

At a Glance

Symbol	Rating		Est.	Price Target	
	Prior	Current		Prior	Current
INITIATIONS					
ZFGN	--	B		--	\$47.00
PRICE TARGET CHANGES					
EWBC	B	B		\$47.00	\$51.00
TILE	B	B	▲	\$26.00	\$28.00
COMPANY UPDATES					
EXR	B	B	▲	\$75.00	\$75.00
GPS	N	N	▲▼	\$41.00	\$41.00
ITCI	B	B	▼	\$50.00	\$50.00
SSI	B	B		\$21.00	\$21.00
INDUSTRY UPDATES					

[Biotech - Our Top 5 Picks Over The Next Six Months: Major Catalysts To Drive Performance](#)

[Tech, Semis, Components and Distributors - Semiconductor Cycle Path: EU registrations neutral for autos-exposed semis](#)

Today's Events

6/17	Networking - 11:30am ET Conference Call with Cisco (CSCO) - Kyriakopoulos
6/17	OFS - 2pm ET Conference Call with U.S. Silica Holdings (SLCA) Management - Mulvehill
6/17	Heartland Payments (HPY) - NDR - Jeffrey -Texas
6/17	PolyOne Corporation (POL) - NDR - Freuchtel - Montreal and Toronto
6/17	Consumer Products/Food - Analyst Trip - Chappell - Austin
6/17	Commercial / Government IT Services - Analyst Trip - Sommer - Baltimore
6/17	Semiconductors - Analyst Trip - Stein - Midwest
6/17	Specialty Retail - Analyst Trip - Magee - Canada
6/17	Third Annual Vacation Ownership & Exchange Conference - Scholes - New York

Morning Meeting Highlights

Mohawk Industries, Inc. (MHK, \$190.14, Buy) - Reports from industry participants point toward: (1) Residential carpet (25%-30% of MHK sales) which has improved modestly from 1Q15 but is still growing at a low-single-digit rate. (2) Commercial carpet (5%-10% of MHK sales) which has improved sequentially from 1Q15. We recently raised estimates on commercial carpet-only producer **TILE** ("[US Commercial Carpet Strengthens: Raising Estimates](#)") for this reason. (3) Residential carpet pricing that remains flat despite significant raw material relief from carpet producers as we discuss in our recent note "[Building Products Petrochemical Input Review](#)" providing margin expansion in this product. -**Keith Hughes**

Zafgen, Inc. (ZFGN, \$35.60, Buy) - Initiating Coverage at Buy and \$47 PT - **Edward Nash**

East West Bancorp, Inc. (EWBC, \$44.99, Buy) - Notes From the Road; Raising Price Target to \$51 - Following investor meetings with EWBC management on the West Coast, we are reiterating our Buy rating and EPS estimates and raising our price target to \$51 from \$47 due to higher bank sector valuation multiples. Annual EPS growth should be 8%-12% for the next few years with a 30%-35% targeted dividend payout. - **Jennifer Demba**

Biotech - Our Top 5 Picks Over The Next Six Months: Major Catalysts To Drive Performance - In our universe of Buy rated names, we would like to call investor attention to specific names in our coverage universe that we believe will demonstrate strong performance over the next six months based on major upcoming catalysts. - **Edward Nash**

Interface, Inc. (TILE, \$22.64, Buy) - US Commercial Carpet Strengthens; Raising Estimates - Raising estimates based on very strong commentary from commercial industry trade show. Reiterate Buy and raise price target to \$28 from \$26. - **Keith Hughes**

Other Focus Items Today

Extra Space Storage (EXR, \$68.47, Buy) - Deal accretive in 2016; strong track record suggests minimal execution risks - **Ki Bin Kim**

Intra-Cellular Therapies, Inc. (ITCI, \$26.33, Buy) - Buy Shares On Weakness; Second Phase III On Track - Yesterday, Intra-Cellular announced, ahead of schedule, the completion of patient enrollment for Study ITI-007-301, the first pivotal Phase III clinical trial of ITI-007 for the treatment of schizophrenia. Top-line data from the study is expected in 2H15. We received confirmation from management that the second pivotal Phase III clinical trial is on track to be initiated in 1H15. We have increased our R&D expense projections in the coming quarters due to the planned additional clinical trials. We reiterate our Buy rating on Intra-Cellular shares and our 12-month PT of \$50. - **Edward Nash**

Gap, Inc. (GPS, \$38.75, Neutral) - Investor Day Highlights
Product Initiatives - Given ongoing soft performance at Gap and BR, it's no surprise that the focus of the investor event was on plans to improve product. Management has coined the initiative "Product 3.0," modeled after ON's successful product development process. Beyond product commentary, additional details on last night's Gap store closure and headcount reduction plans were also provided. While we are encouraged by the calls to action- the bottom line is product improvements are not expected until Spring '16. As such, we prefer to wait on the sidelines until we gain more visibility. Reiterate Neutral, \$41 PT. - **Pamela Quintiliano**

Stage Stores, Inc. (SSI, \$17.51, Buy) - Continuing to be Focused on Shareholder Value - SSI is raising its dividend by 7% to \$0.15, resulting in a 3.4% yield- well-above the STRH universe average of 2.2% and second only to ANF's 3.7%, maintaining the Board's record of rewarding shareholders with raises in 8 of the last 10 years. Additionally, it will be consolidating its HQ into a single location (\$12M in 1x capex). We are confident in SSI's ability to achieve recent \$1.20-\$1.28 guidance (vs. STRH/ St \$1.27/\$1.24) based on ongoing solid execution and several achievable (but meaningful) initiatives in place. We are believers in LT opportunity to double EPS. Reiterate Buy, \$21 PT. - **Pamela Quintiliano**

Tech, Semis, Components and Distributors - Semiconductor Cycle Path: EU registrations neutral for autos-exposed semis - **William Stein**

Management Access / NDRs

Date	Event	Analyst(s)	Region
6/17/15	Heartland Payments (HPY) - Texas	Jeffrey	TEXAS
6/17/15-6/16/16	PolyOne Corporation (POL) - Montreal and Toronto	Freuchtel	CANADA
6/19/15	Infonetics (Not Covered - Private Market Research Firm)	Kyriakopoulos	BOSTON
6/19/15	Aflac (AFL) - Atlanta	M Hughes	SOUTHEAST
6/23/15	Incyte Corporation (INCY) - Minneapolis	Richter	MIDWEST
6/23/15	Main Street Capital Corporation (MAIN) - Toronto	Mewhirter	CANADA
6/23/15-6/24/15	Amerisafe (AMSF) - Southeast	M. Hughes	SOUTHEAST
6/23/15-6/24/15	MasterCard (MA) - Houston and Dallas	Jeffrey	TEXAS
6/24/15	Tokai Pharmaceuticals (TKAI) - Boston	Richter	BOSTON
6/24/15	MEDNAX (MD) - Boston	MacDonald	BOSTON
6/24/15	Mohawk Industries (MHK) - Field Trip - Dallas, TX	K Hughes	TEXAS
6/24/15-6/25/15	BioMarin Pharmaceuticals (BMRN) - Baltimore, Wilmington, Philadelphia	Richter	MIDATLANTIC
6/25/15	ARRIS Field trip (ARRS - Not Covered, \$5.4B mkt cap) - Horsham, PA	Kyriakopoulos	MID ATLANTIC
6/30/15	OCI Resources (OCI) - Texas	Sheehan	TEXAS

STRH Hosted Events

Date	Event	Analyst(s)	Region
6/17/15	Consumer Products/Food - Bill Chappell - Analyst Trip - Austin	Chappell	TEXAS
6/17/15	Commercial / Government IT Services - Tobey Sommer - Analyst Trip - Baltimore	Sommer	BALTIMORE
6/17/15	Networking - 11:30am ET Conference Call with Cisco (CSCO)	Kyriakopoulos	CONFERENCE CALL
6/17/15	OFS - 2pm ET Conference Call with U.S. Silica Holdings (SLCA) Management	Mulvehill	CONFERENCE CALL
6/17/15-6/18/15	Semiconductors - Will Stein - Analyst Trip - Midwest	Stein	MIDWEST
6/17/15-6/18/15	Specialty Retail - Dave Magee - Analyst Trip - Canada	Magee	CANADA
6/18/15	Apparel Retail - Pam Quintiliano - Analyst Trip - Philadelphia	Quintiliano	MID ATLANTIC
6/18/15	Software - John Rizzuto - Analyst Trip - Atlanta	Rizzuto	SOUTHEAST
6/18/15	Consumer Recreation & Leisure - Mike Swartz - Analyst Trip - Boston	Swartz	BOSTON
6/22/15-6/23/15	Consumer Products/Food - Bill Chappell - Analyst Trip - Dallas/Houston	Chappell	TEXAS
6/23/15	REITs - 10:30am ET Conference Call with CBRE Group (CBG - not covered; \$12.77 B mkt cap)	Kim	CONFERENCE CALL
6/23/15-6/24/15	Electric Power & Utilities - Ali Agha - Analyst Trip - Midwest	Agha	MIDWEST
6/23/15-6/24/15	Lodging - Patrick Scholes - Analyst Trip - Canada	Scholes	CANADA
6/24/15	Biotechnology - Salveen Richter - Analyst Trip - Chicago	Richter	MIDWEST
6/25/15-6/26/15	Semiconductors - Will Stein - Analyst Trip - Texas	Stein	TEXAS
6/29/15	OFS - 11am ET Conference Call with C&J Energy Services (CJES) Management	Mulvehill	CONFERENCE CALL
6/30/15-7/02/15	Software - John Rizzuto - Analyst Trip - Midwest	Rizzuto	MIDWEST

Conferences

Date	Event	Analyst(s)	Region
6/17/15	Third Annual Vacation Ownership & Exchange Conference - New York	Scholes	NEW YORK
11/12/15	Financial Technology, Business & Government Services Conference - New York	Jeffrey/Sommer	NEW YORK
12/02/15	Third Annual Boston Lodging & Leisure Conference - Boston, MA	Scholes	BOSTON

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3 designations based on total returns* within a 12-month period**

- **Buy** – total return \geq 15% (10% for low-Beta securities)***
- **Reduce** – total return \leq negative 10% (5% for low Beta securities)
- **Neutral** – total return is within the bounds above
- **NR** – NOT RATED, STRH does not provide equity research coverage
- **CS** – Coverage Suspended

*Total return (price appreciation + dividends)

**Price targets are within a 12-month period, unless otherwise noted

***Low Beta defined as securities with an average Beta of 0.8 or less, using Bloomberg's 5-year average Beta

Legend for Rating and Price Target History Charts:

D = drop coverage

I = initiate coverage

T = transfer coverage

SunTrust Robinson Humphrey ratings distribution (as of 06/17/2015):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	304	53.52%	Buy	112	36.84%
Neutral	258	45.42%	Neutral	53	20.54%
Sell/Reduce	6	1.06%	Sell/Reduce	1	16.67%

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