🌴Trader Oasis – Street Brief Wednesday, December 7, 2022

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BARCLAYS

- **HLN** Barclays analyst Iain Simpson upgraded Haleon to Overweight from Equal Weight with a price target of 360 GBp, up from 298 GBp, after after a U.S. federal judge rejected the scientific evidence behind more than 5,000 lawsuits claiming heartburn drug Zantac can cause cancer. Haleon is "investable again" now that the Zantac situation is "substantially derisked," Simpson tells investors in a research note.

- **GOSS** Barclays analyst Carter Gould downgraded Gossamer Bio to Equal Weight from Overweight with a price target of $2, down from $18, after the company announced headline data from the seralutinib Phase 2 TORREY study in pulmonary arterial hypertension. The statistical significance positive "was modest and fell short of clinical significance," Gould tells investors in a research note. The analyst believes this will limit "how de-risking these data will be viewed, particularly against the backdrop of uncertain funding for the

full phase 3 program." In addition, Gossamer's ultimate clinical impact remains unclear given likely shifts in the underlying standard of care over the next 12-18 months with sotatercept's introduction, says Gould.

- **LILM** Barclays analyst David Zazula downgraded Lilium to Underweight from Equal Weight with a price target of $1, down from $2. While Lilium maintains significant long-term potential if regulatory approval can be achieved, the potential for further dilution "warrants caution," Zazula tells investors in a research note. Given the company's "sizable unfunded spending needs through certification," equity holders should be conscious of additional issuance and corresponding reduction in ownership stake, says the analyst.

- **INSM** Barclays analyst Leon Wang initiated coverage of Insmed with an Overweight rating and $37 price target. The analyst likes the stock's "significant risk/reward" and views brensocatib's data in the Phase 3 ASPEN study as the primary value-unlocking event. Wang sees a "robust" risk/reward for a "first-in-class drug" in a large total addressable market.

- **CINC** Barclays analyst Leon Wang initiated coverage of CinCor Pharma with an Overweight rating and $22 price target. The stock has traded down on competitor news, but CinCor is "undeservingly undervalued" and offers a "rare opportunity to pick up a potential blockbuster asset" with an overlooked second half of 2023 value unlocking readout for cash value, Wang tells investors in a research note. The analyst is "very positive" on the "de-risking" brigHTN Phase 2 data.

- **MDB** Barclays analyst Raimo Lenschow raised the firm's price target on MongoDB to $240 from $233 and keeps an Overweight rating on the shares following last night's results. The analyst sees MongoDB shares "moving significantly higher." The "solid" Q3 results can now disprove most of the "bearish themes" that followed the Q3 results, says Lenschow, who expects a "meaningful short squeeze." Better Atlas consumption trends, healthy customer adds and much better profitability should "drive investors back into the name as its status as a premium growth asset got confirmed," Lenschow

tells investors in a research note.

- **SLG** Barclays analyst Anthony Powell lowered the firm's price target on SL Green Realty to $47 from $88 and keeps an Overweight rating on the shares post the investor day. Overall Manhattan tenant demand has softened and interest rates are up, resulting in earnings headwinds, Powell tells investors in a research note.

BMO CAPITAL

- **RSG** BMO Capital analyst Devin Dodge downgraded Republic Services Group to Market Perform from Outperform with a price target of $148, down from $152. Republic Services has significantly outperformed the market this year, reflecting robust industry conditions, solid execution, and an investor preference for defensive stocks, Dodge tells investors in a research note. While solid waste stocks typically outperform deep into a recession, the much anticipated economic pullback has largely been reflected in the relative share price performance, says the analyst. As such, he sees diminishing potential returns over the next 12 months. Despite the downgrade, Dodge still believes Republic Services could be attractive for investors with a longer time horizon.

- **FBHS** BMO Capital analyst Ketan Mamtora lowered the firm's price target on Fortune Brands to $82 from $85 but keeps an Outperform rating on the shares. 2023 will be hit by the slowdown in the U.S. housing market, but the stock offers attractive value for patient investors, the analyst tells investors in a research note. Fortune Brands' focus on expanding the connected product portfolio in Water Innovations and Outdoors/Security also offers multi-year growth runway and margin expansion potential, Mamtora adds.

- **PLAY** BMO Capital analyst Andrew Strelzik lowered the firm's price target on Dave & Buster's to $55 from $66 but keeps an Outperform rating on the shares. The company's Q3 EBITDA outpaced consensus thanks to stronger comps, but quarter-to-date trends have slowed, creating a potential overhang on the stock, the analyst tells investors in a research note. Strelzik adds

however that the risk/reward skew on Dave & Buster's is "meaningfully to upside" even on heavily tempered assumptions, and he remains encouraged by the potential for the its new strategic approach to drive stronger earnings.

BOFA

- **LNT** BofA analyst Julien Dumoulin-Smith downgraded Alliant Energy to Neutral from Buy with a price target of $56, down from $57. The analyst is citing several critical updates for the company, which include the latest capital refresh and last week's meeting of the Public Service Commission of Wisconsin. Dumoulin-Smith notes that the commission's pushback on a rate settlement was "surprising" as relations among utilities, interveners, and members have historically been "constructive".

- **SEDG** BofA analyst Julien Dumoulin-Smith upgraded SolarEdge to Buy from Neutral with a price target of $367, up from $269, telling investors that the company provided a line of sight at the firm's Renewables Conference to a better outlook than he believes is appreciated by the Street. The company has returned to having pricing power and "operating leverage is here," contends Dumoulin-Smith.

CANACCORD

- **MDB** Canaccord analyst Kingsley Crane lowered the firm's price target on MongoDB to $270 from $300 and keeps a Buy rating on the shares. The analyst said Q3 results was solid evidence that reports of its demise have been greatly exaggerated. He said its long-term opportunity remains compelling as the company is still early in penetrating a greater than$100bn database market, the heterogeneity of data and velocity of data creation create a secular shift towards non-relational databases, and as the first legitimate general purpose non-relational database, the company occupies a unique position of strength.

CITI

- **CRK** Citi analyst Paul Diamond double downgraded Comstock Resources to Sell from Buy with a price target of $14, down from $24. The analyst cites the company's exposure to the Hayensville Basin and absolute pricing risk, combined with its minimal hedging and inflationary pressures for the downgrade.

- **EQT** Citi analyst Paul Diamond downgraded EQT Corporation to Neutral from Buy with a price target of $40, down from $60. The analyst cites EQT's geographic concentration in the Appalachian basins and the associated pricing risk, combined with inflationary pressures for the downgrade. Diamond does not expect a further re-rating for U.S. oil explorers in 2023.

- **SWN** Citi analyst Paul Diamond downgraded Southwestern Energy to Neutral from Buy with a price target of $6.50, down from $10. The analyst says Southwestern is exposed to absolute pricing risk and he has fundamental concerns about the two basins it relies on. Diamond does not expect a further re-rating for U.S. oil explorers in 2023.

- **CTRA** Citi analyst Scott Gruber downgraded Coterra Energy to Sell from Neutral with a price target of $23, down from $27. Gruber does not expect a further re-rating for U.S. oil explorers in 2023. He cites the weaker macro environment and pricing risks for the downgrade.

- **OUST** Citi analyst Itay Michaeli downgraded Ouster to Neutral from Buy with a price target of $1.70, down from $10. The analyst says the recently proposed merger with Velodyne and recent results prompt him to move to the sidelines.

- **LAZR** Citi analyst Itay Michaeli lowered the firm's price target on Luminar to $20 from $21 and keeps a Buy rating on the shares. The analyst updated his model for the Q3 results, recent events and other data points.

- **VLDR** Citi analyst Itay Michaeli lowered the firm's price target on Velodyne Lidar to $1.30 from $1.70 and keeps a Neutral rating on the shares. The analyst updated his model for the Q3 results, recent events and other data

points.

- **GBTG** Citi analyst Peter Christiansen initiated coverage of Global Business Travel Group with a Neutral rating and $6.50 price target. The analyst thinks investors "can wait to see" if the company's recovery momentum improves after somewhat decelerating activity in Q3.

- **GWRE** Citi analyst Tyler Radke lowered the firm's price target on Guidewire to $67 from $79 and keeps a Neutral rating on the shares. The company's fiscal Q1 FQ1 "was relatively uneventful" with a modest annual recurring revenue beat, upside to profitability (and a reiteration of annual targets, Radke tells investors in a research note. The analyst says it is difficult to make significant conclusions post the Q1 print given the amplified seasonality trends.

- **DEN** Citi analyst Scott Gruber raised the firm's price target on Denbury to $112 from $81 and keeps a Buy rating on the shares post the Q3 results. The analyst adjusted the stock's multiple to reflect an updated commodity price environment.

- **AZO** Citi analyst Steven Zaccone raised the firm's price target on AutoZone to $2,782 from $2,520 and keeps a Buy rating on the shares. The analyst came away more positive on AutoZone post the Q3 earnings report. The business is seeing steady momentum and the LIFO headwind is proving to be less severe than initial guidance, Zaccone tells investors in a research note. The analyst likes the shares at current levels.

DEUTSCHE BANK

- **RNG** Deutsche Bank analyst Matthew Niknam says RingCentral shares have seen meaningful pressure year-to-date, with headwinds including competitive concerns, a worsening macro environment, and company specific items which have lingered over the last year. However, the risk/reward equation for RingCentral shares now "skews much more favorably at current levels," Niknam tells investors in a research note. He believes investor sentiment

remains very negative, which creates opportunity heading into 2023. The analyst keeps a Buy rating on RingCentral.

GOLDMAN SACHS

- **SMFR** Goldman Sachs analyst Matthew Sykes downgraded Sema4 Holdings to Neutral from Buy with a price target of $1, down from $3. The company announced its second major strategic reorganization this year, as it is exiting the core reproductive health business, which generated approximately 90% of revenue before the GeneDx deal, Sykes tells investors in a research note. Sema4 is also guiding to $250M revenue this year, less than half of prior guidance of $500M, which represents a steep decline in value as GeneDx was acquired for about $472M, says the analyst. He is "disappointed by the dramatic narrowing of the long-term opportunity set" and Sema4's refocus on a "much smaller" total addressable market.

GUGGENHEIM

- **RCM** Guggenheim analyst Jack Wallace upgraded R1 RCM to Buy from Neutral with a $15 price target.

JMP SECURITIES

- **MDB** JMP Securities analyst Patrick Walravens upgraded MongoDB to Outperform from Market Perform with a $215 price target. The company delivered much better than expected Q3 results as it saw a rebound in Atlas consumption, particularly in areas that were below expectations in Q2, and continues to see "a healthy environment for new business," Walravens tells investors in a research note. The analyst likes MongoDB saying it targets a large total addressable market estimated at $85B in 2022 with a "superior operational database product."

- **CXM** JMP Securities analyst Patrick Walravens lowered the firm's price target on Sprinklr to $16 from $22 but keeps an Outperform rating on the shares. The company's Q3 results were "mixed" due to delays and longer sales

cycles, the analyst tells investors in a research note, adding that its RPO growth of 28% was down from 33% last quarter and billings growth of 19% was down from 22% last quarter. Walravens is also reducing his enterprise value to expected 2023 revenue multiple to 6.2-times from 8.4 due to Sprinklr's "tempered growth expectations".

JPMORGAN

- **BILI** JPMorgan analyst Daniel Chen raised the firm's price target on Bilibili to $30 from $20 and keeps an Overweight rating on the shares. The new target implies around 50% upside. The analyst is "incrementally positive" on Bilibili's long-term profit outlook after management's decision to the switch user growth target from monthly to daily active users. This enables the company to reduce spending expense on absolute basis from 2023, says Chen, who expects Bilibili's user growth to sustain. The analyst is now more constructive on the company's path to breakeven in 2024.

- **PLRX** JPMorgan analyst Eric Joseph initiated coverage of Pliant Therapeutics with an Overweight rating and $42 price target. The company's approach could add efficacy on to the standard of care in idiopathic pulmonary fibrosis without worsening the safety and tolerability profile, Joseph tells investors in a research note. The analyst believes current Pliant share levels "imply rather conservative success assumptions." He sees data readouts in the first half of 2023 incrementally de-risking bextograst in the "multibillion" IPF market."

- **GOSS** JPMorgan analyst Brian Cheng downgraded Gossamer Bio to Underweight from Neutral without a price target. Following the Phase 2 TORREY readout, the analyst sees path forward for Gossamer to move the seralutinib program forward in a "narrower-than-expected" patient population, and he's cautious on the company's outlook in 2023. The Phase 3 plan to include both FC III and FC II with the higher risk criteria is "somewhat of a head-scratcher to us," Cheng tells investors in a research note. The analyst says he'll need additional data to gain confidence on the next steps.

LADENBURG THALMANN

- **NRBO** Ladenburg Thalmann analyst Aydin Huseynov initiated coverage of NeuroBo Pharmaceuticals with a Buy rating and $6 price target.

LOOP CAPITAL

- **AMAT** Loop Capital analyst Scott Graham initiated coverage of Applied Materials with a Buy rating and $125 price target. The company's Semiconductor sales should outperform the overall WFE capex, both during the current downturn and when capex turns positive again in Q3 of FY24, the analyst tells investors in a research note. PPACt initiatives focus on newer methods to advance chip nodes even as Moore's Law slows, and Applied Materials' core competences line up well with these needed solutions, Graham adds, stating that the expects the stock to be revalued vs. its peers on WFE capex out-performance and a limited duration of quarterly earnings declines.

MIZUHO

- **EW** Mizuho analyst Anthony Petrone lowered the firm's price target on Edwards Lifesciences to $85 from $100 and keeps a Buy rating on the shares. Citi "lingering headwinds," the analyst reduced 2023 and 2024 estimates by 3% to 4%. However, he believes Edwards "is still poised to maintain its lead position in Structural Heart longer-term."

- **MDB** Mizuho analyst Matthew Broome lowered the firm's price target on MongoDB to $170 from $190 and keeps a Neutral rating on the shares. The company reported meaningful Q3 revenue upside, and management noted a broad rebound in consumption despite macro headwinds, Broome tells investors in a research note. However, the revenue beat was largely driven by outperformance in the legacy on-premise business, which benefited from upfront recognition of increased multi-year deal activity, says the analyst. He says that while the results "may help to allay near-term fears of a macro-induced speed bump, investors "may remain reluctant to hold this name near-

term given its exposure to ongoing global macro disruption."

MORGAN STANLEY

- **MDB** Morgan Stanley analyst Sanjit Singh raised the firm's price target on MongoDB to $230 from $215 and keeps an Equal Weight rating on the shares after what the analyst calls "a solid beat and raise" quarterly report. While "encouraged," Singh notes usage trends have been volatile and looks for sustained improvement "before getting back on board."

NORTHCOAST

- **KELYA** Northcoast analyst Kartik Mehta downgraded Kelly Services to Neutral from Buy.

PIPER SANDLER

- **FRPT** Piper Sandler analyst Michael Lavery raised the firm's price target on Freshpet to $88 from $69 and keeps an Overweight rating on the shares. The analyst believes Freshpet's brand equity and product differentiation set it apart in the pet food space, and he expects a "long runway of strong growth." Freshpet's total addressable market is significant, and growing, says Lavery, who expects fresh pet food to continue gaining share.

RAYMOND JAMES

- **TW** Raymond James analyst Patrick O'Shaughnessy upgraded Tradeweb Markets to Outperform from Market Perform with a $74 price target. The analyst believes Tradeweb can achieve "solid growth results in a variety of macroeconomic conditions" and that its "underlying strength has been somewhat masked recently by forex headwinds." He expects continued market share gains in 2023 in areas such as U.S. treasuries, interest rate swaps, and U.S. corporate bonds. Tradeweb's current valuation, well below its historical averages, offers an attractive entry point, O'Shaughnessy tells investors in a research note.

- **SBNY** Raymond James analyst David Long downgraded Signature Bank to Market Perform from Strong Buy without a price target following a conference presentation yesterday. While he remains bullish on the bank's long-term prospects to produce superior loan growth, operating efficiency, and credit metrics, the analyst sees near-to intermediate-term headwinds related to its balance sheet initiatives. Yesterday, Signature disclosed plans to diversify its business model, which will likely result is slower growth and net interest margin compression, Long tells investors in a research note. The analyst now believes the shares are "fairly valued at a discounted valuation."

RBC CAPITAL

- **RXDX** RBC Capital analyst Gregory Renza keeps his Outperform rating and $66 price target on Prometheus after the company's results for PRA023 in ARTEMIS-UC phase 2 study. The company's topline datasets exceeded both the company and investor expectations, providing key proof-of-concept in Inflammatory Bowel Disease, early validation on the biomarker strategy, and a positive read-through to the Cohort 2 ulcerative colitis data now set for Q2 of 2023, the analyst tells investors in a research note.

STIFEL

- **CXM** Stifel analyst J. Parker Lane downgraded Sprinklr to Hold from Buy with a price target of $8, down from $12. The company beat Q3 estimates but offered an initial outlook for revenue growth in 2023 that called for a 10% deceleration to 15% year-over-year growth as a result of macro headwinds, Lane tells investors in a research note. Management noted an incrementally more challenging macro environment during Q3 than Q2, with European markets experiencing more pressure, says the analyst. Lane believes the pressure on enterprise IT budgets and lack of visibility on the trajectory/pace of margin expansion will weigh on Sprinklr shares.

UBS

- **ALV** UBS analyst Juan Perez-Carrascosa downgraded Autoliv to Neutral

from Buy with a price target of $86, up from $84. The shares now offer limited valuation upside and the company's medium-term profitability targets look ambitious, Perez-Carrascosa tells investors in a research note. There are risks of Autoliv not achieving its profitability metrics, says the analyst, who sees downside risk to consensus estimates.

- **MDB** UBS analyst Karl Keirstead raised the firm's price target on MongoDB to $215 from $200 and keeps a Buy rating on the shares. The analyst cites the company's better than expected Q3 results against very negative consensus estimates. Keirstead adds that MongoDB's Q3 revenue brings expectations of growth of 25%-30% in FY24 "back on the table" while reducing the likelihood that rate could end up below 20%.

- **SIG** UBS analyst Mauricio Serna raised the firm's price target on Signet Jewelers to $93 from $79 and keeps a Buy rating on the shares. The company's Q3 earnings beat should serve as a "positive stock catalyst", the analyst tells investors in a research note.

WEDBUSH

- **CVNA** Wedbush analyst Seth Basham downgraded Carvana to Underperform from Neutral with a price target of $1, down from $9, following a Bloomberg report saying that a group of about 10 creditors holding $4B of the company's debt have signed a cooperation agreement to present a united front in restructuring negotiations. This move will help avoid the infighting among lenders that has occurred in other restructurings recently, he adds. Separately, the analyst notes that Carvana's director of investor relations, Mike Levin, recently left the company. Combined with the fact that many Carvana bonds have been trading at 50 cents on the dollar, indicating investors see a high probability of default, he views this news negatively for the Carvana's shares. The analyst believes these developments indicates a higher likelihood of debt restructuring that could leave the equity worthless in a bankruptcy scenario, or highly diluted in a best case.

WELLS FARGO

- **D** As previously reported, Wells Fargo analyst Sarah Akers downgraded Dominion to Equal Weight from Overweight with a price target of $64, down from $73. With recent EPS uncertainty, balance sheet concerns and track record issues, the analyst's Overweight rating had been largely predicated on valuation. However, based on her revised 2025 EPS, shares trade at a 12% discount to Regulated Electric peers, which she thinks is reasonable.

- **RXDX** Wells Fargo analyst Derek Archila is reiterating an Overweight rating after Prometheus reported positive results for its Phase 2 studies in ulcerative colitis and Crohn's disease. The analyst thinks shares should be up meaningfully on the results, at least a double from current levels given this is in line with his bull case. Archila thinks it is clear that Prometheus has a UC drug on its hands for all-comers and is highly active.

WILLIAM BLAIR

- **ARGX** William Blair analyst Myles Minter last night initiated coverage of Argenx with an Outperform rating and $460.66 fair value estimate. Argenx is a leading commercial-stage biopharma company developing novel therapies for rare autoimmune disorder, Minter tells investors in a research note. The analyst believes Vyvgart is a "best-in-class product with a first-mover advantage over peers." He "conservatively" estimates $2.8B in peak sales for the generalized myasthenia gravis indication alone.

WOLFE RESEARCH

- **BKNG** Wolfe Research analyst Deepak Mathivanan downgraded Booking Holdings to Peer Perform from Outperform without a price target. The analyst also downgraded the online travel sector to Market Underweight from Market Weight. Travel demand is likely to moderate amid the macroeconomic slowdown in 2023 and consensus estimates do not appear to reflect the magnitude accurately, Mathivanan tells investors in a research note. In addition, many online travel companies have ventured into less efficient

customer acquisition channels over the last 12-18 months and have seen unit economics erode relative to. 2019, says the analyst. He believes the group will likely to be pressured with negative estimate revisions over the next 12-18 months. Mathivanan is growing concerned on Booking's European exposure and unit economics.

- **EXPE** Wolfe Research analyst Deepak Mathivanan downgraded Expedia to Underperform from Peer Perform with an $85 price target. The analyst also downgraded the online travel sector to Market Underweight from Market Weight. Travel demand is likely to moderate amid the macroeconomic slowdown in 2023 and consensus estimates do not appear to reflect the magnitude accurately, Mathivanan tells investors in a research note. In addition, many online travel companies have ventured into less efficient customer acquisition channels over the last 12-18 months and have seen unit economics erode relative to. 2019, says the analyst. He believes the group will likely to be pressured with negative estimate revisions over the next 12-18 months. Mathivanan says Expedia "appears to be between a rock and a hard place from market share losses and margin compression during a downturn in 2023."

- **TRIP** Wolfe Research analyst Deepak Mathivanan downgraded TripAdvisor to Underperform from Peer Perform with a $17 price target. The analyst also downgraded the online travel sector to Market Underweight from Market Weight. Travel demand is likely to moderate amid the macroeconomic slowdown in 2023 and consensus estimates do not appear to reflect the magnitude accurately, Mathivanan tells investors in a research note. In addition, many online travel companies have ventured into less efficient customer acquisition channels over the last 12-18 months and have seen unit economics erode relative to. 2019, says the analyst. He believes the group will likely to be pressured with negative estimate revisions over the next 12-18 months. Mathivanan says TripAdvisor's core auction marketplace could face headwinds when demand slows down in fiscal 2023 and online travel agencies seek to improve efficiencies on marketing spend.

- **SHOP** Wolfe Research analyst Deepak Mathivanan downgraded Shopify to Peer Perform from Outperform without a price target. The analyst also downgraded the e-commerce sector to Market Weight from Market Overweight. Given the high penetration, e-commerce growth is likely to show high sensitivity to retail sales and consumer spending trends during the macroeconomic slowdown in 2023, Mathivanan tells investors in a research note. In addition, sales growth for many companies in the space benefited from inflationary tailwinds in 2022, which should be a less significant factor in 2023, says the analyst. Mathivanan also thinks consensus estimates "are still elevated in many cases." He thinks growth deceleration under a weakening macro could have high sensitivity on Shopify's multiple.

- **CHWY** Wolfe Research analyst Deepak Mathivanan downgraded Chewy to Peer Perform from Outperform without a price target. The analyst also downgraded the e-commerce sector to Market Weight from Market Overweight. Given the high penetration, e-commerce growth is likely to show high sensitivity to retail sales and consumer spending trends during the macroeconomic slowdown in 2023, Mathivanan tells investors in a research note. In addition, sales growth for many companies in the space benefited from inflationary tailwinds in 2022, which should be a less significant factor in 2023, says the analyst. Mathivanan also thinks consensus estimates "are still elevated in many cases." He thinks growth deceleration under a weakening macro could have high sensitivity on Chewy's multiple.

The Hammerstone Report