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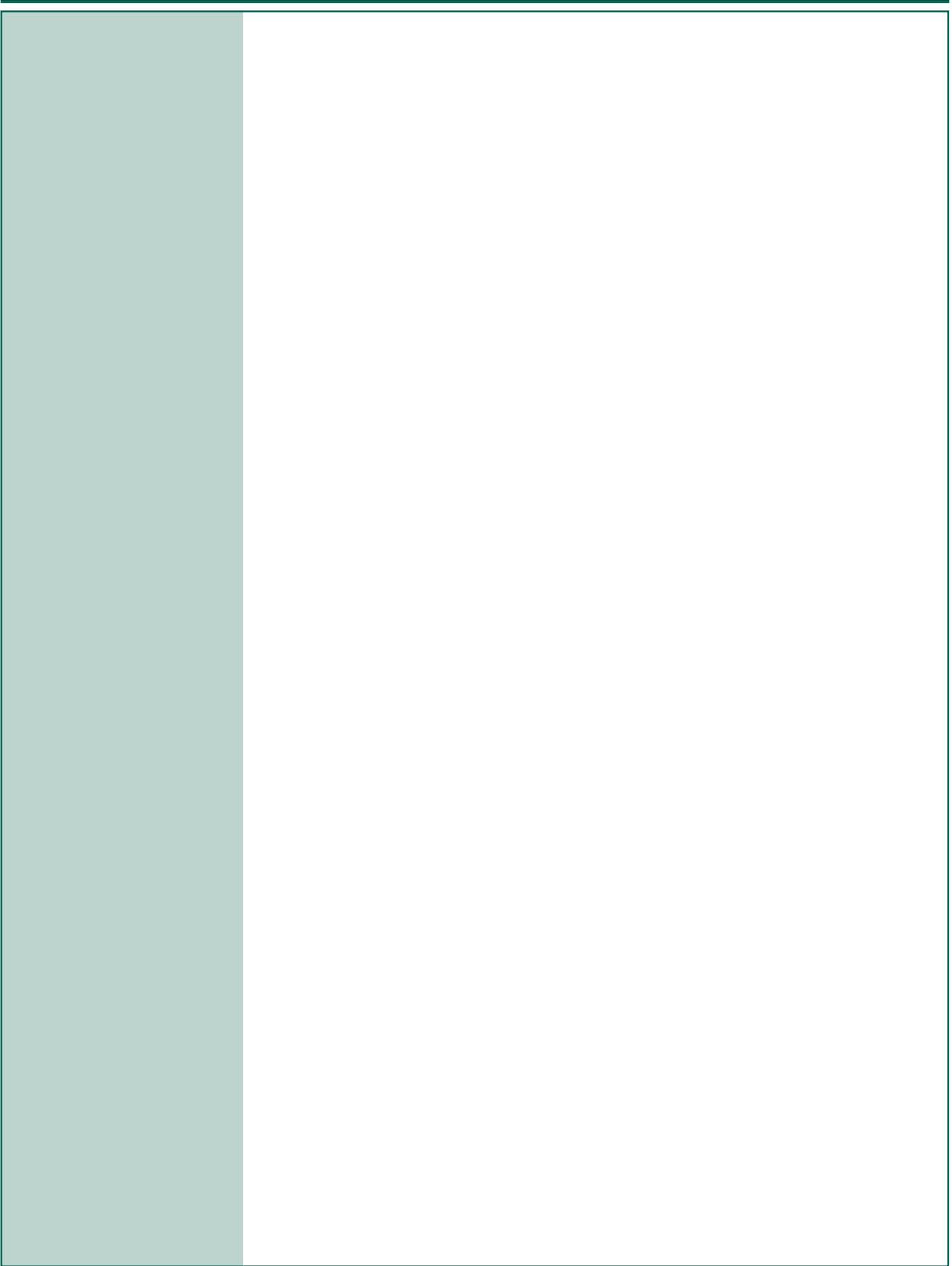
RESMED INC.



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RESMED INC.

This month's choice, ResMed Inc., designs and manufactures medical equipment used to treat respiratory conditions and sleep disorders. The emphasis is on treating obstructive sleep apnea (a pause in breathing) through continuous airway pressure. Patients generally wear a sleep mask connected to a specialized pump (flow generator) that maintains the desired air pressure, temperature, and humidity, in order to prevent the patient's airway from collapsing.

Providing a good night's sleep is good business

The organization enjoys impressive earnings predictability, in part because its easy-to-use equipment provides treatment (in the patient's home), rather than a cure. What's more, share net has improved by an average of 21% a year since 2009. In addition, studies suggest that a significant number of sufferers not receiving treatment exist around the world.

Formed in 1989 and based in San Diego, CA, the world leader employs approximately 4,100 and sells its products in about 100 countries through its wholly-owned subsidiaries and independent distributors.

The shares are dually-listed, and trade on both the New York Stock Exchange and the Australian Securities Exchange under the ticker RMD.

*Treating sleep
disorders*

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Earnings Opportunities and Share Catalysts

Significant unmet demand. Studies suggest that about 26% of adults have sleep apnea, including retired basketball star Shaquille O’Neal. Management estimates that there are tens of millions of potential patients who are undiagnosed and, hence, untreated.

Favorable demographics. Men aged 50-70 are the highest users, as they pursue a better and healthier quality of life. Indeed, we expect that this generally more-affluent group will continue to find the cost/benefit quite attractive, especially since the masks are priced beginning at \$80, and the generators start at \$750. ResMed’s impressive financial results, over time, suggest that many individuals consider this a reasonable price to pay for a good night’s sleep. Medicare currently funds about 25% of patients in the United States.

Product introductions and improvements in masks, pumps, and other offerings continue. In fact, revenues in the Americas from a recently introduced flow-generator advanced 42% year over year in the March interim.

In addition, the various devices can now be wirelessly connected to the doctor, distributor, and payer. This enables better patient management and follow-up, in that it supports proper use, which results in better outcomes. Importantly, the utilization of fully integrated “infomatics” (connectivity through the internet) provides the innovative company with a significant first-mover advantage. What’s more, there is no additional cost to customers, and the information “eco-system” increases barriers to entry.

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*Multiple
favorable factors*

The continued creativity is perhaps not surprising, as the company reinvests about 7% of its annual revenues into research and development, and about 13% of its employees are devoted to research and development activities. This has resulted in about 5,000 patents, so far.

Expansion into new clinical applications. The organization is working to identify new uses of its technology for significant unmet medical needs. In fact, studies have established a clinical association between sleep disorders and both stroke and congestive heart failure, as well as a cause of hypertension or high blood pressure.

Not surprisingly, the company maintains close working relationships with a number of prominent physicians to explore new medical applications for its products and technology.

Brand-name recognition. Indeed, having earned about 55% of the worldwide market share, *the well-known organization is the global market leader.* This should continue to provide considerable advantages, especially with respect to marketing its wares around the world.

Increasing public awareness. ResMed is working hard to increase awareness of its treatment alternatives. Promotional activities target both potential patients and medical specialists, including cardiologists, neurologists, and pulmonologists. It also targets special interest groups, including the National Stroke Association, the American Heart Association, and the National Sleep Foundation.

The medical technology company also sponsors educational programs to enlighten both doctors and patients about the

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relationship between sleep disorders and conditions such as cardiac disease, diabetes, hypertension, and obesity.

Long-term margin improvement. The organization's considerable size should continue to translate into economies of scale and, hence, good cost controls.

Geographic diversity should help. With sales in about 100 countries, results should be somewhat insulated from adverse economic developments in any one nation or region.

Cash flows provide significant flexibility. The expanding company has acquired a number of businesses over the years, including distributors, suppliers, and developers of medical equipment and related technologies. What's more, share repurchases have bolstered share earnings, and the dividend, begun in 2012, may provide the shares a level of support, if needed.

What About the Stock?

The shares rank very highly on a number of proprietary and important *Value Line* metrics. Indeed, the 95 (out of 100) scores for both Price Growth Persistence and Earnings Predictability, as well as the 65 for Price Stability all attest to the consistently well-run nature of operations, over time.

What's more, the issue's Beta coefficient (a measure of relative volatility, where the aggregate equity market has a Beta of 1.00) of 1.00 is appealing, and likely reflects the fact that the shares represent an investment with significant earnings growth potential, within the defensive healthcare sector.

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*Significantly
above-average
total-return
potential*

Our calculations suggest that the shares possess well-above-average total return (capital gains plus dividends) potential. This is partly due to a recent modest share-price pullback (due to a new product Phase III study end-point miss discussed elsewhere), which we believe is now adequately reflected in the share price.

Further, a close inspection of the shares' historical price chart reveals a steadily upward trend line, underscoring our conviction that this is a well-run company entering a period when business prospects, and hence share net, are likely to improve substantially.

Meanwhile, although the stock's price to earnings ratio is at a slight premium to the overall equity market, this has been the norm for most of the organization's history. This is not surprising, and we suspect that investors will continue to pay-up for quality. In a word, you get what you pay for. Too, in the words of Warren Buffett: "It is better to pay a fair price for a good company, than a good price for a fair company."

Finally, the issue is ranked 2: Above Average for both Timeliness and Technical, suggesting that the shares are well-poised to outperform the overall equity markets.

We believe that the shares are a good choice for most investors' portfolios.

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*A pioneer
in treating
sleep disorders*

A Focus on Respiratory Disorders

ResMed Inc. is the global leader in the creation of products for the diagnosis, treatment, and management of respiratory disorders. Its focus is on sleep-disordered breathing, which includes obstructive sleep apnea (OSA), as well as other respiratory disorders that occur during sleep.

Its treatment for obstructive sleep apnea, called nasal Continuous Positive Airway Pressure (CPAP), was the first successful noninvasive treatment for OSA. CPAP systems deliver pressurized air, typically through a nasal mask, in order to prevent collapse of the upper airway during sleep.

The organization has subsequently developed a number of innovative products for sleep-disordered breathing and other respiratory disorders. Offerings include airflow generators, diagnostic products, mask systems, headgear, and accessories. It also sells hospital-grade (\$15,000) life-support ventilators.

Airflow generators (which accounted for approximately 54% of revenues in each of the fiscal years 2014, 2013, and 2012), deliver positive airway pressure through an interface, which is either a small nasal mask, a nasal pillows system, or a full-face mask. Advanced units deliver ultraquiet, comfortable bi-level (inhale and exhale air pressure are both controlled) therapy, while AutoSet systems (based on a proprietary technology) monitor breathing and operate only when needed.

In addition to RMD's research and product development efforts, sales and earnings growth have been fueled by geographic expansion, and by an increasing awareness among physicians and patients around the world that sleep-disordered

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*A complex
neurological
process*

breathing and respiratory conditions are a significant health concern.

Sleeping

Sleep is a complex neurological process that includes two distinct states: rapid eye movement (REM) sleep, and nonrapid eye movement (non-REM) sleep. REM sleep (which accounts for about 20% - 25% of total sleep experienced by most adults, according to neurologists), is characterized by a high level of brain activity associated with dreaming, bursts of rapid eye movement, increased heart and respiration rates, and paralysis of many muscles. Non-REM sleep is subdivided into four stages that generally parallel sleep depth - stage 1 is the lightest sleep depth, and stage 4 is the deepest.

The upper airway has no rigid support and, thus, is held open by active contraction of upper airway muscles. Normally, during REM sleep and deeper levels of non-REM sleep, the upper airway muscles relax and, hence, the airway narrows. *As such, individuals with narrow upper airways and/or poor muscle tone are prone to temporary collapses of the upper airway during sleep.* This collapse is called apnea, and a near closure of the upper airway is called hypopnea.

Both apneas and hypopneas result in a lowering of blood oxygen levels. The central nervous system subsequently signals the throat to respond to the lack of oxygen and/or increased levels of carbon dioxide by causing it to contract, in turn opening the airway. The individual awakes, blood oxygen levels usually increase after a few gasping breaths, and the individual then goes back to sleep. That is, until the cycle repeats itself.

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Unfortunately, sufferers of sleep apnea typically experience 10 or more such cycles per hour. Interestingly, although these awakenings significantly impair the quality of sleep, the individual is not normally aware of these disruptions. This is alarming, as sleep apnea recently has been recognized as a cause of hypertension, as well as a contributing factor to heart disease, stroke, and diabetes.

Sleep-Disordered Breathing

Sleep-disordered breathing is the medical term used to describe the various causes of abnormal breathing patterns that can occur during sleep. Examples include obstructive sleep apnea, central sleep apnea, and hypoventilation syndromes. Hypoventilation syndromes are generally associated with obesity, chronic obstructive lung disease, and neuromuscular disease.

Obstructive sleep apnea (OSA) is the most common form of sleep-disordered breathing. Sleep interruption and the loss of the deeper levels of sleep caused by OSA can lead to excessive daytime sleepiness, reduced cognitive function (including memory loss, lack of concentration, lowered response speed and visual motor coordination, as well as reduced problem-solving abilities), along with depression and irritability. OSA sufferers also can experience an increase in heart rate and an elevation of blood pressure. What's more, several studies indicate that the lower level of oxygen in the blood, increased heart rate, and elevated blood pressure caused by OSA may be associated with an increased risk of cardiovascular disease and mortality due to angina, stroke, and heart attack.

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Generally, an individual seeking treatment for the symptoms of OSA is referred by a general practitioner to a sleep specialist for further evaluation. The patient is typically monitored during sleep, at either a sleep clinic or at the patient's home. During overnight testing, respiratory parameters and sleep patterns are monitored, along with other vital signs (such as heart rate and blood oxygen levels). Meanwhile, other tests (that use other ResMed devices, including its Apnealink and/or its automatic positive airway pressure devices) are conducted to simultaneously monitor the patient's airflow during sleep. Computer programs then analyze the airflow patterns.

Lots of Insomnia

A 2013 study found that 26% of adults aged 30-70 have some form of obstructive sleep apnea. In the United States alone, this represents approximately 46 million people. Despite the high prevalence of OSA, *it is estimated that less than 20% of those with OSA have been diagnosed or treated.*

Obstructive sleep apnea symptoms include excessive daytime sleepiness, snoring, hypertension, and irritability. It is most common among middle-aged men and those who are obese, smoke, consume alcohol in excess, or use muscle-relaxing and pain-killing drugs. What's more, a strong association has been discovered between OSA and a number of cardiovascular diseases. Specifically, studies have shown that sleep-disordered breathing is present in approximately 83% of patients with drug-resistant hypertension, 72% of patients with Type 2 diabetes, 77% of patients with obesity, and 76% of patients with congestive heart failure.

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*Providing
reliable and
accepted
treatment*

Therapies are not Cures

Before 1981, the primary treatment for OSA was a tracheotomy, whereby a hole is created in the patient's windpipe. Alternative surgical treatments use other approaches, including removing excess tissue to streamline the shape of the airway, as well as implanting a device to add support to the soft palate. That said, these approaches have a poor success rate, and the procedures are quite expensive and entail some risk. Likewise, other alternative treatments, including nasal surgery, dental appliances, palatal implants, and nasal devices, also are generally ineffective.

ResMed's approach, called continuous positive airway pressure (CPAP), is a reliable, accepted, and standard treatment for OSA. During CPAP treatment, a patient sleeps with a nasal interface (specialized masks and pillows) connected to a small portable airflow generator that delivers room air at a positive pressure. The patient breathes in air from the flow generator and breathes out through an exhaust port in the interface. The continuous air pressure acts as a pneumatic splint, in that it keeps the upper airway open and unobstructed. Sometimes, when a patient leaks air through his/her mouth, a full-face mask may be needed, rather than a nasal interface.

Importantly, because CPAP is not a cure, it must be used on a nightly basis. Thus, the organization has spent considerable time and effort to improve patient comfort and convenience in an effort to promote patient compliance.

While early product offerings sometimes resulted in soreness from the repeated use of nasal masks, and some patients had difficulty falling asleep while wearing the CPAP device, product

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Utilizing the Internet

enhancements in recent years have improved patient comfort and, hence, compliance. Advances include more-comfortable patient interface systems; delay timers that gradually raise the air pressure when the device is first turned on (allowing the patient to fall asleep more easily); bi-level air flow generators (which provide different air pressures for inhalation and exhalation); heated humidification (to make the airflow more comfortable); and autotitration devices (that reduce the average pressure delivered over the course of the night).

Finally, the introduction of infomatics (connectivity via the internet) appears to have significant potential, for the patient and ResMed alike. For example, if a patient calls and says the machine did not turn on last night, ResMed now can look online and check if or when the generator actually turned on. Or if someone says the humidifier did not warm up last night, an online check could determine that the cause was that the room temperature was higher than the temperature the humidifier was programmed for. Previously, those customer inquiries would have been longer calls, and may have resulted in service visits or returned merchandise.

Earnings and Projections

March-period revenues advanced 13% (ignoring currency) to \$423 million, and share net of \$0.64 compared favorably to the year-earlier \$0.60 figure.

The totals reflected the introduction of new flow generators, which drove an exceptional 42% year-over-year improvement in the Americas for the product segment. The very good generator sales followed growth of 25% in the preceding

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*Strong demand
should continue*

quarter, suggesting that the strong demand for the improved generators will likely continue for the near future.

Meanwhile, although mask sales in the Americas declined 4%, the figure reflected modest price cuts, rather than poor sales. In fact, management stated that it gained market share in nasal pillows, and that the overall mask market share was unchanged.

Still, profit margins declined somewhat, because of costs associated with the introduction of internet connectivity in the new generators, as well as unfavorable exchange rates. Still, the connectivity should improve operating efficiencies, over time, and foreign exchange-related variances are manageable.

Finally, management noted that the product pipeline is “robust.” The remarks, coupled with ResMed’s history of innovation, suggest that sales and earnings gains will likely continue.

Risks

There is always competition. Philips Respironics (U.S.) and Fisher & Paykel Healthcare (NZ) are ResMed’s primary competitors (combined, the three account for about 96% of global sales). While competitors’ offerings, in some cases, may be a suitable choice for a given patient, we remind investors that ResMed is the global leader, with a 55% market share.

New products may not always work. Indeed, the recent failure of a Phase III trial testing whether use of a ResMed offering (Adaptive Servo Ventilation) could help deter heart failure has pushed the shares modestly lower. While the result is

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disappointing, we suspect that the company will continue to attempt to prove its products can help *sustain* life, in addition to its well-documented success (and current focus on) *improving the quality* of life.

Currency counts. About half of sales are in the United States, and half in the rest of the world. Meanwhile, the various offerings are manufactured in Australia and Singapore. While this introduces a currency mismatch, we note that foreign exchange-related variances have historically been well-managed through currency hedging programs. What's more, we believe that the U.S. is the highest potential market for elective medical offerings that improve the quality of life, especially for aging males.

Summary and Conclusion

ResMed creates medical equipment primarily used to treat sleep disorders. Its easy-to-use equipment includes masks and airflow generators that are typically used in the home. The ongoing nightly treatments have helped produce impressive predictability.

Earnings opportunities and share catalysts are numerous. There is significant unmet demand, demographics are favorable, and product introductions and improvements continue. What's more, management is working to identify new uses of its technology, and public awareness of the need for ResMed's products is increasing. As the global leader, brand-name recognition is favorable, and the company's considerable size should translate into still-wider profit margins, over time. Finally, cash flows provide significant flexibility.

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*Considerable
total-return
potential*

Meanwhile, the shares rank very highly on a number of proprietary *Value Line* metrics, and represent an investment with significant earnings growth potential within the defensive healthcare sector.

Finally, the issue is ranked 2: Above Average for both Timeliness and Technical, suggesting that the shares are well-poised to outperform the overall equity markets.

We believe that the shares are a good choice for most investors' portfolios.

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FINANCIAL STATEMENTS

INCOME STATEMENT DATA

	2014	2015	2016	2017	2018	2019
Net Sales	1555.0	<i>1680</i>	<i>1820</i>	<i>2000</i>	<i>2225</i>	<i>2450</i>
Cost of Goods	491.7	<i>521</i>	<i>555</i>	<i>600</i>	<i>645</i>	<i>686</i>
Gross Profit	1063.3	<i>1159</i>	<i>1265</i>	<i>1400</i>	<i>1580</i>	<i>1764</i>
Operating Expenses	584.7	<i>622</i>	<i>673</i>	<i>730</i>	<i>801</i>	<i>858</i>
Operating Income	478.6	<i>538</i>	<i>592</i>	<i>670</i>	<i>779</i>	<i>907</i>
Depreciation	73.5	<i>85</i>	<i>100</i>	<i>105</i>	<i>110</i>	<i>115</i>
Interest Expense	-25.1	<i>5</i>	<i>-5</i>	<i>-5</i>	<i>-5</i>	<i>-5</i>
Non-operating Income	0.9	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Pre-tax Income	431.1	<i>449</i>	<i>498</i>	<i>571</i>	<i>675</i>	<i>798</i>
Income Taxes	85.8	<i>96</i>	<i>109</i>	<i>128</i>	<i>155</i>	<i>187</i>
Effective Tax Rate	19.9%	<i>21.5%</i>	<i>22.0%</i>	<i>22.5%</i>	<i>23.0%</i>	<i>23.5%</i>
Minority Interest	0.0	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Equity Income	0.0	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Preferred Dividends	0.0	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Net Income	345.3	<i>353</i>	<i>388</i>	<i>442</i>	<i>519</i>	<i>610</i>
Shares	140.2	<i>138</i>	<i>136</i>	<i>134</i>	<i>132</i>	<i>130</i>
Earnings per Share	\$ 2.39	<i>\$2.55</i>	<i>\$2.85</i>	<i>\$3.30</i>	<i>\$3.95</i>	<i>\$4.70</i>

PERCENTAGE ANALYSIS

	2014	2015	2016	2017	2018	2019
Gross Margin	68.4%	<i>69.0%</i>	<i>69.5%</i>	<i>70.0%</i>	<i>71.0%</i>	<i>72.0%</i>
Operating Margin	30.8%	<i>32.0%</i>	<i>32.5%</i>	<i>33.5%</i>	<i>35.0%</i>	<i>37.0%</i>
Pretax Margin	27.7%	<i>26.7%</i>	<i>27.3%</i>	<i>28.6%</i>	<i>30.3%</i>	<i>32.6%</i>
Net Margin	22.2%	<i>21.0%</i>	<i>21.3%</i>	<i>22.1%</i>	<i>23.3%</i>	<i>24.9%</i>

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FINANCIAL STATEMENTS

FLOW OF FUNDS DATA

	2014	2015	2016	2017	2018	2019
Cash Flow	418.8	<i>438</i>	<i>488</i>	<i>547</i>	<i>629</i>	<i>725</i>
Debt Financing	557.8	<i>100</i>	<i>0</i>	<i>200</i>	<i>0</i>	<i>300</i>
Pfd Equity Financing	0.0	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Com. Equity Financing	33.4	<i>45</i>	<i>50</i>	<i>50</i>	<i>60</i>	<i>70</i>
Other	0.0	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Funds In	1010.0	<i>583</i>	<i>538</i>	<i>797</i>	<i>689</i>	<i>1095</i>
Capital Spending	72.7	<i>75</i>	<i>80</i>	<i>90</i>	<i>100</i>	<i>125</i>
Other Investments	3.9	<i>10</i>	<i>15</i>	<i>20</i>	<i>25</i>	<i>30</i>
Dividends Paid	141.5	<i>160</i>	<i>175</i>	<i>190</i>	<i>205</i>	<i>215</i>
Debt Retired	560.0	<i>0</i>	<i>100</i>	<i>101</i>	<i>300</i>	<i>400</i>
Pfd Equity Retired	0.0	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Com. Equity Retired	202.2	<i>130</i>	<i>140</i>	<i>150</i>	<i>160</i>	<i>170</i>
Total Funds Out	980.3	<i>375</i>	<i>510</i>	<i>551</i>	<i>790</i>	<i>940</i>
Yearend Working Cap'l	905.7	<i>1113</i>	<i>1141</i>	<i>1387</i>	<i>1286</i>	<i>1441</i>

CAPITALIZATION & RETURNS ON CAPITAL

	2014	2015	2016	2017	2018	2019
Long Term Debt	301	<i>401</i>	<i>301</i>	<i>400</i>	<i>100</i>	<i>0</i>
Stockholders Equity	1758	<i>1866</i>	<i>1989</i>	<i>2140</i>	<i>2355</i>	<i>2650</i>
Return on Total Cap'l	16.2%	<i>15.6%</i>	<i>16.9%</i>	<i>17.4%</i>	<i>21.2%</i>	<i>23.0%</i>
Return on Equity	19.6%	<i>18.9%</i>	<i>19.5%</i>	<i>20.6%</i>	<i>22.1%</i>	<i>23.0%</i>

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FINANCIAL STATEMENTS

AVG. ANNUAL RATES OF GROWTH (2014 to 2019)

Net Sales *9.5%*

Gross Profit *10.5%*

Operating Income *13.5%*

Earnings per share *14.5%*

HISTORICAL BALANCE SHEET DATA

	2012	2013	2014
Cash & Equivalents	809.5	876.0	905.7
Receivables	283.2	318.4	359.6
Inventories	174.4	145.8	165.4
Other	94.1	67.4	485.1
Total Current Assets	1361.2	1448.8	1556.2
Net Property, Plant	434.4	411.4	434.3
Intangible Assets	311.0	324.5	334.5
Other	31.3	26.0	36.0
Total Assets	2137.9	2210.7	2361.0
Payables	55.0	60.7	85.4
Debt Due	0.1	300.0	0.2
Taxes Payable	27.8	30.1	10.4
Other	170.1	183.2	173.6
Total Current Liabilities	252.9	574.0	269.6
Long Term Debt	250.8	0.8	300.8
Other Liabilities	26.6	25.4	32.4
Stockholders Equity	1607.6	1610.5	1758.2
Total	2137.9	2210.7	2361.0

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FINANCIAL STATEMENTS

QUARTERLY NET SALES

	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Year
2012	314.8	332.7	349.1	371.9	1368.5
2013	339.7	376.6	383.6	414.6	1514.5
2014	357.7	384.3	397.8	415.2	1555.0
2015	380.4	423.0	422.5	<i>454.1</i>	<i>1680.0</i>
2016	<i>415.0</i>	<i>460.0</i>	<i>473.0</i>	<i>472.0</i>	<i>1820.0</i>

QUARTERLY NET SALES GROWTH

	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Year
2013	7.9%	13.2%	9.9%	11.5%	10.7%
2014	5.3%	2.0%	3.7%	0.1%	2.7%
2015	6.3%	10.1%	6.2%	<i>9.4%</i>	<i>8.0%</i>
2016	<i>9.1%</i>	<i>8.7%</i>	<i>12.0%</i>	<i>3.9%</i>	<i>8.3%</i>

QUARTERLY EPS ^(D)

	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Year
2012	0.33	0.42	0.44	0.52	1.71
2013	0.49	0.53	0.58	0.50	2.10
2014	0.56	0.60	0.62	0.61	2.39
2015	0.58	0.64	0.64	<i>0.69</i>	<i>2.55</i>
2016	<i>0.61</i>	<i>0.70</i>	<i>0.73</i>	<i>0.81</i>	<i>2.85</i>

QUARTERLY EPS GROWTH ^(D)

	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Year
2013	48.5%	26.2%	31.8%	-3.8%	22.8%
2014	14.3%	13.2%	6.9%	22.0%	13.8%
2015	3.6%	6.7%	3.2%	<i>13.1%</i>	<i>6.7%</i>
2016	<i>5.2%</i>	<i>9.4%</i>	<i>14.1%</i>	<i>17.4%</i>	<i>11.8%</i>

QUARTERLY DIVIDENDS PAID

	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Year
2012	0.00	0.00	0.17	0.17	0.34
2013	0.17	0.17	0.25	0.25	0.84
2014	0.25	0.25	0.28	0.28	1.06
2015	0.28				

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Footnotes

- (A) *The Timeliness Rank is Value Line's assessment of a stock's probable relative market performance in the 6-12 months ahead. It is computer generated, and uses input items including the company's multi-year price and earnings history, recent price and earnings momentum, and earnings surprises. All data are known and actual. Stocks ranked 1 (Highest) and 2 (Above Average) are deemed likely to outpace the year-ahead market.*
- (B) *The Technical Rank is Value Line's assessment of a stock's expected stock price performance relative to the overall market in the next three to six months, based on an analysis of the stock's relative price performance during the prior 52 weeks. Earnings are not a factor in the Technical Rank. Instead, it is purely a function of relative price action and is primarily a predictor of relative short-term price movements.*
- (C) *The Safety Rank is a measure of potential risk associated with individual common stocks. It is computed by averaging two other Value Line indexes—the Price Stability Index and the Financial Strength Rating. Safety Ranks range from 1 (Highest) to 5 (Lowest). Conservative investors may wish to purchase equities ranked 1 (Highest) or 2 (Above Average) for Safety.*
- (D) *Diluted earnings.*

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