



COMPANY UPDATE / ESTIMATE CHANGE / TARGET CHANGE

Key Metrics

EBAY - NASDAQ - as of 7/20/17	\$37.18
Price Target	\$41.00
52-Week Range	\$27.28 - \$37.48
Diluted Shares Outstanding (mm)	1,082
Market Cap. (\$mm)	\$40,241
1-Mo. Average Daily Volume	9,410,915
Institutional Ownership	86.7%
Debt/Total Capital (net) Q2'17	0%
ROE	82.9%
Book Value / Share	\$10.66
Price / Book Value	3.5x
Dividend Yield	0.0%
LTM EBITDA Margin	31.5%

non GAAP EPS FY 12/31

	2016A	Prior 2017E	Current 2017E	Prior 2018E	Current 2018E
1Q	\$0.47		\$0.49 A	\$0.55	\$0.52
2Q	\$0.43		\$0.45 A	\$0.54	\$0.54
3Q	\$0.45	\$0.48	\$0.48	\$0.54	\$0.57
4Q	\$0.54	\$0.59	\$0.59	\$0.65	\$0.66
Year	\$1.89	\$2.00	\$2.00	\$2.27	\$2.29
P/E	19.7x		18.6x		16.2x

*Columns may not equal due to rounding

Revenue (\$mil)

	2016A	Prior 2017E	Current 2017E	Prior 2018E	Current 2018E
1Q	\$2,137		\$2,217 A	\$2,322	\$2,353
2Q	\$2,230		\$2,328 A	\$2,446	\$2,452
3Q	\$2,217	\$2,319	\$2,353	\$2,427	\$2,477
4Q	\$2,395	\$2,523	\$2,534	\$2,637	\$2,681
Year	\$8,979	\$9,369	\$9,433	\$9,831	\$9,963

eBay Inc – is a leading global online marketplace with 171 million active buyers in 190 countries with brands that include eBay, eBay Classifieds and StubHub. The company currently has over 1 billion live listings with GMV sales totaling \$83.75 billion in 2016. Ebay was founded in 1995 in San Jose, CA. and ranks as a leading global retail brand.

eBay Inc.

EBAY - NASDAQ – Long-term Buy - 2

Solid Q2 Results; FY Guidance Maintained; \$3 Billion Share Repurchase Announced; Raising PT to \$41

- Key Metrics.** eBay reported 171 million active buyers, up 2 million q/q. Active buyer growth was stable during the quarter increasing 4.2% y/y vs. 4.3% last quarter. New buyer acquisition was strong from growth initiatives such as structured data pages, user optimized homepages, guaranteed 3 day delivery, price match guarantee, and brand investments. Total gross merchandise value (GMV) of \$21.5 billion increased 3% y/y. GMV was slightly above our \$21.3 billion view, while the company’s take rate of 8.46% slightly beat our 8.45% estimate. Significant take rate upside was held back by weaker than modeled StubHub GMV (which has a significantly higher take rate) due to a poor US events calendar in the quarter vs. last year.
- Results.** eBay reported total revenue of \$2.328 billion, up 4% y/y or 7% in constant currency, beating our \$2.310 billion view. Non GAAP EPS of \$0.45 matched our view and the consensus estimate of \$0.45. Operating margin declined 180 bps y/y due to increased brand advertising and spending on growth initiatives, offset by improved leverage. Free cash flow decreased to \$517 million largely due to a cash tax payment. Net cash and investments totaled \$2.3 billion or \$2.11 per share. The company repurchased \$507 million in EBAY shares during the quarter and has about \$479 million remaining under the old repurchase agreement. The Board approved a new \$3 billion repurchase plan, representing ~7.5% of outstanding shares.
- Guidance.** Q3 guidance was mixed vs. our prior view, while FY guidance was maintained. EBay provided a Q3 revenue outlook of \$2.35 billion to \$2.39 billion, above our prior view of \$2.319 billion, however EPS guidance was provided of \$0.46-\$0.48 compared to our prior \$0.48 estimate. FY’17 revenue and EPS guidance was maintained at \$9.3 billion to \$9.5 billion and \$1.98 to \$2.03.
- Outlook.** We maintain our \$0.48 Q3 EPS estimate on improving GMV growth offset by higher operating expense. Our FY’17 revenue estimate increases to \$9.353 billion while our EPS estimate has been maintained at \$2.00. We raise our FY’18 EPS forecast to \$2.29 on revenue of \$9.963 billion, above our prior view of \$2.27 and \$9.831 billion.
- Opinion.** Q2 results were slightly ahead of our expectations, while Q3 guidance was mixed vs. our forecast. We have a positive view of eBay’s strategic direction and expect a higher degree of GMV improvement going forward. We maintain our Long-term Buy rating and raise our price target to \$41. We derive our FYE’18 price target based on EBAY shares trading at 18x our FYE’18 EPS estimate of \$2.29.

Note Important Disclosures on Pages 7-8
Note Analyst Certification on Page 7

ADDITIONAL DISCUSSION

We believe the 171 million active buyer count was positive but future quarters are expected to build on these gains as we expect continued success in eBay's new strategy. We expect new buyer acquisition to improve further as eBay fully launches its new services and marketing strategy globally. As previously noted, eBay has made a \$500 million cash investment for an equity stake in India's Flipkart and subsequently sold eBay's India business to the company. This transaction will lower eBay's active buyer count by roughly 4 million upon closing, however we expect the partnership to provide global growth opportunities beyond India. **During Q2, active buyer count would have accelerated 5% vs. 4% excluding buyers in India.** eBay is also changing its promoted listing advertising strategy. It has begun to shift from selling third party ads which previously directed buyers away from the eBay Marketplace to a strategy of placing promoted listing ads directing buyers to the eBay Marketplace which is expected to boost sales but lower marketing revenue going forward.

Marketplace GMV increased 6% in constant currency, a 1 percentage increase driven by strength in the U.S. where eBay has initially rolled out its new strategy. **Marketplace net transaction revenue grew 4.5% y/y to \$1.590 billion, its fastest growth rate since 2014,** representing 68% of total revenue. Marketplace net transaction revenue increased more than GMV due to a take rate of 7.77% vs. 7.69% last year. **Business to consumer GMV grew 6% y/y, twice as fast as consumer to consumer GMV.** We believe the B2C business will continue to outperform as eBay's strategy shifts to offer consumers differentiated products as seen through partnerships with Disney and Google. We also believe an increased number of eBay business sellers, which accelerated in Q2, will expand product selection including products from eBay's recent partnership with Shopify merchants. eBay's structured data initiative is boosting traffic and conversion rates and we expect to boost results as the initiative is further rolled out.

StubHub GMV decreased 5% y/y to \$1.01 billion, on tough comps in the U.S. market. Net transaction revenue increased 5% in constant currency from the prior year period to \$227 million. The increase in StubHub's net transaction revenue was the result of higher take rate which increased to 22.5% vs. 21.2% last year, which was boosted by the acquisition of Ticketbis.

Marketing Services and Other (MS&O) revenue increased 5.6% y/y to \$511 million representing 22% of total revenue. Growth decelerated from 14% last year from the shift in advertising strategy mentioned above. Classifieds revenue of \$219 million increased 5.8% y/y (11% in F/X neutral terms) which largely matched our \$222 million view, however this slowed considerably due to the shift of international usage to mobile devices which has a lower monetization level. Classifieds is expected to benefit from improvements to eBay's mobile offerings and integration of Marketplace offerings longer term.

eBay Inc. Consolidated Statement of Income (in millions except per share data)

	2013	2014	2015	2016	Q1'17	Q2'17	Q3'17E	Q4'17E	2017E	Q1'18E	Q2'18E	Q3'18E	Q4'18E	2018E
Net Revenue	\$ 8,257	\$ 8,790	\$ 8,592	\$ 8,979	\$ 2,217	\$ 2,328	\$ 2,353	\$ 2,534	\$ 9,433	\$ 2,353	\$ 2,452	\$ 2,477	\$ 2,681	\$ 9,963
Cost of revenue	1,492	1,598	1,712	1,962	497	540	549	556	2,142	521	554	560	587	2,222
Gross Profit	6,765	7,192	6,880	7,017	1,720	1,788	1,805	1,978	7,291	1,832	1,898	1,917	2,094	7,740
Operating expense														
Sales and marketing	2,144	2,348	2,173	2,273	541	609	618	627	2,395	582	635	636	664	2,516
Product development	915	862	814	959	242	263	254	267	1,026	257	264	255	282	1,058
General and administrative	880	755	741	773	210	218	221	229	877	222	218	219	250	909
Provision for transaction losses	236	262	271	231	62	63	65	66	256	65	65	67	69	266
Amortization of acquired intangible assets	136	-	-	(9)	-	-	-	-	-	-	-	-	-	-
Non-GAAP Total Operating Expenses	\$ 4,311	\$ 4,227	\$ 3,999	\$ 4,227	\$ 1,055	\$ 1,153	\$ 1,158	\$ 1,189	\$ 4,555	\$ 1,126	\$ 1,181	\$ 1,177	\$ 1,265	\$ 4,749
Non-GAAP Income from Operations	\$ 2,454	\$ 2,965	\$ 2,881	\$ 2,790	\$ 665	\$ 635	\$ 647	\$ 790	\$ 2,737	\$ 706	\$ 717	\$ 739	\$ 830	\$ 2,992
Interest and Other Income	117	39	-55	-43	-4	-18	-13	5	-30	-10	-10	-10	10	-20
Non-GAAP Income Before Provision for Income Taxes	\$ 2,571	\$ 3,004	\$ 2,826	\$ 2,747	\$ 661	\$ 617	\$ 634	\$ 795	\$ 2,707	\$ 696	\$ 707	\$ 729	\$ 840	\$ 2,972
Provision for income taxes	-504	-618	-594	-591	-123	-124	-119	-171	-537	-148	-144	-145	-179	-616
Non-GAAP Net Income	\$ 2,067	\$ 2,386	\$ 2,232	\$ 2,156	\$ 538	\$ 493	\$ 515	\$ 624	\$ 2,170	\$ 548	\$ 563	\$ 584	\$ 661	\$ 2,356
Diluted Shares Outstanding	1,313	1,262	1,220	1,144	1,102	1,091	1,080	1,060	1,083	1,047	1,036	1,026	1,007	1,029
Non-GAAP EPS	\$ 1.57	\$ 1.89	\$ 1.83	\$ 1.88	\$ 0.49	\$ 0.45	\$ 0.48	\$ 0.59	\$ 2.00	\$ 0.52	\$ 0.54	\$ 0.57	\$ 0.66	\$ 2.29
Y/Y Growth Rate														
Net Revenue		6.5%	-2.3%	4.5%	3.7%	4.4%	6.1%	5.8%	5.1%	6.1%	5.3%	5.2%	5.8%	5.6%
Cost of Revenue		7.1%	7.1%	14.6%	5.7%	10.4%	13.6%	6.9%	9.2%	4.9%	2.6%	2.1%	5.5%	3.8%
Total operating expenses		-1.9%	-5.4%	5.7%	10.7%	5.6%	8.1%	7.0%	7.7%	6.7%	2.4%	1.7%	6.4%	4.3%
Operating income		20.8%	-2.8%	-3.2%	-6.9%	-2.2%	-2.4%	3.4%	-1.9%	6.2%	12.9%	14.3%	5.1%	9.3%
Net income		15.4%	-6.5%	-3.4%	-2.2%	-0.6%	1.3%	3.7%	0.7%	1.8%	14.2%	13.4%	5.9%	8.6%
Diluted EPS		20.1%	-3.2%	3.0%	3.9%	4.7%	6.8%	9.5%	6.3%	7.2%	20.2%	19.4%	11.5%	14.3%
Diluted share count		-3.9%	-3.3%	-6.2%	-5.8%	-5.0%	-5.2%	-5.3%	-5.3%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
Percentage of Revenue														
Cost of Revenue	18.1%	18.2%	19.9%	21.9%	22.4%	23.2%	23.3%	21.9%	22.7%	22.1%	22.6%	22.6%	21.9%	22.3%
Gross Margin	81.9%	81.8%	80.1%	78.1%	77.6%	76.8%	76.7%	78.1%	77.3%	77.9%	77.4%	77.4%	78.1%	77.7%
Sales and marketing	26.0%	26.7%	25.3%	25.3%	24.4%	26.2%	26.3%	24.7%	25.4%	24.7%	25.9%	25.7%	24.8%	25.3%
Product development	11.1%	9.8%	9.5%	10.7%	10.9%	11.3%	10.8%	10.5%	10.9%	10.9%	10.8%	10.3%	10.5%	10.6%
General and administrative	10.7%	8.6%	8.6%	8.6%	9.5%	9.4%	9.4%	9.0%	9.3%	9.4%	8.9%	8.9%	9.3%	9.1%
Provision for transaction losses	2.9%	3.0%	3.2%	2.6%	2.8%	2.7%	2.8%	2.6%	2.7%	2.8%	2.7%	2.7%	2.6%	2.7%
Amortization of acquired intangible assets	1.6%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total operating expenses	52.2%	48.1%	46.5%	47.1%	47.6%	49.5%	49.2%	46.9%	48.3%	47.8%	48.2%	47.5%	47.2%	47.7%
Operating income	29.7%	33.7%	33.5%	31.1%	30.0%	27.3%	27.5%	31.2%	29.0%	30.0%	29.2%	29.8%	30.9%	30.0%
Non-GAAP Net Income	25.0%	27.1%	26.0%	24.0%	24.3%	21.2%	21.9%	24.6%	23.0%	23.3%	23.0%	23.6%	24.6%	23.6%

Source: Company data & Hilliard Lyons estimates, highlighted figures used for valuation methodology.

eBay Inc. Consolidated Balance Sheets (in millions except per share data)

	2014	Q1'15	Q2'15	Q3'15	Q4'15	2015	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17
Assets													
Cash and cash equivalents	\$ 4,105	\$ 3,106	\$ 2,409	\$ 2,387	\$ 1,832	\$ 1,832	\$ 2,686	\$ 2,001	\$ 1,753	\$ 1,816	\$ 1,816	\$ 1,979	\$ 2,636
Short term investments	3,730	4,182	3,721	2,914	4,299	4,299	5,327	6,085	6,292	5,333	5,333	4,775	6,381
Accounts receivable, net	600	535	581	595	619	619	599	628	626	592	592	592	619
Other current assets	1,048	1,127	1,192	1,152	1,154	1,154	1,091	1,200	1,112	1,134	1,134	1,147	1,270
Current assets of discontinued operations	17,048	17,564	20,646	1,232	-	-	-	-	-	-	-	-	-
Total current assets	26,531	26,514	28,549	8,280	7,904	7,904	9,703	9,914	9,783	8,875	8,875	8,493	10,906
Long term investments	5,736	5,608	3,623	3,572	3,391	3,391	3,370	3,541	3,921	3,969	3,969	4,540	4,754
Property and equipment, net	1,486	1,463	1,490	1,535	1,554	1,554	1,497	1,502	1,526	1,516	1,516	1,496	1,538
Goodwill	4,671	4,544	4,543	4,442	4,451	4,451	4,519	4,487	4,727	4,501	4,501	4,648	4,665
Intangible assets, net	133	113	97	90	90	90	82	74	117	102	102	86	92
Other assets	207	249	158	419	365	365	437	475	428	4,884	4,884	5,545	5,242
Long term assets of discontinued operations	6,368	6,350	7,198	-	-	-	-	-	-	-	-	-	286
Total assets	45,132	44,841	45,658	18,338	17,755	17,755	19,608	19,993	20,502	23,847	23,847	24,808	27,483
Liabilities and stockholders' equity													
Short term debt	850	868	865	625	-	-	6	-	1,449	1,451	1,451	2,210	2,215
Accounts payable	107	153	180	175	349	349	275	304	278	283	283	296	284
Accrued expenses and other current liabilities	3,830	3,452	3,062	3,106	1,736	1,736	1,651	1,718	1,813	1,893	1,893	1,693	1,870
Deferred revenue	108	109	125	137	106	106	115	116	116	110	110	112	125
Income taxes payable	125	78	75	57	72	72	60	68	107	110	110	122	102
Current liabilities of discontinued operations	12,511	12,951	12,753	336	-	-	-	-	-	-	-	-	-
Total current liabilities	17,531	17,611	17,060	4,436	2,263	2,263	2,107	2,206	3,763	3,847	3,847	4,433	4,596
Deferred and other tax liabilities	522	513	517	511	2,092	2,092	2,080	2,204	2,268	1,888	1,888	1,958	2,098
Long-term debt	6,777	6,795	6,757	6,814	6,749	6,749	9,030	9,054	7,582	7,509	7,509	6,756	9,251
Other liabilities	79	88	79	85	75	75	74	76	70	64	64	66	64
Long term liabilities of discontinued operations	317	296	1,440	-	-	-	-	-	-	-	-	-	-
Total liabilities	25,226	25,303	25,853	11,846	11,179	11,179	13,291	13,540	13,683	13,308	13,308	13,213	16,009
Stockholders' equity:													
Total stockholders' equity	19,906	19,538	19,805	6,492	6,576	6,576	6,317	6,453	6,819	10,539	10,539	11,595	11,474
Total liabilities and stockholders' equity	45,132	44,841	45,658	18,338	17,755	17,755	19,608	19,993	20,502	23,847	23,847	24,808	27,483

Source: Company data

OUTLOOK

Our long-term investment thesis is based on continued global macro-level ecommerce industry growth trends, company specific product initiatives, improving new buyer acquisition, and an attractive relative valuation. Robust international ecommerce growth above 20% per year is expected near term, while slower growing developed markets including the U.S., remain underpenetrated at sub-10% of total retail sales.

eBay is spending aggressively on product development, including an updated homepage, mobile app, the use of structured data to improve search engine optimization, conversion rates, and cross selling opportunities. We expect these initiatives as well as new category branding, shopbots (artificial intelligence), a new authentication service, new mobile payment partners, product listing ads, guaranteed 3 day delivery/free shipping, partnerships, and niche acquisitions will narrow the gap Amazon and ecommerce competitors have sustained by enhancing product content.

We believe eBay has an achievable near-term organic growth strategy. We believe the increased spending on product development including the company's structured data initiative, product offering expansion, and enhanced product content can provide sustained GMV growth and improve the take rate longer term. We believe eBay can grow top line results through inorganic opportunities such as continued global M&A activity such as the Flipkart stake and Ticketbis acquisition. Longer term, we expect margin normalization; however near-term margins are expected to remain negatively impacted by higher product development and marketing spending. We expect continued solid free cash flow generation to allow for continued share repurchases of \$3.5 billion, representing over 8% of outstanding shares and further M&A activity.

We forecast continued improvement in GMV growth and net transaction revenue offset by higher levels of spending on growth initiatives continuing to weigh on Q3 profitability. We expect Q3'17 EPS of \$0.48 on revenue growth of 6.1% to \$2.35 billion, vs. our prior outlook of \$0.48 on revenue of \$2.32 billion. We expect total GMV of \$19.87 billion and a take rate of 8.75%, resulting in net transaction revenue of \$1.843 billion. We forecast marketing services and other revenue of \$510 million. Our FY'17 EPS outlook remains \$2.00, the middle of management's guidance range. We increase our revenue projection to \$9.432 billion from \$9.369 billion. This represents revenue growth of 5.1%, the midpoint of management's guidance range. This could increase throughout 2017 if F/X movements improve and new buyer/product growth initiatives are more fully available. Our forecast calls for operating margin to remain impacted at 27.5%, again offset by strong GMV growth and a 5% share count reduction, resulting in 6.8% Q3 EPS growth. We are again raising our FY'18 EPS forecast to \$2.29 on revenue of \$9.963 billion, above our prior view of \$2.27 on revenue of \$9.831 billion. We forecast long-term mid-single digit revenue growth from organic and inorganic opportunities, long term operating margin normalization, and continued share repurchases through sustainable levels of high free cash flow generation.

VALUATION

In our opinion, shares of EBAY represent a suitable investment opportunity for those investors seeking an attractively priced global internet retailer undertaking what we believe is an achievable growth strategy that we expect to boost long-term shareholder value. We believe eBay remains undervalued based on this transformative period, despite EBAY shares advancing 22% YTD. Based on our 2018 EPS estimate of \$2.29, shares currently trade at a 15.9x forward multiple based on today's intraday share price of \$36.46. EBAY shares trade below that of similar internet software & service industry peers, the S&P 500 Index, the Consumer Discretionary sector, and many traditional brick-and-mortar retailers who are increasingly finding it difficult to attract foot traffic to their stores. We believe management's strategy and growth initiatives could further boost EBAY's forward multiple from today's 18x, but we have guided conservatively in our forecast, increasing our forward multiple from 17x to the current 18x forward multiple on eBay's improved growth profile.

We maintain our Long-term Buy rating and suitability rating of 2 based on eBay's potential long-term revenue and free cash flow growth, healthy balance sheet, and geographic diversification. We raise our price target to \$41 from \$38.50. We derive our FYE'18 price target based on EBAY shares trading at 18x our FYE'18 EPS estimate of \$2.29. We increase our forward multiple based on accelerating EPS growth over our investment timeframe above that of 2015 and 2016. Despite raising our multiple, it compares favorably to the 23x forward multiple of the overall sector, and the 19.7x forward multiple of the S&P 500 Index. Our FYE'18 price target offers a potential return of 12.5% based on EBAY's intraday share price of \$36.46. We believe EBAY represents a superior investment within internet retail on a risk-adjusted return basis and should appeal to value investors within the technology sector.

EBAY Forward Multiple vs. Sector and S&P 500 Index



Source: Thomson Reuters

SUITABILITY

We assign shares of EBAY a suitability rating of 2 on our scale of 1-4 (1 = most conservative, 4 = most aggressive). A 2 rating is given based on eBay's recent divestitures while also incorporating the company's industry leading market position, global scale, and profitability. We also believe the company has a solid balance sheet and generates significant free cash flow. We believe a suitability rating of 2 incorporates these attributes. Shares of EBAY are suitable for growth oriented investors seeking long-term capital appreciation, in our view.

RISKS & CONSIDERATIONS

Risks to our valuation include but are not limited to:

- An ongoing concern includes the 2014 data breach that required eBay to reset consumer passwords which reduced eBay's growth profile.
- The unlawful distribution of user information, or the hacking of user information by an outside party and other privacy concerns that may drive users away from the site or create an unwillingness of buyers to transact with unknown sellers
- Google's search engine algorithm changes. These changes increased eBay's user acquisition costs.
- The ability to grow and/or retain the eBay marketplace of buyers and sellers and their current level of engagement
- The inability by eBay to further monetize mobile products, as customers shift shopping patterns.
- The threat of increased competition, through online, mobile app or offline sources that could draw ecommerce dollars away from eBay
- The threat of eBay infrastructure failure, causing site downtime
- Regulations, tariffs, taxes, and restrictions imposed on eBay by U.S. or foreign governments
- Global macroeconomic risks resulting from uneven geographic performance and currency fluctuations which may reduce eBay revenue
- Other risks include: seasonal buying patterns of eBay consumers; rapid technological change; financial indebtedness offset with overseas cash; acquisition integration risks and unintended consequences resulting from recent divestitures; and the loss of key eBay executives.

Additional information is available upon request.

Other stocks mentioned: Alphabet Inc. (GOOGL-\$992.19-Neutral), Walt Disney (DIS-\$107.36 -Long term Buy), Shopify (SHOP-\$90.87), PayPal Holdings (PYPL-\$59.09), and Amazon (AMZN-\$1028.70).

Analyst Certification

I, Stephen Turner, 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.

The author of this report or members of his household have a long position in the common stock of eBay Inc., but may not engage in buying or selling contrary to our recommendation.

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.



Note: The chart above reflects the spinoff of PayPal which adjusted shares by 42% of their former value on 7-17-15.

Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	36	29%	14%	86%
Hold/Neutral	79	63%	5%	95%
Sell	10	8%	0%	100%

As of 7 July 2017

Other Disclosures

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. Employees of J.J.B. Hilliard, W.L. Lyons, LLC or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed here.

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