

BioSpecific Technologies (BSTC)

Originally presented: September 2019
Updated: January 2020

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How BSTC makes money:

- BSTC is a bio-pharmaceutical company that has developed injectable collagenase clostridium histolyticum (CCH) for 12 clinical indications to date
- Small (5 people) licenses its developments to Endo International to make and distribute

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SSG---BSTC---Section 1

Recent Quarterly Figures
FY2019 QuarterEnding (09/19)

Latest Quarter	Sales	9	EPS	0.85
Year Ago Quarter		8		0.69
Percentage Change		15.6%		23.2%

Analyst Consensus Estimates

Sales 2 Year Estimate:	12.4%
EPS Long Term Estimate:	---

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SSG---BSTC---Data & Section 2

Fundamental Company Data													
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Growth(%)	Forecast (%)	5 yr Est
Historical Sales (\$M)	3	6	11	11	14	14	23	26	27	33	19.6%	14	63
Historical EPS (\$)	-0.32	-0.24	0.95	0.43	0.76	0.66	1.32	1.56	1.55	2.73	29.8%	16	6.25
Pre-Tax Profit (\$M)	-2	-2	5	5	8	7	15	17	18	25	28.3%		

Evaluate Management													
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	5 Yr Avg	Trend	
% Pre-Tax Profit on Sales	-67.1%	-26.6%	46.2%	46.3%	55.1%	50.0%	64.0%	66.2%	66.9%	75.2%	64.5%		
% Return on Equity	-33.2%	-22.5%	43.5%	15.7%	23.6%	17.1%	21.7%	21.0%	17.2%	21.6%	19.7%		
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		

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SSG---BSTC---Section 3

3. PRICE EARNINGS HISTORY as an indicator of the future

Year	A		B		C		D		E		F		G		H	
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	% Payout	% High Yield							
2014	42.0	20.3	0.66	63.6	30.8	0.00	0.0%	0.0%								
2015	72.1	35.2	1.32	64.6	26.6	0.00	0.0%	0.0%								
2016	55.8	30.7	1.56	35.8	19.7	0.00	0.0%	0.0%								
2017	58.8	42.6	1.55	37.9	27.1	0.00	0.0%	0.0%								
2018	66.2	38.0	2.73	24.3	13.9	0.00	0.0%	0.0%								
AVERAGE		33.2		24.3	23.6		0.0%	0.0%								
CURRENT/ITM			3.16			0.00	0.0%									
AVERAGE PRICE EARNINGS RATIO: 23.9				CURRENT PRICE EARNINGS RATIO: 18.1												

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SSG---BSTC---Section 4

4. EVALUATING RISK and REWARD over the next 5 years

A. HIGH PRICE - NEXT 5 YEARS
 Avg. High P/E: 24.0 X Estimate High Earnings / Share: 7.23 = Forecasted High Price: 173.5

B. LOW PRICE - NEXT 5 YEARS
 (a) Avg. Low P/E: 16.8 X Estimate Low Earnings/Share: 3.16 = Forecasted Low Price: 53.1
 (b) Avg. Low Price of Last 5 Years: 33.2
 (c) Recent Market Low Price: 38.0
 2017 Low Stock Price: 42.0 52 Week Low Stock Price: 45.8
 2018 Low Stock Price: 38.0

(d) Price Dividend Will Support: Indicated Dividend = 0.00 = --
 High Yield

Selected Forecasted Low Price: 41.3

C. ZONING using [25%-50%-25%] (click to toggle)
 Forecasted High Price: 173.5 Minus Forecast Low Price: 41.3 = 132.2 Range: 25% of Range 33.0
 Buy Zone: 41.3 to 74.3
 Hold Zone: 74.3 to 140.4
 Sell Zone: 140.4 to 173.5
 Closing Stock Price of 57.12 is in the BUY Zone.

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SSG---BSTC---Section 5

SSG Results Summary	
Zone:	BUY
Upside Downside Ratio:	7.4 To 1
Total Return (High P/E):	24.9%
Projected Return (Avg P/E):	20.9%
Buy price to satisfy US/DS of 3 to 1 and 15% total return:	74.3
Buy Below price based on zoning selection:	74.3
Closing Price (01/17/20):	57.12

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BSTC--Conclusions

- BSTC is in the Buy Zone.
- It has an acceptable risk at and U/D ratio of 7.4 to 1
- But consider: Endo International is a major player in the opioid crisis
- BSTC does have some governance issues itself that you might consider a problem.

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Governance issues

- BSTC had three different CEOs during 2019. It appears that the first had health issues and the second was intended to be an interim choice while they conducted a search for a permanent CEO
- They terminated the contract for the CFO and appointed a new CFO. They have a new Chairman of the Board
- In a recent election to fill a director position, Michael Schamroth received a yes vote from 42% of shares, with the rest being withheld or broker non-votes
- They broke their lease in New York with plans to move to Delaware
- NASDAQ delisted them for the lack of enough independent directors to meet their listing requirements

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Questions?

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The Middleby Corporation (MIDD)

Originally presented: October 2018

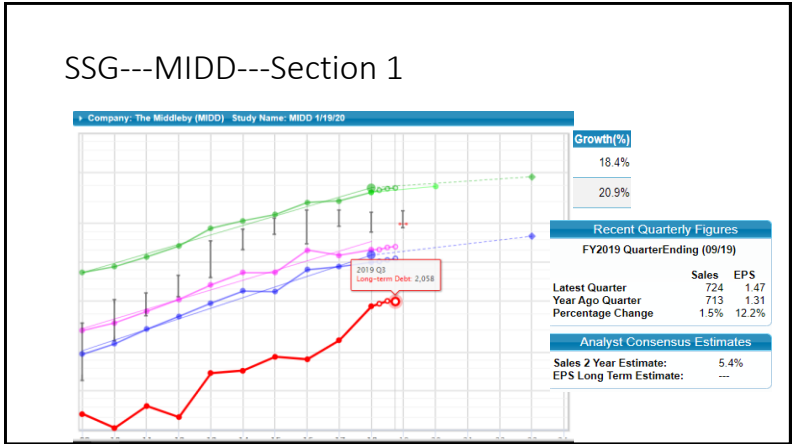
Updated: January 2020

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How MIDD makes money:

- Manufactures and services foodservice equipment, food preparation & packaging, & premium kitchen equipment
- Three principal business segments
 - – Commercial food service equipment
 - – Food processing equipment
 - – Residential kitchen equipment

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SSG---MIDD---Data & Section 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Growth(%)	Forecast (%)	5 yr Est
Historical Sales (\$M)	647	719	856	1,038	1,429	1,637	1,827	2,266	2,336	2,723	18.4%	3	3,598
Historical EPS (\$)	1.10	1.32	1.72	2.16	2.74	3.40	3.36	4.98	5.26	5.70	20.9%	7	9.09
Pre-Tax Profit (\$M)	100	114	140	174	226	281	281	421	384	424	19.0%		

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	5 Yr Avg	Trend
% Pre-Tax Profit on Sales	15.4%	15.9%	16.4%	16.8%	15.8%	17.2%	15.4%	18.6%	16.4%	15.6%	16.5%	
% Return on Equity	17.8%	17.2%	20.2%	18.8%	20.1%	20.2%	17.0%	21.3%	22.4%	20.2%	20.2%	
% Debt To Capital	44.6%	33.5%	38.3%	28.6%	40.5%	37.3%	39.6%	36.7%	43.0%	53.2%	42.0%	

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SSG---MIDD---Section 3

3. PRICE EARNINGS HISTORY as an indicator of the future

CLOSING PRICE (01/17/20): 113.33 HIGH THIS YEAR: 142.98 LOW THIS YEAR: 105.77

Year	A Price		C Earnings		D Price Earnings Ratio		E Dividend		G % Payout		H % High Yield	
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	Per Share	F / B * 100			
2014	102.0	71.4	3.40	30.0	21.0	0.00	0.0%	0.00	0.0%	0.0%	0.0%	
2015	125.3	93.0	3.36	37.3	27.7	0.00	0.0%	0.00	0.0%	0.0%		
2016	143.6	79.1	4.98	28.8	15.9	0.00	0.0%	0.00	0.0%	0.0%		
2017	143.3	107.5	5.26	27.3	29.4	0.00	0.0%	0.00	0.0%	0.0%		
2018	138.9	96.7	5.70	24.4	17.0	0.00	0.0%	0.00	0.0%	0.0%		
AVERAGE		88.5		27.6	18.6		0.0%					
CURRENT/TTM			6.07			0.00	0.0%					
AVERAGE PRICE EARNINGS RATIO: 23.1						CURRENT PRICE EARNINGS RATIO: 18.7						

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SSG---MIDD---Section 4

4. EVALUATING RISK AND REWARD over the next 5 years

A. HIGH PRICE - NEXT 5 YEARS

Avg High P/E: 24.8 X Estimate High Earnings / Share: 9.09 = Forecasted High Price: **218.2**

B. LOW PRICE - NEXT 5 YEARS

(a) Avg Low P/E: 18.6 X Estimate Low Earnings/Share: 6.07 = Forecasted Low Price: 112.9

(b) Avg Low Price of Last 5 Years: 89.5

(c) Recent Market Low Price: 96.7

2017 Low Stock Price: 107.5 52 Week Low Stock Price: 105.8

2018 Low Stock Price: 96.7

(d) Price Dividend Will Support: $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{--} = --$

Selected Forecasted Low Price: **96.7**

C. ZONING using 25%-50%-25% (click to toggle)

Forecasted High Price: 218.2 Minus Forecast Low Price: 96.7 = 121.5 Range: 25% of Range: 30.4

Buy Zone: 96.7 to 127.0

Hold Zone: 127.0 to 187.8

Sell Zone: 187.8 to 218.2

Closing Stock Price of 113.33 is in the **BUY** Zone.

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SSG---MIDD---Section 5

SSG Results Summary	
Zone:	BUY
Upside Downside Ratio:	6.3 To 1
Total Return (High P/E):	14.0%
Projected Return (Avg P/E):	11.3%
Buy price to satisfy US/DS of 3 to 1 and 15% total return:	108.5
Buy Below price based on zoning selection:	127.0
Closing Price (01/17/20):	113.33

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MIDD---Conclusions

- MIDD is in the Buy Range
- The risk is acceptable at 6.3 U/D ratio
- High Debt to Capital is a negative even as they continue to acquire

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Questions?

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Western Alliance Bancorporation (WAL)

Originally presented: April 2019

Updated: January 10, 2020

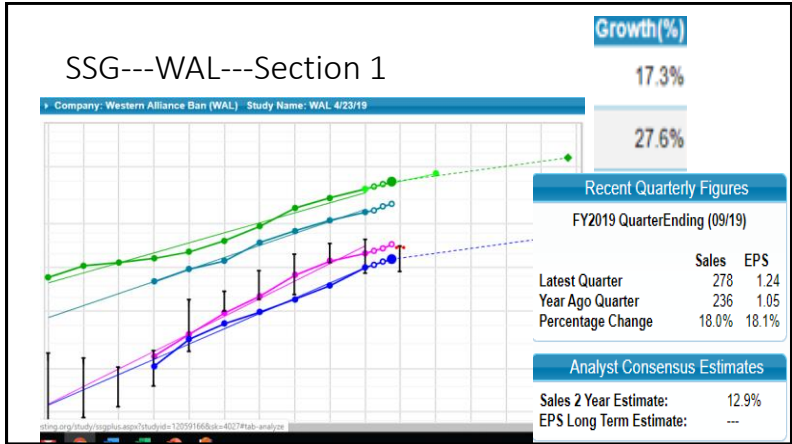
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How WAL makes money:

- Las Vegas-based holding company with regional banks operating in Nevada, Arizona, and California
- The bank offers:
 - retail banking services
 - focuses on mortgages for retail customers and commercial loans, mainly for real estate
 - manages investment portfolios for Western's clients and clients of other banks

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SSG---WAL---Forecasts & Section 2

Fundamental Company Data													
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Growth(%)	Forecast (%)	5 yr Est
Historical Sales (\$M)	231	278	292	312	346	414	522	697	822	946	17.3%	8	1,554
Historical EPS (\$)	-2.74	-0.23	-0.21	0.86	1.32	1.69	2.03	2.50	3.10	4.14	27.6%	8	6.94
Pre-Tax Profit (\$M)	-193	-11	50	99	141	197	259	361	452	510	32.4%		
Historical Total Assets (\$M)	5,753	6,194	6,645	7,623	9,307	10,600	14,275	17,201	20,329	23,109	21.2%		

Evaluate Management												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	5 Yr Avg	Trend
% Pre-Tax Profit on Sales	-83.5%	-3.8%	17.2%	31.8%	40.6%	47.7%	49.6%	51.8%	55.0%	53.9%	51.6%	▲
% Return on Equity	-44.4%	-4.0%	3.5%	12.0%	16.8%	17.4%	13.8%	14.1%	15.2%	17.5%	15.6%	▲
% Debt To Capital	18.6%	16.2%	38.0%	23.2%	30.9%	30.1%	18.6%	19.1%	25.6%	18.6%	22.4%	▲
% Return on Avg Assets	-2.93%	-0.29%	0.23%	0.95%	1.34%	1.47%	1.56%	1.65%	1.73%	2.01%	1.68%	▲

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SSG---WAL---Section 3

3. PRICE EARNINGS HISTORY as an indicator of the future

CLOSING PRICE (01/10/20): 57.10 HIGH THIS YEAR: 57.91 LOW THIS YEAR: 38.55									
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield	
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100	
2014	28.3	20.6	1.69	16.8	12.2	0.00	0.0%		0.0%
2015	39.1	24.5	2.03	19.3	12.1	0.00	0.0%		0.0%
2016	50.7	26.6	2.50	20.3	10.6	0.00	0.0%		0.0%
2017	60.3	44.6	3.10	19.4	14.4	0.00	0.0%		0.0%
2018	64.1	37.4	4.14	15.5	9.0	0.00	0.0%		0.0%
AVERAGE	30.7			18.2	11.7		0.0%		
CURRENT/TTM			4.72			1.00	21.2%		
AVERAGE PRICE EARNINGS RATIO: 15.0				CURRENT PRICE EARNINGS RATIO: 12.1					

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SSG---WAL---Section 4

4. EVALUATING RISK and REWARD over the next 5 years

A. HIGH PRICE - NEXT 5 YEARS
 Avg. High P/E: 17.0 X Estimate High Earnings / Share: 6.94 = Forecasted High Price: 117.9

B. LOW PRICE - NEXT 5 YEARS
 (a) Avg. Low P/E: 9.0 X Estimate Low Earnings/Share: 4.72 = Forecasted Low Price: 42.5
 (b) Avg. Low Price of Last 5 Years: 30.7
 (c) Recent Market Low Price: 37.4
 2017 Low Stock Price: 44.6 52 Week Low Stock Price: 38.5
 2018 Low Stock Price: 37.4
 (d) Price Dividend Will Support: $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.00}{---} = \text{NMF}$

Selected Forecasted Low Price: 42.5

C. ZONING using 25%-50%-25% (click to toggle)
 Forecasted High Price: 117.9 Minus Forecast Low Price: 42.5 = 75.4 Range: 25% of Range: 18.8
 Buy Zone: 42.5 to 61.3
 Hold Zone: 61.3 to 99.0
 Sell Zone: 99.0 to 117.9
 Closing Stock Price of 57.10 is in the **BUY** Zone.

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SSG---WAL---Section 5

SSG Results Summary

Zone: **BUY**

Upside Downside Ratio: **4.2 To 1**

Total Return (High P/E): **15.6%**

Projected Return (Avg P/E): **9.6%**

Buy price to satisfy US/DS of 3 to 1 and 15% total return: **58.6**

Buy Below price based on zoning selection: **61.3**

Closing Price (01/10/20): **57.10**

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WAL---Conclusions

- At the present time WAL is in the Buy Zone
- WAL has acceptable risk at 4.2 to 1 U/D

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Questions?

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