As usual, the Russell 2000, the small cap index, suffered more broadly from the general bearish trend with a weekly drop of 2.00%, extending its year to date loss to 3.59%. In the meantime, oil prices have followed a relative upward trend over the week. The West Texas Intermediate oil futures for delivery in May began the week around a price of $36.40 a barrel and end it at $39.50/barrel, while Brent contracts attained a level of $39.60/barrel, for a rise of 1.18% over the week. Regarding the precious metals market, gold finished the week at $1240.69/ounce with a 2.08% weekly gain while silver ended the week on a 3.04% gain at $15.37/ounce. The major event in corporate news this week was the termination of the $160 billion merger between Pfizer and Allergan. On Monday, the Treasury Department issued new regulations to prevent US firms from using inversions techniques, which consists in US companies moving from the American tax environment to a more favorable foreign taxation environment. Allergan being an Irish based company, the deal was terminated, and Pfizer will have to pay a $400 million fee. Next week, investors will look closely at retail sales and crude oil inventories report on Wednesday and core CPI report on Thursday.

S&P 500, DJIA, NASDAQ Composite, Russell 2000 5-day chart.

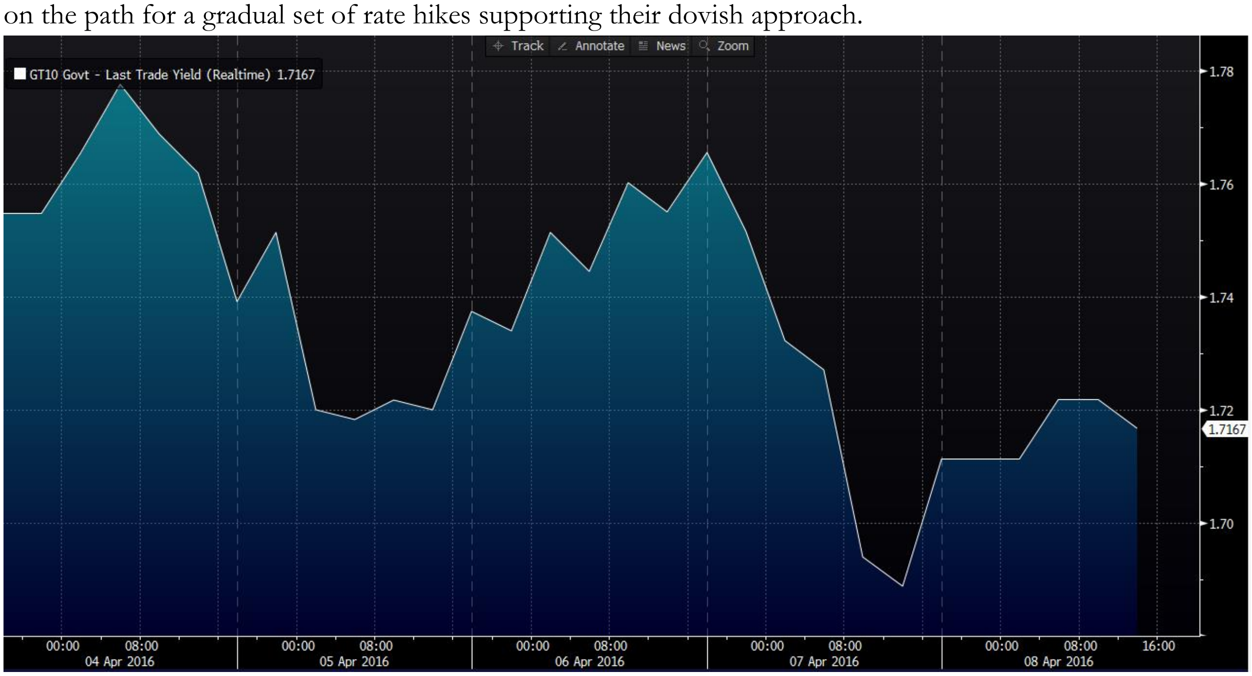
International Markets

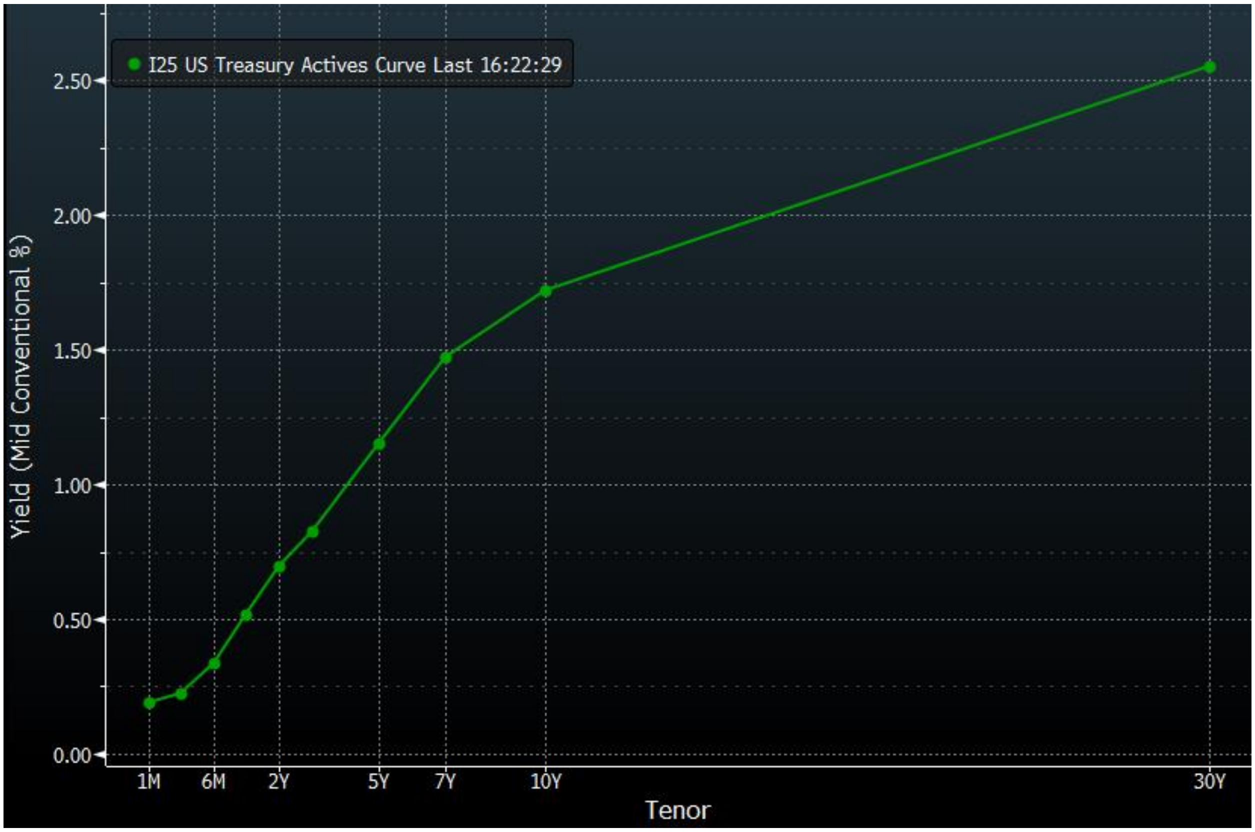
Index	Weekly % Change	YTD % Change
BE 500	-0.44%	-9.50%
Stoxx Europe 600	-0.39%	-9.28%
DAX	-1.76%	-10.43%
FTSE 100	+0.95%	-0.61%
CAC 40	-0.44%	-7.20%
Nikkei 225	-2.12%	-16.88%
Shanghai Composite	+0.63%	-15.66%
Shenzhen Composite	+0.11%	-17.09%

International equity markets showed mixed performance last week but remained quiet stable. The Stoxx Europe 600 stayed almost flat with a slight decrease of -0.39% amid concerns about global growth. Despite a disappointing manufacturing production (MoM) report on Friday, which was at -1.1% compared with a consensus at -0.2%, U.K's FTSE 100 Index finished the week with a gain of 0.95% at its highest level since the beginning of the year at 6,204.41 points. The French CAC 40 index, ended the week on a nearly flat performance of -0.44% at 4303.12 points. The Bank of France increased its growth estimate for the fourth quarter while the industrial production (MoM) was down by 1.0% with a consensus at -0.4%. At the same time, the German DAX was down by 1.76% despite the European Central Bank Chief, Mario Draghi, comments that the ECB will do "whatever is needed" to lift inflation. The Bloomberg European 500 also stayed quiet stable with a -0.4% loss. In Asia, Japan's Nikkei 225 kept following its downward trend with a drop of 2.12% over the week. The Japanese Manufacturing PMI went below 49.1 march, a level which has not been attained since April 2015. Chinese markets secured little gain over the week with the Shanghai Composite and Shenzhen Composite increasing by 0.63% and 0.11% respectively. Next week, China will release its consumer price index on Monday and its retail sales, GDP and industrial production on Friday. The bank of England monetary policy will meet on Thursday and year to year CPI date will be released on Tuesday. The Eurozone will also release its CPI (YoY) on Thursday.

Bond Report

This week, the US Treasury yields reported their largest weekly decline in over eight weeks due to the dovish approach taken by the Federal Reserve early last week. As of now there is little expectations for a rates increase by the Fed, reflected in the futures market. On Monday, treasury yields decreased as a result of investors buying government bonds due to the prior week's strong employment data. The decrease was also due to the effects of Federal Reserve Chairwomen Janet Yellen's dovish comments last week. This action in the Treasury market is being seen as a flattening of the yield curve characteristically signalling investors expecting for weakness in the economy and low inflation. As of now there is a 26% probability of a rate increase by June, and only a 50% chance by the end of the year. Treasury yields dropped to their lowest levels in nearly two months, on Tuesday. In Europe yields decreased as well. Worries over restrained growth renewed fears over a British exit, from the European Union, and a Greek exit, from the Eurozone. Investors' concerns about weakness in economic growth and the Fed's dovish approach are the main drivers for treasury yields plummeting. On Wednesday, Treasury yields were lifted from a nearly two month low reached a day earlier. The main driver was a rally in risk assets, primarily equities and oil. This catalysed the selling of Treasurys and other assets perceived as safe amongst the global stock-market weakness. On Thursday, Treasury yields plunged to their lowest levels in eight weeks. Amongst a renewed selloff in the equity and oil markets investors pursued the safety of government bonds. The number of Americans who applied for unemployment benefits are at their lowest level in decades. Despite jobless claims matching expectations treasury yields still declined. The two-year Treasury dropped by 4.2bps to 0.696% and the 30-year Treasury fell 6.4bps to 2.514%, on Thursday. Treasury yields experienced modest gains on Friday. Although, due to low trading volumes analysts warn not to be concerned with the changes. The Fed remains dovish projecting only two rate hikes expected this year from the earlier projection of four. Overall, the two-year Treasury rebounded 1.6bps to 0.740% on Tuesday, but decreased by 6.1bps over the week to finish at 0.697%. The 10-year treasury yield also declined 7.1bps over the week and finished at 1.718%. While the 30-year Treasury on Tuesday rose 3.2bps to 2.580%, but fell 4.4bps over the week to finish at 2.553%. Treasury prices are being driven by the price of other assets and continue to fall as the Fed remains on the path for a gradual set of rate hikes supporting their dovish approach.





What's next and key earnings

On Monday April 4th, February's factory order report was released. Despite this year's decrease in the dollar there was a negative February report. Factory orders fell 1.7% after a strong January including a drop in non-durable and durable orders. This decrease in non-durable orders reflects a weakness in petroleum and coal products. Core capital goods fell 2.5% signaling trouble for business investors. However, inventory-to-shipments ratio of 1.37 was supported by the fall of inventories as a result of declines for total shipments and unfilled orders. The international trade report for February was released, on Tuesday. The report was mostly positive with the trade deficit coming in at a wider than expected $47.1billion. Domestic demand rose with imports. Foreign demand was also up as exports increased. Although, there is signals of weakness on the export side indicating weak global business investment. The ISM non-manufacturing report was released, on Tuesday. ISM non-manufacturing index rose sharply to 54.1 in support of strong economic growth for a majority of the US economy. The strength in backlogs and output is a good sign for employments. This report might be an early signal of the optimistic effects of the lower dollar. The JOLTS report for February was released showing a decline in job openings. Thanks to a hiring rate rise there are confident signs that new workers can easily enter the labor market. On Wednesday, the EIA Petroleum status report was released for the April 1st week. Crude oil changed course and fell 4.9million barrels. While gasoline and distillates rose slightly. On Thursday, jobless claims support ongoing strength in the US labor market as jobless claims are at record lows.

Dave & Buster's Entertainment Inc.

NASDAQ:PLAY

Analyst: Andrew Varone
Sector: Consumer Discretionary

BUY

Price Target: $51.78

Key Statistics as of 4/8/2016

Market Price:	$38.83
Industry:	Hotels, Restaurants and Leisure
Market Cap:	$1.63B
52-Week Range:	$29.54-$43.35
Beta:	N/A

Thesis Points:

- D&B has successfully rebranded themselves to compete with competitors
- Organic growth through promotions ran.
- Growth potential due to untapped markets in many states and overseas.
- Fastest growing segment, gaming, has best margins and is creating value.

Company Description:

Dave & Buster's Entertainment Inc. owns and operates high-volume venues that combine dining and entertainment in North America for both adults and families. The Company operates entertainment centers that offer a full menu of food and beverage items combined with a wide assortment of entertainment attractions, including skill and sports oriented redemption games.

Thesis

Dave & Buster's Entertainment Inc. (NASDAQ:PLAY) has a unique business model with the ability to eat and play under the same roof. They is backed by their slogan of Eat, Drink, Play, and Watch Sports! Despite having such unique characteristics, D&B only has 81 stores in 30 states. There is great growth potential for them to add new stores and continue to grow revenues. They are the best in class due to the unique model that they possess resulting in increasing margins and a competitive advantage over their competitors. At a price of $38.83, Dave & Buster's is considered a BUY. With a one-year target of $51.78, an upside potential of 33.3% can be seen

Porter's 5 Forces

Threat of New Entrants: Low
There is a high capital requirement that is needed to open stores and fund operations. Also, there is the capital needs to operate at the beginning when times are slow. Customers will start going to a new restaurant if it has a recognizable brand name or by advertisement. A reputation has to be built up that the company has good service.

Bargaining Power of Suppliers: Low
There is a multitude of suppliers with regards to food, TVs and other electronic entertainment. This has them competing against each other to be the supplier for the company. There is substitutes readily available if an individual supplier is no longer used.

Threat of Substitute Products: High
There is no cost to the buyer by switching where they want to eat. Also, substitutes such as fast food is cheaper than the prices that would be paid at Dave & Buster's.

Bargaining Power of Buyers: Medium
When choosing a place to go out to eat, buyers have a multitude of places that they can choose from. The reason that this is medium is because the product differentiation that D&B has. They are one of the only companies to offer both food and gaming in the same establishment.

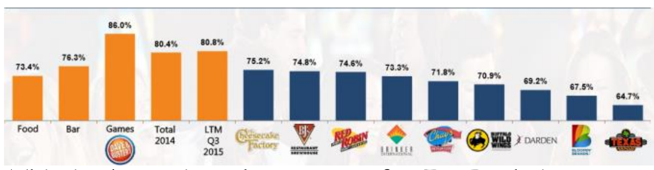
Competitive Rivalry: High
Any restaurant, whether it is a chain or family owned, is competing for the same customers as D&B. Though having entertainment through gaming adds product differentiation, D&B is now competing with other forms of leisure. This could be movie theaters or other arcades.

Re-Branding

The original motto of Dave & Buster's was Eat, Drink and Play! This slogan left individual's view of D&B that it was just an arcade for adults. Though D&B has a unique business model of combining food and leisure, it still has the aspects of a sports bar. In the bar/restaurant section of the establishment, there is a wall of TVs. This can be expected from any sports bar. The problem is that individuals would not know that the big fight is on at D&B unless they have been there before. Even then they might not know depending on whether they even went into the bar section. To help themselves better compete with sports bars, D&B has a now slogan. Eat, Drink, Play, and Watch Sports! This has helped D&B better compete with sports bars as their revenues have increased since introducing this slogan.

Value Creation

D&B has better margins than their competitors due to the addition of gaming. With the arcade sales now surpassing that of food & beverage, D&B has seen improving margins. For the past year, arcade sales consisted of 53% of all revenues. This is up from 2011 when the arcade only consisted of 49% of all revenues. The profit margins that comes from games is 86% while the margins from food is 73%. This equates to total profit margins of around 81%. This is much higher than any other of their competitors.



This is the main value creator for D&B, their segment with the greatest margins, games, is growing faster than any other segment. Despite D&B making a push to be seen as a sports bar, this trend of game revenues growing faster than food revenue is most likely to continue. The reason is people go to D&B for the product differentiation that they possess. They are able to eat, drink, play games and watch sports all in the same establishment. People will continue to go to D&B because of the arcade that is possess with the newest and the customer's favorite games that D&B has. They will go even if they do not eat. Contrary, no one goes to eat at D&B without playing any of their games.

Growth Potential

Despite D&B having a competitive niche in the market, they are far from their total potential. They currently have 81 stores in 30 different states and Canada. None of these stores are franchised and all are company owned.

In the past, D&B has not grown as fast as they liked with the introduction of new stores. They are fairly optimistic on their future of further growth due to the past success the company has seen. In 2014, 18 new stores were opened. This was over 22% of their total stores in one year. For this upcoming year, they have 19 leases signed and already 5 new stores under construction. Going into the future, D&B has identified 200 spots for new stores in North America alone. This has been done without the untapped potential that is international stores. With D&B's aggressive growth, they will continue to improve margins not only through the arcade growing segment but economies of scale.

Promotions

As started earlier, consumers hold a lot of power when choosing where to eat. D&B runs a multitude of promotions to try and get a wide range of customers into their stores. This promotions include: half-priced games on Wednesday, Eat and Play combos, unlimited wings first three Sundays of NFL action, as well as a variety of events that the stores themselves host. This is a ploy in getting the customer to return to the store. Another promotion that they run is that if the customer spends $23 on games, they can come spin the wheel. The wheel includes different prizes as well as coupons for games. These are ways that D&B has been successful in getting their customers to return to their store.

Competitors

As discussed prior, D&B has better margins than any of their competitors. Their margins have continued to grow due to their gaming segment being the fastest growing segment. Despite D&B's aggressive expansion, they have continued to improve on same-store sales. With the passing of every year, a new high in same-store sales is achieved. 2015 was no different for D&B as they posted an 8.9% for same-store sales. This is much higher than their competitors such as Buffalo Wild Wings, who had a 4.2% same-store sales. The competitor with the next closest margins to D&B, Cheesecake Factory, only had a 2.6% same-store sales. Not only has D&B have the highest margins but, are having success in stores once they are open. This shows organic growth for them.

Conclusion

At a price of $38.83, Dave & Buster's is considered a BUY. Their ability to rebrand has left them able to compete with other foods services, more specifically sports bars. They have growth potential due to a number of potential store and due to a possible international presence. Lastly, D&B has continued to beat out competitors in margins and same-store sales and are creating value due to their fastest growing gaming segment.

Siena Market Line
2nd week of April 2016

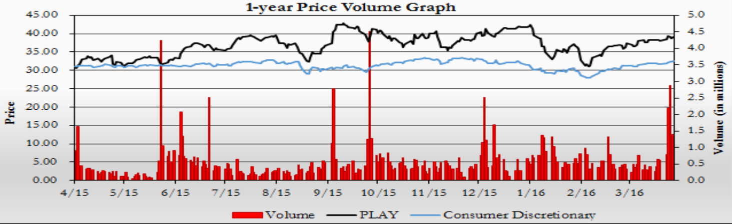
Dave & Buster's Entertainment, Inc. (PLAY)

CENTER FOR GLOBAL FINANCIAL STUDIES

BULLISH

Analysis by Andrew Varone	Current Price:	$38.83	Intrinsic Value	$45.80	Target 1 year Return: 33.34%
4/8/2016	Divident Yield:	0.0%	Target Price	$51.78	Probability of Price Increase: 99%

1-year Price Volume Graph



Description

Dave & Buster's Entertainment, Inc. owns and operates entertainment and dining venues for adults and families in North America.

General Information

Sector	Consumer Discretionary
Industry	Hotels, Restaurants and Leisure
Last Guidance	November 3, 2015
Next earnings date	NM
Estimated Country Risk Premium	7.29%
Effective Tax rate	40%
Effective Operating Tax rate	35%

Market Data

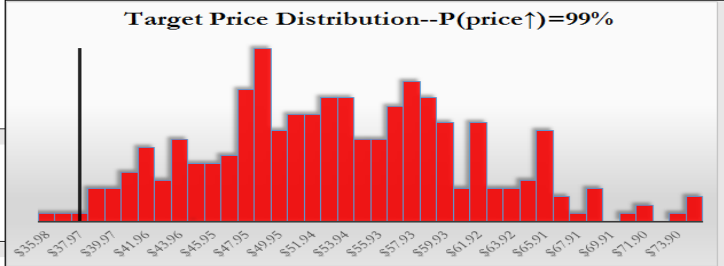
Market Capitalization	$1,625.42
Daily volume (mil)	1.42
Shares outstanding (mil)	41.67
Diluted shares outstanding (mil)	42.78
% shares held by institutions	55%
% shares held by investments Managers	72%
% shares held by hedge funds	12%
% shares held by insiders	1.34%
Short interest	9.21%
Days to cover short interest	5.70
52 week high	$43.35
52-week low	$29.54
Levered Beta	
Volatility	0.00%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
2/1/2015	1.38%	1.70%
5/3/2015	2.74%	7.05%
8/2/2015	6.38%	11.95%
11/1/2015	3.97%	5.89%
1/31/2016	2.12%	6.90%
Mean	3.32%	6.70%
Standard error	0.9%	1.6%

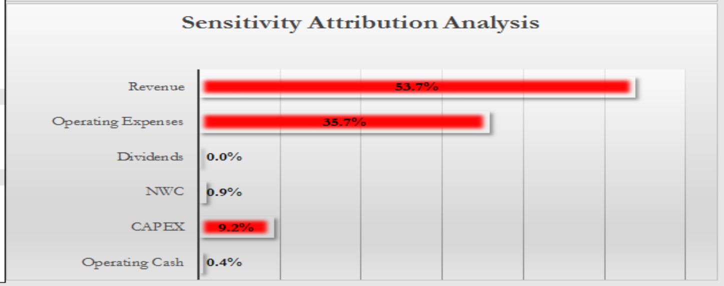
Peers

BJ's Restaurants, Inc.
Dunkin' Brands Group, Inc.
Texas Roadhouse, Inc.
Buffalo Wild Wings Inc.
Six Flags Entertainment Corporation
SeaWorld Entertainment, Inc.
Bravo Brio Restaurant Group, Inc.
DineEquity, Inc.

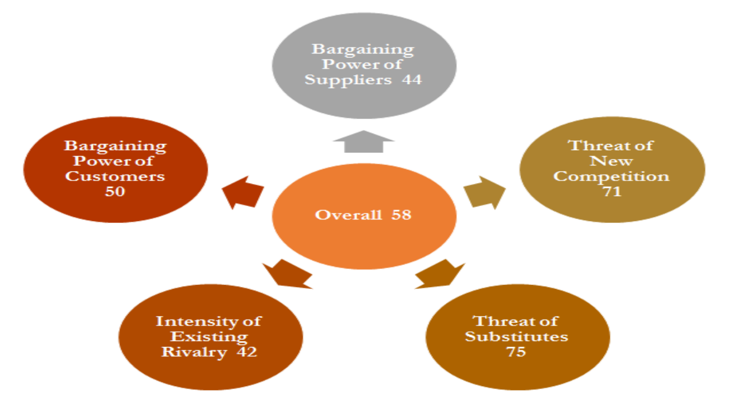


Management	Position	Total compensations growth	Total return to shareholders
King, Stephen	Chief Executive Officer and	-100% per annum over 4y	N/M
Berle, Dolf	President and Chief Operatin	-100% per annum over 3y	N/M
Jenkins, Brian	Chief Financial Officer and	-100% per annum over 4y	N/M
Metzinger, Michael	Vice President of Accounting	N/M	N/M
Tobin, Jay	Senior Vice President, Gener	-100% per annum over 1y	N/M
Gleason, John	Chief Marketing Officer and	-100% per annum over 1y	N/M

Profitability	PLAY (LTM)	PLAY (5 years historical average)	Industry (LTM)
ROIC	11.5%	5.86%	27.55%
NOPAT Margin	14%	8.51%	12.7%
Revenue/Invested Capital	0.83	0.69	2.17
ROE	15.7%	15.70%	34.60%
Adjusted net margin	12%	2.73%	10.9%
Revenue/Adjusted Book Value	1.28	5.75	3.17
Invested Funds	**PLAY (LTM)**	**PLAY (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	2.1%	4.1%	17%
Estimated Operating Cash/Total Capital	2.1%	3.6%	N/A
Non-cash working Capital/Total Capital	-5.3%	-4.7%	-42%
Invested Capital/Total Capital	100.1%	99.6%	86%
Capital Structure	**PLAY (LTM)**	**PLAY (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.52	0.64	0.28
Cost of Existing Debt	3.16%	9.68%	4.94%
Estimated Cost of new Borrowing	3.82%	4.16%	4.14%
CGFS Risk Rating	3.16%	B	BB
Unlevered Beta (LTM)	3.22%		0.91
WACC	3.16%	8.17%	8.94%



Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	16.1%	13.8%	1.41
1/31/2017	13.2%	11.5%	1.16
1/31/2018	12.2%	11.6%	1.19
1/31/2019	11.1%	11.5%	1.19
1/31/2020	10.1%	11.6%	1.20
1/31/2021	9.1%	11.6%	1.18
1/31/2022	8.1%	11.5%	1.19
1/31/2023	7.1%	11.4%	1.14
1/31/2024	6.1%	11.4%	1.15
1/31/2025	5.0%	11.3%	1.16
1/31/2026	4.0%	11.2%	1.21
Continuing Period	3.0%	11.2%	1.39

Period	Invested Capital	Net Claims	Price per share
Base Year	$864.44	$790.33	$45.80
1/31/2017	$878.92	$830.23	$50.80
1/31/2018	$903.22	$894.98	$56.13
1/31/2019	$940.81	$962.60	$61.84
1/31/2020	$1,040.17	$1,031.52	$67.97
1/31/2021	$1,215.09	$1,058.17	$74.47
1/31/2022	$1,361.18	$1,174.35	$81.28
1/31/2023	$1,546.08	$1,174.48	$88.55
1/31/2024	$1,746.23	$1,153.15	$96.08
1/31/2025	$1,963.22	$1,107.77	$103.84
1/31/2026	$2,148.87	$1,036.19	$111.47
Continuing Period			

Integrated Device Technology, Inc.

NASDAQ: IDTI

Analyst: Austin Bitzas
Sector: Technology

BUY

Price Target: $23.91

Key Statistics as of 4/08/2016

Market Price:	$19.26
Industry:	Semiconductor - Broad Line
Market Cap:	$2,772.44M
52-Week Range:	$14.50-29.04
Beta:	2.15

Thesis Points:

- Due to IDT's innovative wireless technology and consistent partnerships they have effectively been gaining value, supported by their strong growth margins
- Recent acquisition with ZDMI expands IDT's product portfolio allowing additional revenue in the growing automotive and industrial sectors
- IDT shows growth potential even after analysts over optimistic outlooks are accounted for
- Management strongly believes in IDT's ability to be able to adapt and remain ahead of their competitors with any direction the technology industry takes

Company Description:

Integrated Device Technology, Inc., or IDT, produces a broad range of semiconductor solutions that optimize their customer's applications in key markets. IDT's products are used in future development areas such as 4G infrastructure, network communications, cloud datacenters, mobile devices, and power management for computing. IDT was founded in 1980. Headquartered in San Jose, California is where IDT designs, develops, manufactures, and markets its semiconductor solutions worldwide.

Thesis

Integrated Device Technology, Inc., or IDT, is a value creating semiconductor company. This is supported by their increasing revenue and strong margins. IDT is also out performing its semi-conductor competitors. With acquiring Zentrum Mikroelekronik Dresden AG, or ZMDI, it has expanded its markets to the highly growing automotive and industrial sectors. IDT also remains innovative with their consistent new product releases. IDT is gaining a competitive advantage by partnering with industry leaders. The company's high ROIC/WACC margin shows IDT is increasing value at a higher rate than its competitors. The company plans to be at the leading end of the market in wireless mobile communication charges. IDT shows potential for future success no matter what direction the technology market takes. Even after analyst over optimistic projections were accounted for IDT has a target value of $23.91. And after its latest earnings call on February 1st, 2016 IDT stock price plunged from $25.50 to $16.56. The stock only rose to about $19 making it an opportune time for a long position buy.

Industry Outlook

The semiconductor industry is a constantly changing and adaptive industry. The industry has been expanding through billions of dollars invested in Research and Development. In addition, the semiconductor industry has a top tier importance in today's modern digital based lifestyle. The growth of the industry comes with issues in obsolete products with the average life cycle of a product lasting no longer than two years before a new generations come out. A short life cycle makes this industry so dependent on large amounts of capital. IDT has many well-known competitors of similar size and revenue which are included in the analysis as shown below.

COMPETITORS	SYMBOL
Cavium, Inc.	NasdaqGS:CAVM
Cirrus Logic Inc.	NasdaqGS:CRUS
Silicon Laboratories Inc.	NasdaqGS:SLAB
Intersil Corporation	NasdaqGS:ISIL
Skyworks Solutions Inc.	NasdaqGS:SWKS
Microsemi Corporation	NasdaqGS:MSCC
Lattice Semiconductor Corporation	NasdaqGS:LSCC
Fairchild Semiconductor International Ir	NasdaqGS:FCS

Table 1:

ROIC /WACC	History	LFY
IDTI	0.45	1.54
Competitors	0.76	0.94

ROIC W/O GW	History	LFY
IDTI	13.9%	55.1%
Competitors	17.7%	21%

ROIC	History	LFY
IDTI	9.6%	33.8%
Competitors	12.1%	13.7%

WACC	History	LFY
IDTI	18.6%	21.9%
Competitors	14.9%	14.6%

Unlevered Beta	History	LFY
IDTI	1.63	2.15
Competitors	1.38	1.34

Capitalization (Debt/Equity)	History	LFY
IDTI	-	0.07
Competitors	0.05	0.06

Capital Usage	History	LFY
IDTI	1.83	3.1
Competitors	1.42	1.4

EBITA Margin	History	LFY
IDTI	12.2%	23.5%
Competitors	16.4%	19.9%

COR/Revenue	History	LFY
IDTI	44.2%	38.2%
Competitors	51.6%	50.3%

SGA/Revenue	History	LFY
IDTI	19.3%	18.8%
Competitors	15.0%	13.0%

OOC/Revenue	History	LFY
IDTI	20.0%	16.7%
Competitors	12.3%	11.7%

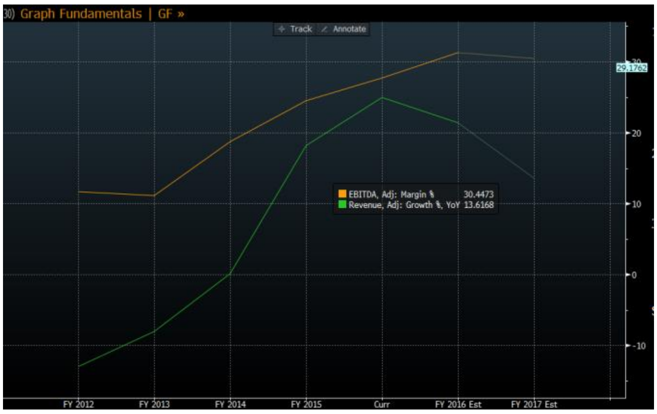
Table 1 shows how IDT is fundamentally compared to its competitors. IDT outperforms its competitors in ROIC/WACC margin. This shows that the company is gaining value unlike its competitors. Thanks to IDT's innovative wireless technology and consistent partnerships they have remained top of class. This allows them to effectively gain value supported by their strong growth margins Furthermore, as shown in Table 1, IDT is out performing its competitors significantly when each ROIC and WACC are broken down. Especially when ROIC is conveyed excluding goodwill. This could be due to their recent acquisition with ZMDI attributing $27m to goodwill. However, IDT illustrates a relatively high beta when compared to its competitors, which shows that there is more risk for investors to purchase IDT. This could be a result of the uncertainty in a growing company. Although, IDT has a relatively low D/E ratio when compared to its competitors proves IDT has been relatively timid in its approach to finance growth with debt. As a result, IDT is in a comfortable financial position. It was only with its recent acquisition in December that IDT has acquired any amount of debt. This expresses IDT is less risky in its endeavors. Capital usage for IDT has nearly doubled over the past year. When compared to its competitors in Table 1 it articulates that IDT is working at the top of its class for efficiency. This is further supported by a lower working capital. Whereas, competitors have stayed constant IDT has been able to decrease operating cost and produce nearly three times the revenue per one dollar asset. Also, EBITA margin is higher than the company's competitors due to their lower operating cost. Thanks to closely working with industry leaders such as Dell, Intel, and Micron they have been able to qualify their components to meet Intel Xeon processor based system standards. This partnership among others such as Samsung mobile communication platform will enable IDT to be consistent with their high EBITA margins and low operating cost. Sales, general and administrative expense is a topic for improvement for IDT. As shown the companies SGA/Revenue is much higher than its competitors. This can be a positive result of the capital they are not spending in operating costs. This allows IDT to put more money into their business model. Either way, this leaves room for improvement in the future.

ZMDI acquisition

On December 7th, 2015 Integrated Device Technology, Inc. completed its acquisition of privately held primary German company, Zentrum Mikroelekronik Dresden AG, or ZMDI, for $307million. $279.14million was in net cash, and the extra $27m counted for goodwill, which was incurred through bank loans. The acquisition of ZMDI expands IDT's product portfolio. This allows IDT to have positions in the growing markets of automotive, industrial business, high-performance programmable power devices, and signal conditioning solutions. ZMDI was well known and had well known customers of:

Financials

On February 1st, 2016 Integrated Device Technology, Inc. announced its third quarter results. IDT generated a third quarter fiscal total revenue of $177.6million ($3.4m from ZDMI), a 17.5% increase from a year ago. Revenue is also expected to increase to $187m (+/- $5m) a year from now. Earnings per share increased $0.10 to reach $0.35 per share. In the operating model of the company the new automotive and industrial business is expected to contribute to revenue and earnings per share increases. However, on February 2nd IDT's stock price plummeted about 29% due to less impressive guidance provided during their conference call. IDT fell short of analysts' estimates predicting significantly higher fiscal fourth quarter revenue of $196.7 million. Thus, resulting in a drastic drop in stock price. Some of this revenue decrease was a result of seasonal declines in communications and computing. Although, there was a 38% increase in the consumer market. Thanks to wireless power customer product ramps. An increase of about $14million in revenue from their new automotive and industrial segment was noted. In addition, IDT has 48% of total sales from communication infrastructure business. Thanks to IDT's promising product differentiation in wireless charges and 4.5 and 5G services it provides IDT with opportunity for improvement. Also, communications and infrastructure has also has grown 18% in the past year and projected to continue growing. This sharp drop was unwarranted since IDT is still growing in revenue and earnings. Gross margin has steadily been growing since 2011 from 54.9% to 62.6% in the last 12monthes. This signals greater efficiency in percent of total sales revenue. Thus, IDT retains more after direct costs when producing their products. According, to IDT's latest earnings call gross margin is to remain above 61% in the coming year. With the addition of nine quarters of consecutive revenue growth the company set an all-time high free cash flow margin of about 31.52% for 2015. Also, IDT is ahead of their business model by executing their target of 30% operating income and 30% free cash flow. They will continue to realize further gains as synergies with ZMDI are realized. During the fiscal third quarter, IDT's board announced another increase in share repurchase of $300m. This was done at an accelerated pace of $255m this quarter, or approximately 10.1m shares. In Q2 there was also 570,000 shares repurchased. This is a good signal that management believes the company's shares are currently undervalued. Further, with a growing EBITDA margin of 18.7x for 2014 and 27.7x in the last 12monthes signals value for the company. EBITDA is also growing at a faster rate than IDT's competitors. It also may be noted that EBITDA has increased in 2015 at a rate of about 24.6%. This is faster than revenue that increased by 18.2%. EBITDA and revenue are projected to continue to increase with EBITDA increasing at a faster rate than revenue. This represents that the company is increasing in value. As shown in the graph below the "yellow" line is EBITDA growth percent and the "Green" line is revenue growth percent.



Valuation

As mentioned, IDT had a recent decline in par with the macro market at the start of 2016. Indeed, IDT stock price plunged from $25.50 to $16.56. The stock only rose to about $19. IDT has begun to recover with the market since mid-February. An intrinsic value of $18.37, and a 1 year target value of $23.91 was projected using the proforma. When evaluating IDT a less optimistic approach was taken. This was due to analyst reports on projected EBITDA being over estimated by 13.46% over the past 5 quarters. This overestimate in EBITDA was accounted for by using the low analyst estimates rather than the median estimates. Thus, taking a more realistic approach when valuing IDT. Therefore, projected operating cost/revenue was also adjusted. Operating cost/revenue was projected by analysts to converge down to 55% in 2023 from their current 73.8%. Due to analyst over optimistic projections of EBITDA operating cost/ revenue was estimated to converge to 60%. Thanks to the company's ROA at 9.9% for the last year this advocates IDT's high operating returns are able to be maintained. Even after these adjustments are made there is a 99.5% chance that IDT will increase in price a year from now warranting a long buy position.

Future

IDT has produced a number of state-of-the-art and award-winning products. They have especially been focusing on the hardware and software enabling devices to be charged through wireless technology. IDT has just announced that it has partnered with Samsung to deliver wireless charging for the Galaxy S7, among other Samsung products. This wireless technology enables both companies to have a competitive advantage. This is done through higher efficiency, allowing users to charge up to 1.4 times faster than normal. IDT has strengthened their power management product segment enabling customers to optimize, monitor, and control high-power supply systems through a high-performance dual-phase digital power controller. The markets of telecommunications, server, storage, and infrastructure have been growing in demand for new innovative products. IDT has consistently supplied the demand. The second-generation device, ZSPM1363 digital pulse-width modulation controller, allows design time to be reduced. This done while simplifying the product use, and lowering system costs. The most recent product release for IDT is their three part chipset. IDT has been working with industry leaders such as Dell, Intel, and Micron, which has allowed vast performance gains in IDT's product mix. IDT's new chipset has a wide range of benefits. The system delivers industry-leading performance per watt, memory capacity, and signal integrity. This allows operations to take place at the highest possible speeds. IDT has been consistently providing competitive chip chipsets, and best in class products. They have meet performance, power, and memory requirements in a competitive ever changing industry.

Summary

Integrated Device Technology, Inc.'s management, according to the last earnings call, is in support of the company expanding towards the latter half of 2016 leading into 2017. Even after yearly seasonal shifts, and a hostile macro environment IDT has still has performed in the top tier of the semiconductor industry. IDT's recent stock decline was due to analysts expecting greater gains in revenue then reported in the most recent earnings call. IDT is gaining a competitive advantage by partnering with industry leaders. Management sees opportunity in their new products and believes no matter what direction the technology sector goes they have the resources and ability to adapt to remain top of their class. With a projected target price of $23.91 IDT is a long position buy. IDT has a promising future supported by their margins with their consistent release of innovative products maintaining their top of class position.

Integrated Device Technology, Inc. (IDTI)

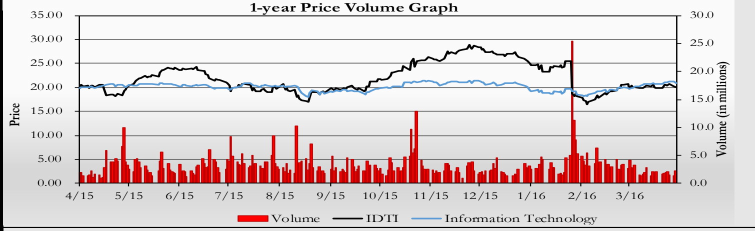
CENTER FOR GLOBAL FINANCIAL STUDIES

BULLISH

Analysis by Austin Bitzas	Current Price:	$19.26	Intrinsic Value	$18.39
4/9/2016	Divident Yield:	0.0%	Target Price	$23.91

Target 1 year Return: 24.14%
Probability of Price Increase: 99.5%

1-year Price Volume Graph



Description

Integrated Device Technology, Inc. designs, develops, manufactures, and markets a range of semiconductor solutions for the communications, computing, and consumer industries worldwide.

General Information

Sector	Information Technology
Industry	Semiconductors and Semiconductor Equipment
Last Guidance	November 3, 2015
Next earnings date	May 4, 2016
Estimated Country Risk Premium	8.54%
Effective Tax rate	25%
Effective Operating Tax rate	14%

Market Data

Market Capitalization	$2,607.29
Daily volume (mil)	3.96
Shares outstanding (mil)	135.37
Diluted shares outstanding (mil)	151.52
% shares held by institutions	101%
% shares held by investments Managers	81%
% shares held by hedge funds	11%
% shares held by insiders	0.44%
Short interest	5.07%
Days to cover short interest	1.97
52 week high	$29.04
52-week low	$14.50
Levered Beta	2.15
Volatility	41.29%

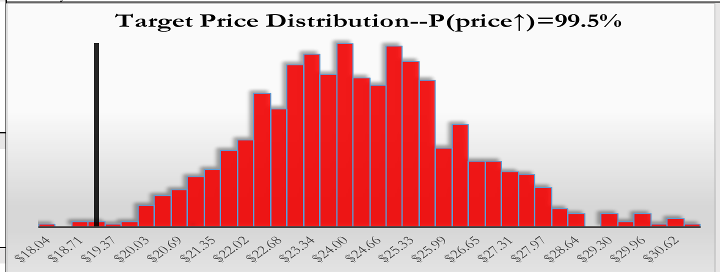
Past Earning Surprises

Quarter ending	Revenue	EBITDA
12/28/2014	5.94%	-9.66%
3/29/2015	0.29%	-6.46%
6/28/2015	0.40%	-14.57%
9/27/2015	1.80%	-7.55%
1/3/2016	1.82%	-29.08%
Mean	2.05%	-13.46%
Standard error	1.0%	4.1%

Peers

- Cavium, Inc.
- Cirrus Logic Inc.
- Silicon Laboratories Inc.
- Intersil Corporation
- Skyworks Solutions Inc.
- Microsemi Corporation
- Lattice Semiconductor Corporation
- Fairchild Semiconductor International Inc.

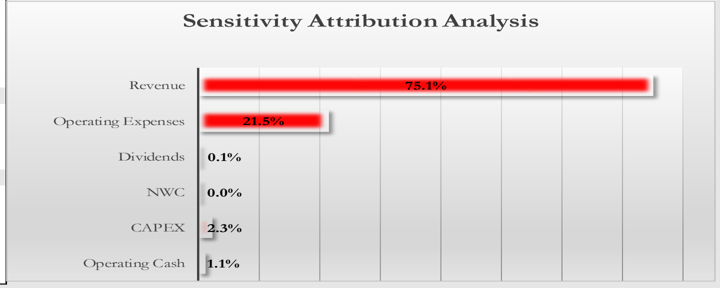
Target Price Distribution--P(price↑)=99.5%



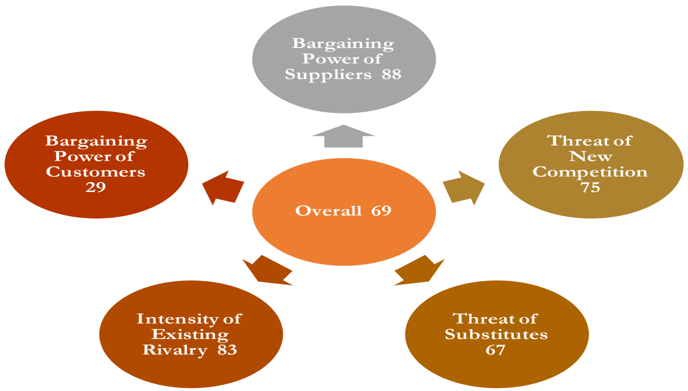
Management	Position	Total compensations growth	Total return to shareholders
Waters, Gregory	Chief Executive Officer, Pre	198.42% per annum over 1y	65.7% per annum over 1y
White, Brian	Chief Financial Officer and	148.34% per annum over 1y	65.7% per annum over 1y
Chittipeddi, Sailesh	Chief Technology Officer and	N/M	0% per annum over 0y
Fan, Xianzhi	Vice President and General M	38.9% per annum over 1y	65.7% per annum over 1y
Naghavi, Arman	Consultant	20.76% per annum over 5y	4.66% per annum over 5y
Brandalise, Matthew	Vice President, General Coun	N/M	N/M

Profitability	IDTI (LTM)	IDTI (5 years historical average)	Industry (LTM)
ROIC	37.2%	11.00%	14.77%
NOPAT Margin	26%	10.55%	20.5%
Revenue/Invested Capital	1.42	1.04	0.72
ROE	19.4%	7.16%	16.69%
Adjusted net margin	26%	10.43%	19.1%
Revenue/Adjusted Book Value	0.75	0.69	0.88
Invested Funds	**IDTI (LTM)**	**IDTI (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	34.3%	47.9%	43%
Estimated Operating Cash/Total Capital	14.3%	13.9%	N/A
Non-cash working Capital/Total Capital	2.4%	5.9%	9%
Invested Capital/Total Capital	79.9%	66.2%	50%
Capital Structure	**IDTI (LTM)**	**IDTI (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.07	0.01	0.15
Cost of Existing Debt	15.96%	4.53%	4.20%
Estimated Cost of new Borrowing	2.40%	1.31%	3.15%
CGFS Risk Rating	15.96%	AAA	B
Unlevered Beta (LTM)	0.00%	1.79	1.19
WACC	15.96%	17.85%	12.92%

Sensitivity Attribution Analysis



Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	25.0%	26.2%	1.75
1/3/2017	16.2%	20.3%	0.97
1/3/2018	8.8%	21.0%	0.99
1/3/2019	15.0%	21.9%	1.17
1/3/2020	14.5%	22.7%	1.32
1/3/2021	14.0%	24.2%	1.52
1/3/2022	13.2%	26.5%	1.80
1/3/2023	12.2%	28.8%	2.11
1/3/2024	11.2%	30.3%	2.41
1/3/2025	8.5%	30.3%	2.59
1/3/2026	5.7%	30.2%	2.79
Continuing Period	3.0%	30.2%	3.03

Period	Invested Capital	Net Claims	Price per share
Base Year	$459.11	$132.50	$18.87
1/3/2017	$460.33	$99.01	$22.85
1/3/2018	$531.45	-$5.57	$27.21
1/3/2019	$457.04	-$84.28	$31.98
1/3/2020	$468.47	-$224.59	$37.42
1/3/2021	$822.23	-$360.81	$42.95
1/3/2022	$957.14	-$554.82	$48.77
1/3/2023	$1,022.65	-$822.84	$54.77
1/3/2024	$1,148.24	-$1,161.46	$60.82
1/3/2025	$1,289.98	-$1,572.28	$66.76
1/3/2026	$1,446.83	-$2,055.28	$72.45
Continuing Period			

Siena Market Line
2sd week of April 2016

Orbital ATK, Inc.

NYSE:OA

Analyst: Pierre Riffard
Sector: Industrials

BUY

Price Target: $104

Key Statistics as of 04/08/2016

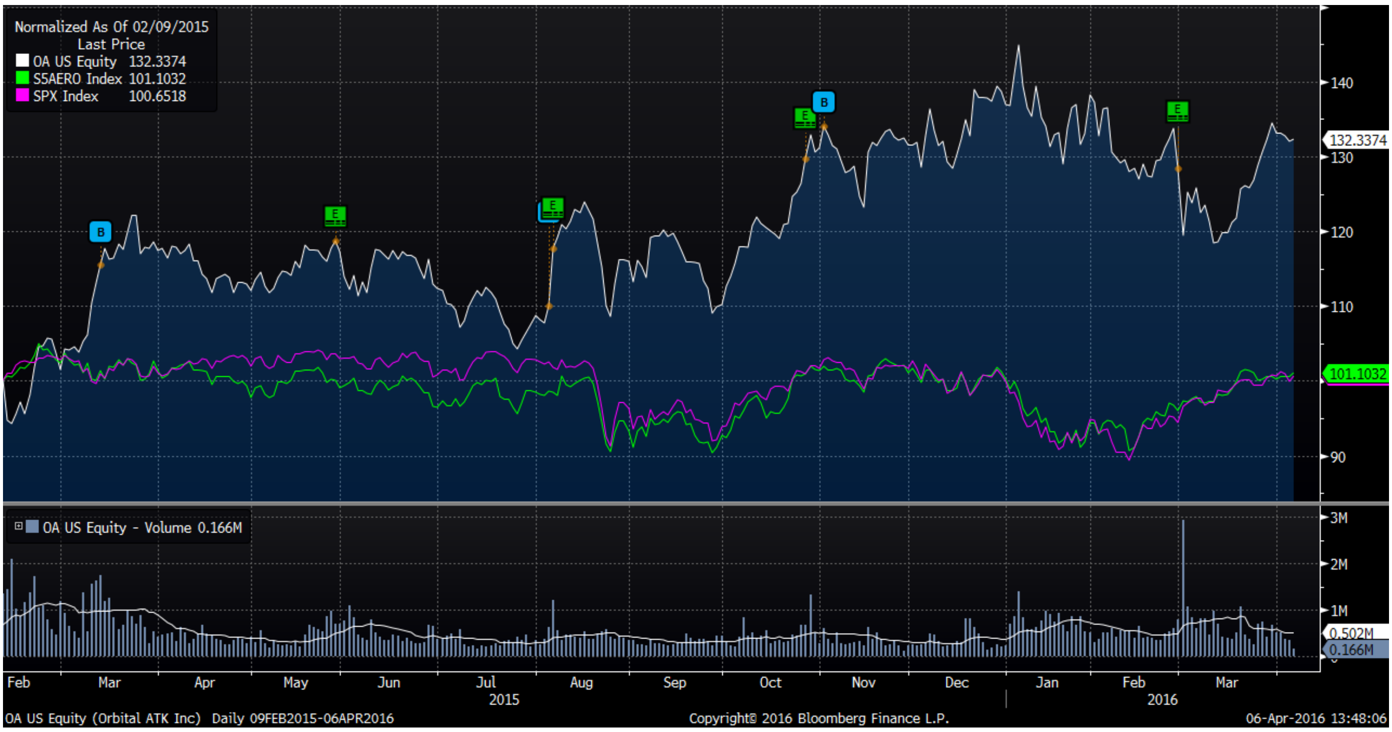
Market Price:	$86.91
Industry:	Aerospace & Defense
Market Cap:	$5.097B
52-Week Range:	$56.06 - $94.92
Beta:	0.94

Thesis Points:

- 2015 merger will bring opportunities for faster growth, increased profitability, and cost synergies.
- Strong future cash generation will enable value to shareholders, and improve liquidity.
- Start of three major growth investments.
- Favorable industry outlook based on current and expected geopolitical situation.

Company Description:

Orbital ATK, Inc. (NYSE:OA) is a global Aerospace & Defense company, headquartered in Dulles, VA. The company is divided in three groups: Flight Systems, Defense Systems, and Space Systems. It is engaged in the development and manufacturing of advanced weapon and space systems including flight systems, rocket propulsion systems, aerospace structures, tactical missile systems, commercial and government satellites, ammunitions and energetics, armament systems, and defense electronic systems. Over FY2015, the company employed on average 12,000 employees throughout the U.S.A, Saudi Arabia, the UAE, and Singapore. OA is the leading producer of solid rocket propulsion systems, the largest manufacturer of small- and medium-caliber ammunition, the primary supplier of long-range missile defense interceptors and target systems, a major builder of satellites, the principal supplier of medium-caliber gun systems for U.S. and NATO, the leading operator of small research rockets and high-altitude scientific balloons, and is operating of the largest U.S. ammunitions manufacturing facility.

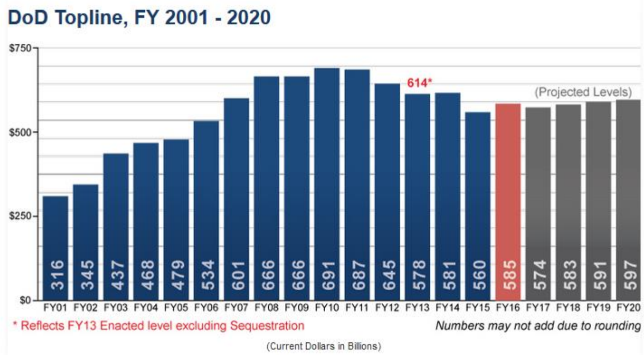


Thesis

Orbital ATK just completed its first fiscal year of operations after its 2015 merger. Since then, the new company proved it achieved even more synergies than targeted and is planning on even more cost reductions and revenue growth over 2016 and beyond. Knowing that the company is already placing itself among the top industry performers in term of efficiency, and that there is still room for improvement thanks to the merger, the stock may continue to outperform and bring more capital returns as the price will adjust to the new financial results and expectations. Its improving cash generation will improve and enable a lot of value to shareholders via increasing dividends and share repurchase program. Furthermore, the company is going to invest in 2016 in three major growth investments in each of OA's segments to solve the slow growth in sales, and is expected to bring huge returns on investments. Then, the current geopolitical situation, where the military expenditures of every key nations are increasing, and where the terrorist threats is becoming more and more present, will positively affect the Aerospace & Defense Industry. Given all those reasons, OA is in a very good position to grow and gain more and more interests from investors.

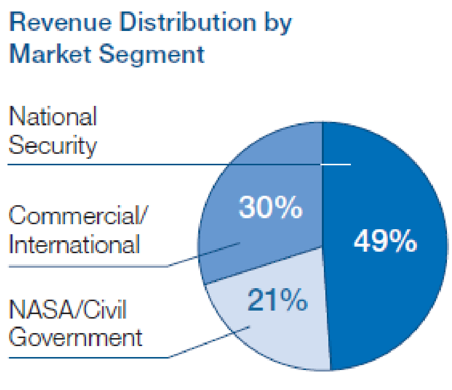
Industry Outlook

The Aerospace & Defense revenue is mostly dependent on the American defense budget. It remains constrained by the 2011 Budget Control Act, which reduced the DoD budget by approximately $490 billion over ten years. In 2015, the Bipartisan Budget Act set base budgets in excess of the limits that would have been imposed by the Bipartisan Budget Act. The defense budget is now forced to rise again due to the resurgence of international threats. The 2016 Budget is set at $585 billion, which corresponds to the first increase since 2010, and a 4.5% increase Yoy. The budget outlook for defense and space spending for 2016 is generally positive as described in the 2015 annual report[1]. The investment levels of the 2016 DoD budget, including research and development and procurement funding, increased by 15%. The missiles and munitions budget went up by 20%, and a 7% increase has been requested for 2017. The small-, medium-, and large-caliber ammunition budget went up by 40% in 2016, and is forecast to grow at 10% for 2017.



According to Deloitte[2], the industry revenue is expected to grow at 3% in 2016 as military budgets in the US, UK, France, Japan, several Middle Eastern countries, and other key nations are increasing in response to growing threats around the world like the recent terrorist attacks in Paris and Brussels. The defense budget of Saudi Arabia, which is an important OA's customer, increased by 12% Yoy. Another very important customer is NASA, whose budget increased by 7% between 2015 and 2016. Other large customers include Boeing, Northtrop Grumman, Lockheed Martin, Airbus, Raytheon, Rolls-Royce and Thales.

	Percentage of Sales		
	Nine Months Ended December 31, 2015	Years Ended March 31, 2015	Years Ended March 31, 2014
Sales to:			
U.S. Army	15%	27%	33%
U.S. Navy	11	15	16
NASA	23	13	14
U.S. Air Force	4	6	7
Other U.S. Government customers	17	14	14
Total U.S. Government customers	70	75	84
Commercial and foreign customers	30	25	16
Total	100%	100%	100%



CY 2015 Adjusted Revenue Distribution

One major event that may impact the industry is the US political election. If the next president is the republican nominee, the chance to see a huge rise in the defense budget is very high. On the other hand, if the democrat nominee wins the election, the chance to see the

[1] http://phx.corporate-ir.net/phoenix.zhtml?c=81036&p=irol-IRHome

[2] http://www2.deloitte.com/global/en/pages/manufacturing/articles/global-a-and-d-outlook.html

defense budget diminish is very low. Even if the next president is willing to stop the rise in military expenditures, the current situation made it impossible. As the terrorist threat is growing and as the defense budget of non-allies states are expanding, the US are forced to at least expand their budget by at least 1% to 2% over the next years.

Product Portfolio

OA is divided into three main groups that are divided into several divisions.

Flight Systems Group is developing rockets that are used as small- and medium-class vehicles to place satellites into orbit and escape trajectories, interceptor and target vehicles for missile defense systems and suborbital launch vehicles that are place payloads into a variety of high-altitude trajectories. It is also engaged in the development and production of medium- and large-class rocket propulsion systems for human and cargo launch vehicles, strategic missiles, missile defense interceptors and target vehicles. The Group develops other products like illuminating flares and aircraft countermeasures. The Group sales accounted for 33% of 2015 total sales. It operates three divisions: Launch Vehicles, Propulsion Systems, and Aerospace Structures.

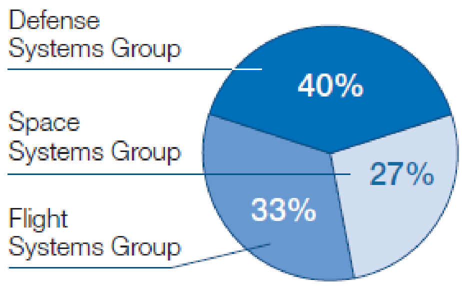
Defense Systems Group develops and produces small-, medium-, and large-caliber ammunition, precision weapons and munitions, high-performance gun systems, and propellant and energetic materials. It also provides propulsion control systems that support Missile Defense Agency and NASA programs, airborne missile warning systems, advanced fuses, and defense electronics. The Group is a leader in tactical solid rocket motor development and production for air-, sea- and land-based missile systems. It is responsible of the production of the US Navy's Advanced Anti-Radiation Guided Missile or AARGM and has developed advanced air-breathing propulsion systems and special-mission aircrafts. The Group sales accounted for 40%. The Group is operating four divisions: Armament Systems, Defense Electronics, Missile Production, and Small Caliber Systems.

Space Systems Group is engaged in the development and production of small- and medium-class satellites that are used to enable global and regional communications and broadcasting, conduct space-related scientific research, and perform other activities related to national security. It also develops and produces human-rated space systems for Earth-orbit and deep-space exploration, including delivering cargo to the ISS. The Group is also a provider of spacecraft components and subsystems and specialized engineering and operations services to US agencies. The Group sales accounted for 27% of 2015 total sales. It operates four divisions: Government Satellites, Commercial Satellites, Space Components, and Technical Services.

Sales

	Nine Months Ended			
	December 31, 2015	December 28, 2014	$ Change	% Change
		(unaudited)		
Flight Systems Group	$ 1,139,733	$ 766,132	$ 373,601	48.8%
Defense Systems Group	1,333,997	1,395,901	(61,904)	(4.4)
Space Systems Group	973,481	222,635	750,846	337.3
Corporate and Eliminations	(48,122)	(180,240)	132,118	(73.3)
Total sales	$ 3,399,089	$ 2,204,428	$ 1,194,661	54.2%

Revenue Distribution by Operating Groups



CY 2015 Adjusted Revenue Distribution

Financials

Over 2015, OA achieved record sales, profits, and free cash flow, and it returned $133 million (or 46% of free cash flow) to shareholders via stock repurchase and dividends. The company is planning on repurchasing between $125-175 million of stocks, increasing dividends by more than 52% to $70 million for FY2016. Repurchase and dividends are expected to account for 60-70% of free cash flow over the next years. OA is also planning on paying back $40 million of debt (or 5% of long-term debt). Capital expenditures are expected to double to reach $215 million in 2015 to prepare future expansion and growth.

In 2015, the operating margin of the company was 11.1%. The company expect to see improvement in efficiency due the merger's synergies completion. Sales, operating margin, and free cash flow are expected to grow over FY2016. Even if the expectation in sales growth has been reduced to 3-4%, it is still better than the 3% expected growth of the industry, and the new 2016 growth investments' main goal is to boost long-term sales growth. The EBITDA margin is expected to grow at 8-10%, so much more than the forecast sales growth.

Segment / Full Year	Revenues	Operating Income	Operating Margin
Flight Systems	$1,506	241.1	16.0%
Defense Systems	1,836	190.4	10.4%
Space Systems	1,260	98.3	7.8%
Corporate	(87)	(30.1)	N.A.
Consolidated	$4,515	499.7	11.1%

2016 Financial Guidance Orbital ATK

- Revenue and Margin Outlook by Segment and Consolidated ($ Millions)

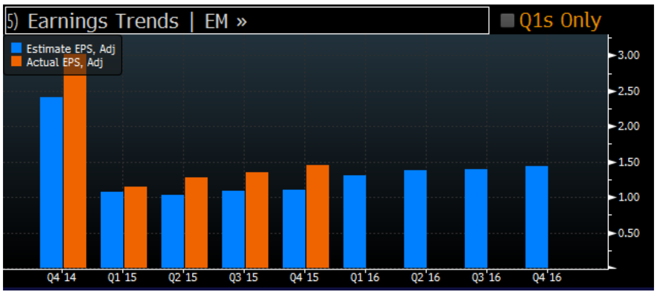
Segment	Revenue Range	EBIT Margin Range
Flight Systems	$1,525 – $1,555	13.0% – 13.5%
Defense Systems	$1,870 – $1,900	10.0% – 10.5%
Space Systems	$1,260 – $1,290	9.0% – 9.5%
Corporate / Other	($80 – $100)	0.5% – 1.0%
Consolidated	$4,575 – $4,650	11.0% – 11.5%

- Earnings per Share ~$5.25 – $5.50
- Free Cash Flow ~$275 – $325 Million
- GAAP Tax Rate ~32%
- Average Share Count ~58 Million

2015-2017 Financial Targets vs. 2015 Results* Orbital ATK

Revenue Growth ~4-5% CAGR (Reduced to ~3-4%)	2015 Result ~2%
EBITDA Growth ~8-10% CAGR	2015 Result ~15%
EPS Growth ~12-15% CAGR	2015 Result ~20%
Cumulative Free Cash Flow ~$1 Billion	2015 Result ~$290 Million
Cost Synergies by 2016 ~$70-100 Million	2015 Result ~$80 Million
Revenue Synergies by 2016 ~$150-200 Million	2015 Result ~$70 Million

Over the last year, OA had beaten its own forecast in terms of cost and revenue synergies, total sales, operating margin and free cash flow. Over the past seven earnings calls, the company beat all the EPS estimates, 6 of 7 operating profit estimates, and 5 of 7 revenue estimates.



Competitors

When compared to the overall industries, OA is achieving better results than the industry average and median. Its 14.8% EBITDA margin is better than the 13.5% industry median, achieving more cost reductions. Its profit margin is above the industry average and in line with the median, and its free cash flow margin is more than 1% higher than the industry average and in line with the median. Regarding the valuation ratios, we can see that the EV/EBITDA ratio is in line with the median but lower than the average, and the EV/Sales ratio is lower than the median and well lower than the average. Only based on such ratios, OA seems to be currently underpriced. That may be explained by the fact the company just completed its first full year of operations since the merger with better-than-forecast financial results and future improvements that are not totally priced yet.

Name (BICS Best Fit)	EBITDA to Net Sales:Y	Sales Gr T12M	PM:Y	EV / EBITDA Adj:Y	EV/Sales T12M:D-1	Dvd Yld:Y	FCF Margin
Median	13.48%	12.80%	7.05%	8.75	1.86	0.75%	3.93%
Average	14.04%	9.92%	6.52%	10.57	2.75	1.26%	5.31%
100) ORBITAL ATK INC	14.83%	16.90%	7.05%	8.75	1.47	0.77%	5.07%
101) AEROSPACE INDUSTRI...	13.48%	7.84%	7.55%	--	1.74	--	5.01%
102) BAE SYSTEMS PLC	11.03%	8.79%	5.47%	9.40	1.01	4.18%	1.89%
103) CHEMRING GROUP PLC	11.37%	12.80%	1.80%	8.44	1.42	1.40%	1.51%
104) CHINA AEROSPACE TIM...	10.28%	14.42%	4.74%	--	2.89	0.56%	-5.48%
105) JIHUA GROUP CORP LT...	3.38%	-16.77%	5.28%	--	1.54	0.72%	-6.51%
106) MSA SAFETY INC	13.79%	-0.63%	7.09%	11.56	1.86	2.92%	1.68%
107) NORTH NAVIGATION C...	10.34%	18.10%	2.03%	--	9.70	0.20%	3.93%
108) SMITH & WESSON HOL...	21.84%	26.14%	9.28%	7.63	2.01	0.00%	15.69%

(Accounting adjustments: Adjusted for abnormal items, when applicable) 10) Analyze List

2015 Merger Results

On April 30, 2014, Alliant Techsystems announced a merger of equals with Orbital Sciences. Alliant Systems was a leader in manufacturing ammunitions, rockets, and rocket ships and Orbital Sciences was a small- and medium-class space and rocket systems manufacturer. Alliant had first spin-off its sporting goods business as a separate publicly traded company: Vista Outdoor (NYSE:VSTO). Then, Alliant merged with Orbital into a global aerospace & defense company: Orbital ATK (NYSE:OA). Alliant and Orbital shareholders received 53.8% and 46.2% respectively of OA shares. On April 28, 2014, both companies' shareholders strongly approved the tax-free merger. 99% of Orbital's votes approved the merger, which represented 85% of the total number of shares outstanding[3]. As a result, the stock of Alliant and Orbital went up by 7% and 16.5% respectively[4]. The merger was completed on February 9, 2015. According to the latest annual report[5], 95% of the 1,350 pre- and post-merger integration milestones were already completed by the end of 2015. The primary objectives of the merger was to expand career opportunities, increase job stability, and to boost long-term investment. The merger is creating lots of growth opportunities and cost synergies. The achieved synergies in 2015 exceeded the company's targets. OA achieved over $80 million in cost reductions, and is on

[3] http://www.streetinsider.com/Management+Comments/Orbital+Sciences+%28ORB%29+Shareholders+Approve+Alliant+Techsystems+%28ATK%29+Merger/10197749.html

[4] http://www.fool.com/investing/general/2014/04/30/introducing-orbital-atk-the-next-big-thing-in-spac.aspx

[5] http://phx.corporate-ir.net/phoenix.zhtml?c=81036&p=irol-IRHome

track to reduce costs by an additional $100 million over 2016. It also achieved $70 million in revenue synergies in 2015 and is targeting from $150 to $200 million for 2016. In other words, the merger is on the right path to achieve even more synergies over the next few years, by reducing costs and maximizing both its bottom-line and top-line growth. Over the last fiscal year, OA hired 1,300 employees including engineers and scientists to prepare future growth. The fact the company hired the equivalent of 11% of its total employees is sending the sign of a strong activity ready to grow at a faster pace.

New Major Growth Investments

In 2016, the company will start three major new growth investments in each OA's segments. The primary objective of these investments is to improve top-line growth on the long run. These initiatives capitalize on the technological advantage and market knowledge of the company and are responsive to well-understood needs on which OA has worked closely with its customers. The investments are expected to generate between $400-500 million in incremental annual revenue by the end of 2019. Dave Thompson, the CEO of the company, highlighted during the latest earning call[6], that the project internal rates of return range from the upper teens to almost 30%, which is well above its 9% cost of capital (as computed in my pro-forma) and that the investments will not impact the "vigorous" program of capital returns to the shareholders.

The first investment concerns the *Defense Systems Group*: it consists of a three-year program to develop an advanced ammunition and related small munitions with unmatched precision features. It extends on the technological advancements in guided ammunition, precision artillery and mortar rounds, and electronic fusing. OA will soon release initial versions of new weapons capabilities that are compatible with various calibers on ground, sea, and air platforms. Initial deliveries are expected to begin in the first half of 2018.

The second investment concerns the *Flight Systems Group*: it is a four-year program, jointly funded with the US Air Force, to develop a modular vehicle system or EELV (Evolved Expendable Launch Vehicle) capable of launching national security payloads, scientific and commercial satellites. The company expect the first launches by the end of 2019. The program may start to generate revenues as soon as the end of 2017.

The third investment concerns the *Space Systems Group*: the program is intended to develop the first in-space commercial satellite servicing system. The company expect to start the first operations at the beginning of 2019.

Conclusion

Orbital ATK is just starting to use and to see the impact of its merger on its financials, but also in its competitive advantages including its expertise, technological advance, and innovative solutions. OA is expected to improve its long-term growth with three major investments that are going to bring actual revenue as soon as the end of 2017 or beginning of 2018, but as the programs are starting this year, the company will be able to release updates during the next earning calls and investors will be able to act accordingly. The company will continue to improve its free cash flow along with its share repurchase program and dividends to return 60-70% of its free cash flow to shareholders. The long-term debt is expected to go down. Furthermore the current and expected geopolitical situation is making defense companies part of the least risky assets by securing their future growth. OA is among the best performer of the industry with huge potential for growth over the long-run. The pro-forma computed an intrinsic value of $87.76, and a one-year target of $104 (or a 21% rise), so I recommend a buy below $89.

[6] http://phx.corporate-ir.net/phoenix.zhtml?c=81036&p=irol-IRHome

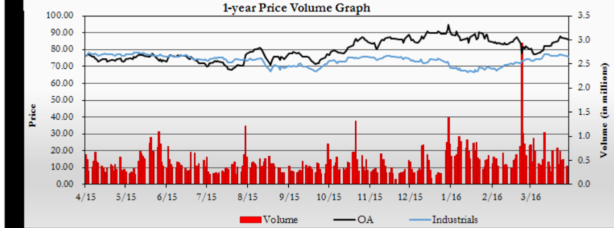
Siena Market Line
2sd week of April 2016

CENTER FOR GLOBAL FINANCIAL STUDIES

Orbital ATK, Inc. (OA) — **BULLISH**

Analysis by P.C. Principal	Current Price:	$86.91	Intrinsic Value	$87.76	Target 1 year Return: 21.4%
4/8/2016	Divident Yield:	1.2%	Target Price	$104.47	Probability of Price Increase: 95.6%

1-year Price Volume Graph



Description

Orbital ATK, Inc. develops and produces aerospace, defense, and aviation-related products to the U.S. Government, allied nations, prime contractors, and other customers in the United States and internationally.

General Information

Sector	Industrials
Industry	Aerospace and Defense
Last Guidance	November 3, 2015
Next earnings date	May 2, 2016
Estimated Country Risk Premium	6.81%
Effective Tax rate	36%
Effective Operating Tax rate	45%

Market Data

Market Capitalization	$5,096.54
Daily volume (mil)	0.26
Shares outstanding (mil)	58.64
Diluted shares outstanding (mil)	59.92
% shares held by institutions	88%
% shares held by investments Managers	74%
% shares held by hedge funds	8%
% shares held by insiders	1.18%
Short interest	2.06%
Days to cover short interest	0.00
52 week high	$94.92
52-week low	$56.06
Levered Beta	1.14
Volatility	44.05%

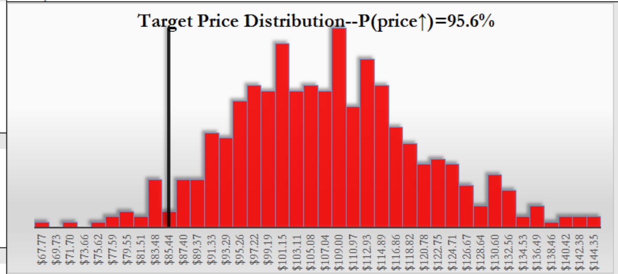
Past Earning Surprises

Quarter ending	Revenue	EBITDA
12/28/2014	-0.30%	1.32%
3/31/2015	N/A	N/A
7/5/2015	5.17%	19.63%
10/4/2015	4.18%	5.78%
12/31/2015	2.32%	-58.51%
Mean	2.84%	-7.94%
Standard error	1.2%	17.3%

Peers

Triumph Group, Inc.
Rockwell Collins Inc.
B/E Aerospace Inc.
TransDigm Group Incorporated
Spirit AeroSystems Holdings, Inc.
Esterline Technologies Corp.
Raytheon Company
Curtiss-Wright Corporation

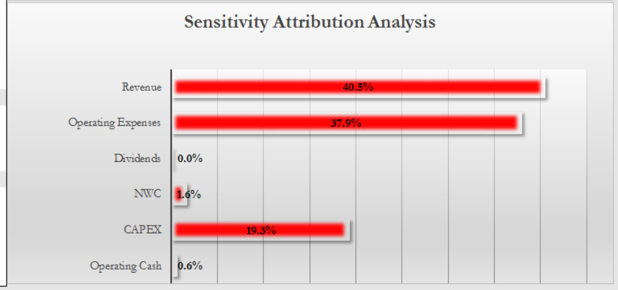
Target Price Distribution--P(price↑)=95.6%



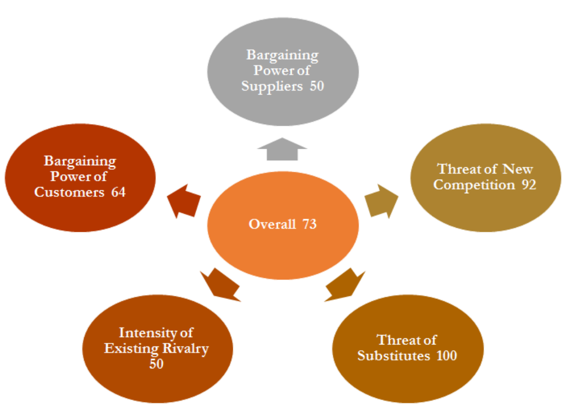
Management	Position	Total compensations growth	Total return to shareholders
Thompson, David	Co-Founder, Chief Executive	N/M	17.94% per annum over 1y
Webster, Scott	Co-Founder, Independent Dire	N/M	17.94% per annum over 1y
Pierce, Garrett	Chief Financial Officer	N/M	17.94% per annum over 1y
Larson, Blake	Chief Operating Officer	-1.46% per annum over 6y	N/M
Wolf, Christine	Senior Vice President of Hum	N/M	17.94% per annum over 1y
Kahn, Michael	Executive Vice President and	2.11% per annum over 4y	N/M

Profitability	OA (LTM)	OA (5 years historical average)	Industry (LTM)
ROIC	8.3%	17.17%	15.27%
NOPAT Margin	9%	17.41%	8.4%
Revenue/Invested Capital	0.92	0.99	1.83
ROE	9.8%	9.81%	17.90%
Adjusted net margin	8%	15.73%	7.8%
Revenue/Adjusted Book Value	1.27	0.62	2.30
Invested Funds	**OA (LTM)**	**OA (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	2.0%	6.4%	20%
Estimated Operating Cash/Total Capital	2.0%	4.9%	N/A
Non-cash working Capital/Total Capital	23.1%	23.5%	13%
Invested Capital/Total Capital	100.2%	98.8%	79%
Capital Structure	**OA (LTM)**	**OA (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.30	0.34	0.21
Cost of Existing Debt	5.81%	6.13%	4.18%
Estimated Cost of new Borrowing	2.40%	2.52%	4.18%
CGFS Risk Rating	AA	AA	A
Unlevered Beta (LTM)	0.94		0.86
WACC	9.00%	9.00%	8.30%

Sensitivity Attribution Analysis



Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	105.6%	9.0%	0.92
12/31/2016	1.9%	14.5%	1.42
12/31/2017	4.9%	14.2%	1.33
12/31/2018	5.2%	13.8%	1.29
12/31/2019	3.5%	12.8%	1.18
12/31/2020	3.4%	12.1%	1.11
12/31/2021	3.4%	12.4%	1.14
12/31/2022	3.3%	12.5%	1.15
12/31/2023	3.2%	12.5%	1.14
12/31/2024	3.1%	12.4%	1.13
12/31/2025	3.1%	12.3%	1.12
Continuing Period	3.0%	12.2%	1.11

Period	Invested Capital	Net Claims	Price per share
Base Year	$3,341.33	$1,568.80	$84.88
12/31/2016	$3,490.20	$1,053.00	$102.00
12/31/2017	$3,972.34	$342.55	$118.77
12/31/2018	$5,626.02	-$337.67	$135.48
12/31/2019	$4,918.69	-$1,035.39	$152.02
12/31/2020	$5,236.32	-$1,720.42	$168.34
12/31/2021	$5,818.48	-$2,432.81	$185.24
12/31/2022	$6,162.54	-$3,165.53	$202.63
12/31/2023	$6,526.40	-$3,912.18	$220.40
12/31/2024	$6,810.71	-$4,668.22	$238.48
12/31/2025	$7,059.00	-$5,432.82	$256.87
Continuing Period			

Valeant Pharmaceuticals

VRX: NYSE

Analyst: Peter Ostrowski
Sector: Healthcare

Buy

Price Target: $44.20

Key Statistics as of 4/8/2016

Market Price:	$33.71
Industry:	Pharmaceuticals
Market Cap:	$11.5B
52-Week Range:	$25.27-$263.81
Beta:	.6

Thesis Points:

- Delayed 10-k undervalued stock immensely
- With new CEO in the midst; Valeant will reinvent itself
- Creditors recently instated a new debt deal; showing an increase in long term performance for Valeant
- Decrease in short interest combined with increase in ownership shows undervaluation

Company Description:

Valeant Pharmaceuticals International, Inc. develops and distributes drugs. The Company develops drugs for unmet medical needs in central nervous system disorders; and distributes generic and branded generic drugs in Latin America and Eastern Europe.

Thesis

It is no secret that Valeant is currently experiencing internal troubles. After being caught using questionable accounting policies which showed issues in revenue growth; the market saw Valeant as the next Enron. The high amount of debt that Valeant currently holds is also a bit of a red flag to the market. With all of this going against Valeant; they have recently shown some light and have proved the skeptics wrong in a sense. With key personnel changes, a change in company policy and high level investors supporting them; the future for Valeant could be far greater than many have projected. A company of this size and market presence has one thing that many companies in their situation do not have; and that is a second chance which they have been given. The market believes that Valeant has bottomed out as my analysis will argue and that the future for them is immense. The delayed 10-k has hurt investor confidence for the short term; but the information given by many suggests that there will be no more bad news once it is published. This shows a high potential for short term earnings as I will explain. This company is currently experiencing very high trading volumes which suggests that positive news will produce more than favorable outcomes for this company. The credit facility has recently extended Valeant's debt; which has decreased the default probability dramatically. I personally believe that this stock is completely undervalued and has a high chance of short term gain.

10-K

Historically, Valeant investors have reacted very favorably to good news. This is due to the high trading volume on this stock. Within the next few weeks Valeant are going to release their 10-K, which has been delayed since January to the public. This is due to the accounted changes on revenues from 2014 and 2015 that are currently being calculated. The price of Valeant's stock is damaged because of this. I am trying to argue that the price is currently trading at a discount because the market is not expecting the 10-K to provide good news. The reason why I am arguing this as a good thing; is because the company has ruled out uncertainty on the 10-K. Valeant have stated that they currently are meeting all terms with their creditors. They have also recently been given more leeway on their EBITDA coverage covenant. The new debt deal has decreased the coverage ratio from 3.0 to 2.75. This hints that there will be a shrink in earnings but this is not a problem. The market is currently pricing Valeant with an extremely high discount due to the high uncertainty associated with it. This alone shows that the company will not default in the near future and that the company may report lower earnings in the next few quarters. This is expected as they will be changing their business practices for the future. That being said Valeant has reported EBITDA coverage of 3.3. So they are currently generating enough profit anyway.

Management Changes

The biggest value driver to Valeant in terms of management in Bill Ackman. The well-known CEO of Pershing Capital who holds a 9% stake in Valeant has recently joined Valeant's board of directors. This immediately caused the price of the stock to surge as the market knows that Valeant is in need of a new management.

There have also recently been hints of a new CEO within the next few weeks. This is a favorable position to many people due to the fact that there are lower expectations than normal. By simply getting rid of the current CEO value and confidence can quickly be returned to the company.

New Business Model

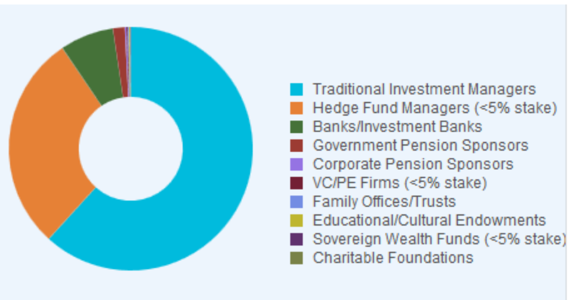
Valeant was known for their old business strategy which received much scrutiny. They would acquire undervalued biotechs with cheap debt, slash their R&D and put a large premium on the drugs. Valeant was very good at this but to increase investor confidence in the company they have stated that they will begin to lower prices on their drugs. This has been shown with their deal with Walgreens. Though the deal is still in the early stages; Walgreens has recently given a positive review on their partnership with Valeant. They have stated, "The collaboration we have with them, though still in its early stages, is showing some very promising result[s] in terms of improved access and affordability of their product." When this deal was announced in December, shares increased dramatically. The fact that it is showing positive signs gives more reason to suggest Valeant is in the process of a comeback.

Recent Changes in Ownership

It is important to look at short interest before viewing the increase in investments. This is because the increases in investments does not state whether the shares are bought long or short. As the graph below shows the short interest is currently 3.38%.

Comparing the short interest to share price is interesting in this case. The short interest is currently the lowest it has been since November when the stock was trading at $90/share.

Below is the graph showing the current ownership summary:



This company is currently invested mostly by Investment managers. These are generally only long positions. Hedge funds are second with a 29% ownership. Over the past few weeks both hedge funds and investment managers have started increasing their position in this stock. Because the short interest is decreasing; it is safe to say that they are increasing their long position on this stock as they believe it is undervalued.

Conclusion

I recommend an immediate buy for Valeant. This company is currently discounted immensely due to a poor market outlook. Negative information has sent this stock to its trough but there are strong indicators explaining that this stock has a high growth opportunity. After the 10-K is released and new CEO is brought into the company; the price has the opportunity to take off. The company has shown that they have learned from their mistakes and their lenders have extended their debts as a result. So not only is the chance of default much lower but the actual business is showing signs of growth and improvement. I believe the market jumped to conclusions and tried to group the stock with the likes of SUNE. This company is obviously fighting a bit of an uphill battle but the market is currently pricing it as a loser. The recent reports show signs of improvement and now have many seeing the incredible upside potential of this stock. As long as they are able to show that they are generating cash and paying off their debt; the stock will begin to show its growth.

Siena Market Line
2nd week of April 2015

Valeant Pharmaceuticals International, Inc. (VRX)

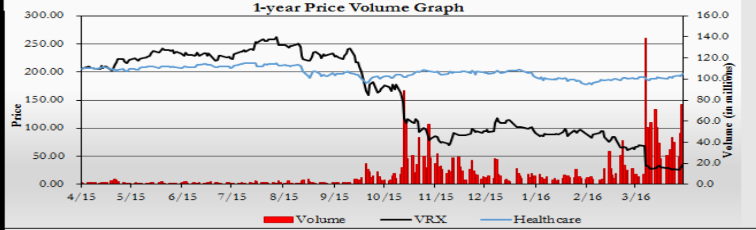
CENTER FOR GLOBAL FINANCIAL STUDIES

BULLISH

Analysis by Peter Ostrowski	Current Price:	$33.67	Intrinsic Value	$30.74
4/9/2016	Divident Yield:	0.0%	Target Price	$44.20

Target 1 year Return: 31.28%
Probability of Price Increase: 98%

1-year Price Volume Graph



Description

Valeant Pharmaceuticals International, Inc. develops, manufactures, and markets pharmaceuticals, over-the-counter products, and medical devices worldwide.

General Information

Sector	Healthcare
Industry	Pharmaceuticals
Last Guidance	November 3, 2015
Next earnings date	April 28, 2016
Estimated Country Risk Premium	6.50%
Effective Tax rate	34%
Effective Operating Tax rate	-37%

Market Data

Market Capitalization	$11,487.90
Daily volume (mil)	32.73
Shares outstanding (mil)	341.19
Diluted shares outstanding (mil)	345.85
% shares held by institutions	55%
% shares held by investments Managers	54%
% shares held by hedge funds	31%
% shares held by insiders	0.59%
Short interest	3.38%
Days to cover short interest	0.54
52 week high	$263.81
52-week low	$25.27
Levered Beta	1.40
Volatility	63.23%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
12/31/2014	2.13%	2.24%
3/31/2015	1.54%	-1.10%
6/30/2015	7.95%	7.69%
9/30/2015	0.54%	-2.40%
12/31/2015	0.95%	-16.95%
Mean	2.62%	-2.10%
Standard error	1.4%	4.1%

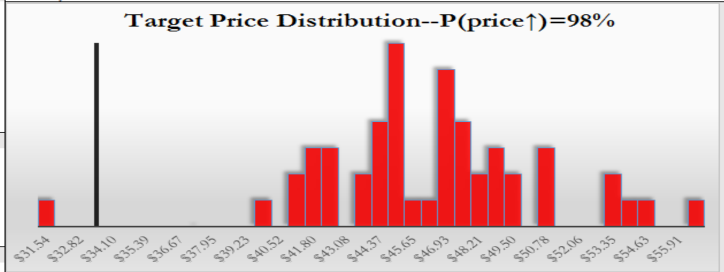
Peers

- Mylan N.V.
- Allergan plc
- Teva Pharmaceutical Industries Limited
- Bristol-Myers Squibb Company
- Eli Lilly and Company
- Perrigo Company plc
- Mallinckrodt Public Limited Company

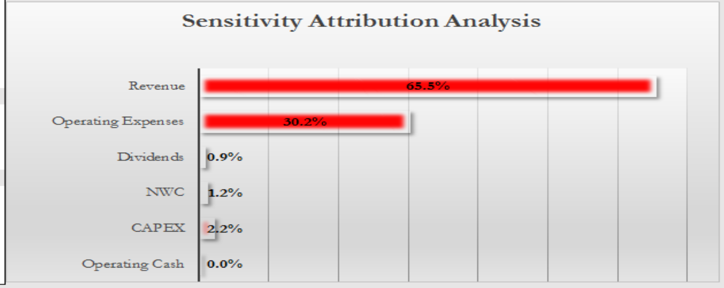
Management	Position	Total compensations growth	Total return to shareholders
Pearson, J.	Chief Executive Officer and	21.24% per annum over 4y	19.99% per annum over 4y
Chai-Onn, Robert	Chief Legal Officer, Executi	70.6% per annum over 4y	19.99% per annum over 4y
Mirovsky, Pavel	President of Valeant Europe	154.05% per annum over 2y	54.74% per annum over 2y
Kellen, Ari	Executive Vice President and	N/M	0% per annum over 0y
Rosiello, Robert	Chief Financial Officer and	N/M	N/M
Butz, Robert	Vice President of Medical &	N/M	N/M

Profitability	VRX (LTM)	VRX (5 years historical average)	Industry (LTM)
ROIC	38.0%	9.87%	9.77%
NOPAT Margin	110%	37.56%	19.2%
Revenue/Invested Capital	0.35	0.26	0.51
ROE	48.5%	12.36%	12.22%
Adjusted net margin	100%	29.37%	15.2%
Revenue/Adjusted Book Value	0.48	0.42	0.81
Invested Funds	**VRX (LTM)**	**VRX (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	2.8%	2.5%	15%
Estimated Operating Cash/Total Capital	2.1%	1.8%	N/A
Non-cash working Capital/Total Capital	3.1%	3.3%	3%
Invested Capital/Total Capital	99.6%	99.6%	79%
Capital Structure	**VRX (LTM)**	**VRX (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.51	0.46	0.33
Cost of Existing Debt	8.83%	7.39%	3.78%
Estimated Cost of new Borrowing	4.16%	3.87%	3.44%
CGFS Risk Rating	8.83%	BB	CC
Unlevered Beta (LTM)	5.75%	0.61	0.68
WACC	8.83%	7.28%	7.13%

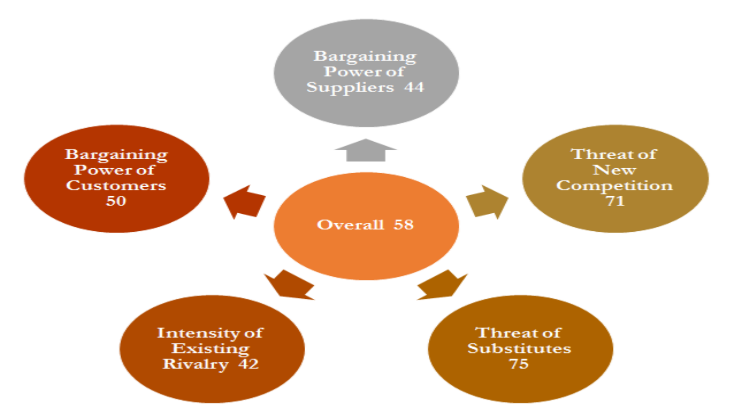
Target Price Distribution--P(price↑)=98%



Sensitivity Attribution Analysis



Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	24.1%	109.5%	3.59
9/30/2016	9.6%	25.3%	0.57
9/30/2017	16.1%	27.0%	0.62
9/30/2018	4.3%	26.9%	0.61
9/30/2019	4.7%	27.5%	0.65
9/30/2020	10.6%	27.6%	0.73
9/30/2021	7.4%	27.8%	0.76
9/30/2022	-14.9%	26.0%	0.60
9/30/2023	-6.8%	25.3%	0.68
9/30/2024	-3.3%	25.1%	0.76
9/30/2025	1.1%	25.3%	0.87
Continuing Period	3.0%	25.7%	0.97

Period	Invested Capital	Net Claims	Price per share
Base Year	$10,200.95	$31,334.99	$21.70
9/30/2016	$12,980.27	$31,847.13	$42.24
9/30/2017	$17,749.86	$35,330.38	$50.04
9/30/2018	$29,409.48	$35,360.82	$57.89
9/30/2019	$28,787.18	$34,247.18	$65.60
9/30/2020	$51,147.95	$35,466.84	$72.82
9/30/2021	$57,826.77	$35,579.10	$79.69
9/30/2022	$63,024.14	$22,336.56	$85.89
9/30/2023	$64,459.90	$14,690.18	$90.26
9/30/2024	$64,770.42	$9,623.75	$93.29
9/30/2025	$67,592.24	$7,061.04	$95.26
Continuing Period			

Eagle Materials, Inc.

NYSE:EXP

Analyst: Patrick Donovan
Sector: Materials

SELL

Price Target: $57

Key Statistics as of 4/9/2016

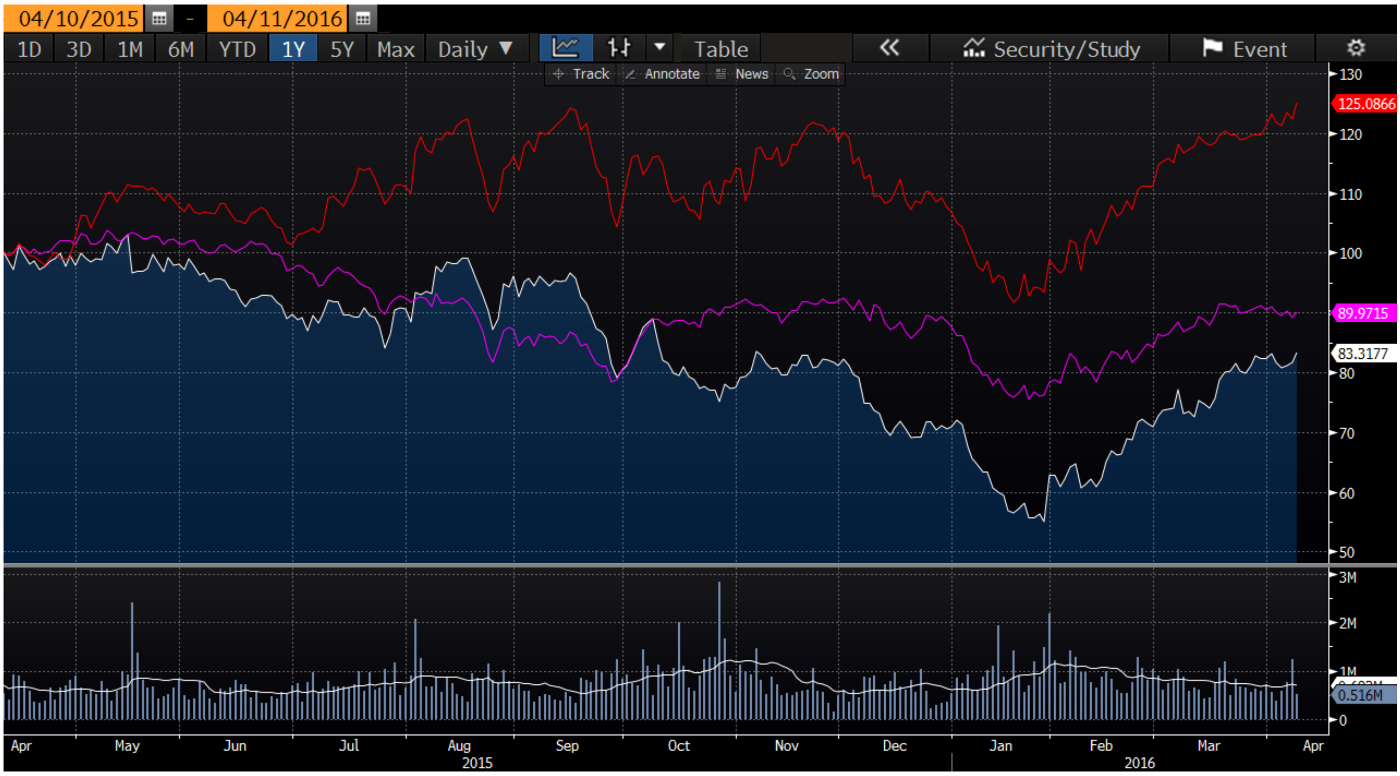
Market Price:	$70.97
Industry:	Construction Materials
Market Cap:	$3,499.5M
52-Week Range:	$45.03-88.81
Beta:	1.61

Thesis Points:

- Oil and Gas ventures have left company exposed to unnecessary risks.
- Cement prices have reached a peak, lowering the expectations for future revenues in the largest segment.
- Anti-Trust lawsuit in the gypsum industry poses a significant risk for future growth.

Company Description:

Eagle Materials Inc. produces and distributes construction materials such as gypsum board, cement, paperboard, and concrete. In the last two years the company has begun to explore the oil and gas proppants industry, and purchased a small firm performing operations utilizing hydraulic fracturing technology. Headquartered in Dallas, Texas and founded in 1963, the firm has over 40 locations in the United States where it performs all of its operations and sales. Eagle handles every aspect of their production process including the mining and processing of materials such as gypsum, crushed stone, sand, gravel and more.



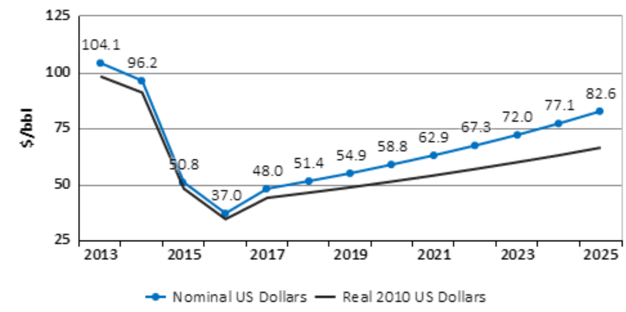
Thesis

In the last two years Eagle has capitalized on their great success in the cement market by using accumulated earnings to purchase a relatively small hydraulic fracturing operator. Through this purchase the company has left itself exposed to a serious of unnecessary risks that appear to have been caused by unwise management. With the price of oil dropping last year it was arguably the worst time in recent history to have made this type of acquisition. Eagle now has a massive investment in an industry that has unfavorable outlooks. Their most profitable and largest segment is cement sales, which has seen a relatively stable margin until the last 3 years. Cement has risen in price on the consumer market in the last year, however this is a side effect of the increase in costs of production. It is unlikely that Eagle will be able to maintain the margins they have experienced in the last 3 quarters. Continuing in line with the decision to acquire an oil and gas company during an inadvisable period of time, the management team at Eagle has also made questionable decisions with whom they do business. Eagle has been drawn into a class action lawsuit due to their business partnerships with three companies who perform operations related to the gypsum industry. The anti-trust lawsuit has been ongoing since January and will be for some time. Although the outcome of this lawsuit may not be felt in this fiscal year, the potential for negative impact is significant.

Industry Outlook

As changes occur throughout the country in relation to the housing and construction industries in 2016, Eagle will be caught in the turmoil that unfolds. According to multiple construction focused firms there has been a significant lack of skilled laborers available to meet the demand. During the economic downturn in '08-'09 and more recently during the last quarter of 2015, the construction industry let off many workers and has neglected to look to hire young people to fill the gaps. Not only is this because of financial constraints, but also younger more tech savvy workers are much less interested in the construction industry than in previous years. Another important note on the industry is that a significant portion of construction materials have inputs tied to petrochemicals. This indicates a risk for the company as oil prices may rise over the coming year to a point that makes Eagle's traditional construction business less profitable and could crush the oil and gas proppants segment only a year and half into existence. According to the World Banks estimations, crude oil will jump in value by over $10 by 2017, an unfavorable forecast for any inputs related to petrochemicals.

World Bank: Crude oil, $/barrel



Source: World Bank Commodity Forecast Price Data, January 2016

World Bank: Crude oil, $/barrel

	2014	2015	2016	2017	2018	2019	2020	2025
Nominal US Dollars	96.2	50.8	37.0	48.0	51.4	54.9	58.8	82.6
Real 2010 US Dollars	90.9	48.0	34.4	43.9	46.2	48.6	51.2	66.3

People

The management team at Eagle have all been working at the firm for at least ten years. It has been company practice to promote from within to fill vacant upper management positions. In April of this year a new CEO was elected from his previous position as the executive vice president of gypsum. Dave Powers has a challenging job to undertake, he is assuming responsibility just after the previous CEO approved the acquisition of CRS Proppants and put Eagle in a dangerous position. According to Eagle's records, the upper management team of 7 men has a combined industry experience of over 100 years, and the majority of members have been focused on construction for a great portion of their career. While this could be seen as a positive, in the current market when macro events are having such an impact on the price of inputs for construction, a team of executives who have a broader experience may be more beneficial.

Porters Five Forces

Eagle is currently positioned in a highly saturated market with relatively stable growth in most of its operating segments. Porter's five forces are a great means of standardizing the position of a firm in relation to the industry, the scores are standardized on a scale from 0-100 with 0 being the least impactful. For Eagle, the bargaining power of suppliers lies directly in the middle of the scale with a score of 50. This indicates that suppliers do not have a significant impact on the course of business for Eagle and that the firm can likely switch between suppliers if necessary to attain more attractive prices. The bargaining power of customers is 36, indicating that the firm does not have to worry about customers demanding lower prices or switching to competitors because the industry is highly competitive, most firms are offering a very similar set of services or products at very comparable prices. The intensity of existing rivalry is 42, meaning competition amongst firms is not necessarily overwhelming, but it does play a role in effecting how management makes their decisions. The threat of substitutes for Eagle has the highest score at 92. This is because the industry is saturated with so many firms performing the exact same set of operations, customers can look to many other places to satisfy their needs. In this type of industry customer loyalty is essential, and providing some sort of key value driver for that customer is critical. Finally the threat of new competition scores 67 on Porter's scale, meaning other firms in the same industry are fairly likely to compete for customers with Eagle. Thanks to high barriers to entry this score is kept down slightly, however existing firms can work to draw customers from Eagle in the future.

Conclusion

To summarize, Eagle has had great success in an industry that is highly saturated and typically does not see above average levels of growth. Unfortunately, thanks to aggressive or foolish management tactics, the firm has overextended itself and entered into an entirely new business that has very little in common to the firm's experience. According to many reputable sources including the world bank, the price of crude oil is estimated to continue to rise for years to come as demand begins to increase once again. Eagle has made an unfortunate decision to enter into this market at a very inopportune time. The company has been feeling the impact of a drop in oil prices and demand for their products since the purchase of CRS, and could be forced to sell or significantly modify the business in order to avoid serious value destruction. In 2015 the firm was forced to endure an impairment on contracts with customers for CRS products of 28.5 million dollars. Oil and gas in the United States is an industry that has been growing at an incredible rate, so much so that it has had a profound effect on the supply and demand for crude throughout the world. Eagle has chosen to enter into this hostile, over saturated industry at a time when the company should have been looking to use earnings as a means for increasing shareholder value. The rise in cost of construction inputs such as cement will also make future growth challenging for the firm. Lastly, the anti-trust lawsuit that has been taken out against many firms in the gypsum business could spell disaster for Eagle pending on the outcome of that case. It is unlikely that the market has accurately valued this and the other factors effecting Eagle in the coming year. Because of this my one year target price for Eagle is $56.79 and I am recommending a SELL.

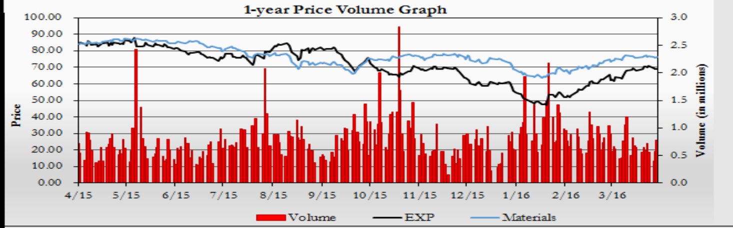
Siena Market Line
2nd week of April 2016

Eagle Materials Inc. (EXP)

CENTER FOR GLOBAL FINANCIAL STUDIES

NEUTRAL

Analysis by Patrick Donovan	Current Price:	$70.97	Intrinsic Value	$52.64	Target 1 year Return: -19.38%
4/9/2016	Divident Yield:	0.6%	Target Price	$56.79	Probability of Price Increase: 3.67%



Description

Eagle Materials Inc. produces and sells construction products and building materials used in residential, industrial, commercial, and infrastructure construction; and products used in oil and natural gas extraction in the United States.

General Information

Sector	Materials
Industry	Construction Materials
Last Guidance	November 3, 2015
Next earnings date	May 14, 2016
Estimated Country Risk Premium	5.00%
Effective Tax rate	32%
Effective Operating Tax rate	33%

Market Data

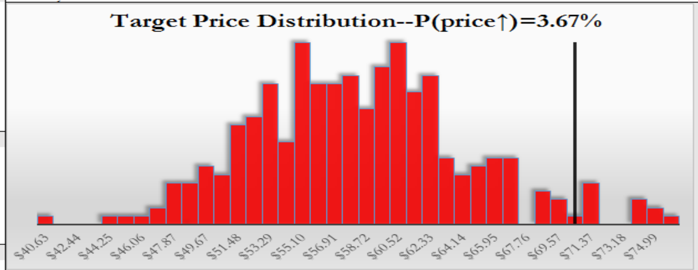
Market Capitalization	$3,499.52
Daily volume (mil)	0.52
Shares outstanding (mil)	49.31
Diluted shares outstanding (mil)	50.26
% shares held by institutions	55%
% shares held by investments Managers	77%
% shares held by hedge funds	15%
% shares held by insiders	1.37%
Short interest	4.43%
Days to cover short interest	2.51
52 week high	$88.81
52-week low	$45.03
Levered Beta	0.76
Volatility	35.71%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
12/31/2014	0.76%	-8.26%
3/31/2015	-8.58%	-21.41%
6/30/2015	-9.21%	-14.84%
9/30/2015	-2.18%	-24.42%
12/31/2015	-4.18%	-13.99%
Mean	-4.68%	-16.58%
Standard error	1.9%	2.9%

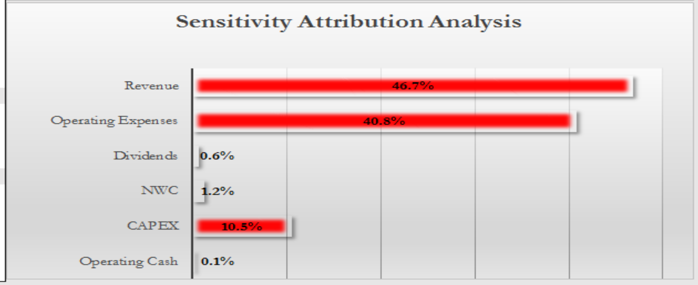
Peers

Summit Materials, Inc.
U.S. Concrete, Inc.
Martin Marietta Materials, Inc.
Vulcan Materials Company
USG Corporation
Headwaters Incorporated

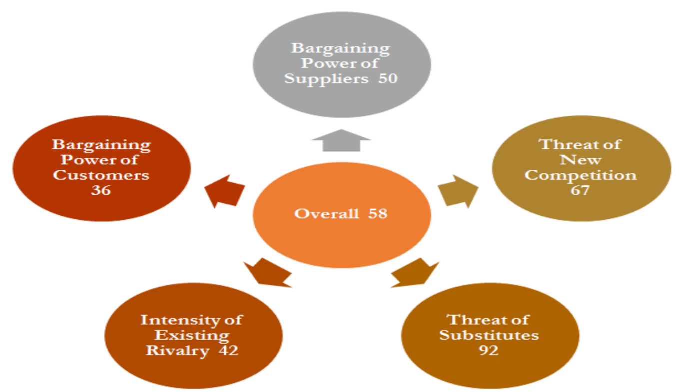


Management	Position	Total compensations growth	Total return to shareholders
Powers, David	Chief Executive Officer, Pre	28.06% per annum over 6y	3.54% per annum over 6y
Kesler, D.	Chief Financial Officer and	18.26% per annum over 6y	3.54% per annum over 6y
Haack, Michael	Chief Operating Officer and	N/M	-27.2% per annum over 1y
Essl, Gerald	Executive Vice President of	25.23% per annum over 6y	3.54% per annum over 6y
Devlin, William	Chief Accounting Officer, Se	N/M	N/M
Graass, James	Executive Vice President, Ge	-100% per annum over 4y	18.88% per annum over 4y

Profitability	EXP (LTM)	EXP (5 years historical average)	Industry (LTM)
ROIC	10.3%	8.35%	6.19%
NOPAT Margin	15%	10.97%	11.2%
Revenue/Invested Capital	0.69	0.76	0.55
ROE	11.1%	8.64%	6.28%
Adjusted net margin	14%	9.24%	9.3%
Revenue/Adjusted Book Value	0.79	0.94	0.67
Invested Funds	**EXP (LTM)**	**EXP (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	0.9%	0.6%	4%
Estimated Operating Cash/Total Capital	0.9%	0.6%	N/A
Non-cash working Capital/Total Capital	14.0%	13.7%	9%
Invested Capital/Total Capital	97.1%	96.8%	96%
Capital Structure	**EXP (LTM)**	**EXP (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.18	0.14	0.14
Cost of Existing Debt	2.36%	4.37%	8.23%
Estimated Cost of new Borrowing	2.41%	2.64%	8.23%
CGFS Risk Rating	2.36%	AA	C
Unlevered Beta (LTM)	2.31%	1.44	1.23
WACC	2.36%	9.78%	8.98%



Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	8.0%	14.9%	1.66
12/31/2016	6.3%	17.7%	1.97
12/31/2017	12.5%	19.6%	2.16
12/31/2018	11.6%	19.0%	2.04
12/31/2019	10.6%	18.5%	1.92
12/31/2020	9.7%	17.9%	1.81
12/31/2021	8.7%	17.2%	1.70
12/31/2022	7.8%	16.6%	1.60
12/31/2023	6.8%	16.0%	1.49
12/31/2024	5.9%	15.3%	1.39
12/31/2025	4.9%	14.6%	1.30
Continuing Period	4.0%	13.9%	1.21

Period	Invested Capital	Net Claims	Price per share
Base Year	$854.67	$548.45	$53.19
12/31/2016	$835.31	$525.16	$56.66
12/31/2017	$1,270.51	$501.42	$60.30
12/31/2018	$1,286.83	$463.62	$64.29
12/31/2019	$1,608.24	$405.52	$68.66
12/31/2020	$1,675.45	$324.90	$73.42
12/31/2021	$1,831.38	$219.21	$78.60
12/31/2022	$2,029.36	$107.02	$84.08
12/31/2023	$2,234.36	-$38.06	$89.88
12/31/2024	$2,438.57	-$208.43	$96.08
12/31/2025	$2,637.90	-$403.67	$102.70
Continuing Period			

Insys Therapeutics, Inc.

NASDAQGM:INSY

Analyst: Pierre Gouesclou
Sector: Healthcare

Buy

Price Target: $23.34

Key Statistics as of 04/08/2016

Market Price:	$17.49
Industry:	Biotechnology
Market Cap:	$1.26B
52-Week Range:	$14.18-46.17.
Beta:	0.97

Thesis Points:

- Issuing their new product “Syndros” on the 15th of July 2016.
- Bearing no debt.
- Prospects of growth regarding 7 products in testing.
- The stock is “**Cheap**” given their results.

Company Description:

Insys Therapeutics, Inc. is a specialty pharmaceutical company specialized in the use of opioids in order to cure or reduce physical pains. The company was founded in 1990 by John Kapoor and entered the markets through an IPO in 2013 of 4 million shares with a price of $8 per share. Since its IPO in 2013 the company has more than doubled the value of their shares and enhanced most of their financial data. Currently, the company operates only in the United-States and provides only one approved product to their customers (Subsys). Insys Therapeutics presently has seven promising products in trial for stage 3 and 2 according to the product. This variety of products currently in test can prove to become an attractive source of value creation for the shareholders of INSY stock.

Thesis

Insys Therapeutics headquartered in Chandler, Arizona is a companies operating in the opioids segment, which is a very controversial and moving business overall. Most governments forbid the non-medical use of drugs such as morphine for example. In that aspect companies selling opioid derived products for purposes of pain reduction are very lucrative but not risk free due to legal restraints. Currently the company was able to increase their revenue by 2037% from 2012 to 2015 and generate a Net income of $58.5 million (2015) against $(24.4) million (2012) earlier. This increase of revenue which is mostly related to their only approved product (SUBSYS) can only make the investors wonder what would imply the release of their 7 products currently in testing. All these products have different purposes and aims different type of clients in order to broaden the market share of the company. In addition to this increase of revenue the company can only benefit from the legalization of drugs such as marijuana in several states. This legalization underlines the modification of the social vision on drug uses and could imply growth for companies like Insys Therapeutics.

Industry Outlook

During the last year the healthcare industry and especially the drug laboratories have suffered an importance loss of value. This loss of value is mostly due to the upcoming election and the Democrat candidate Hillary Clinton's speech regarding the limitation of drug prices. Furthermore many presidential candidates are expecting to influence this market if they are elected.

(Source: Bloomberg.)

Despite this political instability, the industry has been flourishing on both the innovations and revenues aspect. These opposing trends provide an opportunity to acquire undervalued or mispriced healthcare stocks with high future potentials that are not necessarily dependent on drug price.

Approved Product

Insys Therapeutics's business is based on one approved product called SUBSYS. This controversial product is derived from Fentanyl which is one of the most potent opioid on the market. This opioid can be very efficient for pain reduction but is highly addictive for users. SUBSYS is a spray that is injected under the tongue of the patient in order to enhance the efficiency of the spray. This spray has an effect of approximately 5 minutes and is used to reduce sudden sufferings of individuals. In addition, a package of 30 spray bottles of SUBSYS has an average selling price of $6,400 which implies an important margin for Insys Therapeutics. This product has been discussed at length in many newspaper articles or blogs regarding its potential danger for users; but no lawsuits has been filled against the firm.

Products in Development

Seven future products are currently being tested by the company before the commercialization. Most of these products are currently under phase 2 of the testing and cover a wide area of research ranging from cancer to opioid dependency.

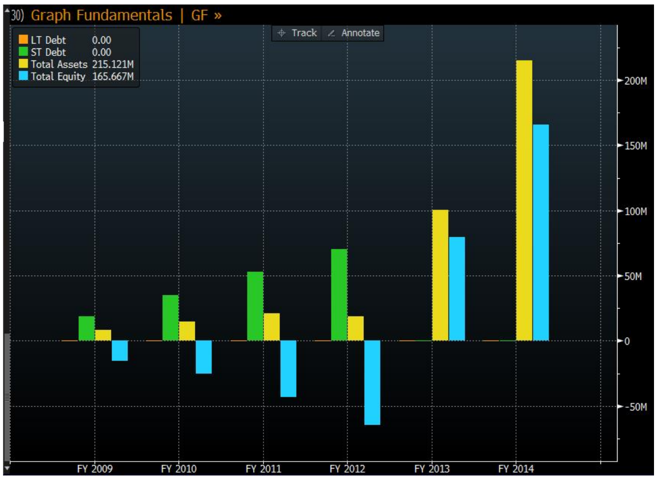
COMPOUND	AREA OF RESEARCH	PHASE
Dronabinol Oral Solution	Nausea / Vomiting Associated with Cancer Chemotherapy and Anorexia / Weight Loss in Patients with AIDS	
Cannabidiol	Severe Pediatric Epilepsies	
Buprenorphine Sublingual Spray	Moderate to Severe Pain	
Buprenorphine Naloxone Sublingual Spray	Opioid Dependence	
Naloxone Sublingual Spray	Reversal of Opioid Depression	
Ondansetron Sublingual Spray	Prevention of Nausea and Vomiting	
Liposome Entrapped Paclitaxel (LEP)	Ovarian and Gastric Cancer	

(Source: Corporate Website.)

Several of these products are presented under a similar application than SUBSYS to enhance the efficiency of the drug. Furthermore, Insys Therapeutics is currently attempting to appeal to other type of customers to gain additional market shares and enhance their growth possibilities. Dronabinol Oral Solution which is a liquid formulation of pharmaceutical cannabinoid will be used to avoid CINV (Chemotherapy-induced nausea and vomiting). This product is expect to generate important revenues for the company. The most controversial drug Insys is currently developing remains Buprenorphine Naloxone Sublingual Spray which focuses on Opioid Dependence. This drug relieves drug craving without providing the "high effect" that could be expected from it.

Capital structure management

Insys Technology has had a very volatile Capital structure management between 2009 and 2014. This volatility was due to the commercialization of SUBSYS after 2012 when the company began generating revenue off its product. Up until 2012 the firm had a capital structure where their short term debts was higher than the total asset of the firm (leading to a negative Equity). This structure is often required for healthcare companies that are developing their product base. Once the product passed phase 3 and was beginning to sell the firm was able to pay off the integrity of their short-term debt, hence erasing any interest expenses. This capital structure has been financed by a combination of Retained earnings and additional paid in capital.

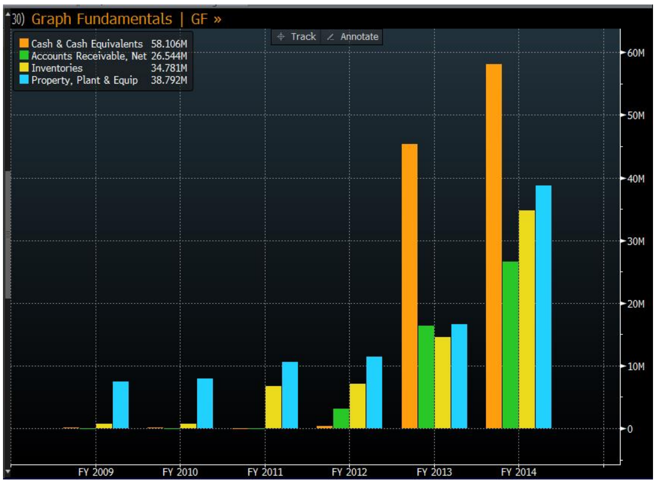


(Source: Bloomberg.)

Financials

Balance Sheet:

Between 2013 and 2015 the firm's total assets have tripled from $100 million to $351 million. The important increase in assets is due to 4 major factors: Cash & cash equivalents, Accounts receivables, Long-term investments and Property, plant & equipment. Due to their increase of revenue throughout the years Insys Therapeutics has accumulated important amounts of cash & cash equivalents since 2013. Although these cash reserves can be seen as useless it still remains a protection or a source of investment if required. From 2014 to 2015 the NPPE of the company increased by 28% due to the increase in their operations and research facilities.



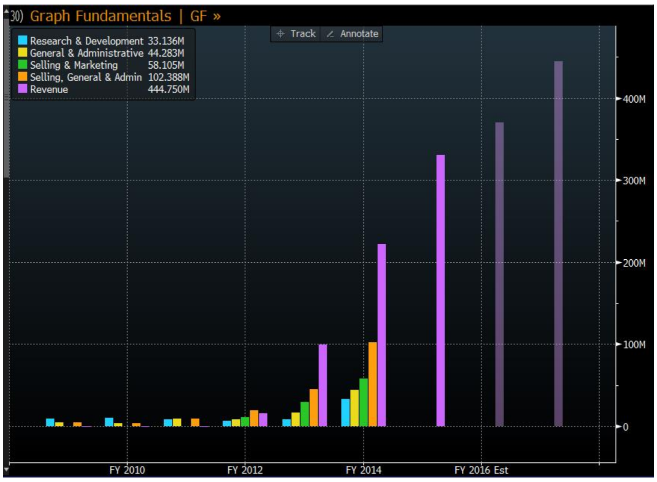
(Source: Bloomberg.)

In addition, Insys started Long and short term investments from 2014 through 2015. These investments are related to marketable securities purchased by the company and consists of three segments in 2015: Corporate securities (27.22%), Federal agency securities (18.85%), and Municipal securities (53.94%). At this point the firm has faced unrealized losses of 168,000 dollars during the year. Overall this increase of asset has been financed in majority by the Equity of the company mostly through issuance of stocks and increase of retained earnings. The company has acknowledged an increase in revenue which enhanced their ability to pay off obligations and purchase assets. Since the product has been issued in 2013 their retained earnings skyrocketed from $-129.4 million to $7.4 million in 2015 leading their Total Equity to increase considerably. On the other hand, the company started generating more important Additional Paid in capital (280% increase from 2012 to 2013). Although liabilities has decreased from 2012 to 2013 it has increased afterwards the structure of the liabilities has been strongly modified. In 3 years the firm deleted all of their Short and Long term debts and replaced them with Accounts payable and accrued expenses.

Income Statement:

Insys Therapeutics has been in a period of strong revenue growth of 2037% since 2012. As implied by the drug sector they operate in the company has very low Costs of Goods Sold (8.7% of their total revenue) as they are able to fix their prices. Insys has taken advantage of this source of revenue to invest in other operating that can prove beneficial in the long term. Since 2012 Insys Therapeutics increased their Selling

General & admin Expenses by 639% in order to be more efficient and positioned in their market. The company also increased the size of their Research & Development expenses by 777% which is translated by the amount of product currently under testing for FDA approval. The fact that the company has started to pay taxes in the United-States since 2014 (ranging from 40% (2014) to 37% (2015)) has been deflating the net income of the firm. This effect could be reduced by the commercialization of the firm's products in other countries with lower tax rates. To conclude on the Income statement we can observe an increase from -$24.4 (2014) million to $58.5 million (2015).



(Source: Bloomberg.)

Cash Flow:

Cash from Operations: The company has enhanced its cash perceived from operations in the past years. The two main drivers of this increase in the Net income and the Account Payables of the company. After erasing their short and long term debt the company started increasing their accounts payable, implying that the company has started to pay their dues with a delay of less than a year. On the other hand the company is starting to have an important Account receivable change in their cash flow. This will raise doubts regarding their Cash conversion cycle and the efficiency of their collection of credits from their customers. From 2014 to 2015 the company has doubled his cash generated from operations going from $49.7 million to $100.9 million (103%).

Cash from Investing: Since 2013 Insys Therapeutics has been using up their cash on Capital expenditures and Marketable & Equity securities. Between 2013 and today the company has increased their Capital expenditure expenses by 1513. As mentioned earlier the company started investing in Marketable securities ranging from corporate to governmental assets. The company is currently spending huge amounts of money in their investing segment of the cash flow implying a diversification and growth of the company.

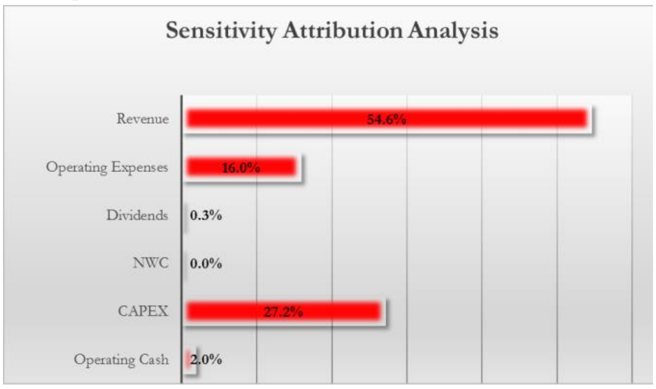
Cash from Financing: Since the approval of their product the company started to issue common stock in order to finance their activities. The company gradually expanded their issuance of Common Stock until reaching a cash flow of $12.2 million in 2015. On the other hand, in light of their repurchase program the company bought some of its common stock believing that the stock was undervalued. Given this repurchase of stock the cash flow from financing has been reduced by 72% compared to 2014.

R.O.I.C. & W.A.C.C.

Insys Therapeutics has an excellent management of their ROIC and WACC in the past years. In 2015 the company had a Return on Invest Capital of 70% for a Weight Average Cost of Capital of 27.4%. In light of this data the company had an R.O.I.C. /W.A.C.C. of 2.6, implying that the firm was able to create value in 2015. Furthermore according to my valuation the company has an expect R.O.I.C. of 44.8% and a W.A.C.C. of capital of 13.2% in the continuing period. On the continuing period this data would underline the fact that the company would create more value than in the present year with an ROIC/WACC of 3.66 against 2.6 in 2015.

Sensitivity Analysis

According to the sensitivity analysis, Insys Therapeutics's stock price is being driven by three main factors: Revenue (54.6%), Operating Expenses (16%) and CAPEX (27.2%). Given the sensitivity to revenue and the important increase of this variable in the last years and the prospects of growth we can expect the stock price to increase.



Stock repurchase program

In 2015 Insys Therapeutics launched a stock repurchase program of 50 million shares. In the last earning calls the Chief Financial Officer communicated that the company had purchased an amount of $27 million out of the $50 million and that the company would maintain purchasing them. The reason for this repurchasing program is that the company believes that the company stock price if undervalued and that they would be gaining by purchasing these shares and selling them in the future. I believe that most of this assumption of future growth is based on their soon to be issued "Syndros".

The Syndros paradox

On the 23rd of March 2016 the company issued information regarding negotiations with the FDA discussing the postponing of their new product Syndros. The new issuance date of the product has been fixed to the 15th of July 2016 and there are very low chances that the FDA will postpone it again. With no surprise this announcement provoked a decline of more than 14% of the share price given the importance of the product for the growth prospects of the firm. In the past year, the company had started to drain marketing costs from their Subsys product towards Syndros. This relocation of investments was expected given the importance of Syndros but was a big factor of the price decrease. This decrease of 14% can prove to be an interesting investment opportunity with the upcoming earning calls and the issuance of Syndros in July.

Marketing and sale scandals

On the 12th of December 2013 the company announced that the HHS issued a subpoena regarding their marketing and sell strategies. Prior to this Subpoena the company had been accused to pay doctors with unclean records in order to promote and prescribe their products to patients. In addition to this accusation the company was highly criticized on the composition of their product and the long-term effects of the painkiller on the patients. Although the company has never been judged guilty for these accusations the stock price has been affected by these variables of risk given the fact that the company currently relies on only one product.

Conclusion

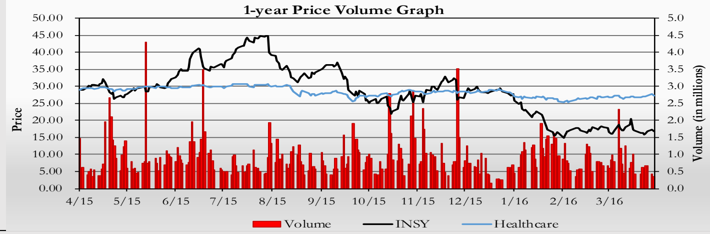
Insys Therapeutics is a company with impressive financial results in the past years. The company was able to manage efficiently an important increase of revenue in order to enhance its abilities in the upcoming years. Despite several scandals and critics on their products they were able to create value. Furthermore Insys Therapeutics has constantly increased their research & developments to in order to establish a profitable pipeline for the years to come. To conclude I would say that the combination of these green flags with the recent decrease of share price is an interesting investment opportunity when looking towards earning calls and the issuance of their new product on the 15th of July 2016. In that aspect I would rate INSY as a BUY with a 1 year target price of $23.34 which implies a return of 33.46**%.** According to my valuation the probability of a price increase for this stock is 100**%.**

INSYS Therapeutics, Inc. (INSY)

CENTER FOR GLOBAL FINANCIAL STUDIES

BULLISH

Analysis by Pierre Gouesclou	Current Price:	$17.49	Intrinsic Value	$19.10	Target 1 year Return: 33.46%
4/8/2016	Divident Yield:	0.0%	Target Price	$23.34	Probability of Price Increase: 100%



Description

Insys Therapeutics, Inc., a specialty pharmaceutical company, develops and commercializes supportive care products.

General Information

Sector	Healthcare
Industry	Biotechnology
Last Guidance	November 3, 2015
Next earnings date	NM
Estimated Country Risk Premium	7.66%
Effective Tax rate	40%
Effective Operating Tax rate	42%

Market Data

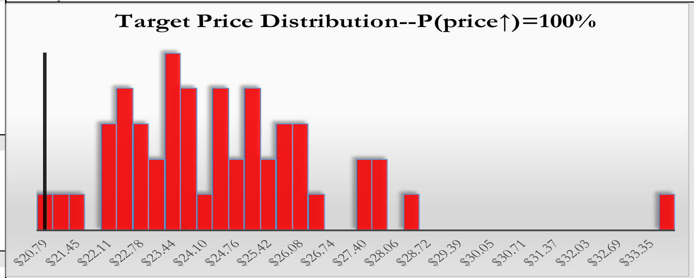
Market Capitalization	$1,245.70
Daily volume (mil)	0.21
Shares outstanding (mil)	71.51
Diluted shares outstanding (mil)	75.71
% shares held by institutions	55%
% shares held by investments Managers	30%
% shares held by hedge funds	18%
% shares held by insiders	66.52%
Short interest	26.58%
Days to cover short interest	21.30
52 week high	$46.17
52-week low	$14.18
Levered Beta	0.95
Volatility	98.52%

Past Earning Surprises

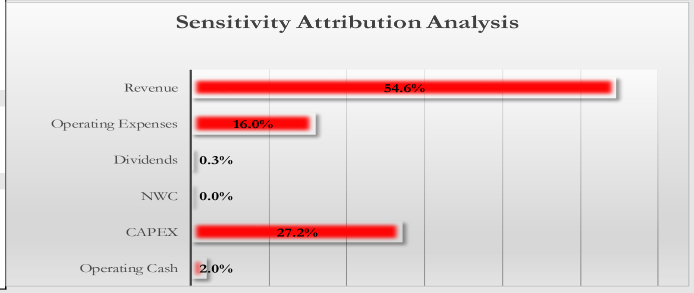
Quarter ending	Revenue	EBITDA
12/31/2014	4.82%	-36.15%
3/31/2015	-0.93%	-27.51%
6/30/2015	4.83%	-42.54%
9/30/2015	9.97%	49.34%
12/31/2015	0.10%	-2.58%
Mean	3.76%	-11.89%
Standard error	2.0%	16.7%

Peers

- Sagent Pharmaceuticals, Inc.
- DepoMed Inc.
- Seattle Genetics, Inc.
- Genomic Health Inc.
- Emergent BioSolutions, Inc.
- Pacira Pharmaceuticals, Inc.
- Spectrum Pharmaceuticals, Inc.
- Ariad Pharmaceuticals Inc.

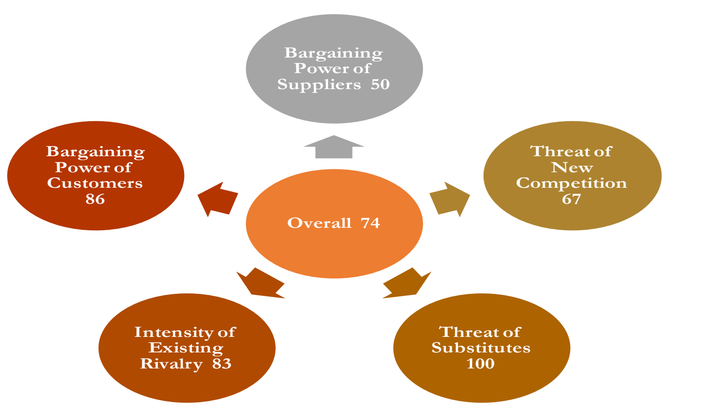


Management	Position	Total compensations growth	Total return to shareholders
Kapoor, John	Executive Chairman, Chief Ex	-100% per annum over 2y	185.66% per annum over 2y
Baker, Darryl	Chief Financial Officer	13.36% per annum over 2y	185.66% per annum over 2y
Del Fosse, Franc	General Counsel and Corporat	N/M	0% per annum over 0y
Brennan, Daniel	Chief Operating Officer and	N/M	N/M
Goskonda, Venkat	Senior Director of Pharmaceu	N/M	N/M
Chavan, Ashok	Director of Pharmaceutical O	N/M	N/M



Profitability	INSY (LTM)	INSY (5 years historical average)	Industry (LTM)
ROIC	72.0%	49.91%	12.40%
NOPAT Margin	43%	#DIV/0!	19.7%
Revenue/Invested Capital	1.68	#DIV/0!	0.63
ROE	58.0%	374.92%	13.92%
Adjusted net margin	43%	#DIV/0!	16.8%
Revenue/Adjusted Book Value	1.36	#DIV/0!	0.83
Invested Funds	**INSY (LTM)**	**INSY (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	36.9%	36.5%	30%
Estimated Operating Cash/Total Capital	18.4%	21.8%	N/A
Non-cash working Capital/Total Capital	1.2%	4.6%	7%
Invested Capital/Total Capital	71.6%	76.9%	63%
Capital Structure	**INSY (LTM)**	**INSY (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.01	5.09	0.15
Cost of Existing Debt	1.38%	3.30%	4.01%
Estimated Cost of new Borrowing	1.38%	4.22%	4.01%
CGFS Risk Rating	1.38%	CCC	CC
Unlevered Beta (LTM)	0.00%	0.28	0.91
WACC	1.38%	4.42%	9.57%

Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	48.9%	42.7%	7.03
12/31/2016	10.6%	40.6%	4.56
12/31/2017	20.9%	48.6%	4.37
12/31/2018	29.8%	51.7%	4.52
12/31/2019	28.0%	48.7%	4.04
12/31/2020	18.0%	45.2%	3.31
12/31/2021	15.5%	41.9%	2.79
12/31/2022	13.0%	38.2%	2.33
12/31/2023	10.5%	34.4%	1.93
12/31/2024	8.0%	30.6%	1.58
12/31/2025	5.5%	26.8%	1.27
Continuing Period	3.0%	22.9%	1.00

Period	Invested Capital	Net Claims	Price per share
Base Year	$12.05	-$15.36	$19.66
12/31/2016	$2.59	-$113.95	$22.94
12/31/2017	$12.87	-$307.64	$26.74
12/31/2018	$86.14	-$553.36	$31.02
12/31/2019	$196.42	-$842.67	$35.85
12/31/2020	$308.85	-$1,177.42	$41.11
12/31/2021	$451.43	-$1,540.68	$46.75
12/31/2022	$583.58	-$1,922.10	$52.73
12/31/2023	$765.57	-$2,339.17	$59.37
12/31/2024	$992.02	-$2,697.96	$65.52
12/31/2025	$1,223.81	-$3,036.51	$71.80
Continuing Period			

SolarEdge Technologies, Inc.

SEDG

Analyst: Zach Collins

BUY on SEDG

Price Target: $ 33.80

Key Statistics as of 12/4/15

Market Price:	$25.05
Industry:	Information technology
Market Cap:	$1007.5 M
52-Week Range:	$15.02-43.00
1 Year Beta:	1.7

Thesis Points:

- Increasing margins
- Consistently outperforming estimates
- High growth industry

Company Description:

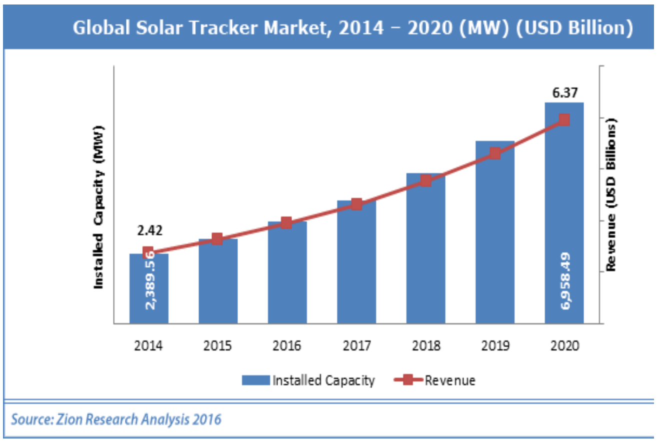
SolarEdge Technologies was founded in 2006 and began commercial shipments in 2010. The company went public on March 25, 2015. SolarEdge provides solar power optimization and photovoltaic monitoring solutions. The company offers optimizers, inverters, monitoring equipment, and accessories for power harvesting, conversion, and efficiency. SolarEdge has invented an intelligent inverter solution that has changed the way power is harvested and managed in a solar PV system. The direct current optimized inverter system maximizes power generation at the individual PV module level, while lowering the cost of energy produced by the solar PV system.

Thesis

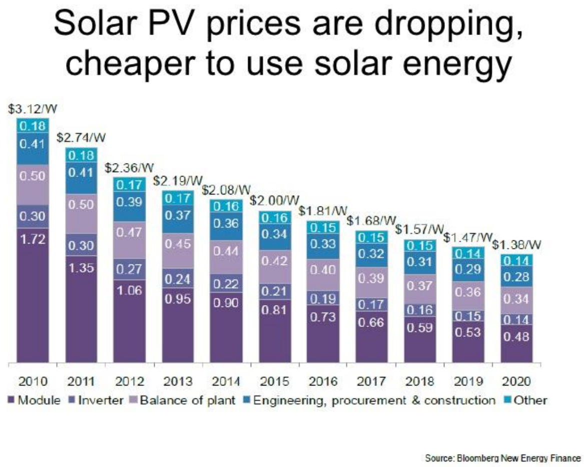
Since their IPO on March 25, 2015, SolarEdge has outperformed their earnings estimates in each quarter. SoalrEdge has positioned themselves with a high potential to be a prominent company within the solar equipment sector of the information technology industry. Since 2013, SolarEdge has increased their profitability margins down the income statement, and shows strong signs of further improvement. SolarEdge is also best in class in terms of value creation. The information technology industry as a whole has demonstrated high growth, which is forecasted to continue in the near future.

Industry Outlook

The graph below illustrates the growth of the solar industry from 2014, up to analysts' estimates of growth for 2020.



As you can see there is a positive outlook on future growth within the solar market. This industry is projected to grow at a CAGR growth percentage of 18% to 2020, from $2.4 B in 2014 to over $6 B in 2020. The primary factors that have influenced this trend include advancements in technology, improvements on the efficiency of solar equipment, as well as improvements on the installation methods of solar equipment. As the global population grows and technology continues to rapidly advance, the demand for energy will rise substantially.



This chart illustrates how the improvements made to solar equipment continue to lower the cost of using solar energy. Which makes this form of renewable energy particularly attractive. This provides high growth potential for any firm within this industry that can capitalize on this trend. That being said, the solar industry as a whole has come under scrutiny recently with the expiration of the Federal Investment Tax Credit "ITC" at the end of 2016. This has blown over however as the ITC has been extended to 2021. With a 30% tax credit through 2019, 26% in 2020, and 22% in 2021. Thus further improving the outlook of this industry.

Porter's Five Forces

Bargaining power of suppliers: **HIGH**
SolarEdge does not have internal manufacturing capabilities and currently relies on two contract manufactures to build all of their products.

Bargaining power of customers: **HIGH**
The top customer for SolarEdge accounted for 24.6% of their revenue for fiscal 2015. While their next top five largest customers accounted for 29.9% of their revenue. SolarEdge may be reliant on these customers, but continues to expand their customer network.

Threat of substitutes: **MODERATE**
The threat of substitutes for SolarEdge is moderate as there as are other sources of renewable energy. However, solar energy shows a more positive outlook than other sources of renewable energy.

Existing rivalry: **HIGH**

The intensity of competition within the solar equipment industry is very high, as the nature of this industry is rapidly evolving.

Threat of new competition: **LOW**

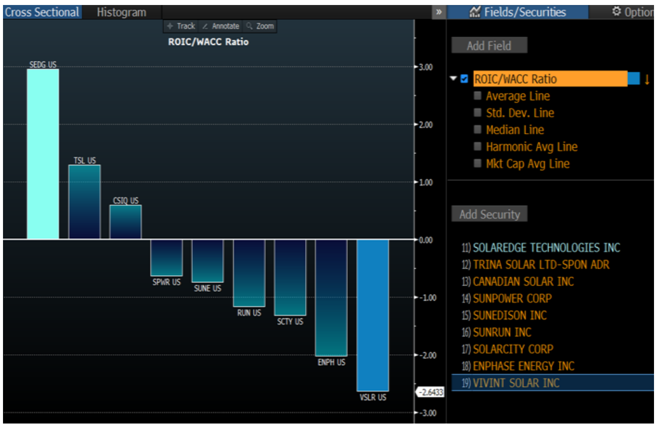
The solar industry is an industry with extremely high barriers to entry. As the startup costs for a solar equipment company are very high.

Increasing Margins

Since fiscal year 2013, SolarEdge has consistently improved their profitability margins each year.

12 Months Ending	06/30/2013	06/30/2014	06/30/2015	12/31/2015
+ Revenue	79.0	133.2	325.1	424.7
- Cost of Revenue	94.4%	83.5%	74.8%	70.8%
Gross Profit	5.6%	16.5%	25.2%	29.2%
+ Other Operating Income	0.0%	0.0%	0.0%	0.0%
- Operating Expenses	40.3%	30.3%	16.5%	16.1%
Operating Income	-34.7%	-13.8%	8.7%	13.1%
- Interest Expense	1.4%	1.5%	–	
- Foreign Exchange Losses (Gains)	-0.4%	0.5%	0.1%	
- Net Non-Operating Losses (Gains)	-0.3%	0.1%	1.5%	1.5%
Pretax Income	-35.5%	-15.9%	7.1%	11.7%
- Income Tax Expense	0.1%	0.2%	0.6%	-1.0%
Income Before XO Items	-35.7%	-16.0%	6.5%	12.7%
- Extraordinary Loss Net of Tax	0.0%	0.0%	0.0%	0.0%
- Minority Interests	0.0%	0.0%	0.0%	0.0%
Net Income	-35.7%	-16.0%	6.5%	12.7%

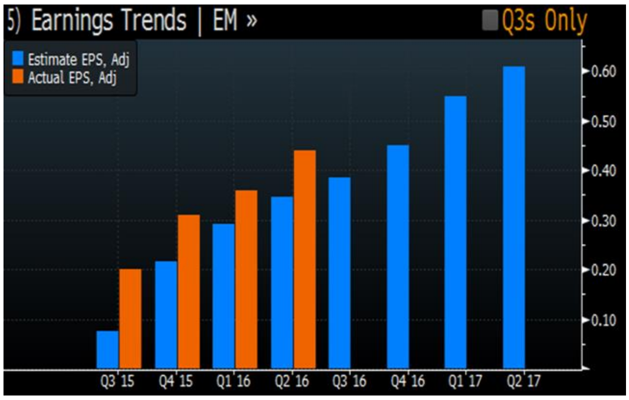
This common size income statement illustrates SolarEdge's improvement in managing their operating expenses, as well as the costs associated with selling their products. The gross margin, EBITDA margin, and net margin have all increased in each year. And analysts' estimates of the next four years show further signs of increasing margins.



This cross sectional analysis illustrates how SolarEdge is generating a higher ROIC/WACC ratio than their peers within the industry. This demonstrates how SolarEdge is creating more value for their firm than that of their competition.

Outperforming Estimates

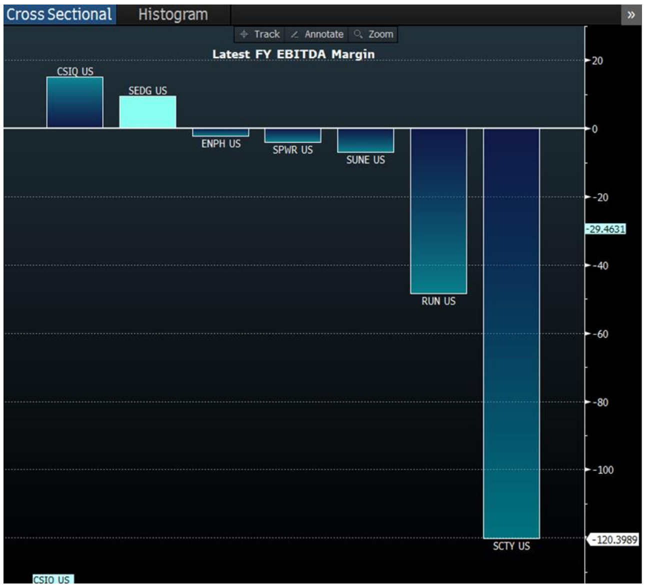
Since SolarEdge went public, they have consistently outperformed their earnings estimates in each quarter.



This chart illustrates the actual EPS for SolarEdge in comparison to analyst estimates. Analysts are also forecasting an increase in earnings for the next four quarters.

Past Earning Surprises		
Quarter ending	Revenue	EBITDA
12/31/2014	N/A	N/A
3/31/2015	18.72%	245.04%
6/30/2015	3.43%	80.86%
9/30/2015	4.51%	14.67%
12/31/2015	4.48%	30.89%

SolarEdge has significantly outperformed their EBITDA estimates. And is at the top of their industry in terms of their EBITDA margin.



The peers identified in this analysis include Canadian Solar (CSIQ), SunPower Corp. (SPWR), SunEdison Inc. (SUNE), SolarCity Corp. (SCTY), Enphase Energy Inc. (ENPH), and SunRun Inc. (RUN).

When valuing this stock on the proforma, the sensitivity analysis showed that this stock was extremely sensitive to changes in operating costs. If the last reported operating costs were used in the continuing period, a substantial amount of value for this stock was lost. However, based on management's focus on cutting operating expenses, analysts' forecasts, and the improvements SolarEdge has shown each year since 2013 with lowering these costs, I believe a slightly lower value for their operating costs in the continuing period can be justified.

Conclusion

After a thorough analysis of SolarEdge it is clear that this company is undervalued. As they continue to improve their margins with high revenue growth, this firm will generate significant value to their firm. SolarEdge is also showing they can generate value without taking on a substantial amount of debt. What cannot be emphasized enough is the high growth potential within this industry. Despite the risk associated with limited financial data, the high return potential of this stock outweighs this level of risk. For the above reasons identified and the analysis conducted on the financials for SolarEdge, this stock is a BUY.

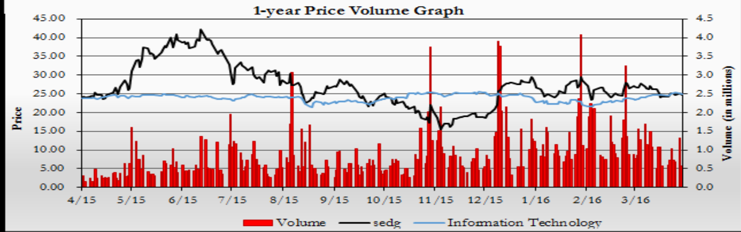
Siena Market Line
2nd week of April 2016

CENTER FOR GLOBAL FINANCIAL STUDIES

SolarEdge Technologies, Inc. (sedg)

BULLISH

Analysis by Zach Collins	Current Price:	$24.99	Intrinsic Value	$24.40	Target 1 year Return: 23.55%
4/9/2016	Divident Yield:	0.0%	Target Price	$30.88	Probability of Price Increase: 98%



Description

SolarEdge Technologies, Inc. designs, develops, manufactures, and sells direct current (DC) optimized inverter systems for solar photovoltaic (PV) installations in Israel, Europe, the United States, and internationally.

General Information

Sector	Information Technology
Industry	Semiconductors and Semiconductor Equipment
Last Guidance	November 3, 2015
Next earnings date	May 4, 2016
Estimated Country Risk Premium	6.50%
Effective Tax rate	36%
Effective Operating Tax rate	43%

Market Data

Market Capitalization	$1,011.14
Daily volume (mil)	0.40
Shares outstanding (mil)	40.22
Diluted shares outstanding (mil)	35.98
% shares held by institutions	55%
% shares held by investments Managers	26%
% shares held by hedge funds	18%
% shares held by insiders	3.94%
Short interest	11.00%
Days to cover short interest	3.72
52 week high	$43.00
52-week low	$15.02
Levered Beta	1.73
Volatility	0.00%

Past Earning Surprises

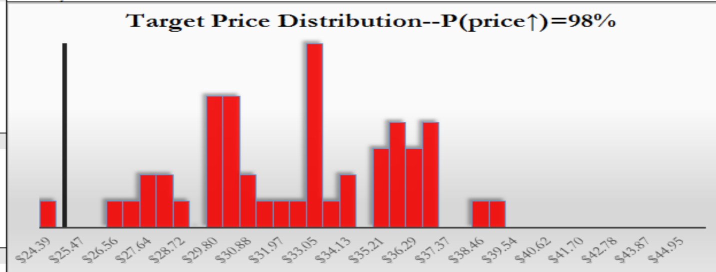
Quarter ending	Revenue	EBITDA
12/31/2014	N/A	N/A
3/31/2015	18.72%	245.04%
6/30/2015	3.43%	80.86%
9/30/2015	4.51%	14.67%
12/31/2015	4.48%	30.89%
Mean	7.78%	92.86%
Standard error	3.7%	52.6%

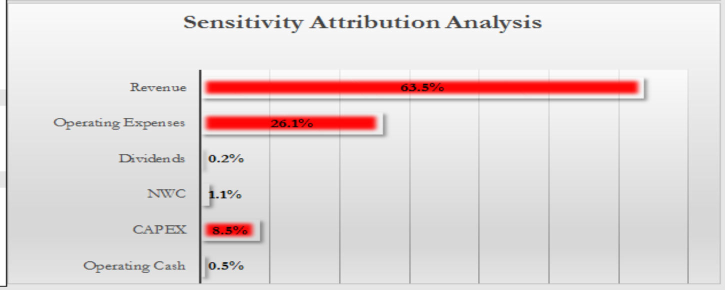
Peers

Enphase Energy, Inc.
Veeco Instruments Inc.
SunPower Corporation
SunEdison, Inc.
Canadian Solar Inc.

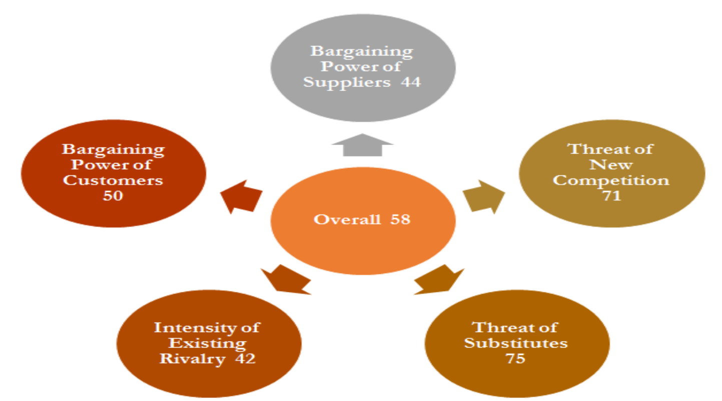
Management	Position	Total compensations growth	Total return to shareholders
Sella, Guy	Founder, Chairman and Chief	217.9% per annum over 2y	N/M
Faier, Ronen	Chief Financial Officer	35.25% per annum over 2y	N/M
Lando, Zvi	Vice President of Global Sal	25.54% per annum over 2y	N/M
Handelsman, Lior	Founder and Vice President o	N/M	N/M
Galin, Yoav	Founder and Vice President o	N/M	N/M
Adest, Meir	Founder and Vice President o	N/M	N/M

Profitability	sedg (LTM)	sedg (4 years historical average)	Industry (LTM)
ROIC	22.8%	15.70%	12.73%
NOPAT Margin	11%	#DIV/0!	17.6%
Revenue/Invested Capital	2.02	#DIV/0!	0.73
ROE	18.1%	18.10%	14.38%
Adjusted net margin	11%	#DIV/0!	16.3%
Revenue/Adjusted Book Value	1.63	#DIV/0!	0.88
Invested Funds	**sedg (LTM)**	**sedg (4 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	38.4%	59.2%	43%
Estimated Operating Cash/Total Capital	30.5%	41.0%	N/A
Non-cash working Capital/Total Capital	19.0%	20.8%	9%
Invested Capital/Total Capital	85.0%	120.8%	50%
Capital Structure	**sedg (LTM)**	**sedg (4 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.01	0.01	0.15
Cost of Existing Debt	10.63%	7.56%	4.20%
Estimated Cost of new Borrowing	1.38%	1.35%	3.18%
CGFS Risk Rating	10.63%	#DIV/0!	B
Unlevered Beta (LTM)	0.00%		1.21
WACC	10.63%	14.23%	10.49%





Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	97.2%	11.3%	1.60
12/31/2016	31.4%	16.6%	2.26
12/31/2017	12.6%	16.2%	1.89
12/31/2018	9.3%	15.8%	1.75
12/31/2019	8.5%	15.5%	1.68
12/31/2020	7.7%	15.3%	1.65
12/31/2021	6.9%	15.1%	1.65
12/31/2022	6.1%	15.1%	1.66
12/31/2023	5.4%	15.2%	1.70
12/31/2024	4.6%	15.3%	1.75
12/31/2025	3.8%	15.4%	1.80
Continuing Period	3.0%	15.6%	1.85

Period	Invested Capital	Net Claims	Price per share
Base Year	$0.00	$81.84	$22.94
12/31/2016	$15.79	$35.60	$28.07
12/31/2017	$32.55	-$50.08	$33.55
12/31/2018	$59.94	-$148.77	$39.26
12/31/2019	$210.29	-$254.08	$45.12
12/31/2020	$295.19	-$365.93	$51.12
12/31/2021	$400.05	-$485.04	$57.23
12/31/2022	$472.41	-$612.23	$63.42
12/31/2023	$535.29	-$861.62	$72.84
12/31/2024	$594.64	-$1,006.98	$79.14
12/31/2025	$650.30	-$1,161.22	$85.44
Continuing Period			

DSW Inc.

NYSE:DSW

Analyst: Florent Polito
Sector: Consumer Disc.

BUY

Price Target: $35.07

Key Statistics as of 03/17/2016

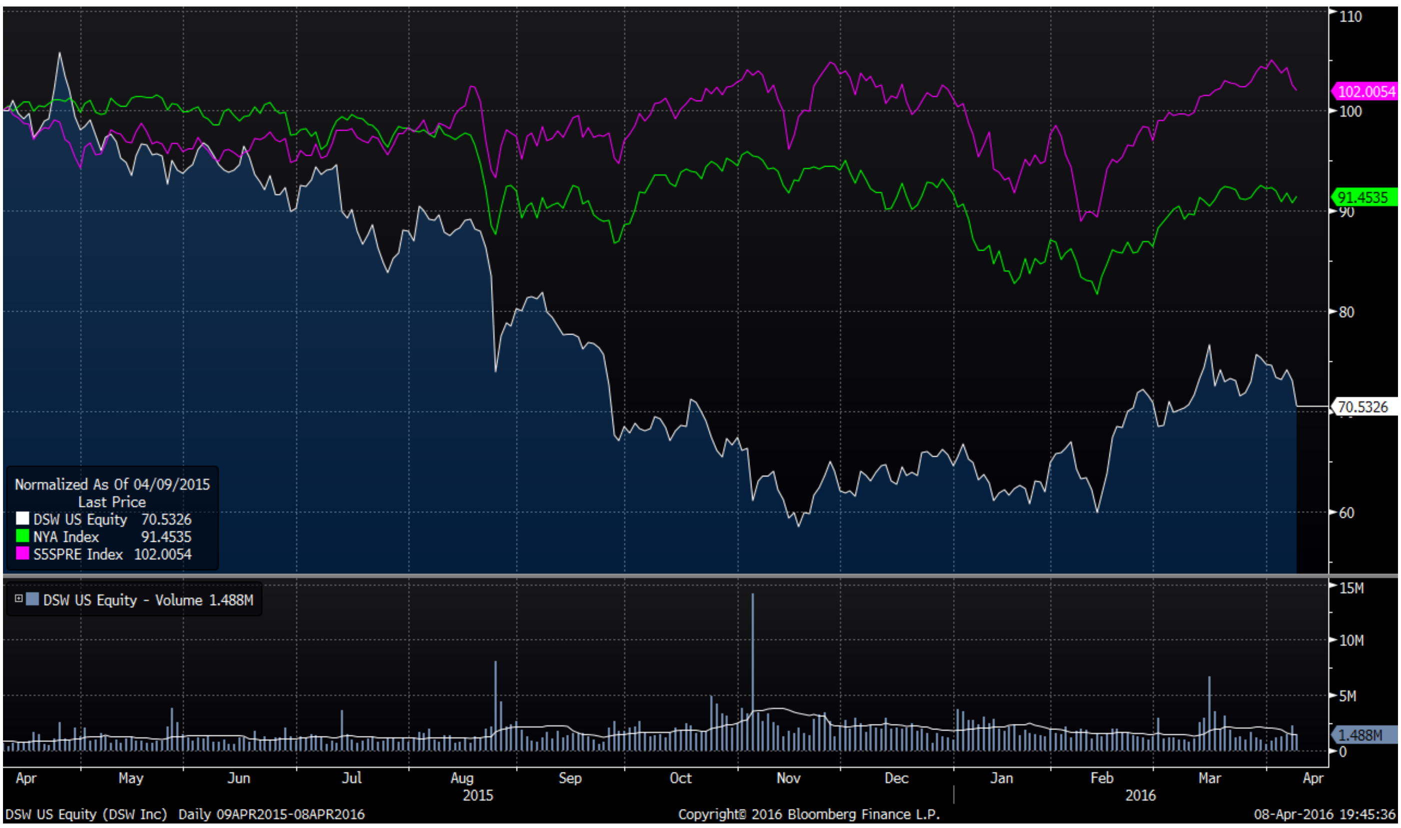
Market Price:	$26.09
Industry:	Specialty Retail
Market Cap:	$2.14B
52-Week Range:	$21.62-$39.14
Beta:	0.76

Thesis Points:

- DSW's strategy and marketing secures steady revenues
- The company is currently undervalued due to a change in management
- The company is targeting a larger base of customers which will boost revenues

Company Description:

DSW is an American specialty footwear retailer operating in the United States. The company offers a wide selection of brand name and designer dress, casual, and athletic footwear for women and men. DSW possesses and markets several private-label brands such as Audrey Brooke, Kelly & Katie, Lulu Townsend, and Poppie Jones-branded shoes and purses. The company is publicly traded since its IPO in 2005 and is headquartered in Columbus, Ohio. DSW announced its merger with Retail Ventures in February 2011.

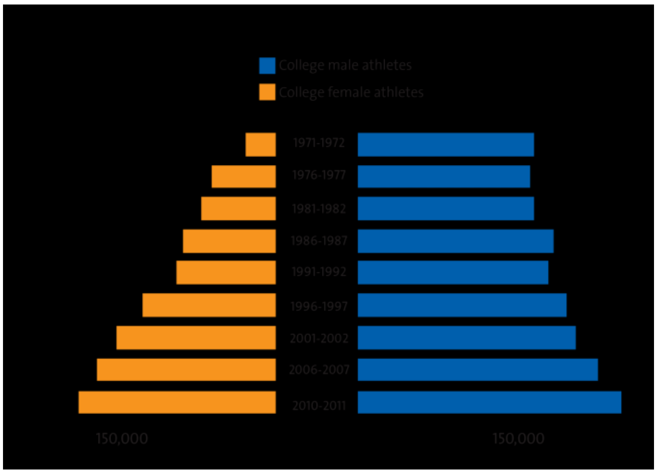


Thesis

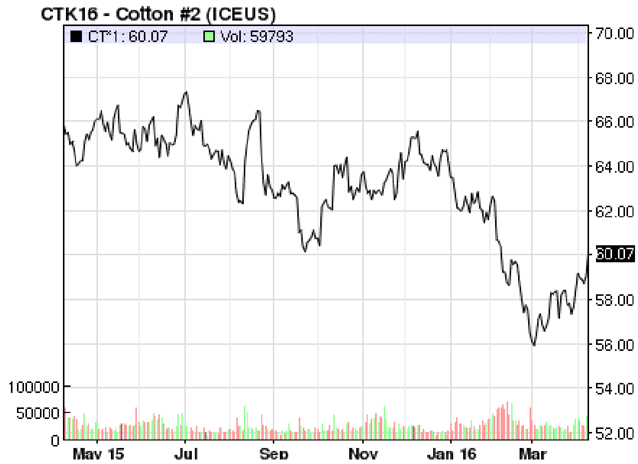
DSW is a company that knows how to deal with demand and focuses on dollar margin, which makes it a company with predictable steady revenue, and a safe stock. Moreover it is likely that the company will benefit from lower raw materials prices this year to reduce their costs and increasing their margins. The company has had a decrease in its stock price recently very likely attributed to a big shift in management which the retirement of the previous CEO and the appointment of a new one, this appears to make DSW undervalued as the expectations about the new management should not be negative. Last but not least, DSW has a lot of developing opportunities for its near future which will logically increase its revenues and make the brand stronger.

Industry Outlook

Sports apparel and footwear sales have jumped 42% to $270 billion over the past seven years. Estimates report that the industry could add $83 billion in sales by 2020, which represents more than 30% of growth. In North America, sports participation among high-schoolers overall has jumped from 25% to more than 35% over the past 35 years, led by a near doubling among girls, from 17% to 32% over that period. College students enrolling as athletes has consequently reached a record especially among women which number has been almost multiplied by 6 within 40 years.



Recently last year, the outlook for the US apparel and footwear industry has changed to stable from positive as sales and earnings take a hit from the stronger dollar, says Moody's Investors Service. The industry is expected to grow between 4 and 6% over 2016 and will very likely benefit from a decrease in price of both cotton and oil, which will decrease their input costs, and help the industry to remain attractive and they can more easily adapt their prices. Still the industry in America may be challenged due to the appreciation of the dollar against the euro as they may struggle more to export their goods.



Porter Five Forces

<u>Bargaining Power of Customers</u>: Medium
Customers have a relative bargaining power on DSW; though it is at first sight easy for them to switch brands, the company has developed a reward program that includes 24 million members, which creates at minima some loyalty toward their customers. The company also have a strong brand image as it is nationwide represented and is one of the biggest in the USA.

<u>Bargaining Power of Suppliers</u>: Medium
Suppliers can have some bargaining power as DSW volume needs is not critical for them which means the loss of DSW as a buyer might not interfere a lot in their revenue though DSW buys high volume as it possesses in average stores with 21,000 square foot which can contain up to 21,500 pairs of shoes. On the contrary, the decrease in cotton price gives an edge for DSW which can buy raw materials or shoes at a lower price.

<u>Threat of New Competition</u>: Medium
DSW has relatively no worries to have about new entrants, in effect the company is nationwide implanted in the USA, and benefits from an economy

of scale that new entrants would have difficulty to reach consider the high level of inventory and assets required. Being a athletic footwear retailer means the necessity of having stores and stocks as well as usually trained employees that can help the consumer find what they are looking for. On the opposite, entering in this industry does not require special patents or technology and inputs cost are relatively low, which makes the threat medium/low overall.

Threat of Substitutes: Low
Athletic footwear do not really have any substitutes as nothing can replace those kind of clothes when one wants to practice sport, but still there is an almost infinite variety of clothes that consumers can buy, and DSW like any other brand cannot offer all this infinite range.

Existing Rivalry: Medium
There is existing rivalry among big competitors such as FootLocker but DSW has channeled several private-label brands that give the company a unique edge compared to its competitors.

Management

In January of 2016 the new CEO Roger Rawlins succeeded to the company after the retirement of Mike McDonald. The announcement made om November 3rd has led to a big decrease of the stock price from $24.51 to $21.64 overnight which represents a decrease of 11.71%. Volume exchanged this day amount 14 million compared to the usual 2.5 million, which means this news was definitely important for the company. This announcement must have been seen has a negative news, but the company has had Roger Rawlins working there for 10 years, lastly occupation the post of Executive Vice President and Chief Innovation Officer, which means that he already have experience in leading and managing and working with the current team. With the results of the first semester of 2016, it seems clear that the management if efficient and the market overreacted to the announcement and the stock price suffered from an unjustified drop,

Company Strategy

DSW is a company that constantly seek to increase revenue and develop, the company has already planned the opening of 14 new stores in the USA during Spring 2016. In its most recent earning of March 2016, the new appointed CEO Roger Rawlins has announced that after an experimentation in 22 stores, the company was going to expand in all its stores a new kids department, that the CEO believes is going to attract a lot of customers, especially the segment of adults married with children, that has been a left out segment before as the main market was mostly single adults or married couples without children. The launching of this new department will definitely boost sales though it is yet unpredictable at which point. On the other side, DSW is also focusing on strengthening its market shares through aggressive marketing and fast reactions to new trends and tendencies. In effect, as the CEO mentions as the sales of Winter 2015 were supposed to slow down compared to 2014, the company has offered reductions in order to sale more, and lower their inventories at a maximum, thus reducing operating costs, overall the company has mentioned being more interested by dollar margin rather than gross margin and operating margin, which means that while it has lowered their gross margin from 32% to 30% the company has had an increase in revenue. Last but not least the CEO announced during the company's earnings call that DSW will open 10 new stores in Canada and the company is currently looking for opportunities to develop outside North America.

Recent Acquisition

DSW has announced the acquisition of Ebuys on February 17th, driving an increase of the stock price up by 5.65% during that day. San Diego-based Ebuys sells discount shoes and accessories in North America, Europe, Australia and Asia. DSW has announced in its earnings call that due to the acquisition of Ebuys there was an expected increase of operating expenses of 10% for 2016 necessary to make Ebuys work with DSW. The acquisition of Ebuys fits well with the strategy of DSW to expand outside North America and open up to a whole new market with a lot of potential customers.

Financials

During 2015, DSW has issued $70 million in dividends, and they have repurchased 5 million shared for $112 million on November 3rd, indicating that the

company thinks its stocks are undervalued and cheap. Revenues have increased by 5% in 2015 and an expected 9% growth increase is expected in 2017 once Ebuys will be fully operating with DSW, a 400 basis points over the 2015 revenues and over the industry growth. DSW has EBITDA margin and Net Income margin steady compared to 2014 with respectively 12.7% and 6.3% which represents a 20 and 10 basis points loss. Forecasts for 2016 show a decrease of those margins by 170 and 110 basis points due to the increase in operating costs after the acquisition of Ebuys, this will be offset by 2017 therefore there is nothing to worry about.
When considering the EV/EBITDA and EV/Sales ratios they are both under the industry average, those ratios are respectively at 6.50 and 0.66 where the industry average is 9.68 and 1.08, implicating that the company is presently undervalues.

Valuation

Running a proforma and a Monte Carlo simulation, the stock price of DSW has a 96.33% probability to increase during 2016 with a 1 year target return of 30.27% at a target price of $35.07 and an intrinsic value at $31.56. I added a 2% premium when discounting the cash flows which is quite huge and represents a little uncertainty and a conservative value of the shift in management and the development of the kid department alongside the acquisition. Overall, even with a conservative 2% premium the company is expected to create value, and increase its revenues and its presence in the USA at minima in 2016.

Conclusion

I recommend to buy this stock who has a lot of opportunities of growth in its near future both in United States and outside of it. Its steady actual revenue combined to the opening of a new kid department will drive the stock price up, which can even come back to its early 2015 price of $40 dollars, we can expect furthermore an increase in stock price once the professionalism of its management and the success of its strategy would have been shown in the future quarter numbers. The stock is currently undervalue and is cheap enough to be considered as a very valuable investment over at least the next 2 years.

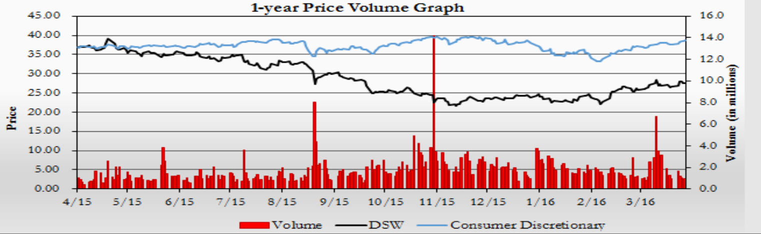
SIENA college

Siena Market Line
2nd week of April 2016

DSW Inc. (DSW) — CENTER FOR GLOBAL FINANCIAL STUDIES — BULLISH

Analysis by Florent POLITO	Current Price: $27.58	Intrinsic Value $31.56	Target 1 year Return: 30.27%
4/8/2016	Divident Yield: 3.1%	Target Price $35.07	Probability of Price Increase: 96.33%

1-year Price Volume Graph



Description

DSW Inc., together with its subsidiaries, operates as a branded footwear and accessories retailer in the United States.

General Information

Sector	Consumer Discretionary
Industry	Specialty Retail
Last Guidance	November 3, 2015
Next earnings date	May 24, 2016
Estimated Country Risk Premium	8.00%
Effective Tax rate	40%
Effective Operating Tax rate	38%

Market Data

Market Capitalization	$2,216.70
Daily volume (mil)	0.65
Shares outstanding (mil)	81.92
Diluted shares outstanding (mil)	88.50
% shares held by institutions	55%
% shares held by investments Managers	84%
% shares held by hedge funds	10%
% shares held by insiders	17.06%
Short interest	8.44%
Days to cover short interest	3.91
52 week high	$39.58
52-week low	$21.23
Levered Beta	0.80
Volatility	0.00%

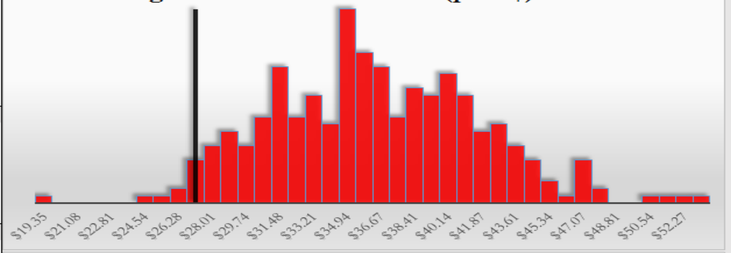
Past Earning Surprises

Quarter ending	Revenue	EBITDA
1/31/2015	4.49%	20.79%
5/2/2015	-0.13%	9.70%
8/1/2015	-1.50%	1.76%
10/31/2015	0.09%	-0.38%
1/30/2016	4.73%	38.97%
Mean	1.54%	14.17%
Standard error	1.3%	7.2%

Peers

Caleres, Inc.
Finish Line Inc.
Genesco Inc.
Wolverine World Wide Inc.
Skechers U.S.A., Inc.
Foot Locker, Inc.
Columbia Sportswear Company
Steven Madden, Ltd.

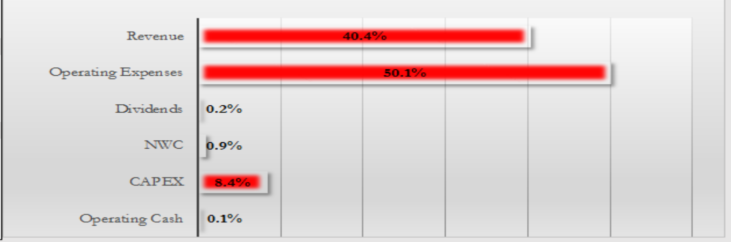
Target Price Distribution--P(price↑)=96.33%



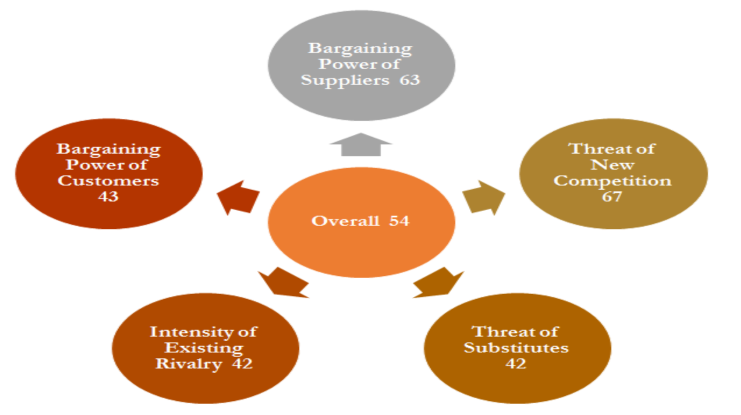
Management	Position	Total compensations growth	Total return to shareholders
Schottenstein, Jay	Executive Chairman	-100% per annum over 4y	N/M
Meixelsperger, Mary	Chief Financial Officer and	N/M	0% per annum over 0y
McDermott, Carrie	Chief Operating Officer and	-100% per annum over 2y	5.73% per annum over 2y
Ferrée, Deborah	Vice Chairman and Chief Merc	-100% per annum over 4y	N/M
Rawlins, Roger	Chief Executive Officer and	N/M	N/M
Jordan, William	Chief Administrative Officer	N/M	N/M

Profitability	DSW (LTM)	DSW (5 years historical average)	Industry (LTM)
ROIC	11.8%	10.96%	20.05%
NOPAT Margin	9%	9.25%	6.8%
Revenue/Invested Capital	1.25	1.18	2.96
ROE	13.3%	15.36%	24.24%
Adjusted net margin	8%	8.30%	6.4%
Revenue/Adjusted Book Value	1.59	1.85	3.76
Invested Funds	**DSW (LTM)**	**DSW (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	10.6%	13.1%	17%
Estimated Operating Cash/Total Capital	1.3%	3.1%	N/A
Non-cash working Capital/Total Capital	8.7%	9.1%	16%
Invested Capital/Total Capital	87.5%	84.1%	84%
Capital Structure	**DSW (LTM)**	**DSW (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.68	0.43	0.24
Cost of Existing Debt	3.38%	3.36%	4.75%
Estimated Cost of new Borrowing	3.37%	3.21%	3.93%
CGFS Risk Rating	3.38%	BBB	AA
Unlevered Beta (LTM)	0.00%	0.58	0.92
WACC	3.38%	6.35%	9.76%

Sensitivity Attribution Analysis



Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	5.0%	9.5%	1.65
1/30/2017	9.0%	8.4%	1.64
1/30/2018	5.3%	8.6%	1.57
1/30/2019	5.0%	8.4%	1.45
1/30/2020	4.8%	8.5%	1.47
1/30/2021	4.5%	8.5%	1.46
1/30/2022	4.3%	8.5%	1.45
1/30/2023	4.0%	8.6%	1.44
1/30/2024	3.8%	8.6%	1.43
1/30/2025	3.5%	8.6%	1.42
1/30/2026	3.3%	8.7%	1.40
Continuing Period	3.0%	8.7%	1.39

Period	Invested Capital	Net Claims	Price per share
Base Year	$1,542.38	$1,147.79	$32.45
1/30/2017	$1,685.93	$1,237.58	$34.79
1/30/2018	$1,861.67	$1,274.03	$37.41
1/30/2019	$1,956.98	$1,167.17	$40.18
1/30/2020	$2,097.44	$1,100.78	$43.03
1/30/2021	$2,141.81	$1,027.04	$45.98
1/30/2022	$2,403.34	$900.33	$49.54
1/30/2023	$2,634.64	$809.62	$52.71
1/30/2024	$2,719.23	$709.57	$55.99
1/30/2025	$2,854.00	$599.66	$59.39
1/30/2026	$2,988.79	$479.40	$62.92
Continuing Period			

Siena Market Line
2nd week of April 2016

Gogo Inflight Internet

NASDAQ: Gogo

Analyst: Mark Gruber
Sector: Technology

Long on Gogo

Price Target: $15.30

Key Statistics as of 4/10/2016

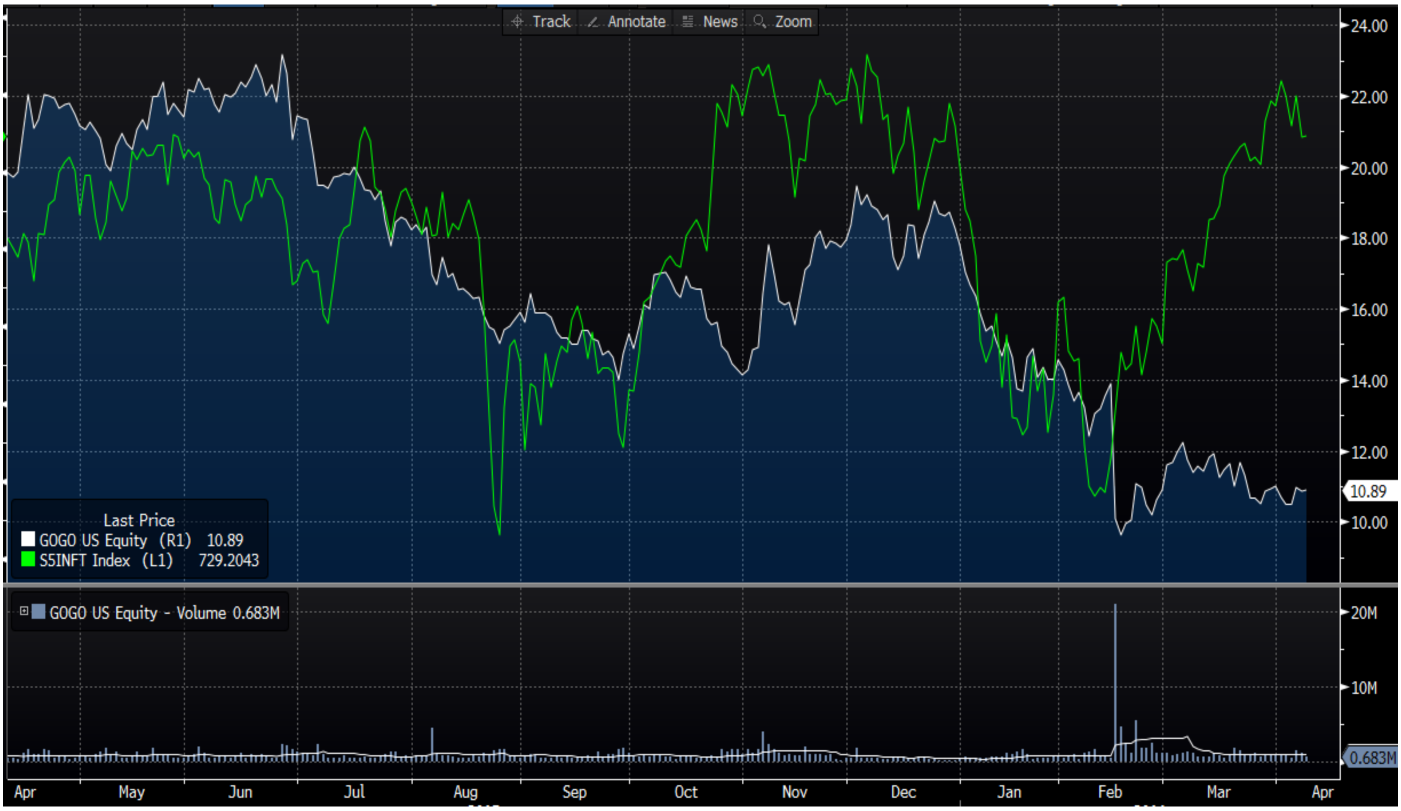
Market Price:	$10.89
Industry:	Diversified Communication Services
Market Cap:	935.59M
52-Week Range:	$7.90-23.20
1 Year Beta:	2.79

Thesis Points:

- Customers are requesting Wi-Fi, making it essential for airlines to provide it to their customers and leading to more demand in the industry
- American Airlines Lawsuit scared away investors and caused the stock to become undervalued
- New 2KU technology will help generate more revenue

Company Description:

Gogo is a leading provider of in-flight Wi-Fi. They were founded in 1991 by Jimmy Ray. In 2007, they signed their first two contracts will American Airlines and Virgin America. In 2008, Gogo made their first debut on commercials aircrafts. In 2011, the company underwent a new rebranding effort, changing their name from Aircell to Gogo. The stock went public in 2013, offering 11 million shares. Gogo currently has partnerships will 11 major airlines, spanning over 2,400 commercial airlines and over 6,800 business aircrafts. Some major airlines they do business with include Alaska Airlines, Delta Airlines, and United Airlines



Thesis

Gogo just recently unveiled their brand new 2ku technology in late 2015.This new technology has been recorded as having double the speed over their old technology, meaning they can accommodate more people than before. In the past, if there were too many people on the Wi-Fi, the internet would become very slow and unusable. With the new technology they can accomate many more people while keeping speeds up. In early 2016, American Airlines filed a lawsuit against Gogo. American Airlines accounted for around 35% of revenues, so it was critical for Gogo to not lose their business. During this time the stock price dropped by about 8%. The reason for the lawsuit was more of a scare tactic rather than actually wanting to terminate its contract with Gogo. In the contract, it states that if another competitor has faster speeds, then the airline can drop the contract and switch to their competitor. In the lawsuit it said that Gogo's older technology was slower than ViaSat's new Ka satellite technology. While this true that Gogo's older technology was slower than ViaSat's new technology, it is because Gogo's technology is over 4 years old, and technology is always changing in this industry. In the lawsuit it never mentions Gogo's latest technology, 2ku which is just as fast if not faster than ViaSat's Ka solution. Since the lawsuit Gogo has signed two more airlines, Air Canada and Beijing Shareco, and the stock price only moderately risen meaning that investors are still most likely reluctant about investing in Gogo due to the American Airlines lawsuit, even though demand in the industry is expected to grow. It was currently reported that 90% of global passengers brought a Wi-Fi enabled device on a plane with them, citing an added need for airlines to provide Wi-Fi to their customers. In the study it also noted that 32% of US & Canada and 55% in other regions said that Wi-Fi is an important factor when deciding which airline to choose. Airlines are already extremely competitive meaning to help them stay on the cutting edge, it is imperative for them to invest in in-flight Wi-Fi to help accommodate their customer's needs. This will lead to increased demand for Gogo in the future.

How They Operate

The way Gogo operates also takes all the risks away from the airlines. Gogo installs their equipment free of costs to the airlines unlike other competitors in the industry, which charge an installation fee. Then instead of the airlines collecting on fees from consumers, Gogo charges a fee directly to the customers. This helps airlines keep their costs low, and it allows the customers to decide if they want to purchase the Wi-Fi. This will also allow Gogo to continue to increase revenues on an ongoing basis, rather than just getting an installation fee. This is also highly beneficial to the airlines, because they can have the convenience of adding Wi-Fi to their flights, without having to raise costs.

Industry Outlook

The in-flight Wi-Fi industry is a fast growing industry. It is a relatively new industry that started around 2008. Since than over 10,000 aircrafts have been installed with In-Flight Wi-Fi, and that number is expected to grow over the next few years. With high competition in the airlines industry, airlines have to do whatever they can to try to get a competitive edge over their competitors. This should help lead to consistent demand.

Financials

Gogo has seen their revenues increase significantly since 2013, and there are no signs of slowing down in the future. In 2014 they reported revenues of 408.5 million compared to 500.9 million in 2015. It is expected than revenues will climb to 586 million by the end of 2016.

Months Ending	12/31/2013	12/31/2014	12/31/2015	12/31/2015	12/31/2016
Revenue	328.1	408.5	500.9	500.9	586.0

They have also seen their gross margin increase over the last few years. In 2013 they reported gross margins of 48.80 compared to 2015 where they had gross margins of 54.41

12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
51.39	51.55	48.80	48.02	54.41

Their operating margins have also increased from -13.61 in 2013 to -8.95 in 2015.

12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
-21.12	-11.75	-13.61	-12.40	-8.95

Lastly they are creating additional value. Their ROIC/WACC was -.90 in 2014 compared to -.72 in

2015.

Months Ending	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
ROIC/WACC Ratio	-1.93	-1.02	-0.72	-0.90	-0.72

Management

Gogo is lead by CEO and President, Michael Small. He has been with Gogo since 2010. Prior to coming to Gogo, Small was the CEO of Centennial Communications Corporation from 1999-2009.He was recently named Entrepreneur of the Year by Ernst and Young. He was also named CEO of the Year from the Illinois Technology Association. Gogo is also lead by Executive Vice President and Chief Technology Officer, Anand Chari. Chari has been with Gogo since 2003. Prior to Gogo, Chari held many positions with Fortune 500 companies, along with being the founder and president of Simma Technology. Margee Elias, executive vice president and general counsel for Gogo, is in charge of the company's legal affairs. Prior to Gogo, Elias worked at Ecollege where she held the same position. Lastly, Norman Smagley, CFO and Executive Vice President brings with him 18 years of experience in the industry.

Porters Five Forces

As with all technology there is great competition in the industry. There are very low barriers in the industry, which means that there is always a chance of new competition. The Bargaining power of suppliers is medium meaning that there are many substitutes. The bargaining power of customers is medium because there aren't many competitors in the industry. The intensity of existing rivalry is also very high in the industry. Lastly the threat of substitutes is medium, because once again there is very low barriers in the industry, so there is always a great chance of new competition.

Conclusion

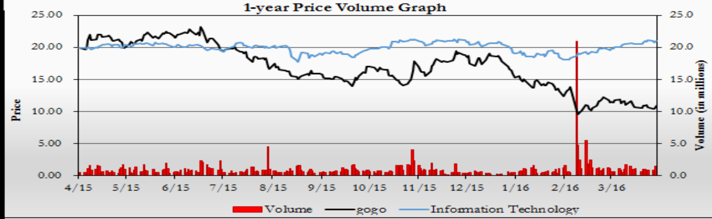
Gogo is a market leader in a fast growing industry. They have positioned themselves well in the industry, and their new technology should put them in a good position to continue to gain market share. Based on my proforma I have estimated a target price of $15.30, which is a 40.5%. As more and more airlines try to stay competitive, they will need to provide the option of Wi-Fi to their consumers, which will lead to increased revenues for Gogo.

Siena Market Line
2nd week of April 2016

Gogo Inc. (gogo) — CENTER FOR GLOBAL FINANCIAL STUDIES — BULLISH

Analysis by Mark Gruber	Current Price:	$10.89	Intrinsic Value	$12.93	Target 1 year Return: 40.5%
4/9/2016	Divident Yield:	0.0%	Target Price	$15.30	Probability of Price Increase: 92%

1-year Price Volume Graph



Description

Gogo Inc., through its subsidiaries, provides communications services to the commercial and business aviation markets in the United States and internationally.

General Information	
Sector	Information Technology
Industry	Internet Software and Services
Last Guidance	November 3, 2015
Next earnings date	NM
Estimated Country Risk Premium	5.00%
Effective Tax rate	32%
Effective Operating Tax rate	25%

Market Data	
Market Capitalization	$935.59
Daily volume (mil)	0.68
Shares outstanding (mil)	85.91
Diluted shares outstanding (mil)	79.70
% shares held by institutions	55%
% shares held by investments Managers	54%
% shares held by hedge funds	8%
% shares held by insiders	26.93%
Short interest	18.61%
Days to cover short interest	10.88
52 week high	$23.20
52-week low	$7.90
Levered Beta	1.73
Volatility	0.00%

Past Earning Surprises

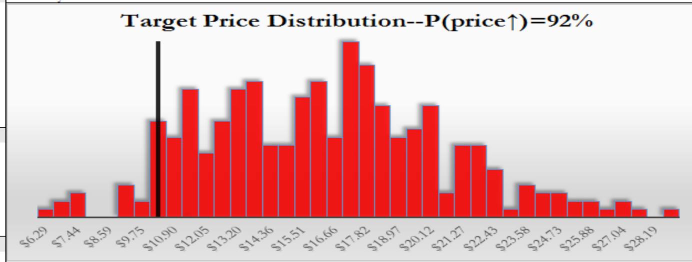
Quarter ending	Revenue	EBITDA
12/31/2014	2.73%	1451.41%
3/31/2015	2.39%	192.84%
6/30/2015	-0.71%	129.18%
9/30/2015	2.18%	298.48%
12/31/2015	5.07%	98.81%
Mean	2.33%	434.14%
Standard error	0.9%	256.6%

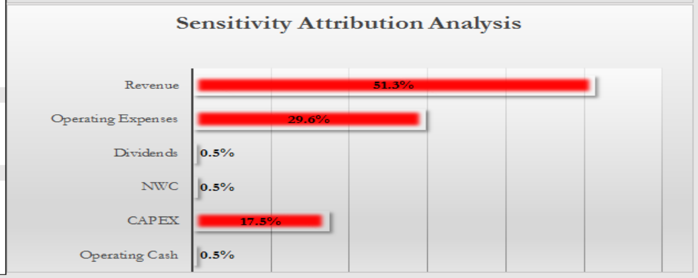
Peers

Global Eagle Entertainment Inc.
Rackspace Hosting, Inc.
Akamai Technologies, Inc.
Phoenix New Media Limited
Time Warner Cable Inc.

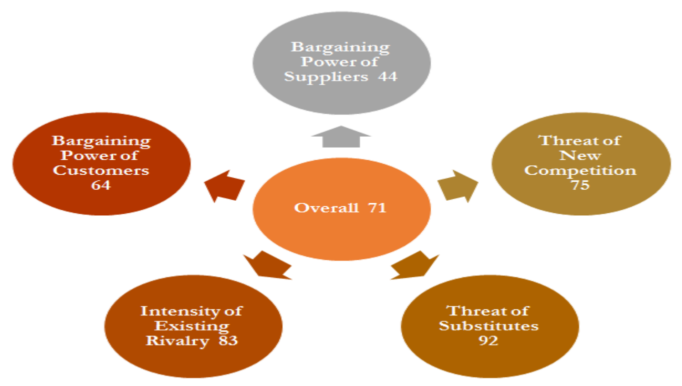
Management	Position	Total compensations growth	Total return to shareholders
LeMay, Ronald	Executive Chairman	-100% per annum over 2y	N/M
Small, Michael	Chief Executive Officer, Pre	4.68% per annum over 4y	N/M
Smagley, Norman	Chief Financial Officer and	32.45% per annum over 4y	N/M
Chari, Anand	Chief Technology Officer and	25.93% per annum over 3y	N/M
ElDifrawi, Ash	Chief Commercial Officer and	17.99% per annum over 4y	N/M
Wade, John	Executive Vice President of	14.39% per annum over 3y	N/M

Profitability	gogo (LTM)	gogo (5 years historical average)	Industry (LTM)
ROIC	1.2%	0.00%	14.96%
NOPAT Margin	2%	-6.63%	19.4%
Revenue/Invested Capital	0.59	0.00	0.77
ROE	-3.4%	-0.94%	15.95%
Adjusted net margin	-11%	-12.35%	17.7%
Revenue/Adjusted Book Value	0.30	0.08	0.90
Invested Funds	**gogo (LTM)**	**gogo (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	32.0%	35.7%	68%
Estimated Operating Cash/Total Capital	9.8%	13.1%	N/A
Non-cash working Capital/Total Capital	-6.6%	-7.9%	-13%
Invested Capital/Total Capital	77.8%	119.4%	46%
Capital Structure	**gogo (LTM)**	**gogo (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.55	0.29	0.08
Cost of Existing Debt	18.40%	14.15%	4.14%
Estimated Cost of new Borrowing	4.78%	3.70%	4.14%
CGFS Risk Rating	18.40%	BB	CC
Unlevered Beta (LTM)	14.37%	1.58	1.08
WACC	18.40%	11.49%	8.33%





Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	22.6%	2.1%	0.10
12/31/2016	17.0%	6.4%	0.42
12/31/2017	16.7%	8.4%	0.47
12/31/2018	18.1%	12.0%	0.72
12/31/2019	24.4%	15.9%	1.04
12/31/2020	15.4%	17.9%	1.17
12/31/2021	14.8%	19.0%	1.22
12/31/2022	14.3%	19.9%	1.31
12/31/2023	12.5%	20.7%	1.37
12/31/2024	10.7%	21.7%	1.44
12/31/2025	9.0%	21.7%	1.44
Continuing Period	4.0%	18.4%	1.19

Period	Invested Capital	Net Claims	Price per share
Base Year	$378.14	$593.00	$14.10
12/31/2016	$417.33	$936.86	$16.09
12/31/2017	$486.63	$1,093.33	$18.28
12/31/2018	$701.35	$1,271.20	$20.73
12/31/2019	$848.71	$1,465.78	$23.48
12/31/2020	$890.97	$1,706.57	$26.57
12/31/2021	$1,259.09	$1,846.62	$29.99
12/31/2022	$1,432.87	$1,982.50	$33.69
12/31/2023	$1,662.58	$2,098.92	$37.66
12/31/2024	$1,964.97	$2,163.63	$41.88
12/31/2025	$2,358.00	$2,181.87	$46.30
Continuing Period			

Macy's Inc.
M

Analyst: Richard Acheson
Sector: Consumer Disc.

SHORT

Price Target: $30.20

Key Statistics as of 4/9/16

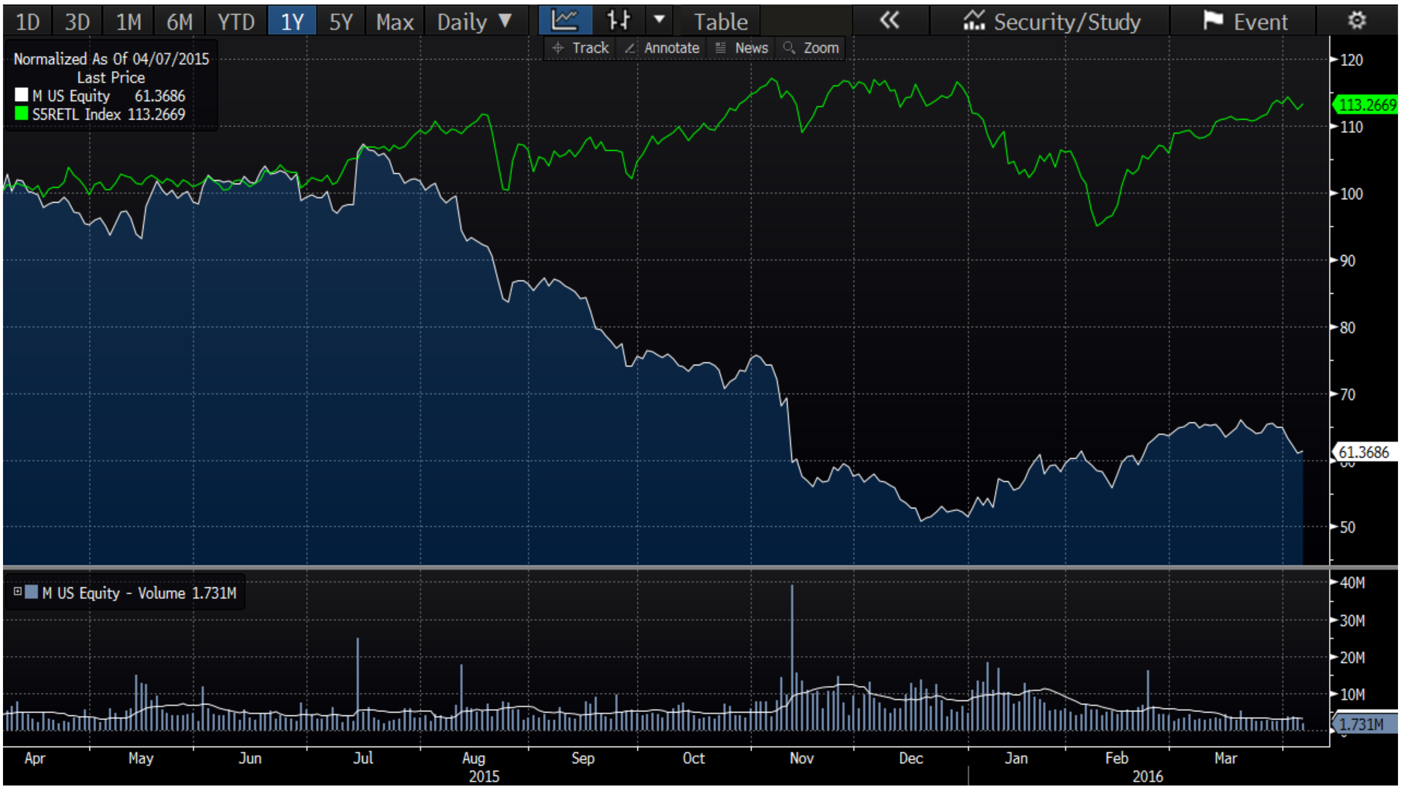
Market Price:	$39.65
Industry:	Multiline Retail
Market Cap:	$12.9B
52-Week Range:	$34.05 - $73.61
Beta:	.95

Thesis Points:

- The trend in sales growth and same store sales has been decreasing for the past five years with no signs of changing for 2017.
- Macy's has closed an increasing amount of stores in recent years and is currently hurt sales and growth.

Company Description:

Macy's is one of the largest department stores in the United States. Most of their revenue comes from women's apparel accessories, shoes, and cosmetics. They also deal with home appliances as well as men's and children's apparel. Macy's also finds themselves in a highly competitive industry, with a high amount of sustainable competitors. In 2015 Macy's suffered a setback financially, having a decrease in revenue of 3.7% as well as decreases in Gross, EBITDA, and net margins. Same store sales also had a loss of 3%, their first negative growth rate in recent history.



Thesis

Macy's has seen a decrease in revenue growth ever since 2011. This is because there has been a consistent decrease in same store sales starting in 2012. In 2012, same store sales were growing at 5.30% and in 2015 they have decreased to -3%. Without any increase in same store sales, that means that there is no organic growth within the business and that the market is almost completely saturated. For Macy's to reverse this trend, they would need to come up with a new competitive strategy to differentiate themselves from the rest of the industry in order to steal more of the market share.

Another occurrence that should have investor's worried is the amount of stores that have closed within the last year. Macy's closed 41 stores in 2015 which is double what it was in 2014. This is quite troubling for this company. In the most recent earnings call, Macy's stated that one of their keys to rebounding from a troubling 2015 was the expansion of their mobile and online business. It was also stated that have stores in the area builds more awareness to shop with them online and it one of the keys to their online success. But if they are closing more stores then they are opening, then it must have a negative impact on their growth in the online segment.

Porter's Five Forces

Bargaining power of suppliers: **MEDIUM – 56**

Macy's has a about the same dependence on their suppliers as most retailers do. They are dependent on their suppliers to keep their merchandise flowing as well as keeping up with fashion trends.

Bargaining power of customers: **MEDIUM – 43**

Consumers have some bargaining power when it come to this industry because of the extremely high competition. Although this is offset by the fact that if consumers want quality clothing, they are most likely going to have to pay a premium price for it, no matter where they shop.

Threat of substitutes: **MEDIUM – 58**

Macy's sells many different brands of clothes and merchandise. They are well diversified from having casual to professional attire, men's and women, higher and lower quality. Even considering all of this, it is still relatively easy for consumers to wear a brand of clothing or buy an appliance that is not offered by Macy's.

Existing rivalry: **MEDIUM – 75**

The retail clothing industry is extremely competitive. Not only does Macy's have direct competitors like JC Penney or Kohl's, but there's indirect competition from discount stores like TJ Maxx or bigger retailers like Wal-Mart or Target. Typically consumers can only buy so many clothes, and there are a lot of options for consumers to purchase them.

Threat of new competition: **MEDIUM – 33**

This industry does not suffer from any major threat of new competition. It would be difficult for any new competitors to directly compete with Macy's considering their size and quality of clothing. Also considering the size and competition of this industry, one smaller competitor is not a major threat to steal a significant amount of market share.

Industry Outlook

Macy's isn't the only company in the industry that is currently going through rough times. They actually look much better in comparison. Macy's two biggest direct competitors are JC Penney and Kohl's, neither of which are doing well.

JC Penney has been able to capture some recent revenue growth after receiving huge loses in 2013 and 2014. Gross margins for JC Penney are at 36%, which is about 4% less than Macy's. EBITDA margins are also much smaller for JC Penney, with them only being at 4.2%. They have also recorded a negative net income for the past five years, something Macy's obviously has not done. Although on the positive side, JC Penney has experienced recent growth in same store sales from the last two years, being about 4.5% growth for 2015.

Kohl's has seen its fair share of struggles as well, recording revenue growth of only 1.0% and 0% for the last two years. Gross margins have been decreasing slowly for the past three years and are currently recorded at 36.1%, about the same as JC Penney. They are also experiencing decreases in EBITDA and net margins for the past four years, with them being recorded at 13% and 4.1% for 2015 respectively. Kohl's has had a relatively flat same store sales since 2012.
Looking at this entire industry, there aren't any companies that are doing well. It looks to be a very saturated market with almost no opportunity for growth and revenue growth seems to entirely depend on market share.

Financials

Macy's is currently not in an ideal financial situation. They have not had increase in revenue growth since 2011. There has also not been an increase in gross margins since 2011. Contrary to these results, EBITDA margins were able to increase until 2015 because of decreases in SG&A. In 2015, EBITDA margins dropped from 14% to 12.5% since it became difficult for Macy's to continue to continue to cut SG&A without making any improvements in gross margins.

In Millions of USD	FY 2013	FY 2014	FY 2015	FY 2016
12 Months Ending	02/02/2013	02/01/2014	01/31/2015	01/30/2016
Market Capitalization	15,318.0	19,412.7	21,757.5	12,539.2
- Cash & Equivalents	1,836.0	2,273.0	2,246.0	1,109.0
+ Preferred & Other	0.0	0.0	0.0	3.0
+ Total Debt	6,930.0	7,191.0	7,309.0	7,637.0
Enterprise Value	20,412.0	24,330.7	26,820.5	19,070.2
Revenue, Adj	27,686.0	27,931.0	28,105.0	27,079.0
Growth %, YoY	4.9	0.9	0.6	-3.7
Gross Profit, Adj	11,148.0	11,206.0	11,242.0	10,583.0
Margin %	40.3	40.1	40.0	39.1
EBITDA, Adj	3,715.0	3,786.0	3,923.0	3,388.0
Margin %	13.4	13.6	14.0	12.5
Net Income, Adj	1,425.7	1,530.2	1,593.6	1,259.2
Margin %	5.1	5.5	5.7	4.7
EPS, Adj	3.46	3.97	4.41	3.78
Growth %, YoY	19.6	14.9	10.9	-14.2
Cash from Operations	2,179.0	2,549.0	2,709.0	1,984.0
Capital Expenditures	-698.0	-607.0	-770.0	-777.0
Free Cash Flow	1,481.0	1,942.0	1,939.0	1,207.0

Macy's Strategies

In their last earnings report, Macy's CFO, Karen M. Hoguet, talks about some of the strategies that they are going to implement in 2016 in order to bounce back from a troubling 2015.

Backstage: Macy's has developed a newer segment that they call backstage. Backstage is a reorganized of Macy's clearance items within the store. Instead of having clearance items scattered all over the store, they've consolidated all of the items into one area. This help shoppers who are specifically looking for clearance items. This is has provided a temporary boost in sales for Macy's, this is not enough to guarantee any long term solutions, let alone an increase in stock price.

Top Door: This is a very generic strategy. Macy's is "looking to improve all aspects of the store." They want to improve presentation as well as customer service. Outside of that, they do not go into too much detail. It's confusing to see what they are specifically improving to make their business better off.

Mobile: Their mobile segment is considered one of their fasted growing segments. Sales on mobile devices more than doubled in 2015 so it's possible that there could be some potential growth here. Although later in the earnings call they were asked if the number of closing stores in 2015 effects their online segments. They responded with the fact that having stores in local areas spreads brand awareness and encourages online sales. So if stores continue to close at the rate that they currently are, then online sales will not continue to grow as fast.

Valuation

The Valuation from the pro forma calculated a target price of $30.20 with an intrinsic value of $25.95. A very conservative approach was taken into consideration. The growth rate for the 10 year explicit period was 3% and 3% was also used for the continuing period as well. Most of the inputs were not changed from what was last reported by the company such as cost of debt, beta, and debt to equity. The main difference in the evaluation and what was most sensitive to the price was operating cost. The operating costs to revenue for Macy's was last reported at 87.6%. The inputs for the valuation were 88% for the explicit and continuing period. With the threat of the minimum wage increase, mainly out in California, it's very likely that they will experience an increase in SG&A in the very near future. California is also where Macy's has 17.5% of its total store. For the valuation, intangibles were not included at all. According to the 10k most of their intangibles are non-operating.

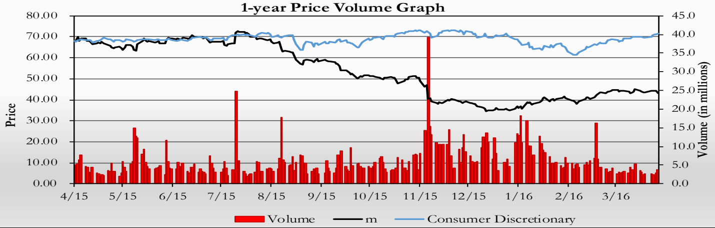
Conclusion

Macy's stock price has taken a huge hit since their high in July 2015. It's currently prices at $39.68 with no signs of any increase to come in the near future. Not only is Macy's struggling, but the entire department store industry is as well. The pro forma was able to calculate a target price of $30.20 with an intrinsic value of $25.95. Considering that the inputs for the pro forma were very conservative and that the target and intrinsic value are much lower than the current price, it is very likely that Macy's is overvalued. They also do not have any major strategies or opportunities to obtain any growth in the near future. Taking all of this into consideration, I highly recommend to short Macy's until a strategy presents itself where that can either obtain future growth or more of a market share.

Siena Market Line
2nd Week of April 2016

Macy's, Inc. (m) — CENTER FOR GLOBAL FINANCIAL STUDIES — BEARISH

Analysis by Richard Acheson	Current Price: $41.72	Intrinsic Value $26.79	Target 1 year Return: -23.07%
4/6/2016	Divident Yield: 3.2%	Target Price $30.75	Probability of Price Increase: 21.67%



Description

Macy's, Inc., together with its subsidiaries, operates stores, Websites, and mobile applications in the United States.

General Information

Sector	Consumer Discretionary
Industry	Multiline Retail
Last Guidance	November 3, 2015
Next earnings date	NM
Estimated Country Risk Premium	8.03%
Effective Tax rate	40%
Effective Operating Tax rate	39%

Market Data

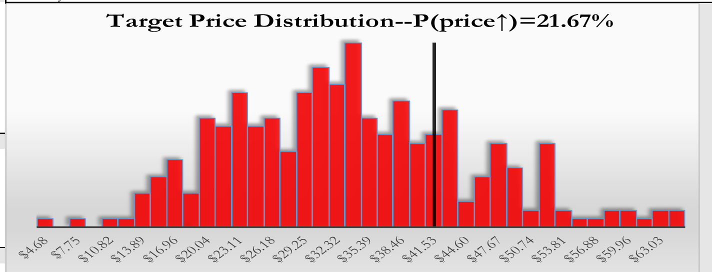
Market Capitalization	$12,928.89
Daily volume (mil)	1.02
Shares outstanding (mil)	311.76
Diluted shares outstanding (mil)	333.00
% shares held by institutions	89%
% shares held by investments Managers	71%
% shares held by hedge funds	8%
% shares held by insiders	0.36%
Short interest	2.67%
Days to cover short interest	1.43
52 week high	$73.61
52-week low	$34.05
Levered Beta	0.95
Volatility	27.30%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
1/31/2015	-0.38%	5.15%
5/2/2015	-1.34%	-4.06%
8/1/2015	-1.90%	-8.57%
10/31/2015	-3.55%	-10.76%
1/30/2016	0.42%	12.70%
Mean	-1.35%	-1.11%
Standard error	0.7%	4.4%

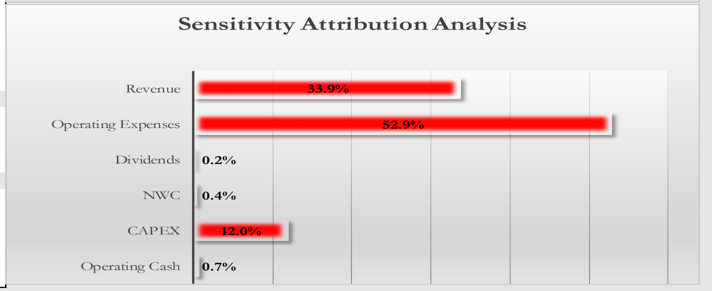
Peers

Kohl's Corp.
Nordstrom Inc.
J. C. Penney Company, Inc.
L Brands, Inc.
Dillard's Inc.
Ralph Lauren Corporation
American Eagle Outfitters, Inc.
Chico's FAS Inc.

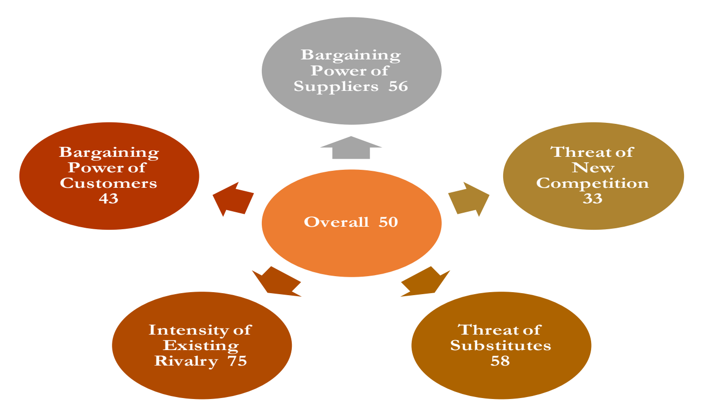


Management	Position	Total compensations growth	Total return to shareholders
Lundgren, Terry	Chairman and Chief Executive	-4.73% per annum over 5y	10.83% per annum over 5y
Gennette, Jeffrey	President	-7.5% per annum over 3y	15.6% per annum over 3y
Hoguet, Karen	Chief Financial Officer	-10.14% per annum over 5y	10.83% per annum over 5y
Sachse, Peter	Chief Growth Officer	-9.77% per annum over 3y	15.6% per annum over 3y
Kantor, Jeffrey	Chief Stores Officer	N/M	0% per annum over 0y
Broderick, Dennis	Executive Vice President, Ge	N/M	N/M

Profitability	m (LTM)	m (5 years historical average)	Industry (LTM)
ROIC	13.4%	19.36%	12.08%
NOPAT Margin	7%	8.80%	5.0%
Revenue/Invested Capital	2.01	2.20	2.44
ROE	11.9%	19.80%	15.22%
Adjusted net margin	6%	7.67%	4.5%
Revenue/Adjusted Book Value	2.09	2.58	3.38
Invested Funds	**m (LTM)**	**m (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	5.9%	11.1%	9%
Estimated Operating Cash/Total Capital	5.5%	5.6%	N/A
Non-cash working Capital/Total Capital	7.8%	6.3%	6%
Invested Capital/Total Capital	76.0%	71.3%	94%
Capital Structure	**m (LTM)**	**m (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.68	0.47	0.37
Cost of Existing Debt	5.83%	6.25%	6.03%
Estimated Cost of new Borrowing	2.42%	2.42%	6.03%
CGFS Risk Rating	5.83%	AA	A
Unlevered Beta (LTM)	5.08%	1.02	0.51
WACC	5.83%	10.27%	6.33%



Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	-3.7%	6.7%	1.55
1/30/2017	-2.0%	5.4%	1.27
1/30/2018	0.4%	5.1%	1.15
1/30/2019	1.1%	4.9%	1.09
1/30/2020	4.9%	5.5%	1.28
1/30/2021	1.0%	5.2%	1.16
1/30/2022	1.3%	5.2%	1.15
1/30/2023	1.7%	5.2%	1.15
1/30/2024	2.0%	5.2%	1.15
1/30/2025	2.3%	5.2%	1.14
1/30/2026	2.7%	5.2%	1.14
Continuing Period	3.0%	5.2%	1.15

Period	Invested Capital	Net Claims	Price per share
Base Year	$11,623.63	$8,638.36	$27.00
1/30/2017	$11,629.21	$8,051.92	$31.10
1/30/2018	$12,992.07	$7,040.37	$35.00
1/30/2019	$13,867.82	$6,213.24	$38.66
1/30/2020	$13,469.79	$5,520.80	$42.42
1/30/2021	$14,199.73	$4,680.34	$46.32
1/30/2022	$15,004.14	$3,759.40	$50.30
1/30/2023	$15,197.57	$2,870.67	$54.32
1/30/2024	$15,419.30	$2,012.22	$58.40
1/30/2025	$16,030.21	$1,183.06	$62.53
1/30/2026	$16,397.64	$383.05	$66.72
Continuing Period			

US Concrete, Inc. (USCR)

USCR

Analyst: Kyle Ritchie

BUY on USCR

Price Target: $71.70

Key Statistics as of 4/8/16

Market Price:	$62.50
Industry:	Industrials
Market Cap:	$949.6 million
52-Week Range:	$33.04 – 63.67
Unlevered Beta:	1.13
Trading Volume:	300,000

Thesis Points:

- Expanding margins with further potential through economies of scale from acquisitions
- Consistently beats Revenue, EBITDA, and Earnings estimates
- Positioned in a strong industry for sustainable growth

Company Description

US Concrete, Inc., through its subsidiaries, produces and sells ready-mixed concrete, aggregates, and concrete-related products and services for the construction industry in the United States. The company operates through two segments, Ready-Mixed Concrete and Aggregate Products. The Ready-Mixed segment is responsible for the formulation, preparation, and delivery of ready-mixed concrete to job sites. The Aggregate Products segment offers crushed stone, sand, and gravel for use in commercial, industrial, and public works projects. The company primarily serves concrete sub-contractors, general contractors, government agencies property owners and engineers in the following regions: Texas, California, Washington, New York, New Jersey, and Oklahoma.

Thesis

US Concrete, Inc., through its subsidiaries, has become a well-established and reputable contractor for aggregate concrete in the United States. Through strategic acquisitions and notable revenue growth, the company has expanded its margins, improved its position in a competitive market, and become a profitable stock over the past two years. It will become clear through the aforementioned theses along with a DCF valuation method with a focus on return on invested capital that this company is undervalued. However, this is not very surprising since USCR is a company with fairly low trading volume. The six analysts covering this stock up to date have an average price target of $70.

Industry Outlook

US Concrete primarily serves the materials market sector in the construction industry. This past year, that market increased 25.33%. The overall performance of the construction in industry is heavily determined by GDP growth. The following chart demonstrates the cyclical nature of GDP growth since 2013.

Post-election and through 2016, economists are forecasting a 2.5-3% growth in GDP demonstrating a positive outlook for this sector. Economic forecasters at average expect a 10.1% increase in the industrials sector which is the main driver for the materials market sector in the construction industry. Industrial and commercial projects, as well as office construction pose a large opportunity for US Concrete. Specifically, office construction is expected to increase 12.0% in 2016. US Concrete has vertically integrated acquisitions to improve its capacity, limiting backlog,

in order to meet the industry's current level of demand.

Expanding Margins/Strategic Acquisitions

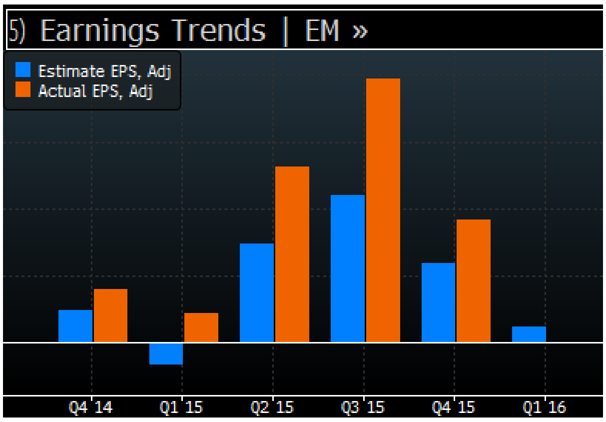
	2011	2012	2013	2014	2015
Revenue, Adj	445.8	531.0	598.2	703.7	974.7
Growth %, YoY	-2.2	19.1	12.6	17.6	38.5
Gross Profit, Adj	52.1	75.2	99.5	130.4	205.9
Margin %	11.7	14.2	16.6	18.5	21.1
EBITDA, Adj	4.3	19.4	42.6	72.4	122.4
Margin %	1.0	3.6	7.1	10.3	12.6
Net Income, Adj	-24.1	-1.3	12.1	27.2	40.8
Margin %	-5.4	-0.3	2.0	3.9	4.2

As you can see from the preceding graph, US Concrete's gross margin, EBITDA margin, and especially its Profit margin, have improved over the past five years. The company's gross margin has improved from 11.7% - 21.1% due to increase purchasing power. The company's profit margin turned profitable in 2013, moving from -.3% as a percentage of revenue in the previous year to 2%.

Since 2014, US Concrete completed 17 acquisitions of ready-mixed concrete and aggregate firms like itself. Thus, improving US Concrete's competitive position through a major reduction in costs due to economies of scale. The primary market for US Concrete is West Texas where they are currently the leading provider. The chain of operations in West Texas has become notably more efficient and less costly due to the acquisition of E&A Materials. These recent acquisitions gives US Concrete the ability to consolidate its resources in the markets it serves producing attractive returns for investors.

Consistently Beats Analysts' Expectations

The following table shows earnings and the forecasts.



For each of the past five quarters, US Concrete has beat analysts' earnings estimates. In Q4 of 2014, the company beat earnings estimates by about $0.15/share. And in Q3 of 2015, the company beat earnings by $0.87/share. In the recent years and especially the recent quarters, US concrete has proved its ability to sustain its recent growth. In the respective quarters, US Concrete also beat its revenue estimates each time at an average of 5.47%. Furthermore, the company beat its EBITD estimates in Q1 of 2015, Q2 of 2015 and Q3 of 2015 by 27.25%, 13.58% and 12.62% respectively.

Past Earning Surprises		
Quarter ending	Revenue	EBITDA
12/31/2014	4.50%	-4.66%
3/31/2015	6.62%	27.25%
6/30/2015	7.40%	13.58%
9/30/2015	4.51%	12.62%
12/31/2015	4.34%	-1.60%

A potential reason for this underestimated trend is US Concrete's ability to meet the demand and facilitate a series of never-ending projects. Nevertheless, the company only reported $1.6 million in backlog compared to the $974.7 million in total revenue generated in fiscal 2015.

Debt Management

As previously mentioned, US Concrete has notably improved its gross margin, EBITDA and profit margin within the past five years. However, one area of concern is the company's current capital structure. The company's D/E is 1.7 compared to an industry average of approximately 1.0. Fortunately, the company has a fair credit rating from both Moody's and Standard & Poor's (BB).

Valuation

The valuation of US Concrete, Inc. is based on a valuation computed by a pro forma using a DCF method with a main focus on return on capital. Attached is an overview containing the assumptions, inputs, and relevant market data that have been used in the valuation.

When valuing US Concrete a conservative approach has been applied due to the cyclicality of the industry it serves. Due to the nature of the business, a 10 year period to convergence has been used. In the base year of the forecast, US Concrete's revenue growth stood at 39%. The pro forma has used the average of analysts' estimates for revenue growth in the upcoming years. In 2016, US Concrete's revenue is expected to increase by 18.1% tapering down to 3% (the long-term growth rate). Since US Concrete operates solely in the United States, a tax rate of 40% has been applied along with a discount rate (risk premium) of 6.49%.

The financial metrics of the firm were made to converge with its selected peers who consist of: Eagle Materials, Inc., Summit Materials, Inc., Martin Marietta Materials, Inc., Vulcan Materials Company, and Headwaters Inc. In 2015, US concrete's adjusted operating costs/revenue was 87.9%. The average operating costs/revenue for the industry is 76%. The pro forma has estimated these costs to decrease by 4% to a conservative 83.5% in relation to the industry.

Inputting the aforementioned assumptions and inputs, the pro forma calculated an intrinsic value of $62.89 compared to its market price of $62.50 which a one-year target of $71.70.

Using a Monte Carlo simulation in order to conduct a sensitivity analysis, the data indicates that Operating Costs and Revenue are the primary determinants for the company's future standing at 47.7% and 41.0% respectively. The target price distribution indicates a probability of 85% that this stock will increase.

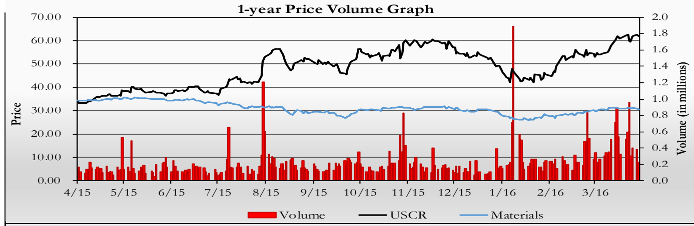
Conclusion

After a thorough analysis, it is evident that US Concrete is a reputable company that has consistently shown revenue growth and margin expansion. Coupled with its historical performance, the positive outlook for the industry poses an opportune time for investors. Within the last twelve months, US Concrete's stock has nearly doubled. Despite the fact that its current position is hovering around its 52-week high, I am confident this stock has further potential. I recommend a BUY on USCR.

U.S. Concrete, Inc. (USCR) **CENTER FOR GLOBAL FINANCIAL STUDIES** NEUTRAL

Analysis by P.C. Principal	Current Price:	$62.50	Intrinsic Value	$62.89	Target 1 year Return: 14.72%
4/9/2016	Divident Yield:	0.0%	Target Price	$71.70	Probability of Price Increase: 85%

1-year Price Volume Graph



Description

U.S. Concrete, Inc., through its subsidiaries, produces and sells ready-mixed concrete, aggregates, and concrete-related products and services for the construction industry in the United States.

General Information

Sector	Materials
Industry	Construction Materials
Last Guidance	November 3, 2015
Next earnings date	May 8, 2016
Estimated Country Risk Premium	6.49%
Effective Tax rate	40%
Effective Operating Tax rate	69%

Market Data

Market Capitalization	$949.57
Daily volume (mil)	0.30
Shares outstanding (mil)	15.19
Diluted shares outstanding (mil)	15.56
% shares held by institutions	55%
% shares held by investments Managers	72%
% shares held by hedge funds	13%
% shares held by insiders	7.02%
Short interest	8.77%
Days to cover short interest	3.76
52 week high	$63.67
52-week low	$33.04
Levered Beta	1.46
Volatility	44.54%

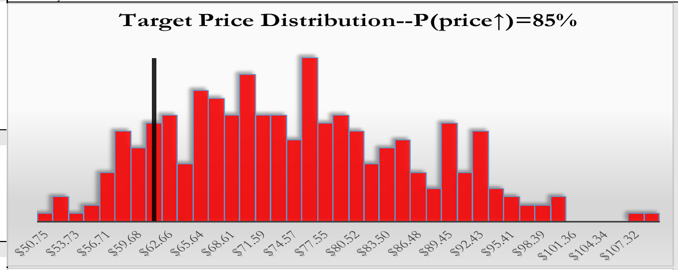
Past Earning Surprises

Quarter ending	Revenue	EBITDA
12/31/2014	4.50%	-4.66%
3/31/2015	6.62%	27.25%
6/30/2015	7.40%	13.58%
9/30/2015	4.51%	12.62%
12/31/2015	4.34%	-1.60%
Mean	5.47%	9.44%
Standard error	0.6%	5.8%

Peers

Eagle Materials Inc.
Summit Materials, Inc.
Martin Marietta Materials, Inc.
Vulcan Materials Company
Headwaters Incorporated

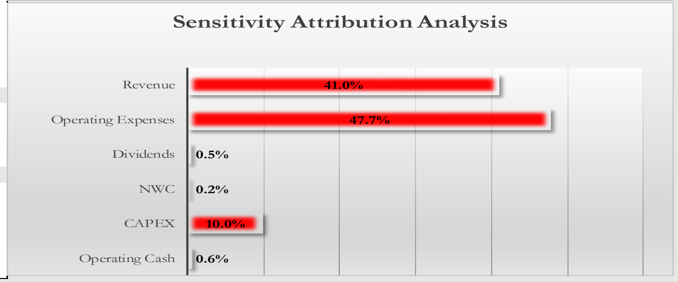
Target Price Distribution--P(price↑)=85%



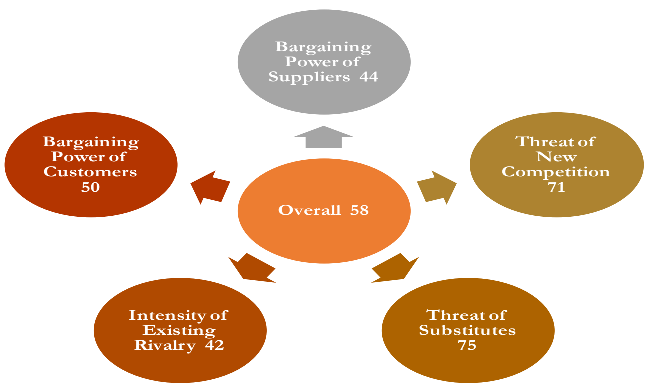
Management	Position	Total compensations growth	Total return to shareholders
Sandbrook, William	Chief Executive Officer, Pre	-9.75% per annum over 4y	48.6% per annum over 4y
Jolas, Paul	Senior Vice President, Gener	23.87% per annum over 1y	85.1% per annum over 1y
Poulsen, Niel	Executive Vice President of	15.36% per annum over 3y	56.25% per annum over 3y
Kohutek, Kevin	Regional Vice President of A	N/M	N/M
Tusa, Joseph	Chief Financial Officer and	N/M	N/M
Pruitt, Ronnie	Chief Operating Officer and	N/M	N/M

Profitability	USCR (LTM)	USCR (5 years historical average)	Industry (LTM)
ROIC	0.4%	4.79%	5.46%
NOPAT Margin	0%	2.08%	9.8%
Revenue/Invested Capital	2.38	2.31	0.55
ROE	-3.7%	-6.84%	5.54%
Adjusted net margin	-2%	-0.34%	8.2%
Revenue/Adjusted Book Value	2.29	20.27	0.67
Invested Funds	**USCR (LTM)**	**USCR (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	0.7%	8.9%	4%
Estimated Operating Cash/Total Capital	0.7%	4.4%	N/A
Non-cash working Capital/Total Capital	-1.0%	7.1%	9%
Invested Capital/Total Capital	100.0%	95.6%	96%
Capital Structure	**USCR (LTM)**	**USCR (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.43	1.38	0.14
Cost of Existing Debt	10.44%	15.95%	8.23%
Estimated Cost of new Borrowing	2.98%	2.64%	8.23%
CGFS Risk Rating	10.44%	AA	C
Unlevered Beta (LTM)	8.66%	0.96	1.25
WACC	10.44%	12.04%	10.69%

Sensitivity Attribution Analysis



Porter's 5 forces (scores are out of 100)



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	38.5%	0.2%	0.04
12/31/2016	18.1%	7.8%	1.81
12/31/2017	10.5%	8.0%	1.51
12/31/2018	9.6%	8.1%	1.50
12/31/2019	8.8%	8.1%	1.39
12/31/2020	8.0%	8.2%	1.40
12/31/2021	7.1%	8.2%	1.42
12/31/2022	6.3%	8.3%	1.44
12/31/2023	5.5%	8.4%	1.46
12/31/2024	4.7%	8.5%	1.49
12/31/2025	3.8%	8.5%	1.52
Continuing Period	3.0%	8.6%	1.56

Period	Invested Capital	Net Claims	Price per share
Base Year	$218.37	$334.27	$63.38
12/31/2016	$213.32	$411.63	$73.93
12/31/2017	$194.90	$398.47	$83.05
12/31/2018	$321.44	$448.64	$92.53
12/31/2019	$410.36	$415.28	$102.74
12/31/2020	$539.81	$370.60	$113.30
12/31/2021	$749.70	$313.35	$124.17
12/31/2022	$839.41	$242.40	$135.31
12/31/2023	$998.42	$156.78	$146.67
12/31/2024	$1,079.17	$55.77	$158.20
12/31/2025	$1,154.19	-$61.11	$169.84
Continuing Period			