

# Jones Lang LaSalle Incorporated

Recommendation<sup>[as of June 30, 2016]</sup>: **HOLD**

S&P Capital IQ Risk Evaluation: MODERATE Price: 95.90 (Jul 01, 2016 close) Trading Currency: USD Country: United States

GICS Sector: Financials

S&P Capital IQ Sector Ranking: MarketWeight

S&P Capital IQ Quality Ranking: B

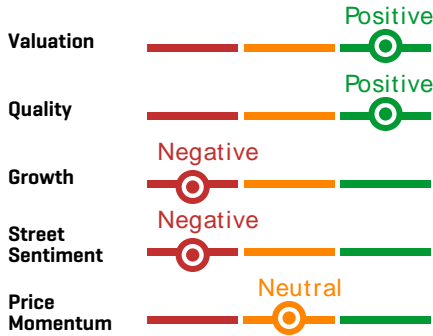
GICS Industry: Real Estate Services

**Business Summary:** Jones Lang LaSalle Incorporated, a financial and professional services company, provides commercial real estate and investment management services worldwide.

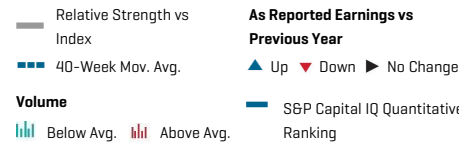
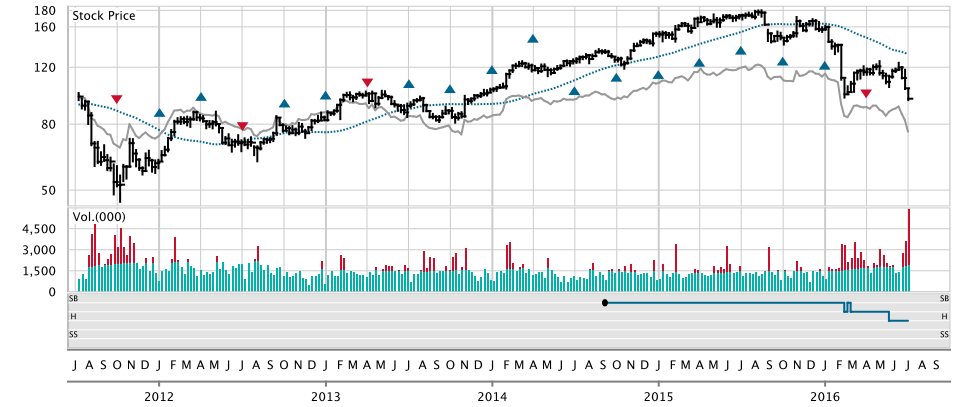
## S&P Capital IQ [as of June 30, 2016]

### Quantitative Model Drivers

Recommendation: **HOLD**



## Price Performance



| Total Return[%CAGR] | YTD   | 1Yr   | 3Yr  | 5Yr  |
|---------------------|-------|-------|------|------|
| NYSE:JLL            | -39.8 | -44.2 | 1.6  | 0.6  |
| Peer Average        | -18.1 | -28.0 | -6.0 | 2.2  |
| S&P 500             | 4.1   | 3.5   | 11.5 | 11.8 |

Quantitative Rankings: SB = Strong Buy, H = Hold, SS = Strong Sell  
Past performance is not an indication of future performance and should not be relied upon as such.

## S&P Capital IQ Risk Evaluation :

**MODERATE**

|                         |          |
|-------------------------|----------|
| Asset/Market Size Risk  | Low      |
| Financial Leverage Risk | Moderate |
| Price Volatility Risk   | High     |
| Liquidity Risk          | Low      |

## S&P Capital IQ Model Ranking Factors

- NYSE: JLL's HOLD recommendation is based on its score from S&P Capital IQ's quantitative model for the United States.
- Valuation and Growth model sub-categories are the largest positive and negative drivers, respectively, of the HOLD recommendation.
- Valuation includes factors such as price to earnings, price to EBITDA, and price to cash flow.
- Growth includes factors that measure EPS growth and stability and cash flow growth and stability.
- NYSE: JLL's overall score ranked in the 55th percentile of all stocks in the model universe (1 = best and 100 = worst).

## Key Statistics

|                                     |                |
|-------------------------------------|----------------|
| Market Cap [Mln of USD]             | 4,327          |
| 52-Wk Range [USD]                   | 94.96 - 179.97 |
| Value of USD 10K Invested 5 Yrs ago | 10,311         |
| Beta vs S&P 500                     | 0.11           |
| Common Shares Outstanding[Mln]      | 45.1           |
| Average Daily Volume [Mln]          | 0.492          |
| Insider Ownership[%]                | 0.71           |

## Dividend Data

Currency: USD

|                      | 5Yr Low | 5Yr Hi |
|----------------------|---------|--------|
| Indicated Rate/Share | 0.62    |        |
| Yield [%]            | 0.6     | 0.6    |
| Payout Ratio [%]     | 6.0     | 9.2    |

## Payment Details

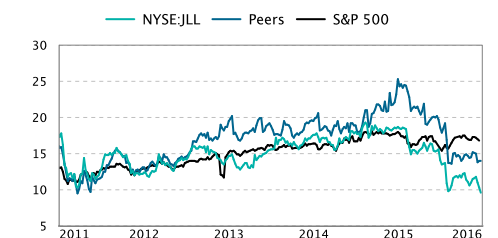
| Amount [USD] | Ex Div Date | Record Date | Payment Date |
|--------------|-------------|-------------|--------------|
| 0.310        | May 11      | May 13      | Jun 15, 2016 |
| 0.290        | Nov 10      | Nov 13      | Dec 15, 2015 |
| 0.270        | May 13      | May 15      | Jun 15, 2015 |
| 0.250        | Nov 12      | Nov 14      | Dec 15, 2014 |

## Compound Annual Growth Rates

| Revenue - %CAGR       | 1Yr  | 3Yr  | 5Yr  |
|-----------------------|------|------|------|
| Company               | 9.0  | 15.3 | 15.0 |
| Peer Average          | 16.1 | 16.7 | 11.4 |
| S&P 500               | -2.2 | 1.1  | 3.4  |
| Operating EPS - %CAGR |      |      |      |
| Company               | 7.0  | 22.9 | 21.0 |
| Peer Average          | 19.4 | 19.0 | 32.6 |
| S&P 500               | 1.8  | 2.9  | 3.7  |

## 5 year P/E Ratio Comparisons [forward 12-month EPS estimates]

| Current        |      |
|----------------|------|
| NYSE:JLL       | 9.6  |
| Peer Average   | 14.0 |
| S&P 500        | 17.3 |
| 5-Year Average |      |
| NYSE:JLL       | 14.9 |
| Peer Average   | 16.9 |
| S&P 500        | 15.1 |



# Jones Lang LaSalle Incorporated

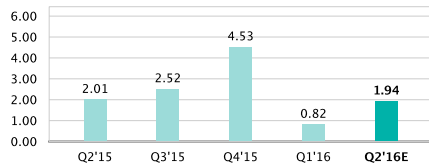
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## Earnings Per Share and Revenues (Millions USD, except per share)

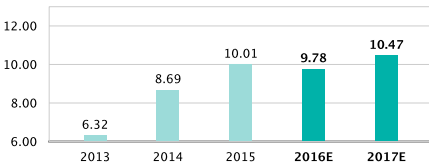
Fiscal year ends Dec 31. Next earnings report expected: Late Jul.

### EPS Quarterly - Actual & Estimated



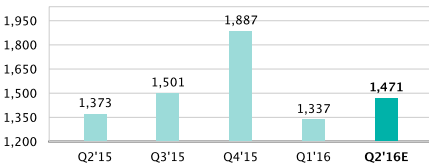
|                 | Q2'15 | Q3'15 | Q4'15 | Q1'16 | Q2'16E |
|-----------------|-------|-------|-------|-------|--------|
| %Yr.-Yr Chg.    | 19.6  | 9.1   | 5.3   | -12.8 | -3.6   |
| % EPS Surprise  | 8.4   | 25.6  | -5.1  | 0.9   | -      |
| No. of Analysts | 7     | 8     | 7     | 6     | 8      |

### EPS Annual - Actual & Estimated



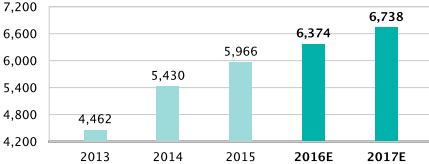
|                 | 2013 | 2014 | 2015 | 2016E | 2017E |
|-----------------|------|------|------|-------|-------|
| %Yr.-Yr Chg.    | 15.3 | 37.5 | 15.2 | -2.3  | 7.0   |
| Forward P/E     | -    | -    | -    | 9.8   | 9.2   |
| No. of Analysts | 6    | 8    | 7    | 9     | 9     |

### Revenues Quarterly - Actual & Estimated



|              | Q2'15 | Q3'15 | Q4'15 | Q1'16 | Q2'16E |
|--------------|-------|-------|-------|-------|--------|
| %Yr.-Yr Chg. | 7.5   | 9.9   | 7.9   | 11.1  | 7.1    |

### Revenues Annual - Actual & Estimated



|              | 2013 | 2014 | 2015 | 2016E | 2017E |
|--------------|------|------|------|-------|-------|
| %Yr.-Yr Chg. | 13.4 | 21.7 | 9.9  | 6.8   | 5.7   |

Note: EPS & Revenues in graphs above may represent analyst-adjusted actuals and estimates and therefore may not match numbers in the financial data presentation below.

## Key Profitability Ratios

|                      | 2011 | 2012 | 2013 | 2014 | 2015 | LTM  |
|----------------------|------|------|------|------|------|------|
| % Operating Margin   | 8.6  | 8.5  | 8.7  | 9.4  | 9.5  | 9.0  |
| Peer Average         | 7.5  | 10.9 | 8.8  | 10.7 | 12.6 | 12.3 |
| % Net Margin         | 4.6  | 5.3  | 6.1  | 7.1  | 7.5  | 7.0  |
| Peer Average         | 2.3  | 5.6  | 7.2  | 8.7  | 9.7  | 10.0 |
| % Return on Capital  | 9.4  | 8.6  | 9.2  | 11.6 | 11.1 | 9.3  |
| Peer Average         | 0.7  | 5.8  | 9.0  | 10.5 | 11.4 | 12.5 |
| % Cash Flow to Sales | 5.9  | 8.3  | 6.6  | 9.2  | 6.3  | 6.1  |
| Peer Average         | 5.4  | 8.4  | 12.2 | 8.9  | 13.8 | 13.8 |

## Key Valuation Ratios

|                    | 2011 | 2012 | 2013 | 2014 | 2015 | Current |
|--------------------|------|------|------|------|------|---------|
| Fwd P/E - High     | 22.2 | 15.8 | 16.2 | 18.2 | 19.3 | 9.6     |
| Fwd P/E - Low      | 9.7  | 11.3 | 12.8 | 15.2 | 14.8 |         |
| Peer Average       | 18.6 | 11.2 | 16.5 | 19.3 | 20.6 | 14.1    |
| Avg EV/EBITDA      | 11.6 | 9.4  | 11.0 | 11.9 | 11.3 | 7.5     |
| Peer Average       | 10.6 | 11.0 | 11.7 | 14.2 | 12.7 | 9.0     |
| Avg Price to Sales | 1.2  | 0.9  | 1.0  | 1.2  | 1.3  | 0.7     |
| Peer Average       | 1.2  | 0.8  | 0.9  | 1.5  | 1.6  | 1.1     |
| Avg Price to Book  | 2.2  | 1.9  | 2.1  | 2.5  | 3.0  | 1.6     |
| Peer Average       | 2.7  | 3.7  | 4.8  | 4.1  | 3.5  | 2.2     |

## Income Statement, Cash Flow and Balance Sheet Data (Millions USD, except per share)

Fiscal Year Ending: Dec. 31

|                                 | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | LTM <sup>#</sup> |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|------------------|
| Revenue                         | 2,481 | 2,926 | 3,585 | 3,933 | 4,462 | 5,430 | 5,966 | 6,099            |
| Operating Income                | 164   | 267   | 307   | 335   | 387   | 508   | 564   | 547              |
| Net Income                      | -4    | 154   | 164   | 208   | 270   | 386   | 439   | 422              |
| Operating Cash Flow             | 251   | 384   | 211   | 326   | 295   | 499   | 376   | 375              |
| Capital Expenditures            | 44.2  | 47.6  | 91.5  | 94.8  | 110.7 | 156.9 | 149.1 | 197.6            |
| Earnings Per Share              | -0.11 | 3.48  | 3.70  | 4.63  | 5.98  | 8.52  | 9.65  | 9.29             |
| Dividends Per Share             | 0.20  | 0.20  | 0.30  | 0.40  | 0.44  | 0.48  | 0.56  | 0.56             |
| Dividend Payout Ratio           | NM    | 6%    | 8%    | 9%    | 7%    | 6%    | 6%    | 6%               |
| Free Cash Flow Per Share        | 5.35  | 7.64  | 2.70  | 5.16  | 4.09  | 7.55  | 4.99  | 3.90             |
| Cash and Short Term Investments | 69    | 252   | 184   | 152   | 153   | 250   | 217   | 240              |
| Long Term Debt                  | 175   | 198   | 463   | 444   | 430   | 275   | 530   | 1,058            |
| Total Debt                      | 198   | 226   | 528   | 620   | 455   | 378   | 842   | 1,372            |
| Common Equity                   | 1,379 | 1,569 | 1,691 | 1,951 | 2,180 | 2,387 | 2,689 | 2,737            |

Source: S&P Capital IQ

<sup>#</sup>LTM Last 12 months ended Mar 31, 2016. For balance sheet items, data is as of Mar 31, 2016.

Note: Data may be restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends as of ex-dividend date.

NA = Not Available. NM = Not Meaningful.

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### Peer Group Comparison

| Peer Group                        | Stock Symbol | Stk.Mkt.Cap<br>(Mln USD) | Recent<br>Stock<br>Price[USD] | 52 Week<br>Low/High[USD] | Beta  | Dividend<br>Yield[%] | Fwrd P/E | P/B<br>Ratio | S&P Capital IQ<br>Ranking <sup>1</sup> | Return On<br>Revenue[%] | Return On<br>Equity[%] | LTD to<br>Cap[%] |
|-----------------------------------|--------------|--------------------------|-------------------------------|--------------------------|-------|----------------------|----------|--------------|--|-------------------------|------------------------|------------------|
| Jones Lang LaSalle Incorporated   | NYSE:JLL     | 4,327                    | 95.90                         | 94.96/179.97             | 0.11  | 0.6                  | 9.6      | 1.6          | Hold                                   | 7.0                     | 16.7                   | 25.3             |
| Area Quest Inc                    | TSE:8912     | 22.36                    | 0.994                         | 0.828/1.549              | NA    | 2.0                  | NA       | 2.3          | NA                                     | 10.6                    | 18.7                   | 22.1             |
| Belvoir Lettings Plc              | AIM:BLV      | 57.84                    | 1.718                         | 1.121/1.773              | NA    | 5.2                  | 14.2     | 2.5          | Hold                                   | 24.7                    | 16.0                   | 3.2              |
| CBRE Group, Inc.                  | NYSE:CBG     | 8,698                    | 25.93                         | 22.74/38.76              | -0.09 | Nil                  | 11.3     | 3.1          | ★ ★ ★                                  | 4.7                     | 21.1                   | 40.5             |
| Colliers International Group Inc. | TSX:CIG      | 1,279                    | 33.87                         | 33.54/51.74              | 0.14  | 0.2                  | NA       | NA           | Hold                                   | 2.5                     | 4.0                    | 53.5             |
| IFM Investments Limited           | OTCPK:CTCLY  | 0.323                    | 0.0218                        | 0.0050/0.1900            | NA    | Nil                  | NA       | NA           | NA                                     | -6.5                    | -15.2                  | NA               |
| Kennedy-Wilson Holdings, Inc.     | NYSE:KW      | 2,110                    | 18.56                         | 15.74/26.44              | -0.17 | 3.0                  | NM       | 1.9          | Hold                                   | 12.7                    | 5.9                    | 61.8             |
| LSL Property Services Plc         | LSE:LSL      | 342.4                    | 3.287                         | 2.654/5.314              | NA    | 5.1                  | 7.4      | 2.1          | Buy                                    | 10.1                    | 32.0                   | 29.9             |
| Marcus & Millichap, Inc.          | NYSE:MMI     | 950.5                    | 25.30                         | 18.77/53.92              | NA    | Nil                  | 14.0     | 4.6          | Buy                                    | 9.5                     | 40.0                   | 4.5              |
| RE/MAX Holdings, Inc.             | NYSE:RMAX    | 701.3                    | 39.74                         | 30.22/43.22              | NA    | 1.5                  | 23.7     | 1.5          | Buy                                    | 30.0                    | 5.4                    | 74.9             |
| Realogy Holdings Corp.            | NYSE:RLGY    | 4,274                    | 29.27                         | 27.43/49.75              | NA    | Nil                  | 15.2     | 1.8          | Hold                                   | 3.1                     | 7.7                    | 51.3             |

<sup>1</sup> Quantitative Rankings : Strong Buy , Buy , Hold , Sell , Strong Sell ; Qualitative Rankings(STARS) : \*\*\*\*\* = Strong Buy , \*\*\*\* = Buy , \*\*\* = Hold , \*\* = Sell , \* = Strong Sell

S&P Capital IQ Rankings are not predictive of future performance. For full definitions of S&P Capital IQ Rankings, see the glossary section of this report.

Note: Peer Group selection is performed using S&P Capital IQ's proprietary peer ranking system. Peers are selected based on factors such as similarity of analyst coverage, industry, size, and region. The subject company is ranked against a universe of companies [ the "S&P Capital IQ Universe" ] which has been compiled by S&P Capital IQ and consists of a list of companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business. The subject company and some of the companies in the Peer Group may be ranked by two different ranking systems. For the purpose of S&P Capital IQ overall ranking/recommendation, the subject company is ranked against all the companies in the S&P Capital IQ Universe and not necessarily against the companies listed in the Peer Group

### Sub-Industry Outlook: Real Estate Services

We have a positive fundamental outlook on the real estate services sub-industry. We think that sales and leasing of commercial real estate are poised to continue to expand as the economy continues its recovery. We look for the rebound to be somewhat restrained, compared to previous recoveries as well as during the boom years. Nonetheless, we think credit conditions have become more accommodating for buyers of commercial real estate and will lead to some upside in pricing. In general, we see properties in strong, high barrier to entry markets able to command attractive prices, with those in secondary and tertiary markets lagging the sector recovery. We expect commercial real estate brokers to generally report better 2016 results, although we think that turmoil in European capital markets may have led to a pause in the pace of commercial real estate transactions since mid-2012. Recent operating results reflect leasing activity that is still expanding in U.S. markets while the level of real estate sales transactions is rebounding, in our view. We believe that tight credit conditions for commercial real estate brought on by the fallout from the residential real estate sector will continue to ease for larger, well-capitalized buyers. Going forward, we expect an uneven, but positive, flow of investment capital into most commercial real estate markets. In addition, we expect commercial real estate sales and leasing activity to expand in the U.S. and Asian markets. Investment management results could also benefit from rising asset prices. We believe that outsourcing of real estate management by companies looking to reduce costs will continue to complement the other businesses, helping to offset volatility in the other areas; we think outsourcing will continue to be a significant growth driver even once the economy has recovered. This is a historically strong-growing industry. Revenues at the top four publicly-traded U.S. Real Estate Management firms increased by a total of 18% in 2015, and 24% in 2014, helped by acquisitions. On an organic basis, the S&P Capital IQ consensus view of analysts expects 12% revenue growth in 2016, and 7% growth in 2017. Acquisitions will likely contribute to revenues in both years. Profits rose 7% in 2015, hurt by one company. The consensus forecast for 2016 is for profit growth of 17%. Due to concerns about the strength of the global economy, the S&P Real Estate Services Index fell 30.3% year to date through February 29, as compared to the 5.4% decrease of the S&P 1500 Index. However, in 2015, the S&P Real Estate Services Index rose 3.3%, beating the 1.0% decrease of the S&P 1500 Index.

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### Business Summary

Jones Lang LaSalle Incorporated, a financial and professional services company, provides commercial real estate and investment management services worldwide. It offers a range of real estate services, including agency leasing, project and development management/construction, capital markets, property management, corporate finance, real estate investment banking/merchant banking, energy and sustainability services, research, facility management outsourcing, strategic consulting and advisory services, investment management, tenant representation, lease administration, transaction management, logistics and supply-chain management, valuations, mortgage origination and servicing, and value recovery and receivership services. The company also provides investment management services to institutional and retail investors, including high-net-worth individuals. It offers its services to real estate owners, occupiers, investors, and developers for various property types, including cultural, educational, government, healthcare, laboratory, hotel, hospitality, and sports facilities; industrial, warehouse, office, residential, and retail properties; critical environments, data, and transportation centers; infrastructure projects; military housing; and shopping malls. The company was formerly known as LaSalle Partners Incorporated and changed its name to Jones Lang LaSalle Incorporated in March 1999. Jones Lang LaSalle Incorporated was founded in 1997 and is headquartered in Chicago, Illinois.

### Key Developments

|             |  |  |
|-------------|--|--|
| Jun-27-2016 | <b>M&amp;A Transaction Announcements</b> | Jones Lang LaSalle Incorporated [NYSE:JLL] entered into an agreement to acquire Global Corporate Occupiers Benchmarking Business from MSCI Inc. [NYSE:MSCI]. |
| Jun-22-2016 | <b>Company Conference Presentations</b>  | Jones Lang LaSalle Incorporated Presents at Africa Hotel Investment Forum, Jun-21-2016 through Jun-22-2016   |
| Jun-07-2016 | <b>M&amp;A Transaction Announcements</b> | Jones Lang LaSalle Incorporated [NYSE:JLL] entered into an agreement to acquire Travis Commercial Real Estate Services, Ltd.                                 |
| Jun-06-2016 | <b>Company Conference Presentations</b>  | Jones Lang LaSalle Incorporated Presents at REITWeek Investor Forum, Jun-07-2016   |
| Jun-06-2016 | <b>M&amp;A Transaction Announcements</b> | Jones Lang LaSalle Incorporated [NYSE:JLL] entered into an agreement to acquire BRG.   |
| Jun-05-2016 | <b>M&amp;A Transaction Announcements</b> | Jones Lang LaSalle Incorporated [NYSE:JLL] signed a definitive agreement to acquire Integral UK Ltd. from Integral UK Group Limited for \$330 million.       |
| Jun-02-2016 | <b>M&amp;A Transaction Closings</b>      | Jones Lang LaSalle Incorporated [NYSE:JLL] acquired Merritt & Harris, Inc.   |
| May-27-2016 | <b>Annual General Meeting</b>            | Jones Lang LaSalle Incorporated, Annual General Meeting, May 27, 2016  |
| May-27-2016 | <b>M&amp;A Rumors and Discussions</b>    | Liberty Center Reportedly Up For Sale  |
| May-25-2016 | <b>Seeking to Sell/Divest</b>            | Redcape Seeks Sale Of Fairfield Waters Site  |
| May-18-2016 | <b>M&amp;A Rumors and Discussions</b>    | Charter Hall's Eastern Building At Perth, Up For Sale  |
| May-17-2016 | <b>M&amp;A Transaction Closings</b>      | Jones Lang LaSalle Incorporated [NYSE:JLL] acquired Cassidy Turley Harry K. Moore.   |
| May-04-2016 | <b>M&amp;A Rumors and Discussions</b>    | Melbourne Hotels Up For Sale   |
| May-03-2016 | <b>Company Conference Presentations</b>  | Jones Lang La Salle Presents at Middle East Investment Summit 2016, May-02-2016 through May-03-2016  |
| Apr-28-2016 | <b>Private Placements</b>                | ImCheck24 GmbH announced that it has received funding from Innovationsstarter Hamburg GmbH, Jones Lang LaSalle Incorporated, and another investor.           |
| Apr-28-2016 | <b>Seeking to Sell/Divest</b>            | Walgreens Boots' Former Building Up For Sale   |
| Apr-27-2016 | <b>Earnings Calls</b>                    | Jones Lang LaSalle Incorporated, Q1 2016 Earnings Call, Apr 27, 2016   |

### Corporate Information

#### Investor Contact

Grace Chang [ 312-782-5800 ]

#### Office

200 East Randolph Drive  
Chicago, Illinois 60601  
United States

#### Telephone

312-782-5800

#### Web Site

www.jll.com

#### Key Officers

*Chairman*

S.A.Penrose

*Global Chief Executive Officer and Director*

C.Dyer

*President and Director*

C.Ulbrich

*Chief Financial Officer and Executive Vice President*

C.B.Kelly

*Chief Executive Officer of Lasalle Investment*

*Management - Jones Lang LaSalle's Investment Management Business*

J.A.Jacobson

*Chief Executive Officer of Americas and Member of Global Executive Board for Americas*

G.P.O'Brien

#### Board Members

H.Bague MA [Linguistics], S.A.Di Piazza Jr., C.Dyer, J.Forrest, A.D.S.Julius CBE, Ph.D.[Econ], M.Lu, B.A.MacAskill, M.H.Nesbitt, S.A.Penrose, A.M.Petach, A.Puri, S.Rao, C.Ulbrich

#### State of Incorporation

Maryland

#### Founded

1997

#### Employees

61,500

## Glossary

### S&P Capital IQ Quantitative Model Overall Recommendation and drivers of the recommendation

S&P Capital IQ's global quantitative stock reports provide a 5-tier recommendation assigning a Strong Buy, Buy, Hold, Sell, or Strong Sell recommendation based on a series of quantitative inputs from four separate regional models:

- United States
- Canada
- Developed Europe
- Developed Asia excluding Japan

Each of these regional models is based on between 25 and 40 different investment factors (financial ratios), selected from S&P Capital IQ's Alpha Factor Library.

To provide its recommendation Standard & Poor's Investment Advisory Services, LLC, a business unit of S&P Capital IQ, ranks a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed.

Within these categories, factors are chosen based on their historical predictive strength [alpha] within the region and their correlation with other factors. Each regional model contains two separate sub-models; one that uses factors specific to financial companies and one that focuses on non-financial companies. Due to the large number of banks in the U.S., the U.S. model also has a third sub-model specifically for banks.

Each company within a region is grouped with a universe of stocks and receives a score on each of the five (or six in the U.S.) model categories. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five [six] model category scores are then weighted and rolled up into a single percentile ranking for that company. Rankings are then assigned investment labels, as follows:

**Strong Buy:** top 10% by model score

**Buy:** next 20%

**Hold:** next 40%

**Sells:** next 20%

**Strong Sells:** bottom 10%

### S&P Capital IQ Risk Evaluation

S&P Capital IQ Risk Evaluation is a relative ranking, which represents an assessment of the risk of investing in a company's stock relative to the risk of investing in other companies' stocks in the same universe. To perform this assessment S&P Capital IQ evaluates the following risk categories:

Asset/Market Size Risk  
Financial Leverage Risk  
Price Volatility Risk  
Liquidity Risk

Each company's stock is percentile ranked from 1 to 100 against the other companies within the same S&P Capital IQ's universe on each of the four risk categories mentioned above, with 1 being low risk and 100 being

high risk. The overall S&P Capital IQ risk evaluation represents the combined scores on these Risk categories, calculated as an equal-weighted average of percentile ranks of the 4 risk categories. The highest 40% of companies in each universe receive a high risk ranking, the next 35% receive a moderate risk ranking and, the lowest 25% receive a low risk ranking.

All investments carry some sort of risk and a low risk ranking represents a relative ranking of S&P Capital IQ's assessment of the risk of investing in a company's stock versus the risk of investing in other companies that are part of that company's universe. Therefore, a low risk ranking should not be interpreted as an absolute risk evaluation, but as a relative measurement of the risk of investing in a company's stock.

### S&P Capital IQ Sector Ranking

S&P Capital IQ's Investment Policy Committee (IPC) consists of a team of five seasoned investment professionals. It meets weekly to discuss market trends and projections, maintain an S&P 500 12-month forward price target, and make asset allocation/sector recommendations. The IPC establishes over, market, and underweight recommendations on the 10 sectors within the S&P 500. Overweight and underweight recommendations imply that the group expects these sectors to outperform or underperform the S&P 500 during the coming six-to-12 month period, respectively. A "marketweight" recommendation indicates that the sector is expected to be a market performer during this same timeframe. The IPC analyses economic projections, fundamental forecasts, technical considerations, and historical precedent when making such recommendations. Changes in recommendations can be made more frequently than every six-12 months as market conditions evolve. Sector rankings will only be made available for sectors in the S&P 500. If a ranking is not available, the value will be N/A.

### S&P Qualitative Ranking (STARS)

#### ★ ★ ★ ★ ★ 5-STAR (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

#### ★ ★ ★ ★ 4-STAR (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

#### ★ ★ ★ 3-STAR (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

#### ★ ★ 2-STAR (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

#### ★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

### S&P Capital IQ Quality Ranking

(also known as S&P Capital IQ Earnings & Dividend Rankings)- Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

|                  |                     |
|------------------|---------------------|
| A+ Highest       | B Below Average     |
| A High           | B- Lower            |
| A- Above Average | C Lowest            |
| B+ Average       | D In Reorganization |
| NR Not Ranked    |                     |

**A Quality Ranking will not be made available and will be displayed as "NA" if there is insufficient data available to generate the Ranking.**

### S&P Capital IQ Consensus Estimates

S&P CIQ Consensus Estimates represent the aggregation of individual estimates provided by analysts that are covering a public company. A consensus number can be provided as either the mean or the median. The size of the company and the amount of analyst coverage will determine the size of the group from which the Consensus is derived. All of the available analysts' estimates may not necessarily be included in the Consensus. The Consensus will only include analysts' estimates that are based on the same methodology. Consensus Mean: The mathematical average of the detailed estimates after the appropriate exclusions have been applied. Consensus Median: This represents the midpoint of the range of estimates that are ranked from highest to lowest after the appropriate exclusions have been applied. If the number of estimates is even, then the average of the middle two figures is the median.

### Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard and Poor's in collaboration with Morgan Stanley Capital International (MSCI). Under the GICS structure, companies are classified in one of 154 sub-industries, which are grouped into 68 industries, 24 industry groups, and 10 economic sectors (consumer discretionary, consumer staples, energy, financials, health care, industrials, information technology, materials, telecom services, and utilities). This four-tier structure accommodates companies across the world and facilitates sector analysis and investing.

## Glossary

### Peer Group

A subset of an universe that groups companies by specific criteria, such as industry/across industry, lines of business, geography (local, regional, national, and international), size of business (e. g. in terms of revenue), performance criteria, etc.

### Universe

A set of companies that shares a common feature such as the same market capitalization, industry or index.

### Beta

Beta is a measurement of the sensitivity of a company's stock price to the overall fluctuation of a given benchmark index. The beta values used in this report are levered, unadjusted and derived from a least squares regression analysis using stock and benchmark index returns based on a monthly frequency. Beta is calculated using 60 monthly returns (each as of month end) but if the company's trading history is too short to provide such a sample, fewer than 60 but not fewer than 24 monthly returns are used to run the regression. Beta in this report uses five different benchmark indices to better estimate a stock's volatility against a respective market: the S&P 500 for all US stocks, the S&P/TSX index for all Canadian stocks, the S&P Europe 350 for all European stocks, the S&P/ASX 200 index for all Australian stocks, and the S&P Global 1200 for all other international stocks.

### Free Cash Flow (FCF)

Operating Cash Flow minus Capital Expenditures over the past 12 months

### Funds from Operations (FFO)

Funds from Operations (FFO) represents a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

### Not Meaningful (NM)

Value is available but it is not meaningful. Examples are certain negative ratios such as P/E, as well as certain ratios that are over +/- 100%

### Not Available (NA)

Value is not available for this data item

### Return on Capital

$EBIT / [(Total\ Equity + Total\ Debt + Deferred\ Tax\ Liability\ Non\ Current + Deferred\ Tax\ Liability\ Current)]$  Notes:

[1] If the denominator is less than or equal to zero then the ratio will be shown as NM

[2] If the return is less than (300%) then the value will be shown as NM

### Return on Equity

$Earnings\ From\ Continuing\ Operations / [(Total\ Equity[t] + Total\ Equity[t-1]) / 2]$  Notes:

[1] If both periods of data (t and t-1) are not available then the ratio will be shown as NM

[2] If the denominator is less than or equal to zero then the ratio will be shown as NM

### Relative Strength vs Index

Relative Strength vs Index measures the stock performance of the company versus all other stocks in the benchmark index each week. Weekly readings are accumulated to form the cumulative Relative Strength line.

### Relevant benchmarks:

| Region        | Country              | Index                   |
|---------------|----------------------|-------------------------|
| US            | US                   | S&P 500 Index           |
| Canada        | Canada               | S&P/TSX Composite Index |
| Europe        | All                  | S&P Europe 350 Index    |
| Asia ex Japan | Australia            | S&P/ASX 200 Index       |
| Asia ex Japan | All except Australia | S&P Global 1200         |

### Abbreviations Used in S&P Capital IQ Equity Research Reports

|        |  |
|--------|--|
| CAGR   | Compound Annual Growth Rate                                  |
| EBIT   | Earnings Before Interest and Taxes                           |
| EBITDA | Earnings Before Interest Taxes Depreciation and Amortization |
| EPS    | Earnings Per Share   |
| EV     | Enterprise Value   |
| FCF    | Free Cash Flow   |
| FFO    | Funds from Operations  |
| LTD    | Long Term Debt   |
| NM     | Not Meaningful [see definition above]                        |
| P/E    | Price/Earnings   |

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