

## Edwards Lifesciences (EW)

**\$83.70** (As of 08/27/20)

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:B

Value: C

Growth: B

Momentum: B

### Summary

Strong adoption of Edwards Lifesciences' SAPIEN technology and regulatory approvals received in the second quarter of 2020 buoy optimism. Positive clinician feedback on improved paravalvular leak performance of SAPIEN 3 Ultra is impressive. Steady improvement in TAVR procedure volumes, and recovery rates in Europe buoy optimism. Robust demand for TruWave and gross margin expansion are impressive. The company's guidance looks encouraging. Edwards Lifesciences' second quarter results were better-than-expected despite the pandemic. In the past six months, the company's stock has outperformed its sector. Yet, pandemic-led procedural disruption led to a year-over-year drop in segmental and total revenues. Operating margin contraction is concerning. Tough competition in the cardiac devices market and reimbursement issues persist.

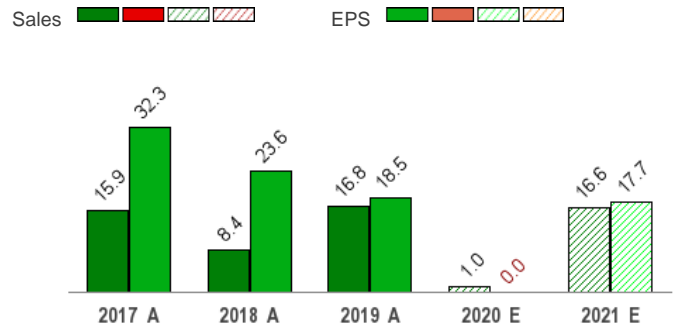
### Price, Consensus & Surprise



### Data Overview

|                            |                                       |
|----------------------------|---------------------------------------|
| 52 Week High-Low           | \$247.64 - \$66.23                    |
| 20 Day Average Volume (sh) | 2,010,187                             |
| Market Cap                 | \$52.0 B                              |
| YTD Price Change           | 7.6%                                  |
| Beta                       | 0.88                                  |
| Dividend / Div Yld         | \$0.00 / 0.0%                         |
| Industry                   | <a href="#">Medical - Instruments</a> |
| Zacks Industry Rank        | Top 47% (119 out of 252)              |

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



|                           |            |
|---------------------------|------------|
| Last EPS Surprise         | 126.7%     |
| Last Sales Surprise       | 18.2%      |
| EPS F1 Est- 4 week change | 0.0%       |
| Expected Report Date      | 10/28/2020 |
| Earnings ESP              | -2.0%      |

### Sales Estimates (millions of \$)

|      | Q1      | Q2      | Q3      | Q4      | Annual* |
|------|---------|---------|---------|---------|---------|
| 2021 | 1,234 E | 1,259 E | 1,258 E | 1,377 E | 5,123 E |
| 2020 | 1,129 A | 925 A   | 1,081 E | 1,259 E | 4,392 E |
| 2019 | 993 A   | 1,087 A | 1,094 A | 1,174 A | 4,348 A |

### EPS Estimates

|      | Q1       | Q2       | Q3       | Q4       | Annual*  |
|------|----------|----------|----------|----------|----------|
| 2021 | \$0.53 E | \$0.54 E | \$0.54 E | \$0.58 E | \$2.19 E |
| 2020 | \$0.50 A | \$0.34 A | \$0.45 E | \$0.56 E | \$1.86 E |
| 2019 | \$0.44 A | \$0.46 A | \$0.47 A | \$0.49 A | \$1.86 A |

\*Quarterly figures may not add up to annual.

|         |      |
|---------|------|
| P/E TTM | 17.7 |
| P/E F1  | 45.0 |
| PEG F1  | 2.8  |
| P/S TTM | 12.0 |

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/27/2020. The reports text is as of 08/28/2020.

## 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.

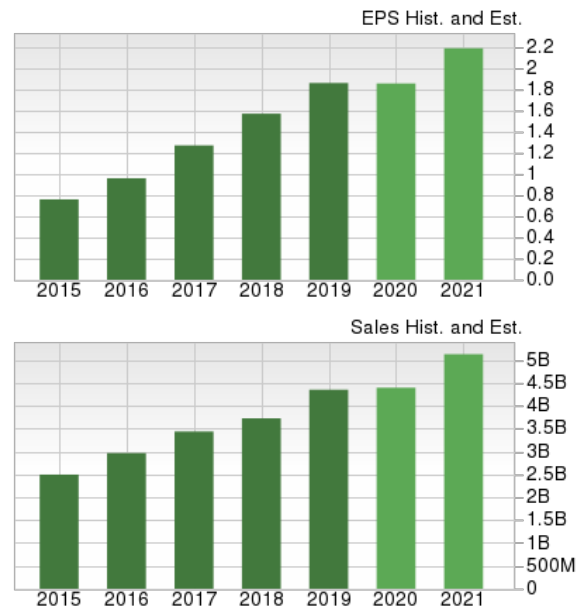
The company's products and technologies are categorized into four main areas: Transcatheter Aortic Valve Replacement (TAVR), Transcatheter Mitral and Tricuspid Therapies (TMTT), Surgical Structural Heart, and Critical Care.

TAVR (62.9% of total revenues in 2019, underlying growth rate was 21.2% from 2018): 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.

TMTT (0.6%): 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 (19.4%; up 1.5%): 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 (17%, up 8.8%): 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:** In the past six months, Edwards Lifesciences' stock has outperformed the Medical sector. The stock has gained 17.9% compared with 5.2% growth of the sector. Edwards Lifesciences exited the second quarter with better-than-expected results. We are upbeat about the strong adoption of the SAPIEN technology and regulatory approvals received by the company. Clinician feedback on improved paravalvular leak performance of SAPIEN 3 Ultra remains favorable.

Steady improvement in TAVR procedure volumes throughout May and June, and recovery rates in Europe buoy optimism. Robust demand for TruWave and gross margin expansion are impressive. Despite the pandemic-led business disruptions, the company has maintained its revenue projections and has upped its bottom-line estimates.

- ▲ **Critical Care Business Holds Potential Amid Pandemic:** This segment witnessed robust demand for TruWave disposable pressure monitoring devices used in ICUs despite pandemic-led headwinds. 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.

Given the economic instability due to the coronavirus outbreak, the company estimate Critical Care sales growth for 2020 to be flat to 2019.

- ▲ **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:** Lately, Edwards Lifesciences is registering strong top line growth within its Surgical Structural Heart business led by increased adoption of premium high-value technologies and international strength. Despite second-quarter headwinds, the INSPIRIS RESILIA aortic valve continued witnessing growth across all geographies, with notable usage in more active patients. The recent launch of the FDA-approved KONECT RESILIA aortic valved conduit buoys optimism.

The acquisition of Harpoon Medical resulted in the integration of its flagship beating-heart repair procedure for mitral valve patients (HARPOON system) to Edwards Lifesciences' Surgical Heart Valve Therapy portfolio for treating structural heart disease. Harpoon Medical works on beating-heart repair for degenerative mitral regurgitation (DMR). The Harpoon system is now commercially available in Europe. This development seems highly strategic considering the growing pool of patients of cardiovascular diseases. The company reported successful completion of the first commercial cases of the HARPOON mitral valve repair system in Europe.

- ▲ **Long-Term Growth Strategy Buoys 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.

- ▲ **TAVR Holds Potential:** This business faced sales debacle in the second quarter of 2020 due to pandemic-led procedural disruptions. However, with solid global foothold and strength, the TAVR segment holds long-term potential. 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). Even in the second quarter, the segment's average selling prices were stable worldwide. Steady improvement in TAVR procedure volumes throughout May and June, and recovery rates in Europe buoy optimism. The FDA indication expansion for the company's SAPIEN 3 and SAPIEN 3 Ultra systems and clinician feedback on improved paravalvular leak performance are other notable achievements.

Backed by consistent strength in the TAVR uptake globally, with some adverse impacts of the coronavirus outbreak, Edwards Lifesciences expects TAVR sales growth for 2020 to be flat to 2019.

- ▲ **TMTT Portfolio Holds Potential:** In the second quarter of 2020, Edwards Lifesciences registered strong momentum on increased adoption of the PASCAL mitral valve system in Europe. PASCAL's acute clinical outcomes and physician feedback remains favorable. The company received CE Mark approval for its PASCAL transcatheter valve repair system to treat patients with tricuspid regurgitation in Europe.

The company 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 FDA clearance for the CLASP IITR Pivotal Trial to study the PASCAL system in patients with symptomatic severe tricuspid regurgitation was a boost for the company. The EVOQUE tricuspid replacement valve system also attained FDA clearance for an early feasibility study and a Breakthrough Device designation. In mitral replacement, the company continues to benefit from the use of SAPIEN M3 and EVOQUE systems. Management is optimistic that their global TMTT business will grow to approximately \$3 billion by 2024. In the absence of any outbreak disruption, the company would have continued with its trials.

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.

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- ▲ **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.
  - ▲ **Strong Solvency and Capital Structure:** Edwards Lifesciences is well capitalized, having exited the second quarter of 2020 with cash and cash equivalents, and short-term investments of \$1.16 billion compared with \$1.52 billion at the end of the first quarter of 2020. Meanwhile, long-term debt totaled \$619 million in the second quarter, although a slight decrease from the sequentially last reported figure of \$620 million. 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 \$2.91 billion is much higher compared to that of the company.

The quarter's total debt-to-capital showed a slight sequential increase. However, it stands at a pretty low level of 15.1%, 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 33.6%. The overall data concludes that in terms of the solvency level of the company, the picture is encouraging.

Average adjusted shares outstanding in the second quarter were \$630 million on a post-split basis.

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## Reasons To Sell:

- ▼ **Coronavirus Dampeners:** The coronavirus pandemic has been wreaking havoc on the global economy since late February and Edwards Lifesciences is no exception. The company's dismal top-line performance primarily resulted from pandemic-led business disruptions. Due to widespread stay-at-home orders, elective and non-emergency procedures were deferred, leading to a drop in procedure volumes.
- ▼ **Dull Segmental Performance:** Edwards Lifesciences saw a dismal second quarter due to pandemic-led business disruptions. All the segments reported drastic revenue declines in the quarter. TAVR sales plunged 11.5% on an underlying basis whereas TMTT fell 9.3%. Surgical Structural Heart sales suffered the most, plunging 25.1% on an underlying basis due to lower surgical aortic valve procedures in the United States on increased adoption of TAVR. Critical Care sales declined 10.2% on an underlying basis due to the pandemic-led impact of delayed elective procedures and lower HemoSphere advanced monitoring platform orders in the United States as hospitals continue to limit their capital spending due to COVID-19.
- ▼ **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 and the adverse foreign currency impact anticipated for 2017 pose concerns for the company.

## Last Earnings Report

### Edwards Lifesciences Beats on Q2 Earnings, Ups Earnings Per Share View

Edwards Lifesciences Corporation's second-quarter 2020 adjusted earnings per share of 34 cents beat the Zacks Consensus Estimate by a stupendous 126.7%. However, the figure declined 26.1% year over year.

GAAP loss per share was 20 cents in the quarter against the year-ago earnings per share of 38 cents.

Quarter Ending **06/2020**

| Report Date      | Jul 23, 2020   |
|------------------|----------------|
| Sales Surprise   | <b>18.15%</b>  |
| EPS Surprise     | <b>126.67%</b> |
| Quarterly EPS    | <b>0.34</b>    |
| Annual EPS (TTM) | <b>1.80</b>    |

### Sales Details

Second-quarter net sales improved to \$925 million, down 14.9% year over year on a reported and 14% on an underlying basis. However, the metric surpassed the Zacks Consensus Estimate by 18.2%.

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

### Segmental Details

In the second quarter, global sales in the **TAVR** product group amounted to \$594.3 million, down 12.3% from the prior-year figure on reported basis. On an underlying basis, the fall was 11.5%. However, average selling prices were stable worldwide. In the United States, total TAVR sales declined in the low teens year over year. Outside the United States, total TAVR sales declined in the high single digits year over year, on an underlying basis.

**TMTT** sales totaled \$6.1 million, down 11.2% from the prior-year figure on a reported basis. On an underlying basis, the fall was 9.3%. The segment registered strong momentum on increased adoption of the PASCAL mitral valve system in Europe. Notably, the company received CE Mark approval for its PASCAL transcatheter valve repair system to treat patients with tricuspid regurgitation in Europe. Further, the company received the FDA's nod to initiate a pivotal study for the EVOQUE tricuspid replacement system, which is designed to gain U.S. approval and has received breakthrough device designation from the regulatory body.

**Surgical Structural Heart's** sales in the quarter totaled \$160.9 million, down 26.1% from the year-ago quarter on a reported basis and 25.1% on an underlying basis. Per management, the downside resulted from lower surgical aortic valve procedures in the United States owing to increased adoption of TAVR. The segment primarily suffered due to a sharp decline in procedures related to COVID-19. However, the decline was partly offset by continued adoption of the INSPIRIS surgical aortic valve and the recent FDA-approved KONECT RESILIA aortic valved conduit. Further, the company reported successful completion of the first commercial cases of the HARPOON mitral valve repair system in Europe.

**Critical Care** sales totaled \$163.7 million in the second quarter, down 11.3% from the year-ago quarter on a reported basis and 10.2% on an underlying basis. The downside resulted from the pandemic-led impact of delayed elective procedures and lower HemoSphere advanced monitoring platform orders in the United States as hospitals continue to limit their capital spending due to COVID-19. However, this was partially offset by robust demand for TruWave disposable pressure monitoring devices used in ICUs.

### Margins

In the second quarter, gross profit was \$686.8 million, down 12.3%. However, gross margin expanded 222 basis points (bps) to 74.2%.

The company-provided adjusted gross margin was 74.4%, reflecting a year-over-year contraction of 200 bps. This included incremental costs associated with responding to COVID-19 and a negative impact from foreign exchange.

SG&A expenses fell 10.9% year over year to \$274.9 million, primarily resulting from the COVID-19 impacts. R&D expenditures dropped 5.1% year over year to \$182.1 million, primarily resulting from high clinical spending in the prior year and reduced current-year clinical trial activity due to COVID-19. This drove operating costs down by 8.7% to \$457 million.

However, during the reported quarter, operating income was down 18.7% year over year to \$229.8 million. Accordingly, operating margin contracted 115 bps to 24.8%.

### Cash Position

Edwards Lifesciences exited the second quarter of 2020 with cash and cash equivalents, and short-term investments of \$1.16 billion compared with \$1.03 billion at the end of the first quarter of 2020. Long-term debt at the end of second-quarter 2020 was \$594.7 million compared with \$594.6 million at the end of the first quarter of 2020.

Cumulative net cash provided by operating activities at the end of the second quarter was \$231 million compared with \$341 million a year ago. Capital expenditure rose to \$108 million from \$64 million a year ago.

### Guidance

For 2020, Edwards Lifesciences continues to expect sales in the range of \$4-\$4.5 billion. The Zacks Consensus Estimate for 2020 revenues is currently pegged at \$4.26 billion. The company assumes a progressive recovery likely in the second half of the year. It however apprehends a challenging year-over-year comparison, as last-year sales had improved a robust 19%.

Full-year adjusted earnings per share has been raised to a new range of \$1.75-\$1.95 on a post-split basis, compared to the previous guidance of \$1.58-\$1.75 (pre-split basis was \$4.75-\$5.25). The Zacks Consensus Estimate for the same is currently pinned at \$1.66.

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For the third quarter, the company projects sales in the range of \$1- \$1.2 billion. The Zacks Consensus Estimate for the same is currently pegged at \$1.05 billion.

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## Recent News

### Edwards Lifesciences Gets FDA Nod for its RESILIA AVC: Jul 15, 2020

Edwards Lifesciences announced the receipt of the FDA's approval for the KONECT RESILIA aortic valved conduit (AVC), which is the first ready-to-implant solution for bio-Bentall procedures.

### Edwards Lifesciences' SAPIEN 3 THV Cleared for Use in China: Jun 8, 2020

Edwards Lifesciences announced the receipt of China's regulatory approval for its SAPIEN 3 transcatheter heart valve (THV). The approval is particularly for treating patients suffering from severe symptomatic AS who are at higher risks for or unable to undergo open-heart surgery.

## Valuation

Edwards Lifesciences shares are up 7.6% in the year-to-date period and up 14.1% in the trailing 12-month periods. Stocks in the Zacks sub-industry are up 17.4% while the Zacks Medical sector up 0.6% in the year-to-date period. Over the past year, the Zacks sub-industry is up 20.9% and sector is up 8.9%.

The S&P 500 index is up 8.2% in the year-to-date period and rose 19.5% in the past year.

The stock is currently trading at 40.4X Forward 12-months earnings, which compares to 38.4X for the Zacks sub-industry, 22.3X for the Zacks sector and 23.4X for the S&P 500 index.

Over the past five years, the stock has traded as high as 41.8X and as low as 24.3X, with a 5-year median 31.7X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$88 price target reflects 42.2X 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       | 40.35 | 38.36        | 22.31  | 23.37   |
|                          | 5-Year High   | 41.76 | 41.71        | 23.21  | 23.37   |
|                          | 5-Year Low    | 24.32 | 23.21        | 15.89  | 15.25   |
|                          | 5-Year Median | 31.68 | 28.06        | 18.97  | 17.58   |
| P/S F12M                 | Current       | 10.68 | 4.52         | 2.81   | 3.82    |
|                          | 5-Year High   | 11.28 | 4.52         | 3.42   | 3.82    |
|                          | 5-Year Low    | 5.24  | 2.52         | 2.23   | 2.53    |
|                          | 5-Year Median | 7.39  | 3.09         | 2.89   | 3.05    |
| P/B TTM                  | Current       | 13.56 | 4.55         | 3.85   | 4.71    |
|                          | 5-Year High   | 13.56 | 4.77         | 5.07   | 4.71    |
|                          | 5-Year Low    | 6.29  | 2.75         | 2.94   | 2.83    |
|                          | 5-Year Median | 9.34  | 3.90         | 4.29   | 3.76    |

As of 08/27/2020



## Industry Analysis Zacks Industry Rank: Top 47% (119 out of 252)



## Top Peers

| Company (Ticker)                    | Rec        | Rank |
|-------------------------------------|------------|------|
| Hologic, Inc. (HOLX)                | Outperform | 1    |
| Thermo Fisher Scientific Inc. (TMO) | Outperform | 1    |
| IDEXX Laboratories, Inc. (IDXX)     | Neutral    | 3    |
| Intuitive Surgical, Inc. (ISRG)     | Neutral    | 3    |
| SONOVA HOLDING (SONVY)              | Neutral    | NA   |
| STERIS plc (STE)                    | Neutral    | 3    |
| Teleflex Incorporated (TFX)         | Neutral    | 3    |
| Varian Medical Systems, Inc. (VAR)  | Neutral    | 3    |

| Industry Comparison Industry: Medical - Instruments |           |            |           | Industry Peers |         |           |
|-----------------------------------------------------|-----------|------------|-----------|----------------|---------|-----------|
|                                                     | EW        | X Industry | S&P 500   | HOLX           | ISRG    | VAR       |
| Zacks Recommendation (Long Term)                    | Neutral   | -          | -         | Outperform     | Neutral | Neutral   |
| Zacks Rank (Short Term)                             | 3         | -          | -         | 1              | 3       | 3         |
| VGM Score                                           | B         | -          | -         | D              | D       | D         |
| Market Cap                                          | 52.04 B   | 132.48 M   | 23.67 B   | 15.94 B        | 83.02 B | 15.66 B   |
| # of Analysts                                       | 11        | 2          | 14        | 9              | 7       | 5         |
| Dividend Yield                                      | 0.00%     | 0.00%      | 1.64%     | 0.00%          | 0.00%   | 0.00%     |
| Value Score                                         | C         | -          | -         | D              | D       | C         |
| Cash/Price                                          | 0.02      | 0.12       | 0.07      | 0.04           | 0.06    | 0.05      |
| EV/EBITDA                                           | 40.32     | -1.70      | 13.33     | 51.83          | 45.70   | 28.68     |
| PEG Ratio                                           | 2.80      | 4.06       | 3.05      | 1.34           | 10.24   | NA        |
| Price/Book (P/B)                                    | 13.56     | 3.53       | 3.18      | 7.06           | 9.47    | 8.05      |
| Price/Cash Flow (P/CF)                              | 41.17     | 23.25      | 12.81     | 14.66          | 58.54   | 30.22     |
| P/E (F1)                                            | 44.97     | 50.46      | 21.68     | 20.67          | 82.13   | 45.49     |
| Price/Sales (P/S)                                   | 12.04     | 4.55       | 2.50      | 4.84           | 19.05   | 4.90      |
| Earnings Yield                                      | 2.22%     | -3.95%     | 4.43%     | 4.84%          | 1.22%   | 2.20%     |
| Debt/Equity                                         | 0.15      | 0.13       | 0.74      | 1.22           | 0.00    | 0.05      |
| Cash Flow (\$/share)                                | 2.03      | -0.13      | 6.94      | 4.20           | 12.12   | 5.70      |
| Growth Score                                        | B         | -          | -         | F              | D       | D         |
| Hist. EPS Growth (3-5 yrs)                          | 23.36%    | 10.12%     | 10.41%    | 8.58%          | 18.23%  | 0.84%     |
| Proj. EPS Growth (F1/F0)                            | -0.06%    | 7.56%      | -4.94%    | 22.54%         | -32.31% | -18.27%   |
| Curr. Cash Flow Growth                              | 17.61%    | 5.66%      | 5.22%     | 2.17%          | 11.44%  | 7.70%     |
| Hist. Cash Flow Growth (3-5 yrs)                    | 23.20%    | 10.65%     | 8.50%     | 3.55%          | 18.49%  | 0.79%     |
| Current Ratio                                       | 3.08      | 2.94       | 1.35      | 1.47           | 6.38    | 1.32      |
| Debt/Capital                                        | 13.41%    | 18.30%     | 43.86%    | 54.90%         | 0.00%   | 5.02%     |
| Net Margin                                          | 17.21%    | -25.57%    | 10.25%    | 20.03%         | 26.07%  | 8.82%     |
| Return on Equity                                    | 29.11%    | -17.25%    | 14.66%    | 31.40%         | 13.62%  | 19.68%    |
| Sales/Assets                                        | 0.69      | 0.53       | 0.50      | 0.50           | 0.45    | 0.74      |
| Proj. Sales Growth (F1/F0)                          | 1.00%     | 0.00%      | -1.43%    | 1.70%          | -7.74%  | -3.98%    |
| Momentum Score                                      | B         | -          | -         | A              | C       | C         |
| Daily Price Chg                                     | 2.67%     | 0.00%      | 0.43%     | -6.63%         | 1.34%   | -0.06%    |
| 1 Week Price Chg                                    | 0.82%     | -1.62%     | -1.45%    | -0.09%         | 1.37%   | -0.38%    |
| 4 Week Price Chg                                    | 6.02%     | -0.09%     | 3.75%     | -11.72%        | 3.20%   | 24.46%    |
| 12 Week Price Chg                                   | 17.89%    | 0.00%      | 3.95%     | 17.62%         | 25.72%  | 35.44%    |
| 52 Week Price Chg                                   | 14.10%    | 2.89%      | 2.75%     | 25.21%         | 39.60%  | 61.42%    |
| 20 Day Average Volume                               | 2,010,187 | 242,067    | 1,887,168 | 2,303,521      | 442,690 | 2,453,907 |
| (F1) EPS Est 1 week change                          | 0.00%     | 0.00%      | 0.00%     | 0.00%          | 0.00%   | 0.00%     |
| (F1) EPS Est 4 week change                          | 0.00%     | 4.35%      | 0.79%     | 29.59%         | 0.00%   | 5.05%     |
| (F1) EPS Est 12 week change                         | 12.51%    | 5.05%      | 3.43%     | 31.05%         | 5.75%   | 5.05%     |
| (Q1) EPS Est Mthly Chg                              | 0.00%     | 3.60%      | 0.00%     | 41.97%         | 0.00%   | -1.15%    |

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## 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.

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### 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   | B |
| Momentum Score | B |
| VGM Score      | B |

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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### Disclosures

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