

## Tyler Technologies (TYL)

**\$455.42** (Stock Price as of 12/18/2025)

Price Target (6-12 Months): **\$478.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 07/05/24)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**3-Hold**

Zacks Style Scores:

VGM: D

Value: D

Growth: A

Momentum: F

### Summary

Tyler is benefiting from higher recurring revenues and the rebound of market and sales activities to pre-pandemic levels. The public sector's ongoing transition from on-premise and outdated systems to scalable cloud-based systems is an upside. The growing hybrid working trend is also driving the demand for its connectivity and cloud services. Its strong liquidity position is helping it pursue acquisitions, which are expected to continue to drive growth. Our model estimates suggest Tyler's top-line will witness a CAGR of 9.4% through 2025-2027. However, its near-term growth prospects are likely to be hurt by delays in the procurement process and lengthening sales cycles amid macroeconomic headwinds. Also, many of its customers are expected to face budget pressures in the near term. High R&D expenses are likely to hurt margins.

### Data Overview

52 Week High-Low	\$661.31 - \$445.64
20 Day Average Volume (sh)	377,334
Market Cap	\$19.4 B
YTD Price Change	-21.7%
Beta	0.91
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<a href="#">Internet - Software and Services</a>
Zacks Industry Rank	Top 41% (99 out of 243)

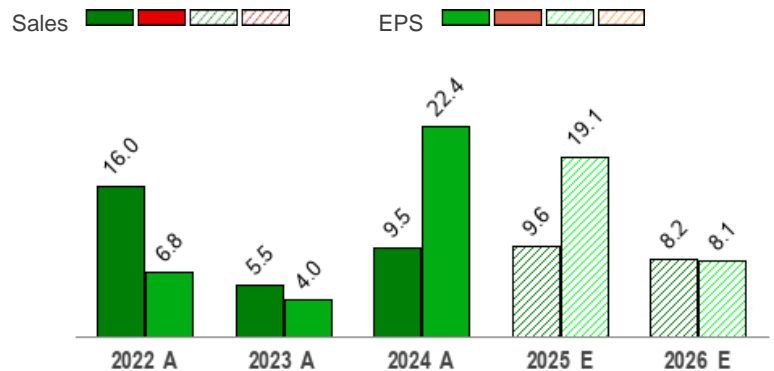
Last EPS Surprise	3.1%
Last Sales Surprise	0.2%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/11/2026
Earnings ESP	0.6%

P/E TTM	40.7
P/E F1	40.1
PEG F1	3.0
P/S TTM	8.5

### 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	608 E	640 E	646 E	641 E	2,535 E
2025	565 A	596 A	596 A	586 E	2,343 E
2024	512 A	541 A	543 A	541 A	2,138 A

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

	Q1	Q2	Q3	Q4	Annual*
2026	2.90 E	3.11 E	3.14 E	3.13 E	12.29 E
2025	2.78 A	2.91 A	2.97 A	2.71 E	11.37 E
2024	2.20 A	2.40 A	2.52 A	2.43 A	9.55 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/18/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/15/2025.

## Overview

Tyler Technologies is a leading provider of integrated information-management solutions and services for the public sector.

Clients consist primarily of federal, state, county and municipal agencies, school districts, and other local government offices. In counties, clients include the auditor, treasurer, tax assessor/collector, county clerk, district clerk, county and district court judges, probation officers, sheriff, and county appraiser. At municipal government sites, clients include directors of various departments, including administration, finance, utilities, public works, code enforcement, personnel, purchasing, taxation, municipal court, and police.

The company's software solutions and services are generally grouped into the following areas: (1) Financial Management and Education, (2) Courts and Justice, (3) Public Safety, (4) Property Appraisal and Tax, (5) Planning, Regulatory and Maintenance, (6) Land and Vital Records Management, (7) Data and Insights, and (8) Case Management and Business Process Management.

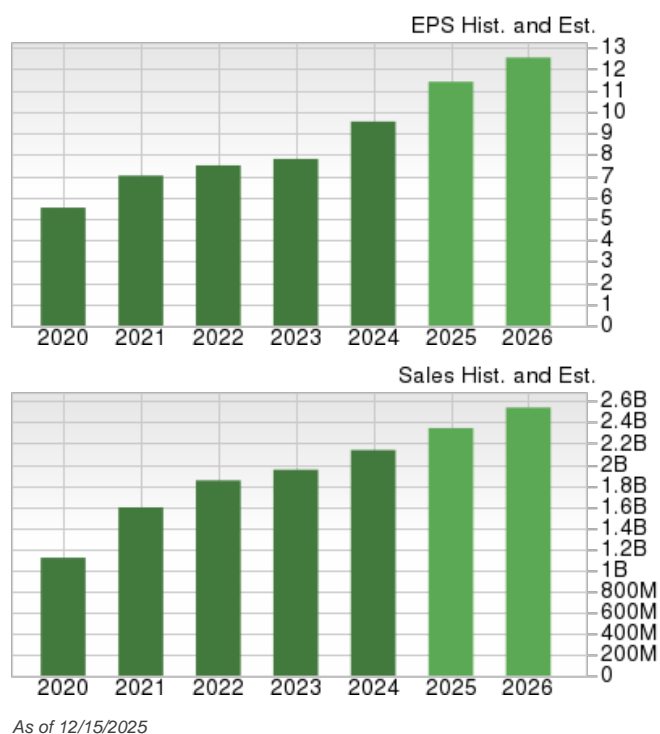
Tyler serves its customers both on-premise and in cloud. By leveraging Tyler private cloud, the company delivers its applications through Software-as-a-Service ("SaaS") model. In October 2019, the company entered into a partnership agreement with Amazon Web Services for cloud-hosting services.

Tyler reported revenues of \$2.14 billion in 2024. The Plano, TX-based company derives revenues from six sources: (i) Sales of software licenses and royalties, (ii) Subscription-based arrangements, (iii) Software services, (iv) Maintenance and support (v) Appraisal services, and (vi) Hardware and other.

Subscription-based revenues are primarily derived from Tyler's SaaS arrangements, as well as transaction-based offerings such as e-filing solutions, online dispute resolution solutions, and online payment services.

Moreover, client-support services comprise a significant base of recurring maintenance revenues. During 2024, approximately 22% of Tyler's revenues were attributable to ongoing support and maintenance agreements.

Tyler faces competition from Oracle, Infor, SAP AG, Workday, CentralSquare, Thomson Reuters, Motorola Solutions, and Axon Enterprise.



## Reasons To Buy:

- ▲ Public sector's ongoing software transition from on-premise and outdated systems to scalable cloud-based systems benefits Tyler. The multi-year transition is expected to boost the company's recurring revenues that currently accounts for approximately 80% of top line. Further, strong adoption of cloud-based systems is expected to drive subscription revenues, Tyler's fastest-growing revenue category over the past seven years. Subscription revenues increased from \$111.9 million in 2015 to \$1.34 billion in 2024. We estimate Tyler's subscription revenues to record a CAGR of 15.7% through the 2025-2027 period.
- ▲ Tyler is a pure play government software provider. Property taxes are the primary source of revenues for local government entities, and are fairly stable in nature. This makes Tyler's revenue base less volatile, particularly amid the uncertain macroeconomic environment. Moreover, once a project is approved by a government entity, the budget gets locked in, which reduces its flexibility to cancel the project. Although ongoing macroeconomic uncertainties have delayed projects, lower chances of cancellation bode well for Tyler. Additionally, Tyler has conventionally focused on small and mid-sized governments but is now targeting larger clients that are expected to expand its revenue source.
- ▲ Tyler offers mission-critical software to public sectors that handle essential services like 911, dispatch, court, permits, licenses, land records, utilities and property taxes. The company's agile cloud-based system not only improves efficiency but also lowers cost. These factors are expected to drive up demand for Tyler's solutions. Moreover, the remote-working wave has also demonstrated limitations of current on-premise solutions that bode well for Tyler's cloud-based solutions. Notably, the company has been using web- and video-conferencing extensively for collaboration, conducting sales demos, providing client support and delivering professional services such as training remotely. It has also helped clients go live virtually. Growing need for connectivity and cloud services amid coronavirus benefits Tyler.
- ▲ Tyler's growth trajectory in recent years has been driven by acquisitions. The company has acquired 16 businesses in the last five years. In 2025, Tyler acquired MyGov LLC, CloudGavel and Edulink to extend its portfolio in community development workflows, electronic warrant and educator evaluation. In 2023, it acquired four assets – ARInspect, ResourceX, Computing System Innovations, LLC ("CSI") and Safeground Analytics. The company is expected to pursue acquisitions that will be strategically fit to its current offerings. Along with investments in research & development (R&D), strategic acquisitions are expected to strengthen product offerings and clientele in the long run.
- ▲ The acquisition of Computing System Innovations, LLC ("CSI") has provided Tyler an artificial intelligence (AI) tool that can handle legal redactions and similar tasks. CSI's flagship product, Intellidact Platform, is a suite of applications that enhance document processing and identity protection with AI technology. These applications include data redaction, data extraction, document classification and process automation. This platform increases workflow efficiencies through automated document classification and data extraction, while using redaction to reduce the risk of privacy information leakage. The integration of CSI's AI-driven redaction and indexing solution, Intellidact Platform, to Tyler's eFile & Serve solution portfolio will help automate data entry and document processing options for its clientele. In future, the company could also leverage CSI's AI and automation solution across its other verticals like Municipal & Schools, Property & Recording and Platform Solutions.
- ▲ Tyler has a strong balance sheet with an ample liquidity position and fewer debt obligations that provide it the flexibility to pursue growth initiatives, including acquisitions. As of Sept. 30, 2025, it had cash and cash equivalents of approximately \$834.1 million and \$34.6 million in long-term operating lease liabilities. Also, its total debt-to-capital ratio of 0.14 is lower than the industry's average of 0.19. Additionally, the company's strong cash flow generation capability has helped it pursue acquisitions and invest in long-term growth opportunities. In 2024, it generated \$624.6 million of cash flow from operational activities. The company generated an operating cash flow of \$255.2 million and a free cash flow of \$247.6 million in the third quarter of 2025. In the first nine months of 2025, it generated operating and free cash flows of \$409.7 million and \$383.8 million, respectively.

Public sector's ongoing transition to cloud-based solutions from on-premise and outdated systems bodes well for Tyler. Stable revenue base and strategic acquisitions are key positives.

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## Reasons To Sell:

- ▼ Tyler's near-term growth prospect is likely to be negatively impacted by delays in procurement processes and lengthening sales cycles amid ongoing macroeconomic uncertainties. Additionally, many of its customers are expected to face budget pressures in the near term due to a probable slowdown concern.
- ▼ Tyler faces tough competition from the likes of Oracle, SAP and Workday that keeps pricing under pressure and negatively impacts gross margin. Moreover, both Oracle and SAP have well-established cloud businesses that make it harder for Tyler to gain market share. Further, Workday dominates Human Capital Management and Financial Management software-solution markets.
- ▼ Increased expenses have been weighing on Tyler's profitability. Given the fact that accelerated digital transformation-led increased demand has been boosting Tyler's top-line, higher operating expenses will keep operating margin under pressure.
- ▼ Tyler faces significant integration risks due to frequent acquisitions. Asset quality is not good due to a high level of goodwill, which totaled \$2.55 billion or approximately 46.9% of total assets as of Sept. 30, 2025

Delays in procurement processes and lengthening sales cycles amid ongoing macroeconomic uncertainties might negatively hurt Tyler's near-term prospects.

## Last Earnings Report

### Tyler Technologies Surpasses Q3 Earnings and Revenue Estimates

Tyler Technologies, Inc reported better-than-expected third-quarter 2025 results. It came out with quarterly earnings of \$2.97 per share, beating the Zacks Consensus Estimate of \$2.88 per share by 3.12%. This compares with earnings of \$2.52 per share a year ago.

The company posted revenues of \$595.9 million for the quarter ended September 2025, surpassing the Zacks Consensus Estimate by 0.19%. This compares with year-ago revenues of \$543.34 million.

**FY Quarter Ending** **12/31/2024**

Earnings Reporting Date	Oct 29, 2025
Sales Surprise	0.19%
EPS Surprise	3.12%
Quarterly EPS	2.97
Annual EPS (TTM)	11.09

### Quarterly Details of Tyler Technologies

Tyler Technologies' recurring revenues from maintenance and subscriptions increased 10.7% year over year to \$512.4 million, accounting for 86.0% of total quarterly revenues of \$595.9 million.

The company reported annualized recurring revenues (ARR) on a non-GAAP basis of \$2.05 billion, up 10.7% year over year.

Segment-wise, maintenance revenues (18.7% of total revenues) were \$111.3 million, down from \$115.6 million in the year-ago quarter.

Subscription revenues (67.3% of total revenues) grew 15.5% year over year to \$401.1 million, driven by 19.9% growth in SaaS revenues to \$199.8 million and 11.5% growth in transaction-based revenues to \$201.3 million.

Software licenses and royalties (0.9% of total revenues) declined 17.6% year over year to \$5.1 million.

Professional services revenues (10.9% of total revenues) were \$64.7 million, nearly flat from \$64.5 million in the prior-year quarter.

Hardware and other revenues (2.3% of total revenues) rose 37.4% year over year to \$13.6 million.

### Tyler's Operating Details

Tyler Technologies' non-GAAP gross profit increased 18.5% year over year to \$281.5 million. Moreover, the non-GAAP gross margin improved 350 basis points (bps) to 47.2%.

Adjusted EBITDA rose 14.4% year over year to \$169.9 million.

Non-GAAP operating income for the quarter totaled \$158.6 million and jumped 15.1% year over year. The non-GAAP operating margin expanded 120 bps to 26.6%.

### Tyler's Balance Sheet & Other Details

As of Sept. 30, 2025, TYL's cash and investments were \$834.1 million compared with \$892.3 million as of June 30, 2025.

The company generated an operating cash flow of \$255.2 million and a free cash flow of \$247.6 million in the third quarter of 2025. In the first nine months of 2025, it generated operating and free cash flows of \$409.7 million and \$383.8 million, respectively.

### Tyler Revised FY25 Guidance

Tyler Technologies now projects full-year 2025 revenues between \$2.335 billion and \$2.36 billion, revised from the earlier guidance range of \$2.33-\$2.36 billion. The company now projects its adjusted earnings per share in the range of \$11.30-\$11.50, revised from the previously provided guidance of \$11.20-\$11.50.

## Recent News

On Dec. 2, Tyler Technologies announced the acquisition of Edulink to enhance its K-12 School ERP HR capabilities, adding deeper functionality in educator evaluations, compliance, and workflow automation.

On Nov. 25, Tyler Technologies announced that the city of Homestead, Florida, launched its Enterprise Permitting & Licensing cloud platform on AWS to streamline permitting, licensing, code enforcement, and citywide payments.

On Nov. 19, Tyler Technologies announced the acquisition of CloudGavel to strengthen its electronic warrants offering and enhance connectivity between courts and public safety agencies.

On Sept. 25, Tyler Technologies announced that its My Ride K-12 school transportation mobile app has surpassed one million users, marking a major adoption milestone.

On Sept. 11, Tyler Technologies announced that Service Oklahoma has selected its Tyler Cashiering and Tyler's advanced payment analytics solution.

On Sept. 4, Tyler Technologies announced that the Fulton County Clerk of Superior and Magistrate Courts' office in Georgia has selected its Enterprise Records Management solution.

On July 28, Tyler Technologies announced the acquisition of Emergency Networking, Inc., a SaaS company that specializes in cloud-native software for fire departments and emergency medical services.

## Valuation

Tyler's shares are down 22.7% in the past six months and 25.9% in the past year. Stocks in the Zacks sub-industry are up 1.2%, while the Zacks Computer & Technology sector increased 22.3% in the past six months. In the past year, the Zacks sub-industry climbed 25.9% and the sector jumped 20.4%.

The S&P 500 Index has returned 15.7% in the past six months and 14.3% in the past year.

The stock is currently trading at 46.52x forward 12-month earnings, which compares with 24.17x for the Zacks sub-industry, 28.16x for the Zacks sector, and 23.35x for the S&P 500 Index.

Over the past five years, the stock has traded as high as 116.12x and as low as 46.36x, with a five-year median of 64.51x. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$478 price target reflects approximately 48.85x forward 12-month earnings, in line with current valuation levels.

The table below shows summary valuation data for TYL.

Valuation Multiples - TYL					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	46.52	24.17	28.16	23.35
	5-Year High	116.12	55.11	29.92	23.76
	5-Year Low	46.36	15.83	18.70	15.73
	5-Year Median	64.51	23.26	26.62	21.21
P/S F12M	Current	7.74	4.25	6.62	5.28
	5-Year High	15.85	5.80	7.40	5.50
	5-Year Low	6.08	2.36	4.24	3.83
	5-Year Median	9.44	3.10	6.29	5.05
EV/EBITDA TTM	Current	34.36	13.11	19.31	18.58
	5-Year High	78.63	35.57	23.68	22.41
	5-Year Low	27.86	9.06	12.03	13.87
	5-Year Median	42.79	13.44	18.35	18.58

As of 12/12/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 41% (99 out of 243)



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

Company (Ticker)	Rec	Rank
ePlus inc. (PLUS)	Outperform	1
Q2 Holdings, Inc. (QTWO)	Outperform	1
Cognizant Technology...(CTSH)	Neutral	2
Guidewire Software, ...(GWRE)	Neutral	3
MSCI Inc (MSCI)	Neutral	3
Sage Group PLC (SGPYY)	Neutral	2
Wipro Limited (WIT)	Neutral	3
China Crescent Enter...(CCTR)	NA	

## Industry Comparison<sup>(1)</sup> Industry: Internet - Software And Services

	TYL	X Industry	S&P 500	MSCI	PLUS	SGPYY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	1	2
VGM Score	D	-	-	D	F	B
Market Cap	19.42 B	1.08 B	38.74 B	42.15 B	2.36 B	13.94 B
# of Analysts	8	3	22	5	2	1
Dividend Yield	0.00%	0.00%	1.42%	1.28%	1.12%	1.20%
Value Score	D	-	-	F	C	D
Cash/Price	0.05	0.24	0.04	0.01	0.17	0.05
EV/EBITDA	39.59	7.58	14.56	26.96	10.82	NA
PEG Ratio	2.94	2.06	2.18	NA	1.03	NA
Price/Book (P/B)	5.39	2.87	3.30	NA	2.27	14.20
Price/Cash Flow (P/CF)	40.08	8.96	15.17	31.14	17.24	23.99
P/E (F1)	39.48	21.55	19.74	32.63	18.55	21.36
Price/Sales (P/S)	8.45	1.62	3.08	13.80	1.04	NA
Earnings Yield	2.53%	3.36%	5.04%	3.06%	5.39%	4.68%
Debt/Equity	0.00	0.00	0.57	-2.87	0.00	1.92
Cash Flow (\$/share)	11.26	1.25	8.99	18.01	5.17	2.41
Growth Score	A	-	-	B	F	A
Hist. EPS Growth (3-5 yrs)	13.21%	17.26%	8.16%	16.36%	8.05%	NA
Proj. EPS Growth (F1/F0)	19.06%	22.08%	8.60%	13.09%	3.00%	22.07%
Curr. Cash Flow Growth	15.04%	9.90%	6.75%	13.50%	-2.91%	5.22%
Hist. Cash Flow Growth (3-5 yrs)	14.61%	8.59%	7.43%	16.54%	9.29%	4.59%
Current Ratio	1.03	1.67	1.18	0.88	2.19	0.74
Debt/Capital	0.00%	0.00%	38.01%	NA	0.00%	65.77%
Net Margin	13.72%	8.67%	12.78%	40.03%	5.40%	NA
Return on Equity	10.57%	0.73%	17.00%	-110.94%	11.44%	NA
Sales/Assets	0.43	0.78	0.53	0.57	1.25	NA
Proj. Sales Growth (F1/F0)	9.60%	2.91%	5.79%	9.80%	12.10%	12.00%
Momentum Score	F	-	-	F	D	C
Daily Price Chg	0.26%	0.00%	-1.16%	1.77%	-3.65%	-0.02%
1 Week Price Chg	-2.92%	-2.97%	-2.40%	2.38%	2.18%	0.12%
4 Week Price Chg	-3.12%	-0.38%	1.19%	0.25%	-0.20%	1.63%
12 Week Price Chg	-13.70%	-11.83%	1.26%	-0.96%	24.33%	-0.89%
52 Week Price Chg	-23.67%	-21.64%	14.46%	-6.18%	20.07%	-12.37%
20 Day Average Volume	377,334	480,707	2,751,030	669,104	217,607	43,307
(F1) EPS Est 1 week change	-0.08%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.01%	0.00%	0.00%	-0.08%	0.00%	3.44%
(F1) EPS Est 12 week change	0.64%	1.87%	0.69%	0.84%	28.01%	7.54%
(Q1) EPS Est Mthly Chg	-0.68%	0.00%	0.00%	-0.31%	0.00%	NA

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

### Tyler Technologies, Inc. (TYL)

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														
Total Revenue, Non-GAAP	\$1,850.2	\$1,951.8	\$2,137.8	\$665.2	\$596.1	\$595.9	\$585.7	\$2,342.9	\$608.2	\$640.0	\$646.0	\$641.0	\$2,535.3	\$2,795.7
Write-downs of Acquisition-Related Deferred Revenue	\$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
Total Revenue, GAAP	\$1,850.2	\$1,951.8	\$2,137.8	\$665.2	\$596.1	\$595.9	\$585.7	\$2,342.9	\$608.2	\$640.0	\$646.0	\$641.0	\$2,535.3	\$2,795.7
Cost of Revenue, Non-GAAP	\$986.7	\$1,028.0	\$1,133.8	\$280.1	\$304.7	\$295.7	\$304.7	\$1,185.2	\$302.8	\$314.5	\$315.9	\$310.6	\$1,243.8	\$1,337.7
Cost of Revenue, GAAP	\$1,066.3	\$1,090.7	\$1,202.0	\$298.1	\$322.9	\$314.4	\$305.2	\$1,240.7	\$322.4	\$335.0	\$339.2	\$337.8	\$1,334.3	\$1,465.6
Gross Profit, Non-GAAP	\$863.5	\$923.8	\$1,004.0	\$285.1	\$291.4	\$300.1	\$281.0	\$1,157.6	\$305.4	\$325.5	\$330.2	\$330.4	\$1,291.5	\$1,458.0
Gross Profit, GAAP	\$783.9	\$861.1	\$935.8	\$267.1	\$273.2	\$281.5	\$280.5	\$1,102.2	\$285.9	\$304.9	\$306.9	\$303.3	\$1,200.9	\$1,330.1
Sales and Marketing Expense	\$135.7	\$149.8	\$157.7	\$36.5	\$36.3	\$37.6	\$37.4	\$147.7	\$36.2	\$37.3	\$37.6	\$38.4	\$149.6	\$153.8
General and Administrative Expense	\$267.3	\$308.6	\$300.9	\$79.5	\$76.6	\$80.0	\$70.8	\$306.9	\$73.6	\$74.3	\$73.1	\$69.1	\$290.2	\$274.9
Selling, General and Administrative Expenses	\$403.1	\$458.3	\$458.7	\$115.9	\$112.9	\$117.5	\$119.6	\$466.0	\$121.0	\$126.4	\$128.9	\$128.2	\$504.5	\$556.9
Research and Development Expense	\$105.2	\$109.6	\$117.9	\$47.8	\$50.8	\$51.8	\$54.7	\$205.1	\$53.2	\$56.5	\$57.5	\$57.4	\$224.6	\$248.4
Amortization of Other Intangibles	\$61.4	\$74.6	\$59.6	\$14.1	\$13.8	\$14.2	\$14.3	\$56.5	\$14.7	\$15.3	\$15.5	\$15.5	\$61.0	\$67.2
Total Operating Expense, Non-GAAP	\$426.4	\$475.7	\$480.2	\$133.7	\$133.3	\$141.5	\$133.6	\$542.1	\$146.8	\$155.3	\$158.5	\$158.6	\$619.2	\$722.4
Total Operating Expense, GAAP	\$569.6	\$642.6	\$636.2	\$177.9	\$177.6	\$183.5	\$188.6	\$727.6	\$189.0	\$198.1	\$201.9	\$201.1	\$790.1	\$872.5
Adjusted EBITDA	\$475.0	\$488.4	\$567.8	\$162.3	\$169.1	\$169.9	\$163.3	\$664.7	\$170.4	\$183.0	\$181.5	\$177.9	\$712.8	\$781.5
EBITDA, GAAP	\$367.2	\$368.1	\$440.1	\$123.5	\$129.8	\$132.8	\$127.0	\$513.1	\$132.9	\$144.4	\$143.1	\$140.1	\$560.5	\$622.6
Share-Based Compensation Expense	\$103.0	\$108.3	\$122.8	\$37.7	\$38.3	\$36.7	\$36.3	\$148.9	\$37.5	\$38.6	\$38.4	\$37.7	\$152.1	\$158.7
Depreciation and Amortization Included in Cost of Revenue, S&M, R&D, G&A and Other Expenses	\$89.9	\$75.0	\$81.0	\$20.2	\$20.3	\$20.7	\$20.8	\$82.0	\$21.3	\$22.3	\$22.6	\$22.5	\$88.7	\$97.8
Amortization of Debt Discounts and Issuance Costs Included in Interest Expense & Interest Expense	\$28.4	\$23.6	\$5.9	\$1.2	\$1.3	\$1.2	\$1.3	\$5.0	\$1.3	\$1.4	\$1.4	\$1.4	\$5.4	\$6.0
Operating Income, Non-GAAP	\$437.1	\$448.1	\$523.8	\$151.4	\$158.1	\$158.6	\$147.4	\$615.5	\$158.6	\$170.2	\$171.6	\$171.8	\$672.2	\$735.6
Operating Income, GAAP	\$214.2	\$218.5	\$299.5	\$89.2	\$95.6	\$97.9	\$91.9	\$374.6	\$96.9	\$106.8	\$104.9	\$102.2	\$410.8	\$457.5
Interest Expense	\$28.4	\$23.6	\$5.9	\$1.2	\$1.3	\$1.2	\$1.3	\$5.0	\$1.3	\$1.4	\$1.4	\$1.4	\$5.4	\$6.0
Other Income, Net	\$1.7	\$3.3	\$14.6	\$7.4	\$8.2	\$10.9	\$3.6	\$30.0	\$7.8	\$8.1	\$8.1	\$7.1	\$31.1	\$33.7
Total Interest & Other Expense (Income), Net, Non-GAAP	\$26.7	\$20.3	(\$8.6)	(\$6.1)	(\$6.9)	(\$9.6)	(\$7.0)	(\$29.7)	(\$7.1)	(\$7.6)	(\$7.7)	(\$7.0)	(\$29.3)	(\$28.0)
Total Interest & Other Expense (Income), Net, GAAP	\$26.7	\$20.3	(\$8.6)	(\$6.1)	(\$6.9)	(\$9.6)	(\$2.3)	(\$25.0)	(\$6.5)	(\$6.8)	(\$6.7)	(\$5.7)	(\$25.6)	(\$27.7)
Pre-Tax Income, Non-GAAP	\$410.5	\$427.8	\$532.5	\$157.5	\$165.0	\$168.2	\$154.4	\$645.2	\$165.7	\$177.8	\$179.3	\$178.8	\$701.5	\$763.7
Pre-Tax Income, GAAP	\$187.6	\$198.2	\$308.2	\$95.3	\$102.5	\$107.6	\$94.2	\$399.6	\$103.4	\$113.6	\$111.6	\$107.9	\$436.5	\$485.2
Income Tax, Non-GAAP	\$92.4	\$94.1	\$117.1	\$35.4	\$37.1	\$37.9	\$34.7	\$145.2	\$37.3	\$40.0	\$40.3	\$40.2	\$157.8	\$171.8
Income Tax, GAAP	\$23.4	\$32.3	\$45.1	\$14.2	\$17.9	\$23.2	\$20.3	\$75.5	\$22.2	\$24.4	\$24.0	\$23.2	\$93.8	\$104.3
Tax Rate, Non-GAAP	22.5%	22.0%	22.0%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
Tax Rate, GAAP	12.4%	16.3%	14.6%	14.9%	17.0%	21.5%	21.5%	18.9%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%
Net Income, Non-GAAP	\$318.1	\$333.7	\$415.3	\$122.1	\$127.9	\$130.4	\$119.7	\$500.0	\$128.4	\$137.8	\$139.0	\$138.5	\$543.7	\$591.8
Net Income, GAAP	\$164.2	\$165.9	\$263.0	\$81.1	\$84.6	\$84.4	\$74.0	\$324.0	\$81.2	\$89.1	\$87.6	\$84.7	\$342.6	\$380.9
Basic Shares Outstanding	41.5	42.0	42.6	43.0	43.2	43.1	43.2	43.1	43.3	43.4	43.5	43.6	43.5	43.9
Diluted Shares Outstanding	42.4	42.8	43.5	43.9	43.9	43.8	44.2	44.0	44.2	44.2	44.2	44.2	44.2	44.2
Basic EPS	\$3.95	\$3.95	\$6.17	\$1.88	\$1.96	\$1.96	\$1.71	\$7.51	\$1.87	\$2.05	\$2.01	\$1.94	\$7.88	\$8.68
Diluted EPS, Non-GAAP	\$7.50	\$7.80	\$9.55	\$2.78	\$2.91	\$2.97	\$2.71	\$11.37	\$2.90	\$3.11	\$3.14	\$3.13	\$12.29	\$13.38
Diluted EPS, GAAP	\$3.87	\$3.88	\$6.05	\$1.84	\$1.93	\$1.93	\$1.67	\$7.37	\$1.83	\$2.02	\$1.98	\$1.91	\$7.75	\$8.61



## 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	A
Momentum Score	F
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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