



COMPANY UPDATE / ESTIMATE CHANGE

Key Metrics

GOOGL - NASDAQ - as of 7/24/17	\$998.31
Price Target	\$1,000.00
52-Week Range	\$743.59 - \$1,008.61
Diluted Shares Outstanding (mil)	703.5
Market Cap. (\$mil)	\$702,314.1
1-Mo. Average Daily Volume	1,911,354
Institutional Ownership (%)	71.16
Debt/Total Capital (net)	Q2'17 0%
ROE	LTM 15.4%
Book Value / Share	\$209.60
Price / Book Value	4.8x
Dividend Yield	0.0%
LTM EBITDA Margin	33.0%

EPS FY 12/31 (GAAP figures)

	Prior	Current		Prior	Current
	2016A	2017E		2018E	2018E
1Q	\$6.02	\$7.73	A	\$8.51	\$ 8.51
2Q	\$7.00	\$5.01	A	\$9.17	\$ 9.17
3Q	\$7.25	\$8.04		\$10.55	\$ 9.90
4Q	\$7.56	\$9.33		\$11.60	\$ 10.82
Year	\$27.88	\$30.07		\$39.81	\$ 38.39
P/E	35.8x	32.8x			26.0x

Net Revenue (\$bn)

	Prior	Current		Prior	Current
	2016A	2017E		2018E	2018E
1Q	\$16.46	\$19.48	A	\$22.88	\$ 22.33
2Q	\$17.52	\$20.91	A	\$25.08	\$ 23.69
3Q	\$18.26	\$21.64		\$26.51	\$ 25.41
4Q	\$21.21	\$24.88		\$30.02	\$ 28.21
Year	\$73.47	\$87.44		\$104.50	\$ 99.66

Company Description: Alphabet Inc. is the parent holding company of Google Inc. Google is the world's largest internet services company. The company maintains a vast index of websites and content made available through its online search engine. Google generates a majority of revenue from advertising, specifically AdWords-text based advertising and AdSense-display advertising, on company owned and Network sites. Also included under the Google umbrella is Android the industry's leading mobile operating system, Pixel, YouTube, Apps, and Maps. Other subsidiaries of Alphabet include Waymo, Nest, Fiber, Calico, Google X, Google Capital, and Ventures.

Alphabet Inc.

GOOGL - NASDAQ – Neutral -1

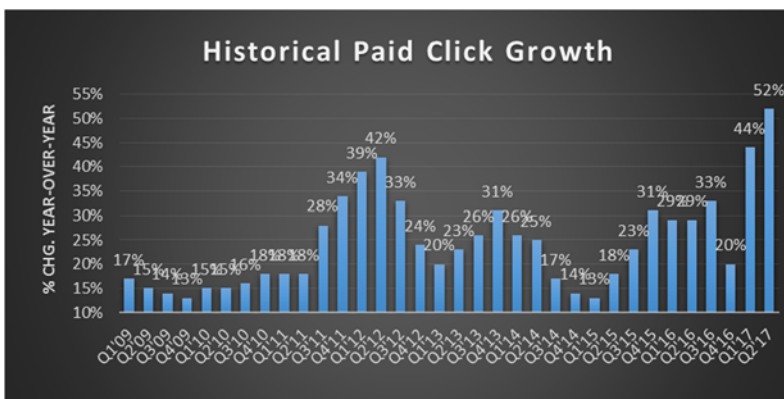
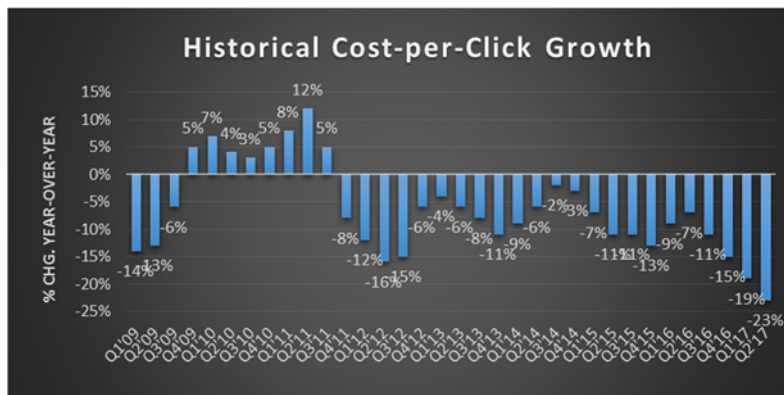
Slower Revenue Growth and Higher Costs Weigh on Q2'17 Results

- Results.** Alphabet reported Q2'17 GAAP EPS of \$5.01, missing our estimate of \$5.08 accounting for the EU fine, while adjusted EPS of \$8.90 beat our prior \$8.25 estimate. Net revenue increased 19.4% y/y to \$20.91 billion vs. our view of \$20.79 billion. Mobile search, programmatic advertising, cloud, hardware, and YouTube continued to benefit top-line results. The Other Revenue segment including Google Play, hardware, and cloud revenue increased 42% y/y to \$3.09 billion, but was below our aggressive \$3.2 billion view. Other Bets revenue was \$248 million, while segment operating losses were \$772 million. Google sites paid-click-growth increased a very healthy 61% y/y, boosted by YouTube ads, mobile search and Shopping ads. Google Network sites paid click growth was up 9%. Cost-per-clicks (ad prices) declined 23% y/y in aggregate, steeper than expected due to higher mobile usage, which is monetized at a lower rate. Weighing heavily on results were traffic acquisition costs (TAC) of \$5.091 billion, increasing 28% y/y, as mobile TAC rates are above that of traditional TAC costs. Higher YouTube content costs also weighed on gross profit. Alphabet named Google CEO, Sundar Pichai to the Board of Directors.
- Opinion.** Alphabet produced weaker y/y revenue growth and realized the highest TAC growth in a decade. The company experienced significant operating expense growth which it had previously held in check in recent quarters and recognized a very favorable tax rate benefitting the bottom line. Our concerns on which our Neutral rating is based were prominent during the quarter as we continue to expect a lower long-term level of profitability, which until now has had only a minor impact. Google remains a core holding, in our view, and we expect the company to continue to grow top line results at a robust pace; however, we expect costs to rise further all the while shares trade at a decade high valuation. We maintain our Neutral rating on shares of GOOGL. We believe Alphabet remains one of the best positioned companies to benefit from the cloud, video, A.I., and the transition of ad dollars to digital/mobile and as a result we expect Alphabet to gain total advertising dollars across its platforms. We maintain our price target of \$1,000.

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

QUARTERLY RESULTS

Google segment revenue was \$25.76 billion, up a solid 21% y/y. However, Core Google website ad revenue increased slightly less than 20% y/y to \$18.42 billion, a significant slowdown from 24.2% reported last year. Google site paid clicks increased 61% y/y from another strong quarter of mobile search and YouTube. YouTube alone now has over 1.5 billion monthly active users, with users watching an average of 60 minutes per day of content. Google site cost per click (CPC) rates declined 26% y/y, reflecting the lower monetizing/higher growth products. However, longer term, we expect CPC rates to rise as the transition to mobile search matures and higher engagement ads/functionality, and services are provided. We also believe CPCs continue to be negatively impacted by the higher growth of revenue from emerging markets vs. developed economies, which have lower ad rates. Network website revenue increased a better than expected 13.5% to \$4.24 billion, 16.5% of Google segment ad revenue. Network paid-clicks were up 9% on strength from programmatic advertising, while cost-per-clicks decreased 11% y/y. Aggregate paid clicks and CPCs are charted below. The other revenue segment, which includes Google Play, cloud, and devices, increased 42% y/y to \$3.09 billion. The Google Cloud showed continued customer adoption with triple the number of deals closed over \$0.5 million from the prior year period. On a geographic basis results were evenly distributed: U.S. revenue of \$12.3 billion, increased 23% y/y; EMEA region increased 14% to \$8.5 billion, increasing 21% on a constant currency basis; APAC was up 28% to \$3.7 billion; Other Americas increased 31% to \$1.4 billion. A significant rise in traffic acquisition costs, increasing 28% y/y, reduced net revenue to \$20.91 billion. As a result of the higher traffic acquisition costs, gross profit margin decreased 210 bps y/y. Other costs increased 27% y/y due to higher content acquisition costs at YouTube. Operating expenses grew more than expected even when excluding the EU fine. The company benefitted from an exceptionally low tax rate in the quarter.



Source: Company reports

CASH MANAGEMENT

Alphabet reported a record cash balance of \$94.7 billion and net cash of \$90.7 billion. Net cash per share totaled \$129.65. Free cash flow declined significantly y/y due to the EU tax fine, excluding the fine, FCF increased a subdued 4.6% on higher capex spending. We believe the company can continue to repurchase shares, pay any potential fines, and/or pay a dividend at a future date.

OUTLOOK

Our Q3'17 EPS estimate increases to \$8.40 from \$8.04 on net revenue of \$21.89 billion, up from our previous view of \$21.64 billion, despite higher TAC costs. Longer term, while we largely maintain our gross revenue forecast through FY'18, we reduce our net revenue estimates as a result of higher TAC and other costs. We forecast FY'17 & '18 net revenue of \$87.3 billion and \$99.5 billion vs. our prior view of \$87.4 billion and \$104.5 billion, respectively. We are also reducing our FY'18 operating margin forecast by 60 bps to 25.6%, as we expect less cost cutting opportunities and increased data center and new hire costs. Our FY'17 EPS estimate increases slightly to \$30.47 vs. our prior estimate of \$30.07. Our FY'18 EPS estimate of \$38.39 decreases from our prior view of \$39.81. We continue to forecast mid-to-upper teen revenue growth through our investment timeframe on continued strength in mobile search, YouTube, programmatic advertising, and from other revenue including Play, hardware, and cloud. As we have noted for several years, we expect new sources of revenue growth to cost more than traditional search which could weigh on profitability and the multiple investors are willing to pay for Alphabet's earnings growth going forward.

VALUATION & OPINION

We maintain our Neutral investment rating on shares of GOOGL and our suitability rating of 1. We forecast a slight reduction to our FY'18 GAAP EPS target; however, with EPS growth in the mid-teens we feel comfortable paying a premium for GOOGL shares. We maintain our FYE'18 price target of \$1,000, which represents a forward multiple of 26x our 2018 EPS estimate of \$38.39. Our forward multiple of 26x is below the current 27x forward multiple but well above that of the technology sector and the S&P 500 Index. We believe our lower forward multiple is appropriate based on our forecast of reduced earnings growth through FYE'18. We note, in 2011 when Google was noticeably beginning to benefit from Android and the shift to mobile device usage, GOOGL shares traded at an 11x forward P/E. We now believe Alphabet's valuation appropriately reflects these market shifts and in fact over the coming 2-3 year time period may underperform the market as the global smartphone market matures and new experiences emerge.

Our Neutral rating remains based on our opinion of a lower long-term level of profitability and our questioning of Google's ability to continue to produce upper-teen revenue growth on a larger and larger base. While our lower profitability view has been based on higher TAC, marginal user dynamics, and new product mix, we also believe higher operating expense is probable given strong cost containment since Ruth Porat became CFO leaving us to believe cost optimization is largely complete. We note the company's high level of optionality in regards to the usage of its cash balance and future product and service introductions could allow for high levels of growth well beyond our current line of thinking. We reiterate our Neutral rating and continue to recommend GOOGL shareholders maintain their positions as a core technology holding. Our price target currently offers investors limited upside while significant downside is also unexpected, in our opinion. In our view, Google remains one of the best positioned companies to benefit from new services including video, machine learning, cloud services, A.I., as well as the continued transition of advertising dollars to digital and mobile, and as a result we expect Google to gain total advertising dollars across platforms for many years. Our chief concern lies in our longer-term investment timeframe, when capital from Google's highly profitable ad business is reinvested in potentially lower rate of return projects that could meaningfully reduce the company's profitability, in our view. However, as we previously noted we expect Alphabet's cash balance and other levers could be used to largely offset a slowdown in earnings growth at that time.

SUITABILITY

We assign shares of GOOGL a suitability rating of 1 on our scale of 1-4 (1 = most conservative, 4 = most aggressive). A 1 rating is given based on Alphabet's dominant global online advertising position with several products and services having an active user base of over 1 billion on a global basis. While we believe Alphabet's core platforms have significant growth potential remaining, we expect the company's new products and services to require significant investment, which could weigh on profitability. We consider the company to have a superior balance sheet and free cash flow generating ability. We believe a suitability rating of 1 incorporates these attributes. Shares of GOOGL 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:

- Increased expense growth and capex spending resulting from Other Bets
- Negative rulings out of Europe, including Antitrust and tax related fines and/or penalties
- Macroeconomic issues including a substantial decline in ad budgets or consumer spending
- Changes in internet user behavior, including ways in which internet users seek information. Ad Blockers, Social Media, Applications "apps" or other sources garnering more user time
- Rapid technological advances, leading to a risk of excessive spending on R&D or lack of timely innovation. Alphabet must ensure a timely flow of competitive products and services to compete
- Increased competition from global competitors
- Continued legal disputes involving patent infringement lawsuits

Additional information is available upon request.

Alphabet Inc. - Consolidated Statement of Operations (in millions except per share data and percentages)

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	3/31/2017	6/30/2017	09/30/2017E	12/31/2017E	FY17E	FY18E
Total revenue (gross)	16,594	21,796	23,651	29,321	37,905	51,379	59,825	66,001	74,989	90,272	24,750	26,010	27,280	30,534	108,574	126,607
Traffic Acquisition Costs (TAC)	4,934	5,939	6,169	7,317	8,816	10,960	12,250	13,493	14,343	16,793	4,629	5,091	5,383	6,135	21,238	26,951
Net Revenue	11,660	15,857	17,482	22,004	29,089	40,419	47,575	52,508	60,646	73,479	20,121	20,919	21,897	24,399	87,337	99,656
Other cost of revenue	1,715	2,683	2,675	3,100	4,383	6,216	9,743	12,198	13,821	18,345	5,166	5,282	5,617	6,415	22,547	24,349
Gross profit	9,945	13,174	14,807	18,904	24,706	29,810	33,967	40,310	46,825	55,134	14,955	15,637	16,280	17,984	64,789	75,307
Research and Development	2,120	2,793	2,843	3,762	5,162	6,970	7,952	9,832	12,282	13,948	3,942	4,172	4,250	4,450	16,814	19,725
Sales and Marketing	1,461	1,946	1,984	2,799	4,589	6,213	7,253	8,131	9,047	10,485	2,644	2,897	2,950	3,350	11,841	13,625
General and Administrative	1,280	1,803	1,668	1,962	2,724	3,905	4,796	5,851	6,136	6,985	1,801	1,700	2,100	2,280	7,881	9,600
Total expenses	4,861	6,542	6,495	8,523	12,975	17,088	20,001	23,814	27,465	31,418	8,387	11,505	9,300	10,080	39,272	42,950
Income from Operations	5,084	6,632	8,312	10,381	11,731	12,722	13,966	16,496	19,360	23,716	6,568	4,132	6,980	7,904	25,517	32,357
Interest and other income, net	590	(779)	69	415	584	625	530	763	291	434	251	245	275	250	1,021	1,065
Income before income taxes	5,674	5,853	8,381	10,796	12,315	13,347	14,496	17,259	19,651	24,150	6,819	4,377	7,255	8,154	26,538	33,422
Provision for income taxes	1,470	1,626	1,861	2,291	2,589	2,589	2,282	3,331	3,232	4,672	1,393	853	1,378	1,549	5,174	6,517
Net Income	\$ 4,204	\$ 4,227	\$ 6,520	\$ 8,505	\$ 9,726	\$ 10,758	\$ 12,214	\$ 13,928	\$ 16,419	\$ 19,478	\$ 5,426	\$ 3,524	\$ 5,877	\$ 6,605	\$ 21,365	\$ 26,905
Earnings per common share GAAP:																
Basic	6.76	6.73	10.31	13.34	15.07	16.44	18.35	20.61	23.97	28.12	7.85	5.07	8.48	9.57	30.86	38.95
Diluted	\$ 6.65	\$ 6.66	\$ 10.21	\$ 13.16	\$ 14.86	\$ 16.19	\$ 18.02	\$ 20.27	\$ 23.70	\$ 27.88	\$ 7.73	\$ 5.01	\$ 8.40	\$ 9.45	\$ 30.47	\$ 38.39
Shares outstanding:																
Diluted	632.420	635.028	638.832	646.502	654.428	664.610	677.619	687.070	692.930	698.705	702.036	703.503	700.000	699.000	701.135	700.750
% Year Over Year Change:																
Total gross revenue	56.5%	31.3%	8.5%	24.0%	29.3%	35.5%	16.4%	10.3%	13.6%	20.4%	22.2%	21.0%	21.5%	17.2%	20.3%	16.6%
Traffic acquisition costs (TAC)	49.1%	20.4%	3.9%	18.6%	20.5%	24.3%	11.8%	10.1%	6.3%	17.1%	22.2%	28.1%	28.7%	26.6%	26.5%	26.9%
Net revenue	59.8%	36.0%	10.2%	25.9%	32.2%	38.9%	17.7%	10.4%	15.5%	21.2%	22.2%	19.4%	19.9%	15.0%	18.9%	14.1%
Gross profit	55.9%	32.5%	12.4%	27.7%	30.7%	20.7%	13.9%	18.7%	16.2%	17.7%	18.6%	17.0%	18.4%	16.8%	17.5%	16.2%
Total operating expenses	71.8%	34.6%	-0.7%	31.2%	52.2%	31.7%	17.0%	19.1%	15.3%	14.4%	15.4%	55.4%	16.5%	15.0%	25.0%	9.4%
Operating income	43.2%	30.4%	25.3%	24.9%	13.0%	8.4%	9.8%	18.1%	17.4%	22.5%	23.0%	-30.8%	21.0%	19.1%	7.6%	26.8%
Net income	36.6%	0.5%	54.2%	30.4%	14.4%	10.6%	13.5%	14.0%	17.9%	18.6%	29.0%	-27.7%	16.1%	24.7%	9.7%	25.9%
Earnings Per Share	33.7%	0.1%	53.3%	28.9%	13.0%	8.9%	11.4%	12.5%	16.9%	17.7%	28.5%	-28.4%	15.9%	24.9%	9.3%	26.0%
Diluted Shares Outstanding	2.2%	0.4%	0.6%	1.2%	1.2%	1.6%	2.0%	1.4%	0.9%	0.8%	0.4%	1.0%	0.2%	-0.2%	0.3%	-0.1%
% of Revenue:																
Traffic Acquisition Costs (TAC)/ Google rev	29.7%	27.2%	26.1%	25.0%	23.2%	23.8%	22.1%	20.5%	19.2%	18.8%	18.6%	19.8%	19.9%	20.3%	19.7%	21.5%
Gross Profit	59.9%	60.4%	62.6%	64.5%	65.2%	58.0%	56.8%	61.1%	62.4%	61.1%	60.4%	60.1%	59.7%	58.9%	59.7%	59.5%
Operating expenses	29.3%	30.0%	27.5%	29.1%	34.2%	33.3%	33.4%	36.1%	36.6%	34.8%	33.9%	33.7%	34.1%	33.0%	33.7%	33.9%
Operating Income	30.6%	30.4%	35.1%	35.4%	30.9%	24.8%	23.3%	25.0%	25.8%	26.3%	26.5%	15.9%	25.6%	25.9%	23.5%	25.6%
Net Income	25.3%	19.4%	27.6%	29.0%	25.7%	20.9%	20.4%	21.1%	21.9%	21.6%	21.9%	13.5%	21.5%	21.6%	19.7%	21.3%

Source: Company reports and Hilliard Lyons estimates

Alphabet Inc. - Consolidated Balance Sheet (in millions except per share data and percentages)

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	3/31/2016	6/30/2016	9/30/2016	12/31/2016	FY16	3/31/2017	6/30/2017
Current assets:																	
Cash and Cash Equivalents	\$ 3,545	\$ 6,082	\$ 8,657	\$ 10,198	\$ 13,630	\$ 9,983	\$ 14,778	\$ 18,898	\$ 18,347	\$ 16,549	\$ 15,111	\$ 13,627	\$ 9,406	\$ 12,918	\$ 12,918	\$ 18,132	\$ 15,711
Short-Term Marketable Securities	7,699	8,137	7,189	14,287	21,345	34,643	33,310	39,819	46,048	56,517	60,153	64,833	73,650	73,415	73,415	74,307	79,002
Total Cash, cash equivalents and marketable sec.	11,244	14,219	15,846	24,485	34,975	44,626	48,088	58,717	64,395	73,066	75,264	78,460	83,056	86,333	86,333	92,439	94,713
Accounts receivables	1,322	2,163	2,642	3,178	4,252	5,427	7,885	8,882	9,383	11,556	10,818	11,686	11,979	14,137	14,137	12,913	14,003
Inventories	-	-	-	-	-	-	505	426	-	-	-	-	559	268	268	280	398
Receivable under reverse repurchase agreements	-	-	-	-	750	745	700	100	875	450	350	500	-	-	-	-	-
Deferred income taxes, net	30	69	286	644	259	215	1,144	1,526	1,322	-	-	-	-	-	-	-	-
Income taxes receivable	-	145	-	23	-	-	-	408	1,298	1,903	1,804	576	416	95	95	56	874
Prepaid revenue share, expenses and other asset	444	694	1,404	836	1,326	1,745	2,132	2,827	3,412	3,139	2,719	3,016	2,536	4,575	4,575	3,106	2,398
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	13,040	17,289	20,178	29,167	41,562	52,758	60,454	72,886	80,685	90,114	90,955	94,238	98,546	105,408	105,408	108,794	112,386
Prepaid revenue share, expenses and other assets	114	169	434	416	442	499	2,011	1,976	3,280	3,181	3,297	3,275	3,276	1,819	1,819	1,846	2,004
Deferred income taxes, net	-	33	-	263	265	-	-	-	-	251	233	253	273	383	383	365	376
Non-marketable equity securities	1,032	1,060	85	129	523	790	1,469	1,976	3,079	5,183	5,577	5,820	5,705	5,878	5,878	6,131	6,642
Property and equipment, net	2,395	4,039	5,234	4,845	7,759	9,603	11,854	16,524	23,883	29,016	30,162	31,413	32,753	34,234	34,234	35,936	37,676
Intangible assets, net	347	447	997	775	1,044	1,578	7,473	6,066	4,607	3,847	3,657	3,452	3,367	3,307	3,307	3,137	2,933
Goodwill	1,545	2,299	4,840	4,903	6,256	7,346	10,537	11,492	15,599	15,869	15,866	15,841	16,028	16,468	16,468	16,547	16,604
Total assets	18,473	25,336	31,768	40,497	57,851	72,574	93,798	110,920	131,133	147,461	149,747	154,292	159,948	167,497	167,497	172,756	178,621
Current liabilities:																	
Accounts payable	211	282	178	216	483	588	2,012	2,453	1,715	1,931	1,667	1,716	2,175	2,041	2,041	2,306	2,488
Short-term debt	-	-	-	-	3,465	1,218	2,549	3,009	3,225	3,225	3,221	2,219	-	-	-	-	-
Accrued compensation and benefits	352	588	812	982	1,410	1,818	2,239	2,502	3,069	3,539	2,618	3,409	3,672	3,976	3,976	2,673	3,271
Accrued expenses	266	465	480	570	961	1,370	3,258	3,755	4,434	4,768	4,517	4,502	4,840	6,144	6,144	5,438	8,560
Accrued revenue share	370	522	533	694	885	1,168	1,471	1,729	1,952	2,329	2,227	2,345	2,542	2,942	2,942	2,888	3,007
Securities lending payable	-	-	-	-	2,361	2,007	1,673	1,374	2,778	2,428	2,171	2,065	-	-	-	-	-
Deferred revenue	105	178	218	285	394	547	895	1,062	752	788	933	900	923	1,099	1,099	1,148	1,226
Liabilities held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income taxes payable, net	-	-	82	-	37	197	240	24	96	302	330	185	171	554	554	803	133
Total current liabilities	1,305	2,036	2,302	2,747	9,996	8,913	14,337	15,908	16,805	19,310	17,684	17,341	14,323	16,756	16,756	15,256	18,685
Long-term debt	-	-	-	-	-	2,986	2,988	2,236	3,228	1,995	1,987	1,984	3,938	3,935	3,935	3,937	3,955
Deferred revenue-non-current	20	30	30	42	35	44	100	139	104	151	131	151	169	202	202	323	345
Deferred income taxes, net	40	-	13	-	-	1,693	2,046	1,947	1,971	189	599	651	393	226	226	604	369
Income taxes payable, long term	-	478	890	1,392	1,200	287	1,872	2,638	3,407	3,663	3,812	4,135	4,461	4,677	4,677	4,924	4,128
Other non-current liabilities	68	102	294	311	379	506	740	743	1,118	1,822	1,965	2,151	2,561	2,665	2,665	2,763	2,853
Commitments and contingencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total long term liabilities	129	611	1,227	1,745	1,614	5,516	7,746	7,703	9,828	7,820	8,494	9,072	11,522	11,705	11,705	12,551	11,650
Total liabilities	1,434	2,646	3,529	4,493	11,610	14,429	22,083	23,611	26,633	27,130	26,178	26,413	25,845	28,461	28,461	27,807	30,335
Shareholders' Equity:																	
Common Stock and Additional paid-in capital	11,883	13,241	14,450	15,817	18,235	20,264	22,835	25,922	28,767	32,982	33,695	34,293	35,337	36,307	36,307	37,698	38,509
Accumulated other comprehensive income	23	113	227	105	138	276	538	125	27	(1,874)	(1,294)	(1,151)	(1,032)	(2,402)	(2,402)	(2,169)	(1,728)
Retained earnings	5,133	9,335	13,562	20,082	27,868	37,605	48,342	61,262	75,706	89,223	91,168	94,737	99,798	105,131	105,131	109,420	111,505
Total shareholders equity	17,040	22,690	28,239	36,004	46,241	58,145	71,715	87,309	104,500	120,331	123,569	127,879	134,103	139,036	139,036	144,949	148,286
Total liabilities and shareholders equity	18,473	25,336	31,768	40,497	57,851	72,574	93,798	110,920	131,133	147,461	149,747	154,292	159,948	167,497	167,497	172,756	178,621

Source: Company reports

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.

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.



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

As of 7 July 2017

Other Disclosures

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