

AbbVie Inc. (ABBV)

\$106.84 (As of 02/08/21)

Price Target (6-12 Months): **\$114.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 07/13/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:A

Value: B

Growth: B

Momentum: B

Summary

AbbVie beat Q4 estimates for earnings and sales. AbbVie's key drug, Humira continues to see strong demand trends in the United States. AbbVie has been successful in expanding labels of its cancer drugs, Imbruvica and Venclexta. It has an impressive late-stage pipeline with several early/mid-stage candidates that have blockbuster potential. Its two new immunology drugs, Skyrizi and Rinvoq, performed beyond expectations in 2020. Allergan's acquisition has diversified AbbVie's revenue base into new therapeutic areas, enhancing its long-term growth potential. AbbVie's shares have outperformed the industry in the past one year. However, sales erosion due to direct biosimilar competition to Humira in international markets is a big headwind. Also, the decline in HCV drug Mavyret's sales is a concern.

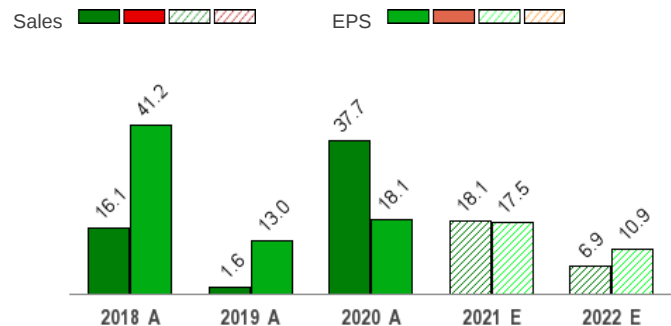
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$113.41 - \$62.55
20-Day Average Volume (Shares)	7,666,578
Market Cap	\$192.0 B
Year-To-Date Price Change	1.5%
Beta	0.83
Dividend / Dividend Yield	\$5.20 / 4.9%
Industry	Large Cap Pharmaceuticals
Zacks Industry Rank	Bottom 30% (175 out of 251)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	2.5%
Last Sales Surprise	1.0%
EPS F1 Estimate 4-Week Change	2.4%
Expected Report Date	05/07/2021
Earnings ESP	0.0%
P/E TTM	10.4
P/E F1	8.6
PEG F1	1.5
P/S TTM	4.2

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022					57,820 E
2021	12,594 E	13,201 E	13,566 E	15,023 E	54,090 E
2020	8,619 A	10,425 A	12,902 A	13,858 A	45,804 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$3.25 E	\$3.40 E	\$3.68 E	\$3.75 E	\$13.76 E
2021	\$2.75 E	\$3.09 E	\$3.21 E	\$3.36 E	\$12.41 E
2020	\$2.42 A	\$2.34 A	\$2.83 A	\$2.92 A	\$10.56 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 02/08/2021. The report's text and the analyst-provided price target are as of 02/09/2021.

Overview

North Chicago, IL-based AbbVie has become one of the top-most pharma companies after it acquired Botox maker Allergan in a cash-and-stock deal for \$63 billion in May 2020. The deal has transformed AbbVie's portfolio by lowering its dependence on Humira, its flagship product, which has already lost patent protection in Europe and is due to face biosimilar competition in the United States in 2023. AbbVie has one of the most popular cancer drugs in its portfolio, Imbruvica and its newest immunology drugs Skyrizi (risankizumab) and Rinvoq (upadacitinib) position it well for long-term growth.

AbbVie came into existence on Jan 1, 2013, after Abbott Laboratories divested its pharmaceutical division. It announced a definitive agreement to buy Allergan on Jun 24, 2019. AbbVie paid Allergan a price of \$120.30 in cash and 0.8660 AbbVie shares per Allergan share. The deal closed in May 2020.

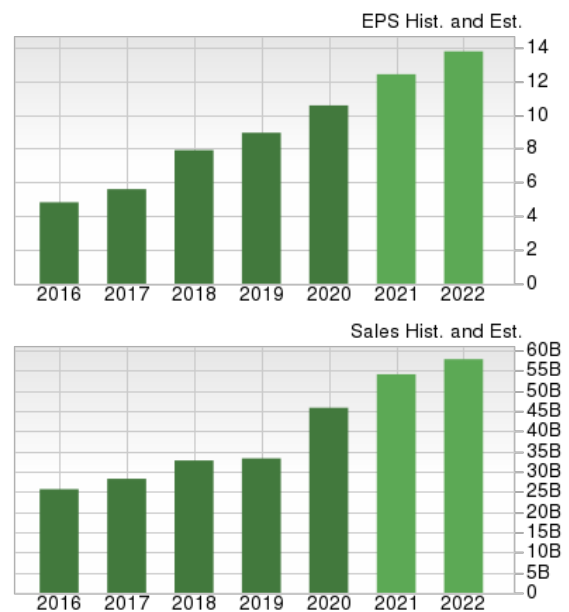
AbbVie enjoys leadership positions in key therapeutic areas including immunology, hematologic oncology, neuroscience, aesthetics, eye care and women's health.

Humira is approved for several autoimmune diseases like rheumatoid arthritis (RA), active psoriatic arthritis, active ankylosing spondylitis, Crohn's disease and others. Imbruvica (hematological cancers – approved for 11 indications in six distinct disease areas) became part of the company's portfolio following the Pharmacyclics acquisition. Humira and Imbruvica accounted for 58% and 11.6%, respectively, of AbbVie's total revenues in 2020.

Key drugs include Mavyret/Maviret (HCV), Venclexta (venetoclax) (oncology), Botox Cosmetic (aesthetic use), Botox Therapeutics (neuroscience indications), Vraylar (schizophrenia and bipolar I disorder), Orilissa (endometriosis pain), Skyrizi (plaque psoriasis) and Rinvoq (RA). The company also has partnerships with companies like Roche and J&J.

In June 2016, AbbVie acquired cancer drugmaker, Stemcentrx in a cash-and-stock deal worth \$5.8 billion.

AbbVie reported total sales of \$45.8 billion in 2019, up 37.6% on a reported basis and 3.3% on a comparable operational basis.



Source: Zacks Investment Research

Reasons To Buy:

- ▲ **Shares Outperforming Industry:** AbbVie shares have risen 18.7% in the past one year, outperforming the industry's increase of 6.3%.
- ▲ **Humira U.S. Sales Going Strong:** AbbVie's flagship product, Humira, continues to drive revenues. Humira, an anti-inflammatory product, is the anti-tumor necrosis factor (TNF) drug of choice. Humira continues to witness strong demand trends despite new mechanisms of action and competition from indirect biosimilars. Currently approved for 12 indications, Humira sales have increased consistently backed by robust demand trends. The product continues to see strong growth in the dermatology and gastroenterology markets in the United States. Though biosimilar versions of Humira are already approved by the Food and Drug Administration (FDA), per settlements with several companies, biosimilar entry into the United States is scheduled for 2023, thus delaying direct biosimilar competition in the country.

AbbVie's key drug Humira'd demand trends are strong in United States. Imbruvica has multi-billion dollar potential. AbbVie has been successful in expanding approvals for its cancer drugs, Imbruvica and Venclexta.

- ▲ **Allergan Deal Diversifies Portfolio:** AbbVie's acquisition of Allergan significantly expanded and diversified its revenue base with new therapeutic areas, enhancing its long-term growth potential. The acquisition strengthened AbbVie's existing leadership position in immunology and hematological oncology while providing additional growth franchises in aesthetics and neuroscience. AbbVie's rationale behind the Allergan deal was to add a new blockbuster product to its portfolio, Allergan's Botox, ahead of generic competition for Humira. Humira generics are already denting revenues in Europe and are expected to be launched in the United States in 2023. AbbVie is heavily dependent on Humira and is looking to diversify its portfolio. Approved for therapeutic and aesthetic use, Botox is a key top-line driver for Allergan and looks fit to be the next revenue driver for AbbVie after Humira loses exclusivity in the United States. AbbVie expects to realize \$2 billion in cost synergies by the third year (2022) post the closure of the Allergan acquisition.
- ▲ **Collaborations and Agreements to Strengthen Pipeline:** We are positive on AbbVie's efforts to strengthen its pipeline. The company has been actively pursuing partnership deals and collaborations for candidates across several therapeutic areas including oncology, immunology, neuroscience, cystic fibrosis and women's health. Some partners include Roche (Venclexta – oncology), J&J (Imbruvica – cancer) and Boehringer Ingelheim (Skyrizi– psoriasis) among others. In 2020, AbbVie signed oncology deals with Genmab (jointly develop and commercialize Genmab's three early-stage investigational bispecific antibody therapeutics) and I-Mab Biopharma (development and commercialization of lemparlimab for multiple cancers) to boost long-term growth of the hematology/oncology franchise. We believe the company will continue pursuing such deals to grow its pipeline.
- ▲ **Growing Oncology Portfolio:** AbbVie believes that oncology will be its major growth driver over the next 10 years. The acquisition of Pharmacyclics in May 2015 added Imbruvica to AbbVie's portfolio and diversified the company's revenue base. AbbVie has built a substantial oncology franchise with Imbruvica and Venclexta, which generated combined revenues of nearly \$5.5 billion in 2019 and \$6.7 billion in 2020.

Imbruvica, currently approved for 11 indications, has multi-billion dollar potential and AbbVie is exploring the potential to expand Imbruvica's label into solid tumors and autoimmune diseases. Several studies on Imbruvica are ongoing to evaluate the drug alone or in combination in different patient segments. AbbVie is positioning Imbruvica as a "pipeline in a molecule" - the treatment is in several company-sponsored studies.

AbbVie is also studying Venclyxto/Venclexta to expand the label to address the broader relapsed/refractory chronic lymphocytic leukemia (CLL) patient population, expand into earlier lines of therapy, and broaden into other hematologic malignancies like multiple myeloma and AML. AbbVie expects to release data from a phase III study on Venclexta in myelodysplastic syndrome or MDS and combination data for Imbruvica and Venclexta in previously treated MCL and frontline chronic lymphocytic leukemia in 2021. Label expansion approvals in the past couple of years have expanded the eligible patient population of Venclexta significantly, which is boosting sales from the drug.

- ▲ **Successful New Drugs:** Key recent FDA approvals include that of Oriahnn(elagolix) for reducing heavy menstrual bleeding (HMB) in premenopausal women with uterine fibroids in May 2020, Orilissa (elagolix) for management of pain associated with endometriosis, a common gynecologic disorder in July 2018, Ubrelvy, an oral CGRP for acute migraine in December 2019, Skyrizi (risankizumab) for plaque psoriasis in April 2019 and Rinvoq (upadacitinib) for moderate-to-severe rheumatoid arthritis (RA) in August 2019. Skyrizi and Rinvoq have demonstrated differentiated clinical profiles versus Humira and are gradually lowering AbbVie's dependence on Humira. Importantly, Skyrizi and Rinvoq are performing beyond management expectations. With many new indications coming in the next couple of years, sales of these drugs could be higher and have the potential to replace Humira when generics are launched in 2023. AbbVie expects combined revenues of these two drugs to be more than \$15 billion by 2025. Meanwhile, Ubrelvy represents a \$1 billion-plus peak sales opportunity.
- ▲ **Promising Pipeline:** AbbVie has a deep pipeline consisting of several interesting late-stage candidates. Promising candidates include risankizumab (Crohn's disease and psoriatic arthritis - phase III, phase II for ulcerative colitis) upadacitinib (Crohn's disease, ulcerative colitis and giant cell arteritis - phase III; ankylosing spondylitis & psoriatic arthritis – under review in United States & approved in EU; atopic dermatitis – under review in United States and EU), navitoclax (phase III for myelofibrosis) ABBV-8E12 (phase II for early Alzheimer's disease), veliparib (phase III for frontline ovarian cancer and BRCA-mutated breast cancer), atogepant (under review for prevention of episodic migraine) and ABBV-951 (phase III for Parkinson's disease). Meanwhile, two phase III studies are ongoing to evaluate Vraylar in major depressive disorder with data expected in 2021. Studies are also ongoing to evaluate new indications for Botox and Juvederm Collection of fillers. AbbVie expects approval of more than a dozen new products/line extensions for major indications over the next two years, which can collectively add meaningful revenue growth in advance of the U.S. Humira loss of exclusivity.-

Reasons To Sell:

▼ **Humira Biosimilars Eroding International Sales:** Several companies have made biosimilar versions of Humira. With Humira accounting for around 60% of AbbVie's sales, the entry of biosimilars would have a huge impact on the company's financials. Per settlements with several manufacturers, Humira biosimilars are expected to be launched in the United States in 2023. In the international markets, AbbVie is facing direct biosimilar competition in Europe and other countries. Humira biosimilars were launched in the EU in October 2018 and are rapidly eroding international sales from the branded drug. Humira international sales declined 31.1% in 2019 and 7% in 2020 due to generic competition. Humira sales could also feel the impact of competition from biosimilar versions of other products like Remicade and Enbrel.

Sales erosion due to direct biosimilar competition to Humira in international markets is a big headwind.

▼ **Declining Mavyret Sales:** Sales of AbbVie's relatively newer HCV medicine, Mavyret has declined since 2018 primarily driven by lower patient volumes in certain international markets and competitive dynamics in the United States.

▼ **Intense Competition for Key Products:** While Humira U.S. sales continue to be impressive, we are concerned about intense competition in the market in the form of Johnson & Johnson's Simponi and UCB's Cimzia among others. Increasing competition from new classes of drugs could lead to a slowdown in Humira's market share gains. Meanwhile, Kaletra faces intense competition in the HIV market from players like Gilead, Bristol-Myers, and Johnson & Johnson.

▼ **Pipeline and Regulatory Setbacks:** While we believe that AbbVie has an impressive pipeline, we note that clinical development involves a high degree of risk. Gaining approval for pipeline candidates has become more difficult given the tough regulatory environment. Development and regulatory setbacks for late-stage pipeline candidates would be a major disappointment for the company.

Among more recent setbacks, in August 2019, AbbVie discontinued development of rovalpituzumab tesirine or Rova-T due to poor/no survival benefit observed for patients treated with Rova-T in three studies. Rova-T was added to AbbVie's portfolio, following the acquisition of Stemcentrx in June 2016. The failure of Rova-T brought into question the viability of the Stemcentrx deal.

In March 2019, the FDA placed a partial clinical hold on all studies evaluating Venclexta for the treatment of multiple myeloma. The decision was taken after, in the ongoing phase III BELLINI study, a higher proportion of deaths were observed in the Venclexta arm compared to the control arm of the study. In May 2019, a phase III study evaluating depatuxizumab mafodotin (Depatux-M) failed to show any survival benefit in patients with newly diagnosed glioblastoma, an aggressive form of brain cancer. As a result, AbbVie stopped enrollment in all ongoing Depatux-M studies.

Last Earnings Report

AbbVie Q4 Earnings & Sales Top, 2021 Outlook Bright

AbbVie reported earnings of \$2.92 per share for the fourth quarter of 2020, comfortably beating the Zacks Consensus Estimate of \$2.85 and exceeding the guided range of \$2.83-\$2.85. Earnings rose 32.1% year over year

Revenues of \$13.90 billion beat the Zacks Consensus Estimate of \$13.72 billion as well as the guided range of approximately \$13.8 billion. Sales rose 59.2% year over year on a reported basis. However, on a comparable operational basis, revenues increased 6.8%. The comparable operational growth rate includes full quarter, current year, and historical results for Allergan on a pro-forma basis and are presented on a constant currency basis.

Sales growth was driven by higher sales in Immunology and oncology/hematology franchises though COVID-19 continued to hurt sales of some products. A rapid recovery in Aesthetics sales also boosted total revenues in the quarter.

Quarter in Details

In the immunology franchise, Humira sales rose 4.8% (up 4.4% on a comparable operational basis) to \$5.15 billion as higher U.S. sales were offset by a decline in international markets.

Sales in the United States climbed 8.2% to \$4.29 billion. Humira sales in the ex-U.S. markets were down 11.4% on an operational basis and 9.4% on a reported basis to \$859 million. International sales were severely impacted by the launch of several direct biosimilar drugs in Europe and other international markets.

In 2021, Humira is expected to record revenue growth of approximately 8% in the United States. International Humira sales are expected to approach \$3.0 billion.

New immunology drugs, Skyrizi and Rinvoq registered sales of \$525 million and \$281 million, respectively. In the previous quarter, Skyrizi and Rinvoq had recorded sales of \$435 million and \$215 million, respectively. Strong sequential growth in sales of both drugs in the past couple of quarters reflects strong uptake.

In 2021, AbbVie expects combined Rinvoq and Skyrizi revenues of approximately \$4.6 billion, which is almost double from 2020 levels based on their continued strong uptake in RA and psoriasis as well as Rinvoq's anticipated approvals in PSA, ankylosing spondylitis and atopic dermatitis later in 2021. Skyrizi global sales are expected to be approximately \$2.9 billion while Rinvoq global sales are expected to be approximately \$1.7 billion.

AbbVie's oncology/hematology (including Imbruvica and Venclexta) sales rose 15.5% on an operational basis to \$1.79 billion in the quarter, driven by strong growth of both Imbruvica and Venclexta.

Fourth-quarter net revenues from Imbruvica were \$1.42 billion, up 9.8% year over year. U.S. sales of Imbruvica grossed \$1.17 billion, up 8.6% from the year-ago figure. AbbVie's share of profit from International sales of the drug rose 15.7% to \$259 million.

Venclexta generated revenues of \$365 million in the reported quarter, reflecting growth of 45% year over year on an operational basis.

In 2021, AbbVie expects its hem/onc portfolio to grow at a double-digit rate with Imbruvica global revenues of approximately \$5.7 billion and Venclexta global sales of approximately \$1.8 billion.

In Aesthetics franchise, Botox Cosmetic net revenues were \$493 million, up 9.1% on a comparable operational basis. Juvederm Collection of filler recorded sales of \$331 million, down 4% on a comparable operational basis. Sales of both the products demonstrated a rapid V-shaped recovery from the COVID-19 pandemic in the second half of 2020.

In 2021, AbbVie expects global aesthetics franchise to generate global sales of approximately \$4.5 billion, including approximately \$1.8 billion from Botox Cosmetic and approximately \$1.3 billion from Juvederm. In fact, AbbVie expects the aesthetics business to grow in the high-single digit range over the next decade.

In Neuroscience franchise, Botox Therapeutic net revenues decreased 1% year over year on a comparable operation basis to \$567 million. Vraylar sales were up 38% to \$401 million. Duodopa sales rose 4.6% to \$129 million. New drug Ubrelevy recorded revenues of \$65 million in the quarter compared with \$38 million in the previous quarter.

In 2021, AbbVie expects its neuroscience portfolio to grow at a double-digit rate to approximately \$5.7 billion, including Botox Therapeutic sales of approximately \$2.3 billion, Vraylar sales of approximately \$1.8 billion, and Ubrelevy sales of approximately \$400 million.

In Eye Care, Restasis sales of \$344 million declined 1.0% on a comparable operational basis. In 2021, Eye Care sales are expected to be approximately \$2.9 billion. No generic competition is expected for Restasis in the first half of the year.

In Women's Health, Lo Loestrin's sales of \$142 million declined 14.1% on a comparable operational basis. Orilissa/Oriahnn recorded sales of \$38 million, up 10.7% year over year.

Among other key drugs, Mavyret sales totaled \$481 million, down 24.9% on a comparable operational basis.

Quarter Ending 12/2020

Report Date	Feb 03, 2021
Sales Surprise	0.99%
EPS Surprise	2.46%
Quarterly EPS	2.92
Annual EPS (TTM)	10.51

Costs Rise

Adjusted gross margin was 81.8% in the quarter. Adjusted SG&A expenses increased 64% to \$3.09 billion while R&D expenses were \$1.75 billion in the fourth quarter, rising 31.6% year over year. Adjusted operating margin represented 46.9% of sales, an improvement of 230 basis points versus the prior year.

2020 Results

AbbVie reported revenues of \$45.8 billion, up 37.7% year over year. The company's adjusted earnings for 2020 were \$10.56 per share, up 18.1% from the year-ago period.

2021 Guidance

AbbVie issued its financial guidance for 2021. The company expects adjusted EPS to be in the range of \$12.32-\$12.52, suggesting year-over-year growth of 17.6% at the midpoint. In 2021, AbbVie expects comparable operational sales growth of approximately 9.4%. Currency is expected to have a 1% favorable impact on full-year comparable sales growth.

AbbVie expects the pandemic to have a negative impact on its sales in the first of 2021 but the impact is expected to moderate from 2020 levels.

Adjusted gross margin is expected to be approximately 83% of sales in 2021. R&D expenses are expected to be approximately \$6.6 billion and adjusted SG&A expense are expected to be approximately \$11.8 billion in 2021.

Adjusted operating margin is expected to be approximately 50% of sales, representing an improvement of roughly 200 basis points versus 2020.

First-Quarter 2021 Outlook

First-quarter earnings are expected between \$2.79 and \$2.83 per share. AbbVie expects adjusted revenues of approximately \$12.7 billion in the first quarter. Adjusted operating margin is expected to be approximately 50% of sales.

Long Term Guidance

The company also provided long-term sales outlook. It expects sales growth to remain strong till Humira loses patent exclusivity in 2023. AbbVie expects sales to decline in 2023 but modest top-line growth in 2024. It expects strong sales growth to return in 2025, followed by a high-single digit compound annual growth rate till 2030.

Recent News

EU Approval to Rinvoq for Two New Indications – Jan 25

AbbVie announced that the European Commission granted approval to Rinvoq for expanded use in two additional rheumatic indications, active psoriatic arthritis and active ankylosing spondylitis. Rinvoq is presently approved to treat rheumatoid arthritis in Europe. Regulatory applications seeking approval of Rinvoq for these two indications as well as atopic dermatitis are under review in the United States.

Inks Deal to Acquire Medical Device Company – Jan 12

Allergan Aesthetics, a wholly owned subsidiary of announced that it has entered into a warrant agreement with Chicago-based privately held medical device company, Cypris Medical.

Upon completion of a clinical study, which is to be initiated in the ongoing year, Allergan Aesthetics will have an option to acquire Cypris Medical as well as the latter's Xact device, which is a minimally invasive alternative option for performing face and neck lifts.

Allergan Aesthetics and Cypris Medical will partner to conduct the study, which will evaluate the safety and effectiveness of Xact in treating midface descent as well as for neck lifts. Notably, Xact's innovative technology provides patients surgery-like results but in a minimally invasive manner and without use of the scalpel.

Skyrizi Meets Goal in Crohn's Disease Studies – Jan 7

AbbVie announced data from two phase III induction studies evaluating Skyrizi in adult patients with moderate-to-severe Crohn's disease. The data showed that a significantly greater proportion of such patients treated with either dose of Skyrizi (600 mg or 1200 mg) met primary endpoints, demonstrating statistically significant results for clinical remission and endoscopic response after 12 weeks of treatment compared to placebo. Skyrizi is presently approved to treat moderate-to-severe plaque psoriasis.

Skyrizi Meets Goal in Psoriatic Arthritis Studies – Jan 5

AbbVie announced top-line data from two phase III studies evaluating Skyrizi (risankizumab) for active psoriatic arthritis. The data showed that significantly more patients treated with risankizumab (150 mg) achieved the primary endpoint of ACR20 response at week 24 versus placebo. The candidate also showed significant improvements in skin clearance, physical function and minimal disease activity, which were the studies' secondary endpoints, at week 24

Valuation

AbbVie's shares have risen 0.9% in the year-to-date period and 18.7% over the trailing 12-month period. Stocks in the Zacks sub-industry and sector are up 1.1% and 4.9%, respectively in the year-to-date period. Over the past year, stocks in the sub-industry and sector are 6.3% and 7.4%, respectively.

The S&P 500 Index is up 4.2% in the year-to-date period and 20.2% in the past year.

The stock is currently trading at 8.51X forward 12-month earnings per share, which compares with 14.12X for the Zacks sub-industry, 22.84X for the Zacks sector and 22.8X for the S&P 500 index.

Over the past five years, the stock has traded as high as 17.99X and as low as 5.96X, with a 5-year median of 10.84X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$114 price target reflects 9.1X forward 12-month earnings per share.

The table below shows summary valuation data for ABBV

Valuation Multiples - ABBV					
		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	8.51	14.12	22.84	22.8
	5-Year High	17.99	16.62	22.86	23.8
	5-Year Low	5.96	13.18	15.9	15.3
	5-Year Median	10.84	15.04	19.14	17.85
P/S F12M	Current	3.35	4.45	2.84	4.54
	5-Year High	6.22	4.85	3.17	4.54
	5-Year Low	1.94	3.88	2.26	3.2
	5-Year Median	3.63	4.43	2.84	3.68
P/B TTM	Current	12.34	6.57	4.53	3.66
	5-Year High	47.45	7.37	5.11	6.66
	5-Year Low	N/A	3.69	3.02	3.73
	5-Year Median	12.17	5.38	4.37	4.95

As of 2/8/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 30% (175 out of 251)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Bayer Aktiengesellschaft (BAYRY)	Neutral	3
GlaxoSmithKline plc (GSK)	Neutral	3
Eli Lilly and Company (LLY)	Neutral	3
Merck & Co., Inc. (MRK)	Neutral	3
Novartis AG (NVS)	Neutral	3
Pfizer Inc. (PFE)	Neutral	3
Sanofi (SNY)	Neutral	3
Roche Holding AG (RHHBY)	Underperform	4

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Large Cap Pharmaceuticals				Industry Peers		
	ABBV	X Industry	S&P 500	BAYRY	GSK	MRK
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	3	3
VGM Score	A	-	-	C	A	A
Market Cap	191.96 B	191.78 B	27.69 B	NA	88.45 B	191.78 B
# of Analysts	7	2	13	3	6	7
Dividend Yield	4.78%	2.33%	1.43%	3.15%	5.78%	3.43%
Value Score	B	-	-	B	A	B
Cash/Price	0.04	0.06	0.06	NA	0.09	0.04
EV/EBITDA	22.00	15.63	14.96	NA	10.16	13.81
PEG F1	1.46	2.05	2.44	6.46	3.70	1.73
P/B	12.56	5.11	3.71	1.71	3.31	6.55
P/CF	10.34	11.75	15.54	4.83	10.84	11.22
P/E F1	8.61	13.43	20.33	8.72	11.77	12.24
P/S TTM	4.19	4.13	3.01	NA	2.02	4.00
Earnings Yield	11.41%	7.47%	4.83%	11.49%	8.48%	8.18%
Debt/Equity	5.38	0.76	0.68	1.12	1.13	0.90
Cash Flow (\$/share)	10.33	3.37	6.78	3.48	3.27	6.69
Growth Score	B	-	-	D	C	C
Historical EPS Growth (3-5 Years)	21.40%	6.69%	9.46%	-4.05%	5.19%	11.21%
Projected EPS Growth (F1/F0)	17.48%	6.50%	13.31%	0.00%	0.50%	4.29%
Current Cash Flow Growth	8.78%	2.90%	4.43%	-8.03%	-24.05%	5.54%
Historical Cash Flow Growth (3-5 Years)	19.92%	6.96%	8.19%	6.30%	0.29%	0.15%
Current Ratio	0.95	1.23	1.37	1.10	0.91	1.30
Debt/Capital	84.33%	41.50%	41.33%	52.78%	52.96%	47.35%
Net Margin	10.08%	16.59%	10.59%	-22.32%	16.69%	14.73%
Return on Equity	235.97%	34.07%	14.84%	14.23%	28.50%	54.31%
Sales/Assets	0.35	0.43	0.51	0.34	0.42	0.54
Projected Sales Growth (F1/F0)	21.88%	8.07%	6.14%	-0.89%	5.53%	7.65%
Momentum Score	B	-	-	C	C	A
Daily Price Change	-1.74%	-0.02%	0.38%	-0.62%	0.57%	-1.00%
1-Week Price Change	6.10%	-4.29%	-4.02%	11.03%	-5.34%	-1.65%
4-Week Price Change	-2.00%	0.96%	0.24%	8.26%	-6.51%	-11.72%
12-Week Price Change	8.62%	5.20%	10.12%	18.10%	-6.83%	-6.41%
52-Week Price Change	12.76%	-6.14%	7.73%	-20.63%	-20.51%	-12.40%
20-Day Average Volume (Shares)	7,666,578	4,431,245	2,075,178	487,503	5,990,792	10,105,192
EPS F1 Estimate 1-Week Change	2.36%	0.00%	0.00%	0.00%	-2.50%	7.62%
EPS F1 Estimate 4-Week Change	2.41%	0.68%	0.46%	0.87%	-2.65%	7.86%
EPS F1 Estimate 12-Week Change	2.98%	2.51%	1.32%	2.65%	-1.86%	7.89%
EPS Q1 Estimate Monthly Change	-4.57%	1.11%	0.08%	2.47%	-20.48%	NA

Source: Zacks Investment Research

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 maintain a 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	A
Growth Score	B
Momentum Score	B
VGM Score	A

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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Returns quoted represent past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a medium-term price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the most recent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every \$1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at \$35 and expected to earn \$3 per share in the current fiscal year (F1), would be 0.0857 ($3/35 = 0.0857$) or 8.57%. In other words, for \$1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow (\$/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every \$1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every \$1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated \$2.50 in sales for every \$1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is \$1.10 now versus \$1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from \$1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.