Skyworks Solutions Inc

S&P Capital IQ
Recommendation
HOLD ★★

S&P Capital IQ Equity Analyst Angelo Zino, CFA

GICS Sector Information Technology
Sub-Industry Semiconductors

Summary This wireless semiconductor company focuses on radio frequency (RF) and complete cellular system solutions for mobile communications.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

- 52-Wk Range: $111.60–44.06
- trailing 12-Month EPS: $3.35
- Trailing 12-Month P/E: 31.3
- $10K Invested 5 Yrs Ago: $64,978

Price Performance

- 12-Mo. Target Price: $97.00
- P/E on S&P Oper. EPS 2015E: 3.69
- Yield (%): 2.10
- Dividend Rate/Share: $0.50
- Institutional Ownership (%): 25.0

Investment Rationale/Risk

- SWKS’s sales are likely to increase 40% in FY 16 (Sep.) and 12% in FY 16. We anticipate growth being driven by greater penetration for smartphones, which continue to displace traditional cellular phones. We see tailwinds including emerging market growth and the adoption of 3G and 4G technologies, which have significantly greater revenue potential per device compared to 2G devices, in our view. We expect markets like medical, automotive, military and industrial to be positive contributors. We also see high growth potential in wearables and the “Connected Home.”

- We look for gross margins to be between 46% and 48% through FY 16, compared to a 45% margin in FY 14. While we project lower prices over time for SWKS’s products, we anticipate a more favorable mix and higher volume allowing for margin expansion. Capital IQ consensus expectations for EBITDA margin expansion to 39% in FY 16 is attainable, we think.

- We forecast operating EPS of $5.00 in FY 15, and $5.69 in FY 16. We expect SWKS to focus on returning excess cash to shareholders.

- Past performance is not an indication of future performance and should not be relied upon as such.

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Our risk assessment reflects our concerns regarding SWKS’s exposure to the volatile telecommunications market, customer concentration and the resulting exposure to pricing pressure from large customers. In addition, sales to certain key customers appear uneven, in our view, and quarter to quarter volatility could continue to limit the company’s ability to consistently deliver earnings.

Revenue/Earnings Data

- Revenue (Million $)
  - 2015: 118.0
  - 2014: 94.1

Earnings Per Share ($)

- 2015: 0.80
- 2014: 0.65

Dividend Data

- Amount ($) Date Decl. Ex-Div. Date Stk. of Record Payment Date
- 0.110 Jul 17 Aug 5 Aug 7 Aug 21 '14
- 0.130 Nov 6 Nov 14 Nov 18 Dec 11 '14
- 0.130 Jan 22 Feb 3 Feb 5 Mar 3 '15
- 0.130 Apr 30 May 12 May 14 Jun 4 '15

Dividends have been paid since 2014. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

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CORPORATE OVERVIEW. Skyworks Solutions (SWKS) was created through the June 2002 merger of Alpha Industries, Inc. and Conexant Systems, Inc.

The company is an innovator of high performance analog semiconductors, and leverages its core technologies in automotive, broadband, cellular infrastructure, energy management, GPS, industrial, medical, military, wireless networking, smartphone and tablet applications. The company’s portfolio consists of amplifiers, battery chargers, DC/DC converters, infrastructure radio frequency (RF), LED drivers, mixers, modulators, power management devices, receivers, switches, and voltage regulators among other things.

SWKS is a wireless semiconductor company that focuses on radio frequency (RF) and complete cellular system solutions for mobile communications applications. The company offers front-end modules, RF subsystems, and cellular systems to wireless handset and infrastructure customers. The company’s product portfolio includes many key semiconductors found in a digital cellular handset, including switches and filters, components that switch signals and incorporate filtering functionality; power amplifier (PA) modules, which amplify a signal to provide sufficient energy for it to reach a base station; RF transceivers, which perform radio frequency transmit and receive functions; and synthesizers, used to tune to the correct channel to receive the RF signal from the base station.

Other important products include mixed signal processors, which convert analog signals into digital signals; digital signal processors (DSP), digital devices that act as the cellular handset’s central processor; audio products, components that enable voice communication; physical interface DSP firmware (channel coding and equalization software); and network access software (protocol stack supporting encoding and decoding). SWKS also offers a broad product portfolio addressing next generation wireless infrastructure applications, including amplifier drivers, ceramic resonators, couplers and detectors, filters, synthesizers, and front-end receivers. These components support a variety of radio frequency and mixed signal processing functions in the wireless infrastructure.

In FY 14 (Sep.), FY 13 and FY 12, Foxconn Technology Group and Samsung Electronics both comprised more than 10% of revenue. SWKS’s customer base also include companies such as Cisco, Ericsson, Fujitsu, General Electric, Google, Honeywell, HTC, Huawei, Lenovo, LG Electronics, Nest, Netgear, Nokia, Northrop Grumman, Rockwell Collins, and ZTE.

Competitors include Analog Devices, Avago Technologies, Linear Technology, Maxim Integrated Products, Murata Manufacturing, Peregrine Semiconductor, and RF Micro Devices.

IMPACT OF MAJOR DEVELOPMENTS. In January 2012, SWKS acquired Advanced Analogic Technologies and accelerated its entry into vertical markets with highly complementary analog semiconductor product lines, including battery chargers, DC/DC converters, voltage regulators and LED drivers. Power management semiconductors represent a strategic growth market for the company in applications like voltage regulation, energy efficiency and panel backlighting within the consumer electronics, computing and communications markets.

In June 2011, SWKS acquired SiGe Semiconductor and expanded its RF front-end solutions to facilitate wireless multimedia across a wide range of new applications. The acquisition of SiGe complemented SWKS’s position in wide area front-end solutions by adding SiGe’s innovative short range, silicon-based products.

FINANCIAL TRENDS. We expect revenue growth for SWKS’s in the foreseeable future to be driven by the growth of handset devices. Over the next several years, we look for SWKS’s addressable market to expand, as the transition to more advanced handsets increases the RF content in each device. Also, we see potential for more rapid growth in China, India and other emerging markets due to an increasing customer base in these regions. Overall, we believe the prospects for handset market growth is promising, as new users in developed countries grow and consumers shift to 3G/4G smartphones, which offer additional features compared to traditional 2G handsets.

At the end of December 2014, SWKS’s cash and cash equivalents comprised over a quarter of its total assets, and net cash per share was over $5.00. We expect cash to be returned to shareholders through share repurchases and dividends. In addition, we expect the company to be opportunistic with strategic acquisitions in an effort to expand and diversify its product portfolio.
Skyworks Solutions Inc

Quantitative Evaluations

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<th>S&amp;P Capital IQ</th>
<th>Fair Value Rank</th>
<th>1</th>
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<th>5</th>
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Based on S&P Capital IQ’s proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation

$113.90 Analysis of the stock’s current worth, based on S&P Capital IQ’s proprietary quantitative model suggests that SWKS is slightly undervalued by $8.95 or 8.5%.

Investability Quotient

Percentile

91 LOWEST = 1 HIGHEST = 100

SWKS scored higher than 91% of all companies for which an S&P Capital IQ Report is available.

Volatility

LOW AVERAGE HIGH

Technical Evaluation

BULLISH Since May, 2015, the technical indicators for SWKS have been BULLISH.

 Insider Activity

UNFAVORABLE NEUTRAL FAVORABLE

For further clarification on the terms used in this report, please visit www.standardandpoors.com/stockreportguide

Expanded Ratio Analysis

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<td>6.11</td>
<td>3.06</td>
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<td>Price/EBITDA</td>
<td>20.14</td>
<td>12.07</td>
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<td>Price/Pretax Income</td>
<td>24.78</td>
<td>15.93</td>
<td>15.27</td>
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<td>P/E Ratio</td>
<td>30.60</td>
<td>19.74</td>
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<td>Avg. Diluted Shares Outstg (M)</td>
<td>192.6</td>
<td>192.2</td>
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Figures based on calendar year-end price

Key Growth Rates and Averages

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<tr>
<td>Sales</td>
<td>27.87</td>
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<td>Net Income</td>
<td>64.58</td>
<td>27.49</td>
<td>32.90</td>
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<td>Sales Growth</td>
<td>19.97</td>
<td>16.13</td>
<td>15.43</td>
<td>10.90</td>
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<tr>
<td>Net Income</td>
<td>19.76</td>
<td>15.05</td>
<td>14.39</td>
<td>9.99</td>
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Ratio Analysis (Annual Avg.)

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<tr>
<td>Net Margin</td>
<td>19.97</td>
<td>16.13</td>
<td>15.43</td>
<td>10.90</td>
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<td>Return on Equity</td>
<td>19.76</td>
<td>15.05</td>
<td>14.39</td>
<td>9.99</td>
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Company Financials Fiscal Year Ended Sep. 30


Tangible Book Value 8.49 6.58 5.26 4.61 4.54 3.50 2.66 1.81 1.36 1.77
Cash Flow 3.01 1.98 1.59 1.59 0.85 0.99 0.61 -0.30 0.41
Earnings 2.38 1.45 1.05 1.19 0.75 0.55 0.67 0.36 -0.55 0.16
S&P Capital IQ Core Earnings 2.38 1.45 1.05 1.20 0.75 0.55 0.68 0.36 -0.55 -0.14
Dividends 0.22 Nil Nil NA NA NA NA NA NA NA
Payout Ratio 9% Nil Nil Nil Nil Nil Nil Nil Nil
Prices:High 74.97 28.64 31.44 37.82 29.75 14.58 NA 9.55 8.00 9.60
Prices:Low 27.20 19.57 16.48 13.72 12.64 3.88 NA 5.56 4.03 4.64
P/E Ratio:High 32 20 30 32 40 27 NA 27 NM 60
P/E Ratio:Low 11 13 16 12 17 7 NA NA NA NA

Income Statement Analysis (Million $)

Revenue 2,292 1,792 1,569 1,419 1,072 803 860 742 774 792
Operating Income 696 455 372 369 250 138 143 106 106 106
Depreciation 123 103 103 76.5 52.7 36.4 51.7 41.4 40.4 39.6
Interest Expense NA NA 0.67 1.94 4.25 3.64 7.33 12.6 14.8 14.8
Pretax Income 565 345 255 284 195 65.8 82.2 56.8 56.8 56.8
Effective Tax Rate 19.0% 19.3% 20.8% 22.9% 29.6% 19.4% 19.4% 19.4% 19.4% 19.4%
Net Income 458 278 202 227 137 93.3 111 57.7 57.7 57.7
S&P Capital IQ Core Earnings 458 278 202 228 137 93.3 111 57.7 57.7 57.7

Balance Sheet & Other Financial Data (Million $)

Cash 806 511 306 411 459 370 231 247 137 117
Current Assets 1,429 1,073 963 816 790 590 495 514 421 486
Total Assets 2,974 2,333 2,137 1,890 1,564 1,355 1,235 1,190 1,090 1,188
Current Liabilities 298 180 183 247 204 197 149 197 178 188
Long Term Debt NA NA 0.67 1.94 4.25 3.64 7.33 12.6 14.8 14.8
Common Equity 2,532 2,101 1,905 1,669 1,317 1,105 944 786 769 793
Total Capital 2,532 2,101 1,905 1,669 1,341 1,152 1,082 1,036 908 1,023
Capital Expenditures 209 124 94.1 101 88.9 39.2 64.8 42.6 49.4 38.1
Cash Flow 580 382 305 303 190 144 163 99.0 -47.8 65.2
Current Ratio 4.8 6.0 4.8 3.3 3.9 3.0 3.3 2.6 2.4 3.1
% Long Term Debt of Capitalization Nil Nil Nil Nil 1.8 4.1 12.7 19.3 19.7 22.5
% Net Income of Revenue 20.0 15.5 12.9 16.0 12.8 11.6 12.9 7.8 11.6 3.2
% Return on Assets 17.3 12.4 10.0 13.1 9.4 7.2 9.2 5.1 2.2 3.3
% Return on Equity 19.8 13.9 11.5 15.5 11.3 9.1 12.8 7.6 7.1 3.3

Data as originally reported in Company reports; bef. results of disc oper/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

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Sub-Industry Outlook

We have a positive fundamental outlook for the semiconductors sub-industry for the next 12 months. We think stabilizing economic conditions resulted in revenue growth of about 10% in 2014 following a mediocre increase of 3% in 2014. We see improving sales through 2016, albeit at a slower low-to-mid single digit pace. We expect a fairly lean inventory supply chain to leave the supply-demand balance even to slightly favorable for inventory replenishment, which should contribute to potential upside as demand improves.

Based on forecasts from Standard & Poor’s Economics, research from industry and trade groups, and our own bottom-up analysis for semiconductor companies within our coverage universe, we see the various end markets performing differently. We see PC stabilization as tablet cannibalization concerns alleviate and no longer acting as a drag on the sub-industry. We believe the communications and consumer end markets will remain healthy despite periods of lumpiness, as carrier comments in China suggest to us an improved spending outlook, and continued growth in smartphones. We believe the automotive sector has some favorable tailwinds despite soft global trends. We think industrial will improve. Given the high exposure to this end market, analog semiconductors are particularly exposed to this trend. All of this is against the backdrop of the proliferation of semiconductors across a range of electronic products and markets.

Industry margins continue to be a function of manufacturing utilization and inventory supply-demand imbalances. While companies that outsource manufacturing typically have more stability in gross margins (a trade-off for capped upside), others that have their own manufacturing see more variability. We believe some companies, especially in analog, maintain higher inventory levels, reducing potential leverage. However, it is becoming clear to us that the cost of moving to leading-edge manufacturing is reaching a tipping point as the cost benefits of moving to more advanced nodes diminishes. Intel believes that a vendor needs to generate two times the amount of revenue generated annually per dollar of R&D. As such, we expect a continued shift toward outsourcing and market share shifts among the companies with sufficient resources to move ahead.

Long term, growth in semiconductors is highly correlated to global GDP, due to changes in inventory levels.

Year to date through March 6, 2015, the S&P Semiconductors sub-industry index increased 0.4%, versus a 0.7% rise for the S&P 1500 Index.

--Angelo Zino, CFA


| Sub-Industry : Semiconductors Peer Group*: Semiconductors Communications IC |
|---|---|---|---|
| Peer Group | Stock Symbol | Stock Cap. (Mil. $) | Recent Stock Price($) | 52 Week High/Low($) | Beta | Yield (%) | P/E Ratio | Fair Value Calc.($) | S&P IQ %ile | Return on Revenue (%) | LTD to Cap (%) |
| Skyworks Solutions | SWKS | 20,009 | 104.95 | 111.60/44.06 | 1.23 | 0.5 | 31 | 113.90 | B | 91 | 20.0 | NA |
| ANADIGICS Inc | ANAD | 45 | 0.84 | 1.55/0.55 | 1.17 | Nil | NM | NA | C | 3 | NM | NA |
| Applied Micro Circuits | AMCC | 548 | 6.97 | 11.48/6.61 | 1.55 | Nil | NM | 4.30 | C | 7 | NM | NA |
| Broadcom Corp’A’ | BRCM | 29,711 | 54.02 | 57.70/34.50 | 0.94 | 1.0 | 47 | 59.60 | B | 96 | 7.7 | 15.0 |
| Cypress Semiconductor | CY | 4,116 | 12.84 | 16.25/8.04 | 1.57 | 3.4 | NM | 15.60 | B- | 74 | 2.5 | 52.9 |
| DSP Group | DSPG | 251 | 11.02 | 12.17/8.30 | 1.14 | Nil | 48 | NA | B- | 79 | 2.5 | NA |
| Ikanos Communications | IKAN | 16 | 2.34 | 5.05/1.72 | 2.00 | Nil | NM | NA | C | 5 | NM | NA |
| Intersil Corp’A’ | ISIL | 1,702 | 13.32 | 16.39/11.09 | 1.51 | 3.6 | NM | 10.80 | B- | 71 | 9.7 | NA |
| Marvell Technology Group | MRVL | 7,397 | 14.29 | 16.78/11.65 | 0.71 | 1.7 | 21 | 15.30 | NR | 66 | 11.7 | NA |
| PMC-Sierra Inc | PMCS | 1,862 | 9.20 | 9.86/6.52 | 1.27 | Nil | NM | 9.20 | C | 60 | NM | NA |
| Qorvo Inc | QRVO | 12,394 | 83.51 | 86.75/36.60 | 1.13 | Nil | 40 | 96.80 | B- | 72 | 11.5 | NA |

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.
Skyworks Solutions Inc

May 1, 2015
08:07 am ET ... S&P CAPITAL IQ KEEPS HOLD RECOMMENDATION ON SHARES OF SKYWORKS SOLUTIONS INC. (SWKS 92.25***). We raise our FY 15 (Sept.) operating EPS estimate to $5.00 from $4.74 and FY ’16’s to $5.69 from $5.40. We increase our 12-month target price to $97 from $85, on higher revised P/E near peers. SWKS posts Mar-Q operating EPS of $1.15 vs. $0.62, beating our $1.12 estimate. Sales rose 58%, near expectations, led by growth in integrated mobile systems and all other categories. Margins widened, aided by better mix. We see significant RF opportunities driven by growth in China and greater 4G wireless adoption. We see greater penetration in areas like wearables and automotive. /A. Zino-CFA

January 23, 2015
08:05 am ET ... S&P CAPITAL IQ KEEPS HOLD RECOMMENDATION ON SHARES OF SKYWORKS SOLUTIONS INC. (SWKS 79.33***). We raise our FY 15 (Sept.) operating EPS estimate to $4.74 from $4.45 and FY ’16 to $4.78 from $4.78. We increase our 12-month target price to $85 from $72, on higher revised P/E near peers. SWKS posts Sep-Q operating EPS of $1.26 vs. $0.67, beating our $1.18 estimate. Sales rose 12% from Sep-Q, better than Capital IQ consensus, led by growth in integrated mobile systems and all other categories. Margins widened, on better mix and higher volume. We positively view RF growth potential and opportunities across high growth areas like wearables, automotive and the "Connected Home." /A. Zino-CFA

November 7, 2014
09:38 am ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF SKYWORKS SOLUTIONS (SWKS 62.14***). We raise our FY 15 (Sept.) operating EPS estimate to $4.45 from $3.91 and FY 16 to $4.78 from $4.22. We raise our 12-month target price by $12 to $73, on higher revised peer-average P/E. SWKS posts Sep-Q operating EPS of $1.12 vs. $0.64, beating our $1.01 estimate. Sales rose 22% from Q2, near Capital IQ consensus, led by growth in integrated mobile systems and all other categories. We positively view recent customer wins and opportunities across high growth potential markets like automotive. We note SWKS increases its quarterly dividend to $0.13 per share, an 18% increase. /A. Zino-CFA

October 14, 2014
12:25 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF SKYWORKS SOLUTIONS (SWKS 59.56***). SWKS provides updated Sep-Q view and now sees revenue of $718 million (up 51% year-over-year and 22% from Jun-Q) and operating EPS of $1.08. This compares to prior guidance of $680 million in revenue and $1.00 operating EPS. We expect SWKS to continue to outgrow the industry given its wireless opportunities as well as China demand prospects. We see consolidation benefiting SWKS and peers: RF Micro Devices (RFMD 10***), Triquint Semiconductor (TQNT 18***), and Avago (AVGO 72***). We maintain our 12-month target price at $61 and note Sep-Q earnings release set for November 6. /A. Zino-CFA

September 5, 2014
12:13 am ET ... S&P CAPITAL IQ BEGINS STARS COVERAGE ON SHARES OF SKYWORKS WITH A HOLD OPINION (SWKS 54.86***). We initiate analytical coverage on shares of this semiconductor provider with a Hold opinion. We set operating EPS estimates at $2.13 for FY 14 (Sep.), $2.91 for FY 15 and $4.22 for FY 16. Our 12-month target of $61 is based on a P/E of 15.7X our FY 15 estimate, near our 12-month target price of $570 million and from $0.73 to $0.80, respectively. Smigie also pointed to the deal between Skyworks and Panasonic as a potential bump in margins for Skyworks. He explained that, as a result of the deal...Acquire Media
Of the total 21 companies following SWKS, 20 analysts currently publish recommendations.

### Analysts’ Recommendations

#### Monthly Average Trend

- **Wall Street Average**
- **Number of Analysts Following Stock**
- **Stock Price ($)**

**Swks Trend**

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<th>2013</th>
<th>2014</th>
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### No. of Recommendations % of Total 1 Mo. Prior 3 Mos. Prior

- **Buy**
  - Recommendations: 13
  - % of Total: 65
  - 1 Mo. Prior: 0
  - 3 Mos. Prior: 14
- **Buy/Hold**
  - Recommendations: 2
  - % of Total: 10
  - 1 Mo. Prior: 0
  - 3 Mos. Prior: 3
- **Hold**
  - Recommendations: 4
  - % of Total: 20
  - 1 Mo. Prior: 0
  - 3 Mos. Prior: 2
- **Weak Hold**
  - Recommendations: 1
  - % of Total: 5
  - 1 Mo. Prior: 0
  - 3 Mos. Prior: 1
- **Sell**
  - Recommendations: 0
  - % of Total: 0
  - 1 Mo. Prior: 0
  - 3 Mos. Prior: 0
- **No Opinion**
  - Recommendations: 0
  - % of Total: 0
  - 1 Mo. Prior: 0
  - 3 Mos. Prior: 0
- **Total**
  - Recommendations: 20
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  - 3 Mos. Prior: 20

### Wall Street Consensus Estimates

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<td>M</td>
<td>52</td>
<td>54</td>
<td>56</td>
<td>54</td>
</tr>
<tr>
<td>J</td>
<td>56</td>
<td>58</td>
<td>60</td>
<td>58</td>
</tr>
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</table>

**Fiscal Years**

<table>
<thead>
<tr>
<th>2016</th>
<th>Avg Est.</th>
<th>High Est.</th>
<th>Low Est.</th>
<th># of Est.</th>
<th>Est. P/E</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>5.69</td>
<td>5.69</td>
<td>5.69</td>
<td>1</td>
<td>18.4</td>
</tr>
<tr>
<td>2015</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>1</td>
<td>21.0</td>
</tr>
<tr>
<td>2016 vs. 2015</td>
<td>▲ 14%</td>
<td>▲ 14%</td>
<td>▲ 14%</td>
<td>0%</td>
<td>▼ -12%</td>
</tr>
</tbody>
</table>

A company’s earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.
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Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under our equity STARS (Stock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

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(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 capture 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
- A High
- A- Above Average
- B+ Average
- B Lower
- C Lowest
- D In Reorganization
- NR Not Ranked

**S&P Capital IQ EPS Estimates**
S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

**S&P Capital IQ Core Earnings**
S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grants, pension costs, restructuring and merger-related charges; insurance settlements; process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

**S&P Capital IQ 12-Month Target Price**
The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

**S&P Capital IQ Equity Research**

**Abbreviations Used in S&P Capital IQ Equity Research Reports**
- CAGR - Compound Annual Growth Rate
- CAPEX - Capital Expenditures
- CY - Calendar Year
- DCF - Discounted Cash Flow
- DDM - Dividend Discount Model
- 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
- FY - Fiscal Year
- P/E - Price/Earnings
- P/NAV - Price to Net Asset Value
- PEG Ratio - Price-to-Growth Ratio
- PV - Present Value
- ROA - Return on Assets
- ROE - Return on Equity
- ROIC - Return on Invested Capital
- ROIC - Return on Capital Employed
- ROI - Return on Investment
- R&D - Research & Development
- STARS - Sum-of-The-Parts
- WACC - Weighted Average Cost of Capital

**Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).**

**S&P Capital IQ Qualitative Risk Assessment**
Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

**STARS Ranking system and definition:**

- ★★★★★ 5-STARS (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-STARS (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-STARS (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-STARS (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-STARS (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.

**Relevant benchmarks:**
In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.
Stockworks Solutions Inc

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<th>Ranking</th>
<th>North America</th>
<th>Europe</th>
<th>Asia</th>
<th>Global</th>
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<tr>
<td>Buy</td>
<td>37.6%</td>
<td>21.0%</td>
<td>33.7%</td>
<td>34.4%</td>
</tr>
<tr>
<td>Hold</td>
<td>50.0%</td>
<td>48.0%</td>
<td>39.8%</td>
<td>48.4%</td>
</tr>
<tr>
<td>Sell</td>
<td>12.4%</td>
<td>31.0%</td>
<td>27.5%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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