

THIS MORNING'S HIGHLIGHTS

BITA: Bumpy Ride in Setting Up for Road Ahead; Lowering Rating to Hold

REPH: Buys IV/IM Meloxicam & Manufacturing Site – View As Diversifying & Low Risk

URBN: Q4 Solid Beat, Believe More Good News in the Pipe, Reiterate Buy

ELOS: Key Takeaways from Management Meetings

Technical Analysis - TMT: GOOG Technical Follow Up: Less Than 5% from a Breakout

China Internet & Media: China Internet News & Comp Weekly

SUMMARY OF CHANGES

			Rating		Price Target		2015 EPS		2016 EPS			
Company	Ticker	Price	Current	Prior	Current	Prior	Current	Prior	Current	Prior		
Rating Changes												
Bitauto Holdings Limited	BITA	\$55.36	Hold	▼	NA	\$102.00	1.01	▼	2.59	2.22	▼	3.73
Estimate Changes												
Recro Pharma, Inc.	REPH	\$4.50	Buy		\$26.00		(4.39)	▼	(4.06)	-		--
Urban Outfitters Inc.	URBN	\$39.51	Buy		\$46.00		1.68	▲	1.65	2.00	▲	1.92

MEETINGS AND EVENTS

Management Meeting:

03/12, Park City Group Inc. (PCYG) Management Meeting, Boston, MA
 03/13, Park City Group Inc. (PCYG) Management Meeting, Boston, MA
 03/16, Baidu.com (BIDU) Investor Call, Phone
 03/18, Osiris Therapeutics, Inc. Management Meeting, Boston, MA
 03/19, Osiris Therapeutics, Inc. (OSIR) Management Meeting, New York, NY
 03/19, Analogic Corporation (ALOG) Management Meeting, Boston, MA
 03/24, Yelp, Inc. (YELP) Management Meeting, San Francisco, CA
 03/25, Osiris Therapeutics, Inc. OSIR Management Meeting, New York, NY
 03/25, HSN, Inc. (HSNI) HQ Tour, St. Petersburg, FL

RATING CHANGES

Bitauto Holdings Limited**BITA \$55.36**

Anne Shih, (212) 702-6693

AShieh@breancapital.com

Hold/Target Price: NA (from: \$102.00)

Price	\$55.36
52-Week High/Low	\$98.28-\$29.00
Shares Out (mm)	45.6
Market Cap (mm)	\$2,523
Avg. Daily Vol (000)	1,045,630
Short Interest	6.7%
EV (mm)	NA

Investment Summary

Bitauto reported strong 4Q14 results but also announced the initiation of a wave of investments yesterday morning. Fourth quarter revenue and first quarter revenue guidance were well above expectations, driven by robust growth across its three core segments. However, while we are positive on the company's track record of delivering strong revenue growth, we believe management's earnings guidance for 1Q15 and the outlook for the year is resetting margin baselines given the launch of a round of aggressive investment. Along with the significant dilution from Bitauto's new share issuance (17.7 million) to JD (JD \$28.92, Buy) and Tencent (700-HK HK \$132.20, Buy) in February, lower margins contributed by the rapidly growing pay-for-transaction business, and now greater magnitude of spending on new initiatives (building upon infrastructure and developing traffic) and marketing campaigns (for branding) in 2015, we expect moderated earnings with substantial margin contraction ahead. We are consequently downgrading the stock to a Hold from a Buy.

[For a full copy of this report, click on this hyperlink.](#)

ESTIMATE CHANGES

Recro Pharma, Inc.

REPH \$4.50

Jonathan Aschoff, (212) 702-6652

jaschoff@breancapital.com

Buy/Target Price: \$26.00

Yi Cheng, (212) 702-6620

YCheng@breancapital.com

EPS	FY13A	Prior13A	FY14E	Prior14E	FY15E	Prior15E
Mar	--	--	\$(3.67)A	--	\$(0.97)	\$(0.95)
June	--	--	\$(0.36)A	--	\$(1.05)	\$(0.99)
Sept	--	--	\$(0.61)A	--	\$(1.14)	\$(1.04)
Dec	--	--	\$(0.89)	\$(0.90)	\$(1.24)	\$(1.08)
FY (Dec)	\$(15.41)	--	\$(3.35)	\$(3.36)	\$(4.39)	\$(4.06)
P/E (x)	NM	--	NM	--	NM	--
Revenue (\$M)	FY13A		FY14E		FY15E	
FY (Dec)	\$0.0		\$0.0		\$0.0	
	--	--	--	--	--	--

Price	\$4.50
52-Week High/Low	\$9.88-\$2.36
Shares Out (mm)	7.7
Market Cap (mm)	\$35
Avg. Daily Vol (000)	19,748
Short Interest	0.0%
EV (mm)	NA

Investment Summary

Yesterday, Recro announced the acquisition of Alkermes' IV/IM meloxicam and its Gainesville, GA GMP manufacturing facility. IV/IM meloxicam is Phase 3 ready and has demonstrated potent efficacy for acute pain in Phase 2 and Phase 1 trials, whereas the Gainesville manufacturing facility generates sufficient cash flows that would more than allow Recro to service the \$50 million in debt financing it will use to cover the upfront payment to Alkermes. We believe this acquisition fits well with Recro's existing pain pipeline and its working capital needs. The positive cash flow from the facility will be used to service Recro's interest and principal payment, and potentially fund its R&D activities over time. The acquisition is expected to close in 2Q15 and we believe that diversification with an arguably low risk, late-stage asset improves the company's appeal. Recro has been trading near cash per share value since its negative interim Phase 2 trial analysis in September, but within a month we expect the company to release a more positive interim analysis from its new trial design given that the primary endpoint is now measured on days 1 and 2 after bunionectomy, rather than on days 0 and 1, where day 0 proved to be problematic due to the difficulty in controlling the high intensity of pain immediately following surgery.

[For a full copy of this report, click on this hyperlink.](#)

Urban Outfitters Inc.

URBN \$39.51

Liz Pierce, CFA, (212) 702-6634

lpierce@breancapital.com

Buy/Target Price: \$46.00

EPS	FY15A	Prior15A	FY16E	Prior16E	FY17E	Prior17E
Apr	\$0.26	--	\$0.25	--	--	--
July	\$0.49	--	\$0.55	--	--	--
Oct	\$0.35	--	\$0.46	--	--	--
Jan	\$0.60	\$0.55	\$0.66	--	--	--
FY (Jan)	\$1.68	\$1.65	\$2.00	\$1.92	\$2.43	\$2.34
P/E (x)	23.5	23.9	19.8	20.6	16.3	16.9
Revenue (\$M)	FY15A	Prior15A	FY16E	Prior16E	FY17E	Prior17E
FY (Jan)	\$3,323.0	--	\$3,650.0	--	\$3,929.0	--
P/S (x)	1.6	--	1.4	--	1.3	--

Price	\$39.51
52-Week High/Low	\$40.67-\$27.89
Shares Out (mm)	131.6
Market Cap (mm)	\$5,201
Avg. Daily Vol (000)	1,743,089
Short Interest	6.9%
EV (mm)	NA

Investment Summary

Q4 results and the fact that Q4's momentum has carried into Q1 reinforces our belief that the URBN brands remain compelling brands with strong consumer attachment. As such, we believe the stage is set for URBN to continue to drive increase share of wallet growth driven by product extensions/expansions at each brand as well as an improved UO assortment. We also see considerable margin expansion from current levels stemming from improved product at UO and from increased operating efficiencies such as a more optimized inventory position. Finally, the 22.3 million shares remaining on the combined share repurchase authorization provides tremendous support for the stock. Accordingly, we reiterate our Buy rating and \$46 TP, which is based on a multiple of 23x our FY16 EPS estimate of \$2.00 and a 1.05x PEG ratio.

[For a full copy of this report, click on this hyperlink.](#)

COMPANY COMMENTS

Syneron Medical Ltd.

Difei Yang, Ph.D., (212) 655-2765
DYang@breancapital.com

ELOS \$12.00

Buy/Target Price: \$18.00

Price	\$12.00
52-Week High/Low	\$12.88-\$8.32
Shares Out (mm)	35.3
Market Cap (mm)	\$424
Avg. Daily Vol (000)	218,898
Short Interest	0.7%
EV (mm)	NA

Investment Summary

[For a full copy of this report, click on this hyperlink.](#)

SECTOR NOTES

Technical Analysis

Frank Longman, (781) 378-2409
flongman@breancapital.com

Investment Summary

Today's entry in the "this should lead if the market works and hurt you less if the market doesn't" sweepstakes is Google. We last wrote on GOOG back on 12/23/14 (Technical Analysis - TMT - [Google Charts Positioned for a Return to Leadership](#) - December 23, 2014) and the stock has done exactly what a bull would want to see since then, rising nearly twice as much as the NASDAQ 100's 430 bps gain year to date. The bottom line here is that we think GOOG can break out above both Fib resistance at \$585.5 and trendline resistance at \$600 for a trade to the low 700's (718 pattern projection), and we would use any pullback to the \$550 zone as a place to position for that event. Using a trade line of "BUY \$550 for a trade to \$718 versus \$513 stops" yields favorable reward/risk skew of \$168 upside versus \$37 in risk or 30.5 percent potential upside versus 673 bps in risk. We continue to feel that GOOG is an excellent vehicle for keeping long money up in an increasingly narrowing tape.



[For a full copy of this report, click on this hyperlink.](#)

SECTOR NOTES

China Internet & Media

Fawne Jiang, (212) 702-6621

FJiang@breancapital.com

Long Lin, (617) 335-6832

LLin@breancapital.com

Anne Shih, (212) 702-6693

AShih@breancapital.com

Investment Summary

Baidu (BIDU, Buy)

- **On March 7, Lady's Day, Baidu launched a promotional movie-ticketing event for RMB 3.7-yuan per ticket at 800+ cinemas in 252 cities.** As a result, Baidu's total movie ticket sales increased 6X YoY and accounted for 15% of China's total movie-ticketing volume on March 7, and Baidu Nuomi was ranked No.1 in China's top 4 cinema lines in terms of selected-seat ticketing volume. In this campaign, 80% of transactions were fulfilled via Baidu Wallet. *Source: Tech Web, <http://bit.ly/1BiCjGC>*
- **To promote March 7 Lady's Day, Baidu Nuomi started a red-envelope campaign with no upper-limit for total red-envelop value,** and Nuomi further allocated RMB 100 million red envelopes on March 8. *Source: MyDrivers, <http://bit.ly/1E5qjlv>*
- **Robin Li, CEO of Baidu, submitted two proposals to Chinese government during CPPCC (Chinese People's Political Consultative Conference):** 1) suggesting the government fully open hospital reservation resources to commercial institutions in order to improve hospitals' operation efficiency and to help patients to find the right doctors; and 2) proposing the Chinese government set up a China Brain project to drive development of artificial intelligence including human-machine interaction, big data analysis, unmanned driving, smart medical diagnosis, unmanned aircraft and military/civil robots. *Source: Sohu News, <http://bit.ly/1AUajca>*
- **Xudong Chen, CEO of Magic Factory (Lenovo's smart hardware brand) and Senior VP of Lenovo, said Baidu's potential investment in Magic Factory has not been finalized yet** and BAT still has the opportunity to invest in Magic Factory. According to Chen, Magic Factory will start operations on April 1 and could launch the first smartphone and apps in September along with two IOT (internet of things) products including smart router and smart home appliance controlling center. *Source: EastMoney, <http://bit.ly/1Kcn1JN>*
- **Baidu Finance launched a Baizhuan HuShen 300 Index Fund product** that will be connected with JSFund's HuShen 300 ETF Bonding Fund, which had 63.55% growth in the past year. *Source: Tech Web, <http://bit.ly/1EPRJnh>*

[For a full copy of this report, click on this hyperlink.](#)

Important Disclosures

This report constitutes a compendium report (covers six or more subject companies). As such, Brean Capital, LLC. chooses to provide specific disclosures for the companies mentioned by reference. To access current disclosures for all the companies in this report, clients should refer to [Disclosure Site](#) or contact your Brean Capital, LLC. representative for additional information. Trading (212)-702-6527 Member FINRA, SIPC www.breancapital.com

In the normal course of its business, Brean Capital, LLC intends to seek compensation for investment banking or non-investment banking services from the companies in its coverage universe. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decisions.

The research analyst(s) or research associate(s) principally responsible for the preparation of this research report has received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues. The compensation is determined exclusively by research management and senior management (not including investment banking).

Brean Capital, LLC Stock Rating System

Buy - Expected to appreciate by at least 10% within the next 12 months.

Hold - Fully valued, not expected to appreciate or decline materially within the next 12 months.

Sell - Expected to decline by at least 10% within the next 12 months.

Rating Category	Count	Percent	IB Serv./ Past 12Mos.	
			Count	Percent
BUY	115	76.67%	18	15.65%
HOLD	32	21.33%	0	0.00%
SELL	3	2.00%	0	0.00%
NOT RATED				

Note: Stock price volatility may cause temporary non-alignment of some ratings with some target prices.

Valuation / Target Price

Syneron Medical Ltd. - ELOS:

Our \$18 target price is based on a sum-of-the-parts analysis. For valuation purposes, we separate the business into two parts: one is the traditional medical aesthetics business, which we value at 1.3x of 2016 estimated sales, or \$9.50 share. Management is guiding to \$65-100 million in annualized revenue in 2017 for the newly launched UltraShape business; we believe this is an achievable objective, judging by the launch curve of Zeltiq's CoolSculpting. We conservatively estimate revenue for the UltraShape business to be around \$40 million in 2016 and have applied a multiple of 4.5x, from the Zeltiq comp, to obtain a \$5 per share valuation. Finally, the company ended Q4 with about \$3 per share in cash. Adding all three together, we obtain a price target of \$18.

Recro Pharma, Inc. - REPH:

We derive our target price of \$26 through a DCF analysis, assuming a 25% discount rate that is applied to all cash flows and the terminal value, which is based on a 5 multiple of the projected 2020 EBITDA of \$99 million.

Urban Outfitters Inc. - URBN:

With upcoming easy compares at the UO division combined with our confidence that both Anthro and FP can deliver respectable comps in spite of tough compares, we believe our FY16 earnings estimate could be conservative. Accordingly, we believe URBN's valuation remains compelling and, therefore, we reiterate our Buy rating and \$46 TP, which is based on a multiple of 23x our FY16 EPS estimate of \$2.00 and a 1.05x PEG ratio.

Analyst Certification

We hereby certify that the views expressed in this research report accurately reflect our personal views about any and all of the subject securities or issuers referred to in this document. The analyst and associate analyst further certify that they have not received and will not be receiving direct or indirect compensation in exchange for expressing the recommendation contained in this publication.

Disclaimers

Some companies that Brean Capital, LLC follows are emerging growth companies whose securities typically involve a higher degree of risk and more volatility than the securities of more established companies. The securities discussed in Brean Capital, LLC research reports may not be suitable for some investors. Investors must make their own determination as to the appropriateness of an investment in any securities referred to herein, based on their specific investment objectives, financial status and risk tolerance. This report may discuss numerous securities, some of which may not be qualified for sale in certain states and to certain categories of investors. Readers are advised that this analysis report is issued solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy. The information contained herein is based on sources which we believe to be reliable but is not guaranteed by us as being accurate and does not purport to be a complete statement or summary of the available data on the company, industry or security discussed in the report. Past performance is no guarantee of future results. Any opinions expressed herein are statements of our judgment as of the date of publication and are subject to change without notice. Entities including but not limited to the Firm, its officers, directors, employees, customers, affiliates may have a position, long or short, in the securities referred to herein, and/or other related securities, and from time to time may increase or decrease such position or take a contra position. The Firm (or persons related thereto) may make a market in the securities mentioned herein, and may from time to time perform investment banking or other services for, or solicit investment banking or other business from, and may

have other relationships with any company mentioned in this report. Brean Capital, LLC (the "Firm") is a member of SIPC, FINRA, licensed with various state securities regulatory authorities, and a registered U.S. Broker-Dealer. No part of this report may be reproduced in any form without the express permission of Brean Capital, LLC.

Please access the following link should you wish to be removed from this distribution list: [UNSUBSCRIBE](#).

Alternatively, you may reply to this email with the subject "UNSUBSCRIBE".

Additional information is available upon request.