

November 28, 2014

EQUITY RESEARCH AFTERNOON RESEARCH SUMMARY

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Royal Dutch Shell plc (RDS/A)

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Christopher Marai, Ph.D.

[XNCR Our Black Friday Special: Buy it for IgE, Get Bispecific Platform Free](#)

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Snap Commentaries - Equities Updates

ENERGY

[Fadel Gheit](#)

212-667-7405

Royal Dutch Shell plc (RDS/A - \$71.37)

Oil & Gas

Rating	Market Cap	Price Target	Earnings Type	2013A	2014E	2015E
P	\$225,414.2M	NA	EPS	6.20	7.26	5.43

[Value Creation Is In, Production Growth Is Out](#)

Like the rest of its peers, Shell has been fighting an uphill battle to maintain, let alone grow, production, amid steep field declines and rising reserve replacement costs. It has finally abandoned production growth as a core objective. Instead, it is refocusing its business strategy on creating value by investing in profitable energy projects with high return, even if Shell has no equity production. Based on the current oil and gas prices, we expect 2015 operating cash flow of \$35.8B to partially fund \$32.3B CAPEX, \$11.7B of dividends, and \$3.5B of repurchases, for a cash flow deficit of \$11.6B, to be funded from cash on hand, divestiture proceeds and additional debt.

HEALTHCARE

[Christopher Marai, Ph.D.](#)

415 399-5721

Xencor, Inc. (XNCR - \$11.15)

Biotechnology

Rating	Market Cap	Price Target	Earnings Type	2013A	2014E	2015E
O	\$350.1M	\$22.00	EPS	(3.85)	(0.66)	(0.66)

[XNCR Our Black Friday Special: Buy it for IgE, Get Bispecific Platform Free](#)

We are fighting the crowds and holiday traffic to camp outside Xencor's Monrovia, CA headquarters for what we view as the best "Black Friday" special and one of most undervalued companies in our coverage universe.

We recommend owning XNCR ahead of a catalyst-filled six months. We anticipate key value-inflection points with first-in-human results for XmAb7195 (an anti-IgE therapy, Xolair biobetter) (January 2015), P2 results for XmAb5574/MOR208 in ALL and NHL at ASH (Dec.6-9), and top-line results from the P2a of XmAb5871 in RA (YE14). We note that XNCR's \$350M market cap compares favorably to comps including MGNX (Outperform) ~\$750M MC, CLDX (Outperform) ~\$1.8B MC, and DYAX (Felt: Outperform), at \$1.9B MC. **XNCR will present at Oppenheimer's Healthcare Conference Dec. 11.**

Earnings & Conference Call Calendar

Earnings Reporting					Conference Call			
Company	Ticker	Analyst	Date	Time (EST)	Tel. Number	Code	Replay	Code
Tuesday, December 02, 2014								
OmniVision Technologies Inc	OVTI	Uerkwitz	2-December-14	6:00PM	+1-617 597.5447	29096693	+1-888 286.8010	34461414
Wednesday, December 03, 2014								
Aeropostale Inc	ARO	Andreeva	3-December-14	5:15PM	+1-877-407-9039	Aeropostale	+1-877-870-5176	13596170
Abercrombie & Fitch Co	ANF	Andreeva	3-December-14	9:00AM	+1-(719) 325-4886		+1-(719) 457-0820	3359329
Verint Systems Inc	VRNT	Eyal	3-December-14	5:30PM	+1-6175975447	92895301		

Thursday, December 04, 2014

Ulta Salon Cosmetics and Fragrance Inc	ULTA	Parikh, CFA	4-December-14	6:00PM	+1-201-493-6725	+1-877-870-5176	13595245
American Eagle Outfitters Inc	AEO	Andreeva	4-December-14	5:15PM	+1-877-407-0789		

Important Disclosures and Certifications

Other companies mentioned in this report: ALXN BP CLDX CSL CVX DYAX JNJ MGNX MRK RDS/A XNCR XOM

Important Disclosure Footnotes for Companies Mentioned in this Report that Are Covered by Oppenheimer & Co. Inc.:

Stock Prices as of November 28, 2014

Alexion Pharmaceuticals (ALXN - NASDAQ, 194.72, OUTPERFORM)

Celldex Therapeutics (CLDX - NASDAQ, 20.54, OUTPERFORM)

Dyax Corp. (DYAX - NASDAQ, 13.91, OUTPERFORM)

MacroGenics, Inc. (MGNX - NASDAQ, 28.04, OUTPERFORM)

Xencor, Inc. (XNCR - NASDAQ, 11.15, OUTPERFORM)

BP plc (BP - NYSE, 41.59, OUTPERFORM)

Chevron Corporation (CVX - NYSE, 115.11, OUTPERFORM)

Royal Dutch Shell plc (RDS/A - NYSE, 71.37, PERFORM)

ExxonMobil Corporation (XOM - NYSE, 94.48, PERFORM)

Distribution of Ratings/IB Services Oppenheimer & Co. Inc.

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [O/B/OP]	318	54.36	147	46.23
HOLD [N/P/SP]	260	44.44	97	37.31
SELL [UP/S/U]	7	1.20	0	0.00

The analyst/associate/member of the analyst's or associate's household owns a long position in RDS/A, BP, CVX and XOM.

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