

Applied Industrial (AIT)

\$261.74 (Stock Price as of 12/12/2025)

Price Target (6-12 Months): **\$272.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 10/29/24)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: A

Value: C

Growth: A

Momentum: A

Summary

Applied Industrial is benefiting from increase in demand for technical MRO services within the Service Center Based Distribution segment. Acquired assets are another positive factor driving the company's top line. Strength across the machinery, refining, metals and oil & gas end markets sparks optimism. Pricing actions and freight savings are improving its profitability. Applied Industrial has built a sound liquidity position that supports its shareholder-friendly policies. However, there remain some pockets of weakness in the Engineered Solutions segment, owing to the adverse timing of project-related shipments across flow control and fluid power operations. The rising expenses, due to the higher costs associated with acquired businesses, pose a threat to the company's bottom line. Forex woes are weighing on its top line.

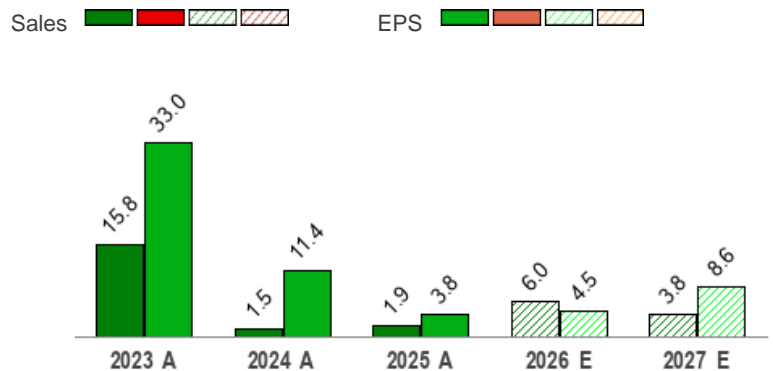
Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$280.95 - \$199.96
20 Day Average Volume (sh)	249,151
Market Cap	\$9.9 B
YTD Price Change	9.3%
Beta	0.85
Dividend / Div Yld	\$1.84 / 0.7%
Industry	Manufacturing - General Industrial
Zacks Industry Rank	Bottom 35% (156 out of 243)

Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Last EPS Surprise	6.5%
Last Sales Surprise	1.8%
EPS F1 Est- 4 week change	0.4%
Expected Report Date	02/04/2026
Earnings ESP	-0.2%

Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	1,234 E	1,220 E	1,264 E	1,305 E	5,024 E
2026	1,200 A	1,168 E	1,220 E	1,251 E	4,838 E
2025	1,099 A	1,073 A	1,167 A	1,225 A	4,563 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	2.71 E	2.67 E	2.96 E	3.15 E	11.49 E
2026	2.63 A	2.48 E	2.69 E	2.78 E	10.58 E
2025	2.36 A	2.39 A	2.57 A	2.80 A	10.12 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/12/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/02/2025.

Overview

Applied Industrial Technologies, Inc. is a distributor of value-added industrial products — including engineered fluid power components, bearings, specialty flow control solutions, power transmission products and miscellaneous industrial supplies. These products are mainly sold to original equipment manufacturers (OEM) and maintenance, repair, and operations (MRO) customers in Australia, North America, Singapore and New Zealand.

The company is also well known in the market for its engineering, design and systems integration services, as well as its inventory management solutions and maintenance training services that boost the value of end users in the market. The company, founded in 1923, is currently headquartered in Cleveland, OH.

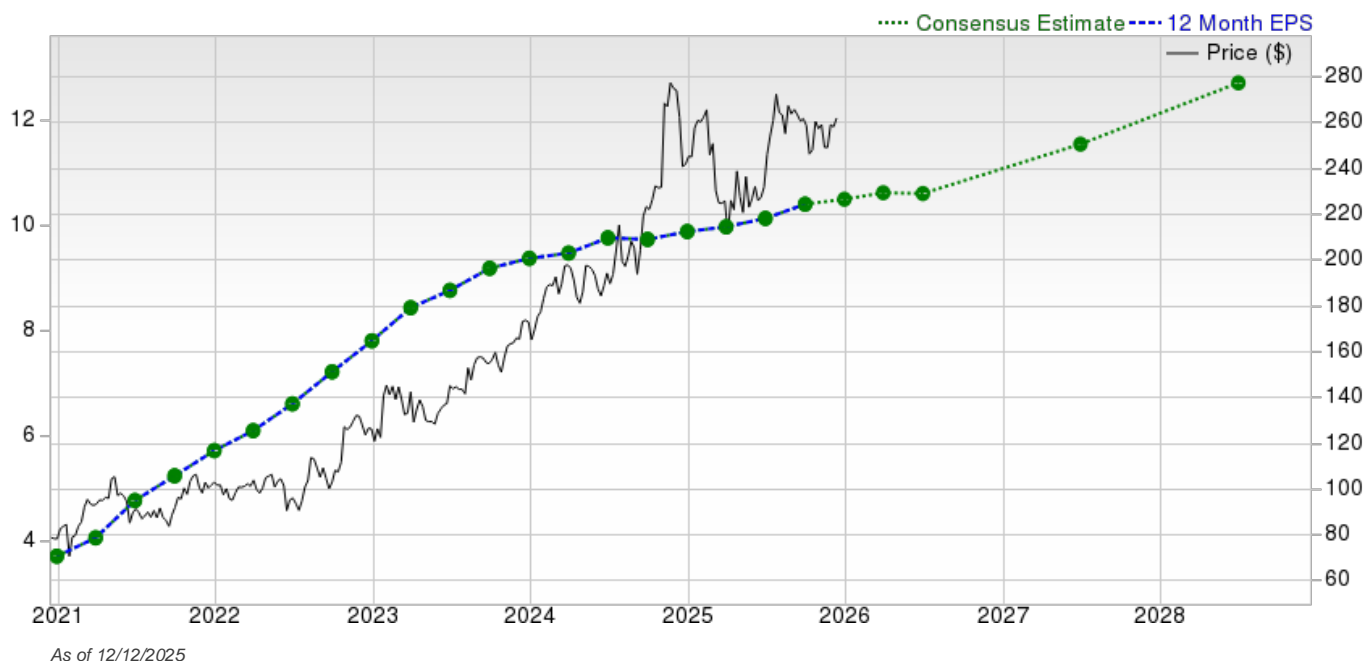
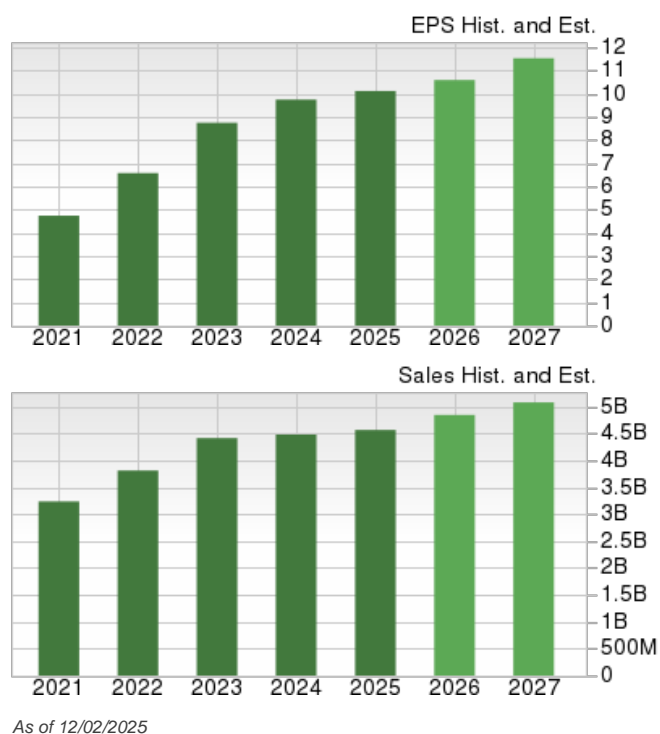
Applied Industrial has operations in the United States, Canada and other countries (Mexico, Australia, New Zealand and Singapore), generating 87.7%, 6.5%, and 5.8% of fiscal 2025 revenues, respectively. Exiting fiscal 2025, the company had an employee base of 6,800 people.

Applied Industrial reports revenues under two business segments. A brief discussion on the segments is provided below:

Service Center Based Distribution (66% of net revenues in fiscal 2025) segment offers different types of industrial products majorly through service centers in New Zealand, Australia and North America. Some of the products offered by the segment include industrial bearings, motors, belting, drives, couplings and pumps.

This segment also provides services in the oil and gas industry as well as includes operations of fabricated rubber shops (regional) and rubber service field crews. Service offerings of Applied Maintenance Supplies & Solutions come under the ambit of this segment.

The Engineered Solutions segment (formerly Fluid Power & Flow Control) (34%) includes specialized regional businesses that offer fluid power components, assembling and designing of fluid power systems, and equipment repairing services. These products and services are traded to the end-users directly in the absence of any service centers. In addition, the segment offers integration of flow control systems, pump repair and other services.



Reasons To Buy:

- ▲ Applied Industrial is poised for growth on the back of strength across its served markets of machinery, refining, food & beverage, metals, pulp & paper and oil & gas. The strong position in these markets, sales initiatives and focus on national customer accounts are driving the **Service Center Based Distribution segment**. The increase in demand for technical maintenance, repair and operations (MRO) services across the U.S. manufacturing sector, driven by deferred maintenance activity is supporting the segment's revenues as well. The Service Center Based Distribution segment's organic revenues increased 4.4% year over year in the first quarter of fiscal 2026.
- ▲ Applied Industrial has added multiple assets to its portfolio over time. In first-quarter fiscal 2026, buyouts had a positive impact of 6.3% on the company's sales. **Acquisitions** boosted sales by 0.1% and 19.8% for the Service Center-Based Distribution and Engineered Solutions segments in the fiscal first quarter, respectively. In May 2025, the company acquired IRIS Factory Automation (IRIS). The acquisition is expected to boost Applied Industrial's automation offerings and will be integrated into the Engineered Solutions segment. Applied Industrial's acquisition of Hydradyne (in January 2025) bolsters its fluid power offerings. It enables the company to create cross-selling opportunities and expand its footprint in the Southeast U.S. region. Applied Industrial expects the buyout to be cash-earnings per share accretive in the first 12 months of possession. The transaction is also expected to add \$260 million in sales and \$30 million in EBITDA. Also, in May 2024, it acquired Grupo Kopar, which expanded its automation platform and extended its footprint into Mexico. The acquisitions of Bearing Distributors and Cangro (September 2023) enhanced the company's footprint and strategic growth initiatives across the U.S. Southeast and upper Northeast regions. The Advanced Motion Systems Inc. (April 2023) buyout expanded the company's footprint in the upper Northeast region of the United States while helping to bolster relationships with leading suppliers. The acquisition of Automation, Inc. (November 2022) expanded Applied Industrial's footprint across key verticals and geographies while supplementing its value-added services and cross-selling efforts.
- ▲ Applied Industrial is executing several **growth initiatives**. The company's focus on improving the product line, increasing value-added services and initiatives to drive operational excellence will boost results in the quarters ahead. Its investments to expand automation, industrial Internet of Things (IIoT) and digital offerings like smart vision and mobile robots will also help. Pricing actions, streamlining of procurement operations and freight savings are also positive for margin expansion.
- ▲ Applied Industrial has a strong balance sheet that has enabled it to reward its shareholders handsomely through **dividend payments and share buybacks**. In the first three months of fiscal 2026, it paid out dividends worth \$17.4 million, up 14% on a year-over-year basis. Also, in fiscal 2025, Applied Industrial rewarded shareholders with dividends of \$63.7 million, up 14% year over year. The company hiked its quarterly dividend rate by 24% in January 2025. In April 2025, the company's board of directors authorized a new share buyback program (replacing the August 2022 share buyback program) to repurchase up to 1.5 million shares of its common stock. As of Sept. 30, 2025, it was left with repurchasing 1,095,864 shares. Applied Industrial's cash and cash equivalents at the end of the fiscal first quarter were \$418.7 million, while it did not have any current portion of long-term debt. Therefore, any interruption in the flow of these returns seems extremely unlikely at this point.

Strength in the Service Center Based Distribution segment and accretive acquisitions are aiding Applied Industrial. The company's shareholder-friendly policies raise its attractiveness.

Reasons To Sell:

- ▼ Applied Industrial has been witnessing weakness in the **Engineered Solutions segment**. Unfavorable timing of project-related shipments across flow control and fluid power operations is adversely impacting the performance of the segment. Also, lower demand across end markets, including industrial and mobile fluid power, remains concerning. In the first quarter of fiscal 2026, the segment's organic revenues decreased 0.4% on a year-over-year basis. However, solid demand for the company's technical offerings, including calibration services, instrumentation and automation solutions, driven by increased investments across datacenter infrastructure and semiconductor manufacturing markets, bodes well for the Engineered Solutions segment.
- ▼ Applied Industrial has been experiencing **rising expenses** for a while. In the first quarter of fiscal 2026, the company's cost of sales was up 8.3% year over year. Also, in the same period, the company witnessed a 9.7% year-over-year increase in SG&A expenses (including depreciation) due to higher costs associated with acquired businesses. The SG&A expenses, as a percentage of total revenues, climbed 10 basis points to reach 19.4%. This upward trajectory in SG&A costs results from a pattern of expense growth in the preceding four quarters, with increases of 10.5%, 4.1%, 2.3% and 3.7% respectively.
- ▼ Applied Industrial operates across international locations, which exposes it to certain political, environmental, geopolitical issues, as well as currency translation risks. This could affect its performance in the quarters ahead. A stronger U.S. dollar may depress the company's overseas business results in the quarters ahead. While its international operations act as something of a hedge, **adverse foreign currency translation** lowered the company's sales by 0.1% year over year in the fiscal first quarter.
- ▼ The company's operation can be impacted due to **supply-chain disruptions**. Ongoing supply-chain constraints, particularly related to electronic components, remain a concern for the company. Also, it utilizes a variety of raw materials and components in its businesses and depends on others for the uninterrupted supply of raw materials at reasonable rates. It needs to adjust the prices of its products and services based on any changes in input prices, which might compromise the competitive position of its products and services.

Softness in the Engineered Solutions segment and cost inflation are likely to affect Applied Industrial in the near term. Also, forex woes are a major concern for the company.

Last Earnings Report

Applied Industrial Q1 Earnings & Revenues Beat Estimates, Increase Y/Y

Applied Industrial reported first-quarter fiscal 2026 (ended Sept. 30, 2025) earnings of \$2.63 per share, which surpassed the Zacks Consensus Estimate of \$2.47. The bottom line increased 11.4% year over year.

Net revenues of \$1.20 billion beat the consensus estimate of \$1.18 billion. The top line increased 9.2% year over year. Acquisitions boosted the top line by 6.3% while foreign-currency translation had a negative impact of 0.1%. Organic sales increased 3% year over year.

FY Quarter Ending **6/30/2025**

Earnings Reporting Date	Oct 28, 2025
Sales Surprise	1.80%
EPS Surprise	6.48%
Quarterly EPS	2.63
Annual EPS (TTM)	10.39

Segmental Discussion

The Service Center-Based Distribution segment's revenues, which contributed 65.3% to net revenues, totaled \$782.5 million. On a year-over-year basis, the segment's revenues increased 4.4%. Our estimate for segmental revenues was \$767.9 million.

Organic sales increased 4.4%. Foreign currency translation lowered sales by 0.1% while acquisitions boosted sales by 0.1%. Segmental revenues were aided by ongoing internal initiatives and strong demand for firming technical MRO.

The Engineered Solutions segment's revenues (formerly the Fluid Power & Flow Control segment), which contributed 34.7% to net revenues, totaled \$417.0 million. On a year-over-year basis, the segment's revenues increased 19.4%. Our estimate for the segment's revenues was \$403.0 million.

Acquisitions boosted the top line by 19.8%. However, organic sales decreased 0.4% owing to muted shipment activity across flow control and fluid power operations.

Margin Profile

In the quarter, Applied Industrial's cost of sales was up 8.3% year over year to \$838.1 million. Gross profit was \$361.4 million, up 11.2% from the year-ago quarter. The gross margin increased to 30.1% from 29.6% in the year-ago quarter. Selling, distribution and administrative expenses (including depreciation) increased 9.7% year over year to \$232.4 million. EBITDA was \$146.3 million, reflecting an increase of 13.4%.

Balance Sheet & Cash Flow

In the first three months of fiscal 2026, Applied Industrial had cash and cash equivalents of \$418.7 million compared with \$388.4 million at the end of fiscal 2025. Long-term debt was \$572.3 million, in line with the figure reported at the end of the prior fiscal year.

In the first three months, it generated net cash of \$119.3 million from operating activities, indicating a decrease of 6.6% from the year-ago quarter. Capital expenditures totaled \$7.3 million, up 31.6% year over year. Free cash flow decreased 8.3% year over year to \$112 million.

In the first three months, it rewarded its shareholders with dividends of \$17.4 million, up 22.2% year over year.

Applied Industrial's Guidance

For fiscal 2026 (ending June 2026), Applied Industrial anticipates adjusted earnings to be in the range of \$10.10-\$10.85 per share compared with \$10.00-\$10.75 predicted earlier. The company currently anticipates sales to increase in the range of 4-7% year over year. It expects the EBITDA margin to be in the range of 12.2-12.5%.

Recent News

Acquisition of IRIS — May 1, 2025

Applied Industrial acquired IRIS Factory Automation (IRIS), which is expected to boost the company's automation offerings. The acquired company is included in the Engineered Solutions segment.

Acquisition of Hydradyne — Jan 02, 2025

Applied Industrial completed the acquisition of Hydradyne, LLC. The financial terms of the transaction have been kept under wraps. The inclusion of Hydradyne's technical expertise will bolster the company's fluid power offerings. It will enable AIT to create cross-selling opportunities and expand its footprint in the strategic Southeast U.S. region.

Applied Industrial expects the buyout to be cash-earnings per share accretive in the first 12 months of possession. The transaction is also expected to add \$260 million in sales and \$30 million in EBITDA.

Valuation

Applied Industrial's shares are up 7.1% in the in the year-to-date period and down 7.5% in the trailing 12-month period. Stocks in the Zacks sub-industry are up 8.6%, while the Zacks Industrial Products sector is up 5.7% in the year-to-date period. Over the past year, the sub-industry is down 2.9%, while the sector is down 4.7%.

The S&P 500 index is up 18.9% in the year-to-date period and up 16.1% in the past year.

The stock is currently trading at 23.33X forward 12-month price-to-earnings, which compares to 21.74X for the Zacks sub-industry, 20.41X for the Zacks sector and 23.57X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 27.78X and as low as 12.95X, with a 5-year median of 18.30X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our price target of \$272 reflects 24.50X forward 12-month earnings.

The table below shows summary valuation data for AIT

Valuation Multiples - AIT					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.33	21.74	20.41	23.57
	5-Year High	27.78	26.7	23.07	23.82
	5-Year Low	12.95	16.06	13.38	15.73
	5-Year Median	18.3	21.41	18.24	21.19
P/Sales F12M	Current	1.96	3.13	4.13	5.33
	5-Year High	2.34	3.43	4.21	5.5
	5-Year Low	0.86	2.24	2.32	3.83
	5-Year Median	1.24	3.09	3.16	5.04

As of 12/01/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 35% (156 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Allegion PLC (ALLE)	Neutral	3
Flowserve Corporation... (FLS)	Neutral	2
IDEX Corporation (IEX)	Neutral	3
Ingersoll Rand Inc. (IR)	Neutral	3
The Middleby Corpora... (MIDD)	Neutral	3
Nordson Corporation (NDSN)	Neutral	2
Roper Technologies, ... (ROP)	Neutral	3
Xylem Inc. (XYL)	Neutral	2

Industry Comparison⁽¹⁾ Industry: Manufacturing - General Industrial

	AIT	X Industry	S&P 500	FLS	IR	MIDD
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	3	3
VGM Score	A	-	-	A	F	B
Market Cap	9.87 B	3.91 B	39.38 B	9.09 B	32.30 B	7.44 B
# of Analysts	4	3	22	5	4	5
Dividend Yield	0.70%	0.00%	1.41%	1.17%	0.10%	0.00%
Value Score	C	-	-	B	D	B
Cash/Price	0.04	0.04	0.04	0.09	0.04	0.02
EV/EBITDA	17.16	13.17	14.60	17.92	19.65	11.66
PEG Ratio	3.78	1.90	2.23	1.44	5.09	NA
Price/Book (P/B)	5.24	3.56	3.35	3.91	3.17	2.55
Price/Cash Flow (P/CF)	21.76	16.64	15.20	21.64	18.54	12.47
P/E (F1)	24.74	23.02	19.78	20.60	24.87	16.33
Price/Sales (P/S)	2.12	2.14	3.06	1.94	4.33	1.92
Earnings Yield	4.05%	4.34%	4.99%	4.85%	4.02%	6.12%
Debt/Equity	0.30	0.34	0.57	0.62	0.47	0.69
Cash Flow (\$/share)	12.03	2.85	8.99	3.31	4.41	11.85
Growth Score	A	-	-	A	D	B
Hist. EPS Growth (3-5 yrs)	23.12%	12.07%	8.16%	19.57%	36.76%	11.23%
Proj. EPS Growth (F1/F0)	4.55%	9.66%	8.57%	31.94%	0.00%	-4.64%
Curr. Cash Flow Growth	4.48%	2.04%	6.75%	20.17%	9.02%	-2.38%
Hist. Cash Flow Growth (3-5 yrs)	5.81%	9.88%	7.43%	1.90%	42.20%	5.22%
Current Ratio	3.55	2.07	1.19	2.10	2.16	2.07
Debt/Capital	23.30%	25.86%	38.01%	38.18%	31.96%	40.80%
Net Margin	8.61%	6.92%	12.78%	9.66%	7.31%	-5.22%
Return on Equity	21.86%	14.17%	17.00%	19.41%	12.14%	14.66%
Sales/Assets	1.49	0.83	0.53	0.83	0.41	0.55
Proj. Sales Growth (F1/F0)	6.00%	0.11%	5.77%	4.60%	5.10%	-0.20%
Momentum Score	A	-	-	D	C	C
Daily Price Chg	-0.42%	-0.14%	-1.07%	-2.65%	-2.01%	1.13%
1 Week Price Chg	1.49%	0.99%	-0.63%	-0.71%	2.38%	17.02%
4 Week Price Chg	5.13%	4.31%	1.39%	6.51%	8.33%	25.18%
12 Week Price Chg	0.50%	2.24%	2.45%	26.20%	0.18%	9.57%
52 Week Price Chg	-0.13%	5.25%	12.83%	18.00%	-19.13%	6.49%
20 Day Average Volume	249,151	106,586	2,728,366	1,382,376	2,591,678	810,103
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.43%	0.00%	0.00%	-0.23%	0.00%	0.03%
(F1) EPS Est 12 week change	1.05%	0.72%	0.69%	2.90%	-3.19%	2.66%
(Q1) EPS Est Mthly Chg	-0.10%	0.00%	0.00%	0.00%	0.00%	-0.36%

Analyst Earnings Model⁽²⁾

Applied Industrial Technologies, Inc. (AIT)

In \$MM, except per share data

	2023A	2024A	2025A	2026E					2027E				2028E	
	FY	FY	FY	1QA	2QE	3QE	4QE	FY	1QE	2QE	3QE	4QE	FY	FY
FY Ends June 30th	Jun-23	Jun-24	Jun-25	30-Sep-25	31-Dec-25	31-Mar-26	30-Jun-26	Jun-26	30-Sep-26	31-Dec-26	31-Mar-27	30-Jun-27	Jun-27	Jun-28
Income Statement														
Net Sales	\$4,412.8	\$4,479.4	\$4,563.4	\$1,199.5	\$1,167.8	\$1,219.6	\$1,251.4	\$4,838.2	\$1,234.3	\$1,219.7	\$1,264.3	\$1,305.4	\$5,023.7	\$5,269.5
Organic Sales Growth	15.7%	0.4%	(2.3%)	3.0%	2.3%	1.2%	0.3%	1.6%	0.7%	4.4%	3.7%	4.3%	3.3%	4.9%
Acquisitions	0.5%	1.3%	4.3%	6.3%	6.8%	3.4%	2.3%	4.6%	2.5%	0.0%	0.0%	0.0%	0.6%	0.0%
Currency	(0.4%)	0.2%	(0.5%)	(0.1%)	(0.3%)	(0.2%)	(0.6%)	(0.3%)	(0.4%)	0.0%	0.0%	0.0%	(0.1%)	0.0%
Selling Days		0.0%	0.4%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of Sales	\$3,125.8	\$3,142.8	\$3,180.3	\$838.1	\$819.3	\$850.3	\$873.0	\$3,380.7	\$864.0	\$854.2	\$877.1	\$901.9	\$3,497.2	\$3,650.4
Gross Profit	\$1,287.0	\$1,336.7	\$1,383.2	\$361.4	\$348.4	\$369.2	\$378.4	\$1,457.5	\$370.3	\$365.5	\$387.1	\$403.5	\$1,526.4	\$1,619.2
Selling, Distribution and Administrative Expense, Including Depreciation	\$813.8	\$840.8	\$884.6	\$232.4	\$226.6	\$236.9	\$243.3	\$939.2	\$239.6	\$236.9	\$245.6	\$253.6	\$975.6	\$1,023.5
Impairment Expense	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Depreciation and Amortization of Property	\$22.3	\$23.4	\$24.9	\$6.5	\$9.3	\$11.1	\$8.7	\$35.5	\$9.1	\$9.5	\$9.9	\$9.8	\$38.2	\$40.2
Amortization of Intangibles	\$30.8	\$28.9	\$35.6	\$10.2	\$7.2	\$8.2	\$6.8	\$32.4	\$8.3	\$7.6	\$7.9	\$8.1	\$31.9	\$33.1
Adjusted EBITDA	\$524.5	\$553.3	\$562.1	\$146.3	\$138.7	\$151.8	\$151.2	\$587.9	\$148.5	\$146.2	\$159.8	\$168.2	\$622.7	\$670.9
EBITDA	\$524.5	\$553.3	\$562.1	\$146.3	\$138.7	\$151.8	\$151.2	\$587.9	\$148.5	\$146.2	\$159.8	\$168.2	\$622.7	\$670.9
Operating Income	\$473.2	\$495.8	\$498.5	\$129.0	\$121.9	\$132.3	\$135.1	\$518.3	\$130.7	\$128.7	\$141.5	\$149.9	\$550.8	\$595.7
Interest Expense, Net	\$21.6	\$2.8	\$0.6	\$1.0	\$1.7	\$2.5	\$2.3	\$7.4	\$1.9	\$2.1	\$2.2	\$2.2	\$8.5	\$9.0
Other (Income) Expense, Net	\$1.7	(\$5.1)	(\$3.1)	(\$0.5)	(\$0.3)	(\$0.2)	(\$0.6)	(\$1.7)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.5)	(\$1.7)	(\$1.8)
Pre-Tax Income, Adjusted	\$449.8	\$498.1	\$501.0	\$128.6	\$120.5	\$130.0	\$133.4	\$512.6	\$129.2	\$127.0	\$139.7	\$148.1	\$544.1	\$588.5
Pre-Tax Income, GAAP	\$449.8	\$498.1	\$501.0	\$128.6	\$120.5	\$130.0	\$133.4	\$512.6	\$129.2	\$127.0	\$139.7	\$148.1	\$544.1	\$588.5
Income Tax, Adjusted	\$106.7	\$115.4	\$108.0	\$27.8	\$26.0	\$28.1	\$28.8	\$110.7	\$27.9	\$27.4	\$30.2	\$32.0	\$117.5	\$127.1
Income Tax, GAAP	\$103.1	\$112.4	\$108.0	\$27.8	\$26.0	\$28.1	\$28.8	\$110.7	\$27.9	\$27.4	\$30.2	\$32.0	\$117.5	\$127.1
Tax Rate, Adjusted	23.7%	23.2%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%
Tax Rate, GAAP	22.9%	22.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%
Net Income, Adjusted	\$343.1	\$382.7	\$393.0	\$100.8	\$94.5	\$102.0	\$104.6	\$401.8	\$101.3	\$99.5	\$109.5	\$116.1	\$426.6	\$461.4
Net Income, GAAP	\$346.7	\$385.8	\$393.0	\$100.8	\$94.5	\$102.0	\$104.6	\$401.8	\$101.3	\$99.5	\$109.5	\$116.1	\$426.6	\$461.4
Diluted Shares Outstanding	39.2	39.3	38.8	38.3	38.1	37.9	37.7	38.0	37.5	37.3	37.0	36.8	37.1	36.3
Diluted EPS, Adjusted	\$8.75	\$9.75	\$10.12	\$2.63	\$2.48	\$2.69	\$2.78	\$10.58	\$2.71	\$2.67	\$2.96	\$3.15	\$11.49	\$12.70
Diluted EPS, GAAP	\$8.84	\$9.83	\$10.12	\$2.63	\$2.48	\$2.69	\$2.78	\$10.58	\$2.71	\$2.67	\$2.96	\$3.15	\$11.49	\$12.70
Dividend Per Share	\$1.38	\$1.44	\$1.66	\$0.46	\$0.46	\$0.55	\$0.55	\$2.02	\$0.55	\$0.55	\$0.64	\$0.64	\$2.38	\$2.74

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	A
Momentum Score	A
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.