



Equity Research

Irina Rivkind Koffler

212-915-1237

irivkind@cantor.com

Monica Gorman

212-915-1917

mgorman@cantor.com

Phibro Animal Health Corporation (PAHC-\$28.04)

Rating: BUY

Target Price: \$36.00

Double-Digit Growth in Core Businesses; Maintain BUY and \$36 PT

REV	1Q	2Q	3Q	4Q
2014A	162.2A	172.7A	173.3A	183.7A
2015E	187.5A	188.7A	185.7E	197.9E
Prev	—	182.4E	—	—
2016E	—	—	—	—
EPS	1Q	2Q	3Q	4Q
2014A	0.12A	0.07A	0.36A	0.22A
2015E	0.51A	0.35A	0.38E	0.40E
Prev	—	0.37E	—	—
2016E	—	—	—	—
FY	2014A	2015E	2016E	
REV	691.9A	759.7E	800.0E	
Prev	—	753.3E	793.4E	
EPS	1.22A	1.65E	1.89E	
Prev	—	1.67E	1.86E	
P/E	23.0x	17.0x	14.8x	

- **Strong top line beats consensus again:** Phibro reported revenues of \$188.7M and adjusted diluted earnings of \$0.35 versus FactSet consensus estimates of \$181.5M and \$0.35. Diluted GAAP earnings were higher at \$0.39. Net sales in the quarter grew +9% Y/Y, and adjusted EBITDA grew +12% Y/Y. Despite the top line beat, management maintained 2015 revenue and adjusted diluted EPS guidance of \$739-759M and \$1.57-1.62, respectively which may be attributed to some delays in international product registrations in its Vaccines business and continued declines in the Performance Products segment. We reiterate our BUY rating and \$36 PT, which is based on a 15x EV/EBITDA multiple, which is a discount to market leader, Zoetis.
- **Segments continue to perform:** Animal Health sales grew by +10% Y/Y, primarily from volume growth with some contribution from pricing. Within Animal Health, medicated feed additives grew +9% Y/Y, vaccine sales declined 8% Y/Y, and nutritional specialties (which includes the dairy immune boosters) grew +27% Y/Y. The vaccine sales decline was attributed to international product registration delays, while the increase seen in nutritional specialties was due in part to introductions into new markets. Mineral Nutrition sales grew +16% Y/Y also on volume following increased demand for certain trace minerals. Sales within the legacy business "Performance Products" declined 21% Y/Y.
- **Other updates:** (1) Management does not currently expect currency headwinds to negatively impact sales. (2) Phibro acquired distribution rights to MJ Biologics' vaccine technologies, which provided Phibro an entry point into the swine vaccine market, but management would not provide guidance on potential revenues. There is room to expand this technology in international markets such as China, where the vaccine is not available, and we expect this acquisition to drive growth in the vaccine segment. (3) Management continues to look for additional acquisitions and highlighted the MJ Biologics deal as an example of Phibro's ability to potentially use its infrastructure to help smaller companies expand sales. (4) Phibro received approval for Omnigen in China and has entered into a distribution agreement with a major local animal health company, which is currently hiring a sales team to start promoting Omnigen in a market with a high demand for dairy products. (5) Management continues to anticipate a \$2M milestone later in the year from an existing vaccine license agreement, which provides use of Phibro's vaccine delivery technology to a global animal health company.

Current Statistics

Market Cap (\$Mil)	\$1,093.3	Free Float (%):	17.400
Avg. Daily Trading Volume (3 mo.):	174,749		
Shares Out (Mil):	17.478		

Exhibit 1: Phibro 2Q:FY15 Variance Analysis

	2Q:15E	2Q:15A	% Variance	Y/Y Growth	Q/Q Growth	Comments
Revenues	182.4	188.7	3.5%	9.2%	0.7%	\$181.5 Consensus
COGS	126.2	132.6	5.1%	9.1%	4.3%	
Gross Profit	56.2	56.1	-0.1%	9.6%	-7.0%	
SG&A	35.6	36.3	2.1%	6.3%	3.0%	
EBIT	20.6	19.8	-4.0%	16.3%	-21.2%	
Interest Income	0.0	0.0	NM	NM	NM	
Interest Expense	3.7	3.6	-3.3%	-59.6%	-0.1%	
Other Income (Expense)	0.0	-1.0	NM	-187.4%	NM	
Pre-tax income	16.9	17.3	2.1%	142.4%	-24.2%	
Income tax expense	3.0	1.9	-38.2%	-61.0%	-19.4%	
Net income	13.9	15.4	10.9%	569.2%	-24.8%	
Diluted shares	39.5	39.8	0.8%	-42.2%	0.5%	
GAAP EPS	\$0.35	\$0.39	10.1%	1058.3%	-25.2%	
Adjusted non-GAAP Income	\$17.8	\$17.3	-2.7%	96.1%	-23.6%	
Total Tax	\$3.0	\$3.2	5.6%	-25.7%	31.8%	
Adjusted non-GAAP Net Income	\$14.8	\$14.1	-4.4%	213.2%	-30.3%	
Weighted average number of shares-basic and diluted	39.5	39.8	0.8%	-42.2%	0.5%	
Adjusted Diluted EPS	\$0.37	\$0.35	-5.2%	442.0%	-30.7%	\$0.35 Consensus
Margin Analysis						
Gross Margin	30.8%	29.7%	-3.5%	0.4%	-7.6%	
SG&A	19.5%	19.2%	-1.3%	-2.7%	2.4%	
Operating Income	11.3%	10.5%	-7.2%	6.4%	-21.7%	
Tax	18.0%	10.9%	-39.4%	-83.9%	6.4%	
Net Income	7.6%	8.2%	7.2%	512.6%	-25.3%	
Adjusted non-GAAP Net Income	8.1%	7.5%	-7.6%	186.7%	-30.7%	

Source: Company reports, Cantor Fitzgerald estimates, and FactSet

Other key updates:

- Outlook for the animal health industry is looking strong based on our read of the USDA agriculture reports:** The December 1 inventory of market hogs increased 2% Y/Y, which represents the first Y/Y increase since March 2013 and suggests the slowing of porcine epidemic diarrhea (PEDv).¹ USDA now expects pork production in 2015 to be 4.6% higher than in 2014. While broiler meat production was down 1% Y/Y in November, YTD total production for 2014 is still up +1.3% versus 2013. USDA expects lower feed prices and favorable economic conditions to serve as incentives for broiler producers to expand production in 2015. As drought conditions persist in parts of the U.S., commercial beef production continues to struggle with production down 10% Y/Y in November, but some recent precipitation may mitigate conditions and allow for heavier cattle in 2015.
- Healthy growth across the animal health sector persists:** In 4Q:14, Lilly's animal health segment grew +9% Y/Y due in part to its acquisition of Lohmann Animal Health, but also due to a 14% increase in animal health sales outside the U.S. (driven by increased volume of food animal products). Lilly and Novartis also announced the close of Lilly's acquisition of Novartis' animal health division on January 1st, and Novartis reported sales growth in animal health of +3% in 4Q:14, excluding impact of exchange rates. Merck reported strong 4Q:14 animal health revenues, with +8% year-over-year growth, and management indicated its interest in augmenting its animal health business. Sanofi's animal health division reported 6.7% year-over-year growth.

¹ <http://usda.mannlib.cornell.edu/usda/ers/LDP-M//2010s/2015/LDP-M-01-16-2015.pdf>

2015 Guidance:

Management maintained 2015 revenue guidance of \$739-759 million and adjusted diluted EPS of \$1.57-1.62. We model sales of \$759.7 million and adjusted diluted earnings of \$1.65/share, which is above FactSet consensus estimates of \$752 million and \$1.53.

Exhibit 2: Phibro 2015 Guidance

Fiscal Year 2015 Guidance (in millions, except per share)			
Net Sales	\$739	-	\$759
Adjusted EBITDA	\$103	-	\$107
Pro forma Adjusted Diluted EPS	\$1.57	-	\$1.62

Source: Company reports and Cantor Fitzgerald estimates

Cash: Phibro reported cash and cash equivalents of \$20.7 million on the balance sheet as of December 31, 2014, which will be offset by the \$5 million upfront payment for the MJ Biologics deal.

Valuation

We value Phibro using EV/EBITDA multiples, which incorporate the positive industry outlook, in our view. We apply a 15x multiple to our 2015 estimated EV/EBITDA (using EBITDA of \$112 million, above the company's \$107 million guidance) and divide this value by the company's 39 million shares to generate a \$36 price target. Industry leader, Zoetis, currently trades at approximately 17x its 2015 FactSet consensus EV/EBITDA, and we maintain Phibro's discount to this name while allowing for some slight multiple expansion.

We also check our assumptions using discounted cash flow analysis (DCF) applied to cash flows from FY2015-20. We utilize a 9% weighted average cost of capital (WACC), which is slightly higher than that of Zoetis and a 3% terminal growth rate, since we expect the animal health market to continue expanding along with the broader economy. This analysis generates a \$32 price target.

If we utilize comparable transactions such as the recent Lilly acquisition of the Novartis Animal Health Business for 5x sales and think about a far smaller 2x sales multiple applied to FY:2015 Phibro sales (given Phibro's lower margins and livestock focus), we arrive at a hypothetical value of \$38 per share, which supports our BUY thesis and \$36 price target.

Risks

- (1) Any additional regulatory restrictions on antibacterial use in the U.S. or amongst international importers could decrease demand for Phibro's products.
- (2) Disruptive macroeconomic events such as wars, economic downturns that lead to reduced consumer spending, weather changes leading to droughts and increased feed prices, or currency weakness, could adversely impact Phibro's business.
- (3) Animal epidemics could temporarily reduce demand for Phibro's products.
- (4) Competition from other animal health companies or generic players could pressure Phibro.
- (5) Obsolescence of any of Phibro's antibacterials due to increased bacterial resistance could be a longer-term risk to the business.
- (6) 92.5% of share voting power is expected to reside with the Bendheim family, which may obstruct future takeover attempts.

Exhibit 3: Phibro Income Statement (dollars in millions)

	2011	2012	2013	2014A	1Q:15A	2Q:15A	3Q:15E	4Q:15E	2015E	2016E	2017E	2018E	2019E	2020E
Revenues:														
Product sales, net	618.3	654.1	653.2	691.9	187.5	188.7	185.7	197.9	759.7	800.0	843.5	890.3	940.8	995.2
Total revenues	\$618.3	\$654.1	\$653.2	\$691.9	\$187.5	\$188.7	\$185.7	\$197.9	\$759.7	\$800.0	\$843.5	\$890.3	\$940.8	\$995.2
Operating expenses:														
Cost of product sales	471.7	490.0	474.2	484.1	127.1	132.6	128.5	136.9	525.1	549.0	574.6	602.1	631.5	663.0
SG&A	105.4	114.8	122.2	144.0	35.2	36.3	36.2	38.6	146.3	151.7	157.4	163.5	169.9	176.7
Operating income (loss)	\$41.2	\$49.3	\$56.7	\$63.8	\$25.1	\$19.8	\$21.0	\$22.4	\$88.2	\$99.3	\$111.5	\$124.8	\$139.4	\$155.4
Interest expense	30.4	31.4	31.4	32.2	3.6	3.6	3.7	3.7	14.4	13.8	12.9	12.0	12.0	12.0
Interest expense, shareholders	4.2	4.3	4.4	1.0	0.0	0.0	0.0	0.0	0.00	0.0	1.0	0.0	0.0	1.0
Interest (income)	(0.3)	(0.3)	(0.1)	(0.2)	(0.1)	(0.0)	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Foreign currency (gains) losses, net	(5.8)	1.2	3.1	1.8	(1.2)	(1.0)	0.0	0.0	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)
Other income (expense)	20.6	(0.4)	0.2	22.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income (loss) before income taxes	(7.9)	13.1	17.8	6.3	22.8	17.3	17.3	18.7	76.1	87.7	99.8	115.0	129.6	144.6
Tax Rate	-63.8%	46.8%	-39%	NM	10%	11%	18%	18%	14.1%	28.0%	28.5%	28.5%	28.5%	28.5%
Provision for income tax	5.0	6.1	(7.0)	9.4	2.3	1.9	3.1	3.4	10.7	24.6	28.4	32.8	36.9	41.2
Net income (loss)	(\$12.9)	\$7.0	\$24.9	(\$3.1)	\$20.5	\$15.4	\$14.2	\$15.3	\$65.4	\$63.2	\$71.4	\$82.2	\$92.7	\$103.4
Weighted average number of shares-basic and diluted	68.9	68.9	68.9	32.2	39.6	39.8	39.8	40.2	39.9	40.1	40.3	40.5	40.7	40.9
GAAP EPS	(\$0.19)	\$0.10	\$0.36	(\$0.10)	\$0.52	\$0.39	\$0.36	\$0.38	\$1.64	\$1.58	\$1.77	\$2.03	\$2.28	\$2.53
Adjustments to non-GAAP Income														
Income (loss) before income taxes	(7.9)	13.1	17.8	6.3	22.8	17.3	17.3	18.7	76.1	87.7	99.8	115.0	129.6	144.6
Other income (expense)	1.0	0.0	0.0	24.6	1.1	1.1	0.0	0.0	2.1	0.0	0.0	0.0	0.0	0.0
Foreign currency (gains) losses, net	(5.8)	1.2	3.1	1.8	(1.2)	(1.0)	0.0	0.0	(2.2)	0.0	0.0	0.0	0.0	0.0
Loss on extinguishment of debt	20.6	0.0	0.0	22.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangible Amortization	4.0	3.0	4.0	4.9	0.0	0.0	0.9	0.9	1.8	3.5	3.5	3.5	3.5	3.5
Stock-based compensation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted non-GAAP Income	11.9	17.3	25.0	60.4	22.7	17.3	18.2	19.6	77.8	91.2	103.3	118.5	133.1	148.1
Provision for income tax	5.0	6.1	(7.0)	8.6	2.3	1.9	3.1	3.4	10.7	24.6	28.4	32.8	36.9	41.2
Tax adjustments	(1.0)	1.0	14.0	4.8	0.1	1.3	0.0	0.0	1.4	(9.0)	(9.0)	0.0	0.0	0.0
Total Tax	4.0	7.1	7.0	12.2	2.4	3.2	3.1	3.4	12.1	15.6	19.4	32.8	36.9	41.2
Cash tax rate	33.8%	41.2%	27.9%	20.2%	10.8%	18.6%	17.1%	17.2%	15.6%	17.1%	18.8%	27.7%	27.8%	27.8%
Adjusted non-GAAP Net Income	7.9	10.2	18.0	48.2	20.2	14.1	15.1	16.2	65.6	75.7	83.9	85.7	96.2	106.9
Weighted average number of shares-basic and diluted	68.9	68.9	68.9	39.4	39.6	39.8	39.8	40.2	39.9	40.1	40.3	40.5	40.7	40.9
Adjusted Diluted EPS	\$0.11	\$0.15	\$0.26	\$1.22	\$0.51	\$0.35	\$0.38	\$0.40	\$1.65	\$1.89	\$2.08	\$2.12	\$2.37	\$2.62
								Consensus Revenues						
								186						
								196						
								752						
								797						
								842						
								890						
								941						
								996						
								Consensus EPS						
								\$0.37						
								\$0.39						
								\$1.53						
								\$1.77						
								\$1.96						
								\$2.04						
								\$2.30						
								\$2.59						
Margin Analysis	2011	2012	2013	2014A	1Q:15A	2Q:15A	3Q:15E	4Q:15E	2015	2016	2017	2018	2019	2020
Gross Margin	23.7%	25.1%	27.4%	30.0%	32.2%	29.7%	30.8%	30.8%	30.9%	31.4%	31.9%	32.4%	32.9%	33.4%
COGS	76.3%	74.9%	72.6%	70.0%	67.8%	70.3%	69.2%	69.2%	69.1%	68.6%	68.1%	67.6%	67.1%	66.6%
SG&A	17.1%	17.6%	18.7%	20.8%	18.8%	19.2%	19.5%	19.5%	19.3%	19.0%	18.7%	18.4%	18.1%	17.8%
Operating Margin	6.7%	7.5%	8.7%	9.2%	13.4%	10.5%	11.3%	11.3%	11.6%	12.4%	13.2%	14.0%	14.8%	15.6%
Adjusted Net Income Margin	1.3%	1.6%	2.8%	7.0%	10.8%	7.5%	8.1%	8.2%	8.6%	9.5%	9.9%	9.6%	10.2%	10.7%
Growth (Y/Y)	2011	2012	2013	2014A	1Q:15A	2Q:15A	3Q:15E	4Q:15E	2015	2016	2017	2018	2019	2020
Net Sales	5.8%	-0.1%	5.9%	15.6%	9.2%	7.2%	7.7%	7.7%	9.8%	5.3%	5.4%	5.6%	5.7%	5.8%
COGS	3.9%	-3.2%	2.1%	12.8%	9.1%	6.7%	5.8%	5.8%	8.5%	4.5%	4.7%	4.8%	4.9%	5.0%
Gross Profit	11.9%	9.2%	9.6%	5.4%	0.4%	8.2%	12.2%	2.8%	1.6%	1.6%	1.6%	1.6%	1.5%	1.5%
SG&A	8.9%	6.5%	17.8%	6.4%	6.3%	1.9%	-6.4%	1.6%	3.7%	3.8%	3.9%	3.9%	4.0%	4.0%
EBIT	19.6%	15.0%	12.5%	53.1%	16.3%	21.1%	70.7%	38.2%	12.6%	12.2%	11.9%	11.7%	11.5%	11.5%
Adjusted Net Income	28.5%	77.0%	167.7%	151.6%	213.2%	6.9%	86.2%	36.2%	15.3%	10.8%	2.2%	12.2%	11.2%	11.2%
Adjusted Diluted EPS	28.5%	77.0%	368.2%	337.7%	442.0%	5.8%	82.9%	34.7%	14.8%	10.3%	1.7%	11.6%	10.6%	10.6%

Source: Company reports, Cantor Fitzgerald estimates, and FactSet Consensus

Exhibit 4: Phibro Sales Estimates (dollars in millions)

	2011	2012	2013A	2014A	1Q:15A	2Q:15A	3Q:15E	4Q:15E	2015E	2016E	2017E	2018E	2019E	2020E
MFAs and other	\$273.3	\$290.5	\$303.7	\$326.6	\$80.8	\$87.4	\$87.1	\$93.3	\$348.6	\$369.5	\$391.7	\$415.2	\$440.1	\$466.5
<i>Growth</i>		6.3%	4.5%	7.5%	3.6%	9.2%	7.0%	7.0%	6.7%	6.0%	6.0%	6.0%	6.0%	6.0%
Nutritional Specialties	\$43.1	\$47.7	\$52.3	\$63.0	\$19.5	\$20.8	\$18.8	\$18.9	\$78.0	\$89.7	\$100.4	\$108.5	\$117.1	\$126.5
<i>Growth</i>		10.7%	9.8%	20.4%	38.1%	26.5%	16.0%	16.0%	23.7%	15.0%	12.0%	8.0%	8.0%	8.0%
Vaccines	\$28.8	\$36.9	\$28.9	\$41.4	\$16.9	\$10.6	\$14.0	\$15.6	\$57.2	\$63.3	\$72.1	\$85.7	\$100.9	\$117.8
<i>Growth</i>		28.1%	-21.9%	43.4%	86.5%	-7.7%	36.8%	47.6%	38.1%	10.6%	14.0%	18.9%	17.7%	16.7%
ANIMAL HEALTH	\$345.2	\$375.2	\$384.9	\$431.0	\$117.2	\$118.8	\$119.9	\$127.9	\$483.7	\$522.4	\$564.2	\$609.4	\$658.1	\$710.7
<i>Growth</i>		8.7%	2.6%	12.0%	15.9%	10.0%	11.2%	12.1%	12.2%	8.0%	8.0%	8.0%	8.0%	8.0%
Mineral Nutrition	\$209.3	\$210.1	\$203.2	\$201.6	\$55.4	\$58.7	\$50.4	\$55.4	\$220.0	\$222.2	\$224.5	\$226.7	\$229.0	\$231.3
<i>Growth</i>		0.4%	-3.3%	-0.8%	20.1%	16.0%	1.0%	1.0%	9.1%	1.0%	1.0%	1.0%	1.0%	1.0%
Performance Products	\$63.9	\$68.8	\$65.0	\$59.3	\$14.8	\$11.2	\$15.4	\$14.6	\$55.9	\$55.3	\$54.8	\$54.2	\$53.7	\$53.2
<i>Growth</i>		7.8%	-5.5%	-8.9%	-0.6%	-21.1%	-1.0%	-1.0%	-5.7%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
TOTAL	\$618.3	\$654.1	\$653.2	\$691.9	\$187.5	\$188.7	\$185.7	\$197.9	\$759.7	\$800.0	\$843.5	\$890.3	\$940.8	\$995.2
<i>Growth</i>		5.8%	-0.1%	5.9%	15.6%	9.2%	7.2%	7.7%	9.8%	5.3%	5.4%	5.6%	5.7%	5.8%

Source: Company reports and Cantor Fitzgerald estimates

Company Description

Phibro Animal Health Corporation is an international livestock focused animal health company that manufactures animal medicines and nutritional products utilized by large industrial meat producers. At this time, Phibro's products primarily focus on the poultry and swine segments of the livestock market but the company is also making inroads into peripheral areas such as dairy and aquaculture which could become more prominent in the future.

Companies Mentioned:

Eli Lilly and Company (LLY - NYSE): NC
Merck & Co., Inc. (MRK - NYSE): NC
Novartis AG (NVS - NYSE): NC
Sanofi (SNY - NYSE): NC
Zoetis Inc. (ZTS - NYSE): NC
MJ Biologics (Private)

Disclosures Appendix

Analyst Certification

The analyst primarily responsible for this research report, and whose name appears on the front cover, certifies that: (i) all of the views expressed in this research report accurately reflects his or her personal views about any and all of the subject securities or issuers featured in this report; and (ii) no part of any of the research analyst's compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed by the research analyst in this report.

Legal Disclosures

Investment banking (next 3 months): Cantor Fitzgerald and/or its affiliates, expect to receive, or intend to seek, compensation for investment banking services within the next three months from all of the companies referenced within this report.

Lead or Co-manager: Cantor Fitzgerald and/or its affiliates, has not acted as lead or co-manager in a public offering of equity and/or debt securities for Phibro Animal Health Corporation within the last 12 months

Cantor Fitzgerald and/or its affiliates has not received compensation for investment banking services in the last 12 months from Phibro Animal Health Corporation.

Cantor Fitzgerald and/or its affiliates is a market maker in Phibro Animal Health Corporation.

Cantor Fitzgerald's rating system

BUY: We have a positive outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation. We recommend investors add to their position.

HOLD: We have a neutral outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation.

SELL: We have a negative outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation. We recommend investors reduce their position.

NC: Not Covered. Cantor Fitzgerald does not provide an investment opinion or does not provide research coverage on this stock.

Prior to September 12, 2006, Cantor Fitzgerald had the below ratings:

BUY - denotes stocks that we expect will provide a total return (price appreciation plus yield) of 15% or more over a 12-month period. a BUY rated stock is expected to outperform the total average return of analyst's industry coverage universe on a risk adjusted basis.

HOLD - denotes stocks that we suggest will provide a total return or total negative return of up to 15% over 12-month period. A HOLD rated stock is expected to perform in-line with the total average return of the analyst's industry coverage universe on a risk adjusted basis.

SELL - denotes stocks that we expect to provide a total negative return of more than 15% over a 12 month period. A SELL rated stock is expected to underperform the total average return of the analyst's industry coverage universe on a risk adjusted basis.

NC - Not Covered. Cantor Fitzgerald does not provide research coverage on this company.

Other Disclosures

This report is for informational purposes only and is based on publicly available data believed to be reliable, but no representation is made that such data are accurate or complete. Opinions and projections contained herein reflect our opinion as of the date of this report and are subject to change. Pursuant to Cantor Fitzgerald's policy, the author of this report does not own shares in any company he/she covers.

Disclosures for UK investors

This material is approved for distribution in the United Kingdom by Cantor Fitzgerald Europe (“CFE”). CFE is authorised and regulated by the Financial Conduct Authority (“FCA”). While we believe this information and the materials upon which this information was based is accurate, except for any obligations under the rules of the FCA, we do not guarantee its accuracy. This material is only intended for use by eligible counterparties or professional clients who fall within articles 19 or 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 and not the general investing public. None of the investments or investment services mentioned or described herein are available to other persons in the U.K and in particular are not available to “retail clients” as defined by the rules of the FCA.

Disclosure for Canadian Institutional Investors

This research report was prepared by analysts of Cantor Fitzgerald & Co. and not by Cantor Fitzgerald Canada Corporation. As a result, this report has not been prepared subject to Canadian Disclosure requirements. Cantor Fitzgerald Canada may distribute research reports prepared by its affiliates.

Risks

The financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions based on their specific investment objectives. Past performance should not be taken as an indication or guarantee of future performance. The price, value of and income from, any of the financial instruments featured in this report can rise as well as fall and be affected by changes in economic, financial and political factors. If a financial instrument is denominated in a currency other than the investor's currency, a change in exchange rates may adversely affect the price or value of, or income derived from, the financial instrument, and such investors effectively assume currency risk. In addition, investors in securities such as ADRs, whose value is affected by the currency of the home market of the underlying security, effectively assume currency risk.



Distribution of Ratings/Investment Banking Services (IB) as of 02/11/15

Rating	Cantor		IB Serv./Past 12 Mos.	
	Count	Percent	Count	Percent
BUY [B]	93	62.42	24	25.81
HOLD [H]	47	31.54	9	19.15
SELL [S]	9	6.04	1	11.11