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I have to believe that trading or investing, like boxing is based on discipline. Despite the chatter over today's Fed speech while at the same time the market is testing 6 month highs, we kept focused and found companies that can generate earnings growth by restructuring aka cost management. Profit growth should accelerate whether the Fed raises, lowers or jawbones. Sometimes it can be difficult to remain focused what is important which is why we included the sage advice from a modern warrior. Good hunting!

Perrigo Company (PRGO)

- Hiring John Hendrickson (an insider) to be Joe Papa's successor should allow the company to react more quickly than if it performed a full blown CEO search
- PRGO is likely to have 2 generic product approvals in 2H16, each should add \$0.07
- Transformational restructuring such as centralizing Omega or spinning off Tysabri could have a meaningful effect on long term profit growth
- The preannouncement and 1Q earnings call reduced expectations that could represent the low point as organizational changes are made

On May 12th, PRGO announced earnings that were in line with a disastrous preannouncement that came at the same time the CEO announced he was leaving. Yes this sounds ugly but the key information that came across on the call was that there was little concern that the company would be able to meet its debt covenants. After the initial gap down, the stock has found stabilization.

The next item on the agenda is likely to be transformational restructuring. Tysabri is growth dilutive and competitive concerns will increase going forward making this one possibility. Centralizing the Omega business has a higher likelihood and widely speculated today.

Looking farther down the road, there are approvals and launches for: Allegra D12, Zegerid, Patanase, Cenestin, SB Nasacort, Mucinex family, Flonase, ProAir '16+.

Waste Connections (WCN)

- Waste Connections completed a reverse merger that offers substantial cost synergies while shifting from a regional services company to North American focus (US and Canada).
- Initial analyst estimates for the combination of the two companies is \$4.50 in FCF/share making the stock look inexpensive at 16x.

On June 2nd, Waste Connections (WCN), completed a reverse merger with Progressive Waste Systems (BIN). This changed the company profile from a regional player to a broader-based North America (NA) service provider. WCN has very strong cash flow conversion and this company's internal practices are likely to accelerate profit growth when applied to BIN's Canadian and US operations.

In addition to the ~\$50 million in SG&A costs eliminated at close (dual corporate HQ, public company exposure, etc.), analysts believe management could extract an additional \$40-60 over the next 12-18 months.

from a regional player to a broader-based North America (NA) service provider

Waste management may not be the sexiest industry but it offers extremely stable cash flows. Analysts appear to be comfortable with up to \$4.50/sh in Free Cash Flow when the merger closes.

