



COMPANY UPDATE / ESTIMATE CHANGE

Key Metrics

| | | |
|----------------------------|-----------|---------|
| AEGN - NASDAQ - as of | 5/2/17 | \$21.18 |
| Price Target | | -- |
| 52-Week Range | \$17.18 - | \$26.68 |
| Shares Outstanding (mm) | | 33.8 |
| Market Cap. (\$mm) | | \$715.7 |
| 1-Mo. Average Daily Volume | | 166,604 |
| Institutional Ownership | | 96.7% |
| Net Debt/Total Capital | Q1'17 | 33.2% |
| ROE--unadjusted | TTM | 7.0% |
| Book Value / Share | Q1'17 | \$16.56 |
| Price / Book Value | | 1.3x |
| Dividend Yield | | 0.0% |
| Adj EBITDA Margin | TTM | 9.4% |

EPS FY 12/31

| | | Prior | Current | Prior | Current |
|------|---------|--------|---------|--------|---------|
| | 2016A | 2017E | 2017E | 2018E | 2018E |
| 1Q | *\$0.12 | -- | *\$0.18 | A -- | -- |
| 2Q | *\$0.23 | \$0.41 | \$0.36 | -- | -- |
| 3Q | *\$0.32 | \$0.44 | \$0.42 | -- | -- |
| 4Q | *\$0.44 | \$0.30 | \$0.29 | -- | -- |
| Year | \$1.11 | \$1.32 | \$1.24 | \$1.41 | \$1.35 |
| P/E | 19.1x | | 17.1x | | 15.7x |

* adjusted for special items

Revenue (\$mm)

| | Prior | Current | Prior | Current |
|------|---------|---------|---------|---------|
| | 2016A | 2017E | 2017E | 2018E |
| 1Q | \$294 | -- | \$325 | A -- |
| 2Q | \$298 | \$355 | \$361 | -- |
| 3Q | \$309 | \$343 | \$337 | -- |
| 4Q | \$322 | \$312 | \$312 | -- |
| Year | \$1,222 | \$1,348 | \$1,335 | \$1,300 |
| | | | | \$1,289 |

Company Description: *Chesterfield, MO-based Aegion Corp is a global leader in infrastructure protection and maintenance: protecting against industrial pipeline corrosion, rehabilitating water, wastewater, energy and mining pipes, and strengthening commercial structures and pipelines. AEGN also provides a range of professional and technical services to the refining industry.*

Industrials

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May 3, 2017

Aegion Corporation

AEGN – NASDAQ – Neutral-3

In Line Q1'17 Gets AEGN Off to Positive Start in 2017.

Investment Highlights

- AEGN reported Q1'17 adj. EPS of \$0.18, up yr/yr from \$0.12; results met consensus, and beat our recently-reduced estimate of \$0.17 by a penny. Aegion posted both improved margins and revenue growth, allowing for one of the more robust yr/yr performances in several years.
- Adjusted net income grew ~41% in Q1 on ~3% fewer shares outstanding. After repurchasing \$8.4MM of stock in Q1, AEGN has ~\$31.6MM left on its authorization, which we expect to be used in 2017.
- Q1'17 revenue grew 10.6%, AEGN's first positive comp since Q3'15. Corrosion Protection (CP) grew 33.5% with Appomattox offsetting net declines across the legacy businesses; Energy Services (ES) posted a -3.7% revenue print, though we expect more fair comps moving forward related to exiting upstream operations. Organic sales for Infrastructure Solutions (IS) were up 2.5%, though profitability was down.
- We calculate Q1'17 adjusted gross margin of 20.8%, up ~180bps yr/yr from 18.9%, but presenting a tough comparison for next year. Op Ex represented an adjusted 16.3% of revenue, flat yr/yr.
- March 31 backlog totaled \$712.3MM, down 5.9% yr/yr but up 3.4% sequentially, and exceeding our target for \$692MM. ES was most of the surprise.
- Mostly reflecting higher Op Ex tied to growth initiatives at IS, our 2017E EPS falls \$0.08; in sympathy, our 2018E EPS slides \$0.06 to \$1.35.
- We are reiterating our Neutral rating. We still find valuation modestly attractive; however, we struggle to find catalysts with Appomattox peaking, identifiable headwinds for Infrastructure Solutions (rising Op Ex, competitive bidding environment), and essentially no progress on a federal infrastructure bill.

Note Important Disclosures on Pages 5-6
Note Analyst Certification on Page 5

ADDITIONAL DISCUSSION—Q1 RESULTS

Despite strong year over year performance, we take a somewhat sober view on the first quarter. Outside of Appomattox, which will substantially conclude in Q2, CP revenue was down, and IS profitability was crimped due to heightened operating expenses/investments that seem positioned to remain a theme across 2017. Higher backlog on a sequential basis, despite drawing down some of Appomattox, is positive in our view, but still below Q1 levels of recent years.

SUITABILITY

We assign AEGN a suitability rating of '3.' A complete description of our suitability scale is on page 5. Aegion's relatively small size and exposure to large and/or growing end markets (pipelines; water infrastructure) play into our view toward above average risk/reward. A recent history of entering/exiting business, coupled with a level of cyclical to earnings and a modest debt load, help push the stock below our more conservative '2' rating. A strong cash position, de-risked international profile, and a long history of implementing core CIPP services, keep AEGN well above our speculative/most aggressive '4' rating.

CONSIDERATIONS AND RISKS

We believe Aegion's sales are sensitive to macroeconomic conditions. As such, the company may experience difficulty due to trends that are both difficult to predict and beyond the company's control. Additionally, the company is exposed to raw material and labor cost inflation. An inability to pass on higher input costs to customers may pressure margins, lower sales and/or decrease earnings.

Aegion has acquired numerous companies over the past decade, including the Q1'16 ~\$90MM purchase of Underground Solutions, and may acquire additional companies in the future. Failure to effectively integrate acquisitions or overpayment for operating assets may result in write-downs, decreased financial flexibility and/or lower earnings. AEGN took material impairments to prior acquisitions in both 2014 and 2015.

AEGN is sensitive to municipal spending, particularly within Infrastructure Solutions. We view the muni customer as slow moving, difficult to influence and difficult to predict relative to private industry.

Aegion generates a significant portion of sales outside of the US, and at any given time can have assets deployed in dangerous and/or unpredictable regions of the globe. World-wide operations expose the company to political and forex risk, and present operational and execution challenges for management.

Aegion operates in a fragmented market against numerous competitors. Declining bidding activity could bring forth pricing pressure, while significant engineering breakthroughs by the company's competition could have a negative impact on AEGN.

Aegion made a concerted effort to expand into the energy sector in the late-2000s and early-2010s. This exposure has proved somewhat problematic with the recent collapse in energy prices in recent years. We expect a significant portion of AEGN to remain sensitive to the volatile sector.

AEGN shares are predominately held by institutional investors, a fact that we believe makes the stock more susceptible to changes in market sentiment and non-fundamental technical factors. Furthermore, we expect slightly higher turnover could result in periods of significant short-term volatility.

Our Suitability rating is 3 on a 1-to-4 scale (1 = most conservative, 4 = most aggressive).

Additional information is available upon request.

Aegion Corp (AEGN)

(\$'s in thousands)

| Income Statement Analysis | FY'14 | FY'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | FY'16 | Q1'17 | Q2'17E | Q3'17E | Q4'17E | FY'17E | FY'18E |
|-------------------------------------|--------------|--------------|--|--|---|------------|--------------|------------|------------|------------|------------|--------------|--------------|
| Revenues | \$ 1,331,421 | \$ 1,333,570 | \$ 293,908 | \$ 297,686 | \$ 308,524 | \$ 321,802 | \$ 1,221,920 | \$ 325,175 | \$ 360,760 | \$ 337,250 | \$ 311,820 | \$ 1,335,010 | \$ 1,288,600 |
| Cost of Revenues | 1,051,438 | 1,057,783 | 239,494 | 236,496 | 242,206 | 250,560 | 968,756 | 257,763 | 273,190 | 262,680 | 247,460 | 1,041,090 | 1,014,910 |
| Gross Profit | 279,983 | 275,787 | 54,414 | 61,190 | 66,318 | 71,242 | 253,164 | 67,412 | 87,570 | 74,570 | 64,360 | 293,920 | 273,690 |
| % | 21.0% | 20.7% | 18.5% | 20.6% | 21.5% | 22.1% | 20.7% | 20.7% | 24.3% | 22.1% | 20.6% | 22.0% | 21.2% |
| Operating Expenses | 286,837 | 209,477 | 50,725 | 50,806 | 45,277 | 50,291 | 197,099 | 52,746 | 63,220 | 50,150 | 46,950 | 213,070 | 197,520 |
| %--Qs Adjusted | 21.5% | 15.7% | 16.3% | 16.4% | 15.2% | 15.4% | 16.1% | 16.3% | 17.5% | 14.9% | 15.1% | 16.0% | 15.3% |
| E Rev/ Acq-related Exp/ Restructure | 12,958 | 46,364 | 7,828 | 2,239 | 536 | (5,364) | 5,239 | 533 | 30 | 30 | 30 | 620 | 120 |
| Operating Inc. | (19,812) | 19,946 | (4,139) | 8,145 | 20,505 | 26,315 | 50,826 | 14,133 | 24,320 | 24,390 | 17,380 | 80,230 | 76,050 |
| % | -1.5% | 1.5% | -1.4% | 2.7% | 6.6% | 8.2% | 4.2% | 4.3% | 6.7% | 7.2% | 5.6% | 6.0% | 5.9% |
| Interest (Expense) | (12,943) | (16,044) | (3,615) | (3,641) | (3,825) | (3,948) | (15,029) | (4,047) | (3,835) | (3,695) | (3,555) | (15,130) | (13,740) |
| Interest Income | 633 | 218 | 32 | 128 | 37 | (31) | 166 | 49 | 25 | 25 | 25 | 120 | 100 |
| Other | (3,853) | (2,905) | (973) | (498) | 288 | 489 | (694) | (387) | (100) | (100) | (100) | (690) | (400) |
| Pre Tax Inc. | (35,975) | 1,215 | (8,695) | 4,134 | 17,005 | 22,825 | 35,269 | 9,748 | 20,410 | 20,620 | 13,750 | 64,530 | 62,010 |
| Income Tax (Expense) | 3,840 | (9,205) | 4,746 | (941) | (5,218) | (4,696) | (6,109) | (1,995) | (6,330) | (6,390) | (4,260) | (18,980) | (18,600) |
| Tax Rate | 10.7% | 757.6% | 54.6% | 22.8% | 30.7% | 20.6% | 17.3% | 20.5% | 31.0% | 31.0% | 31.0% | 29.4% | 30.0% |
| Income Before Eq in Aff | (32,135) | (7,990) | (3,949) | 3,193 | 11,787 | 18,129 | 29,160 | 7,753 | 14,080 | 14,230 | 9,490 | 45,550 | 43,410 |
| Equity from Eam / (Loss) Aff | 570 | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Income--Cont'd Ops | (31,565) | (7,990) | (3,949) | 3,193 | 11,787 | 18,129 | 29,160 | 7,753 | 14,080 | 14,230 | 9,490 | 45,550 | 43,410 |
| Less: (NI)/Loss Attrib to non-CI | (1,755) | (77) | 157 | 229 | 280 | (338) | 328 | (1,882) | (1,700) | (200) | - | (3,782) | - |
| Net Income att to AEGN (ctd ops) | (33,320) | (8,067) | (3,792) | 3,422 | 12,067 | 17,791 | 29,488 | 5,871 | 12,380 | 14,030 | 9,490 | 41,768 | 43,410 |
| % | -2.5% | -0.6% | -1.3% | 1.1% | 3.9% | 5.5% | 2.4% | 1.8% | 3.4% | 4.2% | 3.0% | 3.1% | 3.4% |
| Shares Out. | 37,838 | 36,779 | 35,489 | 35,467 | 34,981 | 34,516 | 35,113 | 34,505 | 34,091 | 33,678 | 33,312 | 33,897 | 32,232 |
| Diluted EPS (cont'd ops) | \$ (0.90) | \$ (0.23) | \$ (0.11) | \$ 0.10 | \$ 0.34 | \$ 0.52 | \$ 0.85 | \$ 0.17 | \$ 0.36 | \$ 0.42 | \$ 0.28 | \$ 1.23 | \$ 1.35 |
| Adjusted EPS (cont'd ops) | \$ 1.38 | \$ 1.28 | \$ 0.12 | \$ 0.23 | \$ 0.32 | \$ 0.44 | \$ 1.11 | \$ 0.18 | \$ 0.36 | \$ 0.42 | \$ 0.29 | \$ 1.24 | \$ 1.35 |
| EPS from disc ops | \$ (0.102) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dividends Paid | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Rate of Change Analysis | | | | | | | | | | | | | |
| Sales | 22.0% | 0.2% | -4.9% | -11.7% | -13.5% | -2.7% | -8.4% | 10.6% | 21.2% | 9.3% | -3.1% | 9.3% | -3.5% |
| Operating Income | -129.6% | -200.7% | -145.4% | -43.9% | -17.8% | nm | 154.8% | -441.5% | 198.6% | 18.9% | -34.0% | 57.9% | -5.2% |
| EPS--Adj if necessary | 8.5% | -6.8% | -1.4% | -36.4% | -27.2% | 19.9% | -13.9% | 44.5% | 61.3% | 29.4% | -34.5% | 12.4% | 9.0% |
| Adjusted EBITDA | 20.2% | -6.1% | -8.2% | -13.8% | -18.7% | 2.0% | -10.0% | 38.8% | 37.7% | 16.7% | -13.9% | 16.1% | -6.1% |
| Working Cap. | -9.1% | -16.0% | -23.9% | -0.2% | -10.9% | 1.7% | 1.7% | 29.3% | 11.0% | 3.9% | -13.8% | -13.8% | 3.5% |
| Inventory | 0.7% | -19.3% | 4.2% | 8.7% | 17.2% | 33.9% | 33.9% | 9.0% | 21.2% | 9.3% | -3.1% | -3.1% | 3.3% |
| | | | *\$6.5MM AT or \$0.18/sh Rst Chg **\$1.6MM or \$0.05/sh Undergrd Acq Exp | *Adj -\$0.07/sh on Restructure (ES); Adj \$0.06 on Acq | *Largest adjustment is reversal benefit from earn-out accrual | | | | | | | | |

Source: Company reports and Hilliard Lyons estimates

Aegion Corp (AEGN)

| Summary Cash Flow | FY'14 | FY'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | FY'16 | Q1'17 | Q2'17E | Q3'17E | Q4'17E | FY'17E | FY'18E |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Net Income--C'd Ops to AEGN | (33,320) | (8,067) | (3,792) | 3,422 | 12,067 | 17,791 | 29,488 | 5,871 | 12,380 | 14,030 | 9,490 | 41,768 | 43,410 |
| D & A | 46,648 | 43,791 | 11,376 | 11,779 | 11,251 | 12,313 | 46,719 | 11,852 | 12,220 | 11,380 | 12,070 | 47,520 | 44,430 |
| Share-base Compensation | 5,073 | 7,987 | 2,363 | 3,253 | 2,073 | 1,572 | 9,261 | 3,096 | 1,200 | 1,200 | 1,200 | 6,700 | 4,800 |
| Impairment/Non-Cash Rst | 96,606 | 48,714 | (212) | 488 | (585) | (2,391) | (2,700) | 42 | | | 750 | 790 | 750 |
| Deferred Income Tax | (16,816) | 924 | (1,187) | 133 | 441 | 2,385 | 1,772 | 5,533 | (700) | (700) | (700) | 3,433 | (2,800) |
| FX Loss (Gain) | 627 | 80 | 1,131 | 507 | (287) | (440) | 911 | 378 | 100 | 100 | 100 | 690 | 400 |
| (Increase) Decrease in Wrkg. Cap. | 22,620 | 35,938 | 836 | (9,210) | 2,797 | 2,430 | (3,147) | (51,083) | 24,244 | 16,820 | 36,430 | 26,411 | (5,770) |
| Operating CF | 121,438 | 129,367 | 10,515 | 10,372 | 27,757 | 33,660 | 82,304 | (24,311) | 49,444 | 42,830 | 59,340 | 127,312 | 85,220 |
| Cap Ex. | (33,157) | (29,454) | (10,060) | (9,385) | (12,040) | (7,275) | (38,760) | (3,907) | (11,000) | (11,000) | (6,000) | (31,910) | (30,000) |
| Acquisitions, net of cash acq | 1,000 | (7,760) | (85,667) | (6,446) | (4,194) | - | (96,307) | (9,045) | - | - | (5,000) | (14,050) | (5,000) |
| Dividends | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Free Cash Flow | 97,729 | 91,920 | (78,613) | (5,459) | 11,523 | 26,385 | (46,164) | (37,263) | 38,444 | 31,830 | 48,340 | 81,352 | 50,220 |
| FCF / Share | \$ 2.58 | \$ 2.50 | \$ (2.22) | \$ (0.15) | \$ 0.33 | \$ 0.76 | \$ (1.31) | \$ (1.08) | \$ 1.13 | \$ 0.95 | \$ 1.45 | \$ 2.40 | \$ 1.56 |
| LT Debt Proceeds (Pmts) | (22,039) | 26,250 | (4,375) | (4,375) | (4,375) | (4,375) | (17,500) | (4,375) | (4,375) | (4,375) | (4,375) | (17,500) | (17,500) |
| LOC Proceeds (Pmts) | 10,000 | (45,500) | 34,000 | 3,000 | 5,000 | (6,000) | 36,000 | 10,000 | (1,000) | (5,000) | (5,000) | (1,000) | (10,000) |
| Notes Proceeds (Pmts) | 1,284 | (370) | - | - | - | - | - | - | - | - | - | - | - |
| Stock Sale Proceeds | 8,615 | 2,466 | 38 | (25) | 24 | 1,781 | 1,818 | - | 1,250 | 1,250 | 1,250 | 3,750 | 5,000 |
| Stock (Repurchases) | (31,073) | (27,804) | (16,325) | (8,875) | (11,397) | (7,857) | (44,454) | (10,508) | (10,000) | (10,000) | (9,000) | (39,510) | (40,000) |
| Net C.F. | 64,516 | 46,962 | (65,275) | (15,734) | 775 | 9,934 | (70,300) | (42,146) | 24,319 | 13,705 | 31,215 | 27,092 | (12,280) |
| Net CF--Disc Ops | | | | | | | | | | | | | |
| Adjusted EBITDA | 130,894 | 122,858 | 19,039 | 26,565 | 30,670 | 34,258 | 110,532 | 26,435 | 36,570 | 35,800 | 29,480 | 128,370 | 120,600 |
| TTM Adj EBITDA Margin | 9.2% | 9.2% | 9.2% | 9.1% | 8.9% | 9.0% | 9.0% | 9.4% | 9.7% | 9.9% | 9.6% | 9.6% | 9.4% |
| Summary Balance Sheet | FY'14 | FY'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | FY'16 | Q1'17 | Q2'17E | Q3'17E | Q4'17E | FY'17E | FY'18E |
| Cash and Equivalents | 174,965 | 209,253 | 127,859 | 110,792 | 113,264 | 129,500 | 129,500 | 87,602 | 111,920 | 125,630 | 156,850 | 156,850 | 144,570 |
| Receivables, net | 227,481 | 200,883 | 171,747 | 189,652 | 191,960 | 186,016 | 186,016 | 207,943 | 230,890 | 211,120 | 177,740 | 177,740 | 183,650 |
| Inventory | 59,192 | 47,779 | 63,432 | 61,932 | 62,805 | 63,953 | 63,953 | 69,113 | 75,050 | 68,650 | 61,970 | 61,970 | 64,030 |
| Other Current Assets | 176,013 | 220,281 | 206,045 | 209,347 | 194,111 | 152,768 | 152,768 | 147,248 | 213,530 | 197,990 | 155,820 | 155,820 | 158,940 |
| Total Current Assets | 637,651 | 678,196 | 569,083 | 571,723 | 562,140 | 532,237 | 532,237 | 511,906 | 631,390 | 603,390 | 552,380 | 552,380 | 551,190 |
| Net PP&E | 168,213 | 144,833 | 151,086 | 153,741 | 158,276 | 156,747 | 156,747 | 156,690 | 155,470 | 155,090 | 151,520 | 151,520 | 139,590 |
| Intangible Assets | 182,273 | 174,118 | 205,498 | 202,073 | 199,352 | 194,911 | 194,911 | 193,102 | 193,100 | 193,100 | 193,600 | 193,600 | 194,100 |
| Goodwill | 293,023 | 249,120 | 294,479 | 297,223 | 300,679 | 298,619 | 298,619 | 302,749 | 302,750 | 302,750 | 304,750 | 304,750 | 306,750 |
| Other Non-Current Assets | 14,042 | 12,040 | 8,236 | 10,168 | 9,687 | 11,068 | 11,068 | 10,955 | 10,960 | 10,960 | 10,960 | 10,960 | 10,960 |
| Total Assets | 1,295,202 | 1,258,307 | 1,228,382 | 1,234,928 | 1,230,134 | 1,193,582 | 1,193,582 | 1,175,402 | 1,293,670 | 1,265,290 | 1,213,210 | 1,213,210 | 1,202,590 |
| A/P | 83,285 | 72,732 | 66,655 | 63,876 | 69,183 | 63,058 | 63,058 | 64,713 | 93,440 | 90,050 | 79,510 | 79,510 | 82,160 |
| Accrued Expenses & Othr | 154,639 | 207,387 | 186,581 | 199,857 | 185,292 | 147,708 | 147,708 | 116,537 | 203,850 | 189,000 | 150,660 | 150,660 | 153,670 |
| CP/LT Debt and LOC | 26,399 | 17,648 | 17,649 | 17,646 | 17,644 | 19,835 | 19,835 | 22,020 | 27,980 | 27,980 | 27,610 | 27,610 | 28,440 |
| Total Current Liabilities | 264,323 | 297,767 | 270,885 | 281,379 | 272,119 | 230,601 | 230,601 | 203,270 | 325,270 | 307,030 | 257,780 | 257,780 | 264,270 |
| Long-Term Debt | 351,076 | 337,774 | 363,381 | 361,221 | 357,142 | 350,785 | 350,785 | 354,427 | 341,890 | 332,520 | 323,510 | 323,510 | 295,180 |
| Deferred Income Tax | 22,442 | 19,386 | 17,872 | 20,608 | 20,665 | 23,339 | 23,339 | 23,731 | 23,030 | 22,330 | 21,630 | 21,630 | 18,830 |
| Other LT Liabilities | 12,276 | 8,824 | 11,091 | 11,234 | 12,441 | 12,674 | 12,674 | 13,102 | 11,460 | 12,690 | 12,930 | 12,930 | 13,190 |
| Total Liabilities | 650,117 | 663,751 | 663,229 | 674,442 | 662,367 | 617,399 | 617,399 | 594,530 | 701,650 | 674,570 | 615,850 | 615,850 | 591,470 |
| Stockholders' Equity | 626,635 | 578,025 | 555,815 | 552,737 | 560,413 | 568,500 | 568,500 | 571,320 | 582,470 | 581,170 | 587,810 | 587,810 | 601,570 |
| Noncontrolling Interest | 18,450 | 16,531 | 9,338 | 7,749 | 7,354 | 7,683 | 7,683 | 9,552 | 9,550 | 9,550 | 9,550 | 9,550 | 9,550 |
| Book Value | \$ 16.78 | \$ 15.96 | \$ 15.66 | \$ 15.58 | \$ 16.02 | \$ 16.47 | \$ 16.47 | \$ 16.56 | \$ 17.09 | \$ 17.26 | \$ 17.65 | \$ 17.65 | \$ 19.00 |
| Tangible Book Value | \$ 4.05 | \$ 4.27 | \$ 1.57 | \$ 1.51 | \$ 1.73 | \$ 2.17 | \$ 2.17 | \$ 2.19 | \$ 2.54 | \$ 2.53 | \$ 2.69 | \$ 2.69 | \$ 3.18 |
| Net LT Debt / Total Cap | 21.4% | 17.8% | 29.4% | 30.9% | 30.0% | 27.7% | 27.7% | 31.5% | 28.0% | 25.9% | 21.8% | 21.8% | 19.8% |
| Net Total Debt / Total Cap | 23.9% | 19.7% | 30.9% | 32.4% | 31.5% | 29.5% | 29.5% | 33.2% | 30.3% | 28.4% | 24.5% | 24.5% | 22.7% |
| Gross Debt / TTM Adj EBITDA | 2.9x | 2.9x | 3.1x | 3.2x | 3.4x | 3.4x | 3.4x | 3.2x | 2.9x | 2.7x | 2.7x | 2.7x | 2.7x |
| TTM ROE--unadjusted | -4.9% | -1.3% | -2.2% | -3.2% | -3.7% | 5.2% | 5.2% | 7.0% | 8.5% | 8.7% | 7.2% | 7.2% | 7.3% |

Source: Company reports and Hilliard Lyons estimates

Analyst Certifications

I, Spencer E. Joyce, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

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

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 revenues, volatility, low trading volume or a narrow customer or product base

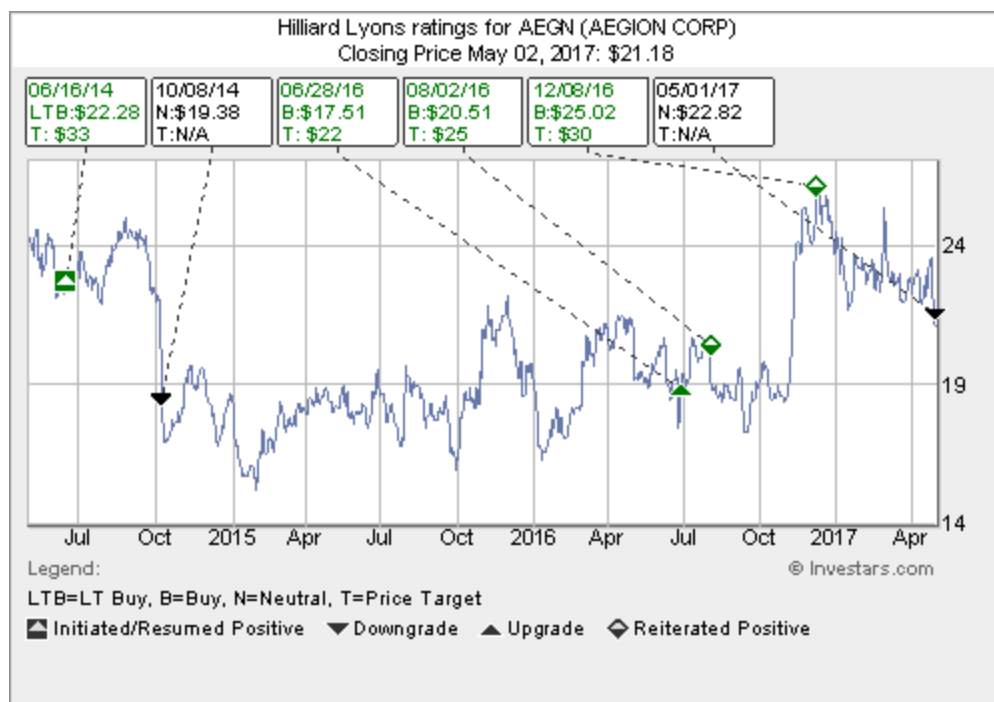
Investment Ratings

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 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 setback in the next 12 months.



| Rating | Hilliard Lyons Recommended Issues | | Investment Banking Provided in Past 12 Mo. | |
|--------------|--------------------------------------|------------------------|---|------------|
| | # of Stocks Covered | % of Stocks Covered | Banking | No Banking |
| Buy | 36 | 30% | 14% | 86% |
| Hold/Neutral | 71 | 58% | 6% | 94% |
| Sell | 15 | 12% | 7% | 93% |

As of 5 April 2017

Other Disclosures

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