

## AutoNation, Inc. (AN)

**\$211.78** (Stock Price as of 01/06/2026)

Price Target (6-12 Months): **\$233.00**

Long Term: 6-12 Months	<b>Zacks Recommendation:</b>	<b>Neutral</b>
	(Since: 01/16/25)	
	Prior Recommendation: Underperform	
Short Term: 1-3 Months	<b>Zacks Rank: (1-5)</b>	<b>2-Buy</b>
	Zacks Style Scores:	VGM: B
	Value: A	Growth: C
		Momentum: F

### Summary

AutoNation's diversified product portfolio and multiple revenue streams mitigate risk and support sustained growth. Its expansive geographical presence, extensive dealer network, and ongoing store expansion enhance customer reach and service capabilities. Strategic acquisitions further strengthen its market position and prospects. Its AN Finance division continues to improve. However, its stretched balance sheet raises concerns. SG&A expenses as a percentage of gross profit have escalated in recent years due to heightened spending on advertising, omnichannel marketing, store expansion, and IT projects, which are expected to hurt its margins. Additionally, intensifying competition and greater price transparency may constrain pricing power and profitability. The stock warrants a cautious stance for the time being.

### Data Overview

52 Week High-Low	<b>\$228.92 - \$148.33</b>
20 Day Average Volume (sh)	<b>355,143</b>
Market Cap	<b>\$7.6 B</b>
YTD Price Change	<b>1.1%</b>
Beta	<b>0.88</b>
Dividend / Div Yld	<b>\$0.00 / 0.0%</b>
Industry	<b><u>Automotive - Retail and Whole Sales</u></b>
Zacks Industry Rank	<b>Top 36% (89 out of 244)</b>

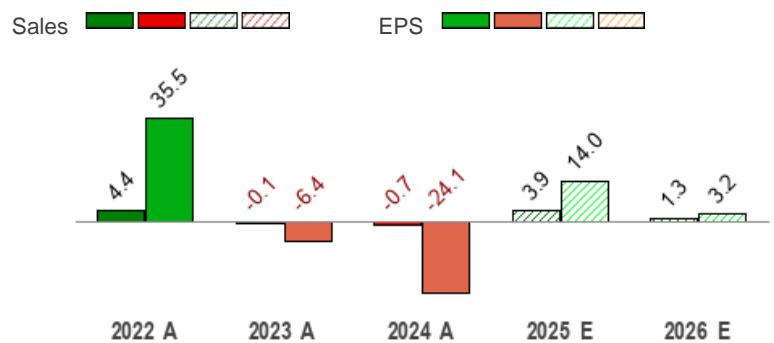
Last EPS Surprise	<b>3.3%</b>
Last Sales Surprise	<b>2.6%</b>
EPS F1 Est- 4 week change	<b>-0.1%</b>
Expected Report Date	<b>02/10/2026</b>
Earnings ESP	<b>0.0%</b>

P/E TTM	<b>10.4</b>
P/E F1	<b>10.6</b>
PEG F1	<b>1.3</b>
P/S TTM	<b>0.3</b>

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(2)</sup>



### Sales Estimates (millions of \$)<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	6,740 E	7,076 E	7,220 E	7,126 E	28,162 E
2025	6,690 A	6,974 A	7,037 A	7,103 E	27,806 E
2024	6,486 A	6,480 A	6,586 A	7,213 A	26,765 A

### EPS Estimates<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	4.83 E	5.27 E	5.38 E	5.08 E	20.55 E
2025	4.68 A	5.46 A	5.01 A	4.76 E	19.91 E
2024	4.49 A	3.99 A	4.02 A	4.97 A	17.46 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 01/06/2026.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/11/2025.

## Overview

AutoNation, Inc. is one of the largest automotive retailers in the United States. Apart from retailing new and used vehicles, the company offers vehicle maintenance and repair services, vehicle parts, extended service contracts, vehicle protection products, and other aftermarket products. In addition, it arranges financing for vehicle purchases through third-party sources.

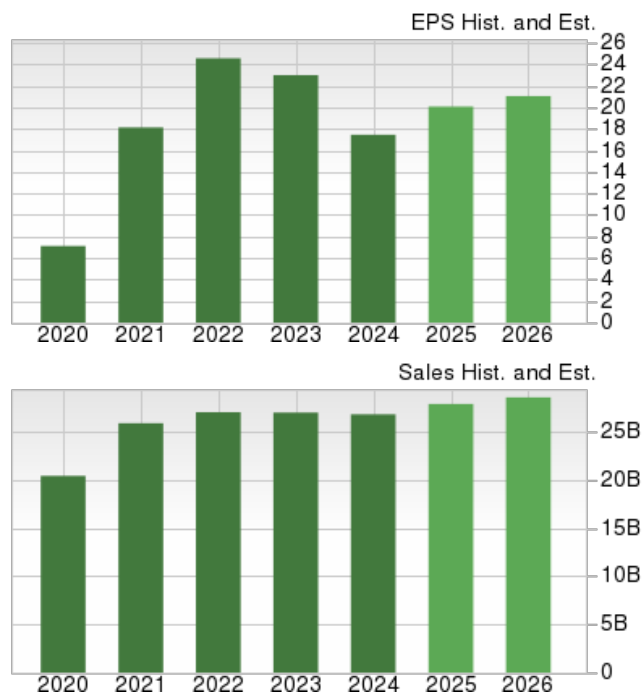
As of Dec 31, 2024, AutoNation owned and operated over 325 new vehicle franchises from 243 stores located in the United States. As of 2024 end, the company owned 52 AutoNation-branded collision centers, 24 AutoNation USA used vehicle stores, four AutoNation-branded automotive auction operations, three parts distribution centers, a mobile automotive repair and maintenance business and an auto finance company.

The core brands offered by the company are — Toyota, Ford, Honda, General Motors, Stellantis, Mercedes-Benz, Nissan, BMW and Volkswagen. Core brands accounted for around 88% of new vehicles sold in 2024.

AutoNation's business is divided into three operating segments — Domestic (accounted for about 28% of the company's revenues in 2024), Import (32%) and Premium Luxury (40%).

The Domestic segment includes stores that sell vehicles manufactured by General Motors, Ford and Fiat Chrysler; whereas the Import segment comprises stores that sell vehicles manufactured by Toyota, Honda, Nissan, Hyundai and others. The Premium Luxury segment includes stores that sell vehicles manufactured by Daimler (Mercedes Benz division), BMW, Toyota (Lexus division), Audi and others.

In 2024, new vehicle sales generated 49.4% of revenues, used vehicle sales accounted for 28.9%, parts and services (also referred to as "customer care") added 16%, finance & insurance (also referred to as "customer financial services") constituted 5.6%, and other revenues accounted for 0.1%. In terms of gross profit, the largest contributor was parts and services with 46.1%, followed by finance and insurance with 28.4%, new vehicle with 16.2%, and used-vehicle with 9.2%.



As of 12/11/2025



As of 01/06/2026

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## Reasons To Buy:

- ▲ The company's **diversified product mix and multiple streams of income** (from the sale of new and used vehicles, after sales services and customer financial business) reduce the risk profile and augur well for earnings and sales growth. AutoNation's strong geographical footprint, large dealer network and store expansion efforts are praiseworthy and allow the company to reach and serve a broad customer base.
- ▲ AutoNation's **enhanced digital solutions** are expanding its market presence, with initiatives like next-day ship-to-home, curb-side pick-up, and buy online, pick-up in-store (BOPIS) gaining traction. The launch of AutoNation Express, facilitating online vehicle buying and selling, signifies a leap in digitization. Additionally, acquiring a minority stake in TrueCar further strengthens the digital portfolio.
- ▲ **Strategic acquisitions** are strengthening AutoNation's portfolio and growth potential. In September 2025, AutoNation acquired two luxury dealerships in Chicago, which generate about \$325 million in annual revenue. In March, the company acquired two stores in the Greater Denver area- Ford Arapahoe and Mazda Arapahoe- which are expected to add approximately \$220 million in annual revenue. Together, these acquisitions have enhanced AutoNation's market presence and boosted its long-term prospects.
- ▲ AutoNation's **Finance division** is showing strong improvement, with higher penetration in stores, increased profitability, and healthy credit performance. The acquisition of CIG Financial has unlocked significant growth potential. AutoNation Finance originated over \$1.1 billion in loans in 2024 and more than \$1.3 billion in the first nine months of 2025. Importantly, the company completed its inaugural asset-backed term securitization in Q2'25, unlocking \$700 million in funding for its auto loan portfolio—strengthening liquidity and supporting future loan growth. AN Finance originations have nearly doubled year over year, with the portfolio now exceeding \$2 billion. The business moved from a modest loss in 2024 to operating profit in 2025 YTD, benefiting from scale and improving average FICO on originations.
- ▲ The firm is **committed to returning value to shareholders**, boosting investors' confidence. In 2024, the company bought back 2.9 million shares for \$460 million. Year to date through Oct 21, 2025, the company bought back 2.8 million shares for \$523 million. AN has \$338 million remaining under its share repurchase program.

AutoNation's strong geographical footprint, large dealer network, store expansion efforts, strategic acquisitions and investor-friendly moves are praiseworthy.

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## Reasons To Sell:

- ▼ AutoNation's **stretched balance sheet** is concerning. As of Sept. 30, 2025, AutoNation's non-vehicle debt was \$3.8 billion, compared to cash and cash equivalents of \$98 million. The firm's long-term debt-to-capital ratio stands at 0.66. High leverage might restrict the firm's financial flexibility.
- ▼ **New-vehicle unit profitability decline** is concerning. The metric averaged about \$2,300 in Q3, roughly \$500 below last year. The decline was mainly from domestic ICE margin compression and a rising BEV mix; BEV economics remain weak despite unit growth. Given new vehicles still contribute meaningfully to gross profit and volumes, continued pressure here would compress consolidated margins. Management expects some improvement into Q4 (mix shift to premium luxury and less BEV), but margin recovery is not guaranteed.
- ▼ AutoNation had been operating below 60% selling, general and administrative (SG&A) as a percentage of gross profit in 2021 and 2022. However, in 2023 & 2024, its **SG&A as a percentage of gross profit** increased to 63.4% and 66.6%, respectively. The company's degrading operational efficiency is worrisome. Adjusted SG&A was 67.4% of gross profit in Q3. The company expects SG&A as a percentage of gross profit to be in the band of 66-67% for the full year. High spending on advertising, omni channel marketing strategies, expansion of store footprint, IT related projects, might be necessary to pursue new opportunities but they will strain near-term margins.
- ▼ AutoNation faces **fierce competition** from public and private dealerships, online vehicle brokers, and financial institutions. Its finance and insurance business also battles various third parties. The fragmented used car market and rising price transparency further intensify pressures, potentially squeezing margins and making customer retention and growth more challenging.
- ▼ Management flagged evolving **tariff** negotiations and supplier actions that are leading OEMs to decontent vehicles, change trim levels, adjust incentives to dealers, and re-engineer supply chains. These changes could reduce dealer incentives, alter vehicle features, and affect how much OEMs help with financing costs. Overall, the impact is uncertain and may pressure new-vehicle margins or require tighter dealer/OEM negotiation.

High debt pile, stiff competition and rising SG&A expenses raise concerns.

## Last Earnings Report

### AutoNation Q3 Earnings Surpass Expectations

AutoNation reported third-quarter 2025 adjusted earnings of \$5.01 per share, which increased 25% year over year and beat the Zacks Consensus Estimate of \$4.85, primarily on the back of better-than-expected revenues from retail new and used vehicles, finance and insurance business. In the quarter under review, revenues amounted to \$7.04 billion, which surpassed the Zacks Consensus Estimate of \$6.86 billion and rose from \$6.59 billion reported in the third quarter of 2024.

**FY Quarter Ending** 12/31/2025

Earnings Reporting Date	Oct 23, 2025
Sales Surprise	2.63%
EPS Surprise	3.30%
Quarterly EPS	5.01
Annual EPS (TTM)	20.12

### Key Takeaways

In the reported quarter, new vehicle revenues were up 7.7% year over year to \$3.42 billion and topped our estimate of \$3.2 billion due to higher-than-expected sales volume and average selling price (ASP). New vehicle retail units sold totaled 66,189 units (up 4.8% year over year), beating our projection of 64,873 units. The ASP per new vehicle unit retailed was \$51,604 (up 2.8% year over year), beating our estimate of \$49,295. Gross profit from the segment came in at \$151 million, which declined 14.7% year over year and lagged our estimate of \$159.8 million.

Retail used-vehicle revenues increased 7.6% from the year-ago quarter's figure to \$1.87 billion, which surpassed our projection of \$1.72 billion due to higher-than-expected volumes and ASP. Used vehicle retail units sold totaled 68,896 units (up 3.7% year over year), beating our projection of 68,081 units. ASP per used vehicle unit retailed came in at \$27,205 (up 3.8% year over year) and topped our projection of \$25,216. Gross profit from the segment came in at \$102.6 million, which fell 2.8% and beat our projection of \$95.2million.

Revenues from wholesale used vehicles were down 11.6% to \$141.4 million and missed our estimate of \$158.8 million. Gross profit rose to \$12.3 million from \$5.6 million and topped our estimate of \$9.6 million.

Net revenues in the finance and insurance business amounted to \$374.8 million, which increased 11.7% from the year-ago quarter and beat our projection of \$331.6 million. Gross profit was \$374.8 million, which increased 11.7% and beat our estimate of \$331.6 million.

Revenues from the parts and service business went up by 4.7% to \$1.23 billion but missed our estimate of \$1.26 billion. Gross profit from this segment came in at \$597 million, which rose 7% year over year but missed our estimate of \$602.8 million.

### Segmental Details

Revenues from the Domestic segment rose 9.6% year over year to \$1.95 billion and topped our projection of \$1.76 billion. The segment's income climbed 30.3% to \$81.3 million, surpassing our estimate of \$79.3 million.

Revenues from the Import segment increased 6.2% from the prior-year quarter to \$2.17 billion and topped our forecast of \$2.02 billion. The segment's income increased 3.8% to \$123.7 million and surpassed our model estimate of \$133.1 million.

Premium Luxury segment sales rose 5.5% to \$2.56 billion, marginally missing our projection of \$2.57 billion. The segmental income grew 4% year over year to \$160.9 million in the reported quarter but missed our estimate of \$190.7 million.

### Financial Tidbits

As of Sept. 30, 2025, the company's liquidity was \$1.8 billion, including \$98 million in cash and nearly \$1.7 billion available under its revolving credit facility. The firm's inventory was valued at \$3.49 billion. At the end of the third quarter, non-vehicle debt was \$3.83 billion. Capital expenditure in the quarter was \$68.9 million.

During the quarter, the company bought back 0.8 million shares for \$181 million. Currently, AN has \$338 million remaining under its share repurchase program.

## Valuation

AutoNation's shares are up 15.5% and 26.7% over the past six months and in the trailing 12-month period, respectively. Stocks in the Zacks Automotive – Retail and Wholesale industry and the Zacks Auto-Tires-Trucks sector are down 1.1% and up 28.8%, respectively, over the past six months. Over the past year, the Zacks sub industry and sector are down 5.4% and up 8.3%, respectively. The S&P 500 index is up 15.9% and 15.2% over the past six months and in the past year, respectively.

The stock is currently trading at 10.54X forward 12-month earnings, which compares to 8.82X for the Zacks sub-industry, 91.43X for the Zacks sector and 23.44X for the S&P 500 index.

Over the past five years, the stock has traded as high as 12.89X and as low as 4.47X, with a 5-year median of 8.27X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$233 price target reflects 11.09X forward 12-month earnings..

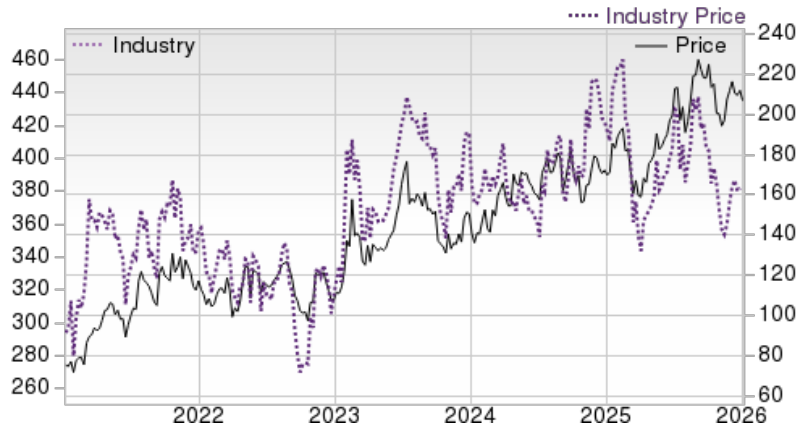
The table below shows summary valuation data for AN:

Valuation Multiples - AN					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10.54	8.82	91.43	23.44
	5-Year High	12.89	11.4	91.43	23.78
	5-Year Low	4.47	4.51	12.49	15.73
	5-Year Median	8.27	7.57	19.73	21.21
EV/EBITDA TTM	Current	7.66	8.53	25.8	18.63
	5-Year High	8.02	10.79	28.39	22.41
	5-Year Low	3.39	4.78	8.95	13.87
	5-Year Median	5.54	7.21	17.03	17.96
P/S F12M	Current	0.28	0.28	1.44	5.3
	5-Year High	0.36	0.33	1.96	5.5
	5-Year Low	0.17	0.2	0.77	3.83
	5-Year Median	0.25	0.28	1.18	5.05

As of 12/10/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 36% (89 out of 244)



## Top Peers <sup>(1)</sup>

Company (Ticker)	Rec	Rank
Asbury Automotive Gr... (ABG)	Neutral	2
Group 1 Automotive, ... (GPI)	Neutral	3
Lithia Motors, Inc. (LAD)	Neutral	4
Penske Automotive Gr... (PAG)	Neutral	3
Rush Enterprises, In... (RUSHA)	Neutral	3
Titan Machinery Inc. (TITN)	Neutral	3
Sonic Automotive, In... (SAH)	Underperform	4
Rush Enterprises, In... (RUSHB)	NA	

## Industry Comparison<sup>(1)</sup> Industry: Automotive - Retail And Whole Sales

	AN	X Industry	S&P 500	GPI	LAD	PAG
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	4	3
VGM Score	B	-	-	A	A	A
Market Cap	7.62 B	4.30 B	39.40 B	5.00 B	7.97 B	10.59 B
# of Analysts	4	3	22	4	4	5
Dividend Yield	0.00%	0.00%	1.39%	0.50%	0.67%	3.43%
Value Score	A	-	-	A	A	A
Cash/Price	0.01	0.05	0.04	0.01	0.05	0.01
EV/EBITDA	7.90	7.03	14.79	8.02	8.34	7.03
PEG Ratio	1.24	1.72	2.04	NA	NA	2.20
Price/Book (P/B)	3.03	1.64	3.38	1.64	1.17	1.85
Price/Cash Flow (P/CF)	8.59	8.17	15.41	8.15	7.23	9.97
P/E (F1)	10.49	9.07	18.79	9.07	8.60	11.37
Price/Sales (P/S)	0.27	0.26	3.12	0.22	0.21	0.35
Earnings Yield	10.09%	10.09%	5.32%	11.03%	11.63%	8.79%
Debt/Equity	1.93	0.32	0.57	1.06	1.35	0.22
Cash Flow (\$/share)	24.31	9.73	8.98	48.58	45.46	16.13
Growth Score	C	-	-	A	A	C
Hist. EPS Growth (3-5 yrs)	11.79%	10.15%	8.24%	11.57%	2.90%	6.18%
Proj. EPS Growth (F1/F0)	14.03%	5.18%	9.18%	5.92%	18.89%	-0.36%
Curr. Cash Flow Growth	-23.70%	-11.40%	7.00%	-9.86%	-6.29%	-12.79%
Hist. Cash Flow Growth (3-5 yrs)	10.03%	11.25%	7.49%	18.96%	25.26%	19.03%
Current Ratio	0.79	1.21	1.19	1.06	1.21	0.97
Debt/Capital	65.87%	24.09%	38.14%	51.56%	57.42%	18.10%
Net Margin	2.38%	2.38%	12.77%	1.67%	2.39%	3.08%
Return on Equity	31.84%	13.42%	17.03%	18.08%	13.42%	16.84%
Sales/Assets	2.06	1.65	0.53	2.24	1.58	1.80
Proj. Sales Growth (F1/F0)	3.90%	2.51%	5.29%	13.50%	4.80%	0.70%
Momentum Score	F	-	-	F	C	A
Daily Price Chg	1.12%	1.66%	0.64%	0.91%	-1.08%	1.66%
1 Week Price Chg	-2.36%	-3.52%	-0.05%	-3.68%	-3.52%	-4.49%
4 Week Price Chg	-2.81%	-1.29%	0.81%	-2.31%	1.06%	-2.07%
12 Week Price Chg	-3.27%	-2.25%	3.72%	-6.55%	8.63%	-4.55%
52 Week Price Chg	20.69%	0.56%	15.51%	-5.51%	-4.72%	7.75%
20 Day Average Volume	355,143	179,257	2,399,304	143,481	226,482	234,000
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.12%	0.00%	0.00%	-1.26%	-0.14%	1.49%
(F1) EPS Est 12 week change	1.37%	-1.48%	0.44%	-3.80%	2.08%	-1.48%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



## Analyst Earnings Model<sup>(2)</sup>

### AutoNation, Inc. (AN)

In \$MM, except per share data

	2022A	2023A	2024A	2025E					2026E					2027E
	FY	FY	FY	1QA	2QA	3QA	4QE	FY	1QE	2QE	3QE	4QE	FY	FY
FY Ends December 31st	Dec-22	Dec-23	Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25	Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26	Dec-26	Dec-27
<b>Income Statement</b>														
Total Revenue	\$26,985.0	\$26,948.9	\$26,765.4	\$6,690.4	\$6,974.4	\$7,037.4	\$7,103.4	\$27,805.6	\$6,740.1	\$7,076.1	\$7,220.0	\$7,126.0	\$28,162.1	\$28,768.2
Cost of Sales	\$21,719.7	\$21,817.4	\$21,980.0	\$5,470.5	\$5,699.0	\$5,799.0	\$5,879.2	\$22,847.7	\$5,541.2	\$5,820.8	\$5,936.2	\$5,842.9	\$23,141.0	\$23,523.7
Gross Profit	\$5,265.3	\$5,131.5	\$4,785.4	\$1,219.9	\$1,275.4	\$1,238.4	\$1,224.2	\$4,957.9	\$1,198.9	\$1,255.3	\$1,283.8	\$1,283.1	\$5,021.1	\$5,244.5
AutoNation Finance Income (Loss)		(\$13.9)	(\$9.3)	\$0.1	\$2.0	\$1.5	\$1.5	\$5.1	\$1.5	\$1.5	\$1.5	\$1.5	\$6.0	\$6.0
Selling, General, and Administrative Expenses	\$3,026.1	\$3,253.2	\$3,263.9	\$821.9	\$854.7	\$850.1	\$847.0	\$3,373.7	\$832.8	\$867.1	\$895.5	\$907.4	\$3,502.9	\$3,642.8
Depreciation and Amortization	\$200.3	\$220.5	\$240.7	\$61.8	\$63.9	\$64.2	\$63.9	\$253.8	\$61.5	\$64.4	\$65.6	\$64.7	\$256.3	\$261.6
Goodwill Impairment			\$0.0	\$0.0	\$65.3	\$0.0	\$0.0	\$65.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Franchise Rights Impairment		\$0.0	\$12.5	\$0.0	\$71.7	\$0.0	\$0.0	\$71.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other (Income) Expense, Net	\$14.4	(\$8.0)	(\$46.5)	\$0.3	\$4.2	(\$46.8)	(\$11.7)	(\$54.0)	(\$12.9)	(\$17.0)	(\$22.8)	(\$16.2)	(\$68.8)	(\$72.5)
EBITDA	\$2,224.8	\$1,872.4	\$1,546.2	\$397.8	\$281.5	\$436.6	\$390.3	\$1,506.2	\$380.5	\$406.7	\$412.6	\$393.4	\$1,593.1	\$1,680.2
Operating Income, Adjusted	\$2,026.0	\$1,692.5	\$1,348.7	\$334.5	\$369.3	\$348.1	\$336.4	\$1,388.3	\$329.0	\$352.3	\$356.9	\$338.7	\$1,376.8	\$1,458.6
Operating Income, GAAP	\$2,024.5	\$1,651.9	\$1,305.5	\$336.0	\$217.6	\$372.4	\$326.4	\$1,252.4	\$319.0	\$342.3	\$346.9	\$328.7	\$1,336.8	\$1,418.6
Floorplan Interest Expense	\$41.4	\$144.7	\$218.9	\$46.5	\$45.3	\$47.5	\$53.0	\$192.3	\$46.6	\$48.9	\$50.6	\$50.4	\$196.4	\$201.3
Other Interest Expense	\$134.9	\$181.4	\$179.7	\$42.3	\$46.2	\$45.1	\$50.0	\$183.6	\$44.5	\$47.2	\$48.2	\$48.1	\$188.0	\$192.5
Other Income (Loss), Net	(\$14.7)	\$24.4	\$9.8	(\$13.2)	\$12.3	\$7.8	\$5.3	\$12.2	\$6.2	\$8.0	\$7.1	\$6.7	\$28.0	\$28.5
Total Interest Expense (Income), Net, Adjusted	\$193.0	\$326.6	\$396.4	\$89.0	\$89.6	\$92.5	\$97.1	\$368.2	\$89.2	\$93.6	\$96.2	\$95.2	\$374.2	\$382.7
Total Interest Expense (Income), Net, GAAP	\$191.0	\$301.7	\$388.8	\$102.0	\$79.2	\$84.8	\$97.7	\$363.7	\$84.9	\$88.0	\$91.8	\$91.7	\$356.4	\$365.3
Pre-Tax Income, Adjusted	\$1,853.3	\$1,365.8	\$952.2	\$245.5	\$279.7	\$255.6	\$239.3	\$1,020.1	\$239.7	\$258.7	\$260.8	\$243.4	\$1,002.6	\$1,075.9
Pre-Tax Income, GAAP	\$1,833.5	\$1,350.2	\$916.7	\$234.0	\$138.4	\$287.6	\$228.7	\$888.7	\$234.0	\$254.3	\$255.2	\$236.9	\$980.4	\$1,053.3
Income Tax, Adjusted	\$459.8	\$333.9	\$238.2	\$61.3	\$70.5	\$64.7	\$59.8	\$256.3	\$59.9	\$64.7	\$65.2	\$60.9	\$250.7	\$269.0
Income Tax, GAAP	\$455.8	\$330.0	\$224.5	\$58.5	\$52.0	\$72.5	\$57.2	\$240.2	\$58.5	\$63.6	\$63.8	\$59.2	\$245.1	\$263.3
Tax Rate, Adjusted	24.8%	24.4%	25.0%	25.0%	25.2%	25.3%	25.0%	25.1%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Tax Rate, GAAP	24.9%	24.4%	24.5%	25.0%	37.6%	25.2%	25.0%	27.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Net Income from Continuing Operations	\$1,377.7	\$1,020.2	\$692.2	\$175.5	\$86.4	\$215.1	\$171.5	\$648.5	\$175.5	\$190.7	\$191.4	\$177.7	\$735.3	\$790.0
Loss from Discontinued Operations	\$0.3	(\$0.9)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income, Adjusted	\$1,393.2	\$1,032.8	\$714.0	\$184.2	\$209.2	\$190.9	\$179.5	\$763.8	\$179.8	\$194.0	\$195.6	\$182.6	\$752.0	\$806.9
Net Income, GAAP	\$1,377.4	\$1,021.1	\$692.2	\$175.5	\$86.4	\$215.1	\$171.5	\$648.5	\$175.5	\$190.7	\$191.4	\$177.7	\$735.3	\$790.0
Diluted Shares Outstanding	56.7	44.9	40.9	39.4	38.3	38.1	37.7	38.4	37.2	36.8	36.4	36.0	36.6	34.9
Diluted EPS from Continuing Operations	\$24.30	\$22.72	\$16.92	\$4.45	\$2.26	\$5.65	\$4.55	\$16.91	\$4.71	\$5.18	\$5.26	\$4.94	\$20.10	\$22.68
Diluted EPS, Adjusted	\$24.57	\$23.00	\$17.46	\$4.68	\$5.46	\$5.01	\$4.76	\$19.91	\$4.83	\$5.27	\$5.38	\$5.08	\$20.55	\$23.16
Diluted EPS, GAAP	\$24.29	\$22.74	\$16.92	\$4.45	\$2.26	\$5.65	\$4.55	\$16.91	\$4.71	\$5.18	\$5.26	\$4.94	\$20.10	\$22.68



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## 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.

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### 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	<b>A</b>
Growth Score	<b>C</b>
Momentum Score	<b>F</b>
VGM Score	<b>B</b>

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.

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