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## ANALYST QUICK NOTES

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### Companies Raising Guidance

John Eade

4/24/2017

#### Weekly Stock List: Five Companies Raising Guidance

- 1Q EPS season peaks this week, as companies in industries ranging from Technology to Healthcare to Consumer to Industrial disclose their latest results. The Banks, as usual, kicked off earnings season about a week ago; later, the Energy companies will report, followed by the Retailers. Overall, we look for 9%-10% profit growth this period, building on the 6% reported in 4Q. Our analysts are always on the lookout for companies that raise their outlooks during earnings season. Management's ability to "raise guidance" can often be a catalyst to solid returns in the quarters ahead.
- Here are five BUY-rated companies in Argus coverage for which management has raised guidance during the 1Q EPS reporting season.
  - Visa Inc. (V): Visa operates the world's largest electronic payments network. On the company's 2Q17 conference call, management updated its fiscal 2017 guidance, now seeing annual net revenue growth at the upper end of its 16%-18% range and adjusted EPS growth at the high end of the mid-teens.
  - Nucor Corp. (NUE): Nucor is a manufacturer of steel and steel products and North America's largest steel recycler. Management expects second-quarter earnings to be up sequentially from the first quarter due to seasonal factors, which also implies strong year-over-year growth from 2Q16. The company also projects a significant increase in full-year earnings, driven by volume growth and higher steel mill prices.
  - CSX Corp. (CSX): CSX provides rail, intermodal and rail-to-truck trainload services. On a conference call to review the 1Q results, the new management updated guidance for 2017. The new team expects full-year earnings per share to grow approximately 25%, ahead of the previous management team's forecast of growth at a low to mid-teens rate. The company also is targeting a full-year operating ratio in the mid-60s. Later this year, CEO Hunter Harrison expects to announce a longer-term strategic plan and longer-term financial goals.

- UnitedHealth Group Inc. (UNH): UnitedHealth is the nation's largest publicly traded managed care company. Management has raised its 2017 financial guidance and now expects adjusted EPS of \$9.65-\$9.85, up from a prior view of \$9.30-\$9.60. It projects revenue of approximately \$200 billion, up from a prior forecast of \$197-\$199 billion.
  - Sherwin-Williams Co. (SHW): Sherwin-Williams is the largest U.S. producer of paint, coatings and related products. Along with the 1Q earnings, management raised guidance for 2017. It now expects to earn \$14.05-\$14.25 on an adjusted basis, up from \$13.60-\$13.80. The increase in guidance is due to lower-than-expected acquisition expenses and an increase in the income tax provision.
  - For more information on these companies, please see our Analyst Reports at [www.argusresearch.com](http://www.argusresearch.com).
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