

**COMPANY UPDATE / TARGET CHANGE  
ESTIMATE CHANGE**
**Key Metrics**

SR - NYSE - as of	11/16/17	\$78.75
Price Target		\$102.00
52-Week Range	\$62.33 -	\$79.65
Shares Outstanding (mm)		48.3
Market Cap. (\$mm)		\$3,801.0
1-Mo. Average Daily Volume		148,113
Institutional Ownership		81.7%
LT Debt/Total Capital	Q4'17	51.3%
ROE	TTM	8.9%
Book Value / Share	Q4'17	\$41.23
Price / Book Value		1.9x
Dividend Yield		2.9%
LTM EBITDA Margin		25.5%

**Economic EPS FY 9/30**

	Prior	Current	Prior	Current
	2017A	2018E	2018E	2019E
1Q	\$1.04	--	\$1.09	--
2Q	\$2.39	--	\$2.48	--
3Q	\$0.45	--	\$0.37	--
4Q	(\$0.22)	--	(\$0.16)	--
Year	\$3.66	\$3.78	\$3.78	\$4.05
P/E	21.5x		21.5x	19.4x

*Economic EPS Adjusted for MTM and 1x Items*

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

	Prior	Current	Prior	Current
	2017A	2018E	2018E	2019E
1Q	\$259.5	--	\$267.6	--
2Q	\$352.5	--	\$362.7	--
3Q	\$210.4	--	\$215.3	--
4Q	\$182.6	--	\$186.9	--
Year	\$1,005	\$1,027	\$1,033	\$1,062

**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 — Long-term Buy-2

**Strong Q4'17 from SR; Reiterating Long-term Buy.**

**Investment Highlights**

- SR reported fiscal Q4'17 (July-September) Net Economic EPS of (\$0.22), ahead our target and consensus; SR earned (\$0.32) in the year-ago period. We attribute full-year adj EPS of \$3.66 to SR; earnings were +13%, offset by ~6% greater average shares.
- Fiscal Q4 results reflect a fourth full quarter of impact from the Mobile and Willmut Gas acquisition(s).
- Utility segment profit grew \$4.4MM in Q4'17 and \$21.2MM in FY17, driven primarily by M&A. Cap Ex was higher by 42% in FY'17, which in our view, is constructive for growth over the next couple of years.
- Spire Marketing earned \$3.1MM in Q4'17, +\$1.2MM yr/yr and driving about +\$0.02/sh versus our model. Full year 2017 profits for the segment were \$6.8MM up +\$0.4MM from fiscal 2016.
- The STL pipeline project (\$190MM-\$210MM) gained FERC environmental approval in late September; final approval is expected in December, which keeps the project on track for a fiscal 2019 in-service date.
- As expected, management refrained from offering 2018 EEPS guidance due to pending rate cases in Missouri (covering both St. Louis and Kansas City); statutorily, net rates will impact no later than 3/8/2018. Management deferred to their prior long-term annual growth target for earnings of 4% to 6%.
- Our 2018E EPS is unchanged at \$3.78; our 2019E EPS rises a penny to \$4.06.
- We are reiterating our LTB rating and raise our 2-year price target to \$102. At our target, SR would trade ~25x our 2019E EPS, which we believe is reasonable based on peer multiples and SR's growth outlook.
- Our 25x methodology is three multiple turns higher than our prior assertion. We believe SR's (good) Q4 de-risks the stock with EnergySouth now in trailing results, and we continue to expect multiple expansion as SR increasingly deemphasizes M&A. Our move also reflects a re-rating of the industry.

**Note Important Disclosures on Pages 5-6  
Note Analyst Certification on Page 5**

**ADDITIONAL DISCUSSION—MULTIPLE ITEMS**

The Board of Directors approved a quarterly dividend hike of 7.1%, moving the quarterly payout to \$0.5625 per share. This marks the 15<sup>th</sup> consecutive year of dividend increases; the annualized payout now stands at \$2.25/share, representing a nearly 3% yield.

We are pleased with the environmental certificate award for the STL pipeline project, which flows in line with other percolation in activity across the complex with a quorum now at FERC. We still model the ~\$200MM investment to be in service during SR's fiscal 2019, specifically Q1. This could ultimately prove to be a bit optimistic, but a slight timing adjustment is unlikely to alter our view toward value.

Our alteration in valuation methodology reflects a call for SR to be valued more in line with its peer group. With all material M&A now at least one year in the rear view mirror, SR is one of the largest regulated-centric gas-only distribution utilities in the United States, and we believe the company deserves a peer multiple. By our interpretation, further M&A is relatively unlikely over our investment timeframe, which we view as a catalyst for multiple expansion.

**SUITABILITY**

We assign SR a suitability rating of '2.' A complete description of our suitability scale is on page 5. 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.

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

*Additional information is available upon request.*

<b>Spire Inc.</b>			<b>dec</b>	<b>march</b>	<b>june</b>	<b>sept</b>		<b>dec</b>	<b>march</b>	<b>june</b>	<b>sept</b>		
<b>Income Statements (000's)</b>	<b>FY'15</b>	<b>FY'16</b>	<b>Q1'17</b>	<b>Q2'17</b>	<b>Q3'17</b>	<b>Q4'17</b>	<b>FY'17</b>	<b>Q1'18E</b>	<b>Q2'18E</b>	<b>Q3'18E</b>	<b>Q4'18E</b>	<b>FY'18E</b>	<b>FY'19E</b>
Gas Utility Revenue	\$1,891,800	\$1,457,200	\$472,300	\$641,100	\$305,100	\$240,900	\$1,659,400						
Nat Gas & Propane Exp	\$882,400	\$492,200	\$193,800	\$254,300	\$76,700	\$45,700	\$570,500						
Gross Receipt Tax	96,700	75,300	19,000	34,300	18,000	12,600	83,900						
<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>267,630</b>	<b>362,730</b>	<b>215,300</b>	<b>186,900</b>	<b>1,032,560</b>	<b>1,068,360</b>
Utility Operating Expenses													
Other O & M	390,600	377,500	99,400	98,400	100,800	106,400	405,000	101,890	100,860	102,820	108,530	414,100	423,400
Add'l Other Tax	45,400	49,900	14,400	14,000	12,500	13,000	53,900	14,850	14,410	15,070	16,820	61,150	63,300
D & A	129,900	136,900	37,700	37,900	38,400	39,500	153,500	42,040	42,590	43,270	44,510	172,410	184,980
Total Utility Op Exp	565,900	564,300	151,500	150,300	151,700	158,900	612,400	158,780	157,860	161,160	169,860	647,660	671,680
<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>108,850</b>	<b>204,870</b>	<b>54,140</b>	<b>17,040</b>	<b>384,900</b>	<b>396,680</b>
Gas Marketing Rev	84,600	80,100	22,800	22,300	18,400	17,800	81,300	30,000	37,500	0	77,500	145,000	145,000
Other Revenue								(8,140)	(4,570)	(5,710)	(11,140)	(29,560)	(29,560)
Marketing and Other Exp	158,900	123,200	41,700	44,100	26,800	39,600	152,200	28,472	35,462	(1,714)	71,057	133,280	133,280
<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>(6,612)</b>	<b>(2,532)</b>	<b>(3,996)</b>	<b>(4,697)</b>	<b>(17,840)</b>	<b>(17,840)</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>102,238</b>	<b>202,338</b>	<b>50,144</b>	<b>12,343</b>	<b>367,060</b>	<b>378,840</b>
Other Income	1,200	8,600	500	3,600	1,500	1,000	6,600	100	100	100	100	400	12,190
Total Interest Charges	74,600	77,200	22,100	22,700	21,400	22,900	89,100	23,800	23,650	23,450	23,663	94,560	98,080
Income Before Income Taxes	199,100	213,700	67,500	161,300	30,400	(20,000)	239,200	78,538	178,788	26,794	(11,220)	272,900	292,950
Income Taxes	62,200	69,500	22,300	53,300	8,700	(6,700)	77,600	25,920	59,000	8,840	(3,700)	90,060	96,680
<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>\$52,618</b>	<b>\$119,788</b>	<b>\$17,954</b>	<b>(\$7,520)</b>	<b>\$182,840</b>	<b>\$196,270</b>
Reverse: Unrealized Gain / (Loss)	\$3,550	\$100	(\$3,800)	-	-	(2,800)	(\$6,600)					\$0	\$0
Reverse: Lower of Cost or Market Adj	(\$2,150)	(\$200)	\$100	(\$1,600)	\$2,200		\$700					\$0	\$0
Reverse: Rlzd Gain / (Loss) Prior to Sale	(\$1,400)	\$1,600	\$100	-	-	100	\$200					\$0	\$0
Reverse: Tax Adjustment		\$2,800	\$1,400	\$700	(\$200)	\$1,800	\$3,700					\$0	\$0
Reverse: Acq/Div/Rest Activities	(\$1,400)	(\$9,200)	(\$100)	(\$100)	(\$1,900)	(\$1,900)	(\$4,000)					\$0	\$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>\$52,618</b>	<b>\$119,788</b>	<b>\$17,954</b>	<b>(\$7,520)</b>	<b>\$182,840</b>	<b>\$196,270</b>
Average Diluted Shares	43,250	44,300	45,700	45,700	48,200	48,300	46,975	48,316	48,332	48,348	48,364	48,340	48,404
<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>						
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>\$1.09</b>	<b>\$2.48</b>	<b>\$0.37</b>	<b>(\$0.16)</b>	<b>\$3.78</b>	<b>\$4.06</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	\$2.200
<b>Rate of Change Analysis:</b>													
Approx Regulated Energy GM	39.2%	-2.5%	11.7%	10.8%	14.5%	17.5%	13.0%	3.1%	2.9%	2.3%	2.4%	2.7%	3.5%
Economic EPS	4.3%	6.9%	0.0%	0.2%	36.9%	-32.9%	6.8%	4.8%	3.9%	-17.1%	-28.5%	3.5%	7.2%
O+M Expense	35.7%	-3.4%	8.5%	4.3%	9.8%	6.6%	7.3%	2.5%	2.5%	2.0%	2.0%	2.2%	2.2%
<b>Margin Analysis:</b>													
O & M / Utility GM	42.8%	42.4%	38.3%	27.9%	47.9%	58.3%	40.3%	38.1%	27.8%	47.8%	58.1%	40.1%	39.6%
Reg Op Income/ Utility GM	38.0%	36.6%	41.6%	57.4%	27.9%	13.0%	39.1%	40.7%	56.5%	25.1%	9.1%	37.3%	37.1%
Other Tax/ Utility GM	5.0%	5.6%	5.5%	4.0%	5.9%	7.1%	5.4%	5.5%	4.0%	7.0%	9.0%	5.9%	5.9%
Taxrate	31.2%	32.5%	33.0%	33.0%	28.6%	33.5%	32.4%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%
		*full-year impact from Alagasco				7.1% Dividend Increase	*full-year impact from Mob/Wilmut					*2018 Guidance after GRCs	*11/1/2018--Fiscal 2019 StL inservice date

Source: Company reports and Hilliard Lyons estimates

Spire Inc.		dec	march	june	sept	Spire Inc.		dec	march	june	sept	Spire Inc.		
Summary Balance Sheet (000s)		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
Cash & Equivalents	\$13,800	\$5,200	\$10,600	\$19,600	\$8,300	\$7,400	\$7,400	\$74,980	\$71,310	\$23,080	\$5,110	\$5,110	\$5,110	\$11,970
A/R (Util + Non Util)	210,600	220,700	422,700	345,600	248,200	271,400	271,400	370,549	355,630	253,980	277,790	277,790	277,790	287,600
Nat Gas Underground	188,600	174,000	161,900	117,600	144,400	194,900	194,900	161,900	117,600	144,400	194,900	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	12,000
Other Current Assets	105,100	157,700	208,400	189,500	216,200	239,800	239,800	212,570	193,290	220,520	244,600	244,600	244,600	249,490
Total CAs	530,100	569,600	815,600	684,300	629,100	725,500	725,500	831,999	749,830	653,980	734,400	734,400	734,400	755,960
Net Utility Plant	2,927,500	3,287,200	3,331,800	3,392,900	3,461,800	3,665,200	3,665,200	3,744,410	3,823,070	3,901,050	3,977,790	3,977,790	3,977,790	4,192,810
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	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	1,171,600
Other	149,000	217,700	214,900	187,900	202,900	193,300	193,300	217,050	189,780	204,930	195,230	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	\$6,754,159	\$6,723,380	\$6,718,660	\$6,866,120	\$6,866,120	\$6,866,120	\$7,100,650
CP/LT Debt	80,000	250,000	250,000	-	-	100,000	100,000	100,000	100,000	150,000	175,000	175,000	175,000	175,000
Notes Payable	338,000	398,700	506,400	567,400	450,700	477,300	477,300	537,300	527,300	497,300	632,300	632,300	632,300	687,300
A/P	146,500	210,900	273,800	218,600	206,400	257,100	257,100	279,280	222,970	210,530	262,240	262,240	262,240	267,480
Other Current Liabilities	289,300	301,700	312,000	229,300	252,700	263,500	263,500	318,240	233,890	257,750	268,770	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	1,234,820	1,084,160	1,115,580	1,338,310	1,338,310	1,338,310	1,403,930
LTD	1,771,500	1,833,700	1,821,300	1,925,300	1,925,300	1,995,000	1,995,000	2,095,310	2,095,320	2,045,330	2,020,340	2,020,340	2,020,340	1,920,380
Deferred Income Taxes	482,100	607,300	636,500	690,600	705,300	707,500	707,500	712,500	717,500	722,500	727,500	727,500	727,500	747,500
Pension and Retirement Benefit Costs	253,400	303,700	296,300	308,100	300,400	237,400	237,400	237,200	237,000	236,800	236,600	236,600	236,600	235,800
Other LT Liabilities	355,800	403,200	417,100	434,400	429,200	517,600	517,600	519,600	521,600	523,600	525,600	525,600	525,600	533,600
Shareholders' Equity	1,573,600	1,768,200	1,796,700	1,883,000	2,028,200	1,991,300	1,991,300	1,954,730	2,067,800	2,074,850	2,017,770	2,017,770	2,017,770	2,259,440
Total Liab & SE	\$5,290,200	\$6,077,400	\$6,310,100	\$6,256,700	\$6,298,200	\$6,546,700	\$6,546,700	\$6,754,159	\$6,723,380	\$6,718,660	\$6,866,120	\$6,866,120	\$6,866,120	\$7,100,650
Book Value	\$36.34	\$38.69	\$39.32	\$41.20	\$42.08	\$41.23	\$41.23	\$40.46	\$42.78	\$42.91	\$41.72	\$41.72	\$41.72	\$46.66
Price/book	1.5x	1.6x	1.6x	1.6x	1.7x	1.9x	1.9x	1.9x	1.8x	1.8x	1.9x	1.9x	1.9x	1.7x
Total Net Debt / Total Capital	58.0%	58.4%	58.8%	56.8%	53.9%	56.3%	56.3%	57.6%	56.2%	56.3%	58.3%	58.3%	58.3%	55.1%
LT Debt (inc CurrP) / Total Capital	54.1%	54.1%	53.5%	50.6%	48.7%	51.3%	51.3%	52.9%	51.5%	51.4%	52.1%	52.1%	52.1%	48.1%
Spire Inc.		dec	march	june	sept	Spire Inc.		dec	march	june	sept	Spire Inc.		
Summary Cash Flow (000s)		FY'15E	FY'16	Q1'17	Q2'17	Q3'17	Q4'17	FY'17	Q1'18E	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	\$52,618	\$119,788	\$17,954	(\$7,520)	\$182,840	\$196,270	
D&A	129,900	136,900	37,700	37,900	38,400	39,500	153,500	42,040	42,590	43,270	44,510	172,410	184,980	
Defered Income Tax// Other	65,500	68,800	22,100	53,300	8,700	(7,100)	77,000	22,100	53,300	8,700	(7,100)	77,000	77,000	
(Inc.) dec. in working cap.	9,600	28,700	(167,400)	2,400	55,100	(35,800)	(145,700)	38,001	(62,161)	59,040	(35,660)	(780)	(4,920)	
Operating CF	343,300	383,500	(60,100)	202,600	123,800	(13,900)	252,400	154,759	153,517	128,964	(5,770)	431,470	453,330	
Cap Ex	(289,800)	(293,300)	(89,300)	(98,000)	(111,300)	(139,500)	(438,100)	(121,250)	(121,250)	(121,250)	(121,250)	(485,000)	(400,000)	
Acquisition/Divestiture	(8,200)	(317,700)	3,800	-	-	-	3,800	-	-	-	-	0	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)	(27,178)	(27,187)	(27,196)	(27,205)	(108,760)	(106,490)	
Free CF	(33,700)	(314,400)	(168,400)	80,600	(11,600)	(177,900)	(277,300)	6,331	5,081	(19,481)	(154,224)	(162,290)	(53,160)	
ST Borrowing (Repayments)	50,800	60,700	107,700	61,000	(116,700)	26,600	78,600	60,000	(10,000)	(30,000)	135,000	155,000	55,000	
LT Debt Proceeds	35,000	245,000	-	250,000	-	170,000	420,000	-	-	-	100,000	100,000	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	1,250	1,250	1,250	1,250	5,000	5,000	
Net Cash Flow	20,400	48,400	(60,600)	(2,200)	18,000	19,200	(25,600)	67,581	(3,669)	(48,231)	(17,974)	(2,290)	6,840	
EBITDA (Op Inc + D&A)	\$402,400	\$419,200	\$126,800	\$218,300	\$88,700	\$41,400	\$475,200	\$144,278	\$244,928	\$93,414	\$56,853	\$539,470	\$563,820	
EBITDA/share	\$9.29	\$9.17	\$2.77	\$4.78	\$1.84	\$0.86	\$9.84	\$2.99	\$5.07	\$1.93	\$1.18	\$11.15	\$11.64	
EV / TTM EBITDA	10.2x	11.3x	11.2x	11.3x	11.4x	12.1x	12.1x	11.8x	11.2x	11.1x	10.7x	10.7x	10.1x	
ROE TTM	8.8%	8.8%	8.8%	8.8%	8.8%	8.9%	8.9%	8.9%	9.2%	8.9%	9.0%	9.0%	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	32	29%	13%	88%
Hold/Neutral	73	65%	7%	93%
Sell	7	6%	0%	100%

As of 8 November 2017

**Other Disclosures**

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