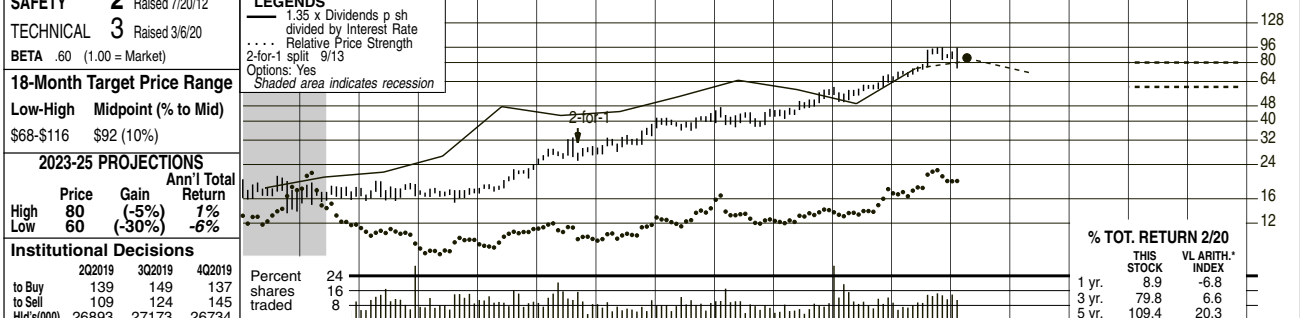


# AMER. STATES WATER NYSE-AWR

RECENT PRICE **84.60** P/E RATIO **37.6** (Trailing: 37.1 Median: 22.0) RELATIVE P/E RATIO **2.85** DIV'D YLD **1.5%** VALUE LINE



2023-25 PROJECTIONS

Price	Gain	Ann'l Total Return
High 80	(-5%)	1%
Low 60	(-30%)	-6%

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
6.81	7.03	7.88	8.75	9.21	9.74	10.71	11.12	12.12	12.19	12.17	12.56	11.92	12.01	11.88	12.86	12.95	13.30	Revenues per sh	16.40
1.11	1.32	1.45	1.65	1.69	1.70	2.11	2.13	2.48	2.65	2.67	2.81	2.70	2.96	2.84	3.26	3.25	3.55	"Cash Flow" per sh	4.50
.53	.66	.67	.81	.78	.81	1.11	1.12	1.41	1.61	1.57	1.61	1.62	1.88	1.72	2.28	2.25	2.40	Earnings per sh A	2.90
.44	.45	.46	.48	.50	.51	.52	.55	.64	.76	.83	.87	.91	.99	1.06	1.16	1.25	1.35	Div'd Decl'd per sh B	1.85
2.51	2.12	1.95	1.45	2.23	2.09	2.12	2.13	1.77	2.52	1.89	2.39	3.55	3.08	3.44	4.12	3.50	3.50	Cap'l Spending per sh	3.75
7.51	7.86	8.32	8.77	8.97	9.70	10.13	10.84	11.80	12.72	13.24	12.77	13.52	14.45	15.19	16.33	17.15	18.10	Book Value per sh D	21.35
33.50	33.60	34.10	34.46	34.60	37.06	37.26	37.70	38.53	38.72	38.29	36.50	36.57	36.68	36.76	36.85	37.00	37.25	Common Shs Outst'g C	37.50
23.2	21.9	27.7	24.0	22.6	21.2	15.7	15.4	14.3	17.2	20.1	24.6	25.6	25.7	34.0	34.4			Avg Ann'l P/E Ratio	23.5
1.23	1.17	1.50	1.27	1.36	1.41	1.00	.97	.91	.97	1.06	1.24	1.34	1.29	1.84	1.87			Relative P/E Ratio	1.30
3.6%	3.1%	2.5%	2.5%	2.9%	2.9%	3.0%	3.2%	3.1%	2.7%	2.6%	2.2%	2.2%	2.0%	1.8%	1.5%			Avg Ann'l Div'd Yield	2.6%

**CAPITAL STRUCTURE as of 12/31/19**  
 Total Debt \$286.3 mill. Due in 5 Yrs \$6.9 mill.  
 LT Debt \$281.0 mill. LT Interest \$24.5 mill.  
 (32% of Cap'l)

**Leases, Uncapitalized:** Annual rentals \$2.7 mill.  
**Pension Assets-12/19** \$192.5 mill.  
**Oblig.** \$231.9 mill.

**Pfd Stock** None  
**Common Stock** 36,859,505 shs. as of 2/20/20

**MARKET CAP:** \$3.1 billion (Mid Cap)

CURRENT POSITION (\$MILL.)	2017	2018	12/31/19
Cash Assets	2	7.1	1.3
Accts Receivable	26.1	23.4	20.9
Other	129.2	101.0	100.3
Current Assets	155.5	131.5	122.5
Accts Payable	51.0	59.5	55.6
Debt Due	59.3	40.3	5.3
Other	46.4	46.8	55.1
Current Liab.	156.7	146.6	116.0

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '17-'19 to '23-'25  
 Revenues 3.0% -- 5.0%  
 "Cash Flow" 6.0% 3.0% 7.0%  
 Earnings 9.5% 5.0% 6.5%  
 Dividends 8.0% 7.5% 9.5%  
 Book Value 5.5% 4.0% 5.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2017	98.8	113.2	124.4	104.2	440.6
2018	94.7	106.9	124.2	111.0	436.8
2019	101.7	124.7	134.5	113.0	473.9
2020	105	120	140	115	480
2021	107	123	145	120	495

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2017	.34	.62	.57	.35	1.88
2018	.29	.44	.62	.37	1.72
2019	.35	.72	.76	.45	2.28
2020	.40	.68	.72	.50	2.25
2021	.43	.72	.75	.55	2.40

Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	.224	.224	.224	.242	.91
2017	.242	.242	.255	.255	.99
2018	.255	.255	.275	.275	1.06
2019	.275	.275	.305	.305	1.16
2020	.305				

**The stock of American States Water has performed better than most equities during the latest disruption in the financial markets.** The utility provides a service that is essential. So, whether the economy is booming or experiencing problems, people's usage of water will not change significantly. Hence, American States' income stream is much better defined than the typical corporation. This has been reflected in AWR's year-to-date price performance, as the equity has declined less than 7%, versus the approximately 19% decrease posted by the broader market averages.  
**Earnings in 2020 will most likely not be able to match last year's impressive showing.** The company's stronger-than-expected fourth quarter of 2019 will make year-over-year comparisons difficult. Still, a combination of rate relief, cost control improvements, and a greater contribution from ASUS (more below), could enable share net to reach \$2.25. These same factors, along with growth in the rate base, ought to result in an increase in earnings per share to \$2.40, a 6% rise, in 2021.

**The nonregulated business should remain a key growth driver.** Through its ASUS subsidiary, American States provides water services to U.S. Army bases. As more water services at military installations are privatized, we expect ASUS to continue to increase, or at least maintain, its market share. The typical contract is for 50 years, and unlike its other operations, income is not regulated by state authorities. In 2019, profits increased here by 12%, and represented \$0.47 of the company's total share net.  
**Dividend growth prospects are bright.** The board usually announces a new annual increase in the payout in mid-August. While we do not think that 2019's 11% hike will be equalled, the new dividend per share should be somewhere between \$0.325 and \$0.33. This would still represent a percentage increase that is higher than the group norm. Moreover, the trend should continue to mid-decade.  
**These shares are timely.** Investors may want to note that like most members of this group, the stock's total return potential to 2023-2025 is well below average.  
 James A. Flood April 10, 2020

# AMERICAN WATER NYSE-AWK

RECENT PRICE **126.72** P/E RATIO **36.0** (Trailing: 36.9 Median: 22.0) RELATIVE P/E RATIO **2.73** DIV'D YLD **1.7%** VALUE LINE

**TIMELINESS** 3 Lowered 4/3/20  
**SAFETY** 3 New 7/25/08  
**TECHNICAL** 3 Raised 4/10/20  
**BETA** .50 (1.00 = Market)

High: 23.0 25.8 32.8 39.4 45.1 56.2 61.2 85.2 92.4 98.2 129.9 141.7  
Low: 16.2 19.4 25.2 31.3 37.0 41.1 48.4 58.9 70.0 76.0 88.0 92.0

LEGENDS  
1.10 x Dividends p sh divided by Interest Rate  
Relative Price Strength  
Options: Yes  
Shaded area indicates recession

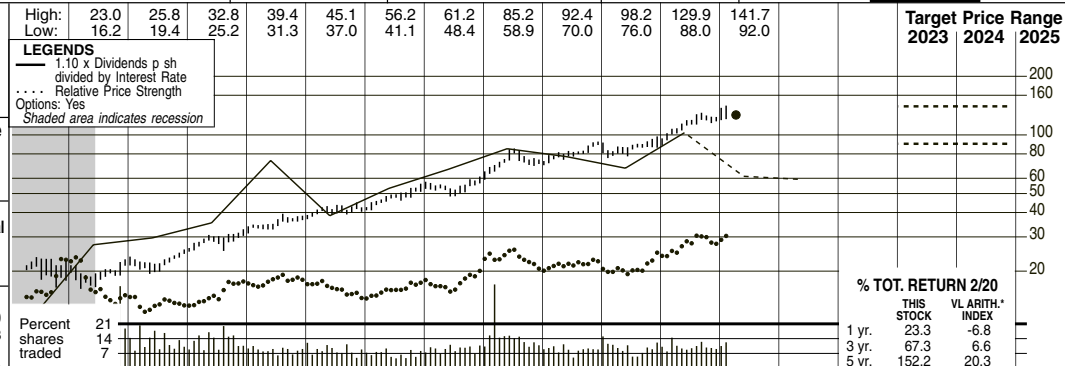
**18-Month Target Price Range**  
Low-High Midpoint (% to Mid)  
\$119-\$173 \$146 (15%)

**2023-25 PROJECTIONS**

	Price	Gain	Ann'l Total Return
High	140	(+10%)	5%
Low	90	(-30%)	-6%

**Institutional Decisions**

	2Q2019	3Q2019	4Q2019	Percent shares traded
to Buy	360	385	393	21
to Sell	331	322	361	14
Hld's(000)	155051	153329	155435	7



2004	2005	2006E	2007E	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
--	--	13.08	13.84	14.61	13.98	15.49	15.18	16.25	16.28	16.78	17.72	18.54	18.81	19.04	19.97	20.90	21.85	Revenues per sh	24.75
--	--	.65	d.47	2.87	2.89	3.56	3.73	4.27	4.36	4.75	5.13	5.26	5.14	6.15	6.65	8.00	8.15	"Cash Flow" per sh	8.75
--	--	d.97	d2.14	1.10	1.25	1.53	1.72	2.11	2.06	2.39	2.64	2.62	2.38	3.15	3.43	3.70	4.00	Earnings per sh <sup>A</sup>	4.90
--	--	--	--	.40	.82	.86	.90	1.21	.84	1.21	1.33	1.47	1.62	1.78	1.96	2.10	2.25	Div'd Decl'd per sh <sup>B</sup>	2.90
--	--	4.31	4.74	6.31	4.50	4.38	5.27	5.25	5.50	5.33	6.51	7.36	8.04	8.78	9.15	8.70	9.20	Cap'l Spending per sh	9.00
--	--	23.86	28.39	25.64	22.91	23.59	24.11	25.11	26.52	27.39	28.25	29.24	30.13	32.42	33.83	35.35	36.95	Book Value per sh <sup>D</sup>	42.50
--	--	160.00	160.00	160.00	174.63	175.00	175.66	176.99	178.25	179.46	178.28	178.10	178.44	180.68	180.81	181.00	182.00	Common Shs Outst'g <sup>C</sup>	189.00
--	--	--	--	18.9	15.6	14.6	16.8	16.7	19.9	20.0	20.5	27.7	33.8	27.3	32.9	32.9	32.9	Avg Ann'l P/E Ratio	23.5
--	--	--	--	1.14	1.04	.93	1.05	1.06	1.12	1.05	1.03	1.45	1.70	1.47	1.79	1.79	1.79	Relative P/E Ratio	1.30
--	--	--	--	1.9%	4.2%	3.8%	3.1%	3.4%	2.0%	2.5%	2.5%	2.0%	2.0%	2.1%	1.7%	1.7%	1.7%	Avg Ann'l Div'd Yield	2.5%

**CAPITAL STRUCTURE as of 12/31/19**  
Total Debt \$9453.0 mil. Due in 5 Yrs \$1773.0 mil.  
LT Debt \$8639.0 mil. LT Interest \$354.0 mil.  
(59% of Cap'l)

**Leases, Uncapitalized:** Annual rentals \$14.0 mil.  
**Pension Assets/219** \$1747.0 mil.

**Oblig.** \$2161.0 mil.  
**Pfd Div'd** \$4.4 mil.

**Common Stock** 180,974,719 shares as of 2/13/20

**MARKET CAP:** \$22.9 billion (Large Cap)

CURRENT POSITION	2017	2018	12/31/19
Cash Assets	82	158	91
Accts Receivable	272	301	284
Other	366	322	900
Current Assets	720	781	1285
Accts Payable	195	175	203
Debt Due	1227	1035	814
Other	903	884	1028
Current Liab.	2325	2094	2045

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '23-'25
Revenues	3.0%	3.0%	4.5%
"Cash Flow"	13.0%	6.0%	6.5%
Earnings	45.5%	6.5%	8.5%
Dividends	16.0%	10.5%	8.5%
Book Value	2.5%	4.0%	5.0%

Cal-endar	QUARTERLY REVENUES (\$ mil.)				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2017	756.0	844.0	936.0	821.0	3357.0
2018	761.0	853.0	976.0	850.0	3440.0
2019	813.0	882.0	1013.0	902.0	3610.0
2020	835	920	1080	950	3785
2021	885	970	1120	1000	3975

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2017	.52	.73	1.12	.01	2.38
2018	.59	.91	1.03	.62	3.15
2019	.62	.94	1.33	.54	3.43
2020	.66	.97	1.35	.72	3.70
2021	.73	1.05	1.45	.77	4.00

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	.34	.375	.375	.375	1.47
2017	.375	.415	.415	.415	1.62
2018	.415	.455	.455	.455	1.78
2019	.455	.50	.50	.50	1.96
2020	.50				

**BUSINESS:** American Water Works Company, Inc. is the largest investor-owned water and wastewater utility in the U.S., providing services to approximately 15 million people in 46 states. Nonregulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up 86% of 2019 revenues. New Jersey is its largest market accounting for 24.6% of regulated revenues; Pennsylvania, 22.3%; Missouri, 10.5%. Has 6,800 employees. The Vanguard Grp. owns 11.0% of outstanding shares; BlackRock, Inc., 7.9%; officers & directors, less than 1.0%. (3/19 Proxy). President & CEO: Susan N. Story. Chairman: George MacKenzie. Address: 1 Water Street, Camden, NJ 08102. Tel.: 856-346-8200. Internet: www.amwater.com.

**Shares of American Water Works have been a safe haven for investors during the recent turmoil caused by the coronavirus.** Year to date, the price of the stock has increased nearly 3%. By comparison, the S&P 500 Index has declined about 19% over the same time period. Indeed, both long- and short-term investors have done well holding this equity, as it has outperformed bull markets, as well as outperformed most stocks during the downturns.

**What's the reason behind American Water's success?** There are a few basic principles behind the company's consistent positive performance. The first is to expand the asset base on which it earns a return. That's one of the reasons for the large construction program. (Domestic pipelines are in desperate need of repair.) The second is the ongoing acquisition program. Third, is a focus on cost controls. **Earnings and dividend growth prospects are bright through mid-decade.** American Water is perhaps the biggest beneficiary of the consolidation taking place in the domestic water market. As the largest water utility, it is able to contin-

ually acquire smaller water districts and merge them into its existing operations. Unlike many other industries, synergies are easily achievable in the water business. The company is able to increase its ratebase, and simultaneously make the acquired assets more efficient. This is one of the reasons that management has a constructive relationship with regulators in states where it operates.

**Finances are only average.** The combination of the aggressive construction program, together with an aversion to selling new equity has resulted in American Water having the highest debt-to-total capital ratio of all the water utilities we follow, by a wide margin. Over the past decade, shares outstanding have risen just 3.5%. Thus, now would seem to be a good time to have an equity offering.

**Despite all of the company's positive attributes, the stock does not stand out at this time.** Our ranking system pegs AWK to mirror the market in the year ahead. Moreover, like most water utilities, AWK has unattractive long-term total return potential.

*James A. Flood*  
*April 10, 2020*

(A) Diluted earnings. Excludes nonrecurr. losses: '08, \$4.62; '09, \$2.63; '11, \$0.07. Disc. oper.: '06, (\$0.04); '11, \$0.03; '12, (\$0.10); '13, (\$0.01). GAAP used as of 2014. Next earnings report due mid-May. Quarterly earnings do not sum in '16 due to rounding.

(B) Dividends paid in March, June, September, and December. <sup>B</sup> Div. reinvestment available.

(C) In millions. (D) Includes intangibles. On 12/31/19: \$1,568 billion, \$8.67/share.

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	85
Earnings Predictability	80

# ESSENTIAL UTIL. NYSE-WTRG

<b>RECENT PRICE</b> 43.05	<b>P/E RATIO</b> 32.4 (Trailing: 43.1 Median: 23.0)	<b>RELATIVE P/E RATIO</b> 2.45	<b>DIV'D YLD</b> 2.3%	<b>VALUE LINE</b>																									
<b>TIMELINESS</b> 1 Raised 12/20/19	<b>SAFETY</b> 2 Raised 4/20/12	<b>TECHNICAL</b> 3 Raised 3/6/20	<b>BETA</b> .60 (1.00 = Market)	<b>18-Month Target Price Range</b> Low-High \$35-\$68 Midpoint (% to Mid) \$52 (20%)																									
<b>2023-25 PROJECTIONS</b> <table border="1"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total Return</th> </tr> <tr> <td>High 55</td> <td>(+30%)</td> <td>9%</td> </tr> <tr> <td>Low 40</td> <td>(-5%)</td> <td>1%</td> </tr> </table>				Price	Gain	Ann'l Total Return	High 55	(+30%)	9%	Low 40	(-5%)	1%	<b>Institutional Decisions</b> <table border="1"> <tr> <th>2Q2019</th> <th>3Q2019</th> <th>4Q2019</th> <th>Percent shares traded</th> </tr> <tr> <td>280</td> <td>248</td> <td>274</td> <td>15</td> </tr> <tr> <td>167</td> <td>210</td> <td>242</td> <td>5</td> </tr> <tr> <td>Hld's(000)</td> <td>140358</td> <td>143792</td> <td>149836</td> </tr> </table>	2Q2019	3Q2019	4Q2019	Percent shares traded	280	248	274	15	167	210	242	5	Hld's(000)	140358	143792	149836
Price	Gain	Ann'l Total Return																											
High 55	(+30%)	9%																											
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Hld's(000)	140358	143792	149836																										

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	
Price	2.78	3.08	3.23	3.61	3.71	3.93	4.21	4.10	4.32	4.32	4.37	4.61	4.62	4.56	4.71	4.03	6.50	7.70	Revenues per sh	8.70
Div	.87	.97	1.01	1.10	1.14	1.29	1.42	1.45	1.51	1.82	1.89	1.87	2.07	2.12	1.90	1.73	2.40	2.65	"Cash Flow" per sh	3.50
EPS	.51	.57	.56	.57	.58	.62	.72	.83	.87	1.16	1.20	1.14	1.32	1.35	1.08	1.04	1.45	1.55	Earnings per sh <sup>A</sup>	2.05
Yield	.29	.32	.35	.38	.41	.44	.47	.50	.54	.58	.63	.69	.74	.79	.85	.91	.97	1.05	Div'd Decl'd per sh <sup>B</sup>	1.30
Book Value	1.23	1.47	1.64	1.43	1.58	1.66	1.89	1.90	1.98	1.73	1.84	2.07	2.16	2.69	2.78	2.49	3.75	4.45	Cap'l Spending per sh	4.75
P/E	4.71	5.04	5.57	5.85	6.26	6.50	6.81	7.21	7.90	8.63	9.27	9.78	10.43	11.02	11.28	17.58	17.35	17.60	Book Value per sh	19.55
Market Cap	158.97	161.21	165.41	166.75	169.21	170.61	172.46	173.60	175.43	177.93	178.59	176.54	177.39	177.71	178.09	220.76	225.00	227.00	Common Shs Outstg <sup>C</sup>	230.00
ROE	25.1	31.8	34.7	32.0	24.9	23.1	21.1	21.3	21.9	21.2	20.8	23.5	23.9	24.7	32.6	39.1	44.5	44.5	Avg Ann'l P/E Ratio	24.0
ROA	1.33	1.69	1.87	1.70	1.50	1.54	1.34	1.34	1.39	1.19	1.09	1.18	1.25	1.24	1.76	2.12	2.12	2.12	Relative P/E Ratio	1.35
Div Yield	2.3%	1.8%	1.8%	2.1%	2.8%	3.1%	3.1%	2.8%	2.8%	2.4%	2.5%	2.6%	2.3%	2.4%	2.4%	2.2%	2.4%	2.4%	Avg Ann'l Div'd Yield	2.6%

CAPITAL STRUCTURE as of 12/31/19																				
Total Debt	\$3074.1 mill.	Due in 5 Yrs	\$252.0 mill.	726.1	712.0	757.8	768.6	779.9	814.2	819.9	809.5	838.1	889.7	1460	1750	Revenues (\$mill)	2000			
LT Debt	\$2943.3 mill.	LT Interest	\$123.5 mill. (43% of Cap'l)	124.0	144.8	153.1	205.0	213.9	201.8	234.2	239.7	192.0	224.5	325	350	Net Profit (\$mill)	470			
Pension Assets-12/19	\$266.4 mill.	Oblig.	\$310.5 mill.	39.2%	32.9%	39.0%	10.0%	10.5%	6.9%	8.2%	6.6%	6.6%	7.0%	7.5%	Income Tax Rate	9.0%				
Pfd Stock None				--	--	--	1.1%	2.4%	3.1%	3.8%	6.3%	6.8%	7.2%	7.0%	AFUDC % to Net Profit	8.0%				
Common Stock	222,781,536 shares as of 2/19/20			56.6%	52.7%	52.7%	48.9%	48.5%	50.3%	48.4%	50.6%	54.4%	43.1%	49.0%	Long-Term Debt Ratio	55.0%				
				43.4%	47.3%	47.3%	51.1%	51.5%	49.7%	51.6%	49.4%	45.6%	56.9%	51.0%	Common Equity Ratio	45.0%				
				2706.2	2646.8	2929.7	3003.6	3216.0	3469.5	3587.7	3965.4	4407.8	6824.2	7600	Net Capital (\$mill)	9800				
				3469.3	3612.9	3936.2	4167.3	4402.0	4688.9	5001.6	5399.9	5930.3	6345.8	8200	Net Plant (\$mill)	10900				
				5.9%	6.9%	6.6%	8.0%	7.8%	6.9%	7.6%	7.1%	5.5%	4.2%	6.5%	Return on Total Cap'l	7.0%				
				10.6%	11.6%	11.0%	13.4%	12.9%	11.7%	12.7%	12.2%	9.6%	5.8%	8.5%	Return on Shr. Equity	10.5%				
				10.6%	11.6%	11.0%	13.4%	12.9%	11.7%	12.7%	12.2%	9.6%	5.8%	8.5%	Return on Com Equity	10.5%				
				3.7%	4.6%	4.3%	6.7%	6.1%	4.7%	5.6%	5.1%	2.1%	.9%	2.5%	Returned to Com Eq	4.0%				
				65%	60%	61%	50%	52%	60%	56%	59%	79%	84%	67%	All Div'ds to Net Prof	63%				

**BUSINESS:** Essential Utilities, Inc. became the new name for Aqua America on Feb. 3, 2020, to reflect the acquisition of Peoples, a natural gas utility, which occurred in 3/20. In 2019, Aqua Amer. provided water and wastewater services to about three million people in PA, OH, TX, IL, NC, NJ, IN, and VA. Employed 1583. Acquired AquaSource, 7/13; North Maine Utilities, 7/15; and others.

Water supply revenues 2019: residential, 58%; commercial, 16%; industrial, wastewater & other, 26%. Off. & dir. own less than 1% of the common stock; BlackRock, Inc. 10.5%; Vanguard Grp., 10.4%; State St. Capital, 5.0% (3/20 Pre 14A). Pres. & CEO: Christopher H. Franklin, Inc.: PA Address: 762 West Lancaster Ave., Bryn Mawr, PA 19010. Tel.: 610-525-1400. Internet: www.essential.co.

**Essential Utilities is the new name for Aqua America.** The water company officially made the change in February, six weeks before the completion of the acquisition of Peoples, a Pittsburgh-based natural gas utility. The cost of the transaction was \$4.275 billion in cash, including the assumption of \$1.1 billion of debt. In connection with the deal, Essential closed on the previously announced \$750 million investment from the Canadian Pension Plan, which received 21.7 million shares of newly issued stock. The equity is also trading with a new ticker: WTRG.

**The coronavirus will most likely have only a minor impact on the company.** People are going to be using water and gas no matter what the economic conditions. Should unemployment rise or a recession occurs, customers will obviously try to cut back on all of their expenditures, but the usage of these vital resources is required. Hence, demand for Essential's services will not take as large a hit as the typical corporation should this pandemic worsen.

**The regulatory climate in Pennsylvania will have a major impact on earnings.** Nearly two-thirds of the new company's customer base is now in the Keystone state. Since Aqua had done business there for a long time, we assume that management was very aware of what the expectations are from the state's regulators. (It has promised to replace 3,000 miles of old gas lines over the next 15-year period.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	187.8	203.4	215.0	203.3	809.5
2018	194.3	211.9	226.2	205.7	838.1
2019	201.1	218.9	243.6	226.1	889.7
2020	215	385	410	450	1460
2021	390	410	450	500	1750

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.28	.34	.43	.30	1.35
2018	.29	.37	.44	d.02	1.08
2019	.09	.25	.38	.28	1.04
2020	.25	.35	.45	.40	1.45
2021	.28	.40	.45	.42	1.55

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.178	.178	.1913	.1913	.74
2017	.1913	.1913	.2047	.2047	.79
2018	.2047	.2047	.219	.219	.85
2019	.219	.219	.2343	.2343	.91
2020	.2343				

(A) Diluted eps. Excl. nonrec. gains: '12, 18c. Excl. gain from disc. operations: '12, 7c; '13, 9c; '14, 11c. Quarterly EPS do not add in '19 due to a large change in the number of shares outstanding in the Dec. period. Next earnings report due mid-May. (B) Dividends historically paid in early March, June, Sept. & Dec. ■ Div'd. reinvestment plan available (5% discount). (C) In millions, adjusted for stock splits. (D) Includes intangibles: 12/31/19, \$63.8 mill./\$0.29 a share.

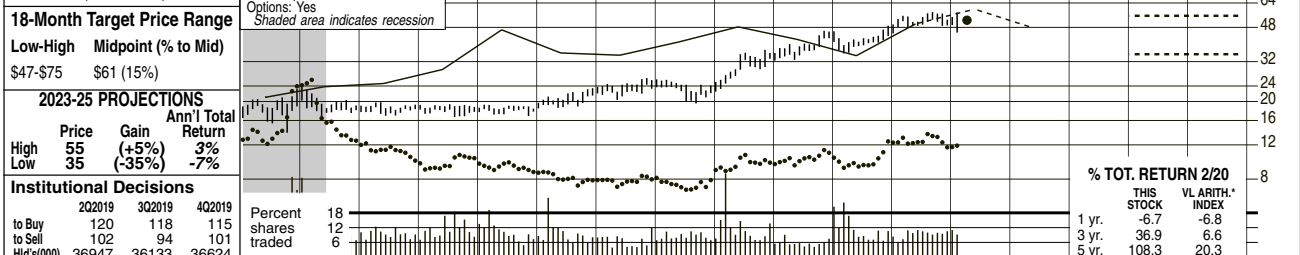
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**Company's Financial Strength**  
 Stock's Price Stability A  
 Price Growth Persistence 95  
 Earnings Predictability 75  
 55

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# CALIFORNIA WATER NYSE-CWT

<b>RECENT PRICE</b>	<b>52.32</b>	<b>P/E RATIO</b>	<b>35.8</b> (Trailing: 39.9; Median: 23.0)	<b>RELATIVE P/E RATIO</b>	<b>2.71</b>	<b>DIV'D YLD</b>	<b>1.6%</b>	<b>VALUE LINE</b>						
<b>TIMELINESS</b>	3 Lowered 3/6/20	High: 24.1	19.8	19.4	19.3	23.4	26.4	26.0	36.8	46.2	49.1	57.5	57.4	Target Price Range
<b>SAFETY</b>	3 Lowered 7/27/07	Low: 16.7	16.9	16.7	16.8	18.4	20.3	19.5	22.5	32.4	35.3	44.6	39.7	2023
<b>TECHNICAL</b>	3 Raised 4/10/20	<b>LEGENDS</b> 1.33 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 6/11 Options: Yes Shaded area indicates recession												
<b>BETA</b>	.60 (1.00 = Market)	<b>18-Month Target Price Range</b> Low-High Midpoint (% to Mid) \$47-\$75 \$61 (15%)												



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
8.59	8.72	8.10	8.88	9.90	10.82	11.05	12.00	13.34	12.23	12.50	12.29	12.70	13.89	14.53	14.72	14.80	15.20	Revenues per sh	15.00
1.42	1.52	1.36	1.56	1.86	1.93	1.93	2.07	2.32	2.21	2.47	2.22	2.34	3.00	3.11	3.14	3.15	3.11	"Cash Flow" per sh	3.50
.73	.74	.67	.75	.95	.98	.91	.86	1.02	1.02	1.19	.94	1.01	1.40	1.36	1.31	1.55	1.65	Earnings per sh A	2.00
.57	.57	.58	.58	.59	.59	.60	.62	.63	.64	.65	.67	.69	.72	.75	.79	.82	.86	Div'd Decl'd per sh B	1.05
1.87	2.01	2.14	1.84	2.41	2.66	2.97	2.83	3.04	2.58	2.76	3.69	4.77	5.40	5.65	5.64	4.50	4.25	Cap'l Spending per sh	3.75
7.83	7.90	9.07	9.25	9.72	10.13	10.45	10.76	11.28	12.54	13.11	13.41	13.75	14.44	15.19	16.07	15.70	15.90	Book Value per sh C	16.05
36.73	36.78	41.31	41.33	41.45	41.53	41.67	41.82	41.98	47.74	47.81	47.88	47.97	48.01	48.07	48.53	50.00	51.00	Common Shs Outst'g D	53.00
20.1	24.9	29.2	26.1	19.8	19.7	20.3	21.3	17.9	20.1	19.7	24.8	29.6	26.9	30.3	39.3	30.3	39.3	Avg Ann'l P/E Ratio	23.0
1.06	1.33	1.58	1.39	1.19	1.31	1.29	1.34	1.14	1.13	1.04	1.25	1.55	1.35	1.64	2.13	1.64	2.13	Relative P/E Ratio	1.25
3.9%	3.1%	2.9%	3.0%	3.1%	3.1%	3.2%	3.4%	3.5%	3.1%	2.8%	2.9%	2.3%	1.9%	1.8%	1.5%	1.8%	1.5%	Avg Ann'l Div'd Yield	2.3%

CAPITAL STRUCTURE as of 12/31/19		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	REVENUES (\$MILL) E	795
Total Debt	\$983.8 mill.	460.4	501.8	560.0	584.1	597.5	588.4	609.4	666.9	698.2	714.6	740	775	78.0	85.0	Net Profit (\$Mill)	105				
LT Debt	\$786.8 mill.	37.7	36.1	42.6	47.3	56.7	45.0	48.7	67.2	65.6	63.1	63.1	63.1	63.1	63.1	63.1	63.1	63.1	Income Tax Rate	21.0%	
LT Interest	\$40.0 mill.	39.5%	40.5%	37.5%	30.3%	33.0%	36.0%	35.5%	30.1%	24.5%	19.1%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	AFUDC % to Net Profit	5.0%	
(Total interest coverage: 4.2x)	(50% of Cap'l)	4.2%	7.6%	8.0%	4.3%	2.7%	4.3%	6.1%	3.5%	3.1%	5.8%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	Long-Term Debt Ratio	43.5%	
<b>Pension Assets-12/18</b>	\$573.6 mill.	52.4%	51.7%	47.8%	41.6%	40.1%	44.4%	44.6%	42.7%	49.3%	50.2%	49.0%	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%	Common Equity Ratio	56.5%	
<b>Oblig.</b>	\$812.0 mill.	47.6%	48.3%	52.2%	58.4%	59.9%	55.6%	55.4%	57.3%	50.7%	49.8%	51.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	Total Capital (\$Mill)	1500	
<b>Pfd Stock</b>	None	914.7	931.5	908.2	1024.9	1045.9	1154.4	1191.2	1209.3	1440.2	1566.7	1535	1525	1525	1525	1525	1525	1525	Net Plant (\$Mill)	2500	
<b>Common Stock</b>	48,532,000 shs.	1294.3	1381.1	1457.1	1515.8	1590.4	1701.8	1859.3	2048.0	2232.7	2406.4	2425	2450	2450	2450	2450	2450	2450	Return on Total Cap'l	8.0%	
<b>MARKET CAP:</b>	\$2.5 billion (Mid Cap)	5.5%	5.5%	6.3%	6.0%	6.3%	5.2%	5.5%	7.1%	5.9%	5.5%	6.0%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	Return on Shr. Equity	12.5%	
<b>CURRENT POSITION</b>	2017	2018	12/31/19	<b>BUSINESS:</b> California Water Service Group provides regulated and nonregulated water service to 489,600 customers in 100 communities in the state of California. Accounts for over 94% of total customers. Also operates in Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown, '19: residential, 67%; business, 20%; industrial, 5%; public authorities, 5%; other 3%. Off. and dir. own 1% of common stock (4/19 proxy). Has 1,184 employees. Pres. and CEO: Martin A. Kropelnicki, Inc.; DE. Addr.: 1720 North First St., San Jose, CA 95112-4598. Tel.: 408-367-8200. Internet: www.calwatergroup.com.																	

ANNUAL RATES Past	10 Yrs.	Past 5 Yrs.	Est'd '17-'19
of change (per sh)	4.0%	2.5%	.5%
Revenues	5.5%	5.5%	2.0%
"Cash Flow"	4.5%	4.5%	6.5%
Earnings	2.5%	3.5%	5.5%
Dividends	4.5%	4.5%	1.0%
Book Value			

Cal-endar	QUARTERLY REVENUES (\$ mill) E	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31		
2017	122.1	171.1	211.7	162.0	666.9
2018	134.6	174.9	221.3	167.4	698.2
2019	126.1	179.0	232.6	176.9	714.6
2020	140	185	237	178	740
2021	147	195	248	185	775

Cal-endar	EARNINGS PER SHARE A	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31		
2017	.02	.39	.70	.29	1.40
2018	d.02	.31	.75	.32	1.36
2019	d.16	.35	.88	.24	1.31
2020	.03	.39	.80	.33	1.55
2021	.05	.42	.82	.36	1.65

Cal-endar	QUARTERLY DIVIDENDS PAID B	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31		
2016	.1725	.1725	.1725	.1725	.69
2017	.18	.18	.18	.18	.72
2018	.1875	.1875	.1875	.1875	.75
2019	.1975	.1975	.1975	.1975	.79
2020	.2125				

**California Water Service Group hopes to invest more than \$800 million in infrastructure-related projects over the pull to 2021.** At this time, its currently running general rate case with the California Public Utilities Commission was granted a settlement extension to July 1, 2020. The agreement covers various topics including, most importantly, CWT's long-term infrastructure investment plan and associated rate increases. The company already accumulated an approximate \$275 million tab last year, completing several notable upgrades, including water main replacements, new treatment facilities, the installation of backup generators, and pump station replacements. Through 2020 and 2021, it is likely that capital expenditures will range between \$550 million to \$600 million, and cover a similar scope of improvement projects. Finally, we are optimistic that regulators will eventually rule favorably.

**California Water should be a consistent performer even amidst a difficult economic backdrop.** Notably, California has been one of the major domestic hot spots for the fast-spreading coronavirus, which has severely impacted business and consumer activity. That said, with many residents urged to stay at home, increased hand washing and general utility use ought to translate into greater water usage. Thus, we are keeping intact our current-year revenue call, at \$740 million. On the other hand, a number of factors, namely rising operating costs, lower income tax benefits, as well as potential equity dilution, have spurred us to trim our share-net forecast from \$1.70 to \$1.55. Lastly, we are introducing our preliminary 2021 top- and bottom-line estimates of \$775 million and \$1.65 a share, respectively.

**From an investment perspective, California Water stock leaves much to be desired.** The shares have slipped one notch on our Timeliness Ranking scale, to 3 (Average). Moreover, total return potential over the 3- to 5-year stretch is considerably below the Value Line median. While the stock may have held up relatively well during recent broader market volatility, we think more-attractive options can be found elsewhere, at this juncture.

Nicholas P. Patrikis  
April 10, 2020

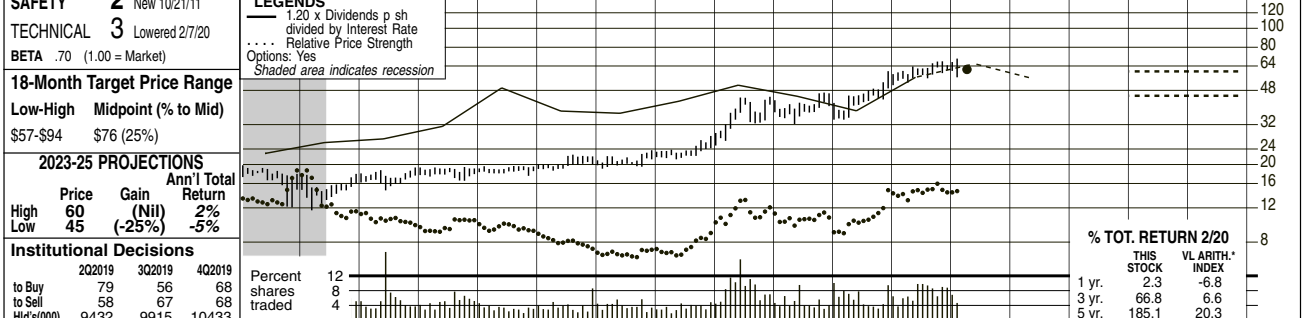
(A) Basic EPS. Excl. nonrecurring gain (loss): '11, 4c. Next earnings report due early May.	(B) Dividends historically paid in late Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available.	(C) Incl. intangible assets. In '19: \$24.9 mill., \$0.51/sh.	(D) In millions, adjusted for split.	(E) Excludes non-reg. rev.
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<b>Company's Financial Strength</b>	B++
<b>Stock's Price Stability</b>	80
<b>Price Growth Persistence</b>	60
<b>Earnings Predictability</b>	65

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# MIDDLESEX WATER NDQ-MSEX

RECENT PRICE **61.47** P/E RATIO **29.4** (Trailing: 30.6 Median: 21.0) RELATIVE P/E RATIO **2.23** DIV'D YLD **1.7%** VALUE LINE



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
Price	6.25	6.44	6.16	6.50	6.79	6.75	6.60	6.50	6.98	7.19	7.26	7.77	8.16	8.00	8.42	7.72	8.20	8.45	Revenues per sh	9.15
Gain	1.28	1.33	1.33	1.49	1.53	1.40	1.55	1.46	1.56	1.72	1.84	1.97	2.17	2.24	2.24	2.24	2.95	3.10	"Cash Flow" per sh	3.50
Div'd	.73	.71	.82	.87	.89	.72	.96	.84	.90	1.03	1.13	1.22	1.38	1.38	1.96	2.01	2.10	2.20	Earnings per sh <sup>A</sup>	2.50
Yield	.66	.67	.68	.69	.70	.71	.72	.73	.74	.75	.76	.78	.81	.86	.91	.98	1.04	1.10	Div'd Decl'd per sh <sup>B</sup>	1.25
Cap'l Spndg	2.54	2.18	2.31	1.66	2.12	1.49	1.90	1.50	1.36	1.26	1.40	1.59	2.91	3.08	4.40	5.11	3.50	3.50	Cap'l Spending per sh	3.50
Book Value	8.02	8.26	9.52	10.05	10.03	10.33	11.13	11.27	11.48	11.82	12.24	12.74	13.40	14.02	15.17	18.57	16.15	16.50	Book Value per sh	17.35
Common Shs	11.36	11.58	13.17	13.25	13.40	13.52	15.57	15.70	15.82	15.96	16.12	16.23	16.30	16.35	16.40	17.43	17.65	17.75	Common Shs Outstg <sup>C</sup>	18.00
P/E Ratio	26.4	27.4	22.7	21.6	19.8	21.0	17.8	21.7	20.8	19.7	18.5	19.1	25.6	28.4	22.2	29.7	22.0	21.6	Avg Ann'l P/E Ratio	21.0
Div'd Yield	1.39	1.46	1.23	1.15	1.19	1.40	1.13	1.36	1.32	1.11	.97	.96	1.34	1.43	1.20	1.61	1.61	1.61	Relative P/E Ratio	1.15
Ann'l Yield	3.4%	3.5%	3.7%	3.7%	4.0%	4.7%	4.2%	4.0%	4.0%	3.7%	3.7%	3.3%	2.3%	2.2%	2.1%	1.6%	1.6%	1.6%	Avg Ann'l Div'd Yield	2.4%

Category	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Value Line Pub. LLC	23-25
Total Debt	102.7	102.1	110.4	114.8	117.1	126.0	132.9	130.8	138.1	134.6	145	150	165	165	150	150	150	150	Revenues (\$mill)	165
LT Debt	14.3	13.4	14.4	16.6	18.4	20.0	22.7	22.8	32.5	33.9	37.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	Net Profit (\$mill)	45.0
Income Tax Rate	32.1%	32.7%	33.9%	34.1%	35.0%	34.5%	34.0%	32.7%	2.8%	2.8%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	Income Tax Rate	21.0%
AFUDC % to Net Profit	6.8%	6.1%	3.4%	1.9%	1.7%	1.9%	2.7%	3.1%	1.4%	3.4%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	AFUDC % to Net Profit	2.5%
Long-Term Debt Ratio	43.1%	42.3%	41.5%	40.4%	40.5%	39.4%	37.9%	37.5%	37.8%	41.5%	42.5%	41.5%	41.5%	41.5%	41.5%	41.5%	41.5%	41.5%	Long-Term Debt Ratio	39.0%
Common Equity Ratio	55.8%	56.6%	57.4%	58.7%	58.8%	59.8%	61.5%	61.8%	61.6%	58.2%	57.0%	58.0%	58.2%	58.2%	58.2%	58.2%	58.2%	58.2%	Common Equity Ratio	60.5%
Total Capital (\$mill)	310.5	312.5	316.5	321.4	335.8	345.4	355.4	370.7	404.1	556.7	500	505	515	515	515	515	515	515	Total Capital (\$mill)	515
Net Plant (\$mill)	405.9	422.2	435.2	446.5	465.4	481.9	517.8	557.2	618.5	705.7	720	735	735	735	735	735	735	735	Net Plant (\$mill)	775
Return on Total Cap'l	5.7%	5.2%	5.4%	5.9%	6.3%	6.6%	7.1%	6.9%	6.7%	6.9%	8.0%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	Return on Total Cap'l	9.5%
Return on Shr. Equity	8.1%	7.5%	7.8%	8.7%	9.2%	9.6%	10.3%	9.8%	12.9%	10.4%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	Return on Shr. Equity	14.5%
Return on Com Equity	8.2%	7.5%	7.8%	8.7%	9.3%	9.6%	10.3%	9.9%	13.0%	10.4%	13.0%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	Return on Com Equity	14.5%
Retained to Com Eq	2.1%	1.0%	1.4%	2.4%	3.1%	3.5%	4.3%	3.8%	7.0%	5.4%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	Retained to Com Eq	7.5%
All Div'ds to Net Prof	75%	87%	83%	73%	67%	63%	58%	62%	46%	48%	49%	50%	50%	50%	50%	50%	50%	50%	All Div'ds to Net Prof	50%

**CAPITAL STRUCTURE as of 12/31/19**  
 Total Debt \$258.0 mill. Due in 5 Yrs \$33.3 mill.  
 LT Debt \$230.8 mill. LT Interest \$7.2 mill.  
 (Total interest coverage: 7.3x)  
 (42% of Cap'l)

**Pension Assets-12/18** \$80.4 mill.  
 Oblig. \$100.9 mill.

**Pfd Stock** \$2.4 mill. Pfd Div'd: \$.1 mill.

**Common Stock** 17,434,000 shs.

**MARKET CAP:** \$1.1 billion (Mid-Cap)

**CURRENT POSITION (\$MILL.)**

	2017	2018	12/31/19
Cash Assets	4.9	3.7	2.2
Other	24.3	27.1	26.9
Current Assets	29.2	30.8	29.1
Accts Payable	13.9	19.3	23.3
Debt Due	34.9	55.8	27.2
Other	15.7	19.3	14.5
Current Liab.	64.5	94.4	65.0

**BUSINESS:** Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey, Delaware, and Pennsylvania. It also operates water and wastewater systems under contract on behalf of municipal and private clients in NJ and DE. Its Middlesex System provides water services to 61,000 retail customers, primarily in Middlesex County, New Jersey. In 2019, the Middlesex System accounted for 60% of operating revenues. At 12/31/19, the company had 352 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers & directors own 3.5% of the com. stock; BlackRock Inst. Trust Co., 6.8% (4/19 proxy). Add.: 485 C Route 1 South, Suite 400, Iselin, NJ 08830. Tel.: 732-634-1500. Int.: www.middlesexwater.com.

**Middlesex Water Company is well positioned to handle the currently ambiguous economic climate.** Indeed, impacts from the sweeping coronavirus are still largely unknown, but will likely take a major toll on consumer spending and domestic business activity in the near term. However, taking into consideration that water is one of our most basic necessities, it is highly unlikely that service will undergo even the slightest pause or consumer disruption. Additionally, health-conscious actions, such as more frequent hand washing, as well as a greater number of residents presently staying in their homes, may well drive increased water usage. Meanwhile, the company recently raised some capital via an equity issuance, which should provide financial flexibility. **The stock has held up decently since our last report.** Middlesex shares etched fresh highs in mid-February before crumbling market indices resulted in the capitulation of some gains. On balance, the stock is down only about 10% in value over the past three months. **We are introducing our preliminary 2021 top- and bottom-line forecasts at \$150 million and \$2.20 a share, respectively.** This represents modest single-digit growth over our current-year projections. **Infrastructure spending is likely to ramp up considerably over the pull to mid-decade.** To start, an \$11.2 million drinking water project is already under way in New Jersey. The company plans to replace more than 20,000 linear feet of water mains, as well as upgrade service lines. Moreover, through 2021, MSEX's Water for Tomorrow program sports a budget of nearly \$300 million, which ought to strengthen the company's distribution infrastructure. Beyond that, we think additional investment spending is probably in the cards. **We are not presently recommending Middlesex stock.** The water utility might be a conservative option amidst volatile market conditions, but the issue is just an Average selection for the year ahead. On top of that, the yield is rather unenticing, and capital appreciation potential three to five years hence is well below the Value Line median. Thus, we suggest investors take a pass, for now. *Nicholas P. Patrikis April 10, 2020*

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	30.1	33.0	36.2	31.5	130.8
2018	31.2	34.9	38.7	33.3	138.1
2019	30.7	33.4	37.8	32.7	134.6
2020	32.0	36.0	42.0	35.0	145
2021	33.0	37.0	44.0	36.0	150

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.27	.33	.46	.32	1.38
2018	.27	.52	.74	.43	1.96
2019	.39	.49	.66	.46	2.01
2020	.40	.53	.70	.47	2.10
2021	.42	.55	.73	.50	2.20

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.19875	.19875	.19875	.21125	.81
2017	.21125	.21125	.21125	.22375	.86
2018	.22375	.22375	.22375	.24	.91
2019	.24	.24	.24	.2562	.98
2020	.2562				

(A) Diluted earnings. Next earnings report due late April. (B) Dividends historically paid in mid-Feb., May, Aug., and November. Div'd reinvestment plan available. (C) In millions.

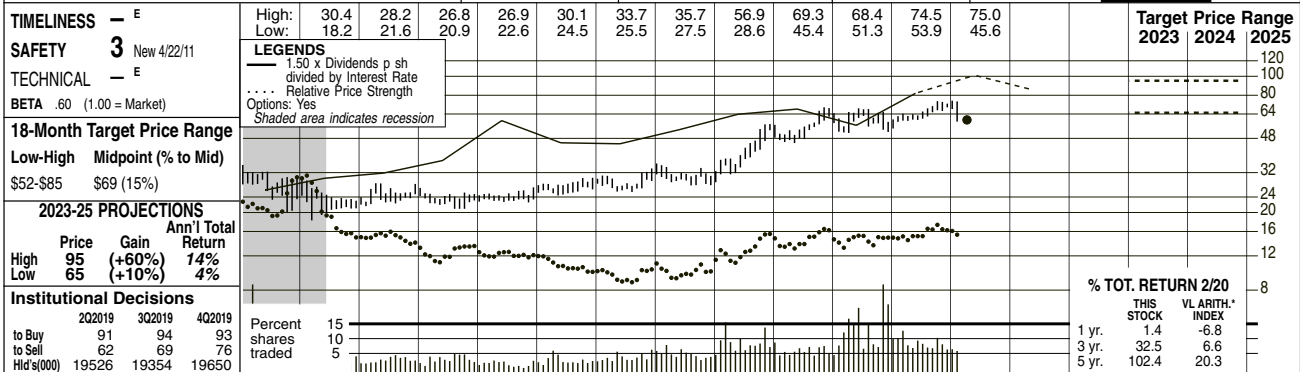
Company's Financial Strength	B++
Stock's Price Stability	65
Price Growth Persistence	55
Earnings Predictability	75

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# SJW GROUP NYSE-SJW

RECENT PRICE **59.78** P/E RATIO **28.6** (Trailing: 44.3 Median: 21.0) RELATIVE P/E RATIO **2.17** DIV'D YLD **2.1%** VALUE LINE



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
9.14	9.86	10.35	11.25	12.12	11.68	11.62	12.85	14.01	13.73	15.76	14.97	16.61	18.97	14.00	14.78	18.80	19.85	Revenues per sh	21.65	
1.89	2.21	2.38	2.30	2.44	2.21	2.38	2.80	2.97	2.90	4.42	3.86	4.76	5.24	3.29	3.11	4.40	4.40	"Cash Flow" per sh	5.30	
.87	1.12	1.19	1.04	1.08	.81	.84	1.11	1.18	1.12	2.54	1.85	2.57	2.86	1.82	1.35	2.35	2.70	Earnings per sh <sup>A</sup>	3.65	
.51	.53	.57	.61	.65	.66	.68	.69	.71	.73	.75	.78	.81	1.04	1.12	1.20	1.28	1.36	Div'd Decl'd per sh <sup>B</sup>	1.58	
2.31	2.82	3.87	6.62	3.79	3.17	5.65	3.75	5.67	4.68	5.02	5.24	6.95	7.26	5.08	5.00	5.25	5.25	Cap'l Spending per sh	5.50	
10.11	10.73	12.48	12.90	13.99	13.66	13.75	14.20	14.71	15.92	17.75	18.83	20.61	22.57	31.31	31.27	33.30	35.60	Book Value per sh	39.15	
18.27	18.27	18.28	18.36	18.18	18.50	18.55	18.59	18.67	20.17	20.29	20.38	20.46	20.52	28.40	28.46	29.00	29.50	Common Shs Outstg <sup>C</sup>	30.00	
19.6	19.7	23.5	33.4	26.2	28.7	29.1	21.2	20.4	24.3	11.2	16.6	15.7	18.8	32.7	47.8	48.0	48.0	Avg Ann'l P/E Ratio	22.0	
1.04	1.05	1.27	1.77	1.58	1.91	1.85	1.33	1.30	1.37	.59	.84	.82	.95	1.77	2.60	2.60	2.60	Relative P/E Ratio	1.20	
3.0%	2.4%	2.0%	1.7%	2.3%	2.8%	2.8%	2.9%	3.0%	2.7%	2.6%	2.5%	2.0%	1.9%	1.9%	1.9%	1.9%	1.9%	Avg Ann'l Div'd Yield	2.0%	

**CAPITAL STRUCTURE as of 12/31/19**  
 Total Debt \$1305.9 mill. Due in 5 Yrs \$0 mill.  
 LT Debt \$1283.6 mill. LT Interest \$35.0 mill.  
 (LT Interest Coverage: 3.8x)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
215.6	239.0	261.5	276.9	319.7	305.1	339.7	389.2	397.7	420.5	545
15.8	20.9	22.3	23.5	51.8	37.9	52.8	59.2	38.8	38.5	68.0
38.8%	41.1%	41.1%	38.7%	32.5%	38.1%	38.8%	36.7%	20.6%	21.0%	21.0%
--	--	--	--	--	--	--	--	2.0%	1.5%	1.5%

**Pension Assets-12/19** \$243.5 mill.  
**Obliq.** \$338.2 mill.

**Pfd Stock None.**  
**Common Stock** 28,456,508 shs.

**MARKET CAP: \$1.7 billion (Mid Cap)**

	2017	2018	12/31/19
53.7%	56.6%	55.0%	51.1%
46.3%	43.4%	45.0%	48.9%
550.7	607.9	610.2	656.2
785.5	756.2	831.6	898.7
4.3%	4.9%	5.0%	5.0%
6.2%	7.9%	8.1%	7.3%
6.2%	7.9%	8.1%	7.3%
1.2%	3.1%	3.3%	2.8%
80%	61%	59%	62%

**CURRENT POSITION (\$ MILL.)**

	2017	2018	12/31/19
Cash Assets	7.8	420.7	17.9
Accts Receivable	17.3	19.2	36.3
Other	41.8	62.8	67.8
Current Assets	66.9	502.7	122.0
Accts Payable	23.0	24.9	34.9
Debt Due	--	--	22.3
Other	62.1	139.1	177.4
Current Liab.	85.1	164.0	234.6

**BUSINESS:** SJW Group engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 231,000 connections with a total population of roughly one million people in the San Jose area and 16,000 connections that reach about 49,000 residents in the region between San Antonio and Austin, Texas. The company merged with Connecticut Water (10/19) which provides service to approx. 138,000 connections with a total population of 450,000 people. Has 361 employees. Officers and directors own 8.3% of outstanding shares (3/20 proxy). Chairman & CEO: Richard Roth, Incorporated: California. Address: 110 West Taylor Street, San Jose, CA 95110. Telephone: (408) 279-7800. Internet: www.sjwater.com.

**We are lowering our current-year share-net estimate for SJW Group by a dime, to \$2.35.** This is largely to reflect management's recent guidance, as well as to factor in lingering integration costs from the CTWS merger (completed in October, 2019). Indeed, we look for a substantial bottom-line recovery this year, as SJW incurred an additional profit hit in 2019 in the form of a nonrecurring charge related to the denial of its subsidiary's Water Conservation Memorandum Account. Although the near-term economic outlook, especially in hard-hit California, is a bit dire, given recent health concerns, we think SJW is well positioned to operate on a fairly normal basis. In fact, a rise in household water consumption, due to increased hand washing and more people staying at home of late, may be a net positive for the company.

**Long-term, we like SJW Group's business prospects.** First, the recently combined company now serves more than 1.5 million people on both coasts, and the scale and scope of its operations, once the integration is in the rearview mirror, ought to support further growth. In addition, an expanding customer base and periodic rate hikes should help drive top-line results. Second, we think aggressive infrastructure investment spending is likely over the next several years. Alongside traditional upgrades, such as water main repairs and improvements to its filtration systems and treatment plants, SJW aims to roll out advanced metering technology (in an effort to achieve upcoming water standards) that can provide nearly real-time water consumption information.

**The stock price has declined notably since our previous review.** Over the past three months, SJW stock has lost about 20% in value, largely a consequence of broader market turbulence stemming from weakening economic concerns. Over the past five years, shares of SJW have appreciated handsomely and, even with the recent selloff, total return potential three to five years out is still subpar when compared to the Value Line median.

**Adding it all up, given the equity's limited investment appeal, subscribers would be wise to look elsewhere at this juncture.**

Nicholas P. Patrikis April 10, 2020

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2017	69.0	102.1	124.6	93.5	389.2
2018	75.0	99.1	124.9	98.7	397.7
2019	77.7	103.0	114.0	126.0	420.5
2020	105	135	170	135	545
2021	115	145	180	145	585

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2017	.18	.90	.94	.84	2.86
2018	.06	.62	.76	.38	1.82
2019	.21	.47	.33	.34	1.35
2020	.20	.65	.90	.60	2.35
2021	.30	.70	1.00	.70	2.70

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B,D</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	.2025	.2025	.2025	.2025	.81
2017	.2175	.2175	.2175	.3875	1.04
2018	.28	.28	.28	.28	1.12
2019	.30	.30	.30	.30	1.20
2020	.32				

(A) Diluted earnings. Excludes nonrecurring losses: '04, \$3.78; '05, \$1.09; '06, \$16.36; '08, \$1.22; '10, \$0.46. GAAP accounting as of 2013. Next earnings report due early May.

(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.

(C) In millions, adjusted for stock splits.

(D) Paid special dividend of \$0.17 per share on 11/17.

(E) Suspended due to recent CTWS merger.

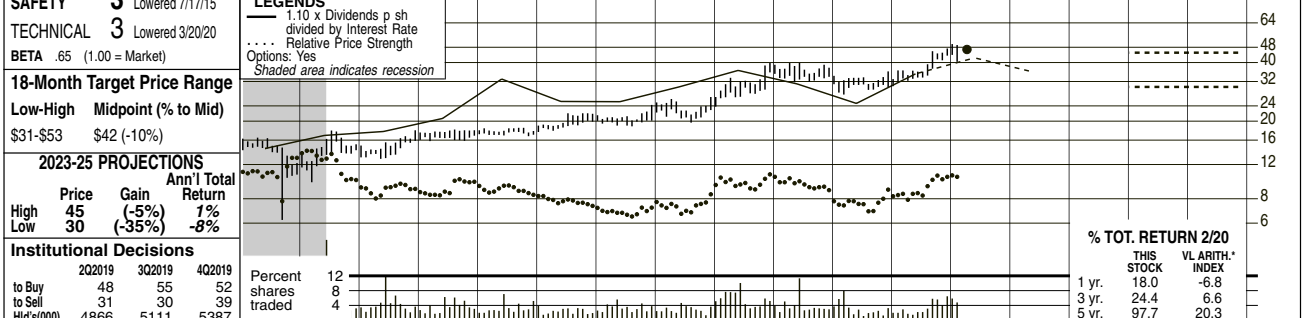
Company's Financial Strength B+  
 Stock's Price Stability 70  
 Price Growth Persistence 55  
 Earnings Predictability 45

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# YORK WATER NDQ:YORW

RECENT PRICE **46.77** P/E RATIO **42.1** (Trailing: 42.1 Median: 25.0) RELATIVE P/E RATIO **3.19** DIV'D YLD **1.5%** VALUE LINE



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
2.18	2.58	2.56	2.79	2.89	2.95	3.07	3.18	3.21	3.27	3.58	3.68	3.70	3.77	3.74	3.96	4.05	4.20	Revenues per sh	5.10
.65	.79	.77	.86	.88	.95	1.07	1.09	1.12	1.19	1.36	1.45	1.42	1.53	1.58	1.71	1.75	1.80	"Cash Flow" per sh	2.40
.49	.56	.58	.57	.57	.64	.71	.71	.72	.75	.89	.97	.92	1.01	1.04	1.11	1.15	1.20	Earnings per sh <sup>A</sup>	1.60
.39	.42	.45	.48	.49	.51	.52	.53	.54	.55	.57	.60	.63	.65	.67	.70	.73	.78	Div'd Decl'd per sh <sup>B</sup>	.95
2.50	1.69	1.85	1.69	2.17	1.18	.83	.74	.94	.76	1.10	1.11	1.03	1.95	1.95	2.00	2.00	1.95	Cap'l Spending per sh	1.85
4.65	4.85	5.84	5.97	6.14	6.92	7.19	7.45	7.73	7.98	8.15	8.51	8.88	9.28	9.75	10.32	11.20	11.65	Book Value per sh	12.50
10.33	10.40	11.20	11.27	11.37	12.56	12.69	12.79	12.92	12.98	12.83	12.81	12.85	12.87	12.94	13.01	12.95	12.90	Common Shs Outst'g <sup>C</sup>	12.80
25.7	26.3	31.2	30.3	24.6	21.9	20.7	23.9	24.4	26.3	23.1	23.5	32.8	34.6	30.3	33.7	30.3	33.7	Avg Ann'l P/E Ratio	22.5
1.36	1.40	1.68	1.61	1.48	1.46	1.32	1.50	1.55	1.48	1.22	1.18	1.72	1.74	1.64	1.83	1.64	1.83	Relative P/E Ratio	1.25
3.1%	2.9%	2.5%	2.8%	3.5%	3.6%	3.5%	3.1%	3.1%	2.8%	2.8%	2.6%	2.1%	1.9%	2.1%	1.9%	2.1%	1.9%	Avg Ann'l Div'd Yield	2.5%

CAPITAL STRUCTURE as of 12/31/19		2017	2018	12/31/19	2017	2018	2019	2020	2021	Revenues (\$mill)		Income Tax Rate		AFUDC % to Net Profit		Long-Term Debt Ratio		Common Equity Ratio		Total Capital (\$mill)		Net Plant (\$mill)		Return on Total Cap'l		Return on Shr. Equity		Return on Com Equity		Retained to Com Eq		All Div'ds to Net Prof		
Total Debt \$101.0 mill. Due in 5 Yrs \$42.5 mill.					39.0	40.6	41.4	42.4	45.9	47.1	52.5	54.0	21.0%	21.0%	1.5%	1.5%	38.5%	37.5%	61.5%	62.5%	235	240	315	320	7.5%	7.4%	10.5%	10.5%	10.5%	10.5%	4.0%	4.0%	63%	65%
LT Debt \$94.5 mill. LT Interest \$5.5 mill.					8.9	9.1	9.3	9.7	11.5	12.5	15.0	15.5	21.0%	21.0%	1.5%	1.5%	38.5%	37.5%	61.5%	62.5%	235	240	315	320	7.5%	7.4%	10.5%	10.5%	10.5%	10.5%	4.0%	4.0%	63%	65%
Pension Assets 12/19 \$49.3 mill. Oblig. \$47.3 mill. (41% of Cap'l)					38.5%	35.3%	37.6%	37.6%	29.8%	27.5%	15.7%	15.7%	21.0%	21.0%	1.5%	1.5%	38.5%	37.5%	61.5%	62.5%	235	240	315	320	7.5%	7.4%	10.5%	10.5%	10.5%	10.5%	4.0%	4.0%	63%	65%
Pfd Stock None					1.2%	1.1%	1.1%	.8%	1.8%	1.6%	6.7%	6.7%	1.7%	2.0%	1.5%	1.5%	38.5%	37.5%	61.5%	62.5%	235	240	315	320	7.5%	7.4%	10.5%	10.5%	10.5%	10.5%	4.0%	4.0%	63%	65%
Common Stock 13,014,898 shs.					48.3%	47.1%	46.0%	45.1%	44.8%	44.4%	43.0%	42.5%	41.3%	38.5%	37.5%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
MARKET CAP: \$600 million (Small Cap)					51.7%	52.9%	54.0%	54.9%	55.2%	55.6%	57.4%	57.0%	58.7%	61.5%	62.5%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	
CURRENT POSITION (\$MILL)					176.4	180.2	184.8	188.4	189.4	196.3	209.5	219.5	228.7	235	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240		
Cash Assets					228.4	233.0	240.3	244.2	253.2	261.4	270.9	288.8	299.2	313.2	315	320	320	320	320	320	320	320	320	320	320	320	320	320	320	320	320	320		
Accounts Receivable					6.5%	6.4%	6.4%	6.5%	7.4%	7.6%	7.2%	7.5%	7.3%	7.4%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%		
Inventory (Avg. Cost)					9.8%	9.5%	9.3%	9.3%	11.0%	11.5%	10.4%	10.9%	10.6%	10.8%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%		
Other					9.8%	9.5%	9.3%	9.3%	11.0%	11.5%	10.4%	10.9%	10.6%	10.8%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%		
Current Assets					2.7%	2.5%	2.4%	2.4%	3.9%	4.4%	3.4%	4.0%	3.8%	3.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%			
Accts Payable					72%	73%	74%	74%	64%	62%	67%	63%	64%	63%	63%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%		
Debt Due																																		
Other																																		
Current Liab.																																		

**BUSINESS:** The York Water Company is the oldest investor-owned regulated water utility in the United States. It has operated continuously since 1816. As of December 31, 2019, the company's average daily availability was 35.4 million gallons and its service territory had an estimated population of 201,000. Has more than 71,400 customers. Residential customers accounted for 65% of 2019 revenues; commercial and industrial (28%); other (7%). It also provides sewer billing services. Incorporated: PA. York had 106 full-time employees at 12/31/19. President/CEO: Jeffrey R. Hines. Officers/directors own 1.2% of the common stock (3/19 proxy). Address: 130 East Market Street, York, Pennsylvania 17401. Telephone: (717) 845-3601. Internet: www.yorkwater.com.

**York Water Company is apt to post modest top- and bottom-line gains this year and next.** Although the current economic climate is far from ideal, York's operations are likely to move forward on a relatively normal basis. In fact, given an abundance of hand washing spurred by the recent health crisis, coupled with a growing number of residents urged to stay at home by government officials, the company may experience a near-term uptick in water consumption. All things considered, we continue to envision low single-digit revenue and share-net growth for 2020 and 2021.

**The stock is a favorable selection for the coming six- to 12-month stretch.** Based on our Timeliness Ranking scale, York is ranked 2 (Above Average) for relative year-ahead price performance. What's more, in comparison to the beaten-up broader market indices, shares of the regulated water utility have fared markedly better over the past six weeks of trading. Indeed, conservative investors may well continue to rebalance their portfolios, specifically by increasing exposure to companies with more stable year-ahead business prospects.

**Investment spending over the pull to mid-decade ought to continue as planned.** Leadership's recent commentary suggests capital investments of about \$30 million are on the table this year, which will likely be followed up by an additional \$27 million worth of spending in 2021. Funds will probably be allocated to dam construction and repair; waste water treatment plant expansion; and pipe, service line, and facility improvements. In our view, factoring in the company's aging infrastructure, as well as its expanding customer base, York is not likely to take its foot off the gas beyond 2021 in terms of investment spending.

**At the recent quotation, long-term investment appeal is lacking.** York shares have been on a steady ascent for the better part of the last decade. And even with the moderate pullback of late, total return potential three to five years hence is well below average. All told, despite the stock's defensive qualities, we think buy-and-hold accounts can find more-attractive options elsewhere at this juncture.

*Nicholas P. Patrikis April 10, 2020*

(A) Diluted earnings. Next earnings report due late April.	(C) In millions, adjusted for split.	Company's Financial Strength	B+
(B) Dividends historically paid in late February, June, September, and December.		Stock's Price Stability	65
		Price Growth Persistence	65
		Earnings Predictability	95

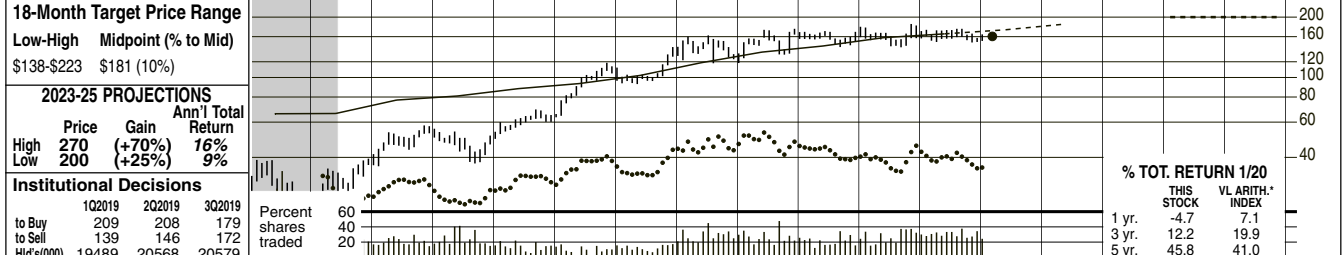




CBOE GLOBAL MKTS. CBOE-CBOE		RECENT PRICE	93.03	P/E RATIO	27.2	(Trailing: 27.9 Median: 25.0)	RELATIVE P/E RATIO	2.06	DIV'D YLD	1.5%	VALUE LINE								
TIMELINESS	3 Lowered 2/21/20	High: 34.2	29.8	31.0	54.8	65.4	72.5	77.3	128.3	138.5	124.9	127.9		Target Price Range					
SAFETY	2 Raised 1/13/17	Low: 19.6	21.5	24.4	29.7	46.5	55.0	58.4	72.5	87.9	89.5	72.0		2023	2024	2025			
TECHNICAL	2 Raised 3/20/20	<b>LEGENDS</b> - 16.0 x "Cash Flow" p sh ..... Relative Price Strength Options: Yes Shaded area indicates recession										320							
BETA	.65 (1.00 = Market)											200							
18-Month Target Price Range												160							
Low-High Midpoint (% to Mid)												120							
\$91-\$141 \$116 (25%)												100							
2023-25 PROJECTIONS												80							
Price Gain Ann'l Total												40							
High	190 (+105%)											20							
Low	140 (+50%)											18							
Institutional Decisions																			
202019	302019	402019																	
to Buy	195	192	228										Percent						
to Sell	190	176	164										shares						
Hld's(000)	96100	91958	90983										traded						
												45							
												30							
												15							
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC 23-25	
--	--	--	--	--	--	4.85	5.72	5.87	6.59	7.35	7.73	8.08	19.77	24.81	22.56	23.80	24.55	Revenues per sh	31.80
--	--	--	--	--	--	1.44	1.96	2.17	2.43	2.73	3.06	2.83	5.26	5.64	4.95	5.20	5.30	"Cash Flow" per sh	9.30
--	--	--	--	--	--	1.03	1.52	1.78	1.99	2.21	2.46	2.27	3.69	3.76	3.34	3.50	3.60	Earnings per sh <sup>A</sup>	7.25
--	--	--	--	--	--	.20	.44	.54	.66	.78	.88	.96	1.04	1.16	1.34	1.44	1.44	Div'ds Decl'd per sh <sup>B</sup>	1.80
--	--	--	--	--	--	.26	.33	.34	.33	.60	.48	.55	.33	.33	.32	.65	.70	Cap'l Spending per sh	.75
--	--	--	--	--	--	1.95	2.66	2.74	3.28	2.98	3.16	3.91	27.59	29.04	30.32	33.45	35.30	Book Value per sh <sup>B</sup>	54.55
--	--	--	--	--	--	90.09	88.77	87.27	86.77	84.00	82.09	81.29	112.74	111.60	110.66	110.00	110.00	Common Shs Outst'g <sup>C</sup>	110.00
--	--	--	--	--	--	24.0	16.8	15.7	21.7	24.4	25.5	29.2	25.6	28.7	32.4			Avg Ann'l P/E Ratio	22.5
--	--	--	--	--	--	1.53	1.05	1.00	1.22	1.28	1.28	1.53	1.29	1.55	1.76			Relative P/E Ratio	1.25
--	--	--	--	--	--	.8%	1.7%	1.9%	1.5%	1.4%	1.4%	1.4%	1.1%	1.1%	1.2%			Avg Ann'l Div'd Yield	1.1%
CAPITAL STRUCTURE as of 12/31/19						437.1	508.1	512.3	572.1	617.2	634.5	656.9	2229.1	2768.8	2496.1	2620	2700	Revenues (\$mill)	3500
Total Debt \$867.6 mill. Due in 5 Yrs. \$575 mill.						46.3%	55.4%	55.6%	57.0%	58.2%	58.4%	51.7%	25.3%	29.0%	28.6%	30.0%	32.0%	Operating Margin	35.0%
LT Debt \$867.6 mill. LT Interest \$60.0 mill						30.0	34.2	31.6	34.6	39.9	46.3	44.4	192.2	204.0	176.6	180	185	Depreciation (\$mill)	225
(Tot. Int. Cov.: 15.0x)						99.4	139.4	157.4	176.0	189.7	205.0	185.7	400.6	425.2	370.8	390	400	Net Profit (\$mill)	800
Leases, Uncapitalized Annual rentals \$10.4 mill.						39.6%	41.9%	35.1%	38.0%	38.7%	36.7%	39.4%	NMF	25.6%	26.0%	27.0%	25.0%	Income Tax Rate	25.0%
No Defined Benefit Pension Plan						22.7%	27.4%	30.7%	30.8%	30.7%	32.3%	28.3%	18.0%	15.4%	14.9%	14.8%	Net Profit Margin	22.9%	
Pfd Stock None						61.1	137.4	150.7	201.4	170.4	130.1	145.3	100.7	87.8	326.0	160	200	Working Cap'l (\$mill)	500
Common Stock 110,435,193 shs. as of 2/14/20						--	--	--	--	--	--	--	1237.9	915.6	867.6	875	875	Long-Term Debt (\$mill)	800
MARKET CAP: \$10.3 billion (Large Cap)						175.9	236.3	239.1	284.5	250.1	259.6	317.9	3110.6	3241.0	3355.6	3680	3885	Shr. Equity (\$mill)	6000
BALANCE SHEET (SMILL)						56.8%	59.2%	65.8%	61.9%	75.9%	79.0%	58.4%	9.7%	10.7%	9.2%	8.5%	8.5%	Return on Total Cap'l	12.0%
Cash Assets						56.5%	59.0%	65.8%	61.9%	75.9%	79.0%	58.4%	12.9%	13.1%	11.1%	10.5%	10.5%	Return on Shr. Equity	13.5%
Accounts Receivable						45.3%	41.9%	45.8%	41.3%	49.1%	50.7%	33.7%	9.1%	9.1%	6.6%	6.5%	6.0%	Retained to Com Eq	10.0%
Other						20%	29%	30%	33%	35%	36%	42%	29%	31%	40%	41%	40%	All Div'ds to Net Prof	25%
Current Assets						<b>BUSINESS:</b> Cboe Global Markets, Inc. is a large exchange holding company. It offers a diverse range of products in multiple asset classes, and operates in five primary business segments: Options, U.S. equities, futures, European Equities, and Global FX. Transaction fees (from contracts or shares traded on exchanges) composed 62.9% of 2019 revenues, and regulatory fees, market data, connectivity fees also contributed to revenues. 2/17, Acq. Bats Global Markets. Off/dir. own 1.1% of stock; T. Rowe Price, 13.9%; Vanguard, 10.4%; BlackRock, 7.0%; FMR, 5.3% (4/19 proxy). Has 842 employees. Inc.: DE. Chairman/CEO: Edward T. Tilly. Pres.: Christopher R. Concannon. Address: 400 South LaSalle St., Chicago, IL 60605. Telephone: 312-786-5600. Internet: www.cboe.com.													
Accounts Payable						<b>Cboe Global Markets closed 2019 on a soft note.</b> Revenues pulled back 20% during the fourth quarter, and the top line was down 10% for the full year. Likewise, share net shed 37% in the December period, and the bottom line contracted 11% in 2019. Lower trading volume and softness in Cboe's proprietary products, especially in comparison to the dynamic growth recorded in the year-ago period, caused much of the company's recent setback. Too, unfavorable foreign currency effects and lower transaction revenues hurt results across its business lines.													
Debt Due						<b>We imagine the company will rebound in the coming quarters, despite market headwinds.</b> The sudden spread of the coronavirus pandemic has roiled across the globe, and will probably weigh on global markets in the months to come. Still, Cboe has been working hard to ensure markets open and in order. Moreover, acquisition synergies, ongoing expense controls, and management's other strategic growth measures should bolster totals. In all, we look for share earnings and revenues to both recover about 5% this year.													
Other						What's more, the top and bottom lines ought to climb at a low single-digit clip through 2021.													
Current Liab.						<b>Cboe has been widening its footprint.</b> It closed on the acquisitions of real-time risk analytics company Hanweck and portfolio platform provider FT Options in early February. Additionally, Cboe has inked an agreement to purchase EuroCCP, a leading European equities clearing house. That deal ought to close in the back half of 2020, and the company will probably bolster its pan-European business to extend its geographic reach. In the meantime, the company has been ramping up research & development and investing heavily in technological advances in order to strengthen its product roster and improve the trading platforms.													
ANNUAL RATES Past						<b>This quality issue is ranked 3 (Average) for year-ahead price performance.</b> These shares have fallen precipitously over the past few months, like much of the broader market averages. However, the recent dip in value has helped widen CBOE's long-term capital appreciation potential.													
of change (per sh) 10 Yrs.						Orly Seidman April 10, 2020													
Past 5 Yrs.																			
Est'd '17-'19																			
to '23-'25																			
Revenues																			
"Cash Flow"																			
Earnings																			
Dividends																			
Book Value																			
Cal-endar		QUARTERLY REVENUES (\$ mill.)				Full Year													
Mar.31		Jun.30		Sep.30		Dec.31													
2017		356.2		640.8		611.4		620.7		2229.1									
2018		777.7		667.5		575.9		747.7		2768.8									
2019		601.5		620.6		675.4		598.6		2496.1									
2020		620		625		685		690		2620									
2021		625		650		700		725		2700									
Cal-endar		EARNINGS PER SHARE <sup>A</sup>				Full Year													
Mar.31		Jun.30		Sep.30		Dec.31													
2017		.16		.60		.53		2.41		3.69									
2018		1.04		.73		.76		1.23		3.76									
2019		.85		.78		.94		.77		3.34									
2020		.90		.80		.95		.85		3.50									
2021		.90		.85		.95		.90		3.60									
Cal-endar		QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year													
Mar.31		Jun.30		Sep.30		Dec.31													
2016		.23		.23		.25		.25		.96									
2017		.25		.25		.27		.27		1.04									
2018		.27		.27		.31		.31		1.16									
2019		.31		.31		.36		.36		1.34									
2020		.36																	

# CRACKER BARREL NDQ-CBRL

<b>TIMELINESS</b> <b>3</b> Lowered 9/27/19	<b>RECENT PRICE</b> <b>160.46</b>	<b>P/E RATIO</b> <b>16.5</b> (Trailing: 17.0 Median: 17.0)	<b>RELATIVE P/E RATIO</b> <b>0.92</b>	<b>DIV'D YLD</b> <b>3.3%</b>	<b>VALUE LINE</b> <b>354</b>
<b>SAFETY</b> <b>2</b> Raised 5/29/15	High: 39.5 57.8 55.5 69.3 118.6 141.8 162.3 175.0 170.5 185.0 175.1 164.0	Low: 15.4 36.2 37.3 49.5 63.4 92.8 117.9 118.0 141.8 141.6 149.5 151.7			
<b>TECHNICAL</b> <b>4</b> Raised 2/14/20	<b>LEGENDS</b> — 12.0 x "Cash Flow" p sh - - - Relative Price Strength Options: Yes Shaded area indicates recession				
<b>BETA</b> .70 (1.00 = Market)	Target Price Range 2023 2024 2025				



2023-25 PROJECTIONS													
High	Low	Price	Gain	Ann'l Total Return								% TOT. RETURN 1/20	
		270	(+70%)	16%								THIS STOCK	VL ARITH. INDEX
		200	(+25%)	9%								1 yr.	-4.7 7.1
												3 yr.	12.2 19.9
												5 yr.	45.8 41.0

CAPITAL STRUCTURE as of 11/19/19												Sales per sh <sup>A</sup>		152.10
Total Debt \$485.0 mill. Due in 5 Yrs \$375.0 mill.												132.30	138.55	
LT Debt \$485.0 mill. LT Interest \$25.0 mill. (44% of Cap'l)												14.40	15.40	20.00
Leases, Uncapitalized Annual rentals \$69.2 mill.												9.55	10.25	13.80
No Defined Benefit Pension Plan												5.25	5.45	6.60
Pfd Stock None												5.00	5.20	5.85
Common Stock 23,980,825 shs. as of 11/19/19												27.30	29.60	41.65
MARKET CAP: \$3.8 billion (Mid Cap)												24.00	24.00	24.00
CURRENT POSITION (SMILL.)												Common Shs Outst'g <sup>D</sup>		17.0
Cash Assets 114.7 36.9 43.2												Avg Ann'l P/E Ratio		.95
Receivables 19.5 22.8 22.1												Avg Ann'l Div'd Yield		2.8%
Inventory (LIFO) 156.3 155.0 188.7														
Other 16.3 27.7 39.4														
Current Assets 306.8 242.4 293.4														
Accts Payable 122.3 132.2 145.9														
Debt Due - - -														
Other 242.3 260.3 296.8														
Current Liab. 364.6 392.5 442.7														

ANNUAL RATES												Sales (\$mill) <sup>A</sup>		3650
of change (per sh)												13.0%	13.0%	15.0%
Sales												115	125	150
"Cash Flow"												230	245	330
Earnings												16.5%	16.5%	21.0%
Dividends												7.3%	7.4%	9.0%
Book Value												700	710	1000

Fiscal Year Ends												Full Fiscal Year		2021
2017												2926.3		
2018												3030.4		
2019												3072.0		
2020												3175		
2021												3325		

Fiscal Year Ends												Full Fiscal Year		2021
2017												F8.37		
2018												9.23		
2019												9.27		
2020												9.55		
2021												10.25		

Cal-endar												Full Year		2020
2016												4.50		
2017												4.70		
2018												4.90		
2019												5.10		
2020														

(A) Fiscal year ends Friday closest to July 31st. Quarterly div'd adopted 9/03. Payments made in February, May, August, and November. (B) Dil. earnings. Excl. nonrecurring (loss): '04, '06, '06. Excl. discontinued gain: '07, \$2.41. Div'd reinvestment plan available. Excl. special div'ds of \$3.00/sh. paid 8/5/15, \$3.25/sh. paid 7/29/16, \$3.50/sh. paid 7/28/17, \$3.75/sh. paid 8/3/18, and \$3.00/sh. paid 8/2/19. (D) In mill. (E) Incl. stock option expense as of '06. (F) Does not sum due to rounding.

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**BUSINESS:** Cracker Barrel Old Country Store, Inc., formerly CBRL Group, Inc., operates 660 restaurants/gift shops in 45 states, mostly in the South and Midwest (11/26/19). Restaurants feature an old country store motif, along with adjoining/separate gift shops, which sell early American reproductions and food items. Nearly all units are company-owned and located along highways. Restaurants accounted for 80.8% of '19 sales; gift shops, 19.2%. CBRL also had (now divested) 143 Logan's Roadhouse company-operated and 26 franchised units. Has about 73,000 employees. Off./dir. own less than 1% of stock (10/19 proxy). Pres. & CEO: Sandra B. Cochran. Inc.: TN. Addr.: P.O. Box 787, 305 Hartmann Drive, Lebanon, TN 37088-0787. Tel.: 615-444-5533. Internet: www.crackerbarrel.com.

**Shares of Cracker Barrel Old Country Store have remained market laggards since our November review.** We attribute this to lackluster same-store sales trends at the flagship concept. In fact, while share net of \$2.15 for the first quarter of fiscal 2020 (year ends July 31st) beat our estimate by a dime, restaurant comps advanced a mediocre 2.1%, including a 1.5% traffic decline. Moreover, same-store sales across the retail operations (adjacent gift shops sell a variety of Americana items) have slipped into negative territory, falling 0.9% in the October period. The company has been trying to de-emphasize this part of its business, which continues to be squeezed by Amazon and other e-tailers. But retail still accounts for almost 20% of the revenue mix. And this challenged segment will probably remain a drag on results for the foreseeable future.

**Prospects still appear decent as we look through the balance of fiscal 2020 and into next year.** Though retail headwinds should persist, restaurant comps ought to improve gradually, thanks to off-premise expansion (i.e., more catering and delivery options) and new budget-

friendly additions to the menu, like the popular southern fried chicken entrée. Service enhancements will probably bolster same-store sales, too. And we expect a heightened emphasis on the chain's unique value proposition to be a plus, helping Cracker Barrel to wrest share from some of its pricier casual-dining rivals. All in all, when factoring in some modest labor-related margin pressures, we see share net rising 3% this year (to \$9.55) and another 7% in fiscal 2021 (to \$10.25).

**The restaurant operator has acquired Maple Street Biscuit Company for \$36 million.** This all-cash deal, along with the new strategic tie-up with entertainment chain Punch Bowl Social, adds a welcome element of diversity to the business. And we think that Maple Street represents a good long-term growth opportunity, especially as Cracker Barrel looks to move into urban areas and more aggressively target the breakfast and lunch crowds.

**This stock has worthwhile total-return potential through 2023-2025.** It does not stand out for the year ahead (Timeliness: 3), however.

*Justin Hellman February 21, 2020*

<b>Company's Financial Strength</b>	A
<b>Stock's Price Stability</b>	75
<b>Price Growth Persistence</b>	75
<b>Earnings Predictability</b>	100

<b>CAMPBELL SOUP</b> NYSE-CPB					RECENT PRICE	47.61	P/E RATIO	18.5 (Trailing: 19.5 Median: 16.0)	RELATIVE P/E RATIO	1.38	DIV'D YLD	2.9%	VALUE LINE																																																																																																																																																																																																																																																																																																				
TIMELINESS	3	Raised 6/7/19	High: 35.8	37.6	35.7	37.2	48.8	46.7	55.1	67.9	64.2	48.4	49.5	57.5																																																																																																																																																																																																																																																																																																			
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CAPITAL STRUCTURE as of 1/26/20			<table border="1"> <tr> <td></td> <td>2004</td><td>2005</td><td>2006</td><td>2007</td><td>2008</td><td>2009</td><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td><td>2016</td><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td> </tr> <tr> <td>Total Debt</td> <td>\$5817 mill.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>7676.0</td> <td>7719.0</td> <td>7707.0</td> <td>8052.0</td> <td>8268.0</td> <td>8082.0</td> <td>7961.0</td> <td>7890.0</td> <td>8685.0</td> <td>8107.0</td> <td>8150</td> <td>8225</td> <td>Sales (\$mill)<sup>A</sup></td> <td>9300</td> </tr> <tr> <td>LT Debt</td> <td>\$4919 mill.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>21.0%</td> <td>21.0%</td> <td>19.4%</td> <td>20.4%</td> <td>19.2%</td> <td>20.3%</td> <td>22.5%</td> <td>23.3%</td> <td>20.1%</td> <td>20.8%</td> <td>20.4%</td> <td>20.6%</td> <td>Operating Margin</td> <td>20.5%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>251.0</td> <td>268.0</td> <td>262.0</td> <td>407.0</td> <td>305.0</td> <td>303.0</td> <td>308.0</td> <td>318.0</td> <td>394.0</td> <td>446.0</td> <td>340</td> <td>345</td> <td>Depreciation (\$mill)</td> <td>390</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>844.0</td> <td>846.0</td> <td>783.0</td> <td>786.0</td> <td>800.0</td> <td>831.0</td> <td>914.0</td> <td>932.0</td> <td>868.0</td> <td>696.0</td> <td>770</td> <td>815</td> <td>Net Profit (\$mill)</td> <td>945</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>32.0%</td> <td>31.5%</td> <td>31.0%</td> <td>29.8%</td> <td>31.7%</td> <td>31.4%</td> <td>32.6%</td> <td>32.4%</td> <td>27.2%</td> <td>23.7%</td> <td>24.0%</td> <td>24.0%</td> <td>Income Tax Rate</td> <td>25.0%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>11.0%</td> <td>11.0%</td> <td>10.2%</td> <td>9.8%</td> <td>9.7%</td> <td>10.3%</td> <td>11.5%</td> <td>11.8%</td> <td>10.0%</td> <td>8.6%</td> <td>9.4%</td> <td>9.9%</td> <td>Net Profit Margin</td> <td>10.2%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>d378.0</td> <td>d26.0</td> <td>d299.0</td> <td>d1061</td> <td>d889.0</td> <td>d714.0</td> <td>d647.0</td> <td>d495.0</td> <td>d1298</td> <td>d1418</td> <td>d1000</td> <td>d895</td> <td>Working Cap'l (\$mill)</td> <td>d800</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1945.0</td> <td>2427.0</td> <td>2004.0</td> <td>2544.0</td> <td>2244.0</td> <td>2552.0</td> <td>2314.0</td> <td>2499.0</td> <td>7998.0</td> <td>7103.0</td> <td>4750</td> <td>4500</td> <td>Long-Term Debt (\$mill)</td> <td>4000</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>926.0</td> <td>1088.0</td> <td>898.0</td> <td>1217.0</td> <td>1615.0</td> <td>1380.0</td> <td>1525.0</td> <td>1637.0</td> <td>1364.0</td> <td>1103.0</td> <td>3175</td> <td>3645</td> <td>Shr. Equity (\$mill)</td> <td>3790</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>30.8%</td> <td>25.8%</td> <td>28.9%</td> <td>22.6%</td> <td>22.0%</td> <td>22.5%</td> <td>25.3%</td> <td>23.5%</td> <td>10.2%</td> <td>10.3%</td> <td>9.5%</td> <td>10.0%</td> <td>Return on Total Cap'l</td> <td>12.0%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>91.1%</td> <td>77.8%</td> <td>87.2%</td> <td>64.6%</td> <td>49.5%</td> <td>60.2%</td> <td>59.9%</td> <td>56.9%</td> <td>63.6%</td> <td>63.1%</td> <td>24.0%</td> <td>22.0%</td> <td>Return on Shr. Equity</td> <td>52.0%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>51.7%</td> <td>43.0%</td> <td>45.7%</td> <td>34.4%</td> <td>25.3%</td> <td>31.7%</td> <td>34.4%</td> <td>31.3%</td> <td>32.4%</td> <td>24.8%</td> <td>10.5%</td> <td>10.5%</td> <td>Retained to Com Eq</td> <td>12.5%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>43%</td> <td>45%</td> <td>48%</td> <td>47%</td> <td>49%</td> <td>47%</td> <td>43%</td> <td>45%</td> <td>49%</td> <td>61%</td> <td>55%</td> <td>52%</td> <td>All Div's to Net Prof</td> <td>51%</td> </tr> </table>												2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total Debt	\$5817 mill.						7676.0	7719.0	7707.0	8052.0	8268.0	8082.0	7961.0	7890.0	8685.0	8107.0	8150	8225	Sales (\$mill) <sup>A</sup>	9300	LT Debt	\$4919 mill.						21.0%	21.0%	19.4%	20.4%	19.2%	20.3%	22.5%	23.3%	20.1%	20.8%	20.4%	20.6%	Operating Margin	20.5%								251.0	268.0	262.0	407.0	305.0	303.0	308.0	318.0	394.0	446.0	340	345	Depreciation (\$mill)	390								844.0	846.0	783.0	786.0	800.0	831.0	914.0	932.0	868.0	696.0	770	815	Net Profit (\$mill)	945								32.0%	31.5%	31.0%	29.8%	31.7%	31.4%	32.6%	32.4%	27.2%	23.7%	24.0%	24.0%	Income Tax Rate	25.0%								11.0%	11.0%	10.2%	9.8%	9.7%	10.3%	11.5%	11.8%	10.0%	8.6%	9.4%	9.9%	Net Profit Margin	10.2%								d378.0	d26.0	d299.0	d1061	d889.0	d714.0	d647.0	d495.0	d1298	d1418	d1000	d895	Working Cap'l (\$mill)	d800								1945.0	2427.0	2004.0	2544.0	2244.0	2552.0	2314.0	2499.0	7998.0	7103.0	4750	4500	Long-Term Debt (\$mill)	4000								926.0	1088.0	898.0	1217.0	1615.0	1380.0	1525.0	1637.0	1364.0	1103.0	3175	3645	Shr. Equity (\$mill)	3790								30.8%	25.8%	28.9%	22.6%	22.0%	22.5%	25.3%	23.5%	10.2%	10.3%	9.5%	10.0%	Return on Total Cap'l	12.0%								91.1%	77.8%	87.2%	64.6%	49.5%	60.2%	59.9%	56.9%	63.6%	63.1%	24.0%	22.0%	Return on Shr. Equity	52.0%								51.7%	43.0%	45.7%	34.4%	25.3%	31.7%	34.4%	31.3%	32.4%	24.8%	10.5%	10.5%	Retained to Com Eq	12.5%								43%	45%	48%	47%	49%	47%	43%	45%	49%	61%	55%	52%	All Div's to Net Prof	51%
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021																																																																																																																																																																																																																																																																																															
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							844.0	846.0	783.0	786.0	800.0	831.0	914.0	932.0	868.0	696.0	770	815	Net Profit (\$mill)	945																																																																																																																																																																																																																																																																																													
							32.0%	31.5%	31.0%	29.8%	31.7%	31.4%	32.6%	32.4%	27.2%	23.7%	24.0%	24.0%	Income Tax Rate	25.0%																																																																																																																																																																																																																																																																																													
							11.0%	11.0%	10.2%	9.8%	9.7%	10.3%	11.5%	11.8%	10.0%	8.6%	9.4%	9.9%	Net Profit Margin	10.2%																																																																																																																																																																																																																																																																																													
							d378.0	d26.0	d299.0	d1061	d889.0	d714.0	d647.0	d495.0	d1298	d1418	d1000	d895	Working Cap'l (\$mill)	d800																																																																																																																																																																																																																																																																																													
							1945.0	2427.0	2004.0	2544.0	2244.0	2552.0	2314.0	2499.0	7998.0	7103.0	4750	4500	Long-Term Debt (\$mill)	4000																																																																																																																																																																																																																																																																																													
							926.0	1088.0	898.0	1217.0	1615.0	1380.0	1525.0	1637.0	1364.0	1103.0	3175	3645	Shr. Equity (\$mill)	3790																																																																																																																																																																																																																																																																																													
							30.8%	25.8%	28.9%	22.6%	22.0%	22.5%	25.3%	23.5%	10.2%	10.3%	9.5%	10.0%	Return on Total Cap'l	12.0%																																																																																																																																																																																																																																																																																													
							91.1%	77.8%	87.2%	64.6%	49.5%	60.2%	59.9%	56.9%	63.6%	63.1%	24.0%	22.0%	Return on Shr. Equity	52.0%																																																																																																																																																																																																																																																																																													
							51.7%	43.0%	45.7%	34.4%	25.3%	31.7%	34.4%	31.3%	32.4%	24.8%	10.5%	10.5%	Retained to Com Eq	12.5%																																																																																																																																																																																																																																																																																													
							43%	45%	48%	47%	49%	47%	43%	45%	49%	61%	55%	52%	All Div's to Net Prof	51%																																																																																																																																																																																																																																																																																													
Leases, Uncapitalized Annual rentals \$68 mill.			<table border="1"> <tr> <td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td> </tr> <tr> <td>2202</td><td>2171</td><td>1853</td><td>1664</td><td>7890</td> </tr> <tr> <td>2161</td><td>2180</td><td>2125</td><td>2219</td><td>8685</td> </tr> <tr> <td>2202</td><td>2172</td><td>1953</td><td>1780</td><td>8107</td> </tr> <tr> <td>2183</td><td>2162</td><td>1930</td><td>1875</td><td>8150</td> </tr> <tr> <td>2200</td><td>2175</td><td>1950</td><td>1900</td><td>8225</td> </tr> </table>											2017	2018	2019	2020	2021	2202	2171	1853	1664	7890	2161	2180	2125	2219	8685	2202	2172	1953	1780	8107	2183	2162	1930	1875	8150	2200	2175	1950	1900	8225																																																																																																																																																																																																																																																																						
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Pension Assets- 7/19 \$2.2 bill. Oblig.\$2.3 bill.			<table border="1"> <tr> <td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td> </tr> <tr> <td>1.00</td><td>.91</td><td>.59</td><td>.52</td><td>3.04</td> </tr> <tr> <td>.92</td><td>1.00</td><td>.70</td><td>.25</td><td>2.87</td> </tr> <tr> <td>.71</td><td>.65</td><td>.53</td><td>.41</td><td>2.30</td> </tr> <tr> <td>.78</td><td>.72</td><td>.57</td><td>.48</td><td>2.55</td> </tr> <tr> <td>.80</td><td>.78</td><td>.61</td><td>.51</td><td>2.70</td> </tr> </table>											2017	2018	2019	2020	2021	1.00	.91	.59	.52	3.04	.92	1.00	.70	.25	2.87	.71	.65	.53	.41	2.30	.78	.72	.57	.48	2.55	.80	.78	.61	.51	2.70																																																																																																																																																																																																																																																																						
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Common Stock 301,744,623 shs. as of 2/25/20			<table border="1"> <tr> <td>2016</td><td>2017</td><td>2018</td><td>2019</td><td>2020</td> </tr> <tr> <td>.312</td><td>.35</td><td>.35</td><td>.35</td><td>1.29</td> </tr> <tr> <td>.35</td><td>.35</td><td>.35</td><td>.35</td><td>1.40</td> </tr> <tr> <td>.35</td><td>.35</td><td>.35</td><td>.35</td><td>1.40</td> </tr> <tr> <td>.35</td><td>.35</td><td>.35</td><td>.35</td><td>1.40</td> </tr> </table>											2016	2017	2018	2019	2020	.312	.35	.35	.35	1.29	.35	.35	.35	.35	1.40	.35	.35	.35	.35	1.40	.35	.35	.35	.35	1.40																																																																																																																																																																																																																																																																											
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MARKET CAP: \$14.4 billion (Large Cap)			<table border="1"> <tr> <td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td> </tr> <tr> <td>2202</td><td>2171</td><td>1853</td><td>1664</td><td>7890</td> </tr> <tr> <td>2161</td><td>2180</td><td>2125</td><td>2219</td><td>8685</td> </tr> <tr> <td>2202</td><td>2172</td><td>1953</td><td>1780</td><td>8107</td> </tr> <tr> <td>2183</td><td>2162</td><td>1930</td><td>1875</td><td>8150</td> </tr> <tr> <td>2200</td><td>2175</td><td>1950</td><td>1900</td><td>8225</td> </tr> </table>											2017	2018	2019	2020	2021	2202	2171	1853	1664	7890	2161	2180	2125	2219	8685	2202	2172	1953	1780	8107	2183	2162	1930	1875	8150	2200	2175	1950	1900	8225																																																																																																																																																																																																																																																																						
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CURRENT POSITION			<table border="1"> <tr> <td>2018</td><td>2019</td><td>1/26/19</td> </tr> <tr> <td>226</td><td>31</td><td>58</td> </tr> <tr> <td>785</td><td>574</td><td>660</td> </tr> <tr> <td>1199</td><td>863</td><td>779</td> </tr> <tr> <td>86</td><td>499</td><td>59</td> </tr> <tr> <td>2296</td><td>1967</td><td>1556</td> </tr> <tr> <td>893</td><td>814</td><td>923</td> </tr> <tr> <td>1896</td><td>1371</td><td>902</td> </tr> <tr> <td>805</td><td>1200</td><td>711</td> </tr> <tr> <td>3594</td><td>3385</td><td>2536</td> </tr> </table>											2018	2019	1/26/19	226	31	58	785	574	660	1199	863	779	86	499	59	2296	1967	1556	893	814	923	1896	1371	902	805	1200	711	3594	3385	2536																																																																																																																																																																																																																																																																						
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**BUSINESS:** Campbell Soup Company manufactures and markets branded convenience food products. Operates two reportable segments: Meals & Beverages (53% of '19 sales), Snacks (47%). Sold Arnott's International Business, 12/19; Kelsen Intl Business, 9/19. Fully divested Campbell Fresh division, 6/19. Popular brands include Campbell's, Goldfish, Lance, Pace, Pepperidge Farm, Plum, Prego, Snyder's of Hanover, Swanson, and V8. Largest customer is Wal-Mart, 20% of sales. Employs 19,000. Officers/directors (including heirs of founder John T. Dorrance) own 36.5% of shares (10/19 Proxy). Chairman: Keith McLoughlin. President & CEO: Mark A. Clouse. Inc.: NJ. Address: 1 Campbell Place, Camden, New Jersey 08103. Tel.: 856-342-4800. Internet: www.campbellsoup.com.

**Campbell Soup posted solid operating results in the fiscal second quarter (ended January 26th).** Organic net sales rose 1% year over year, leading to earnings per share of \$0.72, a rise of 11% over the year-ago period. (Note: Our earnings figures exclude the impact of losses on debt extinguishment and other nonrecurring items.) The snacks category led the way, and we suspect that it will be joined by better soup results in the April quarter, judging from coronavirus-driven demand in recent weeks. A lower tax rate (it fell from 25% to 16%), as well as a 22% plunge in interest expense helped tremendously. Management bumped up its 2020 fiscal year earnings-per-share guidance range by a nickel to \$2.55-\$2.60. We have raised our estimate for fiscal 2020 by a nickel, as well, and are introducing a \$2.70 share-net prediction for fiscal 2021. Minor top-line growth will continue to be helped by continued paring of expenses. In fiscal 2020, roughly \$150 million in cost synergies will be realized from the streamlining of production and further integrating the Snyder's-Lance operations. Another saving of \$200 million has been

targeted through the end of fiscal 2022. The balance sheet transformation has largely run its course. Net debt has fallen from \$9.1 billion to \$5.8 billion over the past 12 months. CEO Mark Clouse, named in January, 2019, has made good on his promise to use the proceeds from international divestitures to delever and focus on adjusting the product mix. Further small debt reductions should aid ongoing productivity enhancements. This neutrally ranked stock has held up rather well in the recent market downdraft. Debt reduction, improved execution, and renewed interest in some of Campbell's brands has not only helped profits, but propped up CPB's stock. It now trades at a premium valuation relative to the overall market, matching its decade-high level last witnessed in 2016. Currently, the yield of the consistent dividend is now below that of the Value Line median. Since annual earnings growth should decelerate out to mid-decade and we see an eventual return to a discounted multiple, three- to five-year total return potential appears subpar. Charles Moran, CFA April 17, 2020

(A) Fiscal year ends on the Sun. nearest July 31st. (B) Based on dil. shs. Qtrly may not sum due to changes in share count. Excl. n/r gains/(losses): '04, ('06, '16c; '07, '13c; '08, ('33c); '09, ('11c); '11, ('12c); '12, ('3c); '13, ('31c); '14, '3c; '15, ('52c); '16, ('\$1.13); '17, ('15c); '18, ('\$2.01); '19, ('73c); '20 Q1, ('22c). Excl. disc. ops.: '13, ('73c); '14, '3c; '19, ('87c); '20 Q1, ('1c). Next eqs. report due late May. (C) Div'ds paid late Jan., April, July, and Oct. Div'd reinvest. plan avail. (D) Incl. intangibles. In '19: \$7.4 billion, or \$24.69/sh. (E) In millions.

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Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	30
Earnings Predictability	80

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DUNKIN' BRANDS NDQ-DNKN				RECENT PRICE	75.80	P/E RATIO	24.0 (Trailing: 24.0 Median: NMF)	RELATIVE P/E RATIO	1.33	DIV/D YLD	2.1%	VALUE LINE	360																																																																																																																																																																					
<b>TIMELINESS</b> 2	Raised 5/24/19	High: 31.9	Low: 23.2	37.0	49.5	53.1	56.8	56.1	65.7	77.1	84.7	79.8	74.0																																																																																																																																																																					
<b>SAFETY</b> 3	New 12/21/11	<b>LEGENDS</b> --- 24.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession																																																																																																																																																																																
<b>TECHNICAL</b> 3	Lowered 1/24/20	<b>18-Month Target Price Range</b> Low-High Midpoint (% to Mid) \$64-\$97 \$81 (5%)																																																																																																																																																																																
<b>BETA</b> .70	(1.00 = Market)	<b>2023-25 PROJECTIONS</b> Price Gain Ann'l Total Return High 145 (+90%) 19% Low 95 (+25%) 8%																																																																																																																																																																																
<b>Institutional Decisions</b>				1Q2019	2Q2019	3Q2019								Percent shares traded																																																																																																																																																																				
to Buy				196	181	190								45	30																																																																																																																																																																			
to Sell				196	183	180								30	15																																																																																																																																																																			
Hlds(000)				73615	72917	72054								15																																																																																																																																																																				
<p>In July 2011, Dunkin' Brands Group sold 22,250,000 shares of common stock and certain stockholders sold 3,337,500 shares of common stock at a price of \$19.00 per share in an IPO. The lead underwriters were J.P. Morgan, Barclays Capital, and Morgan Stanley. Upon completion of the offering, the stock, on July 27, 2011, began trading on the NASDAQ Global Select Market under the symbol "DNKN".</p>																																																																																																																																																																																		
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<p><b>CAPITAL STRUCTURE as of 12/28/19</b>            Total Debt \$3035.4 mill. Due in 5 Yrs \$1750 mill.            LT Debt \$3004.2 mill. LT Interest \$150.0 mill.            (Total interest coverage: 3.2x)            (more than 100% of Cap'l)  <b>Leases, Uncapitalized</b> \$60.2 mill.  <b>No Defined Benefit Pension Plan</b>  <b>Pfd Stock</b> None  <b>Common Stock</b> 82,843,010 shs. as of 11/1/19  <b>MARKET CAP: \$6.3 billion (Large Cap)</b></p>																																																																																																																																																																																		
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<p><b>BUSINESS:</b> Dunkin' Brands Group, Inc., based in Canton, Massachusetts, is one of the world's leading franchisors of quick-service restaurants, serving hot and cold coffee and baked goods, as well as hard-serve ice cream. It has two core concepts, <i>Dunkin'</i> (about 80% of total segment revenues) and <i>Baskin-Robbins</i> (20%), and over 21,250 points of distribution in more than 60 countries. At the end of Q4 '19, the company's 100% franchised business model included more than 13,100 <i>Dunkin'</i> and 8,150 <i>Baskin-Robbins</i> locations. Has approximately 1,100 employees. Officers &amp; directors as a group own 1.7% of common (4/19 Proxy). CEO: David Hoffmann. Inc.: Delaware. Addr.: 130 Royall St., Canton, Massachusetts 02021. Tel.: 781-737-3000. Internet: www.dunkinbrands.com.</p>																																																																																																																																																																																		
<p><b>Dunkin' Brands Group closed out 2019 on a high note.</b> Indeed, fourth-quarter share net of \$0.73 sailed past our \$0.69 estimate and topped Wall Street's expectations, as the company benefited from a lower-than-anticipated effective tax rate and an especially strong showing from its domestic <i>Dunkin'</i> business. Same-store sales across the core <i>Dunkin'</i> U.S. segment advanced 2.8% during the period, notwithstanding stiff industry competition (most notably from coffee giant Starbucks). This was the best such comp performance in several years. And . . . <b>We look for the good momentum to persist.</b> That should stem, we think, from further gains in the espresso-based beverage category and the rollout of new menu items, including more of the popular <i>Beyond Meat</i> breakfast sandwiches. Greater traction from the <i>Go2s</i> value platform will probably be a plus, as well, helping the fast-food chain attract more budget-conscious consumers. And the <i>Perks</i> loyalty initiative should continue to expand nicely. Notably, this digital rewards program has picked up considerable steam of late, adding about one million new members in the fourth quarter. And its extension should not only be a positive for comp trends, but it should speed up restaurant transaction times (by encouraging customers to place mobile orders and/or pay with their smartphones). <b>Stepped-up investment spending is expected to keep a tight lid on the bottom line in the near term.</b> Despite the same-store sales momentum, earnings will likely be on the flattish side this year, at \$3.20 a share, as the company ramps up spending on remodels and new high-volume brewers. The pace of unit development ought to accelerate, too, with the opening of more <i>Dunkin'</i> locations in the western part of the country still a priority. We expect solid profit growth to return in 2021, however, when share net is apt to approximate \$3.55. And we project that the bottom line will reach around \$4.75 a share by the 2023-2025 horizon. <b>This restaurant issue remains timely (2).</b> The shares also offer a decent dividend yield. And the current valuation appears reasonable, making this a fine selection for buy-and-hold investors.</p>																																																																																																																																																																																		
<p><i>Justin Hellman</i> February 21, 2020</p>																																																																																																																																																																																		
<p>(A) Earnings based on diluted shares outstanding. Next earnings report is due early May.            (B) In millions.            (C) Dividend initiated in 3/12. Quarterly payments have been made in February, May, August, and November. ■ Dividend reinvestment plan available.            (D) Quarterly share earnings do not sum in '19 due to rounding.</p>																																																																																																																																																																																		
<table border="1"> <thead> <tr> <th>Company's Financial Strength</th> <th>B+</th> </tr> </thead> <tbody> <tr> <td>Stock's Price Stability</td> <td>85</td> </tr> <tr> <td>Price Growth Persistence</td> <td>95</td> </tr> <tr> <td>Earnings Predictability</td> <td>100</td> </tr> </tbody> </table>														Company's Financial Strength	B+	Stock's Price Stability	85	Price Growth Persistence	95	Earnings Predictability	100																																																																																																																																																													
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<p><b>To subscribe call 1-800-VALUELINE</b></p>																																																																																																																																																																																		

DARDEN RESTAURANTS		NYSE-DRI		RECENT PRICE		P/E RATIO		RELATIVE P/E RATIO		DIV/D YLD		VALUE LINE											
				122.23		18.2		(Trailing: 20.2) (Median: 18.0)		1.01		2.9%											
				33.7		44.1		53.4		97.9		355											
<b>TIMELINESS 2</b> Lowered 1/4/19 <b>SAFETY 3</b> Lowered 3/12/04 <b>TECHNICAL 3</b> Lowered 2/7/20 <b>BETA .75</b> (1.00 = Market)		High: 41.2 50.8 53.8 57.9 55.3 59.6 75.6 79.4 98.4 Low: 23.3 33.7 40.7 43.8 44.1 43.6 53.4 55.8 71.0 124.0 128.4 122.4 109.4				<b>Target Price Range</b> 2023 2024 2025 200 160 120 100 80 60 40																	
<b>18-Month Target Price Range</b> Low-High Midpoint (% to Mid) \$97-\$178 \$138 (10%)		<b>LEGENDS</b> — 12.0 x "Cash Flow" p sh ..... Relative Price Strength Options: Yes Shaded area indicates recession								<b>% TOT. RETURN 1/20</b> THIS STOCK V.L.A.R.I.T.H. INDEX 1 yr. 13.4 7.1 3 yr. 71.6 19.9 5 yr. 118.8 41.0													
<b>2023-25 PROJECTIONS</b> Price Gain Ann'l Total High Low 205 (+70%) 16% Low 140 (+15%) 6%		<b>Institutional Decisions</b> 1Q2019 2Q2019 3Q2019 to Buy 361 314 312 to Sell 280 314 324 Hld's(000) 109431 112113 111271				<b>Percent shares traded</b> 45 30 15				<b>© VALUE LINE PUB. LLC</b> 23-25													
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Sales per sh <sup>A</sup>		86.85	
		31.58	34.19	38.92	39.37	47.16	51.81	49.20	55.72	62.01	65.63	47.51	53.39	54.94	57.18	65.43	69.13	74.70	79.90	79.90	"Cash Flow" per sh		12.65
		2.94	3.26	3.81	4.08	4.62	4.77	4.95	5.91	6.40	6.20	3.69	5.23	5.92	6.20	7.44	8.66	9.70	10.50	10.50	Earnings per sh <sup>AB</sup>		9.05
		1.50	1.78	2.16	2.53	2.78	2.72	2.91	3.41	3.58	3.14	1.38	2.64	3.53	4.02	4.81	5.82	6.55	7.30	7.30	Div'ds Decl'd per sh <sup>C</sup>		4.04
		.08	.08	.40	.46	.72	.80	1.00	1.28	1.72	2.00	2.20	2.20	2.10	2.24	2.52	3.00	3.56	3.64	3.64	Cap'l Spending per sh		2.85
		2.24	2.13	2.30	2.44	3.05	3.84	2.99	4.07	4.96	5.26	3.14	2.34	1.81	2.34	3.21	3.67	4.15	4.05	4.05	Book Value per sh		30.25
		7.86	8.25	8.37	7.74	10.03	11.53	13.10	14.38	14.28	15.81	16.30	18.42	15.47	16.76	17.77	19.44	19.15	20.35	20.35	Common Shs Outst'g <sup>D</sup>		114.00
		158.43	154.39	147.00	141.40	140.50	139.30	144.60	134.60	129.00	130.30	132.30	126.70	126.20	125.40	123.50	123.10	120.00	118.00	118.00	Avg Ann'l P/E Ratio		19.0
		14.1	14.4	16.6	15.8	13.4	10.6	12.6	13.4	13.5	16.0	36.5	21.2	18.5	17.8	18.4	18.9	18.4	18.9	18.4	Relative P/E Ratio		1.05
		.74	.77	.90	.84	.81	.71	.80	.84	.86	.90	1.92	1.07	.97	.90	.99	1.03	1.03	1.03	1.03	Avg Ann'l Div'd Yield		2.5%
		.4%	.3%	1.1%	1.2%	1.9%	2.8%	2.7%	2.8%	3.6%	4.0%	4.4%	3.9%	3.2%	3.1%	2.9%	2.7%	2.7%	2.7%				
<b>CAPITAL STRUCTURE as of 11/24/19</b> Total Debt \$928.2 mill. Due in 5 Yrs None LT Debt \$928.2 mill. LT Interest \$50 mill.		7114.1	7500.2	7998.7	8551.9	8285.6	6764.0	6933.5	7170.2	8080.1	8510.4	8965	9425	Sales (\$mill) <sup>A</sup>	9900								
(Total interest coverage: 16.8x)		13.3%	14.2%	13.6%	12.2%	10.0%	12.1%	13.9%	13.6%	14.0%	14.7%	15.2%	Operating Margin	17.0%									
Leases, Uncapitalized Annual rentals \$372.9 mill. Pension Assets-5/19 \$248.5 mill. Pension Obligation \$252.3 mill.		300.9	316.8	349.1	394.8	304.4	319.3	290.2	272.9	313.1	336.7	360	380	Depreciation (\$mill)	410								
Pfd Stock None		414.2	478.7	476.5	412.6	183.2	342.9	456.6	504.5	606.2	729.6	805	860	Net Profit (\$mill)	1030								
Common Stock 121,510,096 shs. as of 12/16/19		24.8%	26.1%	25.3%	21.0%	--	14.6%	24.4%	24.8%	16.7%	8.4%	11.0%	11.0%	Income Tax Rate	15.0%								
MARKET CAP: \$14.9 billion (Large Cap)		5.8%	6.4%	6.0%	4.8%	2.9%	5.1%	6.6%	7.0%	7.5%	8.6%	9.0%	9.1%	Net Profit Margin	10.4%								
<b>CURRENT POSITION</b> 2018 2019 11/24/19		d576.1	d623.0	d1017	d651.5	357.9	d140.3	d366.8	d489.4	d830.9	d581.5	d1000	d550	Working Cap'l (\$mill)	d500								
Cash Assets 146.9 457.3 157.3		1466.3	1463.3	1508.1	2548.7	2533.4	1452.3	440.0	936.6	926.5	927.7	875	825	Long-Term Debt (\$mill)	650								
Receivables 40.4 88.3 56.8		1894.0	1936.2	1842.0	2059.5	2156.9	2333.5	1952.0	2101.7	2194.8	2392.6	2300	2400	Shr. Equity (\$mill)	2450								
Inventory (avg. cost) 205.3 207.3 212.2		13.6%	15.3%	15.7%	10.3%	5.3%	10.4%	20.5%	17.3%	20.4%	22.7%	25.5%	27.5%	Return on Total Cap'l	25.0%								
Other 161.0 139.7 109.2		21.9%	24.7%	25.9%	20.0%	8.5%	14.7%	23.4%	24.0%	27.6%	30.5%	35.0%	36.0%	Return on Shr. Equity	30.0%								
Current Assets 553.6 892.6 535.5		14.5%	15.7%	13.7%	7.5%	NMF	2.7%	9.7%	10.7%	13.3%	15.0%	16.5%	18.0%	Retained to Com Eq	16.5%								
Accts Payable 277.0 332.6 340.2		34%	37%	47%	63%	NMF	81%	5%	55%	52%	51%	53%	50%	All Div's to Net Prof	45%								
Debt Due 1107.5 1141.5 1217.3		<b>BUSINESS:</b> Darden Restaurants is the world's largest casual dining operator. At 11/24/19, had 1,799 units in the U.S. and Canada. Licenses to 78 franchisees overseas. Chains include: <i>The Olive Garden</i> (867 units); <i>Longhorn</i> (518 units); <i>Cheddar's Scratch Kitchen</i> (166 units); <i>Capital Grille</i> (59 units); <i>Yard House</i> (79 units); <i>Bahama Breeze</i> (42 units); <i>Seasons 52</i> (45 units); <i>Eddie V's</i> (23 units). Spun-off Red Lobster, 5/15; Four Corners Property Trust 11/15. Depr. rate: 4.8%. Has 184,514 employees. Officers/directors own less than 1.0% of common stock. Vanguard Group, 11.75%; BlackRock Inc. 10.17%. (8/19 Proxy). CEO: Eugene Lee, Inc., Florida. Address: 1000 Darden Center Drive, Orlando, FL 32837. Telephone: 407-245-4000. Internet: www.darden.com.																					
Other 1107.5 1141.5 1217.3		<b>Darden Restaurants' fiscal second-quarter 2020 results were solid (years end on last Sunday in May).</b> The company reported share net of \$1.12, \$0.05 better than the consensus estimate, but a nickel below our call. Total sales increased 4.2%, to \$2.06 billion. Same-store sales accelerated at <i>Longhorn Steakhouse</i> (+6.7%), their highest level since 2012. Traffic jumped 3.2% at the chain, its best level in over a year. <i>Longhorn</i> benefited from enhancements to its existing core menu items, coupled with increased promotion of its award-winning "You Can't Fake Steak" advertising campaign. <i>Olive Garden</i> also posted positive same-store sales (for the 21st-consecutive period), although its gain was driven by price, not traffic. Guest counts for the chain were negative for the third-consecutive quarter.																					
Current Liab. 1384.5 1474.1 1557.5		<b>Results for the company's other brands are a mixed bag.</b> Indeed, only three of the other six chains reported positive same-store sales: <i>The Capital Grille</i> (+1.8%), <i>Eddie V's</i> (+0.5%), and <i>Yard House</i> (+0.7%). Meanwhile, <i>Cheddar's Scratch Kitchen</i> (-1.2%), <i>Seasons 52</i> (-3.5%), and <i>Bahama Breeze</i> (-3.4%), all																					
<b>ANNUAL RATES</b> Past 10 Yrs. Past 5 Yrs. Est'd '17-'19 of change (per sh)		continued to struggle, although <i>Cheddar's</i> comps did improve sequentially. <b>These shares are a timely choice for year-ahead market action.</b> This equity is suitable for conservative, income-oriented accounts. Darden stock has a solid Price Stability rating and a below-market Beta. The board has raised the dividend in each of the past four years, and we expect this trend to continue. Its dividend yield is comfortably above that of the average stock reviewed in the <i>Value Line</i> universe. Furthermore, Darden's board has a long history of buying back shares. The company bought back \$207.5 million in common stock last year, and has already repurchased \$230.9 million worth through the first six months of fiscal 2020. Finally, the company has a good track record of beating the consensus earnings estimate. Thus, more-nimble trading accounts may want to look here, too. Darden Restaurants has beaten the consensus estimate for seven-consecutive quarters. Returns over the 18-month and 3- to 5-year time frames are unexciting near the recent quote, however.																					
Sales 3.5% 2.0% 5.0%		Wayne C. Nef February 21, 2020																					
"Cash Flow" 5.0% 6.5% 9.5%																							
Earnings 6.0% 12.5% 11.0%																							
Dividends 14.5% 5.5% 7.5%																							
Book Value 6.5% 3.0% 9.0%																							
<b>QUARTERLY SALES (\$mill.) <sup>A</sup></b> Full Fiscal Year																							
Fiscal Year Ends Aug.Per Nov.Per Feb.Per May.Per																							
2017 1714.4 1642.5 1878.7 1934.6 7170.2																							
2018 1936.1 1881.5 2128.4 2134.1 8080.1																							
2019 2061.4 1973.4 2246.5 2229.1 8510.4																							
2020 2133.9 2056.4 2368 2406.7 8965																							
2020 2325 2200 2400 2500 9425																							
<b>EARNINGS PER SHARE <sup>AB</sup></b> Full Fiscal Year																							
Fiscal Year Ends Aug.Per Nov.Per Feb.Per May.Per																							
2017 .88 .64 1.32 1.18 4.02																							
2018 .99 .73 1.71 1.39 4.81																							
2019 1.34 .92 1.80 1.76 5.82																							
2020 1.38 1.12 1.95 2.10 6.55																							
2021 1.55 1.35 2.15 2.25 7.30																							
<b>QUARTERLY DIVIDENDS PAID <sup>C</sup></b> Full Year																							
Cal-endar Mar.31 Jun.30 Sep.30 Dec.31																							
2016 .50 .50 .56 .56 2.12																							
2017 .56 .56 .63 .63 2.38																							
2018 .63 .63 .75 .75 2.76																							
2019 .75 .75 .88 .88 3.26																							
2020 .88																							

(A) Fiscal year ends on the last Sunday in May of the calendar year. (B) Based on diluted shares. 2018 EPS do not add due to change in shares outstanding. Excludes nonrecurring gains/(losses): '15, (\$1.13); '16, (75c); '17, (19c); '18, (2c). Excludes disc. operations: '14, 77c; '15 \$3.96; '16 (0.73); '17, (6c); '18, (6c); '19, (2c). Next earnings report due late March. (C) Div's historically paid in early February, April, July, and October. (D) Dividend reinvestment plan available. (E) In millions.

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HORMEL FOODS NYSE:HRL						RECENT PRICE	48.55	P/E RATIO	27.7 (Trailing: 26.8 Median: 21.0)	RELATIVE P/E RATIO	2.07	DIV'D YLD	2.0%	VALUE LINE																																																																											
<b>TIMELINESS</b>	<b>1</b>	Raised 4/3/20	High: 10.1	13.1	15.3	15.8	23.1	27.7	40.4	45.7	38.0	46.3	45.8	51.5																																																																											
<b>SAFETY</b>	<b>2</b>	Lowered 1/19/18	Low: 7.3	9.4	12.3	13.6	15.7	21.4	25.1	33.2	29.8	31.7	37.0	39.0																																																																											
<b>TECHNICAL</b>	<b>4</b>	Lowered 3/27/20	<b>LEGENDS</b> — 18.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 2/11 2-for-1 split 2/16 Options: Yes Shaded area indicates recession																																																																																						
<b>BETA</b>	.60	(1.00 = Market)																																																																																							
<b>18-Month Target Price Range</b>			Low-High	\$35-\$52	Midpoint (% to Mid)	\$44 (-10%)																																																																																			
<b>2023-25 PROJECTIONS</b>																																																																																									
High	Price	Gain	Ann'l	Total																																																																																					
Low	65	(+35%)	9%	3%																																																																																					
	50	(+5%)																																																																																							
<b>Institutional Decisions</b>																																																																																									
	202019	302019	402019																																																																																						
to Buy	246	291	302																																																																																						
to Sell	275	209	229																																																																																						
Hld's(000)	238266	235427	243943																																																																																						
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		Percent																																																																																							
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<b>2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021</b>																																																																																									
© VALUE LINE PUB. LLC 23-25																																																																																									
8.67	9.82	10.46	11.41	12.55	12.23	13.57	14.96	15.65	16.60	17.67	17.53	18.02	17.35	17.87	17.77	18.20	18.75	Sales per sh <sup>A</sup>	20.75																																																																						
.57	.67	.74	.78	.77	.88	1.01	1.13	1.18	1.23	1.39	1.60	1.93	1.85	2.20	2.14	2.05	2.20	"Cash Flow" per sh	3.20																																																																						
.39	.46	.51	.54	.52	.63	.76	.87	.93	.98	1.12	1.32	1.64	1.57	1.86	1.80	1.75	1.90	Earnings per sh <sup>A, B</sup>	2.85																																																																						
.11	.13	.14	.15	.19	.19	.21	.26	.30	.34	.40	.50	.58	.68	.75	.84	.93	1.02	Div'ds Decl'd per sh <sup>C</sup>	1.20																																																																						
.15	.19	.26	.23	.23	.18	.17	.18	.25	.20	.30	.27	.48	.42	.73	.55	.70	.55	Cap'l Spending per sh	.85																																																																						
2.54	2.86	3.28	3.47	3.73	3.97	4.52	5.04	5.37	6.29	6.85	7.57	8.42	9.34	10.49	11.08	11.95	12.65	Book Value per sh <sup>D</sup>	15.00																																																																						
551.50	551.37	549.36	542.71	538.08	534.37	531.93	527.93	526.09	527.32	527.23	528.41	528.48	528.42	534.14	534.49	538.00	538.00	Common Shs Outst <sup>g</sup> <sup>E</sup>	540.00																																																																						
18.1	16.9	17.0	17.3	18.2	13.0	13.7	15.7	15.6	19.8	21.3	21.6	23.4	21.8	19.6	23.4	19.6	23.4	Avg Ann'l P/E Ratio	20.0																																																																						
.96	.90	.92	.92	1.10	.87	.87	.98	.99	1.11	1.12	1.09	1.23	1.10	1.06	1.28	1.06	1.28	Relative P/E Ratio	1.10																																																																						
1.6%	1.7%	1.6%	1.6%	2.0%	2.3%	2.0%	1.9%	2.1%	1.8%	1.7%	1.8%	1.5%	2.0%	2.1%	2.0%	2.1%	2.0%	Avg Ann'l Div'd Yield	2.1%																																																																						
<b>CAPITAL STRUCTURE as of 1/26/20</b>																																																																																									
Total Debt \$317.3 mill. Due in 5 Yrs \$250.0 mill.					7220.7 7895.1 8230.7 8751.7 9316.3 9263.9 9523.2 9167.5 9545.7 9497.3 9800 10100										Sales (\$mill) <sup>A</sup>					11200																																																																					
LT Debt \$309.0 mill. LT Interest \$15.0 mill.					10.6% 10.6% 10.3% 10.4% 11.2% 13.0% 14.9% 15.0%										13.8% 13.9% 13.5% 14.0%					Operating Margin					17.5%																																																																
Leases, Uncapitalized Annual rentals \$15.6 mill.															125.6 124.2 119.5 124.9 130.0 133.4 132.0 131.0 161.9 165.2 170 175					Depreciation (\$mill)					190																																																																
Pension Assets-10/19 \$1477.3 mill. Oblig. \$1616.2 mill.															409.0 474.2 500.1 526.2 602.7 713.8 890.1 846.7 1012.1 978.8 940 1020					Net Profit (\$mill)					1540																																																																
Prd Stock None Common Stock 537,776,130 shs. as of 3/1/20															34.9% 33.3% 33.4% 33.6% 34.3% 34.3% 32.4% 33.8% 14.3% 19.1% 21.5% 21.5%					Income Tax Rate					21.5%																																																																
MARKET CAP: \$26.1 billion (Large Cap)															5.7% 6.0% 6.1% 6.0% 6.5% 7.7% 9.2% 9.2%					10.6% 10.3% 9.6% 10.1%					Net Profit Margin					13.8%																																																											
CURRENT POSITION															757.0 1220.0 1534.4 1263.4 1178.1 849.0 976.7 968.3					911.2 1256.4 1375 1500					Working Cap'l (\$mill)					2000																																																											
ANNUAL RATES															-- 250.0 250.0 250.0 250.0 250.0 250.0 250.0					624.8 250.0 310 325					Long-Term Debt (\$mill)					500																																																											
of change (per sh)															2406.6 2659.8 2824.9 3316.6 3612.1 3998.2 4448.0 4935.9					5600.8 5921.5 6425 6800					Shr. Equity (\$mill) <sup>D</sup>					8100																																																											
Past 10 Yrs.															17.0% 16.7% 16.5% 14.9% 15.8% 16.9% 19.1%					16.4% 16.5% 16.0% 14.0% 14.5%					Return on Total Cap'l					18.0%																																																											
Past 5 Yrs.															17.0% 17.8% 17.7% 15.9% 16.7% 17.9% 20.0%					17.2% 18.1% 16.5% 14.5% 15.0%					Return on Shr. Equity					19.0%																																																											
Est'd '17-'19															12.4% 12.9% 12.3% 10.6% 11.1% 11.6% 13.3%					10.1% 11.1% 9.1% 7.0% 7.0%					Retained to Com Eq					11.0%																																																											
10 Yrs.															27% 27% 30% 33% 34%					35% 33% 41%					All Div'ds to Net Prof					42%																																																											
Sales															459.1 687.6 739.2					600.4 574.4 562.5																																																																					
"Cash Flow"															963.5 1042.4 1057.3					27.1 57.0 36.0																																																																					
Earnings															2050.1 2361.4 2395.0					618.8 590.0 490.0																																																																					
Dividends															520.1 515.0 524.8					1138.9 1105.0 1023.1																																																																					
Book Value																																																																																									
Fiscal Year Ends															<table border="0"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>																																																					Full Fiscal Year																					
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Fiscal Year Ends															<table border="0"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>																																																					Full Fiscal Year																					
Fiscal Year Ends															<table border="0"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>																																																					Full Fiscal Year																					
Cal-endar															<table border="0"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>																																																					Full Fiscal Year																					
<b>BUSINESS:</b> Hormel Foods Corporation is an international manufacturer and marketer of consumer-branded meat and food products, which are sold fresh, frozen, cured, smoked, cooked, and canned. Well-known brand names include: <i>Hormel, Always Tender, Cure 81, SPAM, Dinty Moore, Jennie-O, Mary Kitchen, Little Sizzlers, Chi-Chi's, Kid's Kitchen, and Skippy.</i> Distributes products to supermarkets and independent food stores in all 50 states as well as overseas. Has approximately 18,800 employees. The Hormel Foundation owns 48.0% of common stock; all officers/directors as a group, 1.2% (12/19 Proxy). President and CEO: James P. Snee, Inc.; DE. Address: 1 Hormel Place, Austin, MN 55912-3680. Telephone: 507-437-5611. Internet: www.hormel.com.																																																																																									
<b>Hormel Foods stock has exerted its safe-haven status over the past three months.</b> Indeed, since our last review in January, the stock has climbed 9% in value, while the broader S&P 500 Index has plunged into bear market territory amidst the coronavirus outbreak. We attribute this to a flight to quality on the part of jittery investors, with many shifting out of volatile growth names into more-defensive, dividend-paying issues. Consumers, being asked to "shelter in place" in select communities across the country, have also been hunkering down and stockpiling canned goods.																																																																																									
<b>This hoarding behavior augurs well for the company's Grocery Products segment as we look out through fiscal 2020 (ends October 31st).</b> That division has been struggling of late (first-quarter organic volume and segment profit fell 4% and 28%, respectively), hampered by heightened raw material costs, lower contract manufacturing earnings, weakness in the <i>SKIPPY</i> peanut butter line, and the recently completed CytoSport divestiture. And a recovery there would be encouraging, adding to the momentum that Hormel																																																																																									
<b>is seeing in its Jennie-O turkey business and Refrigerated Foods (especially foodservice) unit.</b> As things stand presently . . . We expect the Refrigerated and rejuvenated Jennie-O segments to do most of the heavy lifting in the coming periods. Indeed, strength in those areas should offset coronavirus-related softness in China and other international markets, along with any lingering pressures on the Grocery Products division. Acquisitions ought to bolster results, as well. This includes a just-announced deal to purchase Sadler's Smokehouse, a pit-smoked meats outfit based in Texas, for \$270 million. Sadler's should help Hormel build on its foodservice momentum and better capitalize on the growing demand for authentic barbecue fare. All in all, while the bottom line seems apt to retreat a bit this year, we envision share net rebounding to \$1.90 in fiscal 2021 and about \$2.85 by the 2023-2025 horizon. <b>This equity is timely (1), and should still provide long-term investors with decent risk-adjusted returns.</b> Steady dividend growth is a plus here, too.																																																																																									
<i>Justin Hellman</i> April 17, 2020																																																																																									
<table border="0"> <tr> <td>(A) Fiscal year ends on last Saturday in Oct.</td> <td>historically been paid in the middle of Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available. (D) Includes intangibles. In '19: \$3515.5 mill., \$6.58/sh. (E) In millions, adjusted for splits.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(B) Based on diluted shares outstanding. Excludes nonrecurring gain: '04, 3¢. Next earnings report due late May. (C) Dividends have</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>															(A) Fiscal year ends on last Saturday in Oct.	historically been paid in the middle of Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available. (D) Includes intangibles. In '19: \$3515.5 mill., \$6.58/sh. (E) In millions, adjusted for splits.														(B) Based on diluted shares outstanding. Excludes nonrecurring gain: '04, 3¢. Next earnings report due late May. (C) Dividends have																																																											
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<b>To subscribe call 1-800-VALUELINE</b>																																																																																									

LANCASTER COLONY		NDQ-LANC		RECENT PRICE	132.23	P/E RATIO	26.3	(Trailing: 24.6)	Median: 23.0	RELATIVE P/E RATIO	1.96	DIV'D YLD	2.1%	VALUE LINE					
TIMELINESS	3 Lowered 2/14/20	High:	53.4	61.6	72.0	78.3	89.9	99.7	118.7	143.7	149.3	194.4	180.1	166.3	Target Price Range	2023	2024	2025	
SAFETY	2 Lowered 1/19/18	Low:	31.9	43.3	52.0	62.7	69.6	81.9	86.9	95.8	113.3	115.8	133.8	114.6					
TECHNICAL	3 Lowered 3/27/20	<b>LEGENDS</b> — 22.0 x "Cash Flow" p sh ..... Relative Price Strength Options: Yes Shaded area indicates recession																	
BETA	.70 (1.00 = Market)																		
18-Month Target Price Range		Low-High Midpoint (% to Mid) \$133-\$224 \$179 (35%)																	
2023-25 PROJECTIONS		High	180	Gain (+35%)	135	Ann'l Total Return	8%	9%	1%										
Institutional Decisions		202019	302019	402019															
to Buy	100	118	102																
to Sell	141	96	120																
Hld's(000)	15402	15737	15760																
CAPITAL STRUCTURE as of 12/31/19		Total Debt None Leases, Uncapitalized Annual rentals \$8.2 mill. Pension Assets-6/19 \$36.6 mill. Oblig. \$38.4 mill. Pfd Stock None Common Stock 27,513,000 shs. as of 1/17/20 MARKET CAP: \$3.6 billion (Mid Cap)																	
CURRENT POSITION		2018	2019	12/31/19															
(SMILL.)																			
Cash Assets	205.8	196.3	202.2																
Receivables	73.0	76.0	77.1																
Inventory (FIFO)	90.9	86.1	90.5																
Other	9.2	10.5	10.5																
Current Assets	378.9	368.6	380.3																
Accts Payable	58.0	76.7	86.2																
Debt Due	35.8	43.0	47.1																
Other	93.8	119.7	133.3																
Current Liab.	93.8	119.7	133.3																
ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19															
of change (per sh)																			
Sales	2.5%	2.0%	3.5%																
"Cash Flow"	6.5%	5.5%	5.0%																
Earnings	8.0%	5.5%	5.0%																
Dividends	8.0%	8.5%	7.5%																
Book Value	5.5%	4.0%	8.5%																
FISCAL YEAR ENDS		Q1	Q2	Q3	Q4	Full Fiscal Year													
QUARTERLY SALES (\$ mill.) <sup>A</sup>		Sep.30	Dec.31	Mar.31	Jun.30	Full Fiscal Year													
2017	291.4	326.7	293.8	289.9	1201.8														
2018	298.9	319.6	296.2	308.2	1222.9														
2019	316.6	349.6	317.9	323.7	1307.8														
2020	337.1	355.1	300	287.8	1280														
2021	340	365	325	330	1360														
EARNINGS PER SHARE <sup>A B</sup>		Sep.30	Dec.31	Mar.31	Jun.30	Full Fiscal Year													
2017	1.22	1.42	.53	1.03	4.20														
2018	1.07	1.67	1.00	1.18	4.92														
2019	1.42	1.73	1.11	1.20	5.46														
2020	1.48	1.58	1.00	.94	5.00														
2021	1.50	1.60	1.07	1.08	5.25														
QUARTERLY DIVIDENDS PAID <sup>C</sup>		Mar.31	Jun.30	Sep.30	Dec.31	Full Fiscal Year													
2016	.50	.50	.50	.55	2.05														
2017	.55	.55	.55	.60	2.25														
2018	.60	.60	.60	.65	2.45														
2019	.65	.65	.65	.70	2.65														
2020	.70	.70	.70	.70	2.80														
BUSINESS:		Lancaster Colony Corp. operates solely in the Specialty Foods segment after the sale of its candle unit in January 2014. The food products are sold to the retail and foodservice markets and include salad dressings, sauces, vegetable and fruit dips, rolls, breads, and specialty noodles and pastas. The company obtains 68% of its sales from non-frozen products. The remaining 32% consists of frozen items. Has 3,200 employees. Off/dir. control about 31.7% of shares (incl. John B. Gerlach, Jr. 29.8%); Black-Rock, 8.1%; Vanguard, 7.6% (10/19 Proxy). Chairman, CEO & President: David A. Ciesinski. Incorporated: Ohio. Address: 37 West Broad Street, Columbus, Ohio 43215. Telephone: 614-224-7141. Internet: www.lancastercolony.com.																	
Lancaster Colony posted an unimpressive performance in the 2020 fiscal second quarter (ended December 31st).		The company posted a share-net decline of 9%, year over year, to \$1.58, on a modest 2% sales uptick. Most of the top-line growth was driven by the Foodservice division (+3% year to year) from increased sales of branded products being sold to restaurants. Growth in this segment was muted when compared to the 12% sales gain it tallied in the previous-year period. Meanwhile, Retail sales were essentially flat as increased sales of frozen and shelf-stable items sold under license agreements were offset by curtailed orders. We note that management is engaged in a number of initiatives, such as supply chain optimization, the implementation of enterprise resource planning systems, and expanding production capacity. In that vein, Lancaster expects capital expenditures to range between \$80 million to \$100 million in fiscal 2020 (it has spent \$58 million on capital in the current fiscal year.)																	
We have lowered our fiscal 2020 sales and share-net calls by \$90 million and \$0.80 a share, to \$1.28 billion and		\$5.00, respectively. Management's outlook calls for the Retail segments to grow in the low-to-mid single digits, driven by a robust pipeline of product development, which is expected to come to market in the third quarter. In fact, it plans to ship a new line of shelf-stable dressings under the Marzetti brand. Foodservice business is expected to have more muted growth due to the impact of a second-sourcing initiative being rendered by one of its national accounts. While some of the company's shelf-stable and food offerings fall under consumer staples, unfavorable traffic trends among a shrinking restaurant sector, prior to COVID-19, is a notable concern here. Moreover, social distancing measures imposed across the U.S. (accounts for 95% of its operations) as a result of the escalating coronavirus pandemic, has further limited demand amid restaurant closures. We are cautiously optimistic for a partial top- and bottom-line recovery next fiscal year.																	
Oriatal J. Haiby		April 17, 2020																	
(A) Fiscal year ends June 30. (B) Based on diluted shares. Excl. nonrecr. charges: '14, \$0.95; '17, \$0.42. Excl. nonrecr gains: '03, \$0.67; '04, \$0.03; '05, \$0.47; '06, \$0.22; '07, \$0.01. Incl. legal gain: '11, \$0.34. Next eqs. report due April 23rd. May not sum due to rounding. (C) Div'ds paid in late Mar., June, Sept., and Dec. Excl. \$2.00 special paid 12/05, \$5.00 paid 12/12, \$5.00 paid 12/15, DRIP available. (D) Incl. intangibles. At 6/30/19: \$278.6 mill., \$10.13/share. (E) In millions.		Company's Financial Strength A Stock's Price Stability 85 Price Growth Persistence 85 Earnings Predictability 80																	
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ELI LILLY AND CO. NYSE-LLY				RECENT PRICE	P/E RATIO	TRAILING (19.7)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE	1626									
<b>TIMELINESS</b> 3 Lowered 6/14/19	High: 40.8	38.1	41.9	54.0	58.4	75.1	92.9	85.4	89.1	119.8	137.0	147.9	Target Price Range 2023 2024 2025						
<b>SAFETY</b> 1 Raised 10/21/05	Low: 27.2	32.0	33.5	38.3	47.5	50.5	68.3	64.2	73.5	73.7	101.4	117.1							
<b>TECHNICAL</b> 3 Lowered 3/13/20	<b>LEGENDS</b> — 14.0 x "Cash Flow" p sh ..... Relative Price Strength Options: Yes Shaded area indicates recession																		
<b>BETA</b> .75 (1.00 = Market)	<b>18-Month Target Price Range</b> Low-High Midpoint (% to Mid) \$113-\$180 \$147 (25%)																		
<b>2023-25 PROJECTIONS</b> Price Gain Ann'l Total High Low 190 155 (+60%) (+30%) 14% 9%																			
<b>Institutional Decisions</b> 202019 302019 4Q2019 to Buy 556 583 719 to Sell 800 694 639 Hld's(000) 743960 742756 744828																			
<b>Percent shares traded</b> 18 12 6																			
<b>% TOT. RETURN 2/20</b> THIS STOCK VLARITH. INDEX 1 yr. 1.6 -6.8 3 yr. 62.8 6.6 5 yr. 102.4 20.3																			
<b>© VALUE LINE PUB. LLC 23-25</b>																			
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 <sup>E</sup>	2019	2020	2021	Sales per sh	33.35
12.24	12.96	13.87	16.43	17.94	19.00	20.03	20.98	19.76	20.70	17.66	18.06	19.28	20.79	23.23	23.31	25.55	27.70	"Cash Flow" per sh	11.40
3.24	3.43	3.76	4.33	4.86	5.35	5.70	5.43	4.59	5.33	3.93	4.60	4.75	5.54	6.95	7.10	8.20	9.20	Earnings per sh <sup>A</sup>	9.50
2.82	2.88	3.18	3.54	4.02	4.42	4.74	4.41	3.39	4.15	2.78	3.43	3.52	4.28	5.55	6.04	6.80	7.70	Div'ds Decl'd per sh <sup>B</sup>	3.76
1.42	1.52	1.60	1.70	1.88	1.96	1.96	1.96	1.96	1.96	1.96	2.00	2.04	2.08	2.25	2.58	2.96	3.16	Cap'l Spending per sh	1.15
1.68	1.15	.95	.95	.83	.67	.60	.58	.79	.91	1.05	.96	.94	.98	1.15	1.08	1.10	1.10	Book Value per sh	13.35
9.65	9.55	9.70	12.05	5.93	8.29	10.77	11.69	12.92	15.80	13.86	13.18	12.72	10.54	9.30	2.72	4.25	6.50	Common Shs Outst <sup>C</sup>	900.00
1131.9	1130.1	1131.7	1134.3	1136.1	1149.0	1152.3	1157.8	1143.6	1116.8	1110.6	1105.3	1100.9	1100.0	1057.0	957.53	940.00	920.00	Avg Ann'l P/E Ratio	18.0
23.4	19.1	17.3	15.7	11.4	7.8	7.4	8.4	12.9	12.7	22.2	22.9	21.7	19.1	16.9	19.4	19.4	19.4	Relative P/E Ratio	1.00
1.24	1.02	.93	.83	.69	.52	.47	.53	.82	.71	1.17	1.15	1.14	.96	.91	1.05	1.05	1.05	Avg Ann'l Div'd Yield	2.2%
2.2%	2.8%	2.9%	3.1%	4.1%	5.7%	5.6%	5.3%	4.5%	3.7%	3.2%	2.5%	2.7%	2.5%	2.4%	2.2%	2.2%	2.2%	<i>Bold figures are Value Line estimates</i>	
<b>CAPITAL STRUCTURE as of 12/31/19</b>				Total Debt \$15317.2 mill. Due in 5 Yrs \$3551 mill. LT Debt \$13817.9 mill. LT Interest \$400 mill. (84% of Cap'l)															
<b>Leases, Uncapitalized</b> Annual rentals \$138.1 mill.				22.6% 20.0% 22.8% 19.2% 19.2% 20.9% 21.0% 20.5% 16.0% 11.8% 15.0% 15.0% 22.7% 20.2% 16.7% 19.5% 15.2% 18.3% 17.6% 19.8% 23.4% 24.9% 26.6% 27.8%															
<b>Pension Assets-12/19</b> \$12.9 bill. <b>Oblig.</b> \$16.3 bill.				7738.6 5317.3 4649.2 4188.1 972.3 4344.0 4114.8 4666.2 8661.5 1934.4 3000 4000 6770.5 5464.7 5519.4 4200.3 5367.7 7972.4 8367.8 9940.5 11640 13818 13000 12000															
<b>Pfd Stock</b> None				12413 13536 14774 17641 15388 14571 14008 11592 9828.7 2606.9 4000 6000															
<b>Common Stock</b> 956,382,203 shs. as of 2/13/20				27.6% 26.1% 18.9% 20.8% 14.6% 16.5% 17.1% 21.6% 27.3% 35.1% 39.0% 40.5% 42.2% 36.3% 25.6% 25.5% 19.4% 25.1% 26.7% 39.1% 58.3% NMF NMF NMF															
<b>MARKET CAP:</b> \$114 billion (Large Cap)				24.8% 20.2% 10.8% 13.5% 5.8% 10.5% 11.3% 20.2% 34.8% NMF 90.0% 70.0% 41% 44% 58% 47% 70% 58% 58% 48% 40% 43% 44% 41%															
<b>CURRENT POSITION</b> 2017 2018 12/31/19 (SMILL.)				Cash Assets 8034.1 8086.4 2438.5 Receivables 4546.3 5246.5 4547.3 Inventory (LIFO) 4458.3 4111.8 3190.7 Other 2163.4 3104.9 3533.1 Current Assets 19202.1 20549.6 13709.6 Accts Payable 1410.7 1412.3 1405.3 Debt Due 3706.6 1131.2 1499.3 Other 9418.6 9344.6 8870.6 Current Liab. 14535.9 11888.1 11775.2															
<b>ANNUAL RATES</b> Past Past Est'd '17-'19 of change (per sh) 10 Yrs. 5 Yrs. 10 Yrs.				Sales 2.5% 3.0% 7.0% "Cash Flow" 3.0% 7.0% 9.5% Earnings 3.0% 9.0% 10.0% Dividends 2.0% 3.5% 8.5% Book Value -1.5% -12.0% 10.0%															
<b>QUARTERLY SALES (\$ mill.)</b>				Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2017 5228 5824 5658 6161 22871 2018 5700 6355 6062 6439 24556 2019 5092 5637 5477 6114 22320 2020 5450 6010 5920 6620 24000 2021 5830 6390 6290 6990 25500															
<b>EARNINGS PER SHARE<sup>A D</sup></b>				Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2017 .98 1.11 1.05 1.14 4.28 2018 1.34 1.50 1.39 1.33 5.55 2019 1.33 1.50 1.48 1.73 6.04 2020 1.51 1.71 1.77 1.81 6.80 2021 1.78 1.92 1.97 2.03 7.70															
<b>QUARTERLY DIVIDENDS PAID<sup>B</sup></b>				Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2016 .51 .51 .51 .51 2.04 2017 .52 .52 .52 .52 2.08 2018 .563 .563 .563 .563 2.25 2019 .645 .645 .645 .645 2.58 2020 .74															
<b>BUSINESS:</b> Eli Lilly and Company discovers, develops, manufactures, and markets human pharmaceutical products. Completed spinoff of Elanco Animal Health business (3/19). Pharmaceutical segments include Diabetes/Endocrinology, Neuroscience, Oncology, Immunology, and Other. Manufacturing and distribution facilities located in the U.S., Puerto Rico, and 8 other countries.				Products sold in 120 countries. Top-grossing franchises in 2019: Trulicity, Humalog, Alimta, Forteo and Taltz. Has 33,625 employees. Lilly Endowment Inc. owns 11.9% of comm. stock; Vanguard, 7.3%; BlackRock, 6.3%; PNC Financial, 5.4% (3/20 proxy). Chairman/CEO: David A. Ricks. Inc. IN. Addr.: Lilly Corporate Center, Indianapolis, IN 46285. Tel.: 317-276-2000. Internet: www.lilly.com.															
<b>Eli Lilly is poised for some bottom-line acceleration in 2020.</b> Management's current guidance calls for full-year adjusted earnings in a range of \$6.70-\$6.80 a share, implying annual growth of 12% at the midpoint. We anticipate much of the improvement will be driven by continued momentum in the drugmaker's top-selling Trulicity franchise (roughly 20% of the top line), where sales surged 29% year over year in 2019 on the back of strong volume trends in several key markets. Further development of Lilly's other diabetes asset Basaglar (+39%) and stand-out psoriasis drug Taltz (+46%) ought to provide additional support to comparisons in 2020.				an all-cash transaction valued at about \$1.1 billion. The move helps strengthen Lilly's immunology pipeline with the addition of lebrikizumab, which is currently being evaluated in Phase 3 trials for the treatment of atopic dermatitis. Analysts are forecasting peak annual sales in the range of \$500 million-\$600 million.															
<b>The rapid spread of the coronavirus has created a degree of uncertainty.</b> At this time, it's difficult to determine what, if any, type of impact the virus will have on Lilly's underlying business. In our view, consumers are unlikely to stop buying prescription pharmaceuticals, however, recent lockdown initiatives could lead to potential delays or logistical issues.				We are encouraged with the long-term story. Lilly has a relatively young portfolio with many of its top assets still in their early growth phases. As a result, we believe that the strong volume trends seen in the fourth quarter should be sustainable over the next three to five years. The pipeline is also well stocked and appears poised to produce several meaningful contributors during the pull to 2025. Management expects up to three new product launches this year.															
<b>The company closed its acquisition of Dermira in late February.</b> The two sides agreed to merge earlier this year in				The stock is ranked 3 (Average) for Timeliness. Based on our system, LLY shares are pegged as market performers in the year ahead. For longer-term investors, price appreciation potential over the 18-month and 3- to 5-year time frames is below the current Value Line medians.															
				Michael Ratty April 3, 2020															

(A) Diluted earnings (adjusted). Excludes non-recurring gains/(losses): '08, (\$5.91); '11, (\$0.51); '12, \$0.27; '13, \$0.17; '14, (\$0.55); '15, (\$1.17); '16, (\$0.94); '17, (\$4.47); '18, (\$2.42); '19, \$2.85. Next earnings report due April 23rd. (B) Dividends historically paid in mid-March, June, Sept. and Dec. (C) In millions. (D) Earnings may not sum due to rounding. (E) Data post-2018 reflect completed spinoff of Elanco Animal Health business.

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Company's Financial Strength	A++
Stock's Price Stability	85
Price Growth Persistence	85
Earnings Predictability	70



LAMB WESTON NYSE-LW		RECENT PRICE	51.82	P/E RATIO	14.7 (Trailing: 15.9 Median: NMF)	RELATIVE P/E RATIO	1.10	DIV/D YLD	1.8%	VALUE LINE						
TIMELINESS	2 Lowered 4/17/20			High:	38.5	57.5	83.9	86.6	96.3							
SAFETY	3 New 1/19/18			Low:	28.8	35.8	52.9	58.8	39.1							
TECHNICAL	1 Raised 4/3/20	LEGENDS														
BETA	.65 (1.00 = Market)	Options: Yes														
18-Month Target Price Range		Shaded area indicates recession														
Low-High Midpoint (% to Mid)																
\$41-\$104 \$73 (40%)																
2023-25 PROJECTIONS																
Price Gain Ann'l Total																
High 135 (+160%) 28%																
Low 90 (+75%) 16%																
Institutional Decisions																
2Q2019 3Q2019 4Q2019																
to Buy 277 252 284		Percent														
to Sell 286 276 277		shares														
Hld's(000) 128714 130008 125067		traded														
		30														
		20														
		10														
Prior to November 9, 2016, Lamb Weston Holdings was a wholly owned subsidiary of Conagra Brands (NYSE: CAG). At that time, Conagra spun off Lamb Weston to its shareholders, who received one share of Lamb for every three shares of Conagra held. On November 10th, Lamb Weston began trading as an independent public company on the NYSE under the ticker LW.		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25	
	-- -- -- -- -- -- -- --	--	--	--	--	--	--	21.69	23.40	25.72	26.55	29.40	Sales per sh <sup>A</sup>	35.50		
	-- -- -- -- -- -- -- --	--	--	--	--	--	--	2.98	3.83	4.39	4.30	5.00	"Cash Flow" per sh	6.30		
	-- -- -- -- -- -- -- --	--	--	--	--	--	--	2.22	2.82	3.18	3.10	3.70	Earnings per sh <sup>AB</sup>	4.70		
	-- -- -- -- -- -- -- --	--	--	--	--	--	--	.38	.76	.78	.95	1.00	Div'ds Decl'd per sh <sup>C</sup>	1.35		
	-- -- -- -- -- -- -- --	--	--	--	--	--	--	1.97	2.10	2.29	.80	.90	Cap'l Spending per sh	1.05		
	-- -- -- -- -- -- -- --	--	--	--	--	--	--	d4.43	d2.29	d.03	1.65	2.90	Book Value per sh <sup>D</sup>	7.15		
	-- -- -- -- -- -- -- --	--	--	--	--	--	--	146.08	146.33	146.07	146.00	142.00	Common Shs Outst'g <sup>E</sup>	131.00		
	-- -- -- -- -- -- -- --	--	--	--	--	--	--	17.7	18.9	22.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	24.0		
	-- -- -- -- -- -- -- --	--	--	--	--	--	--	.89	1.02	1.22			Relative P/E Ratio	1.35		
	-- -- -- -- -- -- -- --	--	--	--	--	--	--	1.0%	1.4%	1.1%			Avg Ann'l Div'd Yield	1.2%		
CAPITAL STRUCTURE as of 11/24/19		--	--	--	--	--	--	3168.0	3423.7	3756.5	3875	4175	Sales (\$mill)	4650		
Total Debt \$2249.7 mill. Due in 5 Yrs \$623 mill.		--	--	--	--	--	--	19.8%	21.1%	22.1%	22.5%	23.0%	Operating Margin	24.0%		
LT Debt \$2203.7 mill. LT Interest \$100 mill. (99% of Cap'l)		--	--	--	--	--	--	109.1	143.3	162.4	174.0	180	Depreciation (\$mill)	200		
Leases, Uncapitalized: Annual rentals \$20.7 mill.		--	--	--	--	--	--	326.9	416.8	478.6	455	530	Net Profit (\$mill)	625		
Pension Assets-5/19 \$18.6 mill. Oblig. \$13.8 mill.		--	--	--	--	--	--	37.2%	25.7%	23.8%	23.0%	23.0%	Income Tax Rate	25.0%		
Pfd Stock None		--	--	--	--	--	--	10.3%	12.2%	12.7%	11.7%	12.7%	Net Profit Margin	13.4%		
Common Stock 146,092,112 shares out. as of 12/27/19		--	--	--	--	--	--	302.8	411.7	408.7	70.0	195	Working Cap'l (\$mill)	455		
MARKET CAP: \$7.6 billion (Large Cap)		--	--	--	--	--	--	2365.0	2336.7	2280.2	2150	2100	Long-Term Debt (\$mill)	2000		
CURRENT POSITION		2018	2019	11/24/19												
(SMILL.)																
Cash Assets		55.6	12.2	23.8												
Receivables		225.9	340.1	399.7												
Inventory (FIFO)		549.7	498.3	636.0												
Other		99.2	110.9	47.8												
Current Assets		930.4	961.5	1107.3												
Accts Payable		254.4	289.2	406.0												
Debt Due		48.3	46.4	46.0												
Other		216.0	217.2	217.4												
Current Liab.		518.7	552.8	669.4												
ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19												
of change (per sh)																
Sales		--	--	7.0%												
"Cash Flow"		--	--	9.0%												
Earnings		--	--	9.5%												
Dividends		--	--	13.5%												
Book Value		--	--	NMF												
Fiscal Year Ends		QUARTERLY SALES (\$ mill.) <sup>A</sup>			Full Fiscal Year											
		Aug.	Nov.	Feb.	May.	Per.										
2017		776.3	790.7	768.5	832.5	3168.0										
2018		817.5	824.6	863.4	918.2	3423.7										
2019		914.9	911.4	926.8	1003.4	3756.5										
2020		989.0	1019.2	937.3	929.5	3875										
2021		1015	1050	1000	1110	4175										
Fiscal Year Ends		EARNINGS PER SHARE <sup>AB</sup>			Full Fiscal Year											
		Aug.	Nov.	Feb.	May.	Per.										
2017		.54	.59	.57	.52	2.22										
2018		.56	.52	1.06	.68	2.82										
2019		.73	.74	.95	.75	3.18										
2020		.79	.95	.77	.59	3.10										
2021		.81	1.02	1.03	.84	3.70										
Calendar		QUARTERLY DIVIDENDS PAID <sup>C</sup>			Full Year											
		Mar.31	Jun.30	Sep.30	Dec.31											
2016		--	--	--	--	--										
2017		.188	.188	.188	.188	.75										
2018		.191	.191	.191	.191	.76										
2019		.20	.20	.20	.20	.80										
2020		.23	.23													
BUSINESS:		Lamb Weston Holdings is a global producer, distributor, and marketer of frozen potato products. French fries represent the majority of its potato products portfolio. Its offerings are available in more than 100 countries, and McDonald's accounted for 10% of total sales in fiscal 2019. Spun off from Conagra Brands 11/16. Has manufacturing plants located in the U.S., Canada, Mexico, China, Japan, Singapore. Has 7,600 employees. Executive Chairman: W.G. Jurgensen. President & CEO: Thomas P. Werner. Off/dir. own less than 1% of the common stock; BlackRock, 7.5%; Vanguard Group, 11.4%; Capital Research, 6.7% (8/19 proxy). Inc.: DE. Address: 599 S. Rivershore Lane, Eagle, ID 83616. Phone: 208-938-1047. Internet: www.lambweston.com														
Lamb Weston stock has plunged in price since our January review. Investor concerns about the impact of the coronavirus have likely been the primary reason. While the market has declined sharply, LW shares have fallen harder. The company cited in its financial reporting that pandemics are a risk. A decline in business activity would hurt sales in its two largest operating segments. Note that this equity was trading at a fairly rich valuation prior to the stock market volatility, which likely added to selling. We have reined in our top- and bottom-line targets for fiscal 2020 (year ends May 31st). The unfavorable market conditions related to the coronavirus are tough to quantify, but will definitely be a drag on results. Further, Lamb Weston is contending with higher input costs. In all, we look for sales of \$3.88 billion and earnings of \$3.10 a share for this year. Note: Even with the more conservative stance, the company is on track to deliver solid results this year thanks to pricing strategies and strength in its retail business. Results should bounce back in fiscal		2021. It is quite likely Lamb Weston will benefit from improved market conditions, given the extenuating circumstances, at present. Strategic partnerships should further bolster the top and bottom lines. Thus, we are introducing our sales and earnings targets at \$4.2 billion and \$3.70 a share, which would represent solid gains in fiscal 2021. Looking further out, we expect momentum to continue in the years out to 2023-2025. Share buybacks have been suspended. Management cited the market uncertainty as the reason to preserve capital. The quarterly dividend should help reward investors for their patience. This equity is appealing for a variety of investors. This stock is ranked Above Average (2) for Timeliness. Thus, near-term investors may want to take a look. Moreover, this issue's sharp drop in price may put it on the radar of value-oriented accounts as it is trading at an attractive valuation. Further, the buying opportunity is also attractive for long-term investors. Shares of LW offer above-average recovery potential for the 3- to 5-year pull. Richard J. Gallagher April 17, 2020														

(A) Quarters end near Aug. 31st, Nov. 30th, and Feb. 28th. Years end on the last Sunday in May.  
 (B) Fully diluted earnings. Quarterly eps may not sum to total due to changes in shares outstanding. Next earnings report due late July.  
 (C) Dividends paid early March, June, September, and December.  
 (D) Includes intangibles. In 2019: \$243.5 million, or \$1.66 a share.  
 (E) In millions.  
 Company's Financial Strength B+  
 Stock's Price Stability 80  
 Price Growth Persistence NMF  
 Earnings Predictability NMF  
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ALTRIA GROUP, INC. NYSE-MO				RECENT PRICE	P/E RATIO	8.9 (Trailing: 8.9 Median: 16.0)	RELATIVE P/E RATIO	0.66	DIV/D YLD	9.0%	VALUE LINE								
<b>TIMELINESS</b> 3 Raised 3/27/20	<b>SAFETY</b> 3 Lowered 4/17/20	<b>TECHNICAL</b> 4 Lowered 3/27/20	<b>BETA</b> .70 (1.00 = Market)	High: 20.5 Low: 14.5	26.2 19.1	30.4 23.2	36.3 28.0	38.6 31.8	51.7 33.8	61.7 47.3	70.1 56.2	77.8 60.0	71.9 46.5	57.9 39.3	51.8 31.0	Target Price Range 2023 2024 2025			
<b>18-Month Target Price Range</b> Low-High Midpoint (% to Mid) \$42-\$68 \$55 (50%)														<b>% TOT. RETURN 3/20</b> THIS STOCK VL ARITH. INDEX 1 yr. -27.2 -26.1 3 yr. -35.7 -16.7 5 yr. -1.0 -5.7					
<b>2023-25 PROJECTIONS</b>																			
High	Price	Gain	Ann'l Total																
Low	105	(+180%)	35%																
	70	(+90%)	22%																
<b>Institutional Decisions</b>																			
202019 3Q2019 4Q2019																			
to Buy 722 625 752																			
to Sell 845 918 840																			
Hld's(000) 119501711812121190093																			
				<b>© VALUE LINE PUB. LLC 23-25</b>															
2004	2005	2006	2007	2008 <sup>H</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Sales per sh	15.30
43.51	46.93	48.36	35.02	9.39	11.35	11.66	11.64	12.25	12.27	12.45	12.98	13.25	13.45	13.53	13.51	13.40	13.75	"Cash Flow" per sh	5.70
5.35	5.92	6.59	4.81	1.78	1.89	2.00	1.78	2.19	2.38	2.68	2.79	3.15	3.55	4.14	4.37	4.35	4.75	Earnings per sh <sup>A</sup>	5.55
4.57	5.15	5.76	4.36	1.66	1.76	1.87	1.64	2.06	2.26	2.56	2.67	2.73	3.39	3.99	4.22	4.20	4.60	Div'ds Decl'd per sh <sup>B</sup>	4.45
2.82	3.06	3.32	3.16	1.68	1.32	1.46	1.58	1.70	1.84	2.08	2.17	2.35	2.54	3.00	3.28	3.38	3.60	Cap'l Spending per sh	.15
.93	1.06	1.17	2.10	.12	.13	.08	.05	.06	.07	.08	.12	.10	.10	.13	.13	.15	.15	Book Value per sh <sup>C</sup>	4.60
14.91	17.13	18.89	8.80	1.37	1.96	2.49	1.80	1.58	2.07	1.53	1.47	6.57	8.09	7.89	3.35	3.50	3.70	Common Shs Outst <sup>d</sup>	1725.0
2059.5	2085.0	2097.1	2107.7	2061.4	2076.0	2088.7	2044.4	2009.9	1993.5	1969.3	1960.1	1943.3	1901.3	1874.1	1858.0	1850.0	1840.0	Avg Ann'l P/E Ratio	16.0
11.4	13.2	13.4	16.3	11.9	9.9	11.8	16.2	15.7	15.7	16.5	20.1	23.4	20.6	15.1	11.6	11.6	11.6	Relative P/E Ratio	.90
.60	.70	.72	.87	.72	.66	.75	1.02	1.00	.88	.87	1.01	1.23	1.04	.82	.63	.63	.63	Avg Ann'l Div'd Yield	5.0%
5.4%	4.5%	4.3%	4.5%	8.5%	7.6%	6.6%	6.0%	5.3%	5.2%	4.9%	4.0%	3.7%	3.6%	5.0%	6.7%	6.7%	6.7%		
<b>CAPITAL STRUCTURE as of 12/31/19</b>																			
Total Debt \$28042 mill. Due in 5 Yrs \$10500 mill.																			
LT Debt \$27042 mill. LT Interest \$1250 mill.																			
(Total interest coverage: 8.6x) (81% of Cap'l)																			
<b>Pension Assets-12/19 \$8.2 bill. Oblig. \$8.7 bill.</b>																			
<b>Pfd Stock None</b>																			
<b>Common Stock 1,857,981,554 shs.</b>																			
<b>MARKET CAP: \$69.3 billion (Large Cap)</b>																			
<b>CURRENT POSITION<sup>E</sup></b>																			
2017 2018 12/31/19																			
Cash Assets 1253 1333 2117																			
Receivables 142 142 152																			
Inventory (LIFO) 2225 2331 2293																			
Other 724 493 262																			
Current Assets 4344 4299 4824																			
Accts Payable 374 399 425																			
Debt Due 864 13848 1000																			
Other 5554 6946 6749																			
Current Liab. 6792 21193 8174																			
<b>ANNUAL RATES</b>																			
Past 10 Yrs. Past 5 Yrs. Est'd '17-'19																			
of change (per sh)																			
Sales -3.0% 2.0% 2.0%																			
"Cash Flow" 3.5% 10.5% 8.0%																			
Earnings 4.0% 11.0% 8.5%																			
Dividends 3.5% 9.5% 9.0%																			
Book Value 5.0% 30.0% 5.5%																			
<b>QUARTERLY SALES (\$ mill.)</b>																			
Full Year																			
2017 6083 6663 6729 6101 25576																			
2018 6108 6305 6837 6114 25364																			
2019 5628 6619 6856 6007 25110																			
2020 5600 6400 6800 6000 24800																			
2021 5700 6600 6900 6100 25300																			
<b>EARNINGS PER SHARE <sup>A</sup></b>																			
Full Year																			
2017 .72 .85 .90 .91 3.39																			
2018 .95 1.01 1.08 .95 3.99																			
2019 .90 1.10 1.19 1.02 4.22																			
2020 .95 1.00 1.20 1.05 4.20																			
2021 1.05 1.15 1.30 1.10 4.60																			
<b>QUARTERLY DIVIDENDS PAID <sup>B</sup></b>																			
Full Year																			
2016 .565 .565 .565 .61 2.30																			
2017 .61 .61 .61 .66 2.49																			
2018 .66 .70 .70 .80 2.86																			
2019 .80 .80 .80 .84 3.24																			
2020 .84 .84																			
				<b>BUSINESS:</b> Altria Group, Inc. is the parent company of Philip Morris USA, John Middleton and Philip Morris Capital Corp. In 2020, the company operated 3 segments: Cigarettes (90% of operating profits) include <i>Marlboro</i> , <i>Benson &amp; Hedges</i> , <i>Merit</i> , <i>Virginia Slims</i> ; Smokeless products (8%); Other (2%). Sold <i>Miller</i> , 6/02. Has a 10.2% interest in <i>Anheuser-Busch In Bev</i> . Acq'd <i>Nabisco</i> , 12/00, Spun-off <i>Kraft</i> , 4/07; Spun-off <i>Philip Morris Int'l</i> , 3/08; Acq'd, <i>UST</i> , 1/09. Has 8,300 employees. <i>Vanguard Group</i> owns 7.8% of common shares; <i>Vanguard Group</i> owns 8.1%; officers and directors own less than 1.0% (4/20 proxy). Chairman & CEO: <i>Howard A. Willard III</i> . Inc.: VA. Address: 6601 W. Broad Street, Richmond, Virginia 23230. Telephone: 804-274-2200. Internet: <a href="http://www.altria.com">www.altria.com</a> .															
				<b>Altria Group is well prepared to navigate the current challenging environment.</b> Since our last full-page review in January, things have changed—quite drastically—for both the <i>Marlboro</i> maker and the world at large. The COVID-19 (coronavirus) pandemic has shut down wide swathes of the global economy, with many countries ordering businesses to close and consumers to remain in their homes. Economic conditions in the United States, where Altria generates nearly all of its sales, have deteriorated quite rapidly over the past few weeks. While recent channel checks suggest cigarette demand has held up fairly well, we think this will change as more restrictive measures are adopted to combat the virus and as more people lose their jobs because of the deteriorating economic conditions. Accordingly, we are lowering our 2020 share-net estimate by \$0.30 (now at \$4.20), to account for these factors. We think most of the damage will take place in the months ahead, with our models suggesting an earnings decline of around 9% in Q2 versus last year. Business should then rebound by the third quarter, as condi-															
				<b>tions slowly start to normalize. In other news, the Federal Trade Commission has filed an administrative complaint against Altria.</b> The agency alleges that Altria's 35% stake in <i>JUUL Labs</i> eliminated competition in violation of antitrust laws. More specifically, FTC officials believe that Altria's decision to pull its own e-cigarettes from the market shortly after the <i>JUUL</i> transaction met the definition of collaboration between two competitors. The agency is now suing Altria to try to unwind the agreement. <b>The company is expanding its test market for <i>iQOS</i> to a third market.</b> <i>iQOS</i> is an electronic cigarette device that was created by Philip Morris International and has since been licensed to Altria for the exclusive right to sell in the United States. The product has been a hit overseas, particularly in Asia and Europe, and is now being rolled out to the U.S. market. <b>These shares are worth a closer look.</b> The recent price dip has created an attractive entry point, in our view. Income-oriented accounts may want to start nibbling at these levels. <i>Daniel Henigson, CFA</i> April 17, 2020															

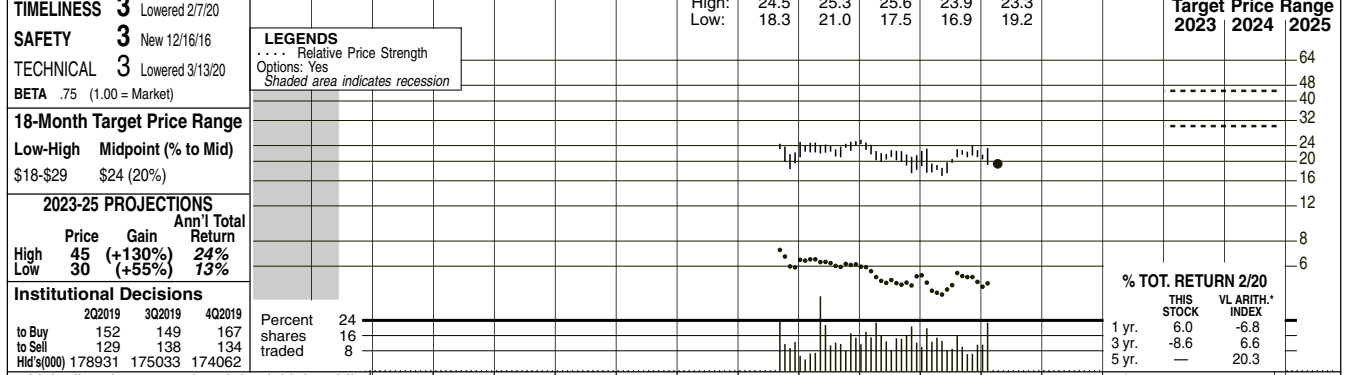
(A) Diluted earnings. Excl. nonrecurr. gains (losses): '05, (12c); '08, (17c); '09, (21c); '11, (21c); '16, \$4.55; '17, \$1.92; '18, (31c). Next yrs. rpt due Apr. 30th. Quarterly totals may not sum due to changes in share count. (B) Div'd historically paid in mid-Jan., late-Apr., mid-Jul., and mid-Oct. ■ Div'd reinvestment plan available. (C) Incl. intangibles. '19: \$17.86 bill., \$9.62/sh. (D) In millions. (E) Excl. fin'l services and real estate subsidiary (F) Spun-off Kraft Foods. (G) Spun-off Philip Morris Int'l. (H) Pro forma, reflects spinoff of Philip Morris Int'l.

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**Company's Financial Strength** B++  
**Stock's Price Stability** 85  
**Price Growth Persistence** 60  
**Earnings Predictability** 90

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<b>VALVOLINE INC.</b> NYSE-VVV	RECENT PRICE <b>19.51</b>	P/E RATIO <b>13.0</b> (Trailing: 13.3 Median: NMF)	RELATIVE P/E RATIO <b>0.81</b>	DIV/D YLD <b>2.4%</b>	<b>VALUE LINE</b>
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<b>2023-25 PROJECTIONS</b>	High Price <b>45</b>	Low Price <b>30</b>	Gain <b>(+130%)</b>	Ann'l Total Return <b>24%</b>	Ann'l Total Return <b>13%</b>				
<b>Institutional Decisions</b>	2Q2019 to Buy <b>152</b>	3Q2019 to Buy <b>149</b>	4Q2019 to Buy <b>167</b>	2Q2019 to Sell <b>129</b>	3Q2019 to Sell <b>138</b>	4Q2019 to Sell <b>134</b>	Percent to Buy <b>24</b>	Percent to Sell <b>16</b>	Percent Traded <b>8</b>
Valvoline Inc. completed its initial public offering on September 22, 2016. At that time, 34.5 million shares were sold to the public at an average price of \$22.00 a share. The underwriting syndicate included Bank of America Merrill Lynch, Goldman Sachs, Morgan Stanley, and Citigroup.									

<b>CAPITAL STRUCTURE as of 12/31/19</b>	2010	2011	2012	2013	2014	2015	2016 <sup>P</sup>	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
Total Debt \$1342 mill. Due in 5 Yrs \$950 mill. LT Debt \$1320 mill. LT Interest \$70 mill. (117% of Cap'l)	--	--	--	--	--	--	9.41	10.27	12.15	12.71	<b>13.30</b>	<b>13.95</b>	Revenues per sh <sup>A</sup>	<b>16.05</b>
No Defined Benefit Pension Plan	--	--	--	--	--	--	1.52	1.60	1.64	1.72	<b>1.85</b>	<b>2.00</b>	"Cash Flow" per sh	<b>2.65</b>
Pfd Stock None	--	--	--	--	--	--	1.33	1.39	1.29	1.39	<b>1.50</b>	<b>1.65</b>	Earnings per sh <sup>AB</sup>	<b>2.20</b>
Common Stock 188,448,171 shares as of 1/31/20	--	--	--	--	--	--	--	.20	.30	.42	<b>.45</b>	<b>.48</b>	Div'ds Decl'd per sh <sup>C</sup>	<b>.60</b>
<b>MARKET CAP: \$3.7 billion (Mid Cap)</b>	--	--	--	--	--	--	32	.34	.49	.57	<b>.85</b>	<b>.90</b>	Cap'l Spending per sh	<b>1.00</b>
<b>CURRENT POSITION</b> 2018 2019 12/31/19	--	--	--	--	--	--	d1.61	d.58	d1.90	d1.37	<b>d.85</b>	<b>d.25</b>	Book Value per sh	<b>1.60</b>
Cash Assets	96	159	162	319	351	374	205.00	203.00	188.00	188.00	<b>188.50</b>	<b>189.00</b>	Common Shs Outst'g <sup>E</sup>	<b>190.00</b>
Receivables	409	401	395	374	351	374	17.9	16.2	17.6	14.3	<b>14.3</b>	<b>14.3</b>	Avg Ann'l P/E Ratio	<b>17.0</b>
Inventory (FIFO)	176	194	194	194	194	194	.94	.81	.95	.78	<b>.78</b>	<b>.78</b>	Relative P/E Ratio	<b>.95</b>
Other	44	43	43	43	43	43	--	--	.9%	1.3%	<b>2.1%</b>	<b>2.1%</b>	Avg Ann'l Div'd Yield	<b>1.6%</b>
Current Assets	725	797	794	794	794	794	1929	2084	2285	2390	<b>2510</b>	<b>2640</b>	Revenues (\$mill)	<b>3050</b>
Accts Payable	178	171	153	153	153	153	27.4%	24.8%	20.4%	20.1%	<b>20.5%</b>	<b>21.0%</b>	Operating Margin	<b>23.0%</b>
Debt Due	30	15	22	22	22	22	38.0	42.0	54.0	61.0	<b>65.0</b>	<b>70.0</b>	Depreciation (\$mill)	<b>85.0</b>
Other	203	237	246	246	246	246	273.0	283.0	254.0	263.0	<b>285</b>	<b>310</b>	Net Profit (\$mill)	<b>420</b>
Current Liab.	411	423	421	421	421	421	35.2%	34.6%	27.6%	23.5%	<b>25.5%</b>	<b>26.0%</b>	Income Tax Rate	<b>26.0%</b>
<b>BUSINESS:</b> Valvoline Inc. can trace its roots back to 1866. The founder, Dr. John Ellis, trademarked the Valvoline name in 1873. It is now a worldwide producer, distributor, and marketer of premium-branded automotive, commercial, and industrial lubricants and automotive chemicals, with annual sales over \$2 billion and a presence in more than 140 countries. It also operates and franchises about 1,385 Valvoline Instant Oil Change centers in the U.S. and Canada. Acquired 89 Oil Can Henry stores, 2/16. Was a unit of Ashland Global Holdings and completed its IPO in 9/16. Has 7,900 employees. Off./Dir. own less than 1% of common (Proxy 12/19). CEO: Sam Mitchell. Inc.: KY. Addr.: 3499 Blazer Parkway Lexington, KY 40509. Tel.: 859-357-7777. Internet: www.valvoline.com.														

<b>ANNUAL RATES</b>	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 of change (per sh)	to '23-'25
Revenues	--	--	5.5%	5.5%
"Cash Flow"	--	--	8.0%	8.0%
Earnings	--	--	8.5%	8.5%
Dividends	--	--	11.5%	11.5%
Book Value	--	--	NMF	NMF

<b>Valvoline has gotten off to a strong start in fiscal 2020 (ends September 30th).</b> In fact, December-period share net of \$0.35 sailed past our \$0.28 estimate and was a nickel ahead of Wall Street's consensus view, despite further volume unevenness across the core North American lubricant business. The upside was supported by another impressive showing from the Quick Lubes chain, where same-store sales advanced 8.3% during the quarter and unit development continued at a fairly aggressive pace. (The company now expects to add around 100 Quick Lubes locations annually over the next few years, including some via acquisitions.) Valvoline also made nice progress on the international front, with profitability metrics improving and volumes rising in key markets throughout Europe and Asia. And the domestic wholesale performance was not nearly as bad as we had feared, as new promotional initiatives helped to jump-start sales of branded products, partially offsetting heightened private-label pressures and volume declines in the challenging professional-installer channel. Looking ahead...	<b>We think that moderate top- and bottom-line growth will prove to be sustainable here.</b> The Quick Lubes concept should remain the primary catalyst, especially as newer stores mature (and become more profitable), and as the chain benefits from an uptick in non-oil change business and a greater mix shift toward premium items. Further strides overseas should also bolster results, however, even as the coronavirus outbreak slows things down in China. And we expect the North American segment to gradually rebound (or at least stabilize) over time, buoyed by higher branded volumes and healthy demand for synthetic motor oils. All in all, we look for share earnings to climb to \$1.50 and \$1.65 in fiscal 2020 and fiscal 2021, respectively. Plus, we see profits reaching about \$2.20 a share by the 2023-2025 horizon, which should support a stock price in the \$30-\$45 range. <b>As presently valued, this mid-cap issue is a decent choice for long-term investors seeking some automotive exposure.</b> Yet, the shares are merely Average (3) for Timeliness. <i>Justin Hellman</i> <span style="float: right;"><i>March 13, 2020</i></span>					
<b>QUARTERLY SALES (\$ mill.)<sup>A</sup></b>	Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2017	489	514	534	547	2084	
2018	545	569	577	594	2285	
2019	557	591	613	629	2390	
2020	607	<b>618</b>	<b>635</b>	<b>650</b>	<b>2510</b>	
2021	<b>640</b>	<b>650</b>	<b>665</b>	<b>685</b>	<b>2640</b>	
<b>EARNINGS PER SHARE<sup>AB</sup></b>	Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2017	.35	.37	.34	.33	1.39	
2018	.29	.34	.32	.34	1.29	
2019	.27	.35	.37	.40	1.39	
2020	.35	<b>.36</b>	<b>.38</b>	<b>.41</b>	<b>1.50</b>	
2021	<b>.39</b>	<b>.40</b>	<b>.42</b>	<b>.44</b>	<b>1.65</b>	
<b>QUARTERLY DIVIDENDS PAID<sup>C</sup></b>	Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	--	--	--	.049	.05	
2017	.049	.049	.049	.075	.22	
2018	.075	.075	.075	.106	.33	
2019	.106	.106	.106	.113	.43	
2020	.113					

(A) Fiscal years end September 30th. (B) Fully diluted earnings. Next earnings report due early May. (C) Quarterly dividend initiated in December of 2016. Payments typically made in March, June, September, and December. (D) Pro forma. (E) In millions.