Macroeconomic Overview

	Index	Weekly % Chang	YTD % Change
SPX Index	S&P 500	1.20%	8.29%
INDU Index	Dow Jones Industri	1.31%	9.91%
CCMP Index	NASDAQ Composite	1.22%	7.82%
RTY Index	Russell 2000	2.88%	18.60%
VIX Index	VIX	-7.57%	-32.24%

U.S. Markets:

Domestic markets finished this shortened week with continued gains, signaling three consecutive weeks of new highs as major news networks report the resounding finish as a "superfecta." The major indexes, the S&P 500, Dow, NASDAQ, and the Russell all finished in record high territory, reinforcing the claim of a robust economy that can withstand a Federal Reserve rate hike, an event expected in mid-December. Specifically, corporate earnings within the SPX gained 3% YoY, a far cry from the five consecutive quarter losses previously reported. A spike in consumer sentiment focused on regulation and tax reform under a Trump presidency helped fuel the surge in stock investments.

Other than stocks, the bond market proved to be active this week despite a climb in yields. With the continuously improving strength of the dollar and the surge in the stock markets, foreign investors look towards investment-grade corporate bonds. Asian investors sought the fixed investment as issuers utilize the holiday season to forward deals and with guidance from the Fed and the subsequent fall in Treasury prices, an unexpected climb in demand for such bonds was observed. Despite the activity within the markets, there was moderate movement in both trades and credit spreads, signaling an overall moderate week with bonds and ETF markets as well.

Commodities: The West Texas Intermediate price per barrel fell about three cents to $46.03 per gallon in light of deeper losses last week, resulting in some ground gained despite this week's decrease. Disagreements between the parties contributing to OPEC have caused the decrease in prices as analysts expect some sort of agreement will take place. This past Monday's meeting was called off due to the Saudi's rejection of invitation to the event, signaling further disagreements within the committee.

In related news, the protesters at the Standing Rock Sioux reservation advocating against an oil pipeline that threatens their water source have been ordered to vacate the reservation by December 5th. The U.S. Army Corps of Engineers, the entity that oversees the parcels of interest, warned the public of access closures effective on the fifth in light of violent altercations between the protesters and law enforcement officials. The pipeline itself, would aid the domestic fracking revolution as it allows the transport of Bakken shale oil from North Dakota to Illinois, in order to arrive to Gulf Coast refineries. The facilitation of the oil through the sacred land of the Sioux tribe would allow the movement to happen under safer and cheaper conditions. If the movement recedes the area, the project could be completed, and allow the domestic transport of oil to become more efficient.

Specific news: President-elect Trump utilized his holiday weekend to publish a video depicting further policy plans focused on the dismantling of the U.S. association within the Trans-Pacific Partnership. The partnership specializes in an international trade deal as he hopes to drive the U.S. towards less involvement with foreign trade affairs.

Durable goods rose this week since October, about 4.8% as existing home sales skyrocketed to a nine-year high. Despite the gains in existing homes data, new-homes sales took an unexpected slump, an insight not forecasted from last week's report. Mortgage rate spikes left economists pondering if the homebuilding cycle in the U.S. has finally hit its pinnacle.

Next week ahead: This Wednesday, OPEC is expected to have another meeting discussing the future of agreed upon policies in Vienna. Before the meeting, the protests from Standing Rock will conduct a march to U.S. Justice Department in Washington on Sunday. Tuesday hosts the U.S. Q3 preliminary GDP reports, detailing the proponents of the quarter's crucial gains.

International Markets

	Index	Weekly % Chang	YTD % Change
BE500 Index	BE 500	1.01%	-7.14%
SXXP Index	Stoxx Europe 600	0.90%	-6.39%
DAX Index	DAX	0.33%	-0.41%
UKX Index	FTSE 100	0.96%	9.59%
CAC Index	CAC 40	1.02%	-1.87%
NKY Index	Nikkei 225	2.90%	-3.43%
SHCOMP Inde	Shanghai Composit	2.16%	-7.83%
SZCOMP Inde	Shenzhen Composi	0.88%	-7.76%

Europe: Much like the U.S. markets, the Stoxx experienced a third consecutive weekly gain, but no "superfecta" was reported. Positive ground was gained on account of surging utilities. Sentiments in Europe were helped with the expected agreement in the upcoming OPEC agreements and U.S. stock rallies.

The UK's FTSE 100 index mirrors the sound GDP data coming from post-Brexit reports, indicating that the region has yet to endure the side effects of the Brexit vote. In the third quarter, the UK reported a .5% gain since the prior quarter thanks to an increase in spending across the board (businesses and consumers) and overall trade. The weakening pound against the dollar provided incentive for foreign investors to seek the UK, allowing them to foresee stabilization in the future, despite the expected aftermath of Brexit.

Besides the relative stabilization of the UK economy, the EU is bracing for further challenges on the political front. The Italian referendum taking place in early next month will affect the course of future policy arrangements that could impair benefits towards the Union. Along with this, elections in Austria, France, and Germany will affect the collective health of the EU.

Asia: With a common theme approaching, Japan's Nikkei Index finished strongly for the third consecutive week, with the broad (and unreported) TOPIX index rallied 5% this month, roughly 2.5% this past week. Manufacturing in the Western-Pacific nation has held the gains together, as the industry also posted three consecutive monthly gains. However, the nation's Ministry of Finance reported a deep loss in exports of about 10% YoY in October, settling below analyst estimates. This was mildly offset by a modest increase in consumer prices of about .1%.

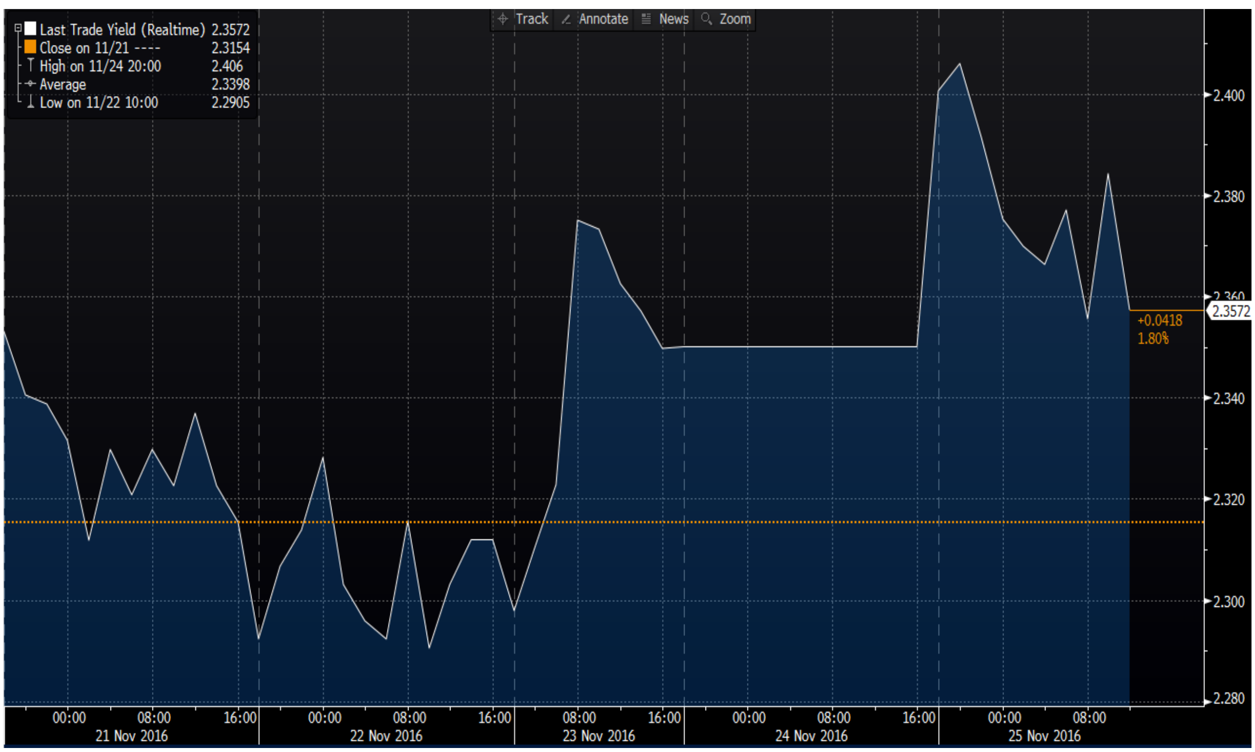
China's currency experienced the inverse of the week's gains elsewhere as the Yuan declined for the third consecutive week, continuing the depreciating slide observed since Trump's victory. His policies towards China and their trade agreements forward a level of uncertainty that have adverse effects on the exchange rate of the yuan versus the dollar while also being affected by interest rate expectations. Despite expectations, Trump's actual performance tailoring to the agreements between the U.S. and China remain speculative.

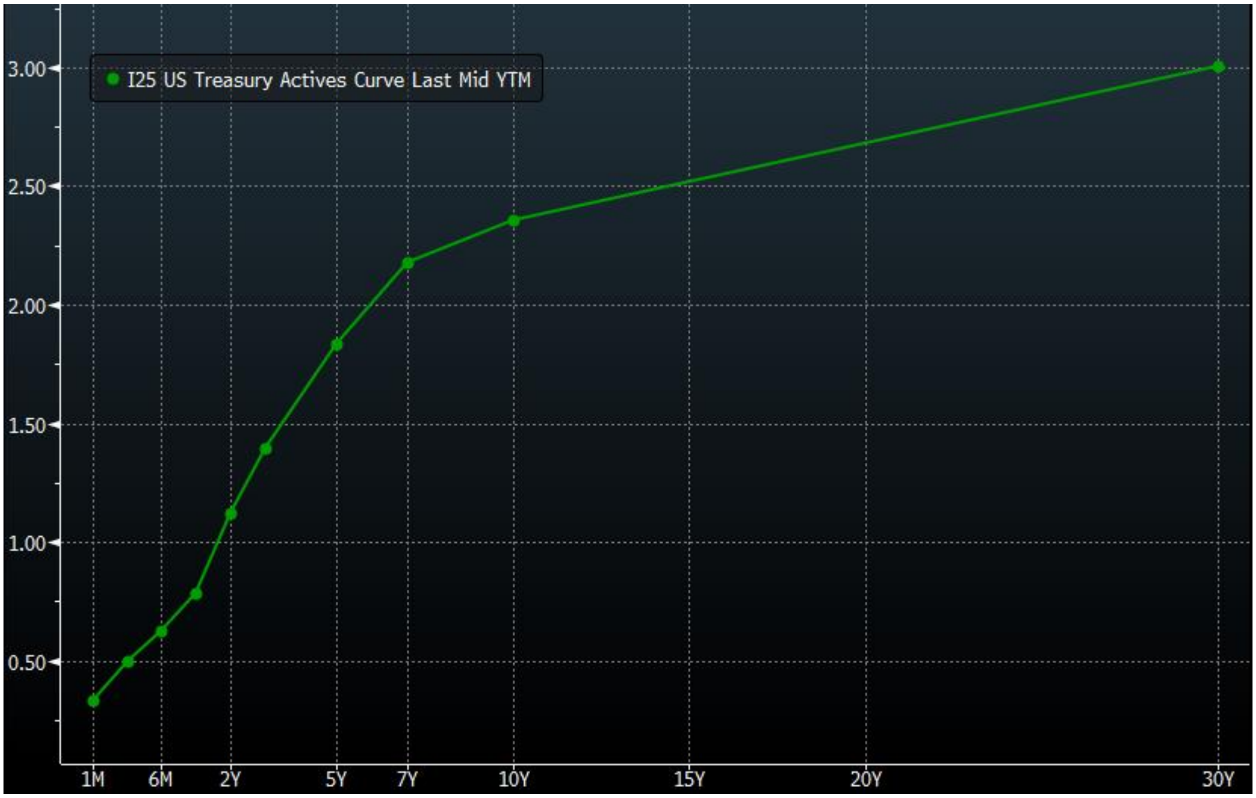
Stock	Buy / Sell	Thesis	Current Price	Target Price
AAON	Buy	As seen through its fundamentals, AAON Inc. has great growth potential and will continue to perform in the future. Even tough FY 2015, was a difficult year in terms of economical atmosphere, AAON recorded all-time records for both sales and earnings. Besides, given the increasing demand for healing and cooling products, revenues are expected to rise in the future, giving AAON the possibility to expand its horizon even more. In fact, the company plans to diversify its products portfolio by launching news products in a near future. I recommend that we buy AAON Inc. stock which is currently undervalued – I expect the price to rise around $45-$50 in the future.	$ 33.40	$ 50.18
ATVI	Buy	Expansion with the company offering More Protection and many risks explained in their most recent 10-k have diminished. Gaming Market continues to grow and Activision is best positioned to take advantage in the future. Virtual Reality / Augmented Reality Potential for future could have similar effect of Nintendo's Pokémon Go.	$ 36.84	$ 42.55
CAKE	Buy	Too much surprise, while most restaurants may be suffering from current industry effects, The Cheesecake Factory has continued to grow through this downfall. Beating comparable last quarters EPS of $.07 by $.09 and increasing revenue by $3.87 million the Cheesecake Factory is moving through quarter 4 2016 feeling great. With the plan to expand delivery services to all restaurant locations and increase number of Cheesecake Factory and RockSugar restaurants in 2017 this growth plan will support in outperforming their competitors. Increasing margins and revenue year after year support my opinion of a Buy of Cheesecake Factory.	$ 58.50	$ 60.82
DPS	Buy	Dr. Pepper Snapple Group, Inc. is currently undervalued. DPS has a low P/E ratio of 18.81. Using forward P/E multiples and Capital IQ data, the median implied price per share is $126.23. DPS has low short interest at around 5.21%. Focusing on ownership, the percent change in new buyers increased by 6.59% and the percent change in selloffs decreased by 5.62%. This shows that more people are getting interested in buying the stock and less people are interested in selling. DPS has great margins in comparison to its competitors. In addition to that, DPS has higher sales growth than both of their main competitors, Coca-Cola and Pepsico. Dr. Pepper does have a lot of debt, but that shows that investors trust that Dr. Pepper will be able to pay the debt back. This is also shown with S&P's high rating of BBB+. The stock itself has a high average volume of 1,300,398 shares, so a lot of trading happens involving this stock. Additionally, DPS has outperformed analyst estimates on each of their last four quarters of earnings. Overall, DPS is an undervalued stock with high potential to grow and beat out its main competitors. I have DPS as a BUY at $83.04 for an approximate return of 18%.	$ 83.04	$ 95.89

LULU	Buy	Lululemon Athletica, Inc. is a designer, distributor, and retailer of technical, fashionable, innovative, athletic apparel. Lululemon, since its foundation, has developed an extremely distinctive corporate culture that allows it to be the best in its class. The company's mission is to produce and provide products to its consumers that create transformational experiences for them to live happy, healthy, and fun lives. Lululemon's core values include developing the absolute highest quality products, operating with integrity, leading a balanced and fun life, and nurturing entrepreneurial spirit. Its purpose is "elevating the world from mediocrity to greatness." Lululemon is the best in its class, with positive margins that well surpass those of its competitors. As an innovative company, Lululemon is continuously setting the bar for the industry with new fabrics and products therefore it is continuously growing year after year. Historically, the company's ROIC/WACC has been 1.93, which proves that they are a value added company. With the holiday months ahead and expansion initiatives in the making, Lululemon will further its growth even more. The company's stock is currently priced towards the lower end of its 52-week range and with the upcoming months, the price is expected to converge closwer to its 52-week high.	$ 57.99	$ 71.40
SPTN	Buy	SpartanNash is a fairly new company that due to acquisitions in 2014 and being able to constantly expand under deflating food prices. This means that if the company is succeeding under difficult Macro- Economic times it will not only continue to succeed in the future. Additionally, massive discretion centers that are positioned in intelligent locations will create economies of scale which will benefit the company in the long run.	$ 37.44	$ 44.70
VIAB	Buy	Viacom is a media conglomerate company that began in 1971 under parent company CBS. It is currently the world's sixth largest broadcasting and cable company. In December of 2005 the company split from CBS and since has been operating as the company it is today. Viacom primarily focuses on distributing television shows and is a subsidiary of Paramount Pictures move company. The company reaches 700 million subscribers in 160 countries of 170 networks. CBS and Viacom are both looking into a possible merger again for the first time in 11 years. This merge will reinvigorate Viacom's value and cause Viacom to currently be a profitable long term purchase. In 2005 when the two companies split, they both saw in immediate increase of more than 10% in opening stock price. Also, the potential long-term realized gains from the purchased of Argentina's largest media distribution network for $345 million can prove to be a long term growth investment. The emerging markets in Asia and South America are one of the greatest new competitive edges for the media industry. By stepping into Argentina, Viacom can become a leading cable network distribution in the country.	$ 37.64	$ 46.00

Bond Report

This week, the Treasuries selloff that has been observed over the past weeks has continued, with treasury yields nearing 18-month levels. However, yields did not move dramatically, mainly due to the shortened week in the bond market due to Thanksgiving and Black Friday. On Monday, the Treasuries finally stabilized, as the selloff took a break after two weeks of record moves following Donald Trump's election. Analysts even warned that the massive price and yield adjustment is mainly due to speculation, and that it could reverse if Trump's actions were to differ from expectations. On Tuesday, as long term Treasuries yields (10, 30 years) marginally fell, yields on shorter term Treasuries kept on increasing, mostly as a scale back from the previous weeks' strong steepening. However, data showing that new home sales in October were close to their 10-year high contributed to raise yields. On Wednesday, in spite of weaker than expected economic data, long-term Treasury yields increased again. However, most think the selloff was due to limited liquidity, as the session was thinly traded ahead of Thanksgiving holiday, rather than new economic data or information. 10-year Treasury yields ended the session at a 16-month high at 2.355%. Eventually, on Friday shorter-than-usual session, yields did not move a lot, as most investors focused on the rising political uncertainty in Europe. French Republican primary vote, as well as the upcoming Italian referendum were of more interest than the US market to the investors on Friday. Consequently, yields remained around their highest level since July of last year. The 2-year Treasury Note ended the week at 1.114%, while the yield on 10-year Treasury ended at 2.357%, and the 30-year Treasury bond at 3.006%.





Key Events and what to look for:

Within the next weeks, the main focus of the market will be declarations of president elect Trump, as his policies are expected to differ significantly from his predecessor's. Also, the Federal Reserve is expected to announce an interest rate hike shortly, and investors will be looking at this. In the next few days, several data releases are expected. First, on Tuesday morning, a second estimate of Q3 GDP growth quarter-over-quarter will be released. Improved retail sales in the back half of the quarter led consensus expectations to be around 3.1%, up 0.2% from prior expectations. Later in the day, Consumer Confidence level for November will be expected. After rising for months, it had fell to 98.6 in October ahead of the presidential election. November results are expected to be higher, between 99.6 and 104.5. Later in the week, different reports will be expected, such as ADP Employment Report and MBA Mortgage Applications on Wednesday, or Jobless Claims on Thursday.

AAON Inc.

NASDAQ:AAON

Analyst: Cindy Missaoui
Sector: Industrials Goods

BUY

Price Target: $50.18

Key Statistics as of 11/22/2016

Market Price:	$33.40
Industry:	General Buildings
Market Cap:	$1.76B
52-Week Range:	$19.06-33.55
Beta:	1.09
ROIC:	33.7%

Catalysts:

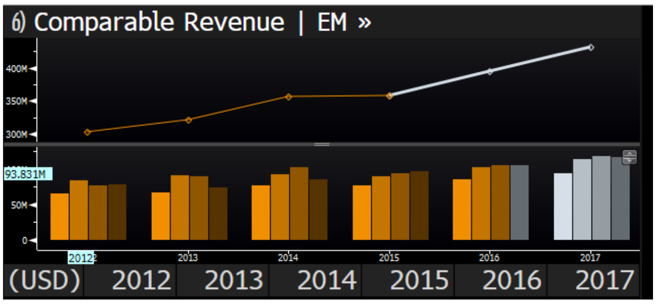
- Earnings call on February, 27h 2017.
- Mid/Long-Term: Innovation and technology

Company Description:

Headquartered in Tulsa, Oklahoma AAON is a manufacturing corporation founded in 1988 that sells heating, ventilating, and cooling equipment in the United States and certain provinces in Canada. The company products consist of rooftop units, chillers, packaged outdoors mechanical rooms, air handling units, and condensing units. AAON provides the commercial and industrials new construction and replacement markets. The company employs 1600 people, and competes principally with Lennox International, Johnson Controls Inc., and United Technologies Corporation.

Thesis

As seen through its fundamentals, AAON Inc. has great growth potential and will continue to perform in the future. Even tough FY 2015, was a difficult year in terms of economical atmosphere, AAON recorded all-time records for both sales and earnings. Besides, given the increasing demand for healing and cooling products, revenues are expected to rise in the future, giving AAON the possibility to expand its horizon even more. In fact, the company plans to diversify its products portfolio by launching news products in a near future.



I recommend that we buy AAON Inc. stock which is currently undervalued – I expect the price to rise around $45-$50 in the future.

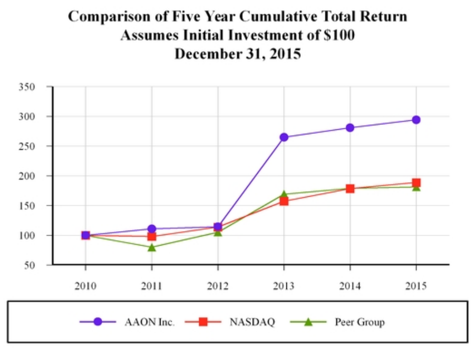
Growth Strategy

In comparison with its main competitors, which are Lennox International, Johnson Controls Inc., and United Technologies Corporation, AAON is a small company far less diversified and with less revenues. As a matter of fact, AAON can achieve impressive growth through its growth strategy by stealing market share to its competitors. As explained in the 10-K, AAON manufactures semi-customized Healing, Ventilating, Air Conditioning units (HVAC), which offers a compelling value to its competitors. When it comes to Healing, Ventilating, and Air Conditioning units, customers want some degree of customization as offered by AAON and at low price. AAON's strategy was to build an efficient manufacturing system that permits customization at low cost. This strategy allows AAON to earn the highest margin in the industry and be attractive for customers that will increase sales revenues.

Moreover, AAON growth strategy can be described as wise. In fact, instead of focusing in saturated market mainly controlled by huge companies, AAON tries to serve the market poorly served and not interesting for huge companies.

For example, with that strategy, AAON succeeded to enter the commercial rooftop Healing, Ventilating, and Air Conditioning.

As shown in the graph below, AAON succeeded to outperform NASDAQ and Peers in term on total return.



People

AAON Inc. has been founded in 1988 by Norman Asbjornson who is actually Chairman of the Board and Chief Executive Officer of AAON Inc. Besides, Scott Asbjornson joined the company in 1999, is the Chief Financial Officer, and Vice-President of Finance at AAON.

Risks

Economic conditions are a major risk in the General Buildings Industry. In fact, AAON Inc. business highly depends on the new homes and buildings that are built, which highly depends on inflation, interest rates, and consumer spending rates. These factors can negatively affect AAON Inc. business by impacting sales revenues and profitability. In our current economy, interest rates are significantly low which helped the company to record strong financial performance including high sale volumes and earnings. Moreover, even tough interest rates are expected to rise in a near future, which can represents a danger for AAON Inc, the company become in 2016 one of the most efficient company in the General Buildings Industry. In addition to that, increase in the prices of raw materials is a risk for the company, as it will increase the costs of production, and potentially reduce sales volume and profitability. However, as explained in the 10-K, AAON Inc. enters into cancellable and no cancellable contracts from six to eighteen months for raw material at fixed price. By doing so, it helps the company to reduce increase in the price of raw materials risk factors.

	Years Ending December 31, 2015	2014	% Change
Copper	$ 3.54	$ 4.07	(13.0)%
Galvanized Steel	$ 0.42	$ 0.47	(10.6)%
Stainless Steel	$ 1.30	$ 1.51	(13.9)%
Aluminum	$ 1.67	$ 1.64	1.8 %

Financials

AAON Corp. financial health strength can be seen in multiples areas. First, as explained before the company reported strong financial results in FY 2015. The company's revenues are driven by three main components, which are Rooftop Units, Split Systems, and Outdoor Mechanical Rooms.

Units sold for years ended December 31:

	2015	2014	2013
Rooftop Units	15,134	14,587	13,969
Split Systems	3,385	2,622	2,604
Outdoor Mechanical Rooms	57	114	93
Total Units	18,576	17,323	16,666

As seen in the annual report, revenues rose by 0.6% from $356M to $358M, and AAON Inc. succeeded to increase their units sold over the last three years, which is reflected into their net sales. Besides, Net Income rose by 4% from $44M to $46M between 2014 and 2015.

	Years Ending December 31, 2015	2014	$ Change	% Change
	(in thousands, except unit data)			
Net sales	$ 358,632	$ 356,322	$ 2,310	0.6%
Total units	18,576	17,323	1,253	7.2%

In addition to that, AAON Inc. ROIC and WACC ratios highlight the company strong ability to generate return on invested capital and so to create value. The ROIC without Goodwill ratio, which allows having a better measure of the company's performance in comparison to its peers, highlights also the company's capacity to create value compared with that of its peers. As said before, its growth strategy allows AAON Inc. to take advantage over its competitors, and create value by differentiate itself from its main competitors.

ROIC	*History*	*LFY*
aaon	28.3%	33.7%
Competitors	12.7%	16.3%

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, AAON Inc. is debt free, which allows the conservative management of the company to have more financial flexibility, as they do not depend on debt to grow their business. The company's culture adds even more value to the company and enforces company's success and profitable growth on the long run.

Given the company's competitive advantage, strong financial performance, financial health and the increasing demand towards HVAC products, the company stock price will continue to rise making AAON Inc. a growth opportunity company which is currently undervalued in its industry.

Important dates and Catalysts

The company announced earnings date on December 27th 2016. Moreover, on February 24th 2016 Norman Asbjornon inaugurated the construction of a new research and development lab at AAON Inc, which should be ready in 2018. This lab creates even more value to the company at it should allow the company to expand more through innovation and technology in order to outperform and stay competitive in the market. In addition to that, the company announced 18% increased in cash dividend payment. The company's strong position capital with a significant free cash flow increases considerably shareholders value.

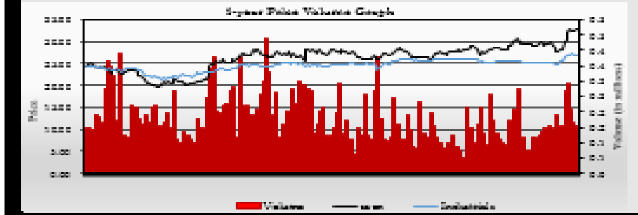
Summary

AAON inc. is a BUY because it delivers strong performance and strong financial results in FY 2015. The company is expected to growth in the future due to investments in innovation and technology. Even if AAON Inc. is a small company compared to its competitors, it has the possibility to grow even more and is clearly undervalued in its industry.

AAON, Inc. (aaon)

CENTER FOR GLOBAL FINANCIAL STUDIES

Analysis by Cindy Mirranni	Current Price:	$33.05	Intrinsic Value: $33.41
11/23/2016	Dividend Yield:	0.8%	Target Price: $45.00



Description

AAON, Inc., together with its subsidiaries, manufactures and sells air-conditioning and heating equipment in the United States and Canada.

General Information

Sector	Industrials
Industry	Building Products
Last Guidance	November 5, 2015
Next earnings date	March 1, 2017
Estimated Country Risk Premium	6.00%
Effective Tax rate	30%
Effective Operating Tax rate	40%

Market Data

Market Capitalization
Daily volume (mil)
Shares outstanding (mil)
Diluted shares outstanding (mil)
% shares held by institutions
% shares held by investments Managers
% shares held by hedge funds
% shares held by insiders
Short interest
Days to cover short interest
52 week high
52-week low
Levered Beta
Volatility

Past Earning Surprises

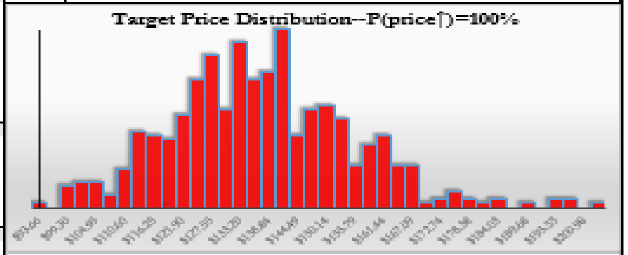
Quarter ending	Revenue	EBITDA
9/30/2015	-12.65%	-11.77%
12/31/2015	7.25%	12.30%
3/31/2016	0.50%	0.33%
6/30/2016	2.32%	1.05%
9/30/2016	-5.10%	-4.24%
Mean	-1.45%	-0.32%
Standard error	3.3%	3.3%

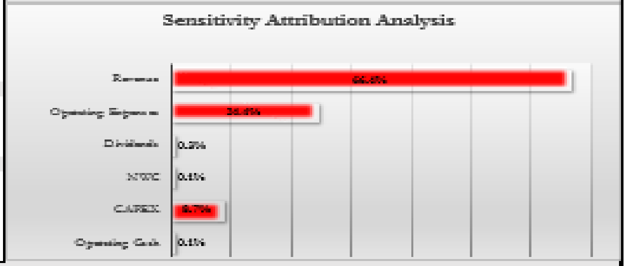
Peers

Powell Industries, Inc.
AZZ incorporated
Apogee Enterprises, Inc.
Modine Manufacturing Company
Graham Corporation
Lennox International, Inc.
Continental Materials Corporation

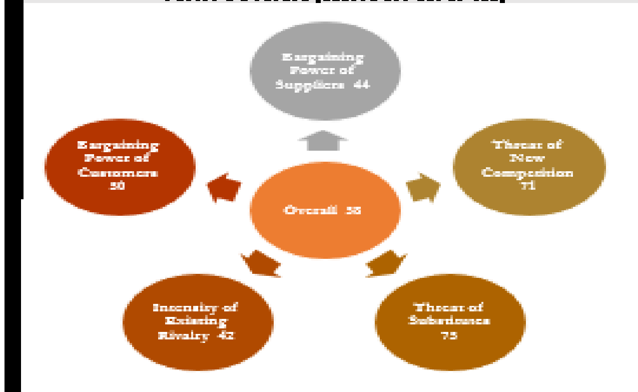
Management	Position	Total compensation growth	Total return to shareholders
Asbjornson, Norman	Chairman of the Board and Ch	45.05% per annum over 5y	3.64% per annum over 5y
Fields, Gary	President and Director	N/M	0% per annum over 0y
Asbjornson, Scott	Chief Financial Officer and	13.66% per annum over 5y	3.64% per annum over 5y
Sheffield, Kathy	Senior Vice President of Adm	13.01% per annum over 5y	3.64% per annum over 5y
Fergus, Robert	Vice President, Vice Preside	10.75% per annum over 5y	3.64% per annum over 5y
Neale, Sam	Vice President	25.75% per annum over 2y	5.92% per annum over 2y

Profitability	aaon (LTM)	aaon (5 years historical average)	Industry (LTM)
ROIC	25.3%	24.23%	16.44%
NOPAT Margin	14%	10.65%	10.0%
Revenue/Invested Capital	1.92	2.00	1.61
ROE	22.7%	13.20%	13.31%
Adjusted net margin	14%	10.64%	0.3%
Revenue/Adjusted Book Value	1.60	1.00	2.10
Invested Funds	**aaon (LTM)**	**aaon (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	15.2%	14.2%	20%
Estimated Operating Cash/Total Capital	4.0%	3.7%	N/A
Non-cash working Capital/Total Capital	20.3%	21.1%	12%
Invested Capital/Total Capital	86.5%	85.4%	00%
Capital Structure	**aaon (LTM)**	**aaon (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.00	0.00	0.23
Cost of Existing Debt		0.00%	3.70%
Estimated Cost of new Borrowing	22.92%	22.92%	3.70%
CGFS Risk Rating	F	F	D
Unlevered Beta (LTM)	1.23	1.24	1.14
WACC	#VALUE!	#VALUE!	10.12%





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



Valuation

Period	Revenue growth	NOPAT margin
Base Year	12.5%	13.5%
9/30/2017	7.6%	14.1%
9/30/2018	11.6%	15.3%
9/30/2019	10.7%	15.3%
9/30/2020	9.3%	15.3%
9/30/2021	9.1%	15.4%
9/30/2022	8.2%	15.4%
9/30/2023	7.4%	15.4%
9/30/2024	6.6%	15.4%
9/30/2025	5.7%	15.4%
9/30/2026	4.9%	15.4%
Continuing Period	4.1%	15.4%

Period	Invested Capital	Net Claims
Base Year	$150.11	-$22.70
9/30/2017	$150.02	-$66.02
9/30/2018	$166.27	-$122.24
9/30/2019	$100.21	-$182.05
9/30/2020	$205.33	-$240.56
9/30/2021	$234.50	-$310.28
9/30/2022	$245.15	-$392.47
9/30/2023	$250.65	-$470.56
9/30/2024	$272.19	-$559.57
9/30/2025	$285.12	-$653.53
9/30/2026	$291.15	-$727.03
Continuing Period		

Activision

NASDGS: ATVI

Analyst: David Itoafa
Sector: Toys & Games

Buy

Price Target: $42.55

Key Statistics as of 11/23/2016

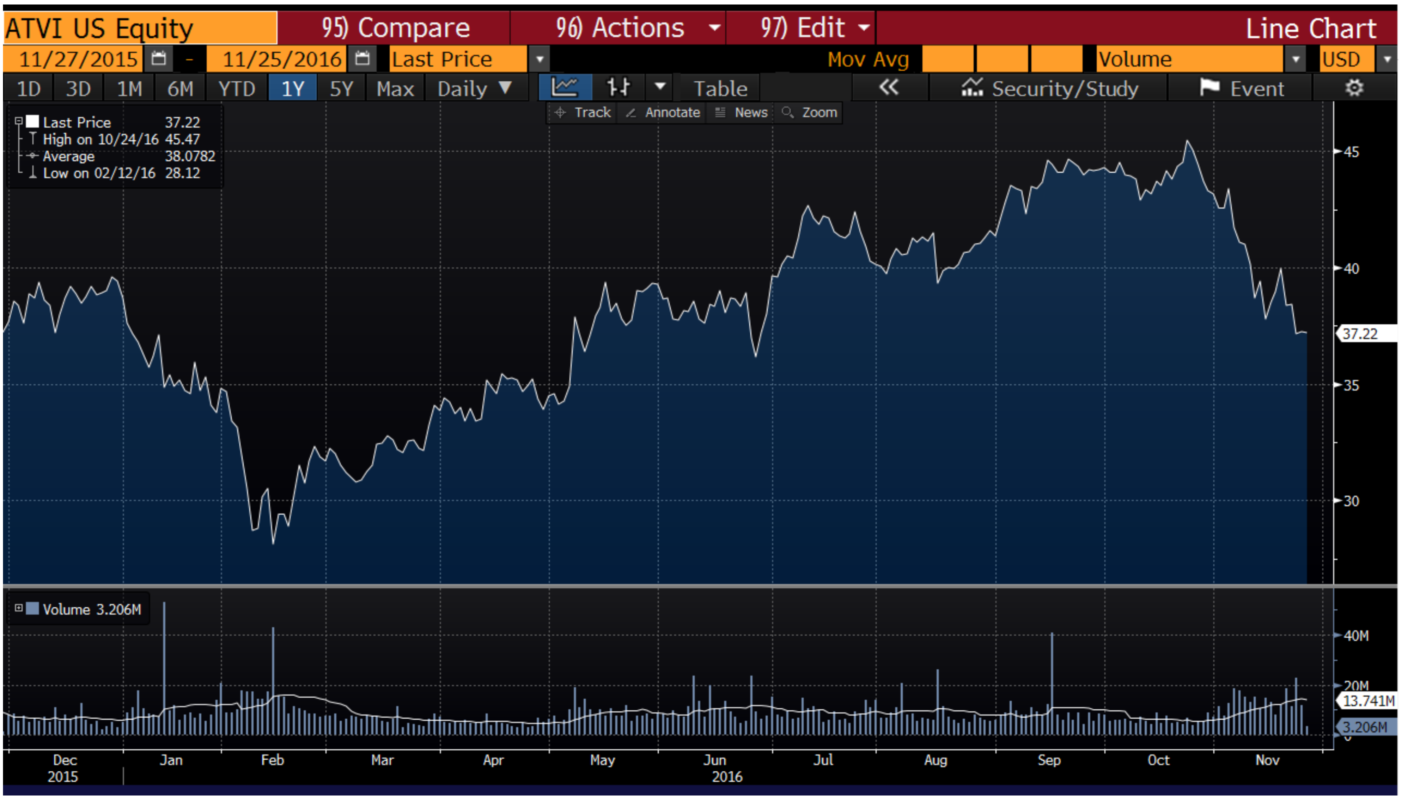
Market Price: $36.84
Market Cap: $27.66B
52-Week Range: 26.49-45.55
Beta: 1.01

Catalysts:

- **Short-term (within 3 months):** Q4 Earnings Call 2 February 2016
- **Mid-term (1 to 2 years):** Expansion of Mobile Gaming Market
- **Long-term(over 2 years):**Increased Popularity of E-Sport and virtual reality possibility in future

Company Description:

Activision Blizzard Inc. has been a staple in the industry and has been publicly traded under the ticker ATVI since the company became independent from Vivendi games in 2013. The company was first founded in 1979 and has had its headquarters in Santa Monica California from the date it was established The company operates through 2 main segments Blizzard Entertainment Inc., and Activision Inc. After the acquisition of King Digital Entertainment earlier this year the Activision sector delivers online games through retail and digital online channels. These channels consist of personal computer, mobile and table devices that target consumers of all ages. The Blizzard Entertainment Inc. segment focuses on online role playing games like World of Warcraft, StarCraft, Hearthstone, ETC. The final component operations at Activision Blizzard E-sport and media networks segments the first focuses on the E-sport Industry and the second on Media contents like the movie that was recently released Warcraft.



Thesis

- Expansion with the company offering More Protection and many risks explained in their most recent 10-k have diminished
- Gaming Market continues to grow and Activision is best positioned to take advantage in the future.
- Virtual Reality / Augmented Reality Potential for future could have similar effect of Nintendo's Pokémon Go.

Business Model

Blizzard Inc.'s Business model is unique and compelling compared too many of its competitors. In order to sustain revenue growth the company must maintain its current customer base from the various games released over the past 15 years and acquire new customers. In order to achieve these goals the company focuses on three pillars that have helped them become very successful throughout their years at the top of the industry. The company focuses on expanding audiences, Deepening Engagement, and providing opportunities more player investments. The first pillar of expanding their audience will convert to stronger revenue growth in the future.

	Activision	Blizzard	King
MAUs[1]	46M, Q3 record	42M, all-time record	394M

Source: Q3 Earnings Call

The main reason Activision Inc. will be successful in the future will be due to its ability to sustain these customers. Video game habits on mobile, PC, and Console carry over from childhood to Adulthood meaning more potential revenue for Activision because it has established itself on every platform possible. Since the company has been along for so long revenue growth many analysts believe it will deteriorate over time, but since they have acquired new companies that have massive client bases in emerging markets therefore this will not be the case for Blizzard Activision Inc. The second pillar focuses on customers not only buying the product, but keeping them involved and excited about games in the long run. Blizzard Activision Inc. has been able to make keep consumers hooked to their games and continued this trend last quarter by having over 10 Billion in hours played by all users among all platforms a record high. This pillar may seem irrelevant, but since their most important pillar of providing opportunities for more player investment is dependent on deepening engagement these numbers show their content is appealing to users.

Providing Opportunities for More Player Investment

Quarterly record of nearly $1B GAAP digital in-game content sales

	ATVI	Y/Y (incl. King)	Y/Y (ex. King)
Q3 GAAP digital revenues:	>$1.3B	+114%	+43%

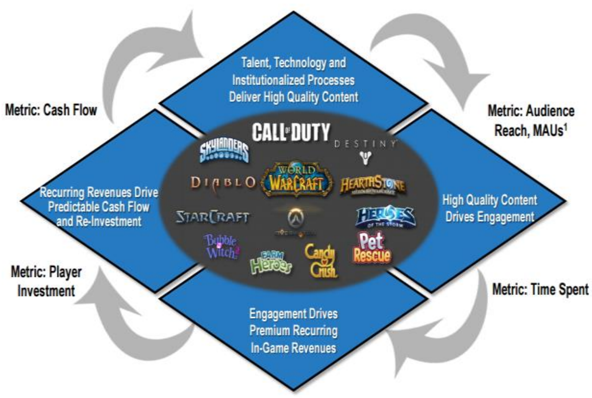
Details:	
WORLD WARCRAFT	• *World of Warcraft: Legion* drove record participation in value added services
OVERWATCH	• Summer Games, *Overwatch*'s first seasonal event, drove record game engagement and participation in in-game customization items • *Overwatch*'s Halloween Terror event drove even higher engagement and participation
HEARTHSTONE	• The *One Night in Karazhan*™ Adventure outperformed its predecessor
King	• Overall mobile gross bookings[1] and average revenue per paying user increased Y/Y • *Candy Crush*™ franchise gross bookings[1] grew Y/Y • King had 3 of the top 20 grossing games in the Apple App Store and Google Play Store in the U.S. for the 11th quarter in a row[2]
CALL OF DUTY	• *Call of Duty* continues to deliver record performance • The number of in-game content purchasers more than doubled YTD and along with robust participation in Season Pass and a-la-carte map packs drove an increase in ARPU as well • *Infinite Warfare*™ innovation paired with *Modern Warfare*® *Remastered* bonus content driving a far higher percentage of pre-orders on higher value premium SKUs than ever before

Source: Q3 Earnings Call

Since more people are playing their games for more time the company is generating more money from customers purchasing in game content. This enables Activision Blizzard Inc to maintain revenue even after a game has been launched.

Strategic Focus on Franchises

We relentlessly focus on building reach, engagement, and player investment

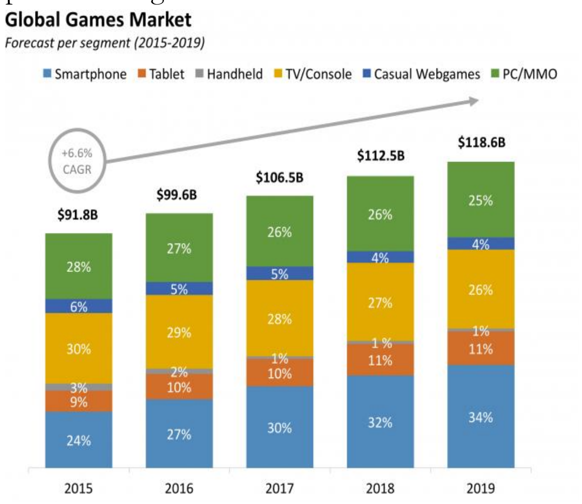


Source: Q3 Earnings Call

This business model is the reason why Blizzard Actvision Inc, has beat estimates of GAAP EPS for every quarter for the past 2 years. The model will also enable them to tap into emerging future markets translating to more revenue in the next quarter and fiscal year.

Emerging Markets

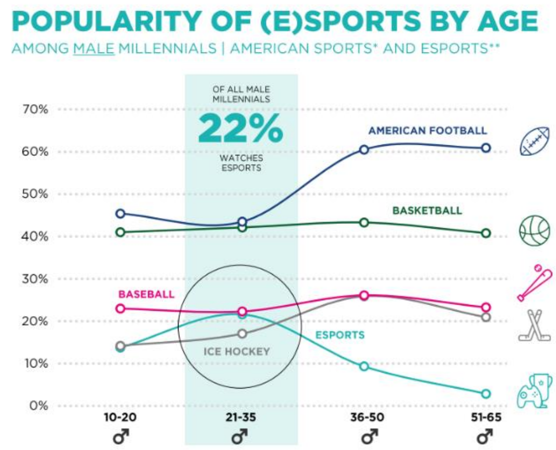
Another main component to the future of Activision is that gaming has yet to be fully integrated into culture. There is still room for markets to expand in two specific areas that ATVI control: the first being gaming on all platforms and the second being people watching professional gamers.



Source: Newzoo

The graph demonstrates how each sector of the global gaming market will do in the future. ATVI has a substantial amount of control in the PC, TV/ Console, and Smartphones, and tablets. Mobile gaming, which includes smart phones and tablets is expanding the most and since Activision has recently acquired KING, entertainment they are aware of the potential shift to mobile gaming in the future. With this acquisition they own all rights to the mobile game Candy Crush and with this producer could capture more market share in the future. Since Blizzard and Activision own two very popular games similar to Pokémon: World of Warcraft and Call of Duty. There is a possibility they create a mobile app similar to Pokémon Go utilizing augmented reality in the future. This move awoke Nintendo from the dead of gaming and this type of maneuver could propel ATVI even higher. Although management has stated that they do not intend to go into virtual reality and augmented reality in the near future, they did state that they are monitoring and are very optimistic about the potential of virtual gaming.

The second market that is starting to grow more and more is the E-Sport Market



Source: Newzoo

Blizzard Activision have also recently acquired MLG a platform where various people can watch professional gamers play their favorite games at tournaments. Male millennials watching electronic sports have surpassed ice hockey are on par with Baseball at 22%. There is no doubt that once millennials get older and the next generation will have similar if not a higher percentage of male viewers. Since this market is also emerging and will continue to grow in popularity ATVI will be able to capture more viewers on their MLG platform. The reason why ATVI will thrive so much with the expansion in these markets is because it owns the majority of games that are popular at this moment of time and have enough power to create games that attract even more users in the future.

In Game Advertising

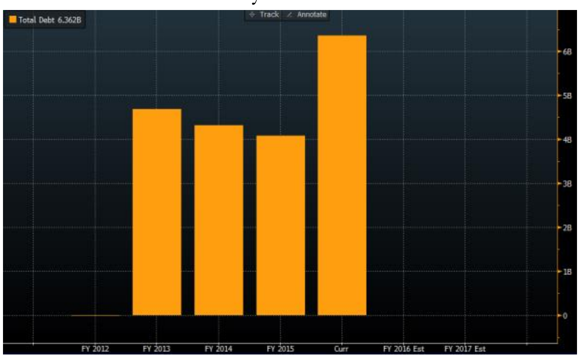
Leading on from emerging markets in the most recent earnings call ATVI has discussed that they have begun advertising their Activision Blizzard INC, games in their mobile games like Candy Crush. As shown in the earlier diagram King Entertainment have roughly 400M MAU's that are now being targeted by Activision with advertising that is essentially free for the company. Certain analysts believe that there is a $500 million dollar potential opportunity with in- game advertising for ATVI, which the majority of wall street has yet to factor into their price and revenues for future years. One of the main pillars discussed by the company in their most recent earnings call is increasing the number of users of their products. Therefore, CEO Bobby Kotick knows that the advertising in these games cannot become annoying, but has huge potential since none of their competitors have access to these active users. This will give them a competitive advantage over competitors like EA and generate more users in the future.

CEO New Pay Deal

Activision Blizzard have recently reached a new contract with CEO Bobby Kotick who has been at the helm of Activision for the past 25 years. This is a major positive for the company because he has lowered his salary from $2.4 billion to $1.8 billion means he cares more for investing in the business then his personal life. He does stand to make $56.3 million in shares for the next three years if the company achieves all objectives set out to achieve. This could possibly be due to soft guidance for the holidays, but could also mean that the CEO has belief in the company achieving its financial goals in the future. The company has expanded under Bobby Kotick renewing his contract means the board is happy with the direction that the company is headed in.

Valuation

Many analysts are skeptical of blizzard due the substantial amount of debt that they have incurred in the last three fiscal years.



Source: Bloomberg

In the past year total debt has reached roughly 6.3 billion dollars and if revenue growth does not continue the company is subject to major risk in the future. However, a point worth noting is that in case such a tragedy does fall upon ATVI they are still better positioned then there competitors in terms of refinancing.

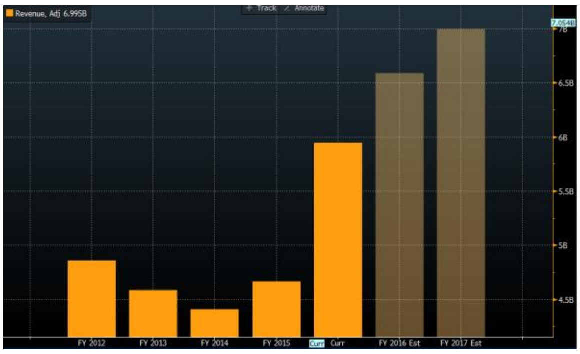
Kd		
	History	*LFY*
ATVI	**3.0%**	**4.3%**
Competitors	**4.4%**	**4.7%**

These are the only potential risks associated to ATVI and along with softened guidance's for the holiday season has made the price drop slightly. This means that the stock at this moment is undervalued and has a reasonable point of entry. Along with a very impressive business model with clearly defined goals and objectives that have been proven effective in previous years means the company is on the right track.

Cash from Operations	1,345.0	1,264.0	1,292.0	1,192.0	2,325.0
Capital Expenditures	-73.0	-74.0	-107.0	-111.0	-115.0
Free Cash Flow	1,272.0	1,190.0	1,185.0	1,081.0	2,210.0

Source: Bloomberg

The amount of cash from operations has doubled the last fiscal year and their capital expenditure remains fairly low with revenue growth increasing every year. Although analysts have not been impressed with recent quarter's earnings call there is no doubt that ATVI his hitting their fiscal year goals consecutively



Source: Bloomberg

With a projected revenue of roughly $7 billion in 2016 there is no doubt that revenue growth is not a worry for ATVI in the future and they will be able to manage the substantial debt they have incurred. In addition to these projected revenue numbers have not accounted for the company's business model, emerging markets in game advertising and the CEO's new contract.

Conclusion

The future looks bright for ATVI due to revenue growth potential in the future and analysts underestimating certain aspects of the business. The stock is not discounted at this time, but due to a recent drop in holidays this is a good entry point for the stock.

- Entry point range: $36- $37.50
- Price Target: $42.55
- Target 1 year return: 10%-20%

Activision Blizzard, Inc. (ATVI)

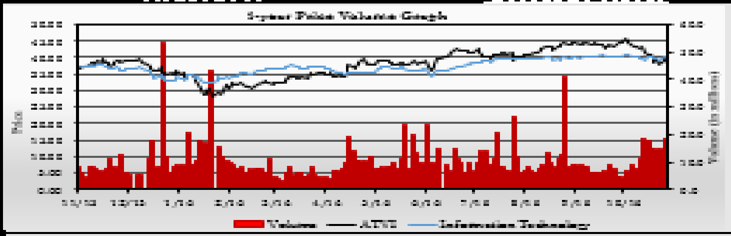
CENTER FOR GLOBAL FINANCIAL STUDIES

NEUTRAL

Analysis by David Itmafa
11/25/2016

Current Price:	$38.00	Intrinsic Value	$37.39
Divident Yield:	0.8%	Target Price	$42.55

Target 1 year Return: 12.73%
Probability of Price Increase: 86.6%



Description

Activision Blizzard, Inc. develops and publishes online, personal computer (PC), video game console, handheld, mobile, and tablet games.

General Information

Sector	Information Technology
Industry	Software
Last Guidance	November 3, 2016
Next earnings date	February 9, 2017
Estimated Country Risk Premium	5.75%
Effective Tax rate	20%
Effective Operating Tax rate	35%

Market Data

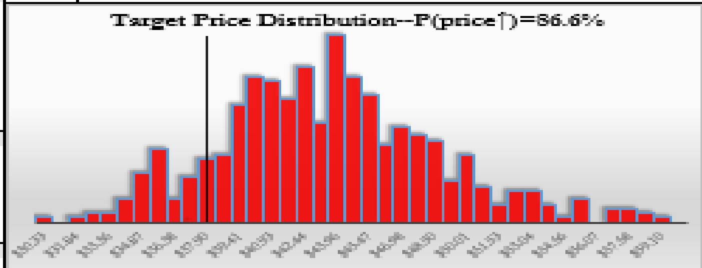
Market Capitalization	$28,561.65
Daily volume (mil)	0.33
Shares outstanding (mil)	743.21
Diluted shares outstanding (mil)	751.75
% shares held by institutions	74%
% shares held by investments Managers	72%
% shares held by hedge funds	12%
% shares held by insiders	1.02%
Short interest	2.07%
Days to cover short interest	2.33
52 week high	$45.55
52-week low	$26.49
Levered Beta	1.00
Volatility	26.34%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/30/2015	0.97%	-47.29%
12/31/2015	-40.25%	-74.02%
3/31/2016	73.15%	236.07%
6/30/2016	-0.25%	-40.04%
9/30/2016	-3.29%	-4.29%
Mean	6.07%	10.39%
Standard error	18.4%	55.5%

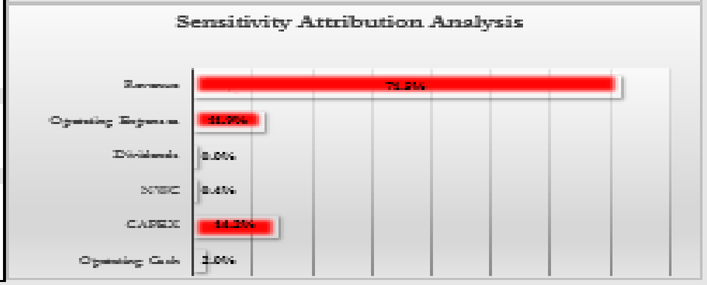
Peers

Electronic Arts Inc.
Take-Two Interactive Software Inc.
Zynga, Inc.
GameStop Corp.
Changyou.com Limited
Majesco Entertainment Co.

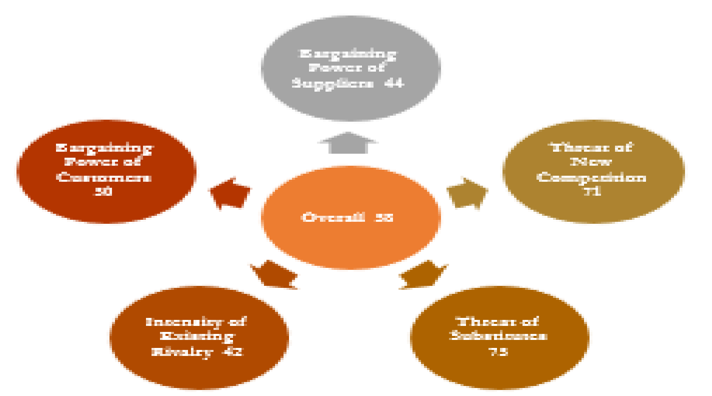


Management	Position	Total compensation growth	Total return to shareholders
Kotick, Robert	Chief Executive Officer, Pre	5.24% per annum over 5y	0.96% per annum over 5y
Durkin, Dennis	Chief Financial Officer	-40.17% per annum over 3y	36.00% per annum over 3y
Tippl, Thomas	Chief Operating Officer	-5.92% per annum over 5y	0.96% per annum over 5y
Morhaime, Michael	Chief Executive Officer of B	-12.03% per annum over 5y	0.96% per annum over 5y
Hirshberg, Eric	Chief Executive Officer of A	-100% per annum over 2y	40.54% per annum over 2y
Wereb, Stephen	Chief Accounting Officer and	N/M	N/M

Profitability	ATVI (LTM)	ATVI (5 years historical average)	Industry (LTM)
ROIC	22.2%	54.35%	11.06%
NOPAT Margin	27%	20.46%	15.4%
Revenue/Invested Capital	0.84	1.33	0.72
ROE	11.2%	10.34%	12.35%
Adjusted net margin	24%	26.06%	19.0%
Revenue/Adjusted Book Value	0.47	0.33	0.35
Invested Funds	**ATVI (LTM)**	**ATVI (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	20.5%	25.4%	51%
Estimated Operating Cash/Total Capital	4.7%	16.6%	N/A
Non-cash working Capital/Total Capital	-4.7%	-5.6%	-25%
Invested Capital/Total Capital	29.4%	36.1%	69%
Capital Structure	**ATVI (LTM)**	**ATVI (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.28	0.22	0.15
Cost of Existing Debt	4.60%	5.14%	3.00%
Estimated Cost of new Borrowing	3.60%	4.10%	3.00%
CGFS Risk Rating	BB	B	CCC
Unlevered Beta (LTM)	0.37	0.63	1.16
WACC	3.31%	7.33%	10.42%



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	21.7%	26.5%	2.39
3/30/2017	3.3%	27.4%	4.12
3/30/2018	6.6%	33.6%	2.71
3/30/2019	4.0%	37.6%	2.00
3/30/2020	3.0%	37.0%	2.76
3/30/2021	11.2%	35.3%	2.75
3/30/2022	6.0%	30.0%	2.01
3/30/2023	5.0%	37.7%	2.73
3/30/2024	4.0%	37.2%	2.64
3/30/2025	4.0%	36.3%	2.50
3/30/2026	4.0%	36.6%	2.53
Continuing Period	4.0%	36.4%	2.52

Period	Invested Capital	Net Claims	Price per share
Base Year	$4,424.04	$4,060.33	$37.25
3/30/2017	$5,030.54	$6,270.03	$41.32
3/30/2018	$5,532.53	$4,303.63	$47.37
3/30/2019	$5,457.63	$1,306.67	$52.33
3/30/2020	$7,003.00	-$601.11	$50.63
3/30/2021	$4,530.10	-$2,037.03	$64.67
3/30/2022	$3,071.37	-$6,100.01	$71.46
3/30/2023	$3,345.23	-$0,350.31	$77.73
3/30/2024	$10,605.16	-$11,050.15	$04.26
3/30/2025	$11,205.15	-$14,764.50	$30.06
3/30/2026	$12,270.41	-$17,600.07	$37.61
Continuing Period			

The Cheesecake Factory, Inc.
NASDAQ:CAKE

Analyst: Thomas Marano
Sector: Discretionary

BUY

Price Target: $60.82

Key Statistics as of 11/21/2016

Market Price:	$58.50
Industry:	Restaurants
Market Cap:	$2,636.69M
52-Week Range:	$44.16-60.16
Beta:	0.45

Catalysts:

- Presidential Election
- Strong Q3

Company Description:

Cheesecake Factory, INC. (NASDAQ: CAKE) currently has 193 restaurants under the traditional Cheesecake Factory brand, 13 under the Grand Lux Café, and one under RockSugar Pan Asian Kitchen Brand that currently operate in the United States. Established in 1978 in Beverly Hills California, The Cheesecake Factory is known for its delicious food and extensive menu. The company specializes in lunches, dinners, and desserts. Ranked as the number one casual dining brand for millennials in a survey by Technomics, clearly the cheesecake factory is attracting new customers while retaining past ones. The Cheesecake Factory provide their customers with an experience and product that keeps them extremely loyal while also attracting new customers due to strategic restaurant placement.

Thesis

Too much surprise, while most restaurants may be suffering from current industry effects, The Cheesecake Factory has continued to grow through this downfall. Beating comparable last quarters EPS of $.07 by $.09 and increasing revenue by $3.87 million the Cheesecake Factory is moving through quarter 4 2016 feeling great. With the plan to expand delivery services to all restaurant locations and increase number of Cheesecake Factory and RockSugar restaurants in 2017 this growth plan will support in outperforming their competitors. Increasing margins and revenue year after year support my opinion of a Buy of Cheesecake Factory.

Industry Outlook

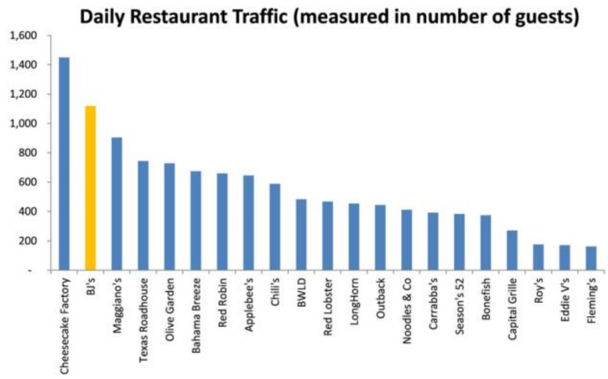
The Restaurant industry has been doing poor over the last few quarters due to consumer spending. With a health conscious America growing each day, more consumers have decided to stop dining out. Plus, as restaurant menu prices increase, grocery store prices decrease. Consumers are preferring at home dining as appose to restaurant dining. To combat this issue, some restaurants are now implementing discounts into their menus. Such as a 2 for 20 deal or various lunch specials. They're providing their customers with an incentive to dine at their restaurants over their competitors. With the overall goal of increasing customer traffic into their restaurants.

The Cheesecake Factory has implemented discounted menu hours, happy hours, and late night appetizer deals. They've also partnered with DoorDash, an on-demand restaurant delivery service. Through this partnership the Cheesecake Factory has seen an increase of 10% in their overall to go portion of revenue.

Cheesecake Factory along with many other restaurants have also developed smartphone app and online ordering software to increase efficiency and cut labor costs. The technology restaurants use will be a key component moving into a very heavily predicted technological future.

Business Model

The Cheesecake Factory has the best traffic in the casual dining sector and is extremely profitable. With an on average sale of $10.5 in food each year per store, CAKE is attracting new customers while retaining their current ones.



According to the chart above, when compared to some of its biggest competitors such as BJ's, Olive Garden, and Texas Roadhouse, the Cheesecake Factory is seeing approximately a little over 1400 customers daily. Greater than any of their competitors.

The Cheesecake Factory strategically places each of their restaurants based on constant criteria. Such as: parking, exterior, door, and all demographics. However, their main constraint being retail traffic throughout malls. Most of the Cheesecake Factory restaurants are in higher A to A- plus malls. In an attempt to pull hungry shoppers into their restaurant. Proportionally, the Cheesecake Factory also provides the mall with traffic due to their loyal customers.

Strategic Relationship

Monday November 13th the Cheesecake Factory entered into a strategic relationship with Fox Restaurant Concepts. In which the Cheesecake Factory is making an equity investment in Fox's " North Italia and Flower Child". The agreement allows Cheesecake Factory to grow its financial position or acquire both restaurants and expand its brand.

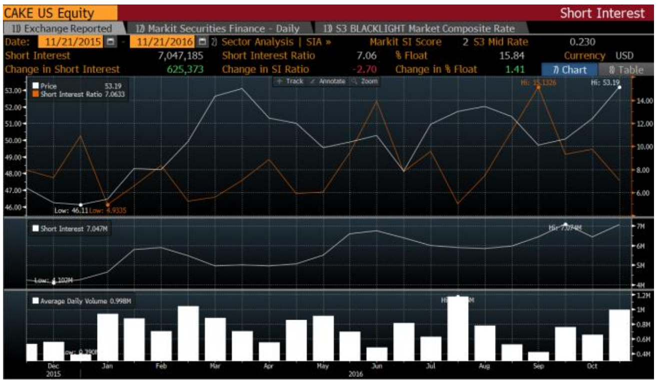
North Italia will give Cheesecake Factory a chance to compete with top popular Italian casual dining restaurants.

Flower Child will allow Cheesecake Factory to appeal to the health conscious Americans who are looking for a meal that is both quick and customized to their preferences.

This will provide Cheesecake Factory with many alternatives to expand in the coming years. Choosing from the traditional Cheesecake Factory, RockSugar, Grand Lux Café, North Italia, or Flower Child.

Ownership

According to the graph below showing short interest you can see Cheesecake Factory's short interest began to severely plunge from their all-time high in September. The decline is an indication that investors are beginning to sell their short positions, meaning investors possibly believe that the share price may pick up traction and raise again. This supports my thought for purchasing shares of Cheesecake Factory.



David Overton has been CEO since February 1992 and co-founded the Cheesecake Factory with both parents in 1972. Overton has racked up a number of professional honors as CEO including but not limited to the International Foodservice Manufactures Association "Silver Plate Award", the "Executive of the Year Award", and The "MenuMasters Hall of Fame". These are just a few recognitions of how well the Cheesecake Factory is ran. Not all credit goes to David, As CEO he appoints a board of executive officers who support and aid in major decisions.

Competition

COMPETITORS	SYMBOL
Texas Roadhouse, Inc.	NasdaqGS:TXRH
Panera Bread Company	NasdaqGS:PNRA
Cracker Barrels Inc.	NasdaqGS:CRBL
Bloomin' Brands, Inc.	NYSE:BLMN
Chipotle Mexican Grill, Inc.	NYSE:CMG
Darden Restaurants, Inc.	NYSE:DRI
BJ's Restaurants, Inc.	NasdaqGS:BJRI

As you can tell from the list above the Cheesecake Factory competes with a plethora of well-known great tasting restaurants. Therefore it is very important for CAKE to differentiate themselves from their competition. Which they have by doing a number of things, Such as:

-Great quality food, which is all made from scratch excluding their cheesecake which is made in California.

–Having an award-winning broad menu which provides almost all customers with an entrée they'd like to eat.

-Excellent service and experience due to their extensive interview screening process.

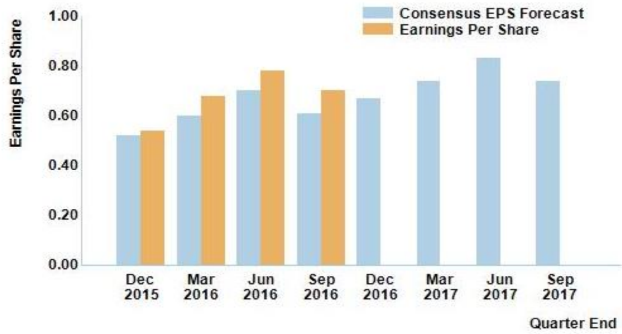
-Smarter operations, since all food is made from scratch by actual cooks, the company uses nearly 98% of all the food purchases. Therefore there's not a significant number of wasted produce.

Financials

ROIC /WACC		
	History	*LFY*
CAKE	1.15	1.48
Competitors	1.06	1.29

With an ROIC/WACC of 1.48 it's clear that Cheesecake factory is creating value. Even after comparison to their competition it's shown that they're creating value at a superior rate to their competitors. Cheesecake Factory also have an ROIC of 17.1% greater than the competitors at 12.2%.

As seen in the chart below, the Cheesecake Factory continues to exceed EPS forecasts quarter after quarter. This indicates the Cheesecake Factory's profitability is growing.



Long Term Plan

The Cheesecake Factory long plans include,

- continuing industry dominance by retaining current customers while also attracting new ones.

-open up 107 cheesecake factory restaurants reaching a 300 store goal, while expanding new RockSugar, North Italia, Flower Child, and Grand Lux Café.

-Increase profit margins and increase dividend payments and share repurchases.

-Expand into new international markets and become globally known.

- Establish delivery services in all restaurants by the end of 2017.

Important Dates and Catalysts

-Since President Trump plans on giving tax breaks to large corporations and individuals I believe this will drive the revenue of the Cheesecake Factory upward. Since they have a very diversified and loyal customer base, I believe that when consumers have extra funds to eat out they will chose Cheesecake Factory.

- The Cheesecake Factory had a very strong third quarter and beat many estimates and prior quarter comparable numbers. The strong quarter indicates they're financially stable. Cheesecake Factory is confident moving through Q4 and into 2017.

Conclusion

While operating in an industry that is currently struggling, Cheesecake Factory has continued to beat estimates and grow revenue. Their unique and versatile menu and setting keeps customers content and loyal. I believe that Cheesecake Factory will continue to expand all branches of their business and meet long term goals. I believe due to their stability through this down turn, and consistent growth that the Cheesecake Factory is a buy.

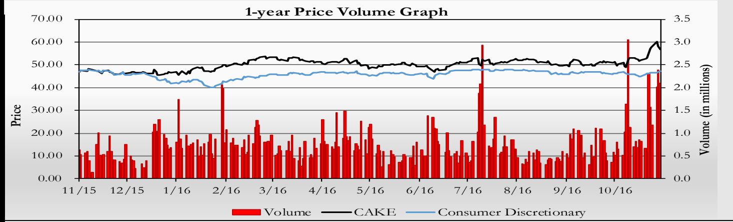
SIENA college

The Cheesecake Factory Incorporated (CAKE)

CENTER FOR GLOBAL FINANCIAL STUDIES

NEUTRAL

Analysis by Thomas Marano	Current Price:	$57.92	Intrinsic Value	$55.84	Target 1 year Return: 6.48%
11/21/2016	Divident Yield:	1.5%	Target Price	$60.82	Probability of Price Increase: 66.2%



Description

The Cheesecake Factory Incorporated operates full-service and casual dining restaurants primarily in the United States.

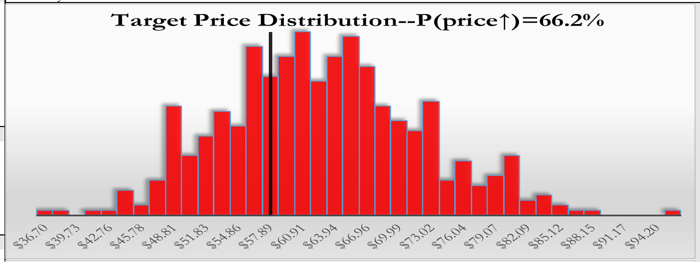
General Information	
Sector	Consumer Discretionary
Industry	Hotels, Restaurants and Leisure
Last Guidance	November 3, 2015
Next earnings date	February 16, 2017
Estimated Country Risk Premium	6.25%
Effective Tax rate	40%
Effective Operating Tax rate	40%

Market Data	
Market Capitalization	$2,636.69
Daily volume (mil)	0.94
Shares outstanding (mil)	45.52
Diluted shares outstanding (mil)	49.81
% shares held by institutions	74%
% shares held by investments Managers	86%
% shares held by hedge funds	10%
% shares held by insiders	7.90%
Short interest	15.48%
Days to cover short interest	8.78
52 week high	$60.16
52-week low	$44.16
Levered Beta	0.45
Volatility	20.73%

Past Earning Surprises

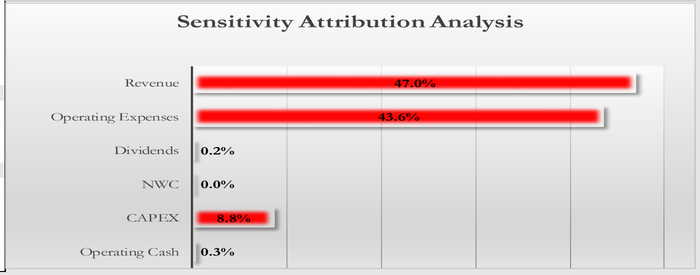
Quarter ending	Revenue	EBITDA
9/29/2015	-3.48%	-5.31%
12/29/2015	-9.83%	-10.86%
3/29/2016	-2.22%	0.08%
6/28/2016	-3.37%	0.46%
9/27/2016	-2.70%	3.16%
Mean	-4.32%	-2.49%
Standard error	1.4%	2.5%

Peers
Texas Roadhouse, Inc.
Buffalo Wild Wings Inc.
Panera Bread Company
Brinker International, Inc.
Chipotle Mexican Grill, Inc.
Bloomin' Brands, Inc.
Darden Restaurants, Inc.
Domino's Pizza, Inc.

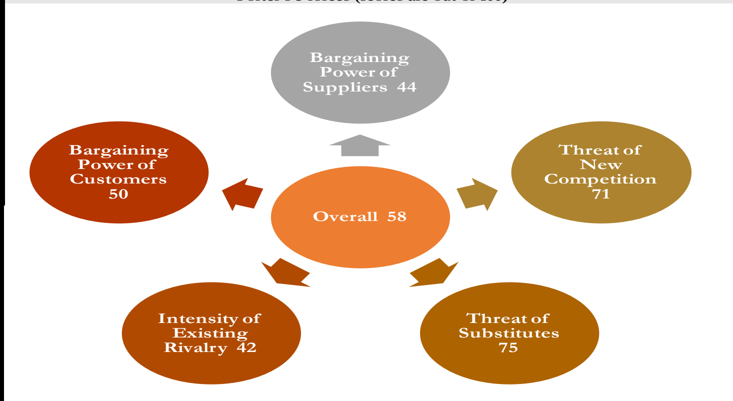


Management	Position	Total compensations growth	Total return to shareholders
Overton, David	Chairman and Chief Executive	7.42% per annum over 5y	0.26% per annum over 5y
Gordon, David	President	7.71% per annum over 3y	14.28% per annum over 3y
Benn, W.	Chief Financial Officer and	5% per annum over 5y	0.26% per annum over 5y
Zurzolo, Debby	Executive Vice President, Ge	3.97% per annum over 5y	0.26% per annum over 5y
Byfuglin, Max	President of the Cheesecake	5.5% per annum over 5y	0.26% per annum over 5y
Greene, Russell	Executive Vice President of	N/M	N/M

Profitability	CAKE (LTM)	CAKE (5 years historical average)	Industry (LTM)
ROIC	11.0%	9.18%	20.89%
NOPAT Margin	8%	7.78%	11.8%
Revenue/Invested Capital	1.37	1.18	1.77
ROE	19.3%	15.20%	27.47%
Adjusted net margin	7%	6.57%	10.6%
Revenue/Adjusted Book Value	2.91	2.31	2.59
Invested Funds	**CAKE (LTM)**	**CAKE (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	3.9%	4.0%	14%
Estimated Operating Cash/Total Capital	3.9%	4.0%	N/A
Non-cash working Capital/Total Capital	-11.0%	-9.1%	-14%
Invested Capital/Total Capital	98.7%	98.7%	90%
Capital Structure	**CAKE (LTM)**	**CAKE (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.38	0.37	0.36
Cost of Existing Debt	6.26%	6.26%	3.93%
Estimated Cost of new Borrowing	6.15%	6.15%	3.93%
CGFS Risk Rating	D	D	BB
Unlevered Beta (LTM)	0.36	0.90	0.74
WACC	5.99%	9.40%	7.58%



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	6.1%	8.0%	1.84
9/27/2017	4.1%	7.2%	1.22
9/27/2018	4.4%	7.8%	1.30
9/27/2019	4.4%	7.9%	1.27
9/27/2020	4.3%	8.1%	1.35
9/27/2021	4.3%	8.2%	1.42
9/27/2022	4.3%	8.4%	1.53
9/27/2023	4.2%	8.6%	1.63
9/27/2024	4.2%	8.8%	1.73
9/27/2025	4.1%	8.9%	1.81
9/27/2026	4.1%	9.1%	1.94
Continuing Period	4.1%	9.3%	1.94

Period	Invested Capital	Net Claims	Price per share
Base Year	$1,427.25	$988.70	$56.23
9/27/2017	$1,463.56	$996.49	$60.90
9/27/2018	$1,518.29	$1,004.41	$66.31
9/27/2019	$1,520.44	$886.25	$72.04
9/27/2020	$1,604.26	$679.41	$79.48
9/27/2021	$1,677.06	$514.11	$85.56
9/27/2022	$1,777.19	$354.61	$91.81
9/27/2023	$1,916.33	$178.86	$98.23
9/27/2024	$1,933.26	$9.10	$104.81
9/27/2025	$1,946.72	-$197.61	$111.53
9/27/2026	$1,932.95	-$399.04	$118.40
Continuing Period			

Dr. Pepper Snapple Group, Inc.

NASDAQ:DPS

Analyst: Brandon Casey
Sector: Consumer Disc.

BUY

Price Target: $95.89

Key Statistics as of 11/17/2016

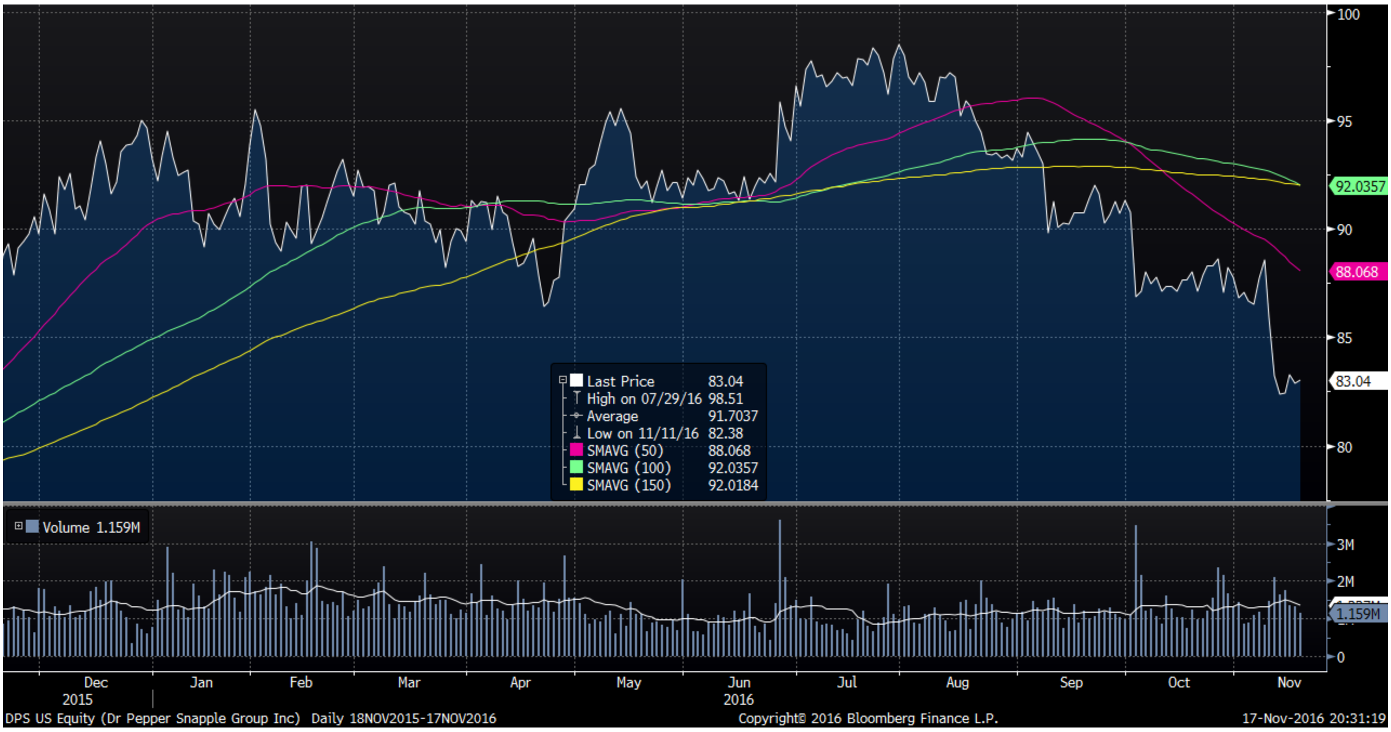
Market Price:	$83.04
Industry:	Restaurants, Food, and Drink
Market Cap:	$15.26B
52-Week Range:	$81.05-98.90
Beta:	0.67

Catalysts:

- Ability to outperform industry financially
- Acquisition of Bai Brands
- Future acquisitions and product changes

Company Description:

Dr. Pepper Snapple Group, Inc. is a leading manufacturer and distributor of carbonated and non-carbonated soft drinks. As of 2015, DPS had a share of 20.8% of the U.S. carbonated soda market. They also manufacture fountain syrup that is sold directly to the foodservice industry. Some popular carbonated soft drink brands that DPS owns are: Dr. Pepper, Canada Dry, Seven Up, A&W Root Beer, and Sunkist. Non-carbonated soft drinks include the following: Snapple, Hawaiian Punch, and Mott's. Dr. Pepper Snapple was started in the 1980s, built around the existing brand Schweppes. They added brands such as Mott's, Canada Dry and A&W. In 1995 they acquired Dr. Pepper and Seven Up, Inc. President/CEO Larry D. Young has been in office since 10/2007 and has multiple years of experience with the company.



Thesis

Dr. Pepper Snapple Group, Inc. is currently undervalued. DPS has a low P/E ratio of 18.81. Using forward P/E multiples and Capital IQ data, the median implied price per share is $126.23. DPS has low short interest at around 5.21%. Focusing on ownership, the percent change in new buyers increased by 6.59% and the percent change in selloffs decreased by 5.62%. This shows that more people are getting interested in buying the stock and less people are interested in selling. DPS has great margins in comparison to its competitors. In addition to that, DPS has higher sales growth than both of their main competitors, Coca-Cola and Pepsico. Dr. Pepper does have a lot of debt, but that shows that investors trust that Dr. Pepper will be able to pay the debt back. This is also shown with S&P's high rating of BBB+. The stock itself has a high average volume of 1,300,398 shares, so a lot of trading happens involving this stock. Additionally, DPS has outperformed analyst estimates on each of their last four quarters of earnings. Overall, DPS is an undervalued stock with high potential to grow and beat out its main competitors. I have DPS as a BUY at $83.04 for an approximate return of 18%.

Financials

DPS is a large company with market cap hovering around 15.9B. In comparison to their major competitors, Dr. Pepper's market cap is about one-tenth of Coca-Cola and Pepsico's. The average volume on DPS is around 1,307,893 shares. This shows that the stock is traded often and has a lot of interest in investors.

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)	ROIC LF	WACC	GM LF	PM LF	OPM LF	T12M EBITDA Mrgn LF	EBITDA Mgn 3Yr Avg
	Average		30.12B	12.66%	7.61%	46.81%	10.98%	17.72%	21.52%	9.69%
100)	DR PEPPER SNAPPLE G	DPS US	15.34B	15.90%	5.93%	59.35%	14.29%	22.20%	25.67%	3.16%
101)	MONSTER BEVERAGE CO	MNST US	23.80B	16.62%	7.65%	63.83%	24.32%	36.85%	37.44%	1.81%
102)	COCA-COLA BOTTLING C	COKE US	1.54B	7.45%	6.50%	38.54%	2.73%	4.69%	7.77%	8.74%
103)	COCA-COLA CO/THE	KO US	176.44B	9.13%	6.49%	61.15%	9.84%	21.36%	25.06%	8.06%
104)	COCA-COLA FEMSA SAB-	KOFL MM	13.47B	8.44%	10.76%	44.57%	5.35%	11.31%	18.25%	9.02%
105)	COTT CORPORATION	BCB CN	1.66B	1.38%	6.14%	34.55%	-0.44%	3.91%	10.61%	9.92%
106)	LASSONDE INDS INC-CL	LAS/A CN	1.06B	9.73%	6.08%	29.28%	4.66%	8.56%	11.14%	0.73%
107)	ORGANIZACION CULTIB	CULTIBAB MM	688.29M	3.95%	9.23%	38.94%	0.45%	4.15%	9.89%	7.16%

(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 617651 EST GMT-5:00 H189-5222-0 18-Nov-2016 17:41:51

Above is the financial layout of Dr. Pepper Snapple Group Inc. compared to its competitors. I pulled data from Bloomberg comparing DPS to competitors in the food and beverage sub-industry. By looking at the margins, Dr. Pepper is operating above the industry average for most measures of efficiency. DPS has a WACC of 5.93%, lower than the industry average of 7.61%. Their gross margin of 59.35%, profit margin of 14.29%, and operating margin of 22.20% are all higher than the industry averages of 46.81%, 10.98%, and 17.72% respectively. Additionally, DPS has higher EBITDA margin and 3 year average EBITDA margin, showing that they have been more efficient in the past and are still currently efficient. DPS margins show that they're growth is not only organic, but they are more efficient than most competitors. DPS has an ROIC margin of 15.90%, higher than the industry average of 12.66%. However, using our proforma we calculate a more standardized and accurate version of ROIC.

ROIC W/O GW		
	History	*LFY*
dps	42.7%	38.8 %
Competitors	22.5%	25%

Above is the ROIC margin without goodwill of DPS against its competitors Monster Beverage Co., Coca-Cola, and Pepsico. Here I noticed that DPS is even more profitable than Bloomberg states.

At 17:05 d Vol 1,416,796 O 82.94N H 83.66T L 82.89D Val 118.059M

DPS US Equity | 96) Actions | 97) Output | 98) Settings | Financial Analysis

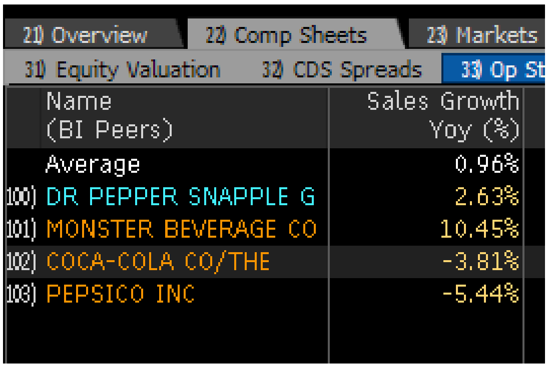
ADJ Dr Pepper Snapple Group Inc | Periods 10 Annuals | Currency USD

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

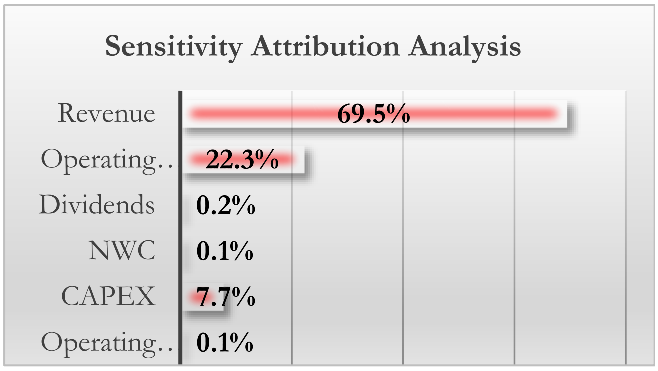
In Millions of USD except Per Share	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Last 12M
12 Months Ending	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	09/30/2016
Cash from Operating Activities						
+ Net Income	606.0	629.0	624.0	703.0	764.0	867.0
+ Depreciation & Amortization	232.0	240.0	234.0	235.0	227.0	225.0

In order to show how Dr. Pepper Snapple Group is growing, I took a look at cash flows for net income. At the end of Fiscal Year 2011 DPS had net income of $606 Million. As for the last 12 month DPS is reporting net income of $867 Million. This about a 43% increase in 5 years. Also, net income has been growing more rapidly in recent years.



Name (BI Peers)	Sales Growth Yoy (%)
Average	0.96%
100) DR PEPPER SNAPPLE G	2.63%
101) MONSTER BEVERAGE CO	10.45%
102) COCA-COLA CO/THE	-3.81%
103) PEPSICO INC	-5.44%

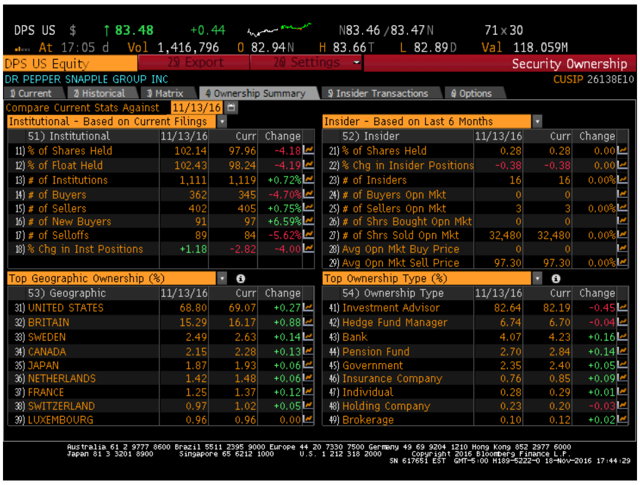
Not only is net income a great foundation of growth for DPS, but their sales growth is impressive as well. Compared to their three main competitors, they rank second in growth at 2.63% year to year. Already established companies such as Coca-Cola and Pepsico are actually decreasing sales growth as time goes on. This is because the world, and the United States specifically, are becoming more aware of the health hazards that soda creates. If this is so then why is Dr. Pepper still growing positively? DPS is becoming aware of this trend and are acting on it fast. They are becoming a more healthy company by acquiring health conscious beverages.



Using our proforma in Microsoft Excel, the sensitivity attribution analysis shows that revenues affect 69.5% of changes in price per share. This is a significant amount. DPS has great sales growth and net income growth, leading me to believe that the price will continue to rise.

Ownership

As stated before, DPS has high trading volume. However only 6.76% of DPS is owned by a hedge fund. Additionally, there is not a lot of insider trading happening within the company. On the other hand, the percent change in number of new institutional buyers increased by 6.59%. The percent change in number of selloffs decreased by 5.62%. This shows that there is interest in this company from institutions, and most of the interest is to go long in DPS. Also, there is less interest to go short.



DPS US $ 83.48 +0.44 N83.46 /83.47N 71x30
At 17:05 d Vol 1,416,796 O 82.94N H 83.66T L 82.89D Val 118.059M
DPS US Equity | 25) Export | 26) Settings | Security Ownership
DR PEPPER SNAPPLE GROUP INC — CUSIP 26138E10
1) Current | 2) Historical | 3) Matrix | 4) Ownership Summary | 5) Insider Transactions | 6) Options
Compare Current Stats Against 11/13/16

Institutional - Based on Current Filings

51) Institutional	11/13/16	Curr	Change
11) % of Shares Held	102.14	97.96	-4.18
12) % of Float Held	102.43	98.24	-4.19
13) # of Institutions	1,111	1,119	+0.72%
14) # of Buyers	362	345	-4.70%
15) # of Sellers	402	405	+0.75%
16) # of New Buyers	91	97	+6.59%
17) # of Selloffs	89	84	-5.62%
18) % Chg in Inst Positions	+1.18	-2.82	-4.00

Insider - Based on Last 6 Months

52) Insider	11/13/16	Curr	Change
21) % of Shares Held	0.28	0.28	0.00
22) % Chg in Insider Positions	-0.38	-0.38	0.00
23) # of Insiders	16	16	0.00%
24) # of Buyers Opn Mkt	0	0	
25) # of Sellers Opn Mkt	3	3	0.00%
26) # of Shrs Bought Opn Mkt	0	0	
27) # of Shrs Sold Opn Mkt	32,480	32,480	0.00%
28) Avg Opn Mkt Buy Price	0	0	
29) Avg Opn Mkt Sell Price	97.30	97.30	0.00%

Top Geographic Ownership (%)

53) Geographic	11/13/16	Curr	Change
31) UNITED STATES	68.80	69.07	+0.27
32) BRITAIN	15.29	16.17	+0.88
33) SWEDEN	2.49	2.63	+0.14
34) CANADA	2.15	2.28	+0.13
35) JAPAN	1.87	1.93	+0.06
36) NETHERLANDS	1.42	1.48	+0.06
37) FRANCE	1.25	1.37	+0.12
38) SWITZERLAND	0.97	1.02	+0.05
39) LUXEMBOURG	0.96	0.96	0.00

Top Ownership Type (%)

54) Ownership Type	11/13/16	Curr	Change
41) Investment Advisor	82.64	82.19	-0.45
42) Hedge Fund Manager	6.74	6.70	-0.04
43) Bank	4.07	4.23	+0.16
44) Pension Fund	2.70	2.84	+0.14
45) Government	2.35	2.40	+0.05
46) Insurance Company	0.76	0.85	+0.09
47) Individual	0.28	0.29	+0.01
48) Holding Company	0.23	0.20	-0.03
49) Brokerage	0.10	0.12	+0.02

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Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2016 Bloomberg Finance L.P.
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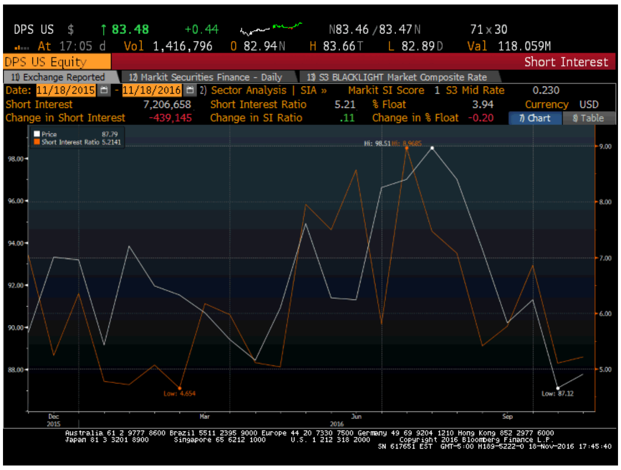
Short Interest



DPS has a relatively low short interest ratio of 5.21%. As of July 2016, DPS had a short interest of 8.96%. The large drop in short interest may be explained by Dr. Pepper's ability to identify customer's needs and react on them. Dr. Pepper is furiously trying to adapt to the new health standards of citizens and make their company more appealing to those types of citizens.

Debt/Acquisitions

Dr. Pepper Snapple Group has a debt to equity ratio of 1.56. This may seem high, but being in the beverage industry requires a lot of debt. Pepsico has a debt to equity ratio of 2.79 and Coca-Cola has a debt to equity ratio of 1.8. Ultimately, DPS has a lower debt to equity ratio than two of the most developed companies in its industry. However, the fact that DPS is able to take on so much debt means that investors trust that they will not default. This can be shown through DPS's debt rating of BBB+ by Standard & Poor's.

Moody's	
2) Outlook	STABLE
3) Long Term Rating	Baa1
4) Senior Unsecured Debt	Baa1
5) Short Term	P-2
6) Standard & Poor's	SP
7) Outlook	STABLE
8) LT Foreign Issuer Credit	BBB+
9) LT Local Issuer Credit	BBB+
10) ST Foreign Issuer Credit	A-2
11) ST Local Issuer Credit	A-2

One event that is necessary to point out is that on November 8th, Coca-Cola, Pepsico, and Dr. Pepper's share price plummeted. This was because on November 8th three bay area cities, San Francisco, Oakland, and Albany became the first in the country to levy a tax on sodas and other sugary drinks in an effort to reduce country-wide diabetes and obesity. This may seem like a downside of the stock, but Dr. Pepper is doing all it can to prevent this tax from effecting itself as much as competitors. This tax levy will not have that big of an effect on DPS since 11% of its revenues come from outside the United States. That being said, they still have plenty of room to expand internationally to further avoid these taxes.

On November 22nd, 2016, Dr. Pepper Snapple Group acquired Bai Brands for $1.7 Billion. Bai Brands s one of the fastest growing flavored water companies in the U.S. and its sales are growing. In 2015 Bai Brands had $120 Million in sales and this year its on pace for $300 Million. At the same time, soda sales have been plummeting. DPS could not have made a smarter move in order to gain a competitive advantage against Coca-Cola and Pepsico.

Conclusion

Overall, Dr. Pepper Snapple Group Inc. is a company that has a lot of room for growth. DPS has the ability to take on a lot of debt while still operating at efficient margins of operation. Their financials show that they are organically growing and have great growth in net income and sales. Their most recent acquisition of Bai Brands shows us that DPS is ready to satisfy the new philosophy of customers, which is to start drinking healthier. I believe this DPS is a BUY because they are the only company in the industry to act as fast as they are in an effort to appeal to the most customers.

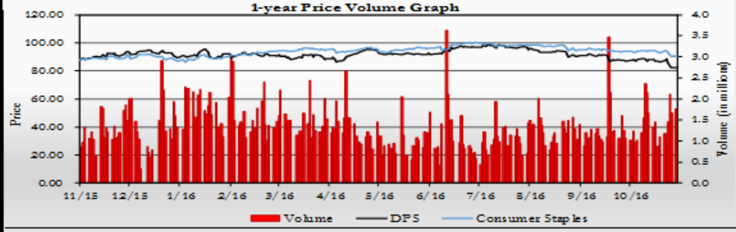
Dr Pepper Snapple Group, Inc. (DPS)

CENTER FOR GLOBAL FINANCIAL STUDIES

NEUTRAL

Analysis by Brandon Casey	Current Price:	$83.04	Intrinsic Value	$90.95	Target 1 year Return: 17.93%
11/18/2016	Divident Yield:	2.5%	Target Price	$95.89	Probability of Price Increase: 91.2%

1-year Price Volume Graph



Description

Dr Pepper Snapple Group, Inc. operates as a brand owner, manufacturer, and distributor of non-alcoholic beverages in the United States, Mexico, and Canada.

General Information

Sector	Consumer Staples
Industry	Beverages
Last Guidance	November 3, 2015
Next earnings date	February 15, 2017
Estimated Country Risk Premium	6.25%
Effective Tax rate	34%
Effective Operating Tax rate	34%

Market Data

Market Capitalization	$15,255.71
Daily volume (mil)	1.15
Shares outstanding (mil)	183.72
Diluted shares outstanding (mil)	188.13
% shares held by institutions	74%
% shares held by investments Managers	78%
% shares held by hedge funds	7%
% shares held by insiders	0.27%
Short interest	3.92%
Days to cover short interest	5.57
52 week high	$98.80
52-week low	$81.05
Levered Beta	0.37
Volatility	16.42%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/30/2015	0.09%	-5.19%
12/31/2015	-1.78%	-9.99%
3/31/2016	-1.20%	5.48%
6/30/2016	-0.41%	6.56%
9/30/2016	-0.12%	-5.62%
Mean	-0.68%	-1.75%
Standard error	0.4%	3.3%

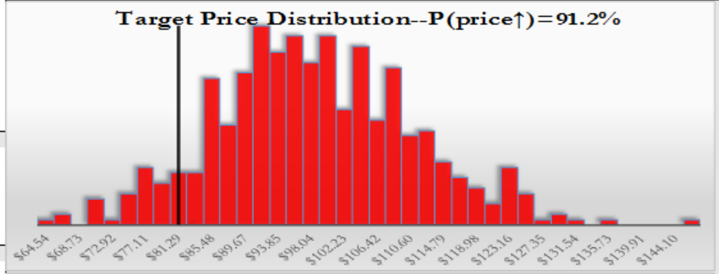
Peers

Pepsico, Inc.
Monster Beverage Corporation
Coca-Cola Bottling Co. Consolidated
Coca-Cola FEMSA S.A.B de C.V.

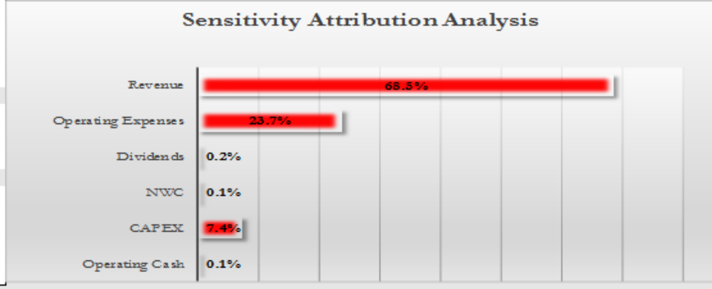
Management	Position	Total compensation growth	Total return to shareholders
Young, Larry	Chief Executive Officer, Pre	5.37% per annum over 5y	4.56% per annum over 5y
Ellen, Martin	Chief Financial Officer and	-13.59% per annum over 5y	4.56% per annum over 5y
Hobson, Derry	Executive Vice President of	4.43% per annum over 5y	4.56% per annum over 5y
Collins, Rodger	President of Packaged Bevera	8.03% per annum over 5y	4.56% per annum over 5y
Johnston, James	President of Beverage Concen	6.36% per annum over 5y	4.56% per annum over 5y
Stephens, Angela	Principal Accounting Officer	N/M	N/M

Profitability	DPS (LTM)	DPS (5 years historical average)	Industry (LTM)
ROIC	51.3%	86.80%	13.37%
NOPAT Margin	16%	17.50%	16.6%
Revenue/Invested Capital	3.26	4.96	0.81
ROE	-66.2%	-50.67%	15.92%
Adjusted net margin	14%	16.03%	13.9%
Revenue/Adjusted Book Value	-4.67	-3.16	1.14
Invested Funds	**DPS (LTM)**	**DPS (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	7.8%	6.2%	23%
Estimated Operating Cash/Total Capital	6.3%	2.9%	N/A
Non-cash working Capital/Total Capital	-1.7%	-1.1%	9%
Invested Capital/Total Capital	26.1%	21.3%	72%
Capital Structure	**DPS (LTM)**	**DPS (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.22	0.28	0.23
Cost of Existing Debt	4.19%	4.38%	3.13%
Estimated Cost of new Borrowing	3.70%	3.96%	3.13%
CGFS Risk Rating	BB	B	B
Unlevered Beta (LTM)	0.32	0.34	0.63
WACC	5.70%	6.00%	7.54%

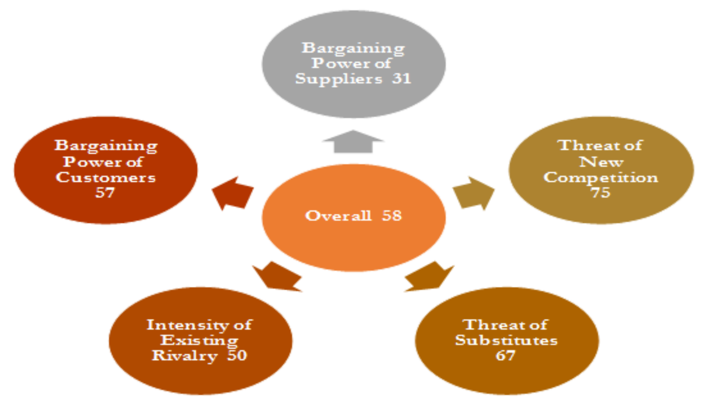
Target Price Distribution--P(price↑)=91.2%



Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	2.6%	15.7%	9.00
9/30/2017	1.4%	13.8%	7.57
9/30/2018	1.0%	14.0%	7.36
9/30/2019	1.5%	14.0%	7.19
9/30/2020	4.4%	14.2%	7.39
9/30/2021	2.8%	14.0%	7.03
9/30/2022	2.1%	14.0%	6.77
9/30/2023	2.1%	14.1%	6.61
9/30/2024	2.6%	14.5%	6.62
9/30/2025	3.1%	14.9%	6.65
9/30/2026	3.6%	15.3%	6.69
Continuing Period	4.1%	15.7%	4.21

Period	Invested Capital	Net Claims	Price per share
Base Year	$910.88	$3,512.84	$91.11
9/30/2017	$987.34	$3,116.84	$95.27
9/30/2018	$1,511.17	$2,681.73	$99.58
9/30/2019	$1,548.18	$2,205.30	$103.93
9/30/2020	$1,964.32	$1,768.97	$108.43
9/30/2021	$2,085.81	$1,339.27	$112.89
9/30/2022	$2,196.88	$893.67	$117.37
9/30/2023	$2,293.99	$432.70	$121.90
9/30/2024	$2,358.19	-$60.45	$126.48
9/30/2025	$2,523.67	-$616.24	$131.26
9/30/2026	$2,683.62	-$1,181.30	$135.90
Continuing Period			

Lululemon Athletica, Inc.

NASDAQ: LULU

Analyst: Kara Carman
Sector: Consumer Goods

BUY

Price Target: $71.40

Key Statistics as of 11/25/2016

Market Price:	$57.99
Industry:	Apparel and Accessories
Market Cap:	$7.90B
52-Week Range:	$44.62 - $81.81
Beta:	0.65
P/E:	29.74

Catalysts:

- Fabric innovation
- Expanding retail footprint in Asia and Europe
- Further international expansion
- Holiday months
- Earnings call December 7th, 2016

Company Description:

Lululemon Athletica, Inc. designs, distributes, and retails fashionable, athletic apparel. Lululemon has business operations in two segments, including company-operated stores and direct to consumer. The company operates more than 350 stores located across the globe in countries such as the United States, Canada, New Zealand, Australia, Germany, and more. The direct to consumer segment includes the sale of products through the Lululemon and Ivivva websites. Lululemon's products are intended for athletic practices such as yoga and running, and consist of products such as pants, shorts, tops, jackets, and even yoga mats. Lululemon's competitors include Hanesbrands, Under Armour, Guess, Gap, and Express.

Thesis

Lululemon Athletica, Inc. is a designer, distributor, and retailer of technical, fashionable, innovative, athletic apparel. Lululemon, since its foundation, has developed an extremely distinctive corporate culture that allows it to be the best in its class. The company's mission is to produce and provide products to its consumers that create transformational experiences for them to live happy, healthy, and fun lives. Lululemon's core values include developing the absolute highest quality products, operating with integrity, leading a balanced and fun life, and nurturing entrepreneurial spirit. Its purpose is "elevating the world from mediocrity to greatness." Lululemon is the best in its class, with positive margins that well surpass those of its competitors. As an innovative company, Lululemon is continuously setting the bar for the industry with new fabrics and products therefore it is continuously growing year after year. Historically, the company's ROIC/WACC has been 1.93, which proves that they are a value added company. With the holiday months ahead and expansion initiatives in the making, Lululemon will further its growth even more. The company's stock is currently priced towards the lower end of its 52-week range and with the upcoming months, the price is expected to converge closwer to its 52-week high.

Industry Outlook

The retail apparel industry is very vulnerable to general seasonal trends. With that being said, the industry typically sees higher net revenues during the holiday season. Lululemon Athletica, along with other companies in its industry has annual net revenues weighted more heavily towards the holiday months of November and December. In Lululemon's case, its operating expenses are evenly distributed throughout the year, whereas a significant portion of its operating profit is generated in FY Q4. For example approximately 45% of Lululemon's full year operating profit for FY 2015 was generated during the fourth quarter. Competition within the industry is substantially on the basis of brand image and recognition, along with product quality, innovation, style, distribution, and price. Lululemon has a premium brand image and a large focus on technical product innovation.

Business Model

Lululemon Athletica primarily conducts business through its company-operated stores and direct to consumer. However, revenue is also generated from warehouse sales, sales to wholesale accounts, from the company's outlet stores and showrooms, and from license and supply agreements. Such revenues are combined in its other category. The company uses a community-based marketing strategy to build brand awareness and customer loyalty. This is done through the use of local ambassadors, social media, community boards throughout stores and a variety of other initiatives. Lululemon operates a vertical retail distribution strategy that differentiates it from its competitors. This allows the company to more effectively and efficiently control its brand image. Lululemon does not own or operate any manufacturing facilities. The company works with approximately 57 suppliers whom provide the fabrics for its products. Approximately 35 suppliers manufacture Lululemon's products, five of which manufactured 65% of them in fiscal 2015. Lululemon does not have any long-term contracts with the majority of its suppliers or manufacturers and it requires that all of which adhere to its vendor code of ethics.

People

Lululemon Athletica's current Chief Executive Officer is Laurent Potdevin. Mr. Potdevin was appointed CEO and a member of Lululemon's Board of Directors in December 2013. Prior to serving at Lululemon, Mr. Potdevin worked at Toms Shoes where he was President from 2011 to 2013. From 1995 to 2010, Mr. Potdevin worked at Burton Snowboards where he held various rolls over his career, including President and CEO. Stuart Haselden has served as Lululemon's Chief Financial Officer since February 2015 and became its Executive Vice President of Operations in October 2015. Mr. Haselden has more than 15 years of executive leadership experience. Prior to joining Lululemon's executive leadership, Mr. Haselden served as CFO and Executive VP of J. Crew for approximately 3 years. Prior to that he served as J. Crew's Senior Vice President of

Finance and Treasurer from 2009 to 2012 and from 2006 to 2009 served as its Vice President of Financial Planning and Analysis. From 1999 to 2005, Mr. Haselden held a variety of leadership positions at Saks. Miguel Almeida has served as Lululemon's Executive Vice President, Digital since July 2015. Mr. Almeida's 15 years of operational and senior leadership experiences have a substantial focus on digital strategies. Lee Holman has served as the company's Executive Vice President, Creative Director since October 2015. Mr. Holman brings 20 years of design and leadership experience to Lululemon's executive leadership team. Such experience includes senior positions at Nike.

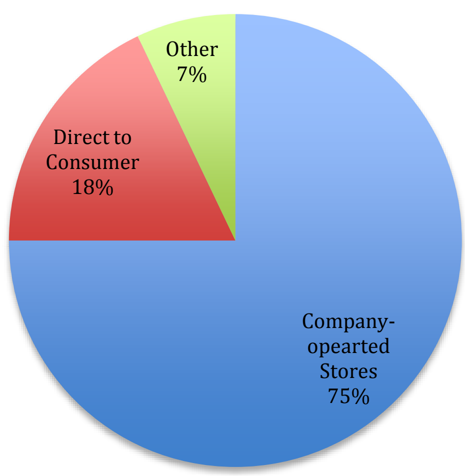
Product Differentiation

Lululemon Athletica has a team of designers based in Vancouver, British Columbia who partner with international designers in order to lead product design efforts. The team is comprised of not only users of Lululemon's products but also dedicated athletes who are determined to produce products with premium quality. Trends are identified using market intelligence and research in order to deliver products with leading style, functionality, and technical superiority. The product design team also works extremely closely with Lululemon's suppliers to ensure consumers are provided with the technically advanced fabrics that they are promised. Testing companies are also incorporated in the process and they conduct various tests on the fabrics the company uses to measure performance characteristics such as abrasion resistance, pilling, colorfastness, and shrinkage. One of Lululemon's most recent fabric innovations is its "Nulu" line. Nulu is a new fabric incorporated in Lululemon's bottoms assortment. It provides gentle compression while minimizing disruptions, and it offers quick drying, sweat-wicking, and lightweight coverage. Lululemon is a leader in the industry for craftsmanship and is raising the bar by utilizing highly technical processes that allow it to achieve a richer level of color and print detail without sacrificing the product function.

Financials

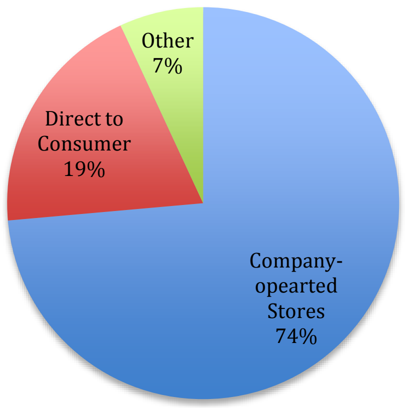
Lululemon Athletica experienced a 15% annual growth rate from fiscal 2014 to fiscal 2015 when its net revenue increased from $1.8 billion to $2.1 billion. This can primarily be attributed to the opening of 61 new company-operated stores and the growth of ecommerce sales in its direct to consumer segment. The direct to consumer segment represented 19.5% of net revenue in fiscal year 2015 compared to 17.9% in the previous year. Direct to consumer sales are substantially increasing due to increased internet traffic and higher conversion rates. Lululemon experienced an increased in gross profit margin in fiscal year 2015 primarily due to an increase in fixed costs such as depreciation and a negative impact of foreign exchange rates. However, its profit margin is significantly higher than that of its competitors. In fiscal year 2015, its gross margin was 48.4% whereas the average of its competitors was about 39%. Similarly, Lululemon's EBITDA margin is 20.34%, whereas the average of its competitors is 13.55%. Lululemon's net income margin is 11.83% and the only competitor that has a margin remotely close to that is Hanesbrand, with a net income margin of 11.69%. The strength of Lululemon's margins suggests that it is operating more efficiently than its competitors. Lululemon's 15% sales growth year over year is nearly double that of its competitors' average, which is 7.77%. Lululemon's most recent ROIC/WACC was 2.39, which is more than double of that of its competitors, which is 1.12. This suggests that Lululemon is adding value more rapidly than its competitors and historically the same trend has occurred. Lululemon's company-operated stores produced income from operations before general corporate expenses of $346,802,000 for fiscal 2015. Its direct to consumer segment produced $166,418,000 and the other category produced $5,826,000.

Income from Operations (before general expenses)



Net revenues produced by company-operated stores were $1,516,323,000 for fiscal 2015 compared to $1,348,225,000 in fiscal year 2014. . The direct to consumer segment net revenue was $401,525,000 compared to $321,180,000 and net revenues for the other segment were $127,808,000 for fiscal 2015.

Net Revenues by Segment



Important Dates and Catalysts

With expansion initiatives expected to produce results in fiscal 2017, Lululemon is expecting substantial growth within both of its business segments. In the more near term, Lululemon expects that more than 40% of its total net revenues to be produced in the time remaining left in November and in the months of December and January. Lululemon's next earnings call is December 7th, 2016.

Summary

Lululemon is a recognizable brand that continuously sets performance standards within the industry and amongst its competitors. As a value adding company, Lululemon will continue to grow and create and add value for its shareholders. With expansion initiatives expected to produce results in fiscal 2017, Lululemon is expecting substantial growth within both of its business segments. Through its innovative and functional products, Lululemon continuously motivates consumers to continue their happy, healthy lifestyles.

SIENA college

Siena Market Line
4th Week of November 2016

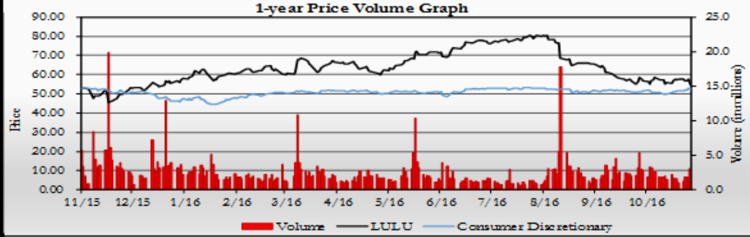
Lululemon Athletica Inc. (LULU)

CENTER FOR GLOBAL FINANCIAL STUDIES

BULLISH

Analysis by Kara Carman	Current Price:	$58.24	Intrinsic Value	$63.40	Target 1 year Return: 22.59%
11/22/2016	Divident Yield:	0.0%	Target Price	$71.40	Probability of Price Increase: 96.4%

1-year Price Volume Graph



Description

lululemon athletica inc., an athletic apparel company, together with its subsidiaries, designs, distributes, and retails athletic apparel and accessories for women, men, and female youth.

General Information

Sector	Consumer Discretionary
Industry	Textiles, Apparel and Luxury Goods
Last Guidance	November 3, 2015
Next earnings date	December 9, 2016
Estimated Country Risk Premium	6.47%
Effective Tax rate	36%
Effective Operating Tax rate	36%

Market Data

Market Capitalization	$7,647.22
Daily volume (mil)	2.80
Shares outstanding (mil)	137.05
Diluted shares outstanding (mil)	138.28
% shares held by institutions	75%
% shares held by investments Managers	64%
% shares held by hedge funds	10%
% shares held by insiders	7.34%
Short interest	12.19%
Days to cover short interest	6.45
52 week high	$81.81
52-week low	$44.62
Levered Beta	0.78
Volatility	39.16%

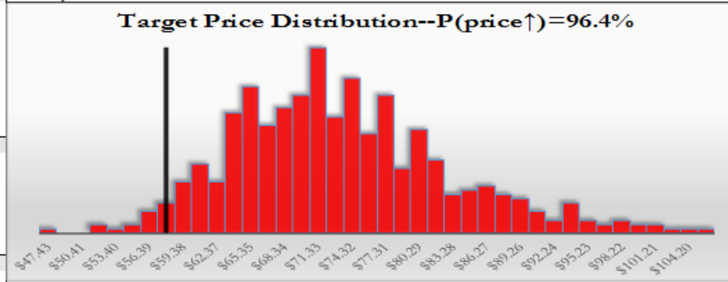
Past Earning Surprises

Quarter ending	Revenue	EBITDA
8/2/2015	-0.20%	-9.48%
11/1/2015	-4.31%	-6.51%
1/31/2016	1.15%	-4.26%
5/1/2016	-0.36%	7.65%
7/31/2016	-3.76%	-9.83%
Mean	-1.50%	-4.49%
Standard error	1.1%	3.2%

Peers

Under Armour, Inc.
Columbia Sportswear Company
Coach, Inc.
G-III Apparel Group, Ltd.
Urban Outfitters Inc.
Chico's FAS Inc.
Express Inc.
Hanesbrands Inc.

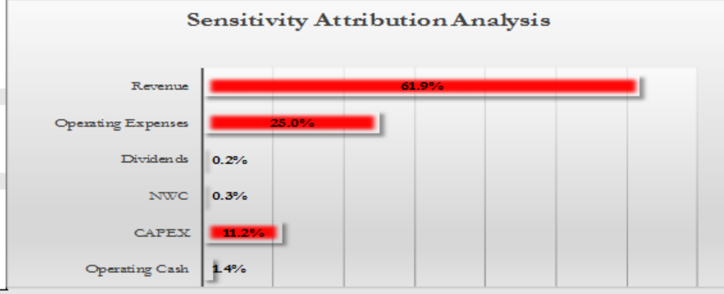
Target Price Distribution--P(price↑)=96.4%



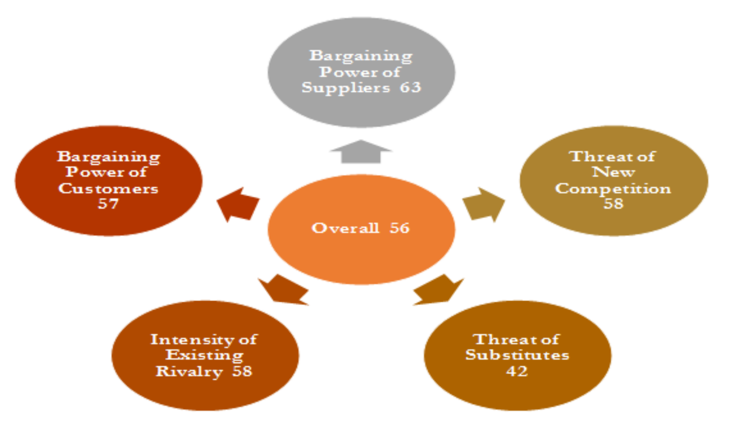
Management	Position	Total compensations growth	Total return to shareholders
Potdevin, Laurent	Chief Executive Officer and	-100% per annum over 2y	16.55% per annum over 2y
Haselden, Stuart	Chief Financial Officer	N/M	0% per annum over 0y
Stump, Scott	Executive Vice-President of	-100% per annum over 1y	-6.3% per annum over 1y
Almeida, Miguel	Executive Vice President of	N/M	0% per annum over 0y
Holman, Lee	Executive Vice President and	N/M	0% per annum over 0y
Warren, Gina	Executive Vice President of	N/M	N/M

Profitability	LULU (LTM)	LULU (5 years historical average)	Industry (LTM)
ROIC	14.6%	23.43%	14.34%
NOPAT Margin	17%	24.71%	8.5%
Revenue/Invested Capital	0.85	0.95	1.68
ROE	22.0%	37.65%	16.17%
Adjusted net margin	17%	24.48%	8.0%
Revenue/Adjusted Book Value	1.32	1.54	2.02
Invested Funds	**LULU (LTM)**	**LULU (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	17.7%	25.1%	16%
Estimated Operating Cash/Total Capital	17.7%	23.3%	N/A
Non-cash working Capital/Total Capital	7.6%	6.2%	28%
Invested Capital/Total Capital	100.0%	98.2%	83%
Capital Structure	**LULU (LTM)**	**LULU (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.11	0.09	0.15
Cost of Existing Debt	1.52%	1.10%	3.92%
Estimated Cost of new Borrowing	1.00%	1.00%	3.92%
CGFS Risk Rating	AAA	AAA	A
Unlevered Beta (LTM)	0.73	0.81	0.65
WACC	8.35%	8.76%	7.83%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	15.6%	17.1%	1.75
7/31/2017	10.8%	15.5%	1.48
7/31/2018	8.3%	14.4%	1.25
7/31/2019	13.3%	17.3%	1.64
7/31/2020	21.5%	18.2%	1.88
7/31/2021	19.0%	18.8%	1.97
7/31/2022	16.5%	19.0%	1.92
7/31/2023	14.0%	19.0%	1.86
7/31/2024	11.5%	19.1%	1.83
7/31/2025	9.1%	18.8%	1.71
7/31/2026	6.6%	18.6%	1.65
Continuing Period	4.1%	18.4%	1.56

Period	Invested Capital	Net Claims	Price per share
Base Year	$1,284.55	$1,153.55	$62.10
7/31/2017	$1,654.47	$1,083.59	$69.51
7/31/2018	$2,112.56	$628.29	$77.52
7/31/2019	$2,349.90	$310.66	$86.08
7/31/2020	$2,576.21	$96.62	$95.55
7/31/2021	$3,029.82	-$67.29	$106.05
7/31/2022	$3,543.72	-$384.44	$117.64
7/31/2023	$3,658.79	-$883.84	$130.15
7/31/2024	$4,062.01	-$1,406.36	$143.47
7/31/2025	$4,760.34	-$2,237.03	$157.53
7/31/2026	$5,706.46	-$3,170.61	$172.13
Continuing Period			

SpartanNash Co.

NASDAQ:SPTN

Analyst: Peter Gadze
Sector: Food Retail

Buy

Price Target: $44.70

Key Statistics as of 11/25/2016

Market Price:	$37.44
Industry:	Leisure/Restaurants
Market Cap:	$1.40 B
52-Week Range:	$17.66-37.81
Beta:	0.97

Catalysts:

- Trump Cutting Taxes
- Increasing Food Prices

Company Description:

SpartanNash Co. is a distribution of grocery products to military commissaries in the U.S. The majority of their business works under three main segments: Military, Food Distribution, and Retail. The company is fairly new and was established on November 19 2013. It is one of the largest distributors of grocery products to military commissaries in the United States. Wholesale distribution accounts for 40%, retail accounts for 30%, and military operations account for 30% of their business. Their company is headquartered in Grand Rapids, MI and operates various retail supermarkets in the Midwest under the names of Family Fare Supermarkets, No Frills, Bags' Save, Family Fresh Markets, D&W Fresh Markets, Sun Markets and Econo Foods.

Thesis

SpartanNash is a fairly new company that due to acquisitions in 2014 and being able to constantly expand under deflating food prices. This means that if the company is succeeding under difficult Macro-Economic times it will not only continue to succeed in the future. Additionally, massive discretion centers that are positioned in intelligent locations will create economies of scale which will benefit the company in the long run.

Industry Outlook

The company operates on three different segments, but each one is dependent on food prices in the US because these are the type of products they are distributing. Over nine straight months of year to year declines for food prices has left and the industry has been in a recession for quite some time now. However, the Agriculture Department expects U.S food prices to rise beyond inflation for the next few years. Therefore, the industry seems to be on the rise and this could only stand to benefit SPTN in the future. Since SPTN was founded they have been able to reduce operating costs while still increasing their level of production.

Expenditure category	Relative importance Sep. 2016	Unadjusted percent change		Seasonally adjusted percent change		
		Oct. 2015-Oct. 2016	Sep. 2016-Oct. 2016	Jul. 2016-Aug. 2016	Aug. 2016-Sep. 2016	Sep. 2016-Oct. 2016
All items	100.000	1.6	0.1	0.2	0.3	0.4
Food	13.731	-0.4	0.1	0.0	0.0	0.0

Since food prices are no longer depreciating according to the Agriculture Department the company stands to profit because it will be able to capture more market share and profit in the future.

Business Model

As explained earlier there are three segments to SPTN's business: Food Distribution, and retail and currently operated over 160 grocery stores, and provides wholesale distribution to various companies over 46 different states. They have 8 million square feet in warehouse space, have 960 refrigerated trailers, 575 dry vans, and over 490 tractors. When it comes to distribution. Dollar general is their main customer and SPTN provides to over 13,000 of DG retail stores. In a very small amount of time the company has been able to establish themselves within the industry and create long lasting bonds with very big name clients like Dollar General. As explained in the last earnings call net sales have increased from $804.5 million from $762.3 million proving that their strategy has been working. When it comes their Military segment the company delivers to locations all across the United States, Puerto Rico, Egypt, and Cuba. Manufacturers generally contract with distributors like SpartanNash and according to last fiscal year the company had 250 distribution contacts for the military that have made last quarter's sales under this division improve to $506.6 million. The final division of retail has struggled, but in order to cope with this the company has remodeled its stores and have still managed to grow under a retail store recession. This business model has been very affective because it is diversified.

EBITA Margin		
	History	*LFY*
SPTN	2.1%	2.0%
Competitors	5.0%	4.4%

Since the company operates under a sort of hybrid model the recession has not impacted their ability to have much better bottom lines than their competitors.

Acquisitions

Acquisitions in previous years are one of the main reasons why this company is still undervalued at this moment in time. In 2016 SPTN acquired Caito Foods Services strengthening Spartan Nash's product offerings because this company focused on offering fresh foods. Management made this move in order to cope with their struggles in the retail segment. The acquisition was made with $217.5 million in cash and analysts have yet to factor in the extra revenue potential on top of an accelerated industry next year. In the last fiscal year the company has generated $600 million in revenue. The acquisition does not take full affect Q1 of 2017 so it will be interesting to see exactly how much this expansion will impact SPTN in the future.

Summary

Although many analysts believe that SPTN has reached its maximum potential and the price will depreciate this will not be the case. Due to an impeccable business model that protects SpartanNash from the majority risks that all of its competitors have. They are still looking to expand and although they have announced a dividend and the company is at its 52 week high there is still room for the company to move forward. There is also significant potential for the SPTN due to potential tax cuts by the president in the near future. EBITA will continue to increase due to new acquisitions and constant attempts by management to expand mean SpartanNash are on the way up.

Siena Market Line
4th week of November 2016

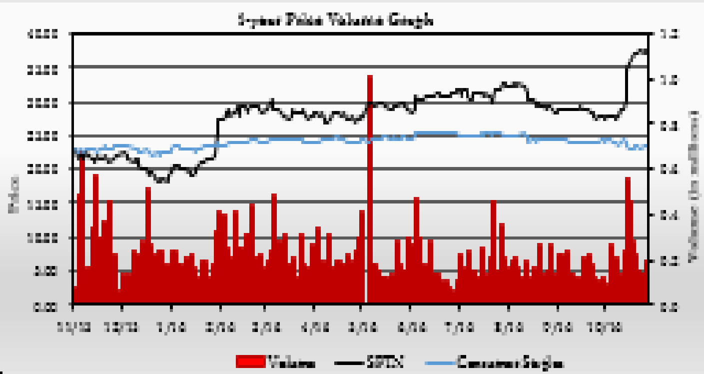
CENTER FOR GLOBAL FINANCIAL STUDIES

SpartanNash Company (SPTN) — **NEUTRAL**

Analysis by	Current Price:	$37.44	Intrinsic Value	$37.61
11/27/2016	Dividend Yield:	0.0%	Target Price	$44.70

Target 1 year Return: 19.38%

Probability of Price Increase



Description
SpartanNash Company operates as a grocery distributor and retailer primarily in the United States.

General Information	
Sector	Consumer Staples
Industry	Food and Staples Retailing
Last Guidance	November 3, 2015
Next earnings date	February 22, 2017
Estimated Country Risk Premium	11.72%
Effective Tax rate	40%
Effective Operating Tax rate	40%

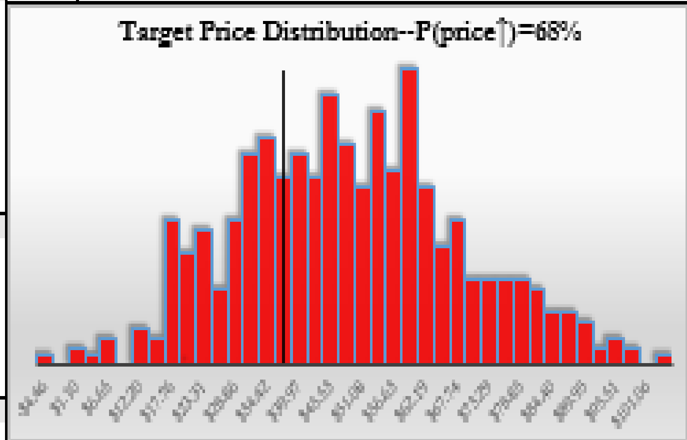
Market Data	
Market Capitalization	$1,403.30
Daily volume (mil)	0.00
Shares outstanding (mil)	37.40
Diluted shares outstanding (mil)	36.91
% shares held by institutions	91%
% shares held by investments Managers	81%
% shares held by hedge funds	4%
% shares held by insiders	2.65%
Short interest	1.70%
Days to cover short interest	3.70
52 week high	$37.81
52-week low	$17.66
Levered Beta	0.00
Volatility	30.35%

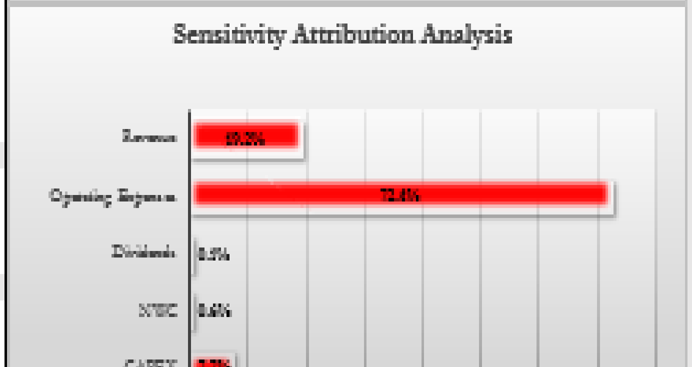
Past Earning Surprises		
Quarter ending	Revenue	EBITDA
10/10/2015	-2.01%	-4.66%
1/2/2016	-3.20%	6.21%
4/23/2016	-1.77%	-7.09%
7/16/2016	0.70%	-3.49%
10/8/2016	-1.16%	-6.49%
Mean	-1.69%	-3.10%
Standard error	0.7%	2.5%

Peers
United Natural Foods, Inc.
Whole Foods Market, Inc.
Casey's General Stores, Inc.
Sprouts Farmers Market, Inc.
The Kroger Co.
Sysco Corporation
Weis Markets, Inc.
Ingles Markets, Incorporated

Management	Position	Total compensation grow	Total return to shareholders
Eidson, Dennis	Chairman and Chief Executive	-100% per annum over 4y	2.11% per annum over 4y
Staples, David	President and Chief Operatin	-100% per annum over 4y	2.11% per annum over 4y
Mahoney, Kathleen	Chief Legal Officer, Executi	N/M	0% per annum over 0y
Adornato, Theodore	Executive Vice President of	-100% per annum over 4y	2.11% per annum over 4y
Jones, Derek	Executive Vice President and	-100% per annum over 4y	2.11% per annum over 4y
Meyers, Christopher	Chief Financial Officer and	N/M	N/M

Profitability	SPTN (LTM)	SPTN (5 years historical a	Industry (LTM)
ROIC	6.1%	10.10%	10.94%
NOPAT Margin	1%	3.12%	2.0%
Revenue/Invested Capital	4.57	3.26	3.86
ROE	7.2%	16.69%	12.55%
Adjusted net margin	1%	2.77%	2.3%
Revenue/Adjusted Book Value	7.01	6.03	5.43
Invested Funds	**SPTN (LTM)**	**SPTN (5 years historical a**	**Industry (LTM)**
Total Cash/Total Capital	1.3%	0.0%	11%
Estimated Operating Cash/Total Capital	1.1%	0.0%	N/A
Non-cash working Capital/Total Capital	15.4%	13.2%	-3%
Invested Capital/Total Capital	85.1%	81.6%	91%
Capital Structure	**SPTN (LTM)**	**SPTN (5 years historical a**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.70	0.00	0.23
Cost of Existing Debt	7.64%	5.43%	6.69%





Viacom, Inc.

NASDAQ:VIAB

Analyst: Christian Henderson
Sector: Entertainment

BUY

Price Target: $46

Key Statistics as of 11/26/2016

Market Price:	$37.64
Industry:	Media
Market Cap:	$15,15M
52-Week Range:	$30.11 - 51.36
Beta:	0.96
Dividend Yield	4.3%
Average Volume	4,012,367
Short Interest	3.0613

Catalysts:

- Potential merger with CBS
- Realized gains from the purchase of Argentine broadcaster Telefonica
- Upcoming Blockbuster movie hits
- New chief executive

Company Description:

Viacom is home to premier global media brands that create compelling television programs, motion pictures, short-form content, applications ("apps"), games, consumer products, social media experiences, and other entertainment content for audiences in more than 180 countries. Viacom's media networks, including Nickelodeon, Comedy Central, MTV, VH1, Spike, BET, CMT, TV Land, Nick at Nite, Nick Jr., Channel 5 (UK), Logo, Nicktoons, TeenNick and Paramount Channel, reach over 3.8 billion cumulative television subscribers worldwide. Paramount Pictures is a major global producer and distributor of filmed entertainment. The Company's cash balances were $379 million at September 30, 2016, a decrease from $506 million at September 30, 2015.

Thesis

Viacom is a media conglomerate company that began in 1971 under parent company CBS. It is currently the world's sixth largest broadcasting and cable company. In December of 2005 the company split from CBS and since has been operating as the company it is today. Viacom primarily focuses on distributing television shows and is a subsidiary of Paramount Pictures move company. The company reaches 700 million subscribers in 160 countries of 170 networks. CBS and Viacom are both looking into a possible merger again for the first time in 11 years. This merge will reinvigorate Viacom's value and cause Viacom to currently be a profitable long term purchase. In 2005 when the two companies split, they both saw in immediate increase of more than 10% in opening stock price.

Also, the potential long-term realized gains from the purchased of Argentina's largest media distribution network for $345 million can prove to be a long term growth investment. The emerging markets in Asia and South America are one of the greatest new competitive edges for the media industry. By stepping into Argentina, Viacom can become a leading cable network distribution in the country.

Macro Environment

The macro environment for the media industry is strong. Social, Technological and Legal forces effect Viacom. The social perspectives of certain movies and shows will affect how viewers are attracted to the show, such as the controversial attraction level of reality television. Technological forces are the biggest impact to Viacom and its networks because individuals have created websites and pirated DVDs that consumers can use to watch shows and movies on third part websites for free. This takes away from profit because advertisement contracts are a primary source of income for the cable segment. International currency exchange has also dug into profit margins due to weak foreign currency for movie releases.

Industry Outlook

The industry outlook is positive as entertainment is expanding to independent forms of broadcastings, YouTube, Netflix and Amazon and examples. This can pose a problem to Viacom because Netflix and Amazon, for example, do not rely heavily on during show commercials for income. They get their money through subscriptions and can independently develop their own content. Thus far this has not taken too much business away from Viacom and they are expanding into the Argentine cable network so they are still gaining competitive advantage.

Business Model

Viacom is an industry leader in developing new strategies and tools to better serve both our audience and advertisers. At a time when having the latest technology and effectively using data science is critical to success in the industry, nobody has shown greater commitment or greater leadership than Viacom. Viacom operates two principal levels in their business. The cable segment which focuses on at home entertainment cable networks and the theatre segment which includes the blockbuster movie theatre hits. The revenue and financial statements of the media segment is more regular because of the consistency involved. The theatre segment can prove to be more erratic because big hits such as Mission Impossible Rogue Nation that premiered in 2015 can make following years profit margins falsely seem as if they are performing poorly. Viacom in the last year has adopted a strategy to market and target audiences better than ever before. The system is called Viacom Vantage and it is scheduled to use their advertising recourses more effectively to retain viewers to their cable shows. This past April, they introduced Viacom Vantage, an industry-leading ad effectiveness tool with powerful targeting and predictive capabilities that goes far beyond traditional demographic targeting. Vantage gives the company the power to reach the millennial audiences that dominate viewership and that are largely unmeasured by traditional ratings. By integrating proprietary and third-party data, they provide advertisers with a much clearer picture of who they are reaching, so they can customize their message to reach that precise audience. There are several other offerings as well that leverage the 650 million social media fans who follow Viacom properties. These technologies are unique to Viacom and give advertising partners the opportunity to reach customers in a way that no one else can

Porters Five Forces

Intensity of competition

The intensity of competition is high with the companies such as 21st Century Fox, Time Warner, CBS Corporation, Walt Disney Company, Lions Gate Entertainment as all these companies are responsible for the grand majority of televised cable and movies. Viacom has to continue to be innovative to maintain competitive advantage and growth high.

Threat of Substitution

The threat of substitutions is high because piracy is an issue covered in the quarterly reports from Viacom. Piracy is not something that can be fought easily, however Viacom has to provide experience for consumers to prefer to watch entertainment live or in person to make full profits.

Barriers to New Entry

Barriers to New Entry is low to enter the market. Companies such as Netflix, YouTube and Amazon can enter the digital market which is an upcoming sector that has great success. Other websites and apps make it possible for television shows and movies to be available to all types of consumers

Bargaining power of suppliers

Bargaining power of suppliers is quite moderate because cable networks and movies have contracts that can last quite a long time. There also commitment to distribution companies that take a long time to sign and even longer to change.

Bargaining power of consumers

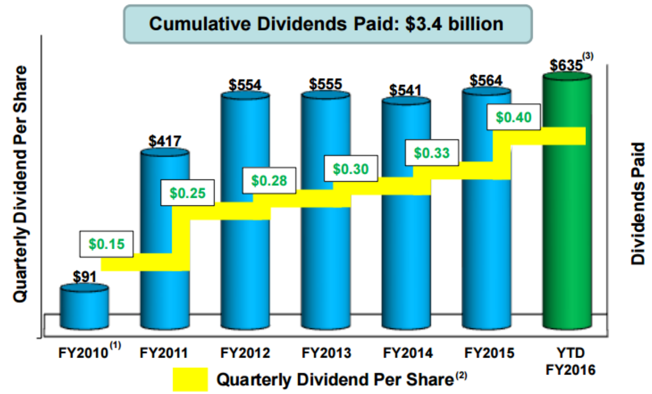
The bargaining power of consumers is high because due to the fact that the media industry is becoming more convenient, Viacom have to make sure the product they are receiving remains competitive so they can maintain their fees and prices.

Product Differentiation

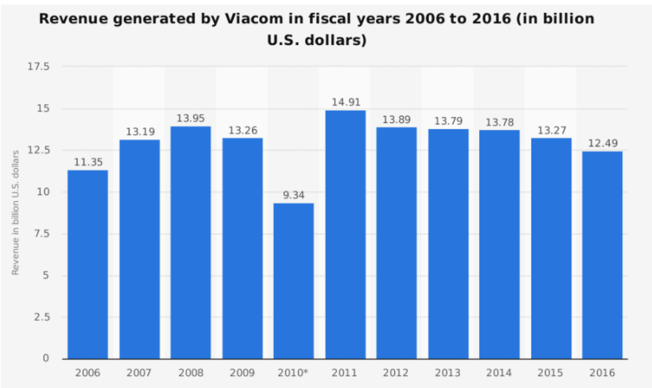
Their products are widely respected and has strong and consistent margins and audience members. However, differentiation is slowly decreasing due to internet and piracy. However, the distribution of media is still a business that will be able to last a long time due to long exiting contracts. In the long-term of this pitch 1-3 years, Viacom will still remain one of the top media companies in the world.

Financials

The financials of a media firm such as this are somewhat normal to be inconsistent because big movies in certain years will be stock drivers and catalysts. In years without such a big hit movie the comparisons between years can be misinterpreted and skewed. The debt versus the cash available to pay off debt does not look promising for the internal operations of the business, however their history shows that have continued to push through and pay dividends more than before.



To be fair and honest, the net income has been decreasing 10-25% for the past 5 years, 2015 has been one of the lowest performing years in the company's history. However, due to the historical success of the company it is an opportunity to invest in this company's stock because it is priced low by the market. However, with a merger and projected Blockbuster hit in 2017 they can make a turn around and become a profitable investment. The company's profit for Q2 were down 71%, and they have established a new interim chief executive in November a 20 year Viacom employee called Robert Baker. Given this new leadership and a range of new opportunities for the upcoming years the company can soon drop to the lowest price drop we will see in years to come.



Valuation

There was difficulty valuating this firm within the proforma statement. This could be due to many reasons such as underperforming revenues in comparison to the revenues accumulated from hit blockbuster movies like Mission Impossible Rogue Nation. Also, the company on a technical analysis can be seen to have stagnant performance and this is why the market is pricing the stock so low. They have high levels of debt due in the next few years and insufficient cash flows thus far.

Catalysts and Conclusion

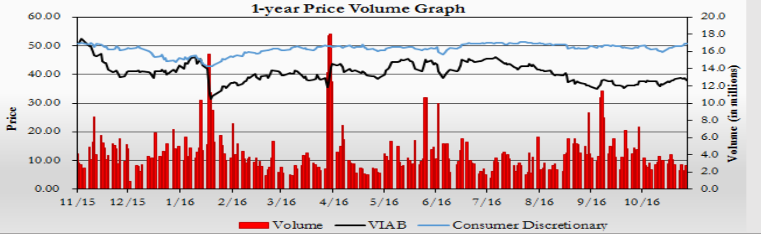
As previously stated the potential with CBS corporation will give the Viacom stock the ability to rise in prices as show in the past. Upcoming movie theatre hits such as World War Z 2, and Transformers sequels if successful as predecessors will be major income statement success factors.
Realized gains from acquisition of Telefonica, will be a catalyst for an increase in stock price. If this proves to be a profitable buy, other emerging market contracts could be in the works, further pushing for Viacom's future success.
For the reasons stated above this is why I believe the stock should be purchased at $35.50 and sold at $42 yielding an 18.31% profit.

Siena Market Line
4th week of November 2016

CENTER FOR GLOBAL FINANCIAL STUDIES

Viacom, Inc. (VIAB) — **NEUTRAL**

Analysis by P.C. Principal	Current Price:	$37.23	Intrinsic Value	$46.00	Target 1 year Return: -18.56%
11/22/2016	Divident Yield:	4.3%	Target Price	$28.74	Probability of Price Increase: 31%



Description

Viacom, Inc. operates as media brand worldwide.

General Information

Sector	Consumer Discretionary
Industry	Media
Last Guidance	November 3, 2015
Next earnings date	NM
Estimated Country Risk Premium	5.65%
Effective Tax rate	32%
Effective Operating Tax rate	25%

Market Data

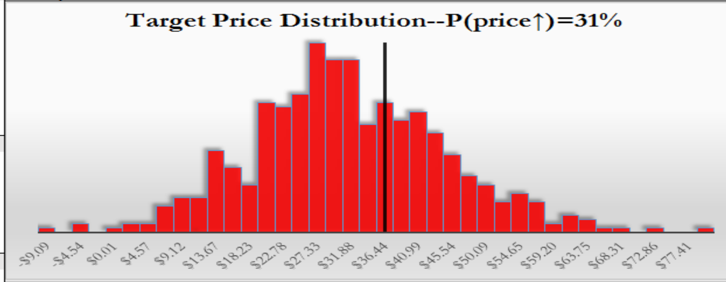
Market Capitalization	$14,989.30
Daily volume (mil)	4.25
Shares outstanding (mil)	396.81
Diluted shares outstanding (mil)	398.00
% shares held by institutions	81%
% shares held by investments Managers	71%
% shares held by hedge funds	4%
% shares held by insiders	0.35%
Short interest	2.87%
Days to cover short interest	2.82
52 week high	$52.42
52-week low	$30.11
Levered Beta	1.34
Volatility	30.11%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/30/2015	-7.25%	-13.05%
12/31/2015	-6.45%	-18.21%
3/31/2016	-4.37%	-9.27%
6/30/2016	-6.86%	-21.75%
9/30/2016	-10.75%	-19.37%
Mean	-7.14%	-16.33%
Standard error	1.0%	2.3%

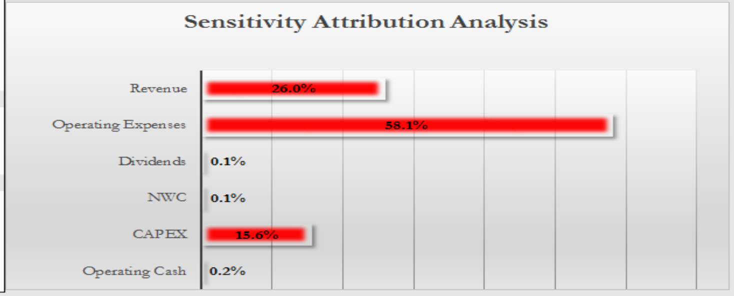
Peers

- Time Warner Inc.
- Twenty-First Century Fox, Inc.
- CBS Corporation
- The Walt Disney Company
- Discovery Communications, Inc.
- Lions Gate Entertainment Corp.
- Live Nation Entertainment, Inc.
- Scripps Networks Interactive, Inc.

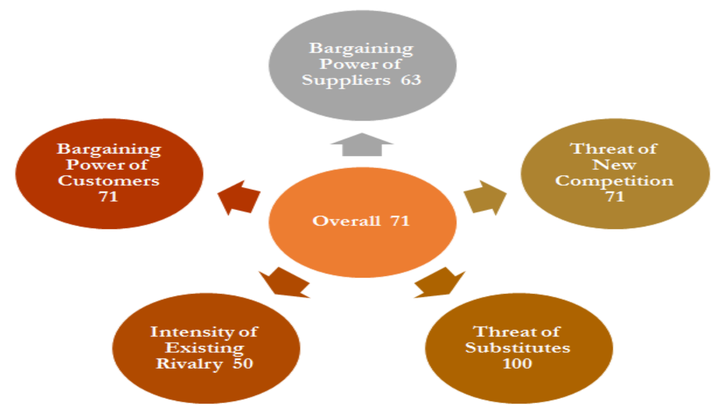


Management	Position	Total compensations growth	Total return to shareholders
Redstone, Sumner	Founder and Chairman Emeritu	-33.13% per annum over 5y	3.93% per annum over 5y
Davis, Wade	Chief Financial Officer and	16.81% per annum over 2y	-26.2% per annum over 2y
Mills, Scott	Chief Administrative Officer	17.62% per annum over 2y	-26.2% per annum over 2y
Fricklas, Michael	Executive Vice President, Ge	0.1% per annum over 5y	3.93% per annum over 5y
Bakish, Robert	Acting Chief Executive Offic	N/M	N/M
Gill-Charest, Katherine	Chief Accounting Officer, Se	N/M	N/M

Profitability	VIAB (LTM)	VIAB (5 years historical average)	Industry (LTM)
ROIC	12.6%	14.75%	10.89%
NOPAT Margin	20%	21.79%	15.6%
Revenue/Invested Capital	0.62	0.68	0.70
ROE	31.8%	28.19%	13.91%
Adjusted net margin	17%	19.03%	13.0%
Revenue/Adjusted Book Value	1.90	1.48	1.07
Invested Funds	**VIAB (LTM)**	**VIAB (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	2.3%	5.6%	8%
Estimated Operating Cash/Total Capital	1.8%	3.8%	N/A
Non-cash working Capital/Total Capital	1.8%	1.3%	0%
Invested Capital/Total Capital	100.7%	99.3%	89%
Capital Structure	**VIAB (LTM)**	**VIAB (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.87	0.47	0.40
Cost of Existing Debt	5.10%	5.40%	4.89%
Estimated Cost of new Borrowing	4.44%	3.84%	4.89%
CGFS Risk Rating	CCC	BB	B
Unlevered Beta (LTM)	0.87	0.96	1.10
WACC	8.01%	8.90%	9.43%



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	-5.9%	20.5%	1.58
9/30/2017	-0.8%	10.5%	0.76
9/30/2018	1.0%	10.2%	0.75
9/30/2019	1.0%	9.8%	0.76
9/30/2020	2.1%	11.4%	0.95
9/30/2021	1.5%	15.3%	1.36
9/30/2022	22.5%	14.8%	1.69
9/30/2023	18.8%	15.0%	2.01
9/30/2024	15.1%	15.0%	2.23
9/30/2025	11.4%	14.8%	2.39
9/30/2026	7.7%	14.4%	2.49
Continuing Period	4.0%	13.9%	2.53

Period	Invested Capital	Net Claims	Price per share
Base Year	$18,775.15	$13,507.63	$81.18
9/30/2017	$18,574.56	$12,557.73	$88.38
9/30/2018	$19,990.53	$10,880.00	$96.28
9/30/2019	$20,204.96	$9,309.69	$104.56
9/30/2020	$20,237.16	$7,569.34	$113.29
9/30/2021	$21,286.59	$5,296.76	$122.42
9/30/2022	$20,813.86	$3,739.22	$132.19
9/30/2023	$19,666.58	$2,102.02	$142.22
9/30/2024	$18,579.08	$105.13	$152.47
9/30/2025	$17,542.57	-$2,349.80	$162.85
9/30/2026	$16,477.58	-$5,082.12	$173.33
Continuing Period			