HILLIARD LYONS

May 2017

EQUITY HIGHLIGHTS

from *Investment Perspectives*

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Note Analysts' Certification on Page 14

Cedar Fair Entertainment Co. (FUN)   Consumer Sector (Discretionary)

Recent price target increase

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EPS ----- 2015	2016	2017E	P/E Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
LTB-3	*Cedar Fair Entertainment Co. #*	*FUN*	*$70.00*	*$73*	*$56*	*$1.99*	*$3.14*	*$3.45*	*20.3*	*4.9%*	*$80*	*5/3/17*

As expected, results for Cedar Fair Entertainment Co.'s typically low volume March quarter were below the year ago period. The majority of the company's parks do not operate during the quarter, which typically represents less than 5% of the company's annual revenues. Net revenues for this year's Q1 declined by $10 million from one year ago, while adjusted EBITDA (earnings before interest, taxes, depreciation & amortization) was also $10 million lower. The GAAP-based net loss widened as well.

Q1 results were below year-ago levels for several reasons. This year's Easter and Spring Break business occurred in April (Q2) compared to March (Q1) last year. In addition, adverse weather held back business at the one year-round park, Knott's Berry Farm in California. On a year over year basis, revenues for the first four months of the year (capturing Easter and Spring Break business in both periods) were up 2%.

We remain optimistic on FUN's business outlook. Capital spending projects, well-managed operations, new revenue streams, growing cash flow, and a decent economy remain key factors in our thesis. We expect record financial results in 2017 and again in 2018. During this time frame, we look for favorable contributions from parks such as Kings Island, Carowinds, Knott's Berry Farm, and Cedar Point. We also expect annual increases in the cash distribution, which currently yields an attractive 4.9%.

We rate FUN Long-term Buy. We recently raised our two-year price target by $7 to $80 per unit. We believe the company's future is bright. Our higher price target reflects progression of time and a higher forward earnings base; it does not assume valuation expansion from the current level. Based on the current unit price and our target, annualized total return potential including cash distributions, is about 11%. Our suitability rating remains 3.

- This entity is classified as a Partnership for US income tax purposes. Tax information is provided by the Partnership directly to the investor on Form 1065, Schedule K-1. Please discuss the tax implications of this investment with a qualified tax advisor. Annual yield is calculated by dividing the distribution amount by the current price of the security. All or a portion of the Company's distributions are paid from the Partners Capital Account at the Company's discretion. Actual classification for income tax purposes is reported on IRS Form 1065, Schedule K-1 and is provided directly to the investor by the Company. For US income tax purposes, the Company will make a determination regarding all allocable tax information after calendar year end on Form 1065, Schedule K-1. Partnership interests held in tax-exempt accounts including retirement plans and Individual Retirement accounts may be subject to Unrelated Business Income Tax (UBIT). We urge each investor to consult with his or her own tax advisor to determine the tax consequences of ownership of partnership interests, including any state, local or foreign tax considerations.

Please see our latest Cedar Fair Entertainment Co. report dated May 3, 2017.

The Procter & Gamble Co. (PG) Consumer Sector (Staples)

Recent price target increase

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EPS ----- 2015	2016	2017E	P/E Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
LTB-1	*The Procter & Gamble Co. FY(6)*	*PG*	*$86.55*	*$92*	*$79*	*$3.76*	*$3.67*	*$3.87*	*22.4*	*3.2%*	*$104*	*4/27/17*

The Procter & Gamble Co. recently reported mixed fiscal Q3 results. Net sales of $15.6 billion for the March quarter were a bit below street consensus of $15.7 billion and our estimate of $15.8 billion. Key factors in the period were a slowdown in overall market growth and foreign currency exchange. The competitive environment was likely a factor as well, in our view. Organic sales rose 1% for the quarter, and were up in four of the five major business segments. Pricing and mix were neutral factors.

Margins were lower. Core gross margin (excluding nonrecurring items) decreased 40 basis points, while core operating margin declined a more modest 10 basis points. A lower tax rate and share repurchases helped lead to core earnings per share of $0.96, up nearly 12% from a year ago and exceeding our estimate of $0.92 and street consensus of $0.94.

A stronger US dollar continued to be a factor. Currency-neutral core EPS for Q3 would have increased 15% versus the actual 12% gain. We expect foreign currency to be a headwind in Q4 as well.

Management reiterated past financial guidance. This includes expected organic sales growth of 2-3% for the fiscal year, and core EPS growth at the mid-single digit rate. We recently fine-tuned our FY'17 and FY'18 estimates.

We maintain our Long-term Buy rating. We continue to believe an earnings rebound is underway but slowed by macro factors. We generally view Q3 results favorably. Based on the progression of time and a higher forward earnings assumption, we recently raised our two-year price target by $4 to $104 per share. This assumes a price/earnings multiple similar to the current level. This suggests total return potential, including dividends, of about 12% on an annualized basis. Our Suitability rating on PG remains 1.

Please see our latest Procter & Gamble Co. report dated April 27, 2017.

Chevron Corp. (CVX) Energy Sector

Q1 beats outlook

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EBITDA/Unit ----- 2015	2016	2017E	P/EBITDA Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
Ntrl-2	Chevron Corp.	CVX	$106.68	$119	$98	$13.80	$9.24	$15.36	6.9	4.0%		4/28/17

San Ramon, CA-based Chevron Corp. is a major international integrated oil, gas, and chemical company with reserves and operations in 25 countries. In 2016 the company produced approximately 957 Mmboe (million barrels oil equivalent) from proved reserves of approximately 11,100 Mmboe, and processed more than 616 Mmboe of fuels and petrochemicals.

CVX recently reported Q1'17 EPS of $1.41 versus ($0.39) a year ago, beating consensus expectations of $0.86. Approximately $600 million, or $0.32/share, of the lift resulted from an asset sales gain.

Q1 upstream production of 240.8 Mmboe was down fractionally year/year, but exceeded our forecast by ~3.4 Mmboe. Average realized pricing of $40.65/Boe was 48.4% higher yr/yr and up in all categories.

Downstream volume of 233.8 Mmboe was 3.0% lower yr/yr, ~5.0 million Mmboe below our forecast, which was ~50 Mboepd high versus both US and Asia-Pacific/Middle East output. Expenses were 19.7% higher yr/yr, as increased commodity purchase expense offset continued reductions in operations, exploration, and DD&A outlays.

We maintained our forecast for ~4% yr/yr upstream production growth for 2017 with prices firming through the year, but see downstream output declining ~6% for the year on the pending sale of the South Africa refinery. We increased our 2017 EPS estimate from $4.20 to $4.77 and our 2018 estimate from $5.80 to $5.90.

While the dividend yield remains attractive and is becoming more securely covered, we remain of the opinion that the shares are fairly valued at current levels and maintain our Neutral-2 rating.

Please see our latest Chevron Corp. report dated April 28, 2017.

Renasant Corp. (RNST) Financial Sector

CEO Robin McGraw's transformative tenure

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EPS ----- 2015	2016	2017E	P/E Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
Ntrl-2	Renasant Corp. (P)	RNST	$42.96	$45	$30	$2.08	$2.29	$2.35	18.3	1.7%	$44	4/27/17

On May 1, 2017, Renasant Corp. announced CEO Robin McGraw will relinquish this role effective May 1, 2018 to become executive chairman. As such, we felt it appropriate to review the accomplishments achieved under Robin's leadership.

In November 2000, the company promoted in-house counsel McGraw to CEO. He and his senior management team felt the company was not performing to its full potential. The next few years were focused on improving the company's core profitability. Initiatives included a management restructuring to more closely align individuals' skills with their responsibilities, as well as reorganizing the company into various community banking divisions to provide local decision making. Additionally, RNST intensified lending efforts to small and middle market businesses, enhanced the company's wealth management capabilities and exited certain consumer lending lines with less desirable risk/reward profiles.

With the company's profitability significantly enhanced, McGraw's management team initiated an acquisition campaign to expand beyond Mississippi into more attractive markets. In July 2004, the company acquired Tennessee-based Renasant Bancshares, Inc., thereby entering affluent and high growth suburbs of Memphis. The company followed this deal with the 2005 acquisition of Heritage Financial, which served as an entrée into attractive markets in Alabama, including Decatur, Huntsville, and Birmingham. Soon thereafter, RNST entered the Nashville market when it opened a loan production office in Brentwood, TN and subsequently enhanced its presence with the acquisition of a Nashville-based commercial banking organization.

During Robin's tenure, RNST's profitability was greatly enhanced and the company has grown from $1.2 billion in total assets to over $10.0 billion in assets when the Metropolitan BancGroup acquisition closes this July. Mitch Waycaster, the company's president and COO, will assume the CEO role when Robin steps down. We've known Mitch for several years and believe RNST will be in good hands with the transition.

Please see our latest Renasant Corp. report dated April 27, 2017.

Eli Lilly & Co. (LLY) Health Care Sector

Tanezumab: an opioid replacement?

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EPS ----- 2015	2016	2017E	P/E Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
LTB-1	*Eli Lilly & Company*	*LLY*	*$80.67*	*$87*	*$64*	*$3.43*	*$3.52*	*$4.11*	*19.6*	*2.6%*	*$93*	*4/26/17*

Eli Lilly & Co., in conjunction with partner Pfizer (PFE-$33.45), is currently in Phase 3 testing for tanezumab, a non-opioid molecule intended to treat several different types of pain, including osteoarthritic pain, lower back pain, and cancer pain. Tanezumab inhibits nerve growth factor (NGF), a neurotrophin stimulated by pain-causing injury and inflammation. Neurotrophins are proteins involved in the development and function of neurons.

Tanezumab development has not been perfectly smooth sailing, as the FDA issued a partial clinical hold due to safety concerns in 2010. The FDA then placed a partial clinical hold on the entire class of NGF inhibitors in 2012 due to safety concerns about accelerating osteoarthritis (OA) and peripheral sensory abnormalities such as a burning sensation. When the clinical hold on the class was lifted, the agency recommended additional safety measures such as avoiding combination with NSAIDs, avoiding high doses, and excluding patients with rapidly progressing OA. The FDA lifted the clinical hold on tanezumab specifically in 2015 and trials restarted shortly thereafter. However, Teva (TEVA-$30.79) and Regeneron's (REGN-$423.38) NGF inhibitor, fasinumab, was also placed on clinical hold in October 2016. Further, Johnson & Johnson (JNJ-$123.25) gave their NGF inhibitor, fulranumab, back to its creator, Amgen (AMGN-$163.03). Thus, we suspect the market believes this class will have an uphill battle. However, when we were performing our initial research on LLY, management told us they believed they could see a 70% reduction in safety events by not allowing patients to concomitantly take NSAIDs. More recently, at an investor conference in January, CEO David Ricks showed that a few changes, including the NSAID change, could potentially reduce the incidence of rapidly progressing OA by 95%. Nevertheless, we do not assume approval and still have risk-adjusted our estimates. A fairly clean safety profile, combined with powerful efficacy seen from previous trials, could represent a tantalizing opportunity to be first to market with a brand new mechanism of action for the treatment of pain.

We believe market demand for non-opioid drugs with stronger efficacy than NSAIDs is high, as awareness of the opioid epidemic has caused angst and debate in the medical community. For example, new guidelines from the American College of Physicians place opioids as a last resort when treating chronic back pain. If changes in the medical guidelines do not result in lower opioid usage, we believe there is the potential for legislation to clamp down on opioid prescriptions even more, given how crippling and widespread the opioid epidemic has been. A STAT/Harvard survey in 2016 found Republicans (59%) and Democrats (49%) viewed prescription painkiller abuse as a serious problem in their state.

Given the significant unmet need and pent-up market demand, we believe tanezumab offers an important opportunity for Lilly in a large market. The global pain market is estimated to be around $60 billion, and we believe tanezumab and its competitors will be prevalent in the chronic portion of the market due to the high potential for abuse for chronic users. Within the US, somewhere around two-thirds of opioids are prescribed for conditions other than post-operative care (i.e. chronic conditions). While the global pain market could very well be different than the US in diagnostic composition, we believe this information gives investors a decent idea of the addressable market for tanezumab. Finally, we believe the market is significantly undervaluing or simply not paying enough attention to this asset. Thus, we believe tanezumab offers both a solution to a societal problem and an opportunity for investors to profit.

Please see our latest Eli Lilly & Co. report dated April 26, 2017.

3M Company (MMM) Industrials Sector

Awaiting a more compelling entry point

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EPS ----- 2015	2016	2017E	P/E Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
Ntrl-1	3M Company	MMM	$198.65	$200	$163	$7.72	$8.16	$8.78	22.6	2.4%		4/25/17

3M Company applies science in collaborative ways to improve lives daily. With ~$30 billion in annual sales and nearly 90,000 employees, MMM connects with customers around the world. The St. Paul, MN-based company holds five segments: Industrial, Safety & Graphics, Electronics & Energy, Health Care, and Consumer.

We reiterated our Neutral rating on MMM in late April following the release of Q1 results. Our strong qualitative affinity for 3M and its competitive position remain, although we continue to wait for a more compelling entry point at which to potentially expand positions.

MMM earned Q1'17 EPS of $2.16, up 5.3% year/year. Sales growth of 3.7% was somewhat mitigated by margin compression, although a lower effective tax rate and fewer shares outstanding ultimately allowed modest EPS growth.

In conjunction with Q1 results, management raised EPS guidance by $0.25 on both ends to a new range of $8.70 to $9.05. MMM earned $8.16 in 2016. Somewhat complicating the conversation, however, is that this range now includes a +$0.55/share gain-on-sale that is to be offset partially by a heightened level of miscellaneous restructuring activities. Net, we believe core ongoing EPS guidance was raised slightly exiting Q1, although not quite to the extent suggested by the headline raise.

2017 is shaping up to be a noteworthy year of M&A for 3M. In late April, the company completed the sale of its identity management business, which came just months after 3M off loaded its prescription protective eyewear operations. Of most consequence, however, MMM is scheduled to acquire Scott Safety [Johnson Controls (JCI-$42.02)] in a $2 billion transaction expected to close later this year.

Please see our latest 3M Company report dated April 25, 2017.

Facebook Inc. (FB) Information Technology Sector

Record Q1 results

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EPS ----- 2015	2016	2017E	P/E Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
LTB-3	*Facebook Inc.*	*FB*	*$151.06*	*$154*	*$108*	*$1.28*	*$3.33*	*$4.52*	*33.4*	*0.0%*	*$170*	*5/5/17*

Facebook Inc. is the world's largest social network, nearing 2 billion monthly active users. The Facebook app remains the #1 most downloaded app on all smartphone platforms in the US. The app was most recently downloaded on 77.7% of all US smartphones.

We continue to believe FB has an industry leading mobile advertising position due to the network effect of the company's social networking site's 2 billion users and other company owned brands, such as Instagram's 700 million users, Messenger's 1.2 billion users, WhatsApp's 1 billion users, and the Oculus virtual reality platform. We expect continued monetization improvement in near-term results from enhanced video advertising, management tools, and Instagram. Longer-term growth potential may be derived from Messenger and WhatsApp monetization.

The average Q1 revenue per user (ARPU) was $4.23, up 27% year/year. The average price per ad increased 14% with ad impressions increasing 32% yr/yr. The active advertiser count topped 5 million, well ahead of our model forecast. Facebook's net cash totaled $32.3 billion of which the Board previously approved a $6 billion share repurchase.

We believe it remains critical for FB to continue to add to its global user base. As such, the company has fought back against recent competitors with new camera features and filters to make Facebook's family of apps more appealing and improve engagement. We believe over time these experiences will become more feature rich, including original programming and premium content, thereby making FB more profitable.

While our updated $170 price target doesn't provide as large of an upside as prior increases, we believe industry tailwinds continue to favor Facebook and the shift to mobile advertising. We rate FB Long-term Buy with a suitability of 3.

Please see our latest Facebook Inc. report dated May 5, 2017.

DDR Corp. (DDR) Real Estate Sector

Change is in the air

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY FFO ----- 2015	2016	2017E	P/FFO Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
Ntrl-3	DDR Corp. *	DDR	$9.43	$20	$9	$0.96	$1.27	$0.80	11.8	8.1%		4/26/17

There have been a lot of changes at DDR Corp. recently. In March, the REIT announced several new hires. David Lukes was named President, CEO, and board member; Michael Makinsen was appointed as Executive Vice President and CCO; and Matthew Ostrower was appointed as Executive Vice President, CFO, and Treasurer. Mr. Lukes, Mr. Makinsen, and Mr. Ostrower all previously worked at Equity One [which was acquired by Regency Centers Corp. (REG-$61.49) earlier this year].

On the first quarter earnings call Mr. Lukes mentioned the new management team wants to make tough decisions in a timely and thoughtful manner. Management would like to lower leverage and manage the company's liquidity and maturity schedule well. The focus of management is a little different than that of management teams in the past, as the current team is fine with owning properties in smaller, non-coastal markets, as long as they are good properties with durable cash flow.

Focus will be placed on properties with redevelopment potential -- possibly de-boxing anchor space and redeveloping it into several small shops. Management believes there is an opportunity to focus more on the needs of consumers in a 3 mile ring around their centers, rather than just the larger 5 to 7 mile trade area. Each property will be evaluated on a case by case basis to determine if it is an asset management wants to hold or possibly sell. We continue to believe dispositions will be a big part of the story for DDR in 2017.

We rate DDR Neutral. In our view, the shares are fairly valued at this time.

*** -** Annual yield is calculated by dividing the distribution amount by the current market price of the security. For US income tax purposes, the Company may classify all or a portion of its distributions as dividends or other non-dividend distributions. Note that for some investors, for US income tax purposes all or a portion of the Company's 2016 dividend or distribution was treated as return of capital and not as "dividend income" as reflected on the IRS Form 1099-Div for the 2016 tax year. The Company generally makes a final determination regarding the proper tax treatment of distributions after calendar year end. We urge each shareholder to consult with his or her own tax advisor to determine the tax consequences of the distributions received, including any state, local or foreign tax considerations.

Please see our latest DDR Corp. report dated April 26, 2017.

AT&T Inc. (T) Telecommunications Sector

Mixed Q1 results but 2017 EPS guidance reaffirmed

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EPS ----- 2015	2016	2017E	P/E Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
Buy-2	AT&T Inc.	T	$38.57	$44	$36	$2.71	$2.84	$2.94	13.1	5.1%	$43	4/26/17

We maintain our Buy rating on AT&T Inc. The company recently reported mixed first quarter results. While earnings of $0.74 per share were in line with expectations, revenues of $39.4 billion were well below the consensus of $40.5 billion. The weakness in revenues was due to an extremely competitive wireless market, magnified by the introduction of unlimited data plans by all the major providers.

During the quarter the company lost 348,000 postpaid wireless customers. Yet despite this pressure the company was able to post operating income of $8.2 billion compared to $8.1 billion in 2016's first quarter through cost cutting measures. T's operating income margin was 20.7%, up from 19.9% in last year's first quarter. Management reaffirmed its expectation of mid-single digit earnings growth this year.

We continue to believe AT&T appears to be reasonably priced, trading at just over 13x estimated earnings. Moreover, the stock offers an attractive dividend yield of 5.1% and dividends have been increased for 33 consecutive years.

The key factor to consider with AT&T, in our view, is its continued ability to deliver consistent, albeit modest, earnings growth. As long as the company can deliver 4% to 5% annual earnings growth we remain comfortable with the name.

An important component of potential future earnings growth is the company's proposed acquisition of Time Warner (TWX-$98.39), a major entertainment content provider. We believe that, if allowed, the deal could stabilize and possibly expand the company's growth rate. Both companies anticipate the transaction will close by year-end. We view AT&T as an appropriate holding for conservative income oriented investors seeking modest capital appreciation.

Please see our latest AT&T Inc. report dated April 26, 2017.

NextEra Energy (NEE) Utilities Sector

Better than expected Q1 results

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EPS ----- 2015	2016	2017E	P/E Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
LTB-2	*NextEra Energy Inc.*	*NEE*	*$134.95*	*$135*	*$110*	*$5.71*	*$6.19*	*$6.70*	*20.1*	*2.9%*	*$145*	*4/21/17*

We maintain our Long-term Buy rating on NextEra Energy. As a reminder, NextEra is a leading clean energy company based in Florida. NEE's principal subsidiaries are Florida Power & Light Company, which serves more than 4.8 million customer accounts in Florida, and NextEra Energy Resources, LLC, which together with its affiliated entities is the world's largest generator of renewable energy from the wind and sun.

The company recently reported higher and better than expected first quarter earnings. Adjusted earnings were $1.75 per share versus $1.59 per share in the first quarter of 2016, an increase of 10% and above the consensus estimate of $1.56 per share. Both of NEE's primary businesses, Florida Power & Light and NextEra Energy Resources, NEE's competitive energy business, posted year over year gains.

We have raised our two-year price target to $145 per share. We continue to believe NEE has an attractive fundamental outlook and that both of the company's primary businesses appear poised to deliver sustained long-term growth. The company expects to grow earnings by a 6% to 8% annual rate through 2020 off a 2016 base.

In our view, NEE represents a strong core holding for utility investors looking for long-term capital appreciation and rising dividends. The company recently raised its dividend by 13% and expects to increase it by a similar amount next year.

Please see our latest NextEra Energy report dated April 21, 2017.

Spire Inc. (SR) Utilities Sector

Reiterating Long-term Buy rating

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EPS ----- 2015	2016	2017E	P/E Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
LTB-2	*Spire Inc. FY(9)*	*SR*	*$69.80*	*$71*	*$60*	*$3.20*	*$3.42*	*$3.53*	*19.8*	*3.0%*	*$77*	*5/3/17*

Spire Inc. serves 1.7 million customers, primarily through gas distribution service provided by Laclede Gas and Missouri Gas Energy (Missouri), Alagasco and Mobile Gas (Alabama), and Willmut Gas (Mississippi). Non-regulated businesses Spire Marketing and Spire Nat Gas Fueling Solutions provide other energy services across the natural gas complex.

We recently reiterated our Long-term Buy rating and $77 price target. SR reported fiscal Q2'17 Economic EPS of $2.39, beating consensus by $0.02; net income was 5.3% higher, but was offset by 5.1% greater average shares outstanding. Fiscal Q2 results reflected a second full quarter impact from the Mobile and Willmut Gas acquisitions.

In early April, SR filed rate cases for its Kansas City-area and St. Louis-area utility systems. Though legally both systems are held by Laclede Gas Company, SR still operates under two separate rate making jurisdictions. The company is requesting net revenue increases of $27 million and $29 million, respectively. Cases in Missouri typically hold an 11 month review period, meaning impact from the cases should hit in the second half of fiscal 2018.

Spire continues to develop the STL pipeline project. The ~$200 million investment is set to be in-service in the latter stages of 2018, representing a complementary growth driver to organic distribution growth over the latter stages of our investment horizon.

Along with fiscal Q2 results, Spire adjusted its stretch Cap Ex forecast. SR upped the company's forecast to $2.3 billion over the course of fiscal 2017-2021, versus a prior target of $2.0 billion for 2016-2020. At this point last year, SR was only guiding to $1.8 billion over 2016-2020. The most recent escalation is not attributable to the STL pipeline, but rather increased expectations for core utility distribution enhancements.

Please see our latest Spire Inc. report dated May 3, 2017.

American Water Works Co. (AWK) Utilities Sector

Reiterating Long-term Buy rating

Rating - Suit.	Company	Symbol	Price 05/08/17	Year High	Year Low	----- FY EPS ----- 2015	2016	2017E	P/E Ratio 2017E	Ind. Div. Yield	Target Price	Latest Report
LTB-1	*American Water Works Co.*	*AWK*	*$76.57*	*$85*	*$69*	*$2.64*	*$2.85*	*$3.03*	*25.3*	*2.2%*	*$105*	*5/4/17*

American Water Works Co. is the largest investor-owned US water and wastewater utility company. Headquartered in Voorhees, NJ, the company employs more than 7,000 professionals who provide drinking water, wastewater, and other related services to approximately 15 million people in more than 30 states and parts of Canada.

We reiterated our Long-term Buy rating on AWK in early May. We believe AWK is a strong core holding for water exposure, and compelling way to play what we view as increasingly positive regulatory constructs across the United States. Tactically, we believe utility-focused active managers may be under-positioned in AWK, representing a potential incremental buyer.

We recently raised our 2-to-3 year price target by 22% to $105. Our raise was driven by the rollout of our 2019 EPS estimate of $3.47; we increased our applied earnings multiple to 30x from 26x as a result of qualitative industry parameters being as constructive as we can recall (i.e. regulatory trends, M&A deal flow). AWK shares have attained this valuation at various points across the past several years.

Risk/reward is supported over our investment timeframe. AWK has become increasingly sensitive to money flows tied to Environment, Social, and corporate Governance as well as screen-based investing.

American Water has a proven ability to win meaningful M&A deals. AWK has already closed several deals in 2017, adding over 12,000 customers in New Jersey and California. This comes in the wake of AWK acquiring the sewer assets of Scranton, PA, a nearly $200 million municipal purchase. We believe AWK is emerging as a 'preferred buyer' across its footprint, boding well for future growth.

AWK hiked its annual dividend by 10.7% in April. We project American's annual dividend to grow by 7% to 10% per year over our investment, which more/less mirrors our EPS growth expectations.

Please see our latest American Water Works Co. report dated May 4, 2017.

Additional information, including a report on each common stock mentioned, is available upon request. Check with your Financial Consultant for the investment appropriate for you.

Explanations & Disclaimers

A - Actual
Ann. - Annual/annualized
Bps - Basis points
E - Estimated
EBITDA - Earnings before income, taxes, depreciation, amortization
EBITDDA - Earnings before income, taxes, depreciation, depletion, amortization
EPS - Earnings per share
EV - Enterprise value
FFO - Funds from operations
FFOA - Funds from operations adjusted
FFOM - Funds from operations modified
FY - Fiscal year
FY(1-11) - EPS are for fiscal years (1=January, 2=February, etc.)
GAAP - Generally accepted accounting principles
Ind. Div. Yield - Indicated dividend yield
NA - Not available/acceptable
NAV - Net asset value
NM - Non-meaningful
P/E - Price/earnings ratio -- current price divided by EPS
Q - Quarter
(1-4)Q - 1=First quarter, 2=Second quarter, 3=Third quarter, 4=Fourth quarter
REIT - Real estate investment trust
TR - Total return
TTM - Trailing twelve months
YTD - Year to date

All data is adjusted for stock splits or stock dividends.

Unless otherwise noted, EPS are from continuing operations and exclude non-recurring items.

We recognize each client's investment needs and goals are different. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation, or needs of individual investors.

Analysts' Certification

The contributors to this report hereby certify that the views expressed in this report accurately reflect their personal views about the subject. They also certify that they have not been, are not, and will not be receiving direct or indirect compensation in exchange for expressing the specific points of view in this report.

Important Disclosures

The contributors to this report or members of their households typically have positions in the companies they follow, which may include, but are not limited to, common stock, options, rights, warrants, or futures contracts. They may not engage in buying or selling securities contrary to their recommendation.

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

P - Renasant Corp. is/was a client of Hilliard Lyons within the past 12 months, received non-investment banking securities-related services, and Hilliard Lyons received compensation for those services.

Investment Ratings

Buy: We believe the stock has significant total return potential in the coming 12 months.
Long-term Buy: We believe the stock is an above average holding in its sector, and expect solid total returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.
Neutral: We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.
Underperform: We believe the stock is vulnerable to a price set back in the next 12 months.

Suitability Ratings

1 - A large cap, core holding with a solid history. **2** - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks. **3** - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage. **4** - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base.

	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
Rating	**# of Stocks Covered**	**% of Stocks Covered**	**Banking**	**No Banking**
Buy	32	26%	13%	88%
Hold/Neutral	79	64%	8%	92%
Sell	12	10%	0%	100%

As of 8 May 2017

Other Disclosures

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