

HEICO CORP. NYSE:HEI

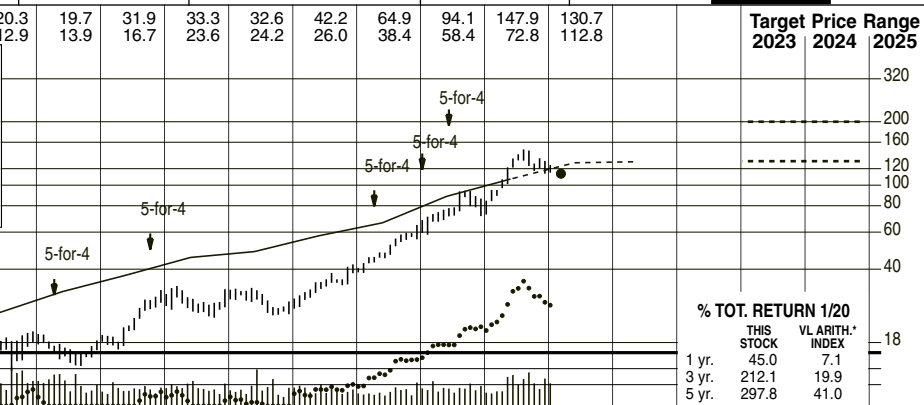
RECENT PRICE **113.34** P/E RATIO **41.2** (Trailing: 42.0 Median: 28.0) RELATIVE P/E RATIO **2.44** DIV'D YLD **0.1%**

VALUE LINE

TIMELINESS 3 Lowered 2/7/20
SAFETY 3 New 9/19/08
TECHNICAL 4 Lowered 2/28/20
BETA .90 (1.00 = Market)
18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$104-\$224 \$164 (45%)

High: 9.5 15.5 20.3 19.7 31.9 33.3 32.6 42.2 64.9 94.1 147.9 130.7
 Low: 4.5 8.6 12.9 13.9 16.7 23.6 24.2 26.0 38.4 58.4 72.8 112.8

LEGENDS
 — 35.0 x "Cash Flow" p sh
 ... Relative Price Strength
 5-for-4 split 4/11
 5-for-4 split 4/12
 5-for-4 split 10/13
 5-for-4 split 4/17
 5-for-4 split 1/18
 5-for-4 split 6/18
 Options: Yes
 Shaded area indicates recession



2023-25 PROJECTIONS
 Price Gain Ann'l Total Return
 High 200 (+75%) 15%
 Low 130 (+15%) 4%

Institutional Decisions
 12/2019 2020/19 302019
 to Buy 160 226 217
 to Sell 155 164 172
 Hld's(000) 33359 35411 36233

Percent shares traded: 45, 30, 15

Year	Price	Gain	Ann'l Total Return
High	200	(+75%)	15%
Low	130	(+15%)	4%

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
1.87	2.30	3.24	4.07	4.63	4.32	4.90	5.96	6.95	7.78	8.87	9.10	10.47	11.55	13.37	15.28	16.05	16.75	Sales per sh ^A	19.20	
.21	.26	.35	.41	.50	.48	.58	.71	.90	1.07	1.30	1.39	1.65	1.90	2.53	3.06	3.65	3.70	"Cash Flow" per sh	4.40	
.14	.18	.25	.30	.37	.35	.42	.56	.66	.78	.92	1.01	1.17	1.37	1.90	2.39	2.75	2.80	Earnings per sh ^{AB}	3.40	
.01	.01	.02	.02	.02	.03	.03	.04	.04	.06	.06	.07	.08	.10	.12	.14	.16	.20	Div'ds Decl'd per sh ^C	.50	
.05	.07	.08	.10	.11	.08	.07	.07	.12	.14	.13	.14	.23	.20	.32	.22	.30	.35	Cap'l Spending per sh	.35	
2.14	2.33	2.62	2.98	3.32	3.68	3.73	4.12	4.78	4.68	5.38	6.20	7.33	8.80	10.52	12.39	14.90	17.45	Book Value per sh	26.90	
115.51	117.18	120.99	124.70	125.90	124.56	125.84	128.41	129.06	129.64	129.92	130.61	131.42	132.00	132.93	134.50	137.00	139.00	Common Shs Outst'g ^D	140.00	
24.6	25.0	24.7	28.2	24.2	21.1	23.8	28.1	25.8	26.5	30.3	28.6	26.7	33.9	38.1	45.0	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	48.5	
1.30	1.33	1.33	1.50	1.46	1.41	1.51	1.76	1.64	1.49	1.59	1.44	1.40	1.70	2.06	2.46			Relative P/E Ratio	2.70	
.3%	.2%	.3%	.2%	.2%	.3%	.3%	.3%	.3%	.3%	.2%	.2%	.3%	.2%	.2%	.1%			Avg Ann'l Div'd Yield	.3%	

CAPITAL STRUCTURE as of 10/31/19
 Total Debt \$561.9 mill. Due in 5 Yrs. \$9 mill.
 LT Debt \$561.0 mill. LT Interest \$21.7 mill.
 (29% of Cap'l)
 Leases, Uncapitalized Annual rentals \$16.7 mill.
 Pension Assets-10/19 \$11.3 mill. Oblig. \$2.6 mill.
 Pfd Stock None
 Common Stock 134,502,728 shs.
 includes 80,345,982 Class A shares^D
MARKET CAP: \$15.3 billion (Large Cap)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
617.0	764.9	897.3	1008.8	1152.3	1188.6	1376.3	1524.8	1777.7	2055.6	2200	2330	Sales (\$mill) ^A	2685					
20.5%	20.5%	21.6%	21.8%	23.5%	23.3%	23.7%	24.4%	25.5%	26.3%	28.0%	28.0%	Operating Margin	28.5%					
17.6	18.5	30.7	36.8	47.8	47.9	60.3	64.8	77.2	83.5	90.0	100	Depreciation (\$mill)	115					
54.9	72.8	85.1	102.4	121.3	133.4	156.2	186.0	259.2	327.9	405	420	Net Profit (\$mill)	505					
33.7%	31.0%	33.8%	31.1%	30.1%	31.7%	31.5%	30.3%	19.8%	17.8%	19.0%	20.0%	Income Tax Rate	20.0%					
8.9%	9.5%	9.5%	10.2%	10.5%	11.2%	11.3%	12.2%	14.6%	16.0%	18.4%	17.9%	Net Profit Margin	18.8%					
177.5	193.2	236.4	280.2	279.1	335.2	369.8	382.5	451.4	524.6	640	675	Working Cap'l (\$mill)	725					
14.1	39.8	131.2	376.8	328.7	367.2	457.8	673.5	531.6	561.0	550	525	Long-Term Debt (\$mill)	450					
469.1	529.1	616.7	606.3	699.5	809.9	963.4	1161.1	1398.3	1666.5	1890	2280	Retained to Com Eq	13.5%					
11.4%	12.8%	11.5%	10.6%	12.1%	11.5%	11.3%	10.4%	13.9%	15.2%	20.0%	17.0%	Return on Total Cap'l	13.5%					
11.7%	13.8%	13.8%	16.9%	17.3%	16.5%	16.2%	16.0%	18.5%	19.7%	20.0%	17.0%	Return on Shr. Equity	13.5%					
11.0%	12.9%	12.9%	15.7%	16.2%	15.3%	15.1%	14.9%	17.4%	18.6%	20.0%	17.0%	Retained to Com Eq	13.5%					
6%	6%	7%	7%	7%	7%	7%	7%	6%	6%	5%	7%	All Div'ds to Net Prof	14%					

BUSINESS: HEICO Corp. engages in the design, manufacture, and sale of aerospace, defense, and electronics-related products and services. It operates in two segments: The Flight Support Group (60% of 2019 sales) designs and manufactures jet engine and aircraft component replacement parts. The Electronic Technologies Group (40%) manufactures various electronic, microwave, and electro-optical products. Sales by industry: commercial aviation, 48%; defense and space, 31%; medical, electronics, and other, 10%. Has 5,900 employees. Off/dir. own 2.8% of Class A stock and 16.8% of common stock (1/20 proxy). Chairman and CEO.: Laurans A. Mendelson, Inc.: FL. Address: 3000 Taft Street, Hollywood, FL 33021. Tel.: (954) 987-4000. Internet: www.heico.com.

CURRENT POSITION (SMILL.)

	2017	2018	10/31/19
Cash Assets	52.1	59.6	57.0
Receivables	222.5	251.5	274.3
Inventory (FIFO)	343.6	401.5	420.3
Other	13.7	21.2	62.1
Current Assets	631.9	733.8	813.7
Accts Payable	89.7	107.2	106.2
Debt Due	.5	.9	.9
Other	159.2	174.3	182.0
Current Liab.	249.4	282.4	289.1

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '17-'19 to '23-'25

Rate	10 Yrs.	5 Yrs.	Est'd '17-'19 to '23-'25
change (per sh)	12.0%	11.0%	6.0%
Sales	18.5%	18.0%	10.0%
"Cash Flow"	18.5%	19.0%	10.5%
Earnings	19.0%	17.0%	15.5%
Dividends	12.5%	16.5%	17.0%

HEICO continued to benefit from elevated aftermarket aircraft demand in the fiscal first quarter of 2020 (ended January 31st). Grounding of the 737 Max has created a nice tailwind for the company's Flight Support Group (FSG), which generated organic revenue growth of 4% during the term. This advance was supplemented by a recovery in the Electronic Technologies Group (ETG), where typical lumpiness had an impact on the fourth quarter of 2019. There, organic revenues rose 6%, on a year-over-year basis, to a total of \$208.4 million.

FSG should continue to experience solid demand in the year ahead. Consistent with other aerospace and defense contractors, HEICO is expecting the 737 Max to return to service sometime during the second quarter of 2020. Still, demand for parts and repairs has become so strong that we find it unlikely that this will have a material impact on its near-term performance. Airlines are still likely to hold off on the retirement of aging aircraft in order to keep up with consumer demand.

HEICO ought to remain aggressive on the acquisition front. The company op-

erates under a manageable level of financial leverage, and it has been consistent in its pursuit of small bolt-on purchases in recent months. We would not be surprised to see it seek out a deal on a larger scale following the recent announcement of a near-\$740 billion Pentagon defense budget approved for 2020.

The company should continue to return value to shareholders in the years to come. HEICO recently raised its bi-annual dividend by a penny, to \$0.08 per share. However, we expect it to begin contributing on a more aggressive scale as operating cash flow expands. In 2020, the figure is expected to eclipse \$475 million.

Neutrally ranked HEICO stock is lacking long-term investment appeal. Shares of the company have fallen victim to some profit taking in recent months. However, we still find that the earnings potential that exists here fails to warrant a 3- to 5-year position at the recent price. To wit, we advise momentum-driven accounts and those of a more patient variety to await a stronger entry point before considering a position here.

QUARTERLY SALES (\$ mill.)^A

Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2017	343.4	368.7	391.5	421.2	1524.8
2018	404.4	430.6	465.8	476.9	1777.7
2019	466.1	515.7	532.3	541.5	2055.6
2020	506.3	560	560	573.7	2200
2021	540	590	590	610	2330

EARNINGS PER SHARE^{A B}

Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2017	.30	.34	.34	.40	1.38
2018	.48	.44	.49	.49	1.90
2019	.58	.60	.59	.62	2.39
2020	.89	.60	.60	.66	2.75
2021	.90	.60	.65	.65	2.80

QUARTERLY DIVIDENDS PAID^C

Calendar	Mar.31	Jun.30	Sept.30	Dec.31	Full Year
2016	.04	--	.04	--	.08
2017	.05	--	.05	--	.10
2018	.05	--	.06	--	.11
2019	.07	--	.07	--	.14
2020	.08	--	--	--	--

Robert J. Scudato
 March 6, 2020

(A) Fiscal years end Oct. 31st. (B) Diluted earnings, may not sum to total due to rounding and changes in shares outstanding. Excl. nonrecurr. gain: '14, \$0.10. Next earnings report late May. (C) Dividends will likely be paid in late January and July. A dividend of \$0.05 a share normally paid in January was paid on 12/21/12. Special per-share dividends of \$1.71 and \$0.35 were paid in 1/13 and 1/14, resp. (D) In millions, adjusted for splits and dividends. Class A common stock receives 1/10 vote per share.

Company's Financial Strength	B++
Stock's Price Stability	75
Price Growth Persistence	100
Earnings Predictability	95