

October 22 – October 28

*This report presents our most-read research reports over the last 7 days, ordered based on readership.*

## Initiating Coverage: Post-Acute, Sub-Acute and Behavioral Health Care — Can I Go Home Now? (SEM, HLS, AMSG, USPI, ACHC)

North America | Health Care Facilities

We initiate coverage on five companies across the post-acute, sub-acute and behavioral health sectors. We believe that companies outside of traditional acute care, (who haven't yet seen a major impact from the ACA) continue to benefit from the positive momentum driving the sector. Furthermore, with the technical pullback from recent weeks, we believe attractive opportunities exist for investors looking to go long healthcare ex-hospitals.

Murali Ganti | Haidar Malik

## High Yield & Leveraged Loan — Relative Value

North America | Trading Companies

In the High Yield & Leveraged Loan Relative Value publication we provide a snapshot of the high yield market, our top credit views, and a relative value analysis covering high yield, leveraged loans, CDS, and converts.

Manish A. Somaiya | James P Finnerty | David Phipps | Murali Ganti | Jenna Giannelli

## Arch Coal (ACI) — 3Q Preview, Recovery Analysis; Reiterate Buy on Term Loan, Remain Neutral on Rest of Structure

North America | Coal

3Q Preview – On October 13th, Arch Coal gave 3Q14 adjusted EBITDA guidance of \$70-\$74mm, which was modestly above consensus of \$68mm and our estimate of \$67mm. Our updated EBITDA estimate is now \$71mm. Our estimates are up sequentially from \$65mm in 2Q due to marginally improved rail performance in the PRB. Arch Coal is scheduled to report 3Q results before the market opens on October 28th. The conference call will be on the 28th at 11:00AM. Dial in: 866-713-8563. Pwd:15181855

Richard C Yu | Michael Quinn

## Hertz Global Holdings (HTZ) — Valuation and Uncertainty Makes Us Cautious

North America | Machinery

Key Highlights — We are downgrading our stance on HTZ longer-dated senior notes (5.875% and 6.25% notes) to Sell (3) from Neutral (2) owing to lack of earnings clarity (accounting issues), weak operational performance, exposure to falling used car prices, and recent shareholder-friendly activist interest. Longer-term, we believe HTZ will likely resolve its issues and remain a relevant player in

29 October 2014

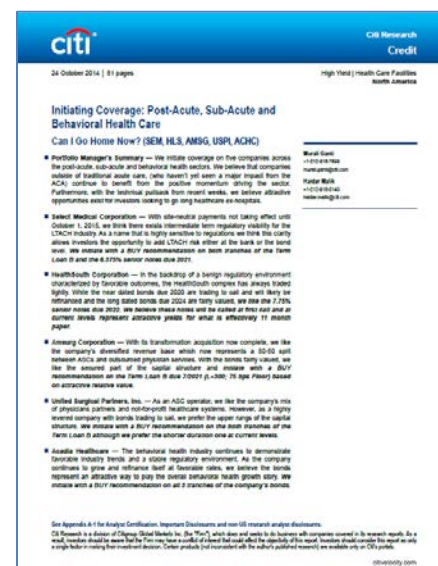
Citi High Yield Research

Credit

North America

## This Week's Most Read Report

Initiating Coverage: Post-Acute, Sub-Acute and Behavioral Health Care — Can I Go Home Now? (SEM, HLS, AMSG, USPI, ACHC)



## Recent Editions of Citi's Most Read - High Yield

October 1 - October 7  
October 8 - October 14  
October 15 - October 21

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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the car rental industry; we prefer the secured B-1 & B-2 term loans that are currently trading 2-3 points below par. See below link for additional details regarding our rationale.

[Manish A. Somaiya](#) | [Ishan Singh](#) | [Sapan Shah](#)

## **HY Homebuilder Preview: 3Q/4Q14 — Easier Comps, Continued Job Growth and Lower Rates Set Stage for Seasonal Rally**

### **North America | Homebuilding**

Citi's Take — We continue to be positive on the homebuilding space as we see 3 key tailwinds supporting a continued recovery in housing: (1) Job Growth (2) Prospects for Loosening Credit (3) Lower Gas Prices Recommendations: We continue to favor exposure to lower rated (i.e. BZH and HOV) and off the run builders (i.e. BRP) as a way to get extra yield in a sector with a positive fundamental outlook.

[James P Finnerty](#) | [Maneesha Shrivastava](#)

## **We Can't Keep a Poker Face — Sharing our 3Q14 Gaming Preview and Pre-Earnings Trade Recs**

### **North America | Gaming**

We project a 3Q14 YoY revenue decline of 1.5% across key HY gaming issuers, reflecting a fairly similar trend to the 2.2% decline we saw last quarter. Similarly, we model an average 1.4% YoY EBITDA decline across the group, as many of our issuers have sought to implement cost savings (i.e. ISLE, PNK, TRIBAL) to mitigate top line pressure. We expect industry trends were largely unchanged despite a glimmer of improvement in August, with ongoing pressure in regionals led by weak visitation and spend trends and increased capacity. We believe competitive pressures in states such as Ohio intensified this quarter as new capacity came online in certain of its markets. Similarly, we think this will occur in Massachusetts/Connecticut, Louisiana and Colorado as additional supply comes online in coming quarters. Longer term, the overhang of incremental capacity in MA, NY, PA and MD still looms for many of our issuers.

[Jenna Giannelli](#)

## **SandRidge Energy — Liquidity Enhancing Events on the Horizon**

### **North America | Exploration & Production**

Ratings: We reiterate our Overweight rating on SD and Buy on the company's notes. With the announcement of the new credit facility and IPO of their salt water disposal system, we think that the company has sufficient liquidity through 2016.

[Marisa B Moss](#) | [Farah Zakir](#) | [Lisa Khanna](#)

## **T-Mobile US (TMUS) — 3Q 2014 First Look – Strong Subscriber Metrics, But Slight Financial Miss**

### **North America | Telecommunications Operators**

Summary Results – 3Q 2014 results were mixed versus consensus expectations with financial metric lower and subscriber metrics higher. Sales were \$7,350 million (consensus: 7,444); EBITDA was \$1,346 million (consensus: 1,510); postpaid net adds were 1,379k (consensus: 956k); postpaid churn was 1.6% (consensus: 1.62).

[David Phipps](#) | [Ashish Nair](#) | [Nicholas Napoleone](#)

[>> Back to the Top](#)

# Appendix A-1

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<i>Data current as of 30 Sep 2014</i>	<i>Rating</i>		
	<i>Buy</i>	<i>Hold</i>	<i>Sell</i>
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<i>% of companies in each rating category that are investment banking clients</i>	75%	63%	46%
Citi Research US High Yield Issue Coverage	31%	58%	11%
<i>% of companies in each rating category that are investment banking clients</i>	71%	79%	65%

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measures for comparable companies in the sector, such as revenue and earnings growth rates, margins, and the composition of the issuer's balance sheet relative to the operational leverage in its business.

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