Macroeconomic Overview

This past week, all major U.S. indices declined on a weekly basis, after reports of less consumer spending in the retail sector and a decline for the fourth straight month in the Producer Price Index. The continuing strong performance of the dollar had additional downward pressure on major U.S. indices. Large cap benchmarks declined for the third consecutive week. In effect, the Dow Jones Industrial Average and the NASDAQ Composite declined on a weekly basis by 0.60% and 1.13% respectively, while the S&P 500 decreased by 0.86% during the last week. Small cap stocks measured by the Russell 2000 index followed the bearish trend with returns throughout the week of -1.20%. The VIX week-to-date change of 5.26% indicates that volatility levels are still increasing but at a slower rate than last week. The year-to-date trend of -16.67% is still negative but moves closer towards positive volatility levels. The yield of the 10-year U.S. T-note decreased by 11 basis points to 2.13%. In addition, the price of oil kept declining throughout the week by 9.62% to a price of $44.84/bbl. Throughout the week the decline in the oil price back to its 6-year low was caused by reports of strong U.S. oil production in February with no current incentives of oil producers to reduce production.

U.S. Stocks		
Index	**% Change Week-to-Date**	**% Change Year-to-Date**
DJIA	-0.60%	-0.41%
S&P 500	-0.86%	-0.27%
NASDAQ Composite	-1.13%	2.87%
Russell 2000	-1.20%	2.28%
VIX	5.26%	-16.67%

This week's decline in stock prices was primarily driven by the strong performance of the U.S. dollar, which reached its highest level compared to major currencies in over a decade. Combined with a very weak performance of the Euro, which moves towards parity with the U.S. dollar, consumer sentiment tends to shift. Many U.S. companies experience a decline in profits earned in Europe as well as an increase in the costs of production in the U.S., putting downward pressure on the U.S. stock market. While experiencing economic slowdown in most European countries, the weak Euro is good news for corporations whose exports are increasing. The strong performance of European indices clarifies this trend. For the third consecutive months, retail sales have dropped in the U.S. by an additional 0.6%. However, compared to reports from 12 months ago, retail sales are up 1.3% and economists have positive long-term expectations for the retail industry, based on low gas prices as well as a strong job and housing market. The U.S. Producer Price Index (PPI) declined 0.5% in February, recording four consecutive monthly declines. Main driver of the decline in February were a 1.6% decline in food prices and a 1.5% decrease in trade services.

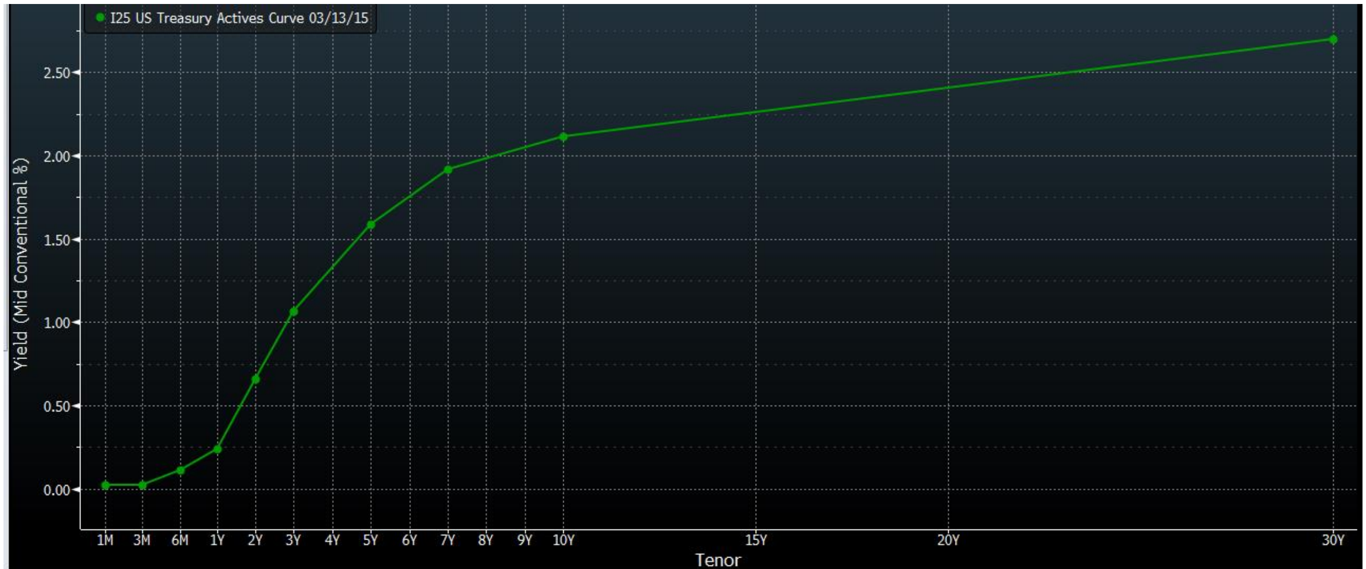
On Wednesday, China released economic data that shows a further slowdown of the country's economy. Growth rates in January and February of industrial production, retail sales and investment in property, plant and equipment was weaker than expected by economists. China's main industry, industrial production, experienced its weakest growth of 6.8% since the financial crisis in 2008.

Next week, investors will be looking forward to see data from different economic reports that will have an impact on the global markets. On Monday 16th, European Central Bank President Draghi will speak. The same day, the Reserve Bank of Australia will have its monetary policy meeting minutes, reporting on their most recent rate changes. On Tuesday 17th, the German ZEW economic sentiment index will report on the country's six month economic outlook. The same day, Eurostat will report on the Eurozone Consumer Price Index (CPI) YoY (Feb). The following day, Wednesday 18th, the Bank of England will hold its Monetary

Policy Meeting Minutes, giving an outlook for interest rate changes. The same day, Statistics New Zealand will report on the country's Gross Domestic Product QoQ. On Friday 20th, Statistics Canada will report on their country's core retail sales.

Bond Report

U.S. Bond prices gradually decreased this past week after a huge drop in prices the week before, most notably this past Friday, March 6th. On Friday, March 6th the yield on ten year benchmark rose as high as 2.24%, up .13 percentage points from the day before due to a strong labor report released by the Department of Labor Statistics. As the market opened this past Monday, March 9th, the yield on ten year benchmark slightly decreased to 2.20% and continued to taper off back down to 2.10% on Thursday. Friday's U.S. treasuries yield saw a slight increase with U.S. 10 year yield finished off the week at about 2.13%. This drop can be credited to investor's concerns that the Fed will raise interest rates in the near future which could decrease the value of bonds outstanding as well as recent signs of a setback in consumer spending. A report released this past week disclosed information causing the third straight monthly decline in retail consumer spending. Economists were expecting a .2% increase, but instead reported a.6% decrease for February - this following .8% decrease in January as well. Analysts credit this to freezing temperatures and a very harsh winter. Additionally, growing concerns and uncertainty by the Fed as to when they should increase the interest rate in 2015 has caused rapid swings in the bond market for months now. An Economic Projections report will be released on the 18th by the FOMC following Fed's policy meetings on March17-18. This report will contain insight from each member on interest rate forecasts and will have a big impact on the bond market depending on what is noted. The U.S. also saw its fourth weekly drop in official foreign holdings of U.S. Treasuries as foreign investors and central banks slash their holdings of U.S. government bonds in order to defend their currency pegs. This has caused foreign holding of U.S. bonds to be at their lowest levels in nearly a year.



Curve ID	3M	1Y	2Y	3Y	5Y	7Y	10Y	30Y
I25	0.023	0.237	0.659	1.068	1.585	1.917	2.115	2.699

What's Next & Key Earnings

On Tuesday, March 17th the U.S. Building Permits measure will be released. Building Permits measures the change in the number of new building permits issued by the government. Building permits are a key indicator of demand in the housing market. The Housing Start measure will also be released. Housing starts measures the change in the annualized number of new residential buildings that began construction during the reported month. It is a leading indicator of strength in the housing sector

On Wednesday, March 18th, the U.S. Federal Open Market Committee will share its economic Projections. This report and statement includes the FOMC's projection for inflation and economic growth over the next 2 years. The most important part of the report is the breakdown of individual FOMC members' interest rate forecasts. The FOMC also makes a vote on where to set the rate.

On Wednesday, March 18th, Janet Yellen will also speak. Traders closely watch her speeches as they are often used to drop hints regarding future monetary policy, most notably the daunting subject of when interest rate hikes will take place.

Symbol	Company	EPS	Forecast	Prev.	Imp.	Period End
Tuesday, March 17, 2015						
ADBE	Adobe		0.39	0.36		02/2015
ORCL	Oracle		0.68	0.69		02/2015
Wednesday, March 18, 2015						
CTAS	Cintas		0.78	0.86		02/2015
FDX	FedEx		1.87	2.14		02/2015
GIS	General Mills		0.67	0.80		02/2015
SLW	Silver Wheaton		0.2	0.18		12/2014
Thursday, March 19, 2015						
LEN	Lennar		0.45	1.07		02/2015
NKE	Nike		0.85	0.74		02/2015
Friday, March 20, 2015						
DRI	Darden Restaurants		0.84	0.28		02/2015

Actinium Pharmaceuticals, Inc.

AMEX:ATNM

Analyst: Etienne Lehideux
Sector: Healthcare

BUY

Target Price: $12

Key Statistics as of 3/19/2015

Market Price:	$2.79
Industry:	Biotechnology
Market Cap:	$99.0 M
52-Week Range:	$15.00 – 2.40
Beta:	(0.56)

Thesis Points:

- Actinium offers an effective alternative for treating AML and BMT
- Proprietary technology platform that can lead to licensing opportunities and application to many types of cancers
- Two potentially breakthrough products in the pipeline

Company Description:

Actinium Pharmaceuticals, Inc., a biotechnology company, develops drugs for the treatment of cancer. The company develops therapies for life threatening diseases using its alpha particle immunotherapy (APIT) platform. Its products include Bismab-A for acute myeloid leukemia; Actimab-A, an antibody-drug construct that is in Phase I/II clinical trial for the treatment of acute myeloid leukemia; and Iomab-B, an antibody-drug construct used in myeloconditioning for hematopoietic stem cells transplantation in various indications. The company was formerly known as Cactus Ventures, Inc. and changed its name to Actinium Pharmaceuticals, Inc. in April 2013. Actinium Pharmaceuticals, Inc. was founded in 2000 and is based in New York, New York.

Thesis

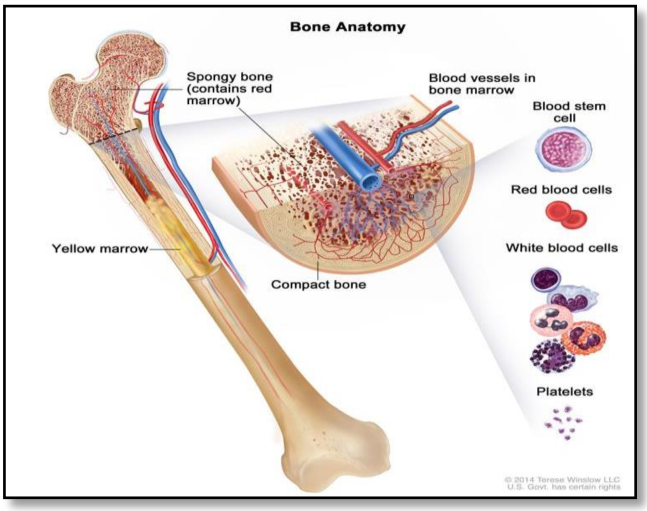
Actinium Pharmaceuticals, Inc. is an early stage biotech company that focuses on breakthrough cancer therapy, targeting Bone Marrow Transplant (BMT) and Acute Myeloid Leukemia (AML). Current treatments for both diseases are not effective, especially with patients older than 55. The company developed a proprietary platform in partnership with Memorial Sloan Kettering Cancer Center, which allows a precise targeting of cancer cells without killing other cells and that can be licensed for many other types of cancer. The company also has two products that are respectively in phase I/II and about to enter Phase III of clinical tests. Finally, the company is led by experienced healthcare executives and advised by reputed doctors. The company does not have direct competition, benefits from high barriers to entry, and its current valuation is cheap compared to Bayer's acquisition of similar company Algeta in 2014 for $2.9 billion.

Oncology and Acute Myeloid Leukemia

Actinium Pharmaceuticals, Inc. strives to research and develop breakthrough therapies against cancer. The two main products in the company's pipeline, Iomab-B and Actimab-A, respectively target Bone Marrow Transplant (BMT) and Acute Myeloid Leukemia (AML).

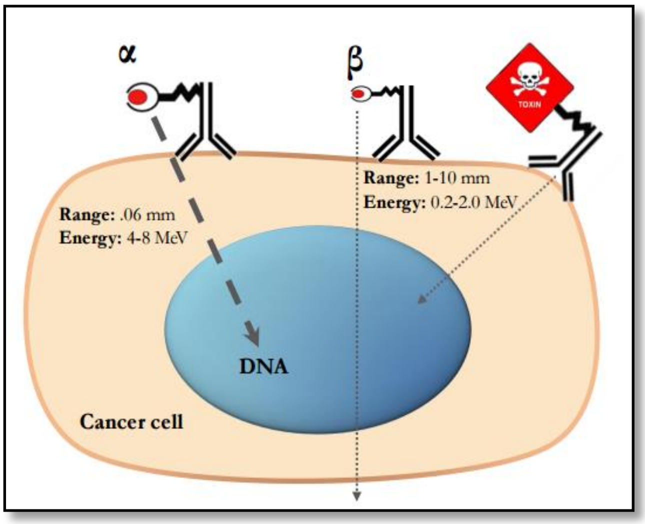
Bone Marrow Transplant represents a $1.3 billion market in the U.S. and is unaddressed by branded pharmaceutical companies. BMT is also a fast growing hospital procedure in the U.S., especially amongst patients over 50 years old (more than a third versus less than 10% in 2000). The issue that Actinium tries to solve with Iomab-B is the correct preparation of patients before the transplants. Indeed, certain blood cells have to be destroyed completely to avoid graft-versus-host disease after allogeneic transplants.

Acute Myeloid Leukemia, or AML, is a cancer of the blood and bone marrow. Referred to as the most common type of leukemia amongst adults, this cancer alters the normal development of blood stem cells generated by the bone marrow. Instead of maturing to become red blood cells, platelets, or white blood cells, the myeloid stem cells evolve into abnormal, unhealthy cells (also called leukemia cells, or blasts). The accumulation of these cells in the bone marrow avoids normal cell generation and causes infection or anemia.



Source: Cancer.gov

There are two main types of treatment used against AML.
First, chemotherapy consists of drugs, ingested or injected, designed to kill cancer cells by targeting the cells that are dividing rapidly. These drugs also kill non-cancerous cells, which results in side effects such as hair loss.
Next, radiation therapy is an alternative used by approximately 50% of cancer patients. It consists of using *"high-energy x-rays or other types of radiation to kill cancer cells or keep them from growing" (Cancer.gov)*. The radiation can be either external, using a machine outside the body, or internal, where radioactive substances are injected into or near the cancer. The side effects associated with radiotherapy are often limited to the areas of the body around the tumors that receive the treatment, and other common side effects include fatigue and skin irritation. The most commonly used radiotherapy is Beta radiation, which has two major shortfalls. The treatment kills all the cells that they interact with, which can include cells that are not affected by the cancer. Also, certain cancer cells can resist radiation and grow back after remission.
Another type of radiation therapy uses alpha emitting radioisotopes, which generate more energy than Beta emitting radioisotopes but have a shorter range. It should be noted that the killing power of radioactive particles is proportional to its energy and inversely proportional to its range. Alpha particle carries the most energy but travels the shortest path, while beta particle has less energy but goes farther in the body.



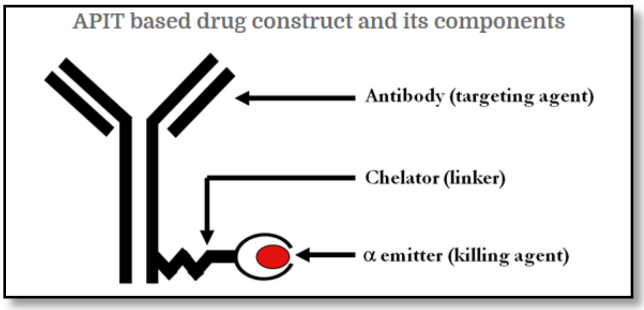
Source: [Actinium's Investor Presentation]

Acute Myeloid Leukemia is the deadliest form of leukemia and 55% of AML patients are over 65 years old. Insufficient treatment options are available in the marketplace, and the current treatments kill as many patients as it helps due to toxicity, offering no significant survival benefits.

Competitive Advantage and Industry

APIT Platform

ANTM's main competitive advantage is their proprietary "Alpha Particle Immunotherapy (APIT) platform". It is a highly potent and selective form of targeted radiotherapy, based on attaching alpha emitting radioisotopes (Actinium 225 or Bismuth 213) to monoclonal antibodies (mAbs), which are large molecules capable of binding specifically to cancer cells. By virtue of carrying alpha emitters, mAbs bring them directly to cancer cells where alpha emitters can selectively kill the targeted cell. As the below figure shows, the proprietary platform allows ATNM to "lead" alpha particles directly to cancerous cells, hence avoiding the destruction of unaffected cells.



Source: [Actinium's website]

Currently, ANTM's focus is on the clinical testing of their two main products, which are described in the "Pipeline" part later in this report. Although, the company believes that its biggest market opportunity lies in the applicability of the APIT platform technology to a wide variety of cancers.
Their first strategy with this platform is to create other monoclonal antibodies (mAbs) "combos" with proven safety and cancer binding capabilities. The company focuses on unmet needs in the market, where no other treatments are available. Currently, three mAbs are under consideration (Antiangiogenesis, Prostate Cancer, Colorectal Cancer).
The second potential use of their proprietary platform is the development of "Biobetters". It consists of improving the already existing biotech drugs with proven safety and efficacy by applying the APIT technology and creating more efficient "combos".

Intelectual Property

ATNM also have an important intellectual property portfolio that should certainly help the company's success. ATNM's IP estate includes 17 U.S. and 51 international both issued and pending patents. Internally generated patents and in-licensed patents include protection for their Platform Technology, their drug preparation methods, their Isotope production methods, and mAb composition and production, as shown in the table below.

Area	Claim
Methods of treatment (multiple patents)	Protection from toxicity
Platform Technology	Medical Treatment w/α emitters Ac-225 and Bi-213, Treatment of cancer metastases larger than 1mm, DOTA based Ac-225 constructs
Drug Preparation Methods	Ac-225 labeling, Bi-213 labeling
Isotope production methods (multiple patents)	Ac-225 cyclotron production
mAb composition and production (multiple patents)	Production of an ti-leukemia antibody

Radioisotopes

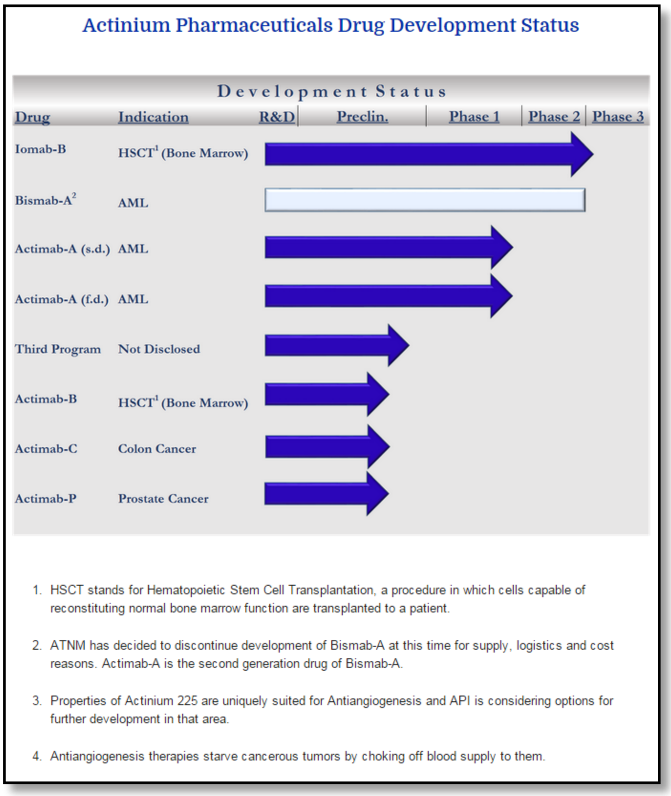
The radioisotopes that ATNM uses are the alpha emitter Ac-225 and the beta emitter I-131. I-131 is among the best known and well characterized radioisotopes, and is used very successfully in treatment of papillary and follicular thyroid cancer as well as other thyroid conditions. Ac-225 has many unique properties and

ATNM is a leader in developing this alpha emitter for clinical applications. According to the company's latest 10-K, there are no other commercial entities that have significant programs in place for developing Ac-225- or Bi-213-based drugs. In the field of hematopoietic stem cell transplantation, pharmaceuticals currently used for bone marrow ablation/conditioning are generic drugs and ATNM does not recognize any significant industry efforts to enter this area, especially in older patients.

Algeta ASA and Dr. Turck

The only other company working in the field of alpha-particle emitting radioisotopes was Algeta ASA. Founded in 1997 in Norway, it was acquired in 2014 by giant pharmaceutical group Bayer for $2.9 billion.
Former Algeta's lead product Xofigo is a radiotherapeuthic drug prescribed against castration-resistant prostate cancer and symptomatic bone metastases. According to its phase III clinical tests results, the drug improved overall survival rate from 11.2 to 14 months. A recent development that will play in favor of ATNM is that the company's board has retained Roland Turck, MD, former President, Global Specialty Medicine, Bayer Healthcare to provide strategic advice. At Bayer, Dr. Turck played a leadership role in the commercialization of Xofigo. Dr. Turck will provide guidance on the ongoing clinical development, pre-commercialization, and licensing activities for Iomab-B and clinical development and licensing activities for Actimab-A.

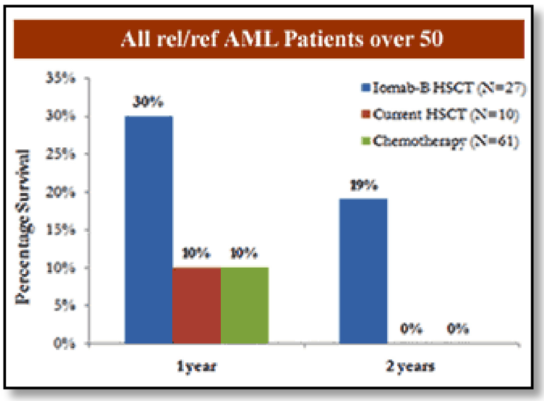
Pipeline



ATNM currently has two main products in clinical testing:

Iomab-B

Iomab-B for Hematopoietic Stem Cells Transplantion has already been successfully used in over 250 patients with incurable blood cancers. In both Phase I and Phase II trials, Iomab-B has led to effective cures in patients with no options left. The only potentially curative treatment option for those patients is bone marrow transplantation (BMT), also known as a hematopoietic stem cell transplant (HSCT), but vast majority of patients over the age of 50 are either ineligible or have a high burden or very resistant disease that makes reduced dose conditioning futile. Iomab-B has demonstrated ability to successfully prepare such patients for bone marrow transplants when no other treatment was indicated. ATNM intends to develop Iomab-B through a regulatory approval via a pivotal registration trial in AML refractory/relapsing patients. That would allow for a relatively quick path to the market and provide a potentially curative treatment to patients who currently have little or no chance of achieving even a temporary remission.



Actimab-A

Actimab-A is the second generation of Bismab-B (which had been discontinued due to high costs), with 500x better potency and 10x lower COGS. It is a radiolabeled antibody being developed for newly diagnosed AML in patients over 60, and is currently in a multicenter Phase 1/2 clinical trial. The preliminary results are positive with no dose limiting toxicities in patients older than 60 and up to 87 years of age who were not eligible for currently approved therapies. Two out of three Actimab-A treated patients achieved complete remission with different degrees of hematological recovery (CRi). These responses were documented in the settings of high pre-treatment leukemia burdens of up to 88% in the bone marrow. In the previous cohort treated at a lower dose level of Actimab-A, one patient achieved CRi.

According to Dragan Cicic, MD, Chief Medical Officer of Actinium, *"We believe the responses observed for Actimab-A, with minimal toxicity being reported, are impressive in this disease setting. These findings build upon those presented and published over the past year which demonstrated a clear survival benefit in secondary AML patients. We remain steadfast in our belief that Actimab-A could play an important role in the treatment regimen for newly diagnosed elderly secondary AML patients who currently have limited treatment options, and have historically achieved overall survival of only 2 to 5 months, depending on treatment modality."* The press release is available here.

Management & Strategy

Dr. Kaushik J. Dave, Ph.D, R.Ph, MBA has been the Chief Executive Officer and President of Actinium Pharmaceuticals, Inc. since September 16, 2013. He also serves as Interim Chief Financial Officer and Principal Accounting Officer. Dr. Dave has more than 17 years in the pharmaceutical industry, serves as a consultant for investment banks and venture capital firms, and as an advisor to several startup pharmaceutical companies. His broad experience includes securing multiple product approvals from the US Food and Drug Administration (FDA), European Medicines Agency (EMEA) and the Medicines Control Agency (MCA). Dr. Dave obtained his Pharmacy degree from University of Bath, UK, a Ph.D in Pharmaceutical Chemistry from the University of Kansas, and an MBA from the Wharton School, University of Pennsylvania.

Dr. Dave's leadership is focused on the development of Actinium's breakthrough therapy products and the FDA application processes. His experience in clinical testing provides him with credibility in terms of drugs application. If the clinical tests and FDA application are are successful, Actinium may elect to commercialize Iomab-B on its own or with a partner in the United States and/or outside of the United States to out-license the rights to develop and commercialize the product to a strategic partner. In the case of Actimab-A, the company will most likely seek to enter into strategic partnerships whereby the strategic partners co-funds further human clinical trials of the drug that are needed to obtain regulatory approvals for commercial sale within and outside of the United States. In parallel, Actinium intends to identify and begin initial human trials with additional actinium-225 product candidates in other cancer indications. The company intends to retain marketing rights for its products in the United States whenever possible and out-license marketing rights to our partners for the rest of the world.

To assist the company's management in their research and development, a Clinical Advisory Board and a Scientific Advisory Board are in place. The former is focused on Hematology and Actimab-A related issues while the latter focuses on Bone Marrow Transplant and Iomab-B related issues. Members of these boards include experienced researchers from different cancer research centers, such as Fred Hutchinson Cancer Research Center, Seattle, WA, Memorial Sloan Kettering Cancer Center, New York, NY, or MD Anderson Cancer Center.

Actinium Pharmaceuticals, Inc.'s majority shareholder is AHLB Holdings, LLC, with approximately 16% and is wholly owned by Memorial Sloan Kettering Cancer Center. ATNM's second largest shareholder is a subsidiary of Merck and Co. As of the end of 2014, management's ownership was approximately 2%.

Financials and Valuation

Because ATNM is still at an early stage and does not sell any of its products, it is difficult to proceed to a financial analysis and valuation for the company without using guesstimates. The 2014 transaction between acquirer Bayer and target company Algeta set a precedent with a $2.9 billion valuation and revealed significant potential for ATNM. Analysts estimate that clinical tests will be done and FGDA approval granted by 2018, where ATNM could start generating revenues. It must not be forgotten that key player Dr. Tuck just joined Actinium's advising team. Another scenario for Actinium would be to get acquired.2015 developments should also impact ATNM stock prices. With Iomab-B entering phase III, both professionals and investors will increase their interests for the product and for the company. ATNM is currently trading near its 52 weeks low of $2.4, and the downside is limited considering that the company manages to raise approximately $20 million a year from shareholders.

Unlike most other biotech companies, the success of this investment does not only rely on FDA approval of the current pipeline's products. Actinium's competitive advantage lays in its proprietary APIT platform, that could be used with the right partners and generate significant licensing revenues.

My DCF analysis implied a Terminal Value approximately $1 Billion by 2022 and a price per share of $11.7. The terminal growth used was 5% and the discount rate 14%.

CalAmp Corp.

NASDAQ: CAMP

Analyst: Kyle White
Sector: Technology

Limit Buy: $16.50

Price Target: $24.00

Key Statistics as of 3/18/2015

Market Price:	$17.54
Industry:	Communications Equipment
Market Cap:	$635 M
52-Week Range:	$14.74-34.47
Beta:	0.94

Thesis Points:

- Leader in Wireless Data Communications, a new business space with incredible potential
- Great financials, minimal debt, strong cash flows, strong and improving margins
- Extremely diverse when compared to similar companies
- Past stock movements have left investors reluctant to move into stock
- Current state of technology is first stable platform for industry to take off

Company Description:

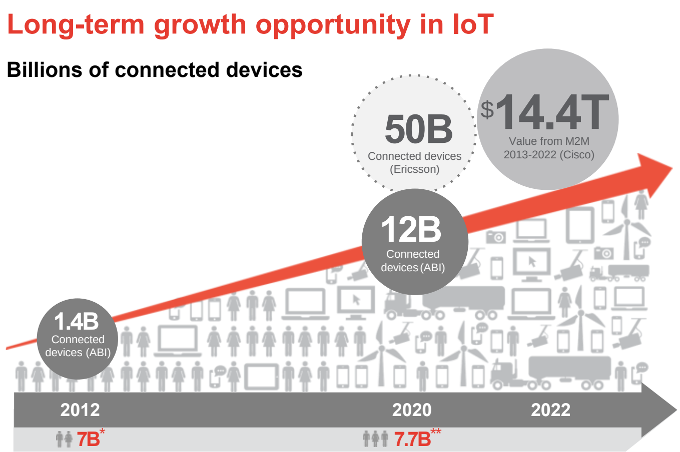
CalAmp Corp. develops and markets wireless communications products and solutions for various applications worldwide. It operates in two segments, Wireless DataCom and Satellite. The Wireless DataCom segment offers solutions for mobile resource management applications, machine-to-machine communications space, and other emerging markets that require connectivity anytime and anywhere. Its M2M and MRM solutions enable customers in energy, government, and transportation markets to optimize their operations by collecting, monitoring, and reporting business-critical data and required intelligence from high-value remote and mobile assets. This segment offers a portfolio of wireless communications products, such as asset tracking devices, targeted telematics platforms, fixed and mobile wireless gateways, and multi-mode wireless routers. It also offers cloud-based telematics platform-as-a-service and targeted software-as-a-service applications that facilitate the integration of the company's and third party applications through application protocol interfaces. The Satellite segment develops, manufactures, and sells direct-broadcast satellite outdoor customer premise equipment and whole home video networking devices for digital and high definition satellite television services.

Thesis

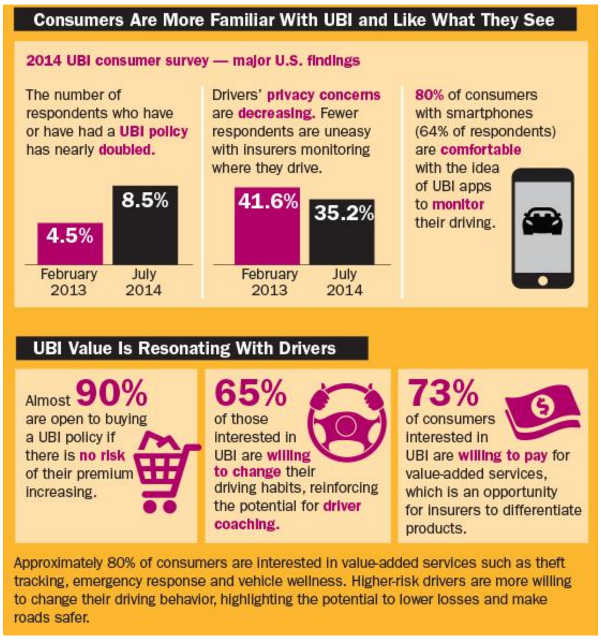
One of the miracles of the Internet is how it fundamentally changed the interconnectedness of the human race. What were once far-flung and diverse corners of the globe were suddenly brought together through a complex global network where ideas could flow freely, and saw many aspects of our lives strengthened. The greatest invention in human history had achieved a global scale down that had never been witnessed and will likely never be replicated, no matter how specular a means we could produce to physically propel ourselves through time and space. However far we are now able to travel in the span of a second, many of our technological achievements achieved quite the opposite, always being right where we left them; stuck in a world where a mile away was still some unfathomable difference. But why couldn't the internet change that too? CalAmp Corp. is on the cusp of answering that very question. In the not so distant future, everything from your toaster to your car will in some way be directly integrated into the internet, constantly relaying convenient, usable, and most importantly secure data to everyone from the manufacturer to your insurance company. The Internet of Things will soon be an integral part of every single persons lives, and with an extremely attractive piece of the proverbial pie, in terms of an unparalleled product portfolio, strong global distribution channel, and proven effectiveness in the space, CalAmp certainly deserves the attention of prospective investors.

Industry Leadership

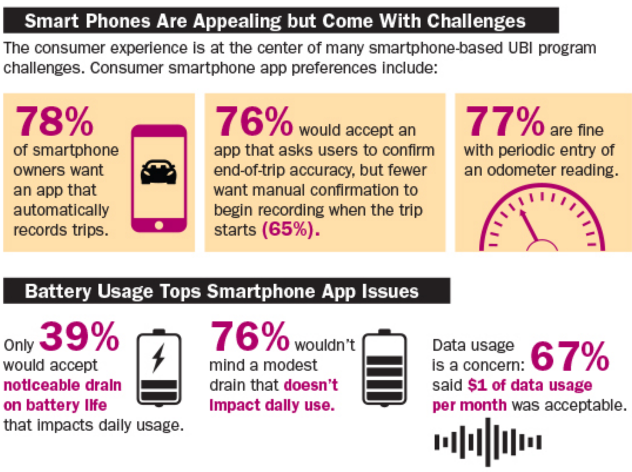
As of today Machine-to-Machine connected devices number 91 million units, moving to 128 million units by the end of 2015, and reach a whopping 180 million units in 2016, and will only grow from there. Of this constantly increasing base, CalAmp's machine-to-machine business represents 4.5 million units, and in the near term expects to add a million units are year. In what can only be described as a fiercely competitive market environment, this nearly 5% market share is huge. While other companies, like primary competitor Sierra Wireless may command the lions share of the revenues in the industry at roughly 34%, CalAmp is more than happy to approach the situation from another direction. While CalAmp truly wants to represent itself as a well-managed, diversified company with incredible product offerings, it's key interests lie in two areas that would drive business towards what would be typically viewed as a market niche. Heavy equipment manufacturing and insurance telematics are extremely nubile markets, but with huge potential, and when combined, they look to represent a majority of future machine-to-machine applications as well as mobile resource management. It is often the case that in terms of new, innovative technologies, you often see small firms boldly embracing new ideas, while larger more complex companies timidly test the waters. Refreshingly this has not been the case for these two segments. Caterpillar the world's largest producer of heavy equipment has had no qualms about making moves into the market. Due in large part to the small profit margins associated with construction projects, it is important to maintain accurate records concerning equipment utilization, repairs and maintenance. Before bringing on CalAmp as part of the value chain, CAT had no compelling way of dampening these fears in potential customers, which surely had some impact on top line growth as consumers skittishly moved around the decision to purchase. Now with the ability to remotely track asset utilization, location, and maintenance schedules, the single biggest cost for CAT customers could be effectively and tangibly cut, and increased the likelihood of purchase. And Caterpillar is likely only the first step in a long, long journey. With major players like Komatsu, Volvo, and Hitachi-Hitachi up for grabs, the sky is the limit, especially as CalAmp moves from hardware sales to subscription based fees within their product ecosystem. Just to provide an idea of the scope the industry is expected to achieve:



While extremely similar to the applications available in the heavy equipment field, the insurance telematics end of CalAmp's ambitions is far more untested. While some big auto insurers have moved into the space, such as Progressive and Allstate, it has yet to find it's footing among the insured. Data collected by Tower Watson, an auto insurance group, does however provide an extremely attractive picture moving into the future, shown below.



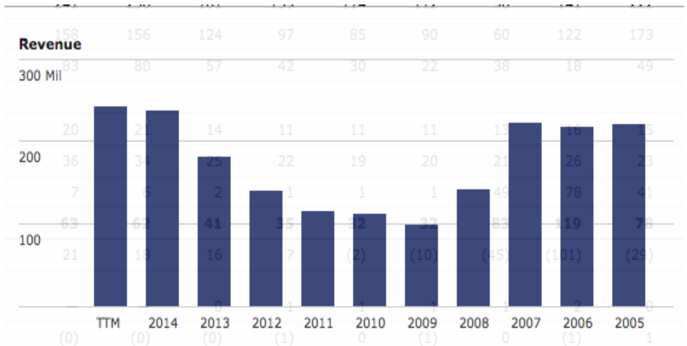
While CalAmp does provide some software services through the Android platform, it would represent a less then ideal situation for the company and insurers due to inadequate data collection.



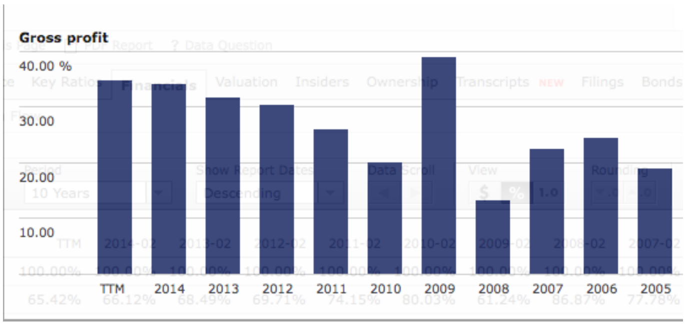
The second part of the survey provides extremely attractive data for both CalAmp hardware and its developing ecosystem, simultaneously allowing for increasing topline growth while drawing down on operating costs. While the company currently has running agreements Modus, Himex, and RAC (small firms), short run guidance for the service is guiding down, and most likely will not become a large driver of revenue growth until late 2016, 2017. While the company doesn't draw a lot of attention to it, it does have a successful satellite business to draw on. Primarily partnered with EchoStar, who in turn does the majority of its business with DIRECTV, CalAmp's satellite business tends to be variable, shifting with year-to-year product mix. It is clear from earnings calls and investor material, the business is of secondary importance to the company, and in the long run the CalAmp simply wishes to normalize the revenue stream. Once this is accomplished, there may be significant chance of divestiture as its wireless data com segment continues to catch fire.

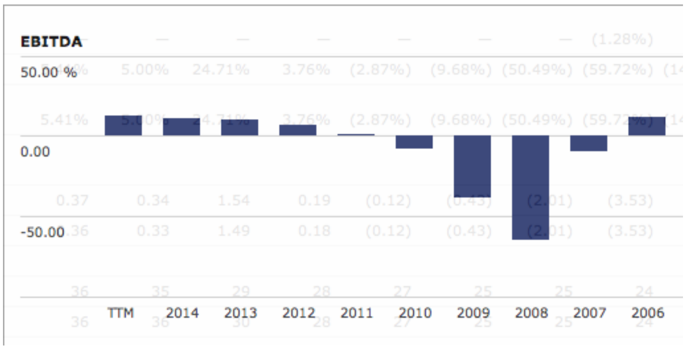
Strong Financials

While CalAmp's brightest days lie in the future, there current financial situation is one that is truly impressive. Looking at revenue growth alone we can see that year-over-year the company has achieved growth on average of 22% per year since 2011. Coming out of the financial crisis (which proved to be a real disaster for the company) it's renewed strength should be a reminder that this is a strong company with proven ability to survive through hard times, having survived both the dot.com bubble in the late 90's and the pricing bubble that proceeded it in 1997. Much of this revenue growth comes in large part due to the company's growth in its wireless datacom business, which has grown substantially since inception, and is continuing to find serviceable markets all over the world. The companies satellite segment on the other hand, while strong, has produced flat revenue over the past few years, as focus shifts, but this is made up for in the fact that operating costs have managed to come down significantly.

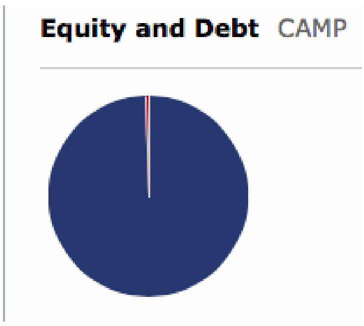


The observed increases in revenue is one of the key drivers in the price of the stock, and going into the future it will play an even more prevalent part as opportunities present themselves in a rapidly expanding marketplace which is projected to grow to 20 billion devices by 2020 from the 128 million we see today. Another area that CalAmp shown strength in is its ability to decrease COGS and operating expenses, increasing margins and delivering more value to shareholders.

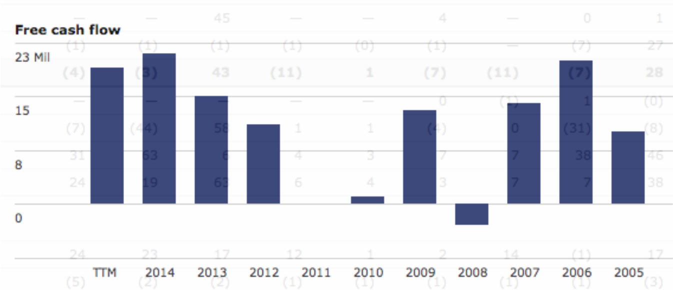




Looking at the charts above, it is immediately clear that the company is quickly and effectively taking steps to bring down costs a leave more on the table for its investors. Much of the company is witnessing in terms of success are attributed to its continued plays into the IoT, which while hardware intensive, look to provide a significant level of minimal cost SaaS and PaaS moving into the future. With these primary goals in mind, it isn't unrealistic that this company has much more room to bring down operating costs as we move into the future. The company's ability to achieve this demonstrates that management is looking leverage their unique position to create as much return as possible on invested capital, which leads to the topic of debt. Compared to many of the company's peers, debt for CalAmp is nearly nonexistent.



At $800,000, debt represents only the most miniscule part of the company's total invested value, which has a number of benefits. The first of these is that the company isn't saddled down with interest payments, which would otherwise dilute value. Secondly, the companies low debt profile means that in the future, the company should experience little to no issue in terms of debt financing, which given the charted growth of the company may be beneficial. A final note on debt is that the very lack of its presence on the balance sheet makes CalAmp that much more desirable as an acquisition target in a highly competitive industry. The ground laid by the company and it promising paths for growth, makes CalAmp a small but tasty fish, in a pond full of sharks. However given various poison pills within the company, CalAmp seems to believe that it is more than capable of creating value into the future without being brought into the fold of a larger company such as Cisco or Sierra Wireless. Final house keeping notes in terms of financials; the company, through feast or famine has been able to sustain sizable free cash flows.



Having consistently produced FCF that represented 10% of the company's overall revenue, funds continue to flow into their war chest, year-over-year that can be used in future acquisitions and organic growth plans. As CalAmp continues to increase revenues faster than its costs, the cash flows can only balloon going forward, very quickly transforming the company into a cash cow.

Diversified Product Portfolio

In terms of sheer product offering, most of the wireless datacom industry can hardly hope to match CalAmp. While many companies attempt to make it in just one vertical market segment, CalAmp is making plays across the board including construction, field service/delivery, local government, oil/gas, public safety, rail, small/medium sized businesses, transportation, utilities, vehicle finance, and water/wastewater programs. While tending to a wide range of customer bases is certainly strength, constantly keeping competition on its toes, it hardly begins to scratch the surface of what CalAmp offers. In conjunction with industries that it serves, CalAmp offers over 70 unique products and services, all of which can be tailored in one way or another to a customers unique position. Many of the product offerings of the company are designed to seamlessly work together add incremental value to every single product. Still though the true benefit of this companies services are through its SaaS and PaaS systems and its in house app store ecosystem. Built with inherent flexibility, the app store has the ability to allow third parties to develop and host material that could be sold to customers. Customers too have the ability to create their own unique solutions that can seamlessly integrate with CalAmp's existing software and hardware, further enriching the ecosystem. A large part of what CalAmp will be in the future, is organizing and streamlining the data provided by customers, and offering cloud based services to ensure maximize security and efficiency of operation, which will serve to drive down cost both at CalAmp and its business and government partners. Based on the promise of efficient government alone, this company is a clear winner!

Rich Ratio/Volatile Past Making for Skittish Investors

Observing the course of CalAmp stock, it is no secret that life has been rocky for investors at best. Spending the large majority of its life as a penny stock, CalAmp has experienced two major periods of speculation, only to plummet shortly after when the promise of true M2M faded into the sunset. Many expect this trend to continue into the future, which could prove detrimental for nervous long-term investors. For short-term value investor though, rapid short-term appreciation is exactly the type of thing that makes a stock a buy. While this price movement may apply to the downside, it is more probably that the stock has found a price floor, which is supported by future growth. It would take a string of bad quarters to squash investor confidence in this stock. Another concern is shown below

Company	P/E Ratio
CalAmp	52.22
Freescale Semiconductor	48.39
NXP Semiconductors	45.14
Ambarella	43.18

are the companies P/E ratios. At 52.22 times earnings, CalAmp at glance seems like a very, very expensive stock. Compared with companies operating in a similar space however, it becomes much more reasonable, but still outside the norm of the over tech industry at just 15 times earnings. Given the strength of the company's balance sheet, and much lower forward multiples shouldn't foster too many timid feelings based on what only appears expensive.

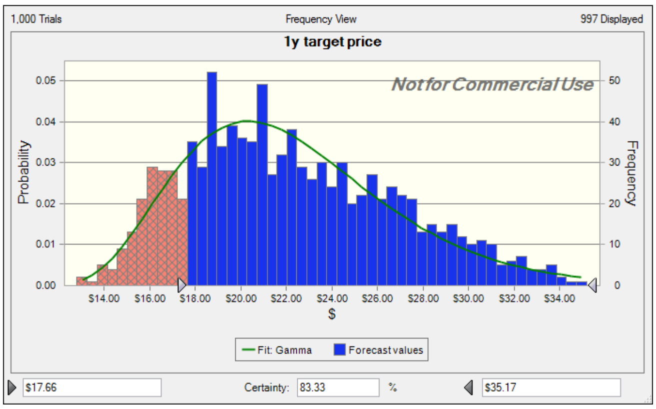
Technology Finally Ready

While it should be recognized that massive growth in M2M (connections and revenue) has been predicted every year for at least the last decade, only for realized growth to fall short of most of these lofty expectations. However due to two key factors, it is a fair bet that this time around M2M and wireless datacom are here to stay. The first factor is the increased interest in M2M by wireless carriers, and the widespread proliferation of smart devices (smartphones, tablets), which work in tandem to create a sustainable environment for the fledgling technologies. These factors represent positive fundamental developments that will most likely drive increasingly stronger M2M adoption and thus, revenue growth.

Increased carrier support. Wireless carriers are finally showing greater interest in M2M as a way to monetize their networks. On the surface, wireless carriers have shown M2M support for many years, creating special initiatives and business units. However, the core strategic focus of the carriers had remained voice subscriber acquisition and the monetization of SMS and voice capabilities. In the grand scheme of things, M2M was not strategically important to carriers. In the last few years, the North American market has become saturated – there are few new voice subscribers to add, with many existing subscribers already having data and SMS plans as well. The operators have been forced to look beyond traditional human-linked phone subscribers for meaningful growth. Similar to smart device adoption, this is a new and recent dynamic. Carriers are finally seeing M2M for what it truly is: a viable margin play, creating an opportunity for them to monetize data with manageable strain on the network. Carriers are now, at the highest executive levels, embracing M2M, and this is creating better, more industry friendly and creative pricing options and substantial carrier resources to assist solution providers in selling and implementing M2M solutions.

Proliferation of smart devices, applications. With the widespread acceptance of smartphones, tablets, and the applications used with them is creating a mobile information-centric culture: individuals are becoming used to accessing highly-dynamic data about various things (e.g., traffic, weather, stocks) at any time and any location, typically experiencing such real-time information every day. Based on these every-day experiences, which influence the decisions people make, users are increasingly recognizing how such real-time data could have tremendous value in the business environment. As individuals all over the world become more and more accustomed to the increasing prevalence of these devices, barriers for M2M and other wireless data communication systems will begin to fall by the wayside.

Forecasts



CalAmp finds itself in an excellent opportunity. It finds itself the center of a revolution in the way we live our lives, conduct our business, and run our governments. With an already proven track record, deep customer channels and new and exciting partnerships with Caterpillar and insurance companies should prove to be nothing if not exceptional. With some short-term confusion on the direction of the tech industry, coupled with increasingly likely corrective forces in the market, there may be some downward pressure on the stock. Examining the output of a Monte Carlo simulation run through the pro forma, there is roughly a 15% of this lower movement. A likely low point for this stock in that event would be around $13 to $14. However given the 30% upside with a $24.00 target price, and the high probability of such an event make this stock both cheap (intrinsic value $20.00), but a great long term pick.

Siena Market Line

CENTER FOR GLOBAL FINANCIAL STUDIES

CalAmp Corp.	CAMP	Analyst	Current Price	Intrinsic Value	Target Value	Divident Yield	Target Return	BULLISH
		Kyle White	$17.54	$20.53	$23.47	0%	33.79%	

General Info

Sector	Information Technology
Industry	Communications Equipment
Last Guidance	Dec-23-2014
Next earnings date	4/24/2015

Market Data

Enterprise value	$594.37
Market Capitalization	$933.35
Daily volume	0.86
Shares outstanding	35.95
Diluted shares outstanding	36.48
% shares held by institutions	77.02%
% shares held by insiders	4.19%
Short interest	10.69%
Days to cover short interest	7.02
52 week high	$32.69
52-week low	$14.74
5y Beta	0.99
6-month volatility	48.96%

Peers	Market Cap.
Digi International Inc.	$251.62
Ruckus Wireless, Inc.	$1,073.70
Sierra Wireless Inc.	$1,393.50
Novatel Wireless Inc.	$215.46
Microelectronics Technology Inc.	$4,492.83
MOBI Development Co., Ltd.	$1,468.53
Wuhan Fingu Electronic Technology Co.,	$7,726.73
Aviat Networks, Inc.	$76.66
Numerex Corp.	$209.95
KVH Industries Inc.	$222.58

Current Capital Structure

Total debt/market cap	0.13%
Cost of Borrowing	12.54%
Interest Coverage	10542.64%
Altman Z	10.11
Debt Rating	AA
Levered Beta	1.42
WACC (based on market value weights)	9.00%

Management

Professional	Title	Comp. FY2012	Comp. FY2013	Comp. FY2014
Burdiek, Michael	Chief Executive Officer, Presiden	$ 1,628,862.00	$ 1,621,018.00	$ 1,853,276.00
Vitelle, Richard	Chief Financial Officer, Principal .	$ 724,076.00	$ 840,555.00	$ 841,580.00
Sarkissian, Garo	Senior Vice President of Corpora	$ 543,634.00	$ 656,313.00	$ 647,726.00
Friedlander, Neil	Vice President of Operations	$ -	$ -	$ -
Schmid, Justin	Senior Vice President of Marketir	$ -	$ -	$ -
Hannah, Robert	Vice President and General Mana	$ -	$ -	$ -

Historical Performance

	CAMP	Peers	Industry	All U.S. firms
Growth	2.9%	10.0%	10.4%	6.0%
Retention Ratio	22.5%	-149.7%	70.4%	61.6%
ROIC		0.3%	17.1%	11.8%
EBITA Margin	6.6%	6.4%	12.1%	13.7%
Revenues/Invested capital	116.6%	101.6%	127.2%	202.3%
Excess Cash/Revenue	11.8%	33.8%	44.2%	18.5%
Unlevered Beta	1.78	1.06	1.26	0.95
TEV/REV	0.8x	1.9x	2.2x	2.4x
TEV/EBITDA	11.4x	48.1x	14.2x	11.3x
TEV/EBITA	13.1x	41.7x	17.8x	15.4x
TEV/UFCF	10.4x	8.9x	25.4x	26.8x

Past Earning Surprises

	Revenue	EBITDA	Norm. EPS
Last Quarter	-0.1%	4.2%	8.7%
Last Quarter-1	0.2%	5.4%	10.5%
Last Quarter -2	1.6%	4.5%	5.6%
Last Quarter -3	-2.6%	-17.2%	-9.1%
Last Quarter -4	3.7%	-0.7%	9.5%

Non GAAP Adjustments

Operating Leases Capitalization	100%	Straightline	10 years
R&D Exp. Capitalization	100%	Straightline	10 years
Expl./Drilling Exp. Capitalization	0%	N/A	N/A
SG&A Capitalization	0%	N/A	N/A

Proforma Assumptions

Operating. Cash/Cash	0.0%
Unlevered Beta	1.40
Rev/Invested Capital	117.0%
Continuing Period Revenue Growth	3.0%
Long Term ROIC	11.9%
Invested Capital Growth	Follows Forward Rev. Growth
Justified TEV/REV	2.0x
Justified TEV/EBITDA	11.4x
Justified TEV/EBITA	13.1x
Justified TEV/UFCF	10.4x

Period	Rev. Growth	Adj. Op. Cost/Rev	Revenue	NOPLAT	Invested capital	UFCF
			Forecasted Profitability			
LTM	10%	81%	$241.26	$22.29	$195.85	$24.68
LTM+1Y	12%	78%	$271.36	$27.15	$241.27	$2.97
LTM+2Y	19%	78%	$322.47	$32.63	$268.16	$5.74
LTM+3Y	24%	79%	$399.67	$40.70	$299.65	$9.21
LTM+4Y	29%	79%	$515.46	$52.54	$336.31	$15.88
LTM+5Y	22%	79%	$628.82	$64.11	$378.65	$21.77
LTM+6Y	16%	80%	$729.82	$74.81	$414.94	$38.52
LTM+7Y	11%	80%	$810.82	$83.80	$445.50	$53.24
LTM+8Y	8%	79%	$879.37	$91.81	$472.42	$64.89
LTM+9Y	6%	79%	$936.18	$98.63	$499.27	$71.78

Valuation

	ROIC	WACC	EVA	Enterprise Value	Total Debt	Other claims	Equity	Adjusted Price
LTM	11.2%	9.0%	$6.64	$731.78	$0.77	-$12.22	$743.22	$21.49
LTM+1Y	12.5%	9.1%	$8.22	$819.76	$0.77	-$21.80	$840.79	$24.22
LTM+2Y	13.5%	9.2%	$11.52	$890.82	$0.77	-$42.72	$932.77	$26.81
LTM+3Y	15.1%	9.2%	$17.54	$967.49	$0.77	-$70.57	$1,037.29	$29.71
LTM+4Y	17.5%	9.3%	$27.30	$1,047.34	$0.77	-$94.14	$1,140.70	$32.59
LTM+5Y	19.0%	9.4%	$36.15	$1,126.53	$0.77	-$119.73	$1,245.48	$35.64
LTM+6Y	19.7%	9.5%	$42.06	$1,193.27	$0.77	-$161.50	$1,354.00	$38.59
LTM+7Y	20.2%	9.6%	$46.67	$1,250.73	$0.77	-$217.22	$1,467.18	$41.78
LTM+8Y	20.6%	9.7%	$50.98	$1,302.23	$0.77	-$283.56	$1,585.01	$45.08
LTM+9Y	20.9%	9.8%	$54.74	$1,351.10	$0.77	-$355.69	$1,706.01	$47.46

Monte Carlo Simulation Assumptions

	Base	Stdev	Min	Max	Distribution
Revenue Variation	0	10%	N/A	N/A	Normal
Op. Costs Variation	0	10%	N/A	N/A	Normal
Market Risk Premium	5%	N/A	5%	7%	Triangular
Long term Growth	3%	N/A	3%	10%	Triangular
Terminal Value	0	0.1	N/A	N/A	Normal

Monte Carlo Simulation Results

	Intrinsic Value	1y-Target
Mean est.	$21.49	$24.22
σ(ε)	$0.32	$0.25
3 σ(ε) adjusted price	$20.53	$23.47
Current Price	$17.54	
Analysts' median est.		$26.15

Entergy Corp.

NYSE:ETR

Analyst: Nicholas Luca
Sector: Utilities

BUY

Price Target: $103.42

Key Statistics as of 03/19/2015

Market Price:	$77.94
Industry:	Electric Utilities
Market Cap:	$14.11B
52-Week Range:	$63.87 - 92.02
Beta:	0.28

Thesis Points:

- Consistent earnings growth through demand, not price increases
- Undervalued by market due to last earnings miss
- High yield distribution
- Financially improving through restructured cost structure and new revenue streams

Company Description:

Entergy Corporation, together with its subsidiaries, engages in the electric power production and retail electric distribution operations in the United States. It operates in two segments, Utility and Entergy Wholesale Commodities. The Utility segment generates, transmits, distributes, and sells electric power in portions of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and distributes natural gas. The Entergy Wholesale Commodities segment is engaged in the ownership, operation, and decommissioning of nuclear power plants located in the northern United States; sells the electric power to wholesale customers; offers services to other nuclear power plant owners; and owns interests in non-nuclear power plants that sell the electric power to wholesale customers. This segment sells energy to retail power providers, utilities, electric power co-operatives, power trading organizations, and other power generation companies. It generates electricity through wind, gas/oil, nuclear, coal, and hydro power. The company's power plants have approximately 30,000 megawatts (MW) of aggregate electric generating capacity, including approximately 10,000 MW of nuclear-fueled capacity. It delivers electricity to 2.8 million utility customers in Arkansas, Louisiana, Mississippi, and Texas. The company was founded in 1989 and is based in New Orleans, Louisiana (Yahoo Finance).

Thesis

As of March 19th, 2015, Entergy Corp. (ETR) is a BUY at $77.94 due to an increase in demand for electricity that Entergy will continue to meet as they invest in transmissions projects to further meet future demands, and keep prices from increasing. Entergy is a safe investment as they are the leading electricity provider of the Gulf Coast, and are continue investing into nuclear energy in the Northeast. Along with their nuclear power segment, they have also restructured their cost structure that should show some serious cost reduction in 2015. Entergy Corp. interest in increasing shareholder value and their distribution of nearly a 5% dividend make them an attractive company to invest in.

Cost Structure - New Revenue Streams

Entergy operates primarily through two business segments: Utility and Entergy Wholesale Commodities. The Utility business segment includes the generation, transmission, distribution, and sale of electric power in parts of Arkansas, Mississippi, Texas, and Louisiana, including the City of New Orleans; and operates a small natural gas distribution business. The Entergy Wholesale Commodities business segment includes the ownership and operation of six nuclear power plants located in the northern United States and the sale of the electric power produced by those plants to wholesale customers. This business also provides services to other nuclear power plant owners. Entergy Wholesale Commodities also owns interests in non-nuclear power plants that sell the electric power produced by those plants to wholesale customers.

	% of Revenue			% of Net Income			% of Total Assets		
Segment	2014	2013	2012	2014	2013	2012	2014	2013	2012
Utility	78	80	78	88	116	110	82	82	82
Entergy Wholesale Commodities	22	20	22	31	6	5	22	22	22
Parent & Other	—	—	—	(19)	(22)	(15)	(4)	(4)	(4)

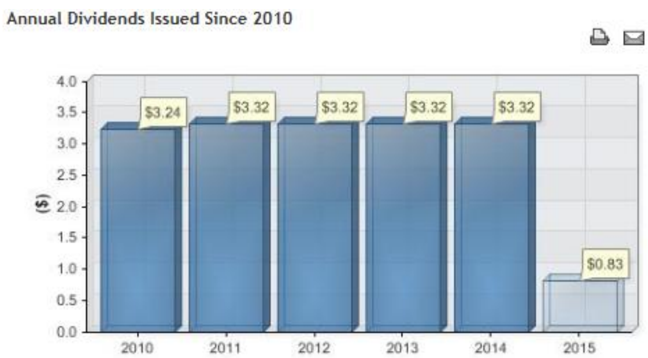
Their Entergy Wholesale commodities segment has undergone some changes that have bettered the company's financial position. This has been primarily stimulated through the shutting down of the Vermont Yankee nuclear plant. The plant was shut down in 2012 due to no longer being able to compete with low natural gas prices and a complex cost structure. After investing the money to actually divest the plant, annual costs have reduced severely; the reflection in net income is inevitable, growing from *5%* in 2012 to *31%* in 2014. Entergy expects these reductions in costs to be even more heavily reflected in 2015 as they have finally wrapped up the closing in 2014.

Along with restructuring, they are also investing in a new transmissions project referred to as the Lake Charles Transmission Project, which will prepare them for future demand in the area. Entergy is upgrading its transmission network and building a new power plant in Lake Charles, Louisiana. This new gas-powered plant, called 9-Mile Six, is the first new power plant in Louisiana in thirty years.. Preliminary plans call for an estimated $187 million, including contingency, investment in the Lake Charles area. The project represents one of the largest single transmission projects in Entergy's history. It includes construction of two new substations, expansion of a third, and adding about 25 total miles of high-voltage transmission lines – including both 500 kV and 230 kV lines – to move power more reliably and efficiently into a region projected to have the fastest job growth rate in the state.

In addition to enhancing reliability, operational flexibility, and helping meet the increased demand in the region, the project will also improve access to lower cost generation in the Midcontinent Independent System Operator, Inc. market, potentially reducing costs for all customers in the area.

High Yield Distribution

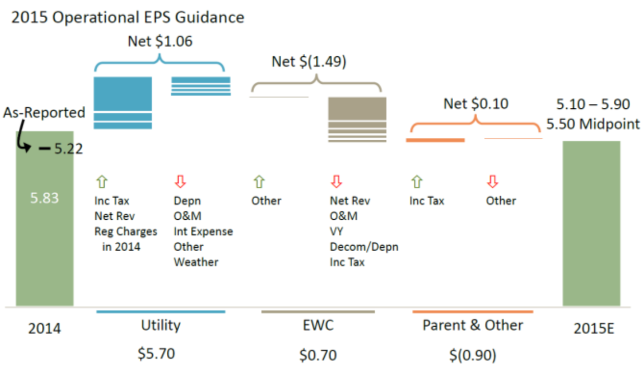
One of the ways that Entergy hopes to boost shareholder value is through share repurchases. Although share repurchases don't necessarily put money directly into investors' pockets, they do make a company appear cheaper on a P/E basis by reducing the number of shares outstanding. The main allure for Entergy is its dividend. Entergy currently offers a dividend yield of 4.4%. Even though Entergy is not a high-flying growth stock, its dividends can make money for its shareholders.



Undervaluation by the Market Due to Overdramatic Response to Earnings

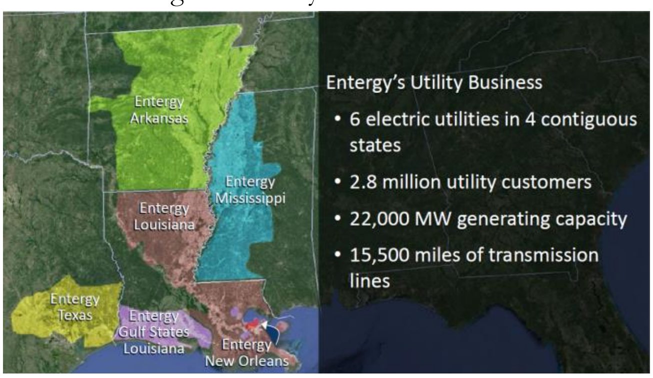
Entergy's other business, nuclear generation has taken a hit as dry gas prices sunk from $4.00/mcfe to about $2.75/mcfe over the last few months. Nuclear electricity must compete with natural gas for electricity demand. Entergy based its multi-year earnings expectations on the assumption of about $4/ mcfe natural gas. The effect on 'EWC,' the nuclear business, is illustrated below. As you can see, in 2015, the earnings hit from low dry gas prices is roughly equal to the earnings growth in transmission. Going by strip pricing only, earnings will down by mid-single digits this year, assuming midpoint guidance.

Although they missed earnings estimates by roughly 6%, I believe that it was primarily due to the natural gas prices. Commodities go up and down, but Entergy continues to build the base of their business and are preparing for future demands.



Consistent Earnings Growth

The petrochemical boom has been sparked in the United States due to low dry gas and NGL input prices. Because of this, there is an increase in power demand, more specifically in Louisiana. Entergy Corp. is the largest provider in Louisiana as well as the Gulf Coast, of which should lead to growth this year.



Entergy is the dominant leader, and have little to no competition in the Gulf Coast. This was a concern because the change in demand is already a big factor in their success, so if they can at least eliminate their competition, and with demand expected to continuously increase (see chart below), then they are in good position to grow and remain the market leader

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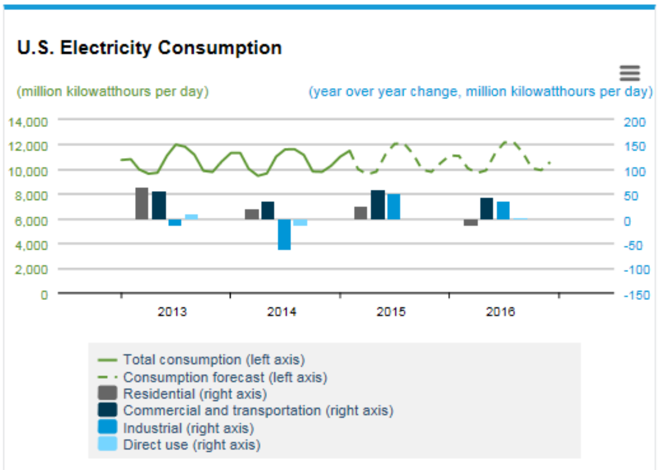


CENTER FOR GLOBAL FINANCIAL STUDIES

Entergy Corporation	ETR	Analyst	Current Price	Intrinsic Value	Target Value	Divident Yield	Target Return	BULLISH
		Nicholas Luca	$79.05	$85.85	$103.42	4%	35.03%	

General Info

ector	Utilities
ndustry	Electric Utilities
ast Guidance	Feb-05-2015
Next earnings date	4/28/2015

Market Data

Enterprise value	$27,179.87
Market Capitalization	$14,267.02
Daily volume	3.04
hares outstanding	180.48
Diluted shares outstanding	180.30
% shares held by institutions	91.07%
% shares held by insiders	0.45%
hort interest	1.98%
Days to cover short interest	2.40
2 week high	$92.02
2-week low	$65.42
y Beta	0.28
-month volatility	20.66%

Peers	Market Cap.
Xcel Energy Inc	$17,598.16
Dominion Resources, Inc	$42,474.86
FirstEnergy Corp.	$15,322.60
Consolidated Edison, Inc	$18,003.89
PPL Corporation	$22,927.98
American Electric Power Co., Inc	$28,251.13
Edison International	$20,907.29
Public Service Enterprise Group Inc	$21,322.90
Southern Company	$40,464.59
Exelon Corporation	$28,584.77

Current Capital Structure

Total debt/market cap	51.62%
Cost of Borrowing	5.18%
Interest Coverage	322.88%
Altman Z	
Debt Rating	CCC
Levered Beta	1.23
WACC (based on market value weights)	6.94%

Management

Professional	Title	Comp. FY2012	Comp. FY2013	Comp. FY2014
Denault, Leo	Chairman, Chief Executive Offic	$ 3,043,594.00	$ 7,665,652.00	$ 11,824,034.00
Marsh, Andrew	Chief Financial Officer and Exec	$ -	$ 2,503,136.00	$ 3,242,418.00
Savoff, Mark	Chief Operating Officer and Exe	$ 2,439,265.00	$ 2,338,973.00	$ 3,441,571.00
Mount, Alyson	Chief Accounting Officer and Se	$ 1,179,046.00	$ 997,209.00	$ 1,409,240.00
West, Roderick	Chief Administrative Officer and	$ 2,943,622.00	$ 4,003,467.00	$ 3,631,066.00
McDonald, Hugh	Chairman of Entergy Arkansas I	$ 1,295,297.00	$ 855,303.00	$ 1,306,327.00

Historical Performance

	ETR	Peers	Industry	All U.S. firms
Growth	2.0%	2.7%	4.1%	6.0%
Retention Ratio	18.8%	30.4%	28.1%	61.6%
ROIC	30.3%	10.7%	19.2%	11.8%
EBITA Margin	17.7%	19.6%	17.2%	13.7%
Revenues/Invested capital	61.8%	50.8%	54.3%	202.3%
Excess Cash/Revenue	10.9%	4.2%	6.1%	18.5%
Unlevered Beta	0.31	0.33	0.40	0.95
TEV/REV	2.3x	2.6x	2.5x	2.4x
TEV/EBITDA	7.4x	8.5x	9.3x	11.3x
TEV/EBITA	12.9x	12.7x	14.7x	15.4x
TEV/UFCF	14.9x	38.9x	43.7x	26.8x

Past Earning Surprises

	Revenue	EBITDA	Norm. EPS
ast Quarter	4.4%	-13.4%	-7.4%
ast Quarter-1	2.1%	-8.6%	0.0%
ast Quarter-2	1.9%	0.1%	1.8%
ast Quarter-3	13.4%	-3.9%	0.0%
ast Quarter-4	8.3%	-13.9%	14.9%

Non GAAP Adjustments

Operating Leases Capitalization	100%	Straightline	10 years
R&D Exp. Capitalization	100%	Straightline	10 years
Expl./Drilling Exp. Capitalization	0%	N/A	N/A
SG&A Capitalization	0%	N/A	N/A

Proforma Assumptions / **Forecasted Profitability**

		Period	Rev. Growth	Adj. Op. Cost/Rev	Revenue	NOPLAT	Invested capital	UFCF
Operating Cash/Cash	0.0%	LTM	10%	67%	$12,494.92	$1,825.74	$20,216.41	$1,825.74
Unlevered Beta	0.75	LTM+1Y	4%	68%	$12,950.89	$1,543.06	$19,066.52	$2,692.94
Rev/Invested Capital	62.0%	LTM+2Y	4%	68%	$13,451.57	$1,476.59	$18,532.04	$2,011.07
Continuing Period Revenue Growth	2.0%	LTM+3Y	5%	68%	$14,083.79	$1,497.54	$18,296.87	$1,732.70
Long Term ROIC	14.5%	LTM+4Y	5%	68%	$14,731.64	$1,554.54	$18,211.02	$1,640.38
nvested Capital Growth	Equals to Maintenance	LTM+5Y	4%	68%	$15,394.57	$1,614.55	$18,200.84	$1,624.74
ustified TEV/REV	2.0x	LTM+6Y	4%	68%	$16,071.93	$1,682.60	$18,422.65	$1,460.79
ustified TEV/EBITDA	7.4x	LTM+7Y	4%	68%	$16,763.02	$1,755.61	$18,483.98	$1,694.29
ustified TEV/EBITA	12.9x	LTM+8Y	4%	68%	$17,467.07	$1,837.83	$18,542.62	$1,779.19
ustified TEV/UFCF	14.9x	LTM+9Y	4%	68%	$18,183.22	$1,926.12	$18,594.40	$1,874.34

Valuation

	ROIC	WACC	EVA	Enterprise Value	Total Debt	Other claims	Equity	Adjusted Price
LTM	9.0%	6.9%	$422.62	$30,911.33	$14,030.11	$1,990.91	$14,890.31	$86.81
LTM+1Y	7.6%	7.0%	$126.00	$31,831.72	$14,030.11	-$635.99	$18,437.60	$104.17
LTM+2Y	7.7%	7.1%	$123.60	$31,112.22	$14,030.11	-$2,781.88	$19,863.99	$112.45
LTM+3Y	8.1%	7.2%	$169.14	$31,119.67	$14,030.11	-$4,768.23	$21,857.80	$123.96
LTM+4Y	8.5%	7.2%	$229.30	$31,459.86	$14,030.11	-$6,801.75	$24,231.50	$137.36
LTM+5Y	8.9%	7.3%	$281.30	$31,931.81	$14,030.11	-$8,915.38	$26,817.09	$152.08
LTM+6Y	9.2%	7.3%	$363.48	$32,459.99	$14,030.11	-$10,960.35	$29,390.22	$166.59
LTM+7Y	9.5%	7.3%	$403.49	$33,234.95	$14,030.11	-$13,348.52	$32,553.37	$184.14
LTM+8Y	9.9%	7.4%	$463.51	$33,836.28	$14,030.11	-$15,928.32	$35,734.49	$201.97
LTM+9Y	10.4%	7.5%	$530.31	$34,401.99	$14,030.11	-$18,719.30	$39,091.18	$216.59

Monte Carlo Simulation Assumptions

	Base	Stdev	Min	Max	Distribution
Revenue Variation	0	10%	N/A	N/A	Normal
Op. Costs Variation	0	10%	N/A	N/A	Normal
Market Risk Premium	6%	N/A	5%	7%	Triangular
Long term Growth	2%	N/A	2%	6%	Triangular
Terminal Value	0	0.1	N/A	N/A	Normal

Monte Carlo Simulation Results

	Intrinsic Value	1y-Target
Mean est.	$86.81	$104.17
σ(ε)	$0.32	$0.25
3 σ(ε) adjusted price	$85.85	$103.42
Current Price	$79.05	
Analysts' median est.		$85.10

FireEye, Inc.

NASDAQGS:FEYE

Analyst: Ryan Ahlers
Sector: Technology

BUY

Price Target: $49.46

Key Statistics as of 3/18/2015

Market Price:	$42.60
Industry:	Infrastructure Software
Market Cap:	$6,630.6 M
52-Week Range:	$77.25 – 24.81
Beta:	N/A

Thesis Points:

- Fast growing market will keep demand high and fuel strong growth
- Industry leading technology
- Improving margins will increase value

Company Description:

FireEye, Inc. provides cyber security solutions to companies worldwide. They specialize in detecting, preventing, and resolving cyber-attacks. FireEye takes a unique approach to cybersecurity by preventing cyber-attacks before they occur versus identifying them after they have happened. FireEye is operated by a management team that has extensive background and knowledge in the field of cybersecurity. Chairman and CEO, David DeWalt, was president and CEO of security software giant McAfee from April 2007 to May 2012 before leaving for FireEye, Chief Operating Officer, Kevin Mandia and Chief Technology Officer, David Merkel, both have a background in cybersecurity as special agents with the Air Force Office of Special Investigations. FireEye competes among some of the industry leaders in cybersecurity such as IBM, Oracle, Cisco Systems and Palo Alto Networks, but differentiates itself with its industry leading MVX engine virtual technology, which has allowed FireEye to rapidly grow and become a new industry leader.

Thesis

Cybersecurity, the processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorized access is not a new concept and has been around since the inception of the internet. Although, what is new are the methods, resources and frequency that hackers are performing malicious activity against corporations. FireEye Inc., is becoming the go-to provider for cutting-edge security systems and services for the corporate world. With cyber-attacks becoming more frequent every day, the demand for FireEye's industry leading technology will continue to grow and their revenues will grow with it. As FireEye's revenue increases, their margins will improve, increasing value.

Industry Overview

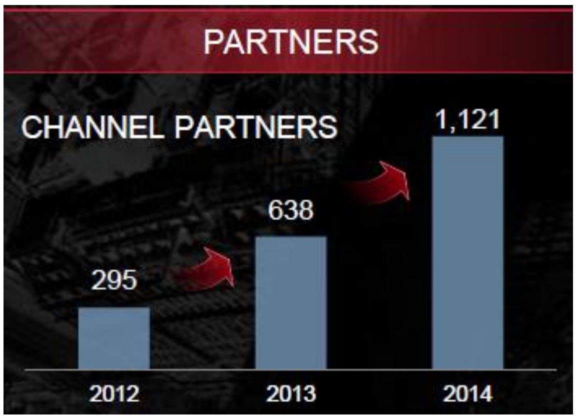
The cyber-security industry has been in a continuous growing demand the past couple of years and shows no sign of slowing down. This industry demand is fueled by the growing number of cyber-crimes that are occurring and the realization of how important it is for corporations to protect themselves. In December of 2013, Target had a data breach that allowed thieves to steal 40 million credit/debit card numbers, 70 million personal records of customers (name, address, email, phone, etc.) which resulted in a 46% decrease in profits for the Q4 of 2013 when compared to the previous year. Breaches, such as the Target breach, have been happening more frequent among companies, exposing their corporation and customers to risk. This unfortunate truth is what is driving the cyber-security market today. Corporations want to avoid being the next victim of a data breach, which in result will expose private information of the company and their clients.

High Demand, High Revenue Growth

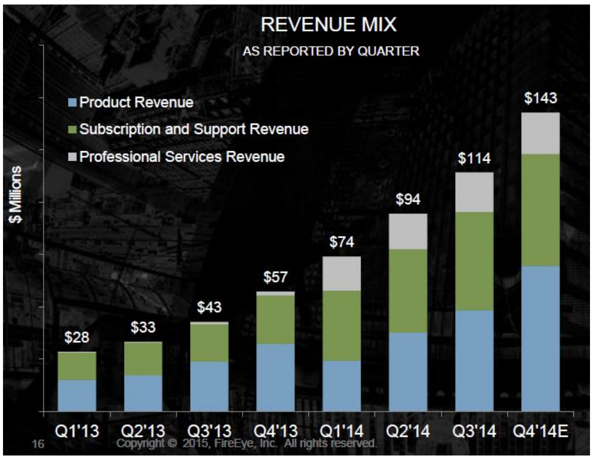
As mentioned, the cyber-security market is growing due to the overall demand needed to secure corporations private and sensitive information from the increasing threat of cyber-attacks. What is promising about this industry growth for FireEye is where the growth is occurring. Some of the obvious growth for FireEye over the past year has been from high profile companies in which they jumped from less than 15% of the Global 2000 to about 25% of the Global 2000 (an annual ranking of the top 2000 public companies in the world by Forbes magazine). This trend still allows FireEye to gain a potential 75% growth among the world's top 2000 companies.

Another reason for the fast growing security market is because of the emphasis for an increase in security spending from within a corporation's top management. With the publicity of recent data breaches at notable companies, other CEOs, boards and executive teams have become more aware of the risk their company could have and, in response, are beginning to increase security budgets. This resonates throughout the entire corporation making a ripple effect to whoever they do business with. The result, FireEye is seeing a shift in the demographic of companies that they do business with. CEO David DeWalt states, "Our customers include the governments of more than 60 countries now; hundreds of financial firms and critical infrastructure companies as well as retailers, healthcare providers, and now entertainment companies. We are even seeing small companies from hospitals, the law firms, to biotech, high-tech start-ups turning to FireEye to protect their critical assets and reduce their risk." This evolving demand for cyber security across all sectors of the economy are allowing for an immense growth opportunity for FireEye.

The demand in growth among various companies has led FireEye to increase the number of channel partners 75%, from 673 to 1121, in 2014, including major companies such as Sing Tel, Verizon, Deutsche Telekom and Telefonica which increases the effectiveness of their flagship virtual machine MVX technology.



In result, FireEye has seen tremendous year-to-year revenue growth of 163.5% from 2013 to 2014 and has added 1030 new customers in 2014 alone. Below is a quarterly representation in the increase of FireEye's revenue.

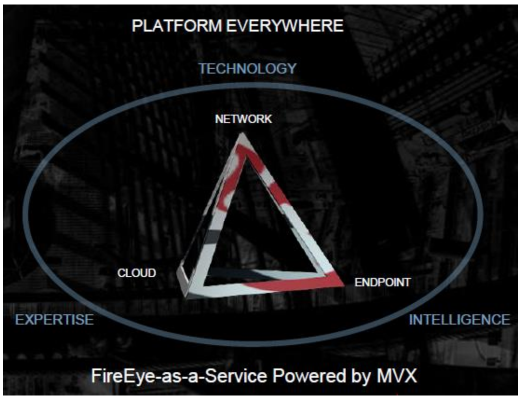


FireEye's impressive growth over the past couple of years should continue. The cyber-security market is still growing and nowhere near maturity yet; therefore FireEye will continue to be the leader of the market. FireEye is expected to continue expanding into three key areas: the Global 2000, internationally and smaller companies lower in the supply chain to the larger companies. As mentioned, larger companies are raising their budgets to expand on cyber-security and they will expect the smaller companies in their supply chain to follow suit and increase their cyber-security measures, keeping the window of high demand and revenue growth open for FireEye.

Industry Leading Technology

FireEye currently has the industry leading technology in cyber-security. Currently, there are threats among three areas: the network, the cloud and the endpoint.

What sets FireEye apart from their competitors is their ability to monitor and control threats from everywhere that a user may be.



The ability for FireEye to do this stems from their technology, intelligence and expertise. At the core of the technology is their MVX engine virtual machine which simulates an operating system, such as Microsoft's Windows or Apple's OS X, to make the malicious code believe it is within an actual operating system and activate within the virtual operating system instead of the customers actual network. Once this happens, the threat is detected and isolated, saving the customer from a data breach.

What makes FireEye's approach even more unique is their intelligence capabilities. All of the MVX devices are strengthened through FireEye's subscription service, Dynamic Threat Intelligence cloud. This service utilizes data from around the world keeping systems up to date the instant a new threat is known. Customers of FireEye have their security updated around 60 times a day, compared to other main competitors that update their services once or twice a day, at the most. As FireEye adds additional customers, more data points are added, making the cloud more effective and, in turn, making FireEye's system more valuable and appealing to more customers, a very lucrative circle. As customers use FireEye's products they like the results, resulting in a high retention rate and the customers enroll in the subscription service. This subscription service is offered at $10,000 a month which allows for a base of recurring and predictable revenues. With improving and leading technology, FireEye will continue to draw in new customers and grow their revenues, a key value driver.

Improving Margins

When looking at FireEye's margins, one would think that they are not a healthy company, but there are reasons for their current subpar margins. Pre-IPO (September of 2013) FireEye had a focus on growing the company for future growth. CEO David Dewalt explains, "We invested heavily on becoming a global company, things like putting human capital on locations around the world, 24x7 support, setting up our international subsidiaries to create better tax effective rates, doing things that allow us to become a strong big company." This effort of becoming a large, strong and international company raised expenses far faster than revenues. FireEye set up a sales presence in 67 countries and grew their total employees from 416 in 2012 to 2,418 in 2014. This large expense set up FireEye to succeed in the future as a cyber-security provider, not just for the United States, but for the world. It has allowed them to sustain the high revenue growths they have achieved in the past couple of years and will allow them to continue in the years to come. As sales continue to increase throughout the next couple of years revenues will become greater than expenses, improving FireEye's margins. Management is projecting operating cash flow to be positive in 2 – 4 years and operating income to be positive in 3 – 5 years.

Conclusion

FireEye Inc. is an innovative technology company operated by a management team with more than enough experience in the industry of cyber-security. With their industry leading technology they are able to answer the three questions all companies want to know: who attacked them, what was taken and what they should do next. The cyber-security industry is rapidly expanding in an attempt to protect companies against the equally rapidly expanding cyber-attacks that are occurring thousands of times a day. With the expanding and growing market, FireEye will continue to organically grow into a profitable company and continue to add value to the company and to shareholders. As cyber-crime activity continues to grow and affect more people everyday the technology and services that FireEye sells will become much more valuable. FireEye is a company that will keep corporations and their stakeholders' information safe, a cost many will become more open to paying. For these reasons, FireEye Inc. is a BUY.

CENTER FOR GLOBAL FINANCIAL STUDIES

FireEye, Inc.	feye	Analyst	Current Price	Intrinsic Value	Target Value	Divident Yield	Target Return	NEUTRAL
		Ryan Ahlers	$42.60	$43.18	$49.46	0%	16.13%	

General Info

Sector	Information Technology
Industry	Software
Last Guidance	Feb-11-2015
Next earnings date	NM

Market Data

Enterprise value	$6,228.43
Market Capitalization	$6,630.64
Daily volume	3.30
Shares outstanding	155.67
Diluted shares outstanding	142.18
% shares held by institutions	57.31%
% shares held by insiders	13.53%
Short interest	9.93%
Days to cover short interest	2.20
52 week high	$78.74
52-week low	$24.81
5y Beta	0.00
6-month volatility	56.82%

Peers	Market Cap.
Fortinet Inc.	$5,785.31
Splunk, Inc.	$7,620.17
Palo Alto Networks, Inc.	$11,923.00
Tableau Software, Inc.	$6,728.46
Proofpoint, Inc.	$2,274.52
Imperva Inc.	$1,288.18
Barracuda Networks, Inc.	$2,022.61
Qualys, Inc.	$1,579.42
Symantec Corporation	$16,220.17
Progress Software Corporation	$1,346.71

Current Capital Structure

Total debt/market cap	0.00%
Cost of Borrowing	0.00%
Interest Coverage	0.00%
Altman Z	6.27
Debt Rating	D
Levered Beta	1.41
WACC (based on market value weights)	9.37%

Management

Professional	Title	Comp. FY2012	Comp. FY2013	Comp. FY2014
DeWalt, David	Chairman and Chief Executive C	$ 7,463,188.00	$ 971,177.00	$ -
Aziz, Ashar	Founder, Vice Chairman and Ch	$ 2,387,037.00	$ 452,869.00	$ -
Sheridan, Michael	Chief Financial Officer, Principal .	$ 359,536.00	$ 715,207.00	$ -
Mandia, Kevin	Chief Operating Officer and Seni	$ -	$ -	$ -
King, Alexa	Senior Vice President, General Co	$ 654,371.00	$ 658,722.00	$ -
Williams, Jeffrey	Senior Vice President of America	$ 686,202.00	$ 869,173.00	$ -

Historical Performance

	feye	Peers	Industry	All U.S. firms
Growth	28.9%	16.2%	11.8%	6.0%
Retention Ratio	0.0%	175.5%	74.8%	57.5%
ROIC		4.0%	18.3%	12.7%
EBITA Margin	0.0%	27.9%	15.6%	13.7%
Revenues/Invested capital	20.1%	79.2%	137.2%	202.3%
Excess Cash/Revenue	#DIV/0!	17.2%	38.4%	18.5%
Unlevered Beta		0.97	1.01	0.95
TEV/REV	20.5x	4.1x	4.4x	2.4x
TEV/EBITDA		17.3x	15.6x	11.3x
TEV/EBITA		21.0x	18.7x	15.4x
TEV/UFCF		76.0x	24.0x	26.8x

Past Earning Surprises

	Revenue	EBITDA	Norm. EPS
Last Quarter	1.1%		
Last Quarter-1	-1.7%		
Last Quarter -2	4.8%		
Last Quarter -3	3.2%		
Last Quarter -4	2.0%		

Non GAAP Adjustments

Operating Leases Capitalization	100%	Straightline	10 years
R&D Exp. Capitalization	100%	Straightline	10 years
Expl./Drilling Exp. Capitalization	0%	N/A	N/A
SG&A Capitalization	50%	Straightline	10 years

Proforma Assumptions / **Forecasted Profitability**

		Period	Rev. Growth	Adj. Op. Cost/Rev	Revenue	NOPLAT	Invested capital	UFCF
Operating. Cash/Cash	0.0%	LTM	163%	51%	$425.66	-$115.74	$1,420.87	$86.81
Unlevered Beta	1.40	LTM+1Y	60%	24%	$681.06	-$64.17	$2,305.37	-$746.12
Rev/Invested Capital	79.0%	LTM+2Y	40%	23%	$953.48	$120.35	$2,854.71	-$428.99
Continuing Period Revenue Growth	3.4%	LTM+3Y	35%	23%	$1,287.20	$318.60	$3,388.22	-$214.91
Long Term ROIC	13.5%	LTM+4Y	32%	21%	$1,699.11	$551.48	$3,938.64	$1.06
Invested Capital Growth	Equals to Maintenance	LTM+5Y	26%	24%	$2,140.87	$742.93	$4,536.80	$144.78
Justified TEV/REV	4.0x	LTM+6Y	22%	26%	$2,611.87	$924.14	$5,281.92	$179.02
Justified TEV/EBITDA	15.6x	LTM+7Y	18%	28%	$3,082.00	$1,094.78	$5,950.29	$426.41
Justified TEV/EBITA	18.7x	LTM+8Y	12%	29%	$3,451.84	$1,217.64	$6,618.42	$549.51
Justified TEV/UFCF	25.0x	LTM+9Y	10%	30%	$3,797.03	$1,326.10	$7,252.95	$691.58

Valuation

	ROIC	WACC	EVA	Enterprise Value	Total Debt	Other claims	Equity	Adjusted Price
LTM	-7.1%	9.4%	-$234.48	$6,809.20	$0.00	$114.24	$6,694.96	$44.14
LTM+1Y	-4.5%	9.5%	-$322.36	$8,104.88	$0.00	$584.46	$7,520.42	$50.21
LTM+2Y	5.2%	9.6%	-$123.92	$9,597.96	$0.00	$787.96	$8,810.01	$58.44
LTM+3Y	11.2%	9.7%	$50.94	$10,941.95	$0.00	$772.70	$10,169.25	$67.34
LTM+4Y	16.3%	9.8%	$256.90	$12,186.45	$0.00	$529.91	$11,656.54	$76.89
LTM+5Y	18.9%	9.9%	$408.83	$13,317.40	$0.00	$177.61	$13,139.79	$86.71
LTM+6Y	20.4%	9.9%	$550.38	$14,485.65	$0.00	-$183.06	$14,668.70	$96.16
LTM+7Y	20.7%	10.0%	$635.36	$15,457.32	$0.00	-$654.18	$16,111.50	$105.32
LTM+8Y	20.5%	10.1%	$682.62	$16,366.60	$0.00	-$1,106.82	$17,473.42	$114.06
LTM+9Y	20.0%	10.3%	$709.73	$17,208.01	$0.00	-$1,618.66	$18,826.67	$120.94

Monte Carlo Simulation Assumptions

	Base	Stdev	Min	Max	Distribution
Revenue Variation	**0**	**10%**	**N/A**	**N/A**	**Normal**
Op. Costs Variation	**0**	**10%**	**N/A**	**N/A**	**Normal**
Market Risk Premium	**5%**	**N/A**	**5%**	**7%**	**Triangular**
Long term Growth	**3%**	**N/A**	**3%**	**29%**	**Triangular**
Terminal Value	**0**	**0.1**	**N/A**	**N/A**	**Normal**

Monte Carlo Simulation Results

	Intrinsic Value	1y-Target
Mean est.	$44.14	$50.21
σ(ε)	$0.32	$0.25
3 σ(ε) adjusted price	$43.18	$49.46
Current Price	$42.60	
Analysts' median est.		$43.35

Siena Market Line
2nd week of March 2015

NorthStar Realty Finance Corp.

NYSE: NRF

Analyst: Brian Johnke
Sector: Financials

BUY

Price Target: $24

Key Statistics as of 3/19/2015

Market Price:	$18.57
Industry:	Real Estate Investment Trust
Market Cap:	$5.75 B
52-Week Range:	$14.06-19.74
Beta:	0.96

Thesis Points:

- Expanding Healthcare Real Estate Portfolio
- Added to MSCI US REIT Index
- Spin-Off of European Investments (NRE)
- High Yield Dividend

Company Description:

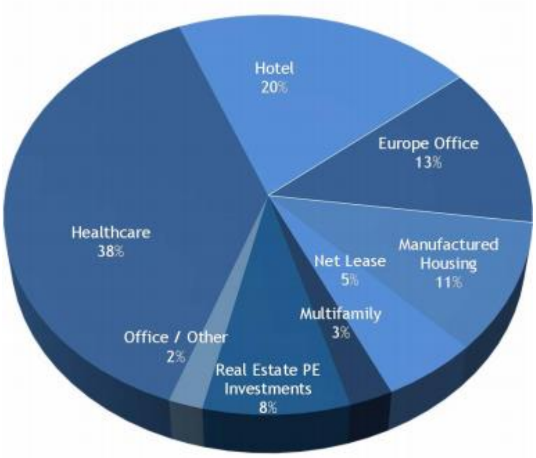
NorthStar Realty Finance Corp., a real estate investment trust (REIT), operates as a commercial real estate (CRE) investment and asset management company in the United States. It focuses on originating, structuring, acquiring, and managing senior and subordinate debt investments secured primarily by commercial, multifamily, and healthcare properties, which include first mortgage loans, subordinate mortgage interests, mezzanine loans, credit tenant loans, and other loans, such as preferred equity interests in borrowers who own such properties. The company's net lease properties primarily include office, industrial, and retail properties leased under net leases to corporate tenants; and healthcare properties focusing on mid-acuity facilities, such as skilled nursing and assisted living facilities leased under net leases to healthcare operators; and manufactured housing communities. Its asset management business focuses on commercial real estate related activities, such as sponsoring and advising its sponsored REITs; and managing and advising its collateralized debt obligation financing transactions. NorthStar Realty Finance Corp. also invests in CRE securities, including CMBS, unsecured REIT debt, and CDO notes backed primarily by CRE securities and CRE debt. The company has elected to be taxed as a REIT and it would not be subject to federal income tax, provided it distributes at least 90% of its taxable income to its shareholders. NorthStar Realty Finance Corp. was founded in 1997 and is headquartered in New York, New York. (CIQ)

Recommendation

As a diversified REIT with a high and growing dividend, NorthStar Realty Finance is a BUY with a one year target price of $24, which combined with its high yield and growing dividend of nearly 10% NorthStar Realty Finance provides a great investment opportunity. Look for advance in 2015 as it completes the spin-off of its European portfolio into a separate publicly traded REIT (NRE). Moving forward, NRF's diverse portfolio and ability to identify lucrative investment opportunities will play a key role as the company continues to grow.

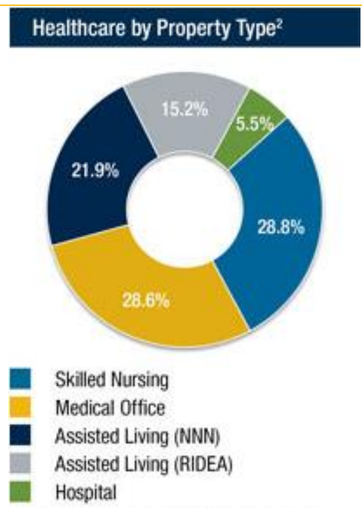
Expanding Healthcare Portfolio

NorthStar has built its healthcare real estate portfolio to 463 properties totaling nearly $5.8 billion since its inception in 2004. NorthStar's healthcare investments currently make up about 38% of its total portfolio which is by far its largest investment sector.



**NRF's Real Estate Investments by type*

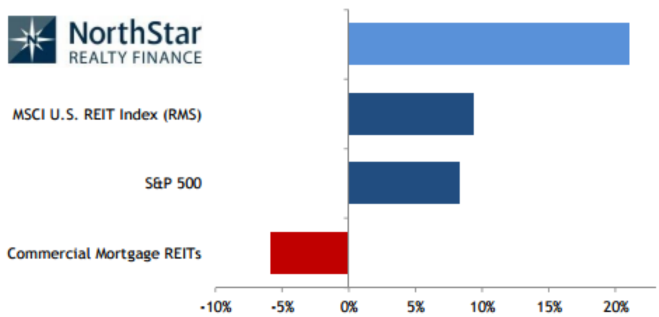
NorthStar's management team understands the tremendous opportunity that the healthcare sector presents over the next few decades and has positioned NorthStar to be able to take advantage of it. The nearly 77 million people that make up the baby boomer generation began to retire in 2011, combined with increasing life expectancies; there will be an increased need for non-acute care facilities in the coming years. NorthStar is ready to take advantage of the increased demand for non-acute care facilities by specifically targeting these kinds of investments in recent years.



On December 3, 2014 NorthStar announced the closing of a $4 billion acquisition of Griffin-American Healthcare REIT II. The acquisition includes a portfolio of 289 medical office buildings, senior housing, skilled nursing facilities and hospitals diversified across 32 states and the United Kingdom. NorthStar is well positioned to capitalize on the positive trends in the health care real estate it targets.

Added to MSCI US REIT Index

In 2014, NorthStar made the transition from a mortgage REIT to a traditional REIT. Transitional REIT's are required to have over 75% in owned real estate assets; NorthStar's current number is approximately 79%. As a result of this transition NorthStar is now a member of the MSCI US REIT Index, an index that it has outperformed by nearly 10% annually since 2004.



**Compounded annual return October 2004-March 2015*

NorthStar's addition to the MSCI index is a direct result of its Griffin-American Healthcare REIT II acquisition. As a result of this move, NorthStar should see an increase in institutional buying in the coming years.

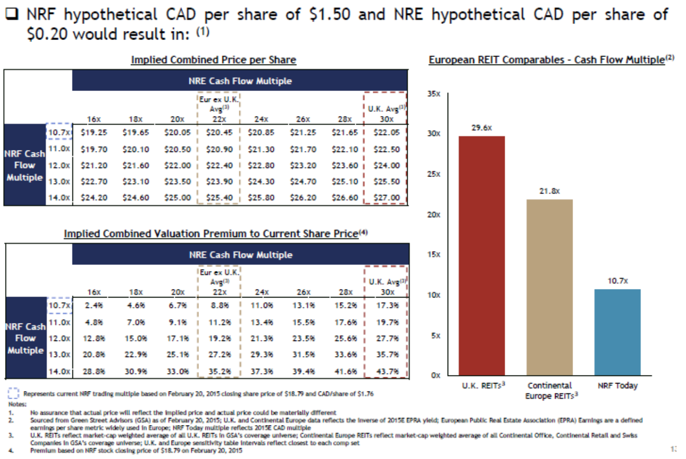
Spin-Off of European Investments (NRE)

On February 26, 2015 NorthStar announced plan to spin off its European real estate portfolio into a separate publically traded REIT. Known as NorthStar Realty Europe, the new REIT is comprised of 50 properties worth approximately $2 billion located mainly in Germany, the United Kingdom, and France.

The spinoff provides a few advantages to NorthStar investors:

- Take advantage of the opportunity in Europe
- Rid themselves of the risk in Europe

NorthStar's European portfolio is currently undervalued in comparison to European REIT's. NorthStar trades at approximately 10.7x cash flow while European Commercial REIT's trade at nearly 22x cash flow, this excludes the 30x cash flow that the average REIT in the United Kingdom trades at.



❑ NRF hypothetical CAD per share of $1.50 and NRE hypothetical CAD per share of $0.20 would result in: (1)

Implied Combined Price per Share

	NRE Cash Flow Multiple							
NRF Cash Flow Multiple	16x	18x	20x	Eur ex U.K. Avg(3) 22x	24x	26x	28x	U.K. Avg(3) 30x
10.7x	$19.25	$19.65	$20.05	$20.45	$20.85	$21.25	$21.65	$22.05
11.0x	$19.70	$20.10	$20.50	$20.90	$21.30	$21.70	$22.10	$22.50
12.0x	$21.20	$21.60	$22.00	$22.40	$22.80	$23.20	$23.60	$24.00
13.0x	$22.70	$23.10	$23.50	$23.90	$24.30	$24.70	$25.10	$25.50
14.0x	$24.20	$24.60	$25.00	$25.40	$25.80	$26.20	$26.60	$27.00

Implied Combined Valuation Premium to Current Share Price(4)

	NRE Cash Flow Multiple							
NRF Cash Flow Multiple	16x	18x	20x	Eur ex U.K. Avg(3) 22x	24x	26x	28x	U.K. Avg(3) 30x
10.7x	2.4%	4.6%	6.7%	8.8%	11.0%	13.1%	15.2%	17.3%
11.0x	4.8%	7.0%	9.1%	11.2%	13.4%	15.5%	17.6%	19.7%
12.0x	12.8%	15.0%	17.1%	19.2%	21.3%	23.5%	25.6%	27.7%
13.0x	20.8%	22.9%	25.1%	27.2%	29.3%	31.5%	33.6%	35.7%
14.0x	28.8%	30.9%	33.0%	35.2%	37.3%	39.4%	41.6%	43.7%

Represents current NRF trading multiple based on February 20, 2015 closing share price of $18.79 and CAD/share of $1.76

Notes:

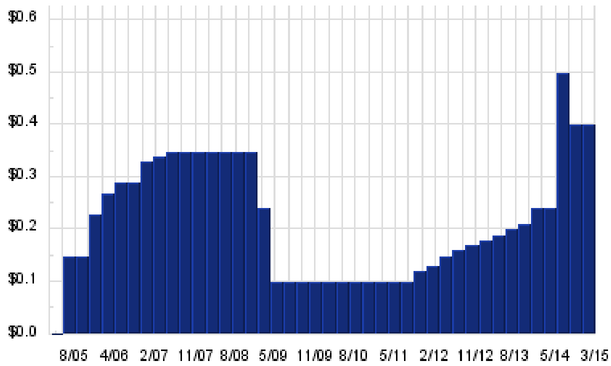
1. No assurance that actual price will reflect the implied price and actual price could be materially different
2. Sourced from Green Street Advisors (GSA) as of February 20, 2015; U.K. and Continental Europe data reflects the inverse of 2015E EPRA yield; European Public Real Estate Association (EPRA) Earnings are a defined earnings per share metric widely used in Europe; NRF Today multiple reflects 2015E CAD multiple
3. U.K. REITs reflect market-cap weighted average of all U.K. REITs in GSA's coverage universe; Continental Europe REITs reflect market-cap weighted average of all Continental Office, Continental Retail and Swiss Companies in GSA's coverage universe; U.K. and Europe sensitivity table intervals reflect closest to each comp set
4. Premium based on NRF stock closing price of $18.79 on February 20, 2015

**Potential returns based on cash flow multiples [Zoom in]*

There is no disputing the fact that the Euro's recent decline has had an effect on NorthStar's European investments, especially the value of lease payments collected. Investors that are uncertain about the future of the Euro may look towards NorthStar Realty Finance once the spinoff is complete.

High Dividend Yield

A major reason to consider an investment in NorthStar is its high yield dividend. The amount of cash distributions paid by NorthStar to shareholders has rebounded substantially since the recession starting in 2009.



**NRF historical quarterly dividend graph (2005-15)*

As an REIT, NorthStar is required to distribute at least 90% of its taxable income to shareholders annually. This means that as NorthStar grows, so will its dividend payments. On March 13, 2015 distributed $.40 to shareholders which, when annualized, provides an 8.7% return.

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NorthStar Realty Finance Corp.	nrf	Analyst	Current Price	Intrinsic Value	Target Value	Divident Yield	Target Return	BULLISH
		Brian Johnke	$18.75	$24.01	$23.22	10%	33.42%	

General Info

Sector	Financials
Industry	al Estate Investment Trusts (REI
Last Guidance	(Invalid Identifier)
Next earnings date	5/1/2015

Market Data

Enterprise value	$0.00
Market Capitalization	$4,487.91
Daily volume	1.70
Shares outstanding	309.47
Diluted shares outstanding	197.99
% shares held by institutions	63.80%
% shares held by insiders	0.79%
Short interest	1.56%
Days to cover short interest	0.81
52 week high	$35.86
52-week low	$15.95
5y Beta	2.10
6-month volatility	19.84%

Peers	Market Cap.
New Residential Investment Corp.	$2,168.20
Chimera Investment Corporation	$3,309.44
MFA Financial, Inc.	$2,985.12
Starwood Property Trust, Inc.	$5,423.08
Two Harbors Investment Corp.	$3,922.83
CYS Investments, Inc.	$1,492.45
Annaly Capital Management, Inc.	$10,159.09
PennyMac Mortgage Investment Tr	$1,585.57
Redwood Trust, Inc.	$1,541.73
New York Mortgage Trust Inc.	$843.39

Current Capital Structure

Total debt/market cap	#DIV/0!
Cost of Borrowing	0.00%
Interest Coverage	
Altman Z	
Debt Rating	D
Levered Beta	0.64
WACC (based on market value weig	6.26%

Management

Professional	Title	Comp. FY2012	Comp. FY2013	Comp. FY2014
Hamamoto, David	Chairman and Chief Executi	$ 13,849,831.00	$ 18,464,876.00	$ -
Tylis, Albert	President	$ 8,627,049.00	$ 12,546,618.00	$ -
Hess, Debra	Chief Financial Officer and F	$ 2,698,462.00	$ 3,649,374.00	$ -
Gilbert, Daniel	Chief Investment & Operatir	$ 8,627,049.00	$ 12,478,271.00	$ -
Lieberman, Ronald	Executive Vice President, G	$ 1,110,799.00	$ 2,042,280.00	$ -
Raffe, Daniel	Executive Vice President	$ -	$ -	$ -

Historical Performance

	nrf	Peers	Industry	All U.S. firms
Growth	20.3%	24.3%	53.1%	6.0%
Retention Ratio	523.6%		361.3%	61.6%
ROIC			15.8%	11.8%
EBITA Margin	13.1%	#VALUE!	#DIV/0!	13.7%
Revenues/Invested capital	11.9%	4.3%	2.7%	202.3%
Excess Cash/Revenue	#VALUE!	212.1%	8.9%	18.5%
Unlevered Beta	0.31	0.17	0.46	0.95
TEV/REV		0.0x		2.4x
TEV/EBITDA				11.3x
TEV/EBITA				15.4x
TEV/UFCF				26.8x

Past Earning Surprises

	Revenue	EBITDA	Norm. EPS
Last Quarter	27.7%	0.0%	
Last Quarter-1	40.0%	0.0%	
Last Quarter -2	9.5%	0.0%	-79.5%
Last Quarter -3	3.9%	0.0%	-40.0%
Last Quarter -4	5.8%	0.0%	2.0%

Non GAAP Adjustments

Operating Leases Capitalizatic	100%	Straightline	10 years
R&D Exp. Capitalization	100%	Straightline	10 years
Expl./Drilling Exp. Capitalizatio	0%	N/A	N/A
SG&A Capitalization	0%	N/A	N/A

Proforma Assumptions / **Forecasted Profitability**

		Period	Rev. Growth	Adj. Op. Cost/Rev	Revenue	NOPLAT	Invested capital	UFCF
Operating. Cash/Cash	25.0%	LTM	106%	79%	$734.76	-$128.50	$11,347.88	-$128.50
Unlevered Beta	0.31	LTM+1Y	186%	89%	$2,101.27	-$31.84	$12,374.47	-$1,058.42
Rev/Invested Capital	12.0%	LTM+2Y	33%	76%	$2,792.88	$542.24	$12,778.87	$137.84
Continuing Period Revenue Gro	20.0%	LTM+3Y	27%	68%	$3,557.84	$822.46	$13,280.87	$320.46
Long Term ROIC	10.9%	LTM+4Y	30%	66%	$4,608.27	$941.12	$13,992.03	$229.96
Invested Capital Growth	Equals to Maintenance	LTM+5Y	25%	65%	$5,761.60	$1,055.27	$14,889.64	$157.66
Justified TEV/REV	5.0x	LTM+6Y	23%	65%	$7,099.64	$1,215.79	$16,079.93	$25.50
Justified TEV/EBITDA	13.0x	LTM+7Y	22%	65%	$8,668.21	$1,425.58	$17,459.76	$45.75
Justified TEV/EBITA	15.0x	LTM+8Y	21%	65%	$10,517.51	$1,687.37	$18,992.09	$155.05
Justified TEV/UFCF	25.0x	LTM+9Y	21%	65%	$12,703.84	$2,005.60	$20,850.91	$146.77

Valuation

	ROIC	WACC	EVA	Enterprise Value	Total Debt	Other claims	Equity	Adjusted Price
LTM	-1.1%	6.3%	-$839.43	$18,911.59	$9,975.38	$1,030.92	$7,905.29	$24.97
LTM+1Y	-0.3%	6.2%	-$802.86	$20,052.95	$11,643.85	$1,328.57	$7,080.54	$23.97
LTM+2Y	4.4%	5.9%	-$189.30	$22,382.75	$12,476.79	$1,341.17	$8,564.79	$28.40
LTM+3Y	6.4%	5.9%	$74.61	$23,514.04	$12,538.24	$1,353.51	$9,622.29	$32.04
LTM+4Y	7.1%	5.6%	$211.56	$24,479.63	$12,538.24	$922.76	$11,018.63	$36.97
LTM+5Y	7.5%	5.6%	$289.80	$25,577.76	$12,538.24	$15.62	$13,023.90	$43.65
LTM+6Y	8.2%	5.4%	$442.56	$26,774.13	$12,538.24	-$913.38	$15,149.27	$50.39
LTM+7Y	8.9%	5.3%	$626.89	$28,168.27	$12,538.24	-$1,664.31	$17,294.34	$57.66
LTM+8Y	9.7%	5.3%	$820.39	$29,618.61	$12,538.24	-$2,860.49	$19,940.87	$66.44
LTM+9Y	10.6%	5.3%	$1,095.93	$31,022.08	$12,538.24	-$4,438.20	$22,922.05	$74.07

Monte Carlo Simulation Assumptions

	Base	Stdev	Min	Max	Distribution
Revenue Variation	**0**	**10%**	**N/A**	**N/A**	**Normal**
Op. Costs Variation	**0**	**10%**	**N/A**	**N/A**	**Normal**
Market Risk Premium	**6%**	**N/A**	**5%**	**7%**	**Triangular**
Long term Growth	**20%**	**N/A**	**3%**	**53%**	**Triangular**
Terminal Value	**0**	**0.1**	**N/A**	**N/A**	**Normal**

Monte Carlo Simulation Results

	Intrinsic Value	1y-Target
Mean est.	$24.97	$23.97
σ(ε)	$0.32	$0.25
σ(ε) adjusted pric	$24.01	$23.22
Current Price	$18.75	
nalysts' median est.		$22.46

Perion Network Ltd

NASDAQ:PERI

Analyst: Sofian Belhadj
Sector: Technology

BUY

Price Target: $5.3

Key Statistics as of 3/18/2015

Market Price:	$3.24
Industry:	Business Software & Services
Market Cap:	$226.5 M
52-Week Range:	$3.11-11.86
Beta:	2.36

Thesis Points:

- A shift from desktop advertising to mobile advertising automated
- Expected revenue greater than estimated
- A worldwide presence diversity the risk

Company Description:

Perion Network Ltd., a digital media company, provides products and services to consumers focusing on second wave adopters. The company's products include IncrediMail, a communication client, which is used for managing email messages and Facebook feeds, and offers various graphic and personalizing capabilities, as well as Molto, an email application for the iPhone; Smilebox, a Internet photo sharing and social expression for desktops and smart-phones; and Sweet IM, an instant messaging application. It also offers CodeFuel solution, which provide publishers and developers monetization opportunities through DisplayFuel, a browser extension that offers recommendations, deals, coupons, and relevant content to users as they browse online, as well as through InstallFuel platform, offers developers the ability to incorporate ads into the download and installation process of their software. In addition, the company operates ClientConnect, a cloud-based platform, which allows online publishers to create, implement, and distribute Web browser toolbars and other monetization tools and services to targeted audiences. The company is headquartered in Tel Aviv, Israel.

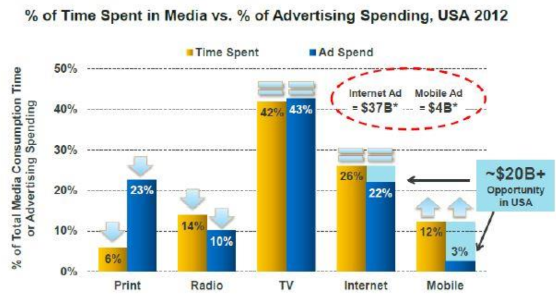
Thesis

Perion challenge is to be able to fight competitors that are bigger in size and also in market shares.

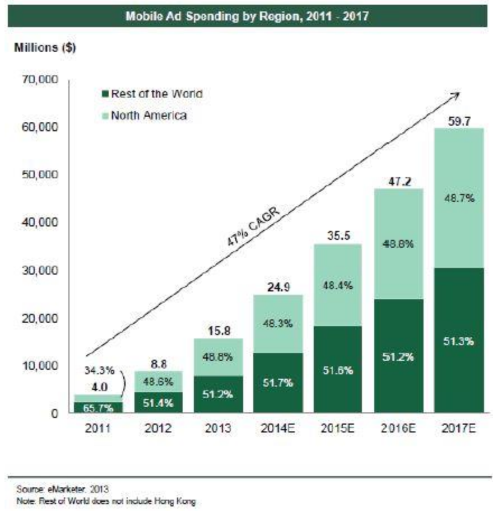
Perion is able to control 2% of the US search market for desktop search, which is lower than google with 67% of the market share and Microsoft with Bing has 18% of the market share. The potential of PERI are enormous considering the changement of business model that would be effective on the next two quarter of 2015. The mobile advertising business automatized to reach customers that is the right user is growing with the growing data possibly and a significant growth opportunity and leverage core competencies that Perion concentrate with acquisition of two companies for the past year. It is an opportunity for investors to enter in a position in a multibillion dollar business when the mobile advertising platform would effective for PERI in the mid-2015 and 2016.

Macro overview Mobile advertising

The mobile advertising is an industry that is growing at fast pace since the mutation from desktop to mobile started with the introduction of smartphone. The important input is the times spent on the device versus the money spend on coverage of the media. As an example the TV commercial represent 43% of time spent by household and also 43% on the advertising budget.

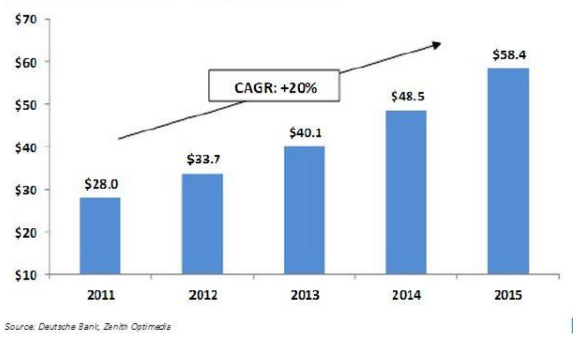


As a comparison the advertiser spend 3% of the total budget spent on advertising for a 12% of time spent in 2012. The advertising on mobile has the potential just in the US to reach $20B.The forecast of the mobile ad spending is expected to grow at a 47% per year until 2017 for worldwide spending budget.



The specificity on the business is complicated because advertiser to be effective have to match with their client preference, in other world the objectives is to 'Put the right ad in front of the right user at the right user at the right time automatically. The companies on this industry are competing with their algorithm for which has the best conversion rate for seeing the ad to purchasing the item. The advertising on mobile display witch is the automatic marketing had grown at a 20% per year CAGR from 2011-2015.

Figure 1: Global Display Advertising Spend, $B



The mobile display advertising is the fastest growing segment on the display Ad market. Despite a research report from the Deutsche Bank It was a $5B market in 2013 and is expected to reach $14B in 2016 with a 59% CAGR.

Management

Perion management has proven to be effective in the past years when they decided to stop the dividend distribution that lead them to have a build up in cash that enable to make crutial acquisition because they look forward on the advertising business. The management is focusing on their mutation phase, they started cutting their cost by reducing their staff in a shrinking business with desktop business mostly controled by google and miscrost. A reduction on 20 % on their staff that accrued a $4 million one timer expense with the reorganization. The mangement is also drastically reducing their marketing expanse for the next 2 years. Despite the management the company is experiency economy of scale with the acquisition of GrowmobileINC San Francisco company and Makemereach SAS a a French company. The CEO bought $50,000 in 2014 at $7.40 and in the earnings call says that it would happen again. The management looks confident about the future transformation of their business model and especially because they have a vision to aggressively enter into the mobile advertising business.

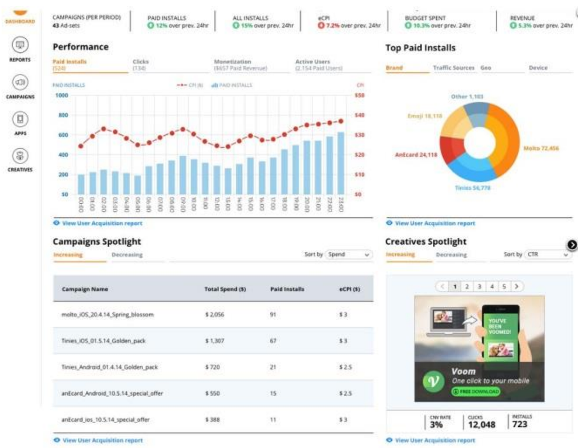
Ownership

The director EREZ DROR own 13.79% of the total shares, he is the founder of the largest internet company in Israel. Ronen Shilo who is an Israeli entrepreneur who is considered as an innovator and software technologist own 13.93% of the total shares. Benchmark Capital is an American venture capital firm responsible for the early stage funding of several successful startups including Twitter, Uber, Snapchat, and Instagram own 13.64% of the company. Rinat Zack and Rinat Jacques who is also an entrepreneur who created Model N (NYSE:MODN) own 9.18% respectively.

The owners of PERI seems very establish investors had worked on software technology or the technology business and did not sell any shares since their acquisition.

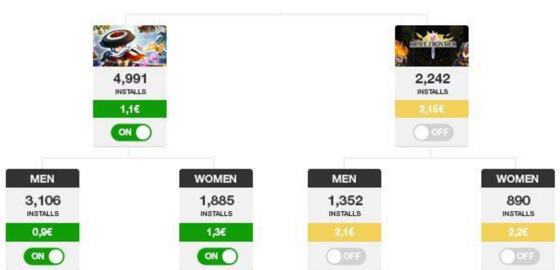
A shift from desktop advertising to mobile advertising automated:

The business model will expand into mobile which is different from the advertising technology used on PC. It would require a different approach of the business, in order to run a campaign a brand need single point's solutions and used around 12 different systems. The results are poor campaign performance and a low ROI. Perion acquired GrowMobile to solve the problem of mobile advertising that provide an end to end solution for running advertising campaign and measure the analytics and technical integration. With GrowMobile, data from all traffic sources and campaigns is compiled in easy-to-understand graphs and tables, enabling immediate analysis and effective action. The objective it to scale the campaign and make it flexible witch mean that advertisers could adapt easily in function of their changing need. The GrowMobile platform enables Perion to retarget high quality users when needed without using any other external source. The technology is well managed by PERI and is easily visible with graphs table to make intelligent decision for company. The result was a dashboard that brings in 75+ different marketing sources, including ad networks, ad exchanges and more, where app publishers can plan their media campaigns, spend their marketing budgets and then track the results.



The beta version of the 'self-serve advertising platform' had been launched and the final version is expected to be available in the coming months. Peri

The second acquisition is MakeMeReach a French premium social advertising startup that had doubled its revenue year to year in 2014. The company enables PERI to have strong European presence with Facebook, twitter marketing. The objective of MakemeReach is to simplify the creation process to the management of a campaign on the major social media.



The objectives are simplified and have a clear view of what is happening with the advertising campaign. The advantage is that specific data of customers that convert the most which mean most reactive to the campaign that can be converted into a profitable target. The time frames of the campaign are also computed in order for marketer to boost the campaign performance.

The two company acquired already have $80 million in managed revenues and are key to the success of the shift from desktop to mobile for Perion.

Expected Revenue greater than estimated

Perion has been moving away from its previous business model of working with search engines, especially Google, to distribute software for desktop, and moving towards optimizing mobile campaigns. PERI was very dependent on Google which had changed their policy multiple times and for that reason Perion had been on trouble with google search engine. Chrome made significant change that despite Perion passed the issue with Google but also with Microsoft and are now working together with the search protection mechanism. The company's stock had decreasing since the market was wrong about a thesis: Google search engine change their policy but it was only in Google Chrome. The current environment is positive for Perion in the next coming quarter because the previous news had damaged PERI core business.

The management lowered their expectation on revenue saying that it would be lower by $7 million to $10 million with an unchanged EBITDA. Currently the company's EV/EBITDA is trading at 1.5x compared to 16.5x for its peers. The company's P/V is trading at 0.9x compared to 4.7x for its peers. Perion EBITDA Margin is about 26% compared with the peers that have an average of 20%. The EBIT/Interest Expense of PERI is 27.4x compared with only 9.1x for the company peers. The Altman Z score of Perion is 8.45 which are very far from the possibility of bankruptcy compared with 3.16 for the average peers. Most of the multiple that depict Perion are showing that the company is unevaluated compared to its peers.

A global presence to diversify the risk

The company is power to be a leader in the mobile advertising business because Perion has the advantage of having workforce around the world that is targeting clients in France and Spain, Italy, Germany, and a little bit of Scandinavia and UK is probably, from a client basis, 50%-plus of our clients. The Asia-Pacific represents about 10% that has the potential to reach the level of Europe. The US market is representing 30% to

40% of the revenues. The company has the potential to grow domestically in the US with the acquisition of a San Francisco company and also in Europe with the acquisition of a Paris based company. The company is in line with their shift from desktop to mobile by having an allocation of revenue internationally that have a potential to continue growing.

Conclusion

Perion is an undervalued company that is in total mutation in term of business model. The company is very strong concerning their fundamental even if for the moment the market is not understanding that the Q1 could potentially see a reduce amount in term of benefit. The potential for investors are very interesting when we know that most of the owner of the stock are people that worked on the technological business and are entrepreneur that know the hidden potential of the company. The management has the capacity to perfectly integrate the company into the mobile market advertising and have dominant market share that clearly indicate confidence.

Valuation

The valuation of Perion has been made using a proforma that is presented on the last page of this report.

Revenue growth for FY2015 has been estimated at -44.8%, FY2016 has been estimated at 10% in line with consensus estimations, and rapidly decremented by 2% year after year to a long term growth
of 3% this growth is considered conservative regarding the company's growth potential over next years and according to its business remodeling and Investments in new businesses.

Operating costs over revenues have been increased from 74.1% for FY2014 to 74.5% by 0.5% increments. This increase is also conservative regarding the company's initiatives put in place to gain in productivity and economy of scale made with two acquisitions.

The 10 year median for the company is 74.1% but has been accounted at a long term level of 80%. Return on Invested Capital is expected to be 16.4% during FY 2015 compared to a Weighted Average Cost of Capital of 10.7% leading to an Economic Value Added spread of 5.7%.

All these assumptions are considered conservative regarding company's potential and leads to a 1 year target price of $5.3, representing an upside potential of 62% based on current market price.

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Perion Network Ltd.	PERI	Analyst	Current Price	Intrinsic Value	Target Value	Divident Yield	Target Return	BULLISH
		Sofian Belhadj	$3.25	$5.15	$5.26	0%	61.97%	

General Info

Sector	Information Technology
Industry	Internet Software and Services
Last Guidance	Feb-25-2015
Next earnings date	NM

Peers

Peers	Market Cap.
Blucora, Inc.	$591.85
Rocket Fuel Inc.	$413.41

Management

Professional	Title	Comp. FY2012	Comp. FY2013	Comp. FY2014
Horowitz, Corey	Chairman and Chief Executive C	$ 1,026,000.00	$ 1,128,500.00	$ 1,370,400.00
Kahn, David	Chief Financial Officer, Secretary a	$ 193,000.00	$ 185,000.00	$ 212,830.00
Greene, Jonathan	Executive Vice President and Me	$ 294,000.00	$ 253,000.00	$ 254,160.00
Olsen, Robert	0	$ -	$ -	$ -
Ranum, Marcus	Other Professional	$ -	$ -	$ -

Market Data

Enterprise value	$152.75
Market Capitalization	$228.93
Daily volume	0.08
Shares outstanding	70.66
Diluted shares outstanding	70.33
% shares held by institutions	10.98%
% shares held by insiders	36.90%
Short interest	0.21%
Days to cover short interest	1.29
52 week high	$11.77
52-week low	$3.11
5y Beta	0.00
6-month volatility	54.36%

Current Capital Structure

Total debt/market cap	26.19%
Cost of Borrowing	0.00%
Interest Coverage	2742.97%
Altman Z	8.45
Debt Rating	AAA
Levered Beta	1.66
WACC (based on market value weights)	10.43%

Historical Performance

	PERI	Peers	Industry	All U.S. firms
Growth		21.7%	12.4%	6.0%
Retention Ratio	0.0%	462.2%	84.0%	61.6%
ROIC			16.0%	11.8%
EBITA Margin	0.0%	10.6%	14.1%	13.7%
Revenues/Invested capital	149.3%	81.9%	132.0%	202.3%
Excess Cash/Revenue	#DIV/0!	96.5%	54.8%	18.5%
Unlevered Beta		1.30	1.14	0.95
TEV/REV	0.6x	7.8x	3.9x	2.4x
TEV/EBITDA	2.5x	101.0x	16.7x	11.3x
TEV/EBITA	3.1x	110.2x	19.9x	15.4x
TEV/UFCF		201.0x	30.5x	26.8x

Past Earning Surprises

	Revenue	EBITDA	Norm. EPS
Last Quarter	6.6%	65.9%	92.9%
Last Quarter-1	3.4%	9.1%	40.7%
Last Quarter -2	-2.4%	9.2%	0.0%
Last Quarter -3	9.1%	29.7%	17.6%
Last Quarter -4	4.5%	0.0%	44.1%

Non GAAP Adjustments

Operating Leases Capitalization	100%	Straightline	10 years
R&D Exp. Capitalization	100%	Straightline	10 years
Expl./Drilling Exp. Capitalization	0%	N/A	N/A
SG&A Capitalization	0%	N/A	N/A

Proforma Assumptions

Operating. Cash/Cash	0.0%
Unlevered Beta	1.50
Rev/Invested Capital	132.0%
Continuing Period Revenue Growth	3.0%
Long Term ROIC	11.9%
Invested Capital Growth	Equals to Maintenance
Justified TEV/REV	3.9x
Justified TEV/EBITDA	16.7x
Justified TEV/EBITA	19.9x
Justified TEV/UFCF	30.5x

Period	Rev. Growth	Adj. Op. Cost/Rev	Revenue	NOPLAT	Invested capital	UFCF
			Forecasted Profitability			
LTM	0%	61%	$388.73	$88.09	$260.43	$88.09
LTM+1Y	-45%	55%	$214.58	$42.62	$305.52	-$2.47
LTM+2Y	10%	57%	$236.04	$40.57	$337.60	$8.49
LTM+3Y	8%	59%	$254.92	$39.12	$366.68	$10.03
LTM+4Y	6%	61%	$270.22	$37.77	$392.56	$11.89
LTM+5Y	4%	62%	$281.02	$36.23	$415.08	$13.71
LTM+6Y	3%	63%	$289.46	$34.82	$434.03	$15.87
LTM+7Y	3%	64%	$298.14	$33.96	$449.16	$18.82
LTM+8Y	3%	65%	$307.08	$33.39	$462.20	$20.35
LTM+9Y	3%	65%	$316.30	$33.12	$472.87	$22.45

Valuation

	ROIC	WACC	EVA	Enterprise Value	Total Debt	Other claims	Equity	Adjusted Price
LTM	33.8%	10.4%	$60.91	$341.89	$40.00	-$116.18	$418.07	$5.90
LTM+1Y	16.4%	10.7%	$17.27	$325.83	$40.00	-$128.01	$413.84	$6.01
LTM+2Y	13.3%	10.8%	$8.24	$340.08	$40.00	-$160.41	$460.49	$6.69
LTM+3Y	11.6%	11.0%	$2.31	$359.58	$40.00	-$199.03	$518.61	$7.53
LTM+4Y	10.3%	11.1%	-$3.05	$381.36	$40.00	-$241.29	$582.65	$8.45
LTM+5Y	9.2%	11.2%	-$8.15	$405.24	$40.00	-$285.26	$650.50	$9.44
LTM+6Y	8.4%	11.3%	-$12.65	$431.32	$40.00	-$330.10	$721.42	$10.43
LTM+7Y	7.8%	11.4%	-$16.12	$460.22	$40.00	-$375.77	$795.99	$11.49
LTM+8Y	7.4%	11.5%	-$18.91	$491.32	$40.00	-$422.22	$873.54	$12.60
LTM+9Y	7.2%	11.6%	-$21.10	$524.45	$40.00	-$469.45	$953.90	$13.50

Monte Carlo Simulation Assumptions

	Base	Stdev	Min	Max	Distribution
Revenue Variation	**0**	**10%**	**N/A**	**N/A**	**Normal**
Op. Costs Variation	**0**	**10%**	**N/A**	**N/A**	**Normal**
Market Risk Premium	**6%**	**N/A**	**5%**	**7%**	**Triangular**
Long term Growth	**3%**	**N/A**	**3%**	**22%**	**Triangular**
Terminal Value	**0**	**0.1**	**N/A**	**N/A**	**Normal**

Monte Carlo Simulation Results

	Intrinsic Value	1y-Target
Mean est.	$5.90	$6.01
σ(ε)	$0.25	$0.25
3 σ(ε) adjusted price	$5.15	$5.26
Current Price	$3.25	
Analysts' median est.		$6.50

REX American Resources Corp.

NYSE: REX

Analyst: Benjamin Lunaud
Sector: Energy

BUY

Price Target: $77

Key Statistics as of 3/19/2015

Market Price:	$58.65
Industry:	Renewable Energy
Market Cap:	$ 469.4 M
52-Week Range:	$51.12-110.65
Beta:	3.06

Thesis Points:

- Change in commodity prices should lead to a higher stock price
- New technologies allow reduced costs
- REX should continue to outperform its competitors
- Multiples and the share repurchase program show that REX is undervalued

Company Description:

REX American Resources Corporation, through its subsidiaries, produces and sells ethanol. The company operates in two segments, Alternative Energy and Real Estate. The Alternative Energy segment is engaged in the production of ethanol, dried and modified distillers grains, and non-food grade corn oil. Its dry distiller grains with solubles are used as proteins in animal feed. The Real Estate segment is involved in leasing real estate properties. The company was formerly known as REX Stores Corporation and changed its name to REX American Resources Corporation in 2010. The company was founded in 1980 and is based in Dayton, Ohio.

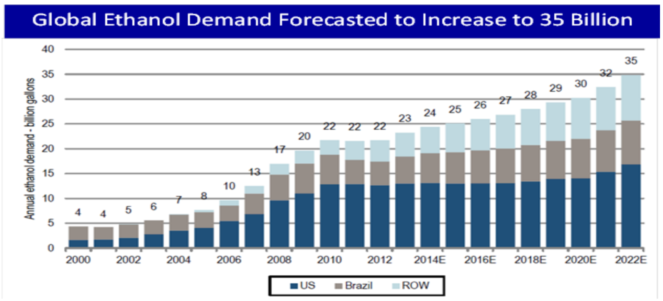
Thesis

Rex American Resources lost almost half of its value in less than seven months and is now undervalued. The stock has been oversold because of low oil prices as it is a substitute for ethanol. A possible increase in oil prices would increase REX's return to investors making the company a possible long term investment opportunity. An increase in ethanol prices (lowest price in 5 year) will increase the company's revenues. REX has been investing in new technologies allowing costs reduction; margins should increase, therefore increasing the value of the company. In addition, insiders' ownership is 16%, meaning that they are involved in REX American Resources and have an incentive to lead the stock price to increase. Recent shares repurchase from the company as an investment is a proof that the company believes that the stock is undervalued.

Industry Overview

Demand for ethanol is increasing through the years as it has a positive impact on the US economy and on the environment. The ethanol industry produced approximately 14.3 billion gallons in 2014, thereby reducing the U.S. reliance on foreign oil. As a consequence, it helps the U.S balance of trade and helps the U.S to move towards energy independence. There are several national benefits; government payments to corn growers have fallen from almost $9 billion in 2006 to less than $2 billion in 2013, a decrease of 78%. Ethanol production generates higher tax so more revenues for the U.S. The production added over $53 billion to the U.S. GDP and increased household income by almost $27 billion. Also, farm states are less impacted by challenged economic environments. Ethanol estimated to have supported over 379,000 jobs from agriculture to manufacturing to the service sector. On a life cycle basis, corn-based ethanol reduces greenhouse gas emissions (GHGs) by almost 34% compared to gasoline; 14.3 billion gallons of ethanol reduced GHG emissions by 39.6 million metric tons.

As a consequence, ethanol demands has been increasing and in expecting to do so. The graph on the top right corner shows that by 2018, Ethanol demand should increase from 24 billion gallons in 2014 to 28 billion gallons in 2018, a 17% increase. By 2022, the demand for ethanol should increase at a 5% annual rate.



Stock Price Catalyst

The increase in ethanol demand should lead to a higher ethanol price, meaning a substantial increase in revenue for REX. In addition, REX and other competitors decided to cut ethanol production for an undetermined period. There is already an excess ethanol production. The low ethanol price makes the production too costly for REX and its competitors, reducing their margins. A lower production will reduce REX costs, and increase ethanol prices at the same time. As a result, a higher demand and lower supply should increase ethanol price

which is at a 5 year low (graph above), increasing REX's revenues faster than expected. Also, by reducing its costs, the company will be able to increase its margins and create value to the company.

The graph below shows that oil prices and REX stock price are highly positively correlated. Indeed, oil is a

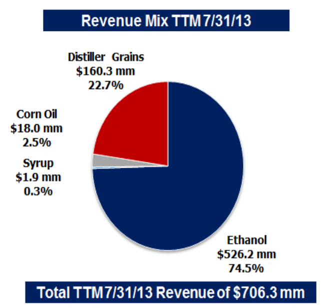
substitute for ethanol. REX has been oversold because of the free fall in oil prices. However, REX performances are not impacted by the oil price. Despite a decrease in commodity prices, the company has been able to triple its net margins in the last quarter. A sustained fuel price increase (which is at its lowest level since 2009) would cause the market to reverse its sentiment and become bullish on the corn ethanol industry.

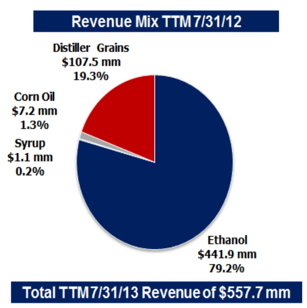
Finally, corn prices are at their lowest level since 2010. REX is able to generate revenue from distiller grains coming from ethanol production. These revenues allow the company to have roughly 30% of their production costs to come back. Therefore, a higher corn price would allow increased revenue from distiller grains, meaning a lower cost of production.

With these three commodity prices at 4-5 years low, REX has been able to increase its revenues, decrease its costs, and triple its net margin and EBITDA margin in a challenging market, outperforming its competitors. An increase in commodity prices should increase the company's margins even faster, as revenues are expected to grow by more than 200% (with existing commodity prices), and costs are expecting to be reduced.

Technology

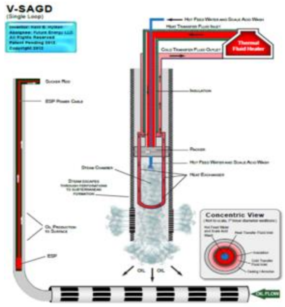
REX's investments in technology (providing a better efficiency in Ethanol production) allow the company to increase its return on investments and return on invested capital faster than its competitors. REX utilizes a state-of-the-art ethanol production technology. All plants are highly efficient Fagen, Inc. (Fagen is the largest, most respected green energy design-builder in the U.S.constructed) utilizing ICM, Inc. technology. This allows maximized ethanol plant returns by running plants efficiently, often above nameplate capacity. It allows avoiding waste in the production process by producing distillers grains as animal feed. Finally, it





allows the production of corn oil. The charts above show that revenue from distiller grains increased by 49% from 2012 to 2013 thanks to this technology.

Future investments are expected to generate even more returns. Most of the world's oil reserves are in the form of heavy oil in deposits at depths below 2,000 feet.



Current methods are limited by the heat losses on the surface and in the well bore as the steam is sent down the injection well. For any particular heavy oil reservoir and price of oil, there is a maximum depth of the reservoir that can be economically exploited. REX invested in patented technology with potential to steam oil at depths currently unattainable. New downhole steam generator technology seeks to create steam at depths below 2,000 feet to produce deep heavy oil. This represents a modest investment for a high potential return. REX has invested almost $1.3M (through 10/31/14) for 60% equity stake in technology developer, to secure patents, and to pursue commercialization of the downhole steam generation technology. This technology should reduce their costs of production, meaning a possible increase in margins for REX.

REX vs competitors

REX main competitors are Pacific Ethanol, inc (PEIX) and Green Plains, inc (GPRE). REX is doing better than its competitors and its industry average over the last few years. REX has some competitive advantages: it has advanced technologies; is align with farmers, farm cooperatives and farming communities as co-investors and owners of ethanol production facilities. This facilitates access to grain supply and allows local community support. REX plants are in the best locations, are close to rail access and feedstock. So REX is expected to substantially outperform its industry.

Even if their competitor's margins have been dramatically impacted by low ethanol prices, REX's net margins and EBITDA margin have nearly triple in the last quarter. EBITDA margin is 22.7% in the first quarter of 2014 compared to 10% for PEIX and GPRE. LTM EBITA 1 year growth was 263% for REX compared to a median of 73.36% for its overall competitors. Net income margins grew by 500% from 2014 to 2015, significantly more than the competitors' median of 89.72% over the same period. The company's last ROIC was 50.4%, higher than the peers' ROIC of

2.34%. Concerning the debt, REX has a negative net debt of $131 million and a TIE of 45x, more than 6 times its peers'.

Overall, REX did better than its industry average over the last few years in term of debt management, liquidity and profitability.

Undervalued

REX lost almost half of its value in less than 7 months and recently underperformed its competitors' stock prices. Concerning the last quarter, REX sales declined from $166.2 million to $138.5 million, a decrease of 17%, reflecting lower ethanol and drilled distiller grain pricing. However, gross profit for the quarter doubled from $18 million to $36.5 million. REX just completed its best quarter in earning per shares with a record of $2.86. Also, REX reported record third quarter net income of $23.3 million. By having competitive advantages and performing better than its peers in a challenging environment, REX should beat analyst estimates expectations for the next quarters.

By looking at multiples and doing relative valuation, we can conclude that REX is undervalued compared to its peers. REX P/E ratio is 6.08x compared to 17.74x for the industry average. The median P/E is 9.82x for its peers. NTM EPS is $8.69, as a consequence, the target price of REX is 8.69*9.82=$85. Then, if REX returns to its P/E historical median of 9.4x, the company target price would be 9.4*$8.69=$82. Finally by being conservative and considering no increase in margins, NTM EBITDA would be $134 million. The median NTM EV/EBITDA is 6.12x: as a result, the implied enterprise value is $134*6.12= $820 million. By adding the cash ($164.3 million) and deducting the debt ($33.5 million), the implied equity value is $950.88. Therefore, the target price is $118.86.

REX is substantially undervalued compared to its peers.

Ownership and share repurchases

Insiders have 17% ownership in the company. This is an important percentage meaning that they have a high incentive to increase the share price. Also, the company announced in their last earning calls that they were allowed to purchase an additional 500,000 shares, bringing the total authorization to 601,096 shares. This represents an investment for the company and proves that REX considers that its stock is undervalued. At the announcement of the stock repurchase, the price was at $65.

Conclusion

As a result, REX's the 1 year target price is $77 per share, a potential upside of 31%. Revenue is the most important driver of value creation for the years to come. ROIC is expected to grow as well with the capital invested in new technologies. REX has been outperforming its competitors despite low commodity prices. An increase of commodity prices could generate substantial additional revenue for the company. REX is mainly focused on reinvesting its free cash flows in the company and investing in new plants. The stock price of $58.65 per share is considered undervalued. The recommendation is a **buy.**

Siena Market Line

2nd week of March 2015

REX American Resources Corporation	rex	NAME HERE	Current Price: 61.68	Lower Bound Intrinsic Value: $77	Lower Bound 1y-Target: $76.5	Dividend Yield: 0%	24.03%

General Info

Sector	Energy
Industry	Oil, Gas and Consumable Fuels

Description: REX American Resources Corporation, through its subsidiaries, produces and sells ethanol. The company operates in two segments, Alternative Energy and Real Estate. The Alternative Energy segment is engaged in the production of ethanol, dried and modified distillers grains, and non-food grade corn oil. Its dry distiller grains with solubles are used as proteins in animal feed. The Real Estate segment is involved in leasing real estate properties. The company was formerly known as REX Stores Corporation and changed its name to REX American Resources Corporation in 2010. The company was founded in 1980 and is based in Dayton, Ohio.

Market Data

Enterprise value	$406.81
Market Capitalization	$933.35
Daily volume	0.85851
Shares outstanding	8.00
Diluted shares outstanding	8.16
% shares held by institutions	77.0%
% shares held by insiders	15.8%
Short interest	19.1%
Days to cover short interest	9.36
52 week high	$110.65
52-week low	$51.12
5y Beta	1.52
6-month volatility	51.28%

Peers

Symbol	NAME	Market Cap	TEV/EBITDA	P/B	EBITDA Margin	Total Debt/TEV	EBIT/Int. Exp.	Altman Z
NasdaqCM:PEIX	Pacific Ethanol, Inc.	$269.40	2.4x	1.2x	10%	16%	9.8x	4.92
NasdaqGS:GPRE	Green Plains Inc.	$1,045.91	3.9x	1.3x	10%	52%	6.9x	3.42
NasdaqGM:AMTX	Aemetis, Inc.	$81.63	5.6x	NM	14%	50%	1.5x	2.47
RTS:ORFE	Orsknefteorgsintez Ope	$205.60	17.4x	1.3x	12%	2194%	23,358.5x	1.55
SASE:2380	Rabigh Refining & Petro	$20,323.20	11.7x	2.1x	6%	52%		
WSE:PKN	Polski Koncern Naftowy	$23,951.71	13.4x	1.3x	2%	34%	1.6x	3.44
Peers' Median		$657.65	8.6x	1.3x	10%	51%	6.9x	3.42
rex		$493.63	2.4x	1.5x	23%	8%	45.0x	7.21

Management

Professional	Title	Comp. FY2012	Comp. FY2013	Comp. FY2014
Rose, Stuart	Chairman, Chief	$ 154,500.00	$ 1,154,500.00	$ -
Rizvi, Zafar	President, Chief	$ 199,270.00	$ 1,199,270.00	$ -
Bruggeman, Douglas	Chief Financial Officer,	$ 275,900.00	$ 863,515.00	$ -
Kress, Edward	Secretary and Director	$ -	$ -	$ -

Performance

	rex Last	rex 10y Med.	Peers Last	Peers 10y Med.	Industry Last	Industry 10y Med.	All U.S. firms Last	All U.S. firms 10y Med.
ROIC	50.4%	1.9%	2.34%	2.34%	11.70%	12.68%	11.03%	11.85%
EBITA Margin	19.9%	2.2%	1.57%	1.99%	15.44%	15.66%	13.64%	13.67%
Imputed Rev./Invested cap.	3.15	1.00	3.00	1.97	4.76	5.05	1.72	2.02
Excess Cash/Total Cash	26.98%	21.30%	4.52%	4.49%	15.74%	10.62%	23.11%	18.48%
Total Cash /Rev.	27.81%	21.30%	4.52%	4.49%	23.12%	14.46%	32.95%	30.26%

Current Capital Structure

Total debt/market cap	8.23%
Cost of Borrowing	4.23%
Interest Coverage	45.02
Debt Rating	BBB
5y Beta	2.17
WACC (based on market value weights)	7.4%

Past Earning Surprises

	Revenue	EBITDA	Norm. EPS
Last Quarter	-1.6%	0.0%	8.0%
Last Quarter-1	1.9%	0.0%	20.2%
Last Quarter -2	0.9%	0.0%	19.3%
Last Quarter -3	-2.2%	0.0%	17.3%
Last Quarter -4	-4.5%	0.0%	14.4%

Last Guidance (Invalid Identifier) Next earnings date 3/26/2015 Last Earning Call Transcript: www.rexamerican.com

Continuing Period Assumptions

Money market rate as of today	0.49%	Risk-Free rate	2.6%	LT Op. Costs/Rev	96.0%
Annual increase (decrease) in interest rates	0.10%	Op. Cash/Rev.	0.00%	LT WACC	8.5%
Yield Spread accelaration	1.2	Op. Cash/Cash	0.0%	LT Term ROIC	10.8%
Marginal Tax Rate	37.5%	LT Growth	3.2%	Growth in PPE	Equals to Maintenance

LT convergence estimates: weights are either implied from the stability of each time-series"--i.e., median/[max.-min.], or estimated based on the "uniqueness" of its competitive power--i.e., buyers power, suppliers power, competitive rivalry, threat of substitution, and threat of new entries.

	Rev./Capital Last	Rev./Capital 10y Median	LT Imputed Growth Last	LT Imputed Growth 10y Median	LT Op. Costs/Rev. Last	LT Op. Costs/Rev. 10y Median	Unlevered Beta Last	Unlevered Beta 10y Median	TEV/Rev.	TEV/EBITDA	TEV/EBITA	TEV/UFCF
rex	3.15	1.00	1.9%	3.2%	90.4%	96.28%	1.27	0.79	0.9x	14.1x	21.6x	4.3x
Peers	3.00	1.97	-14.4%	10.6%	95.9%	95.35%	0.84	0.87	0.6x	12.2x	26.5x	16.0x
Primary Industry	4.76	5.05	4.4%	4.6%	92.1%	92.25%	1.13	0.92	1.7x	12.2x	17.0x	24.7x
Industry	3.85	5.54	2.4%	2.2%	58.5%	61.04%	0.91	0.91	4.2x	11.8x	17.6x	30.9x
Industry Group	3.22	4.46	3.0%	2.9%	62.1%	64.02%	0.96	1.00	3.6x	11.3x	17.3x	33.6x
Sector	3.22	4.46	3.0%	2.9%	62.1%	64.02%	0.96	1.00	3.6x	11.3x	17.3x	33.6x
All U.S. Firms	1.72	2.02	6.6%	6.0%	80.4%	81.20%	0.98	0.95	2.4x	11.3x	15.4x	26.8x
GDP	N/A	N/A	3.9%	3.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
rex long-run estimate	1.97		3.20%		96.00%		0.87		0.6x	11.8x	17.0x	16.0x

Multiples (10Y Historical Median Value)

Capitalization

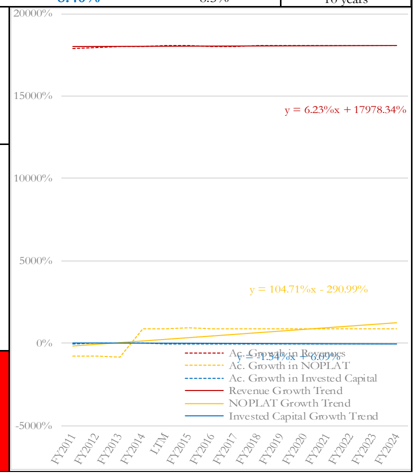
Operating Leases
100%
Straightline
10 years
R&D Exp.
100%
Straightline
10 years
Expl./Drilling Exp.
0%
Straightline
10 years
SG&A
0%
Straightline
10 years

Explicit Period Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	to ∞
Growth	1.4%	239.0%	-40.0%	3.0%	3.6%	3.1%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Op.Costs/Rev.	90.4%	89.6%	88.7%	88.5%	88.5%	88.7%	88.9%	89.1%	89.3%	89.6%	89.8%	96.0%
WACC	7.38%	7.49%	7.59%	7.69%	7.80%	7.90%	8.00%	8.10%	8.20%	8.30%	8.40%	8.5%

Valuation

	LTM	LTM+1Y	LTM+2Y	LTM+3Y	LTM+4Y	LTM+5Y	LTM+6Y	LTM+7Y	LTM+8Y	LTM+9Y
NOPLAT	$106.6	$41.8	$34.4	$34.4	$34.3	$34.1	$33.8	$33.6	$33.3	$33.0
Invested capital	$177.1	$182.8	$183.3	$183.2	$183.1	$183.0	$182.8	$182.7	$182.6	$182.5
ROIC	50.4%	23.3%	18.8%	18.8%	18.7%	18.6%	18.5%	18.4%	18.2%	18.1%
UFCF	$140.73	$47.68	$33.91	$34.51	$34.37	$34.17	$33.96	$33.73	$33.47	$33.17
EVA	$57.98	$28.62	$20.41	$20.14	$19.82	$19.45	$19.06	$18.65	$18.21	$17.74
Terminal value										$490.83
Enterprise value (mid-year adj.)	$548.70	$529.53	$516.77	$518.87	$520.95	$523.82	$527.61	$532.41	$538.35	$545.31
Total Debt	$33.50	$33.50	$33.50	$33.50	$33.50	$33.50	$33.50	$33.50	$33.50	$33.50
Minority Interest	$43.95	$43.95	$43.95	$43.95	$43.95	$43.95	$43.95	$43.95	$43.95	$43.95
Preferred Equity	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Capitalized Operating leases	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PV of Unfunded Pension Plan Liabilities	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Dilutive impact of options,warrants, and converts	$2.84	$2.82	$2.79	$2.76	$2.73	$2.69	$2.66	$2.63	$2.60	$2.57
Other claims on operating assets	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Non-operating cash and LT investments	$164.27	$160.58	$191.05	$222.06	$253.20	$284.60	$316.33	$348.45	$380.97	$413.92
Equity value	$632.68	$609.84	$627.58	$660.72	$693.97	$728.27	$763.83	$800.78	$839.28	$879.21
Shares outstanding	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00
Price per share as of 3/19/2015	$77.97	$77.25	$79.98	$84.13	$88.33	$92.93	$97.18	$101.87	$106.74	$109.86



Monte Carlo Simulation Assumptions

	Base	Stdev	Min	Max	Distribution
Revenue Variation	0%	10.0%	N/A	N/A	Normal
Op. Costs Variation	0%	10.0%	N/A	N/A	Normal
Market Risk Premium	5.5%	N/A	5.0%	7.0%	Triangular
Long term Growth	3.20%	N/A	2.2%	10.6%	Triangular
Terminal Value	0%	10.0%	N/A	N/A	Normal

Monte Carlo Simulation Results

	Intrinsic Value	1y-Target
Mean est.	$77.97	$77.25
σ(ε)	$0.32	$0.25
3 σ(ε) adjusted price	$77.01	$76.50
Current Price	$61.68	
Analysts' median est.		$104.50

CGFS

SunEdison, Inc.

NYSE:SUNE

Analyst: Jarret Reaume
Sector: Technology

BUY

Price Target: $31.77

Key Statistics as of 3/17/2015

Market Price:	$24.22
Industry:	Semiconductor Equipment
Market Cap:	$6.66B
52-Week Range:	$13.09 – 24.70
Beta:	4.87

Thesis Points:

- Will Control Solar Energy in Emerging Markets
- Planned and Executed Installations
- Acquisition of First Wind
- Opportunity due to Perceived Risk from Financials
- Vertical Integration in Solar Energy

Company Description:

SunEdison, Inc. develops, manufactures, and sells silicon wafers to the semiconductor industry. The company operates through three segments: Solar Energy, TerraForm Power, and Semiconductor Materials. The Solar Energy segment provides solar energy services that integrate the design, installation, financing, monitoring, operations, and maintenance portions of the downstream solar market. It also manufactures polysilicon, silicon wafers, and solar modules. As of December 31, 2014, this segment had interconnected approximately 974 solar power systems representing 2.35 gigawatts of solar energy generating capacity. SunEdison markets its products to corporations, utilities, governments and chip manufacturers.

Thesis

SunEdison, Inc. is the current leader in an industry that has a fantastic outlook for the next several years. The solar and wind energy fields look to experience rapid growth and the companies that take advantage of that will reap the benefits. SunEdison is in position to capitalize on the need for renewable energy and has the infrastructure to meet demand. The market is not pricing in the potential that SunEdison has to take their business to a new level in the next few years. Because of this underestimation, SUNE is underpriced.

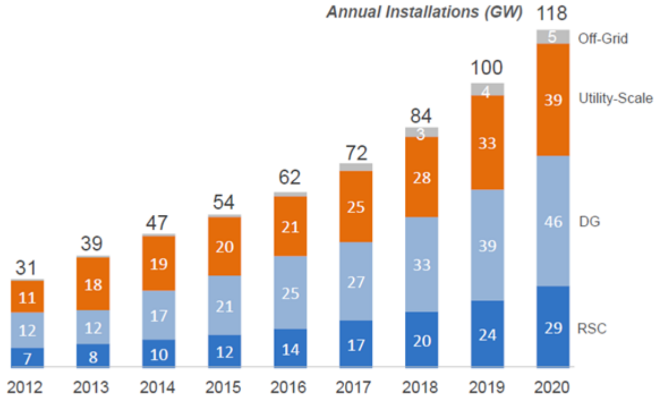
Will Control Solar Energy in Emerging Markets

There are markets in the world that look to need a considerable amount of solar energy between now and 2022. Regions like India, South America, and the Middle East are developing areas that will demand a lot of power in the near future. It also just happens that the geographical location of these regions is very conducive to solar irradiation. These regions are very close to the equator, which will give the areas a good reason to choose solar energy.

SunEdison has plans to invest in these markets that should result in rapid growth. The firm is planning projects in markets such as Brazil, India, and China. None of SunEdison's competitors have similar plans which are the start of a huge competitive advantage for SunEdison. Not only is SunEdison planning its projects in the correct markets, it is making unprecedented investments in these markets that will make returns extremely high. For example, the firm plans to construct a $4 billion Indian panel manufacturing facility with the capacity to produce 7.5 gigawatts of modules per year. To put this in perspective, this facility would double the current largest solar manufacturing firm's total capacity.[1] This is a great example of the scope and magnitude of SunEdison's future plans. If the company can carry through with these projects in a cost-effective manner, SunEdison will dominate the best markets for solar energy demand.

Planned and Executed Installations

While the firm hasn't yet become profitable, it has set itself up for profitability once demand increases. The company has invested over $3 billion over the last two years in order to install solar energy panels. The chart below shows how many installations SunEdison has made and also the number it plans on installing in the near future.



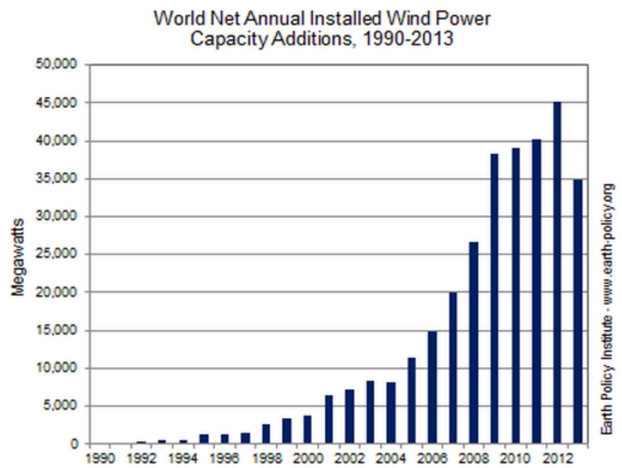
The chart shows installations made in gigawatts, which is the capacity of energy created. It is a positive trend with growth increasing each year. Therefore, capital expenditures will have to increase even more for SunEdison between now and 2020. While this will delay free cash flows for the short term, it is necessary for the company to spend in order to meet future demand for solar energy. If the company cannot do so, the aforementioned emerging markets will look elsewhere.

Right now, the market is not taking into account the number of installations SunEdison has made to date. It does negatively affect the companies' financials because ROIC is negative and free cash flows are negative. However, the invested capital is necessary for the firm to be ready to meet future demand. Once SunEdison can slow down its installations, ROIC will increase because the invested capital will decrease greatly.

Acquisition of First Wind

[1] "SunEdison's Prospects Remain Bright". *Seeking Alpha*. Accessed March 17, 2015.

Another area that SunEdison is planning to grow is wind energy. The company's acquisition of First Wind Holdings LLC for $1,898 million is a prime example of the company's desire to diversify its services. The acquisition was completed on January 29, 2015. The acquisition makes SunEdison the largest renewable energy company in the world. The company knows that solar generation is the more lucrative area in the long - term, wind energy is a growing industry that is worth getting into. This is a smart acquisition for SunEdison because it now holds a leading developer in a different area from its main business. Therefore, the success of First Wind will not hinder the success of SunEdison's solar energy endeavors. The chart below explains the growth in wind energy and the value First Wind will deliver to SunEdison.



Source: GWEC, Worldwatch

This industry provides existing business with room to grow for expansion. SunEdison CEO, Ahman Chatila, said about the decision to acquire First Wind, "This acquisition enhances SunEdison's global offering and adds a talented wind development and asset management team. By combining SunEdison's leading solar development platform with First Wind's platform, SunEdison is well positioned to drive significant growth in global renewable energy markets, and deliver immediate shareholder value."[2] This quote shows the firm's commitment to set itself up to capitalize on growing demand.

Opportunity due to Perceived Risk from Financials

SunEdison's financial statements currently show losses due to where the company is in its life cycle. The firm is nowhere near maturity and is not yet profitable. This is due to the massive installations and other capital expenditures that have been made. These massive investments are far too large to be offset by revenue at this stage because demand is not yet there. This interesting situation can be viewed two different ways.

First, it can be seen as too risky to invest in right now. Although there is reason to believe demand for solar and other renewable energy will increase dramatically, it is not a given. Since a drastic increase in demand is needed for SunEdison's stock price to increase, there is definitely risk involved.

Second, SunEdison's situation can be viewed as an opportunity. The solar and wind energy industry is likely not near its potential. The chart on the second page shows that installations for solar panels will grow even faster in the near future. SunEdison would not be making all of these installations if it did not expect a major increase in demand.

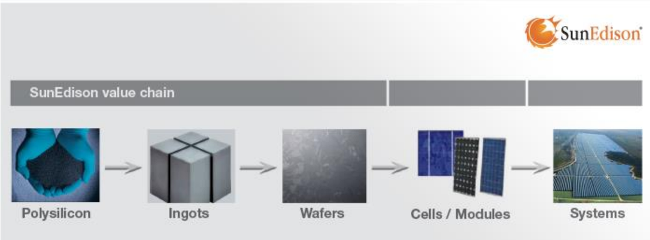
It is a smart idea to get in on SunEdison now because the market is pricing in risk based on where the company is in its life cycle. SunEdison has put itself in great position to capitalize on growing demand. It has already established itself in emerging markets such as India and South America and looks to increase its presence in the United States and Europe.

Once demand increases, revenue should grow rapidly year over year (Refer to pro forma statement at end of report). Once capital expenditures from installing panels slow down, SunEdison will be poised to generate free cash flows at a higher rate than its competitors who lack the foresight to penetrate the emerging markets.

[2] "SunEdison's Prospects Remain Bright". *Seeking Alpha.* Accessed March 17, 2015.

Vertical Integration in Solar Energy

Another reason SunEdison is poised to create value in the near future is its position in the value chain of solar energy. SunEdison processes its own silicon, manufactures solar modules, and builds large power plants to house the energy. The image below shows the different aspects of solar energy SunEdison controls.



This vertical integration will cut operating costs for solar energy for the company. According to the pro forma statement, it is estimated that operating costs compared to revenue will fall consistently for the next several years. SunEdison's vertical integration gives it another competitive advantage over its peers. Not only will the firm be able to supply solar power to all the emerging markets, it will do so while cutting costs.

Conclusion

SunEdison, Inc. is a recommended buy based on future revenue potential. The market is currently underpricing the stock because the company has not yet turned profits. However, the semiconductor industry and solar energy industry will grow dramatically in the near future. The company has set itself up for this growth by making more installations in growing markets that its competitors have not. SunEdison will dominate regions near the equator like South America who will be clamoring for solar energy soon. As these areas develop, the demand for power will grow. SunEdison will be the first choice because the energy is renewable and easy to set up considering installations have already been made.

CENTER FOR GLOBAL FINANCIAL STUDIES

SunEdison, Inc.	SUNE	Analyst	Current Price	Intrinsic Value	Target Value	Divident Yield	Target Return	NEUTRAL
		Jarret Reaume	$24.46	$28.42	$31.77	0%	29.88%	

General Info

Sector	Information Technology
Industry	:onductors and Semiconductor Equip
Last Guidance	May-08-2014
Next earnings date	NM

Peers

Peers	Market Cap.
SunPower Corporation	$4,332.28
First Solar, Inc.	$6,066.66
Lam Research Corporation	$12,582.79
Veeco Instruments Inc.	$1,271.00

Management

Professional	Title	Comp. FY2012	Comp. FY2013	Comp. FY2014
Chatila, Ahmad	Chief Executive Officer, Presiden	$ 4,237,956.00	$ 7,077,058.00	$ -
Wuebbels, Brian	Chief Financial Officer, Chief Adı	$ 1,449,446.00	$ 1,521,542.00	$ -
Ranhoff, David	Senior Vice President and Preside	$ 1,476,543.00	$ 1,348,418.00	$ -
Zornoza, Carlos	Chief Executive Officer of Terraf	$ 1,669,068.00	$ 1,850,025.00	$ -
Morris, R.	Vice President of Investor Relatic	$ -	$ -	$ -
Truong, Martin	Senior Vice President, General Cc	$ -	$ -	$ -

Market Data

Enterprise value	$14,236.45
Market Capitalization	$6,661.85
Daily volume	7.16
Shares outstanding	272.36
Diluted shares outstanding	269.20
% shares held by institutions	119.34%
% shares held by insiders	0.55%
Short interest	30.62%
Days to cover short interest	8.20
52 week high	$24.47
52-week low	$13.09
5y Beta	2.67
6-month volatility	63.34%

Current Capital Structure

Total debt/market cap	51.05%
Cost of Borrowing	8.33%
Interest Coverage	-94.27%
Altman Z	0.21
Debt Rating	D
Levered Beta	2.38
WACC (based on market value weights)	10.81%

Historical Performance

	SUNE	Peers	Industry	All U.S. firms
Growth	-11.4%	20.7%	8.3%	6.0%
Retention Ratio	16.2%	154.8%	56.4%	61.6%
ROIC		10.5%	22.9%	11.8%
EBITA Margin	0.6%	23.3%	13.5%	13.7%
Revenues/Invested capital	91.0%	103.9%	92.3%	202.3%
Excess Cash/Revenue	31.9%	49.5%	54.7%	18.5%
Unlevered Beta	1.36	2.06	1.37	0.95
TEV/REV	2.5x	2.5x	1.9x	2.4x
TEV/EBITDA	14.5x	11.8x	12.2x	11.3x
TEV/EBITA	20.4x	16.4x	14.6x	15.4x
TEV/UFCF	16.9x	45.2x	24.0x	26.8x

Past Earning Surprises

	Revenue	EBITDA	Norm. EPS
Last Quarter	-8.4%		
Last Quarter-1	-11.1%		
Last Quarter -2	-1.7%		
Last Quarter -3	-2.7%		
Last Quarter -4	-10.6%		

Non GAAP Adjustments

Operating Leases Capitalization	100%	Straightline	10 years
R&D Exp. Capitalization	100%	Straightline	10 years
Expl./Drilling Exp. Capitalization	0%	N/A	N/A
SG&A Capitalization	0%	N/A	N/A

Proforma Assumptions

		Period	Rev. Growth	Adj. Op. Cost/Rev
Operating. Cash/Cash	0.0%	LTM	24%	98%
Unlevered Beta	1.40	LTM+1Y	4%	85%
Rev/Invested Capital	100.0%	LTM+2Y	30%	81%
Continuing Period Revenue Growth	10.0%	LTM+3Y	35%	78%
Long Term ROIC	12.5%	LTM+4Y	40%	78%
Invested Capital Growth	Equals to Maintenance	LTM+5Y	43%	78%
Justified TEV/REV	2.0x	LTM+6Y	43%	78%
Justified TEV/EBITDA	12.0x	LTM+7Y	10%	78%
Justified TEV/EBITA	15.0x	LTM+8Y	10%	78%
Justified TEV/UFCF	20.0x	LTM+9Y	10%	78%

Forecasted Profitability

Revenue	NOPLAT	Invested capital	UFCF
$2,484.40	-$784.01	$8,238.73	-$784.01
$2,583.78	-$182.57	$8,637.32	-$581.16
$3,358.91	$48.60	$8,750.63	-$64.70
$4,534.53	$203.77	$8,855.03	$99.37
$6,348.34	$389.61	$8,948.91	$295.72
$9,046.38	$656.14	$9,013.57	$591.48
$12,891.09	$1,060.59	$9,209.21	$864.96
$14,180.20	$1,147.38	$9,303.64	$1,052.94
$15,598.22	$1,255.22	$9,374.13	$1,184.73
$17,158.04	$1,378.09	$9,430.49	$1,321.73

Valuation

	ROIC	WACC	EVA	Enterprise Value	Total Debt	Other claims	Equity	Adjusted Price
LTM	-9.5%	10.8%	-$1,674.53	$15,803.16	$7,268.40	$719.27	$7,815.49	$29.17
LTM+1Y	-2.2%	11.0%	-$1,141.51	$17,541.51	$7,268.40	$1,849.18	$8,423.93	$32.52
LTM+2Y	0.6%	11.0%	-$913.33	$20,150.72	$7,616.43	$2,167.05	$10,367.24	$39.47
LTM+3Y	2.3%	11.0%	-$767.85	$22,442.96	$7,939.80	$2,291.63	$12,211.53	$46.51
LTM+4Y	4.4%	11.0%	-$590.64	$24,795.48	$7,963.96	$2,431.29	$14,400.23	$54.91
LTM+5Y	7.3%	11.0%	-$330.62	$27,177.15	$7,963.96	$2,145.93	$17,067.26	$65.19
LTM+6Y	11.8%	11.0%	$70.60	$29,474.93	$7,963.96	$1,360.87	$20,150.10	$76.47
LTM+7Y	12.5%	11.0%	$135.74	$31,705.64	$7,963.96	$292.93	$23,448.75	$88.77
LTM+8Y	13.5%	11.0%	$233.57	$33,961.89	$7,963.96	-$990.93	$26,988.85	$102.00
LTM+9Y	14.7%	11.0%	$349.02	$36,312.21	$7,963.96	-$2,493.96	$30,842.21	$113.24

Monte Carlo Simulation Assumptions

	Base	Stdev	Min	Max	Distribution
Revenue Variation	0	10%	N/A	N/A	Normal
Op. Costs Variation	0	10%	N/A	N/A	Normal
Market Risk Premium	6%	N/A	5%	7%	Triangular
Long term Growth	10%	N/A	-11%	21%	Triangular
Terminal Value	0	0.1	N/A	N/A	Normal

Monte Carlo Simulation Results

	Intrinsic Value	1y-Target
Mean est.	$29.17	$32.52
σ(ε)	$0.25	$0.25
3 σ(ε) adjusted price	$28.42	$31.77
Current Price	$24.46	
Analysts' median est.		$30.69