

## The Timken Company (TKR)

**\$90.57** (Stock Price as of 01/06/2026)

Price Target (6-12 Months): **\$94.00**

Long Term: 6-12 Months	<b>Zacks Recommendation:</b>	<b>Neutral</b>
	(Since: 06/16/25)	
	Prior Recommendation: Underperform	
Short Term: 1-3 Months	<b>Zacks Rank: (1-5)</b>	<b>3-Hold</b>
	Zacks Style Scores:	VGM: B
	Value: B	Growth: C
		Momentum: B

### Summary

Timken saw a 0.6% increase in organic growth in the third quarter of 2025, putting an end to eight consecutive quarters of declines. The Engineered Bearings segment witnessed an organic growth of 2.7% on higher renewable energy demand, but was offset by a 3.5% dip in the Industrial Motions segment. For 2025, organic growth is projected to decline 1.75% at the midpoint as weaker volumes offset pricing gains. Lower revenues, higher operating expenses and an estimated \$15 million tariff impact will weigh on Timken's EBITDA and earnings in 2025. However, cost-reduction actions will offset part of these headwinds. Looking ahead, Timken's growing global presence and product innovation are expected to drive growth. The company expects to see sales CAGR growth of 6-8% over the next five years. Its acquisition strategy will also provide support.

### Data Overview

52 Week High-Low	<b>\$91.00 - \$56.20</b>
20 Day Average Volume (sh)	<b>568,998</b>
Market Cap	<b>\$6.3 B</b>
YTD Price Change	<b>8.1%</b>
Beta	<b>1.21</b>
Dividend / Div Yld	<b>\$1.40 / 1.5%</b>
Industry	<b><u>Electronics - Miscellaneous Products</u></b>
Zacks Industry Rank	<b>Top 35% (86 out of 244)</b>

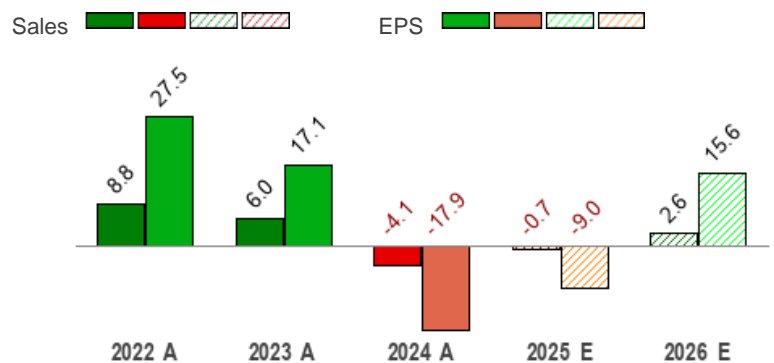
Last EPS Surprise	<b>9.6%</b>
Last Sales Surprise	<b>2.9%</b>
EPS F1 Est- 4 week change	<b>0.2%</b>
Expected Report Date	<b>02/04/2026</b>
Earnings ESP	<b>-0.8%</b>

P/E TTM	<b>17.0</b>
P/E F1	<b>17.2</b>
PEG F1	<b>6.7</b>
P/S TTM	<b>1.4</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	1,169 E	1,207 E	1,184 E	1,099 E	4,658 E
2025	1,140 A	1,173 A	1,157 A	1,072 E	4,542 E
2024	1,190 A	1,182 A	1,127 A	1,074 A	4,573 A

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

	Q1	Q2	Q3	Q4	Annual*
2026	1.51 E	1.60 E	1.54 E	1.44 E	6.09 E
2025	1.40 A	1.42 A	1.37 A	1.08 E	5.27 E
2024	1.77 A	1.63 A	1.23 A	1.16 A	5.79 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 12/12/2025.

## Overview

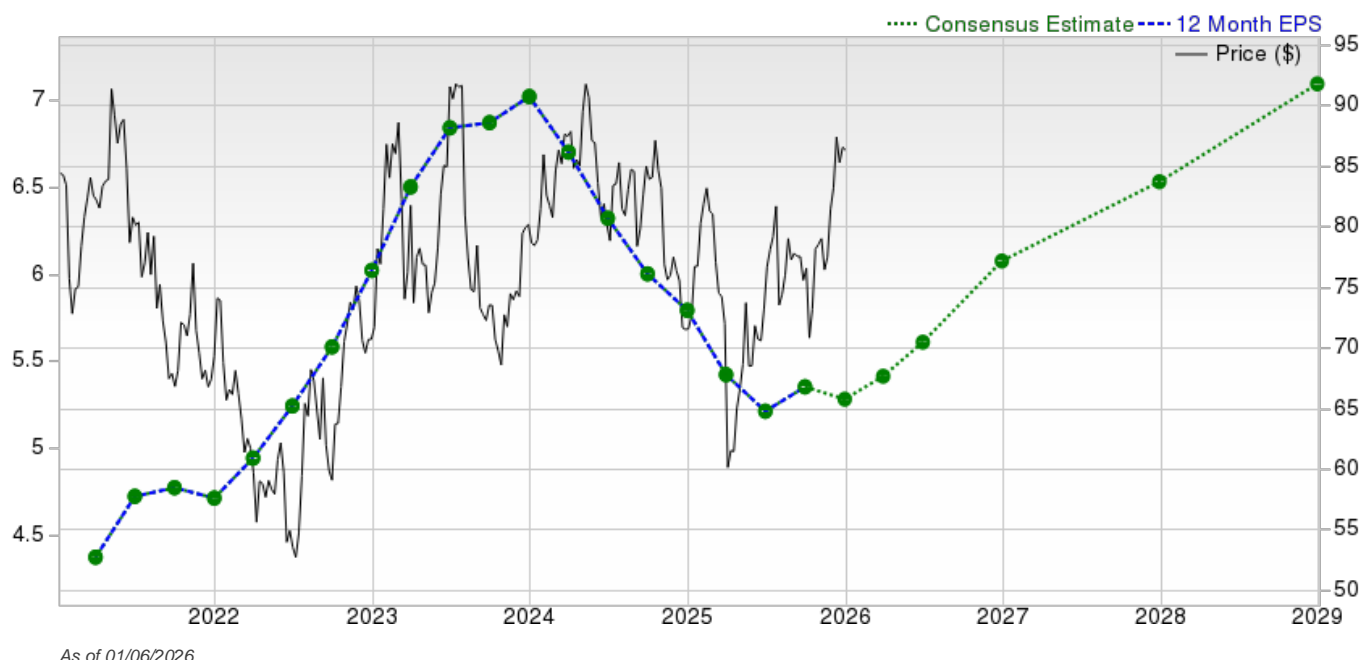
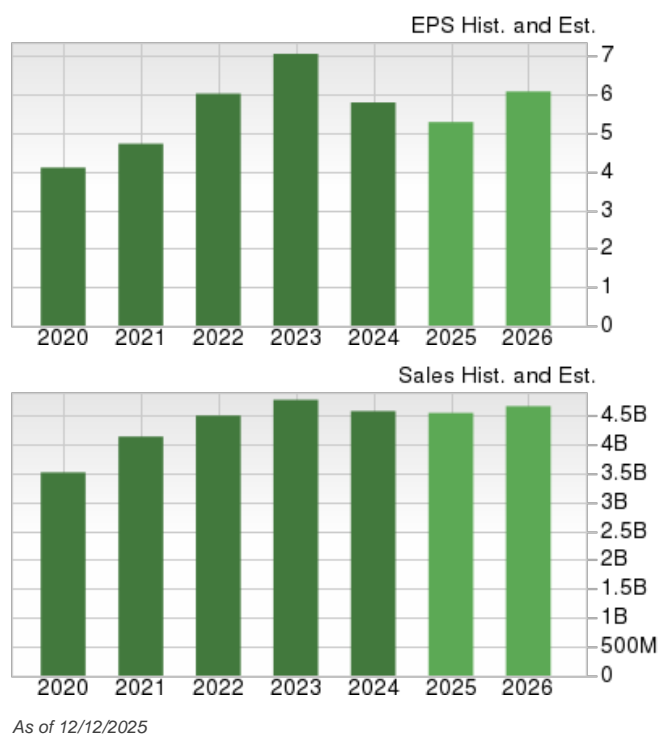
The Timken Company is a global manufacturer of engineered bearings and industrial motion products and related services. The company serves a wide variety of end markets, including aerospace, automotive, construction, consumer, defense, energy, industrial equipment, health, heavy industry, machine tool, positioning control, power generation and rail markets.

The company's portfolio features many strong brands, such as Timken, Philadelphia Gear, GGB, Drives, Cone Drive, Rollon, Lovejoy, Diamond, BEKA, Groeneveld, Nadella and Spinea. Timken has a global footprint spanning 46 countries.

With effect from Jan 1, 2023, Timken began reporting its operations under two segments: Engineered Bearings and Industrial Motion.

Engineered Bearings (66% of 2024 revenues) serves Original Equipment Manufacturer (OEM) customers and end-users. Timken is a leading authority on tapered roller bearings and leverages its position by applying engineering know-how and technology across its entire bearing portfolio, which includes tapered, spherical and cylindrical roller bearings; plain bearings, metal-polymer bearings and rod end bearings; thrust and specialty ball bearings; and housed bearings. The segment's portfolio features Timken and GGB brands. It serves customers across various industries, including wind energy, agriculture, construction, food and beverage, metals and mining, automotive and truck, aerospace, rail and more.

Industrial Motion (34% of 2024 revenues) includes a diverse and growing portfolio of engineered products, which include industrial drives, automatic lubrication systems, linear motion products and systems, chains, belts, couplings and industrial clutches and brakes that keep systems running efficiently. Industrial Motion also includes industrial drivetrain services, which return equipment to almost new condition. The Industrial Motion portfolio features brands such as Philadelphia Gear, Cone Drive, Spinea, Rollon, Nadella, Groeneveld, BEKA, Diamond, Drives, Timken Belts, Lovejoy and PT Tech. The segment's products are used across a broad range of industries, including solar energy, automation, construction, agriculture and turf, passenger rail, marine, aerospace, packaging and logistics, medical and others.



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## Reasons To Buy:

- ▲ Timken's products are essential for efficient and reliable operation of industrial equipment globally. Demand for the company's products are thus expected to remain strong in the years to come. Its diversity in terms of end market, customer and geography, product innovation, and engineering expertise provide it with a competitive edge. The company expects to see sales CAGR growth of 6-8% over the next five years.
- ▲ Timken continues to pursue strategic acquisitions to broaden its portfolio and capabilities across diverse markets, with a focus on bearings, adjacent power transmission products and related services. The company acquired CGI, a Nevada-based manufacturer of precision drive systems serving a broad range of automation markets with a concentration in medical robotics. With an attractive product portfolio, a strong presence in high-growth medical applications, state-of-the-art manufacturing and consistently strong operating margins, the acquisition will be a strategic fit for Timken. The CGI acquisition, along with the previous acquisitions of Cone Drive (in 2018) and Spinea in 2022, is in sync with Timken's strategy to diversify and expand its capabilities in industrial motion. Cone Drive and Spinea aided Timken's growth in automation, which was its second-largest end-market sector in 2023. The company is aiming for an inorganic growth CAGR in the range of 2-3% over the next five years.
- ▲ Timken is taking actions to enhance liquidity, reduce costs and generate strong cash flow. Recently, the company began expanding and accelerating certain structural cost reduction initiatives to align its costs with near-term demand expectations and improve its long-term profitability. It is advancing footprint initiatives to support growth, enhance margins and improve customer service. The company has invested in and launched new products that are being well received by the market and increasing its footprint. It also continued to invest in its digital platform. These efforts will drive growth.
- ▲ Timken continues to measure a balanced approach to stoke growth, margins, returns and cash flow through industrial cycles. In May 2025, the company's board of directors approved a 3% hike in the quarterly cash dividend to 35 cents per share. This marked the company's 12th consecutive year of annual dividend hikes. Also, the company has been paying dividends for 413 consecutive quarters, which is one of the longest-running dividend spans among the NYSE-listed companies. Its total debt to total capital ratio was at 0.39 as of Sept. 30, 2025. Net debt to adjusted EBITDA was 2.1 as of that date, within its targeted range of 1.5-2.5. Timken has no significant debt maturities until 2027. The company has set a target of free cash flow of around \$375 million for 2025, or more than 130% of the projected GAAP net income. It also suggests an increase from \$305.6 million of free cash flow generated in 2024. The company has a long-term target of 100% free cash flow conversion on net income.

Timken will benefit from improving end markets, actions to enhance liquidity and reduce costs. Acquisitions and efforts to boost market share and market offerings will also contribute to growth.

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## Reasons To Sell:

- ▼ Timken had been witnessing negative organic growth for eight straight quarters owing to lower volumes across its segments. Even though the company returned to growth in the third quarter of 2025 with a slight organic growth of 0.6%. For the full year, the company still anticipates a negative organic growth of 1.75% at the midpoint reflecting lower volumes, somewhat offset by slightly higher pricing. Our model projects a 1.8% decline in organic sales, with the Engineered Bearings segment's organic growth anticipated to dip 0.5% and the Industrial Motion segment's organic sales growth to dip 4.4%.
- ▼ The company anticipates adjusted earnings per share between \$5.20 and \$5.30 for 2025, lower than the earlier expected \$5.10-\$5.40. The mid-point of the range indicates a decline of 9% from that reported in 2024. This factors in a net unfavorable direct impact from tariffs of around \$15 million, higher than the prior stated \$10 million. EBITDA margin is expected to be in the low to mid 17% range, revised from mid-17% expected earlier. The company had reported adjusted EBITDA margin of 18.5% in 2024. Unfavorable impacts of lower volumes, tariffs and inflated costs are expected to weigh on EBITDA and earnings in 2025.
- ▼ Timken's margins have been impacted by higher operating costs and significant challenges with supply chains. The challenges ranged from onboarding costs within plants, transportation delays, material shortages and premium costs associated with securing supply. Timken has seen a significant spike in logistics costs, reflecting higher international freight costs. Labor shortages and supply chain constraints are expected to persist.
- ▼ Within the Engineered Bearings segment, Timken announced in February 2025 that it will close its bearing manufacturing plant in Hiddenite, NC. The shutdown is scheduled for completion in the fourth quarter of 2025, with total pretax costs estimated between \$5 million and \$7 million. In Industrial Motion, the company initiated a reduction in force in December 2024 for its belts manufacturing facility in Springfield, MO, which will likely be completed during the first half of 2026. Earlier in November 2023, Timken disclosed plans to close its belts manufacturing facility in Fort Scott, KS, transferring operations to other belts plants. During the third quarter of 2025, manufacturing operations ceased at Fort Scott, and operations were transferred to other belt manufacturing facilities. The company expects to complete the closure by the end of the fourth quarter of 2025. Combined, the Fort Scott closure and Springfield reorganization are expected to result in pretax charges of approximately \$12-\$14 million.

Timken's volumes are anticipated to bear the brunt of weak demand. Labor shortage, impact of tariffs and high operating costs will also weigh on the company's margins in the near term.

## Last Earnings Report

### Timken's Q3 Earnings Beat Estimates, Increases 11% Y/Y

Timken reported third-quarter 2025 adjusted earnings per share (EPS) of \$1.37, which beat the Zacks Consensus Estimate of \$1.25. The bottom line marked an 11.4% year-over-year growth on favorable pricing and foreign currency translation, and the benefit of the CGI acquisition, which offset weak demand in the Industrial Motion segment.

On a reported basis, the company delivered earnings of 99 cents per share compared with \$1.16 in the prior-year quarter.

Total revenues were \$1.157 billion, up 2.7% from the year-ago quarter. The top line beat the Zacks Consensus Estimate of \$1.125 billion.

Organically, sales were up 0.6% as lower demand in the Industrial Motion segment offset improvement in the Engineered Bearings segment. Currency translation had a favorable impact of 1.1% and the contribution from acquisitions was 1%.

### Timken Reports Higher Profits

The cost of sales increased 3% to \$808 million from the prior-year quarter. The gross profit rose 1.3% year over year to \$349 million. The gross margin was 30.2% compared with 30.3% in the year-ago quarter.

Selling, general and administrative expenses were down 1.7% year over year to \$186.4 million. Operating income fell 4.7% year over year to \$139 million.

Adjusted EBITDA increased 6.2% year over year to \$601.2 million. The adjusted EBITDA margin was 17.4%, a 50-basis point expansion from the prior-year quarter.

### Timken's Segment Performances in Q3

The Engineered Bearings segment's revenues were up 3.4% year over year to \$766 million on higher renewable energy demand, improved pricing and positive foreign currency impact.

The segment's adjusted EBITDA was \$144 million, 4% higher than the year-ago quarter. Gains from favorable price/mix, lower material & logistics costs and higher volumes were offset by incremental tariff costs and unfavorable impact from foreign currency.

The Industrial Motion segment's revenues rose 1.3% year over year to \$391 million. Contribution from CGI acquisition, higher pricing and favorable currency impact were somewhat offset by lower services revenue and renewable energy demand.

The segment's adjusted EBITDA was \$74.5 million, a 0.4% uptick from the third quarter of 2024. The decline was due to lower volume, tariff impacts and higher material and logistics costs offset by the favorable price/mix, lower SG&A expenses and the benefit of the CGI acquisition.

### TKR's Cash Flow & Balance Sheet Updates

Timken ended the third quarter of 2025 with cash and cash equivalents of \$449 million compared with \$373 million at the end of 2024. Cash flow from operating activities was \$201 million in the quarter compared with \$123 million in the prior year quarter.

The long-term debt as of Sep. 30, 2025, was \$2.09 billion, up from \$2.05 billion as of Dec. 31, 2024. Net debt to adjusted EBITDA was 2.1 as of the end of the third quarter of 2025, within its target of 1.5-2.5.

### Timken Tweaks 2025 Guidance

For 2025, Timken expects total revenues to decline 0.75% at the midpoint. The company anticipates adjusted EPS to be between \$5.20 and \$5.30, updated from the previously stated \$5.10 - \$5.40. The midpoint of the range indicates a year-over-year decline of 9%.

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

Earnings Reporting Date	Oct 29, 2025
Sales Surprise	2.89%
EPS Surprise	9.60%
Quarterly EPS	1.37
Annual EPS (TTM)	5.35

## Valuation

Timken's shares are up 25.5% in the trailing six-month period and up 1705% over the trailing 12-month period. Stocks in the Zacks Electronics - Miscellaneous Products industry are up 30.3% and the Computer and Technology sector was up 27.3% in the trailing six-month period. Over the past year, the Zacks sub-industry are up 28% while the sector are up 24.9%.

The S&P 500 index is up 18% in the trailing six-month period and up 16% in the past year.

The stock is currently trading at 14.73X forward 12-month earnings, which compares with 25.61X for the Zacks sub-industry, 28.91X for the Zacks sector and 23.62X for the S&P 500 index.

Over the past five years, the stock has traded as high as 17.82X and as low as 9.1X, with a 5-year median of 12.17X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$94 price target reflects 15.61X forward 12-month earnings.

The table below shows summary valuation data for TKR.

Valuation Multiples - TKR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.73	25.61	28.91	23.62
	5-Year High	17.82	27.51	29.92	23.78
	5-Year Low	9.10	15.09	18.70	15.73
	5-Year Median	12.17	21.28	26.62	21.21
P/S F12M	Current	1.32	6.99	6.74	5.33
	5-Year High	1.73	6.99	7.40	5.50
	5-Year Low	0.83	1.53	4.24	3.83
	5-Year Median	1.18	2.52	6.29	5.05
P/B TTM	Current	1.87	18.93	10.77	8.58
	5-Year High	3.08	18.93	11.69	9.16
	5-Year Low	1.30	4.48	6.52	6.60
	5-Year Median	2.11	7.18	9.58	8.05

As of 12/11/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 35% (86 out of 244)



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

Company (Ticker)	Rec	Rank
Garmin Ltd. (GRMN)	Neutral	2
Hoya Corp. (HOCPY)	Neutral	4
MKS Inc. (MKSI)	Neutral	2
Star Group, L.P. (SGU)	Neutral	
Smc Corporation (SMCAY)	Neutral	4
Teradyne, Inc. (TER)	Neutral	3
Brother Industries L..(BRTHY)	NA	
Osram Licht AG (OSAGF)	NA	

## Industry Comparison<sup>(1)</sup> Industry: Electronics - Miscellaneous Products

	TKR	X Industry	S&P 500	MKSI	SMCAY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	4
VGM Score	B	-	-	B	D
Market Cap	6.34 B	273.69 M	40.27 B	12.33 B	23.43 B
# of Analysts	7	2	22	8	2
Dividend Yield	1.54%	0.00%	1.35%	0.48%	1.05%
Value Score	B	-	-	C	D
Cash/Price	0.08	0.10	0.04	0.06	0.22
EV/EBITDA	9.48	3.40	14.84	18.86	11.51
PEG Ratio	6.71	1.69	2.06	1.69	5.38
Price/Book (P/B)	1.92	1.91	3.44	4.74	1.75
Price/Cash Flow (P/CF)	10.10	17.30	15.60	15.02	16.49
P/E (F1)	17.19	23.63	18.94	21.57	23.37
Price/Sales (P/S)	1.39	1.72	3.12	3.22	4.38
Earnings Yield	6.67%	2.82%	5.28%	4.64%	4.31%
Debt/Equity	0.63	0.06	0.57	1.64	0.00
Cash Flow (\$/share)	9.00	0.16	8.98	12.21	1.11
Growth Score	C	-	-	B	C
Hist. EPS Growth (3-5 yrs)	6.47%	3.98%	8.24%	-11.36%	-6.22%
Proj. EPS Growth (F1/F0)	-8.98%	13.77%	9.18%	15.81%	0.00%
Curr. Cash Flow Growth	-11.02%	-1.30%	7.00%	13.07%	-14.33%
Hist. Cash Flow Growth (3-5 yrs)	4.18%	4.77%	7.49%	17.08%	1.21%
Current Ratio	3.11	1.93	1.19	2.86	7.89
Debt/Capital	38.81%	15.35%	38.14%	62.06%	0.00%
Net Margin	6.54%	1.29%	12.77%	7.25%	19.72%
Return on Equity	11.88%	7.86%	17.03%	20.80%	7.87%
Sales/Assets	0.68	0.71	0.53	0.44	0.37
Proj. Sales Growth (F1/F0)	-0.70%	4.77%	5.29%	8.40%	0.80%
Momentum Score	B	-	-	D	D
Daily Price Chg	2.95%	0.00%	0.62%	4.15%	-1.26%
1 Week Price Chg	-0.27%	0.00%	0.70%	2.54%	1.22%
4 Week Price Chg	9.37%	0.00%	1.52%	11.08%	1.41%
12 Week Price Chg	22.44%	0.00%	4.52%	38.30%	7.47%
52 Week Price Chg	23.35%	0.00%	17.53%	62.59%	-4.15%
20 Day Average Volume	568,998	150,416	2,426,458	753,777	252,512
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.16%	0.00%	0.00%	0.27%	-3.09%
(F1) EPS Est 12 week change	1.24%	2.58%	0.44%	5.43%	-3.09%
(Q1) EPS Est Mthly Chg	0.66%	0.00%	0.00%	0.29%	NA



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

### The Timken Company (TKR)

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
Income Statement														
Net Sales	\$4,496.7	\$4,769.0	\$4,573.0	\$1,140.3	\$1,173.4	\$1,157.1	\$1,071.5	\$4,542.3	\$1,169.1	\$1,207.0	\$1,183.8	\$1,098.6	\$4,658.4	\$4,846.0
Acquisitions and divestitures (in \$)	\$28.2	\$245.5	\$113.7	\$12.3	\$14.0	\$11.3	\$0.0	\$37.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Currency (in \$)	(\$142.4)	(\$22.9)	(\$33.6)	(\$25.1)	\$6.6	\$12.2	\$18.3	\$12.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Organic Growth (in \$)	\$478.0	\$49.6	(\$275.4)	(\$37.2)	(\$29.5)	\$6.8	(\$20.4)	(\$80.3)	\$28.8	\$33.6	\$26.7	\$27.1	\$116.1	\$187.6
Inorganic Growth (Acquisitions and Divestitures)		5.5%	2.4%	1.0%	1.2%	1.0%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Currency		(0.5%)	(0.7%)	(2.1%)	0.6%	1.1%	1.7%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Organic Growth		1.1%	(5.8%)	(3.1%)	(2.5%)	0.6%	(1.9%)	(1.8%)	2.5%	2.9%	2.3%	2.5%	2.6%	4.0%
Cost of Products Sold	\$3,164.7	\$3,259.9	\$3,132.3	\$781.6	\$813.1	\$808.1	\$741.5	\$3,144.3	\$790.5	\$815.8	\$803.3	\$735.7	\$3,145.3	\$3,269.3
Gross Profit	\$1,332.0	\$1,509.1	\$1,440.7	\$358.7	\$360.3	\$349.0	\$330.0	\$1,398.0	\$378.6	\$391.2	\$380.5	\$362.9	\$1,513.1	\$1,576.7
Selling, General and Administrative Expenses	\$637.1	\$740.8	\$752.0	\$184.8	\$189.7	\$186.4	\$185.2	\$746.1	\$192.8	\$196.9	\$192.4	\$186.6	\$768.7	\$784.8
Amortization of Intangible Assets	\$43.9	\$65.7	\$78.0	\$19.0	\$19.9	\$20.2	\$17.6	\$76.7	\$22.1	\$21.0	\$22.0	\$19.6	\$84.6	\$81.8
Impairment and Restructuring Charges	\$44.1	\$45.5	\$13.4	\$10.9	\$2.9	\$3.0	\$18.9	\$35.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Gain on Sale of Real Estate			(\$13.8)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
EBITDA	\$785.7	\$833.2	\$826.2	\$197.6	\$200.4	\$191.0	\$158.9	\$747.9	\$216.2	\$225.7	\$218.9	\$208.3	\$869.1	\$924.8
Impairment, Restructuring and Reorganization Charges	\$39.5	\$50.8	\$17.8	\$3.1	\$4.7	\$4.5	\$18.9	\$31.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Corporate Pension and Other Postretirement Benefit Related Expense	\$2.9	\$20.6	(\$1.3)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Russia-Related Charges	\$15.6	\$8.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Acquisition-Related Charges	\$14.8	\$31.8	\$13.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Gain on Divestitures and Sale of Real Estate	(\$2.9)	(\$5.2)	(\$14.7)	(\$1.2)	(\$0.1)	(\$0.5)	\$0.0	(\$1.8)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Tax Indemnification and Related Items	\$0.3	\$0.0	(\$1.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Property Losses and Related Expenses			\$1.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
CEO Succession Expenses			\$3.7	\$8.6	\$3.2	\$6.7	\$0.0	\$18.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Adjusted EBITDA	\$855.9	\$939.7	\$844.8	\$208.1	\$208.2	\$201.7	\$177.8	\$795.8	\$216.2	\$225.7	\$218.9	\$208.3	\$869.1	\$924.8
Depreciation and Amortization	\$164.0	\$201.3	\$221.8	\$55.1	\$57.2	\$58.6	\$56.8	\$227.7	\$57.5	\$58.4	\$59.0	\$57.2	\$232.1	\$238.8
Operating Income	\$606.9	\$657.1	\$611.1	\$144.0	\$147.8	\$139.4	\$108.3	\$539.5	\$163.7	\$173.3	\$166.1	\$156.7	\$659.8	\$710.1
Non-Service Pension and Other Postretirement Expense (Income)	(\$9.3)	\$24.0	\$2.6	\$1.2	\$1.2	\$1.3	\$1.3	\$5.0	\$1.3	\$1.3	\$1.3	\$1.3	\$5.2	\$5.2
Other Income, Net	(\$5.5)	\$1.2	\$4.1	\$0.3	\$3.4	\$5.7	\$4.9	\$14.3	\$3.7	\$4.7	\$4.9	\$4.3	\$17.6	\$18.9
Other Non-Operating (Income) Loss	(\$14.8)	\$25.2	\$6.7	\$1.5	\$4.6	\$7.0	\$6.2	\$19.3	\$5.0	\$6.0	\$6.2	\$5.6	\$22.8	\$24.1
Interest Expense	\$74.6	\$110.7	\$125.1	\$26.5	\$29.8	\$27.3	\$27.1	\$110.7	\$27.9	\$29.0	\$28.6	\$27.8	\$113.4	\$117.9
Interest Income	(\$3.8)	(\$9.3)	(\$14.9)	(\$2.3)	(\$3.0)	(\$2.4)	(\$2.7)	(\$10.4)	(\$2.7)	(\$2.8)	(\$2.7)	(\$2.6)	(\$10.8)	(\$11.3)
Interest Expense, Net	\$70.8	\$101.4	\$110.2	\$24.2	\$26.8	\$24.9	\$24.4	\$100.3	\$25.2	\$26.2	\$25.9	\$25.3	\$102.6	\$106.6
Acquisition-Related Gain	\$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
Pre-Tax Income	\$550.9	\$530.5	\$494.2	\$118.3	\$116.4	\$107.5	\$77.6	\$419.8	\$133.4	\$141.1	\$134.0	\$125.8	\$534.4	\$579.4
Income Tax	\$133.9	\$122.5	\$118.9	\$26.9	\$30.7	\$33.2	\$22.5	\$113.3	\$38.7	\$40.9	\$38.9	\$36.5	\$155.0	\$168.0
Adjusted Tax Rate	25.5%	25.5%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Tax Rate	24.3%	23.1%	24.1%	22.7%	26.4%	30.9%	29.0%	27.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
Net Income	\$417.0	\$408.0	\$375.3	\$91.4	\$85.7	\$74.3	\$55.1	\$306.5	\$94.7	\$100.2	\$95.2	\$89.3	\$379.4	\$411.4
Non-Controlling Interest	\$9.6	\$13.9	\$22.6	\$13.1	\$7.2	\$5.0	\$3.5	\$28.8	\$7.4	\$6.1	\$5.6	\$5.3	\$24.4	\$24.4
Net Income, Adjusted	\$480.3	\$508.1	\$409.4	\$98.6	\$99.3	\$96.2	\$74.7	\$368.8	\$103.5	\$109.5	\$105.6	\$98.3	\$416.9	\$446.7
Net Income, GAAP	\$407.4	\$394.1	\$352.7	\$78.3	\$78.5	\$69.3	\$51.6	\$277.7	\$87.4	\$94.1	\$89.5	\$84.0	\$355.1	\$387.0
Basic Shares Outstanding	73.6	71.4	70.2	70.0	69.8	69.7	68.8	69.6	68.0	68.0	68.0	68.0	68.0	68.0
Diluted Shares Outstanding	74.3	72.1	70.8	70.5	70.1	70.1	69.3	70.0	68.5	68.5	68.5	68.5	68.5	68.5
Basic EPS	\$5.54	\$5.52	\$5.02	\$1.12	\$1.13	\$0.99	\$0.75	\$3.99	\$1.28	\$1.38	\$1.32	\$1.24	\$5.22	\$5.69
Diluted EPS, Adjusted	\$6.46	\$7.05	\$5.79	\$1.40	\$1.42	\$1.37	\$1.08	\$5.27	\$1.51	\$1.60	\$1.54	\$1.44	\$6.09	\$6.53
Diluted EPS, GAAP	\$5.48	\$5.47	\$4.99	\$1.11	\$1.12	\$0.99	\$0.74	\$3.96	\$1.28	\$1.37	\$1.31	\$1.23	\$5.19	\$5.65
Dividend per Share	\$1.23	\$1.30	\$1.35	\$0.34	\$0.35	\$0.35	\$0.35	\$1.39	\$0.35	\$0.36	\$0.36	\$0.36	\$1.43	\$1.47



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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>B</b>
Growth Score	<b>C</b>
Momentum Score	<b>B</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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