Stock	Buy / Short	Thesis	Current Price	Target Price
AIRM	BUY	Air Methods is a top-of-class company. It is the largest air medical transport company in the world, and with its market share hovering around 30%, it still has room for growth. The company is experiencing rapid growth, through both volume increases and acquisitions. Additionally, it has managed to consistently improve its margins year to year. Air methods commitment to growth and acquisitions will drive future expansion and success. Air Methods has the resources and capabilities to remain competitive and drive both firm and shareholder value in the future.	$ 37.04	$ 44.04
TASR	BUY	TASER International is the market leader in the development, manufacture and sale of conducted electrical weapons (CEW's). The company is also the market leader in connected wearable on-officer cameras which utilize cloud-based digital evidence management solutions referred to as the company's Axon solution. Unlike other weapons manufacturers, TASER does not supply lethal weapons to its customers. The weapons (which will be explained in greater detail below) are intended to protect officers of the law and also the well-being of the individuals that pose potential threats. The company's product has proven to be successful given its historical revenue growth and furthermore, analysts forecast substantial revenue growth in the upcoming years. Another appealing feature is how the company has developed purchasing programs for agencies. Thereby, proving that they are more concerned that law enforcement agencies have the standard and latest technologies. The purchasing programs allow agencies to spread the cost of ownership over extended time-periods to help alleviate the needs for large up-front capital expenditures. The company is truly one of a kind and has flown under the radar. Through a valuation using a discounted cash flow model with a focus on ROIC, it will become clear that TASER is currently undervalued and has great upside potential.	$ 19.14	$ 26.26

SHOP	BUY	Shopify Inc. (NYSE:SHOP) is a company that, while young, shows impressive sales trends, strong management and an effective business model. Fundamentally, the company is in a growth industry and holds a best-in-class status. This will allow SHOP to take advantage of the growth opportunities within the industry more efficiently and more readily than its less desirable counterparts. Management will also bring Shopify to profitability. This has been exhibited through effective M&A activity and prosperous business partnerships with companies like Facebook. For the near-term, management will bring profitability to Shopify through expansion of its service offerings by acquiring useful technologies and increasing exposure through partnership activity. This will create enough organic growth to bring a desirable return over the next year. However, an acquisition by a large firm, like Google, will make this buy a truly special transaction. Shopify's market price on 4/15/16 by market close was $30.97. With a 1-year target price of $36.37, there is a 17.4% upside.	$ 30.97	$ 37.07
DY	BUY	Dycom has recorded its best second quarter and its fifth best quarter in its history. The company EPS has doubled since Q1 and the firm has liquidity over $309 million and cash on hand that will probably be used to continue the firm's share buyback program of $100 million. Telephone companies are increasing investment in their infrastructure network such as fiber so as to offer 1-gigabit high speed connection in the U.S. The firm is expected a strong demand from its key customers and has already increase investment in CapEx so as to handle this increase in demand. The firm's backlog has increased over $1 billion compare to Q1 to $5.05 billion in Q2, which reflects the strong performance of the firm and the future new work planned.	$ 67.13	$ 80.00

Macroeconomic Overview

U.S. Markets

Index	Weekly % Change	YTD % Change
S&P 500	+1.54%	+1.76%
Dow Jones Industrial	+1.82%	+2.71%
NASDAQ Composite	+1.80%	-1.38%
Russell 2000	+3.06%	-0.44%
VIX	-0.50%	-24.05%

U.S equity benchmarks largely recovered their losses from last week. Some of the US equity indexes actually recorded their highest level in 2016. Nevertheless, U.S economic reports were not as good as expected this week. On Tuesday, the NFIB Small Business Optimism report was announced at a constant 92.6 level, below the consensus of 93.9. Released on Wednesday, the Retail Sales (MoM) report came out below expectations of 0.1%, with a drop of 0.3% in the last month of the quarter. However, the precedent report from February was revised to be flat instead of being down by 0.1%. Released on Wednesday as well, the Producer Prices Index fell 0.1% in March. Services prices, which account for two thirds of the index, were the main cause for the unexpected drop. On Thursday, the Core CPI index (MoM) gained 0.1%, but was still below expectations of 0.2%. On Friday, the Industrial Production (MoM) and the Manufacturing Production reported a loss of 0.6% and 0.3% respectively. Nonetheless, the Standard & Poor's 500 index ended the week at 2080.73 points for a gain of 1.54%, only 2.40% below its all-time high of 2,130.82 set in May 2015. In the meantime, the Dow Jones Industrial index rose by 1.82% during the week, closing at 17897.46 points for a year to date gain of 2.71%. These increases were mainly driven by a very good Initial Jobless Claims report and Chinese economic data. Initial jobless claims reached their lowest level since 1973 at 253,000 claims for a consensus of 270,000. Investors welcomed this robust signal very positively since the U.S population, hence the workforce, was way smaller in 1973. In addition, China released its exports report, which is up by 11.5% (YoY) in March, beating the consensus of 2.5%. Chinese Industrial Production and Retail Sales went up by 6.8% (YoY) and 10.5% (YoY), beating consensus by 0.9% and 0.1% respectively. Gross Domestic Product also increased by 6.7% in the first quarter, which is in line with forecasts' ranges of 6.5%- 7%, leading investors to think that the Chinese economy might have stabilized and is heading to a "soft landing". The NASDAQ Composite rise by 1.80%, and the Russell 2000 gained 3.06% over the week. Despite the rally, both indexes still remain in negative territory year to date. Following these strong economic data from China, the VIX fell 0.50%, and gold reached a level of $1233.99/ounce for a decrease of 1.90% over the week, while silver increased by 1.93% at $16.2335/ounce. The West Texas Intermediate oil futures for delivery in May ended the week at $40.40/barrel, while Brent contracts for June reached a level of $43.10/barrel, for a rise of 2.77% ahead of the OPEC and Non OPEC countries meeting in Doha on Sunday. In the corporate news this week, Canadian Pacific drops its bid for Norfolk Southern because of growing concern regarding the voting-trust structure proposed by Canadian Pacific. Next week, investors are going to look closely to conclusions of the Doha meeting.

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

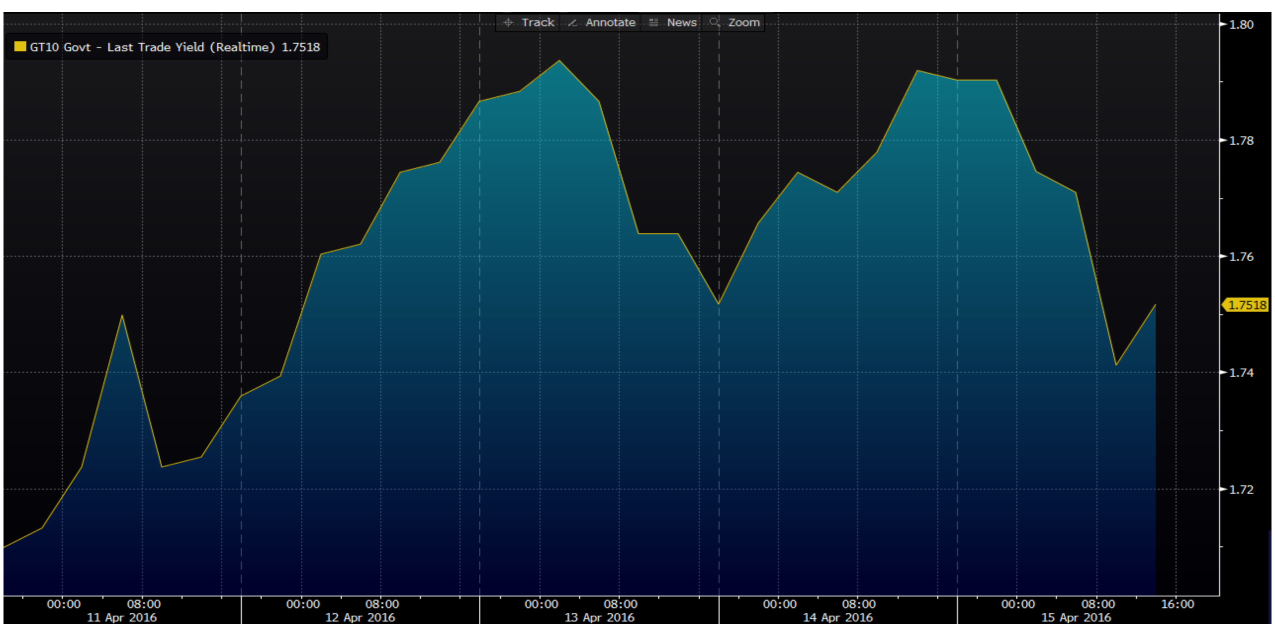
International Markets

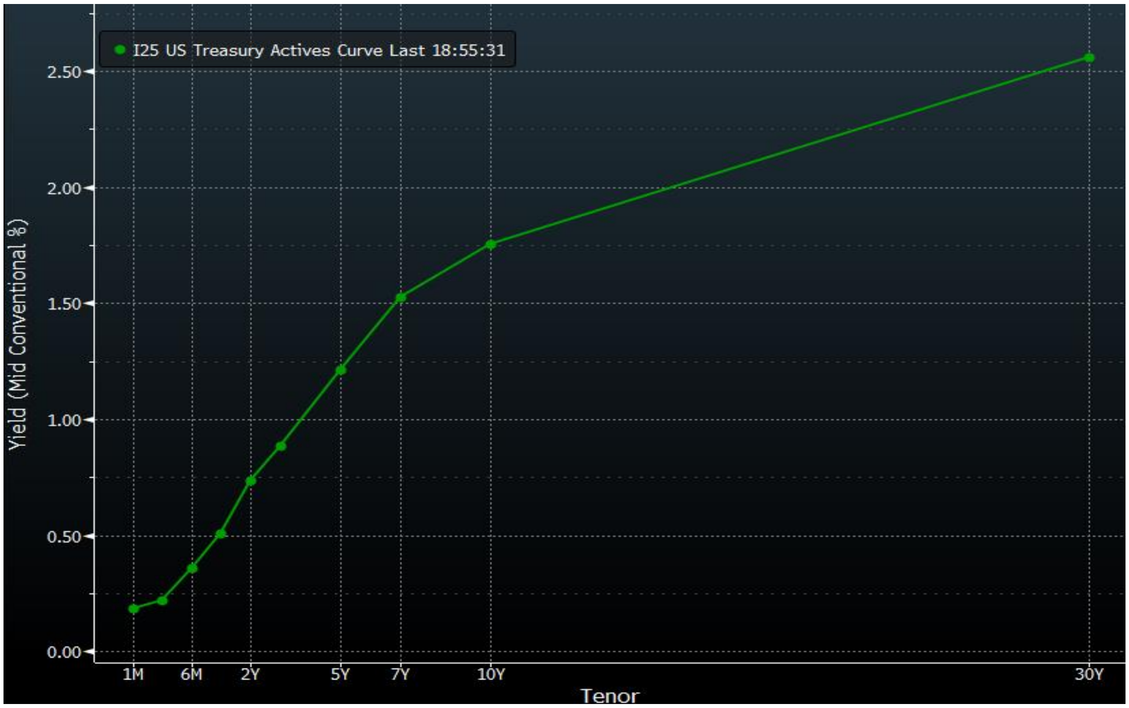
Index	Weekly % Change	YTD % Change
BE 500	+3.44%	-6.48%
Stoxx Europe 600	+3.29%	-6.29%
DAX	+4.46%	-6.44%
FTSE 100	+2.25%	+1.62%
CAC 40	+4.46%	-3.06%
Nikkei 225	+6.49%	-11.48%
Shanghai Composite	+3.12%	-13.03%
Shenzhen Composite	+3.36%	-14.31%

International equity markets showed strong performance last week thanks to all the economic data releases mentioned before. In addition, investors reacted positively to the proposed plan to help Italian banks. The Stoxx Europe 600 attained its highest level in a month at 342.79, and the Bloomberg European 500 reached a level of 231.22 for a 3.44% weekly gain. Despite the Brexit referendum being held in 10 weeks, the U.K's FTSE 100 Index did not show any sign of bearish trend this week with a gain of 2.25%, and it is up by 1.62% year to date. The French CAC 40 index, ended the week on an impressive gain of 4.46% at 4303.12 points. Its German counterpart, The DAX index, recorded the same weekly performance of 4.46% for a year to date change of -6.44%. In Asia, the Nikkei 225, the Shanghai Composite and the Shenzhen Composite ended the week with an increase of 6.49%, 3.12% and 3.36% respectively. Next week, the U.K will release its Retail Sales report on Thursday and Germany will release its Manufacturing PMI on Friday.

Bond Report

This week, The US Treasury yields climbed to their highest level this month, retreating from last week's 8-week low. However, yields cannot rise much since the Federal Reserve reduced their estimate for a rate increase in 2016 from four to two rate increases. Currently the Fed predicts only a 53% chance of a rate increase by the end of the year. The Treasury yields have also been reflecting the market's worries regarding the sluggish global market. On Monday, investors lost interest in risk assets awaiting a Tuesday auction. In response Treasury yields remained relatively unchanged. Oil prices finished at a high, since late March, of just above $40 a barrel. This attributed to the early rise in yields on Monday. On Tuesday, Treasury yields rebounded as prices plummeted. This suggested investors' enthusiasm towards riskier assets is increasing as oil prices rally. Crude-oil prices reached a high for 2016 on Tuesday. Thus boosting investor's optimism to invest into risky assets such as equities. As treasury yields rebounded they are still maintaining near one-year lows. As the dollar remains weak and oil prices rise US import prices are driven higher. Although, these factors alone are not enough to cause significant inflation pressures. An auction of about $56 billion took place during this week, beginning on Tuesday, in Treasurys helped to also drive yields higher. As global stocks rise, on Wednesday, Treasury yields continue to be pushed higher. Thus increasing the confidence of investors out of investments perceived as safe. This continued climb in Treasury yields was despite a drop in Crude-oil prices. A report was released on Wednesday that China's exports rose 11.5% year-over-year. Thus inferring the global market may not be as sluggish as feared. Whereas, doubts earlier in the year of China's economy slowdown catalysed demand for Treasurys, encouraging yields to reach one-year lows. China's Gross Domestic product also increased 6.7% over Q1. This further supports investors to believe that China's economy has stabilized. Treasury yields reached their highest level in months, on Thursday. As a result of a steep drop in unemployment claims signifying improved strength in the labour market. Investors continued to go towards riskier assets as equity markets rallied. Investments perceived as safe, such as Treasurys, were sold as a result by investors. On Thursday, the two-year treasury reached a high, as of April 1st, of 0.766%. Oil prices being a major factor in determining inflation projections fell on Thursday, but rose over the past few weeks. A $12 billion auction in 30-year treasury's experienced record demand from so-called buy-side institutions. On Friday, Treasury yields retreated slightly even though they had their biggest rise in a month this week. As a result of less optimistic economic data and declining Crude-oil prices. This further encouraged investors to buy investments perceived as safe, such as Treasurys. Thus depressing yields and driving prices higher. Friday's Treasury yield levels were thought to fairly reflect realistic growth and inflation expectations. Overall, the two-year Treasury rebounded 3.6bps to 0.734%, on Tuesday, and climbed 3.0bps over the week to finish at 1.753%. The 10-year Treasury yield also rose 3.2bps over the week and finished at 1.753%. While the 30-year Treasury, on Tuesday, rose 4.5bps to 2.608% and finished the week up 0.4bps to reach 2.561%.





What's next and key earnings

On Monday, import and export prices were released for March. Imports fell 0.2% signally how deflationary cross-border pressures have been. Whereas, exports had the best reading since May of last year remaining unchanged. On Tuesday, the Treasury budget for March was driven up by increased Medicare costs. The Treasury budget deficit in March was $108.0 billion indicating of budgetary trends and thrust of fiscal policy. U.S. retail sales despite expectations for a March rebound fell 0.3%, ending Q1 weaker than expected. U.S. whole sale prices also declined 0.1%, in March, even though the rise in Crude-oil prices. This reflects the low level of inflation in the economy. Inventory to sale ratio rose from 2.12 to 2.14 as inventories of both manufactures and wholesalers feel, in March. This may lead to risk in the U.S. inventory outlook. Crude-oil inventories soared to record breaking 536.5 million barrels. The consumer price index had a disappointing reading for March. Although, March's climb in gasoline prices are expected to push future consumer price index up. On Thursday, those Americans that applied for unemployment benefits declined significantly to the lowest levels in years. A fall in jobless claims to 253,000 last week a near record low. These low levels of unemployment signal a strong demand for labour. Last summer's weak growth overseas, the strong dollar, and collapse of oil prices has weakened the manufacturing sector as it was released that industrial production fell in March. On Friday, consumer sentiment dropped to a lower than expected April index level of 89.7 compared to March's 91.0 level. This could be due to doubts regarding future job and income predictions. The volatile political condition and low wage growth also have been less than optimistic for consumer confidence.

Shopify, Inc.
NYSE:SHOP

Analyst: Dylan Cirrilla
Sector: Information Technology

Buy

Price Target: 37.07

Key Statistics as of 4/15/2016

Market Price: $30.97
Industry: Internet Software and Services
Market Cap: $2061.9 million
52-Week Range: $42.13 – $18.48
Levered Beta: 1.85

Thesis Points:

- Takeover target of Google and other tech giants
- Partnerships/Acquisitions will provide expansion into other markets

Company Description:

Shopify, Inc. provides a cloud-based commerce platform. The Company offers a platform for merchants to create an omni-channel experience that helps showcase the merchant's brand. Shopify uses a cloud-based platform that is aimed towards assisting customers with credit card processing without the use of a third party and allows for a portal between the company and its customers. The Company aims to focus on mobile applications and an intimate experience between its clients and its clients' prospective customers. The company's 52-week high was $42.13 on 6/17/15 with a 52-week low on 1/15/16.

Thesis

Shopify Inc. (NYSE:SHOP) is a company that, while young, shows impressive sales trends, strong management and an effective business model. Fundamentally, the company is in a growth industry and holds a best-in-class status. This will allow SHOP to take advantage of the growth opportunities within the industry more efficiently and more readily than its less desirable counterparts. Management will also bring Shopify to profitability. This has been exhibited through effective M&A activity and prosperous business partnerships with companies like Facebook. For the near-term, management will bring profitability to Shopify through expansion of its service offerings by acquiring useful technologies and increasing exposure through partnership activity. This will create enough organic growth to bring a desirable return over the next year. However, an acquisition by a large firm, like Google, will make this buy a truly special transaction. Shopify's market price on 4/15/16 by market close was $30.97. With a 1-year target price of $36.37, there is a 17.4% upside.

Industry Outlook

It's no secret that the Information Technology (IT) is booming. As Deloitte states in an outlook article of the industry[1]: "Technology is the backbone of the digital economy. The rate of change and the level of disruption driven by modern technology are exponential." In an increasingly digital world, businesses are relying more and more on technology to generate value. Science and innovation drive the growth within this industry. Advancements in bandwidth capacity, processing power, and an unmatched level of access mean IT is reaching new levels of innovation every second; this compounds on itself to make growth and expansion exponential. The same Deloitte article[1] states: "Partnering strategies are another way for technology companies to grow by providing more opportunity for development of new business models, top-line acceleration, and faster adoption of offerings in the marketplace." This speaks to the future of SHOP and lends support to the idea of growth being generated from acquisitions as well as support for the motives of Google to acquire the company. The article also cites smartphone use as a major contributor to IT growth in the future. As a growing platform for consumption of information, companies will need to establish a mobile presence for their products and brands; a trend SHOP has taken note of and is actively exploring. Lastly, the Deloitte article addressed the markets that are most likely to emerge in this sector. Cloud-computing was among the most likely to emerge, lending support to the SHOP business model. It is clear that the IT industry is booming and will continue to grow exponentially. The specific markets that will emerge are also conducive to growth for SHOP as cloud-computing and mobile applications continue their expansion.

Philosophy and Business Model

Shopify is a leading cloud-based e-commerce platform designed for small and mid-size businesses with some larger companies taking advantage of the platform as well. The platform is designed to assist customers with setting up a store from top-to-bottom. This includes payment, shipping, web design, and back office functionality across the web, mobile devices, social media, brick-and-mortar locations, and pop-up shops. While the software is designed for small and mid-size businesses, large companies like Budweiser, Tesla Motors, and LA Lakers run on the platform. Shopify offers 4 levels of service to businesses: Lite, Basic, Pro, and Unlimited. These services are charged on a monthly basis for $9, $29, $79, and $179, respectively. The lowest level, Lite, includes Facebook sales, a Shopify buy button, and Point of Sale system. The upgraded levels include additional features ranging from discount code access, gift cards, and advanced report building capabilities. Costs associated with payment processing are also reduced as businesses upgrade to higher levels ranging from 2.9% at the Lite level to 2.4% at the Unlimited level. For an additional fee, starting at $500, customers have access to an assortment of Shopify experts who specialize in design, marketing, accounting, and some other business aspects. This is an important service for the longevity of Shopify's customers as many small business owners lack a business background. Shopify also has a unique way of gaining new customers and producing content. To acquire customers, aside from marketing initiatives, the company offers a 20%

[1] http://www2.deloitte.com/us/en/pages/technology-media-and-telecommunications/articles/technology-industry-outlook.html

commission to those who refer clients. For content development such as new themes and app development, Shopify opens contributions up to the public. The company will offer up to 70% on each theme and 80% of apps to developers. This is a way for Shopify to acquire new content without keeping developers on payroll or having a tremendous R&D expense.

Competitive Landscape

Competition in SHOP's industry is fierce and there are many competitors present. However, SHOP has a strong competitive advantage and is revered in the industry as being the best ecommerce builder, even in the highly competitive industry. Of all the competitors, there can be a few categories that each fit into. These include open- source, hosted, and drag-and-drop. The first group, open-source, require technical skill as they are developed by the public and other users. This marginalizes a very large portion of SHOP's target market. These services are often basic, as well, as users are expected to customize them with their strong technical skill. Companies that offer products in this category include Magento and WooCommerce which uses the popular WordPress platform. The high level of technical skills required to operate this type of product means that additional costs will be incurred to pay a freelance developer and changes to the site will be slow. The second group, hosted, is the section that SHOP would fall into. These sites are marketed as a "one-stop-shop" for ecommerce building. They handle all of the technical background which means management can be very hands-off. These websites tend to be highly customizable but are more expensive than the other categories. Companies that produce hosted services are Shopify and BigCommerce. The last group, drag-and-drop, are easily marketable and easy to use but somewhat gimmicky in their execution. For companies like Wix eCommerce and Weebly eCommerce, this type of website includes limited customization but is a turn-key product. A customer can start up their company's website and associated portals with limited startup cost and time. To customize, users can simply "drag-and-drop" content, as the name suggests, wherever they want it. However easy it is to use, these sites are limited in their customization and are difficult to adapt to the needs of businesses. Though the industry has many competitors, SHOP is a best-in-class provider of hosted ecommerce services. The sites produced through Shopify are affordable, highly customizable, are supported by teams of experts, and are easy to use; this combines the positive elements of all of the groups of ecommerce builders into one exceptional builder.

Financials

Valuing Shopify Inc is a unique challenge in that it is a new company in a booming industry. The company's IPO was 5/20/2015 so a full year of financial data is not available or difficult to find in a comprehensive form. However, some figures are easily attained. Revenue growth, for example, has been over 300% since 2013. This has resulted in lower operating income and continued net losses. This is, however, typical for a young company in this growth industry. The primary drivers of the net losses that Shopify has experienced since its inception are SG&A expenses and R&D expenses. Sales and marketing expenses account for 80% of SG&A and 34% of revenue. R&D is also quite high, accounting for 19% of revenue. A combined 53% of revenue is being absorbed by SG&A and R&D; these expenses are crucial to the development of Shopify's products and brand. 100% of R&D expenses were capitalized through proforma analysis and 80% of SG&A expenses were capitalized. Because the company is so young and full financials are not available, a large portion of analysis is done with a fundamental lens; namely industry growth, management, and inorganic growth. These pieces of fundamental analysis put a picture together for the going concern of the firm.

Acquisition Target

Acquisitions, as stated in the Deloitte article, are important vehicles of growth for companies in technology industries. An acquisition would allow for an acquirer to gain access to a new technology, customer base, or other assets without having to develop them themselves. This is especially true in tech industries where R&D expenses can overtake an income statement. In recent articles on sites like

Re/Code[2], SiliconAngle[3], and Geekwire[4], it is believed that Google has added Shopify to its short list of possible acquisition targets. The sources are cited as people familiar with the acquisition projects. An acquisition typically comes with a premium around 30%, historically. However, according to the same articles and others, it is believed that a Shopify acquisition would require a very large premium. If the historical premium were doubled, say 60%, the Shopify acquisition would be close to $5 billion. This would result in massive returns for shareholders. The motivation for the acquisition is clear. Cloud-based computing and software is a hot topic in today's technology world. Companies like Microsoft and Amazon already possess cloud technology and have been developing them for a couple of years. To compete with these other giants, Google would need to acquire the best known cloud-based ecommerce builder, Shopify. An acquisition of SHOP would allow Google to use cloud technology outside of the ecommerce builder platform while competing with cloud payment systems like iPay.

Partnerships/Acquisitions

Just as acquisitions and partnerships are essential for the growth of massive companies like Google, it is also crucial for smaller companies like Shopify. Historically, Shopify has had great success with acquisitions that are in-line with the trends of the industry. In 2012, the company acquired Select Start Studios – a mobile software developer – to expand into the booming mobile market. Similarly, the company acquired Jet Cooper, a design studio based on Toronto. This allowed Shopify to provide design services to customers as well as improving pre-made templates. Most recently, in mid-April, Shopify announced its acquisition of Kit CRM. This allows Shopify to develop "conversational commerce", a popular tech topic as companies like Facebook delve into a more personal interaction with customers who will, in turn, be more likely to buy goods or services. This past performance shows a high level of competency of the management teams and indicates a bright future for expansion into M&A activity. Partnerships are also a crucial way for a technology company to develop its software and gain exposure. In mid-2015, Shopify partnered with Facebook to improve chat capabilities for customer service purposes. The partnership allowed Shopify to expand its offerings to customers who wanted to provide an automated support system through SMS or Facebook chat. The partnership also allowed Facebook to add its own "buy" button, powered by Shopify. These acquisitions and partnership projects, paired with monstrous earnings surprises (last quarter was 81.48%) shows that management is on track towards bringing profitability to Shopify.

Conclusion

Shopify Inc. (SHOP) is a best-in-class ecommerce builder. The services offered through Shopify are regarded as the best in the business; they are affordable, customizable, high-quality, and supported through continued advising and technical support. Fundamentally, the Information Technology industry is booming, indicating many growth opportunities for SHOP in the future. This will be accomplished through continued growth of the target market, M&A activity, and partnership activity. The booming market will continue to produce the demand for ecommerce building services while M&A activity will expand the breadth of services that Shopify can offer. The partnership activity will increase Shopify's exposure and further integrate its offerings into global ecommerce. While past performance does not necessarily indicate future performance, metrics for managerial competency have more longevity than technical analysis of revenues, margins, etc. A strong management base, competent in the most crucial areas of growth for the company, indicate growth trends for the future. SHOP is a recommended buy at the current market price of $30.97. With a 1-year target price of $36.37 there is a 17.4% upside. This will be bolstered by future M&A activity and will explode with at least a 30% premium if acquisition rumors are confirmed. A Google acquisition will make this stock an incredibly profitable endeavor. An acquisition premium added to the organic growth opportunities of Shopify indicate that a 50% 1-year profit is reasonable, if the acquisition goes through.

[2] http://recode.net/2016/03/18/google-is-shopping-for-cloud-companies-on-the-list-namely-and-shopify/

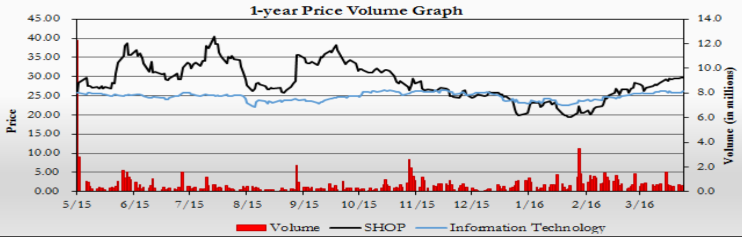
[3] http://siliconangle.com/blog/2016/03/21/google-eyes-triple-acquisition-of-shopify-namely-xactly-to-boost-cloud-portfolio/

[4] http://www.geekwire.com/2016/google-mulls-acquiring-cloud-firms-seeks-compete-enterprise-amazon-microsoft-report/

CENTER FOR GLOBAL FINANCIAL STUDIES

Shopify Inc. (SHOP) — NEUTRAL

Analysis by Dylan Cirrilla	Current Price:	$30.69	Intrinsic Value	$29.87	Target 1 year Return: 18.51%
4/16/2016	Divident Yield:	0.0%	Target Price	$36.37	Probability of Price Increase: 89%



Description

Shopify Inc. provides a cloud-based and multi-channel commerce platform for small and medium-sized businesses.

General Information

Sector	Information Technology
Industry	Internet Software and Services
Last Guidance	November 3, 2015
Next earnings date	May 4, 2016
Estimated Country Risk Premium	5.38%
Effective Tax rate	23%
Effective Operating Tax rate	23%

Market Data

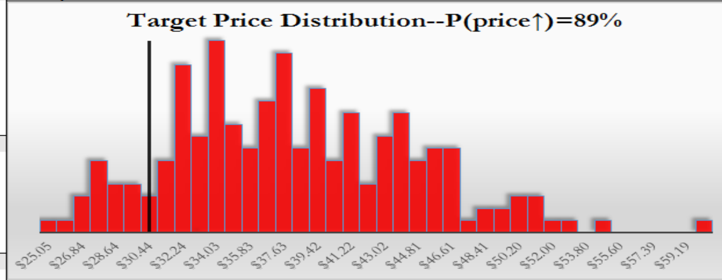
Market Capitalization	$2,394.16
Daily volume (mil)	0.33
Shares outstanding (mil)	80.34
Diluted shares outstanding (mil)	61.72
% shares held by institutions	38%
% shares held by investments Managers	18%
% shares held by hedge funds	5%
% shares held by insiders	20.02%
Short interest	2.26%
Days to cover short interest	2.46
52 week high	$42.13
52-week low	$18.48
Levered Beta	1.79
Volatility	0.00%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
12/31/2014	N/A	N/A
3/31/2015	N/A	N/A
6/30/2015	17.22%	-178.52%
9/30/2015	9.97%	-209.18%
12/31/2015	9.80%	-9977.97%
Mean	12.33%	-3455.22%
Standard error	2.4%	3261.4%

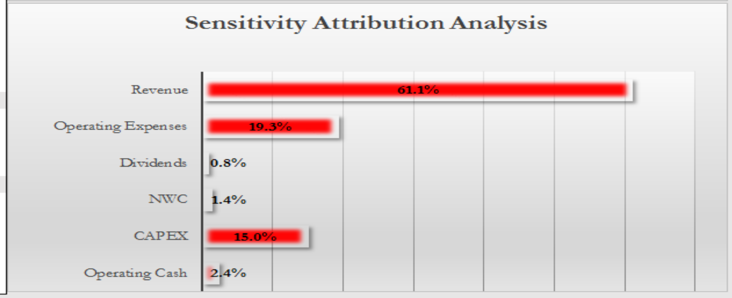
Peers

Marketo, Inc.
Benefitfocus, Inc.
Demandware, Inc.
Wix.com Ltd.
MINDBODY, Inc.
ChannelAdvisor Corporation
Box, Inc.
Cornerstone OnDemand, Inc.

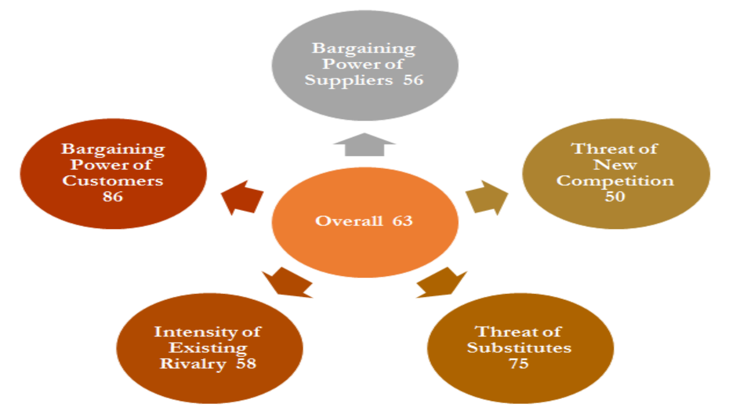


Management	Position	Total compensations growth	Total return to shareholders
Lutke, Tobias	Founder, Chairman and Chief	N/M	N/M
Weinand, Daniel	Co-Founder, Chief Design Off	N/M	N/M
Jones, Russell	Chief Financial Officer	N/M	N/M
Finkelstein, Harley	Chief Operating Officer	N/M	N/M
Miller, Craig	Chief Marketing Officer	N/M	N/M
Fauser, Cody	Chief Technology Officer	N/M	N/M

Profitability	SHOP (LTM)	SHOP (3 years historical average)	Industry (LTM)
ROIC	29.9%	86.03%	16.31%
NOPAT Margin	18%	#DIV/0!	21.9%
Revenue/Invested Capital	1.69	#DIV/0!	0.75
ROE	43.8%	90.06%	17.45%
Adjusted net margin	18%	#DIV/0!	20.2%
Revenue/Adjusted Book Value	2.50	#DIV/0!	0.86
Invested Funds	**SHOP (LTM)**	**SHOP (3 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	65.5%	75.8%	68%
Estimated Operating Cash/Total Cash	9.0%	16.5%	N/A
Non-cash working Capital/Total Capital	-9.0%	-9.8%	-13%
Invested Capital/Total Capital	73.4%	99.9%	46%
Capital Structure	**SHOP (LTM)**	**SHOP (3 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.02	0.00	0.08
Cost of Existing Debt	2.76%	0.42%	2.92%
Estimated Cost of new Borrowing	3.77%	2.61%	2.92%
CGFS Risk Rating	BB	#N/A	BB
Unlevered Beta (LTM)	1.79	1.27	1.08
WACC	13.79%	9.52%	9.76%



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	95.4%	17.7%	2.17
12/31/2016	58.4%	19.1%	2.15
12/31/2017	30.8%	16.1%	0.99
12/31/2018	30.1%	20.1%	1.19
12/31/2019	24.5%	21.1%	1.21
12/31/2020	18.6%	21.4%	1.17
12/31/2021	84.1%	31.6%	2.69
12/31/2022	30.1%	26.9%	1.81
12/31/2023	23.1%	26.0%	1.55
12/31/2024	16.1%	28.0%	1.60
12/31/2025	9.1%	29.4%	1.58
Continuing Period	2.1%	30.0%	1.52

Period	Invested Capital	Net Claims	Price per share
Base Year	$0.00	$219.41	$28.65
12/31/2016	$0.00	$276.11	$36.05
12/31/2017	$18.40	$299.00	$43.16
12/31/2018	$87.28	$288.55	$51.33
12/31/2019	$121.40	$263.75	$60.64
12/31/2020	$214.47	$203.27	$70.91
12/31/2021	$522.68	$246.04	$87.58
12/31/2022	$722.59	$222.22	$106.77
12/31/2023	$944.03	-$246.23	$130.89
12/31/2024	$1,200.93	-$639.17	$152.02
12/31/2025	$1,452.09	-$1,248.76	$172.82
Continuing Period			

Siena Market Line
3rd week of April 2016

Dycom Industries, Inc.

DY

Analyst: Nicolas Morand
Sector: Industrial Goods

BUY on DY

Price Target: $80.00

Key Statistics as of 04/15/16

Market Price:	$67.13
Industry:	Heavy Construction
Market Cap:	$2.208 B
52-Week Range:	$45.45 - $90.82
Beta:	1.02

Thesis Points:

- Strong financial results for Q2 2016
- Large telecom provider's need to improve their network
- Increase in both backlog and CapEx

Company Description:

Dycom Industries provides specialty contracting services to both the infrastructure and the telecommunications industry. These services includes engineering, construction, maintenance and installation services to telecommunication providers, underground facility locating and electric and gas utilities services with its business primarily done in the U.S and Canada.

Thesis

Dycom has recorded its best second quarter and its fifth best quarter in its history. The company EPS has doubled since Q1 and the firm has liquidity over $309 million and cash on hand that will probably be used to continue the firm's share buyback program of $100 million. Telephone companies are increasing investment in their infrastructure network such as fiber so as to offer 1-gigabit high speed connection in the U.S. The firm is expected a strong demand from its key customers and has already increase investment in CapEx so as to handle this increase in demand. The firm's backlog has increased over $1 billion compare to Q1 to $5.05 billion in Q2, which reflects the strong performance of the firm and the future new work planned.

Industry Outlook

Nowadays, the telecom sector is gathering momentum and is expected to remain at the epicenter for growth and innovation. Telecom companies are spending a lot of capital so as to connect more people into their networks. In average, US consumers look at their connected devices around 8 billion times a day according to the Global Mobile Consumer Survey. The number of connected devices continues to grow, the internet of thing is expected to become a strong market and leading telecommunication companies are looking for new opportunity to grow their revenues by increasing their network connectivity. This internet of things business will consist of connected cars, connected houses and rapidly, many sectors such as manufacturing, hospitality, retail, utilities and others will be contributors of this market development. Smart cities will also help telecommunications companies to find opportunity for growth, as cities are using more and more connected devices to manage lighting, video security and asset monitoring. Government is already aware of it and many telecommunications companies are upgrading their infrastructure network so as to boost internet speed in in rural cities many times faster than what was previously allowed by the law. The internet of things will be achievable only through the improvement of the telecommunication sector. More speed, less latency and greater efficiency are an absolute requirement to support connected things such as smart cars. The current technology does not allow this expansion yet, which is why many telecommunications companies are upgraded their infrastructure network so as to be more efficient.

Porter's Five Forces

<u>Bargaining power of suppliers:</u> **LOW**

There is a low bargaining power of suppliers. There are many suppliers that can provide raw materials needed to the manufacturing process of fiber optic and coaxial cables. In addition, Dycom's operating subsidiaries include suppliers that decrease the overall bargaining power of suppliers.

<u>Bargaining power of customers</u>: **HIGH**

The bargaining power of customers is relatively high for Dycom as the firm's top five largest customer made approximately 69% of the firm's revenue. These clients includes AT&T, CenturyLink, Verizon, Comcast and one anonymous company. Strategic moves from these customers to do business with a competitor could harm Dycom business, however, the firm has strong relationships with its clients that are more and more investing in the fiber network.

<u>Threat of substitutes:</u> **LOW**

Dycom provides a wide panel of services including Engineering, construction, maintenance, installation, electric and gas utility and other services which protect them from any new substitute on the market. Besides, for the telecommunications services, Dycom provides the cables needed for the telecom companies, provides civil and tower construction for wireless carriers but also plans out the route, gets permits and does the installation on sites. It brings a whole expertise that cannot be easily replace.

<u>Existing rivalry:</u> **High**

The intensity of existing rivalry is high as Dycom five biggest customers do have teams that can contract services provided by Dycom. The firm can handle the entire process for telecommunications infrastructure from installation to maintenance. Dycom can only differentiate itself through effectiveness.

Barriers to Entry: **Low**

There is very low barriers to enter this industry. As many competitive industry, the main characteristic required to build and maintain a long-term relationship with customers is efficiency. If a fresh company appeared to be more efficient than Dycom, we might expect its customers to require its competitors' services.

Product Portfolio

Dycom provides services to telecom providers, underground facility locating and electric utilities and others. The telecommunication segment represents 90% of the total revenue for the year 2015 and is composing of several services. The first service provided by Dycom is the engineering service. The firm's engineer are designing various fiber optic and coaxial cable to expand infrastructure from business to consumer home. Concerning telephone companies, Dycom is designing terminals, both aerial and buried drops, central office equipment, transmission and fiber cable needed to their infrastructure expansion. For the cable television companies, Dycom is providing make-ready studies, field walk-out strand mapping, the frequency design of computer-aided radio and fiber cable needed to their network. These companies have an increasing desire to invest in new technologies which will allow them to deliver high-speed data so as to gain more customers. Upgrading infrastructure network is a requirement for telecommunication providers to achieve their growth expansion. Then, Dycom is providing maintenance and installation services. This consists of the installation of fiber optic cable on sites. The firm is digging the trenches in which it will place the cables from cable operator facilities to consumer home. Then Dycom is managing the maintenance of these facilities. It connects, deploys new networks and maintain existing network for both cable television and telephone companies. Another services offer to various companies and local government is the premise wiring service. This consists of the installation, repair, maintenance and upgrade of the telecommunication infrastructure. The second segment of Dycom operations, which accounts for 6.2% of the firm's total revenue is the utility line locating. Its underground facility locating services, provided to various utility company include the cable television, power, water, sewer, locating telephone and gas line for those utility companies.

Finally, the last segment of the firm's operations, which account for the remaining 3.8% of revenues is electric utilities and other services. Under this segment, the firm is installing and maintaining underground power distribution lines. The firm is combining project and joint trenches so as to install both electrical and telecommunication equipment. On different trenches, Dycom is also using its knowledge and technology to installs underground gas distribution systems for local states.

Strong Financial Performance and Management

Dycom's stock price has been hammered. The stock peaked early in December at $90 per share and was trading just under $50 per share in the middle of January because of both slightly missed earnings and a drop in the market. Indeed, because of the slowdown in China and the energy crisis, January has been a terrible month for the stock market where major Indexes recorded the worth month in years. During Q2 2016, Dycom managed to record revenues at $559.5 million, an increase of 26.8% year over year where 19.4% is organic growth. This is mostly driven by a strong growth from key customers. Indeed, There is an increasing demand for 1-gigabit wireline networks from key customers, as a number of industry participant are upgrading their network and are deploying both fiber to the home and node technologies, so as to offer a high speed connection for individual consumers. Dycom's top five customers are producing 68.9% of the firm's total revenues and are growing organically. Dycom manage to profit from this growth in revenue to increase its EPS. In only two quarter, the firm managed to double its EPS from $0.27 to $0.54. This represents the best second quarter of the company and their fifth best quarter in history. If we take a look at the company's backlog, we can see a positive sign that we are not expecting to see any decline in revenues. Indeed, since the first quarter of 2016, the company's backlog increased by $1.09 billion, proving that its customers continue to plan aggressive initiative for the coming years. The firm's backlog was $5.056 billion for Q2 compared to $3.967 for the previous quarter. Out of this backlog, management is expected to see almost $2 billion to be completed in the next 12 months. This backlog analysis reflects the firm's ability to book new orders and to maintain existing work. This creates an opportunity for the firm to gain some market shares, to expand its geographic reach and to grow accordingly. In addition, the firm managed to decrease operating costs, improving its margins. The firm's EBITDA increased by 39.5% from $47.6 million in Q1 2016 to $66.4 million in Q2 of the same year. Over the same time slot, revenues increased by 26.8%, proving the management ability to reduce operating costs and creating value to the company. Another value creation ratio to look at is the ROIC/WACC ratio. As you can see on the summary output at the end of the paper, we currently have a ratio of 1.51, meaning that the firm is currently creating value. During Q2, CapEx net of disposals, which is one of the driver of the stock price, represented $48.7 million. Thanks to the extension of tax regulation, the firm has been able to generate important cash tax savings for 2016 related to CapEx which will improve their operating cash flow. Dycom has managed to increase its investment in CapEx to $147 million. The firm is counting on the investments of its assets to contribute to higher operating levels that are represented in their increasing backlog of $5 billion. Management plan to continue to invest in its assets up to $175 million for the year 2016. On the debt side, Dycom has no significant debt maturing in the next coming years. Senior credit facility are maturing in 2020 as well as the firm's 0.75% coupon convertible notes where its aggregate principal represents $485 million. This allows the firm to have $309 million of liquidity and cash on hand. Management will probably use this cash on hand to continue their share buyback program. The Board of Directors gave the authorization to increase this share buyback program from $50 to $100 million, which clearly demonstrate that the firm believes its current stock price is undervalued. Furthermore, as illustrate the fundamentals graph below, we can see that Dycom is doing better than its major competitors and the construction and engineering sub industry.

Fundamentals	CY 2014 12/31/2014	CY 2015 12/31/2015	Current 04/16/2016
Gross Margin	11.19	10.57	10.51
Dycom Industries Inc	18.58	21.22	21.75
MasTec Inc	13.74	11.57	11.57
Primoris Services Corp	11.31	11.40	11.40
EMCOR Group Inc	14.12	14.06	14.06
Tetra Tech Inc	15.19	18.37	18.22
Operating Margin	5.22	3.83	3.59
Dycom Industries Inc	4.52	7.63	8.74
MasTec Inc	5.23	-0.65	-0.65
Primoris Services Corp	4.98	3.51	3.51
EMCOR Group Inc	4.51	4.27	4.27
Tetra Tech Inc	8.27	5.10	4.93
Profit Margin	2.71	2.71	2.59
Dycom Industries Inc	2.21	4.17	4.38
MasTec Inc	2.51	-1.88	-1.88
Primoris Services Corp	3.03	1.91	1.91
EMCOR Group Inc	2.63	2.56	2.56
Tetra Tech Inc	5.82	2.27	2.16
Return on Assets	5.07	4.74	4.52
Dycom Industries Inc	3.38	6.56	7.44
MasTec Inc	3.57	-2.43	-2.43
Primoris Services Corp	5.88	3.31	3.31
EMCOR Group Inc	4.92	4.97	4.97
Tetra Tech Inc	6.06	2.34	2.28
Return on Equity	9.26	9.08	8.60
Dycom Industries Inc	8.75	17.00	18.78
MasTec Inc	10.73	-7.59	-7.59
Primoris Services Corp	14.84	7.87	7.87
EMCOR Group Inc	11.70	11.91	11.91
Tetra Tech Inc	10.77	4.18	3.99

Dycom is outperforming both the industry and its competitors in terms of gross margin, operating margins, profit margins, return on assets and return on equity proving the quality of the management in place.

Valuation

The valuation of Dycom is based on a pro forma that values the firm with a discounted cash flow and focuses on the company's return on invested capital. A summary of the outputs used for this valuation can be found at the end of this paper. Revenue growth are computed to follow analysts' estimate and converging to 3% in the long-term, which is the long-term T-note rate. A country weighted average risk premium has been calculated at 6.00%, because Dycom activities are located in both the U.S with 99.4% of its business and Canada with 0.6% of its business. The corporate tax rate has been calculated at 39.91% using the same method. Other variables used for the valuation, can be found in the summary output at the end of the paper. After launching a Monte-Carlo simulation, I calculated an intrinsic value for the stock at $69.59, a one-year target price of

$80.00 (a 18.06% increase compare to its current price) and a 86.6% probability of a stock price increase.

Conclusion

Finally, thanks to both its strong backlog and its recent financial performance, I do believe that the firm has the potential to grow organically, creating value for the company. They are expected strong demand from several large customer, which are all growing organically as well. The firm is investing in CapEx so as to handle this increase in demand, it managed to decrease operating costs and margins are improving overtime. Macroeconomic conditions appear favorable to Dycom as long as the firm keeps its strong relationship with key customers. Management, through its share repurchase program believes its stock is currently undervalued as well. I do believe that the upside potential for this company is greater than the downside, which is why I recommend a buy at its current level of $67.7.

Siena Market Line
3rd week of April 2016

Dycom Industries Inc. (DY)

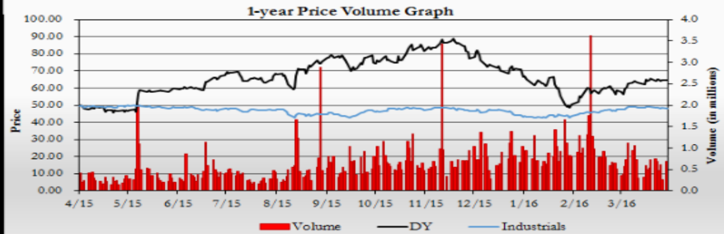
CENTER FOR GLOBAL FINANCIAL STUDIES

NEUTRAL

Analysis by Nicolas Morand	Current Price:	$67.76	Intrinsic Value	$69.59
4/16/2016	Divident Yield:	0.0%	Target Price	$80.00

Target 1 year Return: 18.06%
Probability of Price Increase: 86.6%

1-year Price Volume Graph



Description

Dycom Industries, Inc. provides specialty contracting services in the United States and Canada.

General Information

Sector	Industrials
Industry	Construction and Engineering
Last Guidance	November 3, 2015
Next earnings date	May 13, 2016
Estimated Country Risk Premium	6.00%
Effective Tax rate	40%
Effective Operating Tax rate	32%

Market Data

Market Capitalization	$2,228.97
Daily volume (mil)	0.40
Shares outstanding (mil)	32.90
Diluted shares outstanding (mil)	34.32
% shares held by institutions	78%
% shares held by investments Managers	71%
% shares held by hedge funds	17%
% shares held by insiders	4.30%
Short interest	15.06%
Days to cover short interest	5.92
52 week high	$90.82
52-week low	$45.45
Levered Beta	1.25
Volatility	42.47%

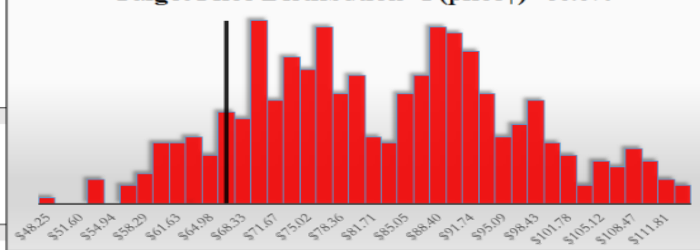
Past Earning Surprises

Quarter ending	Revenue	EBITDA
1/24/2015	3.73%	10.14%
4/25/2015	3.66%	7.84%
7/25/2015	1.49%	3.26%
10/24/2015	4.60%	5.14%
1/23/2016	1.91%	-10.16%
Mean	3.08%	3.24%
Standard error	0.6%	3.5%

Peers

MasTec, Inc.
Primoris Services Corporation
Granite Construction Incorporated
EMCOR Group Inc.
Tetra Tech, Inc.
KBR, Inc.
MYR Group, Inc.
Jacobs Engineering Group Inc.

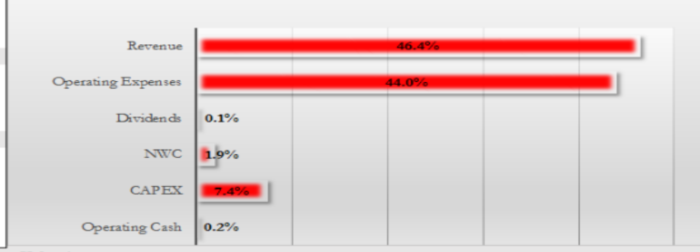
Target Price Distribution--P(price↑)=86.6%



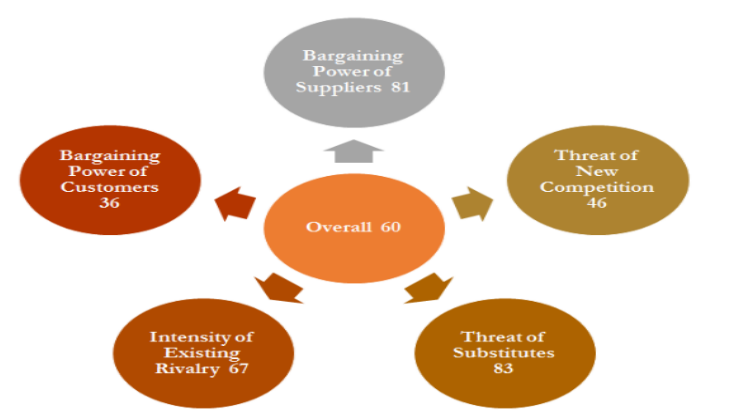
Management	Position	Total compensations growth	Total return to shareholders
Nielsen, Steven	Chairman, Chief Executive Of	18.64% per annum over 5y	15.31% per annum over 5y
DeFerrari, H.	Chief Financial Officer, Sen	18.15% per annum over 5y	15.31% per annum over 5y
Estes, Timothy	Chief Operating Officer and	16.5% per annum over 5y	15.31% per annum over 5y
Vilsoet, Richard	Vice President, General Coun	12.36% per annum over 5y	15.31% per annum over 5y
Dickens, Kimberly	Chief Human Resources Office	N/M	0% per annum over 0y
Roach, Rebecca	Chief Accounting Officer and	N/M	N/M

Profitability	DY (LTM)	DY (5 years historical average)	Industry (LTM)
ROIC	14.0%	10.90%	8.02%
NOPAT Margin	9%	5.91%	2.7%
Revenue/Invested Capital	1.55	1.85	2.97
ROE	18.1%	14.74%	8.56%
Adjusted net margin	8%	4.86%	2.6%
Revenue/Adjusted Book Value	2.27	3.03	3.28
Invested Funds	**DY (LTM)**	**DY (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	1.2%	2.1%	22%
Estimated Operating Cash/Total Capital	1.2%	1.6%	N/A
Non-cash working Capital/Total Capital	32.5%	30.3%	16%
Invested Capital/Total Capital	99.8%	99.5%	74%
Capital Structure	**DY (LTM)**	**DY (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.43	0.58	0.13
Cost of Existing Debt	4.96%	6.29%	6.41%
Estimated Cost of new Borrowing	3.37%	3.77%	6.41%
CGFS Risk Rating	BBB	BB	A
Unlevered Beta (LTM)	1.02	1.26	1.22
WACC	9.30%	10.81%	10.83%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	23.1%	9.0%	1.51
1/23/2017	17.1%	6.6%	1.16
1/23/2018	9.9%	7.0%	1.19
1/23/2019	13.0%	7.4%	1.25
1/23/2020	11.7%	7.7%	1.30
1/23/2021	10.5%	7.9%	1.33
1/23/2022	9.2%	8.2%	1.35
1/23/2023	8.0%	8.4%	1.37
1/23/2024	6.7%	8.6%	1.39
1/23/2025	5.5%	8.8%	1.40
1/23/2026	4.2%	9.0%	1.41
Continuing Period	3.0%	9.2%	1.43

Period	Invested Capital	Net Claims	Price per share
Base Year	$705.24	$954.82	$67.73
1/23/2017	$762.02	$980.92	$77.04
1/23/2018	$1,138.94	$1,018.76	$86.77
1/23/2019	$1,322.23	$1,023.48	$97.48
1/23/2020	$1,473.41	$1,018.53	$109.16
1/23/2021	$1,687.96	$965.13	$121.86
1/23/2022	$1,913.60	$821.57	$136.84
1/23/2023	$2,163.44	$671.88	$151.42
1/23/2024	$2,419.05	$465.12	$166.86
1/23/2025	$2,704.79	$197.13	$183.09
1/23/2026	$2,979.99	-$134.48	$199.98
Continuing Period			

Air Methods Corporation

NASDAQ: AIRM

Analyst: Marianne Staudt
Sector: Services

BUY

Price Target: $44.04

Key Statistics as of 4/3/2016

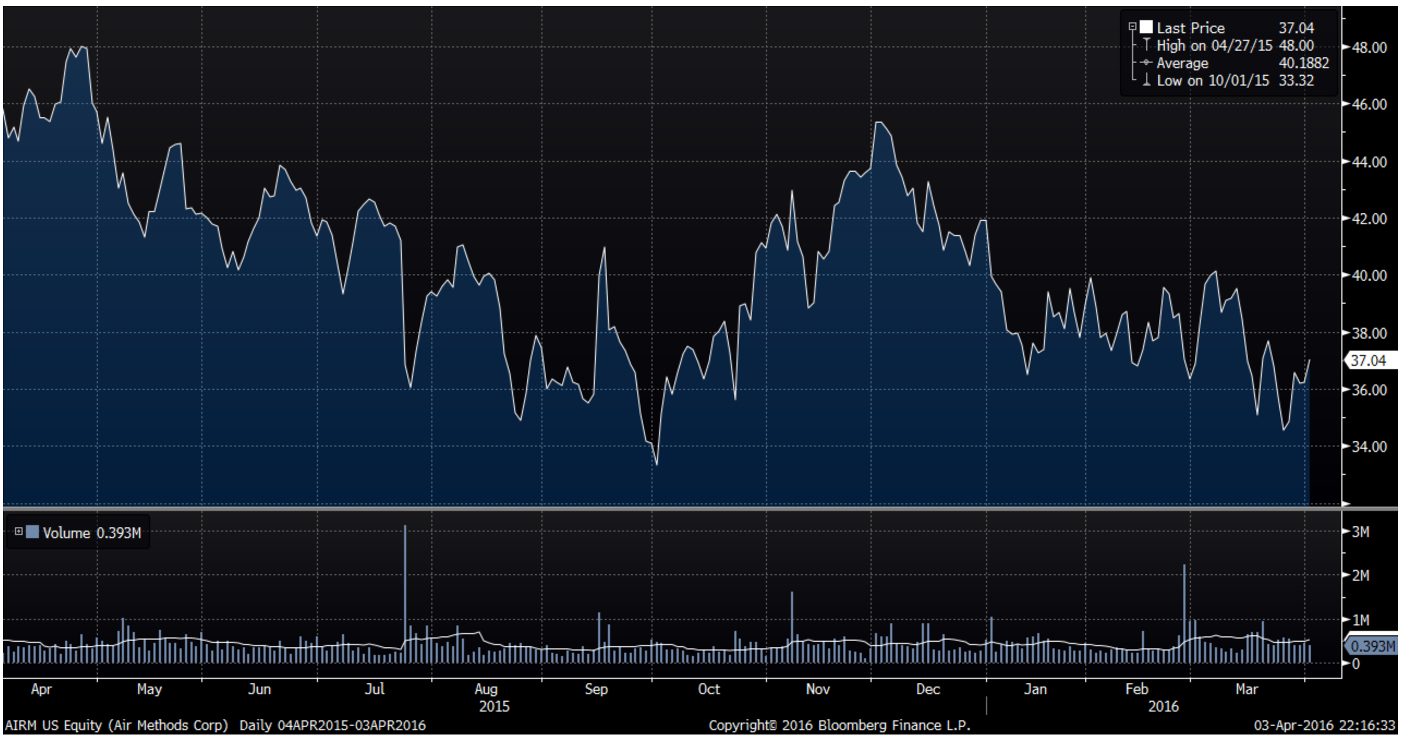
Market Price:	$37.04
Industry:	Air Services
Market Cap:	$1.39B
52-Week Range:	$32.81-48.91
Levered Beta:	1.38

Thesis Points:

- Air Methods is experience rapid organic as well as inorganic growth, coupled with improving margins.
- Acquisitions will drive growth in the future.
- Air Methods has the resources and capabilities to remain competitive and increase their market share.

Company Description:

Air Methods Corp. (AIRM) is the largest provider of air medical emergency transportation services in the US with 29% market share. Together, with its subsidiaries, it provides air medical emergency transport services and systems in the United States. The company operates in the Air Medical Services (AMS), Tourism, and United Rotorcraft (UR) segments. It was founded in 1982 and is headquartered in Englewood, Colorado.



Thesis

Air Methods is a top-of-class company. It is the largest air medical transport company in the world, and with its market share hovering around 30%, it still has room for growth. The company is experiencing rapid growth, through both volume increases and acquisitions. Additionally, it has managed to consistently improve its margins year to year. Air methods commitment to growth and acquisitions will drive future expansion and success. Air Methods has the resources and capabilities to remain competitive and drive both firm and shareholder value in the future.

Business Model

Air Methods Corp. operates in three air transportation business segments; Air Medical Services (AMS), Tourism, and United Rotorcraft (UR). The AMS segment makes up the largest portion, 86%, of Air Methods revenues and provides air medical transportation services to both the general population as an independent service and to hospitals and other institutions under exclusive operating agreements. As of December 31, 2015, this segment's aircraft fleet consisted of almost 500 aircrafts; 321 company owned, 92 leased, and 54 owned by AMS customers and operated by the company under contracts. The tourism segment is the second largest segment, and makes up 12% of revenue. It provides aerial tours and charter flights of the Grand Canyon and the Hawaiian Islands. It operates 65 helicopters and 2 fixed winged aircrafts. The UR segment designs, manufactures , installs, and certifies aircraft interiors and other aerospace and medical transport products, as well as offer quality assurance and certification services. It makes up only 2% of Air Method's total revenue.

Industry Outlook

The airline industry is pretty much controlled by a few major players, and has very high barriers to entry. However, air emergency medical transport services is a niche market within the airline industry that the major incumbent players will not take advantage of. Air Methods is the largest provider of air medical transportation services in the $4 billion US market. It is uniquely positioned to take advantage of this niche market within the airline industry, and if it keeps up its performance, is likely to continue to grow and seize market share. Air Methods has a very strong advantage in that it serves a niche, market that major commercial airlines stay away from die to its relative unpredictability [compared to their business]. Air Methods is situated in a growing market; the ambulance-services industry is forecasted to grow at a CAGR of 3.2% over the next five years, due in large part to the aging population. Over the past three years, Air Methods revenue growth has averaged 15.1%, above the air industry's top line growth of 12.6%. With the percentage of Americans in the senior age group expected to grow from the current level of 14.1% to 19.3% over the next five years and the macro environment favorable for air, this growth is likely to continue moving forward.

Tourism Acquisitions

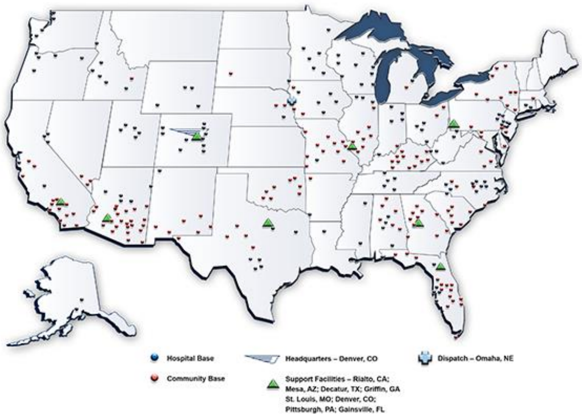
While the tourism business is relatively small, representing just 12% of revenue, it is a growing business segment. In December 2012 Air Methods acquired Sundance Helicopters, a flight service company with 30 copters, for $44M. Sundance provides scenic flights from Vegas to the Grand Canyon, the Strip, and the Hoover Dam. The investment has paid for itself, as the company's tour numbers grew by 10 percent the following year, and continue to grow. McCarran officials said Sundance carried 190,870 passengers in 2013. This success encouraged Air Methods consider further expansion and acquisition. A year later, in December 2013, Air Methods acquired Blue Hawaiian, which is now the largest tour operator in Hawaii with 27 copters. Both acquisitions have increased revenue, and the tourism segment brought in nearly $128M in 2015. While the revenue realized from the tourism business is substantially lower than that brought in by medical services, the acquisitions have additional benefits. The aircrafts used by both Sundance and Blue Hawaiian are a common fleet also used in the AMS segment of the business. This allows the flight crew to overlap, allowing AMS pilots to have four times the flight hours for year. This creates operational synergies and purchasing power and demonstrates the Air Methods management is committed to keeping costs down and running a lean business model.

Avenues for Growth

In 2015, Air Methods acquired 33 aircrafts, totaling nearly $127M, representing the highest level of aircraft purchases in the company's history. This investment makes the Air Methods fleet among the youngest in the country, at an average age of 10 years. Although the initial investment in new copters was steep, it will pay off, as this young fleet will realize lower maintenance expenses year to year.

Maintenance expense per flight hour for tourism is expected to decrease 12% in 2016.

Additionally, In March 2015, Air Methods signed an agreement for the purchase of 200 helicopters, one of the largest orders ever made in the industry's history. The deliverables began in 2016, with a 10 year contract term. These helicopters will allow Air Methods to increase its presence, and market share, in areas where it remains underpenetrated.



As a result of this expansion, the company is expected to increase revenue by $70 million in 2016. While this large purchase comes at a cost, the contract is subject to early termination should the demand for ambulance services decrease, although, as aforementioned, the opposite is expected. This early termination right decreases Air Method's operating risk over the upcoming period.

Organic Growth

Tourism generated 10% organic revenue growth in 2015 fueled by an increase of approximately 7% in passenger volume and price increase. Moving forward, management budgets slightly above 7% growth in passengers served within tourism operations in 2016. Air Methods also plans on growing revenues organically through hospital based conversions, new base openings, same-base request and related transport growth, and increasing its net revenue per transport.

Inorganic Growth

In addition to growing organically through increased volume and higher prices, Air Methods is also experiencing pursuing growth enhancing accretive acquisitions. In January 2016, it closed the acquisition of Tri-State Care Flight, a regional Air Medical Services provider, with a $222.5M price tag. This acquisition is supposed to have a large upwards impact on earnings. It is expected to be accretive to EPS by $0.20 in 2016 and $0.30 in 2017. Additionally, the Tri-State acquistion should have a positive effect on net revenue per transport, because they do longer range trips. Due in large part to the acquisition, total community-based transport are expected to increase by 20%. Air Methods is also dedicated to growing its tourism business by exploring adjacencies in this space and potential expansion of the company's existing air tourism business.

Share Repurchases

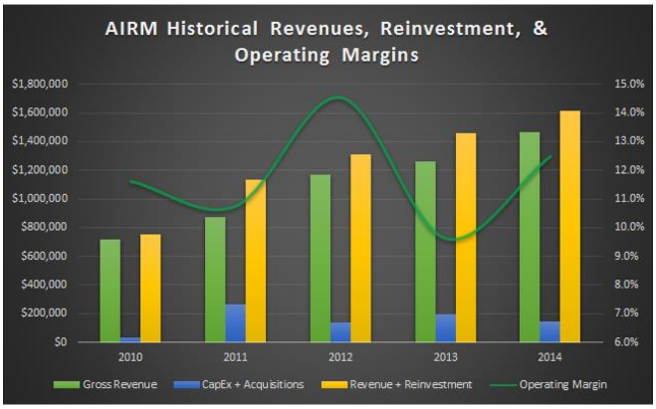
In the fourth quarter of 2015 and first quarter of 2016 to-date, AIR methods completed $26 million in share repurchases at an average share price of $40.47. This demonstrates that not only does management recognize that their company is undervalued, but that they are committed to returning capital to their shareholders. In their 2015 Q4 earnings, management announced that they will continue to improve shareholder value by continuing to repurchase shares opportunistically. Air Methods has an additional $174M of share repurchases authorized. Air methods board and management team are working with financial advisors to consider all potentially value enhancing opportunities for Air Methods shareholders.

Risk Management

One of the largest influences on Air Methods margins and bottom line is the price of jet fuel. Presently, wholesale Jet-A is running nearly $0.46 below prior year average levels. Therefore, Air Methods has anticipated greater fuel expense in 2016, as it would be irresponsible to assume prices will remain at these historically low levels. In order to protect itself from the risks associated with fuel price increases, Air Methods has hedged nearly all of its anticipated 2016 fuel needs, protecting it from wholesale fuel cost per gallon above $1.19. [Current jet fuel price is around $0.94 per gallon].

Financials

In 2015, all three of Air Method's operating segments achieved improvement in both revenue and earnings. Air Method realized a 10% increase in income from operations on revenue growth of 8% for the year, demonstrating improved margins.



Air Methods generates very strong margins and cash flow, which have allowed it to invest heavily in upgrading its fleet and buying out aircraft leases on attractive terms.

	2010	2011	2012	2013	2014
EBITDA	**$146.5**	**$189.7**	**$254.2**	**$201.6**	**$264.5**
Margin	*26.1%*	*28.7%*	*29.9%*	*22.9%*	*26.3%*
Discretionary Free Cash Flow	**$106.4**	**$116.4**	**$152.7**	**$148.1**	**$181.4**
Margin	*18.9%*	*17.6%*	*17.9%*	*16.8%*	*18.1%*
Aircraft Purchases	(13.7)	(21.5)	(27.0)	(62.4)	(119.8)
Lease Buyouts	(21.4)	(35.2)	(65.7)	(57.5)	(28.8)
Return on Invested Capital	8.7%	7.7%	11.5%	7.5%	10.3%

Additionally, EBITDA from continuing operations increased 9% from 2014, after around $3.5M of incremental expenses associated with acquisitions, accidents, and severance.

In 2015, Air Methods took on an additional $74M in debt, related to the acquisition of hospital programs ($65M), new aircraft additions ($127M), and the buyout of aircraft leases ($18M). Because this debt is being used to finance growth activities, it will lower Air Method's WACC, therefore increasing ROIC/WACC and creating value. Additionally, the company has the ability to take on additional debt to fund future growth;

It has $180M of availability under delayed draw term loans and $100M of availability from its revolving line of credit. Its Peg ratio of less than 1 demonstrates that even with the high levels of growth expected, Air Methods still appears to be undervalued.

Conclusion

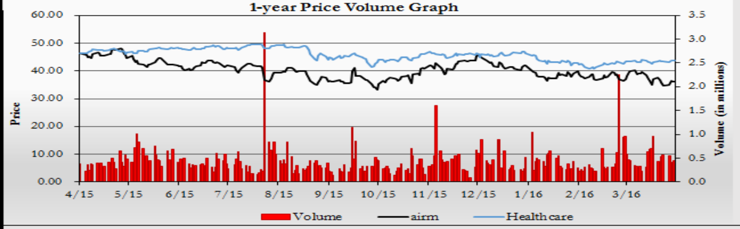
Air Methods has a ton of potential, and has several factors that are driving future growth. With a current price hovering around $37, and a 1 year target price of $44.04, Air Methods offers a return of 18.91%, with a probability of price increase of 91%, making it a BUY

SIENA college

Air Methods Corp. (airm) — CENTER FOR GLOBAL FINANCIAL STUDIES — NEUTRAL

Analysis by Marianne Staudt	Current Price: $37.04	Intrinsic Value $39.91	Target 1 year Return: 18.91%
4/16/2016	Divident Yield: 0.0%	Target Price $44.04	Probability of Price Increase: 91%

1-year Price Volume Graph



Description

Air Methods Corporation, together with its subsidiaries, provides air medical emergency transport services and systems in the United States.

General Information

Sector	Healthcare
Industry	Healthcare Providers and Services
Last Guidance	November 3, 2015
Next earnings date	May 8, 2016
Estimated Country Risk Premium	5.52%
Effective Tax rate	40%
Effective Operating Tax rate	27%

Market Data

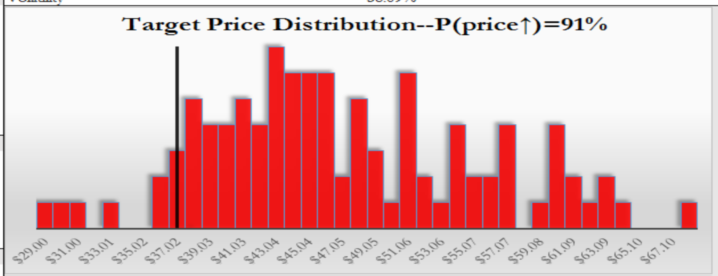
Market Capitalization	$1,436.35
Daily volume (mil)	0.39
Shares outstanding (mil)	38.78
Diluted shares outstanding (mil)	39.42
% shares held by institutions	55%
% shares held by investments Managers	108%
% shares held by hedge funds	6%
% shares held by insiders	8.82%
Short interest	29.05%
Days to cover short interest	24.02
52 week high	$48.91
52-week low	$32.81
Levered Beta	1.38
Volatility	38.09%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
12/31/2014	1.30%	11.24%
3/31/2015	1.35%	-3.82%
6/30/2015	-0.80%	0.08%
9/30/2015	7.52%	19.53%
12/31/2015	2.03%	-3.67%
Mean	2.28%	4.67%
Standard error	1.4%	4.6%

Peers

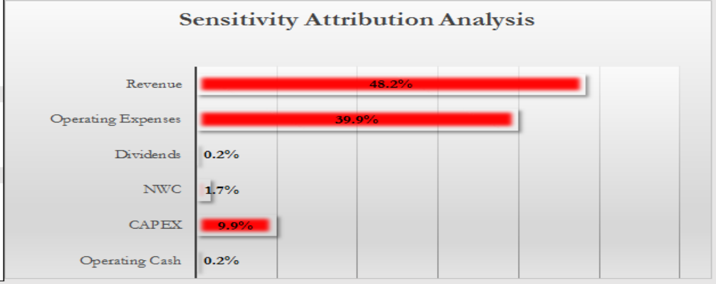
Target Price Distribution--P(price↑)=91%



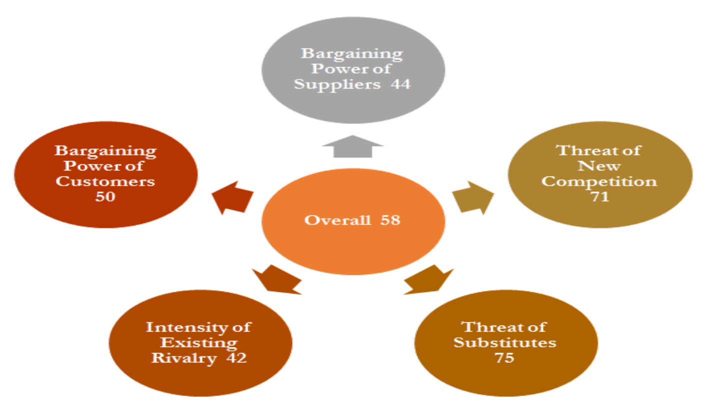
Management	Position	Total compensations growth	Total return to shareholders
Todd, Aaron	Chief Executive Officer, Dir	36.8% per annum over 5y	13.8% per annum over 5y
Carman, Trent	Chief Financial Officer and	32.36% per annum over 5y	13.8% per annum over 5y
Gordon, Crystal	Chief Legal Officer, Senior	59.24% per annum over 3y	12.72% per annum over 3y
Doerr, David	Executive Vice President of	84.13% per annum over 1y	-24.42% per annum over 1y
Allen, Michael	President of Domestic Air Me	40.52% per annum over 5y	13.8% per annum over 5y
McCall, Dennis	Director of Operations	N/M	N/M

Profitability	airm (LTM)	airm (5 years historical average)	Industry (LTM)
ROIC	13.8%	15.47%	10.76%
NOPAT Margin	18%	15.76%	5.3%
Revenue/Invested Capital	0.79	0.98	2.02
ROE	19.0%	21.56%	15.52%
Adjusted net margin	16%	14.04%	4.7%
Revenue/Adjusted Book Value	1.18	1.54	3.29
Invested Funds	**airm (LTM)**	**airm (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	0.4%	0.6%	16%
Estimated Operating Cash/Total Capital	0.4%	0.6%	N/A
Non-cash working Capital/Total Capital	24.3%	21.4%	2%
Invested Capital/Total Capital	100.5%	100.4%	79%
Capital Structure	**airm (LTM)**	**airm (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.49	0.47	0.58
Cost of Existing Debt	3.44%	3.75%	4.33%
Estimated Cost of new Borrowing	2.98%	3.29%	4.33%
CGFS Risk Rating	3.44%	BBB	A
Unlevered Beta (LTM)	3.27%	0.95	0.71
WACC	3.44%	7.52%	6.20%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	8.1%	17.6%	1.72
12/31/2016	14.7%	10.4%	1.06
12/31/2017	6.0%	10.6%	1.04
12/31/2018	5.7%	10.7%	1.03
12/31/2019	5.3%	10.7%	1.06
12/31/2020	5.0%	10.7%	1.09
12/31/2021	4.7%	10.8%	1.11
12/31/2022	4.3%	10.8%	1.15
12/31/2023	4.0%	10.8%	1.17
12/31/2024	3.7%	10.8%	1.20
12/31/2025	3.3%	10.8%	1.23
Continuing Period	3.0%	10.7%	1.26

Period	Invested Capital	Net Claims	Price per share
Base Year	$635.23	$820.24	$40.31
12/31/2016	$961.27	$902.13	$45.28
12/31/2017	$1,075.31	$907.97	$50.77
12/31/2018	$1,247.82	$851.26	$56.59
12/31/2019	$1,380.02	$786.08	$62.55
12/31/2020	$1,573.88	$711.75	$68.65
12/31/2021	$1,793.88	$626.84	$74.90
12/31/2022	$1,954.05	$537.87	$81.26
12/31/2023	$2,060.67	$430.28	$87.72
12/31/2024	$2,165.83	$311.30	$94.24
12/31/2025	$2,268.78	$180.83	$100.80
Continuing Period			

TASER International, Inc.

TASR

Analyst: Kyle Ritchie
Sector: Industrials

BUY on TASR

Price Target: $26.26

Key Statistics as of 4/15/16

Market Price:	$19.14
Industry:	Aerospace and Defense
Market Cap:	$1.023 billion
52-Week Range:	$13.56 – $35.95
Unlevered Beta:	1.37
Trading Volume:	480,000

Thesis Points:

- Changing social and demographic trends toward less lethal weapons
- Consistent double-digit revenue growth over the last four years
- Strong balance sheet

Company Description

TASER International, Inc. develops, manufactures, and sells conducted electrical weapons (CEWs) worldwide. The company operates through two segments, TASER Weapons and Axon. Its CEWs transmit electrical pulses along the wires and into the body affecting the sensory and motor functions of the peripheral nervous system. The company sells its products to military forces, private security, and consumer personal protection markets, as well as to federal, state, and local law enforcement agencies and corrections through its direct sales force, distribution partners, online store, and third-party resellers. TASER International, Inc. was founded in 1993 and is headquartered in Scottsdale, Arizona.

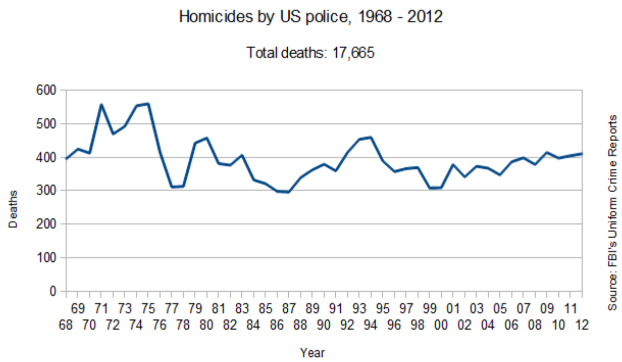
Thesis

TASER International is the market leader in the development, manufacture and sale of conducted electrical weapons (CEW's). The company is also the market leader in connected wearable on-officer cameras which utilize cloud-based digital evidence management solutions referred to as the company's Axon solution. Unlike other weapons manufacturers, TASER does not supply lethal weapons to its customers. The weapons (which will be explained in greater detail below) are intended to protect officers of the law and also the well-being of the individuals that pose potential threats. The company's product has proven to be successful given its historical revenue growth and furthermore, analysts forecast substantial revenue growth in the upcoming years. Another appealing feature is how the company has developed purchasing programs for agencies. Thereby, proving that they are more concerned that law enforcement agencies have the standard and latest technologies. The purchasing programs allow agencies to spread the cost of ownership over extended time-periods to help alleviate the needs for large up-front capital expenditures. The company is truly one of a kind and has flown under the radar. Through a valuation using a discounted cash flow model with a focus on ROIC, it will become clear that TASER is currently undervalued and has great upside potential.

Industry Outlook

As you can see from the chart below, TASER has experienced almost identical market behavior as the Russell 2000 index.

The company's stock price reached a low of $14.50/share in the beginning of January when the rest of the market was still recovering from the downturn in late 2015. Since then, the company's stock has reverted to around $19.00/share. What will continue to drive growth for this company is the public's perspective towards law enforcement. Articles are being released constantly titled, "Police Brutality" or "Excessive Force." Coupled with how dramatically the media portrays law enforcement, the public also has such a poor image towards these agencies, particularly in the United States.



The chart above shows the rather alarming upward trend in police shootings. As society grows aware of this frightening trend, social and political changes are leading to the development of non-lethal police enforcement measures. This leaves TASER poised to capitalize on bolstered agreements with law enforcement agencies as they attempt to prevent any further lethal tragedies.

Consistent Double Digit Rev. Growth

Since 2012, TASER's revenue has grown year over year by 27.5%, 20.1%, 19.4%, and 20.3% respectively.

The reason this company has been able to sustain this revenue growth is the demand for non-lethal weapons. The success of this company's revenue is attributable to its following products: TASER X26P, TASER X2, TASER C2, TASER Pulse, and Replacement Cartridges. The X2 is designed for law enforcement agencies but is also available to the professional consumer. The C2 is the currently the company's primary model for the consumer market.

Overall, the market for TASER consists of more than 17,000 law enforcement agencies in nearly 150 countries and have made initial purchases of TASER brand devices for testing and/or deployment.

Additionally, in the year ended 2015 and 2014, the company reported backlog of $183.9 million and $75.3 million respectively.

In regards to 2016 & 2017, the company is focused on penetrating the untapped markets in Europe such as France, the UK, Canada, and Australia. These countries have large police forces and represent a considerable market opportunity to increase sales. The demand in the market is clearly present for TASER. Through its innovative technologies and increasing geographic reach, the company has proven to be successful. A five-year average of its ROIC/WACC ratio of 1.64 demonstrates value creation.

	2010	2011	2012	2013	2014	2015
ROIC	8.6%	8.6%	17.1%	13.5%	10.9%	32.9%
WACC	10.1%	10.1%	4.6%	10.1%	16.7%	13.4%
ROIC/WACC	0.85	0.85	3.70	1.33	0.65	2.47
					5-Year Avg.	1.64

Strong Balance Sheet

TASER international has managed to sustain business operations without incurring an unbearable amount of debt. Within the past five years, the company has only reported $100,000-$200,000 in short and long term debt for the year ended. Therefore, the company's D/E ratio has been less than .01 demonstrating their ability to grow without debt financing. Also, the company's cash balance has been steadily growing since 2010 starting at $42 million and now reaching $100 million.

Valuation

The valuation of TASER International. is based on a valuation computed by a pro forma using a DCF method with a main focus on return on capital. Attached to this report is an overview containing the assumptions, inputs, and significant market data that have been used in the valuation.
When valuing TASER International a moderate approach has been applied. Due to the nature of the business, a 10 year period to convergence has been used. Emerging innovations and advancements in technology suggest this company will certainly be around after 10 years. In the base year of the forecast, TASER International's revenue growth was 20%. The pro forma has used the average of analysts' estimates for revenue growth in the upcoming years.

In 2016, TASER International's revenue is expected to notably increase to approximately 35%. An adjustment has been made to have this revenue growth taper down to 3%, the average historical GDP. Since TASER International operates primarily in the United States, a tax rate of 40% has been applied along with a discount rate (risk premium) of 6.00 %. However, an additional premium of approximately 1% has been added since the company's international revenue as a percentage of total revenue has been increasing in recent years.
The financial metrics of the firm were made to converge with the industry averages that have been provided by Capital IQ which include total operating costs as a percentage of revenue, revenue, beta, and the D/E level. In 2015, TASER's adjusted operating costs/revenue was 80.6%. The average operating costs/revenue for the industry is 85% and its historical average is 81%. The pro forma has estimated these costs to remain fairly constant since its operating costs have been made to converge with 81%.
Inputting the aforementioned assumptions and inputs, the pro forma calculated an intrinsic value of $22.76 compared to its market price of $19.14 with a one-year target of $26.26.
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 38.1% and 53.5% respectively. The target price distribution indicates a probability of 98% that this stock will increase.

Conclusion

After a thorough analysis, it is clear that TASER is an efficiently operated company and shows great potential for intelligent investors. The company has consistently shown revenue growth and margin expansion. Coupled with its historical performance, the positive outlook for the aforementioned demographic changes poses an opportune time for investors. Within the last twelve months, TASER's stock has recovered nicely and the DCF valuation proves an ideal time to buy. Of the eight analysts covering this stock, six have a median one-year target price of $26.00. The analytics above and qualitative data point to only one direction, BUY.

Siena Market Line
3rd week of April 2016

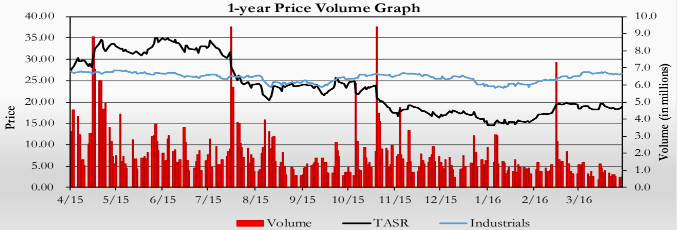
CENTER FOR GLOBAL FINANCIAL STUDIES

TASER International Inc. (TASR)

BULLISH

Analysis by P.C. Principal	Current Price:	$19.14	Intrinsic Value	$22.75	Target 1 year Return: 37.2%
4/15/2016	Divident Yield:	0.0%	Target Price	$26.26	Probability of Price Increase: 98.6%

1-year Price Volume Graph



Description

TASER International, Inc. develops, manufactures, and sells conducted electrical weapons (CEWs) worldwide.

General Information

Sector	Industrials
Industry	Aerospace and Defense
Last Guidance	November 3, 2015
Next earnings date	April 28, 2016
Estimated Country Risk Premium	6.66%
Effective Tax rate	38%
Effective Operating Tax rate	33%

Market Data

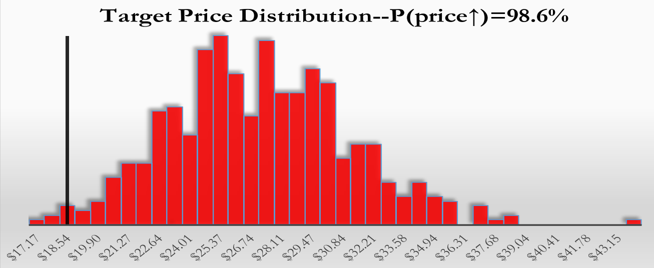
Market Capitalization	$1,022.96
Daily volume (mil)	0.48
Shares outstanding (mil)	53.45
Diluted shares outstanding (mil)	54.64
% shares held by institutions	74%
% shares held by investments Managers	64%
% shares held by hedge funds	2%
% shares held by insiders	1.96%
Short interest	19.06%
Days to cover short interest	8.17
52 week high	$35.95
52-week low	$13.56
Levered Beta	1.38
Volatility	46.00%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
12/31/2014	5.80%	-1.43%
3/31/2015	4.83%	20.87%
6/30/2015	-2.88%	-25.63%
9/30/2015	5.61%	-23.17%
12/31/2015	8.33%	44.94%
Mean	4.34%	3.11%
Standard error	1.9%	13.4%

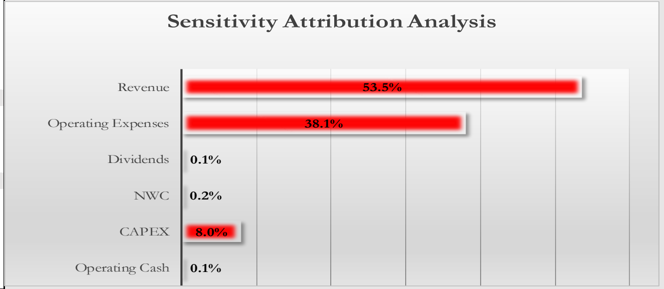
Peers

Orbital ATK, Inc.

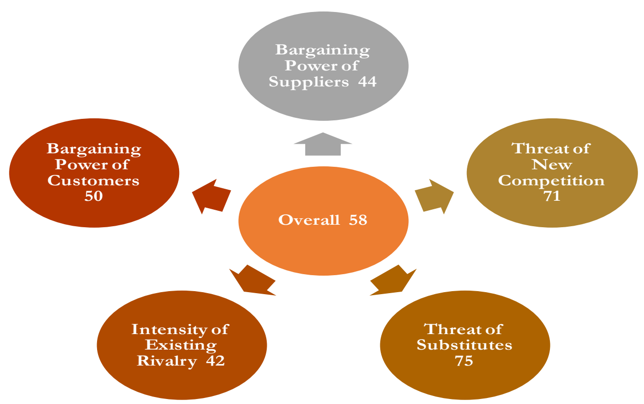


Management	Position	Total compensations growth	Total return to shareholders
Smith, Patrick	Co-Founder, Chief Executive	30.81% per annum over 6y	2.12% per annum over 6y
Larson, Luke	President	354.91% per annum over 1y	-34.71% per annum over 1y
Behrendt, Daniel	Chief Financial Officer	26.4% per annum over 6y	2.12% per annum over 6y
Klint, Douglas	General Counsel, Senior Vice	1.29% per annum over 5y	5.68% per annum over 5y
Isner, Joshua	Executive Vice President of	N/M	N/M
Womack, Marcus	General Manager of Evidence.	-14.85% per annum over 2y	4.35% per annum over 2y

Profitability	TASR (LTM)	TASR (5 years historical average)	Industry (LTM)
ROIC	32.9%	11.72%	14.63%
NOPAT Margin	19%	10.26%	8.2%
Revenue/Invested Capital	1.70	1.14	1.78
ROE	24.3%	10.92%	17.10%
Adjusted net margin	19%	8.83%	7.6%
Revenue/Adjusted Book Value	1.26	1.24	2.25
Invested Funds	**TASR (LTM)**	**TASR (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	52.4%	41.4%	20%
Estimated Operating Cash/Total Capital	28.4%	28.1%	N/A
Non-cash working Capital/Total Capital	6.5%	13.6%	13%
Invested Capital/Total Capital	72.4%	83.2%	79%
Capital Structure	**TASR (LTM)**	**TASR (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.01	0.02	0.21
Cost of Existing Debt	6.15%	60.46%	4.20%
Estimated Cost of new Borrowing	2.02%	2.08%	4.20%
CGFS Risk Rating	AA	AA	BBB
Unlevered Beta (LTM)	1.39	0.91	0.86
WACC	13.35%	10.34%	9.17%



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	20.3%	19.3%	2.47
12/31/2016	20.3%	12.3%	1.48
12/31/2017	16.0%	13.9%	1.54
12/31/2018	70.0%	15.4%	2.47
12/31/2019	61.5%	15.9%	2.66
12/31/2020	53.0%	15.9%	2.58
12/31/2021	44.5%	15.7%	2.40
12/31/2022	36.0%	15.5%	2.25
12/31/2023	27.5%	15.1%	2.02
12/31/2024	19.0%	14.7%	1.80
12/31/2025	10.5%	14.1%	1.58
Continuing Period	2.0%	13.4%	1.37

Period	Invested Capital	Net Claims	Price per share
Base Year	$115.82	-$35.57	$22.32
12/31/2016	$107.82	-$38.27	$25.44
12/31/2017	$122.70	-$56.35	$28.91
12/31/2018	$117.26	-$29.35	$33.06
12/31/2019	$116.14	$9.53	$38.21
12/31/2020	$151.56	$39.97	$44.85
12/31/2021	$194.15	$64.30	$52.59
12/31/2022	$230.51	$93.79	$61.77
12/31/2023	$363.34	$67.68	$72.38
12/31/2024	$582.45	-$61.96	$84.08
12/31/2025	$902.70	-$322.28	$96.27
Continuing Period			