



COMPANY UPDATE / ESTIMATE CHANGE

Key Metrics

MMM - NYSE - as of	10/23/17	\$221.55
Price Target		--
52-Week Range	\$163.85 -	\$222.78
Shares Outstanding (mm)		596.8
Market Cap. (\$mm)		\$132,213.8
1-Mo. Average Daily Volume		1,690,405
Institutional Ownership		68.5%
Net Debt/Total Capital	Q3'17	42.0%
ROE	TTM	48.1%
Book Value / Share	Q3'17	\$19.83
Price / Book Value		11.2x
Dividend Yield		2.1%
Adj EBITDA Margin	TTM	29.0%

EPS Fiscal Year 12/31

		Prior	Current	Prior	Current
	2016A	2017E	2017E	2018E	2018E
1Q	\$2.05	--	\$2.16	A --	--
2Q	\$2.08	--	*\$2.25	A --	--
3Q	\$2.15	--	*\$2.39	A --	--
4Q	\$1.88	\$2.00	\$2.18	--	--
Year	\$8.16	\$8.66	\$8.99	\$9.11	\$9.27
P/E	27.2x		24.6x		23.9x

* adjusted for special items

Revenue (\$mm)

		Prior	Current	Prior	Current
	2016A	2017E	2017E	2018E	2018E
1Q	\$7,409	--	\$7,685	A --	--
2Q	\$7,662	--	\$7,810	A --	--
3Q	\$7,709	--	\$8,172	A --	--
4Q	\$7,329	\$7,770	\$7,840	--	--
Year	\$30,109	\$31,265	\$31,507	\$32,880	\$33,100

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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3M Company

MMM – NYSE – Neutral – 1

Strong Q3'17 from MMM; Reiterating Neutral Rating.

- We believe MMM's dividend is secure. 3M's annual dividend obligation is <\$3B; ex-M&A distortions, we model MMM to generate \$5B-\$6B of free cash flow (operating cash flow – all capital expenditures), from which to pay common shareholder dividends.
- MMM reported HL-adjusted Q3'17 EPS of \$2.39 versus \$2.15 in the year-ago period. Results beat both our estimate for \$2.25 and consensus at \$2.21. The company's best revenue growth since prior to 2012 (as far back as our model goes) translated to operating income growth; taxes and the capital structure (reduced shares, added interest) contributed about +\$0.03 in EPS.
- GAAP EPS were \$2.33, including \$0.06 of accelerated investments; about -\$0.18 of 1x items should impact Q4.
- Revenue grew 6.0% to \$8.17B in Q3'17, exceeding our call for \$8.00B and the Street view at \$7.93B. Rounded, organic drivers contributed +6.9% revenue impact in Q3; FX and M&A drove +0.6% and -1.2%, respectively.
- Gross margin of 50.5% for the quarter was up by 40bps yr/yr, turning a Q2 headwind into a major tailwind. Fixed cost leveraging was a driver of overall margins, and an item we expect to hold through the fourth quarter.
- Organic sales growth for the Safety & Graphics and Industrial segments approximated 6%, which was about 1.5x our model that suggested about +4%. In line with 3M's call for a strong 2H, Health Care grew 7.7%.
- The ~\$200MM sale of MMM's electronic monitoring business and the ~\$2B acquisition of Scott Safety both closed during the first week of October (early-Q4).
- MMM raised FY'17 EPS guidance to \$9.00-\$9.10 from \$8.80-\$9.05; FY organic sales growth is expected to be +4% to +5% (hike of 100 bps to the low-end).
- We are reiterating our Neutral rating. 3M's Q3'17 was essentially flawless, in our view, but we balk at buying into the developing momentum and see today's news as likely to be quickly priced into the stock. Despite raised expectations for 2018/2019, we are still below the Street, and remain patient.

Note Important Disclosures on Pages 7-8.

Note Analyst Certification on Page 7

ADDITIONAL DISCUSSION—Q3 RESULTS & FORWARD OUTLOOK

Organic revenue growth of 6.9% was extremely strong, in our view; the only other quarters at or above 6% dating back to the beginning of 2013 were Q3'13 (6.0%) and Q4'14 (6.7%). Directionally, the quarter was not necessarily unexpected given that we raised expectations in early-October, but the magnitude and uniformity of MMM's sales strength across segments was an unqualified positive surprise. Each of MMM's five segments outperformed our organic growth expectations for revenue by at least 150 basis points, and management noted on the call that all segments grew in all geographic regions. Forex translation concerns contributed a positive impact to consolidated revenue for just the second quarter since 2012. Perhaps more importantly, our current model projects this trend to persist across Q4'17-Q2'18 should current exchange prices hold.

By our calculation, adjusted operating margin increased by about 80 basis point yr/yr, owing its gains to a roughly even split between cost of goods sold levers and separate administrative/operating costs. We are a bit skeptical that raw materials can remain a tailwind over the next handful of quarters; however, we are encouraged by MMM's gains from fixed cost leverage, and we do believe the tailwind to margins from exited business remains a reasonable driver through the first half of 2018.

Management reiterated tax guidance for the full year (at 26%-27%), and now expects gross buybacks in the range of \$2.0B-\$2.5B; as noted prior, GAAP EPS are expected to be \$9.00-\$9.10. In our view, the guidance raise does hold some positive implications for Q4, and is not simply reflective of a good Q3. If only adjusting out one-time and transaction-related items tied to Scott Safety, then by our interpretation, 3M management is suggesting Q4 GAAP results will hold between -\$0.16 and -\$0.20 of (net) special charges. With this in mind, HL is effectively projecting GAAP EPS of \$9.06-\$9.10. Despite a net headwind from special items in Q4, we expect FY 2017 GAAP EPS to be \$0.07 to \$0.11 ahead of our adjusted FY 2017.

MMM is scheduled to hold its 2018 Investor Outlook meeting on December 12.

ADDITIONAL DISCUSSION—M&A RECAP

After the market close on October 4, MMM announced the completion of its \$2B purchase of Scott Safety, formerly part of Johnson Controls (JCI—\$41.61, Not Rated). A day or so earlier, 3M announced that the ~\$200MM sale of its electronic monitoring business had closed. Both of these deals were consummated in line with 3M's timing guidance, and in line with what was reflected in our financial model for much of the summer. Net, these two transactions should layer in about +\$475MM of pro forma sales into the Safety & Graphics segment, and are accounted for in the guidance tweaks that 3M made this morning.

By our estimation, the M&A calendar is as clean as we have seen it in several quarters, with no material pending deals for 3M (at least none that have been publicly disclosed). To re-cap, the sale of MMM's identity management business (~\$215MM TTM sales) closed in Q2'17, and the protective prescription eyewear business (~\$45MM in TTM sales) sold very early in Q1'17. Although offset by some other items, the Q2 sale drove a +\$0.57/share one-time gain.

ADDITIONAL DISCUSSION—BALANCE SHEET SNAPSHOT

3M exited Q3'17 with \$10.8B in long-term debt, which was actually down sequentially from \$11.1B at Q2'17 and below the year-ago read of \$11.1B. We calculate that total net debt represents 42.0% of the capital structure, versus 44.6% in Q3'16 and 43.7% in Q3'15. This quarter obfuscates the larger multi-year trend toward substantial strategic leveraging, however, we still calculate gross debt at just 1.3x TTM adjusted EBITDA. 3M ended the third quarter with \$2.8B in cash and equivalents.

ADDITIONAL DISCUSSION—FINAL THOUGHTS

Setting aside the direct financial implications of MMM's strong Q3 for a moment (i.e. dividend payments; valuation arguments, etc.), the recently completed period does something very important for us qualitatively: it demonstrates an ability for the company to capitalize on its global opportunities, as they arise; it represents empirical evidence that the culture at 3M that generated its 'blue chip' reputation is still intact and working. Given our long-standing position that MMM represents a compelling core holding, and thus a long-term store of value, we view these points as vitally important.

Given our view toward sentiment and valuation, we are compelled to reiterate our Neutral rating; however, we also reiterate our view that MMM represents a strong core holding in the Industrials sector, and reiterate our suitability rating of '1—most conservative.'

SUITABILITY

We assign MMM a suitability rating of '1.' A complete description of our suitability scale is on page 7. 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-year history of paying dividends and a similar history of innovation, along with the size/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 a range of negative economic occurrences could have a direct impact to MMM.

MMM has been active on both sides of the M&A market in recent years, including the recent purchase of Scott Safety for \$2B. Failure to effectively integrate any purchase and/or overpayment for assets could result in impairments and a reduced capital position. Expected cost synergies may not materialize, and could cause 3M to fall short of investor expectations. The sale 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, forex 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—\$41.61, 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	Q2'17	Q3'17	Q4'17E	FY'17E	FY'18E	FY'19E
Net Sales	\$ 31,821	\$ 30,274	\$ 7,409	\$ 7,662	\$ 7,709	\$ 7,329	\$ 30,109	\$ 7,685	\$ 7,810	\$ 8,172	\$ 7,840	\$ 31,507	\$ 33,100	\$ 34,170
Cost of Sales	16,447	15,383	3,678	3,799	3,847	3,716	15,040	3,869	4,007	4,045	3,951	15,872	16,540	17,075
Gross Profit	15,374	14,891	3,731	3,863	3,862	3,613	15,069	3,816	3,803	4,127	3,889	15,635	16,560	17,095
%	48.3%	49.2%	50.4%	50.4%	50.1%	49.3%	50.0%	49.7%	48.7%	50.5%	49.6%	49.6%	50.0%	50.0%
SG & A	6,469	6,182	1,533	1,560	1,531	1,527	6,111	1,571	1,607	1,623	1,640	6,441	6,620	6,700
Gain on Sale			(40)	-	-				(461)	-				
R & D	1,770	1,763	450	437	427	421	1,735	471	473	463	470	1,877	1,980	2,050
Operating Inc.	7,135	6,946	1,788	1,866	1,904	1,665	7,223	1,774	2,184	2,041	1,779	7,317	7,960	8,345
%	22.4%	22.9%	24.1%	24.4%	24.7%	22.7%	24.0%	23.1%	28.0%	25.0%	22.7%	23.2%	24.0%	24.4%
Interest (Expense)	(142)	(149)	(47)	(38)	(50)	(64)	(199)	(45)	(54)	(57)	(61)	(217)	(255)	(261)
Interest Income (Expense)	33	26	5	7	8	9	29	8	12	13	13	46	52	52
Pre Tax Inc.	7,026	6,823	1,746	1,835	1,862	1,610	7,053	1,737	2,142	1,997	1,730	7,145	7,757	8,136
Income Tax (Expense)	(2,028)	(1,982)	(468)	(542)	(531)	(454)	(1,995)	(411)	(557)	(564)	(393)	(1,925)	(2,133)	(2,237)
Tax Rate	28.9%	29.0%	26.8%	29.5%	28.5%	28.2%	28.3%	23.7%	26.0%	28.2%	22.7%	26.9%	27.5%	27.5%
Net Income incl Non-CI	4,998	4,841	1,278	1,293	1,331	1,156	5,058	1,326	1,585	1,433	1,337	5,220	5,624	5,899
Less: (NI)/Loss Attrib to non-CI	(42)	(8)	(3)	(2)	(2)	(1)	(8)	(3)	(2)	(4)	(2)	(11)	(8)	(8)
Net Income att to MMM	4,956	4,833	1,275	1,291	1,329	1,155	5,050	1,323	1,583	1,429	1,335	5,209	5,616	5,891
%	15.6%	16.0%	17.2%	16.8%	17.2%	15.8%	16.8%	17.2%	20.3%	17.5%	17.0%	16.5%	17.0%	17.2%
Shares Out.	662.0	637.2	621.3	620.9	618.8	613.8	618.7	612.0	612.8	612.7	611.6	612.3	605.9	590.1
Diluted EPS (cont'd ops)	\$ 7.49	\$ 7.58	\$ 2.05	\$ 2.08	\$ 2.15	\$ 1.88	\$ 8.16	\$ 2.16	\$ 2.58	\$ 2.33	\$ 2.18	\$ 9.26	\$ 9.27	\$ 9.98
Adjusted EPS (cont'd ops)	\$ 7.49	\$ 7.72	\$ 2.02	\$ 2.08	\$ 2.15	\$ 1.88	\$ 8.13	\$ 2.16	\$ 2.25	\$ 2.39	\$ 2.18	\$ 8.99		
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	\$ 4,960	\$ 5,220
Rate of Change Analysis														
Net Sales	3.1%	-4.9%	-2.2%	-0.3%	0.0%	0.4%	-0.5%	3.7%	1.9%	6.0%	7.0%	4.6%	5.1%	3.2%
SG & A	1.3%	-4.4%	-2.0%	0.6%	0.1%	-0.7%	-1.1%	2.5%	3.0%	6.0%	7.4%	5.4%	2.8%	1.2%
R & D	3.2%	-0.4%	-2.8%	-0.2%	-0.5%	-2.8%	-1.6%	4.7%	8.2%	8.4%	11.6%	8.2%	5.5%	3.5%
Operating Income	7.0%	-2.6%	3.4%	1.4%	1.5%	11.0%	4.0%	-0.8%	17.0%	7.2%	6.8%	1.3%	8.8%	4.8%
EPS--Adj if necessary	11.5%	3.2%	11.1%	2.8%	4.6%	13.4%	7.2%	7.0%	8.4%	11.2%	16.0%	10.6%	3.1%	7.7%
EBITDA--Adj if necessary	6.3%	-0.2%	3.6%	2.2%	1.8%	-1.3%	1.6%	3.2%	2.2%	9.3%	7.1%	0.1%	11.5%	4.1%
Working Capital	-13.2%	28.5%	-7.6%	-3.4%	-13.8%	-4.9%	-4.9%	5.6%	-5.5%	15.2%	1.3%	1.3%	4.7%	1.0%
Inventory	-4.1%	-5.1%	-2.1%	-6.1%	-2.6%	-3.8%	-3.8%	-0.4%	6.2%	10.1%	6.9%	6.9%	3.0%	3.2%
			*\$10MM	*EPS guide	*EPS guide			*EPS guide	*5/1 sale of	*EPS guide	*Transact,			
			E&E restrict,	+\$0.05/-	+\$0.00/-			+\$0.25; Org	IdnMgm't,	\$0.20/+0.5	debt tender	*EPS guide		
			~\$0.015/sh	\$0.15 on	\$0.10 on			Rev guide	+\$0.33/sh	low/high-	& strat inv.	\$9.00-\$9.10		
			*\$40M p-tax	bottom/top	bottom/top			+1% to +2%	*EPS guide	ends *Org	& drive	*org rev		
			gain Pres	ends	ends				+\$0.10 low-	sales +1 low-	to drive	*org rev		
			Foam sale						end *Org	end	(\$0.13) to	guide +4% to		
									Rev guide		(\$0.17) EPS	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	Q1'17	Q2'17	Q3'17p	Q4'17E	FY'17E	FY'18E	FY'19E
Net Income	4,956	4,833	1,275	1,291	1,329	1,155	5,050	1,323	1,583	1,429	1,335	5,209	5,616	5,891
D & A	1,408	1,435	356	366	368	384	1,474	438	380	400	380	1,598	1,710	1,720
Pension Contributions/(Expense)	176	289	3	18	(164)	11	(132)	(167)	329	25	25	212	100	100
Deferred Income Tax	(146)	395	(38)	(96)	34	107	7	(84)	(36)	50	50	(20)	200	200
Share-base Compensation	280	276	144	49	51	54	298	147	59	50	50	306	200	200
(Increase) Decrease in Wrkg. Cap.	472	(887)	(399)	(372)	372	594	195	(841)	139	(559)	1,210	(49)	(180)	(40)
Operating CF	7,146	6,341	1,341	1,256	1,990	2,305	6,892	816	2,454	1,395	3,050	7,256	7,646	8,071
Cap Ex	(1,493)	(1,461)	(314)	(323)	(347)	(436)	(1,420)	(287)	(302)	(325)	(350)	(1,264)	(1,450)	(1,500)
Acquisitions, net of cash acq	(955)	(2,914)	(4)	-	(13)	1	(16)	-	-	(12)	(2,000)	(2,012)	(1,000)	(1,000)
Mrktbl Sec (Purch)/Sale	754	1,300	(150)	89	(181)	79	(163)	64	72	(446)	-	(310)	-	-
Divestitures [PP&E, Business]	135	156	74	-	-	126	200	54	808	-	200	1,062	40	40
Dividends	(2,216)	(2,561)	(672)	(672)	(670)	(664)	(2,678)	(702)	(701)	(701)	(719)	(2,823)	(3,005)	(3,080)
Free Cash Flow	3,371	861	275	350	779	1,411	2,815	(55)	2,331	(89)	182	1,910	2,230	2,530
FCF / Share	\$ 5.09	\$ 1.35	\$ 0.44	\$ 0.56	\$ 1.26	\$ 2.30	\$ 4.55	\$ (0.09)	\$ 3.80	\$ (0.15)	\$ 0.30	\$ 3.12	\$ 3.68	\$ 4.29
FCF as % of NI	68.0%	17.8%					55.7%					36.6%	39.7%	42.9%
TTM FCF Yield (inc Acqs)	3.1%	0.9%	1.6%	0.7%	2.9%	2.6%	2.6%	2.1%	3.5%	2.8%	1.7%	1.7%	1.7%	2.0%
TTM FCF Conversion (Margin)	10.6%	2.8%	5.6%	2.3%	10.5%	9.3%	9.3%	8.2%	14.6%	11.6%	7.5%	7.5%	6.7%	7.4%
Changes in Short-Term Debt	27	860	138	(475)	(161)	(299)	(797)	(68)	(45)	173	(100)	(40)	(50)	150
Repayment of Debt >90 days	(1,625)	(800)	-	-	(992)	-	(992)	-	(650)	-	(320)	(970)	(1,050)	(625)
Proceeds from Debt >90 days	2,608	3,422	-	1,112	1,720	-	2,832	-	-	-	1,200	1,200	2,300	1,875
Stock (Repurchases)/Proceeds	(4,684)	(4,603)	(870)	(573)	(645)	(861)	(2,949)	(375)	(313)	(294)	(250)	(1,232)	(2,000)	(4,400)
Net C.F.	(303)	(260)	(457)	414	701	251	909	(498)	1,323	(210)	712	868	1,430	(470)
Net CF--Disc Ops														
Reported I/S EBITDA	8,543	8,381	2,144	2,232	2,272	2,049	8,697	2,212	2,564	2,441	2,159	8,915	9,670	10,065
Adjustments	0	144	0	0	0	(34)	(34)	0	(284)	42	0	(242)	0	0
Adjusted EBITDA	8,543	8,525	2,144	2,232	2,272	2,015	8,663	2,212	2,280	2,483	2,159	8,673	9,670	10,065
TTM Adj EBITDA Margin	26.8%	28.2%	28.6%	28.7%	28.9%	28.8%	28.8%	28.7%	28.8%	29.0%	29.0%	29.0%	29.2%	29.5%

Source: Company reports and Hilliard Lyons estimates

Summary Balance Sheet	FY'14	FY'15	Q1'16	Q2'16	Q3'16	Q4'16	FY'16	Q1'17	Q2'17	Q3'17	Q4'17E	FY'17E	FY'18E	FY'19E
Cash & Equivalents	\$ 3,336	\$ 1,916	\$ 1,513	\$ 1,865	\$ 2,666	\$ 2,678	\$ 2,678	\$ 2,173	\$ 2,654	\$ 2,831	\$ 3,543	\$ 3,543	\$ 4,973	\$ 4,503
Accounts Receivable, net	4,238	4,154	4,485	4,667	4,743	4,392	4,392	4,722	4,919	5,156	4,310	4,310	4,440	4,500
Inventories	3,706	3,518	3,627	3,613	3,611	3,385	3,385	3,612	3,838	3,975	3,620	3,620	3,730	3,850
Other	1,023	1,398	1,249	1,291	1,159	1,271	1,271	1,394	1,230	1,694	1,300	1,300	1,330	1,360
Total Current Assets	12,303	10,986	10,874	11,436	12,179	11,726	11,726	11,901	12,641	13,656	12,773	12,773	14,473	14,213
Net PP&E	8,489	8,515	8,614	8,604	8,671	8,516	8,516	8,551	8,566	8,658	9,330	9,330	9,420	9,540
Goodwill	7,050	9,249	9,375	9,356	9,430	9,166	9,166	9,258	9,105	9,130	10,230	10,230	10,790	11,350
Intangible Assets	1,435	2,601	2,551	2,477	2,422	2,320	2,320	2,269	2,201	2,266	2,470	2,470	2,590	2,710
Other Non-Current Assets	1,932	1,367	1,568	1,362	1,349	1,360	1,360	1,313	1,444	1,527	1,540	1,540	1,620	1,700
Total Assets	\$ 31,209	\$ 32,718	\$ 32,982	\$ 33,235	\$ 34,051	\$ 32,906	\$ 32,906	\$ 33,292	\$ 33,957	\$ 35,237	\$ 36,343	\$ 36,343	\$ 38,893	\$ 39,513
ST & CP of LTD	106	2,044	2,212	2,450	1,282	972	972	909	213	835	1,250	1,250	780	1,480
Accounts Payable, net	1,807	1,694	1,581	1,650	1,621	1,798	1,798	1,701	1,782	1,824	1,880	1,880	1,910	2,000
Other	4,051	3,380	3,385	3,154	3,497	3,449	3,449	3,385	3,702	3,939	3,520	3,520	3,590	3,660
Total Current Liabilities	5,964	7,118	7,178	7,254	6,400	6,219	6,219	5,995	5,697	6,598	6,650	6,650	6,280	7,140
LTD	6,705	8,753	8,927	9,299	11,079	10,678	10,678	10,802	11,088	10,828	11,200	11,200	12,820	12,270
Accrued Pension & Retirement	3,843	3,520	3,454	3,418	3,179	4,005	4,005	3,764	3,761	3,780	3,800	3,800	3,880	3,960
Other LT Liabilities	1,555	1,580	1,649	1,327	1,345	1,661	1,661	1,691	1,767	1,829	1,690	1,690	1,720	1,750
Total Liabilities	18,067	20,971	21,208	21,298	22,003	22,563	22,563	22,252	22,313	23,035	23,340	23,340	24,700	25,120
Stockholders' Equity	13,109	11,708	11,733	11,894	12,002	10,298	10,298	10,989	11,591	12,149	12,953	12,953	14,143	14,343
Noncontrolling Interest	33	39	41	43	46	45	45	51	53	53	50	50	50	50
Book Value	\$ 20.14	\$ 18.72	\$ 18.88	\$ 19.16	\$ 19.40	\$ 16.78	\$ 16.78	\$ 17.96	\$ 18.91	\$ 19.83	\$ 21.18	\$ 21.18	\$ 23.47	\$ 24.62
Tangible Book Value	\$ 7.10	\$ (0.23)	\$ (0.31)	\$ 0.10	\$ 0.24	\$ (1.94)	\$ (1.94)	\$ (0.88)	\$ 0.47	\$ 1.23	\$ 0.41	\$ 0.41	\$ 1.27	\$ 0.49
Current Ratio	2.1x	1.5x	1.5x	1.6x	1.9x	1.9x	1.9x	2.0x	2.2x	2.1x	1.9x	1.9x	2.3x	2.0x
Net LT Debt / Total Cap	20.4%	36.8%	38.6%	38.4%	41.1%	43.6%	43.6%	43.9%	42.0%	39.6%	37.1%	37.1%	35.6%	35.1%
Net Total Debt / Total Cap	20.9%	43.1%	45.0%	45.3%	44.6%	46.5%	46.5%	46.4%	42.6%	42.0%	40.7%	40.7%	37.8%	39.1%
Gross Debt / TTM Adj EBITDA	0.8x	1.3x	1.3x	1.4x	1.4x	1.3x	1.3x	1.3x	1.3x	1.3x	1.4x	1.4x	1.4x	1.4x
TTM ROE-unadjusted	30.4%	37.8%	39.2%	40.4%	41.4%	43.8%	43.8%	44.8%	47.5%	48.1%	48.9%	48.9%	41.5%	41.1%

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.

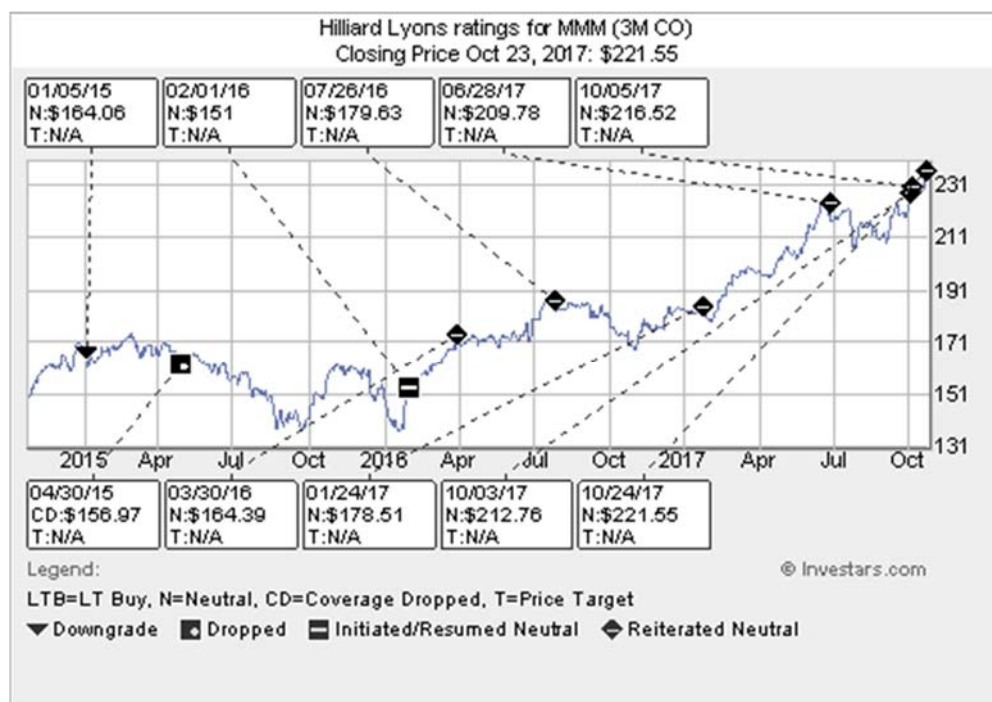
Suitability Ratings

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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