

MONTH OF JULY 2014: Bloomberg First Word News Stories

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URBN Falls; Wedbush Downgrades on Promotions at Anthropologie

By Krysta Huber

July 1 (Bloomberg) -- Anthropologie's increase in promotions "hint" at sales slowdown, Wedbush analyst Morry Brown says in note.

- Downgrades to neutral vs outperform, PT cut to \$37 vs \$46
- URBN has "less margin for error" given risk of Anthropologie slowdown
- No change in expectations for Urban brand; promotions, clearance in line

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Icon 'Buoyed' by Potential Tax Inversion, Credit Suisse Says

By Krysta Huber

July 1 (Bloomberg) -- Icon may be "attractive" takeout candidate due to favorable tax status, Credit Suisse analyst Jeffrey Bailin says in note; sees odds of deal low.

- Positive stance towards ICLR not based on potential for ICLR acquisition; ICLR has "significant" margin expansion, capital deployment opportunities
- DGX, LH, CTRX cited as examples of potential buyers
- Rates ICLR outperform, raises PT \$53 vs \$50
- NOTE: Yday, Pfizer, Allergan Among Health Cos. Inversion Would Benefit: GS
- NOTE: May 19, Icon, Paraxel Move Higher After AstraZeneca Again Rebuffs Pfizer

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Nike 'Dominates' Industry; Chinese Mkt Improving: Morgan Stanley

By Krysta Huber

July 2 (Bloomberg) -- Nike's 4Q report shows major EPS growth acceleration, trend expected to continue, Morgan Stanley analyst Jay Sole says in note.

- Cites World Cup as sales growth catalyst
- 6% China futures showing improvement earlier than expected
- NKE sales online vs. retail partners "not an either/or question;" NKE prefers own stores, website, retail partners; positive for Foot Locker and Finish Line
- Rates NKE overweight, PT \$88
- NOTE: June 26, Nike 4Q EPS, Rev. Top Ests; China, N.America Futures Beat

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JCP Sales Trends Remain Positive Through 2Q: Cleveland Research

By Krysta Huber

July 2 (Bloomberg) -- JC Penney's 2Q sales trends continue to be positive, Cleveland Research says in note.

- Re-focus on private label apparel helping to regain shr
- NOTE: June 26, J.C. Penney Trends Likely Tracking at Top End of Range: Detwiler

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Joanna Ossinger

Kohl's Sales Softer Than Expectations: Cleveland Research

By Krysta Huber

July 2 (Bloomberg) -- Kohl's sales softer than expected given mixed seasonal category sales, soft Father's Day sales, Cleveland Research analyst Matthew Delly says in note.

- No meaningful change in KSS trends; next 5 wks may determine need for incremental

markdowns

- KSS down as much as 0.64% at the open
- NOTE: Earlier, JCP Sales Trends Remain Positive Through 2Q: Cleveland Research

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Kroger/Vitacost.com Deal Negative for GNC, VSI: Wells Fargo

By Krysta Huber

July 2 (Bloomberg) -- Kroger, Vitacost.com deal may hurt GNC, Vitamin Shoppe, Wells Fargo analyst Kate Wendt says in note; deal keeps their primary competitor "afloat."

- Deal may increase vitamin, supplements presence in KR stores, will add KR's first e-commerce distribution centers in Lexington, N.C., Las Vegas, Nev.; first customer service center in Lexington, N.C.; distribution in 16 states currently without KR supermarkets
- Rates KR, VSI mkt perform, GNC outperform
- VSI drops as much as 2.7%, GNC down 0.7%; VITC up 27% to \$8, KR down 0.6%
- NOTE: Earlier, Kroger to Buy Vitacost.com for \$280m, or \$8-Shr Cash

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Anthropologie Sale Markdowns Similar to Last Yr: Piper Jaffray

By Krysta Huber

July 2 (Bloomberg) -- Urban Outfitters' Anthropologie brand "20%-off sale items" promotion not incremental to last year, Piper Jaffray analyst Neely J.N. Tamminga says in note, cites screenshots of 2013 promotion e-mails.

- Anthropologie marked down spring/early summer merchandise June 19 in 2013, 2014
- Still sees comps for Anthro +8% in the qtr

- Urban Outfitters brand Without Walls, Free People footwear, Anthropologie activewear expected to drive gains in 2014
- Rates URBN overweight, PT \$52
- URBN has 24 buys, 13 holds and 1 sell w/ avg PT of \$42: Bloomberg data
- URBN up 1.4%
- NOTE: Yday, URBN Falls; Wedbush Downgrades on Promotions at Anthropologie

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Hanger Accounting Concerns 'Overblown,' Jefferies Says (Yday) By Krysta Huber

July 3 (Bloomberg) -- Hanger's negative report issued by CFRA should not be a concern because SEC vetted HGR in May 2013, co. auditors "heavily scrubbed" accounting practices earlier this yr, Jefferies analyst Brian Tanquilut says yday in note.

- Acknowledges past accounting issues at HGR; now "compliant"; SEC conducted investigation, didn't follow with any action; HGR auditors didn't find issues beyond material weakness in valuing inventory
- Rates HGR buy, PT \$41

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AbbVie CEO Held Meetings With Shire Holders: Reuters (Earlier) By Krysta Huber

July 3 (Bloomberg) -- AbbVie CEO Rick Gonzalez held discreet meetings in London this week, weighing next moves on Shire deal, Reuters said earlier, citing unnamed people familiar with the matter.

- One person described meeting as "fairly uneventful;" AbbVie gave no indication on

potentially raising offer

- NOTE: AbbVie has until July 18 to bid for Shire
- NOTE: July 1, AbbVie Bid of GBP50/Shr for Shire Would Be Maximum, UBS Says
- NOTE: June 29, AbbVie CEO Seeks Shire Support on London Trip: Telegraph Link
- NOTE: June 26, AbbVie Likely to Boost Shire Offer or Go Hostile: BMO

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--With assistance from Joshua Fineman in New York.

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Stefanie Batcho-Lino

NetApp Remains Attractive Acquisition Target: Summit Research

By Krysta Huber

July 3 (Bloomberg) -- NetApp is top acquisition target in tech/storage, has one of best storage portfolios in industry, Summit Research analyst Srinu Nandury said in note July 1.

- May be strong acquisition given unified software stack is majority of NTAP rev.
- Est. \$45-\$53 takeout price if deal were to occur in N-T
- NTAP has "most comprehensive" flash strategy, products in industry, cites new product FlashRay
- Reiterates hold, PT \$34
- NOTE: June 30, NetApp Gains as Much as 4.8%; Remains in L-T Descending Triangle
- NOTE: June 28, NTAP shrs look "dirt cheap;" could see interest from IBM, ORCL
- NOTE: March 6, M&A 'Boom' May Occur in 2014, BofA Says; Lists Potential Targets, Including NTAP

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Samsung May Still Be Making Demands on AMAT/TOELY: Summit

By Krysta Huber

July 3 (Bloomberg) -- Samsung potential demands may be factor in delaying Applied Materials/Tokyo Electron deal approval, Summit Research analyst Srin Sundararajan says in note earlier.

- Samsung has influence in China, South Korea
- Samsung deals with with AMAT, Tokyo Electron in both semiconductor, flat panel display
- Sundararajan expects positive update on Intel possible objections to deal; industry chatter indicating some resolution occurred; INTC won't "lie down on the tracks" to stop merger
- NOTE: AMAT investor meeting July 7
- NOTE: Samsung is second-biggest customer of AMAT, Tokyo Electron, according to filings; see Bloomberg supply chain data
- NOTE: June 23, AMAT Expects Tokyo Electron Deal to Close in 2H
- NOTE: June 10, Taiwan Semiconductor Fine With AMAT/TOELY: DealReporter

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Metals, Mining 'Attractive Rotation Candidate,' Oppenheimer Says

By Krysta Huber

July 7 (Bloomberg) -- Metals and mining industry an "attractive rotation candidate" vs materials industry, Oppenheimer analyst Ari Wald says in note.

- Metals, mining underperformed in recent yrs; easing decline contributing to "strongest buy signal in years"
 - Likes Freeport-McMoRan
- Sees "tactical opportunity" to buy XLB relative to S&P 500
- Expects higher S&P 500 highs in N-T; 1900-1925 N-T support
- XME metals and mining ETF +2.7% YTD vs XLB +8.5%, SPX +7.4%
 - FCX +2% YTD vs AA +41%, ATI +30%, NEM +9.4%, NUE -5.3%, X -7.3%

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Family Dollar LBO More Likely After DG CEO Exit, Wolfe Says

By Krysta Huber

July 7 (Bloomberg) -- A Family Dollar leveraged buyout is more likely in N-T vs merger with Dollar General given DG CEO retirement announcement on June 27, Wolfe Research analyst Scott Mushkin says in note.

- DG CEO would have been 'logical' candidate to run FDO/DG
- LBO may be difficult given high purchase price, need for improvement in operations
- Improving economy is a poor time to own dollar stores
- FDO should invest \$150m-\$200m in prices to increase competition
- Rates FDO peer perform
- NOTE: June 30, DG/FDO Deal Less Likely Until New CEO Named: Johnson Rice
- NOTE: June 27, Unlikely DG/FDO Deal Before CEO Retires in May 2015, RBC Says

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DISH PT Raised to \$82 From \$65 at Elevation on Spectrum

By Krysta Huber

July 8 (Bloomberg) -- Dish Network spectrum value seen at \$23.5b or \$50.11/shr with core video business at 6.5x EV/Ebita, Elevation TMT analyst Steve Sweeney writes in note.

- Options incl. selling DISH spectrum; outright sale of whole company; monetizing spectrum through hosting deal with Sprint, T-Mobile
- "Skeptical" on speculation about Verizon deal to purchase DISH spectrum; sees DISH unlikely to sell spectrum only as would leave co. with "declining" satellite-based TV service
- Any deal unlikely until potential S, TMUS deal announced, AWS-3 auction occurs to sell entire co.
 - AWS-3 auction may be positive catalyst
- NOTE: June 19, Verizon Said Meeting With Dish on Possible Spectrum Sale: NYPost
- DISH has 12 buys, 9 holds, 5 sells, avg PT \$66: Bloomberg data

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RAX Strategic Acquisition More Likely Than LBO: Credit Suisse By Krysta Huber

July 8 (Bloomberg) -- Rackspace (outperform, PT \$40) more likely to see strategic acquisition; potential LBO may be challenging given capital needs of business, Credit Suisse analyst Sitikantha Panigrahi says in note.

- Continues to see RAX hybrid cloud offerings “attractive” to strategic acquirers, incl. Cisco, HP, Dell
- LBO at potential \$45/shr to achieve at least 20% IRR
- NOTE: July 2, Rackspace Likely Trying to Put Pressure on Bidders: Wells Fargo
- NOTE: July 2, RAX Gains; May Go Private, Had Bids from HPQ, IBM: TechCrunch
- NOTE: June 30, RAX Sale Still Likely, Deal for at Least \$43, Cowen Says
- NOTE: May 16, Rackspace Likely Would Fetch Above \$47/Share: Credit Suisse

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Possible Petco Deal May Push PETM Above \$80/Shr: Credit Suisse By Krysta Huber

July 8 (Bloomberg) -- Most material upside for PetSmart may be combination w/Petco; PETM may see shrs trading >\$80 post-synergies, Credit Suisse analyst Seth Sigman says in note.

- PETM/Petco deal may present antitrust issues
- Potential LBO may have “modest” premium; may stop store growth
- PETM may use cash to acquire small specialty chains, online competitors; option may not be as well received
- Rates PETM neutral, PT \$65

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Guess Climbs, Upgraded to Overweight at Piper Jaffray
By Krysta Huber

July 8 (Bloomberg) -- Guess up as much as 4.4% to highest since April 7; Piper Jaffray analyst Erinn Murphy raises to overweight vs neutral after meeting with apparel, accessories industry contacts in Italy last wk.

- Sees signs of stabilized spending on fashion, services in Italy; contacts optimistic about new government led by Prime Minister Matteo Renzi
- Changes to markdown categories may help margin stability; GES added 40%-off markdown this yr; limited 50%-off markdown category in stores

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59% of Surveyed Investors Back DG/FDO Merger: Wells Fargo
By Krysta Huber

July 9 (Bloomberg) -- Dollar General, Family Dollar merger still seen as possibility by 47% of investors, despite DG CEO retirement plans; 59% of those surveyed support a deal, Wells Fargo says in note citing survey of investors.

- Wells Fargo says DG/FDO combination unlikely in N-T given DG CEO retirement
- 47% of investors say FDO should pursue LBO if there's no merger with DG
- 81% of investors cite Wal-Mart as other possible FDO suitor
- NOTE: FDO 3Q due pre-mkt July 10; PREVIEW: Family Dollar 3Q: Comps Decline Seen Continuing
- NOTE: Yday, Family Dollar LBO More Likely After DG CEO Exit, Wolfe Says
- NOTE: June 30, DG/FDO Deal Less Likely Until New CEO Named: Johnson Rice

- NOTE: June 27, Dollar General CEO Reports Retirement Plans

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Coach Dividend Cut Likely in Next Yr: Buckingham

By Krysta Huber

July 9 (Bloomberg) -- Coach may not be able to sustain cash levels for current dividend, Buckingham Research analyst David Glick says in note, COH cut to underperform vs neutral.

- COH may see greater than expected \$1b debt issuance to cover current dividend
- PT cut to \$28 from \$32; Bloomberg avg. \$36
- COH shrs down 1.2% pre-mkt to \$34.55, had been as low as \$34.43
- NOTE: July 2, Coach Files Restructure Plan; Still Sees \$250m-\$300m Pretax Chg

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Fortinet 2Q Results Expected to Beat Ests. at Sterne Agee

By Krysta Huber

July 9 (Bloomberg) -- Fortinet 2Q earnings should top avg analyst ests. for EPS and rev., Sterne Agee analyst Robert Breza says in note.

- Says checks on value-added resellers, distributors in N. America show strong linear demand throughout 2Q
- Expects FTNT to continue to sign new deals; says resellers cited increase for quotes, larger deal size
- See 3Q forecast in-line with or slightly above avg ests.
- NOTE: Analysts est. 3Q adj. EPS 13c, rev. \$177m, on avg
- Reiterates FTNT buy, PT \$30
- NOTE: FTNT has 20 buys, 7 holds, 0 sells; avg PT \$26.53: Bloomberg data

- FTNT gains as much as 2.3%, most intraday since June 25
- NOTE: FTNT to report 2Q results post-mkt on July 23

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Micron Reiterated Buy, Samsung Capacity Boost Unlikely: Sterne

By Krysta Huber

July 9 (Bloomberg) -- Micron Technology pullback presents buying opportunity as there is little reason for Samsung to add DRAM capacity, Sterne Agee analyst Vijay Rakesh says in note; reiterates buy, PT \$40.

- Doesn't expect memory OEMs to add supply to affect margins; cites profitability issues at Samsung
- Sees L-T positive growth outlook on mobile DRAM, modest wafer adds for PC demand
- MU down as much as 3.8%; MU down 4.7% since reaching 12-yr high on July 1 (\$34.50)
- NOTE: Earlier, Micron Falls After DigiTimes Report on New Samsung DRAM Plant
- MU has 22 buys, 8 holds, 2 sells, avg PT \$39: Bloomberg data

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Ventas Dismissal of E&Y Auditor Not a Concern at Deutsche Bank

By Krysta Huber

July 10 (Bloomberg) -- Ventas's dismissal of Ernst & Young auditor and CAO/Controller Robert Brehl due to "inappropriate" personal relationship shouldn't affect co. in near- or long-term, Deutsche Bank analyst Vin Chao says in note.

- Rates VTR hold, PT \$60
- Remains on sidelines; cites lack of identifiable catalysts, shrs trading above PT

- NOTE: Ventas announced dismissals yday post-mkt

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Catherine Larkin

Potential S/TMUS Deal May Yield \$3b in Savings: Morgan Stanley
By Krysta Huber

July 10 (Bloomberg) -- Potential Sprint/T-Mobile merger may offer “dramatic” synergy opportunities, Morgan Stanley analyst Simon Flannery says in note; S/TMUS may see at least \$3b in annual cost synergies from distribution, branding, streamlining network.

- \$11/shr valuation for S, \$40/shr for TMUS in bull case scenario
- Likely cos. may need low band spectrum in auction next yr.; may add \$5-10b debt to expected ~\$70b debt load
- NOTE: July 8, T-Mobile Shrs to Benefit From Scale, Take-Out Potential: BMO

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Cynk Tech Flagged, May Be Halted in Coming Days: OTC Markets CEO
By Krysta Huber

July 10 (Bloomberg) -- Cynk Technology flagged with Caveat Emptor warning on OTC Pink Open Marketplace yday, OTC Markets CEO Cromwell Coulson said in phone interview.

- SEC process for doing suspension is “that things like this take a few days”
- Notes CYNK has SEC-registered transfer agent; expects people involved to be “chased down by law enforcement”
- SEC declined to comment to Bloomberg
- Earlier coverage from Businessweek, BuzzFeed, WSJ

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Camel Sale 'Highly Likely' in Potential LO/RAI Deal, Cowen Says By Krysta Huber

July 11 (Bloomberg) -- Approval for potential Lorillard, Reynolds American deal likely to require sale of RAI Camel brand vs RAI "tail brands," Cowen analyst Vivien Azer says in note out late yday.

- Doesn't expect any deal to occur without Camel sale
- Initiations: MO outperform (PT \$47), LO underperform (PT \$57), RAI and PM both market perform
- NOTE: Earlier, British American Tobacco to Support Pact by Subscribing for Shrs in Reynolds
- NOTE: Earlier, Lorillard Confirms Talks on Potential Purchase by Reynolds
- NOTE: Earlier, Imperial Tobacco Confirms Talks With Reynolds and Lorillard

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NYT Falls; Jefferies Cuts 2Q, 3Q Advertising Estimates By Krysta Huber

July 11 (Bloomberg) -- New York Times 2Q expected to finish below guidance, 3Q seeing slow start following declines in advertising, Jefferies analyst John Janedis said in note earlier.

- Jefferies reduces 2Q/3Q advertising estimates to -6.8%/-5.1% from previous -4.1%/-3.1%
- Expects soft advertising to continue given weaker summer movie slate compared with a yr ago, no major technology product launches in N-T
- Rates NYT hold, PT \$15
- NYT down as much as 5.1%; lowest since February 5

- NYT has 1 buy, 6 holds and 2 sells, avg PT \$15: Bloomberg data

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STX, WDC PTs Raised at Deutsche Bank on Better June PC Mkt Sales

By Krysta Huber

July 14 (Bloomberg) -- Seagate Technology (buy) PT raised to \$74 from \$64, Western Digital (buy) to \$118 from \$100 by Deutsche Bank analyst Sherri Scribner amid better preliminary June PC sales, extra week in fiscal 1Q (Sept.)

- 14-week September quarter may add an extra 4m units to both STX, WDC shipments
- Expects improvements in HDD shipments, demand for capacity-optimized drives
- NOTE: STX 13 buy ratings, 15 holds, 2 sells, avg. PT ~\$60; WDC 21 buy ratings, 7 holds, 2 sells, avg. PT ~\$101: Bloomberg data
- NOTE: STX reports FY4Q July 17; WDC reports FY4Q July 30
- NOTE: July 9, IDC said PC shipments fell 1.7% in 2Q, better than expected; Gartner said PC units grew 0.1% in 2Q
- NOTE: July 9, Seagate, Western Digital PTs Raised at Longbow on Higher TAM

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Kors Falls; Sterne Sees Bigger Markdowns; Piper Expects 'Noise'

By Krysta Huber

July 15 (Bloomberg) -- Michael Kors Holdings drops as much as 6.9%, most since Dec. 2012; Semi-annual markdowns appearing "bigger, broader" vs last yr, reason to remain on sidelines Sterne Agee analyst Ike Boruchow says in note.

- KORS trades below lower Bollinger band on 2.4x 3-mo. avg vol.; RSI 26 vs 51 before 4-day 11% drop

- KORS to see annual summer markdowns skewed toward higher end of 30%-50%-off range; markdowns no longer targeted only at slow-selling products: Sterne (neutral, PT cut 8% to \$92)
- KORS recent shr decline only “noise,” not expected to change long-term performance, Piper Jaffray analyst Erinn Murphy says (rates overweight, PT \$115)
 - Sees 1Q as positive catalyst; cites 26% comp gain in 4Q, one of most challenging recent retail periods
- KORS has 17 buy ratings, 6 holds, 3 sells; avg PT ~\$108

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Rockwood May See Additional Bidders, Credit Suisse Says

By Krysta Huber

July 15 (Bloomberg) -- Rockwood may see other bidders, given minimal premium, no exclusivity agreement, Credit Suisse analyst John McNulty says in note.

- Sees initial price as decent; surprised by ALB investor reaction
- Reiterates ROC outperform rating, PT \$90
 - NOTE: ROC has 3 buy ratings, 5 holds, 1 sell; avg PT ~\$87: Bloomberg data
 - NOTE: ROC up as much as 14% to record high
- Albemarle acquisition of Rockwood may help ALB “shake off” bromine flame retardant “malaise,” given expected growth in ROC lithium business, Jefferies analyst Laurence Alexander says
- Expects ABS to explore sale of bromine franchise in L-T
- Deal offers ALB protection against potential shift away from gasoline in transportation fuel technologies
- Rates ALB buy, PT \$85
 - NOTE: ALB has 3 buy ratings, 14 holds, 1 sell; avg. PT ~\$73: Bloomberg Data
- NOTE: ALB down as much as 5.9%, lowest intraday since May 29
- NOTE: Earlier, Albemarle Cut at Oppenheimer; Deal Appears ‘Defensive’
- NOTE: Earlier, Albemarle/Rockwood ‘Ultimately’ Good Deal for Both Cos: Monness
- NOTE: Earlier, Albemarle Buying Rockwood for 13% Premium

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Jeran Wittenstein

Pier 1 Imports an 'Attractive' LBO Target at \$21/Shr, BB&T Says

By Krysta Huber

July 16 (Bloomberg) -- Pier 1 Imports is potential LBO, BB&T analyst Anthony Chukumba says in note, given recent poor performance, strong brand name.

- Strong management, free cash flow, underleveraged balance sheet may make PIR a LBO target
- BB&T notes subdued retail buyouts in recent years and current speculation surrounding ANF ARO FDO LULU
- Cites worse-than-expected PIR 1Q results, lowered 4Q 2013 earnings guidance; PIR down 35% ytd vs 7% rise in S&P 500
- Reiterates buy, PT \$20
- NOTE: June 19, Pier 1 Imports Says Promotions Hurting Gross Profit

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Rackspace Less Likely to See Merger, Canaccord Says

By Krysta Huber

July 16 (Bloomberg) -- Rackspace expected to remain as "standalone" co., Cannacord analyst Greg Miller says in note, citing increasing competition in mkt, low barriers to entry.

- IBM not "leading contender" to buy RAX given co.'s positive comments on Softlayer acquisition, integration
- RAX may see greater pricing pressure from announcing new pricing model
 - NOTE: Yday, Rackspace Announces New Pricing Model, Volume Discounts
- Rates RAX hold, PT \$35; RAX has 12 buys, 10 holds, 4 sells, avg PT \$42: Bloomberg data
- NOTE: July 11, Centurylink Interest in RAX 'Casual,' Faded: Brightwire; RAX Getting 'Tepid Response' From Possible Bidders: Brightwire
 - July 11, RAX Has L-T Value; Two Potential Buyers Remain: Wells Fargo

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Courtney Dentch

PREVIEW VF Corp. 2Q: Upside Expected From Vans Brand
By Krysta Huber

July 16 (Bloomberg) -- VF Corp's 2Q results likely to be strong given growth in Vans brand, analysts say. VFC reports pre-mkt Friday.

- 2Q EPS est. 35c (range 33c-37c)
- 2Q rev. est. \$2.36b (range \$2.34b-\$2.39b)
- 2Q gross margin est. 49.1% vs 49.4% q/q, 48.5% y/y
- VFC on April 25 saw 2014 EPS \$3.06, est. \$3.09; saw rev. growth at high end of 7%-8% prior range, est. \$12.3b implies growth 8%
- Vans continues to outperform athletic footwear; sell-throughs up +35% YTD, citing SportScan: Wedbush
- Vans brand overlooked given primary association with skateboarding; brand seeing sales growth +18% CAGR since 2004 acquisition, +15% growth expected through 2017: Susquehanna
- NOTE: July 10, Bloomberg Industries branded apparel peer group shrs advanced 3.7% since January vs. S&P 500 up 7.7%; apparel store traffic decrease may mean pressure for sales, margins: BI
 - VFC P/E above three-yr avg; action/outdoor segment "offset weakening jeanswear segment"
- Earnings met or beat EPS ests. 19 of last 20 periods: Bloomberg data
- VFC shrs -0.2% YTD vs PVH -18%, COLM +2%, WWW -27%
- VFC reports 2Q 7am Friday, call 8:30am 877-870-5176

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PREVIEW United Rentals 2Q: Street 2014 Ebitda Est. Above View
By Krysta Huber

July 16 (Bloomberg) -- United Rentals 2Q results likely to show continued growth, analysts say. URI reports 2Q post-mkt.

- 2Q EPS est. \$1.46 (range \$1.24-\$1.63)
- 2Q rev. est. \$1.36b (range \$1.33b-\$1.40b)
- URI 2014 forecasts from May 14: adj. Ebitda at high end of previous range \$2.55b-\$2.65b vs est. \$2.67b; rev. \$5.45b-\$5.65b vs est. \$5.56b; rental rates up 4% y/y
- “Healthy, moderate” growth of 7% y/y expected for NA equipment rental industry based on Rental Sentiment Index: Piper Jaffray (overweight, PT \$123)
 - Increase in rental demand tied to growing construction activity; contractors shifting to rental from ownership
- URI seeing benefits from non-residential construction improvements: Oppenheimer (outperform, PT \$122)
- Earnings met or beat EPS ests. in last 10 quarters: Bloomberg data
- URI up 38.4% YTD vs HEES up 24.7%, S4INDU up 3.6%
- URI reports 2Q post-mkt today, (4:15pm, 4:20pm in past) call 866-238-1422

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FRED/Sycamore Deal 'Unlikely,' FBR Says; Remains Skeptical

By Krysta Huber

July 18 (Bloomberg) -- Potential FRED takeout by Sycamore Partners “unlikely,” FBR analyst Dutch Fox says in note; acquisition may represent a “massive change” in direction for Sycamore, given co.’s focus on apparel, footwear.

- FRED apparel exposure represents >6% of its sales
- Sycamore exploring other deal with Express; formal announcement may have “sharp” negative effect on FRED stock
- Expects FRED to remain as standalone co. through next yr
- Rates FRED mkt perform, PT \$16
- FRED has 2 buy ratings, 9 holds, no sells; avg. PT ~\$16: Bloomberg Data
- NOTE: Yday, Sycamore Partners in Early Talks to Buy Fred’s: Reuters

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Time Warner Inc. May Accept \$100/Shr From Fox: N.Y. Post (Yday)

By Krysta Huber

July 18 (Bloomberg) -- Time Warner Inc. holders may be willing to accept potential offer from 21st Century Fox for \$100/shr, New York Post said yday, citing people familiar.

- TWX investors want more cash, Fox shrs with voting rights: Post citing people familiar
 - 60% cash, remaining in stock, class B voting shrs may sweeten deal, NY Post said, citing one person close to talks
- Next steps may be Aug. 6 when both TWX, FOXA report earnings: Post
- NOTE: Yday, TWX Price at \$100/Shr May Get Deal Done: Holders Tell CNBC
- NOTE: July 16, TWX Says Board Determined Fox Offer Had Risks, Uncertainty

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Catherine Larkin

KORS Promotions Help Maintain 'Solid' Sales, OTR Says

By Krysta Huber

July 18 (Bloomberg) -- Michael Kors U.S. handbag sales remained strong through 1Q, OTR analysts say in note, citing new promotions introduced by KORS.

- Sales up 23% y/y; helped by friends and family event, price matching
- KORS has 15 buys, 8 holds, 3 sells w/ avg PT of \$106.45 (28% upside from current price): Bloomberg data
 - PT upside among best 5% of S&P 500 (SPX) cos.
- KORS up as much as 1.9%
- NOTE: July 15, Kors Falls; Sterne Sees Bigger Markdowns; Piper Expects 'Noise'
- NOTE: July 15, KORS Domestic Sales Slow More Than Expected: Maxim; Cut to Hold

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Shire/AbbVie Deal May Not Be Affected by U.S. Tax Changes: BMO

By Krysta Huber

July 18 (Bloomberg) -- Combined co. unlikely to be affected by potential U.S. tax law changes, BMO analyst Alex Arfaei says in note; AbbVie expects deal to close in 4Q; possible tax law changes not expected until mid-2015.

- Unlikely for potential tax law changes to be retrospective
- Rates ABBV outperform; PT \$72
- Says Shire not likely to see other bidders
 - Piper Jaffray also says Shire not likely to see other bidders; Allergan bid a “long-shot” at current levels
 - Piper Jaffray cut SHPG to neutral vs overweight, PT \$269 from \$280
- NOTE: Earlier, AbbVie Says Tax Is ‘Not Primary Rationale’ for Shire Deal
- NOTE: Earlier, Shire/AbbVie Counterbid Unlikely at This Stage, Bernstein Says
- NOTE: July 16, Inversion Legislation Still Not Seen in 2014: ISI Strategist
- NOTE: July 14, AbbVie Chases Shire, Peers May Seek M&A Overseas War Chest Use

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MKTO May Be Next Cloud Purchase for SAP, JMP Says (Earlier)

By Krysta Huber

July 18 (Bloomberg) -- Marketo may be “attractive” acquisition candidate for SAP, JMP analyst says in note.

- MKTO may help re-establish SAP as “more meaningful player” in broad CRM space
- Rates SAP mkt perform; SAP has 6 buy ratings, 11 holds, 1 sell; avg PT \$85: Bloomberg data
- Rates MKTO mkt outperform; PT \$50; MKTO has 6 buy ratings, 1 hold, 1 sell; avg PT ~\$41
- MKTO up as much as 2.6%; above lower Bollinger Band
- NOTE: Jan 3, Marketo Pegged as Target in Cloud-Software Deal Spree

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Macau 2Q, 3Q Street Ests. May Be Revised Lower: Wells Fargo

By Krysta Huber

July 21 (Bloomberg) -- Based on checks through July 20, Wells Fargo analyst Cameron McKnight continues to est. July Macau gaming rev. growth flat to negative low single-digits.

- Expects lowered revisions to 2Q, 3Q Street ests. given weaker June, July growth, LVS results
- Weekly ADR of 916mm MOP down 9% vs 1007mm MOP last week, up 1% from June 907mm MOP
 - End of World Cup didn't show rebound; results lower than expected
- NOTE: Earlier, Macau July Gaming Growth May Rebound to 5% as World Cup Ends: MS

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MNST Falls; Morgan Stanley Cuts on Slowing U.S. Growth

By Krysta Huber

July 21 (Bloomberg) -- Monster Beverage Corp. seeing softer than expected U.S. sales trends in 2Q, Morgan Stanley analyst Dara Mohsenian says in note; downgrades MNST to equal weight vs overweight.

- Slowing sales growth a concern as favorable weather, less negative press on health/wellness concerns with co.'s products expected to "buoy" results
- Cites Rehab, Absolute Zero, Lo-Carb among weaker MNST brands
- MNST down as much as 3.8%; lowest since May 9
- MNST has 13 buy ratings, 3 holds, 1 sell; avg. PT \$79: Bloomberg data

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PREVIEW Kimberly-Clark 2Q: Intl Mkt Not Likely to Lower Results

By Krysta Huber

July 21 (Bloomberg) -- Kimberly-Clark's 2Q results likely to be near top of household/personal care mkt, analysts say. KMB reports pre-mkt tomorrow.

- 2Q adj. EPS est. \$1.50 (range \$1.46-\$1.53)
- 2Q rev. est. \$5.32b (range \$5.28b-\$5.40b)
- 2014 adj. EPS est. \$6.12 vs co. forecast \$6-\$6.20
- Wells Fargo (mkt perform): Ests. 4.4% organic growth; sees limited risk to consensus EPS ests. in HPC sector; sector up 2.2% since 1Q, underperforming S&P 500
- Deutsche Bank (hold, PT \$115): Ests. 4%-5% organic growth; may be driven by diaper, training pants segments in developing mkts; weakness in intl mkts not expected to affect results
 - NOTE: July 17, Kimberly-Clark Mexico Says 2Q Consumer Weakness Persisted
- Earnings met or beat EPS ests. in each of last 9 quarters; sales met or beat in 6 of last 9; implied 1-day move 2.2%: Bloomberg data
- KMB shrs +7.5% YTD vs PG -1.7%, CL +5.2%
- KMB reports 2Q pre-mkt tomorrow (7:30am, 7:15am in past), call 10am 877-552-6208, pw 7421#

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Reynolds American \$23.6b Verdict Unlikely to Be Upheld: BI

By Krysta Huber

July 21 (Bloomberg) -- Florida jury's \$23.6b punitive-damages award against Reynolds American likely to be overturned given damages calculation greater than amount Supreme Court deems reasonable, Bloomberg Intelligence analysts Emily Hamburger, Kenneth Shea say

in note.

- Cite 2003 Supreme Court ruling that punitive damages 9x more than compensatory damages are unconstitutional
- NOTE: July 20, Reynolds Loss in \$23 Billion Smoker Verdict Likely to Be Cut

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Best Buy 4K Sales in June Nearly Double m/m: BofA

By Krysta Huber

July 21 (Bloomberg) -- Best Buy's 4K TV sales nearly doubled m/m in June to \$95m, BofAML analyst Denise Chai says in note.

- 4K TVs represented 8.4% total TV sales in June vs 6.4% in May
- Sees increased consumer awareness, new models, falling prices driving momentum
- Sees BBY as "dominant player" in 4K mkt given strong relationships with 4K vendors like Sony, Samsung
- Reiterates BBY buy; PT \$36
- BBY has 17 buy ratings, 11 holds, 1 sell; avg. PT ~\$34: Bloomberg data
- NOTE: March 5, Best Buy to Benefit From 4k TV, Enjoy 47% Appreciation: BofA

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Five Below Estimates Have Potential to Rise: Wells Fargo

By Krysta Huber

July 22 (Bloomberg) -- Five Below shows one of "most compelling" retail growth stories, Wells Fargo analyst Matt Nemer says in note.

- Cites lack of direct competitor, limited risk vs Amazon; new mgmt expected to "bolster"

operations

- FIVE may deliver 3c-5c in upside to 2014 EPS est.
- Raises FIVE to outperform vs mkt perform
- FIVE 11 buy ratings, 6 holds, 1 sell; avg. PT ~\$47
- NOTE: June 10, Five Below Names Former Wal-Mart Exec. Joel Anderson as Pres.

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EMC Unlikely to Take Action on VMW Spin in N-T, ISI Says

By Krysta Huber

July 22 (Bloomberg) -- EMC Corp. not expected to spin off VMware in N-T, ISI analyst Brian Marshall says in note yday; outside pressure may make action more likely in medium-term.

- Tax-free spin of 100% of VMW to EMC holders highly unlikely; mgmt may say EMC/VMW combo maintains "customer/product synergies"
- May pursue taxable partial spin, 100% of EMC's VMW class A stock to EMC holders
- Third option to exchange EMC shrs for VMW shrs by EMC holders, EMC holders may need discount offered; tax-free potential for scenario remains unclear
- NOTE: EMC owns 33% of VMW shrs as of May 1: Bloomberg data
- Reiterates buy ratings on EMC (PT \$36), VMW (PT \$115)
- NOTE: Yday, EMC Unlikely to Spin Off VMware, RBC, Janney Say; EMC Unlikely to Pursue VMW Split, May Cut Costs: Oppenheimer

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Sonic Automotive Cut at BofA on 'Fundamental Execution Issues'

By Krysta Huber

July 22 (Bloomberg) -- Sonic Automotive 2Q results show "ongoing execution issues," BofA

Merill analyst John Murphy says in note; SAH cut to underperform vs buy, PT \$27

- Cites continuous underperformance vs peers; SG&A increasing faster than gross profit growth
- SAH down as much as 10%, lowest since May 7, on 3x avg. daily, 3-mo. volume
- SAH 3 buys, 5 holds, 3 sells; avg. PT ~\$29: Bloomberg data
- NOTE: Earlier, Sonic Automotive 2Q Adj. EPS Cont Ops 44c, Est. 53c

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No Major Hurdles Expected in AMAT/TOELY Deal, Barclays Says

By Krysta Huber

July 23 (Bloomberg) -- Any action required by Mofcom in Applied Materials/Tokyo Electron deal may be limited to Tokyo Electron's Chinese business, Barclays analyst Masahiro Nakanomyo says in note.

- Doesn't believe there is high probability Mofcom will require corrective action
- TOELY Chinese business has \$229m in sales, asset transfer in merger agreement may be less than \$600m
- Rates TOELY equal weight; PT 6500yen; AMAT unrated
- NOTE: Earlier, Tokyo Electron Falls; Report AMAT Deal Faces China Opposition
- NOTE: Yday, AMAT Ready With Remedies in Tokyo Electron Deal: Summit Research
- NOTE: AMAT/TOELY Likely Approved 'As Is' by Regulators: Stifel
- NOTE: Yday, AMAT/TOELY Sees Opposition From China MIIT: DealReporter

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Mead Johnson Potential Takeover Price \$120-130, Citi Says

By Krysta Huber

July 23 (Bloomberg) -- Increasingly likely that Mead Johnson Nutrition will be takeover candidate for Danone given DANOY situation in China, Citi analyst says in note; ests. \$120-\$130 takeover value for MJN.

- MJN buyout in "realm of possibility"
- Reiterates MJN buy, PT raised to \$109 vs \$105
- NOTE: Yday, Danone Started Strategic Review, WSJ Says
- NOTE: Yday, Mead Johnson Boosts Low End of Yr Adj EPS View; 2Q Misses by 1c

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PREVIEW Terex Corp. 2Q: Crane Orders May Yield Positive Results

By Krysta Huber

July 23 (Bloomberg) -- Terex 2Q results have met expectations, analysts say; strength in orders may create upside in stock. TEX reports 2Q post-mkt.

- 2Q EPS est. 81c (range 73c-89c)
- 2Q rev. est. \$1.97b (range \$1.84b-\$2.1b)
- 2014 forecasts from April: adj. EPS \$2.50-\$2.80, rev. \$7.3b-\$7.7b; EPS est. \$2.67, rev. est. \$7.54b
- Deutsche Bank (Buy, PT \$52): expectations low, cranes seen as "biggest swing factor" to earnings (est. 10% y/y growth); "greatest improvement" seen in tower, all-terrain, crawler crane rentals/use
- Jefferies (Hold, PT \$42): May be investor concern over need to lower guidance given "push out" in MHPS business; Street numbers already lowered, seen as "attainable"
- BMO (Outperform, PT \$48): New product strategies, cost reduction/acquisition integration may affect future shr price; Materials Processing, Aerial Work Platforms segments show "grindingly positive end market backdrop"
- Earnings met or beat EPS ests. 8 out of last 11 quarters: Bloomberg data
- TEX down 2.8% YTD vs CAT up 20% (reports 2Q pre-mkt tmrw), MTW up 36%
- Implied 1-day move 4.9%; fell 6 of last 7 days post-earnings
- TEX reports 2Q post-mkt today, call tmrw 8:30am 877-726-6603

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Freescall Cut at Needham on China 4G LTE Concerns

By Krysta Huber

July 23 (Bloomberg) -- Freescale Semiconductor spending pause, inventory correction in China 4G LTE raising concerns, Needham analyst Rajvindra Gill says in note; FSL cut to hold vs strong buy.

- Cites "overall softness" in networking industry
- FSL down as much as 6.9% on ~2x avg. daily volume
- NOTE: Yday, Xilinx 2Q Rev. View Below Est.; Shrs Fall

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VMware Not a Likely Buyer for Rackspace, JMP Says

By Krysta Huber

July 23 (Bloomberg) -- Rackspace (mkt outperform, PT \$67) may not see interest from VMware (mkt outperform, PT \$119) at current prices, JMP Securities analyst Patrick Walravens says in note.

- AX "geographic footprint" strong in NA, UK; doesn't match with VMW needs in continental Europe, Asia
- Price "on high end" of what VMW may consider
- NOTE: July 16, Rackspace Less Likely to See Merger: Canaccord
- NOTE: July 11, Centurylink Interest in RAX 'Casual,' Faded: Brightwire
- NOTE: July 11, RAX Has L-T Value; Two Potential Buyers Remain: Wells Fargo

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Time Warner Has Considered Idea of HBO IPO: NY Post (Yday)

By Krysta Huber

July 24 (Bloomberg) -- Time Warner considered HBO IPO before bid from 21st Century Fox, New York Post says, citing insiders.

- HBO IPO was expected to be 2015 event
- TWX declined to comment to NY Post
- NOTE: Yday, Fox Revised TWX Bid Likely Wouldn't Include Voting Shares: Faber
- NOTE: Yday, John Malone Says Tech Cos. Unlikely to Bid for Time Warner: WSJ

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Coach Improves to 'Mixed' From Negative View at OTR (Earlier)

By Krysta Huber

July 24 (Bloomberg) -- Coach's first ever biannual sale, better weather make for "solid" 4Q performance, OTR Global analyst says in note.

- COH plan to cut back on promotions may affect full-priced store sales; customers used to paying discount prices
- COH up as much 3.4%
- COH 11 buys, 23 holds, 6 sells; avg. PT ~\$36: Bloomberg data

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Cigarette Sales Increase Amid Rising E-Vaporizer Demand: BI

By Krysta Huber

July 24 (Bloomberg) -- U.S. cigarette sales increased 0.2% y/y in four weeks ended July 13, Bloomberg Intelligence analyst Kenneth Shea says in note; "notable improvement" given 0.7% y/y decline.

- Cites pressure from increasing demand for electronic vapor products
- RAI reports 2Q July 29 pre-mkt; LO 2Q due July 30 pre-mkt
- NOTE: July 15, Reynolds to Buy Lorillard for \$27.4b; to Sell Some Brands
- NOTE: April 24, Lorillard Pleased With FDA's 'Science-Based Approach' to E-Cigs
- NOTE: March 13, E-Cig 2015 Rev. Forecast Cut Amid Bans: BI

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Potential TRLA/Z Deal May 'Easily Fall Apart': Deutsche Bank

By Krysta Huber

July 25 (Bloomberg) -- Potential Trulia, Zillow deal has several hurdles, Deutsche Bank analyst Lloyd Walmsley says in note, citing super-voting shrs, regulatory issues, valuation disagreements.

- "Close scrutiny" likely to be seen by NAR lobbying group in Washington; NAR has "ear of many influential politicians"
 - Regulatory review may pass given potential for improved customer experience; combined co. may produce better quality data
- Acquisition rationale "compelling" given potential cost reduction in advertising; large holders own both Z, TRLA stock, may prefer combined co.
- Rates TRLA buy, PT \$42; Rates Z hold, PT \$78
- NOTE: Earlier, Trulia Bidder Other Than Zillow Unlikely: Macquarie
- NOTE: Yday, Zillow Said to Be Seeking to Acquire Trulia

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Mylan Tax Inversion Not So 'Simple,' Citi Says By Krysta Huber

July 25 (Bloomberg) -- Complexity of Mylan, Abbott deal may pose risk to closing transaction in line with co. 2015 1Q guidance, Citigroup analyst Liav Abraham says in note.

- Cites need for ABT to create new legal entity before inversion of MYL into Dutch Newco.
 - No concern over closing tax inversion window in U.S.
- Remains skeptical over approval for MYL generic Copaxone in 2014 given additional data requested by FDA
- MYL cut to neutral vs buy, PT \$57
- MYL down 1.5%

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AMAT/TOELY MOFCOM Refile May Cause Significant Delay: RBC By Krysta Huber

July 28 (Bloomberg) -- Applied Materials, Tokyo Electron merger not likely to close before December, given that past cases received MOFCOM approval ~5 mos. after resubmission, RBC Capital analyst Mahesh Sangneria says in note.

- Deal likely to see conditional approval; cites Microsoft buying Nokia phone business, Google buying Motorola
- Deal may be subject to U.S. tax inversion investigation if anti-inversion legislation passes
- Rates AMAT sector perform, PT \$20
- AMAT has 14 buy ratings, 10 holds, 3 sells; avg. PT ~\$24: Bloomberg data
- NOTE: Earlier, AMAT, Tokyo Electron Refile to Allow Dialogue With MOFCOM

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Phil Kuntz

PetSmart Strategic Review Likely to Lead to Buyback: Wedbush By Krysta Huber

July 28 (Bloomberg) -- PetSmart most likely to pursue leveraged buyback of ~1x Ebitda vs potential deal with Petco following strategic review by bankers, Wedbush analyst says in note; sees 20% probability of PETM/Petco deal.

- Sees >50/50 probability of FTC approval for any deal between PETM, Petco; potential deal not a "sure thing"
- Rates PETM neutral; PT \$64
- PETM 3 buys, 23 holds, 2 sells; avg. PT ~\$64: Bloomberg data
- NOTE: July 22, PetSmart Said to Hire JPMorgan to Study Alternatives: Reuters
- NOTE: July 7, PetSmart: Evaluation of Capital Structure Continues

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Citrix 3Q EPS May 'Crush' Consensus, Bernstein Says By Krysta Huber

July 29 (Bloomberg) -- Citrix EPS consensus est. are "overly negative," Bernstein analyst Mark Moerdler says in note, citing \$1.4b convertible note issuance, \$1.5b shr repurchase as "largely ignored" on sell-side.

- Street may be excluding/underestimating amortization of debt discount from convertible notes, additional shr repurchases expected to be completed in 3Q, 4Q
- 3Q EPS ests. 82c vs consensus est. 73c; 2014 EPS est. \$3.42 vs. consensus est. \$3.23
 - NOTE: July 23, Citrix Sees Yr Adj EPS \$3.20-\$3.25, Saw \$2.90-\$2.95, Est.\$3.10
- Rates CTXS outperform, PT \$80
- CTXS has 20 buy ratings, 15 holds, 1 sell; avg. PT \$70: Bloomberg data

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WIN REIT Expands Universe of REITs 'Dramatically,' Willens Says

By Krysta Huber

July 29 (Bloomberg) -- IRS approval of Windstream's publicly traded REIT "dispels" concerns about whether assets that perform "active functions" can be spun off as real estate, independent corporate tax consultant Robert Willens said in interview with Bloomberg First Word.

- "The message is that the technique is now widely available to any company that has real estate," Willens said. "This could include McDonald's, JC Penney, utility companies, cable companies."
- Doesn't expect Congress will pay attention to REIT spinoff given focus on tax inversion; cites "famous, iconic" co. like AT&T as business that may draw attention if it pursued a REIT
- Spinoff is a "no brainer." "Whatever earnings a company can ascribe to the REIT will now be saved in taxes and that amount will become available for paying dividends, other areas of the business."
- NOTE: Earlier, Far From Clear If WIN REIT Will Be Approved by FCC: Elevation
- NOTE: Earlier, Windstream to Spin Off Telecom Assets Into Publicly Traded REIT

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Globalstar TLPS Approval Should Be Focus, Odeon Says

By Krysta Huber

July 29 (Bloomberg) -- Globalstar drop is "buying opportunity," Odeon says in note, citing positive momentum from TLPS approval.

- Rates GSAT buy, reiterates PT \$5
- GSAT 2 buy ratings, no holds, 1 sell; avg PT \$6: Bloomberg data
- GSAT down as much as 8.5% to lowest since June 5
- NOTE: June 6, GSAT PT Raised at Elevation on Possible Strategic Moves

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GameStop May Not See 'Much Impact' S-T From EA Service: Stifel

By Krysta Huber

July 29 (Bloomberg) -- EA access service in stores may not have "much impact" for GME in N-T, Stifel analyst David Schick says in note; EA Access may take shr from GME in L-T given that service will offer discounts on downloadable content.

- Service currently includes 4 titles; GME to offer in stores
- Expects strong console, software sales to continue through 2014
- Rates GME hold
 - GME has 14 buy ratings, 6 holds, 3 sells; avg PT ~\$50: Bloomberg data
- GME falls as much as 9.1%
- NOTE: Earlier, GameStop Drops; EA Offers Subscription Service for Xbox One

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WIN WRAP: Cablevision, Lumos Unlikely to Pursue REIT: Analysts

By Krysta Huber

July 30 (Bloomberg) -- Cablevision unlikely to pursue a REIT spinoff given that it may complicate an eventual sale, Citi analyst Michael Rollins says in note.

- Doesn't expect "rush of announcements" from other cos. given long term conversion risks
 - Rates CVC sell, PT \$17
 - CVC 6 buys, 16 holds, 5 sells; avg. PT ~\$18: Bloomberg data
 - Rates WIN neutral, PT \$12
- Lumos, Cogent, Level 3 Communications unlikely to convert to a REIT given sizable NOLs held by CCOI, LVLT, small size of CCOI, LMOS, Cowen analyst Colby Synesael says in note
 - Verizon, AT&T, Sprint more likely REIT candidates given "sheer size" of potential

- savings; probability remains low due to potential scrutiny
 - Rates LMOS outperform, PT \$18.50
 - LMOS 4 buys, 2 holds, 1 sell; avg. PT \$~18: Bloomberg data
- NOTE: Yday, AT&T, Verizon Unlikely to Consider REIT, UBS Says
- NOTE: Yday, WIN REIT Expands Universe of REITs 'Dramatically,' Willens Says
- NOTE: Yday, Windstream to Spin Off Telecom Assets Into Publicly Traded REIT

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MW Free Cash Flow Potential Remains 'Unchanged,' Cowen Says

By Krysta Huber

July 30 (Bloomberg) -- Men's Warehouse long term earnings, free cash flow potential is "unchanged," Cowen analyst John Kernan says in note.

- Rates MW outperform, PT cut to \$62 from \$65
- NOTE: MW has 5 buys, 1 hold, 1 sell w/ avg PT of \$65.25 (26% upside from prior close): Bloomberg data
- NOTE: Yday, Men's Warehouse Sees at Least \$3.7b in 2017 Rev.: Filing
- NOTE: Yday, Men's Warehouse Gives F2Q Comp Sales Update Ahead of Meeting

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RingCentral Gains; Northland Capital Says RNG Poised to Double

By Krysta Huber

July 30 (Bloomberg) -- RingCentral may double, Northland Capital analyst Michael Latimore says in note, citing service rev. growth improvement in 2Q, announcement that British Telecom Business division will resell co-branded offering in UK mkt; RNG up 15.7% pre-mkt.

- BT deal indicates RNG platform is “carrier grade, easy-to-use, mobile centric”
- BT agreeing to co-brand shows co.’s interest is in selling the service
- Reiterates RNG outperform and PT \$25
- RNG 5 buys, no holds, 1 sell; avg. PT \$21.25: Bloomberg data

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Liberty Global Sees Content, Media Opportunities: WSJ (Yday)

By Krysta Huber

July 30 (Bloomberg) -- Liberty Global CEO Michael Fries says acquisition opportunities in content, media assets are of interest; cable TV assets are “slowing down,” WSJ reported yday.

- Poland among a couple of cable TV mkts in Central, Eastern Europe still in need of consolidation
- No talks with Vodafone regarding potential sale of LBTYA; LBTYA not a seller
- NOTE: May 9, Liberty CEO Defines All3Media as First Step in Content Mission: Bloomberg Intelligence
- NOTE: May 5, Coatue’s Laffont Says Vodafone May Buy Liberty Global; Shrs Rise

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J.C. Penney Turnaround 'Very Much Under Way,' Piper Jaffray Says

By Krysta Huber

July 31 (Bloomberg) -- J.C. Penney on path to “reclaim” \$2b-\$3b of \$6b in rev. lost under former CEO Ron Johnson, Piper Jaffray analyst Neely J.N. Tamminga says in note, citing home department open for business, decrease in clearance activity, restored private brands.

- Early back-to-school trends are key heading into earnings call; Aug. “sets the tone” for

2H

- Uniforms back in stock, improved space allocation in kids department, increased advertising may help bring traffic into JCP stores
 - Reiterates JCP overweight, PT \$12
 - JCP 5 buys, 16 holds, 8 sells; avg. PT ~\$9: Bloomberg data
 - Short interest 23% of float, down from 37% in Feb.: Markit data
-
- NOTE: Yday, Department Stores Outperform Major Indexes
 - NOTE: July 22, Consumers Yawn at Penney's, Kohl's Back-to-School Apparel: BI
 - JCP to report 2Q post-mkt Aug. 14

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Courtney Dentch

Yum! Brands Ests. Cut at Morgan Stanley on China Sales Decline

By Krysta Huber

July 31 (Bloomberg) -- Yum! Brands FY 2014, 2015 EPS ests. cut on China sales declines, Morgan Stanley analyst John Glass says in note, citing news of China supplier selling expired meat to YUM.

- Sale of expired meat has had "significant, negative impact" on KFC China, Pizza Hut China (~35% of YUM oper. profit)
- 2014 EPS est. cut to \$3.30 vs \$3.70; 2015 EPS est. cut to \$3.70 vs \$4.23
- Ests. 12% comps decline for 3Q, down 6% for 4Q
- Rates YUM equal weight
- YUM down 6.3% pre-mkt to \$68.79 on 114k shrs
- NOTE: July 30, Yum Brands Terminates Relationship With OSI Globally
- NOTE: July 23, Yum China Ends All Procurement From OSI China: Reuters

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Whole Foods Ests. Cut on 'Increasingly Limited' Visibility: JPM

By Krysta Huber

July 31 (Bloomberg) -- Whole Foods Market FY 2015, FY 2016 EPS ests. cut on "increasingly limited" visibility, JP Morgan analyst Ken Goldman says in note, citing lowered guidance for fourth straight qtr, mgmt's lack of availability for follow-up calls post earnings.

- 2015 EPS est. cut to \$1.61 vs \$1.71; 2016 EPS est. cut to \$1.79 from \$1.91
- WFM cut to neutral vs overweight, PT cut to \$38 from \$48
- WFM 14 buys, 18 holds, 3 sells; avg. PT \$43.50: Bloomberg data
- WFM down 5.9% pre-mkt
- NOTE: Yday, Whole Foods Cuts Yr Rev., Comp. Sales; 3Q Comps. Miss
- NOTE: July 22, Jana Shorted Market Leader in Organic Grocery in 2Q: Letter

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Allergan Defends Bylaws with ISS: WSJ (Yday)

By Krysta Huber

July 31 (Bloomberg) -- Allergan defends bylaws in closed-door meeting with ISS last week, WSJ reports yday, citing people familiar with the matter.

- ISS expected to issue opinion on special meeting rules in coming days
- AGN sent follow-up letter to ISS after the meeting over concern co. didn't provide adequate defense of bylaws in person; letter said AGN sees bylaws as "reasonable," citing other cos. with similar rules, WSJ citing people familiar

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