

The [S&P is continuing to straddle the 2095 level](#) and the [TRAN looks like it is trying to break out](#) but macro is not my area of expertise and the coming earnings season looks to be very challenging for a variety of industries. I'd appreciate your macro thoughts, and as always, like Starbucks employees, we love tips, email me. Today we one turnaround (**WFT**) and one momentum name breaking through 52 week highs as it sees its market expanding through (**NUVA**). Good hunting!

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### Weatherford International (WFT)

- The recent debt refinancing removed the viability question for two years, eliminating liquidity concerns
- The Zubair change order dispute settlement offered a ~\$150mn cash infusion to be received in 2H16
- Growth expectations and valuation are both very low compared to historic levels.

### Debt refinancing ensures the company's viability for at least two years offering the opportunity to cash in as oil prices recover.

Many people have been expecting to see a flood of oil price related bankruptcies and speculation has been surrounding Weatherford. [Weatherford announced an 80 million share offering in early May](#), but that wasn't enough to calm fears. [Fitch downgraded](#) the company's long term Issuer Debt Rating (IDR) on May 10th reigniting viability concerns. However, [yesterday's upsized debt offering](#) of \$1.1 billion convertible notes seems to have finally removed the viability issue, clearing the decks for analysts (other than the bankers) to aggressively promote the stock.

Today, [Nomura analyst, Matthew Johnston, used the event as a catalyst](#) to ignite multiple growth and bring WFT shares in line with the overall industry. He reiterated his \$10 price target and will likely be followed by others.

Last quarter, the company saw a revenue drop of 43% which makes the 1.1x price/book multiple seem reasonable. However, the industry average is 1.6x leaving significant room for growth. Nomura's \$10 PT is based on a 12.25x 2017 EBITDA multiple and offers 80% upside.

### NuVasive (NUVA)

- Ellipse technology is in the early stages of rollout and, according to a PiperJaffray KOL, will be a door opener that can expand the market for the company.
- Valuation is high but not at nosebleed levels at 3.5x EV/Sales and 37x FY16 EPS.

### Industry Expert dinner offers insight into a new leg of growth that other sell side analysts are not modeling.

Barclays recently upgraded the stock to Overweight with a \$58 PT on May 27th citing substantial expected margin expansion opportunities. However, there may be another leg of revenue growth coming for the company.

NuVasive broke to a 52 week high today after [PiperJaffray analyst, Matt O'Brien hosted a dinner](#) with a leading Boston spine surgeon who is a heavy NUVA user. According to his estimates, he generates ~\$3.5M in revenue for NUVA and around \$8+M for his hospital. The doctor was very positive about iGA which he uses in both adult deformity and degenerative cases to maintain proper alignment. He also views NUVA's Ellipse technology as a game changer and he believes it will be a door opener into new accounts, expanding the market opportunity for the company over time.

