

Edwards Lifesciences (EW)

\$213.16 (As of 04/28/20)

Price Target (6-12 Months): **\$224.00**

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: D

Growth: A

Momentum: C

Summary

Edwards Lifesciences exited the first quarter with better-than-expected results. TAVR procedures saw robust therapy adoption globally, primarily in the United States. SAPIEN 3 Ultra's rollout and clinician feedback on better paravalvular leak performance buoys optimism. Robust sales growth in Critical Care, rise in R&D expenses and operating margin expansion buoy optimism. Strong solvency and capital structure are encouraging. It has outperformed its industry over the past year. However, the pandemic-led economic doldrums hurt TMTT revenues and Surgical Structural Heart sales. Gross margin contracted in the quarter. Also, tough competition in cardiac devices market and reimbursement issues persist. Given the economic disruption, the company has lowered its 2020 guidance. Litigation charges and foreign exchange headwinds are other concerns.

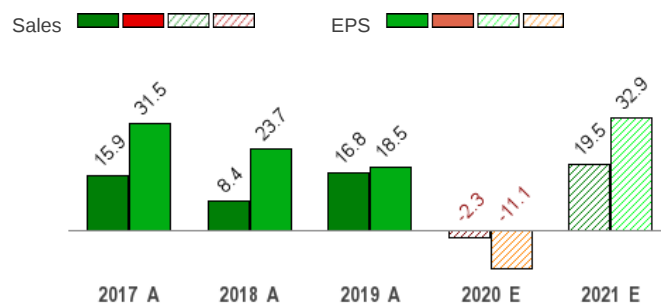
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$247.64 - \$154.52
20 Day Average Volume (sh)	1,372,355
Market Cap	\$44.6 B
YTD Price Change	-8.6%
Beta	0.81
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Instruments
Zacks Industry Rank	Top 14% (35 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	17.1%
Last Sales Surprise	7.6%
EPS F1 Est- 4 week change	-13.5%
Expected Report Date	07/28/2020
Earnings ESP	0.0%
P/E TTM	37.0
P/E F1	43.1
PEG F1	2.9
P/S TTM	9.9

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,220 E	1,252 E	1,248 E	1,364 E	5,073 E
2020	1,129 A	769 E	1,049 E	1,295 E	4,246 E
2019	993 A	1,087 A	1,094 A	1,174 A	4,348 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.58 E	\$1.63 E	\$1.60 E	\$1.75 E	\$6.58 E
2020	\$1.51 A	\$0.42 E	\$1.28 E	\$1.77 E	\$4.95 E
2019	\$1.32 A	\$1.38 A	\$1.41 A	\$1.46 A	\$5.57 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 04/28/2020. The reports text is as of 04/29/2020.

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.

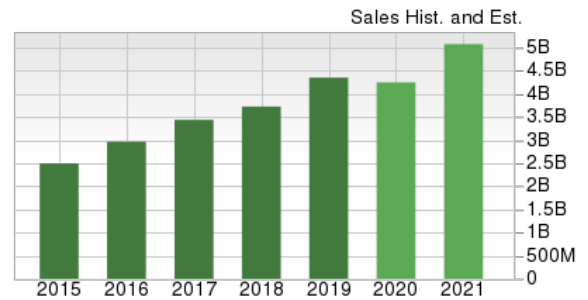
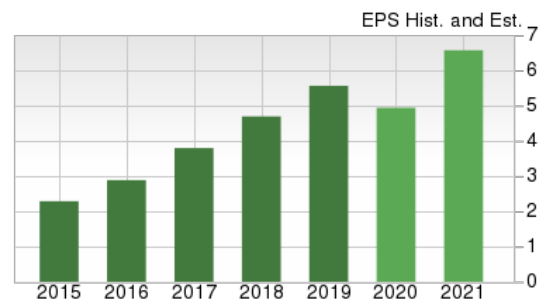
The company's products and technologies are categorized into four main areas: Transcatheter Aortic Valve Replacement (TAVR), Transcatheter Mitral and Tricuspid Therapies (TMVT), Surgical Structural Heart, and Critical Care.

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.

TMVT (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 year, Edwards Lifesciences' stock has outperformed its industry. The stock has gained 21.1% compared with the 3.3% growth of the industry. Edwards Lifesciences exited the first quarter with better-than-expected results despite the adverse impact of the coronavirus outbreak on revenues toward March-end. Globally, TAVR procedures delivered growth, led by strong therapy adoption across all geographies, particularly in the United States.

We are upbeat about the rollout of the SAPIEN 3 Ultra and clinician feedback on improved paravalvular leak performance. The continued adoption of the INSPIRIS surgical aortic valve also boosts investor confidence. TMTT segment registered strong momentum on increased adoption of the PASCAL mitral valve system in Europe. TMTT sales met the company's expectations until the latter half of March when there was a sudden decline in sales due to COVID-19. We are also upbeat about robust sales growth within the Critical Care segment. Moreover, rise in R&D expenses and expansion of the operating margin buoy optimism.

- ▲ **Critical Care Business Strong Amid Pandemic:** This segment demonstrated strong top-line growth in the reported quarter on growing demand for disposable pressure monitoring devices used in intensive care units amid the pandemic. The segment recorded growth of 3.6% from the year-ago quarter on a reported basis and 0.8% on an underlying basis. Geographically, the company saw robust growth in Europe, one of the epicentres of the virus, on strong demand for the TruWave disposable pressure monitoring devices.

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

Meanwhile, Edwards Lifesciences recently received FDA approval to start its U.S. pivotal IDE study, which is expected to initiate enrolment in the second half of 2020.

- ▲ **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 topline growth within its Surgical Structural Heart business led by increased adoption of premium high-value technologies and international strength. Despite first-quarter headwinds, the INSPIRIS RESILIA aortic valve continued witnessing growth across all geographies, with notable usage in more active patients.

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.

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.

- ▲ **TAVR Growth Continues:** In the first quarter, sales in the TAVR product group grew 14% from the prior-year figure, both on reported and underlying basis. In the United States, total TAVR procedures surged around 30% year over year. Outside the United States, total TAVR procedures grew in the mid-teens on a year-over-year basis.

In the United States, total TAVR procedures grew stronger than expected, at approximately 30%. Growth in the first quarter continued to be led by increase in TAVR treatments, following the strong PARTNER 3 evidence that paved the way to the FDA indication expansion for the company's SAPIEN 3 and SAPIEN 3 Ultra systems. The rollout of the SAPIEN 3 Ultra and clinician feedback on improved paravalvular leak performance buoy optimism.

First-quarter growth was broad-based across more than 700 centers in the United States. Outside the United States, Edwards Lifesciences became the first company to attain CE Mark in Europe for the treatment of patients affected with severe aortic stenosis, who are at a low risk for open heart surgery.

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.

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.

-
- ▲ **TMTT Portfolio Holds Potential:** In the first quarter of 2020, Edwards Lifesciences registered strong momentum on increased adoption of the PASCAL mitral valve system in Europe. Apart from the abrupt drop in sales in the latter half of March due to COVID-19 impacts, this segment's sales met the company's expectations. PASCAL's acute clinical outcomes and physician feedback remains favorable.

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 and expects enrollment in its M3 pivotal trial to begin in the second quarter of 2020. 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.

- ▲ **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:** In Japan, the company has been witnessing strong TAVR adoption, boosted by SAPIEN 3. The relatively low impact of COVID-19 on first-quarter procedures also contributed to the strong adoption in Japan. 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 first quarter of 2020 with cash and cash equivalents, and short-term investments of \$1.03 billion compared with \$1.52 billion in the fourth quarter of 2019. Meanwhile, long-term debt totaled \$594.6 million in the first quarter, although a slight increase from the sequentially last reported figure of \$594.4 million. However, the figure is much lower than the quarter's cash and cash equivalent 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.

The quarter's total debt-to-capital showed a slight sequential increase. However, it stands at a pretty low level of 13.2%, indicating a healthy financial structure and low-leveraged balance sheet. Meanwhile, the company purchased 3 million shares for \$615 million during the first quarter.

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 sales, which were stable till the first half of March, began to feel the pinch toward the quarter-end. The company's sales began to decline in the last few weeks of the quarter as procedure volumes dropped due to COVID-19 disruptions. This has hampered the company's segmental revenues to a great extent, especially the TAVR and TMTT segments.

As the company is not able to predict the progression of COVID-19 and the extent of the disruption to hospital procedures involving the company's therapies, it has significantly lowered its sales and earnings guidance for the second quarter.

Expected increase in the competition of Edwards Lifesciences' THV and the adverse foreign currency impact anticipated for 2017 pose concerns for the company.

- ▼ **Dull Surgical Structural Heart and TMTT Sales:** Surgical Structural Heart sales in the first quarter declined 9.9% from the year-ago quarter on a reported basis and 9% on an underlying basis. Per management, this downside was the result of lower surgical aortic valve procedures in the United States on increased TAVR adoption. TMTT sales have been affected since the latter half of March by an abrupt drop in sales 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 Transcatheter Aortic Valve Replacement (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.

Last Earnings Report

Edwards Lifesciences Beats on Q1 Earnings, Cuts '20 View

Edwards Lifesciences' first-quarter 2020 adjusted earnings per share of \$1.51 beat the Zacks Consensus Estimate by 17.1%. Moreover, the figure improved 14.4% year over year.

GAAP earnings per share was \$1.47 in the quarter, marking a massive surge of 24.6% from the year-ago figure of \$1.18.

Sales Details

First-quarter net sales improved to \$1.13 billion, up 14% over the prior year on both a reported and underlying basis. The metric surpassed the Zacks Consensus Estimate by 7.6%.

Revenues were primarily driven by significant growth in Transcatheter Aortic Valve Replacement (TAVR) sales and strong performance of the Critical Care product line despite challenges arising from the coronavirus outbreak toward the quarter-end.

Segmental Details

In the first quarter, sales in the **TAVR** product group amounted to \$742.2 million, up 24.2% from the prior-year figure on reported basis. On an underlying basis, growth was 25.2%.

In the United States, total TAVR procedures rose around 30% year over year. Outside the United States, total TAVR procedures grew in the mid-teens on a year-over-year basis. Global TAVR sales growth through early March was flat with the company's fourth-quarter global growth rate. However, the segment was affected by a fall in procedures resulting from COVID-19 disruptions in the last few weeks of the quarter. However, average selling prices were stable worldwide.

Transcatheter Mitral and Tricuspid Therapies (TMTT) sales totaled \$10.5 million, registering strong momentum on increased adoption of the PASCAL mitral valve system in Europe. TMTT sales met the company's expectations until the latter half of March when there was a sudden decline in sales due to COVID-19.

Surgical Structural Heart's sales in the quarter totaled \$193.4 million, down 9.9% from the year-ago quarter on a reported basis and 9% 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. During the latter half of March, there was a sharp decline in procedures related to COVID-19. However, the decline was partly offset by the continued adoption of the INSPIRIS surgical aortic valve.

Critical Care sales totaled \$182.6 million in the first quarter, up 3.6% from the year-ago quarter on a reported basis and 0.8% on an underlying basis. The upside was driven by robust demand for the company's disposable pressure monitoring devices used in intensive care units due to the coronavirus pandemic.

Margins

In the first quarter, gross profit was \$863.6 million, up 13.5%. Although foreign exchange rates had adversely impacted gross profit, the virus outbreak did not have much of an impact.

However, gross margin contracted 14 bps to 76.5%. Favorable impacts from product mix were offset by lower foreign exchange hedge gains and spending in support of the new European Medical Device regulations.

SG&A expenses rose 9.8% year over year to \$307.8 million, driven by increased field clinical personnel to support TAVR cases in the United States and TMTT cases in Europe. R&D expenditures escalated 9.3% year over year to \$187.4 million on continued investments in TMTT. All these expenses drove operating costs by 9.6% to \$495.2 million.

During the reported quarter, operating income was \$368.4 million, up 19% from the year-ago quarter's \$309.5 million. Operating margin expanded 147 bps to 32.6%.

Cash Position

Edwards Lifesciences exited the first quarter of 2020 with cash and cash equivalents, and short-term investments of \$1.03 billion compared with \$1.52 billion at the end of 2019. Long-term debt at the end of first-quarter 2020 was \$594.6 million compared with \$594.4 million at 2019-end.

First-quarter net cash provided by operating activities was \$207 million compared with \$1.5 million a year ago. Capital expenditure rose to \$82.2 million from \$42.2 million a year ago.

Guidance Revised

For 2020, sales are expected in the range of \$4-\$4.5 billion, down from \$4.6-\$5 billion announced earlier. The Zacks Consensus Estimate for 2020 revenues is currently pegged at \$4.27 billion.

Full-year adjusted earnings per share is likely to be within \$4.75-\$5.25, significantly lower than the earlier-announced \$6.15-\$6.40. The Zacks Consensus Estimate for the same is currently pinned at \$4.71.

Given the economic uncertainty prevailing due to the coronavirus impact, Edwards Lifesciences is facing difficulties in predicting the progression of the pandemic and the extent of the disruption to hospital procedures involving the company's therapies. However, the company expects the

Quarter Ending **03/2020**

Report Date	Apr 23, 2020
Sales Surprise	7.64%
EPS Surprise	17.05%
Quarterly EPS	1.51
Annual EPS (TTM)	5.76

pandemic's impact to be most severe in the second quarter.

Currently, the company projects second-quarter total sales in the range of \$700-\$900 million. The consensus estimate for the same is currently pegged at \$821.7 million.

Valuation

Ewards Lifesciences shares are down 8.6% in the year-to-date period and up 21.1% in the trailing 12-month periods. Stocks in the Zacks sub-industry are down 1.6% while the Zacks Medical sector fell 2% in the year-to-date period. Over the past year, the Zacks sub-industry is up 3.3% and sector is up 2.5%.

The S&P 500 index is down 10.8% in the year-to-date period and fell 2.7% in the past year.

The stock is currently trading at 39.7X Forward 12-months earnings, which compares to 36.5X for the Zacks sub-industry, 21.6X for the Zacks sector and 20.2X 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 31.3X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$224 price target reflects 41.7X 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	39.66	36.49	21.61	20.20
	5-Year High	41.76	36.49	21.61	20.20
	5-Year Low	24.32	23.30	15.81	15.19
	5-Year Median	31.30	27.69	18.81	17.45
P/S F12M	Current	9.90	3.64	2.72	3.22
	5-Year High	11.28	3.66	3.84	3.44
	5-Year Low	5.24	2.18	2.25	2.54
	5-Year Median	7.19	2.60	2.96	3.01
P/B TTM	Current	10.75	3.30	3.72	3.78
	5-Year High	13.46	4.23	5.05	4.55
	5-Year Low	6.02	2.47	2.91	2.84
	5-Year Median	9.07	3.35	4.29	3.64

As of 04/28/2020

Industry Analysis Zacks Industry Rank: Top 14% (35 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
ICU Medical, Inc. (ICUI)	Outperform	2
Masimo Corporation (MASI)	Outperform	3
ABIOMED, Inc. (ABMD)	Neutral	4
Abbott Laboratories (ABT)	Neutral	3
Becton, Dickinson and Company (BDX)	Neutral	3
Boston Scientific Corporation (BSX)	Neutral	3
Intuitive Surgical, Inc. (ISRG)	Neutral	4
Medtronic PLC (MDT)	Neutral	4

Industry Comparison Industry: Medical - Instruments				Industry Peers		
	EW	X Industry	S&P 500	BSX	MASI	MDT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	4
VGM Score	B	-	-	F	B	C
Market Cap	44.58 B	111.64 M	20.14 B	50.17 B	11.50 B	131.39 B
# of Analysts	11	2	14	9	2	14
Dividend Yield	0.00%	0.00%	2.13%	0.00%	0.00%	2.20%
Value Score	D	-	-	D	D	D
Cash/Price	0.03	0.09	0.06	0.00	0.06	0.09
EV/EBITDA	34.24	-0.67	12.15	25.72	41.98	15.54
PEG Ratio	2.90	3.18	2.43	3.26	2.57	2.65
Price/Book (P/B)	10.72	3.17	2.68	3.61	9.71	2.53
Price/Cash Flow (P/CF)	34.95	20.25	10.78	14.95	54.66	13.49
P/E (F1)	43.06	33.41	19.06	31.76	59.96	18.78
Price/Sales (P/S)	9.94	3.11	2.12	4.67	11.79	4.23
Earnings Yield	2.32%	-3.04%	5.11%	3.15%	1.67%	5.32%
Debt/Equity	0.16	0.09	0.72	0.62	0.00	0.48
Cash Flow (\$/share)	6.10	-0.13	7.01	2.40	3.89	7.27
Growth Score	A	-	-	C	B	C
Hist. EPS Growth (3-5 yrs)	24.77%	13.78%	10.88%	14.77%	23.53%	6.24%
Proj. EPS Growth (F1/F0)	-11.18%	11.48%	-6.33%	-28.41%	10.09%	-0.01%
Curr. Cash Flow Growth	17.61%	4.95%	5.92%	12.08%	8.77%	6.26%
Hist. Cash Flow Growth (3-5 yrs)	23.20%	11.46%	8.55%	10.33%	19.44%	15.58%
Current Ratio	3.31	2.55	1.23	0.97	5.78	2.75
Debt/Capital	13.61%	14.13%	43.90%	38.24%	0.00%	32.25%
Net Margin	24.71%	-13.83%	11.13%	43.78%	21.66%	17.11%
Return on Equity	32.00%	-15.04%	16.47%	21.15%	17.62%	14.76%
Sales/Assets	0.75	0.58	0.55	0.41	0.74	0.34
Proj. Sales Growth (F1/F0)	-2.35%	0.96%	-1.35%	-9.65%	10.08%	-1.54%
Momentum Score	C	-	-	F	A	C
Daily Price Chg	-3.06%	0.00%	1.10%	-2.89%	-0.83%	-2.70%
1 Week Price Chg	-2.16%	0.48%	-1.74%	-3.63%	4.19%	-3.90%
4 Week Price Chg	13.01%	11.78%	11.80%	10.11%	20.01%	8.72%
12 Week Price Chg	-5.83%	-13.11%	-17.28%	-16.21%	21.04%	-18.29%
52 Week Price Chg	21.07%	-23.49%	-10.69%	-3.21%	63.32%	10.39%
20 Day Average Volume	1,372,355	210,075	2,660,864	11,562,379	518,440	6,338,656
(F1) EPS Est 1 week change	5.08%	0.00%	0.00%	-7.03%	0.00%	-1.95%
(F1) EPS Est 4 week change	-13.52%	-0.89%	-6.46%	-28.00%	-0.42%	-4.84%
(F1) EPS Est 12 week change	-19.46%	-10.14%	-12.81%	-36.94%	0.61%	-6.80%
(Q1) EPS Est Mthly Chg	-65.45%	0.00%	-10.84%	-78.13%	-1.18%	-18.20%

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

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

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

Value Score	D
Growth Score	A
Momentum Score	C
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.

Disclosures

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

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

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

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

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

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