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Last Builder Standing



CEO Bauer: fierce industry consolidation

TRI Pointe offerings in Rancho Mission Viejo

TRI Pointe has grown to a \$3B business in its first decade. More's on the way, CEO of OC's top public homebuilder says.

By KATIE MURAR

"The base of land in California is shrinking," notes Doug Bauer, chief executive of TRI Pointe Group Inc., speaking last week toward the difficulty of area homebuilders finding good spots to build on, particularly in Orange County.

As Bauer knows well, the base of local

builders, especially publicly traded ones, is also shrinking.

In 2018, CalAtlantic Group—the successor to long-established Standard Pacific Homes of Irvine—was bought by Lennar Corp. for \$5.7 billion, and Ron Simon's RSI Communities was snapped up by fellow Newport Beach

firm William Lyon Homes for \$460 million. William Lyon Homes (NYSE: WLH), in turn, is being bought by Arizona's Taylor Morrison Home Corp. (NYSE: TMHC) for about \$800 million, not factoring in debt; the deal was announced in

November and could close any week now.

► TRI Pointe 70

Special Report Residential Real Estate page 21

Evolus: 'Not Your Mother's Botox'

AESTHETICS: CEO explains how revenue will triple

By PETER J. BRENNAN and A. LEIGH CORBETT

Evolus Inc. Chief Executive David Moatazedi believes he has the correct product—and marketing pitch—to win over millennials and take on Allergan PLC's famed Botox for aesthetics uses.

Evolus' lead product is Jeuveau, which rhymes with hello and comes from the French word "nouveau" that means modern or up to date.

There's a reason for the branding.

"This is not your mother's Botox. This is a fresh new product; it's got youthful energy," Moatazedi told the Business Journal during an hour-long interview in late January.

"Botox can't spend enough to create a perception with millennials that will overcome what exists in the back of their minds around this old product," he added.

"Toxin is in the name. The name Jeuveau is so benign—it's a beauty name."

Irvine Track Record

Moatazedi, 42, knows Allergan well, having

worked there 13 years. He rose to senior vice president of U.S. Medical Aesthetics, where he led brands like Botox and Juvederm and oversaw acquisitions such as LifeCell for \$2.9 billion and Zeltiq Aesthetics for \$2.5 billion.



Moatazedi: selling beauty to younger demographic

Two years ago, he jumped to Evolus (Nasdaq: EOLS), where last summer he oversaw the launch of Jeuveau.

Wall Street is expecting sales at the Newport Beach-based company to explode threefold this year to \$105 million, the average estimate of 10 analysts who cover the company.

► Evolus 14



Future site of Amazon grocery store at The Market Place in Irvine

Market Place Nabs New Amazon Grocer

RETAIL: 40K SF; mega retailer not talking

By KARI HAMANAKA

Fast and furious has been Amazon.com Inc.'s M.O. when it comes to testing physical retail formats and new delivery concepts.

Irvine residents and landlords once again will benefit from those trials, the Business Journal has learned.

► Amazon Grocer 30

200%+ Returns For Decade's 13 Best PubCos

FINANCE: Mix of heart valves, monitors, electricity

By PETER J. BRENNAN

Twenty-five out of 33 public companies based in Orange County had a positive decade from the beginning of 2010 to the end of 2019, according to a Business Journal analysis.

The share price for 10 of those companies rose an average of at least 15% annually, led by the 30% annual increase of Anaheim-based engineering firm Willdan Group Inc. A \$100,000 investment in Willdan at the end of 2009 would be worth about \$1.3 million now, reinforcing the adage that small cap stocks can provide excellent returns.

Thirteen local companies topped the 210% increase of the S&P 500 during the decade.

We excluded the stock performance of companies that moved their headquarters out of the area such



Pacific Premier's Gardner: Wall Street 'does not want to hear excuses'

► Decade 16



P. 3 SPORTS: Remembering Kobe Bryant, and his growing line of business interests

P. 17 EXECUTIVE DINING: Antonello Ristorante bucks trends, celebrates 40 years at South Coast Plaza Village

THE LIST

HOMEBUILDERS
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Rank	Company	Market Cap	Revenue	Profit	Dividend	Yield
1	Lennar	\$10.5B	\$10.5B	\$1.1B	\$0.10	0.95%
2	DR Horton	\$8.5B	\$8.5B	\$0.8B	\$0.10	0.95%
3	Home Depot	\$140B	\$140B	\$15B	\$0.50	0.35%
4	Walmart	\$230B	\$230B	\$15B	\$0.50	0.35%

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Decade

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as **Western Digital Corp.**, which now has executive operations in Silicon Valley. We also didn't include hot stocks that weren't publicly traded in 2010 such as **Alteryx Inc.**, which has risen eightfold since it went public in 2017.

Three companies could have made the list, but they were acquired during the decade. **Broadcom's** value doubled before it was bought in 2016 while **Allergan's** value climbed almost fourfold to \$70.5 billion at the time of its 2015 acquisition and **Microsemi Corp.** jumped fivefold during the decade when it was acquired for \$10.1 billion in 2018.

Four of the five best-performing stocks of the decade in Orange County had one thing in common—their chief executive was there from start to finish.

“Stability in leadership is important within any organization, but it is not critical,” **Pacific Premier Bancorp Inc.** Chief Executive **Steve Gardner** told the Business Journal. “Strong, humble, credible and curious leadership focused on client service, talent development and retention and organizational adaptability is a key to driving value, regardless of whether that individual is new to the organization or has been in place for decades.

“Finding a CEO with these traits and who can execute on strategy is important,” Gardner said.

Top Marks

In order of return, the five best performers were:

■ **Willdan Group** (Nasdaq: WLDN), which made a 1,235% return, now sports a market cap approaching \$400 million. Around the start of the decade, Chief Executive **Thomas Brisbin** shifted the company's focus from engineering work for California municipalities to advising utilities on energy efficiency.

“As a public company, we had to do something beyond civil engineering for the cities of California—that market didn't have the growth characteristics” sought by Wall Street, Brisbin told the Business Journal. “We went from civil engineering to mechanical engineering and electrical engineering as it related to energy efficiency. That was the major change.”

■ **Mission Viejo-based Ensign Group Inc.** (Nasdaq: ENSG) rose 1,146% to a \$2.5 billion market cap. It was co-founded in 1999 by father and son **Roy** and **Christopher Christensen** to invest in nursing homes. Their secret was to buy underperforming facilities in desired areas.

“When you can buy a distressed asset for

Orange County's Decade on Wall Street:

The Performance of 32 companies

Name	Ticker	Price on 12/31/09	Price on 12/31/19	% Return
Willdan Group Inc.	WLDN	\$2.38	\$31.78	1,235%
Ensign Group Inc.	ENSG	\$3.64	\$45.37	1,146%
Edwards Lifesciences Corp.	EW	\$21.71	\$233.29	975%
Pacific Premier Bancorp Inc.	PPBI	\$3.29	\$32.61	891%
Masimo Corp.	MASI	\$26.37	\$158.06	499%
CorVel Corp.	CRVL	\$16.77	\$87.36	421%
ICU Medical Inc.	ICUI	\$36.44	\$187.12	414%
Collectors Universe Inc.	CLCT	\$4.63	\$23.05	398%
Banc of California Inc.*	BANC	\$3.85	\$17.18	346%
First American Financial Corp.**	FAF	\$14.20	\$58.37	311%
CommerceWest Bank	CWBK	\$5.93	\$24.00	305%
Iteer Inc.	ITI	\$1.50	\$4.99	233%
Kaiser Aluminum Corp.	KALU	\$33.47	\$110.89	231%
Consumer Portfolio Services Inc.	CPSS	\$1.17	\$3.37	188%
CalAmp Corp.	CAMP	\$3.44	\$9.58	178%
Ducommun Inc.	DCO	\$18.36	\$50.53	175%
Pacific Mercantile Bancorp	PMBC	\$3.02	\$8.12	169%
American Vanguard Corp.	AVD	\$7.83	\$19.47	149%
Bridgford Foods Corp.	BRID	\$11.03	\$24.79	125%
Healthpeak Properties Inc.	PEAK	\$16.43	\$34.47	110%
CoreLogic Inc.**	CLGX	\$19.39	\$43.49	124%
Sunstone Hotel Investors Inc.	SHO	\$6.66	\$13.92	109%
BJ's Restaurants Inc.	BJRI	\$18.40	\$37.96	106%
California First National Bancorp.	CFNB	\$8.19	\$16.65	103%
TTM Technologies Inc.	TTMI	\$11.63	\$15.05	29%
Resources Connection Inc.	RECNC	\$16.76	\$16.33	-3%
NextGen Healthcare Inc.*	NXGN	\$25.89	\$16.07	-38%
Avid Bioservices Inc.*	CDMO	\$15.63	\$7.67	-51%
AutoWeb Inc.	AUTO	\$5.00	\$2.47	-51%
CryoPort Inc.	CYRX	\$49.20	\$16.46	-67%
Acacia Research Corp.	ACTG	\$8.23	\$2.66	-68%
Clean Energy Fuels Corp.	CLNE	\$15.41	\$2.34	-85%
Netlist Inc.	NLST	\$5.19	\$0.30	-94%
Endologix Inc.	ELGX	\$52.80	\$1.58	-97%

* Operated under different name in 2010

** As of 6/01/10 when First American spun off CoreLogic

cents on the dollar and turn it around, you create a ton of value,” another co-founder, **Greg Stapely**, who was Ensign's general counsel for a decade, said in a 2019 Business Journal article. Ensign in 2014 spun off **CareTrust REIT Inc.** (Nasdaq: CTRE), where Stapely is CEO and it itself is valued at \$2 billion.

Ensign last year also spun off its home health and hospice operation that is now called **Pennant Group Inc.** (Nasdaq: PNTG), which sports a \$755 million market cap. Ensign nowadays provides its transitional and skilled services at 225 health-care facilities.



Edwards' Mussalleem: 'big, bold advancements' are foundation for decade of success

“What those guys do is not easy and they do it very well,” Stapely said.

■ **Edwards Lifesciences Corp.**

(NYSE: EW) the Irvine-based pioneer of heart valves, rose 975% during the decade. It now counts a market value approaching \$50 billion and comfortably is OC's largest public company by market value.

The company has introduced advanced therapies such as transcatheter aortic valve replacement, new surgical valve therapies and insightful monitoring technologies to better direct patient care, Chief Executive **Mike Mussalleem** told the Business Journal.

“We are proud that our patient-focused innovation strategy has produced more than 10 consecutive years of underlying double-digit sales growth,” said Mussalleem, who has been CEO since it was spun out of Baxter in 2000.

“We strive for big, bold advancements that will fundamentally change the practice of medicine. We know if we do all of this right, and focus on the patients we serve, the company will have success,” he said.

■ Irvine-based **Pacific Premier Bancorp Inc.** (Nasdaq: PPBI) was the little bank that no one gave much of a chance, except for CEO Gardner.

Gardner in 2000 took over a failing Riverside-based bank and moved it to Irvine. He

grew both organically and through acquisitions and avoided disasters such as the subprime mortgage meltdown of 2007-08.

“Steve is a very intelligent bank executive from a risk management standpoint,” an analyst told the Business Journal in 2017. “He understands the importance of staying away from products where he might not understand all its risks.”

In the past decade, Pacific's stock rose 891% to a market cap approaching \$2 billion. It is now the biggest OC-based bank by assets and market cap.

The company's success is due to its commitment to its strategy and culture, Gardner said.

“We have worked hard to develop a results-driven organization

focused on helping our clients achieve their business objectives, while maintaining discipline and prudence in our operations and a consistent focus on enhancing shareholder value,” he said.

During his bank's meteoric rise, Gardner said he's been surprised by his bank's ability to maintain the “feel” of a smaller company. His advice for any executive who wants to face Wall Street?

“Wall Street demands clarity and does not want to hear excuses.”

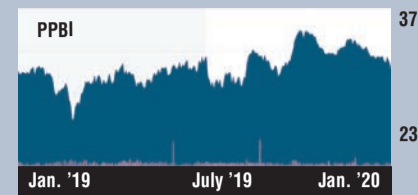
■ **Joe Kiani** began **Masimo Corp.** in 1987, taking the company public in 2007 (Nasdaq: MASI). In the past decade, its shares have climbed almost 500% to a market cap of \$9.1 billion.

“Joe continues to direct business strategy and supervise the management team on a day-to-day basis and also spends significant time with current and prospective customers,” Masimo Chief Financial Officer **Micah Young** told the Business Journal last week. “As the founder of Masimo over 30 years ago, Joe has been a consistent force behind the company's success and product portfolio expansion.”



Masimo's Kiani: no earnings announcements surprises for Wall Street

PACIFIC PREMIER BANCORP INC.



- **HEADQUARTERS:** Irvine
- **BUSINESS:** bank
- **FOUNDED:** 1983
- **TICKER SYMBOL:** PPBI (Nasdaq)
- **2010 NET INCOME:** \$4.2 million
- **2019 NET INCOME:** \$159.7 million
- **MARKET VALUE:** \$1.9 billion
- **NOTABLE:** ranked No. 3 on Forbes list of America's Best Banks, 2020, as measured by growth, credit quality and profitability

The company makes noninvasive monitoring technologies for patients in hospitals and clinics; its sales have risen threefold in the past decade to an estimated \$1 billion this year, according to analysts.

Young attributed the stock's success to consistent financial performance.

“Wall Street wants to hear about positive new developments in the business including new customer wins, new product clearances and new breakthrough products and technologies,” Young said. “In addition, the Street likes to hear about financial outperformance, as higher growth rates drive higher EPS and share price movement.”

The Dark Side

Of course, there is the other side: long-term shareholders for nine companies based here would rather forget the 2010s. Here are the three worst-performing stocks:

■ In 2013, Irvine-based **Endologix Inc.** (Nasdaq: ELGX) reached higher than \$180 a share and a billion-dollar market cap. Since then, shares of the maker of products for minimally invasive procedures for aortic disorders have fallen 97% to about \$2 and a \$36 million market cap. Reasons range from recalls of its leading products to declining revenue. The company last reported an annual profit in 2010.

■ Since **Netlist Inc.** (OTC: NLST) began the decade at \$5.19, it has fallen to penny stock land at 30 cents. A recent day saw shares jump 79% to 55 cents on no news and volume a fifth of the daily average. The Irvine-based maker of specialized computer mem-

ory products didn't report a single annual profit from 2010 to 2018, when it had a loss of \$17.1 million on sales of \$33.5 million.

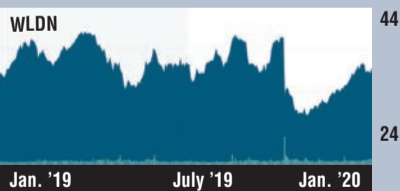
■ **Clean Energy Fuels Corp.** (Nasdaq: CLNE), which was founded by the famous investor **T. Boone Pickens**, provides natural gas for trucks and buses at 530 fueling stations in 43 states and Canada. While sales reached as high as \$428.9 million in 2014, the Newport Beach-based didn't report an annual profit the entire decade. Its shares climbed to more than \$22 in 2013 before gradually falling to \$2.38 by end the decade and a \$500 million market cap. Pickens died last year. ■

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WILLDAN GROUP INC.



- **HEADQUARTERS:** Anaheim
- **BUSINESS:** engineering, consulting firm helps others save energy
- **FOUNDED:** 1964
- **TICKER SYMBOL:** WLDN (Nasdaq)
- **2010 REVENUE:** \$77.9 million
- **2019 REVENUE:** \$196 million (estimate of 3 analysts)
- **MARKET VALUE:** \$389 million
- **NOTABLE:** after Tom Brisbin became CEO in 2007, its stock fell from \$10 to almost \$1 during the 2008 financial crisis