

October 1 – October 7

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

## High Yield & Leveraged Loan — Seasonal Picks

North America | Trading Companies

In this edition, we highlight some of the more interesting bank loan and bond ideas in our coverage universe after the sell-off. Our credit strategy team also presents its latest market update and outlook. Finally, we provide an overview for the best and worst performing bonds across the High Yield universe thus far this year.

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

## 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

## Coast to Coast Casinos — Takeaways from G2E Meetings and Recent Property Visits

North America | Gaming

This week we were in Las Vegas for management meetings and property tours during the week of G2E. We came away feeling steadily positive on the Las Vegas market, lukewarm on the Locals market but realizing its longer term potential, and somewhat encouraged that regional fundamentals, while not materially improving, are starting to bottom out. In this note we offer key takeaways from the management meetings we attended with Boyd and Caesars, as well thoughts on our Locals and Downtown property tours, where we visited eight off-strip properties. We also provide key takeaways from our recent meeting with Foxwoods management, an update on the CT market and longer term implications for TRIBAL.

Jenna Giannelli

## Gardner Denver, Inc. (GDI) — Attractive Entry Point: Buy 6.875% Senior Notes and Term Loan

North America | Machinery

Initiating Coverage with Overweight — We are initiating coverage of Gardner Denver (GDI) with Overweight, and rate the company's 6.875% senior unsecured notes and its L+325bp secured term loan a Buy. Since early September, GDI's senior notes are down just over five points, more than its closest peers (Accudyne and Gates). On a relative value basis, GDI bonds now trade wide to

8 October 2014

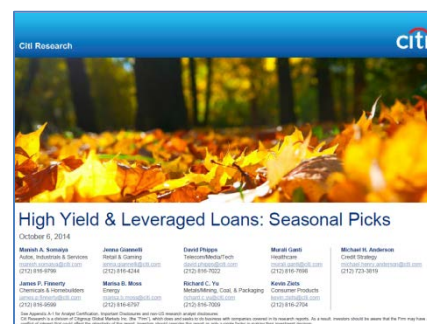
Citi High Yield Research

Credit

North America

## This Week's Most Read Report

High Yield & Leveraged Loan — Seasonal Picks



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

September 10 - September 16  
September 17 - September 23  
September 24 - September 30

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

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Accudyne 7.75% senior notes (rated Neutral), and offer compelling value. Meanwhile, GDI's L+325bp term loan is trading near its lowest level since issuance (July 2013) and three points below its January 2014 peak. We believe current levels on both bank debt and bonds provide an attractive entry point for investors, especially as the Company's exposure to energy end-markets is yielding strong growth and propelling earnings.

Manish A. Somaiya | Ishan Singh | Sapan Shah

## **Student Loan Conf Call Recap — Student Loan Debt Cuts Both Ways**

### **North America | Homebuilding**

We co-hosted a call on Monday, September 29th with our equity counterpart to discuss the Student Loan Crisis and the ramifications for housing market with Beth Akers of the Brookings Institute. In this note we summarize the key topics discussed and provide the replay information for the call.

James P Finnerty | Maneesha Shrivastava

## **Commercial Trucks — Orders Outpace Expectations (Again); Upgrading Navistar 8.25% Nts to Buy**

### **North America | Trucking**

North America Class 8 preliminary truck orders, as reported by ACT Research (Oct. 2), continued to outpace expectations in September. Orders surged 32% y-o-y to 24,900 units (vs. expectations in the low 20k unit range) driven by continued manufacturing improvement, robust freight volumes & strong pricing, as well as improved replacement demand & fuel efficiency. Based on a continued strong industry backdrop, we are upgrading Navistar's 8.25% senior notes to Buy (1) from Neutral (2), while retaining our Buy (1) on the company's 2017 term loan priced at L+450bp (with a 101 hard call through April 2015, yielding 5.9% on a swap-adjusted basis).

Manish A. Somaiya | Ishan Singh | Sapan Shah

## **High Yield & Leveraged Loans — Outlook & Top Ideas**

### **North America | Trading Companies**

What's Included? – In our quarterly outlook publication we summarize key thematic trends in each sector and highlight our top trade ideas across our coverage universe (categorized by bank loan, high coupon, relative value, short duration, total return, and sell ideas). Our credit strategy team also presents its latest market update and outlook for both high yield and leveraged loans. Finally, we provide a performance overview of our recommendations from August 2014.

Manish A. Somaiya | James P Finnerty | Kevin Ziets | Marisa B Moss | Murali Ganti

## **Intelsat S.A. (INTEL) — Calls \$500M Jackson 8.5% Bonds, Capital Structure Bounces**

### **North America | Satellite Communications**

Citi's Take — Intelsat (INTEL; OW) called \$500 million Jackson 8.5% notes at 104.25 effective November 3rd. Intelsat plans to fund the redemption with cash and revolver borrowings. During the day Jackson bonds moved up about three-quarters point, while Luxembourg bonds rose 1.5 points. The company had telegraphed its intention during the 2Q conference call, when management raised its debt reduction target to \$475 million (from 400) and cited the 8.5s as there highest cost debt. Please see our note for more: Intelsat S.A. (INTEL) - 2Q 2014: EBITDA Better, Sales Pressures Extend, 8.5% Bonds YTC? We maintain our Overweight weighting owing to business stability, meaningful "carry" and continued management focus on debt reduction.

David Phipps | Ashish Nair

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# 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>
Citi Research US High Yield Issuer Coverage	33%	58%	9%
<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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