



Street Recommendations

Wednesday, May 13, 15

BARCLAYS:

- KMB upgraded to OW from EW - With organic sales growth pacing in-line to slightly better than the HPC peer group and earnings growth that no longer looks more volatile or slower than that of this group
- Z - Maintaining our 2015 pro forma revenue and EBITDA estimates, but lowering our 2016 EBITDA estimate to \$192M from \$224M on account of higher expected marketing spend. As a result, we are lowering our price target to \$90 from \$95

BERNSTEIN:

- IOC - While weaker demand and increased capacity have led to near term negative sentiment on LNG, we remain constructive on the long term outlook and particularly on projects at the low end of the cost curve. We rate InterOil Outperform
- LULU - believe there could be further upside against an easy compare of +1% a year ago but remain cautious given the company's warning on impact from weather and West Coast port delays. We rate LULU Outperform with a target price of \$76
- VRTX - Outside the US we expect delayed approval and then a very limited use for this combination. Longer term we see the Vx661 and triple as having more commercially attractive combinations. We see no reason to change our forecasts, remain MP, \$144

BMO CAPITAL:

- Oil services – downgraded NBR to market perform on limited upside to consensus in 2016, less attractive risk/reward, risk to AC rig mkt share; sees limited downside in oilfield services stocks, pullbacks should be bought, valuation attractive vs SPX index; top picks HAL and CAM
- PRE - believe that this higher offer will be enough to allow Exor to win PRE. We have been critical of PartnerRe's board for the manner in which it went about selling the company, and reading the proxy filed by Exor only goes to validate our concerns

CANACCORD:

- NSPH - NSPH strings together a good quarter amidst strategic review; post 20-1 reverse stock split, raise PT to \$5 from \$1.50; BUY
- Z - Q1 complex but no surprises; model is strong; better momentum in 2016
- PVA - Upper Eagle Ford remains the focus; PT to \$8.50 from \$9.00
- MDW downgraded Hold to Sell
- RGLD init hold and \$72.50
- SLW init Buy

CANTOR:

- EGRX - continue to like EGRX for its Treanda opportunity and catalyst flow and see additional upside associated with its pipeline assets; reit Buy and \$65 tgt
- LGND - reiterate our HOLD rating and are raising PT to \$86 from \$82 following a strong quarter and Selexis portfolio acquisition
- PRSS - 1Q Results Mixed As Turnaround Continues; Maintain HOLD on Lack of Visibility
- AOL downgraded to Sell on the back of AOL's acquisition by Verizon for \$50/sh in an all-cash transaction... believe this transaction could be positive for Yahoo!
- ANTM - are raising our 2015 estimates, increasing our price target to \$150 from \$135, and reiterating our HOLD rating

CITIGROUP:

- Data Networking - Capital spending by the top 7 cloud providers dipped in Q1 falling 18% q/q to \$8.5B yet still grew 28% y/y. We believe spending picks up throughout CY15 as Apple alone needs to accelerate spending in order to meet its FY capex target while cloud SPs are becoming more aggressive and building out their IaaS platforms to support growth

COWEN:

- AEO upgraded MP to OP and raise tgt to \$19 from \$17 as checks indicate strong merchandise execution and believes creative momentum will carry through into the back-to-school and Holiday season

CREDIT SUISSE:

- MCK - With the guidance now in the rearview mirror, and the potential for some embedded conservatism in the guide, we expect the shares to continue to grind higher. We are tweaking our F16-F17 estimates to \$12.50 and \$14.37, from \$12.62 and \$14.51, respectively
- LDOS - remain on the sidelines given uncertainties regarding the timing of 1) LCST contract revenues (currently seen beginning either Q2 or Q3); 2) the Plainfield sale; 3) international security product sales; and 4) the hiring of a new CFO
- BLMN - Trimming 2015E and TP (to \$25 from \$26): Following up from 1Q results, we are tweaking our BLMN model. 2015E EPS moves lower by 1c, to \$1.27, to reflect mgmt.'s implicit 2Q guide-down and a slightly lower full-yr. SSS assumption

DEUTSCHE BANK:

- MSFT upgraded Hold to Buy and up tgt to \$55 from \$44 saying weak PC market sentiment is priced into the stock at current levels while Azure and Office 365 optimism is "just starting" to take hold
- AOL downgraded Buy to Hold on valuation as we see the possibility of other bids being limited
- E&P sector - even with additional 10-20% margin improvement anticipated to roll through estimates, we see E&P's largely reflecting the improved outlook in valuation and see a pause coming in group direction
- IFF - believe IFF is gaining share in the attractive Flavors/fragrances industry due to superior technology, focus on higher growth categories and geographies, and alignment with winning customers and are Reiterating BUY rating and our \$128 target

EVERCORE:

- CRTO init Hold and \$45 tgt

GOLDMAN SACHS:

- AOL upgraded Sell to Neutral

JEFFERIES:

- MGLN upgraded Hold to buy and upping PT to \$78 (25% upside). Since initiating two years ago, we have been patiently waiting for improved revenue visibility on MGLN's two growth initiatives and a better risk/reward profile

JMP SECURITIES:

- CYTK – reit OP and \$14 tgt - Programs overviews at R&D Day point to value-driving milestones in the near and long term
- GDDY - reiterate our Market Outperform rating and \$30 price target on shares of GoDaddy following 1Q15 earnings where the company reported better-than-expected results and raised guidance; bookings of \$499 million (+14% Y/Y) came in 2.6% above our projections; revenue of \$376 million (+17.5% Y/Y) came in 1% above our projections

JP MORGAN:

- Strategy: Energy sector upgraded to Overweight, Material sector upgraded to Neutral; downgraded Staples to Underweight and Discretionary to Neutral
- SBGL downgraded Neutral to UW
- DRD upgraded Neutral to OW
- GDDY - beat and raised. In particular, what stood out to us was the upside in customer additions, bookings, and, most importantly, cash flow.
- FIVN - March quarter results were the best relative to expectations since Five9 has come public and show us that management/sales execution has continued to improve steadily
- H - think Overweight-rated H remains one of the most overlooked names in our gaming and lodging coverage universe and offers an attractive combination of strong managed and franchised fee growth, operating leverage to solid group trends in 2015, and relative value, which we believe offers a positive setup

KEEFE BRUYETTE:

- FSIC downgraded OP to MP

KEYBANC:

- Rail cars - are increasing our estimates on GBX and TRN largely above-consensus for this year and next based on belief that each is well-positioned to benefit from the DOT's recent regulatory pronouncement for tank cars; see the ruling as a positive catalyst for higher-priced tank car orders moving forward, while prospects for retrofit activity appear somewhat more subdued
- Grains - Following yesterday's May WASDE report, believe are closer to a bottom in grain pricing and would expect prices to trend up over the next few years as demand growth catches up with supply. As such, we believe the favorable input cost environment of the last 12-18 months for protein companies and wheat users will likely begin to diminish over the next few years

LEERINK:

- OREX - Maintain OP, lower PT to \$8 from \$11 on increased expense & near-term uncertainty. Dispute with Takeda will likely create an overhang in which investors worry about the health of OREX's key partnership.
- WAGE - believe that the announcement that Towers Watson (TW) has acquired Health Savings Account (HSA) vendor Acclaris will have a minimal impact on WAGE's performance and valuation

MACQUARIE:

- VALE downgraded Buy to Neutral - adjust Vale's estimates to reflect Macquarie's revised commodities price deck and 1Q 2015 financial results
- VZ - feel that VZ paid a hefty price of \$4.4bln for what we believe to be an unproven programmatic ad-tech platform in the nascent video ad-tech space. On the content side, Huff Post is the AOL asset with the broadest consumer reach while Engadget and TechCrunch are more niche brands and the legacy

MKM PARTNERS:

- CTXS - Investor sentiment seemed to be wait-and-see. CTXS' valuation should support the stock, as should the idea that low margins provide fertile ground for improvement, but that improvement may take time and if it doesn't work could be hastened by shareholder activists

PACIFIC CREST:

- MBLY init SW - has a huge technology lead in active safety/autonomous driving, but the stock's valuation reflects what we believe are optimistic adoption scenarios for each with little discounting for future competitive risk
- HDP - Another solid quarter with upside driven by 105 new customers on 99% billings growth shows that Hortonworks has strong legs in the race to outfit enterprises with new Hadoop infrastructure software; raising estimates
- FIVN posted its third consecutive solid quarter as encouraged by the improved consistency and the health of the cloud telephony market; raising estimates

RAYMOND JAMES:

- PRSS - reported softer revenues due to continued softness at the core CafePress.com which declined 20% y/y though better expense control drove EBITDA upside. We believe CafePress remains early in its turnaround efforts and we expect shares to remain range-bound until we see signs of stronger revenues growth and improving margins
- MD - reiterate our Outperform rating and are raising our PT to \$80 from \$78
- NEWR - Reiterate Outperform on NEWR following the company's second straight beat and raise quarter "out of the gate" since its December IPO. Revenue, billings, EBIT, and EPS all beat, driven by large deals

RBC CAPITAL:

- ECA downgraded OP to SP in part due to higher potential returns elsewhere. We have also boosted our one-year target price by \$1 (7%) to \$15 per share
- VRTX – reit OP - Orkambi helps VRTX get to \$5B peak CF sales and visibility on \$10 in earnings power over next few years - using peer multiples of 15-20x gets the stock to \$150-200 with that math. Plus - there's pipeline that could further expand on that with '661 (2-drug combo) or dual correctors (triplet combo) for 30% more pts called heterozygous
- ABY - believe ABY's management team has taken the necessary steps to regain the trust of the market following the sell-off in 4Q14

STERNE AGEE/CRT:

- HUM downgraded Neutral to UW saying speculation about a takeover is "wishful thinking" at current share levels

STIFEL:

- FISH downgraded Buy to Hold

SUNTRUST:

- CCL upgraded Neutral to Buy - firm's cruise line pricing survey observed three consecutive months of strong forward pricing, implying a favorable earnings outlook for Carnival
- SSE upgraded Neutral to Buy

SUSQUEHANNA:

- MLM upgraded Neutral to Positive

UBS:

- GFI upgraded Sell to Neutral

WEDBUSH:

- CRM - Expect Continued Momentum in Headline Metrics; Reiterate NEUTRAL and \$66 PT
- VTAE - Q1:15 Update: Cash Runway Through 2016 Covers Multiple Catalysts; Next in Q2: Preliminary T2D Phase 2 Results; Reiterate OUTPERFORM and \$21 PT
- ARDX - Q1:15 EPS; Well Capitalized Ahead of Key Partnership Decision for Tenapanor
- FMI - 1Q15 Recap - Clinical Volume Soft Again - Pharma Better - Pipeline On Track - Volume Guidance Looks Unrealistic - Lowering PT to \$41 - Maintain Neutral

WELLS FARGO:

- PDM upgraded UP to MP

WUNDERLICH:

- RENT upgraded Hold to Buy after RENT delivered surprise fiscal 2016 sales and adjusted EBITDA guidance collars that were within our estimates, albeit with the upper end of 36-39% sales growth; raise tgt to \$65
- BC - believe BC marine segment is well positioned this year to take advantage of what should be increased boat activity and usage this season, especially from its high-margin engine parts and accessories business, which currently accounts for roughly two-thirds of profits already
- MEMP - believe Memorial Production Partners (MEMP) might have to cut its distributions and lower its cost of capital in order to stay competitive in the M&A market

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Rating abbreviations...

***OP = Outperform

***SP = Sector Perform

***UP = Underperform

***OW = Overweight

***EW = Equal-weight

***UW = Underweight