Aug 03, 2020

Boston Scientific (BSX)

$38.57 (As of 07/31/20)

Price Target (6-12 Months): **$36.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 07/20/20) Prior Recommendation: Neutral	**Underperform**
Short Term: 1-3 Months	**Zacks Rank:** (1-5) Zacks Style Scores: Value: C | Growth: F | Momentum: C	**3-Hold** VGM:F

Summary

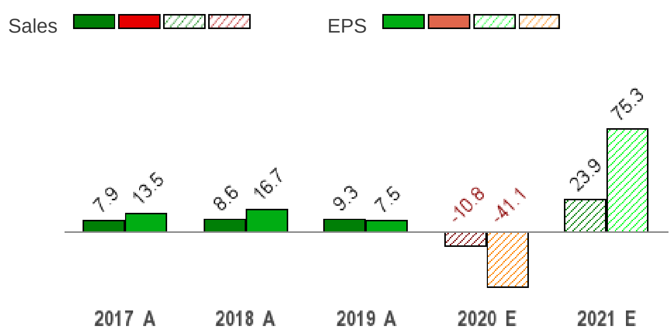
Boston Scientific's second quarter 2020 earnings and revenues were disappointing. Sales at each of its core business segments and geographies were significantly down in the reported quarter, affected by lower demand for non-COVID-19 healthcare products and elective procedures. Despite the company's reduction in operational expenses, both the margins contracted massively on huge revenue loss. This time too, the company could not come out with any update on its full-year guidance. Over the past six months, Boston Scientific underperformed its industry. However, Boston Scientific's MedSurg arm is expected to recover faster than other core segments due to comparatively less deferral procedures. BTG interventional medicines has performed well. We are also optimistic about the company's investments to drive Electrophysiology.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$46.62 - $24.10**
20 Day Average Volume (sh)	**8,820,205**
Market Cap	**$54.0 B**
YTD Price Change	**-14.7%**
Beta	**0.92**
Dividend / Div Yld	**$0.00 / 0.0%**
Industry	**Medical - Products**
Zacks Industry Rank	**Bottom 27% (185 out of 253)**
Last EPS Surprise	**300.0%**
Last Sales Surprise	**22.1%**
EPS F1 Est- 4 week change	**2.2%**
Expected Report Date	**NA**
Earnings ESP	**7.2%**
P/E TTM	**31.9**
P/E F1	**41.5**
PEG F1	**3.8**
P/S TTM	**5.3**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	2,865 E	2,930 E	2,961 E	3,184 E	11,866 E
2020	2,543 A	2,003 A	2,388 E	2,961 E	9,576 E
2019	2,493 A	2,631 A	2,707 A	2,905 A	10,735 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	$0.37 E	$0.41 E	$0.42 E	$0.49 E	$1.63 E
2020	$0.28 A	$0.08 A	$0.24 E	$0.41 E	$0.93 E
2019	$0.35 A	$0.39 A	$0.39 A	$0.46 A	$1.58 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 07/31/2020. The reports text is as of 08/03/2020.

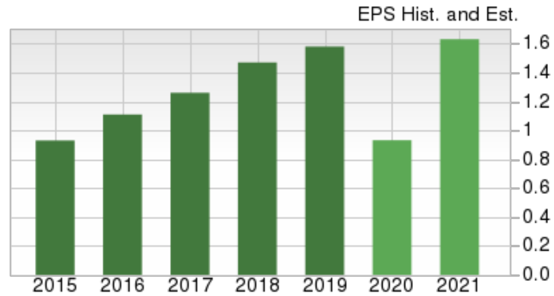
Overview

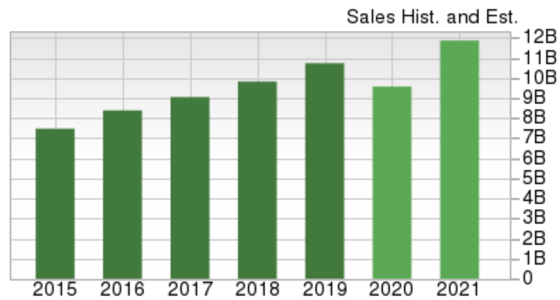
Headquartered in Natick, MA and founded in 1979, Boston Scientific Corporation manufactures medical devices and products used in various interventional medical specialties worldwide. The company has adopted the organic as well as inorganic routes for success.

Boston Scientific currently has 3 global reportable segments viz. Cardiovascular (39.6% of total revenue in 2019; up 10% organically from 2018), Rhythm and Neuro (28.1%; up 1%) and MedSurg (30.2%; up 10.6%).

While Cardiovascular includes Interventional Cardiology (IC) and Peripheral Interventions (PI), Rhythm and Neuro comprises Cardiac Rhythm Management (CRM), Electrophysiology and Neuromodulation. The MedSurg group comprises 2 sub segments, viz. Endoscopy, Urology and Pelvic Health.

The company is one of the leading players in the interventional cardiology market with its coronary stent product offerings. Boston Scientific markets a broad portfolio of internally-developed and self-manufactured drug eluting stents including the Promus PREMIER, Promus Element and Promus Element Plus everolimus-eluting stents. In addition, in Europe, it markets the SYNERGY Everolimus-Eluting Platinum Chromium Coronary Stent System featuring an ultra-thin abluminal (outer) bioabsorbable polymer coating.





The company also markets balloon catheters, rotational atherectomy systems, guide wires, guide catheters, embolic protection devices, and diagnostic catheters used in percutaneous transluminal coronary angioplasty (PTCA) procedures, as well as intravascular ultrasound (IVUS) imaging systems.

Within the CRM segment, the company deals with implantable devices that monitor the heart and deliver electricity to treat cardiac abnormalities. The portfolio includes implantable cardioverter defibrillator (ICD) systems, cardiac resynchronization therapy defibrillator (CRT-D) systems and cardiac resynchronization therapy pacemaker (CRT-P) systems.

Reasons To Sell:

Unfavorable currency movement and product recall were major dampeners during the quarter. Strong competitors in the large medical device market also pose a tough challenge for Boston Scientific.

- **Share Price Movement**: Over the past six months, Boston Scientific underperformed the industry it belongs to. The stock lost 10.1% compared with the 0.4% fall of the industry. The ongoing economic doldrums in the wake of global coronavirus outbreak is slashing down the stock price largely. The global supply chain disruption due to this pandemic is causing a significant slash in the company's revenue as well. In the second quarter, Boston Scientific delivered disappointing year-over-year earnings and revenues performances. Sales at each of its core business segments and geographies were significantly down in the reported quarter, affected by lower demand for non-COVID-19 healthcare products and elective procedures. Despite the company's reduction in operational expenses, both the margins contracted massively on huge revenue loss.

  The uncertainties regarding the duration and impact of the coronavirus pandemic on the company's overall business had earlier compelled Boston Scientific to suspend its previously-issued 2020 financial guidance. This time too, the company could not come out with any update on its full-year guidance.

- **Coronavirus-led Debacle Worrisome for the Business**: In the second quarter, total sales for Boston Scientific declined 29% on an organic basis, reflecting the impact from COVID-19. Specifically, worldwide organic revenue was down 47% in April, down 24% in May and down 17% in June, on an average daily sales basis. On a regional basis, Asia-Pacific declined 14% in the second quarter. Europe, Middle East, Africa declined 26% in the second quarter.

  Meanwhile, the company expects third-quarter revenues to contract on a year-over-year basis, although reporting a sequential improvement. And then, finally in the fourth quarter, Boston Scientific is likely to return to growth, the company projected.

- **Legal Hassle Puts Pressure on Bottom Line**: Boston Scientific continues to incur escalating operating cost on its constant involvement in handling serious legal problems. For instance, in 2019, the FDA ordered manufacturers of surgical mesh intended for transvaginal repair of pelvic organ prolapse (POP) to stop selling and distributing these products. The company is currently working to resolve the mesh litigation, with over 95% of all known claims now settled or in the final stages of settlement. On this, the total legal reserve, of which mesh is included, was $568 million as of Dec 30, 2019, a decline of roughly $35 million versus June 30 and includes an additional $25 million reserve for international settlements. Undoubtedly, these legal expenses are putting huge pressure on Boston Scientific's bottom line.

- **Pacemaker Sales Still Declining**: Declining worldwide pacemaker sales over the recent past continued to weigh on Boston Scientific's CRM results. The company currently anticipates a modest pacer headwind for full-year 2020. However, pacemaker sales should gradually improve in with new product launches (including the launch of RESONATE platform) and easier comps.

- **Exposure to Currency Movement**: With Boston Scientific recording 47% of its sales from the international market, it remains highly exposed to currency fluctuations. Unfavorable currency movements have been a major dampener over the last few quarters, as in the case of other important MedTech players too. In the reported quarter, adverse currency translation had 0.8% negative impact on the company's top line.

- **Competitive Landscape**: The presence of a large number of players has made the medical devices market highly competitive. The company participates in several markets, including Cardiovascular, CRM, Endosurgery and Neuromodulation, where it faces competition from large, well-capitalized companies such as Johnson & Johnson, Abbott, Medtronic, Stryker, Smith & Nephew and Edwards Lifesciences, apart from several other smaller companies.

- **Difficult Solvency Structure**: Boston Scientific exited second-quarter 2020 with cash and cash equivalents of $370 million compared with $217 million at the end of the fourth quarter of 2019. Meanwhile, total debt came up to $10.34 billion, a slight increase from the sequentially-last-reported figure of $10 billion. The reported quarter's total debt was much higher than the corresponding cash and cash equivalent level indicating tough solvency position. Further, the company has current-year-payable debt of $1 billion on its balance sheet, much higher than the present level of cash in hand. This is not good news as during the year of global pandemic when the company is facing procedural deferrals and low demand for non-COVID-19 products, it is not holding sufficient cash for debt repayment.

  The quarter's total debt-to-capital of 42.8% stands at a moderately high level right now. It represents a sequential rise from 38.2% in the fourth quarter. On the other hand, the company's first-quarter interest coverage stands at 1.6%, the lowest in the past four quarters.

Risks

- **MedSurg to Recover Fast despite Coronavirus Fiasco:** Although, a higher mix of non-deferrable procedures within MedSurg business has already resulted in significant decline in trends through the last few months within both Urology and Pelvic health and Endoscopy, Boston Scientific expects these to recover faster than rest of its business segments. More precisely, within urology/pelvic health, sales from the company's stone franchise and SpaceOAR products showing better resilience. In the second quarter, there was faster than expected recovery at prosthetic urology and pelvic floor franchise. Boston Scientific continues to believe, urology/ pelvic health to have one of the faster potential recovery curves aided by a higher office ASE mix for most elective procedures.

  Adding further impetus to this recovery is the recently received positive guidance from the United Kingdom National Institute of Health and Care Excellence (NICE) for Rez??m. Per the guidance, this has been recommended as a minimally invasive treatment for BPH, given the product's effectiveness and significant cost savings.

  Within Endoscopy, the company noted that, recovery has already started from June. As per data, second quarter sales declined 26% year over year. However, in June it dropped only 10% from the year-ago period. This improvement trend continues into July as endoscopy business has a favorable mix of both relatively high acuity and outpatient side of service. ERCP procedures for the pancreas and bile ducts reported trend improvementh as stone removal and tumor biopsies typically cannot be deferred more than four to six weeks. The company also saw a nice recovery in upper endo procedures as well as colonoscopies.

  As a major development, CMS granted a transitional pass-through payment for single use endoscopes, including EXALT D, which went into effect on July 1. According to the company, this will facilitate Medicare patient access in the outpatient setting. The company is also looking forward to the full-market launch of SpyGlass Discover (a single stage approach in treating bile ducts) in both the United States and Europe in the second half of 2020.

- **Long-term Growth Goals Look Impressive:** In 2019, Boston Scientific provided a review of its long-term growth strategy and offered plans for product pipeline and strategic investments. According to the company, this is aimed at improving its clinical and economic outcomes, sustaining category leadership in served markets and expanding into high-growth, adjacent markets. The plan focuses on spaces like category leadership strategy, product diversification into faster-growth markets and expansion of portfolio and capabilities across geographies. In this regard, Boston Scientific noted that in 2018, it invested approximately $1 billion in R&D and also announced 10 strategic acquisitions in support of its category leadership scheme. Based on these investments, the company expects to introduce approximately 75 products by 2022.

  According to the company, by 2022, these product launches will help 80% of its sales to reach high and moderate -growth markets. In terms of geographic growth, Boston Scientific is working on widening its footprint in the emerging markets along with increasing patient access to care and supporting steady broad-based progress through physician training capabilities, channel explosion and local partnerships.

- **BTG Continues to Do Well Within PI:** Boston Scientific's $4.2-billion colossal acquisition of BTG has successfully continued to boost Boston Scientific's PI portfolio even amid the pandemic. BTG has three primary businesses, of which its Interventional Medicine portfolio, including various PI product lines, is the largest. Furthermore, BTG's Interventional Medicine business also boasts a vascular portfolio. In addition to BTG's Interventional Medicine product lines, it also has a specialty pharmaceutical business. With the completion of BTG acquisition, the consolidated company now expects to gain an enhanced category leadership position in interventional oncology, arterial and venous therapies. Boston Scientific earlier expected this business to deliver double-digit growth in 2020.

  Meanwhile, amid the coronavirus mayhem, while the Peripheral Interventions business failed to score positive growth in the second quarter, BTG interventional medicines however, has performed extremely well during the pandemic. It contributed 580 basis points to total growth, led by TheraSpheres which grew low-single-digits in the quarter.

- **Structural Heart, a Long-term Growth Component:** Boston Scientific's structural heart programs are fast building momentum banking on strong performance of the WATCHMAN left atrial appendage closure device and ACURATE TAVR valve. The company noted that, WATCHMAN registered consistent sales improvements since April and accelerated recovery throughout the second quarter and continued the recovery momentum into July as well. In this regard, WATCHMAN has recently received reimbursement in Japan. This apart, the next generation WATCHMAN FLX is strongly capturing the European market. Meanwhile, despite the coronavirus debacle, Boston Scientific has successfully managed the U.S.-launch of FLX in June 2020.

  In terms of ACURATE TAVR, in April, ACURATE neo2 achieved CE Mark and the company is now rolling out accurate neo2 U.S. trial and plans for limited market release in Europe in the second half. In terms of the potential impact of the pandemic on ACURATE TAVR, the company noted that, the TAVR procedures are generally less deferrable than WATCHMAN. Meanwhile, Sentinel, the only cerebral embolic protection device is now being used widely in the U.S. hospitals. Per Boston Scientific's earlier estimates, Sentinel is approaching 20% of the overall U.S. TAVR procedural penetration.

  We believe, the combined strength of WATCHMAN, ACURATE, LOTUS Edge, SENTINEL and Millipede has positioned the company well to capture a strong structural heart market share over the next couple of years. Per a data by Technavio, the global transcatheter mitral valve replacement market is growing stupendously at a CAGR of approximately 22% over 2016-2020. Management is optimistic about this large patient population in this space, which is unfortunately underserved at the moment. Hence, this area represents a lucrative market to be tapped into.

- **LOTUS Edge Relaunches:** Following the controlled launch in Europe, recently, Boston Scientific began a controlled commercial launch of LOTUS Edge Aortic Valve System in United States. As per the latest update, The LOTUS Edge controlled launches are going extremely well. Through the second quarter, LOTUS EDGE continued to see strong utilization within existing accounts. Although, new account openings and geographic expansion slowed down in the second quarter due to the COVID-19 impacts, June and July results with LOTUS EDGE are encouraging. Boston Scientific expects to get back to its regular cadence of account openings in the United States and continue with the launch in Japan in the second half of 2020.

- **Impressive Value-adding Acquisitions:** We are impressed with Boston Scientific's several recent acquisitions that have added numerous products (though many are under development) with immense potential. This, in turn, should help boost the top line in the long term. Apart from the recently-completed acquisition of BTG, the company made a number of strategic acquisitions of late including Millipede (within Structural Heart) Claret Medical, VENITI and Augmenix. These acquisitions all target high-growth markets, enhance the company's category leadership strategy, leverage existing lobal capabilities and further enhance its short-term and long-term growth profile.

  Augmenix acquisition has enhances the company's category leadership strategy in Urology. On the other hand, integration of Claret Medical has broadened the company's structural heart portfolio. Earlier to that, the company announced acquisitions of NxThera and nVision in Urology and Pelvic Health, EmCision in Endoscopy and Securus in EP.

- **New Strategic Investments to Drive Electrophysiology:** We are also looking forward to Boston Scientific's acquisition of Apama Medical which has allowed the company to expand into the single-shot pulmonary vein isolation ablation market, which is a potential $1 billion market by 2022. Through this deal, Boston Scientific aims to expand its suite of arrhythmia solutions which fall under the Electrophysiology sub-segment of the company. In this regard, the global Electrophysiology (EP) market is poised to reach a value of around $8.27 billion by 2022 (per data by Allied Market Research).

  During the second quarter earnings call, the company noted that, its EP recovery is taking place fast. EP sales in the second quarter were down 39% as this franchise has a higher deferrable mix than CRM. However, EP trend has started to improve to down 28% in June on an average daily sales basis and has improved further in July. The company currently awaits, several new product launches in Europe in the second half of 2020. It is currently preparing for the limited market release of POLARx, the second generation single shot cryoablation catheter. Boston Scientific has also received European approval for its four-sensing stable point therapeutic catheter.

Last Earnings Report

Boston Scientific Sees Sluggish Q2 Sales Across Core Segments

Quarter Ending	06/2020
Report Date	Jul 29, 2020
Sales Surprise	22.07%
EPS Surprise	300.00%
Quarterly EPS	0.08
Annual EPS (TTM)	1.21

Boston Scientific Corporation posted adjusted earnings per share (EPS) of 8 cents for the second quarter of 2020, down 79.5% from the year-ago figure. The reported figure came in contrast to the Zacks Consensus Estimate of a loss of 4 cents per share. The reported quarter's adjustments take into consideration certain amortization expense, Acquisition/divestitures-related net charges and impairment charges among others.

Reported loss in the second quarter was 11 cents per share against year-ago EPS of 11 cents.

The significant bottom-line decline indicates the severe impact of the COVID-19 outbreak on the company's global sales during the quarter. We note that the coronavirus mayhem forced the corporate sector to halt production and supply globally.

Revenues in the second quarter plunged 23.9% year over year on a reported basis, down 23.1% on an operational basis (at constant exchange rate or CER). Revenues declined 28.7% on an organic basis (adjusted for foreign currency fluctuations and certain recent acquisitions and divestments) to $2.003 billion. The top line, however, beat the Zacks Consensus Estimate by 22.1%.

Earlier, the company was unable to provide second-quarter sales and EPS guidance due to the ongoing uncertainty associated with the scope and duration of the COVID-19 pandemic.

Q2 Revenues in Detail

In the second quarter, revenues declined 28.4% in the United States on a reported basis (same operationally). Revenues declined 27.2% in the Europe, Middle East and Africa region (down 25.6%); 14.8% in the Asia Pacific zone (down 14%); 49.4% in Latin America and Canada (down 43.1%) and 19.7% in the emerging markets (down 14.6%).

Segmental Analysis

Boston Scientific currently has three global reportable segments: Cardiovascular, Rhythm and Neuro plus MedSurg.

The company generates maximum revenues from Cardiovascular. Sales from its sub segments, namely Interventional Cardiology and Peripheral Interventions were $495 million (down 28.8% year over year organically) and $340 million (down 17.4%), respectively, in the second quarter.

Boston Scientific's Rhythm and Neuro business comprises Cardiac Rhythm Management (CRM), Electrophysiology and Neuromodulation. CRM reflected a 28.8% year-over-year decline in organic sales to $351 million in the reported quarter.

Electrophysiology sales were down 38.9% year over year, organically, to $51 million. Neuromodulation sales declined 42.6% year over year on an organic basis to $122 million.

Other segments like Endoscopy plus Urology and Pelvic Health (under the MedSurg broader group) recorded sales of $348 million (down 25.5% organically) and $228 million (down 32.4%), respectively.

Margins

Gross margin in the second quarter contracted 1068 basis points (bps) year over year to 60.5%. There was a 4.4% rise in the cost of products sold to $798 million.

Selling, general and administrative expenses dropped 17.6% to $798 million while research and development expenses declined 13.6% to $242 million. Meanwhile, royalty expenses of $8 million fell 52.9% year over year. Despite that, adjusted operating margin declined 1492 bps to 8.2% in the reported quarter.

Guidance

The uncertainties regarding the duration and impact of the coronavirus pandemic on the company's overall business had earlier compelled Boston Scientific to suspend its previously-issued 2020 financial guidance. This time too, the company could not come out with any update on its full-year guidance.

Recent News

FDA Approval for WATCHMAN FLX: Jul 21, 2020

Boston Scientific announced that it has received the FDA approval for the WATCHMAN FLX Left Atrial Appendage Closure (LAAC) Device.

FDA Approval for New ICM: Jun 29, 2020

Boston Scientific announced the receipt of the FDA's 510(k) clearance for its LUX-Dx Insertable Cardiac Monitor System.

New CMS Approval in Endoscopy: Jun 8, 2020

Boston Scientific announced the receipt of the Centers for Medicare & Medicaid Services' (CMS) approval for its application regarding a transitional pass-through (TPT) payment category for single-use endoscopes under the Medicare hospital outpatient prospective payment system.

Launches New Monitoring Tool in RF Energy Delivery: Jun 1, 2020

Boston Scientific announced the U.S. launch of its tool for monitoring the effect of radiofrequency (RF) energy delivery, the DIRECTSENSE Technology, following its FDA approval in April.

Valuation

Boston Scientific shares are down 14.7% and down 6.7% in the year to date period and the trailing 12-month period, respectively. Stocks in the Zacks sub-industry are down 3.9% while the Zacks Medical sector is up 0.1% in the year to date period. Over the past year, the Zacks sub-industry is down 1% and sector is up 9.9%.

The S&P 500 index is up 1.6% in the year to date period and up 15.5% in the past year.

The stock is currently trading at 28.7X Forward 12-months earnings, which compares to 28.7X for the Zacks sub-industry, 22.5X for the Zacks sector and 22.6X for the S&P 500 index.

Over the past five years, the stock has traded as high as 32.5X and as low as 14.2X, with a 5-year median of 20.6X.

Our Underperform recommendation indicates that the stock will perform below the market. Our $36 price target reflects 26.9X forward 12-months earnings.

The table below shows summary valuation data for BSX.

Valuation Multiples - BSX

		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	28.71	28.71	22.55	22.64
	5-Year High	32.51	31.01	23.16	22.64
	5-Year Low	14.22	17.09	15.89	15.25
	5-Year Median	20.64	20.24	18.90	17.55
P/S F12M	Current	4.88	3.72	4.49	3.59
	5-Year High	5.89	3.92	3.74	3.59
	5-Year Low	2.67	2.9	2.22	2.53
	5-Year Median	4.07	3.29	2.9	3.04
P/B TTM	Current	3.91	2.84	4.25	4.47
	5-Year High	6.90	3.48	5.07	4.56
	5-Year Low	2.59	2.2	2.94	2.83
	5-Year Median	5.16	2.8	4.29	3.72

As of 07/31/2020

Industry Analysis **Zacks Industry Rank:** Bottom 27% (185 out of 253)

Top Peers

Company (Ticker)	Rec	Rank
Abbott Laboratories **(ABT)**	Neutral	3
Baxter International Inc. **(BAX)**	Neutral	4
BioRad Laboratories, Inc. **(BIO)**	Neutral	3
DexCom, Inc. **(DXCM)**	Neutral	3
Hologic, Inc. **(HOLX)**	Neutral	3
JohnsonJohnson **(JNJ)**	Neutral	3
Medtronic PLC **(MDT)**	Underperform	4
SmithNephew SNATS, Inc. **(SNN)**	Underperform	5

Industry Comparison Industry: Medical - Products

				Industry Peers		
	BSX	**X Industry**	**S&P 500**	**ABT**	**BAX**	**MDT**
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	3	4	4
VGM Score	F	-	-	B	B	C
Market Cap	53.97 B	312.96 M	22.59 B	178.02 B	43.81 B	129.41 B
# of Analysts	11	3	14	10	11	14
Dividend Yield	0.00%	0.00%	1.83%	1.43%	1.13%	2.40%
Value Score	C	-	-	C	B	C
Cash/Price	0.01	0.10	0.07	0.02	0.09	0.08
EV/EBITDA	27.65	0.19	12.94	24.81	24.82	17.99
PEG Ratio	3.81	4.41	3.04	3.35	2.67	3.65
Price/Book (P/B)	3.90	3.48	3.17	5.78	5.69	2.54
Price/Cash Flow (P/CF)	16.05	17.38	12.51	20.17	17.38	14.58
P/E (F1)	41.39	39.11	21.87	30.82	27.36	28.29
Price/Sales (P/S)	5.31	5.15	2.44	5.66	3.84	4.48
Earnings Yield	2.41%	-0.84%	4.31%	3.25%	3.66%	3.53%
Debt/Equity	0.68	0.13	0.75	0.59	0.84	0.43
Cash Flow ($/share)	2.40	-0.00	6.94	4.99	4.97	6.62
Growth Score	F	-	-	C	B	B
Hist. EPS Growth (3-5 yrs)	13.88%	13.05%	10.85%	10.55%	NA	5.13%
Proj. EPS Growth (F1/F0)	-41.02%	8.57%	-7.75%	0.77%	-4.61%	-25.69%
Curr. Cash Flow Growth	12.08%	4.10%	5.39%	4.54%	4.10%	-9.02%
Hist. Cash Flow Growth (3-5 yrs)	10.33%	7.87%	8.55%	11.80%	-6.10%	7.68%
Current Ratio	1.21	2.72	1.31	1.57	2.74	2.13
Debt/Capital	40.33%	15.39%	44.32%	37.12%	45.61%	30.21%
Net Margin	39.18%	-25.53%	10.44%	9.89%	8.10%	16.56%
Return on Equity	13.68%	-8.55%	14.73%	17.34%	21.02%	12.17%
Sales/Assets	0.35	0.54	0.52	0.46	0.63	0.32
Proj. Sales Growth (F1/F0)	-10.81%	0.00%	-1.95%	2.84%	3.20%	-5.08%
Momentum Score	C	-	-	B	D	C
Daily Price Chg	-2.19%	0.00%	-0.92%	-0.97%	-5.20%	-2.28%
1 Week Price Chg	2.36%	-0.18%	0.37%	-0.30%	1.94%	-2.26%
4 Week Price Chg	9.02%	0.00%	3.81%	9.12%	-0.95%	3.56%
12 Week Price Chg	4.24%	12.68%	11.93%	7.08%	-2.33%	-2.49%
52 Week Price Chg	-9.48%	-0.86%	-1.92%	16.91%	1.53%	-5.75%
20 Day Average Volume	8,820,205	219,401	1,887,986	4,638,467	2,544,913	4,376,060
(F1) EPS Est 1 week change	2.12%	0.00%	0.00%	0.00%	-6.99%	0.00%
(F1) EPS Est 4 week change	2.23%	0.00%	0.38%	15.70%	-7.37%	-2.69%
(F1) EPS Est 12 week change	1.30%	0.00%	-0.07%	16.11%	-7.37%	-32.58%
(Q1) EPS Est Mthly Chg	-1.52%	0.00%	0.16%	15.30%	0.28%	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	F
Momentum Score	C
VGM Score	F

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.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock.The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment.This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time.ZIR is not a broker-dealer.ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients.Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.