HILLIARD LYONS

Healthcare Real Estate Investment Trusts
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COMPANY UPDATE / ESTIMATE CHANGE

Key Metrics

OHI - NYSE - as of 7/26/17		$33.45
1 Year Price Target		$ 38.00
52-Week Range	$28.11 -	$38.09
Shares Outstanding (mm)		197.4
Market Cap. ($mm)		$6,603.0
1-Mo. Average Daily Volume		1,062,000
Institutional Ownership		85.0%
Debt/Total Capital Jun-17		40.5%
Est 3-year FFO Growth Rate		6.0%
Est 3-year Dividend Growth Rate		6.0%
Book Value		$ 21.40
Dividend		$ 2.56
Dividend Yield		7.65%
Est. Fixed Charge Coverage		4.3 X

FFO Per share

	2016	Prior 2017E	Current 2017E		Prior 2018E	Current 2018E
1Q	$0.83	--	$0.86	A	$0.89	$0.88
2Q	$0.87	--	$0.87	A	$0.90	$0.89
3Q	$0.83	$0.87	$0.86		$0.90	$0.90
4Q	$0.88	$0.91	$0.89		$0.94	$0.93
Year	$3.41	$3.49	$3.47	*	$3.63	$3.61
P/E	9.8x		9.6x			9.3x

*-May not add up due to rounding, not restated.

Revenue ($mm)

	2016	Prior 2017E	Current 2017E		Prior 2018E	Current 2018E
1Q	$212.9	--	$231.7	A	$251.9	$249.5
2Q	$228.8	--	$235.8	A	$258.0	$253.7
3Q	$224.6	$240.3	$241.2		$259.2	$258.2
4Q	$234.5	$250.9	$247.5		$267.8	$266.6
Year	$902.8	$960.4	$956.2		$1,036.9	$1,028.0

Company Description: *Omega Healthcare Investors, headquartered in Hunt Valley, MD, is a real estate investment trust (REIT) that has investments in healthcare facilities, specifically long term care facilities, located throughout the country and in the UK, mainly skilled nursing facilities, although the company also owns a small number of assisted living facilities and specialty hospitals.*

Omega Healthcare Investors, Inc.

OHI -- NYSE – Buy-2

Q2 Conference Call Discussion

Investment Highlights

- Following an analysis of OHI's Q2 results and guidance, we are fine-tuning our estimates a bit to account for slightly higher interest expense and more conservative revenue assumptions as outlined later in the report. As a result, our estimate of normalized 2017 FFO is down a few cents to $3.47 a share, still slightly above guidance. We anticipate additional investments for the remainder of 2017 slightly beyond what management is guiding at this point, thus our estimate being three cents above the high end of guidance. While it troubles us to be above guidance, we feel as if our assumptions are relatively conservative. We are also fine-tuning our 2018 FFO estimate to $3.61 a share on a conservative assumption of about $500 million in acquisitions and investments.
- The weakness in the stock today is somewhat baffling in light of the company beating expectations and management raising guidance. However, we believe that the decline is a function of worries around two of the company's top ten tenants that have fallen behind in rent. We discuss our reasons why we feel these worries are overblown later in the report and why the decline offers a buying opportunity for OHI shares.
- We are retaining our Buy rating on OHI shares and our $38 target price. OHI shares had traded up a bit as rates moderated and worries about Fed rate increases waned although they have traded off today on the issues noted above. The shares remain at a solid discount to the peer group, trading at 9.3 times current year FFO (intra-day), a nearly 40% discount to the peer group. We believe that the consistent increase in the quarterly dividend, now going on five straight years is a very positive statement by management. The company remains a favorite of ours due to its consistent FFO growth and quarterly dividend increases. Our one year price target is $38 a share, or 10.5 times our 2018 FFO projection. The 10.5 multiple is below historic norms and a large discount to the peer group, thus we believe highly conservative.

Note Important Disclosures on Pages 6-7.
Note Analyst Certification on Page 6.

Conference Call Discussion

The good things on OHI's conference call were overshadowed by worries around two of its top ten tenants that are 90 days behind on their rent payments. We believe that this is the reason for the sell-off in shares today despite the company solidly beating expectations and increasing guidance. In general, company fundamentals were better than we expected for the quarter, although issues around these two tenants overshadowed these good quarterly results. These two tenants are 90 days past due on rent, although both made payments earlier this month. Both have been making consistent payments to OHI, just not the full contractual amounts due on the leases. Management believes that the issues here are both company specific and that both operators are putting steps in place to address the issues that have led to the tenants not living up to contractual lease terms. In one case, the company has already improved its coverage ratios to above 1.1 times. Further, OHI has various deposits, personal guarantees, etc. that management believes more than adequately cover the overdue rent. Further, even if management had to place the leases on a cash basis, they believe the hit to FFO would only be about $0.01 a quarter. We note that even though these are two top ten tenants, OHI has nearly 100 different operators across its portfolios and that the total revenue from these two tenants is solidly under 10% of the company's total. Remember, in both cases the tenants are paying rent, and management anticipates that steps being taken by them will bring them back to a point that they would be able to cover the existing rent, although a worst case scenario might be some type of restructuring of the existing lease that might result in a slight decline in rent payment. Having said that, we anticipate in any case that the rent reduction would be not meaningful on a per share basis. Further, if this issue proved to be not curable, OHI would be expected to bring in a new tenant, although potentially at a reduced rent. Either way, we see the risk here as manageable, and given management's push up in guidance, likely to be not meaningful in the long run.

Interestingly, the percent of tenants whose coverage ratio was below 1 times continued to fall and now stands at 1.8% of total rent compared to 2.3% in the year earlier period, and that four tenants were the source of the low coverage for the portfolio. The overall tenant base remains reasonably steady, and more than 96% of the company's portfolio had a coverage of above 1.2 times. As such, we remain comfortable with OHI's tenants' operating statistics, as they generally remain above those of its peers.

Management also discussed their recent acquisition and investment activity, noting that it had made nearly $220 million in investments through the first half of the year. They also discussed pending and ongoing development/construction activity, which totals more than $700 million, with nearly $400 million already funded, including the large New York City development, which management anticipates completing in 2019. Management also noted a continued re-positioning of the portfolio, with the sale of eight facilities for $46 million, and the write-down of another seven properties that will be sold at a later date. We see limited impact here, as we expect management to redeploy this capital into new investments. On the acquisition front, management expects to underwrite purchases at a 1.4 coverage ratio and is seeing yields of 9-10% on property purchases.

On the balance sheet front, OHI's debt position remains solid, although the debt to market cap has moved up with the drop in share price. Going forward we expect that most of the financing for acquisitions made over the coming year will be on the debt side excluding equity raised with its dividend reinvestment plan and ATM plans. Management termed out much of its debt, resulting in a longer average term and reducing interest rate risk, although at the expense of slightly higher current interest rate expense.

Management noted its consistent dividend increases and note that the string has now reached twenty straight quarters. They also indicated that continued penny a quarter increases into the foreseeable future will continue, even with the tenant issues noted above. We note that the current payout ratio remains below management's 75-85% target payout range. We now expect the Q4 annual run rate will be $2.60 a share. With next year's FFO likely to be near $3.60 a share, the middle part of the target range would indicate a dividend of $2.88 a share, so there is still room for increases. We are assuming a total dividend payment of $2.54 in 2017.

Q3 and 2017 Outlook

Following our analysis of the company's Q2 results, the penny beat versus expectations, taking into account the tweak in FFO guidance, management's discussion of business conditions, potential acquisition activity and a more conservative revenue outlook due to the tenant issues we are fine-tuning our Q3 and Q4 estimates a bit resulting in our full year 2017 FFO estimate now being $3.47 a share. This estimate is three cents above the top of the new guidance range. Our Q3 FFO estimate is $0.86 a share. We are also assuming no equity raise, other than incremental amounts from the DRP and potentially the ATM programs. We are adjusting our 2018 FFO estimate to $3.61 a share.

Valuation and Rating

Using our $3.47 a share estimate for 2017, OHI shares are trading at 9.6 times current year FFO. This is a significant discount to the peer group, as shown in the table below. Further, its yield is also above that of the peer group and its debt to capital ratio is in line with the peer group, yet the company has a growth rate above its peers. Risk around any repeal of the Affordable Care Act and its impact on OHI's tenants remains a wildcard, although at this point we are assuming only tweaks around the edges given the disarray among the Republicans, and remember that OHI is only the landlord on its owned properties, so those operators who are unable to adapt to these changes would be expected to eventually be replaced with those that can. This could provide some near-term issues, although OHI's large and diversified portfolio also mitigates this risk to some degree. We also are seeing consistent dividend increases on a quarterly basis, which we expect to continue. Add to that the demographic attributes of the group and it is a very attractive class of healthcare real estate at the right price, in our view. Typical historical multiples on current year FFO for the group have been in a range of 8 to 14 with the exclusion of the market dislocation in 2008-09 and peaks in 2006-07 and recently. The company's current multiple sits in the low end of that range with the peer group sitting well above the high end, at 15.0 times. Despite that, our target multiple remains at only 10.5 times due to risks around that Affordable Care Act and the tenant issues, although still well below the peer group, and using our projection of 2018 FFO, as investors will be looking forward to those earnings a year from now. We note that this is at the low end of the historical range, very conservative in the current lower interest rate environment, in our opinion, and a large discount to the current group multiple.

Health Care REITs	Symbol	Closing Price 7/26/2017	Current Dividend	Yield	2018E Payout Ratio	FFO 2017E	FFO 2018E	2-Year Average Growth Rate	Price / FFO 2017E	Price / FFO 2018E
Welltower, Inc.	HCN	$73.29	$3.48	4.7%	76.1%	$4.34	$4.57	0.2%	16.9x	16.0x
Care Capital Properties	CCP	$25.46	$2.28	9.0%	71.7%	$2.93	$3.18	2.3%	8.7x	8.0x
National Health Investors	NHI	$77.31	$3.80	4.9%	70.4%	$5.20	$5.40	5.3%	14.9x	14.3x
Ventas, Inc.	VTR	$68.08	$2.92	4.3%	65.8%	$4.24	$4.44	3.7%	16.1x	15.3x
HCP, Inc.	HCP	$31.99	$1.48	4.6%	72.2%	$1.96	$2.05	-13.5%	16.3x	15.6x
LTC Properties, Inc.	LTC	$51.67	$2.28	4.4%	69.3%	$3.13	$3.29	3.7%	16.5x	15.7x
Health Care Sector Average		**$54.63**	**$2.71**	**5.0%**	**70.8%**	**$3.63**	**$3.82**	**1.2%**	**15.0x**	**14.3x**
Omega Healthcare Investors	OHI	$33.45	$2.56	7.7%	70.9%	$3.47	$3.61	2.9%	9.6x	9.3x

Note: HCP, CCP, LTC, VTR and NHI are rated Neutral, HCN is rated Underperform by Hilliard Lyons

Source: NAREIT, Baseline and Hilliard Lyons' estimates.

With all of that in mind, we are retaining our rating on OHI at Buy. Our one year price target remains $38 a share based on the 10.5 times multiple and our 2018 FFO projection, although we see upside to that number as we move forward and begin looking at 2019 projections. Including the company's premium dividend yield, which currently sits at nearly 8% the potential total return stands at nearly 30% over the coming year should the company's shares reach our price target.

Suitability

OHI has a suitability rating of 2 on our 1-4 scale. We find the company to have a strong balance sheet and the triple net structure of most of its leases limit its property risk. Its real estate ownership is also a positive factor, as is the company's geographic and operator diversification, with the largest portfolio of skilled nursing properties in the industry. On the other hand, the company is excessively exposed to the skilled nursing sector, with the bulk of its operator revenue paid by Medicare and Medicaid adding risk due to potential political issues, and problem tenants can provide a temporary interruption or reduction of rent and create headline risk.

Risks

There are a number of risks in owning OHI shares and REITs as an investment group. REITs in general need access to debt capital to grow, if such debt capital is unavailable, the company may have difficulty in growing. The company's dividend is very attractive to shareholders, and OHI, as well as REITs in general, have seen their prices rise with the decline in overall interest rates. Should rates rise, that could hurt OHI's share price. Because of their thirst for debt, changes in interest rates can also impact a REIT's cash flow and ability to make accretive acquisitions. OHI's dependence upon the long-term care sector of the health care real estate group could create issues due to the government paying much of its rent. Reimbursements being cut would have an impact on its tenant base, which in turn could have a negative impact on OHI, especially in light of the Republicans' attempt to repeal the Affordable Care Act. It is always possible that the company could make a poor acquisition in the future or have problems with integration of a large purchase, such as Aviv. OHI's geographic exposure to Florida might be an issue if the state has economic problems and is forced to cut reimbursements to providers claiming Medicaid payments.

Annual yield is calculated by dividing the distribution amount by the current market price of the security. For US income tax purposes, the Company may classify all or a portion of its distributions as dividends or other non-dividend distributions. Note that for some investors, for US income tax purposes all or a portion of the Company's 2016 dividend or distribution was treated as return of capital and not as "dividend income" as reflected on the IRS Form 1099-Div for the 2016 tax year. The Company generally makes a final determination regarding the proper tax treatment of distributions after calendar year end. We urge each shareholder to consult with his or her own tax advisor to determine the tax consequences of the distributions received, including any state, local or foreign tax considerations.

Omega Healthcare Investors
In Thousands

	2014	2015	2016					2017E					2018E				
	Year	Year	Q1	Q2	Q3	Q4	Year	Q1A	Q2A	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Revenues:																	
Rental Income	$388,443	$605,991	$176,703	$186,454	$185,837	$194,891	$743,885	$192,537	$193,997	$198,575	$204,481	$789,590	$206,214	$210,068	$213,849	$221,760	$851,891
Mortgage interest income	$53,007	$68,910	$16,606	$21,371	$15,996	$15,838	$69,811	$15,956	$16,297	$16,701	$17,145	$66,098	$17,441	$17,737	$18,181	$18,625	$71,982
Other Income	$6,366	$8,780	$4,128	$5,478	$7,194	$7,210	$24,010	$6,914	$7,278	$7,408	$7,359	$28,959	$7,251	$7,312	$7,515	$7,495	$29,573
Nursing Home Revenues	$0	$0					$0					$0					$0
Income from Direct Financing Leases	$56,719	$59,936	$15,442	$15,521	$15,611	$15,724	$62,298	$15,646	$15,462	$15,750	$15,765	$62,623	$15,805	$15,857	$15,942	$15,982	$63,586
Miscellaneous	$252	$0	$0	$0	$0	$823	$823	$691	$2,763	$2,750	$2,750	$8,954	$2,750	$2,750	$2,750	$2,750	$11,000
	$504,787	$743,617	$212,879	$228,824	$224,638	$234,486	$900,827	$231,744	$235,797	$241,184	$247,499	$956,224	$249,461	$253,724	$258,236	$266,612	$1,028,033
Expenses																	
General & Administrative	$17,296	$27,435	$7,677	$8,167	$8,755	$7,478	$32,077	$8,780	$7,807	$8,924	$8,044	$33,555	$8,731	$8,753	$9,503	$8,665	$35,653
Interest & Amort of deferred financing	126,825	162,447	39,666	41,857	47,237	46,872	175,632	47,539	50,374	51,466	52,713	202,092	55,307	57,549	58,307	59,152	230,316
Acquisition Costs	-	57,525	3,771	3,504	2,309	(2)	9,582	(41)	19	2,500	2,500	4,978	2,000	2,000	2,000	2,000	8,000
Impairments	3,644	17,681	34,558	(1,154)	17,275	-	50,679	7,638	10,135	-	-	17,773	-	-	-	-	-
Bad Debt Expense, net	2,739	7,873	5,124	-	-	5,878	11,002	2,404	2,673	-	-	5,077	-	-	-	-	-
Stock-based comp.	8,592	11,133	2,778	3,665	3,673	3,674	13,790	3,744	3,734	3,500	3,900	14,878	3,500	4,000	3,750	4,250	15,500
Other	3,948	(2)	-	6,893	(3)	-	6,890	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	123,257	210,703	62,433	65,505	68,316	70,808	267,062	69,993	70,350	72,750	74,401	287,494	74,899	75,961	77,024	78,042	305,925
Total Expenses	$286,301	$494,795	$156,007	$128,437	$147,562	$134,708	$566,714	$140,057	$145,092	$139,140	$141,558	$565,847	$144,438	$148,263	$150,583	$152,109	$595,394
Income from Operations	$218,486	$248,822	$56,872	$100,387	$77,076	$99,778	$334,113	$91,687	$90,705	$102,044	$105,942	$390,378	$105,023	$105,461	$107,653	$114,503	$432,639
Minority interests	$0	($8,791)	($2,641)	($5,102)	($3,585)	($5,185)	($16,513)	($4,040)	($2,349)	($3,987)	($4,123)	($14,499)	($4,075)	($4,111)	($4,106)	($5,078)	($17,370)
Equity income from unconsolidated JVs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Oper. Income from discontinued opers.	$0	($58)	$1,571	$13,221	$5,139	$0	$19,931	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other, net	$0	($20,476)	($247)	($454)	($81)	($611)	($1,393)	$9,373	($22,556)	($300)	($300)	($13,783)	($350)	($350)	($350)	($350)	($1,400)
Income taxes	$0	($1,384)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(Loss)/Gain on sale of assets	$2,863	$6,411	$0	$0	$0	$30,277	$30,277	$7,420	($543)	$0	$0	$6,877	$0	$0	$0	$0	$0
Income Bef. Preferred div	$221,349	$255,233	$55,555	$108,052	$78,549	$124,259	$364,390	$104,440	$65,257	$102,044	$105,942	$397,255	$105,023	$105,461	$107,653	$114,503	$432,639
Preferred dividends	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Income for common	$221,349	$255,233	$55,555	$108,052	$78,549	$124,259	$364,390	$104,440	$65,257	$102,044	$105,942	$397,255	$105,023	$105,461	$107,653	$114,503	$432,639
Per share bef. Extra	$1.74	$1.41	$0.28	$0.54	$0.40	$0.61	$1.81	$0.51	$0.32	$0.49	$0.51	$1.92	$0.51	$0.51	$0.51	$0.54	$2.07
Extraordinary item	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Net (loss) income per share	$1.74	$1.41	$0.28	$0.54	$0.40	$0.61	$1.81	$0.51	$0.32	$0.49	$0.51	$1.92	$0.51	$0.51	$0.51	$0.54	$2.07
Quarterly dividend rate	$2.02	$2.18	$0.57	$0.58	$0.60	$0.61	$2.36	$0.62	$0.63	$0.64	$0.65	$2.54	$0.50	$0.50	$0.51	$0.52	$2.03
Shs Outstanding (diluted)	127,294,500	180,507,750	198,350,000	199,157,000	204,078,000	204,955,000	201,635,000	206,174,000	206,672,000	206,869,059	207,204,773	206,729,958	207,621,440	208,702,521	209,623,573	210,649,215	209,149,187

Table 5. Funds From Operations Calculation
In Thousands

			2016					2017E					2018E				
	Year	Year	Q1	Q2	Q3	Q4	Year	Q1A	Q2A	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Net income for common shareholders	$221,349	$255,233	$58,196	$113,154	$82,134	$129,883	$383,367	$109,112	$68,157	$102,044	$105,942	$385,255	$105,023	$105,461	$107,653	$114,503	$432,639
Add Back:																	
Depreciation	123,257	210,703	62,433	65,505	68,316	71,915	268,169	71,651	70,350	72,750	74,401	289,152	74,899	75,961	77,024	78,042	305,925
JV Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	21,315	125,223	44,723	(5,703)	19,482	8,900	67,402	3,333	39,956	3,500	3,500	50,289	3,500	4,000	3,750	4,250	15,500
Non-recurring																	
Deduct:																	
Gain/loss on sales of real estate	($2,863)	($6,411)	$0	$0	$0	($30,277)	($30,277)	($7,420)	$543	$0	$0	($6,877)	$0	$0	$0	$0	$0
FFO Available for common	$363,058	$584,748	$165,352	$172,956	$169,932	$180,421	$688,661	$176,676	$179,006	$178,294	$183,843	$717,818	$183,422	$185,421	$188,426	$196,794	$754,065
Diluted FFO available for common	$363,058	$558,969	$165,352	$172,956	$169,932	$180,421	$688,661	$176,676	$179,006	$178,294	$183,843	$717,818	$183,422	$185,421	$188,426	$196,794	$754,065
Basic FFO per share	$2.86	$3.08	$0.84	$0.87	$0.83	$0.88	$3.42	$0.86	$0.87	$0.86	$0.89	$3.48	$0.88	$0.89	$0.90	$0.94	$3.61
Diluted FFO per share	$2.85	$3.08	$0.83	$0.87	$0.83	$0.88	$3.42	$0.86	$0.87	$0.86	$0.89	$3.47	$0.88	$0.89	$0.90	$0.93	$3.61
Shares, basic	126,944,500	180,157,750	198,000,000	198,807,000	203,728,000	204,605,000	201,285,000	205,824,000	206,322,000	206,519,059	206,854,773	206,379,958	207,271,440	208,352,521	209,273,573	210,299,215	208,799,187
Shares, diluted	127,294,500	180,507,750	198,350,000	199,157,000	204,078,000	204,955,000	201,635,000	206,174,000	206,672,000	206,869,059	207,204,773	206,729,958	207,621,440	208,702,521	209,623,573	210,649,215	209,149,187

Table 6. Funds Available for Distribution Calculation

FFO Available for common	$363,058	$584,748	$165,352	$172,956	$169,932	$180,421	$688,661	$176,676	$179,006	$178,294	$183,843	$717,818	$183,422	$185,421	$188,426	$196,794	$754,065
Less:																	
Recurring real estate CAPX	($14,804)	($27,271)	($8,330)	($8,563)	($8,923)	($8,890)	($34,706)	($8,908)	($9,083)	($9,241)	($9,399)	($36,631)	($9,527)	($9,667)	($9,796)	($9,925)	($38,915)
Other adjustments	($5,043)	($5,227)	($1,336)	($1,348)	($1,360)	($1,373)	($5,417)	($1,385)	($1,397)	($1,410)	($1,423)	($5,615)	($1,436)	($1,448)	($1,461)	($1,475)	($5,820)
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Funds available for distribution	$343,211	$552,251	$155,686	$163,044	$159,649	$170,158	$648,537	$166,383	$168,526	$167,643	$173,021	$675,572	$172,460	$174,306	$177,169	$185,395	$709,330
Per share	$2.70	$3.07	$0.79	$0.82	$0.78	$0.83	$3.22	$0.81	$0.82	$0.81	$0.84	$3.27	$0.83	$0.84	$0.85	$0.88	$3.40

Source: Company reports and Hilliard Lyons estimates

Additional information is available upon request.

Analyst Certification

I, John M. Roberts, 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.

The author of this report or members of his family has a long common equity position in Omega Healthcare but may not trade the share contrary to Hilliard Lyons' rating.

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 two to three 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.

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

As of 7 July 2017

Other Disclosures

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