

Apple Inc. (AAPL)

\$300.35 (As of 01/02/20)

Price Target (6-12 Months): **\$315.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 03/11/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:D

Value: C

Growth: C

Momentum: F

Summary

Apple's shares have outperformed the S&P 500 in the past year. The company is expected to benefit from continued momentum in the Services segment. Non-iPhone devices are also expected to perform well, driven by strong demand for iPad, Apple Watch and AirPods. The company's expanded portfolio, including MacBook Pro, Apple Watch Series 5 and Apple TV+, is a key catalyst. Moreover, the nomination of The Morning Show for multiple Golden Globe awards reflect Apple TV+'s content strength. Additionally, the solid adoption of Apple Watch Series 5 is now helping the iPhone maker strengthen presence in the personal health monitor space. The Phase One deal between the U.S. and China is also a positive. Nevertheless, antitrust investigations, App Store-related lawsuits and Spotify's complaint increase legal woes.

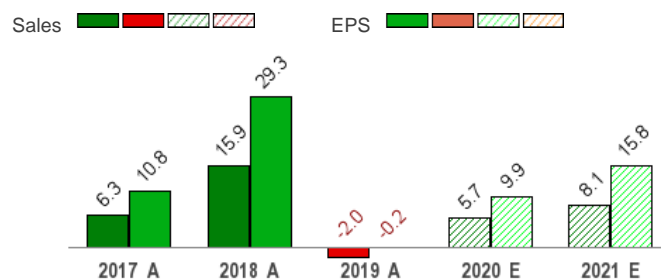
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$300.60 - \$142.00
20 Day Average Volume (sh)	27,210,122
Market Cap	\$1,334.5 B
YTD Price Change	2.3%
Beta	1.25
Dividend / Div Yld	\$3.08 / 1.0%
Industry	Computer - Mini computers
Zacks Industry Rank	Top 41% (104 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	6.7%
Last Sales Surprise	2.1%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/04/2020
Earnings ESP	0.7%
P/E TTM	25.4
P/E F1	23.0
PEG F1	2.2
P/S TTM	5.1

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	94,408 E	66,424 E	61,140 E	71,104 E	297,332 E
2020	87,739 E	62,495 E	57,091 E	68,712 E	275,093 E
2019	84,310 A	58,015 A	53,809 A	64,040 A	260,174 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$5.17 E	\$3.25 E	\$2.79 E	\$3.56 E	\$15.14 E
2020	\$4.51 E	\$2.82 E	\$2.41 E	\$3.24 E	\$13.07 E
2019	\$4.18 A	\$2.46 A	\$2.18 A	\$3.03 A	\$11.89 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/02/2020. The reports text is as of 01/03/2020.

Overview

Headquartered in Cupertino, CA, Apple Inc. designs, manufactures and sells iPhone, iPad, iPod, Apple TV, Mac personal computers, Apple Watch, HomePod and AirPods. These devices are powered by software applications including iOS, macOS, watchOS and tvOS operating systems. The company also provides iCloud, Apple Pay and a variety of other accessory, service and support offerings to its customers.

Apple sells and delivers digital content and applications through the iTunes Store, App Store, Mac App Store, TV App Store, Book Store and Apple Music (collectively "Digital Content and Services"). The company sells its products through retail & online stores and direct sales force along with third-party cellular network carriers, wholesalers, retailers and resellers.

In second-quarter fiscal 2019, Apple released an iPad Air and an updated iPad mini, featuring Retina displays and Apple Pencil compatibility. The company also updated iMac with improved compute and graphics performance. Moreover, Apple updated AirPods with hands-free "Hey Siri" and the option of a wireless charging case.

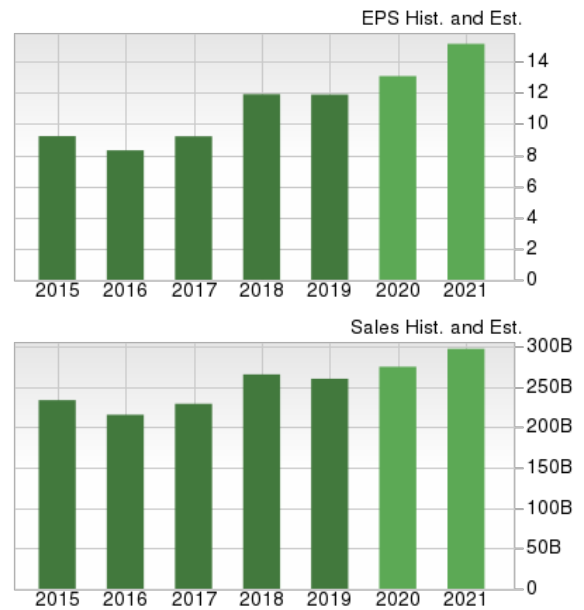
The company also announced subscription-based Apple News+, Apple Card, Apple Arcade, new Apple TV app, Apple TV channels and Apple TV+, a new subscription service.

In fiscal 2019, Apple generated \$265.17 billion in total revenues. The company's flagship device iPhone accounted for 54.7% of total revenues. Services, Mac, iPad and Other products category contributed 17.8%, 9.9%, 8.2% and 9.4%, respectively.

The Services portfolio includes revenues from cloud services, App store, Apple Music, AppleCare, Apple Pay, and licensing and other services. Apple's Other Products group includes the Wearables business (that comprises Apple Watch), Apple TV, HomePod, iPod Touch, and Apple-branded and third-party accessories.

Apple mainly reports revenues on a geographic basis, namely the Americas (North & South America), Europe (European countries, India, Middle East and Africa), Greater China (China, Hong Kong & Taiwan), Japan and Rest of Asia Pacific (Australia & other Asian Countries).

In fiscal 2019, Americas, Europe, Greater China, Japan and Rest of Asia-Pacific accounted for 44.9%, 23.2%, 16.8%, 8.3% and 6.8% of total revenues, respectively.



Reasons To Buy:

▲ Apple's non-iPhone businesses, particularly Services and Wearables, are expected to drive top-line growth in fiscal 2020 and beyond. The Services portfolio has emerged as the company's new cash cow. Apple's endeavors to open up its ecosystem, through partnerships with the likes of Samsung and Amazon, are positive for the Services segment. The recently announced subscription-based video streaming, news and gaming services are expected to benefit from Apple's strong installed base. Robust App Store sales coupled with solid adoption of Apple Pay and Apple Music are expected to help Apple double its 2016 Services revenues by 2020. Moreover, its Wearables business is expected to be driven by solid demand for Apple Watch.

Apple is benefiting from momentum in the Services business, strong adoption of Apple Pay and growing Apple Music subscriber base.

- ▲ Apple currently has more than 420 million paid subscribers across its Services portfolio. The App Store continues to draw the attention of prominent developers from around the world, helping the company offer appealing new apps that drive App Store traffic. Further, growing number of AI-infused apps will attract more subscribers on App Store. Notably, more than 30,000 third-party subscription apps are available on App Store and the largest of them accounts for only 0.25% of Apple's total Services revenues.
 - ▲ Apple has some revolutionary offerings when it comes to Apple Pay and Apple Music. Apple Pay, designed on the basis of a contactless payment (NFC) technology, has been expanded to more than 47 markets. In the third-quarter, Apple Pay transaction volumes more than doubled year over year (1 billion transactions per month). Notably, Apple Pay is adding more users than PayPal. Notably, the company will launch Apple Pay in Chicago later this year. It also plans to launch Apple Card in August..
 - ▲ Further, Apple Music currently has more than 60 million paid subscribers. Apple Music's availability on Amazon Echo devices is expected to expand the iPhone maker's footprint against Spotify, which is currently the dominant player in the paid, premium music streaming market. The latest partnership with Verizon is also noteworthy in this regard.
 - ▲ Apple is encouraging developers to use artificial intelligence (AI) and machine learning in their apps. The company's Core ML 2 API helps developers recognize faces or animals in photos, and parse the meaning of text. Further, the company is offering Create ML for simple and efficient machine learning training on the Mac, which is built on top of Swift programming language. Notably, Apple has hired former Google head of search and AI, John Giannandrea to lead its restructured AI division that includes the machine learning division, Siri team and the Core ML API team. In addition to all these, acquisition of start-ups like Silk Labs enhances the company's expertise in the domain.
 - ▲ Apple's focus on autonomous vehicles and augmented reality/virtual reality (AR/VR) technologies presents growth opportunity in the long haul. These are fast emerging as lucrative business opportunities. To ramp up its efforts, Apple has acquired several smaller firms with expertise in AR hardware, 3D gaming and VR software. These include SensoMotoric, Flyby Media, Emotient, TupleJump, Turi, Metaio, PrimeSense and Lattice DataInc. In addition, Apple's ARKit is helping third-party developers to work on creating AR experiences for its iOS platform. Furthermore, Apple, with its new offerings, would also be able to leverage the Internet of Things (IoT) market, which is expected to grow exponentially, given the rising demand for connected/automated devices, appliances and automobiles.
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Reasons To Sell:

- ▼ Apple's fortunes are tied to its most important offering, iPhone. The device plays an important role in expanding the iOS ecosystem. However, Apple's excessive dependence on iPhone is a risk to overall growth. Although iPhone sales have been benefiting from higher average selling price (ASP), premium pricing has been blamed for Apple's declining market share in countries like China and India. Moreover, customers are holding long to their older iPhones, due to improved battery and iOS12 support. This has negatively impacted upgrades in developed countries. Moreover, the smartphone segment is chock-a-block with attractive devices from Samsung, Huawei, Xiaomi, Oppo, and other small and big players that are intensifying competition for the company.
- ▼ China is an important market for Apple, given the growing number of middle-class customers. However, the waning macroeconomic environment in China and the intensifying competition have dented shipment growth. Further, increasing uncertainty over the resolution of the U.S.-China trade war doesn't bode well for Apple. Additional tariffs will severely hurt growth prospects of iPhone, iPad, Mac and Wearables in the near term.
- ▼ Competition has negatively impacted iPad's growth, with Amazon, HTC, Microsoft, Hewlett-Packard and others flooding the tablet market. iPad demand has severely declined due to increasing availability of large-screen smartphones, in addition to stiff competition from Google Chromebooks and Microsoft Surface. Moreover, Apple faces significant competition in the desktop and portable computer segment from the market leader Hewlett-Packard and the likes of Lenovo, Dell, Acer and Asus. MacBook has failed to become a key product, due to Apple's shortage of innovation in this product line as compared to iPhone and iPad.
- ▼ Although Apple's newer products like Apple Watch and HomePod hold significant promise, they are yet to deliver results good enough to negate decline in iPhone shipment. Apple is losing dominance in the Wearables market, due to stiff competition from Xiaomi, Fitbit, Huawei and Samsung. The company is also experiencing low sales of its smart speaker HomePod, owing to its late entry into the market that is currently dominated by the likes of Amazon and Google.
- ▼ Apple is facing increasing regulatory hassles in Europe. The company is likely to be negatively impacted by the uncertainties surrounding Brexit, as it will have to re-define everything from tax to data flow and privacy regulations for its operation in the U.K. Also, France is reportedly set to impose "digital tax" on Apple and several other U.S.-based technology giants. Music-streaming service Spotify has filed a formal complaint against Apple, alleging unfair practice by the iPhone maker to lower competition. The complaint relates to the 30% revenue cut that the company takes from some app providers. Moreover, the Supreme Court recently allowed the consumers' antitrust lawsuit against Apple to continue in a lower court. The lawsuit alleges iPhone apps to be expensive.

Lackluster demand for iPhone primarily in China and emerging countries, stiff competition and increasing regulatory hassles are major headwinds.

Last Earnings Report

Apple's Q4 Earnings Beat, Services Drives Top Line

Apple reported fourth-quarter fiscal 2019 earnings of \$3.03 per share that beat the Zacks Consensus Estimate by 19 cents and increased 4.1% year over year.

Net sales increased 1.8% year over year to \$64.04 billion, which surpassed the Zacks Consensus Estimate of \$62.45 billion. The figure also beat management's guidance of \$61-\$64 billion. However, foreign exchange volatility negatively impacted sales by \$1 billion.

Product sales (80.5% of sales) decreased 1.5% to \$51.53 billion. Services (19.5% of sales) revenues increased 18% from the year-ago quarter to \$12.51 billion. Non-iPhone revenues grew 17% year over year.

Geographical Performance

Americas sales rose 6.6% year over year to \$29.32 billion and accounted for 45.8% of total sales.

Europe generated \$14.95 billion in sales, down 2.8% on a year-over-year basis. The region accounted for 23.3% of total sales.

Greater China sales decreased 2.4% from the year-ago quarter to \$11.13 billion and accounted for 17.4% of total sales. Apple stated that the Services segment grew at a double-digit rate in China, driven by strong App Store growth.

Japan sales declined 3.5% year over year to \$4.98 billion and accounted for 7.8% of total sales.

Rest of Asia-Pacific generated sales of \$3.66 billion, up 6.6% year over year. The region accounted for 5.7% of total sales.

Apple established new fourth-quarter records in countries including the U.S., Canada, Germany, France, Korea, Singapore, Brazil, India, Thailand, Malaysia and Vietnam.

iPhone Sales Details

iPhone sales declined 9.2% from the year-ago quarter to \$33.36 billion and accounted for 52.1% of total sales.

Customer response was good for new iPhone 11, 11 Pro and 11 Pro max, which were launched toward the later part of the quarter.

Active installed base of iPhone reached a new all-time high in each of the company's geographic segments.

Apple quoted a recent survey report from 451 Research, which stated that customer satisfaction was 99% for iPhone 10XR, iPhone 10XS and 10XS Max combined.

Services Momentum Continues

Services — revenues from Internet Services, App Store, Apple Music, AppleCare, Apple Pay, and licensing and other services — maintained momentum in the reported quarter.

Apple has now 450 million paid subscribers across its services portfolio, up 30 million sequentially. Third-party subscription revenues increased almost 40% year over year. Moreover, the largest of the paid third-party subscriptions accounted for only 0.25% of Apple's total Services revenues.

Meanwhile, Apple Pay's transaction volumes more than doubled year over year (3 billion in the reported quarter). It is now available in 49 markets and has more than 6,000 users.

Per the company, its fourth-quarter performance indicated that Apple Pay's monthly transaction volume growth was four times faster than PayPal.

Notably, the company launched the Apple Card in August. It stated that major apps and retailers like Uber, Uber Eats, Walgreens, Duane Reade and T-Mobile have already joined to offer 3% daily cashback on Apple Card transactions.

Later this year, Apple will add a feature that will enable Apple Card holders to buy iPhones and pay over 24 months with zero interest.

In September, the company launched Apple Arcade, its game subscription service.

Moreover, Apple expanded the reach of Apple News+ to readers in Australia and the U.K. during the quarter. Popular publications including the Times of London, the Australian and Hello Magazine along with The Wall Street Journal, The LA Times, The New Yorker, People and GQ were made available on the platform.

iPad & Mac Details

iPad sales of \$4.66 billion increased 16.9% year over year and accounted for 7.3% of total sales. The upside was driven by strong demand for iPad Pro.

In September, Apple introduced the seventh-generation iPad, offering more screen area and support for the full-sized Smart Keyboard. The company also released iPadOS in the reported quarter.

Quarter Ending 09/2019

Report Date	Oct 30, 2019
Sales Surprise	2.10%
EPS Surprise	6.69%
Quarterly EPS	3.03
Annual EPS (TTM)	11.85

iPad sales grew across all geographic segments, with a fourth-quarter revenue record in Japan.

Additionally, more than half of the customers, who purchased iPads during the quarter, were new to the device. iPad's active installed base also reached a new all-time high.

Apple quoted a recent survey report from 451 Research, which stated that overall consumer and business satisfaction was 95% and 97%, respectively, for iPad.

Mac sales of \$6.99 billion decreased 4.8% from the year-ago quarter and accounted for 10.9% of total sales.

Globally, more than half of the customers, who bought Macs during the quarter, were new to the device. Active installed base of Mac also reached a new all-time high.

In October, Apple launched macOS Catalina, which also brought Apple Arcade to Mac. Apple stated that third-party developers like Twitter and Post-it are bringing their iPad apps to the Mac App Store post the launch of Catalina.

Wearables' Robust Performance

Wearables, Home and Accessories sales surged 54% year over year to \$6.5 billion and accounted for 10.2% of total sales.

In September, the company launched Apple Watch Series 5 with the Always-On Retina display. The device powered by watchOS 6 comprises health and fitness features like Cycle Tracking, the Noise app and Activity Trends. The ECG app is now available in 32 markets, including India.

Apple Gaining Traction Among Enterprises

Apple is gaining traction among enterprises, particularly end markets like financial services and banking.

The company stated that 80 of the largest 100 retailers, including brands like Burberry, Ralph Lauren, Sephora USA and Gap, are deploying Apple devices.

Moreover, the U.S. Census Bureau is set to use Apple devices for next year's census.

Operating Details

Gross margin contracted 30 basis points (bps) on a year-over-year basis to 38%, which was within management's guidance of 37.5-38.5%.

Operating expenses increased 9.1% year over year to \$8.69 billion due to higher research & development (R&D), and selling, general & administrative (SG&A) expenses, which grew 9.6% and 8.6%, respectively. The operating expenses figure was close to the lower end of management's guidance of \$8.7-\$8.8 billion.

Operating margin contracted 120 bps on a year-over-year basis to 24.4%.

Balance Sheet & Cash Flow

As of Sep 30, 2019, cash & marketable securities were \$205.89 billion compared with \$210.61 billion as of Jun 30, 2019. Term debt as of Sep 30 was \$102.07 billion, up from \$98.47 billion as of Jun 30.

Cash flow from operations was \$19.9 billion in the fourth quarter.

Apple returned more than \$21 billion in the reported quarter through dividend payouts and share repurchases. Moreover, the company declared a cash dividend of 77 cents per share to be payable on Nov 14, 2019, to shareholders of record as of the close of business on Nov 11.

Guidance

For first-quarter fiscal 2020, revenues are projected between \$85.5 billion and \$89.5 billion. Apple expects foreign exchange volatility to hurt the top line by \$1 billion.

Gross margin is expected to be 37.5-38.5%, while operating expenses are projected to be \$9.6-\$9.8 billion. Unfavorable foreign exchange is expected to negatively impact gross margin by 100 bps.

Other income/(expense) is estimated to be \$200 million, while the tax rate is expected to be 16.5%. Apple expects the number of paid subscribers to surpass 0.5 billion in 2020.

Recent News

On Dec 16, Apple announced that Apple News inked a partnership with ABC News to provide detailed coverage of the key events of the 2020 presidential election, which will be available in the Apple News app.

On Dec 12, Apple unveiled *Ultimate Rivals* from Bit Fry Game Studios that brings together athletes across hockey, basketball, football, baseball and soccer into a single, officially-licensed video game. In *Ultimate Rivals: The Rink*, the first title in the franchise, players can choose from more than 50 superstar athletes to compete in exciting two-on-two hockey matches. The game is available on Apple Arcade and will be followed by an NBA-licensed basketball game, *Ultimate Rivals: The Court*, in spring 2020.

On Dec 5, Apple announced an update to its free video creation app Clips. The update will allow iPhone and iPad users to tap into the fun and creativity of Memojis and Animoji characters.

Per a Bloomberg report on Dec 5, Apple will receive the delivery of the first batch of carbon-free aluminum this month. The carbon-free aluminum produced by Montreal-based Elysis, a joint venture between Rio Tinto Group and Alcoa backed by Apple, uses new technology that emits pure oxygen when producing aluminum.

On Nov 19, Apple unveiled *Servant*, a new psychological thriller directed by M. Night Shyamalan. The first three episodes of the series will be available exclusively on Apple TV+ in more than 100 countries and regions globally, beginning Nov 28. New episodes will be released on every Friday.

On Nov 14, Apple announced that customers in the United States can enroll in the Apple Women's Health Study, the Apple Heart and Movement Study, and the Apple Hearing Study. These multi-year longitudinal studies are available in the new Research app, which can be downloaded from the App Store.

On Nov 13, Apple launched an all-new 16-inch MacBook Pro that features a 16-inch Retina Display, the latest 8-core processor, up to 64GB of memory, next-generation graphics with up to 8GB of VRAM and a new advanced thermal design. The device also includes a six-speaker sound system, longer battery life, Touch Bar, Touch ID, the Force Touch trackpad and the Apple T2 Security Chip.

On Nov 11, Apple premiered *Truth Be Told*, a limited drama series. The first three episodes of the series will be available on Apple TV+ in more than 100 countries and regions globally, beginning Dec 6. New episodes will be released on every Friday.

On Nov 6, Apple and the U.S. Department of Veterans Affairs (VA) announced that veterans across the nation and surrounding territories can access the Health Records feature in the Health app on iPhone.

On Nov 1, Apple launched Apple TV+ on the Apple TV app in more than 100 countries and regions. Customers can enjoy Apple TV+ on iPhone, iPad, Apple TV, iPod touch, Mac, select Samsung smart TVs, Roku and Amazon Fire TV devices, as well as on the web at tv.apple.com.

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On Sep 23, Apple confirmed that its newly redesigned Mac Pro will be manufactured in Austin, TX. Notably, the company received tariff exemptions from U.S. trade regulators on certain components related to the product.

On Sep 23, Apple and Oprah Winfrey announced Oprah's Book Club, an exclusive series to be streamed on Apple TV+. Oprah Winfrey, a popular talk show host and producer, will interview the authors of her book club picks in the show. A new episode will be available every two months.

Per a Reuters report on Sep 18, Apple, in its appeal against a \$14-billion tax order, blamed the European Commission of misunderstanding its business. The case centres on tax rulings granted by Ireland to two Apple businesses in the country, which reduced the company's tax burden of more than two decades to as low as 0.005% in 2014. The commission ordered the U.S. company in 2016 to pay £13 billion (\$14.4 billion) in taxes it owed to Ireland.

On Sep 17, Apple announced that it will be investing another \$250 million from its Advanced Manufacturing Fund in Corning to support innovation and expand manufacturing capabilities. Including a \$200-million investment in 2017, the iPhone-maker has poured in a total of \$450 million in the Gorilla Glass-maker.

On Sep 10, Apple unveiled three models of iPhone 11, all-new 10.2-inch, seventh-generation iPad, new Apple Pencil and Apple Watch Series-5. The company also announced that its Apple Arcade, a subscription-based gaming service, will be available with iOS13 from Sep 19 in more than 150 countries. Priced at \$4.99 a month, the service starts with a free trial. Moreover, Apple TV+ will be launched on Nov 1 and will be priced at \$4.99 per month with a one-week free trial.

Valuation

Apple shares are up 47% in the six-months period and 102.6% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Computer & Technology sector are up 42% and 11.2% in the six-months period, respectively. Over the past year, the Zacks sub-industry and the

sector are up 93.4% and 32.6%, respectively.

The S&P 500 index is up 8.3% in the six-months period and 26.3% in the past year.

The stock is currently trading at 22.07X forward 12-month earnings, which compares to 23.52X for the Zacks sub-industry, 23.04X for the Zacks sector and 19.07X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.07X and as low as 9.62X, with a 5-year median of 14.32X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$315 price target reflects 23.14X forward 12-month earnings.

The table below shows summary valuation data for AAPL

Valuation Multiples - AAPL					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	22.07	23.52	23.04	19.07
	5-Year High	22.07	23.52	23.04	19.34
	5-Year Low	9.62	10.12	16.86	15.17
	5-Year Median	14.32	14.02	19.11	17.44
P/S F12M	Current	4.75	3.7	3.55	3.46
	5-Year High	4.75	3.7	3.55	3.46
	5-Year Low	2.15	1.85	2.29	2.54
	5-Year Median	3.13	2.52	2.99	3
EV/EBITDA TTM	Current	16.94	13.96	12.1	12.01
	5-Year High	16.94	13.96	12.59	12.86
	5-Year Low	6.6	5.44	7.68	8.49
	5-Year Median	10.99	9.33	10.5	10.66

As of 01/02/2020

Industry Analysis Zacks Industry Rank: Top 41% (104 out of 253)



Top Peers

Garmin Ltd. (GRMN)	Outperform
Dell Technologies Inc. (DELL)	Neutral
Fitbit, Inc. (FIT)	Neutral
Alphabet Inc. (GOOGL)	Neutral
HP Inc. (HPQ)	Neutral
Microsoft Corporation (MSFT)	Neutral
Spotify Technology SA (SPOT)	Neutral
Lenovo Group Ltd. (LNVGY)	Underperform

Industry Comparison Industry: Computer - Mini Computers				Industry Peers		
	AAPL Neutral	X Industry	S&P 500	HPQ Neutral	LNVGY Underperform	MSFT Neutral
VGM Score	D	-	-	A	A	D
Market Cap	1,334.53 B	18.95 B	23.93 B	30.21 B	8.32 B	1,225.34 B
# of Analysts	12	4.5	13	5	2	14
Dividend Yield	1.03%	1.58%	1.78%	3.39%	2.03%	1.27%
Value Score	C	-	-	B	A	D
Cash/Price	0.08	0.14	0.04	0.15	0.43	0.11
EV/EBITDA	16.94	11.54	13.95	6.59	4.23	20.01
PEG Ratio	2.23	2.14	2.12	4.22	0.61	2.52
Price/Book (P/B)	14.75	2.05	3.33	NA	2.07	11.55
Price/Cash Flow (P/CF)	19.68	13.29	13.67	7.42	5.96	25.28
P/E (F1)	22.98	9.84	19.66	9.13	10.18	30.01
Price/Sales (P/S)	5.13	1.06	2.69	0.51	0.16	9.44
Earnings Yield	4.35%	7.31%	5.08%	10.97%	9.82%	3.33%
Debt/Equity	1.01	0.32	0.72	-4.01	0.53	0.69
Cash Flow (\$/share)	15.26	2.56	6.94	2.80	2.32	6.35
Growth Score	C	-	-	B	A	B
Hist. EPS Growth (3-5 yrs)	9.59%	-12.75%	10.56%	-12.10%	-13.40%	16.25%
Proj. EPS Growth (F1/F0)	9.95%	7.39%	0.00%	1.70%	37.37%	12.66%
Curr. Cash Flow Growth	-3.74%	2.29%	14.83%	8.32%	46.98%	19.70%
Hist. Cash Flow Growth (3-5 yrs)	7.40%	-5.50%	9.00%	-18.40%	11.30%	11.99%
Current Ratio	1.54	1.19	1.23	0.80	0.84	2.85
Debt/Capital	50.36%	34.79%	42.92%	NA	34.79%	40.81%
Net Margin	21.24%	3.37%	11.08%	5.36%	1.38%	NA
Return on Equity	53.82%	3.92%	17.10%	-241.43%	17.61%	39.14%
Sales/Assets	0.76	1.19	0.55	1.80	1.63	0.48
Proj. Sales Growth (F1/F0)	5.73%	-0.60%	0.00%	-1.20%	-1.29%	NA
Momentum Score	F	-	-	B	D	D
Daily Price Chg	2.28%	0.51%	0.33%	1.17%	3.51%	1.85%
1 Week Price Chg	3.71%	1.21%	0.13%	-0.15%	1.74%	0.98%
4 Week Price Chg	13.09%	5.07%	3.67%	2.31%	8.63%	7.13%
12 Week Price Chg	30.54%	21.06%	10.64%	29.69%	3.05%	15.47%
52 Week Price Chg	111.23%	0.15%	27.46%	4.32%	6.13%	64.91%
20 Day Average Volume	27,210,122	4,972,365	1,693,267	7,865,431	41,750	0
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.04%	0.05%	0.00%	0.18%	-1.81%	-0.01%
(F1) EPS Est 12 week change	0.58%	-1.85%	0.14%	2.27%	-10.82%	2.14%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	17.65%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	D
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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