

## Amazon.com, Inc. (AMZN)

## Momentum Remains High with Strong 1Q18 Results

**INVESTMENT HIGHLIGHTS:** Amazon posted strong Q1 results with revenue and operating income upside. The revenue upside was driven primarily by Amazon's triple threat of Third-party Sellers (3P), Subscription Services, and AWS. We expect this trifecta to power Amazon's growth for the foreseeable future. Additionally, we expect AWS, 3P and Advertising growth to buoy Amazon's operating income. Looking ahead, while profitability could experience some choppiness from quarter to quarter given the timing of investments, we expect consistent revenue growth across Amazon's key business to continue to power its dominant position in both e-commerce and AWS. We reiterate BUY rating and raise our PT to \$1,900.

- Amazon keeps growth momentum high in early 2018 with total revenue and profitability above consensus. Total revenue was \$51.0B, above consensus of \$49.9B, with upside coming from 3P, Subscriptions, AWS, and Other. GAAP operating income was \$1.9B, significantly above consensus of \$1.0B, driven primarily by outperformance in N. America.
- Online Stores (aka 1P) revenue increased 13% y/y ex-FX to \$29.9B. While solid growth, Online Stores revenue was modestly below consensus of \$27.3B. Due to the adoption of a new accounting principle that shifted sales of apps and certain digital content to 3P from Online stores, which reduced growth and revenue. We expect consistent growth of Amazon's 1P business in the high-teens given its product breadth and investment in its private-label brands.
- 3P is a powerful engine that should drive growth for the foreseeable future. 3P revenue increased 39% y/y ex-FX, reaching \$9.3B in 1Q18. We estimate continued growth in 2Q18 of ~35% y/y. Given the net revenue recognition of 3P transaction, we expect the strong growth to contribute significantly to operating income growth.
- Subscription Services increased 56% y/y, rising to \$3.1B on strength of Prime Memberships. The company recently highlighted that it had +100M Prime members. We estimate Amazon has over +125M Prime Members with ~100M in the U.S. The impact of Prime is evidenced by the rapid growth in Subscription Services. Notably, Prime members typically spend 2x, shop more frequently, and stay engaged on the platform longer than non-Prime members. Amazon announced a price increase to \$119 from \$99, effective May 11th, which should serve as a revenue growth catalyst in 2H18. Notably, the company now recognizes Prime subscriptions equally over 12 months, which boosts revenue in the earlier quarters, instead of recognizing a larger portion of the deferred revenue in Q4.

## PRICE TARGET &amp; ESTIMATE CHANGE

Stock Rating	<b>BUY</b> Unchanged
Price Target	<b>\$1,900.00</b> Raised from \$1,700.00

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## Stock Price Performance

Amazon.com, Inc. 04/27/18



## Market Data

Price (04/26/2018)	\$1,517.96
52-Week Range	\$1,617.54 - \$907.56
Shares Outstanding	484.97
Market Cap (MM)	\$736,164.7
Avg. Daily Volume	6,324,133.0
Total Debt/Cap.	61.44%

	FY 12/31/2017		FY 12/31/2018		FY 12/31/2019	
	Actual	Old	New	Old	New	
Rev. (MM)	177,866.0A	231,810.1E	235,563.5E	279,101.1E	284,937.8E	
Growth	30.8%	30.3%	32.4%	20.4%	21.0%	
EPS: 1Q	1.48A	1.24E	3.27E		4.84E	
EPS: 2Q	0.40A	1.37E	2.40E		3.64E	
EPS: 3Q	0.52A	1.23E	1.58E		3.39E	
EPS: 4Q	<u>3.74A</u>	<u>4.07E</u>	<u>4.45E</u>		<u>6.41E</u>	
EPS: Year	6.15A	7.92E	11.71E	15.05E	18.28E	
Growth	25.0%	28.8%	90.4%	90.0%	56.1%	

- AWS revenue growth accelerated by 5pt q/q (now two consecutive quarters of accelerating growth and margin expanded by 140bps y/y. Management highlighted that usage grew faster than revenue growth, implying an overall increase in spending. We believe the rapid pace of rolling out new services and features was a key driver for usage growth. We believe 1Q18 revenue growth was also helped by an easier comp due to price reduction in 4Q16. AWS segment margin expanded 140bps to 25.7%, contributing to \$1.4B or 74% of total operating income.
- Other revenue totaled \$2.08B in Q1, which consisted primarily of advertising revenue. With the adoption of a new accounting standard, certain advertising services are now classified as revenue instead of reduction to cost of sales, leading to a positive impact of \$560M to Other revenue line. Excluding this impact, other revenue would have been \$1.5B, representing 61% y/y growth and 8.3% upside to our estimate of \$1.4B. In addition to being a strong revenue driver, we believe advertising is also a meaningful contributor to the 90bps margin expansion of the North America segment. We expect the company to continue investing heavily in advertising, enabling sellers to reach consumers while at the same driving better a brand and product discovery experience for consumers.
- Physical stores revenue, primarily from Whole Foods, totaled \$4.3B during the quarter, modestly ahead of consensus of \$4.1B. We believe the price reduction, Amazon lockers, and rollout of Prime benefits helped Whole Foods post upside. Amazon did not disclose y/y growth for this segment, but a 6% q/q decline was significantly better than historical seasonal trend, where WFM's 1Q17 revenue declined 24% q/q from 4Q16. We expect the company to continue invest in driving synergy between physical stores and its Prime membership base and delivery network.
- Management guided 2Q18 revenue to \$51.0-54.0B, with the midpoint largely in-line with consensus of \$52.2B, representing y/y growth of 34-42%. GAAP operating income guidance was \$1.1-1.9B, above consensus of \$1.1B.

**Figure 1 Sum-of-the-Parts Analysis**

Revenue Approach	Revenue		EV/Sales		Total Value	
	2018E	2019E	2018E	2019E	2018E	2019E
North America	141,470	166,675	4.1x	3.4x	580,025	566,696
International	68,927	82,934	3.5x	2.8x	241,246	232,216
EBITDA Approach	EBITDA		EV/EBITDA		Total Value	
	2018E	2019E	2018E	2019E	2018E	2019E
AWS	6,542	10,000	16.6x	14.2x	108,604	142,006
<b>Consolidated:</b>					<b>2018E</b>	<b>2019E</b>
<b>Total Enterprise Value</b>					<b>929,875</b>	<b>940,918</b>
+ Cash and ST Investments					52,302	77,993
- Total Debt					24,640	24,640
<b>Total Equity Value</b>					<b>957,537</b>	<b>994,271</b>
÷ Shares Outstanding					500	504
<b>= Price per Share</b>					<b>1,917</b>	<b>1,975</b>

Source: Company reports, FactSet, Needham &amp; Company, LLC

**Figure 2 Actual versus Estimated 1Q18 Results**

<b>1Q18A</b>					
	<b>Guidance</b>	<b>Actual</b>	<b>Needham Estimates</b>	<b>Beat / (Miss)</b>	<b>Consensus</b>
<b>Total Revenue</b>	<b>\$47.75-50.75B</b>	<b>\$51,042</b>	<b>\$49,254</b>	<b>2%</b>	<b>\$49,916</b>
Y/Y Growth	34-42%	43%	38%		40%
<b>Gross Profit</b>		<b>\$20,322</b>	<b>\$18,815</b>	<b>7%</b>	<b>\$19,072</b>
Gross Margin		40%	38%		38%
<b>GAAP Operating Income</b>	<b>\$300-1000</b>	<b>\$1,927</b>	<b>\$1,009</b>	<b>89%</b>	<b>\$1,019</b>
<b>Non-GAAP Operating Income</b>		<b>\$3,173</b>	<b>\$2,266</b>	<b>48%</b>	<b>\$2,139</b>
<b>GAAP EPS</b>		<b>\$3.27</b>	<b>\$1.24</b>	<b>163%</b>	<b>\$1.24</b>

Source: Company reports, FactSet Consensus, Needham & Company, LLC

**Figure 3 Estimate Revisions**

<b>2Q18E</b>					<b>2018E</b>			<b>2019E</b>		
	<b>Guidance</b>	<b>New Needham</b>	<b>Old Needham</b>	<b>Old Consensus</b>	<b>New Needham</b>	<b>Old Needham</b>	<b>Old Consensus</b>	<b>New Needham</b>	<b>Old Needham</b>	<b>Old Consensus</b>
<b>Total Revenue</b>	<b>\$51.0-54.0B</b>	<b>\$52,537</b>	<b>\$51,778</b>	<b>\$52,217</b>	<b>\$235,564</b>	<b>\$231,810</b>	<b>\$233,533</b>	<b>\$284,938</b>	<b>\$279,101</b>	<b>\$284,663</b>
Y/Y Growth	34-42%	38%	36%	38%	32%	30%	31%	21%	20%	21%
<b>Gross Profit</b>		<b>\$20,384</b>	<b>\$19,805</b>	<b>\$20,443</b>	<b>\$89,667</b>	<b>\$87,135</b>	<b>\$89,203</b>	<b>\$109,032</b>	<b>\$105,494</b>	<b>\$112,205</b>
Gross Margin		39%	38%	39%	38%	38%	38%	38%	38%	39%
<b>GAAP Operating Income</b>	<b>\$1.1-1.9B</b>	<b>\$1,503</b>	<b>\$1,095</b>	<b>\$1,125</b>	<b>\$7,131</b>	<b>\$5,774</b>	<b>\$6,112</b>	<b>\$10,800</b>	<b>\$9,869</b>	<b>\$10,599</b>
<b>Non-GAAP Operating Income</b>		<b>\$2,826</b>	<b>\$2,501</b>	<b>\$2,502</b>	<b>\$12,696</b>	<b>\$11,401</b>	<b>\$11,315</b>	<b>\$17,673</b>	<b>\$16,663</b>	<b>\$16,386</b>
<b>GAAP EPS</b>		<b>\$2.40</b>	<b>\$1.37</b>	<b>\$1.41</b>	<b>\$11.71</b>	<b>\$7.92</b>	<b>\$8.47</b>	<b>\$18.28</b>	<b>\$15.05</b>	<b>\$15.58</b>

Source: Company reports, FactSet Consensus, Needham & Company, LLC

**Figure 4 Projected Quarterly Income Statement****Amazon.com Quarterly Income Statement**

(in millions, except per share data and ratios)

	2017E				2018E				2019E			
	Mar-17 Q1:17A	Jun-17 Q2:17A	Sep-17 Q3:17A	Dec-17 Q4:17A	Mar-18 Q1:18A	Jun-18 Q2:18E	Sep-18 Q3:18E	Dec-18 Q4:18E	Mar-19 Q1:19E	Jun-19 Q2:19E	Sep-19 Q3:19E	Dec-19 Q4:19E
<b>Total Revenue</b>	35,714	37,955	43,744	60,453	51,042	52,537	57,374	74,611	62,297	63,823	69,382	89,436
<b>Cost of Revenue (non-GAAP)</b>	22,432	23,439	27,536	38,480	30,720	32,153	35,572	47,453	37,370	38,932	42,885	56,719
<b>Gross Profit (Loss)</b>	13,282	14,516	16,208	21,973	20,322	20,384	21,802	27,158	24,927	24,891	26,497	32,718
Gross Margin	37.2%	38.2%	37.1%	36.3%	39.8%	38.8%	38.0%	36.4%	40.0%	39.0%	38.2%	36.6%
<b>Operating Expenses</b>												
Fulfillment	4,534	4,897	6,190	8,718	7,548	7,513	8,262	10,744	9,033	9,095	9,887	12,745
Marketing	1,826	2,096	2,344	3,292	2,538	2,627	2,926	3,880	3,115	3,191	3,469	4,561
Technology and content	4,372	4,916	5,349	5,677	6,128	6,462	7,057	7,013	7,351	7,467	8,048	8,228
General and administrative	709	755	848	920	935	956	1,113	1,268	1,141	1,162	1,346	1,520
Stock-based compensation	792	1,158	1,085	1,179	1,183	1,261	1,377	1,492	1,444	1,723	1,665	1,789
Other operating expense, net	44	66	45	60	63	63	63	63	63	63	63	63
<b>Total Operating Expenses</b>	12,277	13,888	15,861	19,846	18,395	18,882	20,798	24,461	22,147	22,701	24,478	28,906
<b>Operating Income (GAAP)</b>	1,005	628	347	2,127	1,927	1,503	1,004	2,698	2,780	2,190	2,018	3,811
<b>Consolidated Segment Operating Income (CSOI)</b>	1,841	1,852	1,477	3,366	3,173	2,826	2,444	4,253	4,287	3,976	3,747	5,663
CSOI Margin	5.2%	4.9%	3.4%	5.6%	6.2%	5.4%	4.3%	5.7%	6.9%	6.2%	5.4%	6.3%
Interest income	39	44	54	66	80	51	73	76	168	104	140	143
Interest expense	(139)	(143)	(228)	(339)	(330)	(382)	(387)	(389)	(330)	(382)	(387)	(389)
Other income (expense), net	48	137	143	18	239	239	239	239	239	239	239	239
<b>Total Non-operating income (expense)</b>	(52)	38	(31)	(255)	(11)	(92)	(75)	(74)	77	(39)	(8)	(6)
<b>Income before provision for income taxes</b>	953.0	666.0	316.0	1,872.0	1,916.0	1,410.7	929.4	2,623.8	2,856.7	2,151.1	2,010.5	3,805.1
Income tax expense (benefit)	229.0	467.0	58.0	16.0	287.0	211.3	139.2	393.0	427.9	322.2	301.1	570.0
Equity-method investment activity, net of tax	0.0	(2.0)	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Reported GAAP Net Income</b>	724.0	197.0	256.0	1,856.0	1,629.0	1,199.4	790.2	2,230.8	2,428.8	1,828.9	1,709.3	3,235.1
<b>Pro Forma Net Income</b>	1,359.1	564.7	1,180.6	3,084.4	2,688.4	2,325.0	2,014.5	3,553.0	3,709.9	3,347.5	3,178.6	4,809.5
<b>Reported GAAP EPS</b>	\$1.48	\$0.40	\$0.52	\$3.74	\$3.27	\$2.40	\$1.58	\$4.45	\$4.84	\$3.64	\$3.39	\$6.41
<b>Pro Forma EPS</b>	\$2.77	\$1.15	\$2.39	\$6.22	\$5.40	\$4.66	\$4.03	\$7.09	\$7.39	\$6.66	\$6.31	\$9.52
Basic shares outstanding	477.0	479.0	481.0	483.0	484.0	485.0	486.0	487.0	488.0	489.0	490.0	491.0
Diluted shares outstanding	490.0	492.0	494.0	496.0	498.0	499.0	500.0	501.0	502.0	503.0	504.0	505.0
<b>EBITDA</b>												
Depreciation and Amortization	2435.0	2633.0	2912.0	3498.0	3671.0	3977.2	3966.0	4018.6	4047.7	4040.0	4072.6	4118.3
Adjusted EBITDA	3440.0	3261.0	3259.0	5625.0	5598.0	5479.8	4970.1	6716.2	6827.8	6230.0	6091.1	7929.6
Adjusted EBITDA Margin	9.6%	8.6%	7.5%	9.3%	11.0%	10.4%	8.7%	9.0%	11.0%	9.8%	8.8%	8.9%
<b>MARGIN ANALYSIS</b>												
Gross margin	37.2%	38.2%	37.1%	36.3%	39.8%	38.8%	38.0%	36.4%	40.0%	39.0%	38.2%	36.6%
Fulfillment	12.7%	12.9%	14.2%	14.4%	14.8%	14.3%	14.4%	14.4%	14.5%	14.3%	14.3%	14.3%
Marketing	5.1%	5.5%	5.4%	5.4%	5.0%	5.0%	5.1%	5.2%	5.0%	5.0%	5.0%	5.1%
Technology and content	12.2%	13.0%	12.2%	9.4%	12.0%	12.3%	12.3%	9.4%	11.8%	11.7%	11.6%	9.2%
General and administrative	2.0%	2.0%	1.9%	1.5%	1.8%	1.8%	1.9%	1.7%	1.8%	1.8%	1.9%	1.7%
Operating margin	2.8%	1.7%	0.8%	3.5%	3.8%	2.9%	1.8%	3.6%	4.5%	3.4%	2.9%	4.3%
Tax rate	24.0%	70.1%	18.4%	0.9%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Pro forma net margin	3.8%	1.5%	2.7%	5.1%	5.3%	4.4%	3.5%	4.8%	6.0%	5.2%	4.6%	5.4%
<b>YEAR OVER YEAR GROWTH</b>												
Revenues	22.6%	24.8%	33.7%	38.2%	42.9%	38.4%	31.2%	23.4%	22.0%	21.5%	20.9%	19.9%
Gross profit	29.4%	29.3%	41.4%	48.5%	53.0%	40.4%	34.5%	23.6%	22.7%	22.1%	21.5%	20.5%
Fulfillment	27.0%	32.6%	48.4%	57.7%	66.5%	53.4%	33.5%	23.2%	19.7%	21.1%	19.7%	18.6%
Marketing	32.3%	43.0%	41.8%	36.5%	39.0%	25.3%	24.8%	17.9%	22.7%	21.5%	18.6%	17.6%
Technology and content	36.2%	42.0%	44.5%	40.1%	40.2%	31.4%	31.9%	23.5%	20.0%	15.6%	14.0%	17.3%
General and administrative	60.4%	51.9%	53.1%	47.4%	31.9%	26.6%	31.3%	37.9%	22.0%	21.5%	20.9%	19.9%
Operating income	-6.2%	-51.1%	-40.4%	69.5%	91.7%	139.3%	189.4%	26.8%	44.3%	45.7%	101.0%	41.3%
Pro forma net income	50.4%	-61.9%	67.4%	129.2%	97.8%	311.7%	70.6%	15.2%	38.0%	44.0%	57.8%	35.4%
<b>QUARTER OVER QUARTER GROWTH</b>												
Revenues	-18.4%	6.3%	15.3%	38.2%	-15.6%	2.9%	9.2%	30.0%	-16.5%	2.5%	8.7%	28.9%
Gross profit	-10.2%	9.3%	11.7%	35.6%	-7.5%	0.3%	7.0%	24.6%	-8.2%	-0.1%	6.5%	23.5%
Fulfillment	-18.0%	8.0%	26.4%	40.8%	-13.4%	-0.5%	10.0%	30.0%	-15.9%	0.7%	8.7%	28.9%
Marketing	-24.3%	14.8%	11.8%	40.4%	-22.9%	3.5%	11.4%	32.6%	-19.7%	2.5%	8.7%	31.5%
Technology and content	7.9%	12.4%	8.8%	6.1%	7.9%	5.5%	9.2%	-0.6%	4.8%	1.6%	7.8%	2.2%
General and administrative	13.6%	6.5%	12.3%	8.5%	1.6%	2.3%	16.4%	14.0%	-10.0%	1.8%	15.9%	13.0%
Operating income	-19.9%	-37.5%	-44.7%	513.0%	-9.4%	-22.0%	-33.2%	168.6%	3.1%	-21.2%	-7.8%	88.8%
Pro forma net income	1.0%	-58.4%	109.1%	161.3%	-12.8%	-13.5%	-13.4%	76.4%	4.4%	-9.8%	-5.0%	51.3%

Source: Company reports, Needham &amp; Company, LLC

**Figure 5 Projected Annual Income Statement****Amazon.com Annual Income Statement**

(in millions, except per share data and ratios)

	2016A	2017E	2018E	2019E
<b>Total Revenue</b>	<b>135,987.0</b>	<b>177,866.0</b>	<b>235,563.5</b>	<b>284,937.8</b>
<b>Cost of Revenue</b>	<b>88,248.0</b>	<b>111,887.0</b>	<b>145,896.8</b>	<b>175,905.4</b>
<b>Gross Profit (Loss)</b>	<b>47,739.0</b>	<b>65,979.0</b>	<b>89,666.7</b>	<b>109,032.5</b>
<b>Operating Expenses:</b>				
Fulfillment	16,962.0	24,339.0	34,066.6	40,759.4
Marketing	6,910.0	9,558.0	11,970.7	14,336.3
Technology and content	14,423.0	20,314.0	26,660.4	31,094.7
General and administrative	2,117.0	3,232.0	4,272.6	5,169.2
Stock-based compensation	2,968.0	4,214.0	5,313.1	6,621.0
Amortization of other intangibles	166.0	215.0	252.0	252.0
Restructuring-related and other	-	-	-	-
<b>Total Operating Expenses</b>	<b>43,546.0</b>	<b>61,872.0</b>	<b>82,535.3</b>	<b>98,232.6</b>
<b>Operating Income (GAAP)</b>	<b>4,193.0</b>	<b>4,107.0</b>	<b>7,131.4</b>	<b>10,799.9</b>
<b>Consolidated Segment Operating Income (CSOI)</b>	<b>7,327.0</b>	<b>8,536.0</b>	<b>12,696.4</b>	<b>17,672.9</b>
Interest income	101.0	203.0	279.9	554.8
Interest expense	(484.0)	(849.0)	(1,487.3)	(1,487.3)
Other income (expense), net	89.0	346.0	956.0	956.0
Remeasurements and Other	-	-	-	-
<b>Total Non-operating income (expense)</b>	<b>(294.0)</b>	<b>(300.0)</b>	<b>(251.4)</b>	<b>23.4</b>
<b>Income before provision for income taxes</b>	<b>3,899.0</b>	<b>3,807.0</b>	<b>6,880.0</b>	<b>10,823.3</b>
Income tax expense (benefit)	1,425.0	770.0	1,030.6	1,621.2
Equity-method investment activity, net of tax	(96.0)	(4.0)	-	-
<b>Reported GAAP Net Income</b>	<b>2,378.0</b>	<b>3,033.0</b>	<b>5,849.4</b>	<b>9,202.1</b>
<b>Pro Forma Net Income</b>	<b>4,436.1</b>	<b>6,188.8</b>	<b>9,429.5</b>	<b>13,540.0</b>
<b>Reported GAAP EPS</b>	<b>\$ 4.92</b>	<b>\$ 6.15</b>	<b>\$ 11.71</b>	<b>\$ 18.28</b>
<b>Pro Forma EPS</b>	<b>\$ 9.17</b>	<b>\$ 12.55</b>	<b>\$ 18.88</b>	<b>\$ 26.89</b>
Basic shares outstanding	473.5	480.0	485.5	489.5
Diluted shares outstanding	483.8	493.0	499.5	503.5
<b>EBITDA</b>				
Depreciation and Amortization	8,117.0	11,478.0	15,632.7	16,278.6
Adjusted EBITDA	12,310.0	15,585.0	22,764.0	27,078.5
Adjusted EBITDA Margin	9.1%	8.8%	9.7%	9.5%
<b>MARGIN ANALYSIS</b>				
Gross margin	35.1%	37.1%	38.1%	38.3%
Fulfillment	12.5%	13.7%	14.5%	14.3%
Marketing	5.1%	5.4%	5.1%	5.0%
Technology and content	10.6%	11.4%	11.3%	10.9%
General and administrative	1.6%	1.8%	1.8%	1.8%
Operating margin	3.1%	2.3%	3.0%	3.8%
Tax rate	36.5%	20.2%	15.0%	15.0%
Pro forma net margin	3.3%	3.5%	4.0%	4.8%
<b>YEAR OVER YEAR GROWTH</b>				
Revenues	27.1%	30.8%	32.4%	21.0%
Gross profit	35.0%	38.2%	35.9%	21.6%
Fulfillment	31.2%	43.5%	40.0%	19.6%
Marketing	36.5%	38.3%	25.2%	19.8%
Technology and content	27.4%	40.8%	31.2%	16.6%
General and administrative	39.0%	52.7%	32.2%	21.0%
Operating income	87.8%	-2.1%	73.6%	51.4%
Pro forma net income	1736.5%	39.5%	52.4%	43.6%

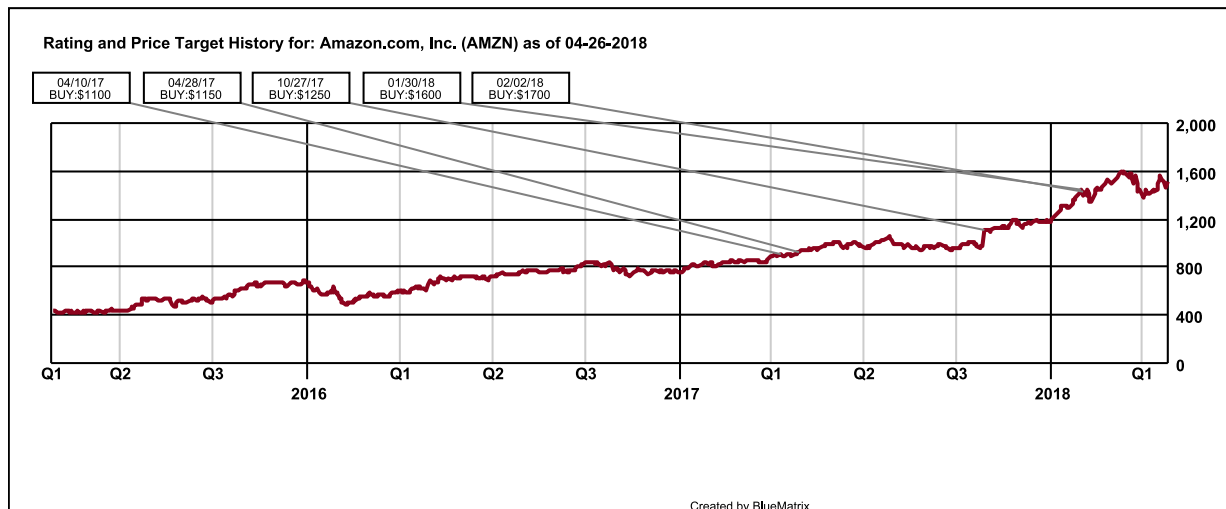
Source: Company reports, Needham &amp; Company, LLC

**Valuation (Price Target: \$1,900.00)**

- Our price target of \$1,900 is based on the sum-of-the-parts analysis, which evaluates North America and International segments using an EV/Revenue multiple, and AWS segment using an EV/EBITDA multiple.

**Risks to Target**

- Risks to attaining our share price target include, but are not limited to: 1) a decline in discretionary consumer spending, 2) slow adoption of Prime membership internationally, 3) increased e-commerce competition both domestically and internationally, 4) slowdown of revenue and operating margin growth of AWS due to competition and continued pricing cuts, 5) lack of traction in new products, such as groceries and home services, and 6) potential regulatory changes and uncertainties particularly in international markets.



**ANALYST CERTIFICATION**

I, Kerry Rice hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company (ies) and its (their) securities. I, also certify that I, have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

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	% of companies under coverage with this rating	% for which investment banking services have been provided for in the past 12 months
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Buy	67	18
Hold	24	6
Underperform	< 1	0
Rating Suspended	< 1	0
Restricted	0	0

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