Research
(646) 780-8880
research@tigressfp.com

Trading
(646) 780-8890
trading@tigressfp.com

Tigress Financial Partners LLC
Member of FINRA / MSRB / SIPC
500 Fifth Avenue
New York, NY 10110
(212) 430-8700

www.tigressfinancialpartners.com

Research Upgrade

Yelp Inc. Class A (YELP-US) 2

We are upgrading YELP from Neutral to Buy. We believe that risk/reward looks attractive at current levels. YELP has recently shifted its advertising model to better address the needs of local businesses, which will spend $150 billion in local advertising in 2016 according to industry sources. We think the local advertising market represents an immense opportunity and YELP will grow its share of this market due to its unique mobile positioning and continued product innovation. While 2016 will be an investment year, as the company ramps up its salesforce, we believe YELP is laying the ground work to generate significant future Economic Profit growth and greater shareholder value and find valuation attractive at current levels.

Research Updates

Facebook, Inc. Class A (FB-US) 3

We reiterate our Buy rating on FB. FB reported positive Q4 earnings that beat on the top and bottom line and surpassing even the most bullish estimates. The top line beat was driven largely by advertising revenue growth that was up 57% Y/Y principally on the mobile platform. We note ad revenue growth was strong across all verticals and geographies. FB outperformed key user metrics MAUs, Mobile MAUs, and DAUs as it deftly maneuvers around changing consumer tastes within mobile, while driving increasing engagement in video and its Instagram platform. This confirms our thesis that Instagram and mobile are offsetting declines in the company's legacy platform. Many of FB's Performance metrics demonstrated robust Y/Y growth and it continues to generate substantial Economic Profit. We believe the company will continue to benefit from secular mobile and video trends, driving outsized Economic Profit growth and greater shareholder value creation.

Twitter, Inc. (TWTR-US) 4

We reiterate our Neutral rating on TWTR. Shares have come under pressure post Q4 earnings on the back of weaker than expected MAUs that saw stagnant sequential growth for the first time in TWTR's history. Revenue was in line with expectations, with sales growth of 58% driven by solid ad business sales, however, MAU growth is the key to TWTR's future growth prospects and we do not see any current drivers for MAU growth. In turn, this growth is the key driver of improved shareholder value creation for TWTR and thus we prefer to remain on the sidelines until more tangible signs of traction are revealed.

Company Notes

Yelp Inc. Class A (YELP-US)

Internet Software & Services

Philip Van Deusen
Director of Research
(646) 780-8887 Direct
pvandeusen@tigressfp.com

Research Action:

Upgrade Rating	
Rating:	Buy
Prior Rating:	Neutral
Price 02/18/2016:	$17.64
52 Week High / Low:	$52.51 / $14.53
Key Data: (TTM as of Dec-15)	
Excess Cash per Share:	$4.80
Annual Dividend:	$0.00
Dividend Yield:	0.00%
Ave. Volume (30 Day):	3.7M
Shares Outstanding:	75.5M
Float:	52.9M
Equity MV:	$1,331.7M
Sales TTM:	$549.7M
Beta:	1.35
EBITDAR:	$146.4M
NOPAT:	$7.0M
Total Invested Capital:	$989.8M
Return on Capital:	0.87%
Cost of Capital:	7.11%
Economic Profit:	-$50.4M
Market Value Added:	$632.7M
Current Operations Value:	$280.4M
Future Growth Value:	$1,342.1M

- **We are upgrading YELP from Neutral to Buy.** We believe that risk/reward looks attractive at current levels. YELP has recently shifted its advertising model to better address the needs of local businesses, which will spend $150 billion in local advertising in 2016 according to industry sources. We think the local advertising market represents an immense opportunity and YELP will grow its share of this market due to its unique mobile positioning and continued product innovation. While 2016 will be an investment year, as the company ramps up its salesforce, we believe YELP is laying the ground work to generate significant future Economic Profit growth and greater shareholder value and find valuation attractive at current levels.
- **Current valuation attractive given prospects for improving Business Performance.** We are projecting sales to increase 26.0% from $549.7 million to $692.00 million over the next year. While this sales growth represents a deceleration of the 46% growth over the last twelve months, we are being cautious in our outlook and think that sales growth could surprise to the upside when newly hired sales representative's expectedly ramp in the 2H16. Shares of YELP have been under substantial pressure over the past two years and YELP's EV/EBITDAR has compressed from 71.0x to 13.5x over that time period. We find this valuation particularly attractive and believe downside is limited at current levels.
- **Significant addressable market with compelling mobile product and refined business model.** As local advertising dollars continue to shift from traditional sources to the internet and mobile platforms, we believe YELP is uniquely positioned to benefit from this trend. As mentioned, the local advertising market is immense, and within that market $7 billion is still spent on Yellow Page advertising, we believe that is YELP's most immediate market opportunity. Local Advertising grew 32% in the most recent quarter, and was bolstered by the company's transition to a purely CPC advertising model, which provides more demonstrable ROI for its targeted market. Coupled with this transition, the company has aggressively hired sales persons in the back half of last year, which should begin to yield results starting at the end of the 2nd quarter. After strong initial brand building success last year, management will continue to spend on building up brand recognition in 2016 which we believe will result in significant growth in their mobile app penetration which currently stands at 30% of all smart phone users. As a result of these efforts we think YELP will be one of the best positioned companies to capture mobile ad spend in local markets over the long-term and expect Economic Profit growth and greater shareholder value creation to follow.

For more information or a copy of our complete report, please contact us at (212)430-8730 or research@tigressfp.com

Company Notes

Facebook, Inc. Class A (FB-US)

Internet Software & Services

Ivan Feinseth
Chief Investment Officer
(646) 780-8901 Direct
ifeinseth@tigressfp.com

Research Action:	
Reiterate Rating	
Rating:	**Buy**
Prior Rating:	**Buy**
Price 02/18/2016:	**$103.47**
52 Week High / Low:	**$117.59 $72.00**
Key Data: (TTM as of Dec-15)	
Excess Cash per Share:	**$6.21**
Annual Dividend:	**$0.00**
Dividend Yield:	**0.00%**
Ave. Volume (30 Day):	**49.7M**
Shares Outstanding:	**2,846.9M**
Float:	**2,188.8M**
Equity MV:	**$294,572.9M**
Sales TTM:	**$17,927.0M**
Beta:	**1.24**
EBITDAR:	**$13,178.8M**
NOPAT:	**$3,740.1M**
Total Invested Capital:	**$45,477.7M**
Return on Capital:	**9.00%**
Cost of Capital:	**7.29%**
Economic Profit:	**$712.5M**
Market Value Added:	**$250,745.9M**
Current Operations Value:	**$55,256.2M**
Future Growth Value:	**$240,967.4M**

- **We reiterate our Buy rating on FB.** FB reported positive Q4 earnings that beat on the top and bottom line and surpassing even the most bullish estimates. The top line beat was driven largely by advertising revenue growth that was up 57% Y/Y principally on the mobile platform. We note ad revenue growth was strong across all verticals and geographies. FB outperformed key user metrics MAUs, Mobile MAUs, and DAUs as it deftly maneuvers around changing consumer tastes within mobile, while driving increasing engagement in video and its Instagram platform. This confirms our thesis that Instagram and mobile are offsetting declines in the company's legacy platform. Many of FB's Performance metrics demonstrated robust Y/Y growth and it continues to generate substantial Economic Profit. We believe the company will continue to benefit from secular mobile and video trends, driving outsized Economic Profit growth and greater shareholder value creation.
- **Advertising Metrics show strong momentum.** Global ARPU was up sharply Q/Q, up $0.77 from $2.83 to $3.60 and up from $9.86 to 12.89 in the U.S. and Canada. Notable strength was seen in Mobile, where mobile-only monthly active users was up 13.2% from 727 to 823 million users, and mobile ad impressions were up 29% Y/Y, the first growth since Q3 '13. Ad revenue growth came in well ahead of consensus up 57% Y/Y largely driven by mobile's 80% share of total advertising revenues. We believe this sets the stage for a continuation of advertising growth in 2016 driven by Instagram, video and mobile which are all benefiting from meaningful secular trends. FB expanded its Operating Margin over LTM to 73.54%, up from the five year average of 67.56% and we anticipate the company will maintain its strong margin profile over NTM.
- **2016 will see continued momentum in revenue growth.** In addition to aforementioned revenue growth drivers, we see the company leveraging its 1B WhatsApp users, as well as its growing Messenger app, with its entrenched advertising platform to drive future monetization. FB confirmed that ads in the Messenger app will launch in Q2 and we believe this advertising expansion will result in increased top line growth and greater Economic Profit generation. FB appears to be immune from current macro weakness and we believe this strength will continue to drive shareholder value creation in NTM.

For more information or a copy of our complete report, please contact us at (212)430-8730 or research@tigressfp.com

Company Notes

Twitter, Inc. (TWTR-US)

Internet Software & Services

Ivan Feinseth
Chief Investment Officer
(646) 780-8901 Direct
ifeinseth@tigressfp.com

Research Action:	
Reiterate Rating	
Rating:	**Neutral**
Prior Rating:	**Neutral**
Price 02/18/2016:	**$18.43**
52 Week High / Low:	**$53.49 $13.91**
Key Data: (TTM as of Dec-15)	
Excess Cash per Share:	**$5.05**
Annual Dividend:	**$0.00**
Dividend Yield:	**0.00%**
Ave. Volume (30 Day):	**28.7M**
Shares Outstanding:	**682.9M**
Float:	**578.4M**
Equity MV:	**$12,586.7M**
Sales TTM:	**$2,218.0M**
Beta:	**1.28**
EBITDAR:	**$663.9M**
NOPAT:	**($443.3M)**
Total Invested Capital:	**$5,971.0M**
Return on Capital:	**-7.41%**
Cost of Capital:	**7.18%**
Economic Profit:	**($872.5M)**
Market Value Added:	**$11,386.8M**
Current Operations Value:	**($6,177.3M)**
Future Growth Value:	**$23,583.7M**

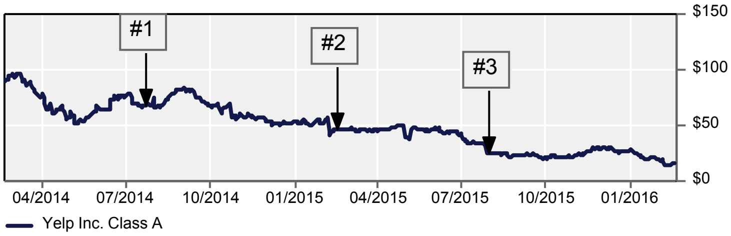
- **We reiterate our Neutral rating on TWTR.** Shares have come under pressure post Q4 earnings on the back of weaker than expected MAUs that saw stagnant sequential growth for the first time in TWTR's history. Revenue was in line with expectations, with sales growth of 58% driven by solid ad business sales, however, MAU growth is the key to TWTR's future growth prospects and we do not see any current drivers for MAU growth. In turn, this growth is the key driver of improved shareholder value creation for TWTR and thus we prefer to remain on the sidelines until more tangible signs of traction are revealed.
- **Attempts to reinvigoration user growth have fallen flat.** Current product changes, including Moments and the optional Algorithmic Timeline, have yet to resonate with consumers as total MAUs of 320M was flat from Q3. TWTR's product changes do not impact the MAUs ex-SMS Fast Followers at all; who receive tweets via SMS, that user base actually declined 2M to 305M in Q4. The algorithmic timeline is still in the early stages and we believe TWTR will continue to see negative to flat growth of the MAUS ex-SMS Fast Followers who see no improvement in the current value proposition and turn to competitors such as Facebook (FB-US, Buy rated), limiting any upside in total user growth.
- **MAU growth catalysts may exist under current product offerings.** TWTR's management is attempting to properly leverage current offerings, an area it has struggled with historically. We are pleased that management keyed in on Periscope integration as part of the company's mission surrounding "live" content because video integration is what consumers expect video to be imbedded into social media, a feature Facebook is already benefiting from. 90% of TWTR's reported growth in active advertisers and outperformance in Promoted Videos are indicative of user resonation with "live" video content. We believe the return in January to Q3 user levels implies positive traction around the use of "live" content overall, however, positive user growth has yet to occur and we remain skeptical with regard to TWTR's ability to translate this traction into a long term user growth.
- **Valuation compression reflects lack of MAU growth.** Shares are trading at 21.12x EV/EBITDAR, less than half of the five and three year averages, 51.84x and 54.89x respectively. However, we believe this is properly reflects the company's execution issues.

For more information or a copy of our complete report, please contact us at (212)430-8730 or research@tigressfp.com

Ratings History

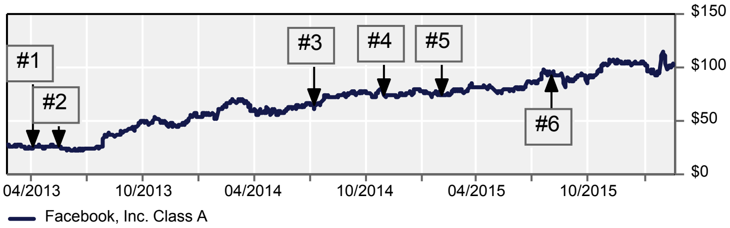
Yelp Inc. Class A (YELP-US)

Item #	Date	Research Action	Rating	Price
#3	07/30/2015	Reiterate Rating	Neutral	$26.03
#2	02/17/2015	Reiterate Rating	Neutral	$48.19
#1	07/22/2014	Initiation of Coverage	Neutral	$68.57



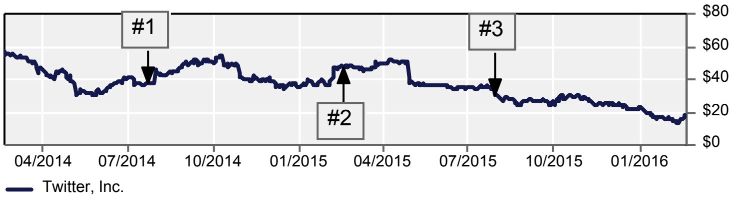
Facebook, Inc. Class A (FB-US)

Item #	Date	Research Action	Rating	Price
#6	08/03/2015	Reiterate Rating	Buy	$94.14
#5	02/04/2015	Reiterate Rating	Buy	$75.63
#4	10/31/2014	Upgrade	Buy	$74.99
#3	07/09/2014	Downgrade	Neutral	$64.97
#2	05/14/2013	Reiterate Rating	Buy	$27.07
#1	04/03/2013	Initiation of Coverage	Buy	$26.25



Twitter, Inc. (TWTR-US)

Item #	Date	Research Action	Rating	Price
#3	07/30/2015	Reiterate Rating	Neutral	$26.03
#2	02/17/2015	Reiterate Rating	Neutral	$48.19
#1	07/22/2014	Initiation of Coverage	Neutral	$68.57



Tigress Research Methodology Overview

We employ proprietary quantitative valuation models combined with dynamic fundamental analysis based on the principles of Economic Profit to formulate timely and insightful investment ratings, analysis, strategies and recommendations.

We make key adjustments to reported financial data eliminating GAAP-based accounting distortions and measuring all companies on a cash operating basis.

Our proprietary research framework is a multi-factor model that scores and ranks companies based on their risk-adjusted ability to create Economic Profit relative to their current market value focusing on three key components:

Business Performance: Measuring economic profitability, growth and operating efficiency.

Risk: Measuring business sustainability, volatility, strength and consistency.

Valuation: Linking business performance to market value. Measuring value created relative to capital employed and enterprise multiples of economic profit and cash flow.

We score and rank 24 key measurements of performance, risk and value into relative market and industry investment recommendations.

For more information on our research methodology, please review the Tigress Investment Research Guide to Company Valuation and Analysis.

Glossary of Key Terms and Measures

Excess Cash per Share:	Excess Cash per Share is the amount of excess cash divided by basic shares outstanding. Excess Cash consists of all cash and short-term securities less operating cash needed to run the business. Operating Cash is 5% of TTM net sales revenue.
EBITDAR:	Earnings Before Interest, Taxes, Depreciation, Amortization, and Restructuring and Rent Costs. This is especially important when comparing companies that use a significant amount of leased assets like restaurants and retailers.
NOPAT:	Net Operating Profit after Tax. Represents a company's after-tax cash operating profit excluding financing costs.
Total Invested Capital:	Total Invested Capital the total cash investment that shareholders and debt holders have made during the life of company.
Return on Capital:	Return on Capital equals NOPAT divided by Total Invested Capital. It is a key measure of operating efficiency. ROC quantifies how well a company generates cash flow relative to the capital invested in its business.
Cost of Capital:	Is the proportionately weighted cost of each category of capital – common equity, preferred equity and debt.
Economic Profit:	Economic Profit is the net operating income after tax less the opportunity cost of the total capital invested. It is the most important driver of shareholder value.
Current Operations Value:	Current Operations Value is the portion of market value based on the discounted present value of the current earnings stream assuming it remains constant forever.
Future Growth Value:	Future Growth Value is the portion of market value based on un-earned Economic Profit

For more information on the key terms and measures, please review the Tigress Investment Research Guide to Company Valuation and Analysis.

Contacts

Ivan Feinseth
Chief Investment Officer
(646) 780-8901 Direct
ifeinseth@tigressfp.com

Philip Van Deusen
Director of Research
(646) 780-8887 Direct
pvandeusen@tigressfp.com

Ernest Williams
SVP, Institutional Sales & Trading
(646) 780-8905
ewilliams@tigressfp.com

George Medina
Senior Managing Director, Trading
(646) 780-8910 Direct
gmedina@tigressfp.com

Pablo Quesnel
Managing Director, Trading
(646) 780-8886 Direct
pquesnel@tigressfp.com

Giuseppe Schwarz
Trading Support
(646) 780-8914 Direct
gschwarz@tigressfp.com

Analyst Certification

I, Ivan Feinseth, hereby certify that the views expressed herein accurately reflect my personal views about the subject company and their securities and that I have not been and will not be directly or indirectly compensated for expressing specific recommendations or views in the report.

Research Disclosures

Employees, officers, directors and shareholders of Tigress Financial Partners LLC and of any of Tigress Financial Partners LLC affiliated entities that are not directly involved with the production of any Tigress Research report (s) and / or their family members may buy / sell or hold securities for their own accounts contrary to the current recommendation expressed in any report published by Tigress Research.

Tigress Financial Partners LLC as well as affiliates of Tigress Financial Partners LLC provide or may seek to provide investment banking, consulting and / or other services to the companies and / or the officers, directors, and employees of the companies that are the subject of research reports published by Tigress Research.

Tigress Financial Partners research personnel, including the analyst(s) responsible for the production of this report receive compensation based upon the overall profitability of the entire firm including profits derived from investment banking revenues.

Tigress Research Investment Rating Meanings and Distribution

Tigress Research employs a five-tier rating system for evaluating the investment opportunity and potential return associated with owning the common equity of rated firms within our research universe. The potential return is measured on a relative basis to the general market which is represented by the S&P 500 and to the subject company's industry peer group as indicated.

Rating Distribution (02/18/2016)

Rating:	Meaning:	Companies Under Coverage #	Companies Under Coverage %	Relationship Companies Under Coverage* #	Relationship Companies Under Coverage* %
Strong Buy:	Expect significant price gains in the price of the stock relative to its industry peer group and general market over the next 12 months.	22	17%	0	0
Buy:	Expect out-performance for the price of the stock relative to its industry peer group and general market over the next 12 months.	54	41%	4	67%
Neutral:	Expect little or no outperformance opportunity over the next 12 months.	50	37%	2	33%
Underperform:	Expect underperformance for the price of the stock relative to its industry peer group and general market over the next 12 months.	7	5%	0	0
Sell:	Expect price decline or significant relative market and industry underperformance over the next 12 months.	0	0%	0	0
	Total	133	100%	6	100%

*Relationship Companies under research coverage are companies in which Tigress Financial Partners LLC or one of its affiliates has received compensation for investment banking or non-investment banking services from the company, affiliated entities and / or its employees within the past twelve months or expects to do so within the next three months.

Specific Disclosures for the companies that are the subject of this Report

Company:	Disclosure:

Key	Disclosure:
1.	The Analyst or a household member responsible for the production of this report currently holds a position in securities of the company that is the primary subject of this report in a personal, related or beneficial account.
2.	The Analyst or a household member responsible for the production of this report beneficially owns one percent or more in securities of the company that is the primary subject of this report in a personal, related or beneficial account.
3.	Tigress Financial Partners LLC together with its affiliates beneficially owns one percent or more of the security that is the primary subject of this report.
4.	The Analyst or a household member responsible for the production of this report currently serves as an officer, director or advisory board member of the company that is the primary subject of this report.
5.	An employee of Tigress Financial Partners LLC, its affiliates or subsidiaries currently serves as an officer, director or advisory board member of the company that is the primary subject of this report.
6.	Tigress Financial Partners LLC, its affiliates or subsidiaries is acting as manager/co-manager, underwriter, selling group member, placement or sales agent in regard to an offering of securities of this subject company/entity or one of its affiliates.
7.	Tigress Financial Partners LLC, its affiliates or subsidiaries has acted as manager/co-manager, underwriter, selling group member, placement or sales agent in regard to an offering of securities of this subject company/entity or one of its affiliates within the past 12 months.
8.	Tigress Financial Partners LLC or an affiliated entity currently receives compensation for non-investment banking services from the company and / or employees and / or affiliated persons of the company that is the primary subject of this report.
9.	Within the last 12 months, Tigress Financial Partners LLC, or an affiliated entity has received compensation for investment banking services from the company that is the primary subject of this report.
10.	Within the last 12 months, Tigress Financial Partners LLC, or an affiliated entity has received compensation for non-investment banking services from the company that is the primary subject of this report.
11.	Within the last 12 months, Tigress Financial Partners LLC, or an affiliated entity has received compensation for non-investment banking services from employees and / or affiliated persons of the company that is the primary subject of this report.
12.	In the next 3 months, Tigress Financial Partners LLC, or an affiliated entity, expects to receive compensation for investment banking services from the company that is the primary subject of this report.
13.	In the next 3 months, Tigress Financial Partners LLC, or an affiliated entity, expects to receive compensation for non-investment banking services from the company that is the primary subject of this report.
14.	Accounts managed by Tigress Financial Partners LLC, and / or an employee or an affiliated entity currently hold a position in the security that is the primary subject of this report.
15.	Tigress Financial Partners LLC and /or an affiliated entity currently has contracted the products and / or services of the company that is the primary subject of this report.

Research Report Disclaimer

This report is produced for informational purposes only and is not a solicitation to buy or sell any securities or services from any companies or issuers mentioned herein or to participate in any particular trading strategy or in any jurisdiction in which such an offer or solicitation would violate applicable laws or regulations.

Tigress research is distributed in the United States by Tigress Financial Partners LLC a registered broker dealer with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA) and in Brazil by Gradual Investmentos, Gradual CCTVM S/A, a financial institution authorized by the Central Bank of Brazil.

The information contained herein has been obtained or derived from sources believed to be reliable but its accuracy and completeness is not guaranteed and should not be the sole basis of any investment decision but only to be used as a factor in the investment decision process.

This report does not provide individually tailored investment advice and has been prepared without regard to the individual financial circumstances and investment objectives of any person(s) receiving it. The analysis and conclusions herein are not a complete analysis of every material fact respecting any company, industry, or security. The opinions expressed in this report reflect the judgment of the author(s) at this date and are subject to change without further notice. Tigress Financial Partners is under no obligation to provide updates to recipients of any previously issued reports or recommendations.

The market value and expected income from any investment may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of the underlying companies or other factors. Past performance is not indicative of future performance. Estimates of future performance, research ratings and target prices are based on assumptions that may not be realized. Unless otherwise stated, the cover page provides the most recently available closing price on the primary exchange for the subject company's securities/instruments.

Securities are offered through Tigress Financial Partners LLC a SEC Registered Broker Dealer and registered investment advisor and a member of FINRA/MSRB/SIPC which clears its securities transactions and provides custody of client accounts on a fully disclosed basis through Pershing LLC, a subsidiary of The Bank of New York Mellon.

Securities in your account are protected up to $500,000 of which $250,000 can be for claims for cash awaiting reinvestment. Please note that SIPC does not protect against loss due to market fluctuation. For additional information please go to www.sipc.org.

In addition to SIPC protection, Pershing provides Tigress Financial Partners LLC client accounts coverage in excess of SIPC limits from Lloyd's of London, in conjunction with other insurance companies. The excess of SIPC coverage provides an aggregate loss limit of $1 billion for eligible securities over all client accounts and a per-client loss limit of $1.9 million for cash awaiting reinvestment within the aggregate loss limit of $1 billion. The excess of SIPC coverage does not protect against loss due to market fluctuation. For additional information please go to www.lloyds.com.

Pershing's excess of SIPC coverage is provided by Lloyd's of London in conjunction with XL Specialty Insurance Co., Axis Specialty Europe Ltd., Great Lakes Reinsurance (UK) PLC and Ironshore Specialty Insurance Co.

About Tigress Financial Partners LLC

Tigress Financial Partners is a specialized financial services firm providing expertise and services in investment banking, investment research, asset management, corporate advisory and trade execution services.

Tigress Financial Partners provides its services to corporate entities, institutional investors, high-net worth individual investors, public and private pensions, federal, state and municipal governments.

Tigress Financial Partners LLC is a registered broker dealer and registered investment advisor with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB) and a member of the Securities Investor Protection Corporation (SIPC).

Tigress Financial Partners LLC is a Woman-Owned Business Enterprise (WBE) and is nationally certified by WBENC, the Women's Business Enterprise National Council.

Tigress Financial Partners LLC is a wholly-owned subsidiary of Tigress Holdings LLC and Gradual Holding Financeira S.A.

For further information please go to www.tigressfinancialpartners.com.