


**COMPANY UPDATE / ESTIMATE CHANGE / TARGET CHANGE**
**Key Metrics**

EBAY - NASDAQ - as of	10/18/17	\$37.97
Price Target		\$44.00
52-Week Range	\$27.28 -	\$39.28
Diluted Shares Outstanding (mm)		1,070
Market Cap. (\$mm)		\$40,640
1-Mo. Average Daily Volume		7,845,006
Institutional Ownership		87.0%
Debt/Total Capital (net)	Q3'17	0%
ROE		83.2%
Book Value / Share		\$10.62
Price / Book Value		3.6x
Dividend Yield		0.0%
LTM EBITDA Margin		31.2%

**non GAAP EPS FY 12/31**

	Prior	Current		Prior	Current
	2016A	2017E	2017E	2018E	2018E
1Q	\$0.47	\$0.49	A	\$0.52	\$0.51
2Q	\$0.43	\$0.45	A	\$0.54	\$0.52
3Q	\$0.45	\$0.48	A	\$0.57	\$0.56
4Q	\$0.54	\$0.59	\$0.59	\$0.66	\$0.63
Year	\$1.89	\$2.00	\$2.00	\$2.29	\$2.21
P/E	20.1x	19.0x			17.2x

\*Columns may not equal due to rounding

**Revenue (\$mil)**

	Prior	Current		Prior	Current
	2016A	2017E	2017E	2018E	2018E
1Q	\$2,137	\$2,217	A	\$2,353	\$ 2,355
2Q	\$2,230	\$2,328	A	\$2,452	\$ 2,472
3Q	\$2,217	\$2,409	A	\$2,477	\$ 2,494
4Q	\$2,395	\$2,534	\$2,597	\$2,681	\$ 2,703
Year	\$8,979	\$9,433	\$9,551	\$9,963	\$10,024

*eBay Inc – is a leading global online marketplace with 168 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**
**Q3 Results Provide Buying Opportunity; Raising PT to \$44**

- Key Metrics.** eBay reported 168 million active buyers, down 3 million buyers sequentially. On an as reported basis active buyer growth increased a less than expected 1.8% y/y during the quarter vs. 4.2% growth last quarter. This was due to a \$500 million investment for an equity stake in India's Flipkart while subsequently selling eBay's India business to the company. The transaction was expected to lower eBay's active buyer count by 4-5 million upon closing. On an adjusted basis, eBay's active buyer count in the quarter was again strong increasing ~2 million or up 5% y/y. New buyer acquisition was solid from growth initiatives such as structured data pages, user optimized pages, guaranteed 3 day delivery, price match guarantee, promoted listings, new business sellers, simplification of the C2C business, improved SEO, and brand investments. Total gross merchandise value (GMV) of \$21.68 billion significantly beat our \$21.06 billion view, increasing 7.8% y/y, its fastest growth in over 3 years. The company's total take rate of 8.67% missed our 8.75% estimate but was largely in line with last year's 8.68% rate. The lower take rate was the result of weaker than modeled StubHub GMV (which has a significantly higher take rate) due to a poor US events calendar and global terrorism in the quarter vs. last year, however Stubhub's take rate improved to a record 23.5%.
- Results.** eBay reported total revenue of \$2.409 billion, up 8.7% y/y, beating our \$2.353 billion view. Non GAAP EPS of \$0.48 increased 7% y/y, matching our \$0.48 view and the consensus estimate. Gross margin declined 50 bps which led to an operating margin decline of 30 bps y/y as spending on growth initiatives was relatively flat. Free cash flow increased 17% y/y to \$720 million. Net cash and investments totaled \$1.4 billion or \$2.17 per share. The company repurchased \$907 million in EBAY shares during the quarter and has \$2.6 billion remaining under the repurchase agreement. The lower share count was neutralized by a higher tax rate in the quarter.
- Opinion:** Q3 results were slightly ahead of our expectation, while Q4 guidance was mixed vs. our forecast due to near term margin pressure from increased spending on growth initiatives against the Street's lofty expectations. We continue to view eBay's turnaround strategy as positive and expect a higher degree of improvement going forward. We expect significant and positive change at eBay over the next 2-3 years which will place the company in an elite group of only a few global retail brands. We view any near term share price weakness resulting from the expectation of slight margin compression as a buying opportunity. As we roll our estimates forward 12 months to FYE'19, we subsequently raise our price target to \$44 from \$41 while maintaining our Long term Buy rating.

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

**ADDITIONAL DISCUSSION**

eBay reported 168 million active buyers, increasing ~2 million, or up 5% y/y on an apples to apples comparison following the sale of eBay's India business. New buyer acquisition was stable from growth initiatives in the Marketplace business such as structured data pages, user optimized pages, guaranteed 3 day delivery, price match guarantee, promoted listings, new business sellers, simplification of the C2C business, improved SEO, and brand investments. This was offset by weakness at StubHub which suffered from a poor US live event schedule and global terrorism concerns. We believe active buyer count will continue to build as we expect continued success in eBay's new growth strategy. We expect new buyer acquisition to improve further as eBay fully launches its new services and marketing strategy globally.

Total gross merchandise value (GMV) of \$21.68 billion significantly beat our \$21.06 billion view, increasing 7.8% y/y, its fastest growth in over 3 years. The company's total take rate of 8.67% missed our 8.75% estimate but was largely in line with last year's 8.68% rate. Marketplace GMV increased 8%, vs. 3.4% last quarter driven by strength in the U.S. where eBay had first rolled out its new strategy. Marketplace net transaction revenue grew 8.2% y/y to \$1.606 billion, a multi-year high growth rate, representing 67% of total revenue. Marketplace net transaction revenue increased slightly more than GMV due to a take rate of 7.83% vs. 7.82% last year. Business to consumer GMV grew 7% y/y and consumer to consumer GMV jumped 9%. StubHub GMV increased 1.8% y/y to \$1.162 billion, less than expected and with tough y/y comparisons. StubHub's net transaction revenue increased 4.6% from the prior year period to \$273 million. The increase in StubHub's net transaction revenue was the result of higher take rate which increased to a record 23.5% vs. 22.85% last year. StubHub GMV weakness was due to a light live event calendar in the U.S., competitive pressures, and global terrorism concerns by event goers. Marketing Services and Other (MS&O) revenue increased 12.3% y/y to \$530 million representing 22% of total revenue. Growth accelerated from strength in the Classifieds business. Classifieds revenue of \$235 million increased 19.3% y/y, boosted by the weaker Dollar.

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

	2014	2015	2016	Q1'17	Q2'17	Q3'17	Q4'17E	2017E	2018E	2019E
<b>Net Revenue</b>	<b>\$ 8,790</b>	<b>\$ 8,592</b>	<b>\$ 8,979</b>	<b>\$ 2,217</b>	<b>\$ 2,328</b>	<b>\$ 2,409</b>	<b>\$ 2,597</b>	<b>\$ 9,551</b>	<b>\$ 10,024</b>	<b>\$ 10,498</b>
Cost of revenue	1,598	1,712	1,962	497	540	537	579	2,153	2,282	2,379
<b>Gross Profit</b>	<b>7,192</b>	<b>6,880</b>	<b>7,017</b>	<b>1,720</b>	<b>1,788</b>	<b>1,872</b>	<b>2,017</b>	<b>7,397</b>	<b>7,742</b>	<b>8,119</b>
Operating expense										
Sales and marketing	2,348	2,173	2,273	541	609	608	650	2,408	2,537	2,659
Product development	862	814	959	242	263	271	280	1,056	1,103	1,160
General and administrative	755	741	773	210	218	212	243	883	918	970
Provision for transaction losses	262	271	231	62	63	68	71	264	266	269
Amortization of acquired intangible assets	-	-	(9)	-	-	-	-	-	-	-
<b>Non-GAAP Total Operating Expenses</b>	<b>\$ 4,227</b>	<b>\$ 3,999</b>	<b>\$ 4,227</b>	<b>\$ 1,055</b>	<b>\$ 1,153</b>	<b>\$ 1,159</b>	<b>\$ 1,243</b>	<b>\$ 4,610</b>	<b>\$ 4,824</b>	<b>\$ 5,058</b>
<b>Non-GAAP Income from Operations</b>	<b>\$ 2,965</b>	<b>\$ 2,881</b>	<b>\$ 2,790</b>	<b>\$ 665</b>	<b>\$ 635</b>	<b>\$ 713</b>	<b>\$ 774</b>	<b>\$ 2,787</b>	<b>\$ 2,918</b>	<b>\$ 3,061</b>
Interest and Other Income	39	-55	-43	-4	-18	-48	5	-65	-40	-20
<b>Non-GAAP Income Before Provision for Income Taxes</b>	<b>\$ 3,004</b>	<b>\$ 2,826</b>	<b>\$ 2,747</b>	<b>\$ 661</b>	<b>\$ 617</b>	<b>\$ 665</b>	<b>\$ 779</b>	<b>\$ 2,722</b>	<b>\$ 2,878</b>	<b>\$ 3,041</b>
Provision for income taxes	-618	-594	-591	-123	-124	-151	-157	-555	-599	-616
<b>Non-GAAP Net Income</b>	<b>\$ 2,386</b>	<b>\$ 2,232</b>	<b>\$ 2,156</b>	<b>\$ 538</b>	<b>\$ 493</b>	<b>\$ 514</b>	<b>\$ 622</b>	<b>\$ 2,167</b>	<b>\$ 2,278</b>	<b>\$ 2,425</b>
Diluted Shares Outstanding	1,262	1,220	1,144	1,102	1,091	1,078	1,060	1,083	1,029	994
<b>Non-GAAP EPS</b>	<b>\$ 1.89</b>	<b>\$ 1.83</b>	<b>\$ 1.88</b>	<b>\$ 0.49</b>	<b>\$ 0.45</b>	<b>\$ 0.48</b>	<b>\$ 0.59</b>	<b>\$ 2.00</b>	<b>\$ 2.21</b>	<b>\$ 2.44</b>
<b>Y/Y Growth Rate</b>										
Net Revenue	6.5%	-2.3%	4.5%	3.7%	4.4%	8.7%	8.4%	6.4%	4.9%	4.7%
Cost of Revenue	7.1%	7.1%	14.6%	5.7%	10.4%	11.2%	11.4%	9.8%	6.0%	4.2%
Total operating expenses	-1.9%	-5.4%	5.7%	10.7%	5.6%	8.2%	11.9%	9.1%	4.6%	4.9%
Operating income	20.8%	-2.8%	-3.2%	-6.9%	-2.2%	7.6%	1.3%	-0.1%	4.7%	4.9%
Net income	15.4%	-6.5%	-3.4%	-2.2%	-0.6%	1.0%	3.5%	0.5%	5.1%	6.4%
Diluted EPS	20.1%	-3.2%	3.0%	3.9%	4.7%	6.7%	9.3%	6.2%	10.7%	10.1%
Diluted share count	-3.9%	-3.3%	-6.2%	-5.8%	-5.0%	-5.4%	-5.3%	-5.4%	-5.0%	-3.4%
<b>Percentage of Revenue</b>										
Cost of Revenue	18.2%	19.9%	21.9%	22.4%	23.2%	22.3%	22.3%	22.5%	22.8%	22.7%
Gross Margin	81.8%	80.1%	78.1%	77.6%	76.8%	77.7%	77.7%	77.5%	77.2%	77.3%
Sales and marketing	26.7%	25.3%	25.3%	24.4%	26.2%	25.2%	25.0%	25.2%	25.3%	25.3%
Product development	9.8%	9.5%	10.7%	10.9%	11.3%	11.2%	10.8%	11.1%	11.0%	11.1%
General and administrative	8.6%	8.6%	8.6%	9.5%	9.4%	8.8%	9.3%	9.2%	9.2%	9.2%
Provision for transaction losses	3.0%	3.2%	2.6%	2.8%	2.7%	2.8%	2.7%	2.8%	2.7%	2.6%
Amortization of acquired intangible assets	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total operating expenses	48.1%	46.5%	47.1%	47.6%	49.5%	48.1%	47.9%	48.3%	48.1%	48.2%
Operating income	33.7%	33.5%	31.1%	30.0%	27.3%	29.6%	29.8%	29.2%	29.1%	29.2%
Non-GAAP Net Income	27.1%	26.0%	24.0%	24.3%	21.2%	21.3%	24.0%	22.7%	22.7%	23.1%

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	Q3'17
<b>Assets</b>														
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	\$ 1,760
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	4,270
Accounts receivable, net	600	535	581	595	619	619	599	628	626	592	592	592	619	626
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	1,202
Current assets of discontinued operations	17,048	17,564	20,646	1,232	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>26,531</b>	<b>26,514</b>	<b>28,549</b>	<b>8,280</b>	<b>7,904</b>	<b>7,904</b>	<b>9,703</b>	<b>9,914</b>	<b>9,783</b>	<b>8,875</b>	<b>8,875</b>	<b>8,493</b>	<b>10,906</b>	<b>7,858</b>
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	6,302
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	1,546
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	4,669
Intangible assets, net	133	113	97	90	90	90	82	74	117	102	102	86	92	78
Other assets	207	249	158	419	365	365	437	475	428	4,884	4,884	5,545	5,242	5,490
Long term assets of discontinued operations	6,368	6,350	7,198	-	-	-	-	-	-	-	-	-	286	-
<b>Total assets</b>	<b>45,132</b>	<b>44,841</b>	<b>45,658</b>	<b>18,338</b>	<b>17,755</b>	<b>17,755</b>	<b>19,608</b>	<b>19,993</b>	<b>20,502</b>	<b>23,847</b>	<b>23,847</b>	<b>24,808</b>	<b>27,483</b>	<b>25,943</b>
<b>Liabilities and stockholders' equity</b>														
Short term debt	850	868	865	625	-	-	6	-	1,449	1,451	1,451	2,210	2,215	749
Accounts payable	107	153	180	175	349	349	275	304	278	283	283	296	284	260
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	1,964
Deferred revenue	108	109	125	137	106	106	115	116	116	110	110	112	125	117
Income taxes payable	125	78	75	57	72	72	60	68	107	110	110	122	102	100
Current liabilities of discontinued operations	12,511	12,951	12,753	336	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>17,531</b>	<b>17,611</b>	<b>17,060</b>	<b>4,436</b>	<b>2,263</b>	<b>2,263</b>	<b>2,107</b>	<b>2,206</b>	<b>3,763</b>	<b>3,847</b>	<b>3,847</b>	<b>4,433</b>	<b>4,596</b>	<b>3,190</b>
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	2,157
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	9,249
Other liabilities	79	88	79	85	75	75	74	76	70	64	64	66	64	64
Long term liabilities of discontinued operations	317	296	1,440	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>25,226</b>	<b>25,303</b>	<b>25,853</b>	<b>11,846</b>	<b>11,179</b>	<b>11,179</b>	<b>13,291</b>	<b>13,540</b>	<b>13,683</b>	<b>13,308</b>	<b>13,308</b>	<b>13,213</b>	<b>16,009</b>	<b>14,660</b>
<b>Stockholders' equity:</b>														
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	11,283
<b>Total liabilities and stockholders' equity</b>	<b>45,132</b>	<b>44,841</b>	<b>45,658</b>	<b>18,338</b>	<b>17,755</b>	<b>17,755</b>	<b>19,608</b>	<b>19,993</b>	<b>20,502</b>	<b>23,847</b>	<b>23,847</b>	<b>24,808</b>	<b>27,483</b>	<b>25,943</b>

Source: Company data

**OUTLOOK**

Management provided a Q4 revenue outlook of \$2.58 billion to \$2.62 billion with a midpoint of \$2.60 billion, well above our prior view of \$2.534 billion. EPS guidance was provided of \$0.57-\$0.59, with our prior \$0.59 estimate coming in at the high end of the range on slightly higher expenses due to eBay's growth strategy. The lower than expected EPS guidance is due to a continued high level of spending on eBay growth initiatives. We believe this spending will provide a high level of return and is worth pursuing from a long term shareholder perspective. FY'17 revenue guidance was raised to \$9.53 billion to \$9.57 billion from \$9.30 billion to \$9.50 billion. The EPS range was tightened to \$1.99 to \$2.01 from \$1.98 to \$2.03 vs. our prior view of \$2.00.

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 industry-wide international ecommerce growth above 20% per year is expected near term, while slower growing developed markets including the U.S., remain underpenetrated at ~10% of total retail sales. We believe eBay has an achievable near-term organic revenue growth strategy and 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 also believe eBay has a significant opportunity to grow top line results through new sales channels and partnerships as well as inorganic opportunities such as continued global M&A activity. Longer term, we expect margin normalization; however near-term margins are expected to remain negatively impacted by higher product development, marketing spending, and accounting changes. We expect improving free cash flow generation to allow for continued share repurchases of \$2.6 billion, representing over 6.4% of outstanding shares.

We forecast continued improvement in GMV growth and net transaction revenue offset somewhat by higher levels of spending on growth initiatives weighing on Q4 profitability. We expect Q4'17 EPS of \$0.59 on revenue growth of 8.4% to \$2.597 billion. We expect total GMV of \$23.857 billion and a take rate of 8.47%, resulting in net transaction revenue of \$2.021 billion. We forecast marketing services and other revenue of \$576 million. Our FY'17 EPS outlook remains \$2.00, the middle of management's guidance range. We increase our revenue projection to \$9.551 billion from \$9.433 billion. This represents revenue growth of 6.4%. We lower our FY'18 EPS estimate to \$2.21 from \$2.29 on revenue of \$10.024 billion, an increase above our prior view of \$9.963 billion. We initiate our FY'19 EPS estimate of \$2.44, up 10% y/y, on revenue of \$10.498 billion, a 4.7% gain. We forecast long-term mid-single digit revenue growth, longer term 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. **We raise our price target on shares of EBAY to \$44 from \$41 as we roll forward our earnings model to FYE'19.** We base our higher target on our 2019 EPS estimate of \$2.44 multiplied by an 18x forward multiple, which is in line with our prior forward multiple. Shares currently trade at an 18.5x forward multiple based on today's intraday share price of \$37.20. We believe an 18x multiple is appropriate based our view of continued strong revenue growth offset by slight margin compression. 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 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.** Our FYE'19 price target offers a potential return of 18% based on EBAY's intraday share price of \$37.20. 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
- Search engine algorithm changes. These changes increase 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.*

### 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

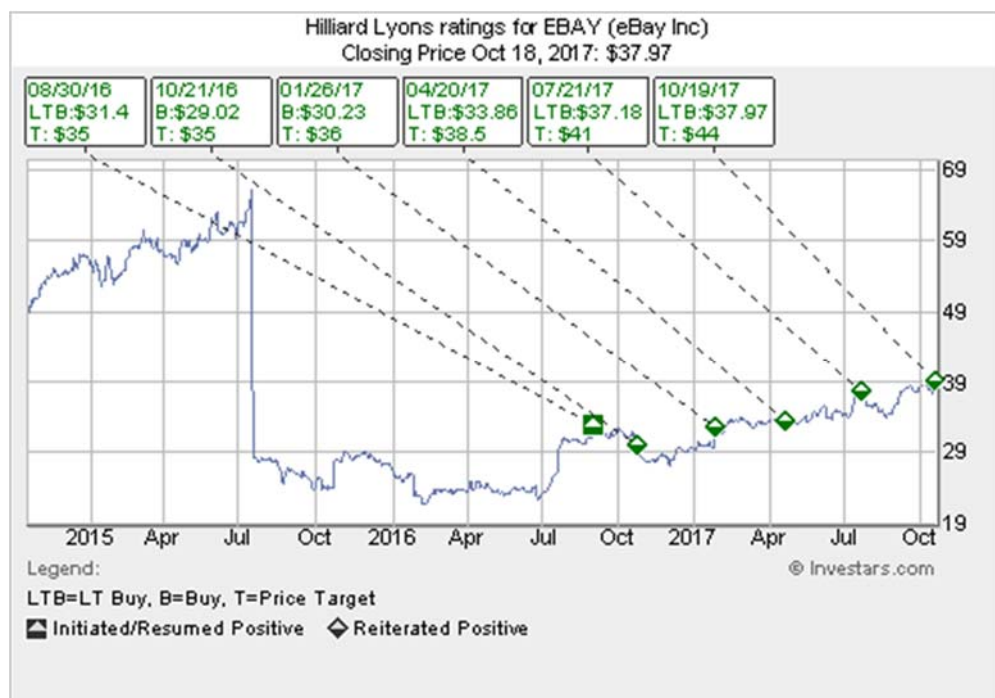
### Investment Ratings

**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.

	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of	% of		
<b>Rating</b>	<b>Stocks Covered</b>	<b>Stocks Covered</b>	<b>Banking</b>	<b>No Banking</b>
<b>Buy</b>	39	32%	8%	92%
<b>Hold/Neutral</b>	74	60%	9%	91%
<b>Sell</b>	8	7%	0%	100%
<b>Restriction</b>	2	2%	100%	0%

*As of 5 October 2017*

#### Other Disclosures

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