Stock	Buy / Sell	Thesis	Current Price	Target Price
COH	BUY	Coach will begin to experience the positives of its announcement in 2014 of its transformation strategy to create long term shareholder value. Coach's decision to no longer take part in sales through the wholesale channel and limit promotional offers will have short term negative impacts but will return positive results in the long term. This short term negative impact will allow for the price to reach a suitable entry point for investors to capitalize on long term growth creation. Currently, Coach is fairly priced according to conservative estimates which provides the ideal entry point for investors looking for a mid to long term growth stock. An entry point below or at its conservative intrinsic value of about $38 is optimal. Coach is transforming its image from a handbag brand to a lifestyle brand expanding its product line and capitalizing on its luxury image. If Coach is to follow through with its multi-year transformation plan announced it will be able to drive growth in its stock price.	$ 38.58	$ 43.00
PLCE	BUY	Fashion has been a growing theme through the years for children. Children's apparel is on the rise as companies compete with one another to expand. The Children's Place makes shopping fast and convenient for customers with having quality apparel for low costs. They also have the highest brand awareness among other retailers in the industry. The way the company seems to be doing in the market is below of what it can be. The company is doing well financially and expanding as new ideas of increasing productivity are in action.	$110.50	$129.68

AEO	BUY	Originally started 37 years ago as a casual sportswear retail company, American Eagle has grown to much more than that. Preforming well through a down turning industry, analysts are optimistic about future revenues. Posting great results over the past few quarters, American Eagle has proven they're one of the top clothing brands across the country. From clothing to lingerie, American Eagle has kept up with modern trends and consumer preferences. With many long-term goals targeted around expansion I believe the increase in revenue will drive margins and increase shareholder return, overall making the stock more attractive to investors. With stock declines after last quarter's earnings call, I believe that American Eagle Outfitters is cheap, my thought is that we should long shares of AEO.	$ 18.09	$ 21.23
BKE	BUY	The Buckle, Inc. is a specialty retailer that offers men's and women's casual clothing, footwear, and accessories. The company has experienced significant growth in the past ten years and has established and operated with large, positive margins, outperforming its competitors. The number of specialty retail stores that Buckle operates has increased from 338 at the beginning of fiscal 2006 to 470 most recently. Buckle has no debt and has a large amount of cash available to further its expansion and investments in higher-end brands. Buckle's gross margin is 41.62%, which is substantially larger than that of its closest competitors. Its EBITDA margin is 20.76% where as the average of its closest competitors is just over 12%. Buckle's net income margin is 11.33% and American Eagle Outfitters and Urban outfitters have the next best net income margin, however it's only 6.62%. For fiscal 2015 Buckle's ROIC to WACC was 3.05, which is nearly three times that of its competitors, indicating it is adding three times as much value. Historically, the company's ROIC/WACC has been even larger, amounting to 5.40. All retail store locations that are operated by Buckle are leased facilities and the company currently has no debt. The Buckle, Inc. is currently undervalued at $26.00 with an intrinsic value of $37.97.	$ 26.00	$ 42.13

G-III	BUY	G-III Apparel Group's broad portfolio is a significant advantage in the retail industry. The company's growth strategy is based on expansion through acquisition. Given the company financial performance it is an open door for growth	$ 31.86	$ 43.98
GES	BUY	G-III Apparel Group's broad portfolio is a significant advantage in the retail industry. The company's growth strategy is based on expansion through acquisition. Given the company financial performance it is an open door for growth	$ 13.89	$ 15.77
CLX	BUY	The Clorox Company is trading low compared to its 52 week range. CLX is a reliable company since it generates growth every year. They are top manufacturers of products that there will always be a need for. Management has a yearly goal of 3-5% sales growth. This means that CLX will have to innovate as well as increase their customer base. Clorox has a strong history of acquiring efficient and successful brands to ensure their growth strategy is met. In addition to management strategies, CLX has impressive financials. With WACC well below the industry average as well as ROIC above the industry average CLX is operating more efficiently than its industry. Lastly, The Clorox Company has a strong history of dividend growth. Every year since 1977 they have increased dividend yields. Also, they have a high dividend payout ratio of more than 60%. Overall, CLX is a BUY at the current market price $114.63 with a one year upside potential of 14.16% gains.	$114.63	$129.04
SEAS	BUY	SeaWorld Entertainment has had a lot of issues including poor capital allocation decisions, negative publicity, legal issues, and bad management of financials; all of which making them less attractive to investors. Since the management shakeup in 2013, the executives have been on the path of recovery. A lot of progress has been made in a few key areas including their public perception, debt repayment, investment in new attractions, driving more revenue from existing attractions, and creating other streams of income. They have shown that they deserve to be valued similarly to their competitors which is between 20 and 22x forward earnings.	$ 18.66	$ 27.00

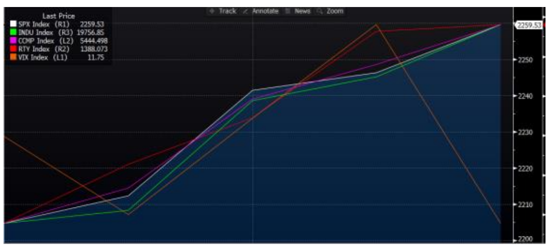
GNTX	BUY	Gentex already is the global leader in production of auto-dimming mirrors for automobiles, and has opportunity to further penetrate markets with tremendous growth potential. Diversification through the acquisition of HomeLink is offering even more potential for growth. As the company has been applying strict financial discipline, gross margins have significantly improved and are likely to remain around 40%, which is currently the company's historical high.	$ 19.90	$ 22.73

Macroeconomic Overview

U.S. Markets

	Index	Weekly % Change	YTD % Change
SPX Index	SPX Index	3.08%	10.55%
INDU Index	INDU Index	3.06%	13.38%
CCMP Index	CCMP Index	3.59%	8.73%
RTY Index	RTY Index	5.62%	22.20%
VIX Index	VIX Index	-16.90%	-35.48%

Once again, the Trump rally takes hold and markets climb to new all-time highs. Small cap stocks gain the most as the Russel 2000 index gains over 5.5% on the week and continues to be the top gainer YTD and NASDAQ, Dow , and S&P all up over 3%. We are seeing the same trend continue week to week with positive sentiment on the expected fiscal stimulus driving the markets. The Strong dollar is beginning to slow U.S Exports to Britain and the euro-zone, shrinking profits of those with more exposure and we have seen an increase of imports from China. On the horizon, we still expect a December rate hike and also expect more earlier in the coming fiscal year and consumer sentiment and fiscal stimulus expectations have already had a positive effect on spending and loan demands. The Fed will likely have to raise rates faster to keep up with inflation.



	Index	Weekly % Change	YTD % Change
BE500 Index	BE500 Index	4.95%	-3.42%
SXXP Index	SXXP Index	4.72%	-2.85%
DAX Index	DAX Index	6.57%	4.29%
UKX Index	UKX Index	3.32%	11.40%
CAC Index	CAC Index	5.19%	2.74%
NKY Index	NKY Index	3.53%	-0.20%
SHCOMP Index	SHCOMP Index	-0.34%	-8.65%
SZCOMP Index	SZCOMP Index	-0.69%	-10.35%

Europe

European bank stocks rallied around the news out of Italy that it is taking steps to salvage their banking sector after the Italian Prime Minister resigned. The German DAX with the most exposure in banks gained the most with the French CAC index following 2nd ending the week up little over 5%. The ECB has announced to lower the size of the bond repurchases but extend the quantitative easing process to the end of 2017 or as long as it takes to reach its target of 2% inflation. Throughout Europe especially in Germany, Spain, Italy, and France, they all showed signs of increasing business activity pointing towards the progress being made in the Eurozone economy.

China

Chinese exports strengthen over the month of November supported by the weaker yuan relative the dollar despite the outlook of the U.S trade relations being strained under the trump administration. The Chinese currency is still being propped up which is seen by Chinese foreign currency reserves continue to be reduced.

Commodities

WTI Crude and Brent Crude both end above $50 per barrel; $51.50 and 54.33 respectively. The price of oil has remained between the upper 40's and lower 50 dollars per barrel since OPEC capped oil production 2 weeks ago.

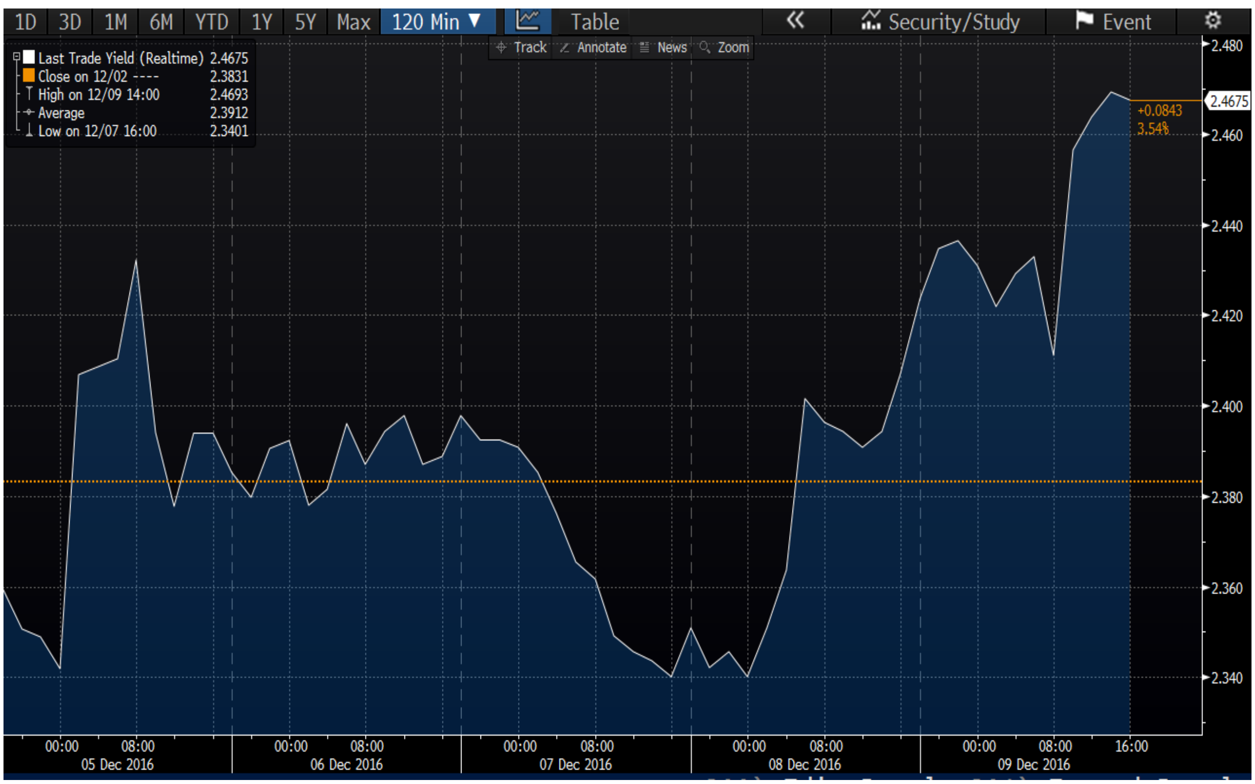
Precious metals including gold and silver mostly flat on the week. Gold ends the week down to $1,160.2 per oz and Silver ends also down to $16.93 per oz.

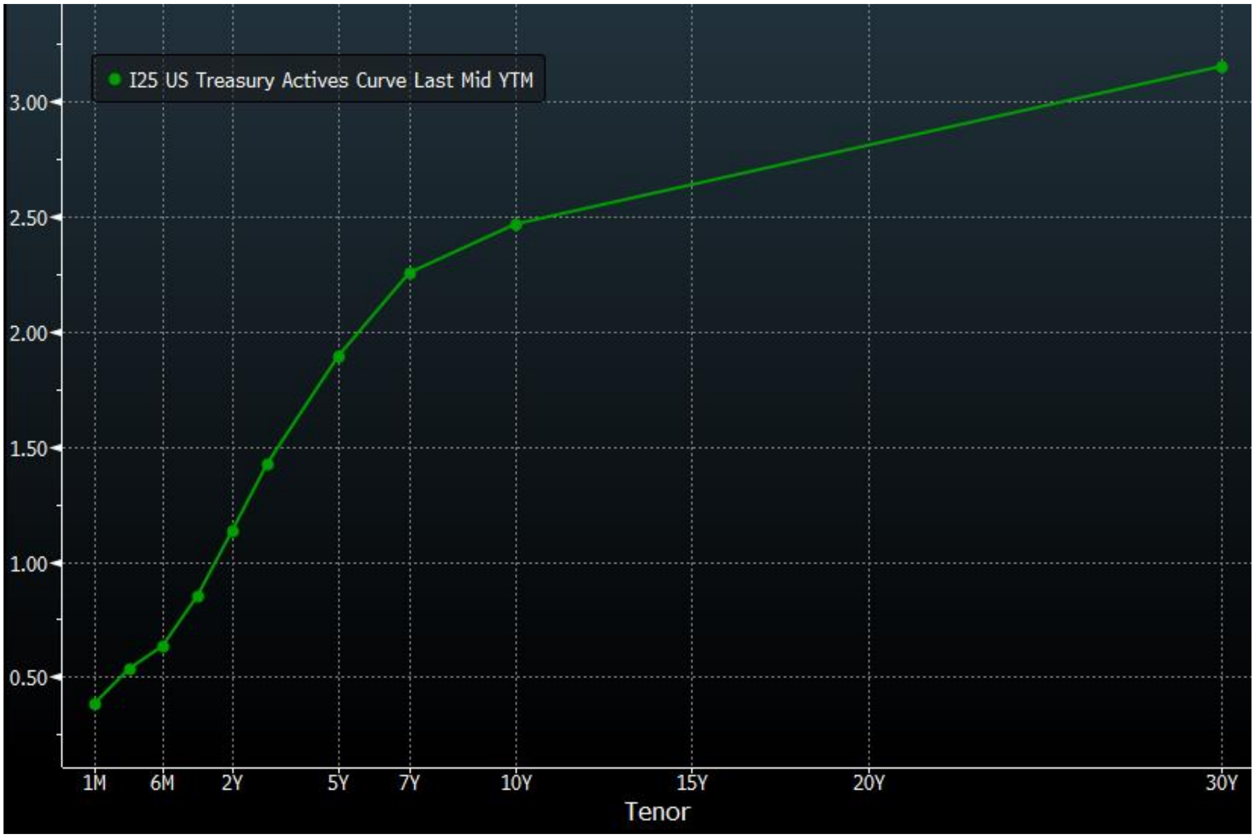
Looking Forward

On Wednesday, the Federal Reserve is expected to raise short-term rates; inflation and housing data will be released thursday but the focus will mainly be on interest rates. Also, US retail sales and industrial production data will be released on Wednesday.

Bond Report

This past week, investors in the bond markets have mainly been expecting and looking for announcements from both European and American Central banks. Overall, yields on US treasuries increased through the week, as the fear of a systemic crisis in the Eurozone because of the results of Italian did not last long. Moreover, the European Central Bank's decision to taper its bond-buying program lead to a global selloff in fixed-income markets, therefore impacting the US Treasury market. On Monday, after dropping early in the session due to fear of a breakout of the Eurozone due to the Italian referendum results, yields on US Treasuries rose back as investors became more optimistic regarding the consequences of the referendum. On Tuesdays, yields, yields remained relatively flat, as investors were reluctant to make bets on the outcome of Thursday's ECB meeting, and as the outcome of next week's Federal Reserve meeting is already priced (estimate 95% probability the Fed will raise interest rates by 25 basis points). On Wednesday, yields on both European and US government bonds fell ahead of the ECB's announcement about the direction it will give to its bond-buying program. This was due to fear about whether the ECB was going to announce extension of its program, or to give a timetable for tapering. On Thursday, the unexpected announcement that the ECB is going to start tapering its bond purchase in April even had an impact on the US Treasuries market, leading longer term securities (mainly 10-year and 30-year bonds) to see their yields jump by 4.3 basis points and 5.9 basis points respectively. Finally, on Friday, stronger than expected inflation data for China, in addition to the effect of the ECB announcement on Thursday, sent yields even higher than the previous days, as it lead to a global selloff in fixed-income securities. The 10-year Treasury yield even touched its highest level since June of last year. Throughout the week, the 2-year yield increased by 2.4 basis points to 1.132%, while the 10-year yield surged by 7.2 basis points and the 30-year yield rose by 10.6 basis points to 3.155%.





What's next and key events

Next week, the main event that will be under investors' scrutiny will be the outcome of the Federal Open Market Committee (FOMC) Meeting. On Tuesday, when the meeting begins, the Fed will decide whether it actually raises the interest rate levels by 25 basis points. The market has now fully priced that the hike in interest rate will occur next week. Therefore, at the time of the announcement on Wednesday at 2:00 PM, any other outcome would lead to a strong reaction from the market. The Fed will also give its quarterly forecast regarding GDP growth, unemployment rate, and inflation rate. On Thursday, significant indicators' data will be released. First, the Consumer Price Index for November will be published. The consensus is a 0.2% increase, down from October's 0.4% increase, but once food and energy are excluded, consensus from November, 0.2% increase, exceeds October's 0.1% increase. At the same time, Jobless Claims for the week will be disclosed, with expected decrease from 258,000 to 255,000 in new unemployment claims. Finally, later in the day, the Housing Market Index for December will give an idea of the healthiness of the housing market.

The Buckle, Inc.

NYSE: BKE

Analyst: Kara Carman
Sector: Cyclical Consumer Goods

BUY

Price Target: $42.13

Key Statistics as of 12/9/2016

Market Price:	$26.00
Industry:	Specialty Retail
Market Cap:	$1,290.9M
52-Week Range:	$19.95-35.02
Beta:	0.90
P/E:	$11.02

Catalysts:

- Change in footwear trends, including the push for short boots at lower prices
- Initiatives to offer more detailed higher-priced denim and various brands
- Q4 Earnings
- Buckle App
- Store remodeling

Company Description:

The Buckle, Inc. is a retailer specializing in men and women's medium to better-priced casual apparel, footwear, and accessories. Products consist of denim, casual tops and bottoms, sportswear, outerwear, footwear, and accessories. Brands that Buckle offers include Buffalo jeans, Flying Monkey, Hurley, Billabong, Under Armour, Reef, Fossil and many more. Currently, Buckle operates approximately 470 retail stores in 44 states which are typically located in shopping malls and lifestyle strip mall centers. Buckle's competitors include American Eagle Outfitters, Urban Outfitters, Abercrombie & Fitch, and Zumiez. Buckle's central office functions are controlled from headquarters and distribution center in Kearney, Nebraska.

Thesis

The Buckle, Inc. is a specialty retailer that offers men's and women's casual clothing, footwear, and accessories. The company has experienced significant growth in the past ten years and has established and operated with large, positive margins, outperforming its competitors. The number of specialty retail stores that Buckle operates has increased from 338 at the beginning of fiscal 2006 to 470 most recently. Buckle has no debt and has a large amount of cash available to further its expansion and investments in higher-end brands. Buckle's gross margin is 41.62%, which is substantially larger than that of its closest competitors. Its EBITDA margin is 20.76% where as the average of its closest competitors is just over 12%. Buckle's net income margin is 11.33% and American Eagle Outfitters and Urban outfitters have the next best net income margin, however it's only 6.62%. For fiscal 2015 Buckle's ROIC to WACC was 3.05, which is nearly three times that of its competitors, indicating it is adding three times as much value. Historically, the company's ROIC/WACC has been even larger, amounting to 5.40. All retail store locations that are operated by Buckle are leased facilities and the company currently has no debt. The Buckle, Inc. is currently undervalued at $26.00 with an intrinsic value of $37.97.

Industry Outlook

The retail industry is impacted by seasonal fluctuations in net sales and operating income primarily reflecting the impact of the holidays. Such seasonality impacts companies' working capital requirements, specifically in regards to inventory. Buckle is subject to this seasonality and recognizes a large portion of its net sales and operating income in the fourth quarter of each year. Buckle, along with the rest of the specialty retail industry, also experiences fluctuations due to the impact of the back-to-school season that occurs beginning in late summer through early fall.

Business Model

The Buckle, Inc.'s target consumer is fashion-conscious young men and women between the ages of 15 and 30. The company operates its business operations as one reportable segment with sales all within the United States. Buckle's merchandise mix consists of denims, casual tops and bottoms, sportswear, outerwear, footwear, and accessories. Buckle aims to continually change its selection of the most up-to-date, casual fashion trends. In doing so, Buckle deemed it necessary to design a computerized system for tracking merchandise from the time it is checked in at the distribution center until it arrives at the stores and is sold to a customer. This model allows stores to carry a reduced inventory while satisfying varying customer demand. Buckle makes merchandising and pricing decisions centrally but they have a unique distribution system. The system allows for Buckle's variation in product mix to be distributed to each store effectively and efficiently. Individual store inventories have the ability to be tailored in order to tend to different customer buying patterns by location. The company has also instituted a transfer program that allows it to relocate merchandise from locations where its not selling as well to locations where it is selling best. In turn, this reduces the need to markdown items that may not be selling as fast at certain locations. Buckle has various federally registered trademarks in which it believes are valuable to its business as a whole.

People

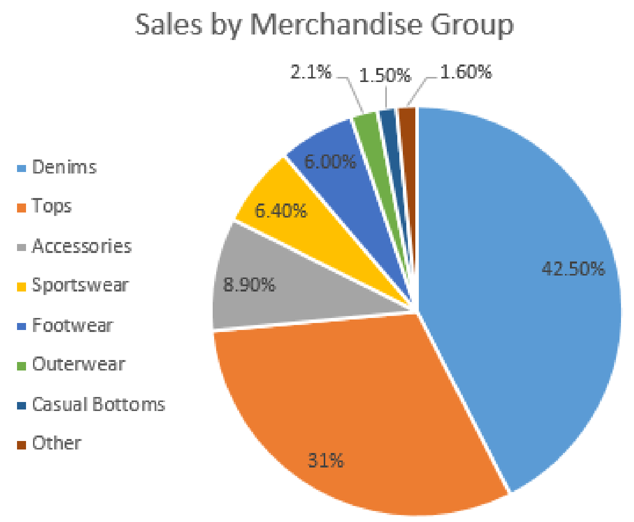
Daniel J. Hirschfeld is chairman of Buckle's Board of Directors. He has served on the Board since 1991, and during that time also served as Buckle's President and Chief Executive Officer. Mr. Hirschfeld has especially been involved in the development of Buckle's management information systems. Dennis H. Nelson is Buckle's current President, Chief Executive Officer, and Director. Mr. Nelson has served as CEO since 1997 but prior to working for Buckle he was a salesmen, and since as worked his way up Buckle's operations. Karen B. Rhoads serves as Buckle's Chief Financial Officer, Senior Vice President, and Finance Director. Prior to joining Buckle's upper management, Ms. Rhoads practiced as a CPA and dealt with tax and accounting matters for Buckle.

Product Differentiation

The Buckle, Inc. aims to offer and maintain a high level of personalized services and it offers a wide selection of fashionable, quality merchandise. The consumer experience at its locations differs Buckle as a specialty retailer. Buckle's salespersons are highly educated to help create a complete look for all customers and are trained to find guests the best fits while composing and offering coordinating outfits. Buckle offers customer services such as free hemming, free gift-wrapping, a private label credit card, and a frequent shopper program. The company also offers easy layaway. The layaway plan allows customers make partial payments on purchased merchandise. The merchandise is held by the store until the consumer pays the remaining balance. Buckle attracts fashion-conscious consumers with its extensive selection of branded and private label denim along with a wide variety of fits, finishes, and styles. Buckle has also designed and instituted a computerized system for tracking merchandise from the time it is checked in at the distribution center until it arrives at the stores and is sold to a customer. This allows stores to carry a reduced inventory while satisfying customer demand. Buckle offers a variety of high-demand, brand name denims such as Big Star Vintage and Buffalo Jeans while also offering other various brand names such as Under Armour, Reef, O'Neill, and Billabong. There are few specialty retailers that offer the same wide range of higher-end denims to the same extent and as efficiently as Buckle.

Financials

Buckle generated $1,119,616,000 in net sales for fiscal 2015, which is a 2.9% decrease from fiscal 2014. However Buckle had increased cost of goods sold and increased selling expenses throughout FY 2015. In FY 2015, Buckle spent about 1.2% of net sales, or $13.3 million, on seasonal marketing campaigns, advertising, promotions, internet marketing, and other point-of-sale materials necessary to operate stores. Denim is a key to Buckle's strategy and is a significant contributor to total sales. Approximately 42.50% of Buckle's net sales can be attributed to the sale of denims and 31% can be attributed to the sale of tops. The remaining percent of net sales can be attributed to the sale of Buckle's other product categories and products including accessories, footwear, sportswear, outerwear, bottoms (not denim), and its "other" category. Q4 sales were $332,031,000 whereas Q1 sales were $271,345,000. This illustrates the net effect of the seasonality of the business. Quarterly results also very significantly depending on the timing and amount of sales and costs associated with opening and closing stores, along with the timing and level of markdowns and the timing of remodeling of existing sores. Brand name merchandise accounted for approximately 64% of Buckle's net sales during fiscal 2015. Buckle had a substantial amount of cash and cash equivalents at the end of fiscal 2015 compared to fiscal 2014. The amount of cash available, along with the lack of presence of debt, suggests that Buckle has the means and capability to further its expansion initiatives and push growth even further.



Important Dates and Catalysts

Buckle plans to further its expansion by continuing to open stores in existing markets. With its already existing retail stores, the company plans to complete various remodeling projects on different locations across the country. Impacts from these growth plans are expected to occur throughout the next few fiscal years as projects are completed. The Buckle, Inc. also has its 2016 fiscal year end earnings approaching.

Summary

The Buckle, Inc. is a bargain investment with the means and capabilities to further expansion as well as improve its already existing operations. Buckle is an undervalued company that is significantly outperforming most, if not all, of its competitors. With no debt, Buckle is well positioned to continue to improve its already best in class margins and continue to add value at a rate well above that of its competitors.

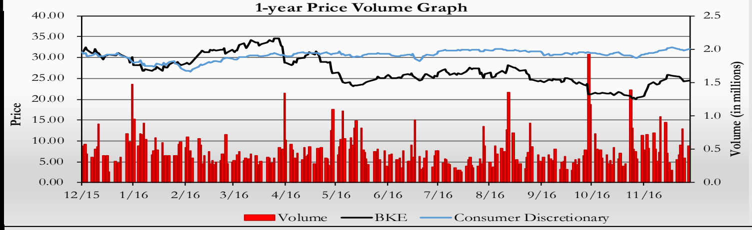
Siena Market Line
2nd Week of December 2016

CENTER FOR GLOBAL FINANCIAL STUDIES

The Buckle, Inc. (BKE) — **BULLISH**

Analysis by Kara Carman	Current Price:	$26.55	Intrinsic Value	$37.97	Target 1 year Return: 62.66%
12/9/2016	Divident Yield:	3.1%	Target Price	$42.37	Probability of Price Increase: 100%

1-year Price Volume Graph



Description

The Buckle, Inc. operates as a retailer of casual apparel, footwear, and accessories for young men and women in the United States.

General Information

Sector	Consumer Discretionary
Industry	Specialty Retail
Last Guidance	November 3, 2015
Next earnings date	February 4, 2017
Estimated Country Risk Premium	6.25%
Effective Tax rate	37%
Effective Operating Tax rate	37%

Market Data

Market Capitalization	$1,272.43
Daily volume (mil)	0.48
Shares outstanding (mil)	48.11
Diluted shares outstanding (mil)	48.22
% shares held by institutions	75%
% shares held by investments Managers	60%
% shares held by hedge funds	3%
% shares held by insiders	42.23%
Short interest	15.64%
Days to cover short interest	15.51
52 week high	$35.02
52-week low	$19.95
Levered Beta	1.16
Volatility	30.29%

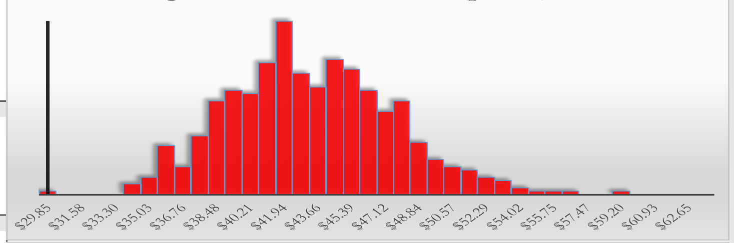
Past Earning Surprises

Quarter ending	Revenue	EBITDA
10/31/2015	-6.52%	-11.92%
1/30/2016	-3.38%	-1.44%
4/30/2016	-4.51%	-13.03%
7/30/2016	-4.25%	-10.86%
10/29/2016	-9.15%	-15.79%
Mean	-5.56%	-10.60%
Standard error	1.0%	2.4%

Peers

Zumiez Inc.
The Cato Corporation
Express, Inc.
Francesca's Holdings Corporation
DSW Inc.
Citi Trends, Inc.
Chico's FAS, Inc.
Abercrombie & Fitch Co.

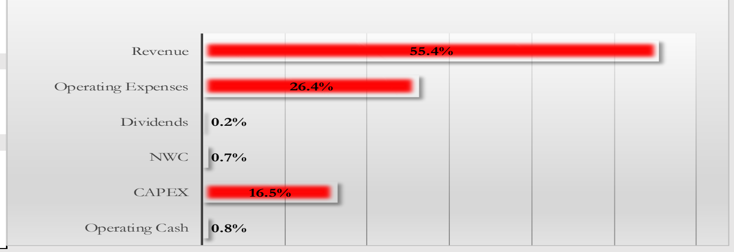
Target Price Distribution--P(price↑)=100%



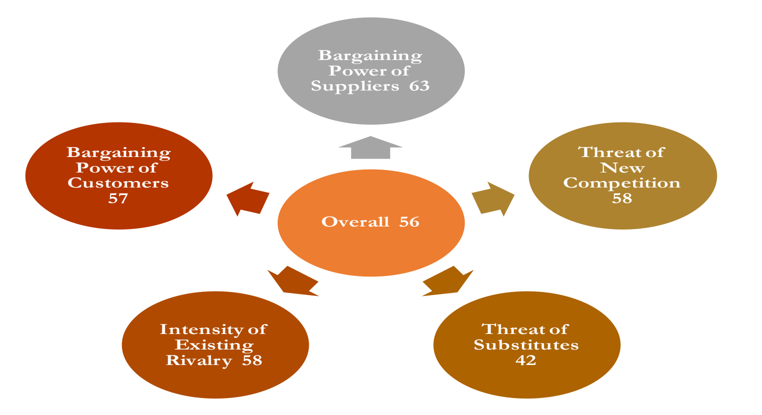
Management	Position	Total compensations growth	Total return to shareholders
Nelson, Dennis	Chief Executive Officer, Pre	-100% per annum over 4y	3.37% per annum over 4y
Rhoads, Karen	Chief Financial Officer, Sen	-100% per annum over 4y	3.37% per annum over 4y
Milkie, Brett	Senior Vice President of Lea	-100% per annum over 4y	3.37% per annum over 4y
Smith, Kari	Executive Vice President of	-100% per annum over 4y	3.37% per annum over 4y
Hanson, Kyle	Vice President, General Coun	N/M	N/M
Hoffman, Michelle	Vice President of Sales	N/M	N/M

Profitability	BKE (LTM)	BKE (5 years historical average)	Industry (LTM)
ROIC	11.6%	22.70%	21.41%
NOPAT Margin	15%	21.32%	7.2%
Revenue/Invested Capital	0.75	1.06	2.97
ROE	19.6%	42.28%	25.05%
Adjusted net margin	15%	21.06%	6.8%
Revenue/Adjusted Book Value	1.30	2.01	3.70
Invested Funds	**BKE (LTM)**	**BKE (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	14.5%	13.8%	17%
Estimated Operating Cash/Total Capital	9.3%	10.5%	N/A
Non-cash working Capital/Total Capital	5.5%	3.4%	21%
Invested Capital/Total Capital	94.2%	95.4%	83%
Capital Structure	**BKE (LTM)**	**BKE (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.64	0.31	0.22
Cost of Existing Debt	1.03%	1.02%	7.32%
Estimated Cost of new Borrowing	1.03%	1.03%	7.32%
CGFS Risk Rating	AAA	AAA	A
Unlevered Beta (LTM)	0.90	0.77	0.95
WACC	7.93%	8.05%	9.43%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	-10.0%	15.4%	1.47
10/29/2017	-4.4%	13.8%	1.29
10/29/2018	0.2%	12.2%	1.02
10/29/2019	3.4%	12.9%	1.30
10/29/2020	3.5%	13.8%	1.39
10/29/2021	3.6%	14.6%	1.43
10/29/2022	3.7%	15.3%	1.48
10/29/2023	3.8%	15.9%	1.51
10/29/2024	3.8%	16.4%	1.54
10/29/2025	3.9%	17.0%	1.56
10/29/2026	4.0%	17.5%	1.59
Continuing Period	4.1%	18.0%	1.61

Period	Invested Capital	Net Claims	Price per share
Base Year	$952.18	$562.63	$38.05
10/29/2017	$1,013.19	$389.95	$42.23
10/29/2018	$1,183.19	$90.17	$46.76
10/29/2019	$1,270.28	-$35.05	$51.30
10/29/2020	$1,364.79	-$159.20	$56.19
10/29/2021	$1,387.90	-$308.32	$61.45
10/29/2022	$1,370.63	-$469.63	$67.05
10/29/2023	$1,201.96	-$643.14	$73.00
10/29/2024	$1,229.41	-$829.66	$79.30
10/29/2025	$1,278.09	-$1,030.66	$85.98
10/29/2026	$1,319.29	-$1,247.74	$93.10
Continuing Period			

Siena Market Line
2nd week of December 2016

G-III Ltd.

NASDAQ:G-III

Analyst: Cindy Missaoui
Sector: Consumer Discretionary

BUY

Price Target: $43.98

Key Statistics as of 12/8/2016

Market Price:	$31.86
Industry:	Apparel
Market Cap:	$1.5B
52-Week Range:	$24.41-55.89
Beta:	0.55

Catalysts:

- Expansion/Acquisition
- Q4 2017 Earnings call on March, 21st

Company Description:

Headquartered in New York City, NY G-III Apparel Group Ltd. is a manufacturer and distributor of outwear, dresses, sportswear, swimwear, beachwear and women's suits. The company manufactures and distributes under licensed brands such as Calvin Klein, Tommy Hilfiger, and Karl Lagerfeld, proprietary brands such as Vilebrequin, and Bass & Co. and private label brands.

Thesis

- G-III Apparel Group's broad portfolio is a significant advantage in the retail industry
- The company's growth strategy is based on expansion through acquisition
- Given the company financial performance it is an open door for growth

Brand Portfolio

G-III Apparel Group Ltd. large and deep portfolio of forty brands is a significant competitive advantage in an industry where competition is fierce. The company markets apparel and others products for men, women, and team sports. Globally, G-III Apparel Group Ltd. owns more than forty brands (licensed and proprietary), but deploys also several partnership with high-profile brands such as Calvin Klein, Tommy Hilfiger, and Karl Lagerfeld. These partnership allow G-III Apparel Group Ltd. to target a larger market and to follow the fashion trends which is constantly moving towards new trends. In addition to that, G-III Apparel Group Ltd. also own proprietary brands such as Vilebrequin, Bass, Weejuns, G.H, Andrew Mark, and Marc New York. As a matter of fact, the company tries to acquire more and more brands in order to create a meaningful lifestyle brands. For instance, G-III Apparel Group Ltd. acquired Vilebrequin in August 2012 a powerful brand closely linked to its Cote d'Azur heritage arising from its founding in St Tropez. In fact, G-III Apparel Group Ltd. has the ability to adapt in an industry and an environment of rapidly changing customers fashion trends. By offering people a perfect mix of established and newer brands, they make them more loyal and avoid seasonality which is one of the biggest risk within this industry. This exposition led G-III Apparel Group Ltd. to have a strong brand recognition with a strong reputation for providing and manufacturing high-quality products that has led major stores and retailers to partner up together. For these reasons, the company sells its products to more than 2,700 customers through retailers such as Macy's, Ross Stores, Saks Fifth Avenue, JC Penney, and TXJ Companies, which makes it easier for customers to find G-III Apparel Group Ltd. products which emphasizes even more customers loyalty and satisfaction.

Growth Strategy

When it comes to growth strategy, G-III Apparel Group Ltd. wants to expand its position as an all-season diversified clothes company. As said previously, seasonality can be a risk for G-III which might be avoided with portfolio diversification through partnership. In fact, as explained in the annual report, G-III Apparel Group Ltd. expanded its relationship with Tommy Hilfiger with a new license for womenswear in February 2016. As can be seen on the exhibit below, the company took a lot of diversification initiatives through partnership in order to add new product categories and so gain market share. In fact, strong brands such as Calvin Klein will continue to grow in the future due to strong brand awareness and loyalty among customers that will benefit G-III Apparel Group Ltd. The company decided to expand its partnership with Calvin Klein as the brand is considered as the company's cash cow.

In addition to that, as explained in the 10-K, G-III Apparel Group Ltd. expanded its partnership with respect to the Karl Lagerfeld brand through the acquisition of 19% minority interest in the parent company that holds the worldwide rights to the Karl Lagerfeld brand. G-III Apparel Group Ltd. is a leader in the apparel business for many years, and is still seeking for attractive acquisition and partnership with several different brands to continue to grow in the future and to create economies of scale. In fact, given the company's culture and infrastructure suggests that G-III Apparel Group Ltd. will acquire other company in the future.

License	Date Current Term Ends	Date Potential Renewal Term Ends
Fashion Licenses:		
Calvin Klein (Men's outerwear)	December 31, 2015	December 31, 2020
Calvin Klein (Women's outerwear)	December 31, 2013	December 31, 2018
Calvin Klein (Women's dresses)	December 31, 2016	December 31, 2021
Calvin Klein (Women's suits)	December 31, 2016	None
Calvin Klein (Women's performance wear)	December 31, 2017	December 31, 2022
Calvin Klein (Women's better sportswear)	December 31, 2017	December 31, 2022
Calvin Klein (Better luggage)	December 31, 2015	December 31, 2020
Calvin Klein (Women's handbags and small leather goods)	December 31, 2015	December 31, 2020
Calvin Klein (Women's performance retail)	December 31, 2017	December 31, 2022
Calvin Klein (Men's and women's swimwear)	December 31,2019	December 31, 2024
Cole Haan (Men's and women's outerwear)	January 31, 2016	None
Dockers (Men's outerwear)	December 31, 2013	December 31, 2018
Ellen Tracy (Women's outerwear, dresses and suits and men's outerwear)	December 31, 2014	December 31, 2016
Guess Guess? (Men's and women's outerwear)	December 31, 2018	December 31, 2023
Guess Guess? (Women's dresses)	December 31, 2018	December 31, 2023
Ivanka Trump (Women's sportswear, suits, dresses, activewear, jeanswear, sweaters and blouses)	December 31, 2018	December 31, 2023
Jessica Simpson (Women's dresses)	January 31, 2017	January 31, 2020
Jessica Simpson (Women's outerwear)	December 31, 2014	December 31, 2017
Jones New York (Women's outerwear)	January 31, 2015	None
Kenneth Cole NY Reaction Kenneth Cole (Men's and women's outerwear)	December 31, 2015	None
Kensie Mac & Jac (Women's sportswear, dresses, suits, active wear and sweaters)	January 31, 2017	January 31, 2022
Kensie Mac & Jac (Women's cold weather accessories)	January 31, 2017	January 31, 2022
Kensie Mac & Jac (Women's handbags)	January 31, 2017	January 31, 2022
Levi's (Men's and women's outerwear)	December 31, 2013	December 31, 2018
Sean John (Men's outerwear)	January 31, 2014	None
Sean John (Women's outerwear)	December 31, 2013	December 31, 2023
Tommy Hilfiger (Men's outerwear)	March 31, 2018	None
Tommy Hilfiger (Luggage)	December 31, 2014	None
Vince Camuto (Women's dresses)	December 31, 2014	December 31, 2017
Vince Camuto (Men's outerwear)	December 31, 2014	December 31, 2017
Team Sports Licenses:		
Collegiate Licensing Company	March 31, 2016	None
Major League Baseball (Men's)	October 31, 2013	None
Major League Baseball (Ladies)	October 31, 2014	None
National Basketball Association	September 30, 2013	None
National Football League	March 31, 2017	None
National Hockey League	June 30, 2018	None

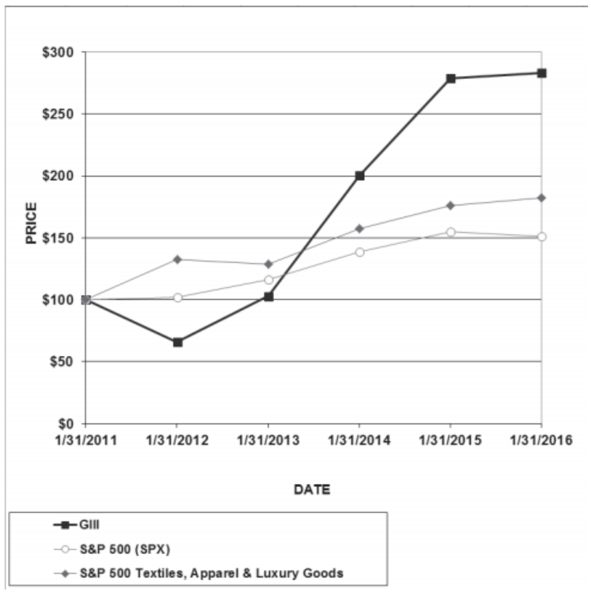
Acquisition

On July 2015, G-III Apparel Group Ltd. announced Donna Karan and DKNY (DKI) acquisition for $650million. DKI has been founded in 1984, and is one of the world's most iconic brands from LVMH. Once again, when it comes to acquisition, G-III Apparel Group Ltd. focused on its strategy of expansion and diversification to drive long-term shareholder value. In fact, as explained in 10-K, G-III expects Donna Karen and DKNY to have the highest operating margin within its stable brands. That being said, the DKI's acquisition becomes a way to generate sales across channels and categories in the US and worldwide. As of December 2016, the transaction has been financially forcible and is expected to be accretive in FY 2019. When it comes to sources of financing, G-III Apparel Group Ltd. plan to fund the acquisition through indebtedness including $75 million 6 years seller note and $75 million of newly issued G-III common stock to LVMH. Besides of that, G-III has obtained financing from JP Morgan and Barclays with a $525 million ABL credit facility and $450 million 6-year term loan. This acquisition will further diversifies G-III Apparel Group Ltd.'s sales distribution by **e** non-licensed sales, and will perfectly fit along-side G-III's other powerful brands such as Calvin Klein, Vilebrequin, and Karl Lagerfeld. Finally, DKI acquisition will allow G-III to add new categories and brands, and so diversify its portfolio which is at the core of its growth strategy.

Risks

G-III Apparel Group Ltd. risk factors are mainly related to the Wholesales Operations. In fact, as explained before, the company relies a lot on license agreements, and so 59.2% of revenues depends on sales of licensed products in FY 2016. Consequently, the failure to maintain license agreements represents a significant risk as it will lead G-III Apparel Group Ltd. to lose significant revenues. In addition to that, the reputations and strategy of licensors that cannot be controlled and managed by G-III represent a risk for the company. Finally, trends can also be a risk for the company if it cannot respond to customers' need and

G-III Apparel Group, Ltd.
Comparison of Cumulative Total Return
(January 31, 2011 — January 31, 2016)



demand on a timely manner. Even if G-III's strategy is to diversify its portfolio in order to target a broad market avoiding seasonality and enhancing customers' loyalty, many apparel companies have experienced period of rapid growth followed by period of declining sales and loss. Many factors such as trends, and social media can negatively affect G-III.

Nevertheless, as can be seen on the graph above, G-III outperforms since 2014 both S&P 500 and S&P 500 Textiles, Apparel and Luxury Goods indexes.

Financials

G-III Apparel Ltd. financial health strength can be seen in multiples areas. First, as explained before the company reported strong financial results in FY 2016 and outperformed estimations on revenues and net income. Revenues rose by 11% from $2,116 to $2,344M and Net Income rose by 4.8% from $103M to $113M. As being said, revenues growth has led gross profit to increase from $757M (34% gross margin) to $837M (36% gross margin).
When looking at the potential forecasted growth for 2017 and 2018, G-III would generate respectively $2,411M and $2,884M. As a matter of fact, the gross margin would potentially be 35.6% and 36% of revenues in 2017 and 2018. As can be seen with the financials, and recent acquisitions the company will continue to maximize shareholders value year over year.
Besides, G-III Apparel Ltd. ROIC ratio highlights the company strong ability to generate return on invested capital and so to create value.

ROIC		
	History	*LFY*
GIII	16.1%	13.4%
Competitors	15.4%	13.0%

When analyzing the key drivers of value which are revenue growth and ROIC, it seems obvious that the company's trend in the long run performance would be positive and will generate positive free cash flow.
Furthermore, G-III Apparel Group Ltd. has less debt than its competitors with a D/E ratio of 0.08 compared to 0.16 for competitors.

Five Procter Forces

Bargaining Power of Suppliers: Low – 44
Because G-III belongs to the apparel industry, it highly depends on suppliers. With a result of 44, the company does not have as much as bargaining power with its suppliers.

Bargaining Power of Customers: Medium – 50
When it comes to price, customers does not have a lot of bargaining power. However, they have the power to buy items from competitors if prices do not please them.

Intensity of Existing Rivalry: Medium - 43
G-III mains competitors are Lululemon Athletica Inc., Columbia Sportswear, and Fossil Group. In order to survive in the retail industry, companies such as G-III might have a strong competitive advantage. In fact, because they are in a slow growth market, the only way to grow is to capture market share from each other, which obviously increases competition.

Threat of Substitutes: High – 75
On the apparel industry, customers have access to a diversified choice of substitutes. One of the major issue associated with goods substitutions is the fact that customers can choose to purchase the substitutes instead of the industry's product, which can drive the price and so profitability down.

Threat of New Competition: High - 71
G-III faces many competitors on the market. Even if the opportunity to enter the market might be complicated, few brands succeed to become unavoidable.

Summary

I recommend that we buy G-III at $32 – the likelihood for the stock's price to rise in December is significantly high. In fact, Christmas will play a major role in raising the price of the stock. I expect the price to reach $44 in a near future.

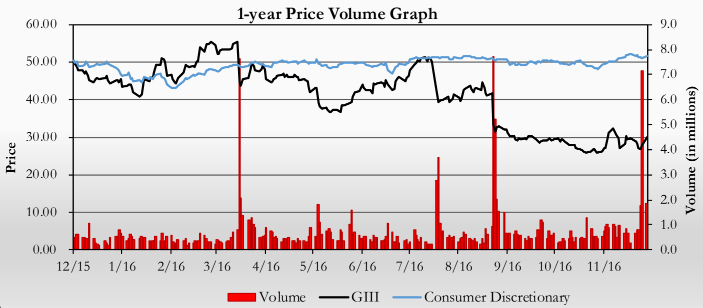
Siena Market Line
2nd week of December 2016

G-III Apparel Group, Ltd. (GIII)

CENTER FOR GLOBAL FINANCIAL STUDIES

BULLISH

Analysis by	Current Price:	$31.86	Intrinsic Value	$39.58	Target 1 year Return: 38.45%
12/9/2016	Divident Yield:	0.4%	Target Price	$43.98	Probability of Price Increase: 88.4%



Description

G-III Apparel Group, Ltd. designs, manufactures, and markets men's and women's apparel.

General Information

Sector	Consumer Discretionary
Industry	Textiles, Apparel and Luxury Goods
Last Guidance	November 3, 2015
Next earnings date	March 23, 2017
Estimated Country Risk Premium	6.57%
Effective Tax rate	39%
Effective Operating Tax rate	40%

Market Data

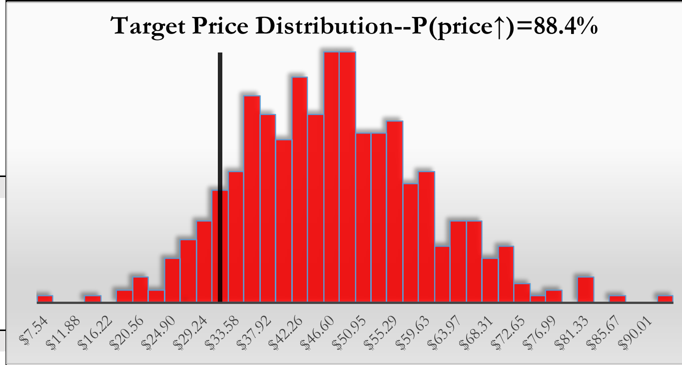
Market Capitalization	$1,508.80
Daily volume (mil)	0.66
Shares outstanding (mil)	48.64
Diluted shares outstanding (mil)	46.93
% shares held by institutions	104%
% shares held by investments Managers	90%
% shares held by hedge funds	8%
% shares held by insiders	9.02%
Short interest	11.91%
Days to cover short interest	7.37
52 week high	$55.89
52-week low	$24.41
Levered Beta	0.55
Volatility	42.92%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
10/31/2015	-1.21%	1.58%
1/31/2016	-10.97%	-55.88%
4/30/2016	-3.85%	7.38%
7/31/2016	-8.89%	-77.19%
10/31/2016	-6.05%	-2.68%
Mean	-6.19%	-25.36%
Standard error	1.7%	17.2%

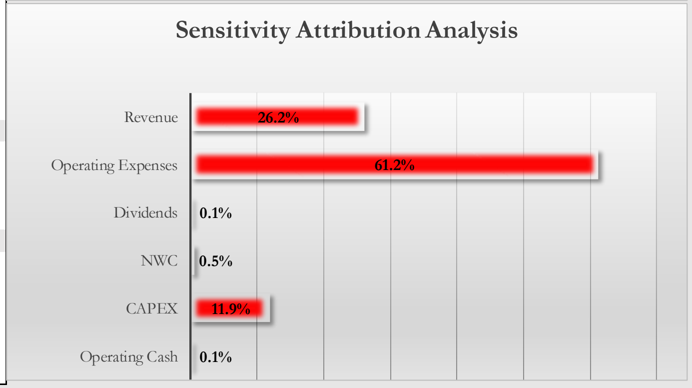
Peers

Lululemon Athletica Inc.
Columbia Sportswear Company
Fossil Group, Inc.
Under Armour, Inc.
V.F. Corporation
Guess?, Inc.
Wolverine World Wide, Inc.
Hanesbrands Inc.



Management	Position	Total compensations growth	Total return to shareholders
Goldfarb, Morris	Chairman of the Board and Ch	11.25% per annum over 6y	-4.86% per annum over 6y
Aaron, Sammy	Vice Chairman and President	18.38% per annum over 6y	-4.86% per annum over 6y
Nackman, Neal	Chief Financial Officer and	9% per annum over 6y	-4.86% per annum over 6y
Miller, Wayne	Chief Operating Officer and	13.35% per annum over 6y	-4.86% per annum over 6y
Goldfarb, Jeffrey	Director of Business Develop	N/M	N/M
Nostra-Katz, Jeanette	Senior Advisor and Director	-100% per annum over 3y	0.61% per annum over 3y

Profitability	GIII (LTM)	GIII (5 years historical average)	Industry (LTM)
ROIC	8.6%	19.31%	13.22%
NOPAT Margin	5%	8.86%	8.2%
Revenue/Invested Capital	1.61	2.18	1.62
ROE	9.9%	25.66%	14.90%
Adjusted net margin	5%	8.28%	7.4%
Revenue/Adjusted Book Value	2.19	3.10	2.00
Invested Funds	**GIII (LTM)**	**GIII (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	2.4%	5.3%	16%
Estimated Operating Cash/Total Capital	2.4%	4.0%	N/A
Non-cash working Capital/Total Capital	40.2%	36.0%	28%
Invested Capital/Total Capital	89.8%	86.9%	83%
Capital Structure	**GIII (LTM)**	**GIII (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.49	0.22	0.15
Cost of Existing Debt	6.79%	7.92%	3.92%
Estimated Cost of new Borrowing	5.27%	5.94%	3.92%
CGFS Risk Rating	C	D	CC
Unlevered Beta (LTM)	0.49	1.76	0.62
WACC	7.07%	15.01%	7.79%



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

Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	-0.9%	5.3%	1.21
10/31/2017	13.6%	5.5%	1.24
10/31/2018	9.0%	5.4%	1.20
10/31/2019	10.5%	6.0%	1.33
10/31/2020	9.8%	6.2%	1.40
10/31/2021	8.9%	6.1%	1.38
10/31/2022	8.1%	5.9%	1.37

The Clorox Company

NASDAQ:CLX

Analyst: Brandon Casey
Sector: Consumer Disc.

BUY

Price Target: $129.04

Key Statistics as of 12/08/2016

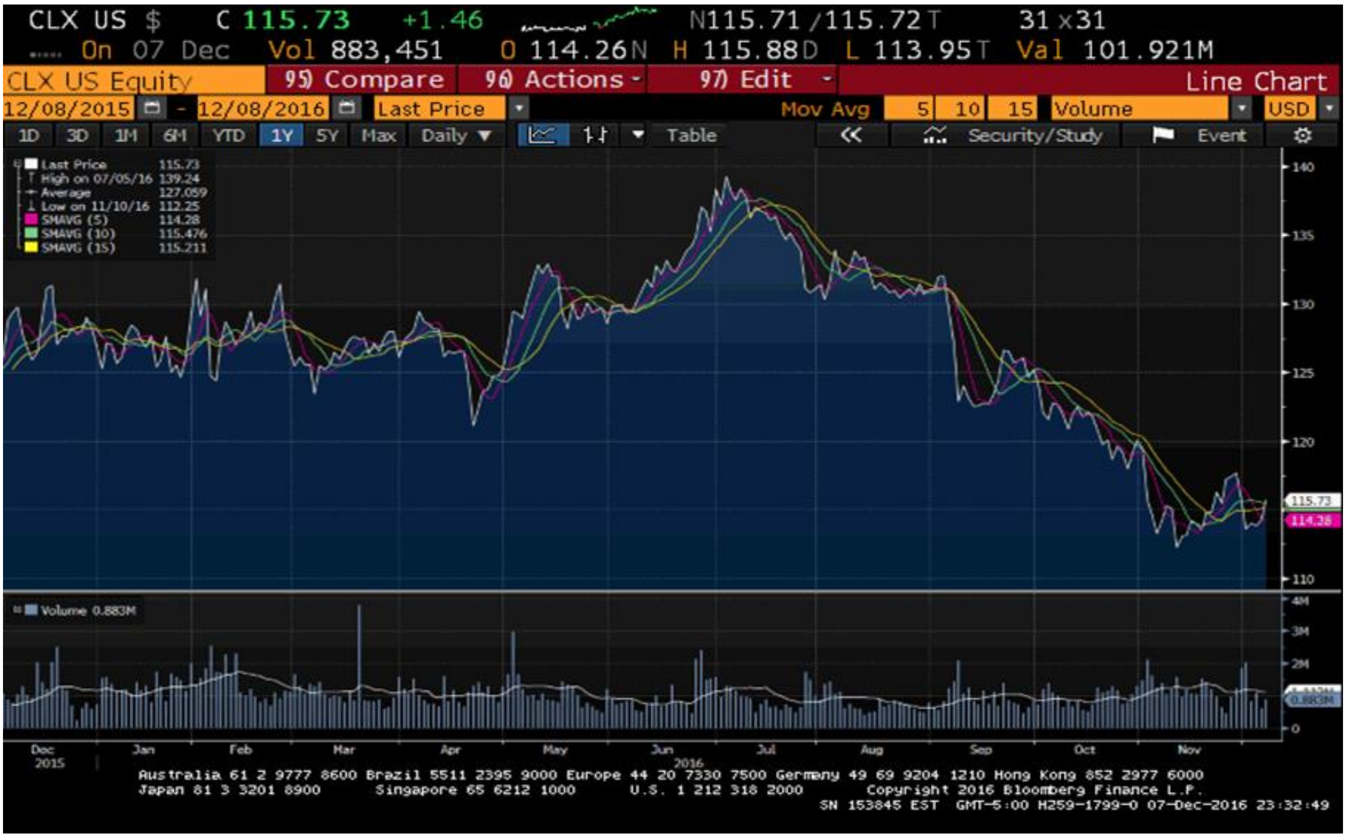
Market Price:	$114.63
Industry:	Consumer household products
Market Cap:	$14.76B
52-Week Range:	$111.24-140.47
Beta:	0.12

Catalysts:

- Product Innovation
- Expansion/Acquisitions

Company Description:

The Clorox Company was founded over 100 years ago with its initial brand Clorox liquid bleach. Ever since then it has expanded into a household name. It has a very diverse portfolio of acquisitions and name brands that assist in revenue growth. CLX is a leading manufacturer of cleaning, household, and lifestyle products. They primarily sell products through grocers and retailers, as well as e-commerce, wholesale contributors, and medical supply distributors. More than 80% of CLX's sales come from brands that hold the No. 1 or No. 2 market share positions in their categories. The company CEO Benno Dorer who has been with the company since 2013. Management makes implications that they continue to diversify their portfolio by acquiring leading brands with high margins.



Thesis

The Clorox Company is trading low compared to its 52 week range. CLX is a reliable company since it generates growth every year. They are top manufacturers of products that there will always be a need for. Management has a yearly goal of 3-5% sales growth. This means that CLX will have to innovate as well as increase their customer base. Clorox has a strong history of acquiring efficient and successful brands to ensure their growth strategy is met. In addition to management strategies, CLX has impressive financials. With WACC well below the industry average as well as ROIC above the industry average CLX is operating more efficiently than its industry. Lastly, The Clorox Company has a strong history of dividend growth. Every year since 1977 they have increased dividend yields. Also, they have a high dividend payout ratio of more than 60%. Overall, CLX is a BUY at the current market price $114.63 with a one year upside potential of 14.16% gains.

Financials

Clorox has made itself a dominant player in the household products industry. With margins above industry averages, excluding gross margins, this is proven. In addition, Bloomberg shows that CLX's ROIC of 28.25% and its WACC of 5.92% are both substantially better than the industry averages of 14.76% and 7.07%, respectively. This leads me to believe that Clorox is highly levered.

CLX US Equity | 96) Output | 97) Settings | Relative Valuation

Comp Source: Analyst Curated (BI) | Name: BI NA HHP Mfg Val | Curr: USD

Segment	Revenue %
Household Products	100%

Metric	CLX	Low	High
Est P/E Current Yr	21.53	16.80	42.21
EV/ Est EBITDA Cur	12.98	7.55	14.47
Sales Growth Yoy	1.87	-19.45	4.48
EBITDA Margin (%)	21.30	7.75	27.67
SG&A as % Sales	26.66	18.42	67.33

CLX US ◆ Median

21) Overview | 22) Comp Sheets | 23) Markets | 24) EPS Preview | 25) Ownership | 26) Credit | 27) Custom

31) Create Template | Add Column | 93) Fields | 19) Save As

	Name (BI Peers)	Ticker	Mkt Cap (USD)	PM LF	OPM LF	GM:Q	ROIC LF	WACC	WACC Cost of Equity	WACC Cost of Debt	T12M EBITDA Mrgn:Q
	Average		38.86B	10.32%	16.75%	56.83%	14.76%	7.07%	8.82%	2.03%	20.16%
100)	CLOROX COMPANY	CLX US	14.77B	12.40%	19.47%	44.35%	28.25%	5.92%	6.54%	1.84%	21.02%
101)	CHURCH & DWIGHT CO	CHD US	11.32B	14.24%	22.51%	45.43%	15.37%	6.76%	7.12%	1.88%	23.79%
102)	PROCTER & GAMBLE CO	PG US	223.45B	16.43%	22.83%	51.62%	11.42%	6.85%	7.44%	1.71%	26.28%
103)	COLGATE-PALMOLIVE CO	CL US	58.40B	18.15%	27.70%	60.38%	21.57%	6.96%	7.47%	1.83%	28.64%
104)	AVON PRODUCTS INC	AVP US	2.42B	2.56%	7.95%	60.90%	-3.79%	8.20%	15.87%	1.61%	9.92%
105)	EDGEWELL PERSONAL CA	EPC US	4.39B	8.55%	13.72%	51.06%	6.22%	7.90%	10.03%	2.57%	18.84%
106)	REVLON INC-CLASS A	REV US	1.52B	-0.78%	6.89%	59.76%	7.90%	5.46%	9.08%	2.92%	18.74%
107)	ESTEE LAUDER COMPANI	EL US	29.06B	10.26%	14.59%	79.32%	19.40%	8.07%	8.54%	1.88%	19.29%

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

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2016 Bloomberg Finance L.P.
SN 177249 EST GMT-5:00 G627-5927-0 08-Dec-2016 18:27:16

Kd	History	LFY
CLX	4.4%	3.8%
Competitors	4.3%	4.1%

ROIC W/O GW	History	LFY
CLX	43.5%	46.4%
Competitors	25.4%	29%

ROIC	History	LFY
CLX	24.4%	25.2%
Competitors	12.1%	14.7%

ROC /WACC	History	LFY
CLX	2.53	2.59
Competitors	1.17	1.46

Premium over capital GW	History	LFY
CLX	43.7%	45.7%
Competitors	48.9%	47.0%

WACC	History	LFY
CLX	9.8%	9.7%
Competitors	10.1%	10.0%

Ke	History	LFY
CLX	11.4%	10.7%
Competitors	11.2%	11.0%

Above are more financial data drawn from the proforma created for CLX. At first glance I noticed an impressive ROC/WACC ratio of 2.59. In comparison to its competitors of 1.46, this drastically outperforms. In addition, both the cost of equity and cost of debt for CLX are lower than the competitors' averages.

CLX US $ C 115.73 +1.46 N115.71 /115.72T 31 x31
On 07 Dec Vol 883,451 O 114.26N H 115.88D L 113.95T Val 101.921M

CLX US Equity | 96) Actions | 97) Output | 98) Settings | Financial Analys

ADJ Clorox Co/The | Periods 10 Annuals | Currency USD

1) Key Stats | 2) I/S | 3) B/S | 4) C/F | 5) Ratios | 6) Segments | 7) Addl | 8) ESG | 9) Custom

11) Standardized | 12) As Reported | 13) Common Size | 14) Fair Value Analysis

In Millions of USD except Per Share	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 201
12 Months Ending	06/30/2011	06/30/2012	06/30/2013	06/30/2014	06/30/2015	06/30/201
Total Assets	4,163.0	4,355.0	4,311.0	4,258.0	4,164.0	4,518.
Total Assets						
+ Cash, Cash Equivalents & STI	6.2%	6.1%	6.9%	7.7%	9.2%	8.9
+ Cash & Cash Equivalents	6.2%	6.1%	6.9%	7.7%	9.2%	8.9
+ ST Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0

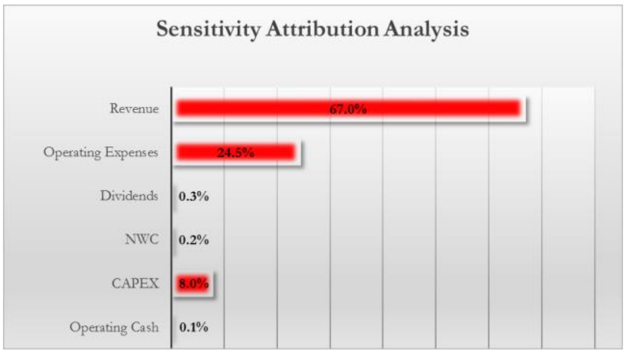
Using the above table I noticed that CLX holds about 9% of its assets in cash. Since 2011 this percentage his increased from 6.2%. In order to stay efficient and competitive, Clorox is realizing that they have to be willing to acquire companies. Having more cash on hand helps CLX's ability to do so.

CLX US $ C 115.73 +1.46 N115.71 /115.72 T 31 x 31
On 07 Dec Vol 883,451 O 114.26N H 115.88D L 113.95T Val 101.921M
CLX US Equity 96) Actions 97) Output 98) Settings Financial Analysis
ADJ Clorox Co/The Periods 10 Annuals Currency USD
1) Key Stats 2) I/S 3) B/S 4) C/F 5) Ratios 6) Segments 7) Addl 8) ESG 9) Custom
11) Standardized 12) As Reported

In Millions of USD except Per Share	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Last 12M
12 Months Ending	06/30/2012	06/30/2013	06/30/2014	06/30/2015	06/30/2016	09/30/2016
Cash from Operating Activities						
+ Net Income	541.0	572.0	558.0	580.0	648.0	655.0

CLX US $ ↑114.69 -1.04 N114.63 /114.64N 139 x 14
At 17:05 d Vol 763,268 O 115.00N H 115.215D L 114.40N Val 87.611M
CLX US Equity 96) Actions 97) Output 98) Settings Financial Analysis
ADJ Clorox Co/The Periods 10 Annuals Currency USD
1) Key Stats 2) I/S 3) B/S 4) C/F 5) Ratios 6) Segments 7) Addl 8) ESG 9) Custom
11) Adjusted 12) GAAP 13) As Reported 14) Reconciliation 15) SBC & Amort 16) Adj % 17) GAAP %

In Millions of USD except Per Share	FY 2014	FY 2015	FY 2016	Last 12M	FY 2017 Est	FY 2018 Est
12 Months Ending	06/30/2014	06/30/2015	06/30/2016	09/30/2016	06/30/2017	06/30/2018
Revenue	5,514.0	5,655.0	5,761.0	5,814.0	5,971.0	6,148.8
+ Sales & Services Revenue	5,514.0	5,655.0	5,761.0	5,814.0		
- Cost of Revenue	3,158.0	3,190.0	3,163.0	3,201.0		
+ Cost of Goods & Services	3,158.0	3,190.0	3,163.0	3,201.0		



Looking at the Clorox Company's Net Income and Revenue over the last couple of years we can see that the growth is positive. From fiscal year 2015 to fiscal year 2016 net income increased about 12%. However, this productivity was not met in the previous years. Management has acknowledged that and is fixing the problem. 2014 advertising expenses were $503 million, in 2016 they increased to $587 million. By advertising products more frequently, CLX will be able to achieve their yearly growth goal of 3-5% in sales.

Additional					
Effective Tax Rate	31.35	32.71	34.50	34.20	34.08
Dvd Payout Ratio	58.80	60.06	64.22	64.29	61.42
Sustainable Growth Rate	–	–	133.10	152.27	120.48

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Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 600
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The Clorox Company is proven to be a safe stock since its ability to give shareholders returns is outstanding. As stated before, CLX has increased dividends every year since 1977. Additionally, their dividend payout ratio has increased since 2012, from 58.8% to 61.42%. Clorox is also a safe bet because of its ability to defend against a volatile market. With the Presidential election behind us, we do not know what to expect for the future of the American economy. Clorox has proven, through EPS, that it is able to withstand a market crash. In 2007, 2008, 2009, and 2010 Clorox had earnings per share of $3.23, $3.24, $3.81, and $4.24, respectively. Its ability to grow during the market crash of 2008 shows that its business model is resistant to recessions.

Innovation

CLX US $ ↑114.69 -1.04 N114.63 /114.64N 139 x 14
At 18:40 d Vol 763,268 O 115.00N H 115.215D L 114.40N Val 87.611M
CLX US Equity 96) Actions 97) Output 98) Settings Financial Analysis
ADJ Clorox Co/The Periods 10 Annuals Currency USD
1) Key Stats 2) I/S 3) B/S 4) C/F 5) Ratios 6) Segments 7) Addl 8) ESG 9) Custom
11) Adjusted 12) GAAP 13) As Reported 14) Reconciliation 15) SBC & Amort 16) Adj % 17) GAAP %

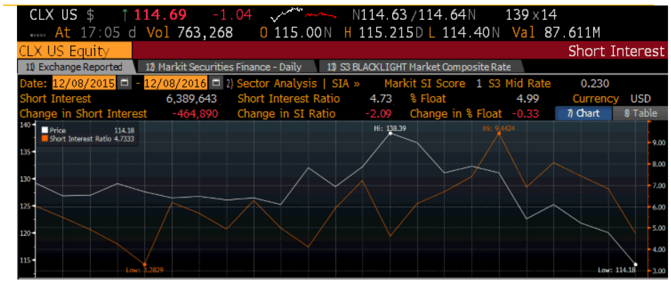
In Millions of USD except Per Share	FY 2014	FY 2015	FY 2016	Last 12M	FY 2017 Est	FY 2018 Est
12 Months Ending	06/30/2014	06/30/2015	06/30/2016	09/30/2016	06/30/2017	06/30/2018
Gross Profit	2,356.0	2,465.0	2,598.0	2,613.0	2,681.6	2,777.2
+ Other Operating Income	0.0	0.0	0.0	0.0		
- Operating Expenses	1,381.0	1,465.0	1,536.0	1,556.0		
+ Selling, General & Admin	1,254.0	1,321.0	1,393.0	1,412.0		
+ Selling & Marketing	–	–	–			
+ Research & Development	125.0	136.0	141.0	142.0		

Since fiscal year 2014, Clorox has been increasing R&D expenses. R&D rose by 13% since 2014 and it is paying off for CLX.

Shown above is a bar chart depicting how innovation is increasing sales. As you can see, since FY 2012 Clorox has been hovering around their goal of 3% growth.

Product innovation is a key component for Clorox's success. Some innovations include the following: "Connected" Brita water filters that automatically re-order new filters using Wi-Fi, Glad trash bags with anti-microbial lining to reduce the spread of germs, Glad OdorShield trash bags that neutralizes odors while leaving behind a fresh scent, and Clorox Wipes with Microscubbers that get rid of greasy messes as well as 99.9% of germs. Clorox already has a competitive advantage in its industry because of its focus on product innovation. If CLX keeps focusing on R&D and product innovation, they will meet their 3-5% sales growth goal and continue to succeed financially.

Short Interest/Debt



CLX has a low short interest ratio of 4.73%. At the beginning of September Clorox had a short interest ratio of 9.44%. Investors became confident in CLX because of their recent success, diversified brand portfolio, and among other things their 2020 Strategy of 3-5% growth. This strategy seems more and more feasible as Clorox continuous its rigorous R&D strategies and financial success.

With all the potential seen in Clorox it is no surprise both Moody's and Standard & Poor's rated Clorox Stable with solid ratings of Baa1 and A-, respectively. This shows strong investor confidence in CLX's ability to pay off its debts.

Acquisitions

One big catalyst for Clorox in the long term will be their ability to expand into different product markets.

As of fiscal year 2016, Clorox generated $5.8B of sales. 33% of sales came from cleaning products, 33% from household products, 17% from lifestyle and 17% from international brands. So it is fair to assume Clorox is diversified looking at its sales composition. They have already been able to expand into different product markets. Brands names like Burt's Bees, Hidden Valley, Brita, Glad, and Kingsford all account for 43% of Clorox's overall sales. Having a history of financially rewarding brand acquisition leads me to believe that management will continue to acquire top brand names.

One major acquisition for Clorox was Renew Life. The health-and-wellness company was acquired in May 2016 and is expected to contribute to Clorox sales in the future. Analysts believe that the probiotics industry will grow 15% annually in the future. Clorox realize this is a cheap way to get involved in the up-and-coming industry. According to a study done by Clorox, two-thirds of Americans suffer from intestinal health issues. Acquiring a company that can make an impact on two-thirds of Americans will help implement the 2020 Strategy Clorox wishes to achieve.

Conclusion

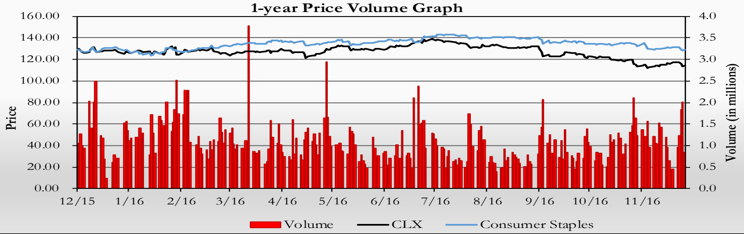
In conclusion, Clorox is a low risk/high reward investment. Their ability to innovate shows that Clorox is willing and able to attract more customers. The 2020 Strategy shows how management believes this company can continue to grow. CLX has strong and impressive financials, with margins above industry averages and ROE/WACC almost double than that of its competitors. A big part of why CLX is a safe investment is because of their dividend history. Almost 40 years of increasing dividends and a dividend payout ratio shows they aim to return profits top investors. Lastly, Clorox has one of the most diversified brand portfolios in its industry. This, among many other reasons, is why investors believe it will outgrow competitors because they acquire strong and efficient brand name companies.

CENTER FOR GLOBAL FINANCIAL STUDIES

The Clorox Company (CLX) — **NEUTRAL**

Analysis by Brandon Casey	Current Price:	$115.73	Intrinsic Value	$121.26	Target 1 year Return: 14.16%
12/8/2016	Divident Yield:	2.7%	Target Price	$129.04	Probability of Price Increase: 84%

1-year Price Volume Graph



Description

The Clorox Company manufactures and markets consumer and professional products worldwide.

General Information

Sector	Consumer Staples
Industry	Household Products
Last Guidance	November 3, 2015
Next earnings date	February 1, 2017
Estimated Country Risk Premium	6.93%
Effective Tax rate	38%
Effective Operating Tax rate	38%

Market Data

Market Capitalization	$14,899.51
Daily volume (mil)	0.88
Shares outstanding (mil)	128.74
Diluted shares outstanding (mil)	131.96
% shares held by institutions	73%
% shares held by investments Managers	60%
% shares held by hedge funds	3%
% shares held by insiders	0.15%
Short interest	4.96%
Days to cover short interest	5.97
52 week high	$140.47
52-week low	$111.24
Levered Beta	0.28
Volatility	13.04%

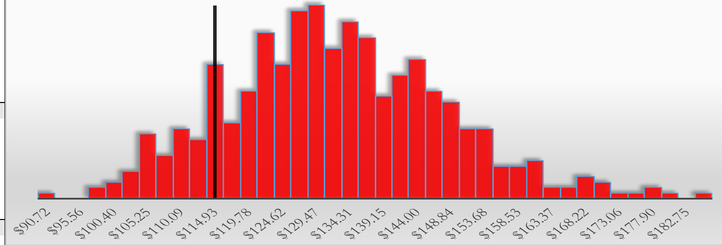
Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/30/2015	-1.07%	0.92%
12/31/2015	-2.31%	-3.01%
3/31/2016	0.48%	-0.66%
6/30/2016	-0.37%	-17.94%
9/30/2016	-0.35%	-6.57%
Mean	-0.72%	-5.45%
Standard error	0.5%	3.4%

Peers

- Colgate-Palmolive Company
- Church & Dwight Co., Inc.
- Spectrum Brands Holdings, Inc.
- The Procter & Gamble Company
- Dr Pepper Snapple Group, Inc.
- The Estée Lauder Companies Inc.
- Kimberly-Clark Corporation
- Campbell Soup Company

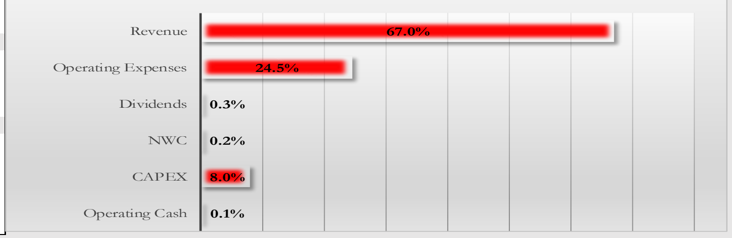
Target Price Distribution--P(price↑)=84%



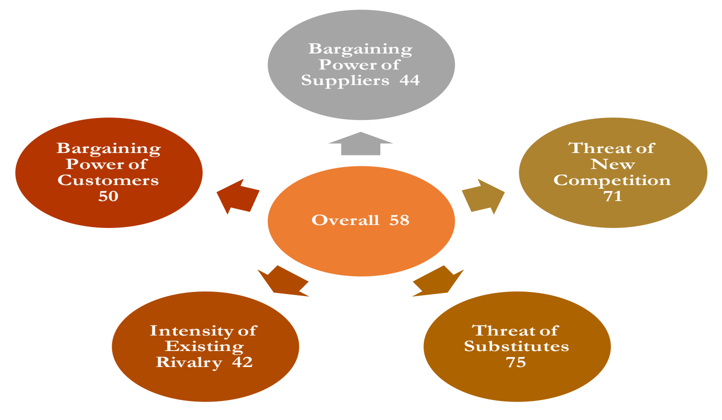
Management	Position	Total compensations growth	Total return to shareholders
Dorer, Benno	Chairman and Chief Executive	60.9% per annum over 3y	9.61% per annum over 3y
Robb, Stephen	Chief Financial Officer and	6.11% per annum over 5y	4.62% per annum over 5y
Stein, Laura	Executive Vice President of	9.71% per annum over 6y	2.56% per annum over 6y
Willoughby, Dawn	Chief Operating Officer of C	N/M	-7.23% per annum over 1y
Vlahos, Nikolaos	Chief Operating Officer of H	N/M	-7.23% per annum over 1y
Johnson, Thomas	Chief Accounting Officer and	N/M	N/M

Profitability	CLX (LTM)	CLX (5 years historical average)	Industry (LTM)
ROIC	35.9%	38.33%	22.66%
NOPAT Margin	13%	14.16%	13.4%
Revenue/Invested Capital	2.68	2.71	1.70
ROE	-178.5%	-95.76%	25.51%
Adjusted net margin	12%	12.73%	11.9%
Revenue/Adjusted Book Value	-14.72	-7.52	2.14
Invested Funds	**CLX (LTM)**	**CLX (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	10.2%	9.4%	14%
Estimated Operating Cash/Total Capital	8.7%	8.6%	N/A
Non-cash working Capital/Total Capital	2.6%	2.8%	-1%
Invested Capital/Total Capital	50.6%	52.9%	87%
Capital Structure	**CLX (LTM)**	**CLX (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.17	0.20	0.14
Cost of Existing Debt	4.47%	4.75%	3.12%
Estimated Cost of new Borrowing	6.14%	5.79%	3.12%
CGFS Risk Rating	D	D	C
Unlevered Beta (LTM)	0.26	0.34	0.48
WACC	5.57%	5.94%	7.13%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	2.1%	13.4%	6.44
9/30/2017	2.7%	13.9%	7.40
9/30/2018	3.6%	14.0%	7.33
9/30/2019	3.3%	13.9%	7.00
9/30/2020	3.6%	14.3%	7.20
9/30/2021	3.2%	14.3%	7.14
9/30/2022	3.2%	14.6%	7.20
9/30/2023	3.2%	14.8%	7.27
9/30/2024	3.4%	15.1%	7.36
9/30/2025	3.6%	15.3%	7.46
9/30/2026	3.8%	15.6%	7.57
Continuing Period	4.0%	15.8%	4.34

Period	Invested Capital	Net Claims	Price per share
Base Year	$1,807.13	$2,862.64	$121.43
9/30/2017	$1,940.56	$2,121.79	$129.52
9/30/2018	$2,048.40	$1,761.11	$135.03
9/30/2019	$2,013.95	$1,317.34	$140.40
9/30/2020	$2,167.03	$885.52	$145.68
9/30/2021	$2,020.43	$435.53	$150.85
9/30/2022	$2,129.87	-$48.41	$156.02
9/30/2023	$2,297.04	-$738.64	$162.49
9/30/2024	$2,366.93	-$1,299.79	$167.68
9/30/2025	$2,476.95	-$1,913.93	$172.92
9/30/2026	$2,575.31	-$2,590.41	$178.23
Continuing Period			

Siena Market Line
2nd week of December 2016

Coach, Inc.

NYSE:COH

Analyst: Austin Bitzas
Sector: Consumer Disc.

BUY

Price Target: $43

Key Statistics as of 12/9/2016

Market Price:	$38.58
Industry:	Apparel, Accessories & Luxury goods
Market Cap:	$10, 816.5 M
52-Week Range:	$30.06-43.71
Beta:	0.59

Catalysts:

- **Mid-term:** Taking products out of wholesale discount retailers and underperforming North American stores, focusing on high quality retailers
- **Mid to Long-term:** Implementation of a multiyear strategic transformation plan to transform its imagine

Company Description:

Coach, Inc. (NYSE:COH) is one of the most recognized luxury accessories brands pairing exceptional leathers and materials with innovative design in both North America and in targeted international markets. The company designs, produces, and markets these luxury goods, which include handbags, business cases, luggage and travel accessories, men's and women's accessories, gloves, and outwear. Together with a licensing partner Coach also offers watches, footwear, fragrance, and eye wear. Coach works under the Stuart Weitzman brand as well, which is a leader in women's designer footwear. The company is headquartered in New York, New York and was founded in 1941.

Thesis

Coach will begin to experience the positives of its announcement in 2014 of its transformation strategy to create long term shareholder value. Coach's decision to no longer take part in sales through the wholesale channel and limit promotional offers will have short term negative impacts but will return positive results in the long term. This short term negative impact will allow for the price to reach a suitable entry point for investors to capitalize on long term growth creation. Currently, Coach is fairly priced according to conservative estimates which provides the ideal entry point for investors looking for a mid to long term growth stock. An entry point below or at its conservative intrinsic value of about $38 is optimal. Coach is transforming its image from a handbag brand to a lifestyle brand expanding its product line and capitalizing on its luxury image. If Coach is to follow through with its multi-year transformation plan announced it will be able to drive growth in its stock price.

Industry Outlook

The apparel, accessories, and luxury goods has many well established competitors. These competitors which were used in the following evaluation are as follows:

1. Michael Kors, Inc. (NASDAQ:KORS)
2. Kate Spade & Company (NYSE:KATE)
3. Fossil Group Inc. (NASDAQ:FOSL)
4. Ralph Lauren Corp. (NYSE:RL)
5. LVMH Moet Hennessy Louis Vuitton

The luxury goods are considered to be elastic products and will almost always under perform during times of macroeconomic slows. Coach was the leader in accessible luxury hand bags and accessories, which over the past couple years have attracted increased competition. Coach management believe this is due to insufficient context around its brand and not adapting to innovative designs. This has shown with the underperformance of North American sales. To combat this management announced a transformation multiyear growth plan in 2014, which begin implementation in 2015 and expected to see growth starting in 2017 reaching full expectations into 2021.

Management Strategy

Management announced during its earnings call for quarter 4 of fiscal 2016 that it would pull the company's handbags and leather goods out of over 250 locations, which is approximately 25% of department stores. Additionally, management decided on the reduction of markdown allowances. The reasoning behind this is that high promotional discounts are drive customers away from spending more on similar bags at the company's own stores and e-commerce websites. Doing so has negatively impacted Coach's sales by 1.5% for quarter 1 of fiscal 2017. However, sacrificing on short term gains has elevated brand positioning and driven the hand bag average unit retail price to over $300. Pulling products from the whole sale channel has also allowed inventory to reduce as well.

Management also plans on implementing a growth strategy plan to establish its modern luxury concept globally. So far the company has opened and renovated 500 stores globally. These stores have shown higher comparable store growth then other stores and will be used as a growth vehicle long term. As seen in Exhibit 1 management has followed through with its initiative to more internationally with only 30.7% of sales from international operations to 38.3% of sales in 2016.

Exhibit 1:

In Millions of USD except Per Share	FY 2013		FY 2014		FY 2015		FY 2016	
12 Months Ending	06/30/2013		06/28/2014		06/27/2015		07/02/2016	
Revenue	5,075.4	100.0%	4,806.2	100.0%	4,191.6	100.0%	4,491.8	100.0%
North America	3,478.2	69.3%	3,100.5	65.3%	2,467.5	60.3%	2,397.1	53.9%
International	1,540.7	30.7%	1,644.2	34.7%	1,622.0	39.7%	1,704.0	38.3%
Stuart Weitzman	-		-		-		344.7	7.8%
Other	56.5		61.6		102.1		46.0	

Strategy wise Coach is enhancing its brand image from a handbag brand to a lifestyle brand and increasing its voice through expanding its product line of higher quality products. These initiatives are all part of Coach's strategic transformation plan as of 2015.

Competitive Margin Valuation

Exhibit 2:

ROIC/WACC	History	LTM	COR/Revenue	History	LTM
COH	3.24	2.3	COH	29.7%	31.8%
Competitors	1.86	1.74	Competitors	39.0%	39.0%

ROIC	History	LTM	Cost of Debt	History	LTM
COH	42.0%	20.0%	COH	3.0%	4.4%
Competitors	20.9%	16.5%	Competitors	5.0%	3.4%

WACC	History	LTM	Debt to Equity	History	LTM
COH	8.6%	8.7%	COH	0.01	0.06
Competitors	10.7%	9.5%	Competitors	0.09	0.11

As seen in Exhibit 2 Coach was compared to its close industry competitors. Coach is outperforming its competitors. Coach's return on invested capital (ROIC) is significantly above its competitors meaning it is efficiently generating returns above its competitors. In may be noticed ROIC has declined nearly half from historic values, which could be as a result of Coach losing its brand image. Management has recognized this issue and is dealing with this through its transformation plan. Further, Coach has a slightly lower risk than its competitors as seen in its weighted average cost of capital (WACC) of 8.7% compared to its competitors' 9.5% for the fiscal year. Moreover, Coach is generating more value than its competitors as illustrated with its ROIC/WACC of 2.30 versus its competitor's average of 1.74. Further, as part of the firm's capital structure cost of debt has risen above Coach's competition most likely due to its recent risk it has taken on by implementation debt. The last metric used was to express Coach's capitalization through its debt to equity ratio. Coach's debt to equity ratio has risen but is still far below that of the levels of its competitors. This indicates Coach has been managing its level of debt it has been using to finance its assets relative to the amount of value represented in shareholder's equity making Coach less risky than its competitors.

Stuart Weitzman Brand

Coach bought The Stuart Weitzman brand in 2015, for $574 million. The brand gives access to high end products such as footwear, jewelry, gloves, scarves and hats. Stuart Weitzman operates over 110 stores in the United States and internally. Coach sees opportunity expanding the brand globally and sees future benefit from Stuart Weitzman's expertise in footwear development as proven leaders in this segment. Performance related to buying this brand has exceeded expectations. The brand contributed to $345 million in revenue in the first year, which is approximately 8% net sales. The brand has begun to be recognized globally. As with the acquiring Stuart Weitzman Coach continues to seek acquisitions to expand its product line as part of its transformation process.

Ownership

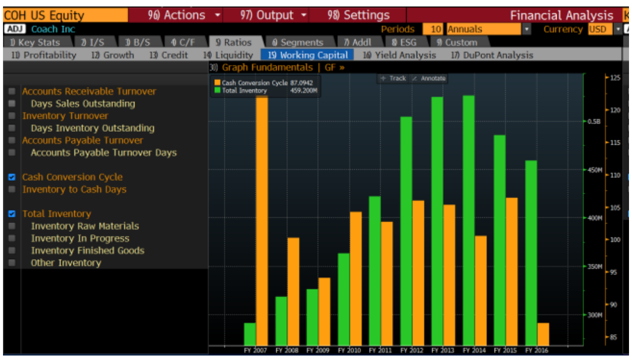
As illustrated in Exhibit 2 Coach's short interest has begun to decline and is at a level of 4.07 from an all-time high of 5.40 in late August. Since mid-October Coach's short interest has begun to decline. This indicates that investors are selling off their short positions, which could indicate that they believe the share price has is no longer over valued and will begin to gain traction once again. Further as illustrated in the bottom of Exhibit 2 average daily trading volume was slightly up from the past few months to 4.45 million. A declining short interest ratio and increase in daily trading volume further supports the claim that Coach is currently fairly priced at about $38.

Exhibit 2:

Financials

The company has also been able to lower its cash conversion cycle as scene in Exhibit 3. This is a positive sign as it implies the company has been able to improve how fast management can turn cash on hand into inventory and accounts payable, through sales and accounts receivable, and then back into cash. Therefore, a low cash conversion cycle ratio implies a healthy company with low liquidity risk. Focus on pulling out of the whole sale channel has been able to decrease total inventory to $459 million from an all-time high of about $526 million. This has helped contribute to the significant decline in cash conversion cycle, which dropped from 106.4 in 2015 to 86.1 in 2016. In comparison to Coach's main competitors Michael Kors, Inc. (NASDAQ: KOR) cash conversion cycle has increased year-over-year and is currently at 105.5, and Kate Spade & Company (NYSE: KATE) cash conversion cycle has risen from 68.9 in 2015 to 88.9 in 2016. This further supports that Coach's strategic plan has contributed to improvements in efficiency.

Exhibit 3:



Valuation

A discounted cash flow model was created based on Coach's financial statements starting as far back a 2005. The financial statements were first adjusted. Assumptions were made based on guidance from Coach's latest 2017 quarter 1 earnings call, and Coach's investor 2014 presentation slides. Then based on historic data and guidance fiscal years 2017 to 2021 were then forecasted to give an intrinsic value for Coach.

The company's earnings call provided short term guidance for fiscal 2017. The guidance is listed as follows:

- Total revenue increase by low-mid single digits
- FOREX increase 1-1.5%
- Operating margins 18.5-19%
- Interest Expense about $25 million
- Tax rate 28%
- Weighted Diluted shares 283 million
- Net income and earnings per diluted share increase by double digit growth
- CAPEX about $325 million
- Diluted EPS $1.83
- Dividends per share $1.3375

The company's 2014 investor presentation slides provided long term guidance estimates as follows:

- Operating margin 20-25% for 2019 and 30% into 2021
- Gross margin stable at 69-70%
- CAPEX about 4-5% for 2019

For the valuation conservative estimates were used. As seen in Exhibit 4 at the end of the write-up a moderate net sales growth of 4% was used to give an intrinsic value of $38.91. However, if Coach were to only have a net sales increase of 3% from 2017 to 2021 it would yield an intrinsic value of $37.22. Further, with a net sales increase of 5% over the next five years Coach has an intrinsic value of $40.66. Therefore, revenue as one can see will play a large roll in to value of the company. An adjustment was made to continue CAPEX as a percent of sales to levels seen historically in 2015. CAPEX rose in 2016 and is expected be $325 million in 2017 because of a change in headquarters. This costed $179.6 million

Summary

Currently, Coach is fairly priced according to conservative estimates, the ideal entry point for investors looking for a mid to long term growth stock would be for when Coach is priced at or below its current price. An entry point below or at its conservative intrinsic value of about $38 is optimal. Coach is transforming its image from a handbag brand to a lifestyle brand expanding its product line and capitalizing on its luxury image in North America and internationally. Coach's transformation process begun in 2015 and will be complete as late as 2021. Management knew that there would be some initial sacrifice for short term gains in order to create long term shareholder value. If Coach is to follow through with its multi-year transformation plan announced it will be able to drive growth in its stock price. With a recent positive rise in revenue growth as Coach has seen negative revenue growth over the past few years among other indicators as mentioned Coach's transformation plan is gaining traction and will experience more positive growth as management anticipated.

Exhibit 4:

Fiscal Year End	**7/2/2017**	**7/2/2018**	**7/2/2019**	**7/2/2020**	**7/2/2021**
Time	0.56	1.56	2.56	3.56	4.56
NOPAT	532.2	597.2	666.6	740.5	819.3
Plus D&A	219.0	227.8	236.9	246.4	256.2
Plus Non Cash Charges					
Plus Change in W/C	11.7	12.1	12.6	13.1	13.7
Plus CAPEX	-325.0	-233.2	-242.5	-252.2	-262.3
FCFF	437.9	604.0	673.6	747.8	826.9
Discounted FCFF	417.5	528.8	541.6	552.0	560.5
Continuing Period FCFF					843.5
Capitalized					12224.0
Terminal Value					8285.2
Value of the Company					10885.6
Plus Cash					859.0
Minus Debt					876.2
Intrinsic Value of the Equity					10868.4
Shares Outstanding					279.3
IV/Share					**$ 38.91**

Today: 12/10/2016

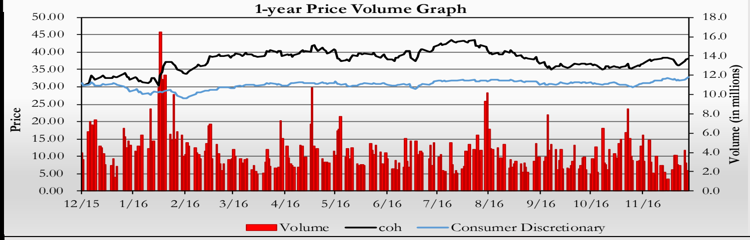
WACC	8.90%
Terminal Growth Rate	2%

WACC-g	6.90%	14.49

Siena Market Line
2nd week of December 2016

Analysis by Austin Bitzas	Current Price:	$38.58	Intrinsic Value	$38.85	Target 1 year Return: 13.92%
12/10/2016	Divident Yield:	3.5%	Target Price	$42.61	Probability of Price Increase: 84.4%

1-year Price Volume Graph



Description

Coach, Inc. provides luxury accessories and lifestyle brands.

General Information

Sector	Consumer Discretionary
Industry	Textiles, Apparel and Luxury Goods
Last Guidance	November 3, 2015
Next earnings date	January 31, 2017
Estimated Country Risk Premium	7.50%
Effective Tax rate	28%
Effective Operating Tax rate	26%

Market Data

Market Capitalization	$10,816.49
Daily volume (mil)	1.71
Shares outstanding (mil)	280.37
Diluted shares outstanding (mil)	280.20
% shares held by institutions	90%
% shares held by investments Managers	81%
% shares held by hedge funds	3%
% shares held by insiders	0.18%
Short interest	3.66%
Days to cover short interest	3.69
52 week high	$43.71
52-week low	$29.71
Levered Beta	0.92
Volatility	29.14%

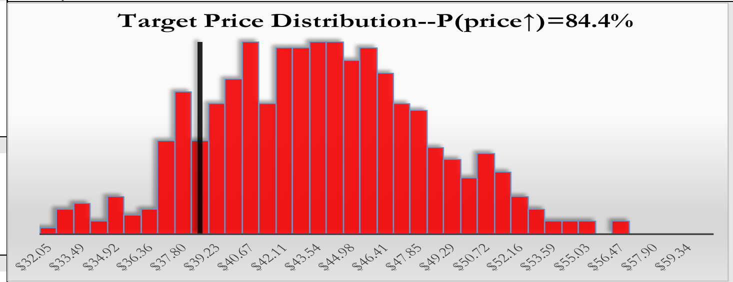
Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/26/2015	-5.04%	-20.04%
12/26/2015	-2.87%	-10.63%
3/26/2016	-1.14%	-15.22%
7/2/2016	-5.44%	-30.08%
10/1/2016	-4.67%	-15.73%
Mean	-3.83%	-18.34%
Standard error	0.8%	3.3%

Peers

Michael Kors Holdings Limited
Under Armour, Inc.
Tiffany & Co.
Urban Outfitters, Inc.
Fossil Group, Inc.
Kate Spade & Company
Ralph Lauren Corporation
PVH Corp.

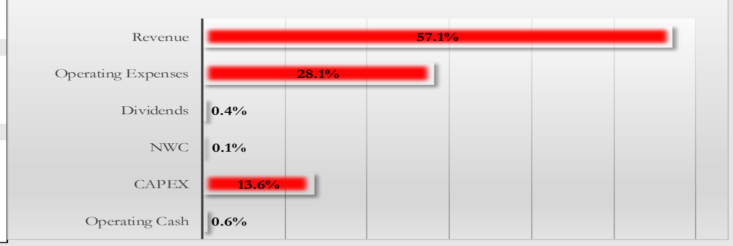
Target Price Distribution--P(price↑)=84.4%



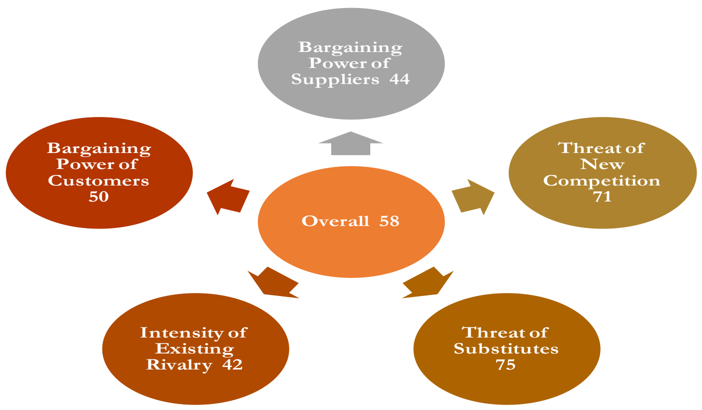
Management	Position	Total compensations growth	Total return to shareholders
Luis, Victor	Chief Executive Officer and	-13.74% per annum over 4y	-10.08% per annum over 4y
Kahn, Todd	President, Chief Administrat	9.62% per annum over 3y	4.22% per annum over 3y
Cohen, Andre	President of North America a	-15.89% per annum over 2y	4.13% per annum over 2y
Bickley, Ian	President of International G	3.6% per annum over 2y	4.13% per annum over 2y
Resnick, Andrea	Interim Chief Financial Offi	N/M	N/M
Brown, Melinda	Principal Accounting Officer	N/M	N/M

Profitability	coh (LTM)	coh (5 years historical average)	Industry (LTM)
ROIC	14.9%	28.57%	15.57%
NOPAT Margin	16%	23.12%	9.6%
Revenue/Invested Capital	0.91	1.24	1.62
ROE	21.8%	35.32%	17.56%
Adjusted net margin	14%	21.53%	8.8%
Revenue/Adjusted Book Value	1.55	1.64	2.00
Invested Funds	**coh (LTM)**	**coh (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	22.8%	21.9%	16%
Estimated Operating Cash/Total Capital	13.6%	14.6%	N/A
Non-cash working Capital/Total Capital	4.1%	3.4%	28%
Invested Capital/Total Capital	77.2%	75.8%	83%
Capital Structure	**coh (LTM)**	**coh (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.29	0.19	0.16
Cost of Existing Debt	4.87%	9.96%	3.92%
Estimated Cost of new Borrowing	5.27%	9.38%	3.92%
CGFS Risk Rating	C	D	CC
Unlevered Beta (LTM)	0.77	1.12	0.61
WACC	9.35%	12.92%	8.40%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	7.6%	16.4%	1.60
10/1/2017	0.7%	19.0%	1.81
10/1/2018	3.0%	19.0%	1.86
10/1/2019	5.6%	21.9%	2.14
10/1/2020	8.1%	22.7%	2.31
10/1/2021	4.9%	22.5%	2.30
10/1/2022	4.7%	21.7%	2.20
10/1/2023	4.6%	21.0%	2.13
10/1/2024	4.4%	20.3%	2.07
10/1/2025	4.3%	19.7%	2.01
10/1/2026	4.2%	18.9%	1.92
Continuing Period	4.0%	18.2%	1.78

Period	Invested Capital	Net Claims	Price per share
Base Year	$3,335.38	$2,367.91	$38.73
10/1/2017	$3,670.78	$1,757.31	$42.25
10/1/2018	$3,571.52	$1,376.88	$45.88
10/1/2019	$4,709.95	$736.97	$49.71
10/1/2020	$4,928.93	$53.54	$53.65
10/1/2021	$5,185.03	-$577.05	$57.56
10/1/2022	$5,206.51	-$1,279.77	$61.55
10/1/2023	$5,480.60	-$1,969.07	$65.59
10/1/2024	$5,685.44	-$2,616.92	$69.59
10/1/2025	$5,968.45	-$3,185.89	$73.68
10/1/2026	$6,306.71	-$3,800.87	$77.86
Continuing Period			

Guess? , Inc. (GES)

Analyst: David Itoafa
Sector: Clothing Retail

Buy

Price Target: $15.77

Key Statistics as of 12/09/2016

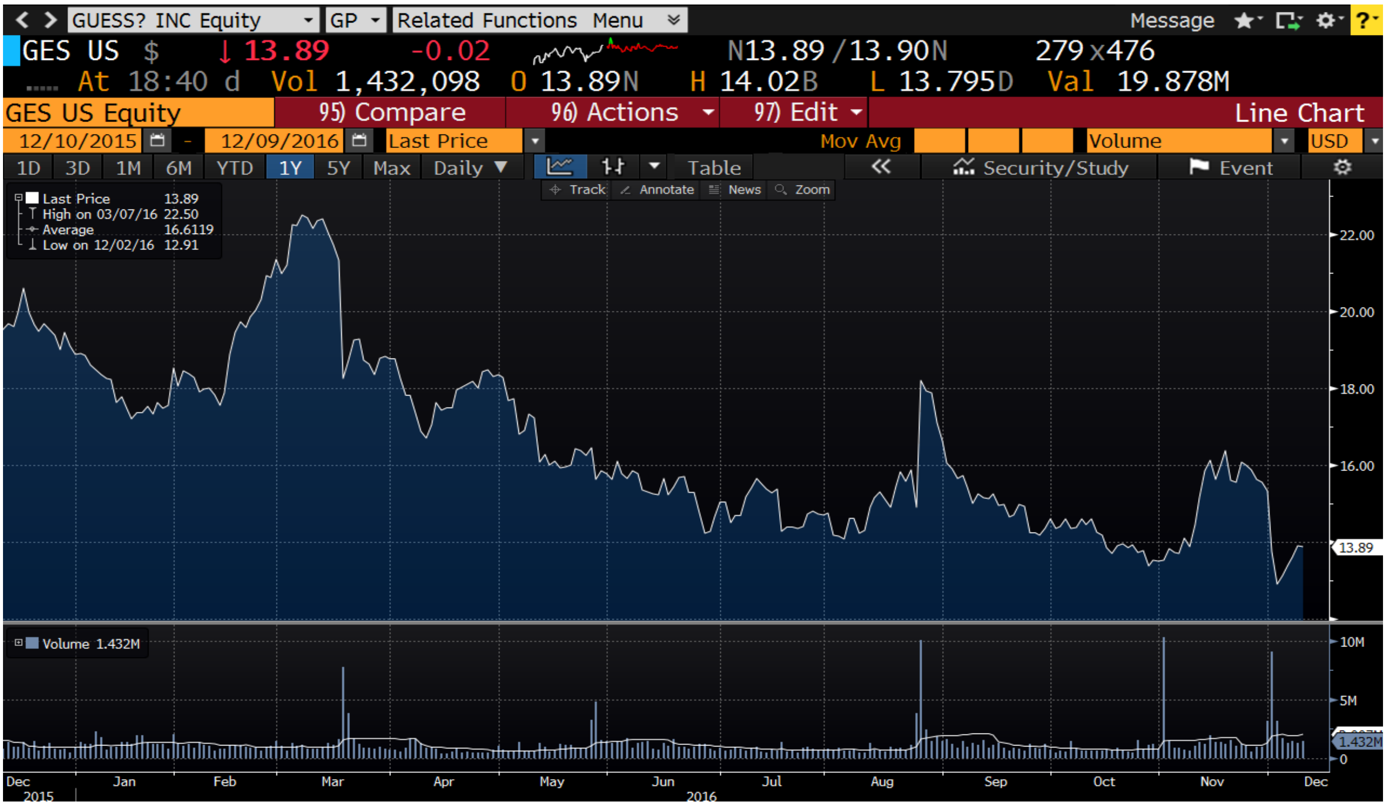
Market Price: $13.89
Market Cap: 1.17 Billion
52-Week Range: 12.90- 22.84
Beta: 1.13

Catalysts:

- **Short-term (within 3 months):** Next Earning Call.
- **Mid-term (1 to 2 years):** Ability to Expand in Asian Market.
- **Long-term(over 2 years):** Retail Sector Recovery or Demise due to Online Sales

Company Description:

Guess?, Inc. specializes in marketing, design, licensing, and distribution of fashionable attire and accessories for women, children and men. The business operates in North America Retail, Wholesale, and Licensing. Other segments of the business consist of European and Asian Wholesale and Licensing. Their product lines comprise of full collections of clothing like jeans, pants, dresses, blouses, shirts, jackets, knitwear, and intimate apparel. The company was originally established by Pail and Maurice Marciano in 1981. Their headquarters is in Los Angeles and although the company has had its ups and downs, it has been a staple in the clothing and retail game since its creation.



Thesis

- Due to online shopping surging for the holidays; Guess will beat analysts' expectations for the next quarter.
- The company continues to expand and capture the Asian market, which will help them counteract the American struggle in long run
- Operating Costs will decrease due to their plans to shrink the amount of stores in the US.

Porter Five Forces

Bargaining Power Of Suppliers:

In terms of clothing and retail it is very easier for suppliers to vary prices because they generally produce the fabrics for a very minimal price. However, big brands that have been in the industry for a while like Guess have relationships to keep the bargaining power low. This means that they can keep reasonable pricing with their suppliers and in their specific case it is fairly low. Since this industry is currently recovering from a sort of recession this does however give the supplier more bargaining power since they are doing their part and companies like guess are struggling with sales of clothing.

Bargaining Power Of Customer

Customers do have a substantial amount of power in this industry because if a large number of people stop buying their clothing the prices will have to diminish or companies like Guess will have to close stores. Currently bargaining power is very high because there are so many various brands out on the market that have been a long for a substantial amount of time. Certain customers do become attached to certain brands. For Instance, many American's in the state of Massachusetts will only wear Clothing from companies like Vineyard Vines no matter how high the price for the clothing will rise too. Therefore, bargaining power of customers is fairly mediocre since there a lot of various companies that could sell their products for very cheap, but there is also brand loyalty.

Intensity of Existing Rivalry

Retail clothing has a substantial amount of Intensity of existing rivalry because the majority of competitors have been in the game for over 30 years. There are a lot of stores and certain marketing strategies could positively or negatively affect each customer's impulse to buy a product. If they can't find anything they desire at one store they can always find an appealing deal at another. Therefore, since consumer spending has been high quality brands like Guess have struggled to capture market share and customers because there products are higher quality and highly priced. Also, there is a fairly low industry growth rate and a fairly substantial amount of storage costs in this industry.

Threat Of Substitutes

When it comes to clothing in general there is a high threat of substation because there are so many various companies offering clothing at various prices. If a customer is unsatisfied with a price, customer service, or quality they can easily find a replacement at a different store. However, when it comes to European apparel and style Guess is one of the only companies that specializes in this this type of clothing allowing them a sort of product differentiation that has kept them afloat since their foundation. The problem that guess and many industry have had is dealing with competitors like Pac- Sun for instance that enable customers a substantially low cost of switching in a time where consumer spending has not been very high.

Threat Of New Competitors

In this industry there is a very small probability that a startup will come into the market gain rapid market share and contest with big time players. Since the majority of clothing stores have been around for generations unless there is some sort of clothing that changes the game most companies will not be able to survive in this industry. It is not impossible and has been done before, but it is very risky because having a strong brand name that offers a customer confidence in a product is essential. It is also very important to have a strong distribution network in order to move goods around. GES has been along for a while and like many other companies have very strong distribution networks, which new competitors would have difficulty Establishing.

Industry Outlook

Although retail clothing has struggled in reason year, the future looks very positive. According to the national retail federation job growth higher wages and other factors will boost consumer spending in the next year. Consumer confidence will remain high and will positively affect Guess in the future. Various companies are struggling with retail sales, which have been decreasing year over year for almost all companies in this sector. This is why revenue growth is not as influential determinant of the price, but Capex and Operating Expenses are the two major keys. GES like all of its competitors are cutting down on the number of retail stores in order to decrease operating costs. One of the main drivers for GES in the future, will be that the majority of their revenue comes from licensing and not retail. This means that even if we see a shrinkage of shopping in clothing retail in the near future contrary to the expected industry outlook, there are still somewhat protected. Since GES has a respected and high quality brand name there is a possibility of licensing their products to online clothing stores in the future as well. This would provide protection to these potential risks. Another speculative theory that will affect every business or person is the President Elect's tax cuts. Nobody knows exactly how much or which taxes he will cut until it is made final, but lower income taxes would enable more consumer shopping and possibly nicer margins for retail stores like GES. Although, one could argue that the corporate side of this has already been factored in the price, it would be difficult for the market to price exactly how much cutting income taxes would affect GES's revenue in the future.

Emerging Markets in Asia

There is no hiding the fact that Guess has been struggling in the American Market for quite some time now as seen in their past 4 years of revenue data per country:

In Millions of USD except Per Share	FY 2013		FY 2014		FY 2015		FY 2016	
12 Months Ending	02/02/2013		02/01/2014		01/31/2015		01/30/2016	
- Revenue	2,658.6	100.0%	2,569.8	100.0%	2,417.7	100.0%	2,204.3	100.0%
+ Rest of the World	1,339.7	50.4%	1,316.9	51.2%	1,228.1	50.8%	1,080.2	49.0%
U.S	1,028.5	38.7%	988.7	38.5%	951.1	39.3%	900.7	40.9%
Canada	290.3	10.9%	264.1	10.3%	238.4	9.9%	223.4	10.1%

Source: Bloomberg

Although all of these numbers are decreasing revenue in the US, which used to be one of the main generators has been decreasing at the fastest rate. Even in the last earnings call the CEO has warned investors that they have never been an American Company and it is not their main area of focus. The company had a lot of success in the US during in the 90's and 2000's because many Americans were very interested in European trends that GES provides. This made them substantial revenue in the past, but times change and so do people resulting in American's not being as attracted to GES products. This is the main reason why the company is at their lowest point in terms of share price. The most recent earning's call is showing much of the same in the US, but Europe and Asia are showing very positive signals.

- Americas Retail revenues decreased 4.7% in U.S. dollars and 4.6% in constant currency; retail U.S. dollars and 4.8% in constant currency.
- Europe revenues increased 16.4% in U.S. dollars and 16.8% in constant currency.
- Asia revenues increased 9.8% in U.S. dollars and 6.4% in constant currency.
- Americas Wholesale revenues decreased 4.3% in U.S. dollars and 2.2% in constant currency.
- Licensing revenues decreased 14.3% in U.S. dollars and constant currency.

Source: Q3 Earning's Call

European fashion will always do well in Europe, but one market that is finally opening up is in Asia where the company will focus on in the future. The main reason for this increase in revenue is that just as the US did in earlier years, Asian countries are becoming less traditional and more mainstream. Since GES is already positioned in this market they will be able to capture considerate market share as these trends start to pick up resulting in more revenue in the future along with nicer margins.

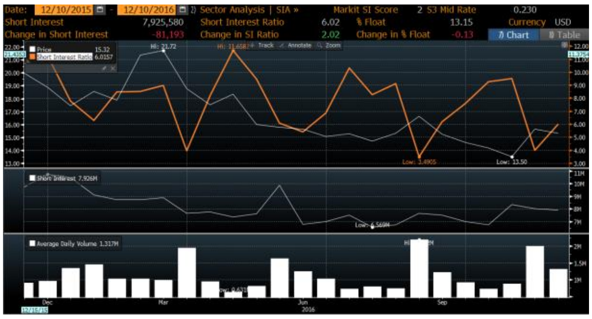
Devil's Advocate

With every investment there are risks and there are macroeconomic factors that could hinder GES in the future potentially. If trade deals between China

And America under the new president fail GES stands to be negatively impacted. This is because if they look to move further into Asian Markets and the dollar strengthens as Asian currencies depreciate revenue and expenses will put GES in a very tough position. Moreover, if they do not do a good job of transitioning into in store mobile devices new loyalty programs, utilizing internet of things to enhance shopping experience the company could be in trouble. There has also been substantial controversy surrounding the company's ownership that could put them at risk. The majority of their management team is very old and in order to survive In the future they will need new blood to keep up with current trends. No company is perfect and GES does have certain elements that could negatively affect them in the future as well as some positives.

Financials

Although the company is trading close to its 52 week low and does not look to be in the best position at this time short interest remains fairly low.



Source: Bloomberg

There is very high volume meaning the majority of people are buying into the company at this moment of time, but not shorting. Additionally, margins have been improving in Europe And US.

In Millions of USD except Per Share	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
12 Months Ending	01/29/2011	01/28/2012	02/02/2013	02/01/2014	01/31/2015	01/30/2016
Return on Common Equity	27.63	23.62	15.68	13.58	8.43	7.77
Return on Assets	18.00	15.04	10.05	8.82	5.62	5.21
Return on Capital	27.45	23.55	15.68	13.82	8.63	8.03
Return on Invested Capital	26.60	23.45	15.53	13.07	7.79	8.03
Margins						
Gross Margin	43.83	43.01	40.14	37.99	35.90	35.72
EBITDA Margin	18.98	17.73	13.70	12.10	8.73	8.71
Operating Margin	16.27	14.78	10.33	8.66	5.21	5.51
Geographic Segments	--	--	--	--	--	--
Licensing	--	--	--	--	91.10	88.70
Wholesale	--	--	--	--	20.40	18.40
Europe	--	--	--	--	8.00	7.60
Asia	--	--	--	--	2.90	4.30
Retail	--	--	--	--	-1.30	1.70

Source: Bloomberg

Recent improvement in these sectors of their business will be very positive in the long run because in recent years as seen in historical data their competitors are blowing them out of the water in an industry that has pulled back.

EBITA Margin		
	History	*LFY*
GES	9.6%	3.7%
Competitors	10.5%	7.2%

The good news is that there is room for improvement in terms of profitability and reducing operating expenses in the future. This will enable the company to provide substantia returns in the future because no it isn't an industry leader, but does have potentially to grab the Asian market. Moreover, if retail recovers or GES is able to survive by switching to a more electronic and technologically advanced company. All financial ratios and analysis prove that this company is not an industry leader, but was once upon a time. They know what it takes to be on top and has to change very little in terms of operating expenses to make it an undervalued company.

Conclusion

Currently the company is trading at its all-time lowest point because revenue is decreasing and operating expenses remain very high. The company is implementing some changes that even if slightly have a positive impact could offer a boost in the price. Closing down American stores and expanding seems to be the future of the company in order to survive and prosper. Although there are risks associated to this company there is a lot of room for improvement financially and the industry outlook does stand to help GES recover in the future.

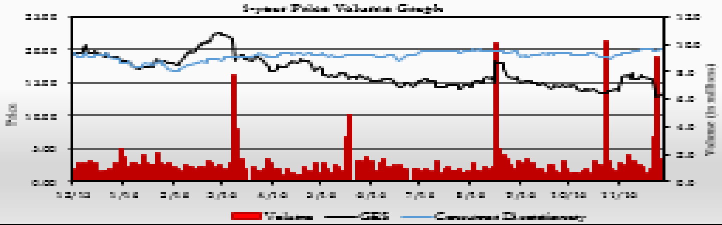
- Point Of Entry: $13-$14
- Target Price: $15.77
- Target Return: %15-20%
- Time Horizon: 1- 1.5 year's

CENTER FOR GLOBAL FINANCIAL STUDIES

Guess?, Inc. (GES) — **BULLISH**

Analysis by David Iturrate	Current Price:	$13.89	Intrinsic Value	$14.88
12/10/2016	Dividend Yield:	6.5%	Target Price	$15.77

Target 1 year Return: 20.44%
Probability of Price Increase: 7



Description

Guess?, Inc. designs, markets, distributes, and licenses lifestyle collections of contemporary apparel and accessories for men, women, and children that reflect the American lifestyle and European fashion sensibilities.

General Information

Sector	Consumer Discretionary
Industry	Specialty Retail
Last Guidance	November 3, 2015
Next earnings date	March 17, 2017
Estimated Country Risk Premium	5.48%
Effective Tax rate	24%
Effective Operating Tax rate	27%

Market Data

Market Capitalization	$1,171.70
Daily volume (mil)	1.49
Shares outstanding (mil)	84.36
Diluted shares outstanding (mil)	85.75
% shares held by institutions	74%
% shares held by investments Managers	60%
% shares held by hedge funds	6%
% shares held by insiders	27.52%
Short interest	3.49%
Days to cover short interest	5.33
52 week high	$22.04
52-week low	$12.30
Levered Beta	0.70
Volatility	35.44%

Past Earning Surprises

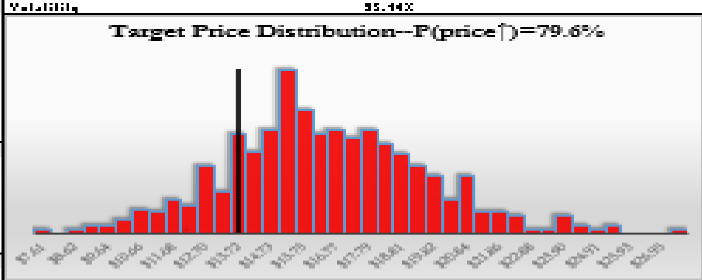
Quarter ending	Revenue	EBITDA
10/31/2015	-3.47%	7.24%
1/30/2016	-3.33%	-3.50%
4/30/2016	-3.83%	-254.83%
7/30/2016	-2.46%	42.33%
10/29/2016	-4.55%	-24.85%
Mean	-3.42%	-61.64%
Standard error	0.4%	50.5%

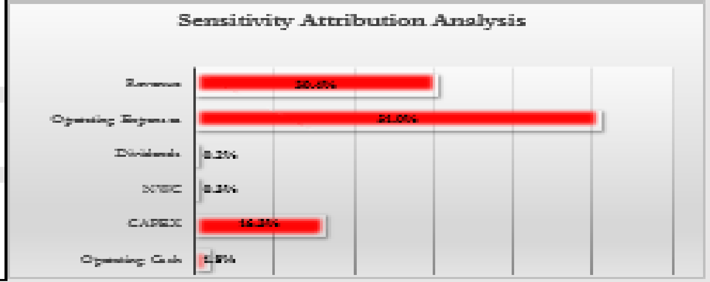
Peers

The Finish Line, Inc.
China's FAS, Inc.
Lululemon Athletica Inc.
G-III Apparel Group, Ltd.
Express, Inc.
Tailored Brands, Inc.
Fossil Group, Inc.
Urban Outfitters, Inc.

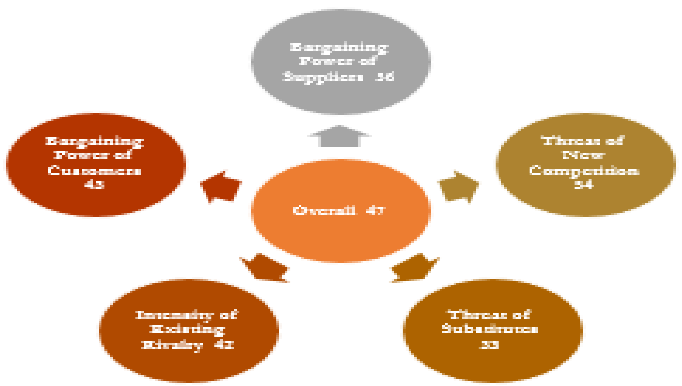
Management	Position	Total compensation growth	Total return to shareholders
Marciano, Paul	Co-Founder, Executive Chairm	-5.14% per annum over 5y	-5.66% per annum over 5y
Herrero, Amigo	Chief Executive Officer and	N/M	-22.47% per annum over 1y
Marciano, Maurice	Co-Founder and Chairman Emer	-46.35% per annum over 5y	-5.66% per annum over 5y
Reddy, Sandeep	Chief Financial Officer and	-5.6% per annum over 3y	-14.20% per annum over 3y
Pesaresako, Fabrice	Vice President of Finance an	N/M	N/M
Miller, Jason	General Counsel and Secretar	N/M	N/M

Profitability	GES (LTM)	GES (5 years historical av	Industry (LTM)
ROIC	5.5%	11.07%	25.04%
NOPAT Margin	5%	12.42%	8.7%
Revenue/Invested Capital	1.04	0.83	2.37
ROE	-1.6%	0.14%	30.22%
Adjusted net margin	-2%	7.02%	7.3%
Revenue/Adjusted Book Value	0.33	1.04	3.02
Invested Funds	**GES (LTM)**	**GES (5 years historical av**	**Industry (LTM)**
Total Cash/Total Capital	46.3%	43.5%	17%
Estimated Operating Cash/Total Capital	46.3%	40.1%	N/A
Non-cash working Capital/Total Capital	46.6%	45.2%	21%
Invested Capital/Total Capital	33.2%	37.5%	83%
Capital Structure	**GES (LTM)**	**GES (5 years historical av**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.70	0.44	0.22
Cost of Existing Debt	23.54%	23.40%	7.32%
Estimated Cost of new Borrowing	22.32%	22.32%	7.32%
CGFS Risk Rating	F	F	C
Unlevered Beta (LTM)	0.55	1.33	0.33
WACC	10.74%	11.34%	7.33%





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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	-2.4%	5.2%	0.51
10/29/2017	1.0%	7.1%	0.67
10/29/2018	1.5%	12.0%	1.36
10/29/2019	2.0%	12.5%	0.80
10/29/2020	3.0%	13.3%	0.92
10/29/2021	4.0%	14.0%	0.93
10/29/2022	4.1%	14.6%	1.04
10/29/2023	4.1%	14.6%	1.04
10/29/2024	4.1%	14.4%	1.02
10/29/2025	4.1%	14.5%	1.04
10/29/2026	4.1%	14.5%	1.04
Continuing Period	4.1%	14.5%	1.04

Period	Invested Capital	Net Claims	Price per share
Base Year	$2,164.65	$026.02	$15.10
10/29/2017	$2,112.37	$649.33	$15.67
10/29/2018	$2,213.47	$1,451.42	$17.04
10/29/2019	$2,147.00	$1,434.50	$19.19
10/29/2020	$2,034.37	$1,349.71	$21.45
10/29/2021	$2,045.25	$1,266.52	$23.72
10/29/2022	$1,025.11	$1,204.36	$25.35
10/29/2023	$2,733.12	$1,150.55	$28.10
10/29/2024	$2,316.27	$1,075.31	$30.12
10/29/2025	$2,374.31	$1,057.12	$32.01
10/29/2026	$3,063.70	$1,053.31	$33.00
Continuing Period			

Gentex Corporation

NasdaqGS:GNTX

Analyst: Maxime Lattanzio
Sector: Consumer Disc.

BUY

Price Target: $22.73

Key Statistics as of 12/09/2016

Market Price:	$19.90
Industry:	Auto Components
Market Cap:	$5.701B
52-Week Range:	$12.93-$20.00
Beta:	1.08

Catalysts:

- Short-term: Q4 2016 Earnings
- Mid-term: Penetration of new markets such as China
- Mid/long-term: sustaining growth of new products while maintaining current margins

Company Description:

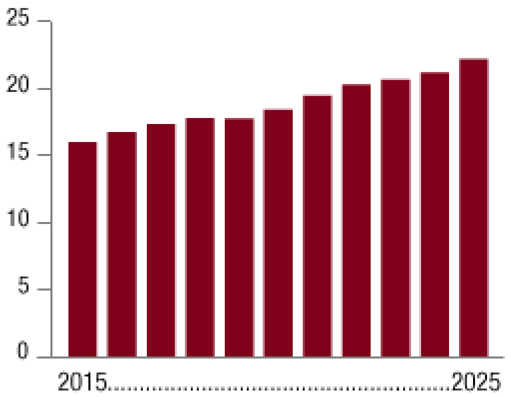
Gentex Corporation is a producer of auto-dimming rear-view mirrors and diverse driving assistance systems for automobiles. It also manufactures smoke alarms and windows for airplanes. The company was established in 1974, and is currently headquartered in Zeeland, Michigan. Most of its revenue (98% on average) comes from automotive products that the company supplies to all major car manufacturers around the world, and especially in the United States, Germany, and Japan. The company's average trading volume is around 2.1 million shares.

Thesis

- Gentex already is the global leader in production of auto-dimming mirrors for automobiles, and has opportunity to further penetrate markets with tremendous growth potential.
- Diversification through the acquisition of HomeLink is offering even more potential for growth.
- As the company has been applying strict financial discipline, gross margins have significantly improved and are likely to remain around 40%, which is currently the company's historical high.

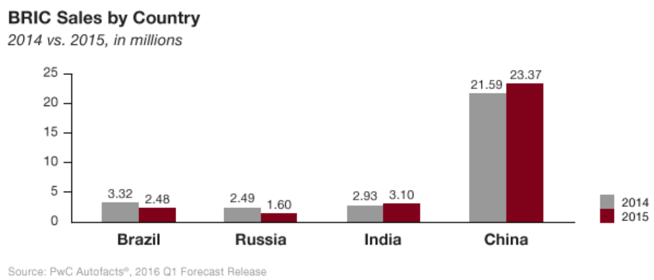
Industry Outlook

As Gentex provides products for automobiles, its revenue growth highly depends on the general automotive industry well-being. After reaching historical highs worldwide in the next year, mainly thanks to rapid growth in China and India, the market for automobiles is expected to keep on growing at a fast rate in the next decade.

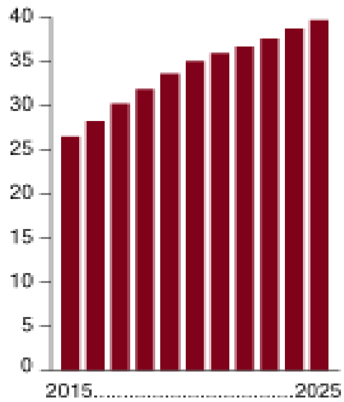


E.U. and E.F.T.A.

Even though sales in the United States and in Japan are expected to remain steady but relatively flat over the next decade, European sales are expected to grow more significantly over the same period, as shown by the above graph from PwC, from 16 million units in 2015 to more than 22 million by 2025.



When it comes to emerging markets, data shows that most of the growth in sales is due to China, as the volume of sales in 2015 was as much as 23.37 million units, and the sole growth in sales that year (+1.8 million) was more than three times as big as the whole South African market for the same period. Plus, China and India, thanks to their populations higher than 1 billion each, have strong growth opportunities, as the economies are developing at a fast pace. The automotive market for both these countries combined is expected to grow by around 60% by 2025.



China, India

Finally, when looking back at America, which represents a third of Gentex's sales, in spite of the flat outlook for the coming years, the election of Donald Trump might lead to a lower regulatory burden, lower corporate taxed, and increased spending, contributing to benefit the automotive industry within the country.

Leader in rearview mirrors

Gentex, even though it has a strong product mix, with auto-dimming mirrors, HomeLink module, aerospace products, and fire safety products, mainly relies on the success of its automotive products, and especially rearview mirrors, to generate revenue. As a matter of fact, 86.3% of the company's total revenue was attributable to sale of rearview mirrors. Even if this number is down from 2012 97.9% due to the acquisition of HomeLink in late 2013, this is still the main source of sales for Gentex. For these rearview mirrors, Gentex is no less than the main supplier of most of the biggest car companies. Its four biggest clients are Volkswagen, Toyota, Ford, and General Motors but most of the biggest automobile producers around the world purchase Gentex products. Furthermore, the company ensures it maintains strong business relationship with its four main customers, it cooperates with them in the development of new products and mirrors to become the OEM (Original Equipment Manufacturer) on these companies end products.

The acquisition of HomeLink in 2013 was designed to make the automotive products even more complete and attractive for buyers. Thanks to the HomeLink module, drivers can control their garage door, security systems, and even indoor and outdoor lightning by using buttons on their inside rearview mirrors.

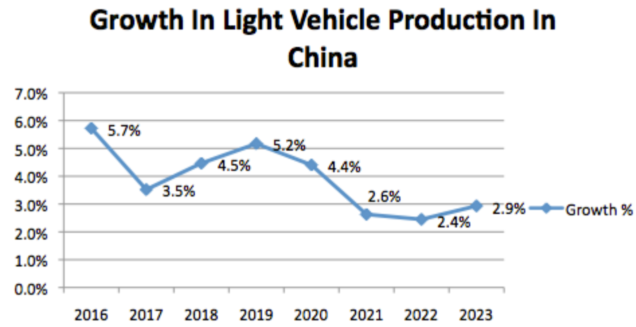
In Millions of USD except Per Share	FY 2012		FY 2013		FY 2014		FY 2015	
12 Months Ending	12/31/2012		12/31/2013		12/31/2014		12/31/2015	
Revenue	1,099.6	100.0%	1,171.9	100.0%	1,375.5	100.0%	1,543.6	100.0%
Automotive Products	1,077.0	97.9%	1,144.0	97.6%	1,340.1	97.4%	1,506.9	97.6%
Automotive Mirrors	–		1,108.1	94.6%	1,169.4	85.0%	1,332.8	86.3%
HomeLink Modules	–		35.9	3.1%	170.7	12.4%	174.1	11.3%
Fire Protection Products	22.6	2.1%	27.9	2.4%	35.4	2.6%	36.7	2.4%

Overall, over the last 3 years, the company has been sustaining strong revenue growth with 12.0% CAGR over the last three years, while the mirrors revenue grew by 7.4% over the same period. Gentex has managed to maintain double-digit growth level over the past years, and now has even more opportunities to maintain, if not improve, this growth by penetrating better some markets.

Penetration of European and Chinese markets

As explained before, Gentex is a leading producer of rearview mirrors for car companies, and as OEM for its main customers, has fully penetrated some markets like United States, Germany, or Japan, but still has room to grow in other markets, and has given guidance to show it is willing to exploit these opportunities. First, as they declared in their Q3 2016 earning call, Europe is around 40% penetrated, and the company is willing to penetrate further this market in the future, which is likely to generate further revenue growth from this region.

Then, the biggest opportunity is the Chinese market. As detailed in the first paragraph, the Chinese market has become one of the biggest on earth, with more than 23 million cars sold per year. More importantly, as the economy of the country is growing, more and more people are purchasing cars, which is leading to a growing market. According to the below forecast, the market for light vehicles will be growing for the next 8 years, and will grow around 4.5% average until 2020.



Furthermore, Gentex executives estimate the Chinese market has only been penetrated at 15% of its potential by the company. To remediate it and gain market shares in this market, the company is willing to put the necessary resources. As the market is still in development, it will be easy for Gentex to implement its products given its reputation, but, as stated by Steve Downing, CFO of the company, during the last earnings call, the constraint is "the selling and creating the business case for the OEM on why it is a necessity". The company has started to take the necessary steps for it to happen, and there are currently OEMs that will start production with HomeLink in China starting next year. This will likely allow Gentex to benefit from the huge opportunity that China is, and revenues will grow accordingly.

Profitability

While the company has been sustaining strong growth compared to the auto components industry, it has also managed to generate more profits out of every dollar of revenue than its peers.

	Name (BI Peers)	Sales Growth 1 Year	Gross Margin	Operating Margin	Profit Margin	Return on Assets	Return on Equity
	Average	4.35%	21.88%	10.21%	6.95%	7.04%	19.18%
100)	GENTEX CORP	12.22%	39.11%	29.72%	20.87%	15.85%	19.69%

Given the strong automation of the production of products, the company has a strong fixed cost basis, and it needs to sustain high single digit to low double digit revenue growth if it wants to maintain optimal profitability.

12 Months Ending	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Revenue, Adj	1,099.6	1,171.9	1,375.5	1,543.6
Growth %, YoY	7.4	6.6	17.4	12.2
Gross Profit, Adj	372.8	430.7	538.9	603.8
Margin %	33.9	36.8	39.2	39.1
EBITDA, Adj	289.6	370.9	476.2	539.4
Margin %	26.3	31.7	34.6	34.9
Net Income, Adj	171.8	225.1	288.6	318.5
Margin %	15.6	19.2	21.0	20.6

As shown on the previous table, in the recent past, whenever the revenue growth dropped in the mid-single digit range, profitability started to decline, and EBITDA margin even fell below 30%, and net margin below 20%.

However, three things are to be noted. First, even in times of lower revenue growth that led to pressures on profits (FY 2012 and 2013), all margins, from gross margin to net margin, still remained better than the average in the industry. Then, given the potential for growth thanks to HomeLink acquisition, China and Europe expansion, and strong OEMs, the company is likely to maintain high margins, around the 39% gross margin it reached in the last quarter, which is Gentex's long term objective. Finally, the company is directing its production of new mirrors towards more advanced features that generate better margins.

Financials and Multiples

Capitalization (Debt/Equity)			WACC		
	History	*LFY*		*History*	*LFY*
GNTX	0.05	0.04	GNTX	12.6%	11.1%
Competitors	0.24	0.30	Competitors	15.6%	13.2%

Financially, Gentex is being conservative and has almost no debt. Therefore, in addition to borrowing at a low rate (current cost of debt of its Long Term debt portion is 2.2% after tax), the company is financially safe, with a debt to equity ratio of 0.04, which is 7 times lower than the industry. Therefore, the WACC of the company has historically been significantly lower than the average for the industry.

ROIC W/O GW			ROIC /WACC		
	History	*LFY*		*History*	*LFY*
GNTX	25.2%	25.4%	GNTX	1.83	1.91
Competitors	18.3%	21%	Competitors	0.96	1.29

As the company has historically been generating high margins, its ROIC has been 7% higher than the average. Over the last year, even though the industry improved, Gentex still remained far ahead of its peers. Historically, even when the industry destroyed value (ROIC/WACC below 1), Gentex managed to generate value with a ratio of 1.83. Given the financial discipline and cost efficiency the company has had and wants to maintain, the above average value creation will probably continue in the future.

When it comes to multiples, even if the company is having P/E and EV/EBITDA ratios that are relatively in line with the industry, Gentex is currently trading around its 4-year low P/E, and near its 3-year low EV/EBITDA. According to the company's historical ratios, it is currently underpriced.

Future Dates and Catalysts

In the future, some events are going to be under scrutiny by investors, and are likely to budge the stock price significantly. In the next months, the earnings announcement coming in January will give the full picture of the company's performance in 2016, and will be watched by investors that have high expectations regarding the company's results for this year.

Then, in the next year, the company's ability to actually penetrate better the Chinese market thanks to the potential of HomeLink module while managing to obtain Original Equipment Manufacturer contract that ensure a significant amount of revenue given the size of the market will be a major stock price mover.

Finally, in the long run, one of the main movers of the stock price will be the ability of the company to maintain its current revenue growth, as it is also the main driver of the company's profitability.

Summary

In conclusion, Gentex Corporation is a safe investment that can bring solid return on investment. Thanks to its financial stability, as well as its OEM contracts, the company shows a low level of risk on both financial leverage and revenue generation grounds. Furthermore, executives know what opportunities to look for, and by trying to drive their product mix towards higher margin-generating products while investing in implementation in fastest growing markets, they increase the likelihood of future success of the company.

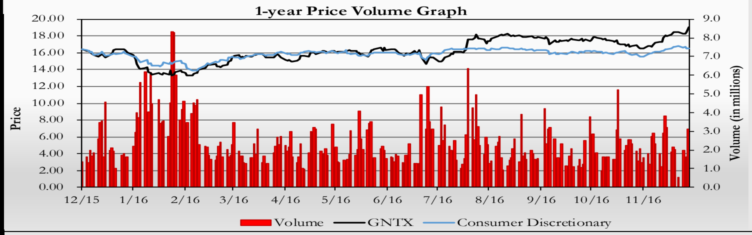
In addition to this, Trump's arrival into office in January may mean lower corporate taxes and regulations in the United States, which would bring improved results for Gentex, as US sales currently represent 33% of the company's revenue.

All these factors that set the ground for capital appreciation, coupled to the 2% dividend yield the company distributed, make Gentex a safe investment with above 20% potential return over the next year.

Siena Market Line
2nd week of December 2016

Gentex Corporation (GNTX) — CENTER FOR GLOBAL FINANCIAL STUDIES — BULLISH

Analysis by Maxime Lattanzio	Current Price:	$18.63	Intrinsic Value	$17.72	Target 1 year Return: 24.03%
12/4/2016	Divident Yield:	2.0%	Target Price	$22.73	Probability of Price Increase: 99.8%



Description

Gentex Corporation designs, develops, manufactures, and markets automatic-dimming rearview mirrors and electronics for the automotive industry; dimmable aircraft windows for the aviation industry; and commercial smoke alarms and signaling devices for the fire protection industry worldwide.

General Information

Sector	Consumer Discretionary
Industry	Auto Components
Last Guidance	November 3, 2015
Next earnings date	January 28, 2017
Estimated Country Risk Premium	7.90%
Effective Tax rate	32%
Effective Operating Tax rate	35%

Market Data

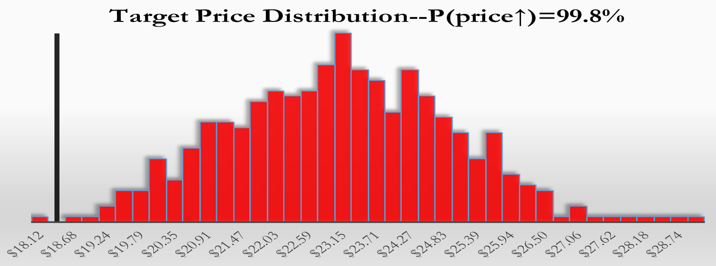
Market Capitalization	$5,337.67
Daily volume (mil)	2.07
Shares outstanding (mil)	286.51
Diluted shares outstanding (mil)	291.76
% shares held by institutions	88%
% shares held by investments Managers	76%
% shares held by hedge funds	2%
% shares held by insiders	2.06%
Short interest	8.02%
Days to cover short interest	11.08
52 week high	$19.00
52-week low	$12.93
Levered Beta	1.08
Volatility	30.38%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/30/2015	-3.72%	-1.29%
12/31/2015	2.42%	1.84%
3/31/2016	-2.67%	-1.79%
6/30/2016	-1.05%	0.73%
9/30/2016	-1.16%	1.93%
Mean	-1.24%	0.28%
Standard error	1.0%	0.8%

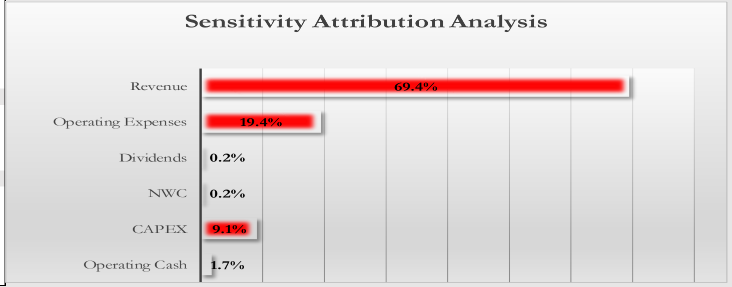
Peers

Tower International, Inc.
Superior Industries International, Inc.
Visteon Corporation
Gentherm Incorporated
BorgWarner Inc.
American Axle & Manufacturing Holdings, Inc.
Standard Motor Products, Inc.
Dana Incorporated

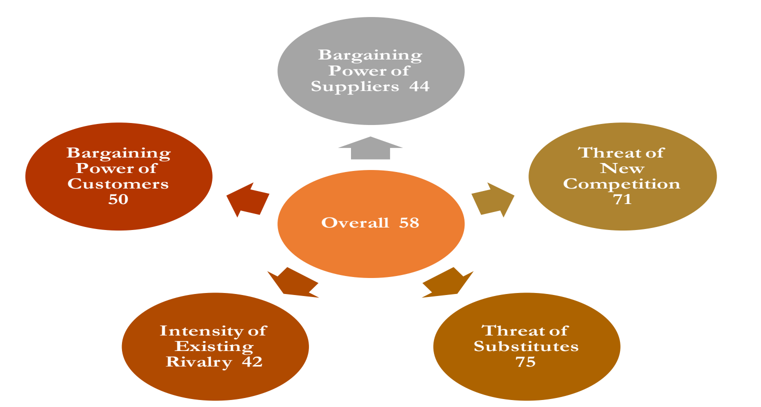


Management	Position	Total compensations growth	Total return to shareholders
Bauer, Fred	Founder, Executive Chairman	4.05% per annum over 5y	-0.81% per annum over 5y
Downing, Steven	Chief Financial Officer and	10.32% per annum over 2y	0.45% per annum over 2y
Nash, Kevin	Chief Accounting Officer and	-9.46% per annum over 1y	-9.49% per annum over 1y
Ryan, Scott	Assistant General Counsel an	N/M	0% per annum over 0y
Matthews, Joseph	Vice President of Purchasing	-3.83% per annum over 1y	-9.49% per annum over 1y
Flynn, Paul	Vice President of Operations	-100% per annum over 1y	-9.49% per annum over 1y

Profitability	GNTX (LTM)	GNTX (5 years historical average)	Industry (LTM)
ROIC	22.5%	26.89%	14.61%
NOPAT Margin	22%	23.79%	8.3%
Revenue/Invested Capital	1.00	1.13	1.75
ROE	24.0%	26.20%	19.54%
Adjusted net margin	22%	23.71%	7.3%
Revenue/Adjusted Book Value	1.08	1.11	2.67
Invested Funds	**GNTX (LTM)**	**GNTX (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	26.6%	23.8%	8%
Estimated Operating Cash/Total Capital	20.7%	21.0%	N/A
Non-cash working Capital/Total Capital	10.4%	11.4%	13%
Invested Capital/Total Capital	68.1%	67.3%	90%
Capital Structure	**GNTX (LTM)**	**GNTX (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.04	0.04	0.45
Cost of Existing Debt	2.89%	1.27%	5.37%
Estimated Cost of new Borrowing	5.27%	5.34%	5.37%
CGFS Risk Rating	C	C	CC
Unlevered Beta (LTM)	1.05	1.21	1.14
WACC	12.08%	13.32%	12.02%



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	11.8%	22.5%	1.86
9/30/2017	7.7%	23.9%	2.01
9/30/2018	7.5%	23.7%	1.96
9/30/2019	7.2%	23.9%	1.97
9/30/2020	6.8%	24.0%	1.99
9/30/2021	6.4%	24.2%	2.01
9/30/2022	6.0%	24.5%	2.06
9/30/2023	5.6%	24.9%	2.10
9/30/2024	5.2%	25.2%	2.14
9/30/2025	4.8%	25.5%	2.17
9/30/2026	4.4%	25.8%	2.21
Continuing Period	4.0%	26.1%	2.24

Period	Invested Capital	Net Claims	Price per share
Base Year	$967.76	$96.15	$17.33
9/30/2017	$1,120.07	-$154.19	$19.43
9/30/2018	$1,103.19	-$461.07	$21.68
9/30/2019	$1,414.21	-$791.72	$24.02
9/30/2020	$1,665.39	-$1,204.56	$26.64
9/30/2021	$1,760.97	-$1,580.81	$29.14
9/30/2022	$1,927.09	-$1,993.26	$31.75
9/30/2023	$2,064.27	-$2,444.65	$34.49
9/30/2024	$2,197.51	-$2,936.87	$37.35
9/30/2025	$2,325.39	-$3,472.96	$40.35
9/30/2026	$2,446.43	-$4,055.65	$43.48
Continuing Period			

Childrens Place, Inc.

NASDAQ:PLCE

Analyst: Peter Gadze
Sector: Consumer Discretionary

Buy

Price Target: $129.68

Key Statistics as of 12/10/2016

Market Price:	$110.50
Industry:	Specialty Retail
Market Cap:	$1.99 B
52-Week Range:	$53.00 – 110.95
Beta:	.27

Catalysts:

- Fleet Optimization
- International Expansion

Company Description:

The Children's Place is the largest children's specialty apparel retailer in North America. This company sells apparel, accessories, and other items for children. They design, manufacture, and sell quality merchandise at valuable prices under the proprietary brand names "The Children's Place", "Place", and "Baby Place." They also sell their products through their online store. The Children's Place was founded in 1969 and its headquarters is based in Secaucus, New Jersey.

Thesis

Fashion has been a growing theme through the years for children. Children's apparel is on the rise as companies compete with one another to expand. The Children's Place makes shopping fast and convenient for customers with having quality apparel for low costs. They also have the highest brand awareness among other retailers in the industry. The way the company seems to be doing in the market is below of what it can be. The company is doing well financially and expanding as new ideas of increasing productivity are in action.

People

Jane Elfers serves as the President, Chief Executive Officer, Director of Children's Place Retail Stores Inc., since January 2010. She has over three decades of experience at Macy's as a retail executive. Before she became President of The Children's Place, she was the President and Chief Executive Officer at Lord & Taylor.
Anurup Pruthi is the Chief Financial and Senior Vice President. He has over 20 years of experience dealing with global financial and operational management. Prior to working for The Children's Place, he was the Chief Financial Officer of Reliance Retail Limited, the largest retailer in India.
Michael Scarpa is the Chief Operating Officer of this company and has over 30 years of financial experience. Prior to joining The Children's Place, he was the Chief Financial Operator The Talbots Inc., then spent 25 years at Liz Claiborne Inc. where he had an increase in responsibility.

3rd Quarter Earnings

The Children's Place had a significant rise compared to last year's 3rd Quarter Earnings. Last year, they had $39.61 million in profit for they're quarter earnings and this year it rose to $42.8 million. The Earnings Per Share rose from $1.93 to $2.29. This beat Zacks' consensus estimate of $2.01. There also had growth in revenue to $473.78 million compared to last years of $455.91.

Here are the growth ratios:

Profit	8.05%
EPS	18.65%
Revenue	3.92%

Business Segments and Outlook

The company divides its business into two segments:

- The Children's Place US, which deals with stores in the US and Puerto Rico.
- The Children's Place International, which deals with stores in Canada and some countries across the globe.

Within each of these segments, they have an e-commerce business that's located on their website, www.childrensplace.com. E-commerce gives customers an easy commercial transaction through to internet to ship and deliver products fast to customers. This business strategy interrupts growth in small companies and eventually those companies would default. Prior to developing on the company through the use of technology, the Vice President of the E-Commerce for The Children's Place stated that "If you're not a technology company, you shouldn't attempt to be one." But nowadays, omnichannel retailers have to be both technological and data analytic companies to deal with competition.

Targeted Customers

Every company has a group of customers they want to target to boost they're sales. The Children's Place is known for head-to-toe outfits for children starting from when they are born to age 10. The targeted customers are value-conscious moms who are dealing with a tight budget and higher income moms who appreciate the quality that's offered. The average customer has two children with an annual household income around $70,000. In recent study, moms have ranked this company as a great place to shop for children. All different kinds of races come to The Children's Place whether it'd be Caucasian, Latino, Asian, or African American. There has been potential new customers to expand the wholesale distribution in the future.

International Expansion

The Children's Place has recently taken some action to expand their company. The company has 1,061 stores in the United States, Canada, and Puerto Rico. About 85% of the revenue that is generated into the company comes from these stores. The Children's Place also has 139 points of distribution that are being operated by 6 franchise partners in 17 countries. The Children's Place is going to continue to pursue new channels of distribution and develop stores in the Middle East. The company opened stores in UAE, Kuwait, Qatar, Bahrain, Oman, and Saudi Arabia. The Children's Place signed franchise agreements with two local retailers for this expansion in the Middle East. As of now, the company has been dealing with some competition with other children's apparel but over the years their relationship with their partners will strengthen.

Fleet Optimization

After there was an extensive store to store review, there was a decision made in 2013 that could help increase the amount of revenue for The Children's Place. They decided to close approximately 125 underperforming stores to improve fleet profitability and productivity. Given this excess cash, new studies will be made to see which location would be profitable to build a new store whether it'd be in malls or different shopping centers where they can meet the hurdle rate for productivity and try to perform above expectations.

Summary

The Children's Place has a growing partnership with franchises and that's going to lead to development on expansion. The Middle East has countries that are growing at a faster rate due to being underdeveloped the past century. Closing stores and developing new ones where they would make more sales will also give the company more information on customer data for the future. As of now I wouldn't buy this stock at the price it's at. I'd say to buy if it goes below $110.

Siena Market Line
4th week of November 2015

CENTER FOR GLOBAL FINANCIAL STUDIES

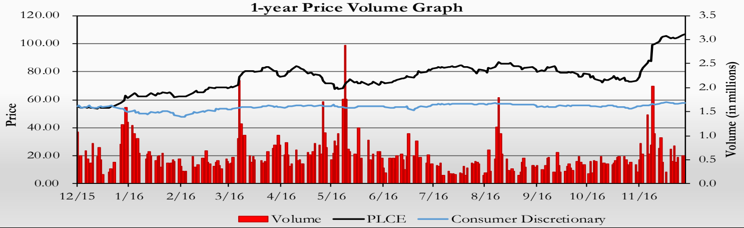
The Children's Place, Inc. (PLCE)

NEUTRAL

Analysis by Peter Gadze	Current Price:	$110.45	Intrinsic Value	$120.12
12/10/2016	Divident Yield:	0.7%	Target Price	$129.68

Target 1 year Return: 18.12%
Probability of Price Increase: 93.6%

1-year Price Volume Graph



Description

The Children's Place, Inc. operates as a children's specialty apparel retailer.

General Information

Sector	Consumer Discretionary
Industry	Specialty Retail
Last Guidance	November 3, 2015
Next earnings date	March 16, 2017
Estimated Country Risk Premium	6.25%
Effective Tax rate	40%
Effective Operating Tax rate	42%

Market Data

Market Capitalization	$1,978.09
Daily volume (mil)	0.14
Shares outstanding (mil)	18.04
Diluted shares outstanding (mil)	19.40
% shares held by institutions	127%
% shares held by investments Managers	106%
% shares held by hedge funds	13%
% shares held by insiders	1.25%
Short interest	25.38%
Days to cover short interest	9.00
52 week high	$110.40
52-week low	$53.00
Levered Beta	0.11
Volatility	30.25%

Past Earning Surprises

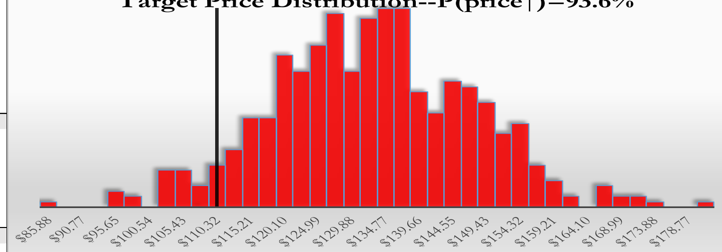
Quarter ending	Revenue	EBITDA
10/31/2015	-6.44%	-3.96%
1/30/2016	-2.25%	1.28%
4/30/2016	-3.14%	13.75%
7/30/2016	-0.74%	59.68%
10/29/2016	0.77%	0.39%
Mean	-2.36%	14.23%
Standard error	1.2%	11.7%

Peers

Express, Inc.
Abercrombie & Fitch Co.
American Eagle Outfitters, Inc.
Chico's FAS, Inc.
Kate Spade & Company
Urban Outfitters, Inc.
Lululemon Athletica Inc.
The Finish Line, Inc.

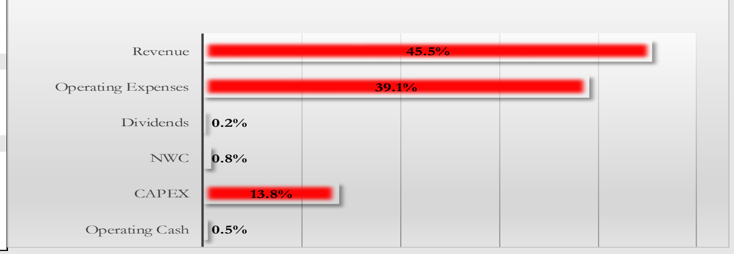
Management	Position	Total compensations growth	Total return to shareholders
Elfers, Jane	Chief Executive Officer, Pre	-100% per annum over 4y	1.22% per annum over 4y
Pruthi, Anurup	Chief Financial Officer, Pri	-100% per annum over 1y	9.59% per annum over 1y
Scarpa, Michael	Chief Operating Officer and	-100% per annum over 3y	6.06% per annum over 3y
Poole, Gregory	Senior Vice President of Glo	-100% per annum over 3y	6.06% per annum over 3y
Low, Kevin	Senior Vice President of Sto	-100% per annum over 2y	12.18% per annum over 2y
Maini, Manish	Chief Information Officer an	N/M	N/M

Target Price Distribution--P(price↑)=93.6%

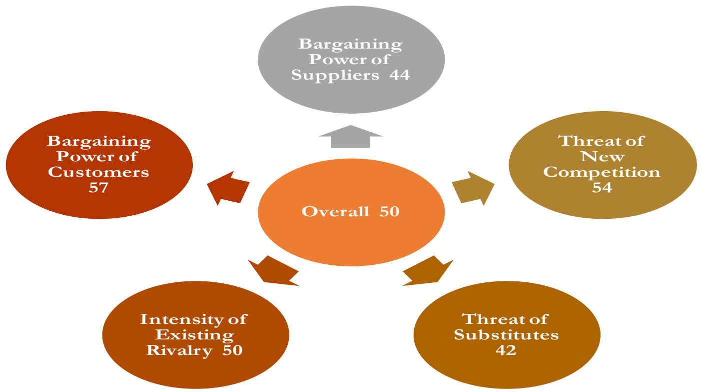


Profitability	PLCE (LTM)	PLCE (5 years historical average)	Industry (LTM)
ROIC	11.3%	11.41%	20.31%
NOPAT Margin	9%	10.40%	6.9%
Revenue/Invested Capital	1.31	1.10	2.94
ROE	16.6%	17.14%	23.74%
Adjusted net margin	7%	9.30%	6.1%
Revenue/Adjusted Book Value	2.29	1.84	3.92
Invested Funds	**PLCE (LTM)**	**PLCE (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	18.9%	16.3%	17%
Estimated Operating Cash/Total Capital	12.9%	12.5%	N/A
Non-cash working Capital/Total Capital	5.2%	7.4%	21%
Invested Capital/Total Capital	94.2%	96.4%	83%
Capital Structure	**PLCE (LTM)**	**PLCE (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.49	0.52	0.22
Cost of Existing Debt	6.24%	6.32%	7.32%
Estimated Cost of new Borrowing	6.11%	6.11%	7.32%
CGFS Risk Rating	D	D	D
Unlevered Beta (LTM)	0.08	0.42	0.95
WACC	4.40%	6.48%	9.66%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	3.3%	8.6%	2.56
10/29/2017	-0.1%	10.8%	2.96
10/29/2018	-0.8%	11.3%	2.75
10/29/2019	-0.3%	11.3%	2.39
10/29/2020	0.3%	11.4%	2.22
10/29/2021	0.8%	11.5%	2.06
10/29/2022	1.3%	11.6%	1.92
10/29/2023	1.9%	11.7%	1.81
10/29/2024	2.4%	11.8%	1.70
10/29/2025	3.0%	11.9%	1.61
10/29/2026	3.5%	12.1%	1.54
Continuing Period	4.0%	12.2%	1.46

Period	Invested Capital	Net Claims	Price per share
Base Year	$1,398.42	$588.57	$120.51
10/29/2017	$1,409.86	$400.82	$129.63
10/29/2018	$1,391.72	$233.78	$140.08
10/29/2019	$1,398.02	$13.52	$150.98
10/29/2020	$1,344.78	-$189.26	$162.26
10/29/2021	$1,332.43	-$384.64	$174.04
10/29/2022	$1,370.85	-$573.23	$186.40
10/29/2023	$1,451.28	-$755.59	$199.41
10/29/2024	$1,471.71	-$932.18	$213.16
10/29/2025	$1,507.51	-$1,103.38	$227.79
10/29/2026	$1,550.40	-$1,263.13	$243.48
Continuing Period			

SeaWorld Entertainment

NASDAQ: **SEAS**

Analyst: Andrew Cote
Sector: Services

BUY

Price Target: $27

Key Statistics as of December 8th, 2016

Market Price:	$18.66
Market Cap:	$1.66 B
Operating Margin	12.16%
Net Margin	3.58%
Short interest	5.6%

Catalysts

- More Effective capital allocation decisions by management
- Change in public perception of brand
- Progression towards improved capital structure
- Increase consumer spending power
- Activist investor interest

Company Description:

SeaWorld Entertainment owns or licenses a portfolio of recognized brands including SeaWorld, Busch Gardens and Sea Rescue. They have built a diversified portfolio of 11 destination and regional theme parks that are grouped in key markets across the United States, many of which showcase our one-of-a-kind zoological collection representing more than 800 species of animals. Our theme parks feature a diverse array of rides, shows and other attractions with broad demographic appeal which deliver memorable experiences and a strong value proposition for our guests.

Thesis

SeaWorld Entertainment has had a lot of issues including poor capital allocation decisions, negative publicity, legal issues, and bad management of financials; all of which making them less attractive to investors. Since the management shakeup in 2013, the executives have been on the path of recovery. A lot of progress has been made in a few key areas including their public perception, debt repayment, investment in new attractions, driving more revenue from existing attractions, and creating other streams of income. They have shown that they deserve to be valued similarly to their competitors which is between 20 and 22x forward earnings.

Main Issues

Negative publicity

The release of the film "Blackfish" in 2013 brought to light how Orcas were treated and bred in captivity which brought negative attention on SeaWorld Entertainment. Being that SeaWorld is famous for their Killer Whale shows, this undoubtedly hurt their public perception and brand. The negative publicity spread quickly with the popularity of social media and the film being placed on Netflix for their millions of viewers to access.

Decreased attendance

Following the negative publicity, SeaWorld saw a 5.5% decrease in revenue in 2014 resulting from an obvious drop in attendance. Although attendance has since recovered, attendance is currently being affected by political issues in Brazil; they make up a large portion of their Latin American market.

Poor Capital allocation decisions

Attendance in this industry is largely correlated with the innovation and invention of new attractions. Naturally, we would expect high capital expenditures for new attractions but what has ailed SeaWorld in the past is their poor execution and efficiency. High cost projects lowered their return on investment and they had fewer new attractions per year. Additionally, in 2013 they started to pay a dividend instead of deleveraging their balance sheet which would lower their operating interest expense and lower their future cost of borrowing.

Highly leveraged

Their poor capital allocation decisions have led to a rapid growth in long term fixed debt. In the year 2012, SeaWorld had over $1.8 billion in long term debt which was 4x its total equity and 4.6x EBITDA. Also, during this same period, net interest expenses were over $110 million which was half of their operating income.

	2011	2012	2013	2014	2015
Operating Margin	10.84%	15.64%	17.08%	12.74%	12.16%
Net Margin	1.44%	5.21%	3.56%	3.62%	3.58%

High interest expenses have eaten away at net margins as you can see from the difference in operating and net margins. The largest impact of the interest expense is its effect on free cash flow to the firm; in 2011 and 2012 FCF to the firm was negative.

	2011	2012	2013	2014	2015
FCF	$ (87.022)	$ (13.197)	$ 37.832	$5.992	$ 21.253

Legal issues

Since the release of blackfish in 2013, SeaWorld Entertainment has been involved in a legal battle in which the plaintiffs, which are made up a basket of retirement systems and pension funds, claim that SeaWorld's management, board members, and underwriters mislead investors. They accused them of knowing or being reckless in not knowing that Blackfish was impacting SeaWorld's business but district court granted the defendants motion to dismiss the first complaint. The Plaintiffs then filed a second complaint not naming the underwriters and Board members as the defendants. SeaWorld Entertainment believe that the lawsuit is without merit and does not believe it will materially affect them.

Many other lawsuits SeaWorld are in involve animal activist groups who claim that they misrepresented the living conditions of the animals they care for.

Re-positioning of Public Perception

Increase Marketing Spend

Reacting to the negative image, management rightly began to grow the amount of marketing and image boosting activity. Since 2012, SG&A grew from 13.8% of sales to 15.6% of sales in 2015.

Animal Rescue activities/Conservation Efforts

SeaWorld Entertainment and their for-profit and non-for-profit subsidiaries have historically been proactive with safety and treatment of their animals and wildlife conservation efforts. They not only contribute, but are a leader in wildlife research, habitat protection, and animal rescue education. In addition, they operate one of the world's most respected rescue programs for ill and injured marine animals, in collaboration with federal, state and local governments. I see no reason to why the brand could not recover from one burst of negative publicity when they increasingly are proactive in their efforts. SeaWorld has already begun to see recovery from the drop in attendance in 2013. Attendance grew 30 basis points for 2014 to 2015 which represents a turnaround in the declining trend. For 2016 we see the upward trend continuing in domestic attendance but rather weak attendance from its guests from Brazil and other Latin American countries due to political unrest and the stronger dollar per management.

Diversifying

Becoming less reliant on their Orca shows and providing alternative educational and enjoyable experiences has become a priority since they have decided to cut the expansion of Orca shows in San Diego. New regulations under federal law outline how animals in captivity should be cared for and due to these new regulations so management has decided change their strategy and focus on other educational experiences. SeaWorld Entertainment also owns and has strategic alliances with well-known brands including Sesame Street and The Polar Express. Lastly, they have been involved in creating original content like television series and music for their theme parks and media enterprises which are for available for sale.

Original Content

Part of their diversification is the content they are creating for television. Broadcasted on ABC network, Sea Rescue and The Wildlife Does are both Emmy-nominated programs that have been approved for continuation. These types of investments by management are expected to continue but do not make up a significant portion of their revenue. It is the expectation that their content will increase brand visibility and consumer awareness which will not only help attendance in the future but will create different revenue streams.

Adding Value

Improving Capital Allocation Choices

We do see a trend of more effective capital allocation decision in the recent year. They recognize that the number and quality of their investments in new attractions is wheat will help drive attendance. Per the 3rd quarter earnings call, they have capped CAPEX at $175 million a year for the future which is historically average for them. Also, and most important, they have begun to avoid investing in overpriced attractions to receive the same return. Managing the cost of projects has become a huge priority and has shifted slightly the types of attractions they invest in. SeaWorld is focusing on looking for lower cost attractions (not lower quality) to increase the overall number of new attractions per year. Some of the new attractions include virtual reality experiences and offseason/holiday events. Lastly, Management has thankfully decided to stop its dividend payments in the 3rd quarter 2016 and using the money to reinvest in attractions and more importantly using the money to pay down their high levels of debt.

Increasing Revenue from Existing Assets

SeaWorld's business is very seasonal with two thirds or their revenue coming in the 2nd and 3rd quarters. Some parks are closed during off peak times especially those located in northern half of the U.S. To drive attendance in the parks still open during non-peak seasons management has been implementing holiday specials with holiday themed attractions and experiences. This is important to maximizing profitability by generating more cash flow throughout the year to minimize the effects of seasonality.

Competition

Principal direct competitors of our theme parks include theme parks operated by The Walt Disney Company, Universal Studios, Six Flags, Cedar Fair, Merlin Entertainments and Hershey Entertainment and Resorts Company. Their highly-differentiated products provide a value proposition and a complementary experience to those offered by fantasy-themed Disney and Universal parks. In addition, they benefit from the significant capital investments made in developing the tourism industry in the Orlando area.

Risks

- SeaWorld Entertainment is managing large amounts debt on their balance sheet and them being able to meet the interest obligations on that debt is highly dependent on their ability to attract guests
- In this industry, companies are frequent targets of lawsuits and the outcomes of those lawsuits can have a material impact on their business.
- Macroeconomic pressures including the spending power of consumers fluctuates and does impact spending within the themed parks.
- Social media has increased the speed at which news spreads. Any negative attention they might receive may have an immediate impact on operations.

Valuation

The best way to value companies in this industry is with multiples of earnings. I believe that in this case we should look back to before the negative publicity and management shake-up in the 2013/2014 years in which SeaWorld was trading at 20-22x forward earnings which was towards $30 per share. If management continues to add value like they have been and reduce overall debt, then I believe they will end in a better position than they started and the $30 per shar valuation is conservative.

Siena Market Line
2nd Week of December 2016

Molson Coors Brewing Company

NASDAQ:TAP

Analyst: James Hannahs
Sector: Consumer Staples

BUY

Price Target: $113.37

Key Statistics as of 12/09/16

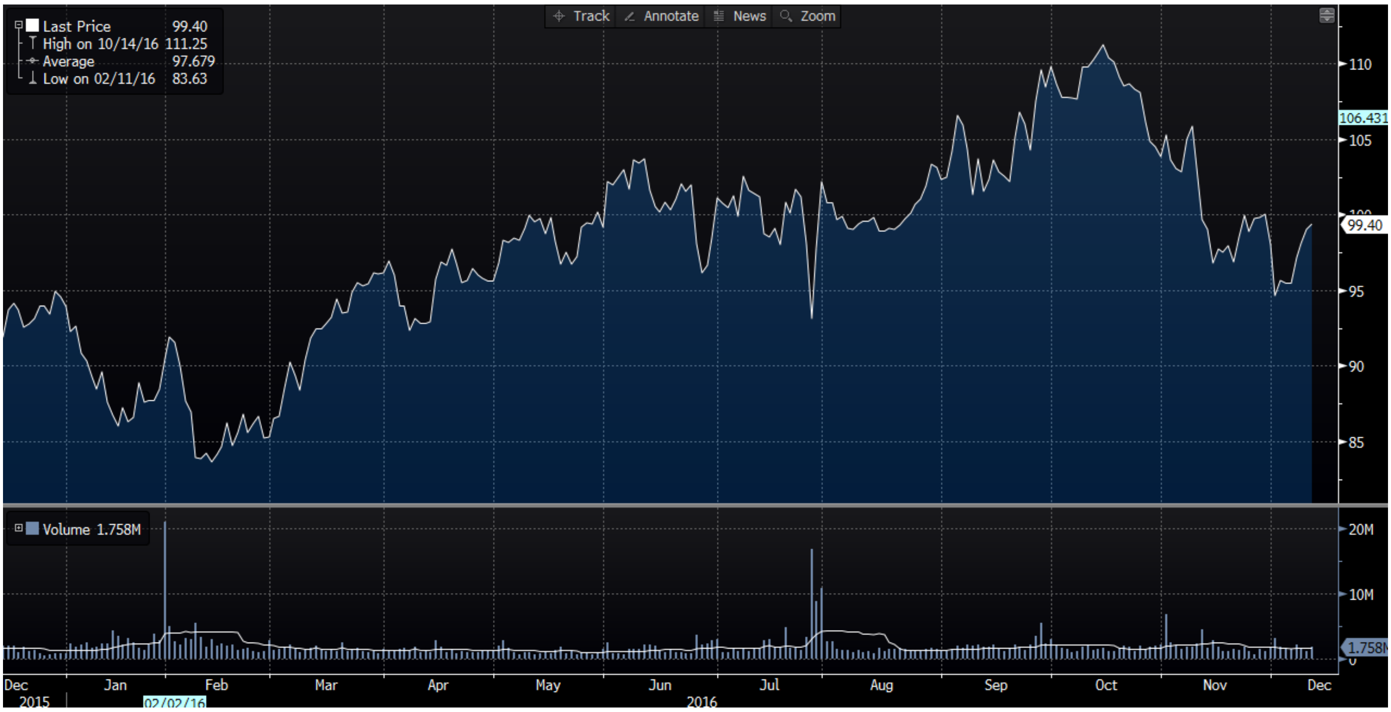
Market Price:	$98.11
Industry:	Beverages
Market Cap:	$21.1B
52-Week Range:	$80.78-112.19
Beta:	.88

Catalysts:

- Short Term: Effects of acquisition with SABMiller's stake in MillerCoors
- Mid Term: Installation of new cost-savings program
- Long Term: Tax benefits over the next decade delivering consistent inflows

Company Description:

Molson Coors Brewing Company (TAP) specializes in producing and selling beer with a rich, credible history. The core products (Coors, Miller, and Molson) began production in 1873, 1854, and 1786 respectively, but the acquired brands date back before the revolution. Since then, the firm has joined the three brews and their respective products to culminate a force to be reckoned with in the beverage industry as they develop innovative products and acquire even more. Their encompassing products diversify their customer base and allow them to become the consumer's "First Choice" simply because of the size of their domestic market share. TAP is also developing their global business with a presence in Asia, Europe, Latin America, the Caribbean, UK, and Canada.



Thesis

TAP is on the threshold of a new future for their company. Combing three major beers and the longing list of benefits from the acquisition of SABMiller's stake in MillerCoors will catapult TAP into an entirely new arena in terms of cash-flows, market share, and growth. The acquisition will open the door of an entirely new base of cash-flows with Miller brand revenue streams and an increased share from Coors sales. With the additional revenue and product streams, TAP broadly expanded shares into previously tough areas indicating that Miller sales will bring tailwind in the future. Additional cash flows thanks to tax benefits will drop to the bottom line within the company, allowing an additional $275 m inflow per year over the next fifteen. This will help boost their ROIC and with a forecasted reduced WACC, growth will be increasing. In terms of value, TAP is trading at its lowest multiple since 2008 as 2017 forecasts a doubled figure.

Industry Outlook

Analysts suggest the future health within the beverage industry will depend on the actions of President-Elect Trump concerning trade and the overall macro environment. Companies like Constellation Brands (STZ), which are a competitor to TAP, depend on foreign subsidiaries for trade. Mexico, a major geographic segment for STZ and the source of operations for Jose Cuervo (upcoming IPO), may be on the top-of-the-list for Trump's implementations of strict tax codes. This will no-doubt have adverse impacts on markets. Also, Trump's strict immigration policy could result in the deportation of millions of undocumented immigrants. This will increase the cost of manufacturing on the agricultural front for US based firms.

Generally, stocks within the industry fell 1% YTD through November, settling behind MSCI World Index of 3%. Specifically, companies' bottom lines are taking the biggest hit as a surging dollar offsets profitability for manufacturers sourcing raw materials on home soil. With these FX components affecting global volume levels, beverage companies around the world were taking the hit until 3Q, when 10% median growth in earnings was reported.

Despite the uncertainties in the market, TAP reported an increase in after-tax income thanks to impairment charges and gains from selling a Vancouver brewery. The greatest silver-lining is that although the industry may effected from Trump's policies, the market position of the brews that TAP has a hold of is promising:

Market Position *	#2	#2
Brand Position/ Brand *	#2 Coors LIGHT #4 Lite	#2 Coors LIGHT #3 CANADIAN
Market	USA	Canada

Also, the additional $275 million per year doesn't sound bad either, as guidance suggests they can use that to offset macro-economic factors effecting sales.

Guidance and Strategic Movements

With an entirely new management team and the credentials of two major brands, there's no secret that TAP is moving into uncharted territory with qualified pilots. Mark Hunter, the new President, CEO and Director, alongside Stewart Glendinning and Gavin Hattersley from MillerCoors, have the passion and motivation to bring TAP into their new future.

TAP detailed their performance and forward looking perspectives into 2017 within their 3Q earnings call. As expected, it focused on the list of benefits coming from the acquisition and the effects on the company's bottom line. With an entirely new product line, TAP suggests a few key movements within the products themselves are going to help their momentum. The Miller High Life segment (coined "The Champagne of Beers") along with others within TAP's portfolio will go through a revitalization process to enhance their respective brands. The classic High Life slogan is making a return to solidify the nostalgic baby-boomer clientele. Other brands like Steel Reserve, Milwaukee's Best, and Keystone Light will undergo repackaging and new ad-campaigns.

TAP's First Choice campaign strives to be just that: the consumer's first choice. This decision comes down to preference and shelf space within grocery stores and other outlets. Their expansive product line consisting of mostly pilsners and light beers aids them in doing just that. Where some concern arises is in the arena of craft brews, as investors see major players such as The Boston Beer Co. (SAM) suffer from the dynamic of the market. TAP has limited exposure to the craft beer market with their segment, Blue Moon, which remains the top selling beer within that field today. Besides their market position, retailers are strategically shelfing a limited supply of craft beers, as the market seems to be responding to a consumer switch back into American lights and IPAs.

TAP's guidance into 2017 outlined a cost savings plan of a total $550m over the next three years as the companies assimilate and develop synergies. The cost of delivering said synergies will be weighted towards the final years of the plan, but will benefit the cost-of-goods-sold line throughout the beginning stages. TAP suggests the savings will come from global procurement changes within the North American supply chain. The effects of this plan will transition down to the bottom line of the income statement, and when combined with an ultimately lower interest expense, profitability growth is definitely expected.

Competitive Financials

Correlating with industry trends, TAP's financials were affected by LFY's slow growth, low global volume, and output towards the acquisition. With the overall macro factors starting to set in, less uncertainty should navigate the dynamic of the market in favor of the company. Global volume was affected by the timing of July 4th since it ended up on a Monday, the least preferred date in the eyes of beer companies. Major competitors like ABI InBev reported the adverse effects of the holiday as well. As far as liquidity output, TAP's interest expense will be declining into the continuing period as they pay off the loan needed to acquire MillerCoors, another benefit to the bottom line.

Below is a list of comps used to assess comparisons across the industry.

1) Anheuser-Busch InBev (BUD)
2) The Boston Beer Co. (SAM)
3) Constellation Brands (STZ)

BUD may be a reach for a comp because of its massive market cap of over 200B, but the products are essentially comparable. Bud Light, one of their largest products by volume, is within the same caliber of Coors Light and Miller Lite. SAM is mostly craft beer, but the company's credentials are similar to TAP. STZ has a wider product base including spirits and wines, but a relatively similar market cap and consumer base. Refer to Exhibit A for profitability measures:

Exhibit A:

Name	Gross Margin TTM	EBITDA Margin TTM	Operating Margin	Profit Margin TTM
Average	49.65%	31.86%	25.61%	15.04%
100) MOLSON COORS BREWING...	39.62%	36.82%	26.14%	19.98%
101) ANHEUSER-BUSCH INBEV ...	61.05%	38.14%	31.53%	13.90%
102) BOSTON BEER COMPANY I...	51.07%	19.83%	16.30%	9.06%
103) CONSTELLATION BRANDS ...	46.86%	32.63%	28.49%	17.24%

The latest figures indicate that TAP is lagging only in the field of Gross Margin. Recall the guiding measures from the earnings call, where Hunter reinforced the cash-savings program, mostly benefitting COGS. With the new program, TAP can still produce innovative products while still maintaining a more competitive gross margin. Throughout the rest of the statement, we see that TAP boasts the best profit margin, allowing themselves to maintain operating costs as we expect them to decrease with lower interest expense and speculation around tax rate decreases under the Trump administration.

Exhibit B focuses more on the gap between operations and profitability, specifically in the debt area. Refer below for D/E figures:

Exhibit B:

Name	Debt/EBITDA TTM	Net Debt/EBITDA TTM	Debt/EV	Debt/Capital	EBITDA/Interest Expense
Average	4.51	1.45	0.14	34.04%	8.65
100) MOLSON COORS BREWING...	7.82	-0.07	0.14	29.37%	10.30
101) ANHEUSER-BUSCH INBEV ...	6.74	2.89	0.20	51.97%	9.02
102) BOSTON BEER COMPANY I...	0.00	-0.43	0.00	0.11%	--
103) CONSTELLATION BRANDS ...	3.48	3.40	0.22	54.70%	6.65

The main focus of this exhibit is the Debt/Capital rate, the lowest among major competitors with the exception of SAM, which borders uncomparable. The

Boston based company's lack of debt is probably smart given its slowdown throughout the year. TAP plans to deleverage soon as the remainder of the debt is paid down. BUD and STZ are trekking in dangerous territory as BUD has been down 15% YoY and STZ may be considered overpriced based on high multiples. They will be greatly affected by looming trade deals and the uncertainty of NAFTA with Mexico.

Exhibit 3 outlines major growth ratios as it analyzes ROIC, WACC, and the quotient of the two:

Exhibit 3:

ROC /WACC	History	LFY
TAP	0.40	0.37
Competitors	1.29	1.05

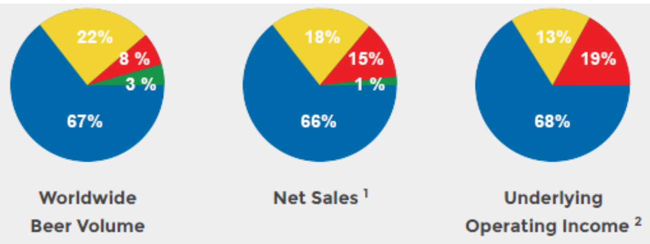
ROIC	History	LFY
TAP	4.0%	3.8%
Competitors	12.8%	10.3%

WACC	History	LFY
TAP	10.7%	10.4%
Competitors	10.0%	9.8%

We see an industry wide decrease in both ROIC and WACC, as companies attempt to deleverage in the wake of weak global volumes. However, as sentiment improves, TAP had seen the lowest decrease across the board, where the competition seems to be destroying value. With the acquisition aiding sales, we expect to see TAP rise above and deliver figures beyond what we've seen with them.

Conclusion

TAP has incredible opportunities in front of them that clear the way for growth. Not only will they have an impact on North American markets, but also overseas where they can strengthen their international brands.



Core segments within the company have experienced higher market shares QoQ (Coors on its 8th consecutive, Miller on its 6th). The acquisition opens up new areas such as Canada, where Miller products can now be put on shelves, which was previously off-limits.

TAP also plans to break out $350m of CapEx, an action that will greatly enhance its ability to increase ROIC, another step to optimize growth. Although we have seen a temporary lull in sales by dollars and volume, we expect the effects of the acquisition to offset this in the future. With tax benefits from the transaction being able to offset adverse impacts of macroeconomic factors, TAP is proving itself resilient against any foreseeable headwinds in the future.

The PE ratio is the lowest we've seen this year, and with the growth measures in place, we expect this to climb into the arena above forty. Transaction adjusted EPS is expected to climb to $6.11 by 2017, a generous increase from the current figure of $5.42, which is already up 4% YoY.

The cheap multiples, the growth potential from the acquisition, its reinforcing market share of core products, and its geographic presence (with more to come) reinforce the fact that it is undervalued at $98.11. If those factors aren't enough cushion for you, the target price of about $114 should give you some comfort.

Entry level: $98.00
Target: $113.37
Target 1 Yr. Return: 19%

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CENTER FOR GLOBAL FINANCIAL STUDIES

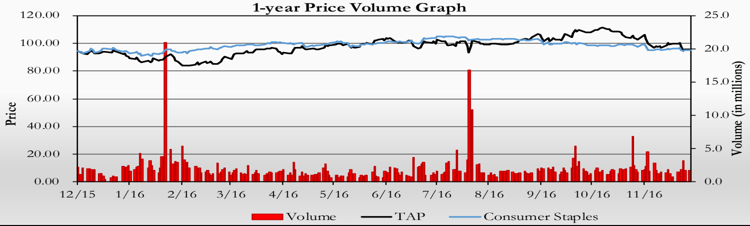
Molson Coors Brewing Company (TAP)

NEUTRAL

Analysis by James Hannahs	Current Price:	$98.11	Intrinsic Value	$106.58
12/12/2016	Divident Yield:	3.3%	Target Price	$113.37

Target 1 year Return: 18.89%
Probability of Price Increase: 96.8%

1-year Price Volume Graph



Description

Molson Coors Brewing Company manufactures and sells beer and other beverage products.

General Information

Sector	Consumer Staples
Industry	Beverages
Last Guidance	November 3, 2015
Next earnings date	February 14, 2017
Estimated Country Risk Premium	8.83%
Effective Tax rate	24%
Effective Operating Tax rate	26%

Market Data

Market Capitalization	$21,073.34
Daily volume (mil)	1.60
Shares outstanding (mil)	214.87
Diluted shares outstanding (mil)	205.90
% shares held by institutions	82%
% shares held by investments Managers	61%
% shares held by hedge funds	16%
% shares held by insiders	0.50%
Short interest	1.79%
Days to cover short interest	1.97
52 week high	$112.19
52-week low	$80.78
Levered Beta	0.88
Volatility	21.88%

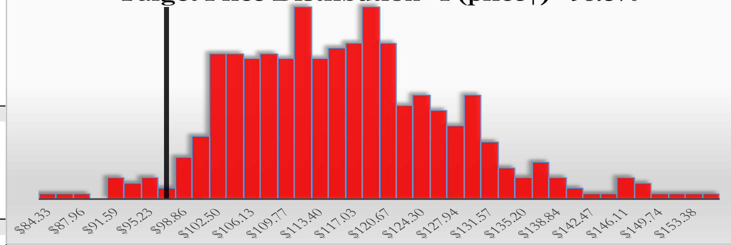
Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/30/2015	-4.94%	-44.52%
12/31/2015	-0.71%	-48.29%
3/31/2016	0.66%	-68.65%
6/30/2016	0.40%	-55.94%
9/30/2016	-4.58%	-48.98%
Mean	-1.83%	-53.27%
Standard error	1.2%	4.3%

Peers

Anheuser-Busch InBev SA/NV
Constellation Brands, Inc.
The Boston Beer Company, Inc.
Craft Brew Alliance, Inc.

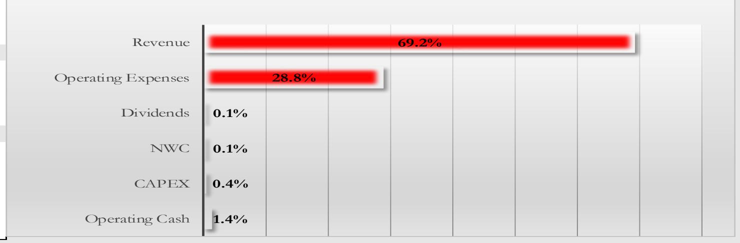
Target Price Distribution--P(price↑)=96.8%



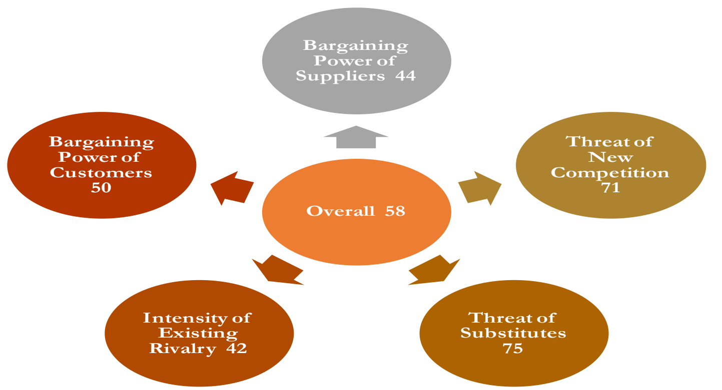
Management	Position	Total compensations growth	Total return to shareholders
Hunter, Mark	Chief Executive Officer, Pre	14.37% per annum over 5y	-1.54% per annum over 5y
Walker, Samuel	Global Chief Legal and Corpo	-0.9% per annum over 5y	-1.54% per annum over 5y
Glendinning, Stewart	Chief Executive Officer of M	-3.31% per annum over 5y	-1.54% per annum over 5y
Hattersley, Gavin	Chief Executive Officer of M	22.63% per annum over 3y	21% per annum over 3y
Joubert, Tracey	Global Chief Financial Offic	N/M	N/M
Tabolt, Brian	Chief Accounting Officer and	N/M	N/M

Profitability	TAP (LTM)	TAP (5 years historical average)	Industry (LTM)
ROIC	25.5%	105.32%	14.94%
NOPAT Margin	9%	17.53%	19.1%
Revenue/Invested Capital	2.81	6.01	0.78
ROE	39.2%	22.71%	17.74%
Adjusted net margin	6%	14.41%	16.3%
Revenue/Adjusted Book Value	6.15	1.58	1.09
Invested Funds	**TAP (LTM)**	**TAP (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	50.1%	17.9%	22%
Estimated Operating Cash/Total Capital	2.9%	3.1%	N/A
Non-cash working Capital/Total Capital	-1.6%	-2.8%	10%
Invested Capital/Total Capital	5.7%	7.6%	73%
Capital Structure	**TAP (LTM)**	**TAP (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.43	0.33	0.22
Cost of Existing Debt	2.55%	6.38%	3.13%
Estimated Cost of new Borrowing	2.87%	3.24%	3.13%
CGFS Risk Rating	A	BBB	CCC
Unlevered Beta (LTM)	0.77	0.69	0.59
WACC	10.29%	10.00%	8.82%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	-7.1%	9.1%	2.48
9/30/2017	102.5%	21.1%	13.47
9/30/2018	17.3%	15.6%	4.27
9/30/2019	1.0%	14.9%	3.28
9/30/2020	0.7%	15.6%	3.52
9/30/2021	5.7%	16.6%	4.05
9/30/2022	5.4%	16.9%	4.14
9/30/2023	5.1%	17.3%	4.17
9/30/2024	4.9%	17.6%	4.17
9/30/2025	4.6%	17.8%	4.16
9/30/2026	4.3%	18.1%	4.12
Continuing Period	4.0%	18.3%	3.50

Period	Invested Capital	Net Claims	Price per share
Base Year	$819.25	-$1,883.24	$106.50
9/30/2017	$590.06	-$767.96	$113.11
9/30/2018	$1,309.19	-$317.60	$119.24
9/30/2019	$865.00	-$582.02	$125.49
9/30/2020	$1,223.27	-$961.33	$132.19
9/30/2021	$1,135.10	-$1,317.40	$139.74
9/30/2022	$3,153.64	-$1,664.15	$147.37
9/30/2023	$4,008.75	-$2,091.03	$155.37
9/30/2024	$3,997.36	-$2,601.29	$163.74
9/30/2025	$3,966.86	-$3,197.61	$172.45
9/30/2026	$4,241.35	-$3,882.02	$181.50
Continuing Period			

American Eagle Outfitters, Inc.

NASDAQ:AEO

Analyst: Thomas Marano
Sector: Consumer Discretionary

BUY

Price Target: $21.23

Key Statistics as of 12/9/2016

Market Price:	$18.09
Industry:	Specialty Retail
Market Cap:	$3,222.90M
52-Week Range:	$12.78- 19.55
Beta:	0.85

Catalysts:

- No Debt and Positive Cash Flows
- Expansion of Company's Aerie Brand
- Cyclical Holiday Sales

Company Description:

Founded in 1977 American Eagle (NASDAQ:AEO) is a U.S Based clothing and accessory store that operates around the world. The company retails men and women's clothing, shoes, and accessories. With an additional "Aerie" department specializing in woman's lingerie, intimate apparel, and active wear. Their main target market are young adults aged 15-25, However their denim and accessories appeal to all ages. American Eagle markets through Television ads, radio promotion, and home flyers. They sell their product through store locations, catalogs, and online websites. The company operates more than 1,000 stores within the United States, Canada, Mexico, China, Hong Kong, and the United Kingdom and ships to 81 countries worldwide.

Thesis

Originally started 37 years ago as a casual sportswear retail company, American Eagle has grown to much more than that. Preforming well through a down turning industry, analysts are optimistic about future revenues. Posting great results over the past few quarters, American Eagle has proven they're one of the top clothing brands across the country. From clothing to lingerie, American Eagle has kept up with modern trends and consumer preferences. With many long-term goals targeted around expansion I believe the increase in revenue will drive margins and increase shareholder return, overall making the stock more attractive to investors. With stock declines after last quarter's earnings call, I believe that American Eagle Outfitters is cheap, my thought is that we should long shares of AEO.

Industry Outlook

The Specialty retail industry is highly competitive and is very dependent on consumer spending. The implementation of online shopping via on phone apps or computers has slowed down the growth in traditional store fronts. The issue is, consumers are expecting rapid delivery at comparative instore prices. Moving through 2016 and into 2017 it's imperative that retailors improve shipment processes, incorporate digital aspects, and advance technologies to overall improve the customer experience.

Within this industry a huge aspect is customer preference. Some customers prefer a lower cost product but don't mind taking a cut in quality. While on the opposite side, some users will pay upward prices to be assured the quality of their clothes is good. To cope this, American Eagle must post competitively priced products with high quality products.

To combat this competitive industry, American Eagle has developed smart phone apps to make online shopping easier. What's convenient about the app is that it will stores your sizes making checkout and appeal selection convenient and quick. American Eagle also does a tremendous job keeping up with relevant fashion trends with a strong product assortment that appeals to customers of all shapes and sizes. Which is very important in today's retail industry.

Business Model

Retail Stores strategically place their locations based on a variety of considerations. With the largest being retail foot traffic. Since American Eagle appeals to 15-25 year olds they tend to place their storefronts within malls. Since their clothes are reasonably price, American Eagle places their store fronts in middle to high end malls. Their two main brands are, the traditional American Eagle and Aerie. American Eagle specializes in modern day clothing trends, with their main revenue driver being their denim line. While Aerie sells lingerie and intimates.

The American Eagle Outfitters retails clothing through approximately 950 stores and online while Aerie retails through 100 stand-alone and 65 side-by-side stores. While both the traditional American Eagle store front and Aerie bring in revenue, it's the side by side locations that attract the most female customers. Here they can shop both modern clothing and Aerie products. According to 2015 data, about 54% of revenue comes from women's appeal and accessories, 36% from men's, and the remaining 9% from Aerie.

Rise of Aerie

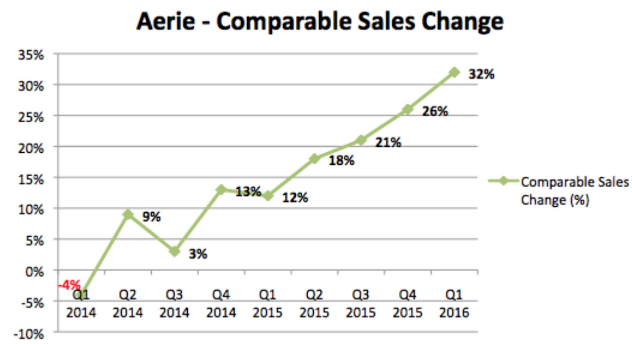


Exhibit: 1

As you can tell from the graph above, Aeries comparable sales change has drastically increased over through 2015 and into Q1 2016. These increases continued through Q2 and Q3. Sales increased from Q1 2014- Q3 2016 due to Aerie's advertisement models.

In 2014 Aerie launched a new campaign focused on the beauty of woman all shapes and sizes. This campaign centered on unphotoshopped ads and models that challenged "Supermodel Standards." The campaign AerieReal caused sales to increase 20% in the 2015 fiscal year.

Moving forward into 2017 management has plans to expand Aerie locations into a storefront similar to Victoria Secrets. The loyalty to Aerie from woman has increased retail traffic throughout American Eagle as a whole.

Ownership

According to the graph below showing short interest, you can see American Eagle's short interest is continuing to decrease from mid September. This decline could be an indication that investors are beginning to sell their short positions, meaning they possibly believe that AEO's share price may pick up traction and raise again. This supports my thesis for longing shares of AEO.

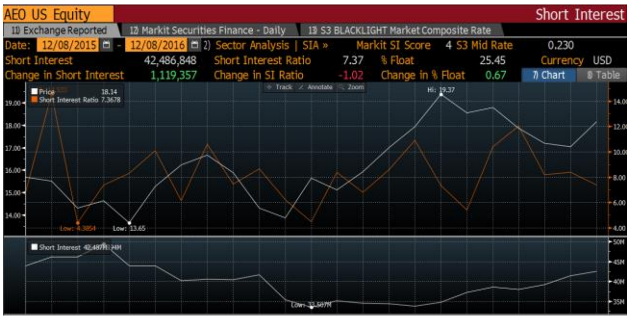


Exhibit: 2

People

One very impactful person on American Eagle is Jennifer Foyle, the current president of Aerie. It was Foyles idea for Aerie to use un-photoshopped photos and promote body positivity. Foyle is indirectly responsible for the increase in Aerie sales 2014 onward. Jay L. Schottenstein served as on the executive board of American Eagle since the start alongside his brother. Although he took time off from 2005-2009 to take on the role of CEO at DSW, he recently stepped up as CEO in 2014. Schottenstein has a deep understanding and knowledge of the industry and company. Being one of the original founders of AEO I believe this show strength. Being one of the original founders Schottenstein will truly do what's best for the corporation on both short and long term.

Competition

COMPETITORS	SYMBOL
Abercrombie & Fitch Co.	NYSE:ANF
Urban Outfitters, Inc.	NasdaqGS:URBN
Tailored Brands, Inc.	NYSE:TLRD
Coach, Inc.	NYSE:COH
Express, Inc.	NYSE:EXPR
L Brands, Inc.	NYSE:LB
Under Armour, Inc.	NYSE:UAA
Tiffany & Co.	NYSE:TIF
Burlington Stores, Inc.	NYSE:BURL

Exhibit: 3

As you can tell from the list above American Eagle competes with many well-known retailors. When choosing competitors to compare, I chose both clothing and accessory driven retailors. Clothing contributes most revenue to American Eagle, but a strong portion is attributed to accessories.

Product differentiation is crucial for AEO. As mentioned earlier American Eagles top product is their denim line. The have a strong line with various colors and different prints. Their prices are placed perfectly between expensive Abercrombie & Fitch and lower cost Aeropostale. Where American Eagle really differentiates themselves is within their product line. They have good quality clothes while also keeping up with modern trends. American eagle also has athletic ware, which may appeal to consumers looking for gym/sporting clothes. What I believe hurts American Eagle is the "age limit" on their clothes. Meaning the thought that the brand only appeal to a younger generation. Corporations like Express appeal to an older generation while they struggle with the younger end.

Financials

ROIC /WACC		
	History	*LFY*
AEO	1.52	2.23
Competitors	1.72	1.30

ROIC		
	History	*LFY*
AEO	14.5%	21.7%
Competitors	22.1%	15.7%

Exhibit:4

Above is the ROIC/WACC ratio and ROIC in percent form. As you can tell when compared to top competitors (Exhibit: 3) American Eagle is creating value at a much higher rate than their customers. They've historically underperformed their competition, but recently it has switched. As the competitor drop in value, American Eagle is showing great signs of Value Creation.

American Eagle's ROIC is 21.7% compared to competitors 15.7%. This higher ROIC suggests that American Eagle more efficiently uses money to generate returns.

Long Term Plan

Moving forward into 2017 American Eagle Outfitters has many long term plans.
-Expand global retail presence by licensed stores throughout Chili and Peru. Continuing to build on existing growth markets throughout regions such as Colombia, Panama, Caribbean, and Mexico.
-Expand more stand-alone Aerie's and side-by-side stores of American eagle and Aerie throughout the United States.
-Globally expand Aerie and continue to market un-touched models, promoting positive body image.

Important Dates and Catalysts

Moving forward in 2017 management would like to expand the number of stand-alone Aerie locations. Since there are only around 100 throughout the country there is room for an increase in physical presence. The expansion of Aerie will increase revenue and drive margins up. Overall increasing the value of American Eagle.
American Eagle has no debt and positive cash flows, meaning the company is very attractive for investors. With no debt American Eagle can continue to operate in this competitive industry without the risk of defaulting on a loan or the possibility of bankruptcy.
The upcoming holiday season is expected to increase net revenue. Since the holidays prompt gift giving trends, higher sales and operating income tend to occur during quarter 4.

Conclusion

American Eagle is a great brand that has proven itself both trendy and popular. Proving that they can keep up with what consumers want they will continue to increase revenue and margins. American Eagle has maintained strength throughout a harsh industry downturn. With the expansion of Aerie along with the other long-term plans I believe the AEO stock price will rise. I believe it would be best to long American Eagle Outfitters.

American Eagle Outfitters, Inc. (AEO)

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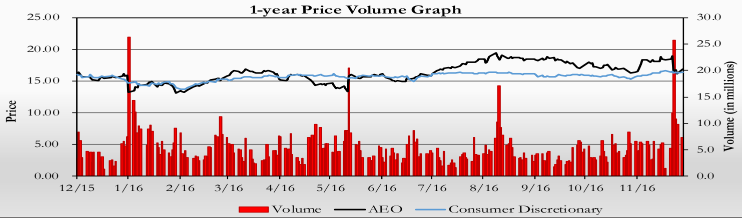
BULLISH

Analysis by Thomas marano	Current Price:	$18.09	Intrinsic Value	$19.44	Target 1 year Return: 20.66%
12/9/2016	Divident Yield:	3.3%	Target Price	$21.23	Probability of Price Increase: 93.6%



Description

American Eagle Outfitters, Inc. operates as a specialty retailer offering on-trend clothing, accessories, and personal care products under the American Eagle Outfitters and Aerie brands.

General Information

Sector	Consumer Discretionary
Industry	Specialty Retail
Last Guidance	November 3, 2015
Next earnings date	March 3, 2017
Estimated Country Risk Premium	6.75%
Effective Tax rate	38%
Effective Operating Tax rate	35%

Market Data

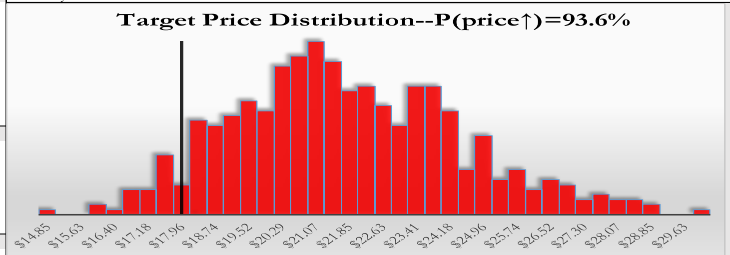
Market Capitalization	$3,222.90
Daily volume (mil)	6.26
Shares outstanding (mil)	181.88
Diluted shares outstanding (mil)	186.21
% shares held by institutions	74%
% shares held by investments Managers	88%
% shares held by hedge funds	9%
% shares held by insiders	5.52%
Short interest	23.36%
Days to cover short interest	8.05
52 week high	$19.55
52-week low	$12.78
Levered Beta	0.85
Volatility	36.80%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
10/31/2015	-6.99%	-3.35%
1/30/2016	-4.27%	-15.05%
4/30/2016	0.95%	2.87%
7/30/2016	-3.58%	-2.88%
10/29/2016	-2.03%	-2.10%
Mean	-3.18%	-4.10%
Standard error	1.3%	3.0%

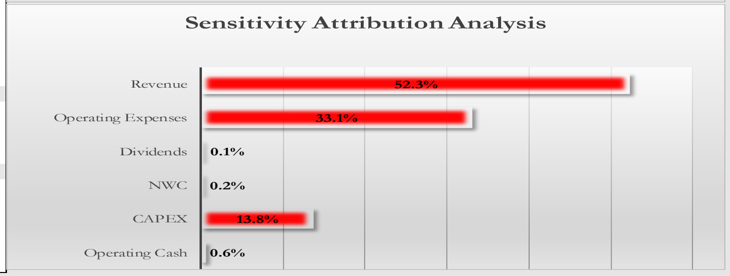
Peers

- Abercrombie & Fitch Co.
- Urban Outfitters, Inc.
- Chico's FAS, Inc.
- Tailored Brands, Inc.
- Coach, Inc.
- Express, Inc.
- L Brands, Inc.
- Under Armour, Inc.

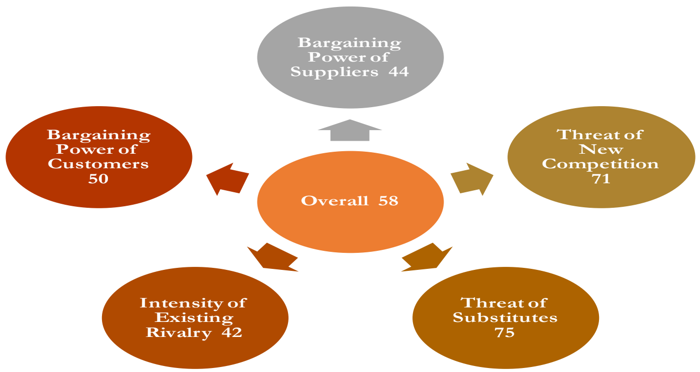


Management	Position	Total compensations growth	Total return to shareholders
Schottenstein, Jay	Executive Chairman and Chief	-100% per annum over 4y	7.56% per annum over 4y
Rempell, Michael	Chief Operations Officer and	-100% per annum over 2y	7.65% per annum over 2y
Kessler, Charles	Global Brand President of Am	-100% per annum over 1y	7.83% per annum over 1y
Madore, Robert	Chief Financial Officer and	N/M	N/M
Hurd, Scott	Chief Accounting Officer and	N/M	0% per annum over 0y
Horvath, Peter	Chief Global Commercial and	N/M	N/M

Profitability	AEO (LTM)	AEO (5 years historical average)	Industry (LTM)
ROIC	15.4%	12.14%	21.08%
NOPAT Margin	9%	9.15%	7.1%
Revenue/Invested Capital	1.66	1.33	2.97
ROE	13.8%	9.16%	24.67%
Adjusted net margin	6%	6.39%	6.5%
Revenue/Adjusted Book Value	2.41	1.43	3.82
Invested Funds	**AEO (LTM)**	**AEO (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	10.9%	16.0%	17%
Estimated Operating Cash/Total Capital	10.9%	9.8%	N/A
Non-cash working Capital/Total Capital	3.1%	1.6%	21%
Invested Capital/Total Capital	97.5%	91.3%	83%
Capital Structure	**AEO (LTM)**	**AEO (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.31	0.30	0.22
Cost of Existing Debt	22.54%	22.23%	7.32%
Estimated Cost of new Borrowing	22.32%	22.32%	7.32%
CGFS Risk Rating	F	F	C
Unlevered Beta (LTM)	0.71	0.86	0.95
WACC	10.83%	11.58%	10.15%



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	3.7%	9.3%	1.43
10/29/2017	0.3%	8.2%	1.07
10/29/2018	0.0%	11.1%	1.38
10/29/2019	2.3%	11.1%	0.97
10/29/2020	1.4%	11.5%	0.99
10/29/2021	1.8%	12.5%	1.08
10/29/2022	2.2%	13.5%	1.18
10/29/2023	2.6%	14.5%	1.28
10/29/2024	2.9%	15.6%	1.38
10/29/2025	3.3%	16.6%	1.48
10/29/2026	3.7%	17.6%	1.58
Continuing Period	4.1%	18.6%	1.57

Period	Invested Capital	Net Claims	Price per share
Base Year	$2,202.77	$957.73	$19.60
10/29/2017	$2,289.57	$969.49	$21.14
10/29/2018	$2,420.40	$1,939.14	$23.36
10/29/2019	$2,072.42	$1,761.05	$26.16
10/29/2020	$2,175.19	$1,583.89	$29.00
10/29/2021	$2,608.16	$1,372.62	$31.91
10/29/2022	$2,709.95	$1,151.01	$34.88
10/29/2023	$3,969.23	$918.06	$37.89
10/29/2024	$4,049.44	$672.61	$40.94
10/29/2025	$4,119.96	$413.36	$43.99
10/29/2026	$4,179.05	$138.84	$47.03
Continuing Period			