

## Recreation & Leisure Products

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### PII & ACAT: Despite Sequential Improvements, December Demand Remains Weak

#### Overview

- While the weakness appears to have moderated sequentially in December, we would note that (1) we believe that overall PII retail sales still declined slightly in December; (2) the strength was driven by favorable snow; (3) some of the improvement is driven by optics associated with easy comps and (4) aggressive ATV spiffs.
- Specifically, our UTV volume index improved to 43.8 compared to 41.9 in November. As a result, our 4Q16 UTV index came in at 40.5 compared to 35.4 in 3Q16. On the ATV side, our volume index increased to 51.5 vs 46.5 in November. Consequently, our 4Q16 ATV volume index increased to 44.2 compared to 38.2 in 3Q16.
- Both the ATV and UTV ASP metrics improved sequentially, with the sharpest improvement taking place in ATV category. Specifically, our ATV ASP index came in at 53.0 compared to 31.7 in November, while our UTV ASP index increased to 42.2 compared to 32.1 in November.
- While the Maverick X3 is taking market share in the recreational UTV market, there was also chatter that Polaris Ranger sales have been pressured by Can-Am's Defender models (farmer incentives & aftermarket parts gaining traction). Despite encroaching competitors in the utility space, contacts have noted the Polaris Ranger 1000 is being received positively in the market. Also, many contacts suggested that the OEM could benefit from offering incentives and promotions on its utility/sport UTV General.
- Dealers noted that OEMs are not providing them enough promotions to drive sales, as a net -3.7% of dealers in December indicated that they were receiving favorable or unfavorable promotional support y/y to help them move units compared to 18.2% in November.
- December was the first time since September that we have seen some improvement in our inventory metric as a net 30.3% of dealers surveyed said they had too much inventory relative to demand compared to 39.5% in November.
- Our survey respondents' outlook on near-term demand improved, as our forward looking index came in at 69.7 compared to 55.0 in November.

#### Conclusion

While we were encouraged by the improving momentum as measured by our survey, we believe it is unlikely that PII will report positive retail sales for its ORV business in 4Q16. As for Arctic Cat, most news from the channel points to ongoing struggles in the ORV business (and more recently in Snowmobiles as well). As such, we are maintaining our NEUTRAL ratings.

Symbol:	Price	Target Price	Rating	Cur Qtr	Cur Year	Out Year	Mkt. Cap (M)
ACAT	\$13.70	NA	N	\$(0.49)e	\$(1.80)e	\$0.10e	\$178.8
PII	\$87.78	NA	N	\$1,015.5e	\$4,314.4e	\$5,041.3e	\$5,623.8

Rating Legend: B=Buy, N=Neutral, S=Sell

INTEGRITY  
TRUST  
VALUE

# Northcoast Research ORV Survey; Survey Methodology

As part of our ongoing coverage of Polaris, Arctic Cat and the broader Powersports space, we conduct a monthly survey of Off Road Vehicle (ORV) dealers. The study is predicated on a dynamic survey of more than 50 ORV dealers across North America, which helps us better gauge the overall health of the ORV market and demand for ORV products produced by Polaris Industries and Arctic Cat. Specifically, the survey is designed to provide insight into (1) directional retail trends in the UTV and ATV categories; (2) the retail competitive environment (as measured by price/mix trends); (3) OEM promotional activity; (4) dealer inventory levels; and (5) dealers' outlook for future demand trends. The survey responses are expressed in diffusion indices, with index levels above 50 indicating market expansion (or expectation for expansion), while sub 50 levels are indicative of contracting demand.

## Northcoast Research ORV Survey: Key Themes from December

**ORV market continues to be lackluster for Polaris dealers:** Our recent checks imply that PII dealers experienced lackluster ORV trends again last month as we continue to believe that overall retail trends remained dull in December. While the weakness appears to have moderated sequentially, we would note that (1) we believe that overall PII retail sales still declined slightly in December; (2) the strength was driven by favorable snow; (3) some of the improvement is driven by optics associated with easy comps and (4) aggressive ATV spiffs. Finally, there is little doubt in our minds that BRP's Can-Am brand continued to gain share in December. While we were encouraged by the improving momentum as measured by our survey, we believe it is unlikely that PII will report positive retail sales for its ORV business in 4Q16.

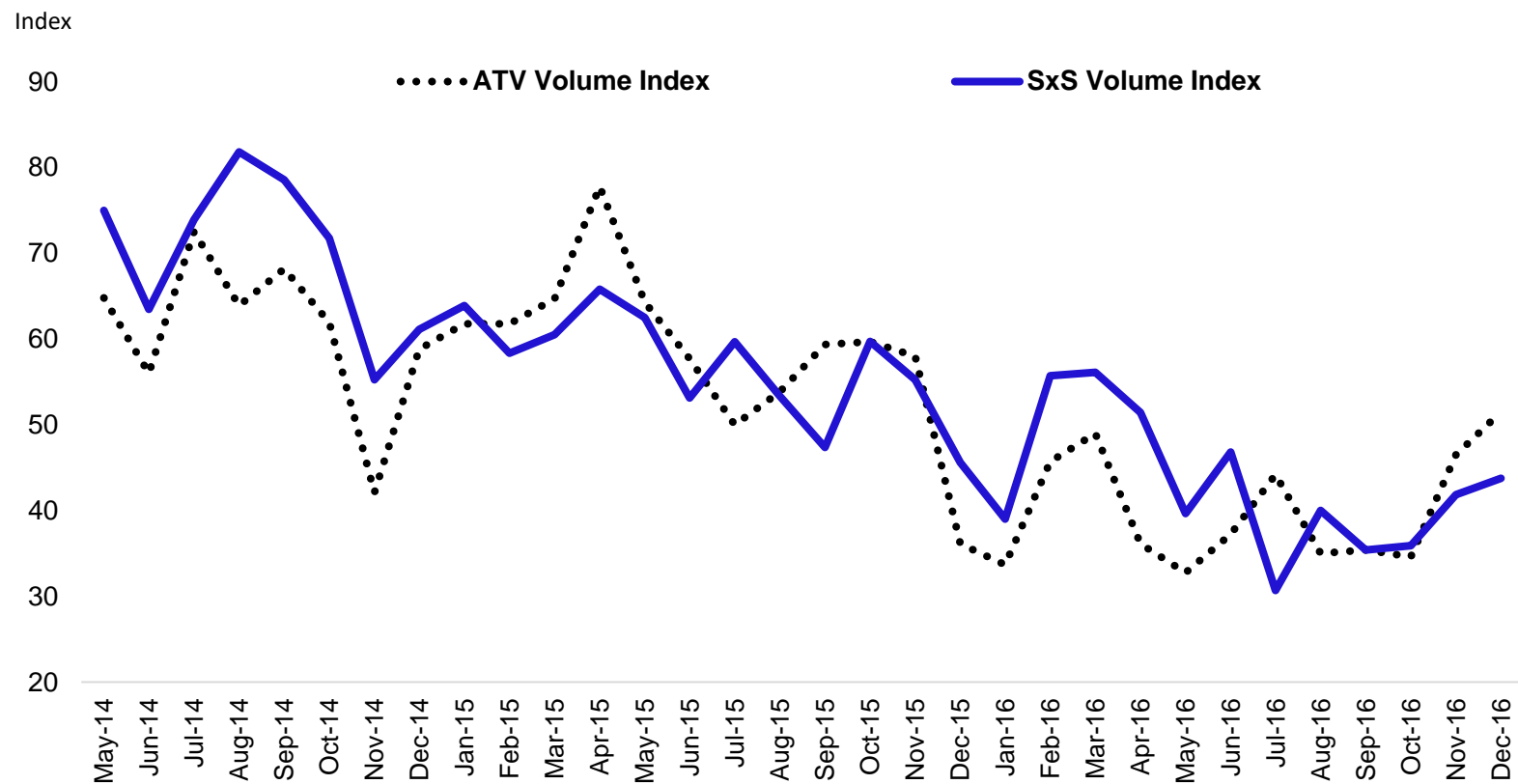
**UTV weakness moderates in December:** While our survey points to a continuation of sluggish top-line retail trends, it is worth noting that our index of UTV demand sustained the sequential month to month rise we saw through 4Q16. Specifically, our volume index improved to 43.8 compared to 41.9 in November. As a result, our 4Q16 UTV index came in at 40.5 compared to 35.4 in 3Q16. The most popular models within the category were consistent as models from PII, Can-Am and Honda were noted the most among respondents. Additionally, secondary brands like Odes, CFMOTO and Kymco continue to be emerging topics amongst dealers due to their robust growth. Despite the volatile industry demand trends, and poor fill rates on 72-inch models, commentary from Can-Am dealers suggest the X3 continued to take share in December.

**ATV volumes maintains its outperformance:** On the ATV side, our volume index increased to 51.5 vs 46.5 in November. Consequently, our 4Q16 ATV volume index increased to 44.2 compared to 38.2 in 3Q16. From a model standpoint, PII, Can-Am, and Honda led the way in the ATV category, with the strongest demand coming from entry-level price point models. While the results of our work imply the strongest ATV sell-through since 1Q16, like the UTV market, 4Q comps are favorable relative to 3Q16. Anecdotally, we were pleased to hear incremental commentary that the entry-level ATV category received a tailwind from snow in certain parts of the Midwest in December, as well as talk of stronger holiday youth ATV sales compared to last year (\$50 spiff on youth models).

**Pricing improvement driven by less MY16 promotions, easy comps:** Both the ATV and UTV metrics improved sequentially, with the sharpest improvement taking place in ATV category. Specifically, our ATV ASP index came in at 53.0 compared to 31.7 in November, while our UTV ASP index increased to 42.2 compared to 32.1 in November. As for the quarter our 4Q16 UTV ASP index increased to 36.0 from 31.0 in 3Q16, while our ATV ASP index increased to 40.4 compared to 34.5 in 3Q16. In our opinion, December's ASP improvement reflects the lack of MY16 inventory on dealer's showroom floor (larger promotions) as well as the cycling of December 2016 when dealers were desperate to reduce inventory levels. As for ATVs, snow accessories were the top reason for the ASP expansion during the month.

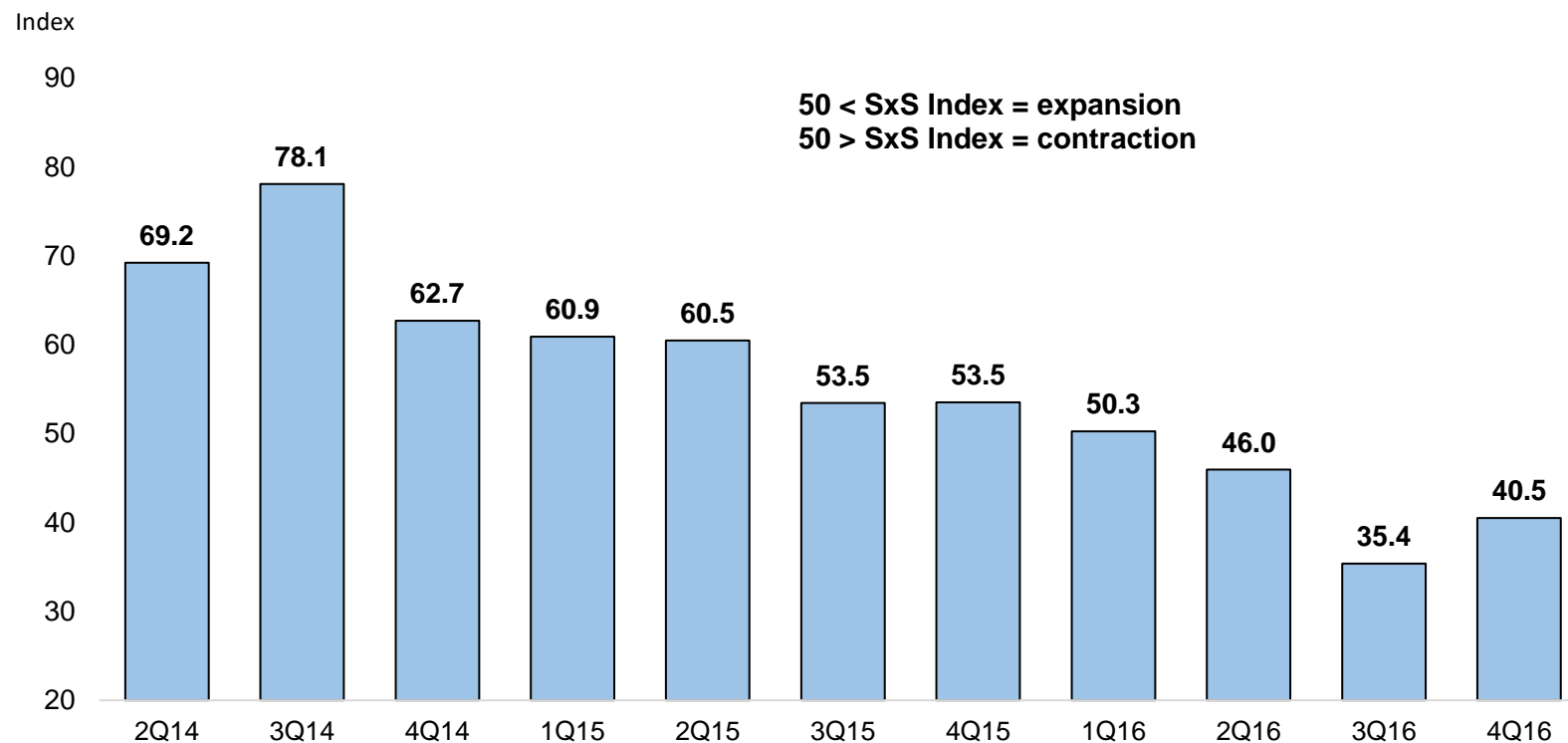
**Worth noting:** While the Maverick X3 is taking market share in the recreational UTV market, there was also chatter that Polaris Ranger sales have been pressured by Can-Am's Defender models (farmer incentives & aftermarket parts gaining traction). Interestingly, some of our Honda contacts received MY16 Pioneer 1000 models in early December as the OEM has not shipped the MY17 Pioneer 1000 yet, which we believe could also be weighing on Ranger sales. Although PII's retail sales will face easier comps in '17, the changing market place suggest that competition will continue to weigh on retail. Despite encroaching competitors in the utility space, contacts have noted the Polaris Ranger 1000 is being received positively in the market. Also, many contacts suggested that the OEM could benefit from offering incentives and promotions on its utility/sport UTV General.

## Volume Improves in Both Categories; ATV Expansion & UTV Weakness Moderates On Easy Comp



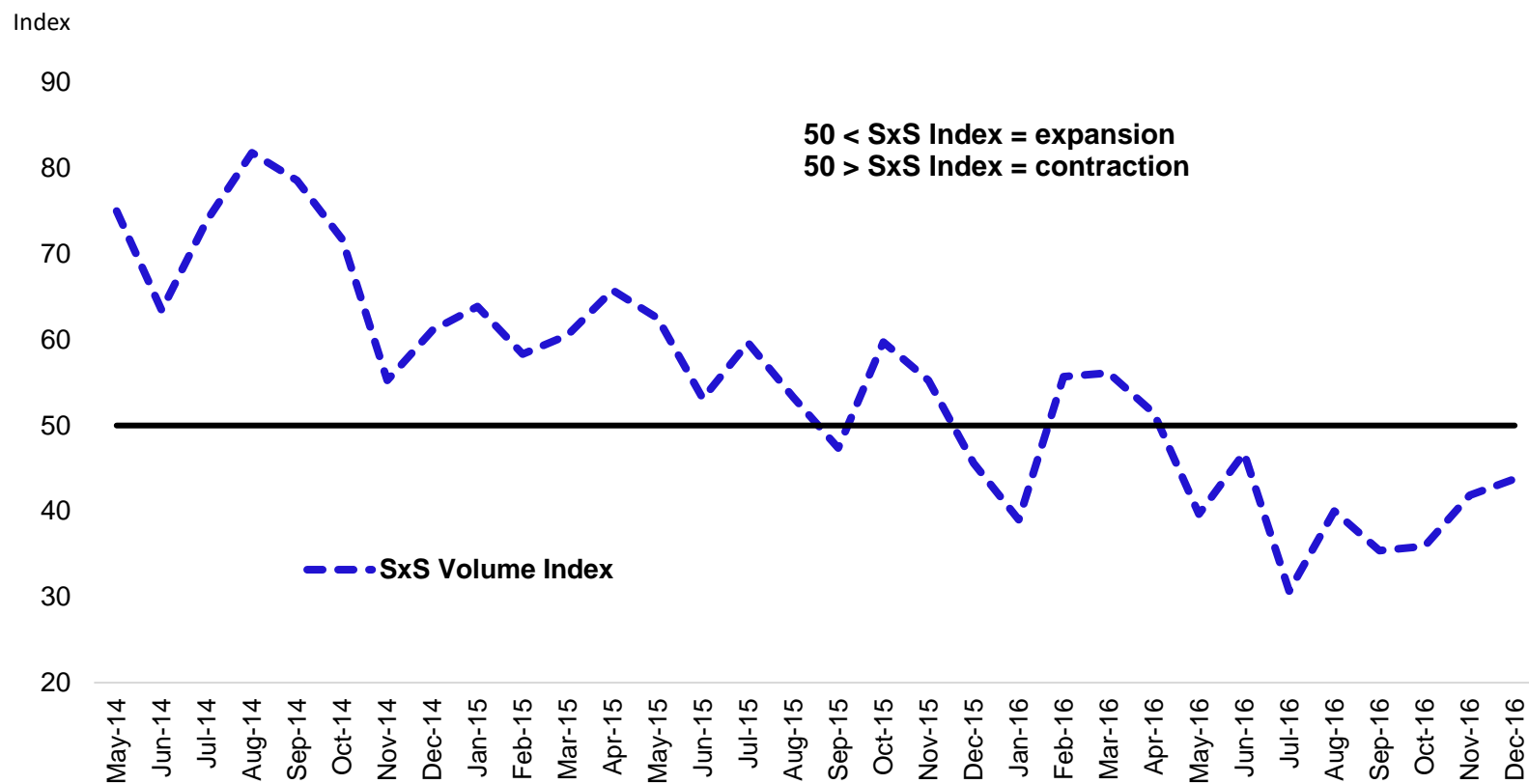
Source: Northcoast Research

## UTV Volume Index; Quarterly Results

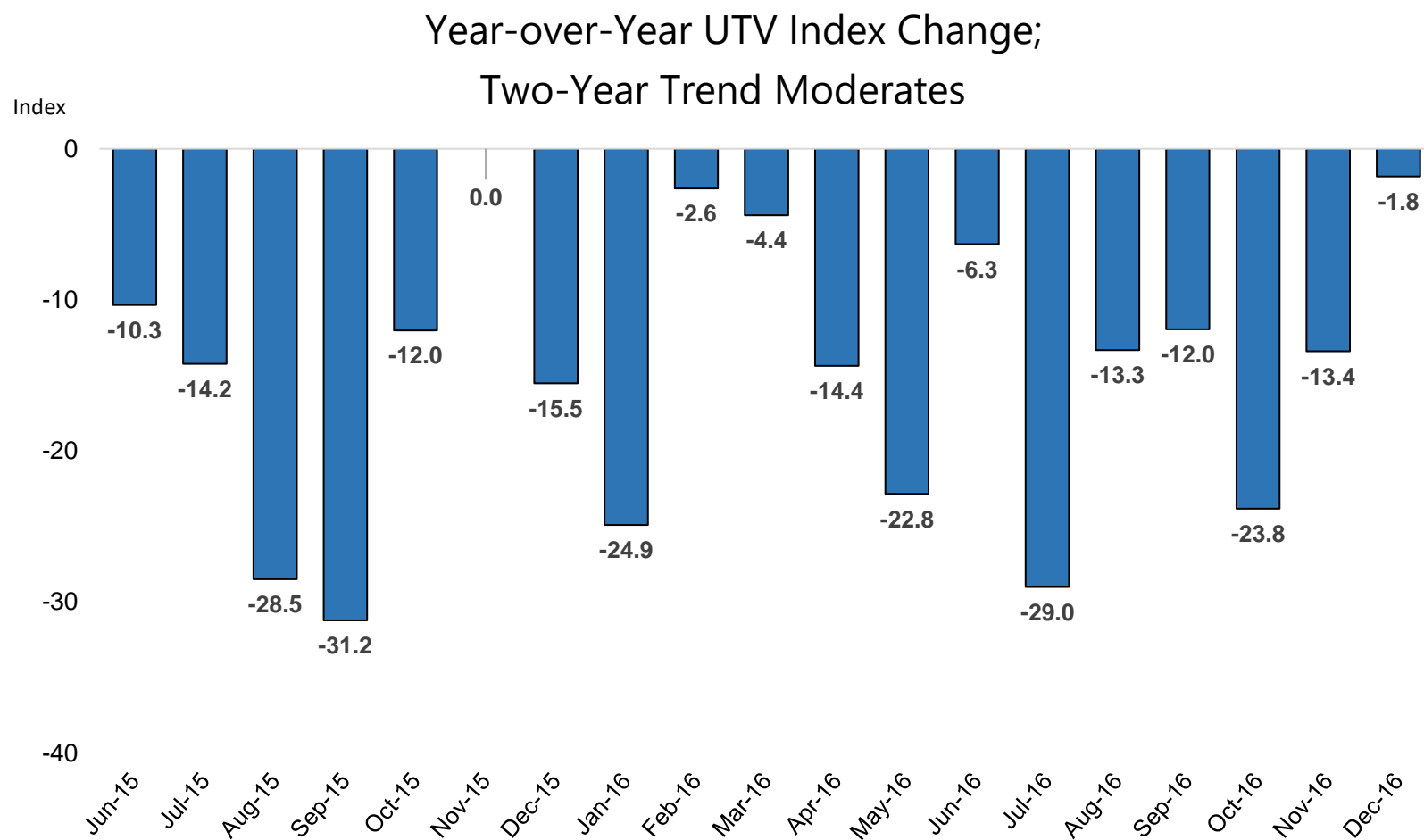


Source: Northcoast Research

## UTV Monthly Demand; Softness Persists in December



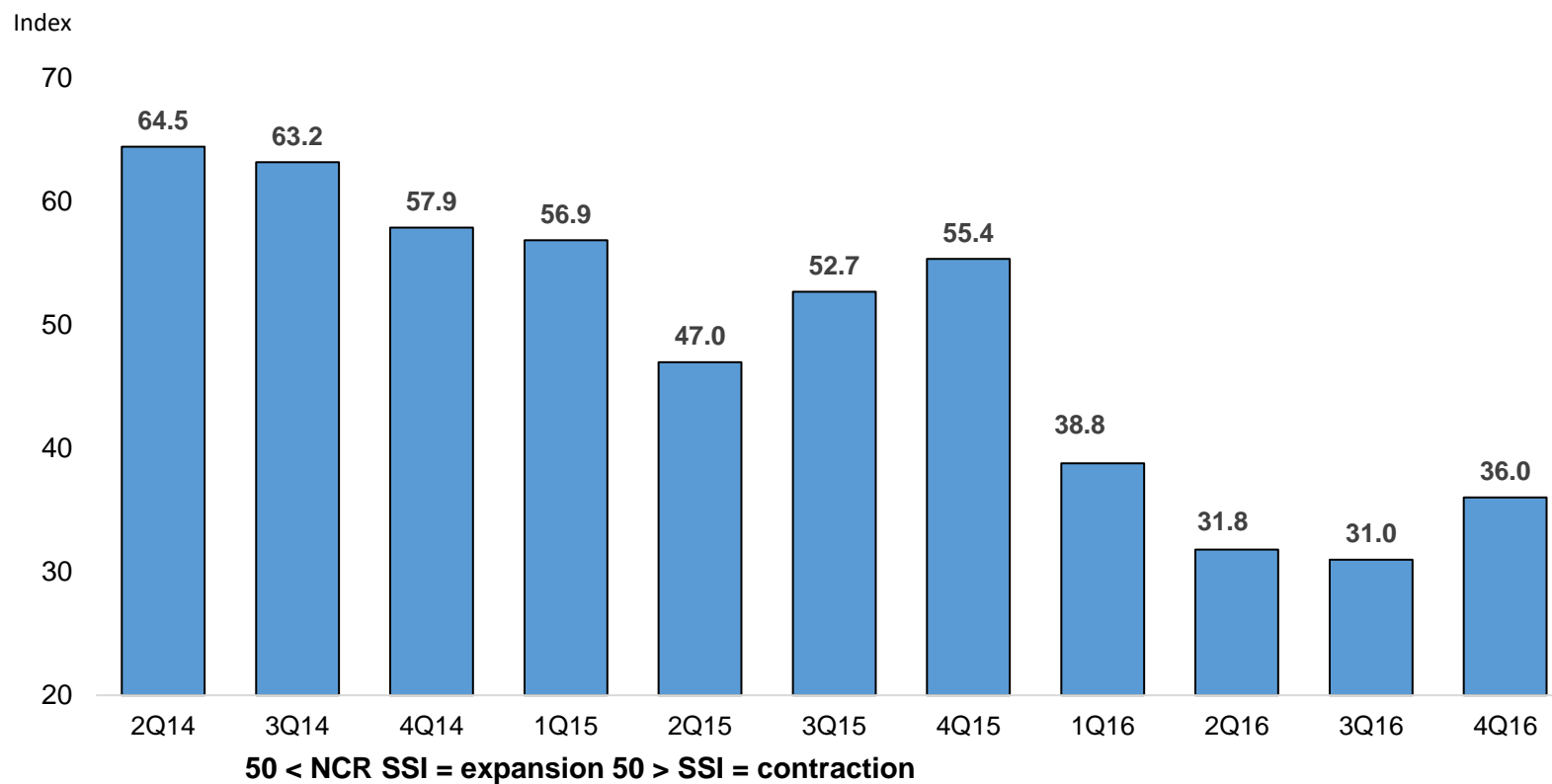
Source: Northcoast Research



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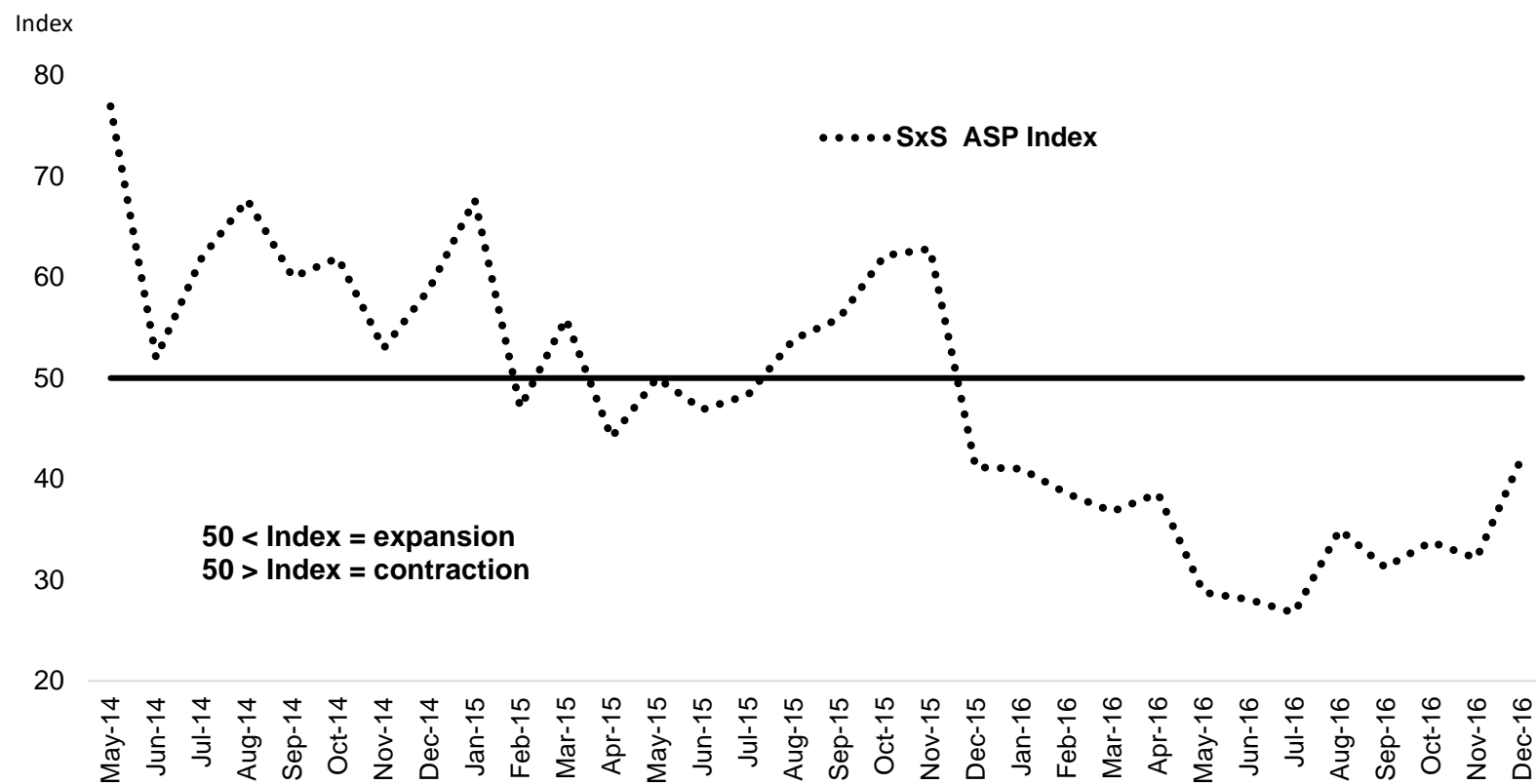


## December UTV ASP Index; Dealers Still See Price/Mix Headwind



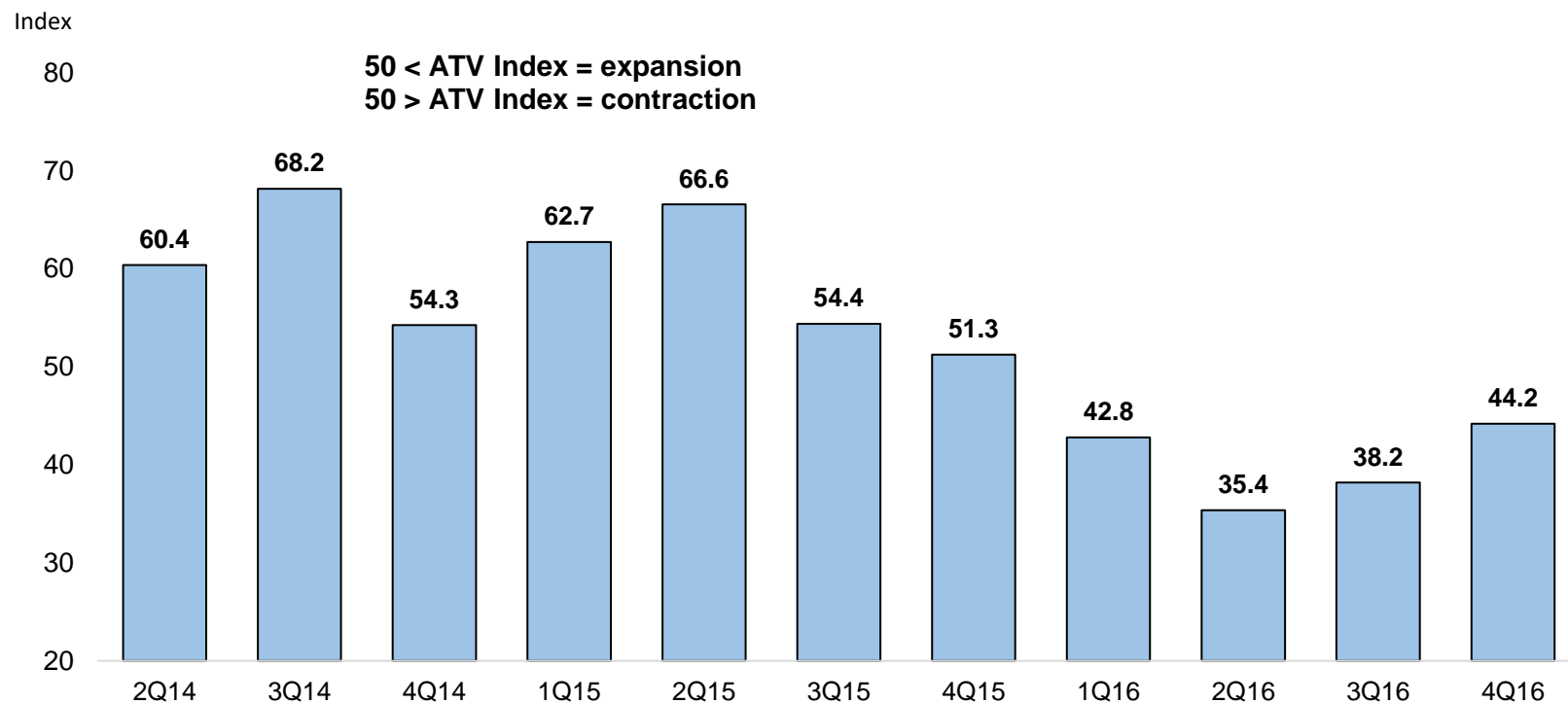
Source: Northcoast Research

## ASP Index Improves in December



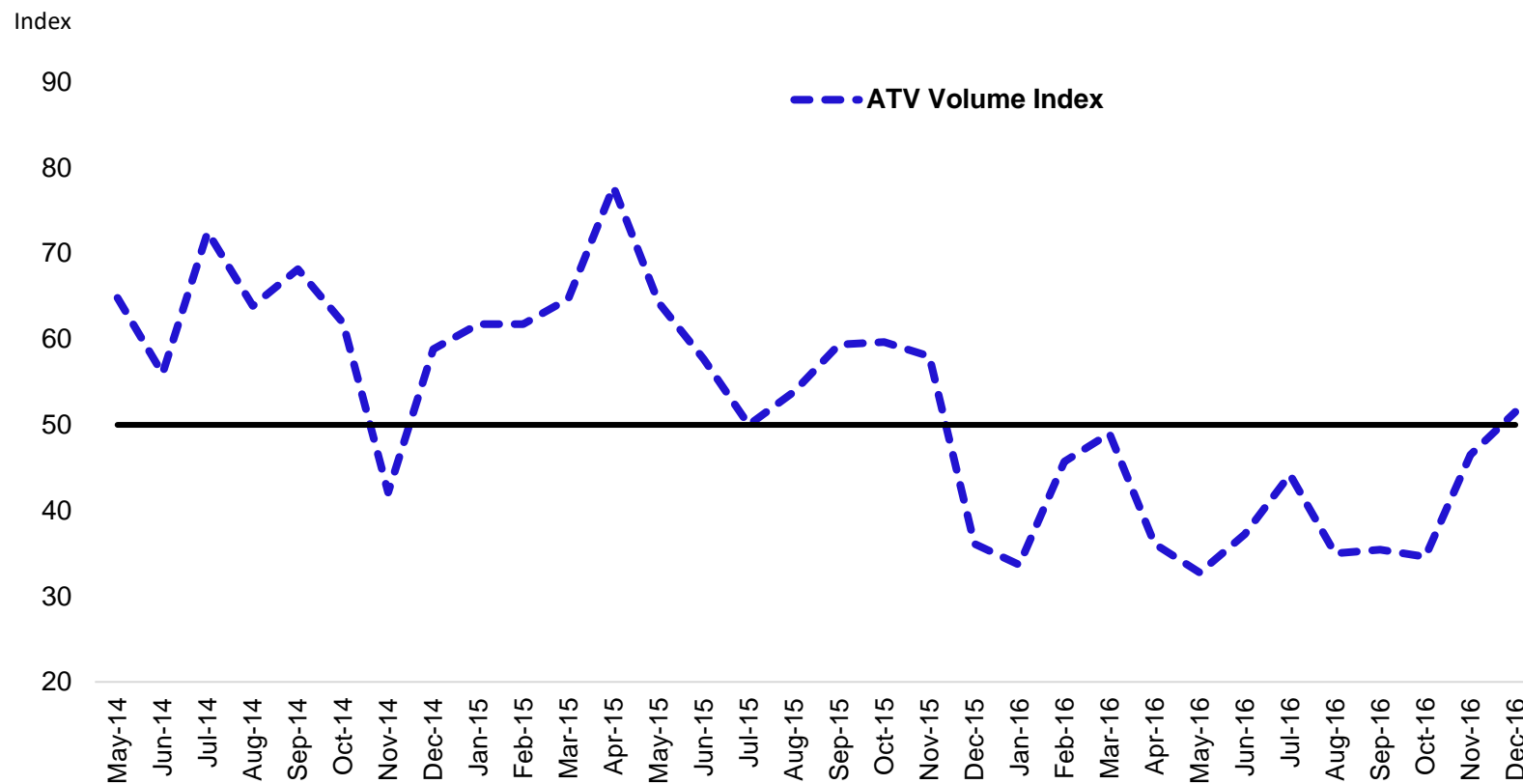
Source: Northcoast Research

## Quarterly ATV Demand Index; Sequential Upswing in 4Q16



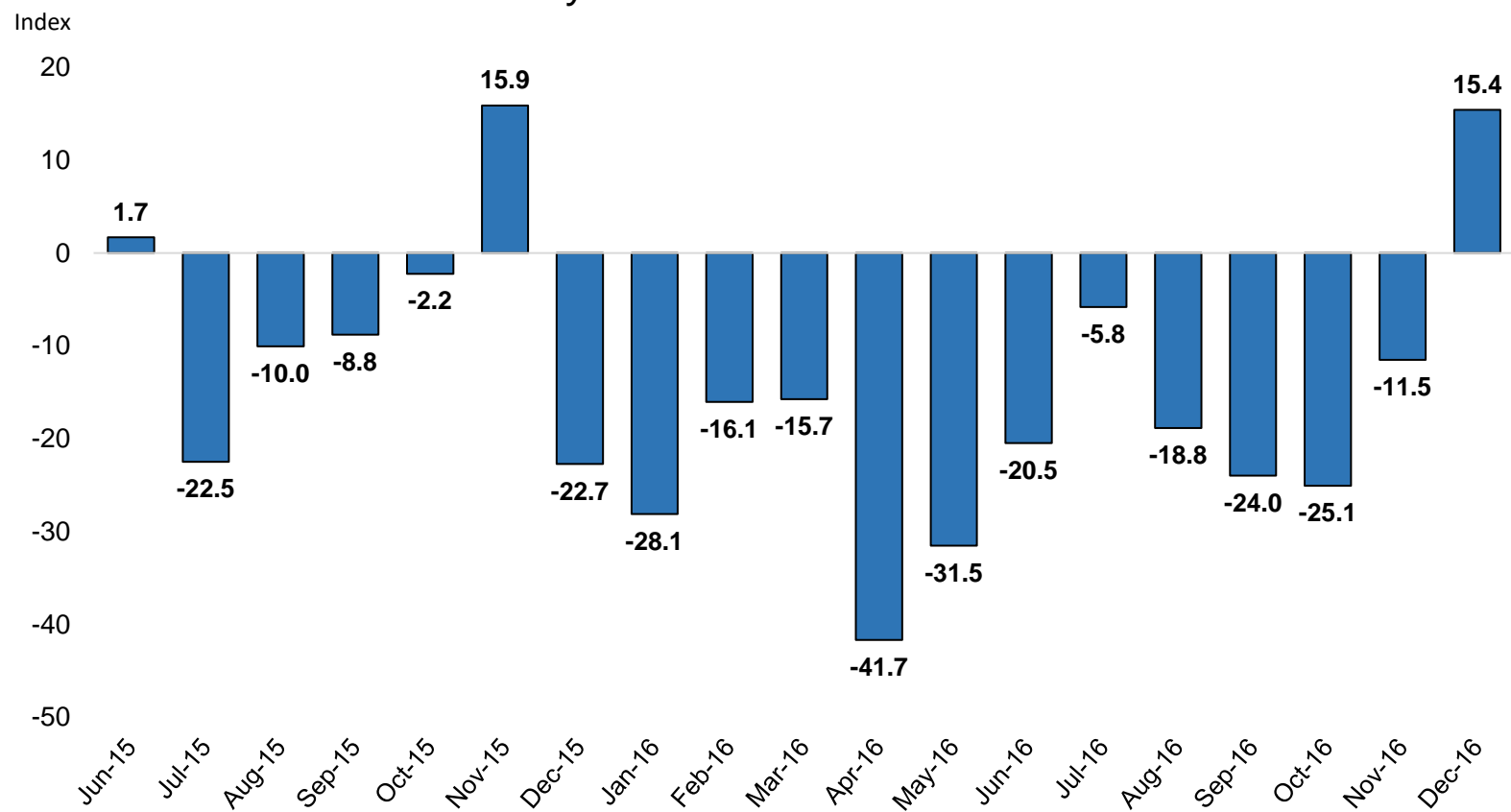
Source: Northcoast Research

## Monthly ATV Demand Index; First Expansion Since November 2015



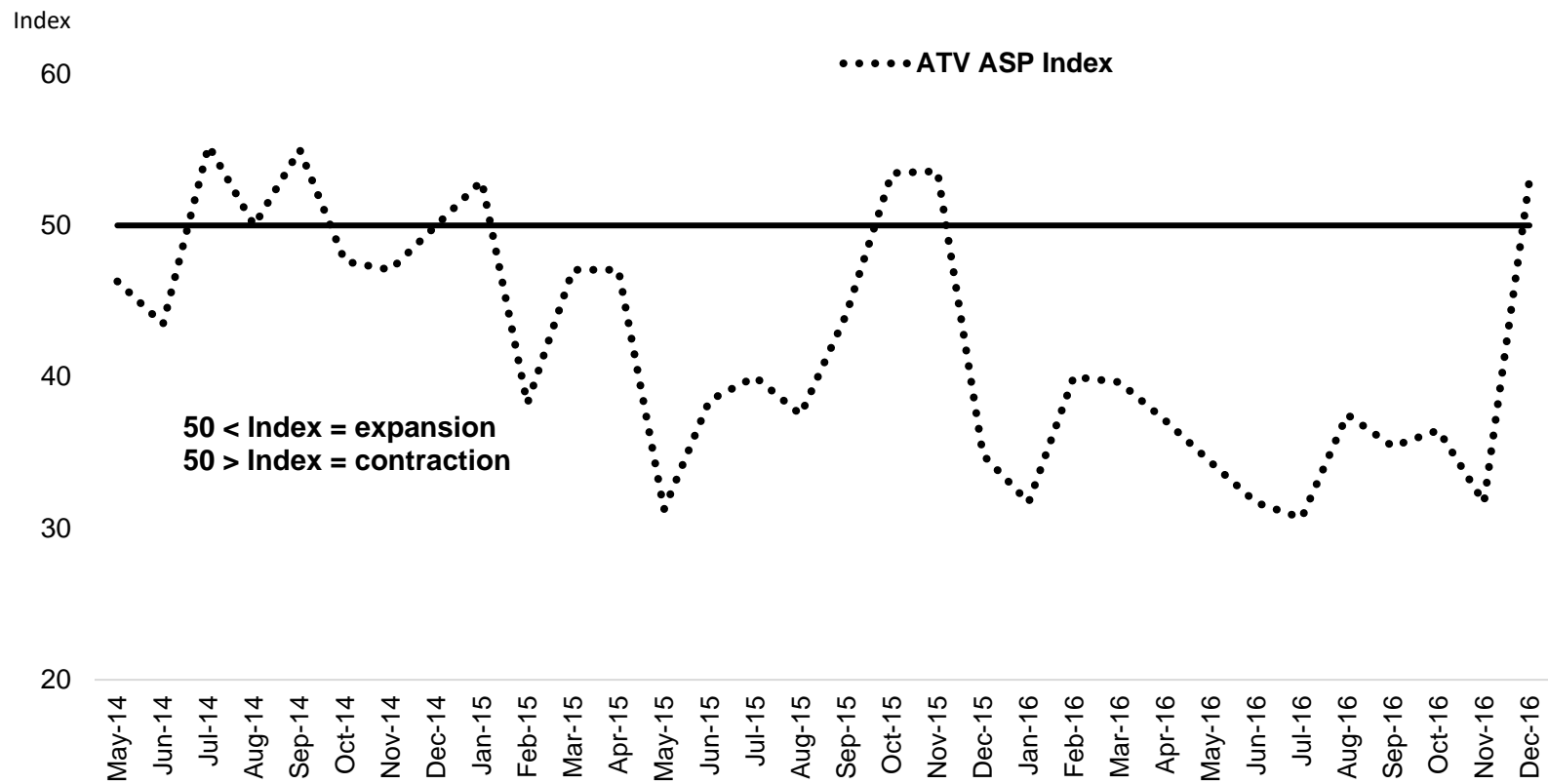
Source: Northcoast Research

## Year-Over-Year ATV Index Change; 2-yr Index Trend Increases



Source: Northcoast Research

## ATV Price/Mix Index; Sharp Sequential Increase in December



Source: Northcoast Research

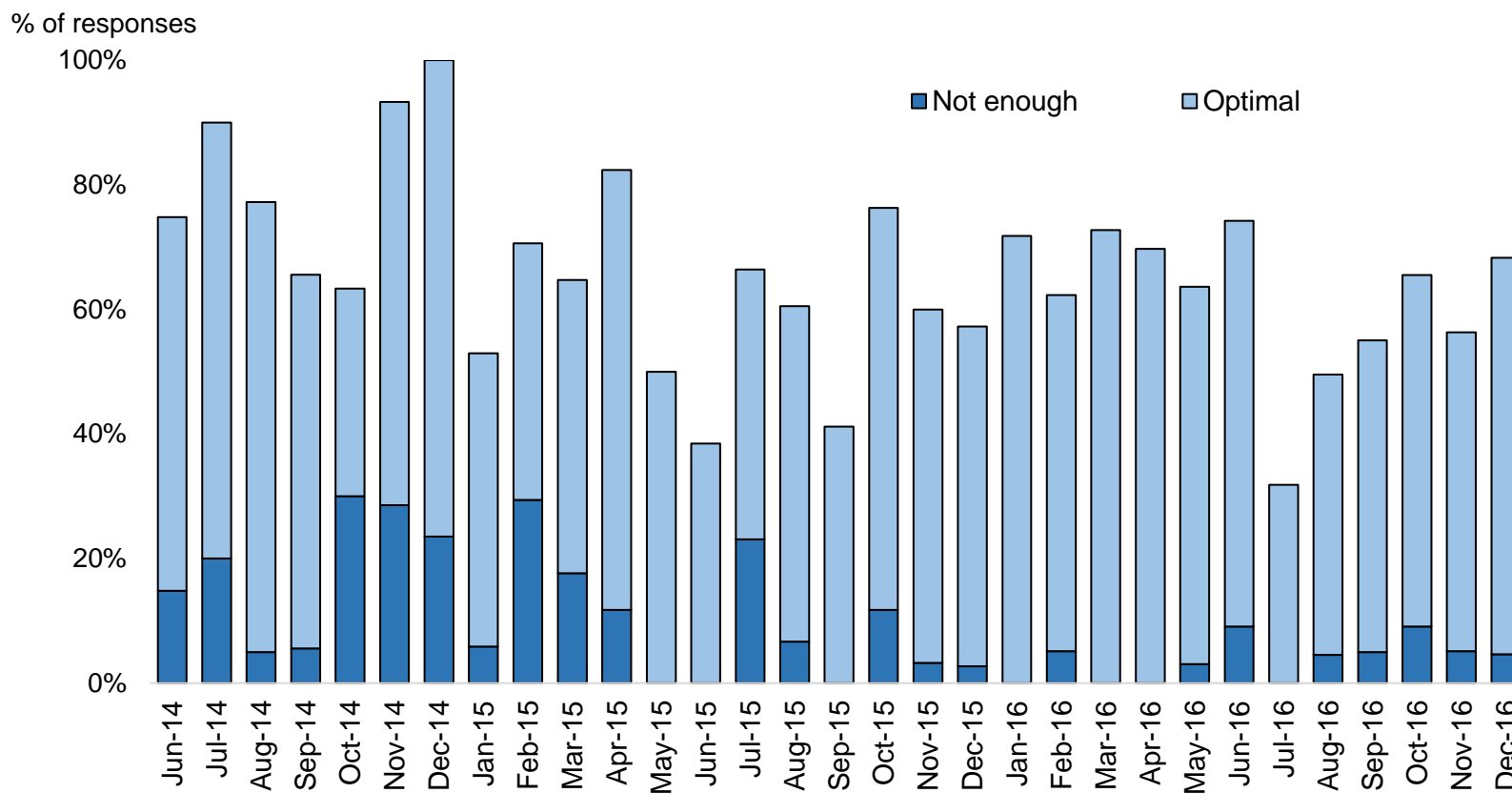
## Current Conditions

**OEM incentives:** Dealers noted that OEMs are not providing them enough promotions to drive sales, as a net -3.7% of dealers in December indicated that they were receiving favorable or unfavorable promotional support y/y to help them move units compared to 18.2% in November. On the surface, it would appear that OEMs tempered promotional support last month; however, we believe that the sequential decline in this metric is impacted by the view that the MY17 programs are not compelling enough to move the retail sales needle the way the MY16 programs did. That said, we would note that OEMs are offering more incentives y/y, which continues to fuel the promotional environment.

**Inventory levels improve:** While the combination of shipment cuts and aggressive programs helped right-size channel inventory at the end of 3Q16, we believe that sell-in outpaced sell-out in the fourth quarter. Indeed, December was the first time since September that we have seen some improvement in our inventory metric as a net 30.3% of dealers surveyed said they had too much inventory relative to demand, which represents an improvement from 39.5% in November, 33.3% in October, and 31.8% in September (was 45% prior to last shipment cut). Bloated inventory levels continue to be broad based (vs discrete areas such as oil or ag region in the past), and are not limited to any one manufacturer though some OEMs appear to be in better shape (Can-Am) than others (ACAT). In other words, aside from pockets of growth in the industry inventory still has room for improvement.

**Near term outlook:** Our survey respondents' outlook on near-term demand increased, as our forward looking index came in at 69.7 compared to 55.0 in November. While dealers may not have seen a large influx of consumers right after the election, they continue to believe they will receive a post-election tailwind. In addition, contacts in cold weather climates believe they will benefit from a better snow season y/y.

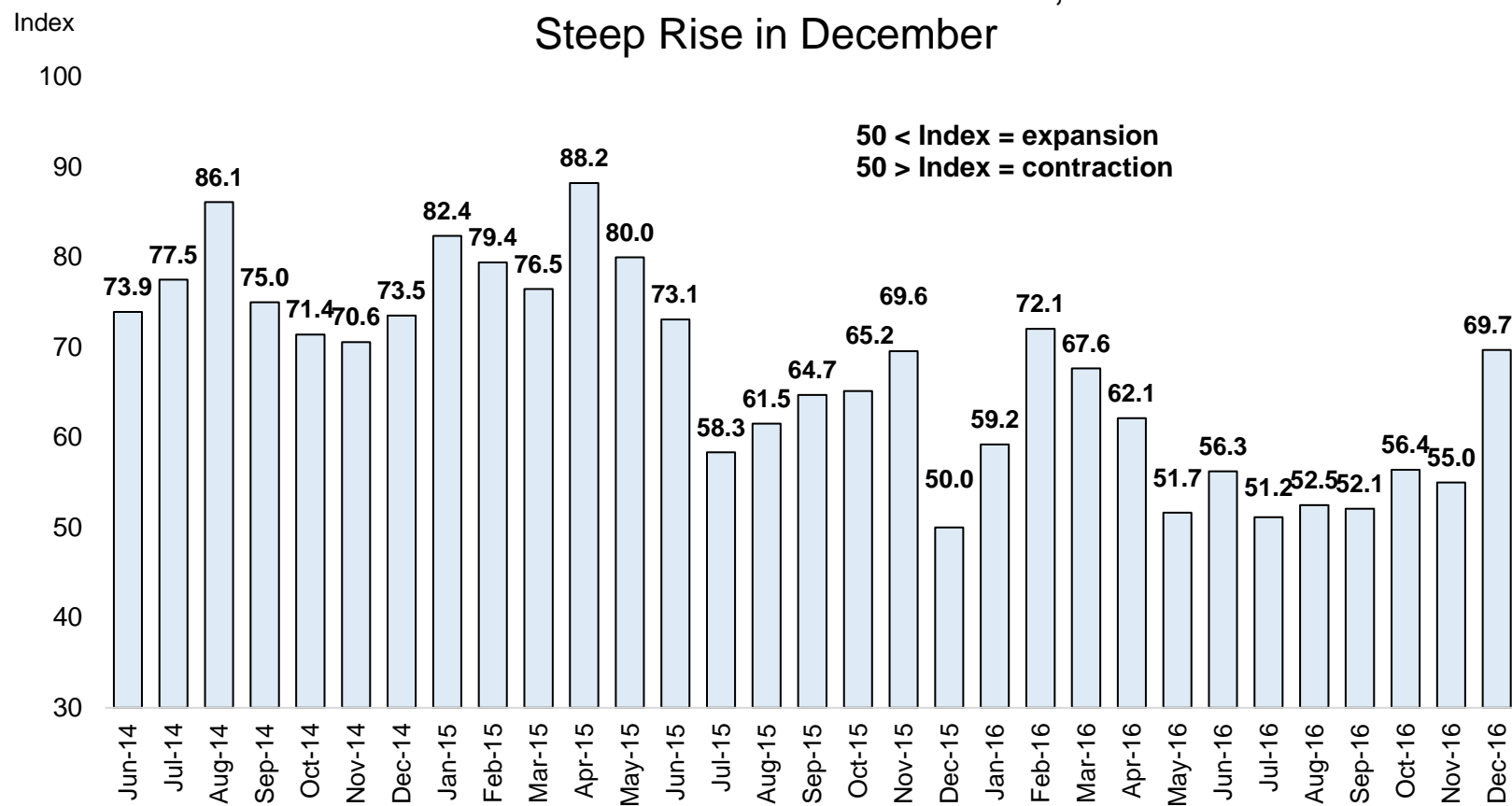
## Inventories at the End of December; Dealers Experience Moderate Improvement



Source: Northcoast Research



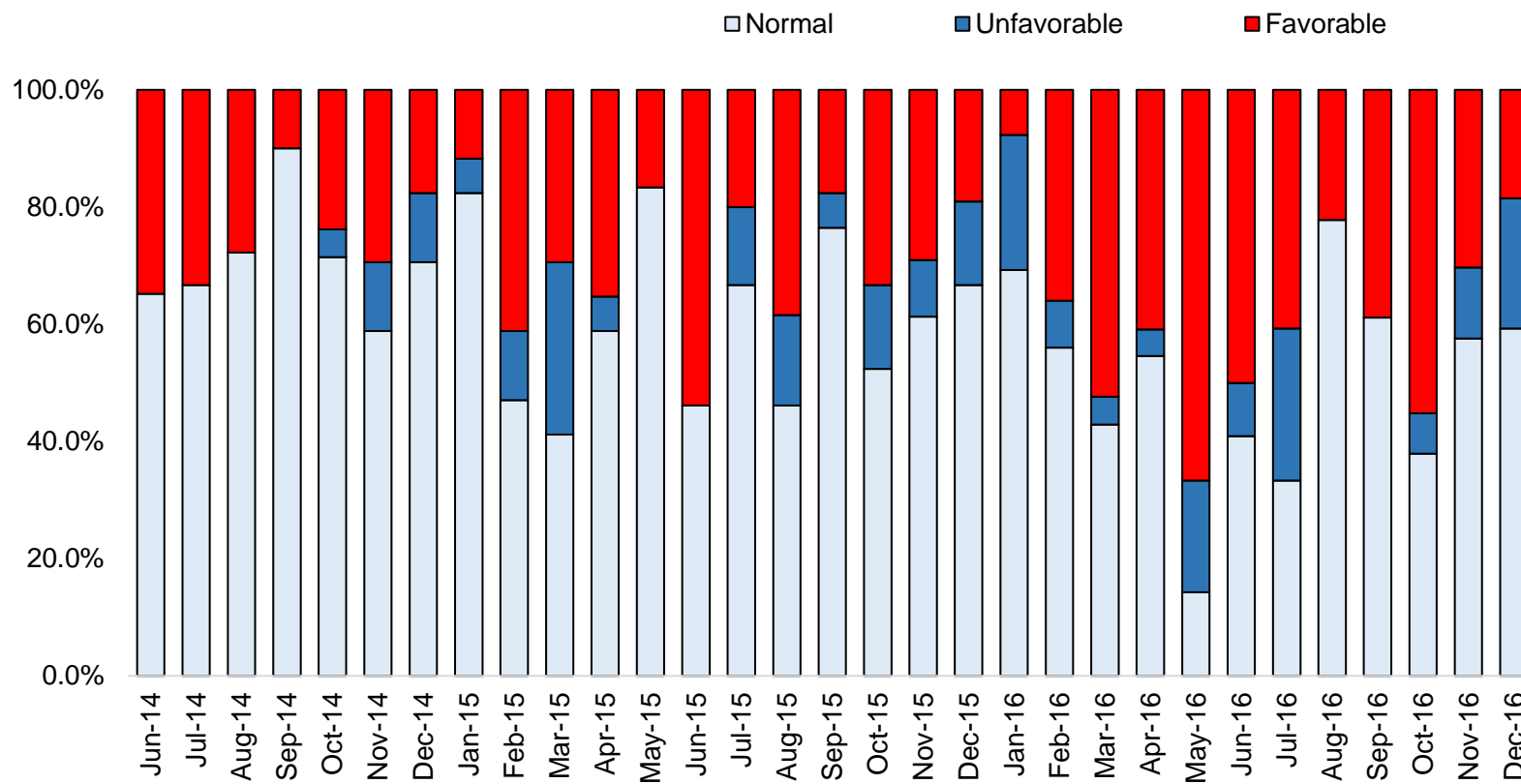
### 3-Month Outlook for Unit Sales; Steep Rise in December



Source: Northcoast Research

## OEM Promos Decline; Increase Y/Y in December

% of responses



Source: Northcoast Research



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#### Polaris - Income Statement

	Mar '15	Jun '15	Sep '15	Dec '15	Mar '16	Jun '16	Sep '16	Dec '16e	Mar '17e	Jun '17e	Sep '17e	Dec '17e	2014	2015	2016e	2017e
<b>Total revenues</b>	<b>\$ 1,033.3</b>	<b>\$ 1,124.3</b>	<b>\$ 1,456.0</b>	<b>\$ 1,105.6</b>	<b>\$ 983.0</b>	<b>\$ 1,130.8</b>	<b>\$ 1,185.1</b>	<b>\$ 1,015.5</b>	<b>\$ 1,131.9</b>	<b>\$ 1,315.5</b>	<b>\$ 1,403.1</b>	<b>\$ 1,190.8</b>	<b>\$ 4,479.6</b>	<b>\$ 4,719.3</b>	<b>\$ 4,314.4</b>	<b>\$ 5,041.3</b>
Growth (%)	16.3%	10.9%	11.8%	(13.3%)	(4.9%)	0.6%	(18.6%)	(8.2%)	15.1%	16.3%	18.4%	17.3%	18.6%	5.3%	(8.6%)	16.8%
Two-year stacked growth (%)	35.4%	30.9%	29.9%	4.4%	11.4%	11.5%	(6.8%)	(21.4%)	10.3%	16.9%	(0.2%)	9.1%	36.3%	24.0%	(3.2%)	8.3%
Cost of sales	739.6	804.9	1,040.4	795.3	735.4	846.3	924.3	758.7	856.3	994.5	1,029.3	884.8	3,160.5	3,380.2	3,264.7	3,764.8
Gross profit	293.7	319.4	415.6	310.3	247.6	284.5	260.8	256.8	275.7	321.1	373.8	306.0	1,319.2	1,339.0	1,049.7	1,276.5
Margin (%)	28.4%	28.4%	28.5%	28.1%	25.2%	25.2%	22.0%	25.3%	24.4%	24.4%	26.6%	25.7%	29.4%	28.4%	24.3%	25.3%
year-over-year bps Δ	(66 bps)	(166 bps)	(127 bps)	(77 bps)	(324 bps)	(325 bps)	(654 bps)	(278 bps)	(83 bps)	(75 bps)	464 bps	41 bps	(23 bps)	(107 bps)	(404 bps)	99 bps
Operating expenses:																
Selling and marketing	69.7	79.7	91.2	76.2	77.2	77.8	89.8	75.1	91.2	95.9	107.5	85.8	314.4	316.7	319.9	380.4
Research and development	38.9	41.4	44.4	41.7	43.1	45.6	47.6	39.5	55.7	60.4	63.0	50.3	148.5	166.5	175.7	229.4
General and administrative	49.5	51.9	56.4	51.2	69.6	64.6	85.3	49.8	60.0	64.6	88.3	55.7	203.2	209.1	269.2	268.5
Total operating expenses	158.1	173.0	192.0	169.1	189.9	188.0	222.6	164.4	206.9	220.9	258.8	191.8	666.2	692.2	764.9	878.3
Margin (%)	15.3%	15.4%	13.2%	15.3%	19.3%	16.6%	18.8%	16.2%	18.3%	16.8%	18.4%	16.1%	14.9%	14.7%	17.7%	17.4%
year-over-year bps Δ	(73 bps)	(79 bps)	(84 bps)	142 bps	402 bps	123 bps	559 bps	90 bps	(104 bps)	17 bps	(34 bps)	(8 bps)	(72 bps)	(20 bps)	306 bps	(31 bps)
Income from core operations	135.6	146.4	223.6	141.2	57.6	96.5	38.2	92.4	68.8	100.2	115.0	114.2	653.0	646.8	284.8	398.2
Income from financial services	14.6	17.6	19.1	18.0	19.5	20.5	19.2	18.5	19.7	21.0	19.8	19.2	61.7	69.3	77.7	79.6
<b>Operating income</b>	<b>150.3</b>	<b>164.0</b>	<b>242.7</b>	<b>159.2</b>	<b>77.1</b>	<b>117.0</b>	<b>57.4</b>	<b>110.9</b>	<b>88.4</b>	<b>121.2</b>	<b>134.8</b>	<b>133.4</b>	<b>714.7</b>	<b>716.1</b>	<b>362.4</b>	<b>477.8</b>
Margin (%)	14.5%	14.6%	16.7%	14.4%	7.8%	10.3%	4.8%	10.9%	7.8%	9.2%	9.6%	11.2%	16.0%	15.2%	8.4%	9.5%
year-over-year bps Δ	28 bps	(74 bps)	(42 bps)	(208 bps)	(670 bps)	(424 bps)	(1182 bps)	(348 bps)	(3 bps)	(114 bps)	476 bps	28 bps	65 bps	(78 bps)	(677 bps)	108 bps
Non-operating expense (income):																
Interest expense	2.9	3.0	3.0	2.6	2.9	3.8	4.1	5.0	6.4	6.4	6.4	6.4	11.2	11.5	15.7	25.5
Gain on securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss from other affiliates	1.6	1.7	1.3	2.1	2.1	1.6	1.8	1.0	1.8	1.8	1.8	1.8	4.1	6.8	6.4	7.2
Other (income) expense, net	7.4	2.7	(1.3)	3.4	0.1	1.8	5.7	1.9	1.2	1.0	1.0	1.0	0.0	12.1	9.5	4.2
Income before income taxes	138.3	156.6	239.7	151.1	72.1	109.8	45.8	103.0	79.1	112.0	125.6	124.2	699.3	685.7	330.8	440.9
Provision for income taxes	49.8	55.7	84.5	40.4	25.3	38.6	13.5	32.9	25.3	35.8	40.2	39.7	245.3	230.4	110.4	141.1
Income tax rate	36.0%	35.5%	35.3%	26.7%	35.0%	35.2%	29.5%	32.0%	32.0%	32.0%	32.0%	32.0%	35.1%	33.6%	33.4%	32.0%
<b>Net income</b>	<b>88.6</b>	<b>100.9</b>	<b>155.2</b>	<b>110.7</b>	<b>46.9</b>	<b>71.2</b>	<b>32.3</b>	<b>70.0</b>	<b>53.8</b>	<b>76.2</b>	<b>85.4</b>	<b>84.5</b>	<b>454.0</b>	<b>455.4</b>	<b>220.4</b>	<b>299.8</b>
<b>Adjusted earnings per share</b>	<b>\$1.30</b>	<b>\$1.49</b>	<b>\$2.29</b>	<b>\$1.66</b>	<b>\$0.71</b>	<b>\$1.09</b>	<b>\$0.50</b>	<b>\$1.09</b>	<b>\$0.84</b>	<b>\$1.19</b>	<b>\$1.34</b>	<b>\$1.33</b>	<b>\$6.65</b>	<b>\$6.75</b>	<b>\$3.38</b>	<b>\$4.70</b>
Weighted average shares outstanding:																
Basic	66.4	66.3	66.3	65.4	65.0	64.4	64.2	63.6	63.1	63.0	62.9	62.8	66.2	66.0	64.3	62.9
Diluted	68.1	67.8	67.8	66.6	66.0	65.3	65.0	64.5	64.0	63.9	63.8	63.7	68.2	67.5	65.2	63.8
Dividend per share	\$0.53	\$0.53	\$0.53	\$0.53	\$0.60	\$0.60	\$0.60	\$0.60	\$0.67	\$0.67	\$0.67	\$0.67	\$1.92	\$2.12	\$2.39	\$2.68
Year-over-year change	10.4%	10.4%	10.4%	10.4%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	14.3%	10.4%	12.5%	12.5%
<b>EBITDA</b>	<b>187.4</b>	<b>199.3</b>	<b>283.2</b>	<b>198.4</b>	<b>115.0</b>	<b>157.2</b>	<b>101.2</b>	<b>152.1</b>	<b>130.8</b>	<b>163.7</b>	<b>177.5</b>	<b>176.2</b>	<b>842.2</b>	<b>868.3</b>	<b>525.6</b>	<b>648.2</b>
													19%	18%	12%	13%



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#### Arctic Cat - Income Statement

	Jun '14	Jun '15	Jun '16	Jun '17e	Sep '14	Sep '15	Sep '16	Sep '17e	Dec '14	Dec '15	Dec '16e	Dec '17e	Mar '15	Mar '16	Mar '17e	Mar '18e	FY15	FY16	FY17e	FY18e
Net sales:																				
Snowmobile & ATV units	120.0	\$ 111.1	84.3	97.4	227.4	180.7	139.7	147.2	165.5	143.1	138.5	148.6	72.1	99.7	135.5	146.7	584.9	534.6	497.9	539.9
Parts, garments, & accessories	23.7	\$ 23.3	20.6	20.4	35.1	30.5	24.9	25.0	28.3	22.9	25.6	26.7	26.8	21.7	28.5	32.3	113.9	98.3	99.6	104.5
Total net sales	\$ 143.6	\$ 134.4	\$ 104.9	\$ 117.8	\$ 262.5	\$ 211.2	\$ 164.6	\$ 172.3	\$ 193.7	\$ 166.0	\$ 164.1	\$ 175.4	\$ 98.9	\$ 121.4	\$ 163.9	\$ 178.9	\$ 698.8	\$ 632.9	\$ 597.5	\$ 644.4
Growth (%)	18.9%	(6.4%)	(22.0%)	12.3%	10.0%	(19.6%)	(22.0%)	4.7%	(14.2%)	(14.3%)	(1.2%)	6.9%	(32.0%)	22.7%	35.1%	9.2%	(4.3%)	(9.4%)	(5.6%)	7.8%
Cost of goods sold:																				
Snowmobile & ATV units	97.7	97.0	80.7	85.6	185.1	147.7	133.3	136.8	140.2	125.7	124.4	127.9	82.5	105.8	111.6	115.5	505.4	476.2	450.0	465.7
Parts, garments, & accessories	15.1	14.9	12.4	12.5	22.3	19.5	17.8	18.0	18.7	16.0	16.3	16.6	17.8	15.6	16.6	18.1	73.9	66.0	63.1	65.1
Total cost of goods sold	112.8	111.8	93.1	98.0	207.4	167.2	151.1	154.7	158.8	141.8	140.8	144.5	100.2	121.4	128.2	133.6	579.3	542.2	513.1	530.8
Gross profit	30.8	22.6	11.8	19.8	55.1	43.9	13.5	17.5	34.9	24.3	23.3	30.9	(1.3)	(0.1)	35.8	45.3	119.4	90.7	84.4	113.5
Margin (%)	21.4%	16.8%	11.2%	16.8%	21.0%	20.8%	8.2%	10.2%	18.0%	14.6%	14.2%	17.6%	(1.4%)	(0.1%)	21.8%	25.3%	17.1%	14.3%	14.1%	17.6%
Year/year change (bps)	(270)	(465)	(558)	559	(487)	(19)	(1,257)	195	21	(341)	(41)	341	(1,514)	131	2,187	351	(359)	(277)	(21)	350
Operating expenses:																				
Selling & marketing	7.0	9.0	9.2	9.3	12.1	11.8	11.2	11.3	11.8	12.2	11.2	11.5	8.8	10.7	10.2	10.4	39.7	43.7	41.8	42.4
Research & development	5.3	6.0	7.9	8.3	6.6	6.2	8.4	8.9	6.5	7.2	7.8	8.3	5.9	7.7	7.8	8.2	24.3	27.2	31.9	33.8
General & administrative	12.9	9.2	12.0	7.1	12.3	7.2	13.0	9.2	10.8	10.6	13.5	10.6	12.9	9.0	8.3	7.3	48.9	36.0	46.9	34.3
Total operating expenses	25.2	24.1	29.1	24.7	31.0	25.3	32.6	29.4	29.1	30.1	32.6	30.4	27.6	27.4	26.3	25.9	112.9	106.9	120.5	110.5
Opex rate (%)	17.6%	17.9%	27.7%	21.0%	11.8%	12.0%	19.8%	17.1%	15.0%	18.1%	19.8%	17.3%	27.9%	22.6%	16.0%	14.5%	16.2%	16.9%	20.2%	17.1%
Year/year change (bps)	44	38	977	(671)	116	15	787	(277)	533	312	173	(251)	1,234	(531)	(659)	(153)	376	73	328	(303)
Operating profit (loss)	5.6	(1.5)	(17.3)	(5.0)	24.1	18.7	(19.1)	(11.9)	5.9	(5.8)	(9.3)	0.5	(29.0)	(27.5)	9.5	19.4	6.5	(16.2)	(36.2)	3.1
Margin (%)	3.9%	(1.2%)	(16.5%)	(4.2%)	9.2%	8.8%	(11.6%)	(6.9%)	3.0%	(3.5%)	(5.6%)	0.3%	(29.3%)	(22.7%)	5.8%	10.8%	0.9%	(2.6%)	(6.1%)	0.5%
Year/year change (bps)	(314)	(503)	(1,535)	1,230	(603)	(33)	(2,044)	472	(512)	(653)	(214)	593	(2,747)	661	2,846	504				
Net interest expense (income)	0.0	0.1	0.2	0.1	0.2	0.4	0.4	(0.0)	0.1	0.2	0.5	(0.0)	0.0	0.1	0.1	1.0	0.3	0.8	1.2	1.1
Pretax income	5.5	(1.7)	(17.5)	(5.1)	23.9	18.3	(19.5)	(11.9)	5.8	(6.0)	(9.7)	0.5	(29.0)	(27.6)	9.4	18.4	6.2	(17.0)	(37.4)	1.9
Income tax provision (benefit)	2.0	(0.6)	(7.0)	(1.7)	8.5	7.1	(6.8)	(4.0)	(1.7)	(3.6)	(3.3)	0.2	(7.4)	(10.7)	3.2	6.3	1.3	(7.9)	(13.9)	0.7
Income tax rate	35.5%	36.4%	39.8%	34.0%	35.5%	38.9%	34.6%	34.0%	(29.7%)	60.1%	34.0%	34.0%	25.7%	38.9%	34.0%	34.0%	20.8%	46.1%	37.0%	34.0%
Net earnings (loss)	3.6	(1.1)	(10.6)	(3.4)	15.4	11.2	(12.8)	(7.8)	7.5	(2.4)	(6.4)	0.3	(21.5)	(16.9)	6.2	12.1	4.9	(9.2)	(23.6)	1.3
Diluted earnings per share	\$0.27	(\$0.08)	(\$0.81)	(\$0.26)	\$1.18	\$0.85	(\$0.98)	(\$0.60)	\$0.57	(\$0.18)	(\$0.49)	\$0.03	(\$1.66)	(\$1.30)	\$0.47	\$0.93	\$0.38	(\$0.71)	(\$1.80)	\$0.10
Diluted earnings per share																				
Weighted average share outstanding																				
Basic	12.9	13.0	13.0	13.0	12.9	13.0	13.0	13.0	12.9	13.0	13.0	13.0	12.9	13.0	13.0	13.0	12.9	13.0	13.0	13.0
Diluted	13.1	13.0	13.0	13.0	13.1	13.1	13.0	13.0	13.1	13.0	13.0	13.1	12.9	13.0	13.1	13.1	13.1	13.0	13.1	13.1
EBITDA	8.7	1.5	(12.8)	(0.3)	29.1	24.9	(13.8)	(5.2)	9.9	(0.9)	(4.6)	5.6	(25.7)	(22.1)	14.3	24.6	22.0	3.6	(17.0)	24.7
EBITDA/share	\$0.66	\$0.12	(\$0.98)	(\$0.02)	\$2.23	\$1.90	(\$1.06)	(\$0.40)	\$0.76	(\$0.07)	(\$0.36)	\$0.43	(\$1.98)	(\$1.69)	\$1.09	\$1.88	\$1.68	\$0.27	(\$1.30)	\$1.89

## DISCLOSURES

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## Ratings

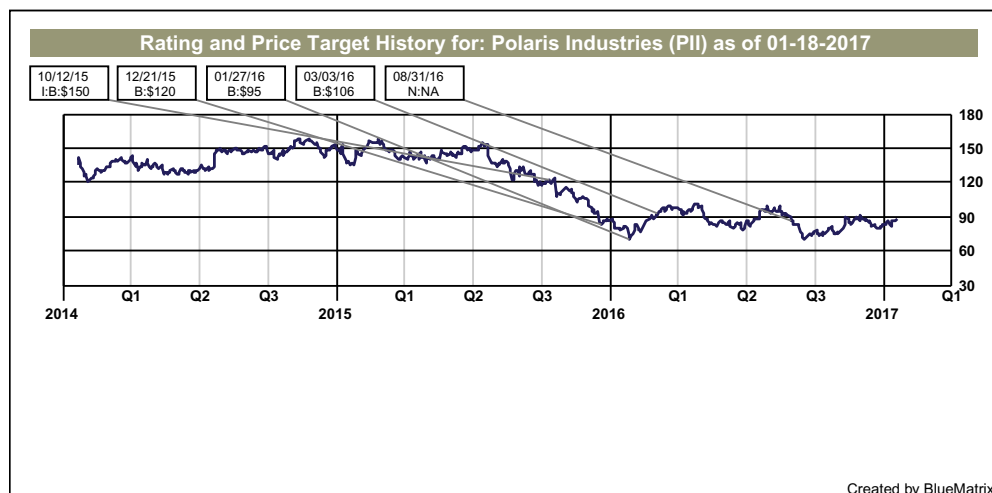
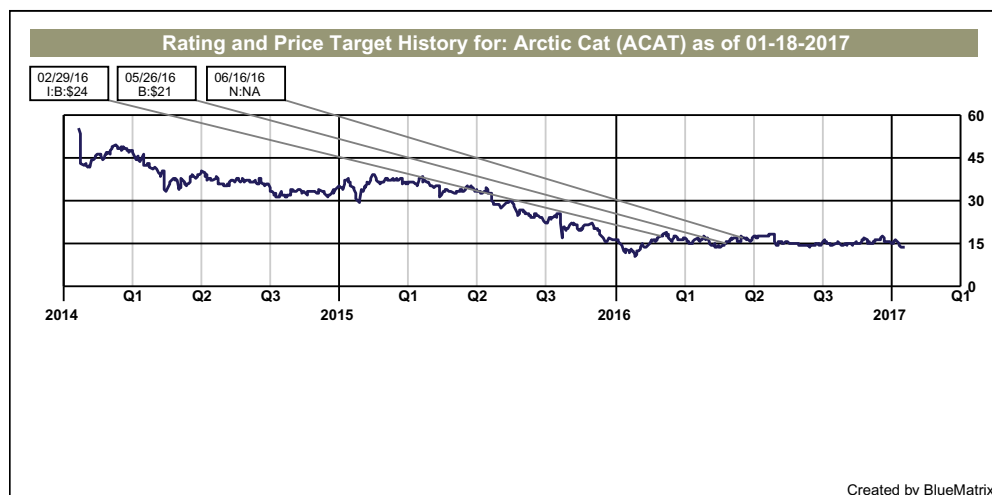
**BUY** – The stock is expected to outperform the S&P 500 index over a twelve-month period.

**NEUTRAL** – The stock is expected to perform in-line with the S&P 500 index over a twelve-month period.

**SELL** – The stock is expected underperform the S&P 500 index over a twelve-month period.

## Valuation and Risks

Our price target, as well as our recommendation, is based on a 12-month time horizon; however, we cannot guarantee an investor will achieve these results. We use a variety of methods to determine the price target of individual securities including fundamental analysis. In addition, we employ numerous valuation methodologies which include, but are not limited to, price to earnings multiples, enterprise value to earnings before interest, taxes, depreciation, and amortization (EBITDA), book value, free cash flow yield, discounted cash flow, and relative valuation. All securities are subject to various risk factors. Please reference the above text and our most recent report for specific company valuation and price target.



**Rating Summary**

Distribution of Ratings Table		
Rating	Count	Percent
BUY(B)	56	35.44%
NEUTRAL(N)	98	62.03%
SELL(S)	4	2.53%
Total	158	

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