



# The Cut

**Edition 8**

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**IRF works with 93 Independent Research Providers covering multiple geographies, asset classes, industry sectors and methodologies.**

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## Events associated with IRF

- **[London Value Investor Conference, 25 May, Queen Elizabeth II Conference Centre, Westminster](#)** - Our subscribers are entitled to £180 discount per standard ticket price; enter discount code **LVIC17-THECUT** through the **[buy tickets](#)** page; discount valid until 5 May

## Researchers visiting London in the near future

- **The Retail Tracker** - Consumer & Retail, Marni Shapiro and Mark Friedman, both Managing Partners, **1-3 May**
- **Macro Intelligence 2 Partners** - Global Macro & Trading Recommendations, Julian Brigden, Founder & Senior Analyst, **2-9 May**
- **Hedgeye** - Healthcare, Tom Tobin, Head of Healthcare Practice, **8-9 May**
- **Storm Research** - Japanese Stocks, Rowan Ewart-White, Director, **9 May**
- **Mithra Forensic Research** - European Forensic Accounting Expertise & Short Ideas, Melvin Glapion, **22-23 May**
- **Boyar Research** - US Stocks, Jon Boyar, MD, **22-24 May**
- **J Capital Research** - China Macro, Asian Stocks & Global Shorts, Tim Murray, Managing Partner, **24-25 May**
- **Asianomics** - Global Macro with strong Asia coverage, Sharmila Whelan, Deputy Chief Economist, **31 May-1 June**
- **Summit Redstone Partners** - Semiconductors & Hardware, Sрни Nandury and Jagadish Iyer, Senior Analysts, **5-6 June**

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- **Libra Investment Services** - Improvements seen in value trends
- **Messels** - Sector finding support, while the company is starting to develop price and relative bases at medium term support

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## Macro Research

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1. **Asianomics** - Focus on 3.00% for the US 10-year Treasury-Note yield

**IRF Note** – *The 10-yr yield surged to 2.59% last December, where the Stretch Index reached an extreme of +39%. According to Asianomics, this momentum surge has now been corrected paving the way for another rally up to 3.00%. It is 2012-13 all over again! Key points include (see attachment for charts):*

- The July 2016 yield low of 1.36% marked the end of a 35-year secular fall in rates, the longest decline ever (since 1790).
- This was marginally below the June 2012 low of 1.45%. The powerful surge from the 2012-2016 double bottom suggests there was minimal interest in buying T-Notes at such a low yield. Shorter durations, like the 5-year Treasury-Note yield, bottomed in 2012 and the low set in 2016 was significantly higher.
- In 2012-13, the Stretch Index peaked in July 2013 at +38%, and then retreated towards zero and the yield found support around the area of the rising 40-week WMA, before jumping to 3.00%.
- In 2016-17, the Stretch Index is now close to zero after peaking at +39% in December. The rising 40-week WMA is just below current levels. Downside should be limited here with a move to 3.00% expected.
- The monthly chart shows the 1981-2016 collapse in yield unfolded in a series of orderly steps, with a notable expansion in volatility from 2008 onwards. This expansion is viewed as an end of trend capitulation, with a range of c.1.50-3.00% forming.
- The MACD-Sell version action here is also interesting – having stayed above zero from 1965 to the mid 1980's (denoting positive momentum/bullish signal), the indicator then moved below zero (negative momentum/bearish signal). A monthly close above the modestly positive reading seen in August 2006 would support the idea that the long-term trend in rates is now up.

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**2. Forest For The Trees** - Investors confused by Buffett's "stocks aren't in a bubble" comment are missing the forest for the trees

**IRF Note** – *FFTT says Buffett understands that the USD must be massively devalued and that the day that he warned investors about 14 years ago (that US foreign official creditors would "rescind the US' credit card"), arrived over two years ago. The result is unlikely to be negative for stocks. Key points include:*

- Early 2000's, Buffett stepped up his warning about the US trade deficit and the need to finance it with foreign investment, with repeated warnings thereafter. What Buffett long feared occurred when China, in Q3 2014, decided it was no longer in their favour to boost record FX reserves.
- "Eliminating the trade deficit would require a real depreciation of around 33%." - Obstfeld and Rogoff 2005. It is now vastly worse than it was then!
- Buffett is as politically connected as they come; if a USD devaluation was being considered, he would likely know about it. Additionally, FFTT notes how much of Buffett's '03 advice to close the US NIIP deficit sounds like Trump's economic plans laid out today.
- The only place "big enough" for capital to "flee into" from a USD BoP-crisis-driven devaluation are stocks, which means if one does not think the US will allow a nominal default on UST's, one can no longer consider stocks' valuation on their own merits,

particularly since any drop in stock prices will merely accelerate the need for USD devaluation.

- On this basis, equities are actually on the cheap side relative to rates.
- As such, unless global FX reserve balances stop falling & begin rising again faster than the \$1.1T annual pace of US Federal debt growth, investors should be underweight/short the USD & long-dated UST's; overweight/long gold, US industrial & energy shares, EM stocks, EM debt, EM FX.

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### **3. Macro Intelligence 2 Partners** - Can the Fed successfully shrink the balance sheet?

**IRF Note** – *The Fed believes that reducing the balance sheet and raising Fed funds are interchangeable. However, Mi2 disagrees, viewing the balance sheet as far more potent and hence dangerous; where a reduction would be deflationary, leaving markets vulnerable and turbo charging the dollar. US private sector credit creation is the only solution or we face a nasty downturn next year. Key points include (see attachment for charts):*

- CPI was the main driver in lower bond yields since the start of the GFC, not QE. Yields rose during periods of rapid balance sheet expansion. While post bouts of QE, even a decline in the rate of Fed's balance sheet expansion (*yellow bars on chart*), let alone outright contraction, was greeted by a collapse in Treasury yields.
- Amazing correlation between the US stock market and the balance sheet - QE was simply monetary debasement. The same can also be said regarding credit.
- The dollar is the anchor currency in countries that make up 70% of global GDP; therefore a supply reduction is more toxic than an increase in the cost of borrowing. Hence, at the mere hint of tapering in 2014, the dollar went parabolic and markets that are sensitive to the dollar supply nosedived.
- They don't believe the Fed should even be contemplating reducing the balance sheet. But US private sector banks could help, by increasing their lending. Gary Cohn, Director of National Economic Council, is trying to achieve this, by proposing to reduce restrictions on bank leverage.
- Democratic opposition may well cause a problem though. And any Fed balance sheet reduction could occur just as Trump's policies kick the economy into high gear (corporate profit repatriation) in late 2017/early 2018, which could end up deflating a bunch of massively pumped-up assets, especially overseas.

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### **4. Third Year** - China's cyclical downturn has started

**IRF Note** – *Taken from this month's 'Strategy China' report, Third Year (TYG) believes that*

*the coinciding tightening in the US and China, puts downward pressure on growth and threatens financial stability in China. Key points include (see attachment for charts):*

- The PBOC has tightened monetary policy three times in 2017 through several channels. China saw an increase in government bond yields and the inter-bank lending rates, which were crucial in the support of CNY.
- The coinciding tightening in the US and China is not only likely to cause a slowdown of Chinese growth in the short term but also to expose potential levered asset bubbles, leading to lower asset valuations and a weaker currency.
- Having boosted growth in 2016, construction is slowing down in China. Construction of office buildings declined in Q4 while both residential and commercial housing inventories started contracting.
- Construction slowdown is an inevitable part of the unwinding Chinese housing bubble. Restrictions to curb house price growth in Tier 1 cities led to accumulation of capital in Tier 2 and Tier 3 cities. These trends are currently reverting at an increasing pace, as confirmed by the TYG leading housing indicator.
- This trend will put downward pressure on growth and eventually commodity prices, as inventories of some construction materials like iron ore have already reached the highest levels in over 10 years and futures prices are gaining negative momentum.
- For the rest of the world, China has already become an exporter of disinflation, with a likely acceleration throughout the rest of the year.
- Equities - below-average return expectation despite the seemingly cheap valuation. TYG will go short at any sign of an acute financial crisis.
- FX - Temporarily neutral signal due to the strategy's less positive dollar stance, but will short CNY upon materialisation of tightening effects in growth slowdown.

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**5. Topdown Charts** - Trading recommendations on the back of the market starting to wake up to the rising probability of a military solution to denuclearisation of North Korea

**IRF Note** – *Callum Thomas, founder of Topdown Charts, believes China's preference is to have a friendly/obedient communist country on the peninsula; to not have nuclear weapons there, or excessive US military assets (e.g. THAAD!). The US obviously doesn't want a nuclear capable enemy, but stops short of unification because it is actually convenient for them to have military assets close to China. Key points include (see attachment for charts; Korea - risk pricing & Twitter poll):*

- The goals of China and America look pretty similar – both want a NK (without Kim Jong-un) and both agree on the nuclear issue.
- This has the makings of a coordinated approach, e.g. a scenario where the US launches strikes to take out the nukes and knock out the leadership, and then China steps in to ensure a smooth transition to a new China-friendly leadership.
- Market/Economic risks - biggest downside risk concerns South Korean equities and Japan, with China also exposed. If South Korea and Japan receive significant damage and disruption (6% of global GDP and ~7.5% of global exports), it also poses material

risk to actual real global economic activity. Sentiment and confidence would be hit, history says that's usually temporary.

- South Korean equities (currently seen as fair value) – any sell-off would provide a buying opportunity on the back of improving earnings revision momentum. Hedges - Yen, treasuries, gold, and puts on risk assets.
- Korean risk pricing metrics are starting to stir as investors have shifted their focus away from Eurozone geopolitical risk (and South China Sea) toward NK.
- The KOSPI VIX got a lift from the sabre rattling - a bit of a preview of what might come. As for the NK crisis noise index the spikes are becoming more frequent and generally higher.

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### **Macro Research Snippets:**

**Asbury Research** – Algorithmic and HFT has greatly increased intraday volatility in many financial asset prices so that making investment decisions solely on price isn't good enough anymore. Stock/Index breakouts can quickly disappear, and even violently reverse, as these trading programs take advantage of people's fear and greed, enticing investors to make the wrong decisions at key market turning points. Asbury Research has accumulated a large and growing database of difficult-to-get ETF asset flows data. Unlike trading volume, which just measures day-to-day investor urgency, total net assets show investor conviction in a price move as it indicates positions actually being held overnight. [Click here](#) for a short overview of this researcher

**Horizon Insights** - Grassroots survey estimated sales of heavy-duty trucks in March to be 80,000 units. The result came stronger than expected – 100,000 units. However Horizon Insights do not believe this is indicative of the underlying trend. China's March figures are inflated; they were boosted by delayed confirmation of sales made in February. HDT freight volumes (a leading indicator for sales), have fallen significantly according to feedback from HZ Insights recent survey. Their view is supported by third parties, e.g. a large mutual fund pm suggested volumes could be down by ~50%, while total transportation capacity could be down ~30%. [Click here](#) for a short overview of this researcher

**WaveTrack International** - The Euro/US\$ has extended its short-term corrective advance from 1.0569 but is already approaching completion towards either 1.0738+/- or 1.0776+/- . The current 1.0738 level depicts the correction ending as a double zig zag pattern – a higher upside attempt to the 1.0776+/- area would add another wave sequence in the advance from 1.0602 transforming this from a zig zag into an impulse pattern, thereby changing the entire advance from 1.0569 into a single 5-3-5 zig zag. Either way, there seems limited upside risk at the moment, prior to a resumption of the larger downtrend (*see attachment for chart*). [Click here](#) for a short overview of this researcher

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# Company Research

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**1. Advanced Investment Research** - Construction company, **ACS** (ACS SM) is a **Strong BUY**; its stock price is lagging where it was 10 months ago, despite stellar results, massive order book and very bullish 2017 guidance

**IRF Note** – AIR's '2017 top 10 favourite stock portfolio' has beaten its Euro Stoxx 50 Benchmark in Q1 2017 by +3.36%, demonstrating intrinsic value of stock picking in today's equity markets and their successful approach to stock selection and investing in Europe. For the last 5 Years, their 'Top 10 European equity portfolio' has beaten its Benchmark by a very big margin (+237%). ACS, is one of AIR's 2017 chosen stock picks, arguing that the stock is ridiculously cheap when compared to peers. Key points include:

- Guidance is upbeat for 2017 with +10% organic growth in sales and net income. They expect 2017 EBIT to reach EUR 1.6bn and EUR 1.75bn in 2018 (EUR 1.44bn in 2016). Net Debt/EBITDA ratio is now irrelevant at 0.6x after years of deleveraging.
- Order book is huge at EUR 66.5bn, jumping +16% in 2016. New order intakes were enormous at EUR +35bn in 2016 (equivalent to EUR 100k per day!). They expect US sales to jump +15% in 2017 and in Australia by +12%.
- Dividend pay-out is 50% and has been stable for last 4 years. They expect 2017 dividend to rise to EUR 1.25, from EUR 1.15.
- Large EUR FX tailwind - company Sales are 79% outside Euro currency.
- 72% stake in Hochtief (HOT GY) accounts for EUR 6.9bn of ACS current total market cap; meaning the rest of ACS is only valued at EUR 2.6bn - unbelievably underestimated!
- Lagging share price explained by overly cautious attitude from investors fearing ACS could bid for rest of Hochtief at current sky-high stock price, despite management saying no chance.
- Target price is EUR 45.

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**2. Drewry Maritime Financial Research** - **Global Ports Investments** (GLPR LI) expected to outperform Hafen und Logistik AG (HHFA GR) as market overreacts to price fixing scandal

**IRF Note** - GLPR and HHFA had a tumultuous Q1, cresting one-year highs before tumbling nearly 20% in the past month. Russia's Federal Antimonopoly Services (FAS) found the country's largest port operator guilty of price fixing. Its German counterpart presented a disappointing set of results with no meaningful catalyst in the horizon to keep investors' interested. The current valuation dip presents buying opportunities, with GLPR (albeit higher risk) expected to outperform HHLA. Key points include:

- Market overreaction - GLPR trades at an undemanding 10.9x P/E (HHFA 15.7x) relative to the Drewry Port Index P/E of 18.9x and below its 5-year valuation average. Operating profit is expected to reach \$69m (\$40m FY16), as the company is unlikely to write-off more assets in the current year (\$114m of assets written-off in two previous years). While earnings are expected to come under pressure from FAS charges, the visibility of core earnings post-FY18E will lift the valuation in line with peers.
- Sufficient cash flow to meet legal obligations - Drewry have provisioned \$175m cash outlay in FY17/FY18 to settle the law suit. But GLPR is a cash machine, its FCF cash generation ability on each revenue dollar is almost 3x that of HHFA and this came on the back of below-50% utilisation (HHLA - 69% utilisation).
- GLPR's next major repayment of \$166m matures only in 2021. Between FY17 and then, Drewry expects FCF of \$556m, with a modest \$20m (relative to operating cash of ~\$200m in FY16) in maintenance capex p.a.
- Competition exaggerated - GLPR's flagship port of St. Petersburg has superior road and rail connection to St. Petersburg and Moscow, compared to the recently opened Port of Bronka.
- DCF-derived fair value for GLPR is USD 4.70 and EUR 18.40 for HHFA.

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**3. Gradient Analytics - Negative** initiation on **Straumann Holding AG** (STMN SW), as current valuation premium is unwarranted

**IRF Note** – *Gradient initiates coverage of Straumann Holding AG, a leading provider of tooth-replacement solutions, with a negative outlook and a 20-page report detailing fundamental weakness and several earnings quality concerns. Key points include:*

- Emerging value proposition could cannibalise premium product (90% of 2016 revenue) – value segment represents biggest near term growth opportunity, the concern is the impact it will have on overall margins. High competition in this value area will lead to additional margin compression.
- Inventory growth may portend gross margin pressure – inventory growth has significantly outpaced revenue growth over the last few years. Forward revenue estimates do not appear to indicate forward sales will be adequate to absorb current inventory levels. Additionally, concerning trends in inventory composition and procurement possibly indicates that this trend may not be fully explained by product expansion and growth, as suggested by the company.
- Trade-receivables-to-6M-revenue has climbed to the highest seasonal level in the last five years - growing faster than 6M revenue in seven of the last eight fiscal halves. This increase could have driven Straumann's top-line growth.
- To make matters worse, the composition of trade receivables has deteriorated - trade receivables over 120 days past due increased 38% in 2016, causing the company to charge CHF17m to the allowance for doubtful accounts in 2016. This was more than triple 2015's charge.

- Earnings may come under pressure as a result of possibly larger than expected depreciation expense – a material divergence between depreciation expense, depreciable assets and capital expenditures may indicate that depreciation expense was unsustainably low in 2016.
- Straumann trades at an unwarranted premium to peers - forward P/E is 50.1% above peer median and PEG 21.1%. Regarding historical valuations - current forward P/E is 32.4% above 5-yr average and PEG 69.4%.

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#### 4. Harlyn Research - What's the best way of allocating an equity portfolio between the equity indices of the US and another country?

**IRF Note** - *Simon Goodfellow, founder of Harlyn Research, recently reported that there was no single systematic strategy which a US investor could have used over the last 21 years to successfully diversify their portfolio by buying and selling an index of Eurozone equities. However, by using an index of Emerging Market equities, they could have achieved a much better total return simply by using a risk-averse momentum style\*. Here they examine the best way of allocating an equity portfolio between the equity indices of the US and a specific individual country. Key points include ([Click here](#) for full results):*

- Eurozone - no individual countries where a single style would have produced higher or more risk-efficient returns over the last 21 years. These countries and the region are therefore of little interest to US asset allocators.
- Rest of Europe - Sweden and Switzerland both have styles which produce higher and more risk efficient returns than holding the US on its own, but the UK doesn't. The preferred style for Switzerland is pro-risk reversion (not as risky as it sounds given the low beta of the Swiss index and currency). For Sweden, the preferred style is anti-risk momentum.
- All the main emerging markets, apart from Taiwan, have offered US investors at least one style which has produced superior returns. On the basis of risk efficiency, the best style is normally anti-risk momentum, whereas pro-risk momentum is the most frequent winner for total return.
- Other developed markets - for Korea and Australia, the style varies according to whether investors prioritise risk-efficiency or total return. For Canada, the anti-risk momentum style wins on both counts.
- The best diversifications for total returns - China and Korea; using a pro-risk momentum style. For risk-efficiency, it is Malaysia, using an anti-risk null hypothesis, and China with an anti-risk momentum style.

\*Harlyn investigates three style families: (1) **Momentum** where positive and negative excess returns vs the US are assumed to continue to the next rebalancing date. (2) **Reversion** where they are assumed to revert by an equal and opposite amount. (3) **Null hypothesis** where it is assumed that past returns have no relationship with future returns. Each of these style families has three risk-appetites: (1) **Anti-risk** where they add a hurdle to the return required for diversification to be risk-efficient. (2) **Pro-risk** where the hurdle rate is subtracted from the required return. (3) **Null hypothesis** where it is assumed that the investor is not sensitive

to risk. There are nine possible styles in all, of which the null-null style corresponds to the constant 50/50 portfolio, which Harlyn typically use as their control portfolio.

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**5. Hedgeye - BUY Royal Vopak N.V.** (VPK NA), liquids storage and terminaling company, as the concern over backwardation is misplaced. It has created an opportunity to own one of the world's best midstream businesses at a compelling valuation and risk/reward

**IRF Note** – *The popular bearish narrative on Vopak is that its terminals are highly-sensitive to the shape of the forward oil curve (contango/backwardation), and that Vopak's utilisation rates and profit margins will fall materially in 2017-18 as the forward curve moves into backwardation and global petroleum inventories draw down. Hedgeye disagrees, arguing the forward oil curve has only a minor, near-term impact on Vopak's profits, and no long-term impact. They have a fair value price range of 55–60 EUR per share (30-42% upside). Key points include:*

- Popular bearish argument misinformed by what happened in 2012-14 – when utilisation rates and margins fell, but issues were either a one-off, or specific to assets that Vopak has subsequently divested.
- Industry leader in many of its core markets with durable competitive advantages and high barriers to entry – 14% ROCE and 15% ROE.
- Strong utilisation rates in the low-to-mid 90s and expanding EBITDA margins through 2017-20. Also has low leverage, with balance sheet net debt/EBITDA of 2.2x.
- Minimal exposure to the US petroleum storage market, where inventories are high and competition fierce.
- Stock has underperformed relative to the European Industrials Index by ~50% over the last 5 years and ~25% over the last 6 months. Having already guided down for 2017, there is a favourable risk/reward, given negative sentiment and low expectations.
- Vopak trades at <9x EV/EBITDA, <15x P/E and significantly below a conservative estimate of the company's replacement value (estimate of ~62 EUR/share).
- Private sector has been acquisitive in this area in recent years - deal multiples for lesser quality assets in the 13-17x EBITDA range.

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**6. Huber Research Partners - Upgrades 21st Century Fox** (FOXA US) from Underweight to Overweight, expecting an acceleration in earnings and higher confidence re FCF accretion from Sky acquisition

**IRF Note** – *Fox's recent stock sell-off resulting from the Bill O'Reilly controversy means the company is now trading at a discount to most of its peers. Huber Research upgrades their*

price target to \$36 (from \$30), offering ~18% upside, as they anticipate a stronger H2, while they are also more bullish regarding Fox's pending purchase of the remaining 61% stake in Sky. Key points include:

- Earnings to accelerate in H2 FY17 – due to improvement in affiliate revenue growth (42% of total revenue), a Super Bowl boost for Fox Network and continued benefit from strong ratings at Fox's leading cable nets.
- Additionally Fox will see some benefit, despite tough comparatives, in Film from strong results re Logan, Hidden Figures and Baby Boss. H2 film results are not expected to be as bad as first feared. Finally, their 30% investment in Hulu, is readying the launch of a live streaming product.
- Sky acquisition should boost average FCF/share to \$2.68 per share for F2018-19 (assuming deal closes this year). At the current average FCF multiple for its peer group of 13-14x 2018E, this suggests a target price range for Fox of \$35-\$37.
- Forecast adjusted EPS this year nudged up to \$1.95, from \$1.94, while their FY18E is now \$2.18 vs. a previous \$2.10.
- Risks include - lingering demonetisation impact in India, aforementioned difficult film comparatives and programming investments.

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**7. Summit Redstone Partners** - Initiates coverage of **Mimecast** (MIME US) with a **BUY**, believing the email security-as-a-service vendor's growing enterprise business is underappreciated

**IRF Note** – *Mimecast's main customers are SME's (73% of revenue) but they are gaining share in the Enterprise space. Enterprise penetration increased from 10% (Oct 15) to 14% (Dec 16), with large Enterprise customers increasing from ~1,990 customers to ~3,500 in the same period. Summit Redstone thinks consensus estimates are far too conservative and has a price target of \$30 (offering ~40% upside). Key points include:*

- Sources who have worked with both Mimecast and Proofpoint say Mimecast's solution is nearly as good, while being lower priced. Channel partners call Mimecast a 'hidden gem', unknown by many enterprises. The Company is often not invited to proof of concept demos, but when they are, they win >50% of the time.
- As businesses transition to cloud-deployed email, they are realising that default security is not adequate. This will be a major tailwind for Mimecast. The McAfee exit also offers them an additional opportunity.
- Highly predictable revenue means they effectively lock in ~90% at the beginning of the year. They also have high revenue retention rates (>110%) and growing TAM (2019E of \$13.2bn).
- Upselling/cross selling to drive growth. Only ~50% of customers subscribe to more than two products (out of seven currently available).
- Consensus revenue estimates are too conservative for FY18 and FY19 with growth estimated at 25% and 21% respectively. Summit expects consistent revenue growth >30% on a constant currency basis.

- Currently trading at 4.2x EV/C2018 sales, a 25% discount to Proofpoint (PFPT US) and a discount to high growth software peer group average of 4.9x. Price target of \$30 is based on 5.9x EV/C2018 sales.
- Investment risks include – high currency exposure, increasing competition and slowing enterprise spending on security.

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### **Company & Sector Research Snippets -**

**Gimme Credit - Downgrades Ashland Global Holdings** (ASH US) to Deteriorating from Improving, based on the pending debt funded acquisition of Pharmachem pushing leverage higher. For fiscal 2017, Gimme Credit forecasts adjusted EBITDA of \$820m with leverage rising to 3.6x and peaking at 4.2x in 2018 before only then decreasing to Ashland's target of 3.5x. Ashland reaffirmed its commitment to maintaining a mid to high BB credit rating, but with Gimme Credit's model suggesting leverage may not return to this level before fiscal 2019, they have allocated Ashland a score of -1 (deteriorating). The 4.75% notes due 2022 yield 4%. [Click here](#) for a short overview of this researcher

Two researchers during April have highlighted an opportunity to **BUY Greene King** (GNK LN):

**Libra Investment Services** – BUY Greene King due to improvements in value trends, along with the narrowing of the FV range - indicative of low volatility and a positive directional bias going forward. The estimates are beginning to stabilise across the board, so a breakout earlier this month, above the upper boundary of the FV range suggests positive momentum and a potential turnaround story. Whilst the stock is not overly cheap, considering FV is no longer falling and IV is beginning to improve, the stock has been added to their Best Ideas list (*see attachment for charts*). [Click here](#) for a short overview of this researcher

**Messels** – Greene King becomes the fourth company to be included in their Food Services sector as Messels added it to their Ftse 250 Momentum Portfolio earlier this month. According to Messels, Pubs, in general, are finding support but it is Greene King that is currently recommended as a BUY as the company is starting to develop price and relative bases at medium term support (*see attachment for charts*). [Click here](#) for a short overview of this researcher

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