

Oi telecom: (OIBR-C) Oi essentially exited bankruptcy in May producing its' first new balance sheet showing a net debt of roughly \$2 billion. The shares came under stress again due to the Brazilian truckers strike and the fall in the Real. Currently the company is valued at around \$4-5 billion or 2.5-3.5 X EBITDA. Oi plans to do a capital raise in July to bolster reserves and help with the planned network improvements. After the IMF gave Argentina \$50 billion in June the Real rapidly recovered 10%.

QUDIAN: (QD) Qudian missed earnings estimates for 1st quarter by 1 cent but exceeded the revenue estimate. The company was feeling some residual effects from the 4th quarter 2017 regulatory changes for lenders in China. Company website: "Qudian Inc. is a leading provider of online small consumer credit in China. We use big data-enabled technologies, such as artificial intelligence and machine learning, to transform the consumer finance experience in China." The company indicated that the situation had improved moving into the 2nd quarter: "Our loan book actually increased from RMB11.2 billion at the end of 2017 to RMB12.9 billion at the end of March 2018. And now has reached RMB14.6 billion to-date."

General Market

May marked a sudden surge in what we believe are the ridiculously priced internet stocks. We compared some of the companies to what we own. RadNet made about \$140 million in EBITDA last year. This compares to roughly the same amount of EBITDA from internet sensation Square (SQ). However, RadNet trades at a \$1.2 billion dollar market value and Square is valued at \$ 25 Billion. We have long believed that Salesforce.com (CRM) is extremely overvalued in fact the \$100 billion dollar company only posted \$235 million of operating income in 2017. This compares to the roughly \$700 million in operating income posted by Genworth, which is trading at a paltry \$1.75 billion. I guess you could see the next comparison coming.....Viacom posted \$2.4 billion in operating income in 2017 and is worth a cool \$10 billion but wouldn't you know it, internet sensation Netflix, which made \$838 million in operating income is trading at \$157 billion. We can easily see why, Viacom has 1.8 billion viewers worldwide and Netflix has around 125 million subscribers. Also, Netflix bonds are rated B+ (junk grade) and Viacom is rated BBB- (investment grade).

Broxton Capital Advisors

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