

Boston Scientific (BSX)

\$37.17 (As of 07/20/20)

Price Target (6-12 Months): **\$32.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 07/20/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

5-Strong Sell

Zacks Style Scores:

VGM:F

Value: D

Growth: F

Momentum: C

Summary

Boston Scientific's first quarter 2020 earnings and revenues were disappointing. Sales at most of its core businesses were down, affected by lower demand for non-COVID-19 healthcare products and procedural delays. It expects this trend to intensify in the second quarter. 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. In the first quarter too, the company received a number of regulatory approvals including CE Mark for ACURATE neo2 Aortic Valve System and SpyGlass Discover Digital Catheter. It also received FDA approval for the DIRECTSENSE RF. It collaborated with others to develop Coventor. We are also optimistic about the company's investments to drive Electrophysiology.

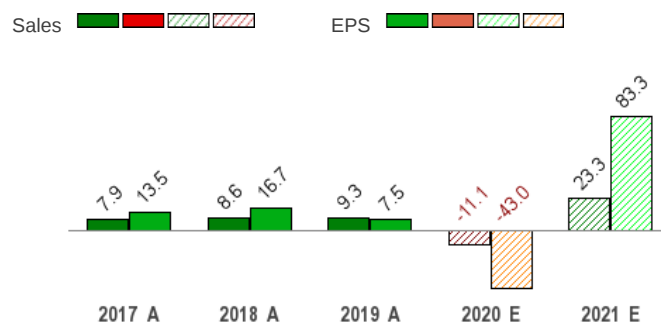
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$46.62 - \$24.10
20 Day Average Volume (sh)	11,109,070
Market Cap	\$52.0 B
YTD Price Change	-17.8%
Beta	0.92
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Products
Zacks Industry Rank	Top 44% (110 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-15.2%
Last Sales Surprise	0.8%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	07/29/2020
Earnings ESP	0.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	2,865 E	2,930 E	2,961 E	3,184 E	11,771 E
2020	2,543 A	1,617 E	2,376 E	2,964 E	9,547 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	\$0.38 E	\$0.41 E	\$0.43 E	\$0.50 E	\$1.65 E
2020	\$0.28 A	-\$0.05 E	\$0.25 E	\$0.45 E	\$0.90 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.

P/E TTM	24.5
P/E F1	41.3
PEG F1	3.8
P/S TTM	4.8

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/20/2020. The reports text is as of 07/21/2020.

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.

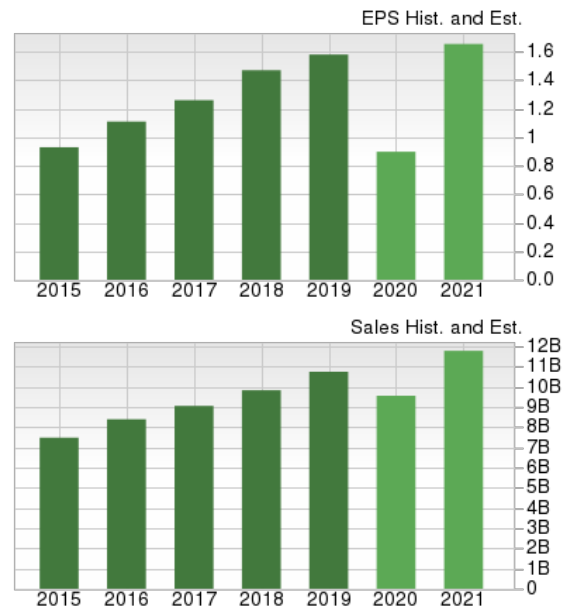
Boston Scientific currently has 3 global reportable segments viz. Cardiovascular (39.6% of total revenue in 2019; up 10% organically from 2018), Rhythm and Neuro (28.1%; up 1%) and MedSurg (30.2%; up 10.6%).

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:

▼ **Share Price Movement:** Over the past six months, Boston Scientific underperformed the industry it belongs to. The stock lost 15.6% compared with the 7.4% 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 first quarter, sales at most of the company's core business segments were significantly down in the reported quarter, affected by lower demand for non-COVID-19 healthcare products and elective procedures.

Apart from COVID-19 impact, the declining worldwide pacemaker sales over the past few quarters, are putting a pressure on the company's top-line. Boston Scientific continues to incur escalating operating cost on its constant involvement in handling serious legal problems. Other headwinds trailing the company are the company's exposure to the currency fluctuations and a stiff competitive landscape.

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.

▼ **Coronavirus-led Debacle Worrisome for the Business:** In the first quarter, total sales for Boston Scientific declined 2.9% on an organic basis, reflecting the impact from COVID-19. The company noted that, sales were in line with its expectations in both January and February before significant negative trends kicked in from mid-March. In the first quarter, both Cardiovascular and Rhythm and Neuro segments declined organically. Within cardiovascular, interventional cardiology sales were down 3%, peripheral interventions were down 2%. In Rhythm and neuro, CRM sales declined 10%, EP dropped 5% and neuromodulation declined 7%. The company has registered significant declines in the U.S. and European revenue as a result of procedure deferrals.

Adding to this overall drab, the company noted the negative trends of the second half of March have continued in the first three weeks of April as well. Boston Scientific currently expects a more severe impact of COVID-19 in the second quarter with being April the toughest month. Global revenue for April is down approximately 45% to 50%, the company stated. Overall, on a regional basis, through the first three weeks of April, sales have trended down 15% in Asia-Pacific, 45% in Europe, Middle East, East Africa, and 55% in the United States.

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 1.2% 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 first-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:** In the reported quarter, while most of the core segments of Boston Scientific registered organic sales decline, the company's MedSurg arm managed to report positive growth. This business reported low-single digit growth, with urology/ pelvic health up 2.9% and Endoscopy up 1.5% organically.

Although, a higher mix of non-deferrable procedures within MedSurg business has already resulted in significant decline in trends through the first three weeks of April 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. Boston Scientific believes, urology/ pelvic health to have one of the faster potential recovery curves aided by a higher office ASE mix for most elective procedures.

Further, a few products are playing a key role, such as the recent launch of the Tria stents in the US and Europe. Also, LithoVue, the single use ureteroscope, could benefit from the current situation that aligns with the speed and utility of single use scopes. Further, the company's latest decisions to divest its commercialized intrauterine health portfolio to Minerva Surgical and to stop funding additional clinical or R&D work for Cytuity (a potential platform for ovarian cancer diagnosis) for the near term seem strategic.

Within Endoscopy, the company noted that, the ERCP (Endoscopic Retrograde Cholangiopancreatography) procedures for the pancreas and bile ducts are comparatively less deferrable due to nature of the procedures. Accordingly, this business might face short term hiccups out of the ongoing sales disruption. Further the company looks forward to the upcoming launch of its single use scope- the EXALT D which might capture market fast. As per Boston Scientific, the pandemic certainly emphasizes the need for infection prevention and the latest single use scopes represent a multi-billion dollar market opportunity over time. Lastly, the latest CE Mark for SpyGlass Discover and FDA clearance for the WallFlex colonic and duodenal soft stem systems both in April buoy optimism.

- **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 first quarter, BTG interventional medicines however, has performed extremely well during the pandemic. It contributed 390 basis points to total growth, led by TheraSpheres which grew mid-teens in the quarter. considering the inclusion of the BTG Interventional Medicine business.

- **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. 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 is still targeting the U.S.-launch of FLX in May 2020.

ACURATE TAVR is the fastest growing valve in Europe and delivered strong revenue growth in the fourth quarter. In April, ACURATE neo2 achieved CE Mark and the company is now planning to begin a limited market release in Europe, as the healthcare systems resume a more regular cadence of TAVR procedures. 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. The company is right now, on track to open 150 accounts in the first 12 months of the launch. Meanwhile, it has recently received LOTUS Edge reimbursement approval in Japan. As per the company's first-quarter update, ongoing launch of LOTUS Edge in the US and Japan has been challenged by COVID-19 restrictions, however this should get recovered soon with improvement in procedure volume. Good news is that, the Japanese business has been less impacted by the coronavirus so far.

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- **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 first quarter earnings call, the company noted that, its EP recovery will take place fast on upcoming strategic launches which include POLARx, the second generation single shot cryoablation catheter. This device will resume its European launch in the third quarter 2020 when access to labs improves. Further, it holds optimism about the newly-launched DIRECTSENSE, which monitors the effect of RF energy delivery via changes in local impedance around the catheter tip. Boston Scientific also expects European approval for its four-sensing stable point therapeutic catheter.

Last Earnings Report

Boston Scientific Sees Sluggish Q1 Sales Across Core Segments

Boston Scientific posted adjusted earnings per share of 28 cents in the first quarter of 2020, down 20% from the year-ago figure. Earnings missed the Zacks Consensus Estimate by 15.2%. Moreover, the figure lagged the company's guided range of 37-40 cents. The adjustments take into consideration certain amortization expense and impairment charges among others.

Reported earnings per share in the first quarter was a penny, substantially below the year-ago earnings of 30 cents per share.

The significant earnings 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 first quarter rose 2% year over year on a reported basis, up 3.2% on an operational basis (at constant exchange rate or CER). However, revenues declined 2.9% on an organic basis (adjusted for foreign currency fluctuations and certain recent acquisitions and divestments) to \$2.54 billion. The top line beat the Zacks Consensus Estimate of \$2.52 billion by 0.8%.

Q1 Revenues in Detail

In the first quarter, the company achieved 3.5% growth in the United States on a reported basis (same operationally). Revenues declined 1.6% in the Europe, Middle East and Africa region (up 1.3%); 6.4% in the Asia Pacific zone (down 4.8%); 3.1% in Latin America and Canada (up 3.6%) and 10.1% in the emerging markets (down 5.4%).

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 \$633 million (down 2.7% year over year organically) and \$392 million (down 2.1%), respectively, in the first quarter.

Boston Scientific's **Rhythm and Neuro** business comprises Cardiac Rhythm Management (CRM), Electrophysiology and Neuromodulation. CRM reflected a 9.9% year-over-year decline in organic sales to \$437 million in the reported quarter.

Electrophysiology sales were down 5.2% year over year, organically, to \$74 million. Neuromodulation sales declined 6.6% year over year on an organic basis to \$191 million.

Other segments like Endoscopy plus Urology and Pelvic Health (under the MedSurg broader group) recorded sales of \$442 million (up 1.5% organically) and \$332 million (up 2.9%), respectively.

Margins

Gross margin in the first quarter contracted 241 basis points (bps) year over year to 68.3% due to a 10.4% rise in the cost of products sold.

Adjusted operating margin declined 641 bps to 17.6% in the reported quarter. Selling, general and administrative expenses increased 12.5% to \$978 million while research and development expenses rose 7.1% to \$300 million. Meanwhile, royalty expenses of \$12 million fell 25% year over year.

Guidance

The uncertainties regarding the duration and impact of the coronavirus pandemic on the company's overall business have compelled Boston Scientific to suspend its previously-issued 2020 financial guidance.

Quarter Ending **03/2020**

Report Date	Apr 29, 2020
Sales Surprise	0.76%
EPS Surprise	-15.15%
Quarterly EPS	0.28
Annual EPS (TTM)	1.52

Recent News

On **Jun 29, 2020**, Boston Scientific announced the receipt of the FDA's 510(k) clearance for its LUX-Dx Insertable Cardiac Monitor System.

On **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.

On **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.

On **May 8, 2020**, Boston Scientific announced reported favorable 12-month results from the PINNACLE FLX clinical trial, which evaluated the safety and efficacy of the next-generation WATCHMAN FLX Left Atrial Appendage Closure Device for patients with non-valvular atrial fibrillation.

On **May 8, 2020**, Boston Scientific announced the final results from the UNTOUCHED study of the EMBLEM Subcutaneous Implantable Defibrillator System.

Valuation

Boston Scientific shares are down 17.8% and down 12.5% in the year to date period and the trailing 12-month period, respectively. Stocks in the Zacks sub-industry are down 2.8% while the Zacks Medical sector is up 2.2% in the year to date period. Over the past year, the Zacks sub-industry is down 2.4% and sector is up 8.7%.

The S&P 500 index is up 0.3% in the year to date period and up 8.7% in the past year.

The stock is currently trading at 28.2X Forward 12-months earnings, which compares to 30.5X for the Zacks sub-industry, 23.6X 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 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 \$32 price target reflects 24.3X 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 F12M	Current	28.23	30.51	23.59	22.83
	5-Year High	32.51	31.01	23.59	22.83
	5-Year Low	14.22	17.09	15.89	15.25
	5-Year Median	20.55	20.27	18.98	17.52
P/S F12M	Current	4.83	3.91	2.89	3.58
	5-Year High	5.89	3.92	3.74	3.58
	5-Year Low	2.67	2.90	2.22	2.53
	5-Year Median	4.06	3.29	2.90	3.02
P/B TTM	Current	3.77	3.04	4.47	4.41
	5-Year High	6.90	3.48	5.07	4.56
	5-Year Low	2.59	2.20	2.94	2.83
	5-Year Median	5.16	2.80	4.30	3.71

As of 07/20/2020

Industry Analysis Zacks Industry Rank: Top 44% (110 out of 252)



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)	Neutral	4
SmithNephew SNATS, Inc. (SNN)	Neutral	3

Industry Comparison Industry: Medical - Products				Industry Peers		
	BSX	X Industry	S&P 500	ABT	BAX	MDT
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	5	-	-	3	4	4
VGM Score	F	-	-	C	C	C
Market Cap	52.01 B	375.21 M	22.29 B	175.26 B	44.54 B	128.40 B
# of Analysts	11	3	14	10	11	14
Dividend Yield	0.00%	0.00%	1.85%	1.45%	1.12%	2.42%
Value Score	D	-	-	C	C	C
Cash/Price	0.01	0.10	0.06	0.02	0.09	0.08
EV/EBITDA	26.79	0.20	13.06	24.27	25.21	17.86
PEG Ratio	3.80	5.51	2.98	3.40	2.60	3.62
Price/Book (P/B)	3.76	3.56	3.12	5.76	5.78	2.52
Price/Cash Flow (P/CF)	15.47	17.68	12.03	19.86	17.67	14.47
P/E (F1)	41.30	37.89	22.15	30.77	26.67	28.07
Price/Sales (P/S)	4.82	5.25	2.35	5.57	3.86	4.44
Earnings Yield	2.42%	-1.04%	4.30%	3.25%	3.75%	3.56%
Debt/Equity	0.68	0.10	0.75	0.55	0.84	0.43
Cash Flow (\$/share)	2.40	-0.00	6.94	4.99	4.97	6.62
Growth Score	F	-	-	F	C	B
Hist. EPS Growth (3-5 yrs)	13.88%	13.05%	10.82%	10.55%	NA	5.13%
Proj. EPS Growth (F1/F0)	-43.15%	5.88%	-9.08%	-0.62%	-0.52%	-25.69%
Curr. Cash Flow Growth	12.08%	4.32%	5.51%	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	1.30	1.43	2.74	2.13
Debt/Capital	40.33%	14.69%	44.41%	35.58%	45.61%	30.21%
Net Margin	39.75%	-25.53%	10.54%	9.89%	8.85%	16.56%
Return on Equity	18.24%	-8.55%	15.74%	17.28%	22.70%	12.17%
Sales/Assets	0.39	0.54	0.54	0.46	0.64	0.32
Proj. Sales Growth (F1/F0)	-11.07%	0.00%	-2.36%	2.84%	3.06%	-5.08%
Momentum Score	C	-	-	A	C	D
Daily Price Chg	-1.43%	0.00%	-0.77%	-0.17%	0.30%	-2.89%
1 Week Price Chg	8.74%	3.55%	3.82%	6.67%	2.73%	8.56%
4 Week Price Chg	3.34%	3.02%	2.71%	9.67%	4.60%	2.57%
12 Week Price Chg	0.46%	14.34%	9.79%	4.35%	-5.23%	-4.99%
52 Week Price Chg	-12.54%	0.91%	-3.79%	12.50%	6.20%	-5.44%
20 Day Average Volume	11,109,070	222,260	2,095,914	4,928,858	2,775,152	5,173,888
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	16.17%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.09%	16.17%	0.00%	-2.69%
(F1) EPS Est 12 week change	-26.18%	-6.64%	-4.60%	16.17%	-6.14%	-36.54%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	16.16%	-0.56%	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	D
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.

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