Great Lakes Review

Since 1981

Quarterly

It's What Ahead that Counts: EPS!

- **CINTAS CORPORATION**
- **JOHN BEAN TECHNOLOGIES CORPORATION**
- **LKQ CORPORATION**
- **MIDDLEBY CORPORATION**
- **SCOTTS MIRACLE-GRO COMPANY**
- **STERIS PLC**
- **WABTEC CORPORATION**
- **ZEBRA TECHNOLOGIES CORPORATION**

Statistical Summary
December 18, 2018

Please see important disclosures at the end of this report.

It's What Ahead that Counts: EPS!

Upside earnings surprises no longer seem to mean as much as previously. The typical "noise" that traditionally has accompanied positive EPS surprises on reporting dates appears to have moderated its effect on market prices. "Noises" from concerns on tariffs, interest rate movements, political events here and abroad, consumer confidence, labor and raw material cost changes, etc. seem to have taken over front center, in some cases eclipsing the impact of past EPS performance. However, what still matters more than perhaps ever is the outlook as indicated in backlogs, demand trends, product creativity, forward guidance from management, and quality of earnings coupled with the degree of consistency in historic growth.

Therefore, we have attempted to analyze our Great Lakes Review names and, while recognizing the pitfalls of any and all earnings estimates for the coming year, ascertain which of our companies are most likely to maintain growth in earnings in 2019 despite the huge number of variables facing them. Some of our strongest earnings expectations are for the following:

CINTAS CORPORATION

JOHN BEAN TECHNOLOGIES CORPORATION

LKQ CORPORATION

MIDDLEBY CORPORATION

SCOTTS MIRACLE-GRO COMPANY

STERIS plc

WABTEC CORPORATION

ZEBRA TECHNOLOGIES CORPORATION

What we do know for certain is that our sincerest wishes from each of us to each of you are for the happiest, healthiest and most successful of new years in 2019 and beyond. HAPPY HOLIDAYS!

DJIA: 23,817

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CINTAS CORPORATION (CTAS $165), the work clothing rental and other services company, has shown record earnings each year since 2012 and meanwhile has, through a number of successful acquisitions, diversified from primarily a work clothing company (69% of revenue in FY97) to a provider of faster-growing ancillary products/services (now 52% of revenue). These products/services include entrance mats, shop towels & linen rentals, hygiene products, first aid & safety, fire protection services, and restroom and auto parts cleaning. Cintas now has around a 35% share of the fragmented uniform rental/sales market and is over 2x the size of its nearest competitor. EPS is projected up 22% in FY19 (May), on top of a 29% increase the previous year! Supporting the robust earnings are benefits from the March 2017 acquisition of G&K services (Cintas is on track to achieve $130 million-to-$140 million of annual cost synergies from G&K, including an incremental $32 million-to-$37 million in FY19); full employment benefitting the uniform business; continued penetration of ancillary services (penetration rates are still less than 20% in most cases); and a lower tax rate (estimated at 22% in FY19 from 29% a year earlier). Despite a stock repurchase program which has reduced the share count by 36% since May 2005 and an acquisition strategy which has expanded the Company into other products/services as indicated above, total debt was still equal to only about 43% of capitalization and debt-to-EBITDA 2.0 times on August 31, 2018.

Trading at 22.5 times our 12-month forward EPS estimate, or 141% of our 16% projected EPS growth rate and 14 times EV-to-projected FY19 EBITDA, the stock should be *HELD* for accounts seeking growth (organic growth in the mid-to-high single-digits for the last 8 consecutive years) as well as a dividend that has been increased for 35 consecutive years. Over the last five years, Cintas has traded at a price-to-earnings ratio, based upon trailing 12-month earnings, from a low of 8x (in FY09), to a high of 65x (in FY99), currently 26 times. The second quarter ended November should show EPS of $1.67 (vs the prior year's record $1.31) on sales of $1.69 billion (vs $1.61 billion), in line with EPS of $7.28 on sales of $6.85 billion for the year ending May 2019 despite higher raw material and wage costs. If so, gross* and free** cash flow per share should be $10.12 and $5.95, respectively. EPS for FY20 should rise to $8.12 on sales of $7.27 billion.

JOHN BEAN TECHNOLOGIES CORPORATION (JBT $72), a global leader in food processing and air transportation solutions, too has benefited from diversification given the combination of its FoodTech segment (69% of revenue) with the currently faster growing AeroTech (31%) business and under revitalized management since 2013. The result is record EPS every year since, and anticipated again this year despite tariffs and tough comparisons. EPS should grow 30% in 2018 (on top of a 21% increase last year to $3.10) to a record $4.03, helped by new accounting standard ASC 606 (adding around 60 cents) and strength in AeroTech, offset by lengthening sales cycles in FoodTech given customer caution over tariffs. If so, gross and free cash flow per share should be $5.76 and $4.04, respectively. Assuming delayed FoodTech orders are realized next year, and helped by a major restructuring underway (expected to save $4 million in 2018, $10 million-to-$15 million in 2019 and $45 million in 2020, as well as improve margins by over 200 bps), EPS is projected to increase 13% in 2019 to $4.56 (or 33% excluding benefits from ASC 606 in 2018).

Management is improving organic growth through new products, lowering costs and increasing efficiencies. Management is targeting revenue growth of 9%-to-11% per year, 4%-to-6% organic. CEO and Chairman, Tom Giacomini, 52, had been President/CEO of Dover Engineering Systems and Brian Deck, 49, CFO, had been CFO of National Material, a private holding company with international operations. The shares trade for 16.7x our 12-month forward EPS estimate, or 111% of our projected 3-to-5 year EPS growth rate of 15%, and are rated *HOLD*. However, investors focusing on the Company's attributes – i.e., the majority of its revenue in recession-resistant markets, 40%+ recurring revenue, effective management, blue-chip customer base, $755 million backlog on September 30, 2018, potential from emerging markets (20%-to-25% of sales), and free cash flow generally exceeding net income, may wish to be more aggressive, especially with the shares 42% off their all-time high of $124 in September 2018. The shares trade for 9.8x EV-to-estimated 2019 EBITDA of $276 million. Net debt is probably around 2x EBITDA.

*Gross Cash Flow: Net income plus depreciation and amortization.
**Free Cash Flow: Net income plus depreciation and amortization less capital expenditures and dividends.

LKQ CORPORATION (LKQ $25), the only national alternative parts distributor for the collision and repair industry, has experienced record EPS each year since becoming public in 2013 and expects another record this year and next. EPS is modeled up 13% in 2019 after a projected 19% increase in 2018 (helped by a lower tax rate). LKQ operates in the $17 billion U.S. wholesale Collision and $54 billion wholesale Mechanical repair markets, as well as those markets in Europe. LKQ holds a 25%-to-30% share of the domestic highly fragmented aftermarket/refurbished auto parts market and is over 20 times the size of its nearest competitor in North America (36% of sales). The Chicago-based Company's value proposition includes automotive parts at a 20%-to-50% lower cost than new OEM products, providing significant savings for insurance companies. With the May 2018 acquisition of Stahlgruber, only around 25% of revenue is now tied to the collision market, which may be further reduced over time. Acquisitions abroad have established LKQ as the #1 player in Europe (47%) at over 3x larger than #2. Robust new car sales over the past few years are now entering LKQ's "sweet spot" (coming off 3-year warranties with more aftermarket/salvage parts available), which should be a mild tailwind. Specialty (12%) is the leading distributor of aftermarket automotive and RV equipment and accessories, while other (5%) consists of scrap metal and other part sales. Net debt-to-EBITDA on September 30th was 3.0x, with a 3.0x-to-4.0x target in the near-to-mid-term.

Up every year since inception in 1998, revenue has compounded at a 19% rate over the last five years, reaching $9.74 billion in 2017, up 13%. EPS has compounded at 17% over the past five years and has risen every year since 2003, reaching a record of $1.88 in 2017. With EPS of 56 cents for 3Q18 (vs 45 cents) on a 27% increase (5% organic) in sales to $3.12 billion, the Company is on track for record EPS of $2.23 on revenue of $11.86 billion this year. If so, gross and free cash flow should be $2.64 and $1.85 per share, respectively. Our 2019 EPS estimate is $2.53 on revenue of $13.27 billion. State Farm just settled a decades long class action lawsuit that kept it in large part out of aftermarket parts. With an approximate 18% share of the automobile insurance market, State Farm potentially expanding its use of aftermarket parts could be a major win for LKQ. The shares, off 43% from their record high in January, are selling for 10.1 times our 12-month forward EPS estimate, or 78% of our 13% projected 3-to-5 year EPS growth rate, and are rated *BUY* for a 12-month price target of $48.

MIDDLEBY CORPORATION (MIDD $109), a leader in equipment for the commercial and residental cooking industry, is on schedule for another record year with EPS projected up 10% in 2018 and perhaps 14% in 2019. Sales and EPS have compounded at 18% and 20%, respectively, over the last 5 years in an industry not necessarily known for its creativity. The 129-year-old leader operates in three segments: Commercial Food Service equipment (64% of sales), Food Processing (13%), and since 2012, Residential Kitchen Equipment (23%). The Company was transformed in 2001 under CEO Selim Bassoul's emphasis on innovative products engineered to save costs on labor, energy, water, food waste and reduce wait time while allowing for new menu items. Emerging areas of growth include beverage (e.g., water dispensing, customized soda, nitro-beverages), food waste management (Middleby is targeting a "0" waste kitchen within the next five years), ventless (11 new ventless products will be introduced early next year), grocery, convenience stores, hospitals, food delivery, and freshness (e.g., a fully automated garden system allowing restaurants to create their own herbs). With the June 2018 acquisition of Taylor for $1 billion, Middleby now has a complete product offering for its major customers, including beverage as well as the "hot side." Debt on September 30, 2018 was 55% of total capitalization and just under 3x EBITDA net of cash.

With improving sales to domestic restaurant chains, momentum at Viking (high-end residential cooking equipment), and price increases to offset steel tariffs, partially offset by weaker conditions internationally and the lumpy food processing segment, EPS for 3Q18 was up 14% on sales up 20% to $713 million. Our 2018 EPS estimate is $6.02 on sales of $2.70 billion. If so, gross and free cash flow should be $7.37 and $6.47 per share, respectively. Historically CapEx has averaged only 1%-to-2% of revenue), leading to free cash flow generally higher than net income. Our 2019 EPS estimate is $6.87 on sales of $3.03 billion. The shares are currently selling for 16.5x our 12 month forward EPS estimate, or 118% of our 14% projected 3-to-5 year EPS growth rate, and are rated *GRADUALLY ACCUMULATE* for a 12-month price target of $139.

SCOTTS MIRACLE-GRO COMPANY (SMG $64), the leading provider of branded consumer lawn and garden products, could slip out of its earnings rut (EPS for the fiscal year ending September 2018 was off 6%) if conditions improve for its hydroponics/cannabis business (now 20% of sales) and expected synergies from acquired Sunlight Supply are realized. If so, EPS could rebound 13% in FY19. Scotts is the #1 company in the over $7 billion U.S. lawn and garden industry, with products holding markets shares of 55%-to-75%. Approximately 61% of revenue comes from Home Depot (35%), Lowe's (17%), and Walmart (9%). The Company is now pursuing higher growth markets, the most important of which is cannabis (Scott's Hawthorne segment). While currently a drag on results due to oversupply and regulatory issues in California (accounting for around 50% of Hawthorne's sales), conditions are showing signs of improvement. With cannabis recently legalized in Canada (and Scott's already working with major companies there), and moving towards legalization in the U.S. (now legal in 33 states for medical use and 10 for recreational), Hawthorne is expected to grow in the mid-single digits for FY19 (after a 27% organic drop in FY18). The Hagedorn Partnership, including CEO and Chairman, Jim Hagedorn, 62, who has been CEO since May 2001, owns 28% of the shares. Although total debt on September 30th represented 85% of total capitalization and debt-to-EBITDA was an estimated 4x, cash flow is typically in excess of net income. Dividends have increased in each of the last nine years and offer a current yield of 3.4%.

Sunlight is expected to add approximately 60 cents to EPS in FY19, primarily through facility consolidations (moving from 11 to 5). The fiscal year should also benefit from new products, such as Ortho GroundClear weed control that is the only product certified for use in organic gardens. These positives will be partially offset by tariff/commodity headwinds and higher labor costs. Our EPS estimate for the seasonally slow 1Q19 (Dec) is a loss of $1.30 per share (vs a $1.08 loss a year earlier), in line with EPS for FY19 of $4.20 (vs guidance of $4.10-$4.30) on sales of $2.93 billion. If so, gross and free cash flow are estimated at $5.79 and $2.18 per share, respectively. Our FY20 EPS estimate is $4.59 on sales of $3.17 billion. The shares are trading for 15.2x our 12-month forward EPS estimate, or 95% of our projected 3-to-5 year EPS growth rate of 16%, and are rated *GRADUALLY ACCUMULATE* with a 12-month price target of $101.

STERIS plc (STE $109), a leader in infection prevention equipment, has compounded both its sales and EPS at an extraordinary rate of 12% per year over the last 5 years, each year up, and we currently anticipate a 15% increase for FY19 (March). STERIS has an approximate 25% share in markets totaling over $10 billion growing at 3%-to-5% annually. Through organic growth and M&A (including the November 2015 acquisition of Synergy Health in the U.K. for $2.3 billion), recurring revenue (service and consumable sales) accounts for 75% of the corporate total. Revenue consists of Healthcare Products (49% of revenue – equipment and procedural solutions for healthcare providers, including washers, sterilizers, surgical tables, lights and cleaning chemistries); Healthcare Specialty Services (18% - hospital sterilization services and instrument & scope repair); Applied Sterilization Technologies (22% - contract sterilization and lab services for medical device and pharma customers); and Life Sciences (13% - capital equipment & consumables for pharma companies). Market drivers include an increased focus by hospitals on infection control and more procedures being done on an outsourced basis, requiring additional equipment for the new facilities. Long-term potential stems from outsourced disinfection being adopted on a larger scale in the United States. Debt on September 30th was equal to 30% of total capitalization and around 2x EBITDA.

With solid hospital spending, a backlog up 35% YoY to $203 million in Healthcare Products and around 30 new product launches, offset somewhat by tougher comparisons in the second half of FY19, for 3Q19 (Dec) EPS is estimated at $1.27 (vs $1.12 a year earlier) on revenue of $688 million (vs $662 million). Our FY19 EPS estimate is a record $4.78 (vs FY18's record $4.15 and Company guidance of $4.74-to-$4.84) on revenue up 5% (5%-to-6% organic) to $2.75 billion. If so, gross and free cash flow should be $6.06 and $2.48 per share, respectively. Our FY20 EPS estimate is $5.35 on sales of $2.90 billion. The shares are trading for 21.7x our 12-month forward EPS estimate of $5.03, or 167% our projected 3-to-5 year growth rate of 13% and are rated *HOLD* due to valuation, although investors seeking companies with a strong track record and relative immunity from political price pressures on other healthcare companies may wish to be more aggressive.

WABTEC CORPORATION (WAB $71), a leader in freight and transit rail equipment, components and services, was hurt in 2016 and 2017 by the decline in freight rail equipment usage, but now with a rebounding freight market and $4.6 billion backlog on September 30th, EPS is modeled up 12% in 2018 and 16% in 2019. The pending GE Transportation merger (expected to close in early 2019) will add $18.6 billion to the backlog and possibly 10 cents-to-55 cents next year, resulting in EPS growth in 2019 of 19%-to-30% assuming a successful integration. When closed, nearly 70% of revenue will be generated from freight (from around 35% currently) and 30% from transit (from 65%). The merger also brings complementary products (high-definition video monitoring, remote locomotive monitoring, etc.) that will further enhance Wabtec's offerings for autonomous train control. Wabtec generates about 57% of its revenue from the aftermarket and 65% overseas. When the merger closes, gross debt to EBITDA will be approximately 3.3x, and is targeted at less than 2.5x by the end of next year.

Revenue compounded over the last five years at 10% to $3.88 billion in 2017 but EPS at only 6% to $3.43 given a difficult freight market (where margins are around double that of transit). EPS for 4Q18 (Dec) is estimated at $1.03 (vs the prior year's $0.90) on sales of $1.11 billion (vs $1.08 billion), in line with EPS of $3.85 for 2018 (vs guidance of $3.85, $3.43 in 2017 and the record $4.10 in 2015) on sales of $4.35 billion, assuming recent momentum in Freight continues and improved margins in Transit as lower margined contracts in the U.K. are completed. If so, gross and free cash flow should be $4.99 and $3.48, per share, respectively. For 2019, our EPS estimate is $4.47 on sales of $4.57 billion. With the shares selling for 16.4x our 12 month forward Wabtec-only EPS estimate of $4.32, or 97% of their 3-to-5 year projected uneven EPS growth rate of 17%, our rating is *GRADUALLY ACCUMULATE*. Our 12-month price target is $110, where the shares would be trading for as much as 26x our EPS estimate. Since 2001, Wabtec has traded between 9x (in 2009) and 39x (in 2018) trailing 12 month earnings, 25x currently. The shares sell for 15.5x EV-to-2018 projected EBITDA of $668 million and 13.7x EV-to-2019 EBITDA of about $757 million.

ZEBRA TECHNOLOGIES CORPORATION (ZBRA $166), the leader in mobile computers, scanners and specialty printers, has seen its EPS compound at 22% over the last five years and set records in each of the last eight years. Aided by strength in all of Zebra's product lines, but especially mobile computers (Zebra's largest product line at around 40% of revenue) EPS is projected up 55% in 2018 and at least 10% in 2019. At about 50% larger than its nearest competitor, Honeywell, Zebra is the world leader with the industry's broadest product line and largest installed base (market shares as high as 45%) across addressable end-markets totaling $9 billion, with a total market potential of more than $15 billion when including faster-growing adjacencies. Zebra continues to see strength in mobile computing given around 10 million windows-based devices that still need to switch to a new operating system before 2020 (as Microsoft is no longer providing support); Zebra customers beginning to replace some original Android mobile computers purchased in 2014 with Zebra's next generation products; and in North America, 3G cellular services will be terminated in 2021 for 4G or 5G, impacting around 3 million devices. Debt on September 30th was equal to 61% of total capitalization, or 2.2x EBITDA net of cash, and should be at the bottom of Zebra's 2.0x-to-2.5x target range by the end of this year, allowing for bolt-on acquisitions, share repurchase and potentially even a dividend.

Zebra's competitive advantages include its scale (working with around 10,000 channel partners and servicing 95% of the Fortune 500), allowing it to attract additional channel partners; new product development; industry-specific solutions (e.g., for retail, transportation & logistics, healthcare and manufacturing); and software innovation (well over one-half of Zebra's 1,500 engineers are in software). EPS and sales for 3Q18 (Sept) soared 54% on sales up 17%, in line with our 2018 EPS estimate of $10.89 on sales of $4.43 billion. Gross and free cash flow for 2018 should each reach $12.37 and $10.27 per share, respectively. Our EPS estimate for 2019 is $12.00 on sales of $4.43 billion. The shares are selling at only 14.2x our 12-month forward EPS estimate, or 109% of our projected 3-to-5 year EPS growth rate of 13%, and are rated *GRADUALLY ACCUMULATE* for a 12-month price target of $214.

Again, best wishes for 2019 and beyond!

Great Lakes Review

December 18, 2018

a division of Wellington Shields & Co. LLC

Company Name	Stock Symbol	Fiscal Year End	Rating	SALES / REVENUE: Past 5-Year Growth (%)	SALES / REVENUE: Most Recent Fiscal ($mm)	5 - Year Growth (%): Past	5 - Year Growth (%): Projected	Trailing 12 Months (A)	12/18/18 Price	Price/12-mo Forward Estimated Earnings (x)	Relative Strength (B)	Equity Per Share	Market Cap ($mm)	NET RETURNS (%) on Sales	NET RETURNS (%) on Avg. Equity	PRE-TAX Return on Inv. Cap. (C)	Div. per Year	Ind. Yield (%)	Net Debt/ EBITDA (H)	Total Debt-to-Total Capitalization (%)	Free Cash Flow Per Share (D)	% Insider Ownership (E)	INSTITUTIONAL HOLDINGS (F): No. of Institutions	INSTITUTIONAL HOLDINGS (F): % Shares Held	Specialty Niche
ANSYS, Inc.	ANSS	Dec.	H	6	1,098	6	15	$4.94	$149	26	35	$29.46	12,868	32	16	32	Nil	Nil	N/A	Nil	$4.12	0.6	898	97	Simulation & Design Analysis Software
Applied Industrial Technologies	AIT	June	B	5	3,073	5	13	$3.99	$57	12	20	$22.10	2,227	4	14	16	$1.20	2.1	3.1	53	$2.13	2.3 (G)	385	94	Industrial/Fluid Power Products Distributor
AptarGroup, Inc.	ATR	Dec.	H	1	2,469	6	12	$3.88	$99	24	32	$21.37	6,477	9	18	18	$1.36	1.4	2.0	49	$2.25	0.7	512	94	Caps, Pumps, Aerosol Valves & Closures
CDW Corporation	CDW	Dec.	G	8	15,192	24	13	$4.82	$86	16	32	$7.55	13,184	4	62	27	$1.18	1.4	2.4	74	$3.26	1.6	607	97	Multi-Brand Technology Solutions Provider
Cintas Corporation	CTAS	May	H	9	6,477	19	16	$6.38	$166	23	27	$30.25	18,381	10	24	15	$2.05	1.2	1.8	43	$4.55	18.5 (P)	842	86	Uniform Rentals/Sales & Other Services
Dentsply Sirona Corporation	XRAY	Dec.	H	8	3,994	4	10	$2.25	$37	18	52	$22.89	8,359	15	8	9	$0.35	0.9	2.0	25	$2.31	0.9	855	99	Dental Equipment & Consumables
Gentex Corporation	GNTX	Dec.	H	10	1,795	19	11	$1.68	$20	12	24	$6.89	5,423	23	21	37	$0.44	2.2	N/A	Nil	$1.05	0.1	550	92	Auto-Dimming Mirrors / Related Products
John Bean Technologies	JBT	Dec.	H	12	1,635	20	15	$3.74	$71	16	23	$13.47	2,280	6	32	18	$0.40	0.6	2.0	53	$3.16	2.2	368	98	Food Processing and Transportaion Equip.
Lancaster Colony Corporation	LANC	June	H	4	1,223	5	10	$5.28	$185	33	53	$24.51	5,076	11	22	35	$2.60	1.4	N/A	Nil	$2.34	31.9	324	57	Specialty Foods
Lincoln Electric Holdings	LECO	Dec.	G	-2	2,624	4	13	$4.54	$81	16	36	$14.12	5,295	10	31	24	$1.88	2.3	0.4	43	$2.49	2.3	490	80	Welding Consumables & Equipment
LKQ Corporation	LKQ	Dec.	B	19	9,737	17	13	$2.13	$25	10	26	$15.33	7,959	6	15	9	Nil	Nil	3.3	47	$2.05	0.6	894	97	Auto Collision & Mechanical Repair Parts
Matthews International Corp	MATW	Sept.	G	10	1,603	9	9	$3.96	$40	10	37	$26.94	1,289	8	15	11	$0.80	2.0	4.0	53	$3.24	3.8	241	96	Death Care & Brand Solutions
Mettler-Toledo International	MTD	Dec.	H	3	2,725	13	14	$19.48	$578	27	34	$20.68	14,863	17	94	60	Nil	Nil	1.2	66	$15.71	2.3	870	98	Laboratory & Precision Instruments
The Middleby Corporation	MIDD	Dec.	G	18	2,336	20	14	$5.81	$110	17	31	$28.30	6,109	13	24	19	Nil	Nil	3.5	55	$5.86	2.0	590	98	Com'l & Residential Cooking Equipment
Multi-Color Corporation	LABL	Mar.	H	15	1,301	13	8	$4.07	$37	9	12	$35.49	755	5	12	8	$0.20	0.5	5.1	68	$4.00	15.4 (N)	251	94	Consumer Label Solutions
Neogen Corporation	NEOG	May	H	14	402	21	20	$1.27	$60	49	35	$11.02	3,165	16	12	21	Nil	Nil	N/A	Nil	$1.15	3.4	388	97	Food & Animal Safety Products
Nordson Corporation	NDSN	Oct	H	8	2,255	12	13	$5.94	$117	18	43	$24.59	6,922	16	27	18	$1.40	1.2	2.0	48	$5.11	0.5 (M)	475	75	Adhesive / Sealant / Coating Systems
PolyOne Corporation	POL	Dec	H	2	3,230	17	9	$2.42	$29	11	20	$7.61	2,301	6	27	13	$0.78	2.7	2.8	69	$1.92	1.0	411	98	Specialty Polymer Products & Services
RPM International, Inc.	RPM	May	G	5	5,322	10	17	$2.81	$60	19	32	$11.83	8,232	7	26	15	$1.40	2.3	3.1	58	$1.80	1.5	681	91	Branded Coating & Chemical Products
Scotts Miracle-Gro Company	SMG	Sept.	G	1	2,663	9	16	$3.71	$64	15	22	$6.49	3,545	8	41	15	$2.20	3.4	4.6	85	$1.93	28.0 (O)	516	75	Consumer Lawn and Garden Products
Stepan Company	SCL	Dec	H	1	1,925	4	10	$4.92	$75	14	32	$33.39	1,751	6	16	19	$1.00	1.3	0.1	27	$4.01	12.2	308	75	Specialty Chemicals
STERIS plc	STE	Mar.	H	12	2,620	12	13	$4.47	$110	22	33	$36.56	9,360	14	12	12	$1.36	1.2	1.7	Nil	$3.14	1.3	599	98	Infection Prevention Equip. & Services
Thor Industries, Inc.	THO	July	B	21	8,329	23	10	$6.99	$53	8	22	$36.45	2,817	5	24	40	$1.56	2.9	N/A	Nil	$5.90	4.8	666	97	Recreational Vehicle ("RV") Manufacturer
TransDigm Group Incorporated	TDG	Sept.	H	15	3,811	21	14	$17.92	$345	21	41	-$32.53	19,203	26	-42	11	Nil	Nil	6.0	116	$18.90 (I)	7.8	838	98	Aftermarket & OEM Aircraft Components
Wabtec Corporation	WAB	Dec.	G	10	3,882	6	17	$3.73	$72	17	18	$29.97	6,954	9	11	9	$0.48	0.7	5.2	57	$3.17	10.6	689	98	Freight & Transit Rail Products
Zebra Technologies Corp	ZBRA	Dec.	G	30	3,725	22	13	$10.22	$166	14	33	$22.30	9,020	10	47	14	Nil	Nil	2.4	61	$11.13	1.5	497	98	Specialty Printers & Mobile Computers

Sources: Company Reports and Great Lakes Review - "GLR" - Estimates (except as noted).

Ratings Code: B = Buy; G = Gradually Accumulate; H = Hold; TS = Trading Sell.
(A) - Fully diluted earnings per share excluding extraordinary gains and/or charges.
(B) - Source: Bloomberg 9 day RSI as of December 18, 2018.
(C) - ROIC = latest year pre-tax operating income divided by the prior 2 years average net capital (equity plus debt plus operating leases less cash & investments).
(D) - FCF = Net Income plus Depreciation & Amortization, minus Capital Expenditures & Dividends, divided by Year-End shares for the most recent year.
(E) - Source: Latest Company Proxy, EXCLUDING stock options exercisable within 60 days of the Proxy date.
(F) - Source: Bloomberg Description Page 2 of 4, Issue Information, December 18, 2018; and GLR estimates.
(G) - Includes Applied's Retirement Savings Plan (401k), which owns slightly less than 5%.

(H) - Source: Bloomberg Net Debt/EBITDA Adjusted
(I) - TDG's negative FCF/share is result of large special dividends
(K) - INCLUDING cash and investments, these companies had NO NET debt.
(M) - INCLUDING the Nord family shares, "insider" ownership approximates 20%.
(N) - INCLUDING Director Benacerraf's interest in Diamond Castle Holdings.
(O) - INCLUDING 27% owned by the Hagedorn partnership.
(P) - 13% in Summer Hill Partners LLC., is excluded from Institutional Holdings

Analysts' Certification

I, Elliott L. Schlang, certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their securities. I also certify that I have not been and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations in this report.

I, Jason A. Rodgers, certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their securities. I also certify that I have not been and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations in this report.

I, David M. Stratton, certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their securities. I also certify that I have not been and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations in this report.

Important Disclosures

Unless otherwise specified, the time frame for price targets included in this report is 12 months.
Our target prices are based on projected earnings for the following calendar year, and an assumed price/earnings ratio in line with the company's historical valuation or those of other companies with similar businesses and prospects.
The principal risks to the achievement of our price targets, in addition to general market trends, are disappointing earnings and a lower than expected price/earnings ratio.

Guide to Investment Ratings and Target Prices:
Buy. Strong fundamentals; attractive price relative to growth.
Gradually Accumulate. Strong fundamentals; price near aggressive buy target.
Hold. Price reflects short-term fundamental uncertainties or premium over target price.
Trading Sell. Fundamentals still attractive for the longer term, but fully priced relative to short-term performance.
Sell. Deteriorating fundamentals; coverage to be phased out.

Analysts' Ratings Distribution

		% Investment Banking
Buy*	42.3%	0%
Hold	57.7%	0%
Sell**	0.0%	0%

* Includes companies rated "Buy" and "Gradually Accumulate."
** Includes companies rated "Sell" and "Trading Sell."

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Price Chart

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