

# CHINA IN THE NEWS



**Joanna Zhou (周娜)**, now residing in Knoxville TN, immigrated to Indianapolis with her husband from Beijing in 2013, where she worked in Human Resources for a U.S. Fortune 500 company. She enjoys her new life with her husband and kept in touch with her LAAT friends and readers by contributing to this column.

## Weibo posts strong Q1 financial performance

Chinese social media giant Sina Weibo reported strong financial performance in the first quarter (Q1) of this year thanks to booming advertising and marketing demand. The tech firm raked in net revenue of about 199.2 million U.S. dollars, up 67 percent year on year, according to its financial statement released Tuesday. Net income attributable to Weibo reached 46.9 million U.S. dollars, an increase of 561 percent year on year. Advertising and marketing services remained the major source of income, bringing in 169.3 million U.S. dollars in Q1, a 71-percent surge over Q1 of 2016. Weibo boasted about 340 million monthly active users as of the end of March, up 30 percent year on year, with 91 percent of them coming from mobile devices.

## 微博第一季度净利润同比增长491% 净营收超出公司预期

中国领先的社交媒体微博公司(NASDAQ: WB)今日公布了截至2016年3月31日的第一季度未经审计的财务报告。净营收较上年同期增长24%，至1.193亿美元，超过公司1.11亿美元至1.16亿美元的预期范围。微博首席执行官王高飞表示：“微博一季度的业绩出色，大客户和中小企业广告及营销营收总额同比增长97%，广告客户总量达到83.2万，同比增长114%。进入2016年，微博已做好准备迎接中国市场对粉丝营销的日益认可和广告预算向移动和社交平台的转移。今年3月，微博的移动端日均活跃用户数(DAU)同比增长45%，移动用户在日活跃用户数(DAU)的占比达到91%，这凸显了微博源自移动端高使用量和拓展一级城市之外市场的流量增长势头。”

## Int'l training on high-speed trains held in central China

More than 30 railway staff from Kazakhstan, Kyrgyzstan and Uzbekistan attended training on high-speed trains in central China on Tuesday. The two-day training course in Hubei's capital city Wuhan will lay a foundation for railway projects of the Belt and Road Initiative, according to the organizer. Wuhan has held similar training sessions before. Last year, about 200 staff from countries such as Thailand and Laos participated in the sessions.

## 中亚三国铁路人员首次来中国参加高铁技能培训，为合作打基础

来自哈萨克斯坦、吉尔吉斯斯坦、乌兹别克斯坦三个国家的30余名铁路运营管理人员16日来到武汉高铁训练段，首次到我国参加为期两天的铁路技能培训，旨在为加快“一带一路”中的铁路合作项目打基础。武汉高铁训练段是全国铁路唯一高铁技能培训准入机构，以服务中国高铁“走出去”为动力，努力探索适应国际高铁培训的新需求。在“一带一路”背景下，仅去年以来已举办了泰国、老挝等6批涉外铁路技能培训班，培训涉外学员近200人。

## Teenage girl beats Olympic medalists at Chinese National Diving Championships

The 13-year-old diver Zhang Jiaqi enjoyed her moments at the Chinese National Diving Championships as she beat two Rio Olympic medalists Ren Qian and Si Yajie to win the women's 10m platform with a total score of 413.30 here on Sunday. "I had already won the title last year. I don't know whether it means I'm a good diver, but I still want to win more," said Zhang with childish smile on her face.

## 击败奥运冠军!13岁跳水神童来了

瘦瘦小小的身材、天真又略带腼腆的微笑，这是13岁的张家齐给人的第一印象。正在武汉进行的全国跳水冠军赛暨全运会预赛的赛场上，这位国家跳水队的“希望之星”成为一大亮点，先后获得女子十米台的单人金牌和双人铜牌。在接受采访时，她稚气未脱的回答更是给人留下了深刻印象。“今天发挥得不算特别好，但还是算正常”，她略微思考一下后，说“还是有些没有发挥出来”。这是张家齐在15日的双人比赛之后对自己的评价。在当天的比赛中，她和队友搭档获得女子双人十米台铜牌，而在前一日单人项目比赛中，她击败了里约奥运会冠、亚军任茜和司雅杰，收获金牌。

## Volvo special train to link China, Belgium

A special train carrying China-made Volvo cars will run between northeast China's Heilongjiang Province and Zeebrugge, Belgium from early June. The train will depart Daqing City, Heilongjiang, where a Volvo factory is located, and travel more than 9,800 kilometers in around 18 days before reaching the Belgian port. It will pass through Russia, Belarus, Poland and Germany. The railway connection will boost cooperation between China and Belgium, said Belgian Deputy Prime Minister Kris Peeters, who attended the launch ceremony held in Daqing on Saturday. Volvo S90 models will be exported to Belgium, said Yuan Xiaolin, senior vice president of Volvo Car Group.

## 中欧班列(黑龙江—比利时)沃尔沃专列项目启动

13日下午，随着一辆沃尔沃S90豪华轿车平稳装入带有中欧班列标识的集装箱，黑龙江—比利时沃尔沃专列项目正式启动，这也标志着“中国智造”沃尔沃S90豪华轿车将销往欧洲。沃尔沃大庆工厂是沃尔沃全球最先进的基于SPA(可扩展架构)整车工厂，不断践行“智能制造”定位为“全球标杆工厂”。今年4月，由沃尔沃大庆工厂制造的全新S90豪华轿车正式出口美国，充分展现出中国具备参与国际精工产品竞争、服务国际市场的实力。沃尔沃根特工厂是比利时最大汽车制造企业，在“一带一路”建设下，沃尔沃中国工厂和根特工厂之间的合作不断加强，此次出口试运营将以根特为集散地辐射西欧市场，沃尔沃专列计划18天抵达比利时，相比传统的海上运输能节省25天，有利于更迅速地响应欧洲市场需求，服务欧洲客户。

## Direct flight to connect Harbin, Vladivostok

China's Sichuan Airlines will launch a direct air route between Vladivostok, Russia and the northeast China city of Harbin starting Thursday. An Airbus A321 will depart from Harbin, capital of Heilongjiang Province, at 7:30 a.m. and arrive in Vladivostok at 11 a.m. local time every Thursday and Sunday. The return flight will leave Vladivostok at 12:10 p.m. local time and arrive in Harbin at 11:15 a.m. also Thursdays and Sundays, according to Harbin Taiping International Airport. China Southern Airlines and Russia's Aurora Airline currently operate direct flights between the two cities.

## 四川航空哈尔滨往返海参崴直飞航线正式开通每周四、日执飞

1日，四川航空3U8293航班满载190余名乘客，从黑龙江哈尔滨飞往俄罗斯海参崴，标志着四川航空哈尔滨往返海参崴直飞航线正式开通。至此，哈尔滨至海参崴航班每周达到7班。据四川航空介绍，该航班每周四、日执飞，于北京时间7时30分从哈尔滨起飞，9时9分落地海参崴。返回航班于10时10分从海参崴起飞，11时15分落地哈尔滨。随着川航的加入，哈尔滨至海参崴航班每周达到7班，由南航、川航和俄罗斯奥罗拉3家航空公司共同运营。其中南航每周二、五执行2班、川航每周四、日执行2班，奥罗拉每周二、四、日执行3班，极大方便了哈尔滨与海参崴的民间往来和文化交流。目前，哈尔滨机场已开通至俄罗斯莫斯科、圣彼得堡、叶卡捷琳堡、新西伯利亚、克拉斯诺雅尔斯克、伊尔库茨克、雅库茨克、哈巴罗夫斯克、海参崴、南萨哈林斯克等十余个城市的直飞航线。

# INDY BUSINESS BULLETIN



## Dual Starters Named For Indy 500

For the first time in its more than 100-year history, the Indianapolis 500 will feature a duo waving the green flag to start the race. Actor Jake Gyllenhaal and Boston Marathon bombing survivor Jeff Bauman will serve as the honorary starters of the 101st Running of the Indy 500.

## Kroger Holding Hiring Fairs

Cincinnati-based The Kroger Co. (NYSE: KR) is hosting several hiring events throughout the state over the next month. The grocery chain held a hiring fair this week in Indianapolis and says 39 percent of the applicants came from Marsh Supermarkets, which recently filed for bankruptcy protection and has closed numerous stores.

## Feinberg: Amid Challenges, Grocery Business Still Attractive

Despite hyper competition and financial troubles for grocers like Marsh Supermarkets, a Purdue University retail expert says the industry remains attractive. Richard Feinberg says with U.S. sales expected to grow to \$1 trillion in five years, groceries are not going extinct. "The problem with supermarkets is that their margin of error is really small because their profitability is so low," said Feinberg, in an interview on Inside Indiana Business Television.

## Anthem Puts End to Cigna Merger

Indianapolis-based Anthem Inc. (NYSE: ANTM) has alerted Cigna Corp. (NYSE: CI) that it is terminating a proposed \$54 billion merger. The combination would have created the largest insurance company in the country. The announcement comes after the Delaware Court of Chancery denied Anthem's motion to overturn previous court decisions to halt the merger. Anthem says Cigna was successful in the deal's "sabotage" and says the Connecticut-based company should not receive a termination fee.

## Alaska Airlines: Seattle Could Just Be Beginning

An executive with Alaska Airlines says its decision to expand into Indianapolis International Airport was heavily influenced by the city's reputation for growth, its business community and blossoming tech scene. Vice President of Capacity Planning John Kirby says Indy offers "a lot of business synergies" with the carrier's mainly West Coast destinations, leading to nonstop flights to tech hot spots San Francisco and Seattle. Alaska Airlines' first trip between IND and Sea-Tac took off Thursday and Kirby says advanced interest has been strong.

## Commission Sets Tuition Increase Recommendation

The Indiana Commission for Higher Education is urging state institutions to keep undergraduate tuition and mandatory fee increases to a minimum. The commission has adopted a recommendation which calls on the state's public institutions to hold their increases to no more than 1.4 percent in each of the next two years.

## Bankruptcy Filing For Marsh

Indianapolis-based Marsh Supermarkets LLC has filed for Chapter 11 bankruptcy protection. Tuesday, the company warned it could close its remaining 44 locations if a buyer isn't located within 60 days. Marsh says bankruptcy proceedings will allow it to maintain normal business operations as it seeks a new owner.

## Purdue Polytechnic, Vincennes Partner on Aviation Degree

Purdue Polytechnic Indianapolis and Vincennes University are teaming up to offer a new joint aviation degree. The program, to be offered at the Aviation Technology Center in Indianapolis beginning this fall, aims to give high school students a direct pathway to a career in aviation.

## IndyCar to Showcase Women in Tech Championship

An LPGA event this summer at the Brickyard Crossing Golf Course at the Indianapolis Motor Speedway will be promoted in a prominent place. AJ Foyt Racing's No. 40 entry in this year's Indianapolis 500 will feature a design showcasing the Indy Women in Tech Championship.

## Cargill Office Relocates to Purdue Research Park

The east region office for Minnesota-based Cargill's Agricultural Supply Chain has relocated to the Purdue Research Park in West Lafayette. Financial details of the move were not disclosed; however, Cargill says the office will initially employ 26 people with the potential for a small number of additional jobs.

## Colts Set to Honor Manning

The Indianapolis Colts will pay tribute to former quarterback Peyton Manning this fall. Among the honors, the team will unveil a statue in October and retire Manning's number 18 jersey.

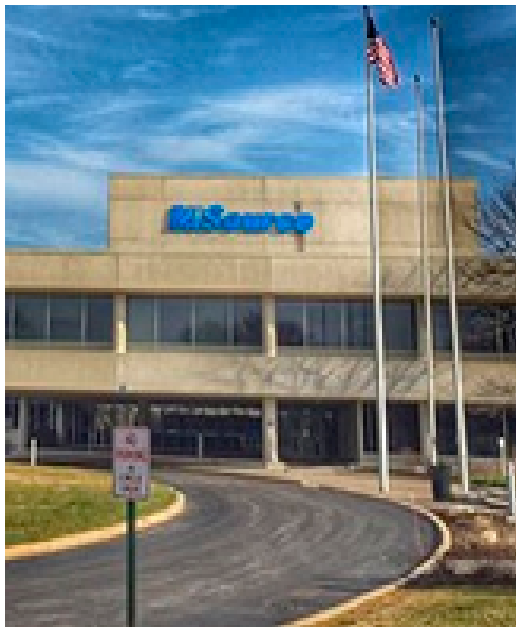
## Proposal Would Bump Indy Employee Minimum Wage

The City-County Council in Indianapolis will hear a proposal tonight calling for a minimum "living wage" for Marion County employees. The measure, which comes from Council President Maggie Lewis and Vice President Zach Adamson, would boost hourly wages of nearly 360 workers to \$13 per hour.

## IMS Unveils Indy 500 Pace Car

The Indianapolis Motor Speedway has unveiled the official pace car for the 101st Running of the Indianapolis 500. The field of 33 will be led by the Corvette Grand Sport. It will be the 14th time a Corvette has served as the pace car.

# HOOSIER COMPANIES AMONG BEST EMPLOYERS



NiSource is headquartered in Merrillville.

Six Indiana-based companies are on the 2017 "America's Best Employers" list from Forbes. The list includes the top 500 companies in the country, compiled from surveys of more than 30,000 employees.

The employees were asked about the likelihood of recommending their company to friends or family. They were also asked to recommend companies outside of their own, which had a smaller impact on the rankings.

Merrillville-based NiSource Inc. (NYSE: NI) is the top-rated Indiana company on the list at number 61. Columbus-based Cummins Inc. (NYSE: CMI) is next at number 66, followed by Eli Lilly and Co. (NYSE: LLY) at 252, Warsaw-based Zimmer Biomet Holdings Inc. (NYSE: ZBH) at 334, Anthem Inc. (NYSE: ANTM) at 382 and Subaru of Indiana Automotive in Lafayette at 436.

Costco Wholesale topped the list, followed by Google, REI, Memorial Hermann Health System in Texas and the United Services Automobile Association.

Source: Inside Indiana Business

# LILLY TOUTS RESULTS OF MIGRAINE TREATMENT

Indianapolis-based Eli Lilly and Co. (NYSE: LLY) says three Phase 3 studies of a treatment for episodic and chronic migraine have met with success. The pharmaceutical giant says the studies of galcanezumab showed "statistically significant reductions" in migraines among the participating patients.

Lilly says the most commonly-reported side effects of the drug were reactions at the injection site, including pain. As a result of the studies, Lilly plans to submit a Biologics License Application for the drug with the U.S. Food and Drug Administration in the second half of 2017.

"The robust results from these three studies bring us one step closer to helping people experience more migraine-free days, an important treatment goal for those living with this serious disease," said Christi Shaw, president of Lilly Bio-Medicines. "The impact

of migraine is underestimated, with people who experience migraine attacks often missing work, family activities or social engagements. For patients with as few as one migraine headache day per week, this can mean more than 50 days of lost productivity a year."

Lilly says it will also make submissions to regulatory agencies throughout the world. The company plans to present data from the studies at scientific meetings later in the year and submit the results to peer-reviewed journals.

Additionally, Lilly says it is evaluating the drug for the treatment of cluster headache. Results of a Phase 3 trial are expected next year.

Source: Inside Indiana Business



# FINANCIALLY SPEAKING

## How new owners turned Twinkies into solid gold



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While Americans rejoiced when Twinkies reappeared on store shelves in the summer of 2013, nobody has had more reason for celebration than Metropoulos & Co. and Apollo Global Management LLC (together "M&A"), which purchased Hostess Brands out of bankruptcy liquidation just months earlier.

The tale of Hostess' beginning, demise (twice) and rise from the ashes is a fascinating case study of iconic brands, mismanagement and human tragedy and how "private equity"/buyout firms can makemind-boggling sums in the blink of an eye.

The first Hostess cupcake was created in 1919 and the brand was founded in 1925 when Continental Baking bought Taggart bakery (maker of Wonder Bread). Twinkies were invented by James Dewar in 1930 as a cheap bakery item during the Depression. Interstate Baking Co. acquired Continental in 1995.

Interstate filed for Chapter 11 bankruptcy protection in 2004. According to The Atlantic, the company was "collapsing under the weight of flagging sales, overly generous union contracts replete with ridiculous work rules and gobs of debt." Under Chapter 11, Interstate continued to operate while attempting to "reorganize" its debts and business.

Interstate emerged from bankruptcy in 2009, with new investors providing \$490 million in financing and the company's two major unions, the Teamsters and the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union contributing \$110 million in annual wage and benefit concessions.

Unlike most Chapter 11s, the renamed Hostess Brands exited bankruptcy with more debt than when it entered. By January 2012 the company was back in Chapter 11, seeking additional capital and more concessions from the unions.

Understandably, the unions were loath to grant further concessions after just three years. Management threatened to cease operations and liquidate if the unions refused to cooperate. Following a bitter strike, Hostess changed its bankruptcy to a Chapter 7 liquidation and 18,500 employees lost their jobs.

In April 2013 M&A purchased the Hostess and Dolly Madison bakeries and brands for \$410 million (\$186 million of their own cash plus debt), free and clear of all prior obligations and "legacy" issues (including 350+ separate collective bargaining agreements). The new owners invested \$160 million to upgrade and automate baking and packaging.

Key to success was abandoning the Direct Store Delivery ("DSD") model, which utilized company-owned trucks (on which Wonder Bread and Twinkies weren't allowed to ride together) and company-employed drivers to serve 5,500 routes, in favor of a Direct-To-Warehouse ("DTW") model, where all shipping is done by third-parties to customers' warehouses. This resulted in distribution costs dropping by more than half, from 34% of sales to 16%.

Windfalls to M&A happened in quick succession. Hostess was able to borrow to pay a \$905 million dividend to M&A in July 2015. In November 2016 M&A sold a 58% stake in Hostess to Gore Holdings for \$725 million (with Hostess becoming a public company again—TWNK). At a recent price of \$17, TWNK is valued at \$2.2 billion.

From their original investment of \$186 million, M&A received the \$905 million dividend, \$725 million from Gores and are still left with TWNK shares worth \$924 million (Apollo actually sold the majority of its shares last month), a total of more than \$2.5 billion. This equates to a 13-fold return in just four years, a gigantic mountain of gold.