



COMPANY UPDATE / ESTIMATE CHANGE / TARGET CHANGE

Key Metrics

GOOGL - NASDAQ - as of 10/30/17	\$1,033.13
Price Target	\$1,100
52-Week Range	\$743.59 - \$1,063.62
Diluted Shares Outstanding (mil)	703.5
Market Cap. (\$mil)	\$726,810.1
1-Mo. Average Daily Volume	1,678,112
Institutional Ownership (%)	70.27
Debt/Total Capital (net) Q3'17	0%
ROE LTM	15.4%
Book Value / Share	\$209.60
Price / Book Value	4.9x
Dividend Yield	0.0%
LTM EBITDA Margin	33.0%

EPS FY 12/31 (GAAP figures)

	2016A	Prior 2017E	Current 2017E	Prior 2018E	Current 2018E
1Q	\$6.02		\$7.73 A	\$8.51	\$ 8.82
2Q	\$7.00		\$5.01 A	\$9.17	\$ 9.35
3Q	\$7.25		\$9.57 A	\$9.90	\$ 9.69
4Q	\$7.56	\$9.45	\$10.56	\$10.82	\$ 11.59
Year	\$27.88	\$30.47	\$32.77	\$38.39	\$ 39.45
P/E	37.1x		31.5x		26.2x

Revenue (\$bn)

	2016A	Prior 2017E	Current 2017E	Prior 2018E	Current 2018E
1Q	\$20.25		\$24.75 A		\$ 29.20
2Q	\$21.50		\$26.01 A		\$ 30.66
3Q	\$22.45		\$27.77 A		\$ 32.27
4Q	\$26.06	\$30.53	\$31.78		\$ 36.69
Year	\$90.27	\$108.57	\$110.31	\$126.60	\$128.83

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

Solid Q3'17 Results, Raising Price Target to \$1,100

- Results.** Alphabet reported Q3'17 GAAP EPS of \$9.57, widely topping our estimate of \$8.40 and the consensus view of \$8.33. Revenue increased 24% y/y to \$27.77 billion vs. our view of \$27.28 billion and the consensus view of \$27.20 billion. Mobile search, programmatic advertising, cloud, hardware, and YouTube continued to benefit top-line results. Other Bets revenue was \$302 million while segment operating losses were \$812 million. The Other Revenue segment, which includes mostly Google Play, Pixel, and cloud revenue, increased 40% y/y to \$3.405 billion, ahead of our \$3.35 billion view. Google sites' paid-click-growth increased a healthy 55% y/y, boosted by YouTube ads, mobile search, and Shopping ads. Google Network sites' paid click growth was up 10%. Traffic acquisition costs of \$5.502 billion were much higher than expected, increasing 32% y/y, as mobile TAC rates and YouTube costs are above that of traditional TAC costs. Cost-per-clicks (ad prices) declined 18% y/y, due to higher mobile usage which is monetized at a lower rate. Operating cash flow was flat y/y while free cash flow declined on higher cap ex. Total cash balance increased to \$100.1 billion vs. \$83 billion last year. Net cash per share reached \$137.80. We believe the company can continue to buy back shares, pay any required fines, and/or pay a dividend at a future date.

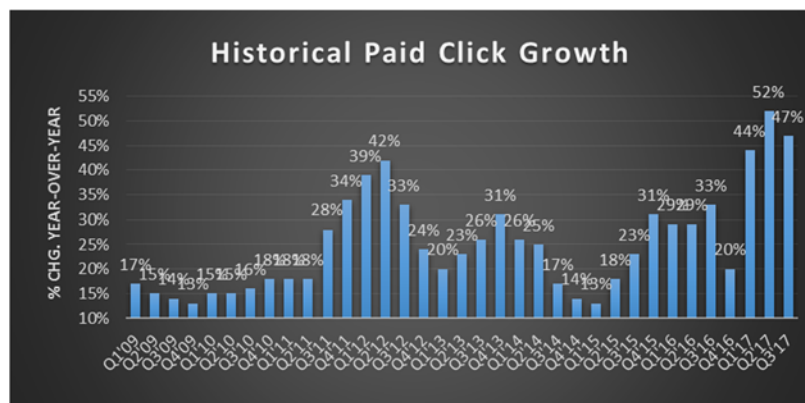
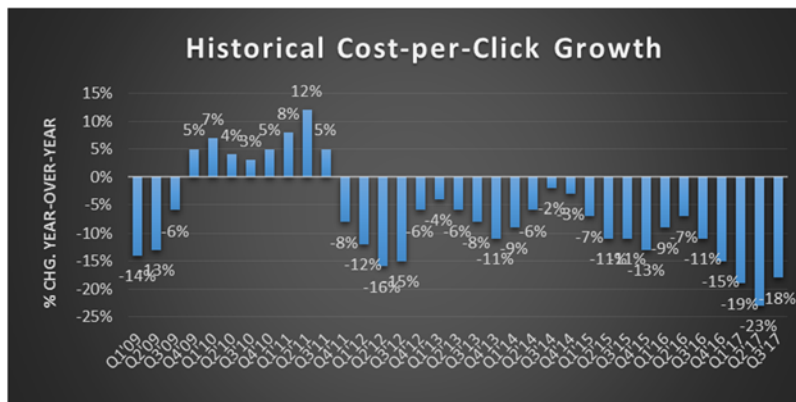
- Opinion.** Revenue growth was impressive, beating our view, but this was offset somewhat by high TAC growth, a major concern, in our view. The EPS beat was the result of reduced operating expense which we do not expect to continue to that degree in future periods, largely due to a shift in SBC expense. Google remains a core holding, in our view, and we expect the company to continue to grow top line results; however, we expect costs to rise significantly in FY'18 due to TAC, Other Bets, and an increasing emphasis on lower margin hardware, including the HTC acquisition, which when combined could ultimately weigh on shares in future quarters as shares trade at a decade high valuation. Longer-term, we believe Alphabet remains one of the best positioned companies to benefit from cloud services, streaming video, A.I., autonomous driving, and the continued transition of ad dollars to digital/mobile. As a result, we expect Alphabet to gain total advertising dollars across its platforms. We maintain our Neutral rating on shares of GOOGL, while increasing our price target to \$1,100 from \$1,000.

Note Important Disclosures on Pages 7-8

Note Analyst Certification on Page 7

QUARTERLY RESULTS

Google segment revenue totaled \$27.47 billion, increasing a strong 23.4% y/y vs. last quarter’s 21% growth rate. Core Google website ad revenue increased 22.5% y/y to \$19.72 billion, down slightly from last year’s growth rate. This was about \$500 million more than our estimate heading into the quarter. Google site paid clicks increased 47% y/y from another strong quarter of mobile search and YouTube. YouTube 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 18% y/y, reflecting the lower monetizing/higher growth mobile 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. Longer-term subscriptions could help offset these lower monetizing growth products. Network website revenue increased slightly less than our view, up 16% to \$4.34 billion, now just 15.8% of Google segment ad revenue, a record low. The other revenue segment, which includes Google Play, cloud, and devices, increased 40% y/y to \$3.40 billion, above our \$3.35 billion view. On a geographic basis results were broadly strong: U.S. revenue of \$12.93 billion increased 21% y/y; EMEA region increased 23% to \$9.09 billion; APAC was up 29% to \$4.19 billion; Other Americas increased 33% to \$1.55 billion. A significant rise in traffic acquisition costs, increasing 32% y/y, above last quarter’s 28% increase, weighed on profitability. As a result of the higher traffic acquisition costs, gross profit margin decreased 140 bps y/y. Other costs increased 25% y/y due to higher content acquisition costs at YouTube and increased hardware sales. Operating expenses grew significantly less than expected, up 11% vs. 55% growth last quarter. The company benefitted from a change in their annual stock grants. The bottom line also benefitted from an exceptionally low tax rate of 15.6% in the quarter.



Source: Company reports

CASH MANAGEMENT

Alphabet reported a record cash balance of \$100.1 billion and net cash of \$96.2 billion. Net cash per share totaled \$137.80. Free cash flow of \$6.33 billion declined by over \$1 billion y/y on significantly higher capital expenditures. We believe the company can continue to repurchase shares, pay any potential fines, spend heavily for future growth, and/or pay a dividend at a future date.

OUTLOOK

Our Q4'17 EPS estimate increases to \$10.56 from \$9.45 on revenue of \$31.78 billion. We expect another strong quarter in Q4 as top line growth is expected above our prior view, while operating expense will be significantly lower due to timing of SBC expense, despite higher TAC costs. We forecast FY'17 & '18 revenue of \$110.3 billion and \$128.8 billion vs. our prior view of \$108.5 billion and \$126.6 billion, respectively. Our FY'17 EPS estimate increases to \$32.77 vs. our prior estimate of \$30.47. Our FY'18 EPS estimate of \$39.45 increases from our prior view of \$38.39. We forecast mid-to-upper teen revenue growth through our investment timeframe, down from the current ~20% growth rate, 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. Despite the decline in revenue growth from +20% in FY'17 to 16.8% growth in FY'18 our EPS growth forecast is expected to increase on significant operating expense curbs, and we remain comfortable holding shares of GOOGL despite its premium valuation. Longer term, we expect less cost cutting ability to negatively weigh on GOOGL shares. As a result of better than expected top line growth, we increase our FYE'18 price target to \$1,100 from \$1,000, which represents a forward multiple of 28x our 2018 EPS estimate of \$39.45. Our current forward multiple of 28x used in our share price calculation is below the Street's current 32x 12-month forward multiple, but above that of our prior 26x forward multiple, and that of the technology sector, and the S&P 500 Index. We believe our forward multiple is appropriate based on our forecast of better than previously expected earnings growth, while also considering slower earnings growth through FYE'18 (excluding Q2'18, due to E.U. fine in Q2'17) than experienced in recent years. 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. 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. Future product and service introductions could allow for high levels of growth well beyond our investment timeframe. 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 5.77% potential upside from today's intraday price of \$1,040 while significant downside is also not expected, in our opinion. In our view, Google remains one of the best positioned companies to benefit from new services including streaming video, machine learning, cloud services, A.I., autonomous driving 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	9/30/2017	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	27,772	31,787	110,319	128,832
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	5,502	6,339	21,561	27,367
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	22,270	25,448	88,758	101,465
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	5,646	6,451	22,612	24,933
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	16,624	18,997	66,146	76,532
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	4,205	4,450	16,769	19,775
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	3,042	3,350	11,933	13,725
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	1,595	2,280	7,376	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	8,842	10,080	38,814	43,100
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	7,782	8,917	27,332	33,432
Interest and other income, net	590	(779)	69	415	584	625	530	763	291	434	251	245	197	250	943	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	7,979	9,167	28,275	34,497
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	1,247	1,742	5,235	6,766
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	\$ 6,732	\$ 7,425	\$ 23,040	\$ 27,731
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	9.71	10.76	33.28	40.15
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	\$ 9.57	\$ 10.56	\$ 32.77	\$ 39.45
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	703.716	703.000	703.064	703.000
% 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%	23.7%	22.0%	22.2%	16.8%
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%	31.6%	30.8%	28.4%	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%	21.9%	19.9%	20.8%	14.3%
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%	20.9%	23.3%	20.0%	15.7%
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%	10.7%	15.0%	23.5%	11.0%
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%	34.9%	34.3%	15.2%	22.3%
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%	33.0%	40.2%	18.3%	20.4%
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%	32.0%	39.6%	17.6%	20.4%
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%	0.8%	0.4%	0.6%	0.0%
% 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%	20.0%	20.2%	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%	59.9%	59.8%	60.0%	59.4%
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%	31.8%	31.7%	32.7%	33.5%
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%	28.0%	28.1%	24.8%	25.9%
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%	24.2%	23.4%	20.9%	21.5%

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	FY16	3/31/2017	6/30/2017	9/30/2017
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	\$ 12,918	\$ 18,132	\$ 15,711	\$ 10,581
Short-Term Marketable Securities	7,699	8,137	7,189	14,287	21,345	34,643	33,310	39,819	46,048	56,517	73,415	74,307	79,002	89,562
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	86,333	92,439	94,713	100,143
Accounts receivables	1,322	2,163	2,642	3,178	4,252	5,427	7,885	8,882	9,383	11,556	14,137	12,913	14,003	15,295
Inventories							505	426	-	268		280	398	765
Receivable under reverse repurchase agreements					750	745	700	100	875	450	-	-	-	-
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	95	56	874	282
Prepaid revenue share, expenses and other asset	444	694	1,404	836	1,326	1,745	2,132	2,827	3,412	3,139	4,575	3,106	2,398	2,860
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	105,408	108,794	112,386	119,345
Prepaid revenue share, expenses and other assets	114	169	434	416	442	499	2,011	1,976	3,280	3,181	1,819	1,846	2,004	2,683
Deferred income taxes, net	-	33	-	263	265	-	-	-	-	251	383	365	376	505
Non-marketable equity securities	1,032	1,060	85	129	523	790	1,469	1,976	3,079	5,183	5,878	6,131	6,642	7,269
Property and equipment, net	2,395	4,039	5,234	4,845	7,759	9,603	11,854	16,524	23,883	29,016	34,234	35,936	37,676	40,120
Intangible assets, net	347	447	997	775	1,044	1,578	7,473	6,066	4,607	3,847	3,307	3,137	2,933	2,883
Goodwill	1,545	2,299	4,840	4,903	6,256	7,346	10,537	11,492	15,599	15,869	16,468	16,547	16,604	16,731
Total assets	18,473	25,336	31,768	40,497	57,851	72,574	93,798	110,920	131,133	147,461	167,497	172,756	178,621	189,536
Current liabilities:														
Accounts payable	211	282	178	216	483	588	2,012	2,453	1,715	1,931	2,041	2,306	2,488	2,674
Short-term debt					3,465	1,218	2,549	3,009	2,009	3,225	-	-	-	-
Accrued compensation and benefits	352	588	812	982	1,410	1,818	2,239	2,502	3,069	3,539	3,976	2,673	3,271	4,022
Accrued expenses	266	465	480	570	961	1,370	3,258	3,755	4,434	4,768	6,144	5,438	8,560	9,307
Accrued revenue share	370	522	533	694	885	1,168	1,471	1,729	1,952	2,329	2,942	2,888	3,007	3,200
Securities lending payable					2,361	2,007	1,673	1,374	2,778	2,428	-	-	-	-
Deferred revenue	105	178	218	285	394	547	895	1,062	752	788	1,099	1,148	1,226	1,269
Liabilities held for sale														
Income taxes payable, net	-	-	82	-	37	197	240	24	96	302	554	803	133	221
Total current liabilities	1,305	2,036	2,302	2,747	9,996	8,913	14,337	15,908	16,805	19,310	16,756	15,256	18,685	20,693
Long-term debt						2,986	2,988	2,236	3,228	1,995	3,935	3,937	3,955	3,964
Deferred revenue-non-current	20	30	30	42	35	44	100	139	104	151	202	323	345	346
Deferred income taxes, net	40	-	13	-	-	1,693	2,046	1,947	1,971	189	226	604	369	151
Income taxes payable, long term	-	478	890	1,392	1,200	287	1,872	2,638	3,407	3,663	4,677	4,924	4,128	4,358
Other non-current liabilities	68	102	294	311	379	506	740	743	1,118	1,822	2,665	2,763	2,853	2,924
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	11,705	12,551	11,650	11,743
Total liabilities	1,434	2,646	3,529	4,493	11,610	14,429	22,083	23,611	26,633	27,130	28,461	27,807	30,335	32,436
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	36,307	37,698	38,509	39,609
Accumulated other comprehensive income	23	113	227	105	138	276	538	125	27	(1,874)	(2,402)	(2,169)	(1,728)	(746)
Retained earnings	5,133	9,335	13,562	20,082	27,868	37,605	48,342	61,262	75,706	89,223	105,131	109,420	111,505	118,237
Total shareholders equity	17,040	22,690	28,239	36,004	46,241	58,145	71,715	87,309	104,500	120,331	139,036	144,949	148,286	157,100
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	167,497	172,756	178,621	189,536

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	39	32%	8%	92%
Hold/Neutral	74	60%	9%	91%
Sell	8	7%	0%	100%
Restriction	2	2%	100%	0%

As of 5 October 2017

Other Disclosures

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