

## Apple Inc. (AAPL)

**\$258.44** (As of 03/26/20)

Price Target (6-12 Months): **\$271.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 03/18/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**3-Hold**

Zacks Style Scores:

VGM:C

Value: D

Growth: B

Momentum: D

### Summary

Apple's shares have outperformed the S&P 500 in the past year. The company is benefiting from a steady momentum in the Services segment, driven by strong App Store sales and the robust adoption of Apple Music and Apple Pay. The company recently launched new iPad and MacBook. Solid adoption of Apple Watch and AirPods are expected to drive its top line. However, it doesn't expect to achieve its second-quarter revenue guidance due to supply chain disruption amid the coronavirus outbreak, which is expected to hurt iPhone sales. This, in turn, will likely dent investor confidence in the near term. The company has limited online iPhone purchases to two per person due to the coronavirus-led shortage. Moreover, the company's intensifying legal woes due to antitrust investigations and App Store-related lawsuits raise a concern.

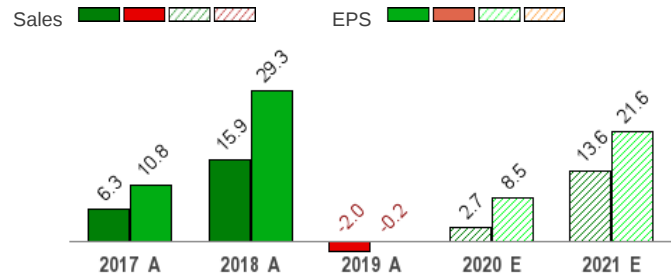
### Price, Consensus & Surprise



### Data Overview

|                            |                                           |
|----------------------------|-------------------------------------------|
| 52 Week High-Low           | \$327.85 - \$170.27                       |
| 20 Day Average Volume (sh) | 76,733,800                                |
| Market Cap                 | \$1,130.8 B                               |
| YTD Price Change           | -12.0%                                    |
| Beta                       | 1.30                                      |
| Dividend / Div Yld         | \$3.08 / 1.2%                             |
| Industry                   | <a href="#">Computer - Mini computers</a> |
| Zacks Industry Rank        | Top 20% (51 out of 253)                   |

### Sales and EPS Growth Rates (Y/Y %)



|                           |            |
|---------------------------|------------|
| Last EPS Surprise         | 9.9%       |
| Last Sales Surprise       | 4.3%       |
| EPS F1 Est- 4 week change | -5.5%      |
| Expected Report Date      | 05/05/2020 |
| Earnings ESP              | -11.2%     |
| P/E TTM                   | 20.4       |
| P/E F1                    | 20.0       |
| PEG F1                    | 2.0        |
| P/S TTM                   | 4.2        |

### Sales Estimates (millions of \$)

|      | Q1       | Q2       | Q3       | Q4       | Annual*   |
|------|----------|----------|----------|----------|-----------|
| 2021 | 98,956 E | 67,403 E | 60,869 E | 72,405 E | 303,376 E |
| 2020 | 91,819 A | 55,770 E | 53,295 E | 66,065 E | 267,170 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 | \$5.64 E | \$3.44 E | \$2.92 E | \$3.72 E | \$15.68 E |
| 2020 | \$4.99 A | \$2.29 E | \$2.24 E | \$3.21 E | \$12.90 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 03/26/2020. The reports text is as of 03/27/2020.

## Overview

Apple's business primarily runs around its flagship iPhone. However, the Services portfolio that includes revenues from cloud services, App store, Apple Music, AppleCare, Apple Pay, and licensing and other services now became the cash cow.

Moreover, non-iPhone devices like Apple Watch and AirPods gained significant traction. In fact, Apple dominates the Wearables and Hearables markets due to the growing adoption of Watch and AirPods. Solid uptake of Apple Watch also helped Apple strengthen its presence in the personal health monitoring space.

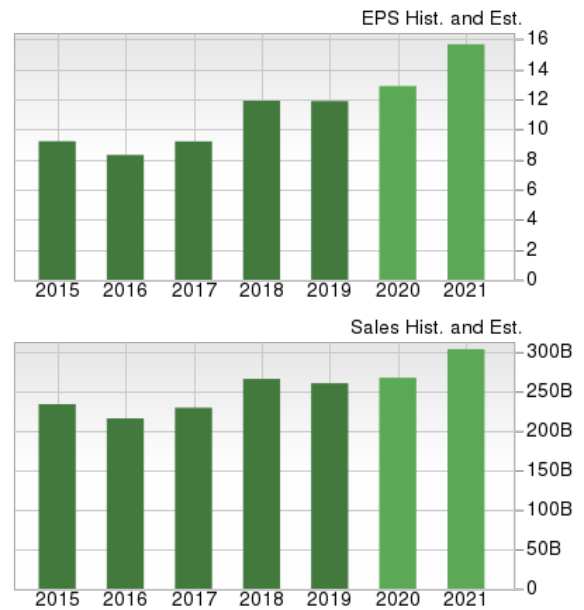
Headquartered in Cupertino, CA, Apple also designs, manufactures and sells iPad, MacBook and HomePod. These devices are powered by software applications including iOS, macOS, watchOS and tvOS operating systems.

Apple's other services include 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.

Apple primarily 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.



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## 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 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 450 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. The popularity of App Store is evident from the fact that customers worldwide spent \$1.4 billion between Christmas Eve and New Year's Eve, up 16% from the same period in 2018. Customers also spent \$386 million on New Year's Day 2020 alone, setting a new single-day record and increasing 20% year over year.
- ▲ 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 49 markets. Apple Pay allowed entry to more than 150 stadiums, ballparks, arenas and entertainment venues around the world with contactless tickets in 2019. Moreover, users could ride public transport in Shanghai, Beijing, Tokyo, Moscow, London and New York. In 2020, Apple will extend ride services to trains and buses in cities like Washington, DC, Shenzhen, Guangzhou and Foshan. Users can also access dorms and services of additional universities across the United States through Apple Watch and iPhone.
- ▲ Further, Apple Music currently has more than 60 million paid subscribers. Moreover, Apple Music is offering more than 60 million songs, with world class music experts and taste makers curating thousands of playlists and daily selections in 115 countries. 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 partnership with Verizon is also noteworthy in this regard. Moreover, the company's partnership with National Basketball Association for an Apple Music playlist that features independent artists from an emerging label, UnitedMasters, is expected to draw new subscribers who are fans of NBA games.
- ▲ 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, 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, uncertainty over the final resolution of the U.S.-China trade war doesn't bode well for Apple. Moreover, the supply-chain disruption caused by the coronavirus outbreak is expected to hurt iPhone's demand and supply in China.
- ▼ 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 Lenovo and the likes of Hewlett-Packard, 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 Q1 Earnings Beat, iPhone Sales Increase Y/Y

Apple reported first-quarter fiscal 2020 earnings of \$4.99 per share that beat the Zacks Consensus Estimate by 9.9% and increased 19.4% year over year.

Net sales increased 8.9% year over year to \$91.82 billion, which surpassed the Zacks Consensus Estimate of \$87.74 billion. The figure also beat management's guidance of \$85.5-\$89.5 billion. However, foreign exchange volatility negatively impacted sales by \$1 billion.

Product sales (86.2% of sales) increased 7.7% to \$79.10 billion. Services (13.8% of sales) revenues grew 16.9% from the year-ago quarter to \$12.72 billion.

Active installed base of devices surpassed 1.5 billion, up more than 100 million in the past 12 months.

### Geographical Performance

Americas sales rose 12% year over year to \$41.37 billion and accounted for 45.1% of total sales.

Europe generated \$23.27 billion in sales, up 14.3% on a year-over-year basis. The region accounted for 25.3% of total sales.

Greater China sales rose 3.1% from the year-ago quarter to \$13.58 billion and accounted for 14.8% of total sales. Apple stated that the Services segment grew at a double-digit rate in China.

Japan sales declined 9.9% year over year to \$6.22 billion and accounted for 6.8% of total sales.

Rest of the Asia Pacific generated sales of \$7.38 billion, up 6.5% year over year. The region accounted for 8% of total sales.

Apple established new first-quarter records in the United States, Canada, Mexico, Brazil, the U.K., Germany, France, Italy, Spain, Poland, Thailand, Malaysia and Vietnam.

### iPhone Sales Details

iPhone sales increased 7.6% from the year-ago quarter to \$55.96 billion and accounted for 60.9% of total sales. Customer response was exceptional for the new iPhone 11, 11 Pro and 11 Pro max. Moreover, sales benefited from trade-in programs, which doubled on a year-over-year basis.

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 98% for iPhone 11, iPhone 11 Pro and 11 Pro Max combined.

### Services Momentum Continues

Services maintained momentum in the reported quarter. The company witnessed double-digit growth across all geographic segments. Robust performance of cloud services, music, payment services and the App Store search ad business drove Services revenues. App Store and AppleCare reported a record first-quarter performance in the company's history.

Apple has now more than 480 million paid subscribers across its Services portfolio, up 30 million sequentially and 120 million year over year. Third-party subscription revenues increased 40% year over year.

### iPad & Mac Details

iPad sales of \$5.98 billion decreased 11.2% year over year and accounted for 6.5% of total sales. The decline can be primarily attributed to difficult comparisons due to the launch of iPad Pro in the year-ago quarter.

iPad sales were strong in key emerging markets like Mexico, India, Turkey, Poland, Thailand, Malaysia, the Philippines and Vietnam.

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 93% and 92%, respectively, for iPad.

Mac sales of \$7.16 billion decreased 3.5% from the year-ago quarter and accounted for 7.8% of total sales. The decline can be primarily attributed to difficult comparisons due to the launch of MacBook Air and Mac Mini in the year-ago quarter.

Apple launched the 16-inch MacBook Pro, its most powerful notebook ever, during the reported quarter. Moreover, the company also launched Mac Pro and Pro Display XDR.

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.

### Wearables' Robust Performance

Quarter Ending **12/2019**

| Report Date      | Jan 28, 2020 |
|------------------|--------------|
| Sales Surprise   | 4.32%        |
| EPS Surprise     | 9.91%        |
| Quarterly EPS    | 4.99         |
| Annual EPS (TTM) | 12.66        |

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Wearables, Home and Accessories sales surged 37% year over year to \$10.01 billion and accounted for 10.9% of total sales. Wearables grew 44% year over year.

The solid year-over-year growth was driven by strong demand for AirPods and Apple Watch. AirPods sales benefited from the launch of AirPods Pro, which features active noise cancellation.

Moreover, Apple Watch's adoption rate grew rapidly. Notably, more than 75% of customers who purchased Apple Watch during the reported quarter were first-time customers.

#### **Apple Gaining Traction Among Enterprises**

Apple is gaining traction among enterprises, particularly end markets like healthcare.

The company stated that 100% of the Fortune 500 companies in the healthcare sector are using Apple's technology in areas like patient experience, clinical communications and nursing workflows.

#### **Operating Details**

Gross margin expanded 40 basis points (bps) on a year-over-year basis to 38.4%, which was within management's guidance of 37.5-38.5%.

Operating expenses rose 11.1% year over year to \$9.65 billion due to higher research & development (R&D), and selling, general & administrative (SG&A) expenses, which grew 14.1% and 8.7%, respectively. The operating expenses figure was close to the lower end of management's guidance of \$9.6-\$9.8 billion.

Operating margin expanded 20 bps on a year-over-year basis to 27.8%.

#### **Balance Sheet & Cash Flow**

As of Dec 28, 2019, cash & marketable securities were \$207.06 billion compared with \$205.89 billion as of Sep 30.

Term debt, as of Dec 28, was \$93.08 billion, up from \$98.47 billion as of Sep 30.

Apple issued a €2-billion green bond, retired \$1 billion of maturing debt and reduced commercial paper by \$1 billion during the reported quarter. As of Dec 28, total debt was \$108 billion.

Cash flow from operations was \$30.5 billion in the first quarter compared with \$19.9 billion in the previous quarter.

Apple returned almost \$25 billion in the reported quarter through dividend payouts and share repurchases. The company repurchased 40 million shares for \$10 billion and paid out \$3.5 billion in dividends.

Moreover, it declared a cash dividend of 77 cents per share to be payable on Feb 13, 2020, to shareholders of record as of Feb 10.

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## Recent News

On Mar 18, Apple new iPad Pro and new MacBook Air upgrades. The iPad Pro enhanced camera and scanning features is released in 11-inch and 12.9-inch screen sizes. The company also introduced a Magic Keyboard with backlit keys in the price range of \$299 to \$349, fulfilling its long-time aim to push the iPad beyond a tablet.

Moreover, Apple revealed its forthcoming iPadOS 13.4, which brings with it a laptop-style cursor and mouse support. The update will be available on the new Pro for use with a trackpad on the keyboard case.

Apple also upgraded its MacBook Air, whose price starts at \$999 for 256 gigabytes of storage. The new model offers double the performance, according to Apple, featuring 10th-gen Intel Ice Lake processors (Y-series) up to a 1.2GHz quad-core Core i7.

On Mar 13, Apple announced that its retail stores outside of Greater China will remain closed through Mar 27 due to the coronavirus or COVID-19 outbreak.

Moreover, Apple News launched a new COVID-19 section where users can find the latest verified reporting from trusted news outlets.

Apple also announced that it will host annual Worldwide Developers Conference in June on an entirely new online format.

On Feb 17, Apple announced that it doesn't expect to meet second-quarter fiscal 2020 revenue guidance due to iPhone supply constraints and lower demand in China, both related to the COVID-19 outbreak in the country. For second-quarter fiscal 2020, the company had expected revenues between \$63 billion and \$67 billion.

On Feb 3, Apple introduced special coverage of the 2020 U.S. presidential election, curated by Apple News and featuring reliable news, information and data from ABC News, CBS News, CNN, FiveThirtyEight, Fox News, NBC News, ProPublica, Reuters, The Los Angeles Times, The New York Times, The Wall Street Journal, The Washington Post, TIME, USA Today and others.

On Jan 30, Apple announced the availability of its new redesigned Maps in the United States. The company will begin rolling new Maps out across Europe in the coming months.

Per a Bloomberg report on Jan 16, Apple and the National Basketball Association inked a partnership that includes an Apple Music playlist featuring independent artists from UnitedMaster. The Base:Line playlist will have about 40 songs with a hip-hop vibe and be refreshed weekly.

Per a GeekWire report on Jan 15, Apple acquired Xnor.ai, a Seattle-based AI start-up, for \$200 million. Xnor.ai specializes in low-power, edge-based tools that allow AI to operate on devices like smartphones, cameras and drones, rather than in the cloud.

Per a Bloomberg report on Jan 9, Apple is facing a lawsuit for the health monitoring features of Apple Watch. Masimo and its subsidiary Cercacor have accused Apple of unduly exploiting their trademark technology in Apple Watch products, mainly to overcome performance issues.

On Jan 8, Apple released a year-end retrospective of its Services business, which includes the App Store, Apple Music, iCloud and, new in 2019, Apple Arcade, Apple TV+, Apple News+ and Apple Card. The company announced that its App Store customer spending totaled \$1.4 billion between Christmas Eve and New Year's Eve, up 16% from the same period in 2018.

Per a Bloomberg report on Jan 2, Apple finalized a production deal with former HBO executive, Richard Plepler. Per the agreement, Plepler's newly launched company, Eden Productions, will produce original series, feature films and documentaries exclusively for Apple's recently launched streaming service, Apple TV+.

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## Valuation

Apple shares are up 15.4% in the past six-month period and 37.1% over the trailing 12-month period. Stocks in the Zacks sub-industry is up 9.2%, while the Zacks Computer & Technology sector is down 7.8% in the past six-month period. Over the past year, the Zacks sub-industry is up 28.1%, while the sector is down 5.1%.

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The S&P 500 index is down 16.7% in the past six-month period and 12.6% in the past year.

The stock is currently trading at 17.65X forward 12-month earnings, which compares to 16.62X for the Zacks sub-industry, 17.88X for the Zacks sector and 14.93X for the S&P 500 index.

Over the past five years, the stock has traded as high as 23.37X and as low as 9.62X, with a 5-year median of 14.47X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$271 price target reflects 18.51X 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       | 17.65 | 16.62        | 17.88  | 14.93   |
|                            | 5-Year High   | 23.37 | 20.97        | 22.02  | 19.34   |
|                            | 5-Year Low    | 9.62  | 10.12        | 16.85  | 14.93   |
|                            | 5-Year Median | 14.47 | 14.28        | 19.3   | 17.42   |
| P/S F12M                   | Current       | 3.84  | 3.03         | 2.9    | 2.68    |
|                            | 5-Year High   | 5.02  | 3.73         | 3.58   | 3.43    |
|                            | 5-Year Low    | 2.15  | 1.85         | 2.3    | 2.54    |
|                            | 5-Year Median | 3.15  | 2.55         | 3.02   | 3       |
| EV/EBITDA TTM              | Current       | 14.49 | 11.33        | 9.89   | 9.16    |
|                            | 5-Year High   | 18.34 | 15.13        | 12.92  | 12.88   |
|                            | 5-Year Low    | 6.56  | 5.37         | 7.59   | 8.27    |
|                            | 5-Year Median | 11.31 | 9.58         | 10.6   | 10.78   |

As of 03/26/2020

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## Industry Analysis Zacks Industry Rank: Top 20% (51 out of 253)



## Top Peers

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

| Industry Comparison Industry: Computer - Mini Computers |              |            |           | Industry Peers |               |                 |
|---------------------------------------------------------|--------------|------------|-----------|----------------|---------------|-----------------|
|                                                         | AAPL Neutral | X Industry | S&P 500   | HPQ Outperform | LNVGY Neutral | MSFT Outperform |
| <b>VGM Score</b>                                        | <b>C</b>     | -          | -         | <b>A</b>       | <b>A</b>      | <b>C</b>        |
| Market Cap                                              | 1,130.80 B   | 16.04 B    | 18.50 B   | 25.65 B        | 6.43 B        | 1,187.38 B      |
| # of Analysts                                           | 10           | 3.5        | 13        | 4              | 2             | 14              |
| Dividend Yield                                          | 1.19%        | 1.91%      | 2.35%     | 3.93%          | 2.63%         | 1.31%           |
| <b>Value Score</b>                                      | <b>D</b>     | -          | -         | <b>A</b>       | <b>A</b>      | <b>D</b>        |
| Cash/Price                                              | 0.11         | 0.20       | 0.07      | 0.21           | 0.60          | 0.13            |
| EV/EBITDA                                               | 14.26        | 4.29       | 11.16     | 5.49           | 3.08          | 19.35           |
| PEG Ratio                                               | 1.95         | 1.88       | 1.74      | 3.88           | 0.58          | 2.15            |
| Price/Book (P/B)                                        | 12.63        | 1.73       | 2.44      | NA             | 1.60          | 10.78           |
| Price/Cash Flow (P/CF)                                  | 16.94        | 11.67      | 9.87      | 6.40           | 4.61          | 24.57           |
| P/E (F1)                                                | 20.03        | 8.43       | 15.29     | 7.77           | 8.43          | 27.84           |
| Price/Sales (P/S)                                       | 4.22         | 0.93       | 1.93      | 0.44           | 0.12          | 8.84            |
| Earnings Yield                                          | 4.99%        | 8.43%      | 6.47%     | 12.88%         | 11.87%        | 3.59%           |
| Debt/Equity                                             | 1.04         | 0.31       | 0.70      | -2.41          | 0.53          | 0.64            |
| Cash Flow (\$/share)                                    | 15.26        | 2.56       | 7.01      | 2.80           | 2.32          | 6.35            |
| <b>Growth Score</b>                                     | <b>B</b>     | -          | -         | <b>B</b>       | <b>A</b>      | <b>C</b>        |
| Hist. EPS Growth (3-5 yrs)                              | 9.54%        | -8.08%     | 10.85%    | -8.88%         | -7.29%        | 17.68%          |
| Proj. EPS Growth (F1/F0)                                | 8.46%        | 19.94%     | 2.89%     | 3.12%          | 28.28%        | 18.06%          |
| Curr. Cash Flow Growth                                  | -3.74%       | 2.29%      | 5.93%     | 8.32%          | 46.98%        | 19.70%          |
| Hist. Cash Flow Growth (3-5 yrs)                        | 7.40%        | -5.50%     | 8.55%     | -18.40%        | 11.30%        | 11.99%          |
| Current Ratio                                           | 1.60         | 1.22       | 1.23      | 0.73           | 0.84          | 2.80            |
| Debt/Capital                                            | 50.97%       | 34.79%     | 42.57%    | NA             | 34.79%        | 39.05%          |
| Net Margin                                              | 21.49%       | 3.30%      | 11.64%    | 5.16%          | 1.43%         | 33.02%          |
| Return on Equity                                        | 60.19%       | 4.02%      | 16.74%    | -261.23%       | 17.95%        | 40.41%          |
| Sales/Assets                                            | 0.80         | 1.21       | 0.54      | 1.81           | 1.62          | 0.48            |
| Proj. Sales Growth (F1/F0)                              | 2.69%        | -0.28%     | 2.37%     | -4.79%         | -3.25%        | 12.30%          |
| <b>Momentum Score</b>                                   | <b>D</b>     | -          | -         | <b>F</b>       | <b>B</b>      | <b>D</b>        |
| Daily Price Chg                                         | 5.26%        | 6.97%      | 6.21%     | 16.65%         | 5.42%         | 6.26%           |
| 1 Week Price Chg                                        | -17.53%      | -15.95%    | -16.96%   | -18.80%        | -14.36%       | -13.52%         |
| 4 Week Price Chg                                        | -5.51%       | -16.17%    | -15.70%   | -18.01%        | -14.33%       | -1.31%          |
| 12 Week Price Chg                                       | -13.95%      | -13.83%    | -23.67%   | -13.71%        | -22.74%       | -2.81%          |
| 52 Week Price Chg                                       | 36.94%       | -17.52%    | -13.99%   | -5.58%         | -40.46%       | 33.51%          |
| 20 Day Average Volume                                   | 76,733,800   | 9,439,917  | 4,286,768 | 16,027,642     | 61,572        | 75,579,768      |
| (F1) EPS Est 1 week change                              | -1.21%       | -2.58%     | -0.15%    | -3.95%         | 0.00%         | -0.13%          |
| (F1) EPS Est 4 week change                              | -5.50%       | -4.62%     | -2.28%    | -3.75%         | 0.00%         | -0.56%          |
| (F1) EPS Est 12 week change                             | -1.36%       | 0.02%      | -3.22%    | 1.40%          | 9.48%         | 4.79%           |
| (Q1) EPS Est Mthly Chg                                  | -16.65%      | -9.30%     | -1.60%    | -1.96%         | 0.00%         | -2.61%          |

## 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    | <b>D</b> |
| Growth Score   | <b>B</b> |
| Momentum Score | <b>D</b> |
| VGM Score      | <b>C</b> |

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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