Graco Inc. (GGG)

$82.48 (Stock Price as of 12/02/2025)

Price Target (6-12 Months): **$87.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 07/10/23) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM: D
	Value: D | Growth: C	Momentum: C

Summary

Graco is poised to benefit from solid momentum in the Industrial segment, driven by an increase in demand for powder finishing and lubrication product lines. Strength in the semiconductor business bodes well for the Expansion Markets segment. The company expects product innovations to drive its performance in the quarters ahead. Graco's investments in manufacturing and distribution facilities are expected to foster growth. A solid liquidity position adds to its strength. Shareholder-friendly policies raise the stock's attractiveness. However, weakness in the Contractor segment, due to high housing costs and lower construction projects, has been adversely impacting its results of late. Rise in cost of sales and general and administrative expenses is likely to continue affecting Graco's profitability. Forex woes are an added concern.

Price, Consensus & Surprise(1)

Data Overview

52 Week High-Low	**$91.45 - $72.06**
20 Day Average Volume (sh)	**877,368**
Market Cap	**$13.6 B**
YTD Price Change	**-2.4%**
Beta	**1.09**
Dividend / Div Yld	**$1.10 / 1.3%**
Industry	**Manufacturing - General Industrial**
Zacks Industry Rank	**Bottom 24% (184 out of 243)**

Last EPS Surprise	**-2.7%**
Last Sales Surprise	**-3.3%**
EPS F1 Est- 4 week change	**0.0%**
Expected Report Date	**01/26/2026**
Earnings ESP	**-1.8%**

P/E TTM	**29.3**
P/E F1	**28.1**
PEG F1	**4.0**
P/S TTM	**6.2**

Sales and EPS Growth Rates (Y/Y %)(2)

Sales Estimates (millions of $)(2)

	Q1	Q2	Q3	Q4	Annual*
2026	542 E	587 E	577 E	602 E	2,308 E
2025	528 A	572 A	543 A	574 E	2,229 E
2024	492 A	553 A	519 A	549 A	2,113 A

EPS Estimates(2)

	Q1	Q2	Q3	Q4	Annual*
2026	0.73 E	0.80 E	0.78 E	0.86 E	3.17 E
2025	0.70 A	0.75 A	0.73 A	0.75 E	2.94 E
2024	0.65 A	0.77 A	0.71 A	0.64 A	2.77 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/02/2025.
(2) The report's text, the analyst-provided estimates, and the price target are as of 10/21/2025.

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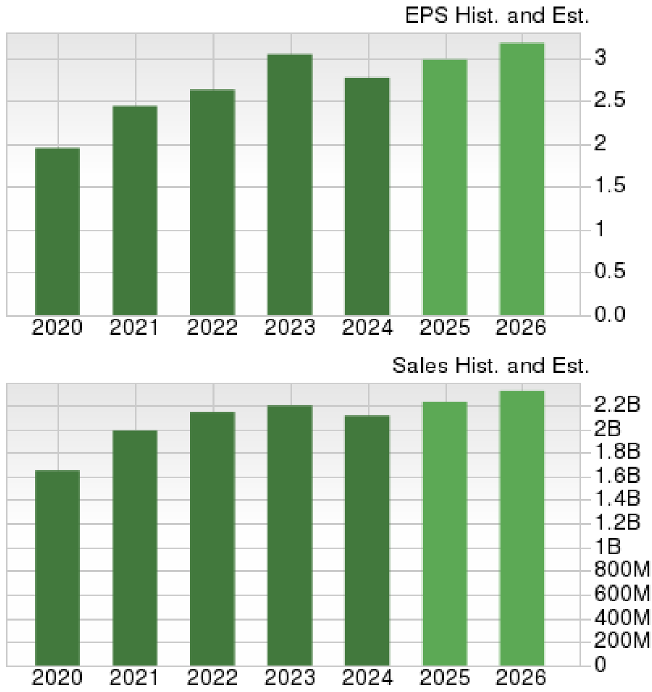
Overview

Graco engages in designing, manufacturing and marketing equipment and systems used to measure, move, control, spray and dispense fluid as well as powder materials. The company offers equipment solutions for tough-to-handle materials with high viscosities, abrasive or corrosive properties and for multiple component materials that demand precise ratio control. Graco is headquartered in Minneapolis, MN, and was founded in 1926. As of Dec. 27, 2024, the company had an employee base of 4,300 people. The products are mainly sold through the company's authorized distribution centers to customers in Asia Pacific (15.6% of total revenues in 2024), North, Central and South America (the Americas: 62.9%), and Europe, Middle East and Africa (EMEA: 21.5%).

Effective Jan. 1, 2025, Graco classified its business into three reportable segments, namely, the Industrial segment, the Contractor segment and the Expansion Markets segment. A brief description of the segments is provided below:

The Industrial segment (43.7% of total revenues in the first quarter of 2025) includes Industrial and Powder divisions. The new global Industrial division was formed by combining Graco's Industrial, Lubrication Equipment and Process Transfer Equipment business (a part of the Process division), while the Powder division stays the same. The company provides liquid finishing and advanced fluid dispense equipment packages for paints, adhesives and other fluids under this segment. It also supplies valves, pumps, and meters to fast oil change facilities, truck builders and heavy equipment service centers.



As of 10/21/2025

End markets served include wood and metal products, automotive and vehicle assembly, aerospace, construction, service garages, mining, transportation and others.

The Expansion Markets segment (8%) includes Expansion Markets divisions. The company's environmental, semiconductor, high-pressure valves and electric motors businesses are part of this segment. This segment serves as a strategic platform for future ventures and acquisitions.

The Contractor segment (48.3%) provides sprayers which are used to paint structures like walls and other product models. It also provides two-component proportioning systems used to spray polyurethane foam and polyurea coatings.

The main customers in this segment include professional painters working in construction and maintenance and specialized contractors.

As of 12/02/2025

Reasons To Buy:

Strength in the Industrial and Expansion Markets units, product innovation and sound liquidity position augur well for Graco. Handsome rewards to shareholders add to its appeal.

- Graco is poised to benefit from **solid momentum in the Industrial and Expansion Markets segments**. An increase in demand for powder finishing and lubrication product lines is supporting the Industrial segment's performance. Also, higher demand for vehicle services bodes well for the segment. The segment's core sales increased 2% year over year in the first six months of 2025. The Expansion Markets segment is gaining from solid momentum in the semiconductor business, driven by an increasing order rate. Favorable pricing actions also bode well for the segment. The segment's core sales increased 4% year over year in the first six months. However, softness in the environmental business is concerning for it.

- Graco remains focused on **launching new products and upgrading the existing ones** according to industry trends. In April 2025, the company expanded its QUANTM electric double diaphragm (EODD) pump line to offer enhanced energy efficiency, easier maintenance and improved safety for modern factories. Regarding innovation, in 2024, it introduced the PowerShot XT electronic-powered airless paint gun, Stellair ACE and Stellair and E-Mix XT. In 2023, the company introduced InvisiPac HM10, a hot melt adhesive dispense system, an electric-powered airless gun and Ultra QuickShot – a battery-powered airless paint sprayer. The company also introduced the ES 500 Stencil rig, LineLazer ES 500 electric battery-powered airless striper, Contractor King air-powered protective coatings sprayer and Silver Plus HP spray guns. In the first six months of 2025 and full-year 2024, it spent $40.1 million and $87.2 million, respectively, for product developments. Improving order rates, coupled with product introductions, are expected to drive its performance in the upcoming quarters.

- The company solidified its product portfolio and leveraged business opportunities through asset additions. **Acquisitions** had a contribution of 6% to the company's sales in the second quarter of 2025. In July 2025, Graco acquired Color Service S.r.l. (Color Service), which has been added to its Industrial segment. The addition of Color Service's expertise in automated dosing systems allows the company to strengthen its powder handling portfolio and expand into new industries such as textiles, rubber, cosmetics plastics and food. In November 2024, Graco acquired Corob S.p.A. (Corob), which has been added to its Contractor segment. The inclusion of Corob's strong product line, supported by its solid design and manufacturing capabilities, enables the company to expand its customer offerings and boost its position in the paint and coating machinery manufacturing market. In August 2024, Graco completed the acquisition of PCT System. The buyout enables the company to boost its White Knight business and helps it expand its presence in the semiconductor market. Also, Graco remains committed to making investments to boost growth. For instance, in 2023 and the first half of 2024, the company expanded its South Dakota manufacturing facility and built a new manufacturing facility in Sibiu, Romania. In addition, it invested in the construction of a new facility in St. Gallen, Switzerland, that will look after the manufacturing operations for its powder division. These projects signify a significant investment in the expansion and modernization of the company's key manufacturing and distribution facilities.

- Graco's **shareholder-friendly policies** are encouraging. In the first six months of 2025, Graco paid out dividends worth $92.2 million to its shareholders, reflecting an increase of 7.2% year over year. Also, the company paid dividends of $172.1 million in 2024, up 8.7% year over year. Graco repurchased shares worth $361 million and $31.4 million in the first six months of 2025 and 2024, respectively. In December 2024, the company hiked its quarterly dividend by 7.8% to 27.5 cents per share.

- A solid liquidity position adds to Graco's strength. At the end of the second quarter of 2025, the company's **cash and cash equivalents** were $534.9 million and its current liabilities were $388.6 million. Further, the company's times interest earned ratio was 211.6 in the second quarter of 2025, marking an increase from the year-ago quarter's ratio of 175.5.

Reasons To Sell:

- Graco has been witnessing **weakness in the Contractor segment** of late. High housing costs and lower construction projects in North America are affecting the performance of the Contractor segment. Reduced demand in the home center channel, due to lower foot traffic and reduced consumer activity, arising from softness in the U.S. housing and remodeling markets, is concerning as well. The segment's core sales declined 3% year over year in the first six months of 2025.

Weakness in the Contractor segment and high operating costs are hurting the company's operations. Unfavorable foreign currency movement is an added concern.

- **High costs** pose a threat to the company's bottom line. In 2024, Graco's selling, marketing and distribution costs increased 5% from the year-ago period. General and administrative expenses jumped 11.6% in the same period. Graco's operating expenses increased 7% in 2024 due to rising business reorganization costs and increased spending on product development. The trend continued in the first six months of 2025, with general and administrative expenses increasing 7.3%, year over year. Also, the company's cost of sales increased 9.3% year over year in the first six months. The metric, as a percentage of net sales, increased 170 basis points year over year.

- Graco has operations in multiple nations. International expansion exposes it to risks arising from **unfavorable movement in foreign currencies**, geopolitical issues and other headwinds. In the second quarter of 2025, foreign currency translation had a negative impact of 1% on the Asia Pacific region's revenues.

Last Earnings Report

Graco's Earnings Miss Estimates in Q2, Sales Increase Y/Y

FY Quarter Ending	12/31/2024
Earnings Reporting Date	Oct 22, 2025
Sales Surprise	-3.27%
EPS Surprise	-2.67%
Quarterly EPS	0.73
Annual EPS (TTM)	2.82

Graco second-quarter 2025 adjusted earnings of 75 cents per share missed the Zacks Consensus Estimate of 78 cents. The bottom line decreased 3% year over year.

The company's net sales of $571.8 million lagged the consensus estimate of $585 million. However, the top line increased 3% year over year due to incremental sales from acquired operations and sales growth across the EMEA and Asia Pacific regions.

On a regional basis, quarterly sales generated from the Americas decreased 3% year over year. In Europe, the Middle East and Africa, sales increased 19% year over year. Sales from the Asia Pacific increased 12% year over year.

Segmental Details of Graco

Effective Jan. 1, 2025, Graco classified its business into three reportable segments, namely, the Contractor segment, Industrial segment and Expansion Markets segment.

Net sales in the Contractor segment totaled $289 million (contributing to 50.5% of the quarter's sales), up 7% year over year. While acquisitions had a positive impact of 12% on sales growth, organic sales declined 5%. Our estimate for segmental net sales was $287.2 million.

Net sales in the Industrial segment totaled $242.2 million (contributing to 42.4% of the quarter's sales), which were relatively flat year over year. While forex woes had a favorable impact of 1% on sales, organic sales fell 1%. Our estimate for segmental net sales was $244.3 million.

Net sales in the Expansion Markets segment grossed $40.6 million (contributing to 7.1% of the quarter's sales), decreasing 3% year over year. Organic sales decreased 3% on a year-over-year basis. Our estimate for segmental net sales was $46.2 million.

Margin Profile of Graco

In the second quarter, Graco's cost of sales increased 7.9% year over year to $272.3 million. Gross profit decreased 0.5% to $299.5 million while the margin declined two percentage points. Lower margin rates from acquired operations and higher product costs affected the margin's performance.

Operating income decreased 2% year over year to $157.5 million. The operating margin decreased 1.7 percentage points from the year-ago quarter. Interest expenses totaled $655 million compared with $634 million in the previous year's quarter. The adjusted effective tax rate was 19% compared with the year-ago quarter's 20%.

Graco's Balance Sheet and Cash Flow

Exiting the second quarter, Graco had cash and cash equivalents of $534.9 million compared with $675.3 million at the end of 2024.

It generated net cash of $308.1 million from operating activities in the first six months of 2025 compared with $257.9 million in the year-ago period. Capital used for purchasing property, plant and equipment totaled $30.2 million compared with $73.4 million in the year-ago period.

Graco paid out dividends worth $92.2 million to its shareholders in the year, up 7.2% from the previous year. It repurchased shares worth $361 million in the same period.

2025 Outlook

The company expects organic net sales to increase in the low single digits on a constant-currency basis in 2025.

Recent News

Dividend Update — September 12, 2025

Graco's board of directors approved a quarterly cash dividend of 27.5 cents per share, payable to shareholders on Nov. 5, 2025, of record as of Oct 20.

Acquisition of Color Service — July 31, 2025

Graco acquired Color Service S.r.l. (Color Service), which has been added to its Industrial segment. The addition of Color Service's expertise in automated dosing systems allows the company to strengthen its powder handling portfolio and expand into new industries such as textiles, rubber, cosmetics, plastics and food.

Relocation of Minneapolis Operations — May 21, 2025

Graco announced its plan to relocate its remaining Riverside Minneapolis operations and corporate teams to its campuses in Rogers, Dayton and Anoka to support growth and boost collaboration.

Expansion of QUANTM Product Line — April 7, 2025

Graco expanded its QUANTM electric double diaphragm (EODD) pump line to offer greater energy efficiency, easier maintenance and improved safety for modern factories.

Valuation

Graco's shares are down 2.3% in the year-to-date period and down 1.7% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 4.4%, while the Zacks Industrial Products sector is up 3.4% in the year-to-date period. Over the past year, the sub-industry is up 2.8%, while the sector is up 0.6%.

The S&P 500 index is up 4.4% in the year-to-date period and up 16.3% in the past year.

The stock is currently trading at 26.21X forward 12-month price-to-earnings, which compares to 20.74X for the Zacks sub-industry, 19.95X for the Zacks sector and 23.55X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 36.58X and as low as 20.6X, with a 5-year median of 26.96X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $87 price target reflects 27.52X forward 12-month earnings.

The table below shows summary valuation data for GGG

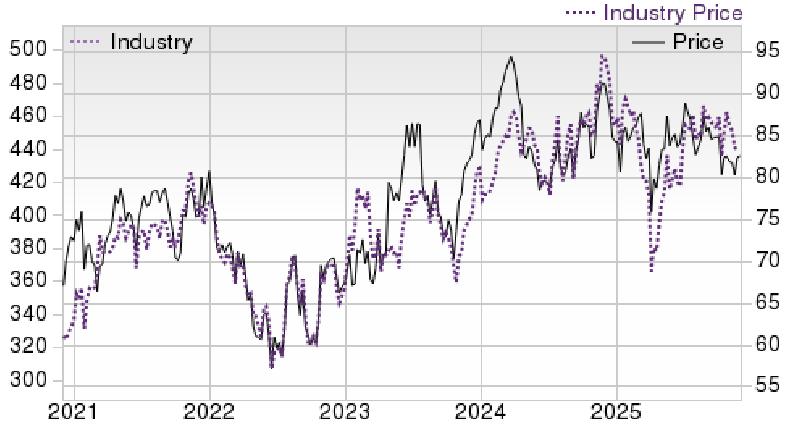
Valuation Multiples - GGG

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	26.21	20.74	19.95	23.55
	5-Year High	36.58	26.22	22.86	23.58
	5-Year Low	20.6	15.87	13.22	15.72
	5-Year Median	26.96	20.88	18.09	21.2
P/Sales F12M	Current	5.91	3.01	4	5.4
	5-Year High	7.42	3.32	4	5.52
	5-Year Low	4.42	2.19	2.25	3.84
	5-Year Median	6.16	3.01	3.06	5.02

As of 10/20/2025 *Source: Zacks Investment Research*

Industry Analysis[1]

Zacks Industry Rank: Bottom 34% (159 out of 243)



Top Peers [1]

Company (Ticker)	Rec	Rank
Chart Industries, In...**(GTLS)**	Neutral	3
IDEX Corporation **(IEX)**	Neutral	3
Illinois Tool Works ...**(ITW)**	Neutral	3
Nordson Corporation **(NDSN)**	Neutral	3
Enpro Inc. **(NPO)**	Neutral	3
Roper Technologies, ...**(ROP)**	Neutral	3
Ingersoll Rand Inc. **(IR)**	Underperform	4
iRobot Corporation **(IRBT)**	NA	

Industry Comparison[1]

Industry: Manufacturing - General Industrial

Industry Peers

	GGG	X Industry	S&P 500	IEX	ITW	NDSN
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	D	-	-	D	F	C
Market Cap	13.64 B	3.47 B	37.90 B	13.07 B	71.80 B	13.21 B
# of Analysts	5	4	22	6	6	3
Dividend Yield	1.34%	0.00%	1.46%	1.63%	2.60%	1.40%
Value Score	D	-	-	D	D	D
Cash/Price	0.05	0.04	0.04	0.05	0.01	0.01
EV/EBITDA	19.18	13.04	14.39	16.73	15.38	18.32
PEG Ratio	4.01	2.09	2.19	1.84	11.02	1.64
Price/Book (P/B)	5.23	3.36	3.33	3.26	22.37	4.43
Price/Cash Flow (P/CF)	24.73	16.54	14.87	17.08	21.32	19.29
P/E (F1)	27.98	22.42	20.10	22.13	23.70	21.26
Price/Sales (P/S)	6.22	2.04	3.04	3.82	4.52	4.74
Earnings Yield	3.62%	4.40%	4.96%	4.52%	4.22%	4.70%
Debt/Equity	0.00	0.34	0.57	0.47	2.39	0.60
Cash Flow ($/share)	3.33	2.85	8.99	10.22	11.61	12.19
Growth Score	C	-	-	C	C	B
Hist. EPS Growth (3-5 yrs)	6.94%	12.07%	8.16%	8.25%	7.95%	10.28%
Proj. EPS Growth (F1/F0)	6.14%	9.64%	8.35%	0.00%	2.86%	4.21%
Curr. Cash Flow Growth	-5.75%	2.04%	7.00%	-0.21%	1.89%	10.24%
Hist. Cash Flow Growth (3-5 yrs)	8.54%	9.45%	7.31%	8.18%	3.05%	9.04%
Current Ratio	3.18	2.05	1.19	2.93	1.53	1.69
Debt/Capital	0.00%	25.86%	38.15%	32.17%	70.52%	37.56%
Net Margin	22.72%	6.92%	12.82%	13.97%	19.05%	16.34%
Return on Equity	18.89%	14.17%	17.00%	15.20%	93.26%	19.45%
Sales/Assets	0.71	0.83	0.53	0.50	1.01	0.47
Proj. Sales Growth (F1/F0)	5.50%	0.00%	5.70%	5.20%	0.80%	4.40%
Momentum Score	C	-	-	F	D	C
Daily Price Chg	-0.23%	-0.66%	-0.53%	0.41%	-0.72%	-1.11%
1 Week Price Chg	0.19%	2.90%	1.60%	1.92%	0.61%	1.79%
4 Week Price Chg	0.97%	-1.71%	-0.57%	3.80%	1.79%	2.34%
12 Week Price Chg	-4.30%	0.00%	4.89%	6.38%	-7.20%	3.94%
52 Week Price Chg	-9.33%	0.23%	12.66%	-24.66%	-11.14%	-9.31%
20 Day Average Volume	877,368	165,394	2,737,368	591,768	1,079,755	294,681
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.06%	-0.10%	-0.03%	0.00%
(F1) EPS Est 12 week change	0.73%	0.56%	0.62%	-0.15%	0.46%	0.59%
(Q1) EPS Est Mthly Chg	0.26%	-0.10%	0.00%	-2.00%	-0.37%	0.00%

Analyst Earnings Model(2)

Graco Inc. (GGG)

In $MM, except per share data

	2022A	2023A	2024A			2025E					2026E			2027E
	FY	FY	FY	1QA	2QA	3QE	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
Income Statement														
Net Sales	**$2,143.5**	**$2,195.6**	**$2,113.3**	**$528.3**	**$571.8**	**$555.0**	**$574.1**	**$2,229.2**	**$541.7**	**$587.4**	**$576.6**	**$602.1**	**$2,307.9**	**$2,468.6**
Volume & Price	11.0%	2.0%	(4.0%)	3.0%	(3.0%)	0.6%	(1.6%)	(0.4%)	(2.9%)	(2.9%)	3.9%	4.9%	0.8%	4.7%
Acquisitions	1.0%	0.0%	1.0%	6.0%	6.0%	5.5%	5.6%	5.8%	5.8%	6.3%	0.0%	0.0%	3.0%	2.3%
Currency	(4.0%)	0.0%	(1.0%)	(2.0%)	0.0%	0.8%	0.7%	(0.1%)	(0.4%)	(0.7%)	0.0%	0.0%	(0.3%)	0.0%
Cost of Product Sold	$1,086.1	$1,034.6	$990.9	$250.6	$272.3	$261.6	$274.0	$1,058.4	$255.0	$275.2	$269.2	$274.4	$1,073.9	$1,151.6
Gross Profit	**$1,057.4**	**$1,161.0**	**$1,122.5**	**$277.7**	**$299.5**	**$293.4**	**$300.1**	**$1,170.8**	**$286.7**	**$312.3**	**$307.4**	**$327.6**	**$1,234.0**	**$1,317.0**
Product Development	$80.0	$82.8	$87.2	$19.4	$20.7	$21.4	$21.8	$83.3	$20.2	$22.1	$21.8	$22.7	$86.8	$93.0
Selling, Marketing and Distribution	$250.9	$260.7	$273.7	$67.2	$68.3	$70.1	$72.6	$278.3	$67.7	$73.0	$72.4	$74.2	$287.3	$307.0
General and Administrative	$153.8	$171.4	$191.4	$47.1	$53.0	$50.7	$53.4	$204.2	$49.6	$54.1	$53.0	$55.5	$212.2	$227.1
Contingent Consideration		($8.6)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Impairment		$7.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
EBITDA	**$638.7**	**$721.2**	**$656.8**	**$168.7**	**$184.6**	**$176.6**	**$178.9**	**$708.8**	**$174.4**	**$190.4**	**$186.8**	**$203.2**	**$754.8**	**$804.4**
Depreciation and Amortization	$66.0	$74.3	$86.7	$24.7	$27.1	$25.4	$26.6	$103.8	$25.2	$27.3	$26.7	$27.9	$107.1	$114.5
Operating Income	**$572.7**	**$646.8**	**$570.1**	**$144.0**	**$157.5**	**$151.2**	**$152.3**	**$605.0**	**$149.2**	**$163.1**	**$160.1**	**$175.2**	**$647.7**	**$689.9**
Interest Expense	$9.9	$5.2	$2.8	$0.7	$0.7	$0.7	$0.8	$2.8	$0.7	$0.7	$0.7	$0.8	$2.9	$3.2
Other Expense (Income), net	($2.9)	$32.9	($22.0)	($8.2)	($1.4)	($5.0)	($4.7)	($19.2)	($4.7)	($4.2)	($4.8)	($4.9)	($18.5)	($19.7)
Pension Settlement Loss	$0.0	$42.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Business Reorganization		$0.0	$7.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Tax Income, Adjusted	**$565.7**	**$650.1**	**$597.0**	**$151.5**	**$158.2**	**$155.4**	**$156.3**	**$621.4**	**$153.3**	**$166.5**	**$164.2**	**$179.3**	**$663.3**	**$706.4**
Pre-Tax Income, GAAP	**$565.7**	**$608.8**	**$589.3**	**$151.5**	**$158.2**	**$155.4**	**$156.3**	**$621.4**	**$153.3**	**$166.5**	**$164.2**	**$179.3**	**$663.3**	**$706.4**
Income Tax, Adjusted	$110.2	$126.2	$119.9	$31.0	$31.3	$30.3	$30.5	$123.1	$29.9	$32.5	$32.0	$35.0	$129.3	$137.8
Income Tax, GAAP	$105.1	$102.3	$103.2	$27.4	$30.6	$30.0	$30.2	$118.1	$29.6	$32.1	$31.7	$34.6	$128.0	$136.3
Tax Rate, Adjusted	19.5%	19.4%	20.1%	20.5%	19.8%	19.5%	19.5%	19.8%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%
Tax Rate, GAAP	18.6%	16.8%	17.5%	18.1%	19.3%	19.3%	19.3%	19.0%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%
Net Income, Adjusted	**$455.5**	**$523.9**	**$477.1**	**$120.5**	**$126.9**	**$125.1**	**$125.8**	**$498.3**	**$123.4**	**$134.1**	**$132.1**	**$144.3**	**$533.9**	**$568.7**
Net Income, GAAP	**$460.6**	**$506.5**	**$486.1**	**$124.1**	**$127.6**	**$125.4**	**$126.1**	**$503.3**	**$123.7**	**$134.4**	**$132.5**	**$144.7**	**$535.3**	**$570.1**
Basic Shares Outstanding	169.0	168.4	168.9	168.6	165.8	165.8	165.8	166.5	165.8	165.8	165.8	165.8	165.8	165.8
Diluted Shares Outstanding	172.9	172.2	172.4	171.6	168.6	168.6	168.6	169.3	168.6	168.6	168.6	168.6	168.6	168.6
Basic EPS	**$2.73**	**$3.01**	**$2.88**	**$0.74**	**$0.77**	**$0.76**	**$0.76**	**$3.03**	**$0.75**	**$0.81**	**$0.80**	**$0.87**	**$3.23**	**$3.44**
Diluted EPS, Adjusted	**$2.63**	**$3.04**	**$2.77**	**$0.70**	**$0.75**	**$0.74**	**$0.75**	**$2.94**	**$0.73**	**$0.80**	**$0.78**	**$0.86**	**$3.17**	**$3.37**
Diluted EPS, GAAP	**$2.66**	**$2.94**	**$2.82**	**$0.72**	**$0.76**	**$0.74**	**$0.75**	**$2.97**	**$0.73**	**$0.80**	**$0.79**	**$0.86**	**$3.18**	**$3.38**
Dividend Per Share	$0.84	$0.94	$1.02	$0.28	$0.28	$0.28	$0.28	$1.10	$0.30	$0.30	$0.30	$0.30	$1.20	$1.28

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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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	D
Growth Score	C
Momentum Score	C
VGM Score	D

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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