Zacks Small-Cap Research

July 16, 2013
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Silicom Limited (SILC-NASDAQ)

Expanding our Target Price: OUTPERFORM

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	09/09/2010
Current Price (07/15/13)	$41.78
Target Price	**$50.00**

OUTLOOK

Silicom engages in the design, manufacture, marketing, and support of connectivity solutions for a range of servers and server based systems. The firm has several growth engines including Information Technology's return to growth, the march to 10GB per second technology, a large and growing base of OEM customers includes most of the market-leading players, staged launch of new products, and a strong OEM business model which limits operating expenses. SETAC, the firms newly patented Server to Appliance Converter, which combines the best of standard servers with hardware appliances should allow the firm to push its revenues to the 50 million run rate level in coming years. We see value in the shares of Silicom.

SUMMARY DATA

52-Week High	**$41.78**
52-Week Low	**$13.59**
One-Year Return (%)	**200.81**
Beta	**0.78**
Average Daily Volume (sh)	**67,157**
Shares Outstanding (mil)	**7**
Market Capitalization ($mil)	**$296**
Short Interest Ratio (days)	**0.67**
Institutional Ownership (%)	**11**
Insider Ownership (%)	**25**
Annual Cash Dividend	**$0.55**
Dividend Yield (%)	**1.32**
5-Yr. Historical Growth Rates	
Sales (%)	**19.7**
Earnings Per Share (%)	**25.0**
Dividend (%)	**N/A**
P/E using TTM EPS	**17.5**
P/E using 2013 Estimate	**16.6**
P/E using 2014 Estimate	**15.3**
Zacks Rank	**3**

Risk Level	**Average,**
Type of Stock	**Small-Blend**
Industry	**Comp-Networks**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2011	9.2 A	9.4 A	10.0 A	11.0 A	39.6 A
2012	10.1 A	10.4 A	11.5 A	16.7 A	48.7 A
2013	15.0 A	15.0 E	16.5 E	18.0 E	64.5 E
2014					75.0 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2011	$0.27 A	$0.30 A	$0.32 A	$0.36 A	$1.25 A
2012	$0.30 A	$0.34 A	$0.39 A	$0.49 A	$1.52 A
2013	$0.46 A	$0.38 E	$0.43 E	$0.50 E	$1.77 E
2014					$1.92 E

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WHATS NEW

New Products Contribute Sooner than Expected

On April 22, 2013, Silicom Ltd, reported financial results for its first quarter, ended March 31, 2013.

The Company's solid momentum continued with revenues for the first quarter jumping year over year by $4.929 million or nearly 49 percent to $15.030 million, which compares to revenues of $10.101 million for the three months ended March 31, 2012. Sequentially revenues fell from record revenues of $16.693 million from the fourth quarter of 2012.

The solid results demonstrate the continued growth driving power of the Company's 90 plus top tier customers, its expanding portfolio of unique, need driven products and its focus on some of the industry's strongest markets.

Operating income for the quarter increased year over year by over 74 percent to a record $3.322 million, which compares to $1.906 million for the comparable quarter of 2012. Sequentially, operating income improved from $3.189 million for the quarter ended December 31, 2012.

Although total operating expenses increased year over year by $450,000, they fell to 18.0 percent of revenues from 22.3 percent of revenues during the first quarter of 2012. Likewise, operating expenses as a percent of revenues improved sequentially from 18.6 percent of revenues for the quarter ended December 31, 2012.

Operating expenses are growing at a much lower rate than revenues demonstrates the inner and operating leverage and ongoing strength of Silicom's business model.

However, gross margin for the three months ended March 31, 2013, fell to 40.1 percent compared to 41.2 percent for the first quarter, ended March 31, 2012. Sequentially, gross margin improved from the 37.7 percent for the three months ended December 31, 2012.

Still, gross margin varies between quarters mainly as a result of the specific mix of products sold during the quarter.

On a GAAP basis, the Company's first quarter net income increased year over year by nearly 57 percent or $1.126 million to a record $3.103 million from net income of $1.977 million for the comparable quarter of 2012. Sequentially, GAAP net income improved by $72,000 from $3.031 million for the quarter ended December 31, 2012.

Based on a weighted average number of diluted shares of 7.166 million shares, diluted net income per share resulted in net income of $0.43 during the first quarter of fiscal 2013. This compared to a diluted net income per share of $0.28 on a weighted average number of diluted shares of 7.022 million shares during the three months ended March 31, 2012.

On a non-GAAP basis, the company reported first quarter net income of $3.268 million or $0.46 per diluted share. This compares to non-GAAP net income of $3.420 million or $0.49 per diluted share for the quarter ended December 31, 2012 and $2.075 million or $0.30 per diluted share for the quarter ended March 31, 2012.

For the period ended March 31, 2013, Silicom's cash, cash equivalents, bank deposits and marketable securities totaled $56.4 million or $7.93 per outstanding share, which compares to $56.9 million, or $8.12 per outstanding share as of December 31, 2012.

Furthermore, as a demonstration of management's confidence, and in light of the Company's significant cash reserves, Silicom recently announced and paid out a dividend to further enhance the value of its shares for its shareholders.

The strong cash level demonstrates to both its existing customers as well as new potential customers that the Company can meet all their needs and provide them with support over the long term.

Furthermore, the assets provides the company with a substantial level of working capital and financial flexibility, placing Silicom in a position of strength and stability, enabling the Company to continue to invest in its business as well as take advantage of opportunities as they arise.

Along the same lines, Silicom intends to internally leveraging its cash position for continued investment in research and development and market leadership to build future growth potential.

Management believes its accelerated growth will continue to compound in the future. This is anticipated through continued success and expansion of existing business and through new growth engines.

Likewise, the Company recently launched a brand new product family expanding its addressable markets. The new product line which introduces unique intelligent capturing cards supporting Nano-Second Time-Stamping is very much a breakthrough enabler of next generation network monitoring for big data environments and market sector with significant future growth potential.

Management is excited to have launched its first product within this new Intelligent Nano Time Stamping NIC product, in which sales are expected to ramp up to $15 to $20 million within just a few years.

Similarly, Silicom reported that one of the world's largest networking companies has become a customer of the Company's SETAC modules, which is expected to gradually boost the customer's orders by several million dollars per year.

Management expects that their use of the Company's solutions will continue to increase in the years to come as they launch more next generation products built on SETAC and that sales to them will represent a reliable and continuously growing revenue stream.

Silicom's ongoing success is happening on all fronts and growth is coming from its existing customers, its increasingly diversified product line and its expanding customer base across all target markets.

With strong demand for all of the Company's product line, exciting strategic wins with some of the industry's most important players and an extensive pipeline of potential sales, management believes that Silicom is well positioned and remains very optimistic with regard to the Company's future potential.

Silicom Does it Again with a New Product

SETAC, the firms newly patented Server to Appliance Converter, which combines the best of standard servers with hardware appliances has been gaining acceptance in the past three years and is driving revenues and the stock price.

On February 19, 2013 the firm announced that it has launched a new family of Intelligent Nano-Second Time-Stamping (NICS), a breakthrough enabler of next-generation network monitoring in Big Data environments, and that it has already secured an immediate Design Win for the product line's first adapter. The firm will be recording its first Time Stamp revenues shortly, and

projects a rapid sales ramp-up to reach annual revenues of $15 to $20 million within a few years.

Use
In today's faster and more inter-connected networks, time-stamps at the packet level are prerequisites for effective analysis of network performance-related issues such as latency and jitter, as well as critical enablers of e-trading, digital forensics and other time-sensitive applications.

Dividend Policy and Financial Flexibility
In mid-January 2013, the Company's Board of Directors adopted a policy for distributing dividends, subject to all applicable laws, where each year Silicom will distribute a dividend of up to 50% of its annual distributable profits.

It should further be noted that this was Silicom's highest ever cash level which demonstrates to both its existing customers as well as new potential customers that the Company can meet all their needs and provide them with support over the long term.

Furthermore, the improvement of assets provides the Company with a substantial level of working capital and financial flexibility, placing Silicom in a position of strength and stability, enabling the Company to continue to invest in its business as well as take advantage of opportunities as they arise.

Management feels more confident than ever about its ability to continue its growth over the short and long term and believes that the Company is ideally positioned to continue its progress in step with its fast-growth target markets.

With strong demand for all of the Company's product line, exciting strategic wins with some of the industry's most important players and an extensive pipeline of potential sales, management believes that Silicom has never been better positioned and remains very optimistic with regard to the Company's future potential.

Growth Environment
The industry's fundamentals remain strong as a result of continued acceleration of worldwide growth of the internet and data traffic and the corresponding desire for bandwidth. All these add up to a dramatic increase in the rate in which data is generated, stored, processed and provided with a corresponding drive for increased capacity and bandwidth. Given that Silicom's products are core and critical building blocks for these next generation servers and appliances, the Company continues to see strong demand.

With the Company being sought out by the market's top server and appliance manufacturers, as a result of its reputation for out-of-the-box technologies, rapid response time and world-class service, Silicom is receiving a steady stream of new opportunities, design wins and ongoing orders.

In particular, Silicom's SETAC product family, which achieved four design wins in the third quarter, continues to gain ever increasing market traction which is leading to a worthy cycle of increasing customer acceptance of this technology.

Silicom's cost competitive SETAC (Server To Appliance Converter) product family, offers a

distinctive growth opportunity that enables the Company to offer a full network appliance platform solution. This new product line permits Silicom to address new market segments as well as obtain nearly unlimited potential with the its existing customer base.

These recent SETAC design wins will further accelerate the momentum that has been building for Silicom's SETAC product family, further boosting its importance as a significant driver for the Company's sales and profits.

Furthermore, it is important to note that while SETAC was primarily accepted in the security market segment in the past, it recently has been moving into the acceleration optimization market, which is very important to the Company.

During the third quarter, Silicom achieved a design win with a Chinese networking giant and already has initial purchase orders for multiport adaptors in place. The short term forecast of revenues for this win are for a run rate of approximately $1 million per year with the potential for the annual purchase orders of several times this amount. This strategic win positions Silicom to benefit significantly from the rapid growth in China.

With China's population of over 1.3 billion and its quick uptick in smart phones, there is an enormous escalating demand for cloud services, mobility and big data networks. As such, China has become a huge opportunity for all the major networking equipment manufacturing and therefore for Silicom, as a strategic supplier to many of these companies. As a result management feels very optimistic about China as a growth driver for Company sales for years to come.

Along the same lines, it is also important to note that as the Company's customer base continues to grow and diversify, the Company's pool of design wins expands, which brings Silicom a growing platform of recurring orders as well as a broader range of new opportunities, often from different divisions within a large corporation.

As a result of these trends, management feels more confident than ever about its ability to continue its growth over the short and long term and believes that the Company is ideally positioned to continue its progress in step with its fast-growth target markets.

With strong demand for all of the Company's product line, exciting strategic wins with some of the industry's most important players, productive discussions in process, and an extensive pipeline of potential sales, management believes that Silicom has never been better positioned and remains very optimistic with regard to the Company's future potential.

Silicom's Promising Growth Drivers

The strong trends in rising internet traffic, cloud computing and virtualization that are developing within the information technology market offer Silicom several unique opportunities to dramatically increase revenues.

These external developments strongly escalate Silicom's customer's network appliances needs for WAN optimization, internet security and application delivery.

While total global monthly internet traffic is expected to be 4x greater in 2015 than it was in 2010, the Company estimates that the WAN optimization, internet security and application delivery markets are

growing at an average of 20 percent per year.

These solid external growth engines combined with internal growth engines such as the Company's increasing sales of SETAC and SETAC based network appliance products, as well as the staged launch of additional new products, has the potential to push the Company's revenues to a $100 million per year run rate in the long-term

What's more, the SETAC (Server To Appliance Converter) product family, not only permits Silicom to address new market segments, but also allows the Company to obtain nearly unlimited potential with its existing customer base of 75 OEM businesses that include market leaders within target segments.

Along the same lines, the growth in demand from existing and new customers has led to new design wins during the past twelve months that are expected to ramp up gradually, generating approximately $6.5-$9.0 million in new revenue per year.

INVESTMENT THESIS

- The OEM business model provides leverage.
- The firm offers the widest selection of server adapters in terms of speed, ports and chip sets.
- 10 GB Ethernet is replacing 1 GB as the backbone network and has just begun to migrate down to high-end server systems.
- SILC's SETAC combines the best of both Standard Server and Hardware Appliance.
- With $7.93 per share in cash, the firm's balance sheet is a source of strength.
- Silicom appears to have entered a new growth phase which may push revenues to the $50 million mark.

Silicom Ltd. engages in the design, manufacture, marketing, and support of connectivity solutions for a range of servers and server based systems in North America, Europe, and internationally. It primarily offers server networking cards with and without bypass (server adapters). The company's server adapters are used in various applications, such as security appliances, wide area network optimization appliances, load balancing and traffic management appliances, network-attached storage, video on demand servers, content delivery servers, Internet service providers/Web hosting, and computing. It also offers a range of intelligent and programmable cards, such as encryption acceleration cards and redirector cards; and intelligent stand alone bypass units. The company markets most of its products through original equipment manufacturers, and sometimes through distributors, and resellers.

A History

In late 2002 Silicom began exploring a new direction which has become its primary growth driver and will continue being the main source of growth in the next few years: high-end server networking cards. The firm's core expertise has always been a broad range of Ethernet and connectivity products, which provided personal computer users with solutions to their connectivity problems. In late 2002, the firm decided to employ its core know-how in the realm of server-based systems. SILC is now able to take advantage of its

competitive edge by using the expertise it developed in connectivity solutions for personal computers in industries which require broader connectivity solutions with very high-performance environments. Examples of these industries are security, WAN optimization, load balancing and other network appliances, data storage, video on demand, internet content delivery, high-performance computing and web servers.

Widest Selection

SILC has developed a line of products for the server networking industry which facilitates interaction between servers, allowing them to communicate with each other through a larger number of ports and with higher performance than their original capabilities. These are powerful products that allow server-based systems to fully exploit the high speed potential of Gigabit Ethernet. The products have either one, two, four or six ports, which plug into the servers between which interaction is facilitated.

Markets Served	Leaders
WAN Optimization Appliances	Riverbed, Blue Coat, Cisco, Citrix, Silver Peak
Security Appliances	Checkpoint, Cisco, Juniper, Trend Micro, McAfee
Load Balancing Appliances	F5, Radware
Storage	EMC, Network Appliance
Telecom	Alcatel-Lucent
General Purpose Servers	Dell, HP, Intel, IBM, Fujitsu

Gigabit Ethernet is a term describing various technologies for transmitting Ethernet frames at a rate of a gigabit per second. Higher bandwidth 10 gigabit Ethernet standards have since become available as the IEEE ratified a fiber-based standard in 2002, and a twisted pair standard in 2006. As of 2009 10Gb Ethernet is replacing 1Gb as the backbone network and has just begun to migrate down to high-end server systems. The accelerating growth of worldwide network traffic is forcing service providers, enterprise network managers and architects to look to ever higher-speed network technologies in order to solve the bandwidth demand crunch. Today, these administrators typically use Ethernet as their backbone technology. Although networks face many different issues, 10 Gigabit Ethernet meets several key criteria for efficient and effective high-speed networks:

The firms products cover a broader scope of features than those of it competitors. SILC's belief that its expanded feature set coupled with the fact that its products are based on two different industry leader chip sets (Intel and Broadcom), which makes them more compatible with potential customers' needs, gives the firm a competitive edge. Silicom is currently the only company offering such a comprehensive range of server networking products.

A Backdrop of Growth

Market research firm IDC feels that while downside macroeconomic risks are still present, we entered 2011 on the back of a resounding rebound for the technology industry. The overall IT market will grow by 7 percent this year, as per the IDC report, to $1.65 trillion with another year of double-digit growth for hardware spending (10 percent), while the software and services markets will increase by 5 percent and 4 percent, respectively. Another research firm Forrester believes businesses will spend 7.1% more on IT than they did last year, when IT spending growth rose 7.2% from 2009. According to Forrester companies are expected to spend $1.69 trillion in IT products and services this year.

Growth Drivers

Internal Growth Drivers	External Growth Drivers
Growing revenues to existing clients	IT Market's Return to growth
improve offering within existing product line	Continued Evolution to new computing (Nehalem)
SETAC based sales growth	Migration to 10GBPS from 1GBPS

OEM Business Model

The firm utilizes an OEM model for approximately 95% of its sales. This creates significant operating leverage through reduced sales and marketing expenses and gives the firm insight into new technologies. OEM partnerships enhance visibility and market reputation and approximately 70 of the firms that SILC works with are market leaders. Once selected by a customer Silicom has never been replaced by competitors.

Smart Adapters

The firm's High Performance Multi Protocol Server Adapters are adapter in which one Server Adapter addresses networking, storage, HPC and virtualization. These intelligent programmable adapters improve performance by redirecting traffic based on packet characteristics, thereby offloading the server.

SETAC, The best of both worlds

SETAC, which is Silicon's newly patented, product family converts standard servers to network appliances and is designed for systems that require front I/O ports, I/O ports replaceable without opening the system chassis, high quantity of I/O ports and flexibility to provide high quantity of different configurations.

When network appliance providers design their network appliances, they can either use a general server or a specific appliance oriented hardware solution. The server with standard add-on adapters assures server-grade reliability and a stable state of the art technological environment but sacrifices flexibility. On the other hand using specific appliance- oriented hardware solutions allows for superior flexibility and field-re-configurability but lacks in server grade reliability and technological stability.

SETAC offers the benefits of these two options, enabling branded high technology servers to be configured as hardware appliances, and creating an ideal network appliance that combines server grade reliability, front-end access, field- replaceable architecture and a stable state-of-the-art technology environment.

STANDARD SERVER

Pro	Con
Server grade reliability	Server look and feel
State of the Art technology	inconvenient back connectivity
Lower cost/unit	not modular- cant reconfigure

HARDWARE APPLIANCE

Pro	Con
easy to reconfigure	no server grade reliability
appliance look and feel	higher cost
reliable networking modules integration	time to market lag with each new generation

SETAC Moves into the Spotlight

On August 16, 2010 SILC announced that SETAC has been selected by one of the security industry's dominant players for use in next-generation lines of security appliances to be launched in early 2011. Silicom estimates that sales related to the deal will ramp up over the next year generating revenues of over $3 million in its first production year.

On March 15, 2010 the firm announced that MaxStar, a leading Chinese manufacturer of network appliances, had chosen Silicom's SETAC as the basis for its new product line for medium-to-high-end customers. Using the SETAC, MaxStar will offer its customers unique network appliances that combine front-loading modular networking capabilities in a specialized chassis with the robust reliability of a standard motherboard. This combination fits the demands of network application providers in China, a vast, sophisticated and rapidly-growing market.

On January 26th 2011 the firm announced that a Tier 1 server manufacturer will begin offering appliances which integrate Silicom's SETAC Server To Appliance Converter with one of the popular models of its standard servers. Shaike Orbach, Silicom's President and CEO feels that, "From an exposure point of view, **the SETAC will be moving into the spotlight,** benefiting from the marketing efforts and recommendations of the manufacturer's OEM Group and its customization partner."

In May 2011 SILC announced it achieved two important Design Wins for Networking Modules which is part of the Company's SETAC Server-to-Appliance Converter strategy. SETAC was selected by one of its major customers that is a dominant player in the global security industry as well as a leading company in the Traffic Management and Policy Enforcement industry. Silicom estimates that sales to the two customers will total approximately $3 million per year.

Valuation

I feel Silicom should be valued by its cash plus business operations. With cash and liquid assets of $7.93 per share, plus the company's business operations value based on 21.9x our 2014 EPS estimate, this gives us a $50.00 company value. According to Zacks.com the average P/E in the peer group is 22.9x. Certainly the stock should trade at a premium given the growth and balance sheet position.

Looking at it another way, I see the SETAC and NICS technology driving the company's growth over the next several years. The discounted free cash flow to the firm model accounts for two periods of growth. One in which the firm outgrows the industry, and another in which the company's products mature and their growth looks more like the economy. We assume the top-line grows at 17.5% for ten years and then levels off at 4%

per year. In year five of our model revenues pass the $100 million mark. This may actually prove conservative as revenues have grown much faster than that over the past 10 years. I was also conservative when projecting future discount rates, Net Income Margin, and tax rates.

Assumptions

1. The company is expected to grow at a higher growth rate in the first period.
2. The growth rate will drop at the end of the first period to the stable growth rate.

Rationale for using the Model

As new products are introduced to new customers, we expect the company to grow at a higher overall rate than the industry. As these products mature and the company faces more competition, we expect the growth rate to level off.

Weakness of the Model

As you add more layers to the model, it is more sensitive to the assumptions you make. The growth may look more "lumpy" than we have in the model.

Output

I used the following inputs:

1. A 10-year period with a growth rate of 17.5% (average forecast) and a discount rate of 12.96%.
2. A continuing period assumed to go on forever, with earnings growing at 4% and a discount rate of 10.21%.

With these inputs we arrive at a target price of $50.00.

PROJECTED INCOME STATEMENT

INCOME STATEMENT ($ Mil)	Mar-12 Q1 12	Jun-12 Q2 12	Sep-12 Q3 12	Dec-12 Q4 12	Mar-13 Q1 12	Jun-13 Q2 12 E	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 E	FY 2014 E
REVENUE												
Net Revenue	**10.1**	**10.4**	**11.5**	**16.7**	**15.0**	**15.0**	**20.53**	**30.40**	**39.63**	**53.66**	**64.50**	**75.00**
Sequential Growth		*3%*	*11%*	*45%*	*-10%*	*0%*						
OPERATING EXPENSES												
Cost of Revenues	5.93	5.99	6.51	10.38	8.98	9.20	12.46	17.49	22.4	31.8	38.8	46.0
% of Revenue	*58.7%*	*57.5%*	*56.5%*	*62.2%*	*59.7%*	*61.3%*						
Gross Profit -	**4.2**	**4.4**	**5.0**	**6.31**	**6.1**	**5.8**	**8.07**	**12.9**	**17.2**	**21.8**	**25.8**	**29.0**
Proforma Gross Margin	*41.3%*	*42.5%*	*43.5%*	*37.8%*	*40.3%*	*38.7%*	*39.3%*	*42.5%*	*43.4%*	*40.7%*	*39.9%*	*38.7%*
R&D + Engg	1.07	0.97	1.00	1.29	1.24	1.38	2.7	3.3	4.1	4.5	5.2	5.8
% of Revenue	*10.6%*	*9.3%*	*8.7%*	*7.7%*	*8.3%*	*9.2%*	*13.2%*	*10.8%*	*10.4%*	*8.4%*	*8.0%*	*7.7%*
SG&A	1.09	1.10	1.21	1.42	1.46	1.50	3.13	3.73	4.41	5.20	7.45	8.90
% of Revenue	*10.8%*	*10.6%*	*10.5%*	*8.5%*	*9.7%*	*10.0%*	*15.3%*	*12.3%*	*11.1%*	*9.7%*	*11.6%*	*11.9%*
GW Amort, Restructuring, other	-	-	-	-	-	-	-	-	-	-	-	-
% of Revenue												
Total Operating Expenses	2.16	2.07	2.21	2.71	2.71	2.88	5.85	7.01	8.53	9.70	12.60	14.65
% of Revenue	*21.4%*	*19.9%*	*19.2%*	*16.2%*	*18.0%*	*19.2%*	*28.5%*	*23%*	*22%*	*18%*	*20%*	*20%*
Operating Income -	**2.0**	**2.4**	**2.8**	**3.61**	**3.3**	**2.9**	**2.22**	**6**	**9**	**12**	**13**	**14**
Operating Margin	*19.8%*	*22.6%*	*24.3%*	*21.6%*	*22.3%*	*19.5%*	*11%*	*19%*	*22%*	*23%*	*20%*	*19%*
NON-OPERATING ITEMS												
Non operating Income/Expense	0.24	0.21	0.17	0.13	0.12	0.10	0.91	0.62	0.44	0.63	0.50	0.65
% of Revenue	*2.38%*	*2.04%*	*1.49%*	*0.77%*	*0.79%*	*0.67%*	*4.43%*	*2.03%*	*1.11%*	*1.17%*	*0.78%*	*0.87%*
Tax Provision	0.17	0.19	0.27	0.29	0.34	0.35	0.31	0.60	0.67	1.08	1.22	1.50
Effective Tax Rate												
Net Income -	**2.08**	**2.38**	**2.71**	**3.45**	**3.13**	**2.67**	**2.82**	**5.9**	**8.5**	**11.7**	**12.4**	**13.5**
Net Income Margin	*20.5%*	*22.9%*	*23.5%*	*20.7%*	*20.8%*	*17.8%*	*13.7%*	*19%*	*21%*	*22%*	*19%*	*18%*
EARNINGS PER SHARE												
EPS - Basic	$0.30	$0.34	$0.39	$0.49	$0.46	$0.39	$0.42	$0.84	$1.25	$1.69	$1.80	$1.95
EPS - Diluted	$0.30	$0.34	$0.39	$0.49	$0.46	$0.38	$0.41	$0.82	$1.25	$1.52	$1.77	$1.92

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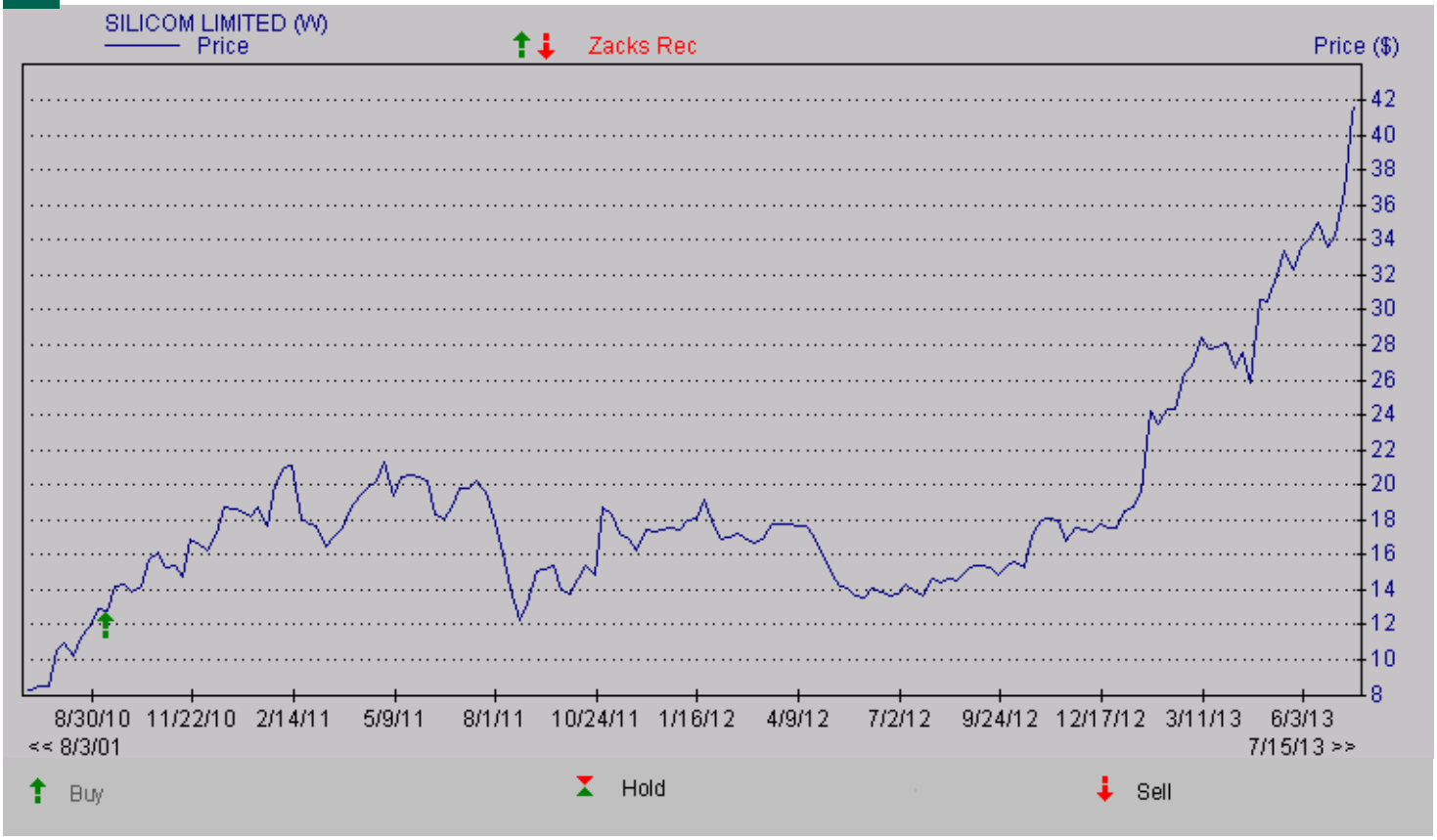
HISTORICAL ZACKS RECOMMENDATIONS



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