

Dividend Achievers Exxon Mobil Corporation (XOM)

Price (10/11/18) \$81.60

DIVIDEND STATISTICS	
Dividend & Yield	\$3.28 / 4.02%
Dividend paid since	1882
# of Consecutive Increases	36 years
10-yr. Ann. Dividend Growth	8.4%
Dividend Payout	91.3%

KEY STATISTICS	
52-wk. Price Range	\$72 - \$89
Average Daily Volume (3mo.)	10,660,934
Market Value	\$345.5 billion
Shares Outstanding (MM)	4,234
Cash per share	\$0.81
Book Value per share	\$44.22

VALUATION SUMMARY					
	5-Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	16.6x	48.0x	11.4x	21.5x	0.9x
P/Book	1.8x	2.5x	1.7x	2.1x	0.6x
P/Cash Flow	11.2x	19.1x	8.1x	11.4x	0.9x
P/Sales	1.4x	1.9x	1.0x	1.4x	0.7x
EV/EBITDA	21.2x	24.9x	6.6x	12.7x	1.6x
EV/Sales	1.6x	2.1x	1.0x	1.5x	0.6x
Div. Yield	4.0%	4.1%	2.4%	3.4%	2.1x
LTD/Capital	9%	14%	4%	9%	0.2x

GROWTH SUMMARY as of FY Ended 12/17					
	1-yr.	3-yr.	5-yr.	10-yr.	
Sales	20.1%	-13.4%	-10.8%	-4.1%	
EBIT	203.9%	-27.7%	-23.7%	-13.9%	
EBITDA	37.5%	-14.6%	-13.4%	-7.5%	
Net Income	151.4%	-15.4%	-15.2%	-7.0%	
EPS (Diluted)	146.3%	-15.2%	-13.7%	-4.4%	
Dividends	2.7%	4.3%	7.0%	8.4%	

PRIMARY RISKS

- Investors must bear in mind that inherent in investments are the risks of fluctuating prices and the uncertainties of dividends, rates of return, and yield.
- All risks that could materially affect the Company are disclosed in the annual 10-K filing.

Exxon Mobil (XOM) is an integrated oil and gas company that searches for, produces, and refines oil around the world. The Company is the world's largest refiner and one of the world's largest manufacturers of commodity and specialty chemicals. The Company was founded by John D. Rockefeller in 1882 and is headquartered in Irving, TX.

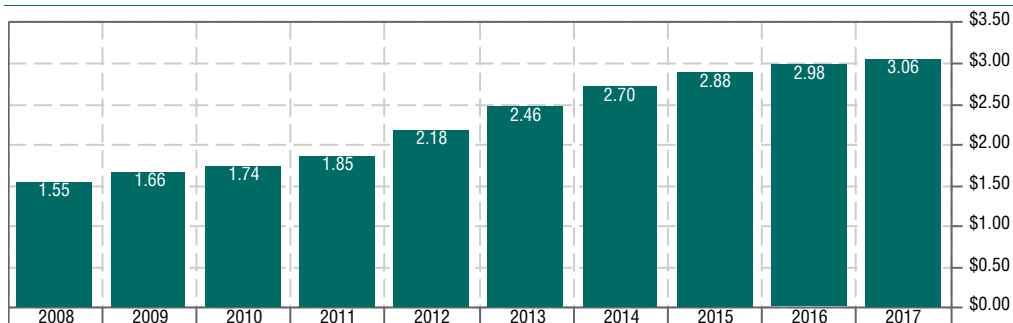
Why it is an Achiever

XOM has paid a dividend since 1882, with consecutive increases in each of the last 36 years. The Company has accomplished this by generating industry-leading returns and free cash flow from its portfolio of upstream production and downstream refining assets. XOM plans to increase investment in the coming years, with near-term emphasis on liquids and away from lower margin gas output, although over the long-term XOM believes more demand growth will come from gas relative to oil. The Company expects to invest \$24 billion (B) in 2018, a slight increase over \$23B in 2017. This investment will primarily be in the Upstream segment. By 2020, XOM expects to produce 4.0 million-4.4 million barrels of oil equivalents (boe) per day.

XOM will also continue to invest selectively in its downstream and chemical businesses. XOM has the most profitable downstream and chemical businesses among major integrated oil companies, and XOM's refining costs per unit are below the industry average. The Company's returns on its downstream and chemical business have consistently outperformed the industry over a variety of economic conditions during the past ten years.

The Company currently has an AA+ rating on its debt from S&P and an Aaa rating from Moody's. We believe that XOM's balance sheet strength makes the Company one of the most attractively positioned to weather the current downturn. Higher oil prices have led to improved dividend coverage, and our concern over the Company's ability to maintain its history of dividend growth is abating. We expect near-term increases to be in the low single-digit range. In our view, XOM remains a solid way to maintain exposure to the Energy sector within a diversified portfolio.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Int'l Business Machines Corp. (IBM)

Price (10/11/18) \$139.02

DIVIDEND STATISTICS

Dividend & Yield	\$6.28 / 4.52%
Dividend paid since	1913
# of Consecutive Increases	23 years
10-yr. Ann. Dividend Growth	14.7%
Dividend Payout	45.5%

KEY STATISTICS

52-wk. Price Range	\$137 - \$171
Average Daily Volume (3mo.)	4,400,561
Market Value	\$126.9 billion
Shares Outstanding (MM)	913
Cash per share	\$13.07
Book Value per share	\$20.29

VALUATION SUMMARY

	5-Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	22.4x	26.7x	9.2x	13.9x	1.2x
P/Book	6.9x	13.9x	6.8x	9.5x	2.1x
P/Cash Flow	7.9x	12.2x	7.1x	9.3x	0.6x
P/Sales	1.6x	2.2x	1.5x	1.8x	0.7x
EV/EBITDA	10.2x	12.9x	7.6x	9.9x	0.8x
EV/Sales	2.0x	2.6x	1.9x	2.2x	0.8x
Div. Yield	4.5%	4.4%	1.9%	3.2%	2.4x
LTD/Capital	59%	67%	51%	60%	1.4x

GROWTH SUMMARY as of FY Ended 12/17

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	-1.0%	-5.2%	-5.4%	-2.2%
EBIT	-17.0%	-18.8%	-13.4%	-3.0%
EBITDA	-11.6%	-14.5%	-10.5%	-2.5%
Net Income	-51.5%	-28.5%	-19.1%	-5.8%
EPS (Diluted)	-50.5%	-28.2%	-15.7%	-1.6%
Dividends	7.3%	11.5%	12.3%	14.7%

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International Business Machines (IBM) is a multinational information technology company that offers integrated solutions through five primary business segments: Cognitive Solutions, Global Business Services, Technology Services & Cloud Platforms, Systems, and Global Financing. The Company was founded in 1911 and is headquartered in Armonk, NY.

Why it is an Achiever

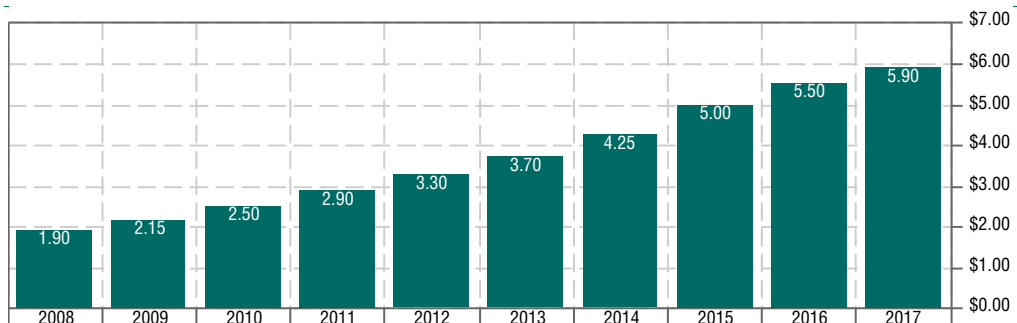
IBM has increased its dividend for 23 consecutive years and has consistently paid a dividend for over 100 years. Over the past decade, IBM transformed itself from a hardware and commodity service-based enterprise into one that has leveraged innovation into better growth and higher profitability, focused on software and higher-value services. Margins tell the story, as this shift has resulted in impressive growth of IBM's profit margin. In 2000, IBM's adjusted pre-tax operating margin was 10% compared to 23% in 2017.

Despite recent earnings setbacks, margins continue to expand with the change in revenue mix. The recent divestiture of the money-losing semiconductor manufacturing business, and growth within IBM's Strategic Imperatives (cloud, analytics, mobile, social, and security), further support the view for improving margins. These Strategic Imperatives represented 46% of combined revenue of \$79 billion and grew 11% in 2017.

We acknowledge that IBM's near-term results leave little room for excitement as overall growth remains sluggish, but we continue to see pockets of opportunity driven by double-digit revenue growth in IBM's Strategic Imperatives. Importantly, the market for enterprise artificial intelligence is massive, and IBM is uniquely positioned to succeed in this space given its history of innovation and its ability to fund substantial investment through free cash flow. We believe that the near-term focus of many investors and generally bearish sentiment sets a low bar and offers an attractive long-term opportunity for patient investors who are seeking income growth and capital appreciation.

As for the dividend, which has grown at a compounded annual rate of 15% over the past ten years, the 2017 payout ratio remained modest at 42% of free cash flow. Given considerable headroom in these ratios, we believe that IBM's dividend is well-positioned for continued healthy growth and at a rate faster than earnings.

DIVIDENDS PER SHARE



DIVIDEND YIELD VS. S&P 500



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Dividend Achievers Johnson & Johnson (JNJ)

Price (10/11/18) \$133.84

DIVIDEND STATISTICS	
Dividend & Yield	\$3.60 / 2.69%
Dividend paid since	1944
# of Consecutive Increases	56 years
10-yr. Ann. Dividend Growth	7.4%
Dividend Payout	49.3%

KEY STATISTICS	
52-wk. Price Range	\$119 - \$148
Average Daily Volume (3mo.)	6,215,184
Market Value	\$359.1 billion
Shares Outstanding (MM)	2,683
Cash per share	\$6.76
Book Value per share	\$23.45

	5-Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	311.3x	337.2x	16.5x	71.8x	16.0x
P/Book	5.7x	6.2x	3.4x	4.4x	1.7x
P/Cash Flow	16.5x	19.5x	14.1x	16.5x	1.3x
P/Sales	4.5x	5.1x	3.6x	4.3x	2.1x
EV/EBITDA	14.0x	16.5x	10.1x	12.5x	1.1x
EV/Sales	4.6x	5.3x	3.3x	4.2x	1.8x
Div. Yield	2.7%	3.1%	2.4%	2.7%	1.4x
LTD/Capital	31%	32%	11%	20%	0.7x

GROWTH SUMMARY as of FY Ended 12/17				
	1-yr.	3-yr.	5-yr.	10-yr.
Sales	6.3%	1.0%	2.6%	2.3%
EBIT	-8.4%	-2.2%	2.6%	2.5%
EBITDA	0.4%	0.5%	3.9%	3.4%
Net Income	-92.1%	-56.9%	-34.6%	-18.9%
EPS (Diluted)	-92.1%	-56.4%	-34.4%	-18.5%
Dividends	5.4%	6.3%	6.7%	7.4%

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Johnson & Johnson (JNJ) is engaged in the research and development, manufacturing, and sale of a broad range of products within the Health Care sector. With over 230 operating companies around the world, JNJ operates in three segments: Pharmaceutical (47% of 2017 revenue), Medical Devices (35%), and Consumer (18%). The Company was founded in 1886 and is headquartered in New Brunswick, NJ.

Why it is an Achiever

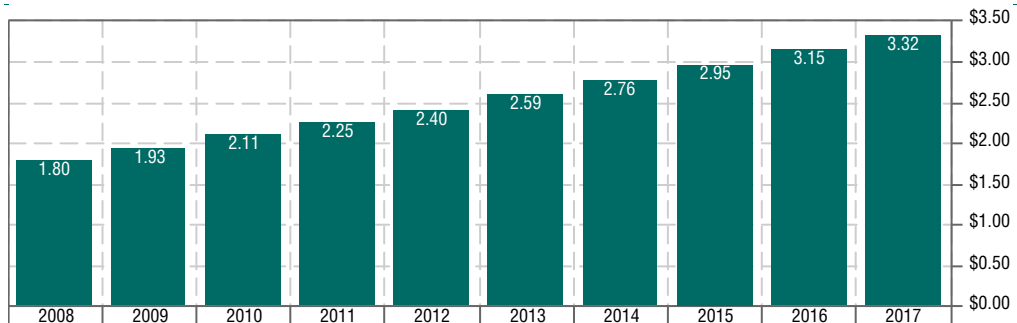
JNJ's string of consecutive annual dividend increases stands at 56 years. JNJ's long-term track record is built around market leading products and innovation. At year-end 2017, approximately 71% of total consumer product sales came from products with either a number one or two global market share, and 22% of total sales come from products launched within the past five years. Over half of the Company's sales come from outside of the United States.

JNJ's Pharmaceutical business is anchored by its Remicade franchise for the treatment of immune disorders. Remicade accounts for nearly 11% of total company revenues and, though it has U.S. patent protection through 2018, the FDA has approved a biosimilar version of Remicade, a development we will watch closely. JNJ's deep and diverse portfolio should help limit the impact on financial results. JNJ's other key immunology franchises, Stelara and Simponi, are showing solid growth, and JNJ has filed a number of submissions to extend indications for these products. In addition, by 2019 JNJ plans to file more than ten new products, each with the potential to exceed \$1 billion in revenue, adding an additional layer of growth to the Pharmaceutical segment.

JNJ's Medical Devices segment operates the world's largest and most comprehensive orthopaedics and neurologics business. The Consumer segment holds a leading portfolio of brands including Aveeno, Clean & Clear, Neutrogena, RoC, Listerine, Carefree, and Stayfree.

We note that financial strength at JNJ is exemplary, and the Company's AAA credit rating is one of only two in the S&P 500. JNJ's trailing 12-month free cash flow exceeds its annual dividend commitment by over 100%.

DIVIDENDS PER SHARE



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Dividend Achievers V.F. Corporation (VFC)

Price (10/11/18) \$85.47

DIVIDEND STATISTICS

Dividend & Yield \$1.84 / 2.15%
 Dividend paid since 1973
 # of Consecutive Increases 44 years
 10-yr. Ann. Dividend Growth 11.9%
 Dividend Payout 58.6%

KEY STATISTICS

52-wk. Price Range \$64 - \$97
 Average Daily Volume (3mo.) 2,399,226
 Market Value \$33.9 billion
 Shares Outstanding (MM) 396
 Cash per share \$1.18
 Book Value per share \$9.43

VALUATION SUMMARY

	5-Year				Rel. to SP500
	Last	High	Low	Avg.	
P/E (LTM)	48.2x	52.8x	17.7x	27.2x	2.5x
P/Book	9.1x	9.9x	4.2x	5.9x	2.7x
P/Cash Flow	-	29.4x	14.6x	19.9x	-
P/Sales	2.6x	2.9x	1.8x	2.3x	1.3x
EV/EBITDA	19.3x	23.2x	9.6x	14.5x	1.5x
EV/Sales	2.8x	3.1x	1.9x	2.4x	1.1x
Div. Yield	2.2%	3.0%	1.4%	2.0%	1.2x
LTD/Capital	30%	33%	17%	23%	0.7x

GROWTH SUMMARY as of FY Ended 3/18

	1-yr.	3-yr.	5-yr.	10-yr.
Sales	0.6%	-0.6%	1.9%	5.4%
EBIT	-21.1%	-13.1%	-4.6%	2.8%
EBITDA	-17.5%	-11.1%	-3.4%	3.5%
Net Income	-10.9%	-0.1%	-0.8%	5.5%
EPS (Diluted)	-13.4%	1.9%	0.8%	6.4%
Dividends	12.4%	15.8%	17.8%	11.9%

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V.F. Corp. (VFC) has grown from its founding in 1899 as a glove and mitten manufacturer into a diversified global apparel brand powerhouse. Over 85% of the Company's sales are from its Outdoor & Action Sports and Jeanswear coalitions, or segments, anchored by top brands that include The North Face, Vans, and Timberland, each of which generate more than \$1 billion in annual revenue. We believe that VFC is among the best-managed and most well-diversified portfolios in consumer apparel, both by brand and geography.

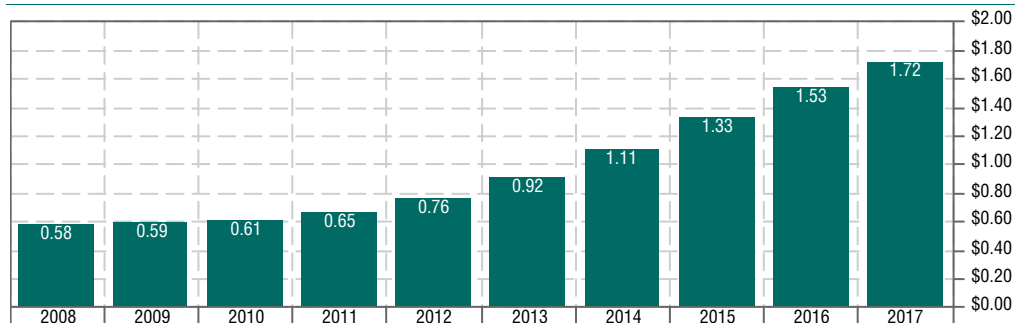
Why it is an Achiever

VFC has increased its dividend every year for 44 years, including a 16% increase announced in October 2016, and in our view is poised to continue growing into the future aided by a reasonable payout ratio. VFC's asset-light operating model has historically led to high returns on invested capital – over the past five years the average has been 18%.

During the tenure of previous CEO Eric Wiseman from 2008-2016, revenue grew 7% annualized, and EPS grew 11%. Strategically, we view the Company's focus on brand ownership as important in an environment where retailers are struggling with too many locations and competition from online retailers. VFC has also built a strong direct-to-consumer (DTC) business (32% of 2017 revenues) and continues to develop its online presence (7% of total sales, also counted within DTC). Gross margins of 49% have consistently remained above peer group averages of 44%. Steven Rendle, formerly President/Chief Operating Officer and previously head of the North Face business, took over as CEO beginning in 2017, part of a multi-year succession plan.

We continue to believe in the long-term strategy along with management's ability to execute and deliver strong financial results for shareholders. In August 2017, the Company announced the acquisition of Williamson-Dickie Mfg. Co., a leading manufacturer of workwear. The acquisition led management to increase its guidance for long-term earnings per share growth by 1% to a range of 11%-13%. If the execution of the merger exceeds management's expectations, which appear to be conservative, there is potential for further upside to revenue and earnings targets. Additionally, VFC announced its intention to spin off its denim brands, Lee and Wrangler, into an independent, publicly-traded company. VFC also has the ability to make further acquisitions, given its reasonable net debt position relative to cash flow.

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James Ragan, the analyst who prepared this report, or his immediate family owns an investment position in: IBM, MSFT, T

Matt Griffith, the analyst who prepared this report, or his immediate family owns an investment position in: ADP, CVS, VFC

We, James Ragan, CFA, and Matthew Griffith, CFA, attest (i) all the views expressed accurately reflect their personal views about the common stock of the subject company, and (ii) no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report

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