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So far this earnings season, 87% of the companies in the S&P 500 have reported and if results are compared to expectations, they don't look bad. 71% of the companies that have reported were above estimates. That's above the 5-year average. However, revenue isn't growing. If you combine the reported revenue (for the 87%) and projected revenue (for the remaining 13%) sales will have declined by 1.6% year over year, worse than the projected -1.0%.

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There are always companies merging, divesting, adding products or entering new markets that will grow in a stagnant economy. They are just tougher to find. So, we created the Stealth Growth Insider to save you time and help find those hidden opportunities. SGI identifies up to 3 ideas each day that fly below the radar.

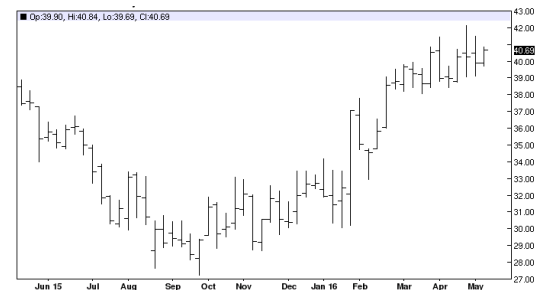
### Coach Inc (COH):

- Returned to growth this quarter for the first time since 2013
- Average Unit Price is above \$300 for the first time since 2009
- New mass market products are slated for a June launch, in time for year end

Analysts covering Coach are starting to ratchet up their assumptions after Coach's solid Q3. UBS analyst, Michael Binetti, had a good call raising his PT before the quarter noting survey work which showed "Pricing power improving: COH saw a 6pp YOY increase in the % of consumers willing to pay 10-20% more for the brand, and the % of consumers who purchased COH w/a discount dropped to 40% vs 49%". This is a good base to grow from but looking ahead, there are additional positive catalysts.

Coach seems to be on the offensive lending its brand cache to slightly less refined consumer items. Coach is expected to launch designer iWatch bands to be priced around \$150 in June according to Keybank analyst Edward Yruma. However, an upcoming "limited edition" announcement with Disney may take the spotlight from the iWatch. According to Erinn Murphy of PiperJaffray, there will be a 36-piece Coach 1941 x Mickey Mouse collection that could range from women's handbags and men's wallets to luggage tags, bookmarks, ready-to-wear and accessories. This collection could launch on or around June 17th.

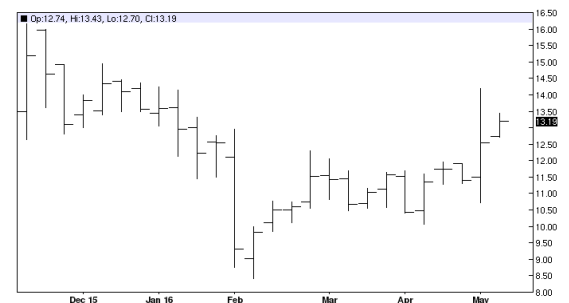
The stock is trading at a forward PE ratio of 18.1, in line with the S&P's 18.3 and offers a 3.4% dividend yield. Peak earnings for the company were \$3.61 on roughly ~\$5 billion in revenue although the company is expected to close this year at \$1.45.



### Match Group Inc (MTCH):

- Paid Members are growing at 36%, faster than dating revenue at 24%
- Advertising on Tinder is an untapped opportunity
- Share price is sitting right above its IPO price of \$12

Wall St. swiped left on shares of Match after its November IPO. A weak first quarter announcement had the stock down nearly 50% from its first close. However, the most recent quarter indicated dating trends were stabilizing and Tinder met high expectations. Going forward, Oppenheimer analyst, Jason Helfstein, hosted an investor meeting with Match CFO Gary Swidler after the 1Q earnings report which offered the opportunity to dig deeper into results and top line drivers. The company is guiding to flat sub growth for 2Q and 3Q keeping expectations low. However, the management said it was pleasantly surprised



with the uptake of Tinder á la carte features such as "Super-Like". Add on purchases combined with the potential revenue contribution from Tinder advertising creates the opportunity for upside in two quarters where expectations are low. If the company is able to execute on these opportunities, holders could receive the double benefit of upgrades after the beating estimates. Analysts such as Shyam Patil from Susquehanna "have improved confidence in the near-term trajectory" but (justifiably) keep Neutral ratings until visibility increases.

### ACADIA Pharma (ACAD)

- NUPLAZID will launch in June at a higher than expected price point
- Peak sales for the drug are now estimated to be \$1.3B in the US and EU
- Cash balance should provide funding into 2018

ACADIA recently reported its 1Q16 results that included NUPLAZID pricing of \$1.95K/month. The drug is expected to launch in June with an estimates 40% of Parkinson's disease patients suffering from Psychosis. The \$1,950 is a premium over current branded anti-psychotics, and appears to have been ahead of previous expectations.

Based on the new pricing information, Piper Jaffray analyst, Charles Duncan, has updated his average price of a daily dose to \$65 in the US and \$24 in the EU. This leads to peak sales of ~\$960M in the US and ~\$370M in the EU.

The company will require substantial additional capital for the launch. Among other expenses it is hiring 135 sales reps to enable the drug to be distributed through specialty pharmacies. However, with a cash balance of \$457M at the end of the quarter, the company should be funded well into 2018.

According to Needham analyst, Alan Carr, No other drugs are approved for treatment of PDP and currently available atypical antipsychotics contain a boxed warning indicating elderly patients w/ dementiarelated psychosis are at increased risk of death. "NUPLAZID has a differentiated mechanism of action and was specifically evaluated in elderly patients in Phase 3."

