

Edwards Lifesciences (EW)

\$83.64 (As of 03/31/21)

Price Target (6-12 Months): **\$88.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/23/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: C

Value: C

Growth: C

Momentum: D

Summary

Edwards Lifesciences' strong product adoption in the fourth quarter of 2020 amid pandemic-led business disruptions buoys optimism. Steady improvement in global TAVR procedure volumes and robust demand for TruWave are impressive. Operating margin expansion bodes well. An encouraging outlook for 2021 amid the pandemic-led challenges is impressive. Upside potential in emerging economies and a strong solvency position are an added plus. Continued favorable clinician feedback for PASCAL Ace and improved paravalvular leak performance of SAPIEN 3 Ultra look impressive. The company's revenues in the fourth quarter were better-than-expected. Over the past six months, the company has outperformed its sector. Continued pandemic-led choppy market conditions are worrying. Tough competition in the cardiac devices market and reimbursement issues persist.

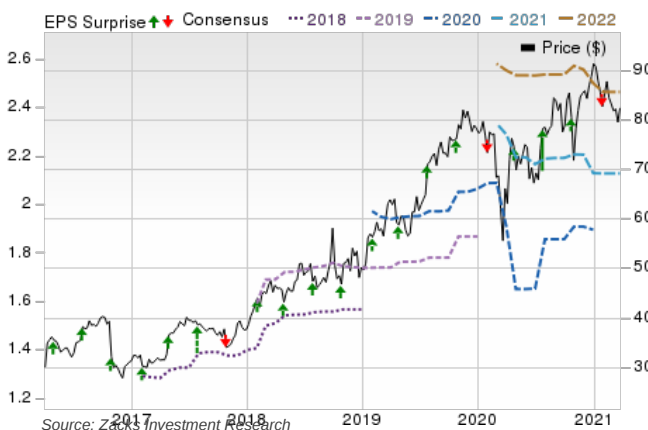
Data Overview

52-Week High-Low	\$92.08 - \$56.44
20-Day Average Volume (Shares)	2,677,394
Market Cap	\$52.0 B
Year-To-Date Price Change	-8.3%
Beta	1.04
Dividend / Dividend Yield	\$0.00 / 0.0%
Industry	Medical - Instruments
Zacks Industry Rank	Bottom 32% (172 out of 253)

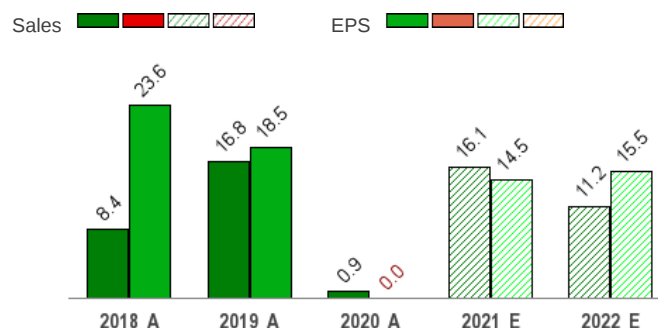
Last EPS Surprise	-5.7%
Last Sales Surprise	0.7%
EPS F1 Estimate 4-Week Change	0.0%
Expected Report Date	04/20/2021
Earnings ESP	0.0%

P/E TTM	29.3
P/E F1	39.3
PEG F1	2.5
P/S TTM	11.9

Price, Consensus & Surprise



Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,301 E	1,381 E	1,432 E	1,533 E	5,663 E
2021	1,160 E	1,246 E	1,306 E	1,378 E	5,091 E
2020	1,129 A	925 A	1,141 A	1,192 A	4,386 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.58 E	\$0.55 E	\$0.59 E	\$0.62 E	\$2.46 E
2021	\$0.53 E	\$0.47 E	\$0.51 E	\$0.55 E	\$2.13 E
2020	\$0.50 A	\$0.34 A	\$0.51 A	\$0.50 A	\$1.86 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 03/31/2021. The report's text and the analyst-provided price target are as of 04/01/2021.

Overview

Edwards Lifesciences Corporation, headquartered in Irvine, CA, deals in products and technologies aimed at treating advanced cardiovascular diseases, especially structural heart disease in critically ill patients. The company is the world's leading manufacturer of tissue heart valves and repair products used to replace or repair a patient's diseased or defective heart valve. Edwards is also a leading player in hemodynamic monitoring systems used to measure a patient's cardiovascular function in the hospital setting.

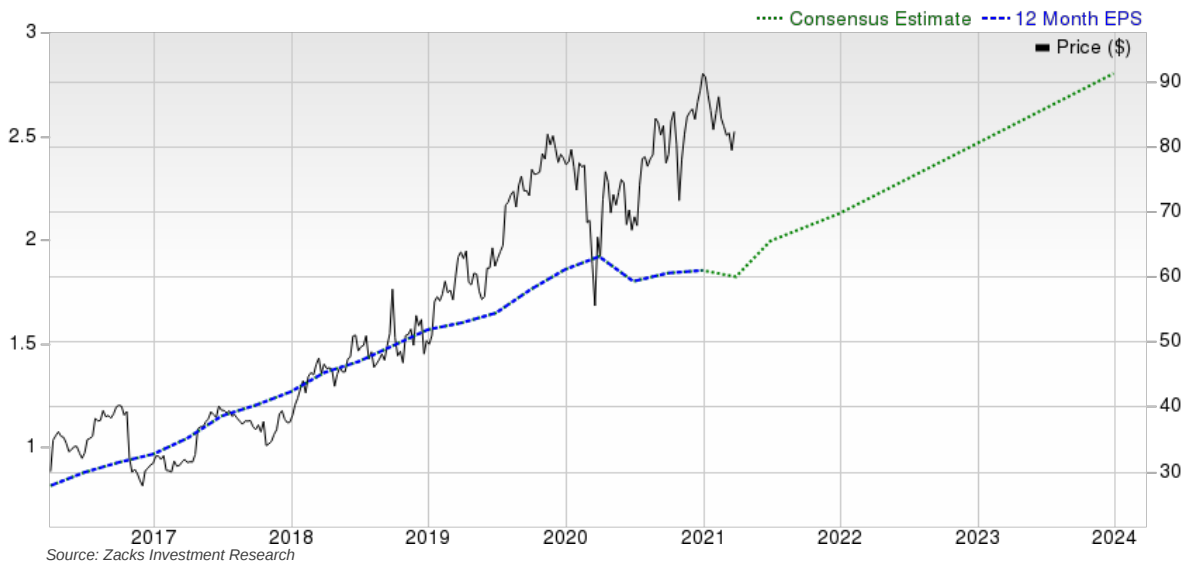
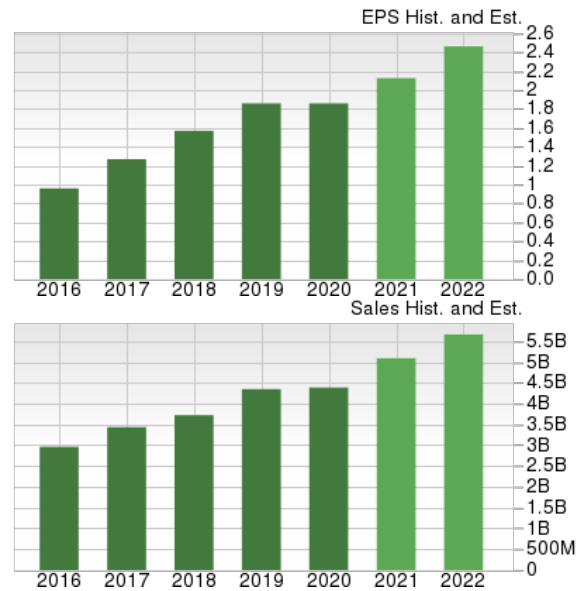
The company's products and technologies are categorized into four main areas: Transcatheter Aortic Valve Replacement (TAVR), Transcatheter Mitral and Tricuspid Therapies (TM TT), Surgical Structural Heart, and Critical Care.

TAVR (65.1% of total revenues in 2020, underlying growth rate was 4.2% from 2019): This segment includes the SAPIEN family of valves used to treat heart valve diseases using catheter-based approaches for patients who have severe symptomatic aortic stenosis and certain patients with congenital heart disease.

TM TT (0.9%, up 46.2%): This segment consists of the PASCAL transcatheter valve repair system and the Cardioband systems for mitral and tricuspid valve repair, which are commercially available in Europe. The PASCAL system provides a differentiated, minimally-invasive therapy to address the needs of patients with mitral regurgitation through leaflet approximation, while the Cardioband system enables clinicians to restore a patient's mitral or tricuspid valve to a more functional state by reducing the annulus and lowering regurgitation.

Surgical Structural Heart (17.4%; down 9.6%): This segment primarily comprises tissue heart valves and heart valve repair products for the surgical repair or replacement of a patient's heart valve. The portfolio also includes a diverse line of products used during minimally invasive surgical procedures, and cannulae, embolic protection devices and other products used during cardiopulmonary bypass.

Critical Care (16.5%, down 2.8%): Critical Care portfolio includes pulmonary artery catheters, disposable pressure transducers and advanced monitoring systems. The portfolio also includes a line of balloon catheter-based products, surgical clips and inserts.



Reasons To Buy:

- ▲ **Share Price Performance:** Over the past six months, Edwards Lifesciences' stock has outperformed its sector. The stock has gained 6.1% compared with 5.5% growth of the sector. Edwards Lifesciences exited the fourth quarter of 2020 with better-than-expected revenues despite the challenging business environment arising from the pandemic. We are upbeat about the strong adoption of the INSPIRIS aortic surgical valve and the KONECT aortic valve conduit. The continued strong adoption of the SAPIEN 3 Ultra platform looks encouraging as well. Continued favorable clinician feedback on improved paravalvular leak performance of SAPIEN 3 Ultra looks impressive.

Steady improvement in TAVR procedure volumes worldwide and receipt of favorable physician feedback for PASCAL Ace buoy optimism. Robust demand for TruWave and operating margin expansion are impressive. Despite the pandemic-led business disruptions, the company has issued an encouraging financial outlook for 2021. Further, Edwards Lifesciences also expects to register underlying sales growth in high-single digits for its Surgical Structural Heart business for the year, which is impressive. Upside potential in emerging economies along with a strong solvency and capital structure are added benefits.

- ▲ **Critical Care Business Holds Potential Amid Pandemic:** The segment, although down from the year-ago quarter both on a reported and an underlying basis, holds potential for growth. In fact, during the reported quarter, the segment recorded robust sales of TruWave disposable pressure monitoring devices used in the ICU on the back of increased COVID-19-led hospitalizations late in the quarter in both the United States and Europe.

Although, amid the coronavirus crisis, this business is temporarily facing obstruction in terms of lower product demand, once the hospitals in the United States resume capital spending, the segment is likely to witness a rebound in HemoSphere advanced monitoring platform orders.

Further, despite the pandemic-led impact of delayed elective procedures, the company expects full-year 2021 underlying sales growth in the high-single-digit range on the back of strength in demand for products used in more intense surgeries.

- ▲ **CASMED Holds Promise:** North America currently holds a large share in the global brain tissue oxygen monitoring systems market and is backed by rising demands for neurosurgery, advanced healthcare facilities and the dominance of major players (per a report by Market Research Hub). The brain tissue oxygen monitoring systems market is also expected to witness improved performances in the Asia Pacific and the Middle East and Africa regions. Given bountiful opportunities in the niche market, the acquisition of CAS Medical Systems (CASMED) seems a strategic fit.

The acquisition has already started generating revenues for the company's Critical Care arm. CASMED's FORE-SIGHT non-invasive cerebral oxygenation technology is helping Edwards Lifesciences' expand its reach in the smart monitoring technology market.

- ▲ **Surgical Structural Heart, a Promising Business:** The strong adoption of the premium RESILIA tissue valves, including the INSPIRIS aortic surgical valve and KONECT aortic valve conduit during the fourth quarter buoy optimism. Despite fourth-quarter headwinds, the devices continuing to witness growth across all geographies, with notable usage in more active patients looks impressive. Notably, the company continues to add new INSPIRIS centers, boosted by the increase in Inspiris valve utilization.

Edwards Lifesciences' management is also upbeat about witnessing favorable patient outcomes with faster surgery and recovery times with the HARPOON Beating Heart Mitral Valve Repair System, which is a minimally invasive therapy. Notably, the U.S. pivotal trial is already underway and the first patient was treated in December 2020.

- ▲ **Long-Term Growth Strategy Buys Optimism:** Edwards Lifesciences expects to maintain its leadership position in the global TAVR market through increased focus on expanding patient access by actively leveraging current valve platforms for additional indications. This includes developing next-generation valve platforms, and maintaining trusted relationships with clinicians, payers and regulators.

With patients and clinicians increasingly preferring TAVR and based on the substantial body of compelling clinical evidence along with strong adoption of its TAVR devices, management remains optimistic about the long-term growth opportunity its transcatheter therapies offer in the global market. Edwards Lifesciences also remain committed to aggressively invest in structural heart disease and critical care technologies.

Edwards Lifesciences also expects the global TAVR opportunity to exceed \$7 billion by 2024. Also, management projects TMTT opportunity estimated to reach roughly \$3 billion by 2024. Further, management also expects Surgical Structural Heart opportunity to grow mid-single digits by 2026.

- ▲ **TAVR Holds Potential:** The TAVR segment, during the fourth quarter, has performed well despite the pandemic-led business challenges. The segment registered 1.8% growth from the prior-year figure on reported basis and 0.3% on an underlying basis. The growth was primarily driven by increased adoption of the company's technologies, including the SAPIEN platform. Physician feedback on SAPIEN 3 Ultra's ease of use and improved paravalvular leak performance remains a favourable contribution to further adoption of the device. Outside the United States, total TAVR sales increased in the high-single digits year over year on an underlying basis. Further, TAVR's underlying growth in Europe was in the mid-single digit range compared to the year-ago numbers.

The global TAVR market was valued at more than \$4.2 billion in 2018 and is expected to witness 14% CAGR between 2019 and 2025 (per a report by Global Market Insights).

Backed by consistent strength in TAVR uptake globally, with some adverse impacts of the coronavirus outbreak, Edwards Lifesciences maintains its expectation of TAVR's underlying sales growth to lie within 15-20% for 2021. Further, the company anticipates to face

We believe the huge untapped potential in emerging markets will act as a positive catalyst for Edwards Lifesciences. The company is consolidating its foothold across all its operating businesses through strong pipeline development.

pandemic-related challenges in the early part of 2021 with a more normalized growth environment in the second half of the year.

- ▲ **TMTT Portfolio Holds Potential:** Edwards Lifesciences has been making significant progress in its TMTT portfolio to include important solutions under its purview to serve the untapped mitral and tricuspid patient pool. The segment registered an uptick of 83.6% from the prior-year figure on a reported basis. On an underlying basis, the improvement was 74.1%.

During the fourth quarter, the company registered continued momentum in the adoption of PASCAL leaflet repair in Europe. The company also continued with the introduction of PASCAL Ace for mitral and tricuspid patients during the quarter, which has received favorable physician feedback with respect to its features and profile.

Edwards Lifesciences, during the reported quarter, not only progressed in the enrollment of three CLASP pivotal studies but also received approval for use of the PASCAL Precision System in these pivotal studies. Further, the company continues to enroll for the SAPIEN M3 pivotal study and Circle. The company is currently on track to initiate its first clinical experience with its next-generation EVOQUE Mitral Replacement System.

During the fourth-quarter earnings call, the company also confirmed that enrollment in the EVOQUE tricuspid replacement study, TRISCEND, continued during the quarter. Further, Edwards Lifesciences is currently on track to initiate the TRISCEND II randomized pivotal study based on FDA's Breakthrough pathway designation.

In the third quarter, Edwards Lifesciences had received CE Mark for both its PASCAL transcatheter valve repair system (to treat patients with tricuspid regurgitation) and PASCAL ACE implant system (for mitral and tricuspid repair).

Management is optimistic that their global TMTT business will approximately double in 2021 and will grow to approximately \$3 billion by 2025.

- ▲ **CMS' Final Verdict on TAVR in Favor of Edwards:** Edwards Lifesciences is highly optimistic about the CMS' final update on national coverage determination (NCD) related to TAVR programs. Per the final update, TAVR is covered for the treatment of symptomatic aortic valve stenosis when furnished according to an FDA-approved indication and when certain conditions are met. According to Edwards Lifesciences, majority of the core element of the updated NCD provides better reflection of modern-day treatment of patients with severe aortic stenosis (AS). Per the company, this will widen the access of TAVR procedure.

- ▲ **Upside Potential in Emerging Economies:** This has been contributing strongly to the company's emerging market growth. Based on this development, it is currently in the process of qualifying new centers. During the fourth quarter, Edwards Lifesciences confirmed to have continued to add new centers inspired by the growth of Inspiris valve utilization in all regions.

- ▲ **Strong Solvency and Capital Structure:** Edwards Lifesciences is well capitalized, having exited the fourth quarter of 2020 with cash and cash equivalents, and short-term investments of \$1.40 billion compared with \$1.52 billion at the end of 2019. Meanwhile, long-term debt totaled \$595 million in the fourth quarter, up from \$594 million at the end of 2019. However, the figure is much lower than the quarter's cash and cash equivalent, and short-term investments level, indicating strong solvency. In addition, we may also note that the company has no current-year debt on its balance sheet. This is good news at a time when the coronavirus mayhem has forced the corporate sector to halt production and supply.

Debt comparison with the industry is, however, favorable as the industry's total debt of \$2.89 billion is much higher compared to that of the company.

The quarter's total debt-to-capital ratio showed a slight decrease. However, it stands at a low level of 11.5% compared with 12.5% at the end of 2019, indicating a healthy financial structure and low-leveraged balance sheet. This, however, compares favorably with the total debt-to-capital of the industry, which stands at a higher level of 31.3%. The overall data concludes that in terms of the solvency level of the company, the picture is encouraging.

The times interest earned for the company stands at 59%, representing an increase from 57.4% at the end of 2019. This, however, compares favorably with the times interest earned for the industry which stands at a lower level (8.9%).

Average adjusted shares outstanding in the fourth quarter were \$632 million.

Reasons To Sell:

▼ **Dull Segmental Performance:** Edwards Lifesciences saw a robust fourth quarter despite the pandemic-led business disruptions. However, the company's Surgical Structural Heart's sales in the quarter declined 0.5% from the year-ago quarter on a reported basis and 2.2% on an underlying basis. Per management, the downside resulted from hospitals experiencing an influx of COVID-19 patients, thus limiting surgical valve procedures.

Further, the Critical Care segment's sales in the quarter declined 0.6% from the year-ago quarter on a reported basis and 2% on an underlying basis, which resulted from the decline in HemoSphere orders in the United States as hospitals limited their capital spending.

▼ **Litigation Charges May Slow Down Growth:** Abbott has recently filed multiple lawsuits against Edwards Lifesciences related to PASCAL's launch in both the United States and Europe. The U.S. District Court in Delaware has also heard Abbott's motion for a preliminary injunction. Although the company is leaving no stone unturned to gain a favorable verdict, any deviation from that end can delay the product launch.

▼ **Foreign Exchange Headwinds:** We remain worried about the significant challenges Edwards Lifesciences had to face owing to unfavorable foreign currency impact that has been adversely affecting the company's gross margin over the past few quarters. Per management, significant currency fluctuations could have a material effect on revenues, cost of sales and operational results.

▼ **Competitive Landscape:** The medical devices industry is highly competitive with the presence of several competent players. In Heart Valve Therapy, Edwards Lifesciences primarily competes with Medtronic and Sorin Group whereas players such as ICU Medical, Pulsion Medical Systems AG, LIDCO Group and Becton, Dickinson offer competition in the other segments.

With CoreValve (especially on the transfemoral side), Medtronic and Boston Scientific are tough competitors for Edwards Lifesciences in the TAVR market. Notably, competitive product launches in high-end markets have dragged Edwards Lifesciences' sales in the past although the company had not witnessed any impact from competitive U.S. products in the third quarter of 2017. However, management anticipates consistent competition to impact Edwards Lifesciences in the TAVR market.

▼ **Reimbursement Cut to Increase Expenses:** The U.S. government's law related to the health care system includes provisions that, among other things, reduce or limit Medicare reimbursement, require all individuals to have health insurance (with limited exceptions) and impose increased taxes. This in turn puts pressure on companies' cost structure in the medical sector. Meanwhile, as other portions of the 2010 health care law remain subject to continued implementation, the long-term impact on Edwards Lifesciences is uncertain. However, this law or any future legislation, including deficit reduction legislation, has every potential to adversely affect Edwards Lifesciences' financial position.

Expected increase in the competition of Edwards Lifesciences' THV business and the adverse foreign currency impacts pose concerns for the company. Dull segmental performance is also worrying.

Last Earnings Report

Edwards Lifesciences Q4 Earnings Fall Shy of Estimates

Edwards Lifesciences's fourth-quarter 2020 adjusted earnings per share of 50 cents lagged the Zacks Consensus Estimate by 5.7%. However, the figure improved 2% year over year.

GAAP earnings per share was 49 cents in the quarter compared with the year-ago earnings per share of 44 cents, reflecting an 11.4% improvement.

Full-year adjusted earnings per share was \$1.86, unchanged from the year-ago number. Again, the metric lagged the Zacks Consensus Estimate by 1.6%.

Full-year GAAP earnings per share was \$1.30, reflecting a 20.7% decline from the year-earlier \$1.64.

Quarter Ending 12/2020

Report Date	Jan 27, 2021
Sales Surprise	0.71%
EPS Surprise	-5.66%
Quarterly EPS	0.50
Annual EPS (TTM)	1.85

Sales Details

Fourth-quarter net sales were \$1.19 billion, up 1.5% year over year on a reported basis. On an underlying basis, the growth was roughly unchanged. Moreover, the metric surpassed the Zacks Consensus Estimate by 0.7%.

Revenues were primarily driven by continued adoption of the company's life-saving technologies across the globe despite challenges arising from coronavirus-led business disruptions.

Full-year revenues were \$4.39 billion, reflecting a 0.9% increase from the year-ago period (up 0.6% on an underlying basis). Revenues surpassed the Zacks Consensus Estimate by 0.2%.

Segmental Details

In the fourth quarter, global sales in the TAVR product group amounted to \$776.2 million, up 1.8% from the prior-year figure on reported basis. On an underlying basis, the growth was 0.3%. Average selling prices were stable worldwide. In the United States, total TAVR sales declined in mid-single digits year over year. Outside the United States, total TAVR sales increased in the high-single digits year over year on an underlying basis.

TMTT sales totaled \$13.1 million, up 83.6% from the prior-year figure on a reported basis. On an underlying basis, the improvement was 74.1%. The company continued to register strong momentum on increased adoption of the PASCAL leaflet repair system in Europe. The company, during the reported quarter, continued with the introduction of PASCAL Ace for mitral and tricuspid patients, which boosted the top line.

Surgical Structural Heart's sales in the quarter totaled \$204.2 million, down 0.5% from the year-ago quarter on a reported basis and 2.2% on an underlying basis. Per management, the downside resulted from hospitals experiencing an influx of COVID-19 patients, thus limiting surgical valve procedures. However, this was partially offset by the robust adoption of the company's latest premium technologies, including the Premium RESILIA tissue valves and the KONECT aortic valved conduit. Further, the continued growth of Inspiris valve utilization in all regions drove the top line.

Critical Care sales totaled \$198.2 million in the fourth quarter, down 0.6% from the year-ago quarter on a reported basis and 2% on an underlying basis. The fall in revenues resulted from the decline in HemoSphere orders in the United States as hospitals limited their capital spending. However, this was partially offset by the robust sales of TruWave disposable pressure monitoring devices used in the ICU on the back of increased COVID-19-led hospitalizations late in the quarter in both the United States and Europe.

Margins

In the fourth quarter, gross profit was \$895.4 million, up 0.8%. Gross margin contracted 49 basis points (bps) to 75.1%.

The company-provided adjusted gross margin was 75.3%, reflecting a year-over-year contraction of 50 bps. This resulted from the negative impact of foreign exchange and incremental costs associated with responding to COVID-19, partially offset by lower performance-based compensation.

Selling, general, and administrative expenses fell 2.5% year over year to \$338.5 million, primarily due to lower pandemic-led spending and lower performance-based compensation. This was partially offset by the positive impact of foreign exchange.

Research and development expenditures were \$195.7 million, up 0.9% year over year. This primarily resulted from increased investments in transcatheter mitral valve replacement and costs associated with discontinuing the SUTRAFIX program, partially offset by lower performance-based compensation. These developments drove operating costs down by 1.3% to \$534.2 million.

During the reported quarter, operating income was up 4.2% year over year to \$361.2 million. Accordingly, operating margin expanded 77 bps to 30.3%.

Cash Position

Edwards Lifesciences exited 2020 with cash and cash equivalents of \$1.183 billion compared with \$1.179 billion recorded at the end of 2019. Long-term debt was \$595 million at the end of 2020, up from \$594.4 million at the end of 2019.

Cumulative net cash provided by operating activities at the end of the year was \$400 million compared with \$399 million a year ago. Capital expenditure rose to \$113 million from \$71 million a year ago.

2021 Guidance Issued

For the first quarter of 2021, Edwards Lifesciences expects the adjusted earnings per share in the range of 43-50 cents. The Zacks Consensus Estimate for the same is currently pegged at 50 cents, which matches the upper end of the company-provided guidance.

The company projects first-quarter 2021 sales revenues to be in the range of \$1.1-\$1.2 billion. The Zacks Consensus Estimate for the same is currently pegged at \$1.21 billion.

For 2021, the company projects the adjusted earnings per share in the range of \$2-\$2.20. The Zacks Consensus Estimate for the same is currently pegged at \$2.13.

For the year, the company anticipates the sales to be in the range of \$4.9-\$5.3 billion. The Zacks Consensus Estimate for the same is currently pegged at \$5.11 billion.

Recent News

Edwards Lifesciences Presents New Data from Clinical Trial: Jan 31, 2021

Edwards Lifesciences presented new data from the COMMENCE clinical trial at the annual meeting of the Society of Thoracic Surgeons. The data illustrated that the company's bioprosthetic surgical aortic valve with the company's novel RESILIA tissue platform show favorable safety and hemodynamic performance through a median of five years follow-up.

Valuation

Edwards Lifesciences shares are down 8.3% in the year-to-date period and up 35.7% in the trailing 12-month periods. Stocks in the Zacks sub-industry are down 1.7% while the Zacks Medical sector is up 0.6% in the year-to-date period. Over the past year, the Zacks sub-industry is up 46.6% and sector is up 22.6%.

The S&P 500 index is up 6.1% in the year-to-date period and rose 59.4% in the past year.

The stock is currently trading at 37.8X Forward 12-months earnings, which compares to 34.9X for the Zacks sub-industry, 21.7X for the Zacks sector and 22.4X for the S&P 500 index.

Over the past five years, the stock has traded as high as 42.9X and as low as 24.3X, with a 5-year median 32.6X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$88 price target reflects 39.8X forward 12-months earnings.

The table below shows summary valuation data for EW

Valuation Multiples - EW					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	37.83	34.95	21.66	22.43
	5-Year High	42.87	41.56	22.87	23.83
	5-Year Low	24.32	22.81	15.88	15.30
	5-Year Median	32.61	30.02	19.24	17.95
P/S F12M	Current	9.94	4.57	2.74	4.59
	5-Year High	11.28	4.76	3.18	4.59
	5-Year Low	5.24	2.57	2.27	3.21
	5-Year Median	7.76	3.43	2.81	3.70
P/B TTM	Current	11.40	4.49	4.00	6.71
	5-Year High	14.16	4.96	5.12	6.73
	5-Year Low	6.44	2.81	3.03	3.84
	5-Year Median	9.90	4.16	4.36	4.98

As of 03/31/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 32% (172 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
IDEXX Laboratories, Inc. (IDXX)	Outperform	2
Hologic, Inc. (HOLX)	Neutral	3
Intuitive Surgical, Inc. (ISRG)	Neutral	3
Medtronic PLC (MDT)	Neutral	3
SONOVA HOLDING (SONVY)	Neutral	3
STERIS plc (STE)	Neutral	3
Teleflex Incorporated (TFX)	Neutral	3
Varian Medical Systems, Inc. (VAR)	Neutral	3

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

Industry Comparison Industry: Medical - Instruments				Industry Peers		
	EW	X Industry	S&P 500	HOLX	ISRG	VAR
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	A	D	B
Market Cap	52.03 B	327.10 M	29.25 B	19.16 B	87.47 B	16.21 B
# of Analysts	11	2	13	8	8	4
Dividend Yield	0.00%	0.00%	1.35%	0.00%	0.00%	0.00%
Value Score	C	-	-	A	D	C
Cash/Price	0.03	0.09	0.06	0.05	0.06	0.05
EV/EBITDA	49.26	-5.04	16.58	14.05	54.90	32.77
PEG F1	2.50	3.05	2.39	0.55	7.14	NA
P/B	11.40	5.56	3.96	5.86	8.91	7.21
P/CF	40.69	27.36	16.38	13.48	64.25	35.15
P/E F1	39.27	40.21	21.74	8.44	60.51	34.31
P/S TTM	11.86	6.59	3.35	4.23	20.07	5.20
Earnings Yield	2.55%	-1.18%	4.54%	11.84%	1.65%	2.91%
Debt/Equity	0.13	0.06	0.66	0.83	0.00	0.00
Cash Flow (\$/share)	2.06	-0.11	6.78	5.52	11.50	5.02
Growth Score	C	-	-	A	B	A
Historical EPS Growth (3-5 Years)	20.18%	9.36%	9.39%	15.90%	13.27%	-0.49%
Projected EPS Growth (F1/F0)	14.37%	29.82%	14.55%	121.45%	20.21%	31.59%
Current Cash Flow Growth	0.70%	-0.02%	0.44%	27.33%	-3.68%	-11.95%
Historical Cash Flow Growth (3-5 Years)	17.55%	7.81%	7.37%	7.92%	12.92%	-1.79%
Current Ratio	3.46	3.33	1.39	2.46	6.86	1.51
Debt/Capital	11.51%	7.77%	41.26%	45.29%	0.00%	0.00%
Net Margin	18.77%	-22.06%	10.59%	30.50%	24.33%	8.91%
Return on Equity	28.42%	-20.21%	14.86%	63.50%	11.67%	17.55%
Sales/Assets	0.66	0.51	0.51	0.64	0.42	0.70
Projected Sales Growth (F1/F0)	16.06%	14.23%	6.95%	50.83%	12.69%	8.40%
Momentum Score	D	-	-	C	D	B
Daily Price Change	0.95%	1.00%	-0.28%	0.69%	1.71%	-0.23%
1-Week Price Change	3.64%	-4.12%	2.12%	1.93%	3.29%	0.09%
4-Week Price Change	-0.72%	-2.33%	4.58%	3.35%	1.62%	0.32%
12-Week Price Change	-4.08%	10.30%	7.50%	-4.68%	-6.79%	0.59%
52-Week Price Change	45.35%	78.83%	68.92%	127.46%	61.25%	86.92%
20-Day Average Volume (Shares)	2,677,394	271,855	2,368,133	1,828,348	551,176	818,262
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 12-Week Change	-0.05%	0.00%	2.21%	25.28%	-7.01%	0.64%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Zacks Investment Research

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we maintain a balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	D
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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