



COMPANY UPDATE / ESTIMATE CHANGE

Key Metrics

| | | |
|----------------------------|-----------|-----------|
| LABL - NASDAQ - as of | 11/6/17 | \$81.30 |
| Price Target | | -- |
| 52-Week Range | \$63.05 - | \$88.25 |
| Shares Outstanding (mm) | | 17.0 |
| Market Cap. (\$mm) | | \$1,385.8 |
| 1-Mo. Average Daily Volume | | 50,094 |
| Institutional Ownership | | 74.9% |
| Net Debt/Total Capital | Q1'18 | 52.0% |
| ROE | TTM | 15.0% |
| Book Value / Share | Q2'18 | \$25.22 |
| Price / Book Value | | 3.2x |
| Dividend Yield | | 0.2% |
| Adj EBITDA Margin | TTM | 17.1% |

EPS Fiscal Year 3/31

| | | Prior | Current | Prior | Current |
|------|---------|--------|---------|--------|---------|
| | 2017A | 2018E | 2018E | 2019E | 2019E |
| 1Q | *\$0.95 | -- | \$0.86 | A -- | -- |
| 2Q | *\$0.99 | -- | \$1.06 | A -- | -- |
| 3Q | *\$0.70 | \$0.83 | \$0.77 | -- | -- |
| 4Q | *\$0.98 | \$1.07 | \$1.11 | -- | -- |
| Year | \$3.61 | \$3.91 | \$3.80 | \$4.41 | \$4.37 |
| P/E | 22.5x | | 21.4x | | 18.6x |

* adjusted for special items

Revenue (\$mm)

| | | Prior | Current | Prior | Current |
|------|---------|-----------|-----------|---------|---------|
| | 2017A | 2018E | 2018E | 2019E | 2019E |
| 1Q | \$236.5 | -- | \$245.4 | A -- | -- |
| 2Q | \$232.1 | -- | \$256.0 | A -- | -- |
| 3Q | \$210.7 | \$236.5 | \$335.7 | -- | -- |
| 4Q | \$244.0 | \$413.7 | \$413.8 | -- | -- |
| Year | \$923.3 | \$1,146.0 | \$1,248.0 | \$1,692 | \$1,695 |

Company Description: *Cincinnati, OH-based Multi-Color Corp, established in 1916, is a leader in global label solutions supporting prominent brands selling a range of home & personal care, wine & spirit, food & beverage, and specialty consumer products. LABL serves brand owners across 6 continents. Multi-Color employs ~4600 associates across 46 operations globally, and trades on the NASDAQ under 'LABL'.*

Industrials

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Multi-Color Corporation

LABL – NASDAQ – Neutral – 3

Mixed Q2'18 for LABL; Reiterating Neutral Rating.

- LABL reported fiscal Q2'18 (July-September) adjusted (core) EPS of \$1.06 versus \$0.99 in the year-ago period. Results fell short of both our target at \$1.15 and consensus for \$1.11; the strongest revenue growth since Q4'14 was somewhat offset by margin compression.
- GAAP EPS were \$0.88 versus \$0.96, but include (most materially) \$0.24 of acquisition-related expenses and \$0.08 of benefit from forex hedges and swaps.
- Revenue grew 10.3% in Q2 to \$256.0M. This was 130 basis points ahead of our model, which in turn was above the Street. Full quarter organic growth of 6% could not keep pace with +9% in July, but was robust nonetheless; M&A and FX contributed +4% and +1%, respectively.
- Core (non-GAAP) SG & A expense was 8.2% of sales in Q2, down 20bps yr/yr; gross margin at 20.4% slipped 120 bps yr/yr on 'operating inefficiencies,' driving most of the downside to our EPS estimate for the quarter.
- LABL closed its \$1B+ agreement to acquire Constantia Labels on Halloween, which is 2 months ahead of our prior model (we adjust at this time). Investors will have to wait for LABL's Q3 statements to see the purchase reflected in reported financials.
- LABL trimmed guidance for fiscal 2018 core EPS from \$4.00 to a range of \$3.80 to \$3.90; our 2018E EPS slides \$0.11 to \$3.80, although most of this revision is encompassed by the downside to our Q2.
- Our 2019E EPS slides \$0.04 to \$4.37, but remains very sensitive to initial performance from Constantia. Management noted that 2018 issues do not impact expectations for fiscal 2019/2020, which in particular, suggests fiscal 2019 would be ahead of our model.
- We are reiterating our Neutral rating. We are not much concerned with the softer than expected Q2, and we still see Constantia as a net positive for the multi-year organic narrative; however, we also still expect investors could see a better risk/reward setup at some point over the next several quarters.

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

ADDITIONAL DISCUSSION—P&G RELATIONSHIP

We estimate Procter & Gamble accounted for ~\$41.2MM of LABL's sales in fiscal Q1'18, up from ~\$35.5MM and ~\$34.9MM in fiscal Q1'16 and Q1'15, respectively. We will be able to gauge LABL's just-reported fiscal Q2 once the company makes its quarterly 10-Q filing. We continue to view the P&G relationship as a good proxy for LABL's performance, but also remind investors that we expect the Constantia transaction will substantially dilute the importance of P&G to consolidated financials. Bringing down key customer risk is attractive, in our view (P&G should shade to ~10% of pro forma sales versus 17%-18%), but having said that, diluting P&G's impact dampens one of our long-standing thesis points.

ADDITIONAL DISCUSSION—CONSTANTIA FLEXIBLES RECAP

On the morning of Monday, July 17, Multi-Color Corp. announced a definitive agreement to acquire the Labels Division of Constantia Flexibles for roughly \$1.3B. The deal closed on 10/31/17, which fell nicely in line with LABL's assertion for a fiscal Q3'17; our prior model had this deal baked into forward financials as of 1/1/2018 (day 1 of fiscal Q4), although we now reflect actual timing. Purchase consideration consisted of 3.4MM newly issued LABL shares (assigned a value of \$75) and cash consideration of about \$1.05B, funded by debt. Pro forma net debt-to-EBITDA is about 5x, but debt reduction is now a more material strategic focus for management.

Mike Henry, former EVP and Head of Constantia Labels, is now CEO-elect of Multi-Color; Nigel Vincombe remains Executive Chairman. Mr. Henry was not a presenter on this morning's earnings call, although we note that Mr. Vincombe retained his investor relations responsibilities after abdicating the CEO position some time ago.

Strategic rationale was not discussed much on the conference call this morning, but we believe the narrative has been well established at this juncture: LABL expands its Food & Beverage competitive positioning by acquiring the Constantia division, while gaining scale in Europe that will ideally support growth of legacy-LABL's Wine & Spirits and Home & Personal Care offerings. Overall, we look forward to a company with a seemingly more balanced positioning across product groups and geographies.

ADDITIONAL DISCUSSION—FINAL THOUGHTS

We are intrigued by the weakness in today's session, but two discrete items keep us tactically more patient than usual. Leverage as of the next reported quarter will be higher than we have seen in several years, which could have implications for valuation (EV/EBITDA), which in turn adds a layer of uncertainty to the risk/reward scenario. Also, we expect product mix shift over the next several quarters (due to Constantia) to be negative for gross margin; this is likely accounted for in guidance, but it nonetheless adds a risk factor that could be exacerbated if other missteps materialize.

SUITABILITY

We assign LABL a suitability rating of '3.' A complete description of our suitability scale is on page 7. Small-cap status, a narrow product focus (consumer labels), reasonable but modestly aggressive leverage and a reliance on roll-up acquisitions push LABL below our more conservative ratings. A strong history of execution and a long history of operations, along with leading market positions in some technologies and entrenched positions with several major customers, keep LABL well above our most aggressive '4' rating.

CONSIDERATIONS AND RISKS

Multi-Color Corporation generates >40% of its sales internationally, and we expect most of its acquisitions moving forward to occur outside of the United States. Changes in the status quo regarding globalization, free capital flow and/or free trade could materially and negatively impact LABL.

Multi-Color was found by their external auditors to have material flaws in internal reporting controls during the FY 2014 auditing process. After changing accounting firms, LABL's new auditors reiterated this position following the FY 2015 auditing process, although the situation was remedied during the FY 2016 auditing process. Nonetheless, not-yet-discovered issues that may be derivative of the inadequate controls represent a potential risk factor. With Q2'16 results, management noted a 'step function' increase in accounting/compliance costs.

LABL has been an active acquirer in recent years, and is remaining such with the \$1.3B planned acquisition of Constantia Labels. We believe a portion of investor expectations are tied to M&A, both announced and not-yet-announced. Failure to effectively integrate any potential purchase and/or overpayment for assets could result in asset impairments and a reduced capital position. Expected cost synergies and the ability to execute on the organic strategy for acquired assets may never materialize.

The prior noted Constantia Labels will nearly double the scope of Multi-Color, funded primarily with debt.

Tangible book value is negative for LABL.

LABL generates a significant portion of its revenue from Procter & Gamble (~17% as of FY 2017); a deterioration of this relationship could have a material adverse effect on the company. Similarly, many of Multi-Color's clients are large global consumer products firms, and while no customer outside of PG marks >10% of revenue, we expect several other major firms represent a material portion of business for LABL.

Consolidation throughout the packaged food, wine & spirits, household products and soft beverage industries represents a two-fold risk factor, in our view. Acquisition of a client by a non-client could result in a loss of business, while consolidation could also lead to a client base with greater negotiating leverage.

LABL is expected to provide high quality labels and solutions under time constraints. An inability to deliver on commitments could result in the loss of business or inability to secure future new business.

Multi-Color's labels are typically applied to consumer products, a severe pullback in consumer consumption of either staple or discretionary goods could negatively impact the firm. We believe management has little ability to compel consumption of products carrying their labels.

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

Additional information is available upon request.

Prices of other stocks mentioned: Procter & Gamble (PG--\$86.05, Long-term Buy, \$104)

Multi-Color Corp (LABL)

| (\$'s in thousands) | march '15 | march '16 | Jun '16 | Sept '16 | Dec '16 | | march '17 | Jun '17 | Sept '17 | Dec '17 | | march '18 | march '19 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------------|------------|---------------------------------------|------------|------------------------------|--|
| Income Statement Analysis | FY'15 | FY'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 | FY'17 | Q1'18 | Q2'18 | Q3'18E | Q4'18E | FY'18E | FY'19E |
| Revenues | \$ 810,772 | \$ 870,825 | \$ 236,494 | \$ 232,140 | \$ 210,658 | \$ 244,003 | \$ 923,295 | \$ 242,440 | \$ 256,034 | \$ 335,670 | \$ 413,770 | \$ 1,247,910 | \$ 1,694,840 |
| Cost of Revenues | 637,498 | 689,199 | 184,401 | 182,187 | 169,441 | 190,457 | 726,486 | 192,983 | 204,260 | 269,207 | 325,637 | 992,090 | 1,339,970 |
| Gross Profit | 173,274 | 181,626 | 52,093 | 49,953 | 41,217 | 53,546 | 196,809 | 49,457 | 51,774 | 66,463 | 88,133 | 255,820 | 354,870 |
| % | 21.4% | 20.9% | 22.0% | 21.5% | 19.6% | 21.9% | 21.3% | 20.4% | 20.2% | 19.8% | 21.3% | 20.5% | 20.9% |
| Selling, G & A Expense | 68,012 | 81,998 | 22,654 | 19,736 | 20,408 | 22,124 | 84,922 | 23,589 | 25,200 | 30,410 | 36,770 | 115,969 | 151,020 |
| % | 8.4% | 9.4% | 9.6% | 8.5% | 9.7% | 9.1% | 9.2% | 9.7% | 9.8% | 9.1% | 8.9% | 9.3% | 8.9% |
| Facility Closure Expense | 7,399 | 5,200 | 157 | 57 | 393 | 314 | 921 | 34 | 95 | | | | |
| Loss on Legal Settlement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Goodwill Impairment | 951 | - | - | - | - | - | - | - | - | - | - | - | - |
| Operating Inc. | 96,912 | 94,428 | 29,282 | 30,160 | 20,416 | 31,108 | 110,966 | 25,834 | 26,479 | 36,053 | 51,363 | 139,851 | 203,850 |
| % | 12.0% | 10.8% | 12.4% | 13.0% | 9.7% | 12.7% | 12.0% | 10.7% | 10.3% | 10.7% | 12.4% | 11.2% | 12.0% |
| Interest (Expense) | (26,386) | (25,751) | (6,456) | (6,521) | (6,141) | (6,370) | (25,488) | (6,335) | (6,669) | (15,231) | (19,446) | (47,681) | (76,631) |
| Other Income / (Expense) | 346 | (1,867) | 270 | 290 | 1,125 | 1,050 | 2,735 | (1,199) | 2,676 | 243 | 200 | 1,920 | (560) |
| Pre Tax Inc. | 70,872 | 66,810 | 23,096 | 23,929 | 15,400 | 25,788 | 88,213 | 18,300 | 22,486 | 21,065 | 32,117 | 94,090 | 126,659 |
| Income Tax (Expense) | (25,156) | (18,981) | (7,186) | (7,395) | (3,205) | (9,062) | (26,848) | (4,158) | (7,296) | (6,109) | (9,314) | (26,880) | (36,730) |
| Tax Rate | 35.5% | 28.4% | 31.1% | 30.9% | 20.8% | 35.1% | 30.4% | 22.7% | 32.4% | 29.0% | 29.0% | 28.6% | 29.0% |
| Net Income | 45,716 | 47,829 | 15,910 | 16,534 | 12,195 | 16,726 | 61,365 | 14,142 | 15,190 | 14,956 | 22,803 | 67,210 | 89,929 |
| Less: (NI)/Loss Attrib to non-CI | 0 | (90) | (105) | (191) | (69) | (4) | (369) | (36) | - | 0 | 0 | (36) | 0 |
| Net Income att to LABL (ctd ops) | 45,716 | 47,739 | 15,805 | 16,343 | 12,126 | 16,722 | 60,996 | 14,106 | 15,190 | 14,956 | 22,803 | 67,174 | 89,929 |
| % | 5.6% | 5.5% | 6.7% | 7.0% | 5.8% | 6.9% | 6.6% | 5.8% | 5.9% | 4.5% | 5.5% | 5.4% | 5.3% |
| Shares Out. | 16,877 | 16,952 | 16,961 | 17,008 | 17,039 | 17,065 | 17,024 | 17,152 | 17,177 | 19,426 | 20,553 | 18,577 | 20,565 |
| Diluted EPS (cont'd ops) | \$ 2.71 | \$ 2.82 | \$ 0.93 | \$ 0.96 | \$ 0.71 | \$ 0.98 | \$ 3.58 | \$ 0.82 | \$ 0.88 | \$ 0.77 | \$ 1.11 | \$ 3.59 | \$ 4.37 |
| Integration | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Acquisition | \$ 0.09 | \$ 0.22 | \$ 0.01 | \$ 0.02 | \$ 0.02 | \$ 0.02 | \$ 0.06 | \$ 0.04 | \$ 0.24 | | | | |
| Supplemental Purch Adj | \$ - | \$ - | \$ - | \$ - | \$ (0.05) | \$ - | \$ (0.05) | \$ - | \$ - | | | | |
| Currency Re-Pat | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | |
| Legal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | |
| Plant Close/Consolidation | \$ 0.27 | \$ 0.22 | \$ 0.01 | \$ 0.00 | \$ 0.02 | \$ 0.01 | \$ 0.04 | \$ 0.00 | \$ 0.00 | | | | |
| Inventory Purch Accounting | \$ - | \$ 0.02 | \$ - | \$ 0.01 | \$ - | \$ 0.01 | \$ 0.02 | \$ - | \$ 0.02 | | | | |
| Goodwill Impairment | \$ 0.06 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | |
| Other, Severance, P/L on Sale, Hedge | \$ 0.07 | \$ - | \$ - | \$ - | \$ - | \$ (0.04) | \$ (0.04) | \$ - | \$ (0.08) | | | | |
| Release of Foreign Valuation | \$ - | \$ (0.06) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | |
| Uncertain Tax Reserve | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | |
| Adjusted EPS (cont'd ops) | \$ 3.20 | \$ 3.22 | \$ 0.95 | \$ 0.99 | \$ 0.70 | \$ 0.98 | \$ 3.61 | \$ 0.86 | \$ 1.06 | \$ 0.77 | \$ 1.11 | \$ 3.80 | \$ 4.37 |
| EPS from disc ops | | | | | | | | | | | | | |
| Dividends Paid | \$ 0.200 | \$ 0.200 | \$ 0.050 | \$ 0.050 | \$ 0.050 | \$ 0.050 | \$ 0.200 | \$ 0.050 | \$ 0.050 | \$ 0.050 | \$ 0.050 | \$ 0.200 | \$ 0.200 |
| Rate of Change Analysis | | | | | | | | | | | | | |
| Revenue | 14.8% | 7.4% | 8.5% | 5.6% | 2.2% | 7.4% | 6.0% | 2.5% | 10.3% | 59.3% | 69.6% | 35.2% | 35.8% |
| Operating Income | 61.2% | -2.6% | 12.3% | 6.8% | 17.4% | 36.9% | 17.5% | -11.8% | -12.2% | 76.6% | 65.1% | 26.0% | 45.8% |
| Adj Core Op Income--(non-GAAP) | 38.6% | -3.0% | 4.7% | 4.5% | 7.0% | 20.7% | 9.1% | -9.6% | 1.6% | 70.2% | 60.9% | 28.3% | 40.2% |
| EPS--Adj if necessary | 49.5% | 0.7% | 5.2% | 6.3% | 3.4% | 39.6% | 12.2% | -9.7% | 7.7% | 10.3% | 13.4% | 5.2% | 15.0% |
| Adj EBITDA | 28.6% | -0.4% | 7.4% | 5.2% | 7.8% | 14.0% | 8.5% | -6.3% | 7.1% | 53.8% | 110.9% | 38.2% | 73.0% |
| Working Capital | -5.3% | 2.1% | 8.2% | 2.8% | -1.2% | -0.4% | -0.4% | 0.0% | -9.2% | 73.1% | 88.4% | 88.4% | 13.3% |
| Inventory | -0.4% | 9.1% | 6.3% | -0.6% | -1.1% | 4.6% | 4.6% | 9.2% | 10.3% | 59.3% | 69.6% | 69.6% | 6.1% |
| | | | | | | | | *Guiding to \$0.80 | | *Constantia Flexibles closed 10/31/17 | | *EPS Guide for \$3.80-\$3.90 | *EPS guide \$4.50 *could be 4-5% org gr w/Constantia |

Source: Company reports and Hilliard Lyons estimates

Multi-Color Corp (LABL)

| Summary Cash Flow | FY15 | FY16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 | FY17 | Q1'18 | Q2'18E | Q3'18E | Q4'18E | FY18E | FY19E |
|---------------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|-------------|----------|-------------|----------|
| Net Income--Ct'd Ops to LABL | 45,716 | 47,739 | 15,805 | 16,343 | 12,126 | 16,722 | 60,996 | 14,106 | 15,190 | 14,956 | 22,803 | 67,174 | 89,929 |
| D & A | 43,569 | 46,165 | 12,299 | 12,541 | 12,117 | 12,613 | 49,570 | 12,500 | 15,110 | 15,160 | 42,570 | 85,340 | 185,810 |
| Major Impairments / (Gain) | 951 | 1,874 | - | (278) | (151) | (628) | (1,057) | - | - | - | - | - | - |
| Share-base Compensation | 1,970 | 2,982 | 919 | 763 | 763 | 597 | 3,042 | 910 | 500 | 500 | 500 | 2,410 | 2,000 |
| Deferred Income Tax | 6,944 | 2,343 | 27 | (62) | (370) | (2,533) | (2,938) | 191 | 1,500 | 1,500 | 1,500 | 4,691 | 6,000 |
| (Increase) Decrease in Wrk Cap | 4,772 | (1,780) | (13,188) | (1,367) | 4,635 | 10,265 | 345 | (13,557) | 8,000 | (75,270) | 4,524 | (76,303) | (21,703) |
| Operating CF | 103,922 | 99,323 | 15,862 | 27,940 | 29,120 | 37,036 | 109,958 | 14,150 | 40,300 | (43,154) | 71,897 | 83,312 | 262,036 |
| Cap Ex | (29,153) | (34,892) | (10,021) | (8,091) | (15,943) | (12,091) | (46,146) | (10,272) | (16,000) | (17,000) | (17,000) | (60,270) | (60,000) |
| Acquisitions, net of cash acq | (31,240) | (103,245) | (3,123) | (8,246) | - | (17,470) | (28,839) | - | 0 | (1,045,000) | 0 | (1,045,000) | (44,300) |
| Divestitures | 471 | 3,105 | 32 | 646 | 606 | 66 | 1,350 | 195 | - | - | - | 200.00 | - |
| Dividends | (3,302) | (3,351) | (1,337) | (844) | (849) | (846) | (3,876) | (1,126) | (860) | (970) | (1,030) | (3,986) | (4,120) |
| Free Cash Flow | 40,698 | (39,060) | 1,413 | 11,405 | 12,934 | 6,695 | 32,447 | 2,947 | 23,440 | (1,106,124) | 53,867 | (1,025,744) | 153,616 |
| FCF / Share | \$ 2.41 | \$ (2.30) | \$ 0.08 | \$ 0.67 | \$ 0.76 | \$ 0.39 | \$ 1.91 | \$ 0.17 | \$ 1.36 | \$ (56.94) | \$ 2.62 | \$ (55.22) | \$ 7.47 |
| FCF as % of NI | 89.0% | -81.8% | | | | | 53.2% | | | | | -1527.0% | 170.8% |
| FCF Yield--@ yr-end price | 3.5% | -4.3% | | | | | 2.7% | | | | | -67.9% | 9.2% |
| LoC Borrowing / (Repmnts) | 96,077 | 53,339 | (3,070) | (11,103) | (7,906) | (4,972) | (27,051) | (4,740) | 20,000 | (8,000) | 1,000 | 8,260 | (89,000) |
| LTD Borrowing | 251,896 | 823 | - | 38 | 2,054 | 64 | 2,156 | - | - | 1,145,000 | 0 | 1,145,000 | - |
| LTD (Repmnts) | (367,868) | (9,165) | (357) | (4,239) | (840) | (1,136) | (6,572) | (706) | (800) | (800) | (800) | (3,106) | (3,200) |
| Special Deferred Pmts | (10,916) | (1,141) | - | (1,784) | - | - | (1,784) | - | - | - | - | - | - |
| Stock Sale Proceeds / (Repurch) | 2,019 | 2,706 | 1,012 | 1,263 | 300 | 167 | 2,742 | 1,080 | 400 | 400 | 400 | 2,280 | 1,600 |
| Net C.F. | 11,906 | 7,502 | (1,002) | (4,420) | 6,542 | 818 | 1,938 | (1,419) | 43,040 | 30,476 | 54,467 | 126,690 | 63,016 |
| Net CF--Disc Ops | | | | | | | | | | | | | |
| Reported EBITDA | 140,481 | 140,593 | 41,581 | 42,701 | 32,533 | 43,721 | 160,536 | 38,334 | 41,589 | 51,213 | 93,933 | 225,191 | 389,660 |
| Adj EBITDA (Adj Op Inc + D&A) | 150,696 | 150,108 | 41,904 | 43,174 | 33,298 | 44,544 | 162,920 | 39,274 | 46,219 | 51,213 | 93,933 | 225,191 | 389,660 |
| TTM Adj EBITDA Margin | 18.6% | 17.2% | 17.2% | 17.2% | 17.4% | 17.6% | 17.6% | 17.2% | 17.1% | 16.8% | 18.5% | 18.5% | 23.0% |

Source: Company reports and Hilliard Lyons estimates

| Summary Balance Sheet | FY'15 | FY'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 | FY'17 | Q1'18 | Q2'18p | Q3'18E | Q4'18E | FY'18E | FY'19E |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|
| Cash and Equivalents | 18,049 | 27,709 | 28,349 | 27,750 | 25,268 | 25,229 | 25,229 | 25,891 | 60,000 | 90,476 | 144,943 | 144,943 | 207,959 |
| A/R | 111,092 | 134,920 | 137,080 | 133,651 | 119,901 | 141,211 | 141,211 | 144,759 | 147,476 | 189,989 | 223,850 | 223,850 | 237,434 |
| Inventory | 56,067 | 61,191 | 64,480 | 62,805 | 62,522 | 63,995 | 63,995 | 70,418 | 69,269 | 99,625 | 108,520 | 108,520 | 115,106 |
| Other Current Assets | 22,764 | 26,370 | 18,446 | 23,320 | 27,426 | 23,311 | 23,311 | 21,683 | 27,817 | 27,975 | 23,777 | 23,777 | 24,253 |
| Total Current Assets | 207,972 | 250,190 | 248,355 | 247,526 | 235,117 | 253,746 | 253,746 | 262,751 | 304,562 | 408,065 | 501,090 | 501,090 | 584,752 |
| Net PP&E | 190,078 | 221,295 | 218,329 | 227,315 | 231,493 | 247,261 | 247,261 | 256,060 | 256,950 | 781,290 | 844,970 | 844,970 | 741,310 |
| Goodwill | 368,221 | 422,009 | 414,261 | 410,688 | 397,012 | 412,550 | 412,550 | 420,406 | 420,406 | 838,406 | 978,656 | 978,656 | 996,376 |
| Intangible Assets | 145,023 | 169,146 | 163,058 | 172,571 | 163,734 | 169,220 | 169,220 | 170,244 | 170,244 | 274,744 | 300,244 | 300,244 | 304,674 |
| Other Non-Current Assets | 16,077 | 15,426 | 9,592 | 9,385 | 8,997 | 9,213 | 9,213 | 8,533 | 39,534 | 40,325 | 41,131 | 41,131 | 44,522 |
| Total Assets | 927,371 | 1,078,066 | 1,053,595 | 1,067,485 | 1,036,353 | 1,091,990 | 1,091,990 | 1,117,994 | 1,191,696 | 2,342,829 | 2,666,091 | 2,666,091 | 2,671,633 |
| CP of LT Debt | 2,947 | 1,573 | 3,537 | 1,808 | 1,870 | 2,093 | 2,093 | 2,530 | 2,530 | 2,530 | 2,530 | 2,530 | 116 |
| A/P | 62,228 | 82,958 | 77,520 | 73,708 | 75,828 | 88,475 | 88,475 | 87,933 | 89,100 | 114,128 | 140,682 | 140,682 | 136,053 |
| Accrued Exp & Othr | 42,846 | 52,894 | 42,669 | 44,884 | 37,472 | 53,758 | 53,758 | 49,086 | 63,621 | 38,221 | 54,833 | 54,833 | 55,930 |
| Total Current Liabilities | 108,021 | 137,425 | 123,726 | 120,400 | 115,170 | 144,326 | 144,326 | 139,549 | 155,251 | 152,349 | 195,515 | 195,515 | 191,983 |
| Long-Term Debt | 455,583 | 512,706 | 499,370 | 490,534 | 482,380 | 479,408 | 479,408 | 474,659 | 496,019 | 1,638,019 | 1,639,019 | 1,639,019 | 1,548,631 |
| Deferred Inc Tax | 59,677 | 65,798 | 64,996 | 68,911 | 67,257 | 65,761 | 65,761 | 67,473 | 69,000 | 70,500 | 72,000 | 72,000 | 78,000 |
| Other LT Liabilities | 14,617 | 19,505 | 16,076 | 21,686 | 18,514 | 20,675 | 20,675 | 20,433 | 35,372 | 18,884 | 21,089 | 21,089 | 21,510 |
| Total Liabilities | 637,898 | 735,434 | 704,168 | 701,531 | 683,321 | 710,170 | 710,170 | 702,114 | 755,642 | 1,879,753 | 1,927,622 | 1,927,622 | 1,840,124 |
| Shareholders' Equity | 289,473 | 338,992 | 346,245 | 362,626 | 350,251 | 378,951 | 378,951 | 413,011 | 433,185 | 460,208 | 735,599 | 735,599 | 828,641 |
| Noncontrolling Interest | - | 3,640 | 3,182 | 3,328 | 2,781 | 2,869 | 2,869 | 2,869 | 2,869 | 2,869 | 2,869 | 2,869 | 2,869 |
| Book Value | \$ 17.15 | \$ 20.02 | \$ 20.41 | \$ 21.32 | \$ 20.56 | \$ 22.21 | \$ 22.21 | \$ 24.08 | \$ 25.22 | \$ 23.69 | \$ 35.79 | \$ 35.79 | \$ 40.28 |
| Tangible Book Value | \$ (13.26) | \$ (14.89) | \$ (13.62) | \$ (12.97) | \$ (12.35) | \$ (11.89) | \$ (11.89) | \$ (10.36) | \$ (9.17) | \$ (33.61) | \$ (26.43) | \$ (26.43) | \$ (22.96) |
| Current Ratio | 1.9x | 1.8x | 2.0x | 2.1x | 2.0x | 1.8x | 1.8x | 1.9x | 2.0x | 2.7x | 2.6x | 2.6x | 3.0x |
| Net LT Debt / Total Cap | 60.2% | 58.6% | 57.4% | 55.8% | 56.4% | 54.3% | 54.3% | 51.9% | 50.0% | 77.0% | 66.9% | 66.9% | 61.7% |
| Net Total Debt / Total Cap | 60.3% | 58.7% | 57.6% | 55.9% | 56.5% | 54.4% | 54.4% | 52.0% | 50.1% | 77.0% | 67.0% | 67.0% | 61.7% |
| Gross Debt / TTM Adj EBITDA | 3.0x | 3.4x | 3.3x | 3.2x | 3.1x | 3.0x | 3.0x | 3.0x | 3.1x | 9.1x | 7.1x | 7.1x | 4.0x |
| TTM ROE--unadjusted | 15.2% | 15.3% | 15.5% | 15.0% | 15.3% | 17.2% | 17.2% | 16.0% | 15.0% | 15.0% | 13.8% | 13.8% | 11.5% |

Source: Company reports and Hilliard Lyons estimates

Analyst Certification

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

Important Disclosures

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

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 set back in the next 12 months.

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



| Rating | Hilliard Lyons Recommended Issues | | Investment Banking Provided in Past 12 Mo. | |
|--------------|-----------------------------------|---------------------|--|------------|
| | # of Stocks Covered | % of Stocks Covered | Banking | No Banking |
| 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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