



ANALYST QUICK NOTES

New products, M&A announcements, management shakeups, earnings surprises. Whatever the news, you want to know what Argus thinks. Our Quick Notes fill this need by providing real-time analysis of current news about Argus-covered companies or other market-moving events. Please check back regularly for new Quick Notes. **Important disclaimer information is on the last page of this document.**

New Additions to the Argus Focus List

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Weekly Stock List: New Additions to the Argus Focus List

- Argus has published its latest Focus List of timely investment ideas. Each month, Director of Research Jim Kelleher, CFA, surveys the team of Argus Research industry analysts for their timeliest recommendations out of the company's fundamental universe of approximately 450 companies.
- The Focus List typically includes 30 stocks; turnover is high, as Director of Research Kelleher typically adds three or four new stocks per month. Performance information on the Focus List picks is available in our bi-annual Argus Performance Review. Below are the latest additions, all rated BUY.
 - Carnival Corp. (NYSE: CCL): Carnival is a global cruise and vacation company primarily serving North America, the UK, Germany, southern Europe and South America. The company's portfolio of cruise brands includes Carnival Cruise Lines, Princess Cruises, Holland America Line, P&O Cruises, Ocean Village, Costa, AIDA, and Cunard Line. Carnival is the dominant cruise company in an industry characterized by few direct competitors, high barriers to entry, and favorable demographics. CCL and Royal Caribbean control the majority of cruise market share, and are thus able to sustain rational pricing. We expect CCL's margins and earnings to benefit from ongoing growth in cruise demand. Over the long term, we remain bullish on Carnival, based on its leading position in the industry and our expectations for increased demand among affluent baby boomers.
 - Broadcom Ltd. (NGS: AVGO): Formerly known as Avago Technologies, Broadcom is a top-five global fabless semiconductor company with leading franchises in wired and wireless communications, enterprise data center and storage, industrial, and other end markets. In wireless, Broadcom is benefiting from rising demand for premium-tier smartphones made by the likes of Apple and Samsung. Recent results reflected broad-based growth across multiple markets led by industrial, where Broadcom has an early lead in Internet of Things applications. While the AVGO shares have experienced a strong run in 2017, Broadcom's exceptional growth and operating execution have

prevented valuations from spiking out of sight, and the shares remain attractively valued in our opinion.

- Newmont Mining Corp. (NYSE: NEM): Newmont is one of the largest gold-mining companies in the world, with assets and operations in North America, South America, Australia/New Zealand, Asia, Europe and Africa. While about 96% of its revenues come from gold, the company is also a major producer of copper and zinc. We upgraded NEM following strong 2Q17 results and prospects for continued growth. Both gold and copper production have increased significantly year to date. We expect deepening weakness in the U.S. dollar, along with rising demand, to contribute to price gains for both commodities (which are priced in USD). Rising production volumes have enabled management to lower its 2017 all-in sustaining cost estimate significantly, which should support further margin expansion and earnings growth going forward.
 - Celgene Corp. (NGS: CELG): Celgene is a research-based pharmaceutical company that, via acquisitions and collaborations, has become a leader in oncology and autoimmune therapies. Our recent upgrade of the shares follows strong 2Q17 sales of Pomalyst (for multiple myeloma) and Otezla (for plaque psoriasis), which are providing Celgene with additional growth drivers and reducing its reliance on Revlimid. The new products are gaining market share and winning approval in new overseas markets. Beyond 2017, we expect the approval of Pomalyst and Otezla for additional indications. Revlimid, which is also gaining approvals for additional indications, grew sales by over 20% to \$2.0 billion in 2Q17 and now has reimbursement coverage in 22 countries, with more to follow. Although CELG trades at a slight premium to our universe of pharmaceutical stocks, we believe the robust product pipeline and strong growth prospects support the premium.
 - The four new stocks replace the following stocks on the Focus List:
 - Intercontinental Exchange Inc. (NYSE: ICE): Intercontinental Exchange is benefiting from several secular trends in its core data and listings business, including growth in demand for real-time data and analytics, the increased popularity of passive index investing, and regulations driving the need for price transparency and reporting. Since inclusion in March 2016, the ICE shares have advanced 38% while outperforming the benchmark by 16%.
 - Mylan N.V. (NGS: MYL) : Although Mylan has advantages over peers thanks to its diverse portfolio of generics and biosimilars, the generics industry is facing increased competition and pricing pressure; and we expect struggling Teva to price aggressively going forward. Since inclusion in October 2016, the MYL shares have declined 8% while underperforming the benchmark by 22%.
 - Packaging Corp. of America (NYSE: PKG): Packaging Corp. of America is a manufacturer of containerboard and corrugated products. We expect the company to benefit from recent price increases on containerboard and corrugated products, as well as from acquisition. Since inclusion in February 2017 the PKG shares have advanced 17% while underperforming the benchmark by 9%.
 - ServiceNow Inc. (NYSE: NOW): ServiceNow provides cloud-based software-as-a-service management applications to automate and track workflows across the enterprise, including IT, human resources, facilities, and field service, among others Since inclusion in March 2017, the NOW shares have advanced 25% while outperforming the benchmark by 21%.
 - For more information on these companies, please see our Analyst Reports at www.argusresearch.com.
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