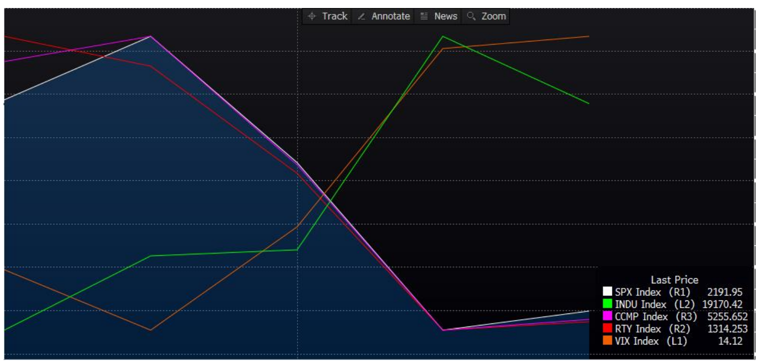
Stock	Buy / Sell	Thesis	Current Price	Target Price
RMD	BUY	ResMed is showing signs of undervaluation and regarding the low level of volume (214,358 with an avg. at 962,623) that indicates that the stock is not highly followed by analysts. The current financials and relative valuation is showing that ResMed is doing considerably better than its peers. The current management of the firm is showing efficiencies namely with the growth and expansion strategy.	$ 59.61	$ 78.55
IRBT	BUY	Reverting back to its core value of consumer robotics has proved to be successful as iRobot sold off its defense and security segment in early 2016, generating nearly an 80% return in share price. Despite trading near all time highs, IRBT is still undervalued as the outlook for future growth seems more than promising. First class products like the Roomba and Braava are going to capture to be strongholds in the growing RVC market in China. Its lack of debt and strategic cash allocation provide room for iRobot to penetrate untapped markets. I am proposing a BUY rating at $55.50.	$ 55.89	$ 67.26
EXAC	BUY	The orthopedic industry is expected to grow significantly in the next 8 years. Exactech has been experiencing double digit sales growth for a few years. Exactech is launching new products expected to reach the market in 2017, and is using its cash to support the launches.	$ 25.40	$ 32.00
MNST	BUY	Monster Beverage Corporation is a rapidly growing company in an industry that has been preforming poorly over the past recent months. MNST is a promising growth stock because the specific subsect of the beverage industry they are in is a rapidly growing one. As well they are beginning to expand internationally with promising early results. MNST has a large portfolio of products, and is constantly growing this portfolio by adding consumer driven products. This growth along with existing ties to Coca-Cola (KO) make them a potential acquisition target for KO. All these factors make Monster a very intriguing growth stock with large upside potential.	$ 44.44	$ 55.00
GRUB	BUY	Operating expenses are a decreasing percentage when compared to revenue growth as the company grows. Competition is clearing the way for the success of Grubhub, as Grubhub remains the cheapest way for consumers to get food delivered. The company is debt free with a free cash flow of $64.2 million.	$ 20.31	$ 27.00

Macroeconomic Overview

U.S. Markets

	Index	Weekly % Change	YTD % Change
SPX Index	SPX Index	-0.44%	7.24%
INDU Index	INDU Index	0.38%	10.02%
CCMP Index	CCMP Index	-2.11%	4.96%
RTY Index	RTY Index	-1.17%	15.70%
VIX Index	VIX Index	7.53%	-22.46%

Domestic Indices lose their steam this week after a 3-week rally. The Dow Jones Industrial Average is the only winner this week up .22% from Monday while the tech heavy NASDAQ and Russell 2000 post losses of 2.11% and 1.17% respectively. Strong performance of the bank, energy, and healthcare stocks that make up the Dow outperformed the market as investors are favoring riskier equities with lower sensitivity to interest rates and inflation. OPEC coming to an agreement to cut oil production drove WTI Crude over $50/barrel giving stocks in the energy sector, specifically those involved in oil exploration and production, an 11% boost. There are mixed opinions on whether OPEC will actually be able to execute the production cut and what affect non-OPEC members will have on the supply of crude oil. The domestic economy has seen modest growth per the FED's release of the Beige Book. Highlights include favorable comments in employment, wages, consumer spending, and banking. Labor markets in most regions has experienced continued expansion while wage growth has begun to accelerate. The Bureau of Labor Statistics posted an unemployment rate of 4.6% in Friday's jobs report driven partially by a decline in the working age population. Consumer Spending also accelerating last quarter, showing signs of an overall improvement in consumer sentiment. In banking and financials, we saw strong commercial and industrial loan growth which is indicative of an economic expansion. The stronger dollar has affected and will continue to effect exports especially to the Euro-zone whose currency is almost on par with the dollar.



	Index	Weekly % Change	YTD % Change
BE500 Index	BE500 Index	-0.12%	-7.97%
SXXP Index	SXXP Index	-0.14%	-7.23%
DAX Index	DAX Index	-0.65%	-2.14%
UKX Index	UKX Index	-1.01%	7.82%
CAC Index	CAC Index	0.40%	-2.33%
NKY Index	NKY Index	-0.04%	-3.62%
SHCOMP Index	SHCOMP Index	-1.01%	-8.34%
SZCOMP Index	SZCOMP Index	-1.99%	-9.72%

Europe

Most indices end the week a bit lower despite several indications of an improving Euro-zone.

Euro-zone politics seem to be the cause of the downward pressure with UK Supreme Court's hearing on Brexit happening in the coming week and Italy's constitutional referendum vote add uncertainty in the Euro-zone. Also, the growth outlook for the U.S has spurred Euro-zone investors to take capital out of European equities and into more favorable U.S equities. Inflation rose by 600 basis points in November signaling a slow growth in consumer prices. A decrease in unemployment has surprised analysts at 9.8% down from previous estimates of 10%. Struggling with slow growth, the ECB is expected to continue with quantitative easing into next year in attempt to stimulate faster growth.

Asia

China

In attempt to manage the depreciating Yuan, the State Administration of Foreign Exchange intends to vet capital outflows of $5 Million or more, which is down from the previous threshold of $50 Million, to manage how much is leaving the country. This will most likely effect Chinese companies' ability to acquire other foreign companies.

Japan

Japanese Stocks continue their general upward trend since the U.S election although recent economic data was mixed. Retail sales rose by 2.5% from the previous month signaling growth in consumer spending. Household spending from the previous month has slowed its decline possibly representing a changing/ improving trend. Japanese unemployment also a positive signal with joblessness reaching its 20 year low of 3%. Negative rates in Japan have resulted in slow economic improvement into the last quarter of the year.

Commodities

Energy- WTI Crude ended the week up above $51/barrel due to OPEC's oil cap although the longer term outlook is mixed.

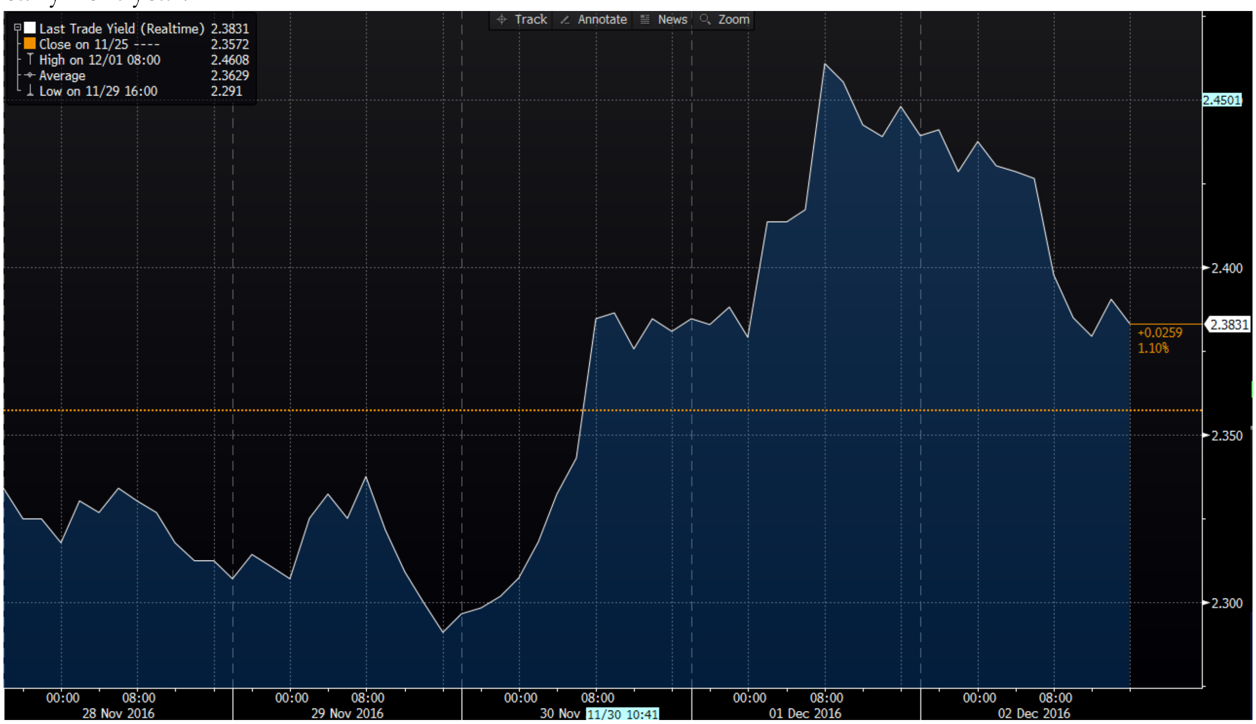
Precious and Industrial Metals- Gold ended the week up from previous at $1,181.30 per oz., Silver also up closing at $16.84 per oz., and Copper down to $262.15 per lb.

Looking Forward

In the upcoming week, we will know which side of the Constitutional Referendum in Italy will come out on top. Also, the UK Supreme Court's hearing on the parliamentary approval for continuing "Brexit" will happen this week. The decision is not expected to be too much of a headwind because many parliament officials commented that they would vote along the lines of the people's decision. In the U.S the upcoming data reports include: International Trade data will come Monday to analyze the trade deficit, the Petroleum Status Report on Wednesday will indicate oil reserve levels, and Jobless Claims on Thursday.

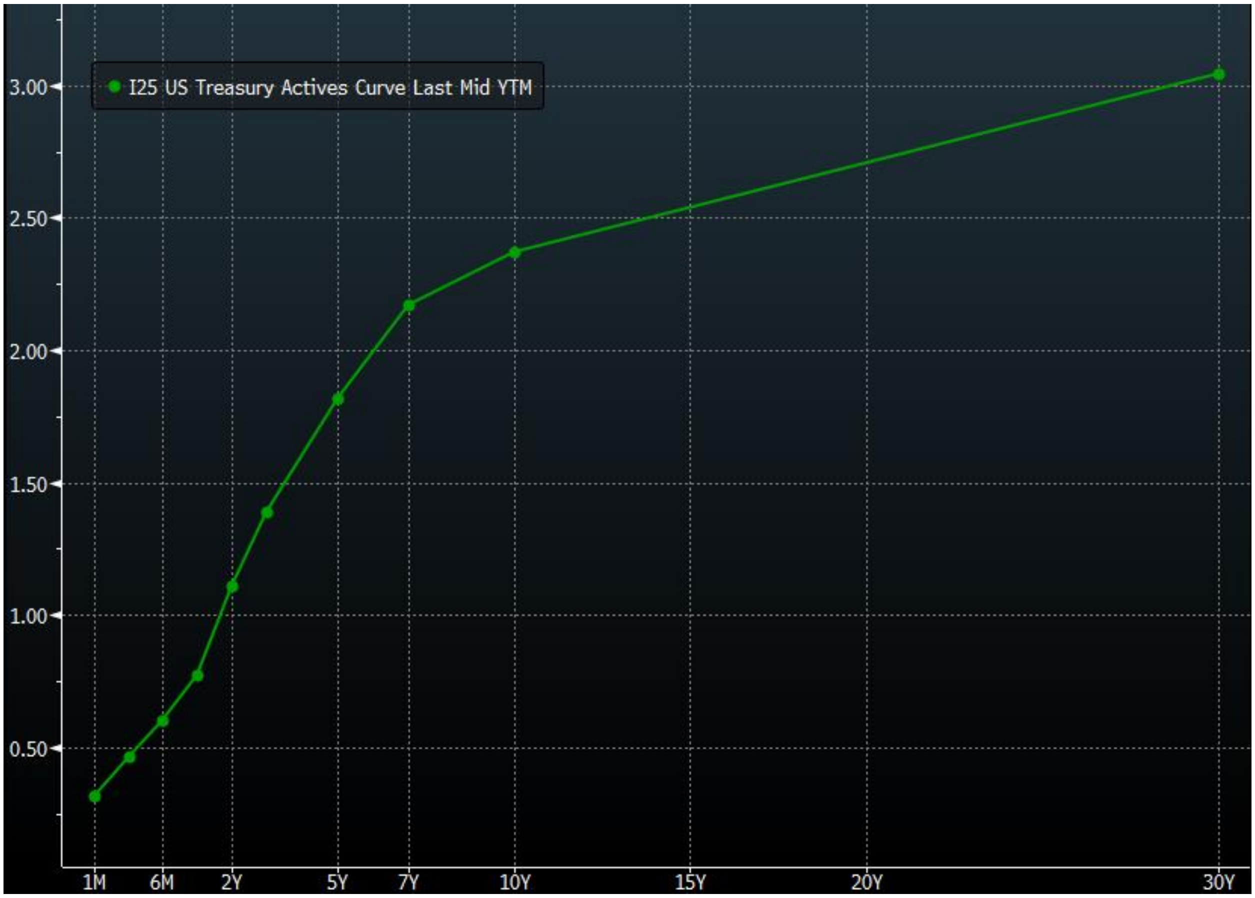
Bond Report

The upward trend of Treasury yields mostly continues despite a dip Friday due to lower inflation expectations from weaker than expected hourly wage growth. The 10-year Treasury yield fell on Friday by .05% to end the week at 2.39%, up from 2.357% in the previous week, while the 30-year ended the week at 3.062%, but the 2-year Treasury yield beaks the trend ending the week .7 of a basis point lower to 1.107%. The current market outlook is that President-Elect Donald Trump's fiscal stimulus including infrastructure spending and tax cuts will cause inflation to accelerate. Thus, the Fed will most likely have to raise interest rates faster to keep up with inflation. Higher inflation reduces the real return of a bond which causes investors to demand a higher yield. Also in the week, a slew of economic data was released most of which indicative of an improving economy aiding in driving bond yields higher. Favorable comments in key sectors including employment, wages, spending, housing, and banking. Factory production and exports may come under pressure in the coming months due to an elevated dollar. The Fed raising rates in December is, at this point, a certainty especially after the most recent economic information; and likely to continue to raise rates early next year.



Key Events and what to look for:

OPEC agreed on Wednesday to cut oil production by 1.2 million barrels in hopes to reduce inventories driving WTI Crude above $50 per barrel. On Thursday, the Fed released the latest Beige Book which indicated modest growth in key areas such as Commercial and industrial loans increasing, higher consumer spending with a shift to online shopping aiding the trend, lower unemployment rate, and wage growth in areas where specialization in critical. Important events coming this week include Italy's referendum vote on Sunday, Service sector PMI on Monday, UK Q3 GDP numbers on Wednesday, and the ECB meeting on Thursday to set rates. Also in the U.S, International Trade data will come Monday to analyze the trade deficit, the Petroleum Status Report on Wednesday will indicate oil reserve levels, and Jobless Claims on Thursday.



ResMed, Inc.

NYSE:RMD

Analyst: Alexandre Thiam
Sector: Healthcare

BUY

Price Target: $78.55

Key Statistics as of 12/2/2016

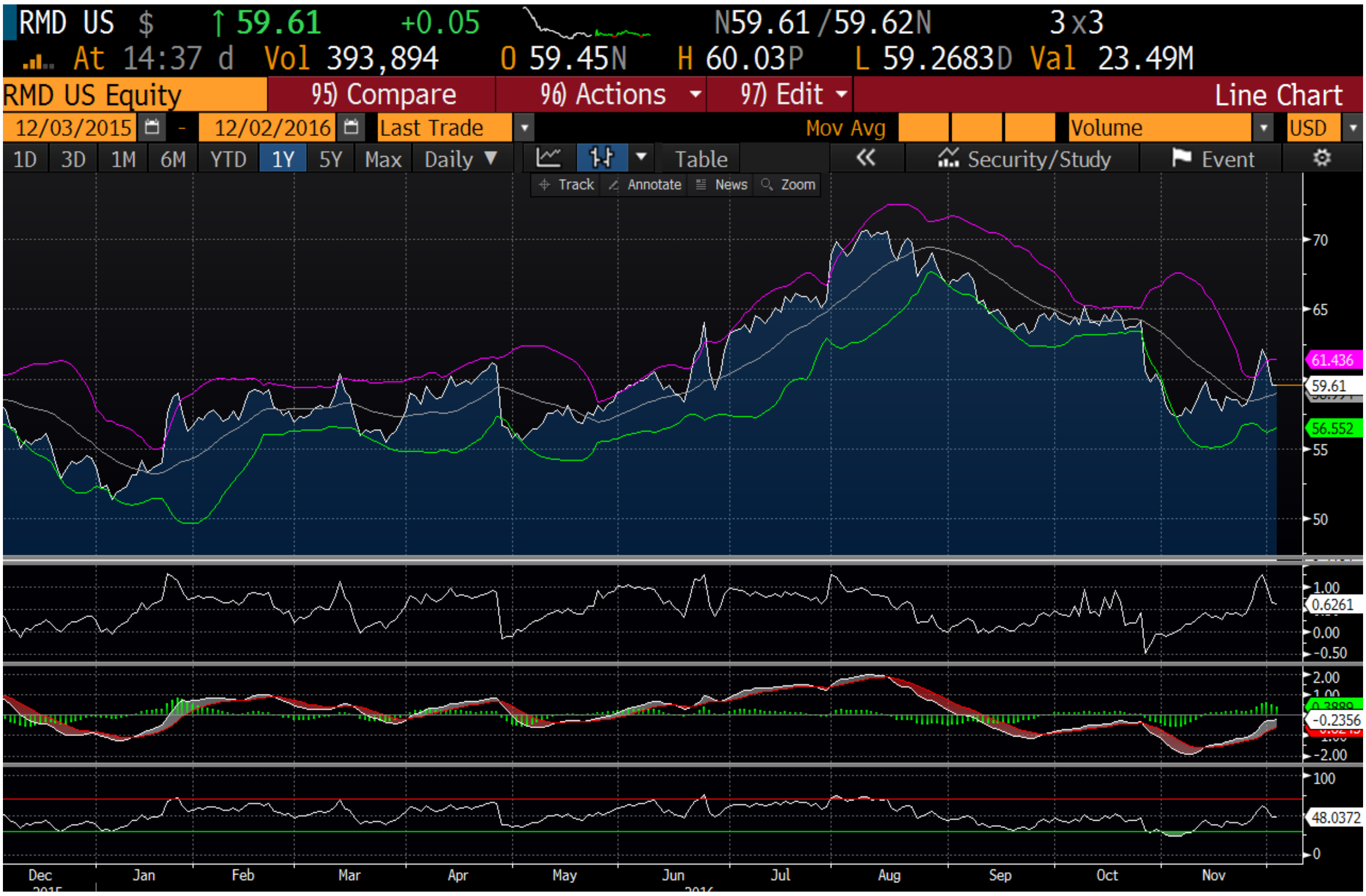
Market Price:	$59.61
Industry:	Medical Appliances/Equipment
Market Cap:	$8.66b
52-Week Range:	$50.77 – $70.90
Beta:	1.06

Catalysts:

- **Short-term**: Clinical trial for CAT-HF
- **Medium-term:** Rising cost of Hospital care
- **Long-Term:** partnerships/acquisition strategy

Company Description:

ResMed was founded in 1989 in Australia by the current Chairman Peter C. Farrell, with the mission to provide a device to treat obstructive sleep apnea. The current CEO is Mick Farrell and was appointed in 2013. The company's headquarters are located in San Diego as the company relocated in 1990 (1 year after its creation). The company is in the Healthcare sector and operates within the Medical Appliances and Equipment industry. ResMed is now a global manufacturer of CPAP masks (Continuous Positive Airways Pressure) and other device assisting people with sleep disorder breathing. The company employs roughly 5,000 people, operates in 100 countries going from Europe to Asia and have revenues of $1.9 billion for a global Market Capitalization of $7.5 billion. The company had its IPO on June 2, 1995 and started to be traded on the NASDAQ at $0.75 per shares (currently traded in the $60 range). The company recorded 4 splits over the course of its trading days and all of them were 2 for 1 splits.

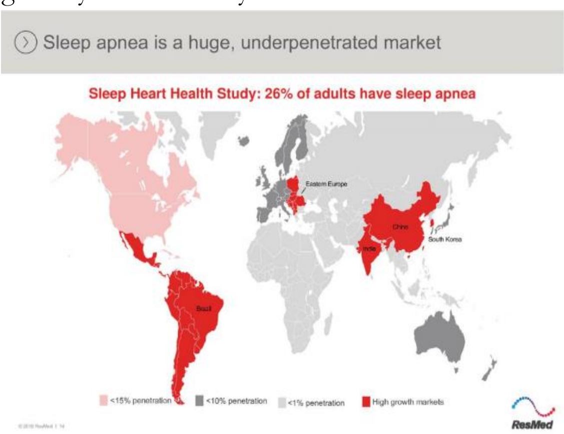


Thesis

- ResMed is showing signs of undervaluation and regarding the low level of volume (214,358 with an avg. at 962,623) that indicates that the stock is not highly followed by analysts.
- The current financials and relative valuation is showing that ResMed is doing considerably better than its peers.
- The current management of the firm is showing efficiencies namely with the growth and expansion strategy.

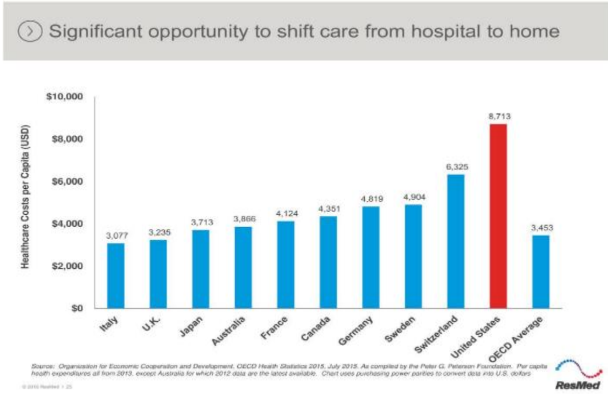
Macro Outlook

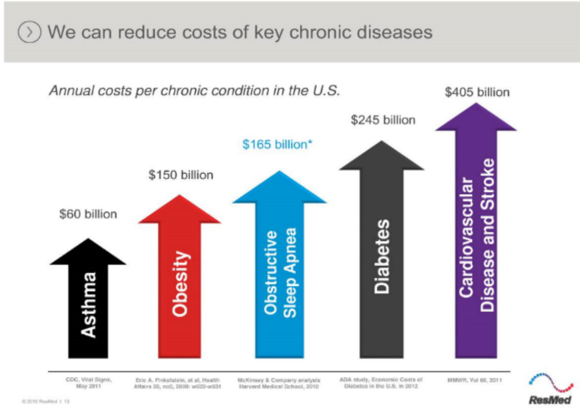
Oxygen therapy is the largest non-drug delivery medical device segment for the treatment of COPD. COPD Chronic Obstructive Pulmonary Disease is a major cause of mortality and obesity. More than 200 million people are diagnosed with COPD throughout the world. 3 million people die each year due to this condition. Lot of undiagnosed people are actually in those growing markets as shown in the map below. Those markets are the primary sources targeted by ResMed and could represent a majority of the company's revenue within the next few years. In India and China, the poor air quality highly contributes to the death of individuals having COPD. According to the World Health Organization (WHO) 11% of the deaths attributed to ambient air pollution were people with COPD. In the U.S. chronic obstructive pulmonary disease are the third leading cause of death, and CEO Mick Farrell said that this handicapping condition was on its way to "achieve the same ranking globally unfortunately".



Business Model

Ultimately, the goal of ResMed is to shift care from hospitals to home. The company's clients are mostly individuals as they are not designing devices for hospital use. ResMed wants to broaden its market by making its products cheaper than usual care given in hospitals. In essence, the company wants to reduce costs, and improve outcomes in other words cheap price and decent qualities. The graph below is showing the average healthcare costs per capita in some of the biggest markets.





Unsurprisingly, the United States which accounts for the majority of ResMed revenues have the highest healthcare care costs. ResMed also has a well-defined growth strategy composed of three steps the CEO Mick Farrell calls "Horizons of growth". The first horizon is "Sleep Disorder Breathing" and represent ResMed core market. This market is still growing (6-7% yearly) but ResMed has actually outperform the growth with a 10% + growth gaining revenues as well as market shares. This market is less than 10% to 15% penetrated which means that there are far more people to be reached in the coming years. For the second horizon called "Respiratory Cares" ResMed is using the cash flow from the first horizon to finance it. It is composed by COPD masks, NMD (Neuro Muscular Disease) and ALS and is said to be a huge multi hundreds million dollar niche for the company. Last but not least the third horizon called "Cardiology and Monitoring". It is oriented towards the customers and chronic disease. All in all, the company uses data collected to enhance its technology. Furthermore, the company is collecting data from the first two horizons to launch the third phase. The last phase is supposed become effective by 2019 (2 years to collect the data). The final goal is to operate a change in healthcare client's behavior to shift from hospital care to in-home treatment.

Products and Innovation

AIR VIEW is a cloud-based system that manages patients with sleep-disordered breathing and respiratory insufficiency. With AirView, physicians, clinicians and care providers can work along efficiently by storing patient's diagnostic, prescription and information in a single, and safe location. The service had over 3 million clients and 2 million + connected at home, 200,000+ diagnostic test up in the cloud 1000+ sign up for 'My Air".

My Air is an "online support program and app that is included with any ResMed Air10™ device and automatically sends your CPAP machine data to your computer or smartphone." It reduces unreached clients by 87% and increase new patient setup by 55%, it also saves labor cost. The service already counts 128,000 clients (2015) and compliance with other medical devices improved by 24%. Company also has other service as I said Air View Diagnostic, Air view, U-Sleep, GoScripts, ReSupply. Overall, the company has over 2 million cloud connected devices liberating data every day.
Concerning innovation, ResMed is considered as the leader worldwide. The company has really strong R&D expenses with "centers of excellence" across Europe, North America and Australia. The company increased its R&D expenses during the last two quarters of 2016 going from spending an average of $28 million to $34.5 million. It translate the ambitions of the firm on to confirming its leadership its industry. ResMed has more than 5,000 patents in their IP portfolio which gives them a global leadership in innovation as well as market share in the sleep disorder devices market.

Acquisition and Expansion

In 2016, the ambitions of the company's ambition took a 360 turn and this could easily be observed through its aggressive acquisition strategy.

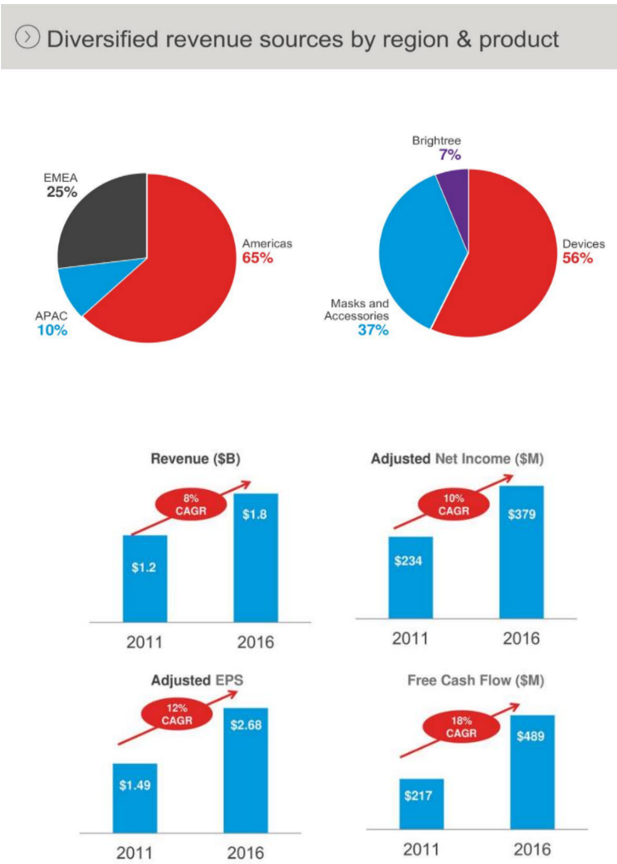
Inova Labs: Long-term oxygen therapy with best in class portability and mobility for COPD patients. The company offers laptop sized ventilators. ResMed acquired Inova Labs earlier this year on January 11 2016 but the terms of the deal were not disclosed. CEO of the firm Mick Farrell stated Inova Labs could generate an additional $500 million in annual sales "We are excited to expand our offerings and solutions for the global COPD epidemic and to progress even more swiftly toward our ResMed goal of improving 20 million lives by 2020. With the acquisition of Inova Labs, ResMed is delivering on its commitment to find further ways to improve the quality of life for tens of millions of people as they deal with COPD, this chronic, progressive disease that literally takes patients' breath away when untreated."

Curative: On October 7, 2015 ResMed acquired Curative China's leader in Respiratory Care. Again, the financials terms of the transaction were not disclosed but the firm is supposed to considerably boost growth in that country as well as local partnerships. ResMed acquired Curative in order to **preserve** its positions in China as they were already the two market leaders. Secondly, the company wanted to **strengthen** its position by enhancing local R&D. Thirdly, ResMed wanted to **grow** by investing in growing markets and increase market shares. ResMed believes that Curative will retain product manufacturing, sales and Research and Development in China.

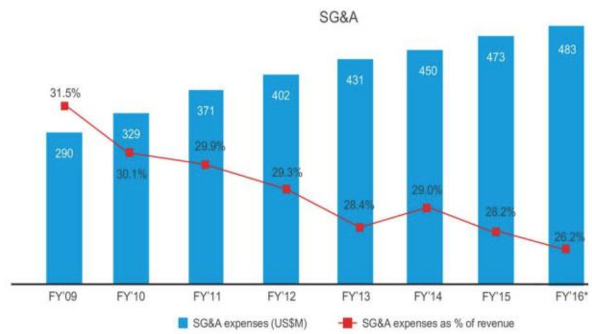
Brightree: In February of 2016 ResMed acquired the leading company in the connected healthcare solutions for approximatively $800 million. ResMed will primarily fund this acquisition with debt, but Brightree's financial are showing promising future results with net sales over $100 and EBITDA of about $43 million. The transaction included $300 million from an anticipated future tax benefit that would impact positively ResMed cash flow in the next 15 years. With the present value of the expected tax benefit, the $800 million invested represent a valuation multiple of 13.5 time 2015 EBITDA. Brightree is expected to increase software growth opportunities as well as enhance efficiencies for customers, providers and payers. Brightree helps customers improve both clinical and business performances of sleep disorders devices. "This acquisition furthers ResMed's position as the leading tech-driven medical device company and gives our customers new tools to help them increase operational efficiency and improve cash-flow while delivering best-in-class patient care," said Mick Farrell, CEO of ResMed.

Financials

To get to understand the company a little bit better, it is vital to know where the firm makes most of its money as well as the geographical opportunities tied to different markets. Revenues by geography are showing that ResMed is making most of its money in the United States with 65% of total revenue, the remainder are generated in the rest of the world (35%) with 8.9% in Germany and 7.4% in France. The company only has one single segment that is Sleep Disorder Products. As I shown on the map above, a consequent portion of the population affected by sleep and pulmonary disorders are outside of the U.S. which means that there is still room for the company in improve in those area and generate more sales.



On paper, ResMed already resemble like a winning company but when looking at the margins and relative valuation, the firm further distinguish itself from the crowd. The company's P/E ratio is at 24.39 which is considerably lower than industry average at 44.98. In regards to the firm's commitment and discipline, this can only show signs of undervaluation. ResMed is a mature company in a market that could continue to grow. The company has 10.66% sales growth slightly lower than average at 16.14% nonetheless the company remains the only blue-chip among its peers with sales growth higher than 10%. EBITDA margin is at 28.05% above the industry average at 21.57%. The operating margin is at 22.97% which roughly shows the proportion of SG&A of ResMed (Data expressed on the graph below).



Summary

Overall, we have seen that ResMed is doing substantially better than its peer and is set to achieve greater results in a near future. The current shape of the market for sleep disorder devices is promising knowing that 10 to 15% is fully penetrated. In other words, 85 to 90 % of opportunities are in front of ResMed said CEO Mick Farrell. Furthermore, the firm is showing signs of undervaluation. Regarding the low level of volume (214,358 with an avg. at 962,623) that indicates that the stock is not highly followed by analysts and I believe that this under the radar giant will soon be under the spotlights.

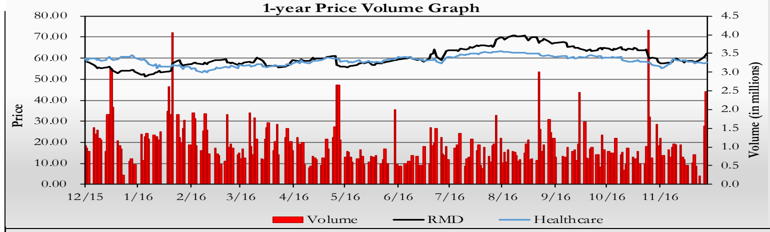
Siena Market Line
1st Week of December

CENTER FOR GLOBAL FINANCIAL STUDIES

ResMed Inc. (RMD) — **BULLISH**

Analysis by Alexandre Thiam	Current Price:	$59.54	Intrinsic Value	$72.36	Target 1 year Return: 34.12%
12/2/2016	Divident Yield:	2.2%	Target Price	$78.55	Probability of Price Increase: 100%

1-year Price Volume Graph



Description

ResMed Inc. designs, develops, manufactures, and markets medical devices and cloud-based software applications that diagnose, treat, and manage respiratory disorders.

General Information

Sector	Healthcare
Industry	Healthcare Equipment and Supplies
Last Guidance	November 3, 2015
Next earnings date	January 24, 2017
Estimated Country Risk Premium	3.84%
Effective Tax rate	25%
Effective Operating Tax rate	26%

Market Data

Market Capitalization	$8,395.91
Daily volume (mil)	0.42
Shares outstanding (mil)	140.97
Diluted shares outstanding (mil)	141.62
% shares held by institutions	74%
% shares held by investments Managers	61%
% shares held by hedge funds	3%
% shares held by insiders	1.24%
Short interest	11.68%
Days to cover short interest	17.10
52 week high	$70.90
52-week low	$50.77
Levered Beta	0.68
Volatility	25.04%

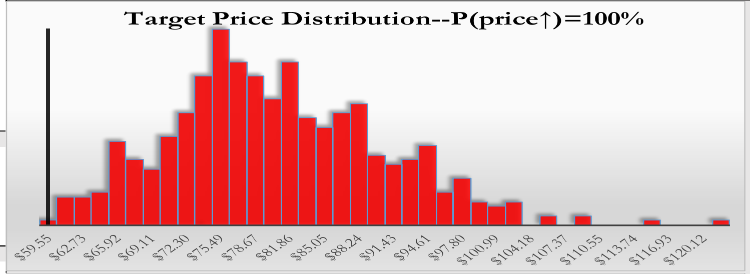
Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/30/2015	-0.81%	-5.42%
12/31/2015	-3.08%	5.15%
3/31/2016	-3.31%	-7.33%
6/30/2016	-2.04%	-0.42%
9/30/2016	-3.97%	-10.45%
Mean	-2.64%	-3.69%
Standard error	0.6%	2.7%

Peers

Teleflex Incorporated
Intuitive Surgical, Inc.
Edwards Lifesciences Corporation
IDEXX Laboratories, Inc.
C. R. Bard, Inc.
Integra LifeSciences Holdings Corporation
CONMED Corporation
Inogen, Inc.

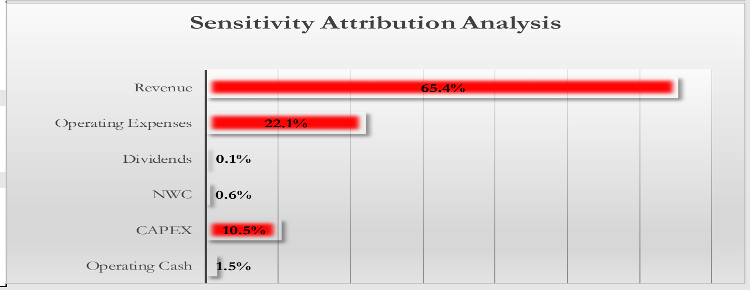
Target Price Distribution--P(price↑)=100%



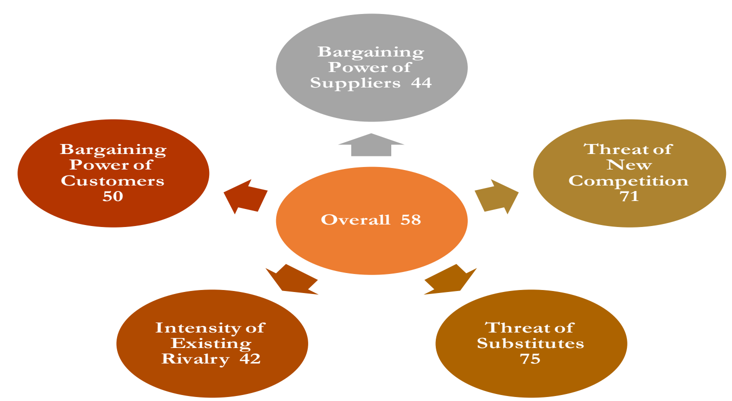
Management	Position	Total compensations growth	Total return to shareholders
Farrell, Michael	Chief Executive Officer and	10.18% per annum over 4y	5.3% per annum over 4y
Douglas, Robert	President and Chief Operatin	15.33% per annum over 6y	1.6% per annum over 6y
Sandercock, Brett	Chief Financial Officer and	1.28% per annum over 6y	1.6% per annum over 6y
Pendarvis, David	Chief Administrative Officer	1% per annum over 6y	1.6% per annum over 6y
Hollingshead, James	President of Americas	-0.31% per annum over 4y	5.3% per annum over 4y
Lacagnina, Frank	Chief Information Officer	N/M	N/M

Profitability	RMD (LTM)	RMD (5 years historical average)	Industry (LTM)
ROIC	18.3%	20.28%	9.72%
NOPAT Margin	23%	26.35%	18.4%
Revenue/Invested Capital	0.80	0.77	0.53
ROE	42.0%	23.61%	11.12%
Adjusted net margin	22%	25.84%	16.6%
Revenue/Adjusted Book Value	1.91	0.91	0.67
Invested Funds	**RMD (LTM)**	**RMD (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	20.4%	26.6%	16%
Estimated Operating Cash/Total Capital	20.4%	25.2%	N/A
Non-cash working Capital/Total Capital	9.7%	12.1%	9%
Invested Capital/Total Capital	66.9%	76.4%	80%
Capital Structure	**RMD (LTM)**	**RMD (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.14	0.08	0.20
Cost of Existing Debt	1.77%	2.95%	3.42%
Estimated Cost of new Borrowing	4.45%	5.29%	3.42%
CGFS Risk Rating	CCC	C	B
Unlevered Beta (LTM)	0.62	0.66	0.77
WACC	6.01%	6.45%	6.74%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	10.7%	22.8%	3.04
9/30/2017	8.7%	23.7%	2.55
9/30/2018	6.1%	23.7%	2.36
9/30/2019	7.8%	24.6%	2.50
9/30/2020	7.3%	24.0%	2.48
9/30/2021	6.9%	23.4%	2.45
9/30/2022	6.4%	23.1%	2.46
9/30/2023	5.9%	22.8%	2.46
9/30/2024	5.5%	22.5%	2.45
9/30/2025	5.0%	22.1%	2.44
9/30/2026	4.5%	21.7%	2.43
Continuing Period	4.1%	21.3%	2.41

Period	Invested Capital	Net Claims	Price per share
Base Year	$1,796.17	$1,419.57	$72.38
9/30/2017	$2,007.78	$1,367.68	$78.11
9/30/2018	$2,261.42	$1,083.91	$84.11
9/30/2019	$2,305.01	$845.62	$89.85
9/30/2020	$2,362.55	$606.25	$95.66
9/30/2021	$2,566.81	$423.28	$101.11
9/30/2022	$2,944.75	$234.15	$106.65
9/30/2023	$3,102.71	$21.91	$112.42
9/30/2024	$3,287.18	-$231.38	$118.53
9/30/2025	$3,466.71	-$550.36	$125.14
9/30/2026	$3,633.38	-$947.15	$132.43
Continuing Period			

Siena Market Line
1st week of December 2016

iRobot Corporation.

NASDAQ:IRBT

Analyst: Justin Capuano
Sector: Consumer Disc.

BUY

Price Target: $67.26

Key Statistics as of 10/21/2016

Market Price:	$55.89
Industry:	Household Appliances
Market Cap:	$1.547B
52-Week Range:	$28.02-$58.17
Beta:	1.10

Catalysts:

- **Short Term:** Holiday spending reports in the US and Asian Countries.
- **Mid Term:** Development of incremental income stream. International expansion plans.
- **Long term:** Strategic Acquisitions. Growth of RVC market. Maturation of advanced new product ideas.

Company Description:

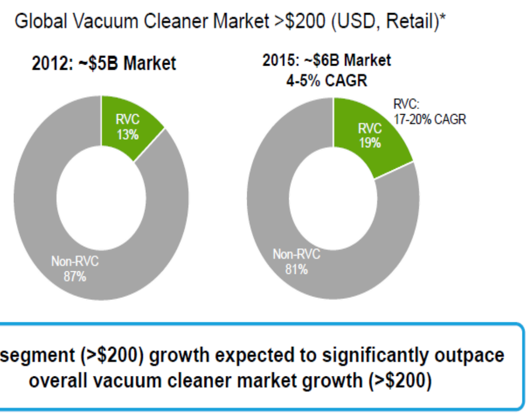
iRobot Corporation is a Bdesigns, builds, and sells industry leading household robots using patent protected technology incorporating advanced concepts in autonomous navigation, mobility, manipulation and artificial intelligence. Its product offerings include: the Roomba , a robotic vacuum cleaner (RVC) line, the Braava Jet and 300, a robotic mop line, the Mirra, the robotic pool cleaning line, and the Looj, a robotic gutter cleaning line. The company sells its robots domestically and internationally through distribution channels including chain stores, national retailers, online direct to consumer store, and value added distributors and resellers. iRobot was founded in 1990 by engineers from the Massachusetts Institute of Technology and is based out of Bedford, Mass.

Thesis

Reverting back to its core value of consumer robotics has proved to be successful as iRobot sold off its defense and security segment in early 2016, generating nearly an 80% return in share price. Despite trading near all time highs, IRBT is still undervalued as the outlook for future growth seems more than promising. First class products like the Roomba and Braava are going to capture to be strongholds in the growing RVC market in China. Its lack of debt and strategic cash allocation provide room for iRobot to penetrate untapped markets. I am proposing a BUY rating at $55.50.

Industry Outlook

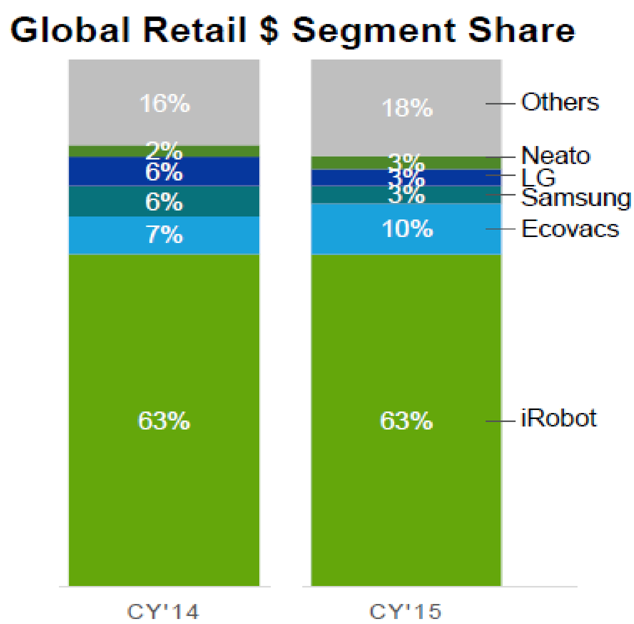
Robotic vacuum cleaners have witnessed a surge in demand in the US and abroad over the past 3 years and the trend is expected to continue as consumers look for alternate ways to effortlessly clean their homes. Many new private firms have entered the market to take advantage of the increase demand and in turn, stealing market share from the mature competition. Firms seek competitive advantages by acquiring and developing proprietary patent protected technology. Further effecting the growth of the RVC industry is the total global market for vacuum cleaners.



The market for vacuum cleaners with average prices over $200 grew by nearly 5% cagr from 2012 to 2015, but the RVC segment of the market grew nearly 20% cagr during the same time frame. RVC proliferation has resulted in gaining market share but normal vacuum cleaners still pose a threat to future growth. Overall, the outlook for the RVC industry is showing an upward trend of growth as technology continues to improve and as companies take advantage of opportunities in emerging markets. iRobot is the only public company whose focus revolves around robotic household appliances. Its direct competitors are private tech firms; Ecovacs and Neato, and arms of giant tech firms that provide a variety of different electronic products such as LG and Samsung. Both groups of competitors do not provide access to financial information about their robotic household products, creating difficulty for comparison purposes.

Leading Market Share

iRobot is currently the number one player in the RVC industry because of the success of its Roomba product line.

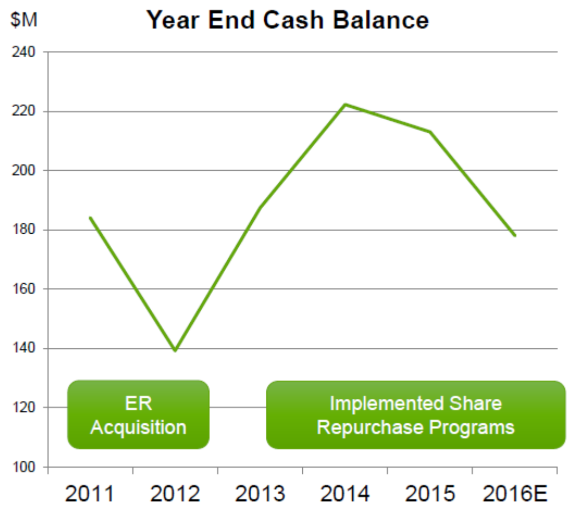


iRobot has easily achieved leadership status year over year by obtaining a 63% market share over recent years and plans to maintain this premier level of market share as they move forward. Despite increasing competition, the Roomba continues to dominate the market because of its strong reputation of reliability, performance, and ease of use. The newest Roomba, the R690 model, is equipped with advanced mapping and navigation technology, cloud connectivity, and intelligent cleaning capabilities that make it superior to other products on the market. New models will feature improved technology and lower price points that will attract a broader customer base.

Capital Allocation

iRobot has successfully maintained its ability to finance its operations without borrowing short or long term debt. This has effectively freed up additional cash that it would not have access to if the company needed to make loan payments. So this begs the question:

How does iRobot plan to allocate its cash balance to deliver returns to its shareholders?



First, lets look at what they did in the past. The graph above illustrates annual ending cash balance, and the major uses of cash over the past 6 years. The dip in 2012 can be attributed to the $74 million all cash purchase of Evolution Robotics that expanded iRobot's technology base and robotic engineering talent. Also, since iRobot does not pay dividends, they implemented a $75 million share buy back program that was completed in Q3 of 2016. These past decisions were drivers of shareholder return over time.

International Growth: iRobot may be the leader in global market share for the RVC industry but it is currently second in class in terms of total market share behind competitor Ecovacs in China. Management is already starting to establish a base for expansion by strategically opening an office in Shanghai to gain a better understanding of the Chinese consumer and to set up teams to have a better control over marketing and distribution. The Chinese market is an attractive source of future growth because management believes that it will take the top spot as the largest global market for consumer robots within the next 5 years. The new Braava Jet was launched in Q3 2016 with positive remarks and we will be one of the main drivers of international growth.

Wet Floor Care Market: The Braava robot will be the main driver for international growth because of the strong prevalence of hard wood floors in Asian countries that require wet mopping. The Braava is the industry leader in terms of wet floor care robots due to a lack of competition, but is still in its infant stage of marketing. Management ramped up marketing and advertising spending in Japan to increase demand for the product after its early 2016 launch. As of today, the BraavaJet 240 is the top selling robotic cleaner in Japan, and the Braava 380 takes second place. The popularity in Japan serves as a launching pad for the products acceptance in China. Also, the Braava provides a tremendous opportunity for an additional source of revenue because of the proposed launch of consumable cleaning pads. The BraavaJet is the first iRobot product that will use a consumable model, offering 3 types of interchangeable cleaning pads for wet mopping, damp sweeping, or dry sweeping. After only 6 months in the Japanese market, customers are purchasing around 3 boxes of pads per BraavaJet robot. This will provide a safe and easy revenue stream in the future as the BraavaJet becomes more popular, and as the consumable model transfers to other iRobot products.

Acquisitions: Since 2004, iRobot has partnered with Sales on Demand Corp (SODC) to distribute its products in Japan. However, on November 21, 2016, the company bought out the distribution arm of SODC in a $14-$16 million all cash deal that will close in April 2017. iRobot believes that the acquisition will give them more control over its Japanese operations and will generate over $20 million of revenue in 2017 alone while increasing its presence in the Asian market.

The company does not hesitate to look outside of its own operations to grow revenues and new product lines. Management is currently in the planning stages of launching a robotic lawn mowing product. Many small tech firms with the proper technology exist while iRobot has the cash on hand to purchase the new technology if it does not create it internally.

SIENAcollege

Financial Snapshot

iRobot's financial overview is displayed in the table below and will not be compared to competitors due to a lack of accessible information.

IRBT	2013	2014	2015	LTM from 10/01/2016
Revenue Growth	11.70%	14.20%	10.80%	14.90%
Gross Margin	45.40%	46.30%	46.80%	47.30%
Operating Margin	8.10%	9.80%	9.90%	10.10%
SGA Margin	25.30%	24.30%	24.70%	25.70%
R&D Margin	13.10%	12.50%	12.30%	11.90%
Net Margin	5.70%	6.80%	7.20%	7.30%
ROIC	20.0%	19.3%	8.0%	15.4%

Launches of the new versions of the Roomba and Braava product lines in 2016 generated a tremendous returns on the top and bottom lines for the last twelve months. iRobot will continue to display high rate of returns maintains its leading market share and further implements its international strategies, but may see a short term reduction in operating margin as the plans require for increases in S,G,&A and research and development. More boots are needed on the ground at the international locations and new product testing needs to be administered so their technology always outlasts its peers. The marginal negative impact will be short lived because the increase in units sold in China and Japan will increase economies of scale, effectively lowering operating margins and production costs in the mid to long term. iRobot's leading place in the market sets them up for room to grow.

Summary

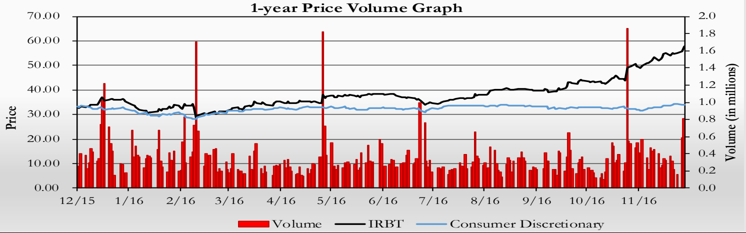
iRobot is in position to ride the upward trend in the household robotics market with their current plans to expand their geographic base in China and Japan. Strategic capital allocation, lack of debt, first class products, and many competitive advantages all show that IRBT is currently undervalued with an intrinsic value of $58.76. The 1 year target price is set at $67.26 and is easily achievable.

Siena Market Line
1st week of December 2016

iRobot Corporation (IRBT) — CENTER FOR GLOBAL FINANCIAL STUDIES — NEUTRAL

Analysis by Justin Capuano	Current Price:	$56.67	Intrinsic Value	$58.76	Target 1 year Return: 19.01%
12/2/2016	Divident Yield:	0.3%	Target Price	$67.26	Probability of Price Increase: 90.2%

1-year Price Volume Graph



Description

iRobot Corporation designs, builds, and sells robots for the consumer market worldwide.

General Information

Sector	Consumer Discretionary
Industry	Household Durables
Last Guidance	November 3, 2015
Next earnings date	February 5, 2017
Estimated Country Risk Premium	4.00%
Effective Tax rate	29%
Effective Operating Tax rate	25%

Market Data

Market Capitalization	$1,530.55
Daily volume (mil)	0.03
Shares outstanding (mil)	27.13
Diluted shares outstanding (mil)	28.73
% shares held by institutions	87%
% shares held by investments Managers	78%
% shares held by hedge funds	5%
% shares held by insiders	3.30%
Short interest	16.03%
Days to cover short interest	12.08
52 week high	$58.17
52-week low	$28.02
Levered Beta	1.60
Volatility	41.55%

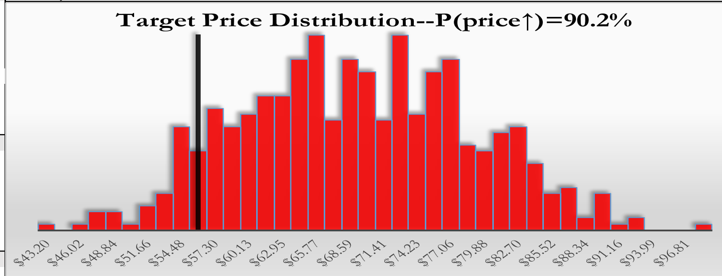
Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/26/2015	-2.18%	16.92%
1/2/2016	0.69%	-25.51%
4/2/2016	-0.23%	2.09%
7/2/2016	-0.87%	-14.54%
10/1/2016	6.72%	10.33%
Mean	0.83%	-2.14%
Standard error	1.5%	7.9%

Peers

- LG Electronics
- Samsung Electronics
- Ecovacs Group (Private)
- NeatoRobotics (Private)

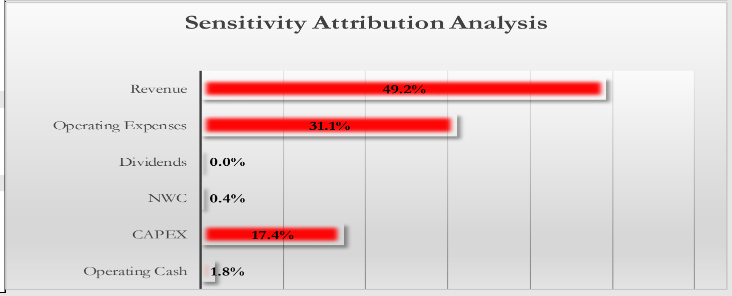
Target Price Distribution--P(price↑)=90.2%



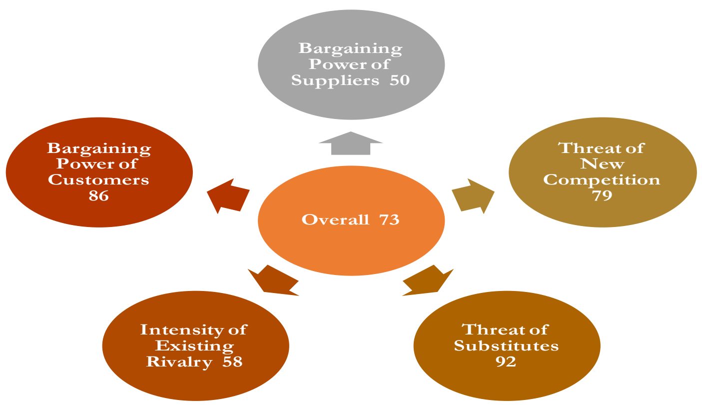
Management	Position	Total compensations growth	Total return to shareholders
Angle, Colin	Co-Founder, Chairman, Chief	-100% per annum over 4y	-6.27% per annum over 4y
Dean, Alison	Chief Financial Officer, Pri	-100% per annum over 1y	1.69% per annum over 1y
Cerda, Christian	Chief Operating Officer	N/M	0% per annum over 0y
Weinstein, Glen	Chief Legal Officer, Executi	-100% per annum over 1y	1.69% per annum over 1y
Campanello, Russell	Executive Vice President of	-100% per annum over 4y	-6.27% per annum over 4y
Caffrey, Elise	Senior Vice President of Inv	N/M	N/M

Profitability	IRBT (LTM)	IRBT (5 years historical average)	Industry (LTM)
ROIC	15.4%	17.18%	10.12%
NOPAT Margin	16%	15.51%	9.4%
Revenue/Invested Capital	0.97	1.11	1.08
ROE	13.6%	14.70%	12.72%
Adjusted net margin	16%	15.35%	8.3%
Revenue/Adjusted Book Value	0.87	0.96	1.54
Invested Funds	**IRBT (LTM)**	**IRBT (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	25.7%	29.0%	11%
Estimated Operating Cash/Total Capital	20.9%	24.3%	N/A
Non-cash working Capital/Total Capital	6.3%	7.1%	35%
Invested Capital/Total Capital	87.0%	83.7%	83%
Capital Structure	**IRBT (LTM)**	**IRBT (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.03	0.04	0.34
Cost of Existing Debt	6.00%	5.29%	3.58%
Estimated Cost of new Borrowing	6.11%	5.43%	3.58%
CGFS Risk Rating	D	C	CCC
Unlevered Beta (LTM)	1.56	1.48	1.02
WACC	10.23%	9.67%	7.57%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	14.9%	15.8%	1.50
10/1/2017	10.2%	14.9%	1.54
10/1/2018	15.2%	15.8%	1.59
10/1/2019	16.1%	15.8%	1.62
10/1/2020	16.3%	15.9%	1.66
10/1/2021	14.6%	15.8%	1.65
10/1/2022	12.8%	15.9%	1.65
10/1/2023	11.1%	15.9%	1.63
10/1/2024	9.3%	15.9%	1.59
10/1/2025	7.6%	15.8%	1.54
10/1/2026	5.8%	15.6%	1.48
Continuing Period	4.0%	15.4%	1.40

Period	Invested Capital	Net Claims	Price per share
Base Year	$319.92	$24.12	$58.65
10/1/2017	$363.11	-$22.94	$67.01
10/1/2018	$470.60	-$115.37	$76.36
10/1/2019	$593.18	-$211.80	$86.36
10/1/2020	$672.22	-$347.37	$98.24
10/1/2021	$686.06	-$454.26	$109.35
10/1/2022	$813.41	-$573.34	$121.05
10/1/2023	$928.14	-$702.77	$133.17
10/1/2024	$1,061.01	-$840.77	$145.53
10/1/2025	$1,214.90	-$984.87	$157.95
10/1/2026	$1,379.17	-$1,132.09	$170.26
Continuing Period			

Exactech, Inc.

NASDAQ:EXAC

Analyst: Audrey Barrucand
Sector: Healthcare

BUY

Price Target: $32

Key Statistics as of 12/02/16

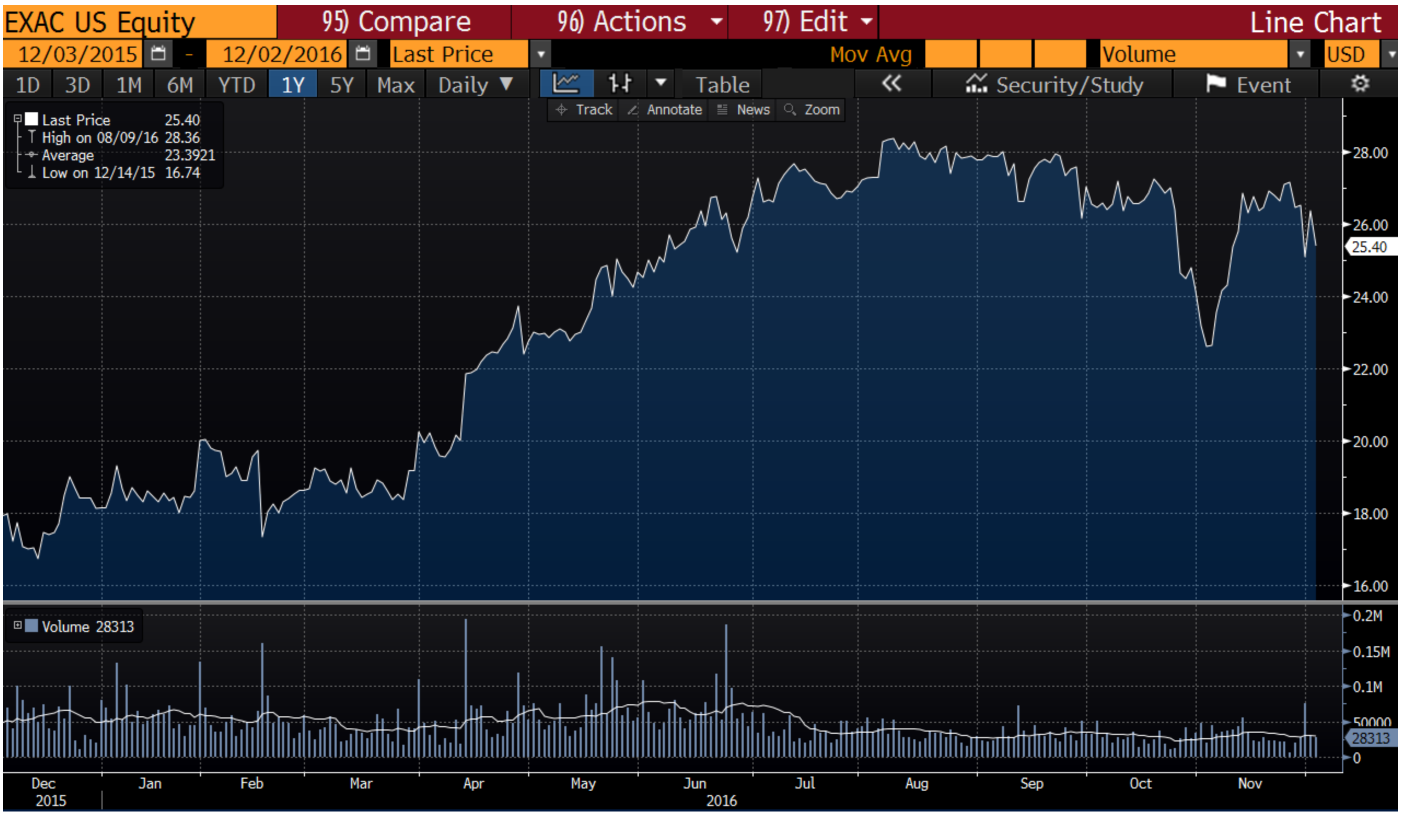
Market Price:	$25.40
Industry:	Orthopedic Devices
Market Cap:	$357.1 M
52-Week Range:	$16.59 - $28.66
Beta:	0.72

Catalysts:

- **Short-term:** currently pending FDA approvals
- **Mid and Long-term:** new product launches and increase in current inventory levels and sales

Company Description:

Exactech develops, manufactures, markets, distributes, and sells orthopedic devices used in the reconstruction or replacement of joints, deteriorated by injuries or diseases such as arthritis. Leading products include devices used for knees, hips, shoulders, spines, and various extremities. Additionally, Exactech provides biologic allograft services to physicians and hospitals in the United States and the rest of the world. Exactech was founded in 1985 by orthopedic surgeon Bill Petty, MD, his wife Betty Petty, and biomedical engineer Gary Miller, PhD.

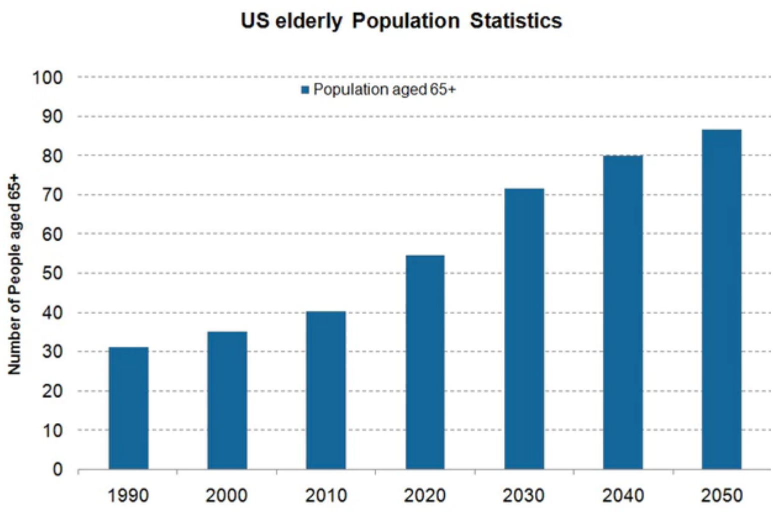


Thesis

- The orthopedic industry is expected to grow significantly in the next 8 years.
- Exactech has been experiencing double digit sales growth for a few years.
- Exactech is launching new products expected to reach the market in 2017, and is using its cash to support the launches.

Industry Outlook

The orthopedic industry is expected to grow significantly over the next years and reach $43.1B by 2024 from the 2015 market value of $29.7B, according to Grand View Research. The biggest drivers of the industry being injuries and diseases, the expected growth and increasing demand for orthopedic surgeries come from the increase in road accidents and sports injuries, and the growing prevalence of orthopedic conditions, such as osteoarthritis and osteoporosis. The products now available in this industry are made of new materials that lead to a higher success rate of surgeries, meaning higher demand. Additionally, the aging population in most of the world, especially in the US requires more hip replacement surgeries, due to more frequent hip fractures.



As for geography, in 2012, the United States dominated the world market, followed by Europe. Looking at 2015, the trend remains with 51.4% of the market in the United States. Additionally, there are plenty of opportunities for Asia Pacific to rapidly expand its market due to its surge in population, rapid industrialization, and rising obesity and bone disorders. China and India are predicted to account for the biggest geriatric population pool worldwide by 2024, therefore aiding in an expected market CAGR of 8.6%.

People

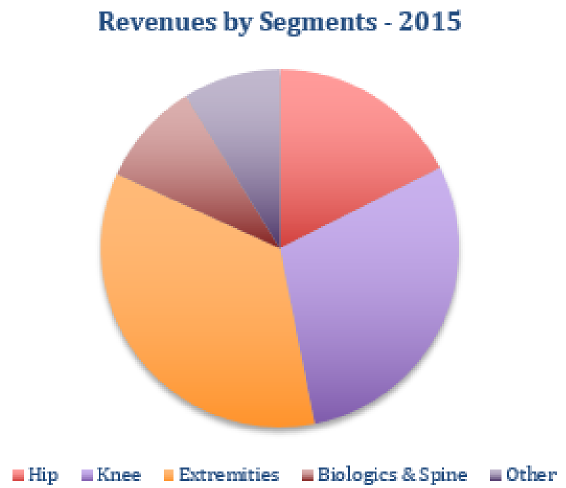
Exactech has been experiencing stable leadership for over 30 years. The company was founded by William Petty, MD, Executive Chairman and Chairman of the Board, by Gary Miller, PhD, Executive Vice President of Research and Development, and by Betty Petty, Vice President of Administration and Corporate Secretary. Dr. Petty is a former orthopedic surgeon and University Professor, and was given an award for Outstanding Research for his book, *Total Joint Replacement*. Dr. Miller is a former University Professor and used to be a consultant to the FDA and to companies such as Johnson & Johnson.

The company' CEO is David Petty, the son of founders Dr. and Ms. Petty. Mr. Petty has been working at Exactech since 1988 and has held various positions in operations, and sales and marketing, before becoming President of the company in 2007 and CEO in 2014. The company's CFO is Joel Phillips, CPA. Mr. Phillips previously held positions in accounting and Management Information Systems. He has been Exactech's CFO for 18 years. This leadership has allowed for the company to grow for 31 years.

Exactech has kept a culture of a family business, while trying to improve the quality of life of its customers. Its strategy is to "create a customer-centric culture that creates customer loyalty", and this strategy has been working so far, since the company has been growing overtime.

Product Segmentation

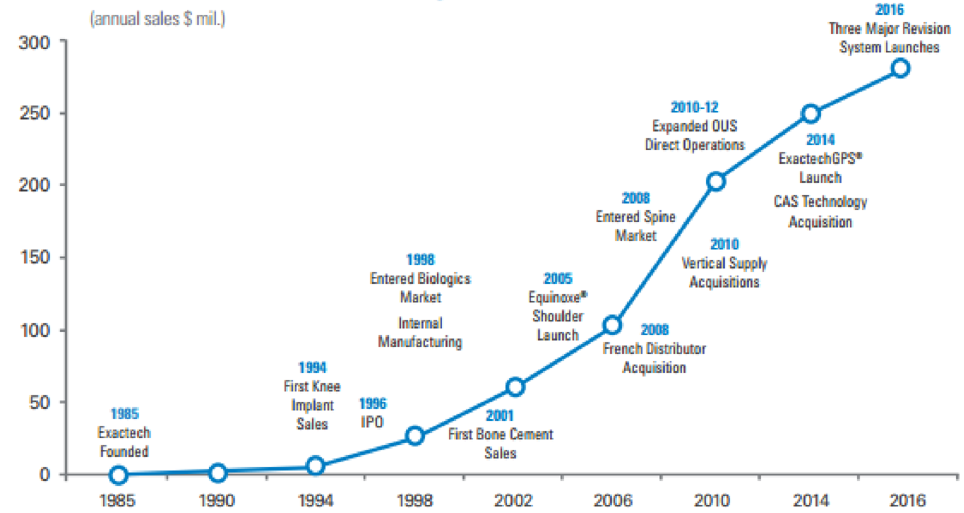
Exactech segments its products in 4 major categories: Hip, Knee, Extremities, and Biologics & Spine. The first three segments have been experiencing double digit growth over the last couple years. Hip has been growing at a rate of 17% and accounts for 17.6% of revenues in 2015. Knee has been growing at a rate of 11% and accounts for 29.3% of revenues. Extremities accounts for 34.9% or revenues, Biologics and Spine for 9.4%, and other products for 8.8%.



The hip segment includes products for hip replacements such as the Alteon Monobloc revision hip stem, which was pilot launched this year. The extremities segment includes the Equinoxe shoulder system for injuries or diseases of the glenohumeral joint, and a highly competitive range of glenoid solutions. This segment includes solutions for shoulder and ankle joints. The Biologics and Spine segment includes products for bone graft and cervical plates. Other products include the dental biologics business.

Track Record of Growth and Further Opportunities

Exactech has had a track record of growth since its creation in 1985. In 2016, it launched three major revision system, for the hip, the knee, and the shoulder joint segments.



These 3 revision stems were launched through a pilot launch to assess how the market received the new products. In Q4 2016 and 2017, Exactech is planning to go through the limited launch worldwide. They will keep the amount of inventory small until demand for the products can be better assessed.

In Q3 2016, Exactech had its first surgery performed with the new Vantage total ankle system, after getting clearance from the FDA earlier this year. The product will be fully launched in the first 6 months of 2017. The company also had its first successful surgery with the next Exactech GPS total shoulder application, which is a computer- assisted surgery system for total joint replacement. The pilot launches of the new products are underway should bring the company revenues next year. These two successful surgeries will help the commercial adoption of Exactech GPS in the first half of 2017.

For the Hip segment, in 2016, Exactech launched its humeral reconstruction prosthesis used for complex and challenging cases of humeral bone loss. Additionally, the company is waiting for FDA approval for its next generation Alteon coated hip stem. FDA approval is expected to be received shortly and the product will be launched in the first half of 2017. As for the Alteon Monobloc revision hip stem, first surgeries are expected to take place in Q4 2017 or Q1 2018, after being fully launched in the first half of 2017, which will bring progressive contribution to sales growth.

For the Knee segment, the revision knee system had its limited launch in October 2016 and is expected to bring meaningful contribution in 2017. The company also made significant investments with launches planned for the second half of 2017.

Looking at the Extremities segment, the Equinoxe product line just welcomed a new short humeral stem which will be pilot launched in Q1 2017, pending FDA approval.

As for the Spine segment, the Pro line of products will be extended in Q1 2017 additionally, the second version of the Acapella anchored cervical interbody, which is a cervical spacer system, will be launched in Q2 2017, as well as the plasma coated Octane lumbar interbody, which will go through a limited launch next year.

Exactech is expanding its various product lines and will be launching many new products next year, with the goal of expanding its operating margin in 2017.

Financials

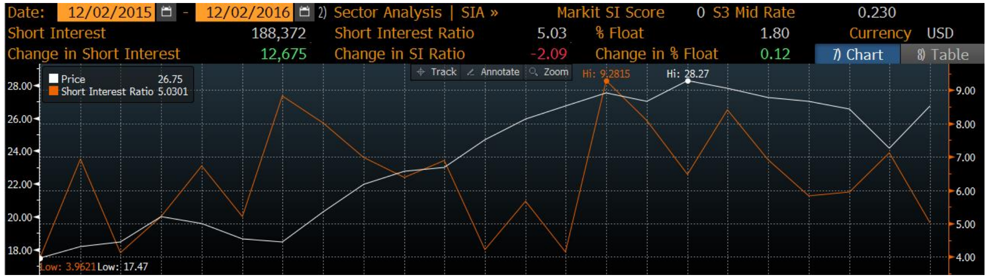
To support all of its launches, Exactech has been using its cash and keeping its debt level low. In 2015, the company had $12.7M in cash and cash equivalents, compared to $10.1M in 2014. Additionally, it had only $16M in debt in 2015, a decrease from $20.3M the previous year. Therefore, the company has a D/E of 7.6%, which is the lowest among its competitors.

Exactech had $241.8M in revenues in 2015 and is expected to have its revenues reach $257.5M this year. In 2015, the company had a gross margin of 69.55%, an operating margin of 9.22%, and a net margin of 6.11%. On average over this year, Exactech spends 61% of its sales on its operating expenses, including 8% on its SG&A expenses, 35% on its sales and marketing expenses, and 8% on its R&D expenses.

Additionally, Exactech has a forward P/E of 20.57 compared to its major competitors median of 25.08. It shows that the company is undervalued and has room for growth.

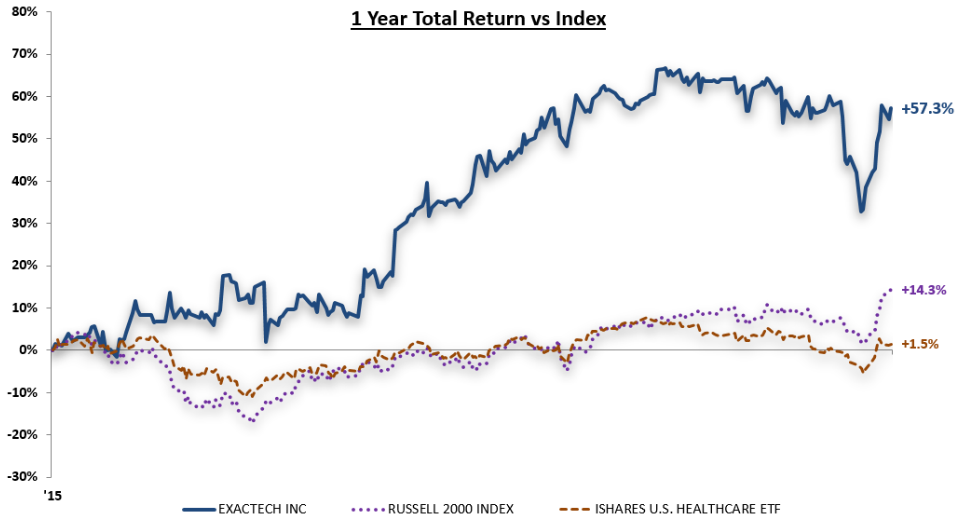
Looking at revenues by geographic location, 69.5% of the company's revenues come from the Unites States and 30.5% come from international countries, which is where a lot of potential for growth can be found.

Additionally, the short interest is at 5.03 on 11/15/2016. It decrease from 7.12 end of October.



Summary

Exactech is a BUY because the company is in industry that has a lot of potential for growth. The company in itself has been experiencing high growth, and is in the process of launching many new products, that will reach the revenue stream within next year. The stock is undervalued and has seen a higher total return than the Russell 2000 and other healthcare companies in the past year.

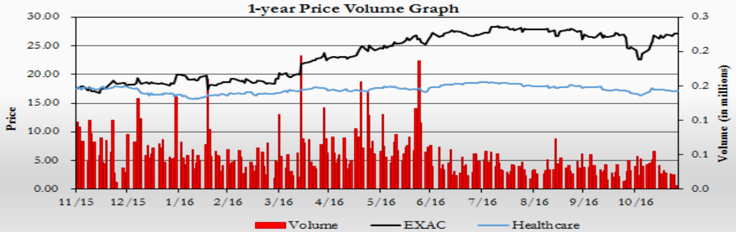


CENTER FOR GLOBAL FINANCIAL STUDIES

Exactech, Inc. (EXAC) — **BULLISH**

Analysis by Audrey Barrucand	Current Price: $25.15	Intrinsic Value $25.22	Target 1 year Return: 22.23%
11/30/2016	Divident Yield: 0.0%	Target Price $30.74	Probability of Price Increase: 98.4%

1-year Price Volume Graph



Description

Exactech, Inc. develops, manufactures, markets, distributes, and sells orthopedic implant devices, related surgical instrumentation, and biologic services.

General Information

Sector	Healthcare
Industry	Healthcare Equipment and Supplies
Last Guidance	November 3, 2015
Next earnings date	February 16, 2017
Estimated Country Risk Premium	7.94%
Effective Tax rate	36%
Effective Operating Tax rate	41%

Market Data

Market Capitalization	$375.90
Daily volume (mil)	0.06
Shares outstanding (mil)	14.18
Diluted shares outstanding (mil)	14.28
% shares held by institutions	79%
% shares held by investments Managers	50%
% shares held by hedge funds	13%
% shares held by insiders	4.32%
Short interest	1.33%
Days to cover short interest	6.28
52 week high	$28.66
52-week low	$16.59
Levered Beta	0.86
Volatility	27.18%

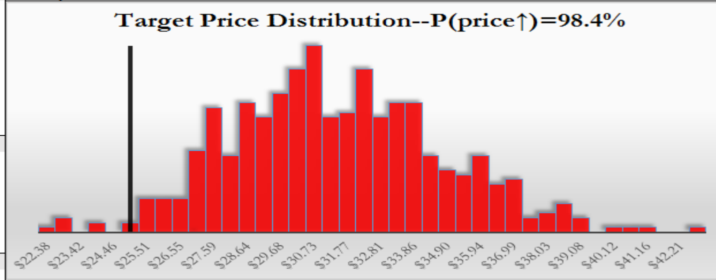
Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/30/2015	0.42%	-13.73%
12/31/2015	1.62%	N/A
3/31/2016	2.04%	N/A
6/30/2016	2.61%	N/A
9/30/2016	0.90%	N/A
Mean	1.52%	-13.73%
Standard error	0.4%	#DIV/0!

Peers

Alphatec Holdings, Inc.
NuVasive, Inc.
Globus Medical, Inc.
ConforMIS, Inc.
Stryker Corporation
K2M Group Holdings, Inc.
Orthofix International N.V.
AngioDynamics, Inc.

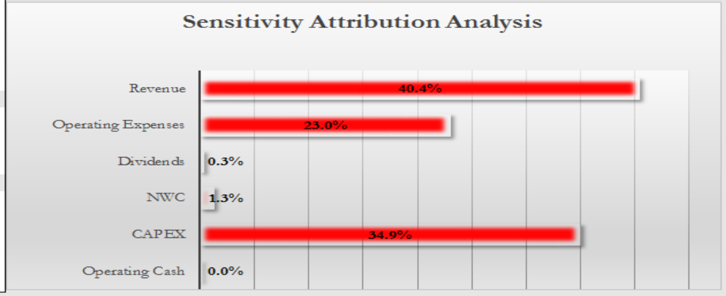
Target Price Distribution--P(price↑)=98.4%



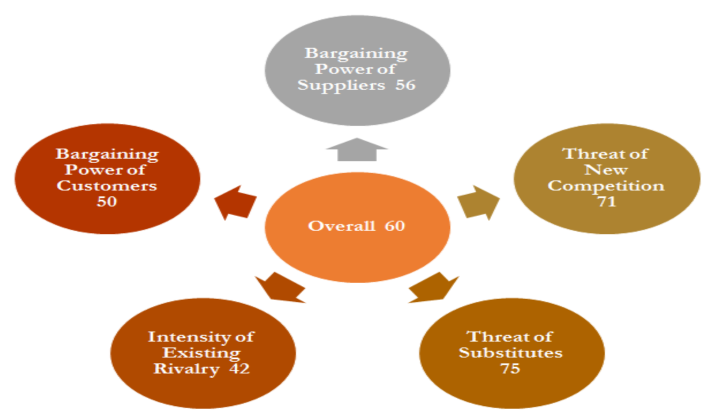
Management	Position	Total compensations growth	Total return to shareholders
Petty, R.	Co-Founder and Executive Cha	-8.09% per annum over 5y	-2.16% per annum over 5y
Petty, David	Chief Executive Officer, Pre	5.89% per annum over 5y	-2.16% per annum over 5y
Miller, Gary	Co-Founder and Executive Vic	1.23% per annum over 5y	-2.16% per annum over 5y
Phillips, Joel	Chief Financial Officer, Exe	5.31% per annum over 5y	-2.16% per annum over 5y
Thompson, Bruce	Senior Vice President and Ge	-1.71% per annum over 5y	-2.16% per annum over 5y
Petty, Betty	Co-Founder, Vice President o	N/M	N/M

Profitability	EXAC (LTM)	EXAC (5 years historical average)	Industry (LTM)
ROIC	6.9%	14.79%	8.66%
NOPAT Margin	12%	18.22%	15.7%
Revenue/Invested Capital	0.58	0.81	0.55
ROE	7.1%	17.88%	9.88%
Adjusted net margin	11%	17.76%	14.2%
Revenue/Adjusted Book Value	0.62	1.01	0.70
Invested Funds	**EXAC (LTM)**	**EXAC (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	2.4%	2.2%	16%
Estimated Operating Cash/Total Capital	1.7%	1.8%	N/A
Non-cash working Capital/Total Capital	19.6%	24.3%	9%
Invested Capital/Total Capital	92.5%	92.8%	80%
Capital Structure	**EXAC (LTM)**	**EXAC (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.09	0.15	0.19
Cost of Existing Debt	5.64%	3.85%	3.42%
Estimated Cost of new Borrowing	4.77%	4.70%	3.42%
CGFS Risk Rating	CC	CC	B
Unlevered Beta (LTM)	0.80	0.87	0.80
WACC	10.07%	9.90%	9.75%

Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	4.8%	11.9%	0.69
9/30/2017	3.2%	13.1%	0.69
9/30/2018	4.0%	12.7%	0.65
9/30/2019	10.7%	12.5%	0.67
9/30/2020	7.7%	12.0%	0.63
9/30/2021	5.9%	14.9%	0.77
9/30/2022	4.0%	18.3%	0.94
9/30/2023	4.0%	18.5%	0.94
9/30/2024	4.0%	18.7%	0.95
9/30/2025	4.0%	18.9%	0.95
9/30/2026	4.0%	19.0%	0.96
Continuing Period	4.0%	19.2%	0.97

Period	Invested Capital	Net Claims	Price per share
Base Year	$236.19	$40.33	$24.74
9/30/2017	$291.44	-$8.56	$30.14
9/30/2018	$356.83	-$57.14	$35.70
9/30/2019	$403.04	-$96.05	$41.61
9/30/2020	$435.98	-$146.24	$48.16
9/30/2021	$479.16	-$207.27	$54.53
9/30/2022	$500.84	-$288.06	$61.26
9/30/2023	$521.48	-$372.82	$68.23
9/30/2024	$555.71	-$461.90	$75.45
9/30/2025	$582.93	-$555.62	$82.93
9/30/2026	$602.48	-$654.07	$90.66
Continuing Period			

SIENA*college*

Siena Market Line
1st week of December 2016

Monster Beverage Corporation

NASDAQ: MNST

Analyst: Eric Crown
Sector: Consumer Goods

BUY

Analyst Median Price Target: $55.00

Key Statistics as of 12/02/2016

Market Price:	$44.44
Industry:	Beverages
Market Cap:	$25.37B
52-Week Range:	$37.69-55.50
Beta:	1.57

Catalysts:

- Potential to be bought out
- Possible adjustment to US tax rate

Company Description:

Monster Beverage Corporation (MNST) develops, markets, sells and distributes energy drink beverages and “alternative” beverages. The company was formerly known as Hansen Natural Corporation and changed its name to Monster Beverage Corporation in January 2012. Monster Beverage Corporation was founded in 1985 and is headquartered in Corona, California. Monster sales its’ products to full service beverage distributors, retail grocery and specialty chains, wholesalers, club stores, drug chains, mass merchandisers, convenience chains, health food distributors, food service customers, and the military. Monster Beverage Corporation has a robust product portfolio consisting of: Monster Energy, Nalu, Monster Rehab, NOS, Monster Energy Extra Strength Nitrous Technology, Full Throttle, Java Monster, Burn, Muscle Monster, Mother, Mega Monster Energy, Ultra, Punch Monster, Play and Power Play, Juice Monster, Gladiator, M3, Relentless, Übermonster, Samurai, BU, and BPM brands.

Thesis

Monster Beverage Corporation is a rapidly growing company in an industry that has been preforming poorly over the past recent months. MNST is a promising growth stock because the specific subsect of the beverage industry they are in is a rapidly growing one. As well they are beginning to expand internationally with promising early results. MNST has a large portfolio of products, and is constantly growing this portfolio by adding consumer driven products. This growth along with existing ties to Coca-Cola (KO) make them a potential acquisition target for KO. All these factors make Monster a very intriguing growth stock with large upside potential.

Industry Outlook

The beverage industry has been underperforming for the past couple of months. This is because consumers are beginning to be more health conscious and avoid sugary unhealthy soft drinks. However MNST operates in the energy drink sub-sect of the beverage industry. This specific sub-sect has not underperformed as much as the beverage industry as a whole. This is because the clients that buy energy drinks are not as concerned about the health benefits but more the ability of the product to provide an extra boost of energy. This is supported by an analysts at Technavio who estimated that the energy drinks market in the United States will grow at a compound annual growth rate of 11.42% through to 2019. It is my belief that MNST is capitalizing on the energy drinks category growth potential.

Competitor COMP.

Before digging into the details it is important to get an idea where MNST stands amongst its competitors.

	ROIC/WACC	ROIC W/O GW	EBITA Margin	WACC	Kd	Ke
MNST:	1.69	25.90%	37.90%	10.50%	3%	10.50%
Competitors:	1.48	24%	17.50%	9.80%	4%	11.40%

As can be seen in the table above MNST is more effective at value creation (ROIC/WACC). This shows us that MNST has an edge up on its' competitors. This advantage stems from a higher ROIC which is the result of an EBITA margin that is much larger than competitors. This being said MNST has a slightly lower WACC than competitors. I would like to see this number be brought down and I believe it will as Monster continues to mature and manages its cost more effectively. The cost of debt and equity are similar to competitors, however once again, I believe with size MNST could bring these down.

Product Mix

MNST has a pretty robust portfolio of products as can be seen in the company description above. The company has a strong energy drinks portfolio, which will position it well in the market to tap the growth opportunities. Besides energy drinks MNST has a number of sports drinks, juices, dairy based drink, and teas. This diversification will help ensure that MNST is ahead of consumer trends and demands. Wells Fargo analyst Bonnie Herzog believes Mutant, Hydro and Café Monster have the capability to sell like hotcakes, combining to realize more than $1 billion in sales over a three year period.

International Growth

MNST currently has a small market share of 15% in the global energy drink market. This means there is ample room for growth potential. A conduit for this growth is the recent partnership with Coca-Cola, under which MNST will have access to cokes international distribution network. This is a huge benefit because coke has a large and established distribution network across the globe. MNST can tap into this to gain quick exposure in international markets, and spark revenue growth. As can be seen on the table on the following page, MNST has grown extremely rapidly, and most of this growth has been domestic. If MNST can translate this growth to the now accessible international markets, there is room for booming growth.

	2015	2014	2013	2012	2011
Unit Case Volume / Sales (in Thousands)					
Quarter 1	57,779	51,926	47,749	44,396	34,681
Quarter 2	68,037	65,587	61,615	57,525	44,272
Quarter 3	81,274	62,204	59,204	54,611	46,277
Quarter 4	67,531	58,563	52,780	46,386	39,431
Total	274,621	238,280	221,348	202,918	164,661
Net Sales (in Thousands)					
Quarter 1	$ 626,791	$ 536,129	$ 484,223	$ 454,605	$ 356,419
Quarter 2	693,722	687,199	630,934	592,640	462,145
Quarter 3	756,619	635,972	590,422	541,940	474,709
Quarter 4	645,432	605,567	540,849	471,517	409,957
Total	$ 2,722,564	$ 2,464,867	$ 2,246,428	$ 2,060,702	$ 1,703,230
Average Net Sales Per Case					
Quarter 1	$ 10.85	$ 10.32	$ 10.14	$ 10.24	$ 10.28
Quarter 2	10.20	10.48	10.24	10.30	10.44
Quarter 3	9.31	10.22	9.97	9.92	10.26
Quarter 4	9.56	10.34	10.25	10.17	10.40
Total	$ 9.91	$ 10.34	$ 10.15	$ 10.16	$ 10.34

MNST has already begin to sell products in Europe, Africa, Asia, and South America. One of the main markets that MNST is focusing on is China. China offers potential for multiple energy drink consumers. MNST has a brand that is very approachable and expectations are it will do well in China. Early reception of MNST products has been very successful in China. MNST launched Monster beginning with Beijing in September and Shanghai and Hunan province in October. Management expect Guangzhou, Shenzhen and potentially other markets to be launched in the fourth quarter and are planning to launch Monster in additional territories in China during 2017. MNST will release its core product (Monster Energy) first in these international markets. Then MNST plans to offer their other products. The potential market in China is a very enticing idea and if MNST can gain brand recognition the growth will be exponential. I believe that this international growth combos with expected industry growth is a two for one in terms of growth potential. Making MNST a very attractive growth stock.

Potential Buyout Candidate

There are a number of reasons why I believe that MNST will be the potential target of an acquisition. This is a key catalyst because it could lead to large returns. This is a very speculative catalyst and is not guaranteed by any means. However I believe the factors that I will address shorty point towards a buyout. Even without this catalyst MNST is still a very attractive growth stock, making this a "cherry on top". I think the primary company that would consider adding MNST to their portfolio is Coca-Cola (KO). Coke has expressed prior interest in buying MNST and bought around 16% of MNST's shares in 2014. This shows there is interest and I believe that the following factors will be enough to make Coke pull the trigger. With the beverage industry performing poorly, and consumers moving away from soft drinks, Cokes growth has suffered significantly. MNST is a rapidly growing company with products that are not as effected by the healthy consumer choices. Adding MNST to their portfolio would provide a source of growth to boost Cokes stagnant performance. Coke and MNST already have established a business relationships with MNST. MNST is now in partnership with Coke using their distribution network. Also Coke bottling helps produce some of MNST products. This is significant because it would be a smooth transition to add MNST to Coke's portfolio because they already do lots of business together. The last factor is a result of President elect Trump. Big American companies such as Coke do much of their sales overseas. Often they choose to leave their money in these international markets. That's because these companies face a higher tax rate if they "repatriate" the money, or bring it back to the United States. If Trump lowers the tax rate as he said he would, Coke could bring this cash to the US. Robert Ottenstein of Evercore ISI wrote that Coke would have about 20 billion dollars worth of cash to bring back to the US. With a market value of 25 billion this extra cash could be the difference of Coke making the acquisition.

Ownership / Short Interest

Ownership and short interest can help give some hints to the market expectation of a company.

Compare Current Stats Against 11/27/16

Institutional - Based on Current Filings

51) Institutional	11/27/16	Curr	Change
11) % of Shares Held	72.82	72.45	-0.37
12) % of Float Held	98.60	98.09	-0.51
13) # of Institutions	873	869	-0.46%
14) # of Buyers	229	232	+1.31%
15) # of Sellers	350	347	-0.86%
16) # of New Buyers	115	113	-1.74%
17) # of Selloffs	88	86	-2.27%
18) % Chg in Inst Positions	-3.03	-3.20	-0.17

Insider - Based on Last 6 Months

52) Insider	11/27/16	Curr	Change
21) % of Shares Held	2.13	2.13	0.00
22) % Chg in Insider Positions	0	0	
23) # of Insiders	11	11	0.00%
24) # of Buyers Opn Mkt	0	0	
25) # of Sellers Opn Mkt	0	0	
26) # of Shrs Bought Opn Mkt	0	0	
27) # of Shrs Sold Opn Mkt	0	0	
28) Avg Opn Mkt Buy Price	0	0	
29) Avg Opn Mkt Sell Price	0	0	

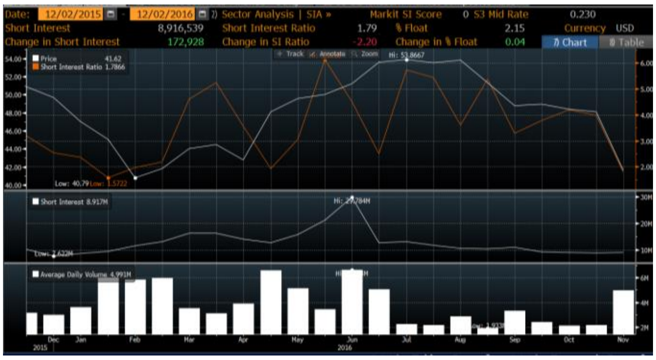
Top Geographic Ownership (%)

53) Geographic	11/27/16	Curr	Change
31) UNITED STATES	90.95	91.02	+0.07
32) Unknown	2.16	2.17	+0.01
33) BRITAIN	1.75	1.76	+0.01
34) JAPAN	1.42	1.29	-0.13
35) FRANCE	0.68	0.71	+0.03
36) CANADA	0.61	0.61	0.00
37) NORWAY	0.58	0.58	0.00
38) SWITZERLAND	0.56	0.56	0.00
39) LUXEMBOURG	0.30	0.31	+0.01

Top Ownership Type (%)

54) Ownership Type	11/27/16	Curr	Change
41) Investment Advisor	59.17	59.49	+0.32
42) Corporation	24.29	24.38	+0.09
43) Hedge Fund Manager	6.91	6.97	+0.06
44) Individual	2.16	2.16	0.00
45) Bank	2.02	2.03	+0.01
46) Pension Fund	1.82	1.83	+0.01
47) Government	1.56	1.43	-0.13
48) Holding Company	1.17	1.17	0.00
49) Insurance Company	0.79	0.42	-0.37

There are two things that jump out from this ownership summary. The first is the high corporation holding of 24%. This is a nice reminder of the interest that Coke has in MNST. The other thing is the institutional holdings. The number of buyers has increased and the short interest is going down, as can be seen on the following visual.



A low short interest is always a promising sign. It shows that there is a good amount of expected upside and that the downside is somewhat limited. A short ratio of 1.79% is extremely low and is more support for a buy.

Financials

ADJ Monster Beverage Corp — Periodicity: 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) Adj Highlights | 12) GAAP Highlights | 13) Earnings | 14) Enterprise Value | 15) Multiples | 16) Per Share | 17) Stock Value

In Millions of USD	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Current/LTM	FY 2016 Est	FY 2017 Est
12 Months Ending	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	09/30/2016	12/31/2016	12/31/2017
Market Capitalization	3,028.7	3,385.3	4,651.9	8,028.9	8,759.6	11,305.5	18,172.7	30,224.0	25,048.7		
- Cash & Equivalents	285.9	346.8	599.5	770.6	319.6	613.6	1,151.5	2,920.0	599.2		
+ Preferred & Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
+ Total Debt	1.0	0.2	0.0	1.1	0.0	0.0	0.0	0.0	0.0		
Enterprise Value	2,743.7	3,038.7	4,052.4	7,259.4	8,440.0	10,691.9	17,021.2	27,304.0	24,449.5		
Revenue, Adj	1,033.8	1,143.3	1,303.9	1,703.2	2,060.7	2,246.4	2,464.9	2,722.6	2,941.1	3,022.2	3,363.2
Growth %, YoY	14.3	10.6	14.1	30.6	21.0	9.0	9.7	10.5	9.6	11.0	11.3
Gross Profit, Adj	538.8	612.3	680.2	894.3	1,065.7	1,172.9	1,339.8	1,592.5	1,847.2	1,908.1	2,161.7
Margin %	52.1	53.6	52.2	52.5	51.7	52.2	54.4	58.5	62.8	63.1	64.3
EBITDA, Adj	167.1	343.2	359.6	471.9	571.2	611.6	793.8	980.6	1,147.3	1,176.3	1,380.5
Margin %	16.2	30.0	27.6	27.7	27.7	27.2	32.2	36.0	39.0	38.9	41.0
Net Income, Adj	108.0	211.2	212.5	285.7	339.5	347.2	496.6	586.8	708.4	739.5	862.6
Margin %	10.5	18.5	16.3	16.8	16.5	15.5	20.1	21.6	24.1	24.5	25.6
EPS, Adj	0.19	0.37	0.38	0.51	0.62	0.67	0.95	1.02	1.17	1.23	1.51
Growth %, YoY	-26.5	101.5	2.2	33.6	21.6	7.7	42.4	7.1	15.0	21.2	22.6
Cash from Operations	199.5	156.2	229.0	333.8	287.7	342.0	585.6	208.0	580.9		
Capital Expenditures	-6.7	-23.6	-12.5	-25.6	-42.9	-40.8	-28.0	-35.6	-766.0	-64.2	-61.8
Free Cash Flow	192.8	132.6	216.5	308.3	244.7	301.3	557.6	172.4	-185.1	558.9	829.4

Not only is MNST an enticing growth stock with upside potential, it also has very sound financials. The first line of interest is the total debt. MNST has a total debt of near zero. This is a good sign because they are not over levered and can perform well and generate enough cash without the use of debt. The earnings margins are high across the board which results in a large amount of cash retained from operations. This cash is held to acquire smaller beverage companies as can be seen in 2016 where the cash equivalents went down. Good margins, no debt, and cash generation; these are all good sign that the expected future growth will translate into value creation.

Summary

Overall MNST is a very enticing growth play. With international growth prospects and a rapidly growing sub-industry MNST is in position for rapid growth. A purchase price of $44.44 MNST is a good price historically to buy in at. The potential of a buy out in the near future could mean large returns. With limited downside illustrated by the low short interest, I believe now is an ideal time to BUY shares.

SIENA college

Siena Market Line
1st week of December 2016

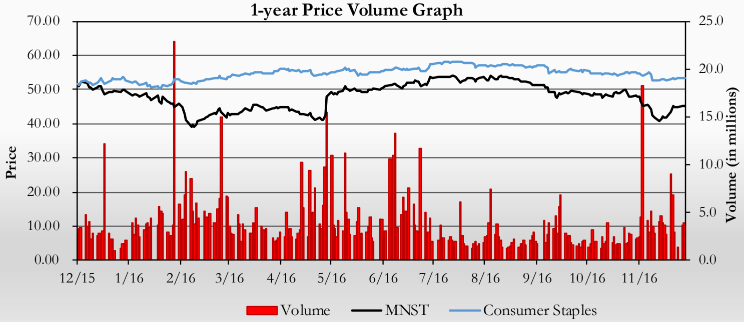
Monster Beverage Corporation (MNST)

CENTER FOR GLOBAL FINANCIAL STUDIES

NEUTRAL

Analysis by Eric Crown	Current Price:	$44.44	Intrinsic Value	$37.32	Target 1 year Return: -6.01%
12/2/2016	Divident Yield:	0.1%	Target Price	$41.74	Probability of Price Increase: 29.2%

1-year Price Volume Graph



Description

Monster Beverage Corporation, through its subsidiaries, develops, markets, sells, and distributes energy drink beverages and its concentrates in the United States and internationally.

General Information

Sector	Consumer Staples
Industry	Beverages
Last Guidance	November 3, 2015
Next earnings date	February 25, 2017
Estimated Country Risk Premium	7.88%
Effective Tax rate	25%
Effective Operating Tax rate	15%

Market Data

Market Capitalization	$25,374.11
Daily volume (mil)	3.08
Shares outstanding (mil)	570.97
Diluted shares outstanding (mil)	609.17
% shares held by institutions	74%
% shares held by investments Managers	55%
% shares held by hedge funds	9%
% shares held by insiders	1.26%
Short interest	1.56%
Days to cover short interest	2.75
52 week high	$55.50
52-week low	$37.69
Levered Beta	0.73
Volatility	34.61%

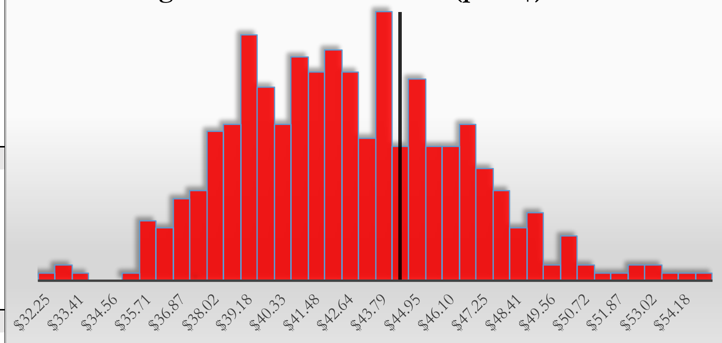
Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/30/2015	-1.80%	7.42%
12/31/2015	-13.01%	-14.73%
3/31/2016	-1.49%	2.48%
6/30/2016	-0.40%	-7.53%
9/30/2016	-5.97%	-13.35%
Mean	-4.53%	-5.14%
Standard error	2.3%	4.4%

Peers

Dr Pepper Snapple Group, Inc.
Coca-Cola Bottling Co. Consolidated
Pepsico, Inc.
Constellation Brands, Inc.
National Beverage Corp.

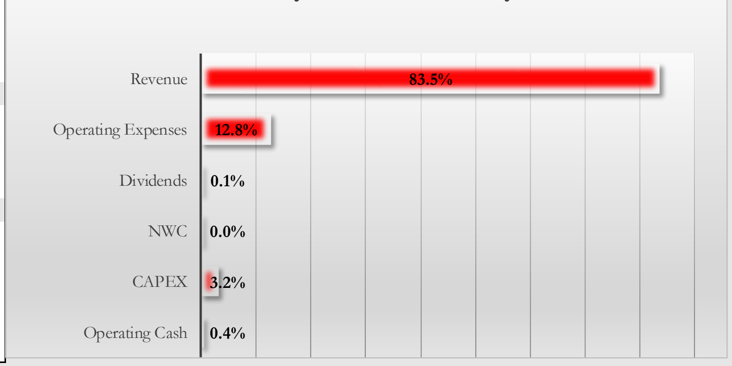
Target Price Distribution--P(price↑)=29.2%



Management	Position	Total compensations growth	Total return to shareholders
Sacks, Rodney	Chairman, Chief Executive Of	72.45% per annum over 5y	13.99% per annum over 5y
Schlosberg, Hilton	Vice Chairman, President, Ch	72.76% per annum over 5y	13.99% per annum over 5y
Hall, Mark	Chief Marketing Officer and	23.75% per annum over 5y	13.99% per annum over 5y
Kelly, Thomas	Senior Vice President of Fin	13.99% per annum over 5y	13.99% per annum over 5y
	0 0	N/M	N/M
	0 0	N/M	N/M

Profitability	MNST (LTM)	MNST (5 years historical average)	Industry (LTM)
ROIC	123.1%	66.63%	14.71%
NOPAT Margin	38%	21.61%	18.8%
Revenue/Invested Capital	3.23	3.08	0.78
ROE	34.4%	43.32%	17.58%
Adjusted net margin	38%	21.54%	16.1%
Revenue/Adjusted Book Value	0.90	2.01	1.09
Invested Funds	**MNST (LTM)**	**MNST (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	15.7%	44.3%	23%
Estimated Operating Cash/Total Capital	8.9%	13.4%	N/A
Non-cash working Capital/Total Capital	12.5%	9.9%	9%
Invested Capital/Total Capital	31.4%	34.9%	72%
Capital Structure	**MNST (LTM)**	**MNST (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.00	0.00	0.23
Cost of Existing Debt	5.99%	12.59%	3.13%
Estimated Cost of new Borrowing	6.14%	11.61%	3.13%
CGFS Risk Rating	D	D	CCC
Unlevered Beta (LTM)	0.73	0.90	0.58
WACC	9.81%	10.49%	8.24%

Sensitivity Attribution Analysis



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

Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	9.6%	38.1%	12.54
9/30/2017	14.0%	31.9%	9.17
9/30/2018	13.0%	32.2%	7.68

Grubhub Inc.
NASDAQ:GRUB

Analyst: Chrsitian Henderson
Sector: Consumer Disc.

BUY

Price Target: $42

Key Statistics as of 12/2/2016

Market Price:	$35.78
Industry:	Leisure/Restaurants
Market Cap:	$3,054M
52-Week Range:	$17.77-44.58
Beta:	1.86

Catalysts:

- Q4 Winter Earnings Report
- Possible future acquisitions

Company Description:

Grubhub is the nation's leading online and mobile food ordering company dedicated to connecting hungry diners with local takeout restaurants. Grubhub was founded in 2004, and Seamless was founded in 1999. In late 2013, the companies merged, and today serve diners and corporate businesses from more than 45,000 local takeout restaurants in over 1,100 U.S. cities and London. The company's online and mobile ordering platforms allow diners to order directly from more than 45,000 takeout restaurants in over 1,100 U.S. cities and London. Every order is supported by the company's 24/7 customer service teams. Grubhub has offices in Chicago, New York and London. Grubhub's portfolio of brands includes Grubhub, Seamless, MenuPages, Allmenus, LAbite, Restaurants on the Run, DiningIn and Delivered Dish.

Thesis

The current status of the company Grubhub indicate that is due for a long term buy. This company is a food delivery company that focuses on providing the service of delivering food from restaurants to consumers' doorstep. The reasons that I believe this stock is a long term buy are listed as follows:

- Operating expenses are a decreasing percentage when compared to revenue growth as the company grows.
- Competition is clearing the way for the success of Grubhub, as Grubhub remains the cheapest way for consumers to get food delivered.
- The company is debt free with a free cash flow of $64.2 million.

With a large free cash flow and no debt obligations, Grubhub has no room for anything but to continue to grow and increase revenues and net income. Being that the company is only on its 3rd year of being traded as a public company and is performing better each year, the stock price should increase. Grubhub is practically in the industry alone and leads it assertively.
My recommended entry price is current price of $35.78 and my exit price is $42 yielding a return of 17.38%.

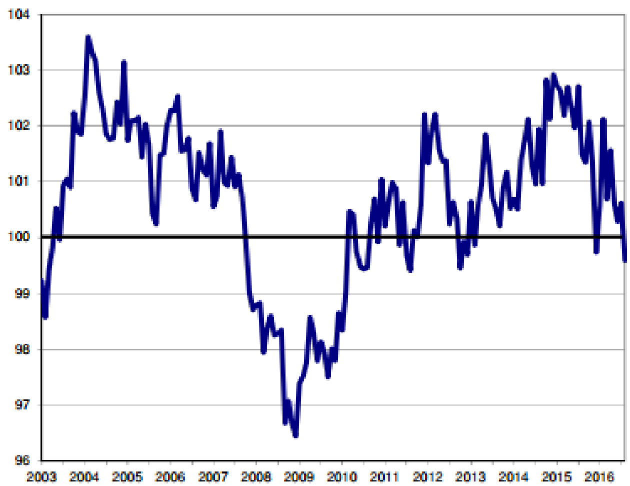
Macro Environment

Minimum wage hikes could mean depressed operating income for restaurants. This may result in decrease in employees and potentially even a raise in prices. However, this can deflate Grubhub's revenue, but they will stay above the curve because they offer a service independent of restaurants performance.
Tax situations that will be determined by the upcoming president will have a forecasted good economic benefit to Grubhub as a corporation and the restaurants that Grubhub services.

Industry Outlook

The Company's geographic reach includes more than 1,100 cities across the United States as of November 2016. The company's largest markets are: Boston, Chicago, Los Angeles, New York, Philadelphia, San Francisco and Washington, D.C. The company also generated a nominal amount of foreign revenues through its U.K. subsidiary.
The RPI – a monthly composite index that tracks the health of and outlook for the U.S. restaurant industry – stood at 99.6 in August, down 1.0 percent from a level of 100.6 in July.

Restaurant Performance Index



Business Model

The Grubhub portfolio of brands includes Grubhub, Seamless, AllMenus, MenuPages, LAbite, Restaurants on the Run, DiningIn and Delivered Dish. All of these subsidies provide the same service. There is an app and website that consumers log into and they can view the restaurants in their local community that use Grubhub as a delivery services. The restaurant typically pays a commission for the order placed through the Grubhub website which is between 5% and 15%, in 2014 the average was said to be 13.5%.
Based on the distance from the restaurant to the consumer the order can either be free or a small fee is charged, depending on mileage and city. Grubhub. Inc also makes money by charging restaurants for appearing higher in the list of selections when a consumers accesses the

website or app. Some restaurants will pay a higher commission if they are placed in the top selections when consumers look to place an order.

Porters Five Forces

Intensity of competition

The intensity of competition is low to moderate. It is low with companies such as Ubereats and Amazon's Food delivery business sector, because this food delivery business sector is minimal and not their main nature of business.. The competitors that CapitalIQ and Bloomberg database have organized are not accurate, because they are websites such as yelp and Zillow that provide online browsing services but not food delivery services. Grubhub states this it competes with paper menus and restaurants own delivery systems. Through increasing orders to businesses they can curb this competition by offering their services as a benefit.

Threat of Substitution

The threat of substitutions is moderate because companies like Blue Apron and Home Chef are in the business of delivering raw ingredients to consumers that can prepare themselves. However, Grubhub consumers order food as opposed to cooking it and at home cooking is moderately threatening to Grubhub. There will always be consumers that desire the ease of access and that may not have the time to cook or learn to cook.

Barriers to New Entry

Barriers to New Entry is high because a lot of capital needs to be raised and contracts need to be made to be able to service restaurants.

Bargaining power of suppliers

Bargaining power of suppliers is high because the restaurants have full control of using Grubhub and can stop using the service after contracts end. The companies can even resort to hiring their own delivery staff if they choose but that can be most costly than the benefits will give. This is an incentive for Grubhub to keep their service fee low and humble.

Bargaining power of consumers

The bargaining power of consumers is high as well because the consumer can choose to call the restaurant directly to place an order or go to the restaurant in person to pick up an order or to dine. This also causes Grubhub to keep their fees low and competitive.

Product Differentiation

As of November 2016, the Company served approximately 7.7 million Active Diners and over 45,000 local take out restaurants. Their service is a mainstream food delivery service that can be compared to the Uber of food delivery. A consumer has a wide selection of places to eat and can choose any one of them, and access restaurants' full menu at the touch of a finger. Very few companies can be compared to Grubhub, especially since Seamless merged with them in 2013.

Competition

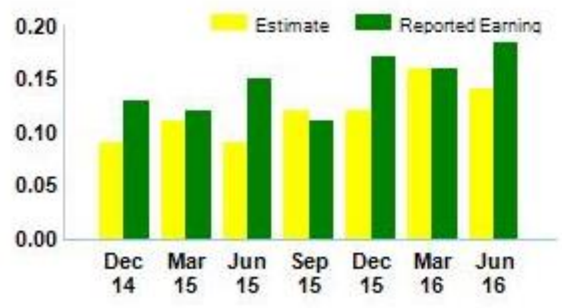
The Company primarily competes with the individual ordering processes used by most restaurants and diners. Consumers use physical menus they picked up from the location or received through circulars or the mail. Or they may be attracted by local or media advertisements. In diners, Grubhub competes with traditional ordering methods by listing numerous diners into the same website which makes it more convenient for the consumer to pick and choose a meal without dealing with the diner directly. For restaurants, Grubhub offers targeted marketing opportunity old fashioned methods handled by individual restaurants. Grubhub offers diners choices, with over 45,000 restaurants to choose form at a low cost delivery and without service or processing fees.

Financials and Valuation

The short interest ratio is relatively low hovering at 5.65. Indicating that the market is hopeful for Grubhub Inc. The ratio given below shows that there is value creation from this company.

ROIC W/O GW		
	History	*LFY*
GRUB	17.2%	17.3%
Competitors		

The financial statements of this company are easy to read because many lines such as debt, inventory and liabilities read zero. The company is generating and growing revenue from providing a quick and easy service that has little risk involved. The have a lot of cash on hand which can be used to make future acquisitions or begin a new product line. They have met or outperformed seven of the last eight earnings estimates.



They even outperformed Q3 earnings reports. Valuing the company using the proforma has proven to be difficult because the company only has 2 years of trading data. However, outcompeting previous quarters in revenue and net income by margins over 40% are a sign that the company is still in its rapid growth phase of business. As the company and operations continue to improve so will its stock price.
Some highlights for the Q3 report:

- ***Revenues:*** $123.5 million, a 44% year-over-year increase from $85.7 million in the third quarter of 2015.
- ***Net Income:*** $13.2 million, or $0.15 per diluted share, a 92% year-over-year increase from $6.9 million, or $0.08 per diluted share, in the third quarter of 2015.
- ***Non-GAAP Adjusted EBITDA:*** $35.5 million, a 65% year-over-year increase from $21.5 million in the third quarter of 2015.
- ***Non-GAAP Net Income:*** $19.9 million, or $0.23 per diluted share, a 73% year-over-year increase from $11.5 million, or $0.13 per diluted share.

Catalysts and Summary

Weather is a big impact to the use of Grubhub, the colder the weather consumers typically dine and order out at restaurants more. Q4 estimates are the highest of the year, and in February if they outperform their stock prices could rise.
There are not current talks of new acquisitions to be made soon, however they have already acquired and merged with many companies based in big cities. Any new acquisition could peak their stock price.
In conclusion, due to the reasons listed throughout, Grubhub is a long-term buy. They are more efficient and have been curbing their operating expenses whilst increasing revenues. There is no competition for Grubhub that will pose any threat to the companies dominate market share. Finally, the company is debt free and can continue to increase free cash flow for the use of new M&A or returning value to investors. Neither of these are in the talk but the high free cash flow and increasing revenue forecasts prove that the company is not performing well and underestimating by the market

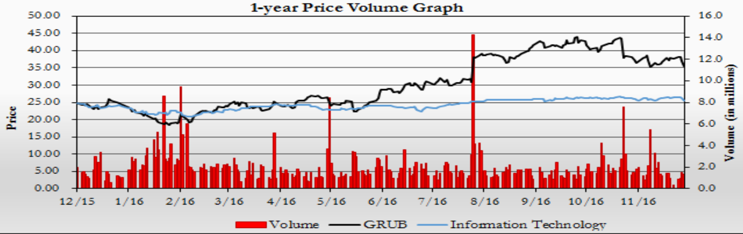
Siena Market Line
1st week of December 2016

CENTER FOR GLOBAL FINANCIAL STUDIES

GrubHub Inc. (GRUB) — **NEUTRAL**

Analysis by P.C. Principal	Current Price:	$35.78	Intrinsic Value	$17.74	Target 1 year Return: -19.69%
12/4/2016	Divident Yield:	0.0%	Target Price	$28.74	Probability of Price Increase: 37%

1-year Price Volume Graph



Description

GrubHub Inc., together with its subsidiaries, provides an online and mobile platform for restaurant pick-up and delivery orders in the United States.

General Information

Sector	Information Technology
Industry	Internet Software and Services
Last Guidance	November 3, 2015
Next earnings date	February 4, 2017
Estimated Country Risk Premium	7.80%
Effective Tax rate	40%
Effective Operating Tax rate	27%

Market Data

Market Capitalization	$3,062.51
Daily volume (mil)	0.64
Shares outstanding (mil)	85.59
Diluted shares outstanding (mil)	85.97
% shares held by institutions	81%
% shares held by investments Managers	62%
% shares held by hedge funds	49%
% shares held by insiders	1.45%
Short interest	13.33%
Days to cover short interest	6.49
52 week high	$44.58
52-week low	$17.77
Levered Beta	1.86
Volatility	0.00%

Past Earning Surprises

Quarter ending	Revenue	EBITDA
9/30/2015	-1.88%	-30.24%
12/31/2015	-0.04%	-18.07%
3/31/2016	-0.50%	-24.86%
6/30/2016	4.05%	-6.43%
9/30/2016	2.03%	-15.72%
Mean	0.73%	-19.07%
Standard error	1.0%	4.1%

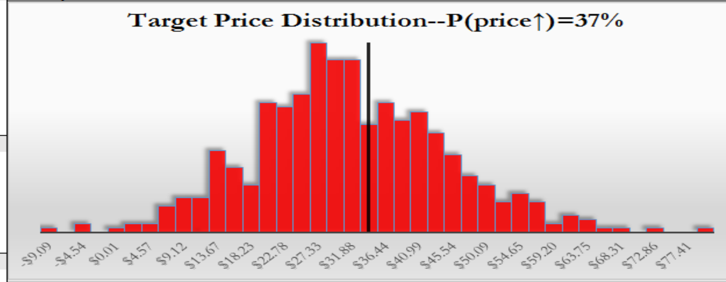
Peers

Yelp Inc.
Zillow Group, Inc.
Shutterstock, Inc.
Angie's List, Inc.
Bankrate, Inc.
Rocket Fuel Inc.
Quotient Technology Inc.
Nutanix, Inc.

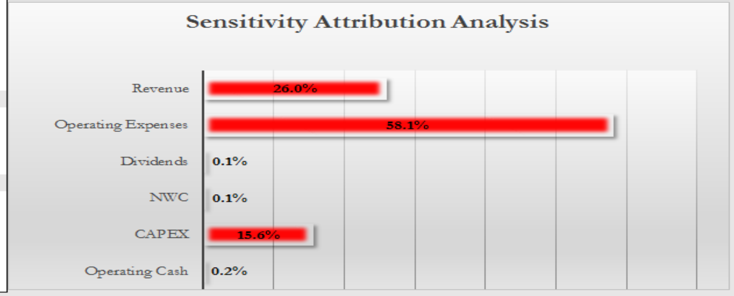
Management	Position	Total compensations growth	Total return to shareholders
Maloney, Matthew	Founder, Chief Executive Off	248.16% per annum over 2y	N/M
DeWitt, Adam	Chief Financial Officer and	154.3% per annum over 2y	N/M
Chia, Stanley	Senior Vice President of Ope	N/M	0% per annum over 0y
Drucker, Margo	Senior Vice President, Gener	134.52% per annum over 2y	N/M
Coppola, Barbara	Chief Marketing Officer	N/M	0% per annum over 0y
Belousova, Maria	Chief Technology Officer	N/M	N/M

Profitability	GRUB (LTM)	GRUB (5 years historical average)	Industry (LTM)
ROIC	13.9%	31.68%	15.07%
NOPAT Margin	26%	51.11%	17.6%
Revenue/Invested Capital	0.52	0.62	0.86
ROE	10.8%	33.25%	16.25%
Adjusted net margin	26%	50.93%	16.6%
Revenue/Adjusted Book Value	0.41	0.65	0.98
Invested Funds	**GRUB (LTM)**	**GRUB (5 years historical average)**	**Industry (LTM)**
Total Cash/Total Capital	23.3%	24.4%	74%
Estimated Operating Cash/Total Capital	3.0%	7.9%	N/A
Non-cash working Capital/Total Capital	-3.0%	-5.8%	-17%
Invested Capital/Total Capital	79.7%	83.5%	41%
Capital Structure	**GRUB (LTM)**	**GRUB (5 years historical average)**	**Industry (LTM)**
Total Debt/Common Equity (LTM)	0.01	0.00	0.09
Cost of Existing Debt	3.88%	3.56%	2.92%
Estimated Cost of new Borrowing	3.71%	3.80%	2.92%
CGFS Risk Rating	BB	BB	BBB
Unlevered Beta (LTM)	1.85	1.00	1.00
WACC	18.34%	11.82%	11.40%

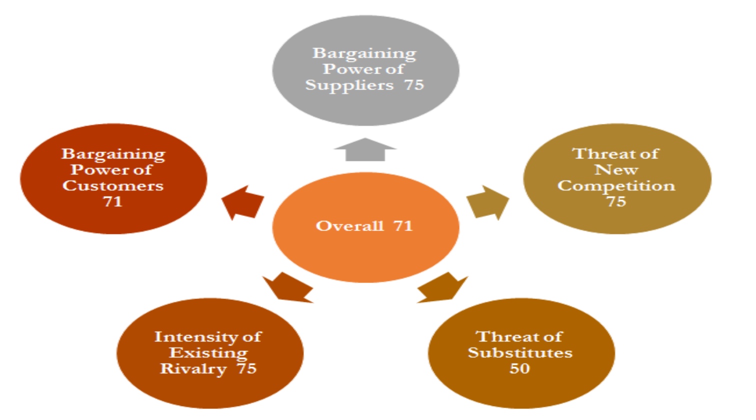
Target Price Distribution--P(price↑)=37%



Sensitivity Attribution Analysis



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



Valuation

Period	Revenue growth	NOPAT margin	ROIC/WACC
Base Year	36.0%	26.5%	0.76
9/30/2017	22.9%	10.9%	0.34
9/30/2018	18.0%	12.2%	0.37
9/30/2019	19.1%	14.1%	0.51
9/30/2020	13.8%	14.9%	0.60
9/30/2021	10.8%	15.8%	0.70
9/30/2022	14.7%	16.3%	0.83
9/30/2023	10.4%	15.9%	0.88
9/30/2024	8.7%	16.1%	0.95
9/30/2025	5.3%	16.4%	1.02
9/30/2026	-74.5%	-43.9%	-0.71
Continuing Period	4.0%	-0.9%	-0.03

Period	Invested Capital	Net Claims	Price per share
Base Year	$166.46	-$227.88	$5.56
9/30/2017	$187.96	-$87.81	$6.65
9/30/2018	$710.44	-$192.94	$8.37
9/30/2019	$809.18	-$312.70	$10.23
9/30/2020	$868.64	-$462.25	$12.14
9/30/2021	$1,014.79	-$643.57	$14.02
9/30/2022	$1,264.69	-$823.61	$15.99
9/30/2023	$1,304.31	-$1,030.96	$17.87
9/30/2024	$1,367.81	-$1,263.32	$19.63
9/30/2025	$1,423.38	-$1,532.56	$21.15
9/30/2026	$1,469.62	-$2,096.77	$19.35
Continuing Period			