



## COMPANY UPDATE / RATING CHANGE ESTIMATE CHANGE / TARGET CHANGE

### Key Metrics

SR - NYSE - as of	2/1/18	\$63.20
Price Target		\$76.00
52-Week Range	\$62.33 -	\$82.85
Shares Outstanding (mm)		48.3
Market Cap. (\$mm)		\$3,052.2
1-Mo. Average Daily Volume		246,236
Institutional Ownership		81.7%
LT Debt/Total Capital	Q1'18	50.6%
ROE	TTM	9.1%
Book Value / Share	Q1'18	\$43.09
Price / Book Value		1.5x
Dividend Yield		3.6%
LTM EBITDA Margin		25.6%

### Economic EPS FY 9/30

	Prior	Current	Prior	Current
	2017A	2018E	2019E	2019E
1Q	\$1.04	--	\$1.20	--
2Q	\$2.39	\$2.48	\$2.49	--
3Q	\$0.45	\$0.37	\$0.33	--
4Q	(\$0.22)	(\$0.16)	(\$0.19)	--
Year	\$3.66	\$3.78	\$3.82	\$4.10
P/E	17.3x		17.3x	15.4x

*Economic EPS Adjusted for MTM and 1x Items*

### Approx Utility Gross Margin (\$MM)

	Prior	Current	Prior	Current
	2017A	2018E	2019E	2019E
1Q	\$259.5	--	\$278.0	--
2Q	\$352.5	\$362.7	\$362.7	--
3Q	\$210.4	\$215.3	\$213.3	--
4Q	\$182.6	\$186.9	\$184.9	--
Year	\$1,005	\$1,033	\$1,033	\$1,068

**Company Description:** *Spire Inc. believes energy exists to make people's lives better. SR serves 1.7MM customers, primarily through gas distribution service provided by: Laclede Gas and Missouri Gas Energy (MO), Alagasco and Mobile Gas (AL), and Willmut Gas (MS). Non-regulated businesses Spire Marketing and Spire Nat Gas Fueling Solutions provide other energy services across the natural gas complex.*

### Natural Gas Utilities

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## Spire Inc.

SR — NYSE — Buy-2

### Regulatory Uncertainty Obscures Strong Q1'18 from SR; Strengthening to Buy Rating.

#### Investment Highlights

- SR reported fiscal Q1'18 (October-December) Net Economic EPS of \$1.20, well-exceeding our target for \$1.09 and consensus at \$1.06. Earnings were up ~22%, offset by ~6% greater average shares. Utility and Marketing were each ~\$0.05 ahead of our model.
- GAAP EPS in Q1 were \$2.40, most notably reflecting a \$60.5MM benefit from remeasurement of deferred tax items per the US Tax Cuts and Jobs Act (TCJA).
- Our model remains basically unadjusted for the TCJA, in the absence of guidance from SR, as MO regulators have yet to embrace a framework for rate review.
- Utility segment profit grew \$7.7MM in Q1'18 to \$59.5MM, aided by normalized weather conditions. Cap Ex in Q1 grew 24.1% to \$110.8MM, which continues to bode well for growth, in our view.
- Spire Marketing earned \$3.6MM in Q1'18, +\$2.2MM yr/yr and driving about half of our EPS 'beat' (\$0.05).
- The STL pipeline project (\$190MM-\$210MM) has not yet gained final FERC approval, but is nonetheless still on track for a fiscal 2019 in-service date.
- SR issued a forceful press release the evening of 1/31, expressing displeasure at recent developments with its Missouri rate case(s). By our estimation, the root issue is capital structure, specifically usage of subsidiary versus parent company capitalization in ratemaking.
- Reflecting the upside to Q1, offset by lower rate case expectations (net award cut by 1/3), our 2018/2019 EPS estimates each rise \$0.04 to \$3.82/\$4.10.
- At this time, we believe regulatory uncertainty is obscuring a strong Q1 report, and an unchanged qualitative growth narrative. As such, we strengthen our rating to Buy, suggesting a level of timeliness.
- We assign SR a 1-yr price target of \$76, which is ~20x our 2018E EPS. Our methodology skews lower on a re-rating of the gas industry, but we see our target as reasonable based on peers and our growth outlook.

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

**ADDITIONAL DISCUSSION—MULTIPLE ITEMS**

Having added parent-level debt in recent years to facilitate M&A, we expect some uncertainty has permeated the Spire conversation over the past several months regarding the TCJA and the potential loss of interest deductibility. At this time management expects prior IRS guidelines will allow Spire to maintain full deductibility; as importantly for us, SR asserts that total exposure under a worst case scenario is only \$0.05 to \$0.10 in EPS (should rulemaking inertia *not* persist). As with all utilities, funding over the next several years is still an evolving story based on reduced tax cash flows; however, at this point, we see any SR-specific TCJA fears as misguided.

We acknowledge an extremely high level of uncertainty tied to SR's in-progress general rate case(s) covering both of its Missouri service territories (KC-area, St. Louis-area); however, we do not believe said uncertainty is directly equivalent to either risk in the stock and/or long-term risk to the enterprise. On the former, we believe sentiment is sufficiently bearish, and on the latter, we submit that Spire should remain highly profitable in the state of Missouri regardless of the rate outcome received this spring. From our vantage point, that affords Spire to pursue separate regulatory filings (as early as this year if necessary), and leaves the long-term optionality for legislative measures (i.e. MO SB730) to improve the regulatory framework in the state.

At this time, we drop our modeled assumption for a net revenue award for the pending rate cases to \$20MM, from \$29MM previously. Perhaps of note, and important to our risk/reward opinion in the stock, should the net award be \$0 (not the absolute worst outcome, but net negative cases are uncommon historically), we still see the company as capable of earning about \$3.85 in fiscal 2019. The stock closed yesterday at just 16.4x this pro forma EPS figure, versus our broader gas utility comp group at 19.4x (ex-SR).

Although somewhat dated news at this point, we note that Spire's Board hiked the dividend by 7.1% late in calendar 2017, following a similar 7.1% raise one year prior. These hikes stack up very favorably to prior dividend growth rates of 2%-3% across fiscal years 2009-2013, and 4.5%/5.5%/6.5% for fiscal years 2014/2015/2016. We remind investors of this item to point out that core fundamentals and the growth profile at SR have improved substantially over the past decade, in our view, and we see the company as sufficiently positioned to navigate what could very well be a negative rate outcome in fiscal 2018 (at least versus prior expectations entering the cases). We view the current dividend, indicated to yield nearly 3.6%, as quite resilient, given flexibility in the capital budget and long-term funding options (as necessary).

**ADDITIONAL DISCUSSION—FINAL THOUGHTS**

We believe Spire is appealing on several fronts. Driving the change in our rating to Buy from Long-term Buy, we believe near-term risk reward in the stock sets up favorably with the stock down ~16% already in just the short YTD period. From a longer-term perspective, we still see the same potential to deploy capital that existed in recent quarters, with continued potential for escalation in the KC-area and Alabama. Certainly the prevailing regulatory climate can impact timing, although this concern lessens as we embrace longer-term investment horizons. Finally, as noted above, we see the current dividend as sustainable, and modestly attractive, particularly in an industry that has fallen somewhat out of favor with income-oriented investors as growth rates and M&A speculation has percolated in recent years.

**SUITABILITY**

We assign SR a suitability rating of '2.' A complete description of our suitability scale is on page 6. Size versus peers across the Utility sector, a relatively short history of operating the total portfolio of current franchises and a penchant for M&A keep Spire Inc. below our '1' suitability rating. Manageable and sector-appropriate leverage, consistent history of capital return, and a highly regulated business mix keep Spire well above our more aggressive '3' rating. In the summer of 2016 we moved SR from '3' to '2' due to the company's increased size/scope and a more-regulated profit mix.

**CONSIDERATIONS AND RISKS**

SR has closed major acquisitions in MS and AL over the last several years. The company could acquire in the future. We believe overpayment for assets, or failure to effectively manage growth could impact SR's valuation, Spire's return metrics, and the overall profitability of the company.

Earnings at Laclede Energy Resources can be more volatile and difficult to predict than the utility. Weak results at LER may cause consolidated results to lag expectations, which could impact the stock.

Spire is situated exclusively in the natural gas complex. Technological breakthroughs that reduce the demand for natural gas services could have a major negative impact on the company; government intervention to curb natural gas usage could effectively produce the same negative results.

Regulatory approval is necessary for the Laclede Gas, Missouri Gas Energy, Alagasco, Mobile and Willmut Gas to generate attractive returns for shareholders and grow utility earnings. Deterioration of relationships with regulators in Missouri, Alabama or Mississippi could have a negative effect on the company.

Spire's core gas distribution business is capital intensive, and we believe continued access to capital markets is important for the company to be able to pursue its strategic initiatives. Funding risk also exists with respect to the planned STL pipeline project.

On January 31, 2018, SR issued a press release expressing displeasure with the tenor of its current rate case proceedings. This item is difficult to quantify, both in terms of near-term impact to financial results, and in terms of potential lingering repercussions for growth. A material adverse outcome relative to either our, or consensus, expectations, could have negative implications for SR's stock price.

Our Suitability rating is 2 on a 1-to-4 scale (1 = most conservative, 4 = most aggressive).

*Additional information is available upon request.*

Spire Inc.	dec				march				june				sept			
Income Statements (000's)	FY'15	FY'16	Q1'17	Q2'17	Q3'17	Q4'17	FY'17	Q1'18E	Q2'18E	Q3'18E	Q4'18E	FY'18E	FY'19E			
Gas Utility Revenue	\$1,891,800	\$1,457,200	\$472,300	\$641,100	\$305,100	\$240,900	\$1,659,400	\$541,900								
Nat Gas & Propane Exp	\$882,400	\$492,200	\$193,800	\$254,300	\$76,700	\$45,700	\$570,500	\$240,800								
Gross Receipt Tax	96,700	75,300	19,000	34,300	18,000	12,600	83,900	23,100								
<b>Approx Utility Gross Margin</b>	<b>912,700</b>	<b>889,700</b>	<b>259,500</b>	<b>352,500</b>	<b>210,400</b>	<b>182,600</b>	<b>1,005,000</b>	<b>278,000</b>	<b>362,730</b>	<b>213,300</b>	<b>184,900</b>	<b>1,038,930</b>	<b>1,069,730</b>			
Utility Operating Expenses																
Other O & M	390,600	377,500	99,400	98,400	100,800	106,400	405,000	97,900	100,860	102,820	108,530	410,110	419,310			
Add'l Other Tax	45,400	49,900	14,400	14,000	12,500	13,000	53,900	13,600	14,410	14,930	16,640	59,580	61,440			
D & A	129,900	136,900	37,700	37,900	38,400	39,500	153,500	40,300	42,210	42,900	44,190	169,600	182,290			
Total Utility Op Exp	565,900	564,300	151,500	150,300	151,700	158,900	612,400	151,800	157,480	160,650	169,360	639,290	663,040			
<b>Utility Operating Income</b>	<b>346,800</b>	<b>325,400</b>	<b>108,000</b>	<b>202,200</b>	<b>58,700</b>	<b>23,700</b>	<b>392,600</b>	<b>126,200</b>	<b>205,250</b>	<b>52,650</b>	<b>15,540</b>	<b>399,640</b>	<b>406,690</b>			
Gas Marketing Rev	84,600	80,100	22,800	22,300	18,400	17,800	81,300	19,900	62,500	0	77,500	159,900	160,000			
Other Revenue									(4,570)	(5,710)	(11,140)	(21,420)	(28,850)			
Marketing and Other Exp	158,900	123,200	41,700	44,100	26,800	39,600	152,200	41,000	58,972	(1,714)	71,057	169,310	147,370			
<b>Non Regulated Operating Income</b>	<b>(74,300)</b>	<b>(43,100)</b>	<b>(18,900)</b>	<b>(21,800)</b>	<b>(8,400)</b>	<b>(21,800)</b>	<b>(70,900)</b>	<b>(21,100)</b>	<b>(1,042)</b>	<b>(3,996)</b>	<b>(4,697)</b>	<b>(30,830)</b>	<b>(16,220)</b>			
<b>LG Operating Income</b>	<b>272,500</b>	<b>282,300</b>	<b>89,100</b>	<b>180,400</b>	<b>50,300</b>	<b>1,900</b>	<b>321,700</b>	<b>105,100</b>	<b>204,208</b>	<b>48,654</b>	<b>10,843</b>	<b>368,810</b>	<b>390,470</b>			
Other Income	1,200	8,600	500	3,600	1,500	1,000	6,600	2,200	100	100	100	2,500	9,980			
Total Interest Charges	74,600	77,200	22,100	22,700	21,400	22,900	89,100	24,400	24,650	24,563	24,838	98,450	103,190			
Income Before Income Taxes	199,100	213,700	67,500	161,300	30,400	(20,000)	239,200	82,900	179,658	24,192	(13,895)	272,860	297,260			
Income Taxes	62,200	69,500	22,300	53,300	8,700	(6,700)	77,600	(33,100)	59,290	7,980	(4,590)	29,580	98,100			
<b>GAAP Net Income--Cont'd Ops</b>	<b>\$136,900</b>	<b>\$144,200</b>	<b>\$45,200</b>	<b>\$108,000</b>	<b>\$21,700</b>	<b>(\$13,300)</b>	<b>\$161,600</b>	<b>\$116,000</b>	<b>\$120,368</b>	<b>\$16,212</b>	<b>(\$9,305)</b>	<b>\$243,280</b>	<b>\$199,160</b>			
Reverse: Unrealized Gain / (Loss)	\$3,550	\$100	(\$3,800)	-	-	(2,800)	(\$6,600)	(\$800)				(\$800)	\$0			
Reverse: Lower of Cost or Market Adj	(\$2,150)	(\$200)	\$100	(\$1,600)	\$2,200		\$700					\$0	\$0			
Reverse: Rlz'd Gain / (Loss) Prior to Sale	(\$1,400)	\$1,600	\$100	-	-	100	\$200	\$100				\$100	\$0			
Reverse: Tax Adjustment		\$2,800	\$1,400	\$700	(\$200)	\$1,800	\$3,700	\$60,500				\$60,500	\$0			
Reverse: Acq/Div/Rest Activities	(\$1,400)	(\$9,200)	(\$100)	(\$100)	(\$1,900)	(\$1,900)	(\$4,000)	(\$1,700)				(\$1,700)	\$0			
<b>Net Economic Earnings</b>	<b>\$138,300</b>	<b>\$149,100</b>	<b>\$47,500</b>	<b>\$109,000</b>	<b>\$21,600</b>	<b>(\$10,500)</b>	<b>\$167,600</b>	<b>\$57,900</b>	<b>\$120,368</b>	<b>\$16,212</b>	<b>(\$9,305)</b>	<b>\$185,180</b>	<b>\$199,160</b>			
Average Diluted Shares	43,250	44,300	45,700	45,700	48,200	48,300	46,975	48,400	48,420	48,440	48,459	48,430	49,290			
<b>GAAP EPS--Cont'd Ops</b>	<b>\$3.17</b>	<b>\$3.33</b>	<b>\$0.99</b>	<b>\$2.36</b>	<b>\$0.45</b>	<b>(\$0.28)</b>	<b>\$3.53</b>	<b>\$2.40</b>								
MGE/AlaGasCo/MobWil Eq Dillute	\$0.00	\$0.00														
<b>Economic EPS</b>	<b>\$3.20</b>	<b>\$3.42</b>	<b>\$1.04</b>	<b>\$2.39</b>	<b>\$0.45</b>	<b>(\$0.22)</b>	<b>\$3.66</b>	<b>\$1.20</b>	<b>\$2.49</b>	<b>\$0.33</b>	<b>(\$0.19)</b>	<b>\$3.82</b>	<b>\$4.10</b>			
Dividend	\$1.840	\$1.960	\$0.525	\$0.525	\$0.525	\$0.525	\$2.100	\$0.563	\$0.563	\$0.563	\$0.563	\$2.250	\$2.400			
<b>Rate of Change Analysis:</b>																
Approx Regulated Energy GM	39.2%	-2.5%	11.7%	10.8%	14.5%	17.5%	13.0%	7.1%	2.9%	1.4%	1.3%	3.4%	3.0%			
Economic EPS	4.3%	6.9%	0.0%	0.2%	36.9%	-32.9%	6.8%	15.1%	4.2%	-25.3%	-11.7%	4.6%	7.2%			
O+M Expense	35.7%	-3.4%	8.5%	4.3%	9.8%	6.6%	7.3%	-1.5%	2.5%	2.0%	2.0%	1.3%	2.2%			
<b>Margin Analysis:</b>																
O & M / Utility GM	42.8%	42.4%	38.3%	27.9%	47.9%	58.3%	40.3%	35.2%	27.8%	48.2%	58.7%	39.5%	39.2%			
Reg Op Income/ Utility GM	38.0%	36.6%	41.6%	57.4%	27.9%	13.0%	39.1%	45.4%	56.6%	24.7%	8.4%	38.5%	38.0%			
Other Tax/ Utility GM	5.0%	5.6%	5.5%	4.0%	5.9%	7.1%	5.4%	4.9%	4.0%	7.0%	9.0%	5.7%	5.7%			
Taxrate	31.2%	32.5%	33.0%	33.0%	28.6%	33.5%	32.4%	-39.9%	33.0%	33.0%	33.0%	10.8%	33.0%			
	*full-year impact from Alagasco		7.1% Dividend Increase				*full-year impact frm Mob/Wilmut	7.1% Dividend Increase				*2018 Guidance after GRCs	*11/1/2018-- Fiscal 2019 StL inservice date; WY storage FY			

Source: Company reports and Hilliard Lyons estimates

Spire Inc.			dec	march	june	sept			dec	march	june	sept		
Summary Balance Sheet (000s)	FY'15	FY'16	Q1'17	Q2'17	Q3'17	Q4'17	FY'17	Q1'18	Q2'18E	Q3'18E	Q4'18E	FY'18E	FY'19E	
Cash & Equivalents	\$13,800	\$5,200	\$10,600	\$19,600	\$8,300	\$7,400	\$7,400	\$6,700	\$18,330	\$1,760	\$5,390	\$5,390	\$63,600	
A/R (Util + Non Util)	210,600	220,700	422,700	345,600	248,200	271,400	271,400	447,600	355,630	251,620	274,820	274,820	284,630	
Nat Gas Underground	188,600	174,000	161,900	117,600	144,400	194,900	194,900	192,900	117,600	144,400	194,900	194,900	194,900	
Propane Inventory	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	
Other Current Assets	105,100	157,700	208,400	189,500	216,200	239,800	239,800	193,300	193,290	220,520	244,600	244,600	249,490	
Total CAs	530,100	569,600	815,600	684,300	629,100	725,500	725,500	852,500	696,850	630,300	731,710	731,710	804,620	
Net Utility Plant	2,927,500	3,287,200	3,331,800	3,392,900	3,461,800	3,665,200	3,665,200	3,710,700	3,790,490	3,872,590	3,958,400	3,958,400	4,176,110	
Regulatory Assets	737,600	838,000	786,400	827,700	840,500	791,100	791,100	789,100	789,100	787,100	787,100	787,100	783,100	
Goodwill	946,000	1,164,900	1,161,400	1,163,900	1,163,900	1,171,600	1,171,600	1,171,600	1,171,600	1,171,600	1,171,600	1,171,600	1,171,600	
Other	149,000	217,700	214,900	187,900	202,900	193,300	193,300	177,200	189,780	204,930	195,230	195,230	197,180	
Total Assets	\$5,290,200	\$6,077,400	\$6,310,100	\$6,256,700	\$6,298,200	\$6,546,700	\$6,546,700	\$6,701,100	\$6,637,820	\$6,666,520	\$6,844,040	\$6,844,040	\$7,132,610	
CP/LT Debt	80,000	250,000	250,000	-	-	100,000	100,000	105,500	105,000	155,000	180,000	180,000	40,000	
Notes Payable	338,000	398,700	506,400	567,400	450,700	477,300	477,300	583,600	433,600	448,600	608,600	608,600	703,600	
A/P	146,500	210,900	273,800	218,600	206,400	257,100	257,100	245,600	222,970	210,530	262,240	262,240	267,480	
Other Current Liabilities	289,300	301,700	312,000	229,300	252,700	263,500	263,500	276,600	233,890	257,750	268,770	268,770	274,150	
Total CLs	853,800	1,161,300	1,342,200	1,015,300	909,800	1,097,900	1,097,900	1,211,300	995,460	1,071,880	1,319,610	1,319,610	1,285,230	
LTD	1,771,500	1,833,700	1,821,300	1,925,300	1,925,300	1,995,000	1,995,000	2,030,000	2,075,510	2,025,520	2,000,530	2,000,530	2,140,570	
Deferred Income Taxes	482,100	607,300	636,500	690,600	705,300	707,500	707,500	441,000	446,000	451,000	456,000	456,000	476,000	
Pension and Retirement Benefit Costs	253,400	303,700	296,300	308,100	300,400	237,400	237,400	233,600	233,400	233,200	233,000	233,000	232,200	
Other LT Liabilities	355,800	403,200	417,100	434,400	429,200	517,600	517,600	699,500	701,500	703,500	705,500	705,500	713,500	
Shareholders' Equity	1,573,600	1,768,200	1,796,700	1,883,000	2,028,200	1,991,300	1,991,300	2,085,700	2,185,950	2,181,420	2,129,400	2,129,400	2,285,110	
Total Liab & SE	\$5,290,200	\$6,077,400	\$6,310,100	\$6,256,700	\$6,298,200	\$6,546,700	\$6,546,700	\$6,701,100	\$6,637,820	\$6,666,520	\$6,844,040	\$6,844,040	\$7,132,610	
Book Value	\$36.34	\$38.69	\$39.32	\$41.20	\$42.08	\$41.23	\$41.23	\$43.09	\$45.15	\$45.03	\$43.94	\$43.94	\$45.61	
Price/book	1.5x	1.6x	1.6x	1.6x	1.7x	1.8x	1.8x	1.7x	1.4x	1.4x	1.4x	1.4x	1.4x	
Total Net Debt / Total Capital	58.0%	58.4%	58.8%	56.8%	53.9%	56.3%	56.3%	56.5%	54.3%	54.6%	56.7%	56.7%	55.2%	
LT Debt (inc CurrP) / Total Capital	54.1%	54.1%	53.5%	50.6%	48.7%	51.3%	51.3%	50.6%	49.9%	50.0%	50.6%	50.6%	48.8%	
Spire Inc.			dec	march	june	sept			dec	march	june	sept		
Summary Cash Flow (000s)	FY'15E	FY'16	Q1'17	Q2'17	Q3'17	Q4'17	FY'17	Q1'18	Q2'18E	Q3'18E	Q4'18E	FY'18E	FY'19E	
Net Income	\$138,300	\$149,100	\$47,500	\$109,000	\$21,600	(\$10,500)	\$167,600	\$57,900	\$120,368	\$16,212	(\$9,305)	\$243,280	\$199,160	
D&A	129,900	136,900	37,700	37,900	38,400	39,500	153,500	40,300	42,210	42,900	44,190	169,600	182,290	
Deferred Income Tax// Other	65,500	68,800	22,100	53,300	8,700	(7,100)	77,000	(33,600)	100	100	100	(33,300)	400	
(Inc.) dec. in working cap.	9,600	28,700	(167,400)	2,400	55,100	(35,800)	(145,700)	(126,100)	101,940	60,220	(35,350)	710	(4,080)	
Operating CF	343,300	383,500	(60,100)	202,600	123,800	(13,900)	252,400	(61,500)	264,618	119,432	(365)	380,290	377,770	
Cap Ex	(289,800)	(293,300)	(89,300)	(98,000)	(111,300)	(139,500)	(438,100)	(110,800)	(122,000)	(125,000)	(130,000)	(487,800)	(400,000)	
Acquisition/Divestiture	(8,200)	(317,700)	3,800	-	-	-	3,800	(16)	-	-	-	(16)	0	
Mandatory Convert Pref Div	-	(1,700)	-	-	-	800	800	-	-	-	-	0	0	
Dividends	(79,000)	(85,200)	(22,800)	(24,000)	(24,100)	(25,300)	(96,200)	(25,800)	(27,236)	(27,247)	(27,258)	(107,540)	(118,300)	
Free CF	(33,700)	(314,400)	(168,400)	80,600	(11,600)	(177,900)	(277,300)	(198,116)	115,382	(32,815)	(157,623)	(215,066)	(140,530)	
ST Borrowing (Repayments)	50,800	60,700	107,700	61,000	(116,700)	26,600	78,600	106,300	(150,000)	15,000	160,000	131,300	95,000	
LT Debt Proceeds	35,000	245,000	-	250,000	-	170,000	420,000	30,000	45,000	-	100,000	175,000	180,000	
LT Debt (Repaid)	(34,800)	(80,000)	-	(393,800)	-	-	(393,800)	-	-	-	(100,000)	(100,000)	(180,000)	
Stock Issued	3,100	137,100	100	-	146,300	500	146,900	300	1,250	1,250	1,250	4,050	103,750	
Net Cash Flow	20,400	48,400	(60,600)	(2,200)	18,000	19,200	(25,600)	(61,516)	11,632	(16,565)	3,627	(4,716)	58,220	
EBITDA (Op Inc + D&A)	\$402,400	\$419,200	\$126,800	\$218,300	\$88,700	\$41,400	\$475,200	\$145,400	\$246,418	\$91,554	\$55,033	\$538,410	\$572,760	
EBITDA/share	\$9.29	\$9.17	\$2.77	\$4.78	\$1.84	\$0.86	\$9.84	\$3.00	\$5.09	\$1.89	\$1.14	\$11.11	\$11.43	
EV / TTM EBITDA	10.2x	11.3x	11.2x	11.3x	11.4x	11.8x	11.8x	11.5x	9.8x	9.7x	9.4x	9.4x	9.2x	
ROE TTM	8.8%	8.8%	8.8%	8.8%	8.8%	8.9%	8.9%	9.1%	9.3%	8.8%	8.8%	8.8%	8.9%	

Source: Company reports and Hilliard Lyons estimates

### **Analyst Certifications**

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.

### **Suitability Ratings**

- 1** - A large cap, core holding with a solid history
- 2** - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks
- 3** - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage
- 4** - Speculative, due to small size, inconsistent profitability, erratic revenues, volatility, low trading volume or a narrow customer or product base

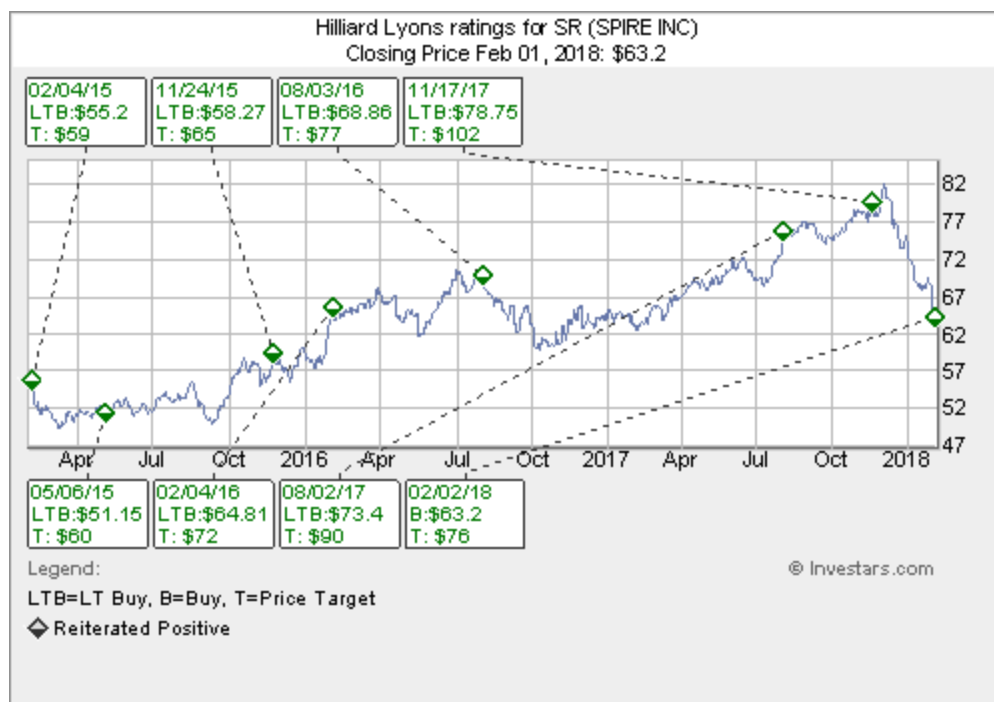
### **Investment Ratings**

**Buy** - We believe the stock has significant total return potential in the coming 12 months.

**Long-term Buy** - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

**Neutral** - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

**Underperform** - We believe the stock is vulnerable to a price setback in the next 12 months.



Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.		
Rating	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	31	28%	10%	90%
Hold/Neutral	75	67%	9%	91%
Sell	6	5%	0%	100%

As of 8 January 2018

**Other Disclosures**

Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of J.J.B. Hilliard, W.L. Lyons, LLC or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed here.

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