



COMPANY UPDATE / ESTIMATE CHANGE

Key Metrics

MMM - NYSE - as of	4/24/17	\$194.23
Price Target		--
52-Week Range	\$163.17 - \$194.45	
Shares Outstanding (mm)		596.2
Market Cap. (\$mm)		\$115,799.9
1-Mo. Average Daily Volume		1,797,816
Institutional Ownership		68.2%
Net Debt/Total Capital	Q1'17	46.4%
ROE	TTM	44.8%
Book Value / Share	Q1'17	\$17.96
Price / Book Value		10.8x
Dividend Yield		2.4%
Adj EBITDA Margin	TTM	28.6%

EPS Fiscal Year 12/31

		Prior	Current		Prior	Current
	2016A	2017E	2017E	A	2018E	2018E
1Q	\$2.05	--	\$2.16	A	--	--
2Q	\$2.08	\$2.23	\$2.30		--	--
3Q	\$2.15	\$2.19	\$2.29		--	--
4Q	\$1.88	\$1.98	\$2.02		--	--
Year	\$8.16	\$8.54	\$8.78		\$9.02	\$9.31
P/E	23.8x		22.1x			20.9x

* adjusted for special items

Revenue (\$mm)

		Prior	Current		Prior	Current
	2016A	2017E	2017E	A	2018E	2018E
1Q	\$7,409	--	\$7,685	A	--	--
2Q	\$7,662	\$7,740	\$7,910		--	--
3Q	\$7,709	\$7,770	\$7,880		--	--
4Q	\$7,329	\$7,590	\$7,630		--	--
Year	\$30,109	\$30,620	\$31,105		\$31,890	\$32,430

Company Description: *3M Company applies science in collaborative ways to improve lives daily. With ~\$30 billion in annual sales and nearly 90,000 employees globally, MMM connects with customers around the world. The St. Paul, MN, based company holds 5 segments: Industrial, Safety & Graphics, Electronics & Energy, Health Care and Consumer.*

Industrials

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April 25, 2017

3M Company

MMM – NYSE – Neutral – 1

Q1'17 Results from MMM; Reiterating Neutral Rating.

- MMM reported Q1'17 EPS of \$2.16 versus \$2.05 in the year-ago period. Hilliard Lyons was the high estimate on the Street at \$2.14, and consensus was for \$2.06. Pre-tax income was flat yr/yr on margin compression, but a lower effective tax rate bolstered net income.
- EPS were up 5.3% yr/yr on 3.8% net income growth and 1.5% fewer shares outstanding.
- Revenue growth accelerated for a 5th sequential quarter. Sales grew 3.7% to \$7.69B in Q1'17, which was above both our target at \$7.52B and consensus for \$7.47B. Organic concerns contributed +5.1% revenue impact in Q1; foreign exchange and divestitures contributed -0.5% and -0.4% to consolidated sales, respectively.
- Off a soft comparison, the Electronics & Energy (E&E) segment posted both strong sales (+11%) and operating margin improvement (+70bps, or +600bps adjusted).
- Organic sales for the Safety & Graphics (S&G) and Industrial segments outpaced our model by 200-300bps, on strength across EMEA, Asia Pac and the US.
- Healthcare was mixed in our view, but likely stronger than a disappointing 2H'16; Consumer sales slipped for a second straight quarter, partially on timing issues.
- MMM's Scott Safety purchase should close in 2H'17; our model projects a 10/1/17 closing date, with about +\$0.11 in incremental EPS over Q4'17-Q3'18. The sale of identity management remains on track to close in Q2, and is slated to provide a \$0.55 one-time EPS gain.
- MMM raised FY'17 GAAP EPS guidance to the range of \$8.70-\$9.05, a hike of \$0.25 on both ends; organic revenue is expected to grow +2% to +5%, up from +1% to +3%. Revised sales expectations, the gain-on-sale, a lower effective tax rate (approx. +\$0.11) and increased optimization charges net to drive guidance higher.
- We are reiterating our Neutral rating. We are happy to see momentum exiting Q4 held into 1H'17, although we believe the story is adequately understood and the stock fairly valued at this point. We await a more compelling entry point.

Note Important Disclosures on Pages 8-9.

Note Analyst Certification on Page 8.

ADDITIONAL DISCUSSION—Q1 RESULTS & FORWARD OUTLOOK

Organic revenue growth of 5.1% is the quickest rate MMM has delivered since Q4'14, which qualitatively is not particularly surprising given recent economic data points that have trended similarly. Having said that, from a bottom up modeling standpoint, we are nonetheless pleased with and positively surprised by activity in the quarter. Auto was cited as a bright spot for the Industrial segment, but core adhesives, abrasives, tapes and materials volumes were up across much of the world [Asia Pac +8%, US +6%, EMEA +5%]. The narrative feels similar at Safety & Graphics, which for us falls into a similar 'heavy economy' bucket of businesses, although the regional strengths are a bit altered [EMEA +7%, Asia Pac +6%, US +4%].

MMM management again cited channel inventory issues as holding back the Consumer segment in the quarter, but did mention strong traction with Command and Filtrete branded products. Though historically fairly steady, we still view Consumer as holding one of the best long-term competitive positions at 3M. Consolidated sales at Consumer fell 80bps, though operating margins slipped 140bps. Although not generating many headlines in Q1, we note that Health Care organic growth picked up a bit sequentially to begin 2017, curbing a three quarter streak to the contrary. We leave our Health Care assumptions for the near-term intact, including our view that the segment can return to company-leading growth in the out year of 2018.

Raised expectations for the Industrial and S&G segments across the middle of 2017 (ahead of tougher comparisons in Q4) drivers much of our increased outlook for this year. Lower taxes help as well, with management lowering the mid-point of effective tax rate guidance to 26.75% from 28.5%. Along with this, our model has been updated for realized FX moves. For the year, we still forecast currency to be a headwind, but to a lesser extent than at most points over the last several months. Aside from a higher base year, our 2018 remains mostly unchanged, following our tweaks from March that incorporated Scott Safety.

ADDITIONAL DISCUSSION—M&A RECAP

About six weeks have passed since MMM announced its agreement to acquire Scott Safety from JCI. We still anticipate the deal to close in 2H'17, although the transaction got little attention on the conference call this morning aside from MMM management noting that nothing Scott-related was yet reflected in guidance. The deal was initially suggested to be immediately accretive by about \$0.10 in consolidated EPS on an adjusted annualized basis, and we continue to operate under this assumption (our model reflects about +\$0.11 of impact). As outlined in our note from March 16, we like this deal. The price is reasonable, in our view, with 3M projecting the purchase can be integrated at roughly an equivalent valuation to 3M's own market multiple (EV/EBITDA) over the past few years (~11x). From our vantage point, the \$2B purchase price does not present any funding issues for MMM.

Separately, we remind investors that the protective prescription eyewear business (~\$45MM in TTM sales) sold very early in Q1, but the more material divestiture (at ~\$215MM TTM sales) is slated to be identity management. As noted in our bullet points, Q2'17 should show a +\$0.55 EPS gain-on-sale from this transaction, although we anticipate adjusting for this item and do not reflect it on our income statement model. Collectively eyewear/identity represent a slight headwind to sales over the next few quarters, with the loss of income from identity management projected to be about \$0.05 in EPS over the balance of 2017; having said that, we do not see this as much of a risk to the stock and its already in guidance. We see no reason to think MMM is done acquiring, but the pipeline was not discussed at length this morning.

ADDITIONAL DISCUSSION—BALANCE SHEET SNAPSHOT

3M exited Q1'17 with \$10.8B in long-term debt, an uptick sequentially from \$10.7B at Q4'16 but up materially from the year-ago read of \$8.9B. We calculate that total net debt represents 46.4% of the capital structure, versus 45.0% in Q1'16 and 21.3% in Q1'15. Despite substantial strategic leveraging, we calculate gross debt at just 1.3x TTM adjusted EBITDA, and remain comfortable with the metric rising over the next few years. 3M ended the first quarter with \$2.2B in cash and equivalents.

ADDITIONAL DISCUSSION—FINAL THOUGHTS

Keeping with standard practice at the company, MMM continued to give and revise EPS guidance on a GAAP-basis. On balance, we like this; however, looking towards the second half of this year we see the opportunity for some confusion and/or disconnects across the investment community conversation. We expect most analysts to adjust out the +\$0.55 gain on sale positioned to impact Q2, although there could be discrepancies in consensus if some on the sell-side stick with guidance/GAAP reporting. Furthermore, we expect the -\$0.40 to -\$0.45 (EPS) of portfolio rationalization charges that are suggested to impact Q2-Q4'17 may be difficult to parse out for analysts that wish to identify one-time charges. In our view, some level of restructuring could reasonably be included in 3M's on-going adjusted operating results given the strategic 'plays' of Portfolio Management and Business Transformation; having said that, given the large ramp expected this year, we believe much the charges will have little read-through value moving into 2018-2019.

We continue to acknowledge a powerful cash flow and capital return story at MMM. The company has paid dividends for 100 consecutive years, and just raised its quarterly payment by 5.9%. We expect 3M to return just under \$3B to shareholders this year by way of dividends; we expect the company to repurchase net stock in a similar amount. As such, and we are inclined to stay patient, and reiterate our Neutral rating.

SUITABILITY

We assign MMM a suitability rating of '1.' A complete description of our suitability scale is on page 8. With annual revenues in excess of \$30B and nearly 100,000 employees, 3M Company manufactures a diverse set of products across a broad set of end-markets; we view the '3M' brand as a difficult-to-replicate competitive advantage, and believe the company meets our standards for a large-cap core holding. Acceptable debt metrics, a 100 consecutive year history of paying dividends and a similar history of innovation, along with the size and scope to move past individual setbacks keep MMM well above our more aggressive '2' rating.

CONSIDERATIONS AND RISKS

3M Company services end-markets across most sectors of the economy, ranging for example from Energy to Healthcare, meaning that a range of negative economic occurrences could have a direct or tangential impact to the company.

MMM has been both an active acquirer and active seller of businesses in recent years, and we expect the firm could remain active on both fronts moving forward. Failure to effectively integrate potential purchases 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 not materialize, and could cause 3M Company to fall short of investor expectations. Alternatively, divestitures of quality assets could disappoint investors, result in reduced profitability, or impact morale moving forward.

Tangible book value is currently negative, and we expect this to persist.

3M generates approximately 60% of revenue from non-US operations. International operations may carry a higher risk profile from items such as: intellectual property issues, political uncertainty, foreign exchange rates, nationalization/seizure of assets, terrorism threats, judicial uncertainty and/or more volatile economies.

We believe the '3M' brand/trademark holds substantial value, and is to an extent, a competitive advantage. Impairment to this brand equity could result in lasting losses in shareholder value.

Much of MMM's growth is attributable to product and technological innovation. An inability to innovate in the future could impair the firm's ability to grow, and could also weigh on investor sentiment.

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

Prices of other stocks mentioned: Johnson Controls (JCI--\$42.91, Not Rated).

Additional information is available upon request.

3M Company (MMM)

(\$'s in MM)

Income Statement Analysis	FY'14	FY'15	Q1'16	Q2'16	Q3'16	Q4'16	FY'16	Q1'17	Q2'17E	Q3'17E	Q4'17E	FY'17E	FY'18E
Net Sales	\$ 31,821	\$ 30,274	\$ 7,409	\$ 7,662	\$ 7,709	\$ 7,329	\$ 30,109	\$ 7,685	\$ 7,910	\$ 7,880	\$ 7,630	\$ 31,105	\$ 32,430
Cost of Sales	16,447	15,383	3,678	3,799	3,847	3,716	15,040	3,869	3,915	3,928	3,891	15,604	16,291
Gross Profit	15,374	14,891	3,731	3,863	3,862	3,613	15,069	3,816	3,995	3,952	3,739	15,501	16,139
%	48.3%	49.2%	50.4%	50.4%	50.1%	49.3%	50.0%	49.7%	50.5%	50.2%	49.0%	49.8%	49.8%
SG & A	6,469	6,182	1,493	1,560	1,531	1,527	6,111	1,571	1,560	1,530	1,560	6,221	6,390
R & D	1,770	1,763	450	437	427	421	1,735	471	465	465	455	1,856	1,930
Operating Inc.	7,135	6,946	1,788	1,866	1,904	1,665	7,223	1,774	1,970	1,957	1,724	7,424	7,819
%	22.4%	22.9%	24.1%	24.4%	24.7%	22.7%	24.0%	23.1%	24.9%	24.8%	22.6%	23.9%	24.1%
Interest (Expense)	(142)	(149)	(47)	(38)	(50)	(64)	(199)	(45)	(50)	(54)	(54)	(203)	(231)
Interest Income (Expense)	33	26	5	7	8	9	29	8	8	8	8	32	32
Pre Tax Inc.	7,026	6,823	1,746	1,835	1,862	1,610	7,053	1,737	1,928	1,910	1,677	7,253	7,619
Income Tax (Expense)	(2,028)	(1,982)	(468)	(542)	(531)	(454)	(1,995)	(411)	(528)	(523)	(463)	(1,926)	(2,171)
Tax Rate	28.9%	29.0%	26.8%	29.5%	28.5%	28.2%	28.3%	23.7%	27.4%	27.4%	27.6%	26.6%	28.5%
Net Income incl Non-CI	4,998	4,841	1,278	1,293	1,331	1,156	5,058	1,326	1,400	1,387	1,214	5,327	5,448
Less: (NI)/Loss Attrib to non-CI	(42)	(8)	(3)	(2)	(2)	(1)	(8)	(3)	(2)	(2)	(2)	(9)	(8)
Net Income att to MMM	4,956	4,833	1,275	1,291	1,329	1,155	5,050	1,323	1,398	1,385	1,212	5,318	5,440
%	15.6%	16.0%	17.2%	16.8%	17.2%	15.8%	16.8%	17.2%	17.7%	17.6%	15.9%	17.1%	16.8%
Shares Out.	662.0	637.2	621.3	620.9	618.8	613.8	618.7	612.0	607.9	603.8	599.6	605.8	584.2
Diluted EPS (cont'd ops)	\$ 7.49	\$ 7.58	\$ 2.05	\$ 2.08	\$ 2.15	\$ 1.88	\$ 8.16	\$ 2.16	\$ 2.30	\$ 2.29	\$ 2.02	\$ 8.78	\$ 9.31
Adjusted EPS (cont'd ops)	\$ 7.49	\$ 7.72	\$ 2.05	\$ 2.08	\$ 2.15	\$ 1.88	\$ 8.16	\$ 2.16					
EPS from disc ops													
Dividends Paid	\$ 3,420	\$ 4,100	\$ 1,110	\$ 1,110	\$ 1,110	\$ 1,110	\$ 4,440	\$ 1,175	\$ 1,175	\$ 1,175	\$ 1,175	\$ 4,700	\$ 4,880
Rate of Change Analysis													
Net Sales	3.1%	-4.9%	-2.2%	-0.3%	0.0%	0.4%	-0.5%	3.7%	3.2%	2.2%	4.1%	3.3%	4.3%
SG & A	1.3%	-4.4%	-4.5%	0.6%	0.1%	-0.7%	-1.1%	5.2%	0.0%	-0.1%	2.2%	1.8%	2.7%
R & D	3.2%	-0.4%	-2.8%	-0.2%	-0.5%	-2.8%	-1.6%	4.7%	6.4%	8.9%	8.1%	7.0%	4.0%
Operating Income	7.0%	-2.6%	3.4%	1.4%	1.5%	11.0%	4.0%	-0.8%	5.5%	2.8%	3.5%	2.8%	5.3%
EPS--Adj if necessary	11.5%	3.2%	11.1%	2.8%	4.6%	13.4%	7.6%	5.3%	10.6%	6.8%	7.4%	7.5%	6.1%
EBITDA--Adj if necessary	6.3%	-0.2%	3.6%	2.2%	1.8%	0.4%	2.0%	-0.5%	4.4%	2.4%	2.7%	2.3%	6.0%
Working Capital	-13.2%	28.5%	-7.6%	-3.4%	-13.8%	-4.9%	-4.9%	5.6%	-3.7%	-4.0%	-4.2%	-4.2%	4.9%
Inventory	-4.1%	-5.1%	-2.1%	-6.1%	-2.6%	-3.8%	-3.8%	-0.4%	3.2%	2.2%	4.0%	4.0%	3.4%
			*\$10MM E&E restrict, ~\$0.015/sh *\$40M p-tax gain Pres Foam sale	*EPS guide +\$0.05/- \$0.15 on bottom/top ends	*EPS guide +\$0.00/- \$0.10 on bottom/top ends			*EPS guide +\$0.25; Org Rev guide +1% to +2%	*2H'17 Expected close of Scott Safety \$2B	*Model Scott Safety to close 10/1/17		*EPS guide \$8.70-\$9.05 **org rev guide +2% to 5%	

Source: Company reports and Hilliard Lyons estimates

3M Company (MMM)

Summary Cash Flow	FY'14	FY'15	Q1'16	Q2'16	Q3'16	Q4'16	FY'16	Q1'17p	Q2'17E	Q3'17E	Q4'17E	FY'17E	FY'18E
Net Income	4,956	4,833	1,275	1,291	1,329	1,155	5,050	1,323	1,398	1,385	1,212	5,318	5,440
D & A	1,408	1,435	356	366	368	384	1,474	360	360	370	380	1,470	1,610
Pension Contributions/(Expense)	176	289	3	18	(164)	11	(132)	25	25	25	25	100	100
Deferred Income Tax	(146)	395	(38)	(96)	34	107	7	50	50	50	50	200	200
Share-base Compensation	280	276	144	49	51	54	298	50	50	50	50	200	200
(Increase) Decrease in Wrkg. Cap.	472	(887)	(399)	(372)	372	594	195	(841)	50	370	580	161	(180)
Operating CF	7,146	6,341	1,341	1,256	1,990	2,305	6,892	967	1,933	2,250	2,297	7,449	7,370
Cap Ex	(1,493)	(1,461)	(314)	(323)	(347)	(436)	(1,420)	(287)	(375)	(375)	(350)	(1,387)	(1,450)
Acquisitions, net of cash acq	(955)	(2,914)	(4)	-	(13)	1	(16)	-	(50)	(50)	(2,000)	(2,100)	(1,000)
Mrktbl Sec (Purch)/Sale	754	1,300	(150)	89	(181)	79	(163)	50	-	-	-	50	-
Divestitures [PP&E, Business]	135	156	74	-	-	126	200	138	850	10	10	1,008	40
Dividends	(2,216)	(2,561)	(672)	(672)	(670)	(664)	(2,678)	(702)	(714)	(709)	(705)	(2,830)	(2,851)
Free Cash Flow	3,371	861	275	350	779	1,411	2,815	166	1,643	1,126	(747)	2,190	2,109
FCF / Share	\$ 5.09	\$ 1.35	\$ 0.44	\$ 0.56	\$ 1.26	\$ 2.30	\$ 4.55	\$ 0.27	\$ 2.70	\$ 1.86	\$ (1.25)	\$ 3.61	\$ 3.61
FCF as % of NI	68.0%	17.8%					55.7%					41.1%	38.7%
TTM FCF Yield (inc Acqs)	3.1%	0.9%	1.6%	0.7%	2.9%	2.6%	2.6%	2.3%	3.4%	3.7%	1.8%	1.8%	1.9%
TTM FCF Conversion (Margin)	10.6%	2.8%	5.6%	2.3%	10.5%	9.3%	9.3%	8.9%	13.1%	14.1%	7.0%	7.0%	6.5%
Changes in Short-Term Debt	27	860	138	(475)	(161)	(299)	(797)	(68)	200	(500)	(500)	(868)	(50)
Repayment of Debt >90 days	(1,625)	(800)	-	-	(992)	-	(992)	-	-	(650)	-	(650)	(1,050)
Proceeds from Debt >90 days	2,608	3,422	-	1,112	1,720	-	2,832	-	1,200	1,850	-	3,050	2,300
Stock (Repurchases)/Proceeds	(4,684)	(4,603)	(870)	(573)	(645)	(861)	(2,949)	(375)	(800)	(800)	(800)	(2,775)	(4,800)
Net C.F.	(303)	(260)	(457)	414	701	251	909	(277)	2,243	1,026	(2,047)	947	(1,491)
Net CF--Disc Ops													
Reported I/S EBITDA	8,543	8,381	2,144	2,232	2,272	2,049	8,697	2,134	2,330	2,327	2,104	8,894	9,429
Adjustments	0	144	0	0	0	0	0	0	0	0	0	0	0
Adjusted EBITDA	8,543	8,525	2,144	2,232	2,272	2,049	8,697	2,134	2,330	2,327	2,104	8,894	9,429
TTM Adj EBITDA Margin	26.8%	28.2%	28.6%	28.7%	28.9%	28.9%	28.9%	28.6%	28.7%	28.7%	28.6%	28.6%	29.1%

Source: Company reports and Hilliard Lyons estimates

Summary Balance Sheet	FY'14	FY'15	Q1'16	Q2'16	Q3'16	Q4'16	FY'16	Q1'17p	Q2'17E	Q3'17E	Q4'17E	FY'17E	FY'18E
Cash & Equivalents	\$ 3,336	\$ 1,916	\$ 1,513	\$ 1,865	\$ 2,666	\$ 2,678	\$ 2,678	\$ 2,173	\$ 4,416	\$ 5,442	\$ 3,395	\$ 3,395	\$ 1,904
Accounts Receivable, net	4,238	4,154	4,485	4,667	4,743	4,392	4,392	4,722	4,670	4,650	4,200	4,200	4,330
Inventories	3,706	3,518	3,627	3,613	3,611	3,385	3,385	3,612	3,730	3,690	3,520	3,520	3,640
Other	1,023	1,398	1,249	1,291	1,159	1,271	1,271	1,394	1,320	1,180	1,300	1,300	1,330
Total Current Assets	12,303	10,986	10,874	11,436	12,179	11,726	11,726	11,901	14,136	14,962	12,415	12,415	11,204
Net PP&E	8,489	8,515	8,614	8,604	8,671	8,516	8,516	8,551	8,580	8,600	9,270	9,270	9,460
Goodwill	7,050	9,249	9,375	9,356	9,430	9,166	9,166	9,207	9,230	9,260	10,360	10,360	10,920
Intangible Assets	1,435	2,601	2,551	2,477	2,422	2,320	2,320	2,320	2,330	2,340	2,540	2,540	2,660
Other Non-Current Assets	1,932	1,367	1,568	1,362	1,349	1,360	1,360	1,313	1,330	1,340	1,350	1,350	1,390
Total Assets	\$ 31,209	\$ 32,718	\$ 32,982	\$ 33,235	\$ 34,051	\$ 32,906	\$ 32,906	\$ 33,292	\$ 35,606	\$ 36,502	\$ 35,935	\$ 35,935	\$ 35,634
ST & CP of LTD	106	2,044	2,212	2,450	1,282	972	972	909	1,030	930	430	430	(50)
Accounts Payable, net	1,807	1,694	1,581	1,650	1,621	1,798	1,798	1,701	1,760	1,630	1,830	1,830	1,870
Other	4,051	3,380	3,385	3,154	3,497	3,449	3,449	3,385	3,220	3,570	3,520	3,520	3,590
Total Current Liabilities	5,964	7,118	7,178	7,254	6,400	6,219	6,219	5,995	6,010	6,130	5,780	5,780	5,410
LTD	6,705	8,753	8,927	9,299	11,079	10,678	10,678	10,802	12,080	12,890	12,890	12,890	14,500
Accrued Pension & Retirement	3,843	3,520	3,454	3,418	3,179	4,005	4,005	4,030	4,050	4,070	4,090	4,090	4,170
Other LT Liabilities	1,555	1,580	1,649	1,327	1,345	1,661	1,661	1,425	1,350	1,370	1,690	1,690	1,720
Total Liabilities	18,067	20,971	21,208	21,298	22,003	22,563	22,563	22,252	23,490	24,460	24,450	24,450	25,800
Stockholders' Equity	13,109	11,708	11,733	11,894	12,002	10,298	10,298	10,990	12,066	11,992	11,435	11,435	9,784
Noncontrolling Interest	33	39	41	43	46	45	45	50	50	50	50	50	50
Book Value	\$ 20.14	\$ 18.72	\$ 18.88	\$ 19.16	\$ 19.40	\$ 16.78	\$ 16.78	\$ 17.96	\$ 19.85	\$ 19.86	\$ 19.07	\$ 19.07	\$ 17.02
Tangible Book Value	\$ 7.10	\$ (0.23)	\$ (0.31)	\$ 0.10	\$ 0.24	\$ (1.94)	\$ (1.94)	\$ (0.88)	\$ 0.83	\$ 0.65	\$ (2.44)	\$ (2.44)	\$ (6.60)
Current Ratio	2.1x	1.5x	1.5x	1.6x	1.9x	1.9x	1.9x	2.0x	2.4x	2.4x	2.1x	2.1x	2.1x
Net LT Debt / Total Cap	20.4%	36.8%	38.6%	38.4%	41.1%	43.6%	43.6%	43.9%	38.7%	38.2%	45.3%	45.3%	56.2%
Net Total Debt / Total Cap	20.9%	43.1%	45.0%	45.3%	44.6%	46.5%	46.5%	46.4%	41.8%	41.0%	46.4%	46.4%	56.1%
Gross Debt / TTM Adj EBITDA	0.8x	1.3x	1.3x	1.4x	1.4x	1.3x	1.3x	1.3x	1.5x	1.6x	1.5x	1.5x	1.5x
TTM ROE-unadjusted	30.4%	37.8%	39.2%	40.4%	41.4%	43.8%	43.8%	44.8%	45.5%	45.9%	46.8%	46.8%	49.9%

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	36	30%	14%	86%
Hold/Neutral	71	58%	6%	94%
Sell	15	12%	7%	93%

As of 5 April 2017

Other Disclosures

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