

## CVS Health (CVS)

**\$64.52** (As of 07/21/20)

Price Target (6-12 Months): **\$68.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 04/22/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:A

Value: A

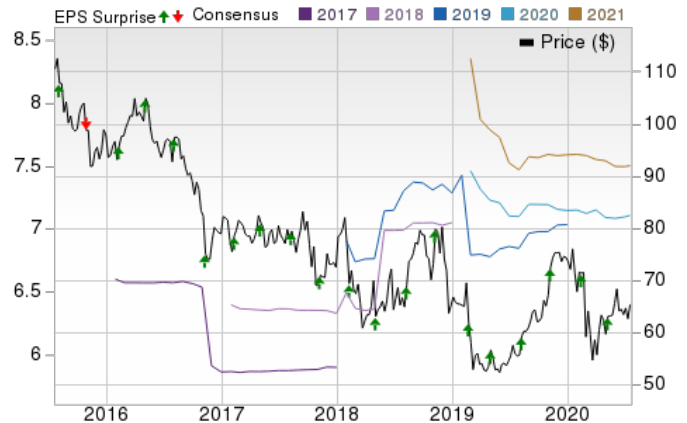
Growth: A

Momentum: B

### Summary

Within CVS Health's Retail/LTC and Pharmacy Services segments, the coronavirus pandemic has resulted in greater use of 90-day prescriptions and early refills of maintenance medications. Further, there was improvement in front store volume within the Retail/LTC segment. Moreover, the year-over-year improvement in the top line was fueled by strong growth in Pharmacy Services segment, which benefited from the upside in specialty services. The company's recently-introduced Health Care Benefits segment following the Aetna acquisition also holds immense promise. CVS Health put up a robust performance with better-than-expected figures in the first quarter of 2020. Over the past year, CVS Health has outperformed its industry. However, the LTC business is facing some industry-wide challenges. Reimbursement risk continues to be a dampener.

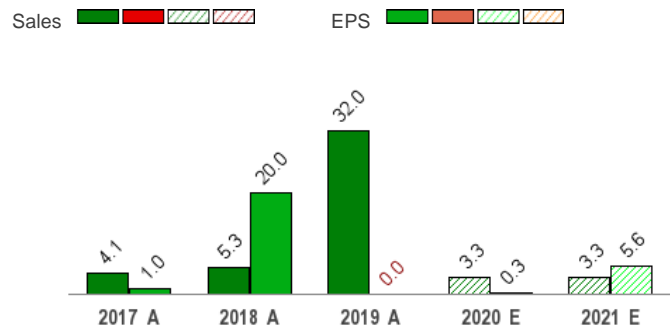
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$77.03 - \$52.04
20 Day Average Volume (sh)	6,362,039
Market Cap	\$84.3 B
YTD Price Change	-13.2%
Beta	0.76
Dividend / Div Yld	\$2.00 / 3.1%
Industry	<a href="#">Retail - Pharmacies and Drug Stores</a>
Zacks Industry Rank	Top 11% (27 out of 252)

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



Last EPS Surprise	17.2%
Last Sales Surprise	5.7%
EPS F1 Est- 4 week change	0.2%
Expected Report Date	08/05/2020
Earnings ESP	4.6%
P/E TTM	8.8
P/E F1	9.1
PEG F1	1.3
P/S TTM	0.3

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	67,544 E	67,758 E	69,694 E	71,795 E	274,056 E
2020	66,755 A	64,343 E	65,934 E	68,151 E	265,184 E
2019	61,646 A	63,431 A	64,810 A	66,889 A	256,776 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.91 E	\$1.87 E	\$1.88 E	\$1.89 E	\$7.50 E
2020	\$1.91 A	\$1.89 E	\$1.68 E	\$1.71 E	\$7.10 E
2019	\$1.62 A	\$1.89 A	\$1.84 A	\$1.73 A	\$7.08 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 07/21/2020. The reports text is as of 07/22/2020.

## Overview

Headquartered in Woonsocket, RI, CVS Health Corporation (formerly known as CVS Caremark Corporation) is a pharmacy innovation company with integrated offerings across the entire spectrum of pharmacy care. On Sep 3, 2014, CVS Caremark Corporation announced a change of its corporate name to CVS Health to reflect its broader health care commitment.

In Nov 2018, CVS Health completed the \$70-billion consolidation of insurance-giant Aetna. With the acquisition, the segments of CVS Health have been realigned.

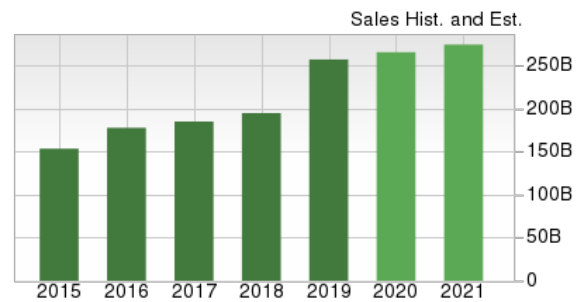
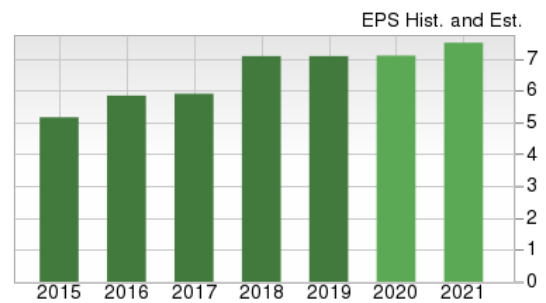
Effective first-quarter 2019, the company's SilverScript Medicare Part D prescription drug plan (PDP) has shifted from the Pharmacy Services segment to the Health Care Benefits segment. In addition, the mail order and specialty pharmacy operations of Aetna have been transitioned from the Health Care Benefits segment to the Pharmacy Services segment.

CVS currently has four reportable segments: Pharmacy Services, Retail/Long Term Care (LTC), Health Care Benefits and Corporate/Other.

The Pharmacy Services segment provides a full range of pharmacy benefit management ("PBM") solutions, including plan design offerings and administration, formulary management, retail pharmacy network management services, mail order pharmacy, specialty pharmacy and infusion services, clinical services, disease management services and medical spend management.

The Retail/LTC segment sells prescription drugs and a wide range of general merchandise, including over-the-counter drugs, beauty products, cosmetics and personal care products, health care services through its MinuteClinic walk-in medical clinics and conducts long-term care pharmacy operations, which distribute prescription drugs and provide related pharmacy consulting and other ancillary services to chronic care facilities and other care settings.

The Health Care Benefits segment offers a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, medical management capabilities, Medicare Advantage and Medicare Supplement plans, PDPs, Medicaid health care management services, workers' compensation.



## Reasons To Buy:

- ▲ **Share Price Performance:** Over the past year, CVS Health outperformed its industry. The stock has gained 14.7% compared to the 2.8% rise of the industry. CVS Health ended the first quarter on a promising note with both earnings and revenues surpassing the respective Zacks Consensus Estimate. Within the Retail/LTC and Pharmacy Services segments, the coronavirus pandemic has resulted in greater use of 90-day prescriptions and early refills of maintenance medications. Further, there was improvement in front store volume within the Retail/LTC segment.

Moreover, the year-over-year improvement in the top line was fueled by strong growth in Pharmacy Services segment, which benefited from the upside in specialty services. The company's recently-introduced Health Care Benefits segment following the Aetna acquisition also holds immense promise.

Increasing demand for PBM and specialty pharmacy along with significant growth observed in the retail business are encouraging.

- ▲ **COVID-19 Crisis Drives Growth:** During the time of coronavirus crisis, CVS Health's consumer centric digital strategy has become even more relevant as people are using technology more while they stay at home. So far in this period, the company achieved higher levels of engagement across its digital assets. This trend began in January and accelerated with COVID-19. The company noted that, utilization of telemedicine for virtual visits through MinuteClinic was up about 600% in the first quarter compared to the year-ago period. Retail prescription home delivery was up more than 1,000% year over year. Additionally, it saw a fourfold increase in the number of consumers adding front store items to their prescription deliveries (front store attachment rate).

Not only this, the company registered double-digit percentage increase in app usage across CVS Pharmacy, Caremark and specialty on a year-over-year basis. In specialty pharmacy, digital refills were up approximately 50% in the quarter. In the Aetna Health app, CVS Health successfully managed to add more households in the first quarter than it did in the first three quarters of 2019.

Overall, the company's first-quarter performance reflected an acceleration of prescriptions dispensed and strong front store sales, largely driven by COVID-19.

- ▲ **COVID-19 Initiatives Bode Well:** During this period of healthcare crisis, to support COVID-19 testing sites, the CVS Health team used its own digital platform to quickly launch a streamlined experience, which has enabled online screening and scheduling for testing, with 85% of consumers highlighting a positive experience.

The company is currently following two key priorities related to COVID-19. First is the well-being and safety of its employees, consumers and communities. Second is maintaining the continuity of its businesses and operations. In this regard, it has implemented social distancing practices, enhanced cleaning protocols, distributed personal protective equipment and outfitted stores with plexiglass barriers. It has also provided family support and announced bonuses for the frontline colleagues. It has waived co-pays for COVID-19 related diagnostic testing for all of insured members. For the Commercial and Medicare Advantage members, it waived member out-of-pocket costs for COVID-19 related inpatient admissions and telemedicine visits through early June. The company expects these actions will lead to smooth running of its operations.

- ▲ **Health Care Benefit Shows Potential:** Following the colossal acquisition of health insurance giant Aetna for a colossal sum of \$70 billion, CVS Health has introduced a new business arm called Health Care Benefits. This segment has already started to show strong momentum, particularly in government business.

Revenue growth in the segment during the first quarter was driven by strong membership growth in the company's government product portfolio, expansion of its Medicare Advantage business and successful synergy benefit coming from the Aetna integration.

In this regard, we note that, CVS Health earlier expected to earn \$750 million from near-term synergies of Aetna integration with low to mid-single digit accretion in the second year post the transaction's closure. Per the company, shareholders can look forward to several outcomes with respect to near-term synergy including enhanced competitive positioning and a new combined platform that might redefine access to high-quality care at low cost, substantially accelerating the consolidated business' growth.

- ▲ **PBM Business Gaining Traction:** With regard to its 2021 PBM selling season, CVS Health has noted that, till the end of the first quarter, it has completed approximately 70% of renewals with strong retention rate of 97-98%. This includes the extension of the FEP contract through 2021, and the renewal of the WellCare contract through 2023.

CVS Health earlier noted that, it has extended its contract with Centene through 2022. According to CVS health, service levels and performance metrics are currently remaining at historically high levels and the company expects to return to its historical retention levels in future periods.

- ▲ **Specialty Pharmacy – A High-Growth Avenue:** The soaring demand for specialty pharmacy, especially in the on-going decade, is likely to accelerate growth for the company. Within Pharmacy Services, total revenues increased 4.2% year over year in the first quarter. Specialty pharmacy revenue increased 19% reflecting the full benefit of IngenioRx that the company started on-boarding in the second quarter of 2019, brand inflation also contributed to the increase.

We are also positive on the company's newly developed comprehensive set of programs to effectively manage specialty trends, which includes formulary exclusion strategy. According to recent data, 3 million people in the U.S. are currently in need of specialty treatment while the potential cost of treatment tends to be very high. With management's notification that the company's specialty business remains a top priority for customers, we believe CVS Health is well positioned to capitalize on that opportunity based on its broad, differentiated offering which includes the likes of Specialty Connect. Moving forward, management expects drug price inflation, new product launch, higher utilization and new PBM clients to fuel growth. We expect the segment to serve as a stable growth platform going forward.

- ▲ **Retail on a Growth Track:** Over the last few quarters, the retail Long Term Care business registered positive revenue growth after several quarters of drag. The business witnessed year-over-year growth of 7.7% in the first quarter. According to CVS Health, COVID-19 had a meaningful impact on segment performance, with retail pharmacies meeting essential needs of consumers and patients. The company

---

delivered strong pharmacy and front-store volume. Adjusted script growth of 8.2% was primarily driven by the continued adoption of the patient care programs, COVID-19 related volume and leap day.

Going forward, Retail is expected to continue to deliver strong adjusted script growth in the range on successful execution of pharmacy clinical care program that drive improved adherence and patient retention. CVS Health is experiencing growth in the Medicare partnerships it formed in recent times, as well as a few new regional preferred relationships in 2019.

▲ **Balance Sheet View Strong:** CVS Health ended the first quarter of 2020 with cash and cash equivalents of \$12.7 billion compared with \$8.06 billion at the end of 2019. Meanwhile, total debt came up to \$92.3 billion, a slight increase from the sequentially last figure of \$89 billion. Although, the quarter's total debt was much higher than the corresponding cash and cash equivalent level, the near-term payable debt is coming at \$7.85 billion, lower than the short-term cash level. This is a good news in terms of the company's solvency level as, at least during the year of economic downturn, the company is holding sufficient cash for debt repayment.

CVS Health's current debt level remains marginally high compared to the industry average of \$7.13 billion. With respect to the total debt level, the industry average stands at \$63.54 billion, much lower than the company.

The quarter's total debt-to-capital of 58.5% stands at a pretty high level right now indicating moderately leveraged balance sheet. It also represented a sequential rise from 58.1% at the end of the fourth quarter. However, this stands marginally below the industry-average of 58.7% indicating healthier financial structure compared to its industry average.

The company's first-quarter interest coverage stands at 4.3%, the highest in the past four quarters buoying optimism. This however, stands below the industry average of 4.6%.

CVS Health's capital deployment policy is based on the return of shareholders' money through dividends and share buybacks. The company's current payout ratio stands at a 27.1%, slightly below the industry average of 28.1%. Amid the pandemic-led economic crisis, if production and supply halt along with lockdowns continue through the next few months, the company might find its dividends to be overburdened.

---

---

## Reasons To Sell:

▼ **COVID-19-Led Economic Crisis Mar Growth:** In the first quarter, CVS Health registered moderate reduction in discretionary medical utilization, largely driven by COVID-19. Within Pharmacy Services, the company noted minimum impact of the pandemic in the first quarter. Within Retail/LTC, the company estimated COVID-19 impacted adjusted script growth by about 200 basis points.

▼ **Near-term Challenges to Impede Growth:** For CVS Health, the year 2019 was a transition year that primarily focused on the colossal integration of Aetna. This accordingly, had certain adverse impacts on the year's operating income of its Pharmacy Services and Retail/LTC segments compared to 2018.

Ongoing pharmacy reimbursement pressure in the Pharmacy Services and Retail/LTC segments and reductions in the traditional offsets to those pressures, including a declining benefit from the introduction of new multi-source generic prescription drugs and lower benefits from generic dispensing rate increases.

These challenges are expected to persist through 2020 as well.

The reimbursement pressure in the Pharmacy Services segment is projected to be exacerbated by the cumulative effect on rebate guarantees of lower brand name drug price inflation and a modest selling season.

The Retail/LTC segment is projected to be impacted by structural and company specific challenges in the long-term care space as well as the annualization of the company's 2018 investment of a portion of the savings from the Tax Cuts and Job Act in wages and benefits.

▼ **Risk Related to Reimbursement Reduction:** A significant portion of CVS Health's net revenue is derived directly from Medicare, Medicaid and other government-sponsored health care programs. The company is therefore subject to federal and state reimbursement laws and regulatory requirements, anti-remuneration laws, the Stark Law and/or federal and state false claims laws. According to the company, the continued efforts of health maintenance organizations, managed care organizations, PBM companies, government entities, and other third party payors to reduce prescription drug costs and pharmacy reimbursement rates may impact its profitability. In particular, increased utilization of generic pharmaceuticals has resulted in pressure to decrease reimbursement payments to retail and mail order pharmacies for generic drugs, causing a reduction in the generic profit rate.

▼ **Competitive Landscape:** Despite significant new client wins in the course of a strong selling season, intense competition and tough industry conditions act as major impediments. Major competitors such as Walgreens, Target and Wal-Mart are expanding their pharmacy businesses. Competition is especially tough in the pharmacy segment, as other retail businesses continue to add pharmacy departments and low-cost pharmacy options become available. Discount retailers, in particular, have made substantial inroads in gaining market share.

▼ **Poor Macroeconomic Condition:** Although prescriptions and related health care service providers like CVS stay out of general macro-economic turmoil, the recent debt crisis and sluggish economic conditions in U.S. could impact consumer purchasing power. This may also influence preferences and spending patterns and result in low prescription utilization. In the reported quarter, CVS faced pricing pressure and higher operating and remediation expenses for its Medicare Part D prescription drug business.

---

Rising pressure to reduce reimbursement rates for generic drugs, disappointing retail performance, highly competitive market and pressure on margins provide stiff challenges to CVS Health.

## Last Earnings Report

### CVS Health Q1 Earnings Top Estimates, Gross Margin Drops

CVS Health's first-quarter 2020 adjusted earnings per share of \$1.91 increased 17.9% year over year and exceeded the Zacks Consensus Estimate by 17.2%. The adjusted earnings per share figure takes into account certain integration costs pertaining to the buyout of Aetna, asset amortization costs and storationalization charges along with other adjustments.

On a reported basis, the company's earnings of \$1.53 per share improved 40.4% year over year.

Total revenues in the first quarter rose 8.3% year over year to \$66.76 billion. The top line also beat the Zacks Consensus Estimate by 5.6%. The year-over-year revenue rise was primarily driven by strong underlying core growth across all segments.

#### Quarter in Detail

Pharmacy Services revenues were up 4.2% to \$34.98 billion in the reported quarter, driven by growth in specialty pharmacy, brand inflation, increased total pharmacy claims volume, greater use of 90-day prescriptions and early refills of maintenance medications as consumers prepared for the COVID-19 pandemic. The increase was, however, partially offset by continued price compression, an increase in generic dispensing rate and client losses within this business.

Total pharmacy claims processed rose 12.4% on a 30-day equivalent basis, attributable to increased claims under CVS Health's deal with IngenioRx, and greater use of 90-day prescriptions and early refills of maintenance medications.

Revenues from CVS Health's Retail/LTC were up 7.7% year over year to \$22.75 billion. Per the company, the year-over-year improvement was based on higher prescription volume, increased front store revenues and branded drug price inflation, partially offset by a persistent reimbursement pressure and the impact of an increased generic dispensing rate. The quarter's results also benefited from early refills of maintenance medications as well as the impact of the additional day in 2020 due to the leap year. Front store revenues increased 8.5% with an 8% increase in same-store sales.

Prescriptions filled grew 8.2% on a 30-day equivalent basis for the three months ended Mar 31, 2020 compared to the prior-year period, including a 9.8% increase in same-store prescription volume. The growth was primarily driven by the continued adoption of patient care programs, greater use of 90-day prescriptions and early refills of maintenance medications as consumers prepared for COVID-19, and the impact of the additional day in 2020 due to the leap year.

Total prescription volume grew 8.2% on a 30-day equivalent basis with 9.8% rise in same store prescription volume. This was boosted by the steady uptake of patient care programs, greater use of 90-day prescriptions, early refills of maintenance medication, and the impact of the additional day in 2020 due to the leap year.

Total revenues increased 7.4% for the three months ended Mar 31, 2020 compared with the prior-year quarter, primarily driven by membership growth in the Health Care Benefits segment's Government products and the favorable impact of the reinstatement of HIF for 2020. These increases were partially offset by the absence of the financial results of Aetna's standalone Medicare Part D prescription drug plans, which the company retained through 2019, membership declines in the segment's Commercial insured products, as well as a decline in net investment income due to lower interest rates and capital markets volatility associated with the COVID-19 pandemic.

Within Health Care Benefits segment, the company registered revenues worth \$19.19 billion in the first quarter, up 7.4% year over year. The improvement was primarily driven by membership growth in the segment's government products and the favorable impact of the reinstatement of the health insurance plans for 2020.

Gross profit improved 8.2% to \$26.41 billion. However, gross margin contracted 2 bps to 39.6% on 8.3% rise in cost of product sold. Operating margin in the quarter under review grew 82 bps to 5.2% on a 28.6% rise in operating profit to \$3.5 billion.

#### Outlook

CVS Health reiterated its 2020 adjusted earnings per share and cash flow guidance.

Adjusted earnings per share is expected in the band of \$7.04-\$7.17. The Zacks Consensus Estimate for 2020 earnings is pegged at \$7.08.

The full-year operating cash flow guidance in the range of \$10.5 billion-\$11.0 billion remains unchanged as well.

However, the rest of the earlier-provided guidance has been withdrawn due to the significant variability in the impact of COVID-19 on the company's business.

Quarter Ending **03/2020**

Report Date	May 06, 2020
Sales Surprise	5.74%
EPS Surprise	17.18%
Quarterly EPS	1.91
Annual EPS (TTM)	7.37

## Recent News

### Aetna Initiatives in COVID-19: Jul 9, 2020

CVS Health announced that Aetna will waive out-of-pocket costs for in-network primary care and specialist telehealth visits for all Individual and Group Medicare Advantage plan members through September 30, 2020.

### New CVS Pharmacy Feature: Jul 8, 2020

CVS Health announced that it has developed a latest feature of the CVS Pharmacy app, Spoken Rx, that can read a specific type of label for visual impaired patients and those unable to read standard print labels.

### New Alliance for COVID Support: Jun 22, 2020

CVS Health along with the American Lung Association launched a campaign at CVS Pharmacy locations to support the latter's COVID-19 Action Initiative, thus expanding COVID-19 research and fund the development of new vaccines, detection tests and treatment to protect against future respiratory viruses.

### Agreement with DuPage Medical: Jun 19, 2020

CVS Health announced an agreement to provide access to DuPage Medical Group providers in DuPage, Kane and Will counties in Illinois to members enrolled in Aetna Medicare Advantage plans.

### New Initiative on Prescription Delivery: May 28, 2020

CVS Health announced that its CVS Pharmacy is working with Nuro, a robotics company engaged in delivery, to test prescription delivery in the Houston market effective in June.

### New COVID-19 test sites: May 28, 2020

CVS Health announced that it will open additional COVID-19 test sites at select CVS Pharmacy drive-thru locations from May 29 to establish a total of 1,000 sites across more than 30 states and Washington, DC.

### New Cost-sharing Initiatives: May 13, 2020

CVS Health announced that it is extending a variety of cost-sharing waivers and benefits to help Aetna members access the necessary care during the COVID-19 pandemic.

### Partnership with Piedmont Healthcare: Apr 30, 2020

CVS Health announced that it is working with Piedmont Healthcare in Georgia to support their solutions for increasing hospital bed capacity.

### Telehealth Measures for COVID-19: Apr 29, 2020

CVS Health announced that the company's retail medical clinic, MinuteClinic, is currently offering expanded telehealth options to enable patients access safe, affordable and convenient non-emergency care.

## Valuation

CVS Health shares are down 13.2% in the year-to date period and up 14.7% in the trailing 12-month periods. Stocks in the Zacks sub-industry are down 16.1% while the Zacks Retail-Wholesale sector improved 24.1% in the year-to-date period. Over the past year, the Zacks sub-industry is up 2.8% and sector is up 29%.

The S&P 500 index is up 1.3% in the year-to-date period and up 9.1% in the past year.

The stock is currently trading at 8.8X Forward 12-months earnings, which compares to 8.5X for the Zacks sub-industry, 35.3X for the Zacks sector and 23X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.3X and as low as 7.2X, with a 5-year median 11.2X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$68 price target reflects 9.3X forward 12-months earnings.

The table below shows summary valuation data for CVS

Valuation Multiples - CVS					
		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	8.81	8.49	35.34	23.01
	5-Year High	20.26	20.48	35.34	23.01
	5-Year Low	7.24	7.66	19.07	15.25
	5-Year Median	11.19	11.89	23.42	17.52
P/S F12M	Current	0.31	0.26	1.24	3.61
	5-Year High	0.81	0.79	1.24	3.61
	5-Year Low	0.21	0.24	0.82	2.53
	5-Year Median	0.40	0.42	0.97	3.02
P/B TTM	Current	1.29	1.23	5.77	4.46
	5-Year High	3.45	3.21	6.02	4.56
	5-Year Low	0.91	1.06	3.69	2.83
	5-Year Median	2.44	2.22	5.00	3.74

	5-Year Median	2.14	2.23	5.00	3.11
--	---------------	------	------	------	------

As of 07/21/2020



## Industry Analysis Zacks Industry Rank: Top 11% (27 out of 252)



## Top Peers

Company (Ticker)	Rec	Rank
Herbalife LTD. (HLF)	Outperform	1
The Kroger Co. (KR)	Outperform	1
Rite Aid Corporation (RAD)	Outperform	1
Humana Inc. (HUM)	Neutral	3
Target Corporation (TGT)	Neutral	3
Universal Health Services, Inc. (UHS)	Neutral	3
Walmart Inc. (WMT)	Neutral	3
Walgreens Boots Alliance, Inc. (WBA)	Underperform	5

Industry Comparison Industry: Retail - Pharmacies And Drug Stores				Industry Peers		
	CVS	X Industry	S&P 500	RAD	WBA	WMT
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	1	5	3
VGM Score	A	-	-	C	B	A
Market Cap	84.33 B	4.13 B	22.70 B	861.72 M	35.02 B	374.98 B
# of Analysts	11	2	14	2	9	14
Dividend Yield	3.10%	0.00%	1.81%	0.00%	4.53%	1.63%
Value Score	A	-	-	C	A	B
Cash/Price	0.15	0.14	0.06	0.33	0.02	0.04
EV/EBITDA	9.52	7.95	13.09	13.87	6.38	12.56
PEG Ratio	1.26	2.08	3.03	NA	2.73	4.76
Price/Book (P/B)	1.29	1.53	3.12	1.40	1.66	5.06
Price/Cash Flow (P/CF)	6.17	5.49	12.23	2.57	4.82	14.94
P/E (F1)	9.09	11.90	22.36	31.23	8.63	26.84
Price/Sales (P/S)	0.32	0.37	2.42	0.04	0.25	0.70
Earnings Yield	11.00%	8.90%	4.31%	3.17%	11.58%	3.73%
Debt/Equity	1.29	0.22	0.75	9.83	0.57	0.85
Cash Flow (\$/share)	10.47	3.36	6.94	6.13	8.38	8.85
Growth Score	A	-	-	C	B	A
Hist. EPS Growth (3-5 yrs)	10.15%	6.03%	10.82%	NA	9.15%	1.81%
Proj. EPS Growth (F1/F0)	0.23%	14.44%	-9.08%	236.67%	-21.80%	0.00%
Curr. Cash Flow Growth	-16.33%	-5.12%	5.51%	-53.93%	-2.42%	-0.12%
Hist. Cash Flow Growth (3-5 yrs)	14.66%	-9.96%	8.55%	-16.86%	11.05%	-0.31%
Current Ratio	0.99	0.99	1.31	1.47	0.69	0.77
Debt/Capital	56.34%	56.34%	44.41%	90.77%	36.22%	46.01%
Net Margin	2.76%	-1.84%	10.54%	-1.84%	0.55%	2.81%
Return on Equity	15.17%	-1.26%	15.38%	1.66%	19.43%	18.33%
Sales/Assets	1.17	1.66	0.54	2.25	1.66	2.27
Proj. Sales Growth (F1/F0)	3.27%	1.80%	-2.40%	7.12%	1.80%	4.07%
Momentum Score	B	-	-	B	D	D
Daily Price Chg	0.95%	0.00%	0.86%	0.83%	-0.12%	0.65%
1 Week Price Chg	4.33%	3.78%	3.82%	-2.53%	3.24%	0.81%
4 Week Price Chg	0.14%	6.76%	3.42%	20.11%	-5.61%	9.30%
12 Week Price Chg	2.02%	0.76%	9.22%	-0.50%	-9.50%	3.38%
52 Week Price Chg	14.66%	17.98%	-3.38%	142.24%	-26.06%	18.06%
20 Day Average Volume	6,362,039	3,824,354	2,069,527	5,241,987	7,346,459	9,557,640
(F1) EPS Est 1 week change	0.04%	0.00%	0.00%	0.00%	-0.01%	0.00%
(F1) EPS Est 4 week change	0.16%	9.73%	0.13%	135.32%	-12.82%	-0.06%
(F1) EPS Est 12 week change	0.10%	34.63%	-3.85%	135.32%	-13.81%	-3.50%
(Q1) EPS Est Mthly Chg	-1.57%	10.25%	0.00%	126.92%	-26.27%	-0.14%

---

## 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	A
Growth Score	A
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.

---

### 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.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.