General Electric (GE)

$12.89 (As of 06/28/21)

Price Target (6-12 Months): **$15.00**

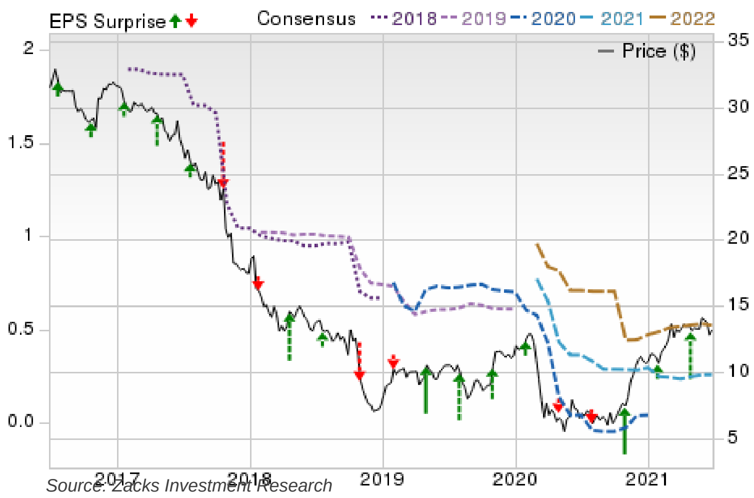
Long Term: 6-12 Months | **Zacks Recommendation:** **Outperform**
(Since: 06/28/21)
Prior Recommendation: Neutral

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **1-Strong Buy**
Zacks Style Scores: VGM:F
Value: D | Growth: F | Momentum: F

Summary

Year to date, General Electric's shares have outperformed the industry. The company is poised to gain from its portfolio-restructuring program, expansion in digital business and efforts to deleverage the balance sheet in the quarters ahead. Moreover, its efforts are on track to reduce the exposure to the GE Capital business. For 2021, the company reiterated adjusted earnings per share at 15-25 cents. It expects cash flow generation in the second quarter to improve on a year-over-year basis. Also, it believes that cash flow improvement in the second quarter will likely be similar to the first quarter. However, headwinds in the aviation and onshore wind markets in the United States might be concerning in the near term. In the past 60 days, the company's earnings estimates have been raised for the second quarter and 2021.

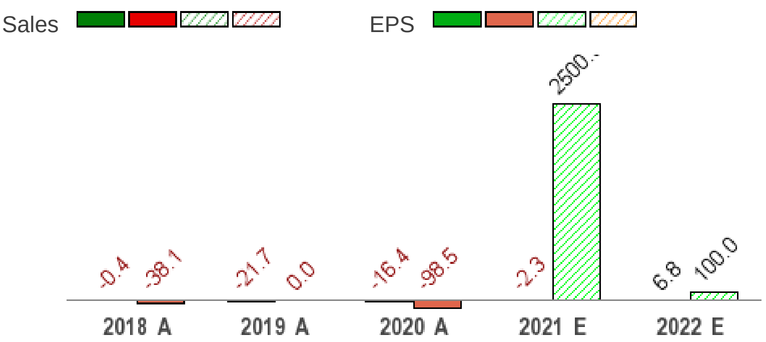
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$14.42 - $5.93**
20-Day Average Volume (Shares)	**51,958,832**
Market Cap	**$113.2 B**
Year-To-Date Price Change	**19.4%**
Beta	**1.06**
Dividend / Dividend Yield	**$0.04 / 0.3%**
Industry	**Diversified Operations**
Zacks Industry Rank	**Top 22% (56 out of 251)**
Last EPS Surprise	**50.0%**
Last Sales Surprise	**-2.6%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**08/04/2021**
Earnings ESP	**0.0%**
P/E TTM	**644.5**
P/E F1	**49.6**
PEG F1	**11.7**
P/S TTM	**1.5**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	18,371 E	19,482 E	20,883 E	23,783 E	83,114 E
2021	17,118 A	18,280 E	19,489 E	22,227 E	77,823 E
2020	20,524 A	17,750 A	19,417 A	21,928 A	79,619 A

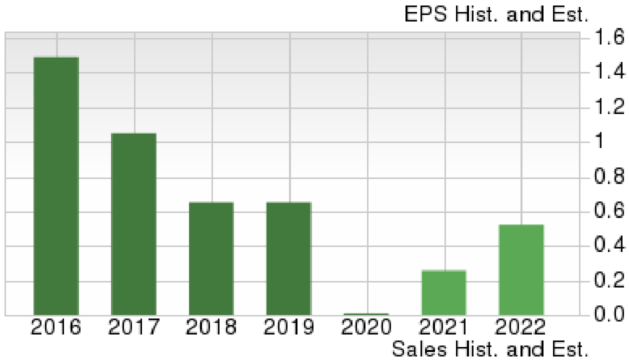
EPS Estimates

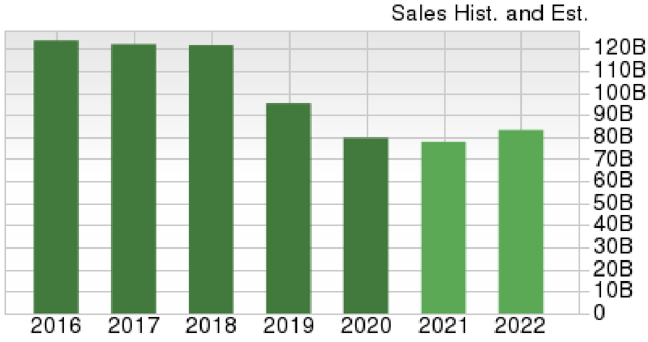
	Q1	Q2	Q3	Q4	Annual*
2022	$0.10 E	$0.10 E	$0.13 E	$0.19 E	$0.52 E
2021	$0.03 A	$0.04 E	$0.08 E	$0.13 E	$0.26 E
2020	$0.05 A	-$0.15 A	$0.06 A	$0.08 A	$0.01 A

*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 06/28/2021. The report's text and the analyst-provided price target are as of 06/29/2021.

Overview





General Electric Company is popular for its LEAP aircraft engines, Heavy-Duty gas turbines, Haliade-X and Cypress wind turbines, and healthcare solutions. Its zeal to invest in upgrades and innovation of products along with outstanding service capabilities and technological expertise raises its competitive appeal. Also, the high-tech giant's plan to strengthen its industrial businesses — with a focus on Power, Aviation and Renewable Energy — and deleverage the balance sheet will boost fundamentals and shareholders' value.

Founded in 1892, General Electric is currently headquartered in Boston, MA. Its products and services range from jet engines, airframes, energy production solutions to offshore wind turbines, technologies in medical imaging and leasing and financing services, among others.

The company's industrial manufacturing and services business are grouped under the Industrial segment. Results of the segment, in turn, are the summation of four industrial operating segments — Power, Renewable Energy, Aviation and Healthcare. The company's financial services operating segment includes results of GE Capital. In short, General Electric currently has the following operating segments:

GE Capital meets the financial needs of businesses of all sizes with a diverse range of products. Efforts are on track to reduce exposure in the GE Capital business.

Power produces steam and gas turbines, power generation services, and generators. The Power segment includes Gas Power and Power Portfolio. While Gas Power includes General Electric's gas lifecycle business (including Power Services and Gas Power Systems businesses), Power Portfolio comprises Steam Power Systems, GE Hitachi Nuclear and Power Conversion businesses.

Aviation offers commercial jet engines and components, and aftermarket services.

Healthcare provides technologies in patient monitoring, medical imaging, drug discovery, patient monitoring and others. Also, the segment provides biopharmaceutical manufacturing technologies.

Renewable Energy provides offshore wind turbines, high-voltage equipment, blades for wind turbines (onshore and offshore), and other products and services.

Source: Zacks Investment Research

Reasons To Buy:

Portfolio-restructuring program, leverage-reduction actions and a healthy liquidity position are likely to aid General Electric in the years ahead. The company reiterated earnings projections for 2021.

- Year to date, General Electric's shares have gained 21.8% compared with the industry's growth of 14%. In first-quarter 2021, the company's earnings surpassed estimates by 50% and also increased 50% from the year-ago quarter. For 2021, it maintained its adjusted earnings projection at 15-25 cents per share. In the years ahead, growth in the digital business, investments in innovation, efforts to reduce leverage and lowering exposure to the GE Capital business will likely be beneficial for General Electric. It is worth noting here that asset disposition in GE Capital amounted to $6 billion in the first quarter of 2021. Assets (from continuing operations) were $71.7 billion at the end of the first quarter. Also, the company reduced debts by $4 billion in the quarter. General Electric targets GE Capital's debt-to-equity to be less than 4X over the long term. In the past 60 days, the company's earnings estimates have been increased by 33.3% for the second quarter of 2021 and 8.3% for 2021.

- In a bid to become a high-tech industrial company, General Electric rolled out a business portfolio-restructuring program in June 2018. Per the program, the behemoth's core businesses will be Power, Aviation and Renewable Energy, while it will gradually exit all other businesses. The company divested GE Transportation to Westinghouse Air Brake Technologies Corporation in February 2019, while it completed the divestiture of the BioPharma business to Danaher Corporation in March 2020. Further, General Electric lost its controlling shareholding in Baker Hughes. In the third quarter of 2020, General Electric launched a program to fully dispose of its remaining stake in Baker Hughes. These actions will be valid in the coming three years. The divestment will help General Electric to focus on core businesses, better uses of capital, deleveraging and others. In addition, the company's reorganized Power segment (Gas Power and Power Portfolio) are proving beneficial. In July 2020, the company divested its lighting business. The other party to the transaction was Savant Systems, Inc. Further, in March 2021, General Electric announced its decision to divest its GE Capital Aviation Services business to AerCap Holdings N.V. The deal is worth more than $30 billion. In May, GE Healthcare acquired France-based Zionexa. In June, the company, through its joint venture's subsidiary, agreed to purchase the Transformer Solutions business of SPX Corporation.

- General Electric is working diligently to improve its liquidity and manage its leverage. Exiting first-quarter 2021, the company's liquidity included $32 billion of available liquidity, including Industrial cash of $22.4 billion. For 2021, the company anticipates Industrial free cash flow of $2.5-$4.5 billion. Over the long term, it aims to achieve net debt-to-EBITDA of less than 2.5X at Industrial. For the Industrial segment, General Electric anticipates organic revenues growth in low-single digits in 2021, while the segment's adjusted organic margin will likely expand 250 basis points in the year. In May, the company hinted that its cash generation in the second quarter of 2021 will be better than the year-ago quarter. In addition to the year-over-year expectation, cash flow improvement in the second quarter is expected to be somewhat similar to the first quarter.

Risks

- General Electric's shares currently appear to be overvalued compared with the industry. On a Price (P)/Earnings (E) - Trailing 12 Months (TTM) basis, the company's shares are trading at 658X, higher than the industry's 36.09X. Also, the company's shares are trading higher than the industry's year-to-date highest level of 38.20X.

- In first-quarter 2021, General Electric's revenues lagged the Zacks Consensus Estimate by 2.6%. Also, its revenues decreased 12.2% year over year due to poor performance of the Industrial segment, partially offset by improvements in GE Capital. Industrial revenues decreased 13.3% year over year or 10% organically in the quarter. Industrial orders were down by 13% from the year-ago quarter. Among the Industrial business, Aviation revenues decreased 27.6% year over year, while Healthcare declined 8.9% and Power decreased 2.6%. For 2021, the company predicts onshore wind market in the United States to decrease year over year. Also, it believes that market challenges persist for Aviation. However, every efforts to rebound the business are being taken. In addition, geographical diversification reflects General Electric's flourishing business. However, the diversity exposes the company to risks arising from geopolitical issues and an unfavorable foreign currency movement. In first-quarter 2021, forex woes had adverse impacts of $1 million and $10 million on the company's Power and Renewable Energy segments, respectively.

Last Earnings Report

General Electric Q1 Earnings Top Estimates, Revenues Lag

Quarter Ending	03/2021
Report Date	Apr 27, 2021
Sales Surprise	-2.61%
EPS Surprise	50.00%
Quarterly EPS	0.03
Annual EPS (TTM)	0.02

General Electric has reported mixed results for first-quarter 2021. Its earnings surpassed estimates by 50%, while the sales lagged the same by 2.6%.

Results reflected a year-over-year improvement in Industrial free cash flow performance, growth in adjusted earnings, and gains from solid product and service offerings. The company reiterated its projections for 2021.

In the reported quarter, the industrial conglomerate's adjusted earnings were 3 cents per share, surpassing the Zacks Consensus Estimate of 2 cents. Also, the bottom line increased 50% from the year-ago quarter's 2 cents per share as lower costs and expenses help offset the decline in revenues.

Revenue Details

In the quarter under review, General Electric's consolidated revenues were $17,118 million, reflecting a year-over-year decline of 12.2%. Poor sales performance in Industrial affected the quarterly results, partially offset by improvements in GE Capital.

Also, the company's top line lagged the Zacks Consensus Estimate of $17,576 million.

On a segmental basis, its Industrial revenues decreased 13.3% year over year to $16,329 million. Also, GE Capital's revenues totaled $878 million, increasing 4.9% year over year.

For the Industrial segment, organic revenues in the quarter decreased 10% from the year-ago quarter to $16,023 million. Industrial orders declined 13% year over year to $17 billion. Organically, orders were down 8%. Backlog at the end of the first quarter was $383.4 billion, down 4% from the year-ago quarter.

The performance of the Industrial segment's components business is discussed below:

Aviation revenues decreased 27.6% year over year to $4,992 million and orders fell 26%. Organically, revenues and orders were down 28% and 26%, respectively.

Healthcare revenues in the reported quarter totaled $4,308 million, decreasing 8.9% year over year. The segment's orders dipped 15%. On an organic basis, revenues increased 7% and orders grew 5%.

Renewable Energy revenues totaled $3,248 million, up 1.7% year over year. Its orders increased 15% in the reported quarter. Organically, the segment's sales were flat year over year, while orders were up 13%.

The Power segment's revenues decreased 2.6% year over year to $3,921 million. Organically, sales decreased 4% from the year-ago quarter. The segment's orders decreased 12% year over year. Gas Power revenues decreased 1% to $2,829 million and that for the Power Portfolio was down 6% to $1,091 million.

Margin Profile

In the quarter under review, General Electric's cost of sales was down 13.1% year over year to $12,538 million. It represented 73.2% of the quarter's revenues versus 74% in the year-ago quarter. Selling, general and administrative expenses in the quarter decreased 5.6% to $2,891 million. It was 16.9% of the quarter's revenues versus 15.7% in the year-ago quarter. Research and development expenses totaled $561 million, reflecting a year-over-year decline of 22.4%. It represented 3.3% of the quarter's revenues versus 3.7% in the year-ago quarter.

The Industrial segment's adjusted operating profit was $828 million, down 19.8% year over year. Margin in the quarter was 5.1% versus 5.5% in the first quarter of 2020.

On a reported basis, the Power segment recorded an operating loss of $87 million, reflecting an improvement from a loss of $131 million in the year-ago quarter. Renewable Energy recorded a loss of $234 million compared with a loss of $327 million in first-quarter 2020. The Aviation segment's earnings were $641 million, down 36% year over year. The Healthcare segment's profits declined 19% to $698 million.

The GE Capital segment witnessed a loss of $172 million compared with a loss of $187 million in the year-ago quarter.

Interest and other financial charges decreased 10.9% to $500 million.

Balance Sheet and Cash Flow

Exiting the first quarter of 2021, General Electric had cash and cash equivalents of $31.8 billion, down 13.1% from $36.6 billion recorded at the end of the previous quarter. Borrowings were $66.9 billion, down 4.8% from $70.3 billion at the end of the fourth quarter.

Non-GAAP free cash flow for GE Industrial totaled ($845) million in the first quarter versus ($2,207) million in the year-ago quarter.

Restructuring

In June 2018, General Electric communicated plans to transform into a high-tech industrial company, focused on Aviation, Power and Renewable Energy.

In sync with its plans, the company completed the sale of its transportation business to Westinghouse Air Brake Technologies Corporation in first-quarter 2019. Further, General Electric completed the divestment of the BioPharma business to Danaher Corporation in March 2020. Furthermore, General Electric lost its controlling shareholding in Baker Hughes Company. In addition, the company started a program in the third quarter of 2020 to fully dispose of its remaining stake in Baker Hughes. The actions will be valid in the coming three years.

Efforts are on track to reduce the exposure to the GE Capital business. Asset disposition totaled $6 billion in the first quarter of 2021.

Outlook

For 2021, the company anticipates Industrial's organic revenue growth in low-single digits, while its adjusted organic margin is predicted to expand 250 basis points. Industrial free cash flow will likely be $2.5-$4.5 billion.

Adjusted earnings per share for the year are anticipated to be 15-25 cents.

Recent News

On **Jun 18, 2021**, General Electric announced that its reverse stock split plan (1 for 8) will be accomplished post trading close on Jul 30, 2021. The company's stock trading, with the effect of the reverse split, will begin on Aug 2, 2021.

On **Jun 18, 2021**, General Electric's board of directors approved the payment of a quarterly cash dividend of 2 cents per share to shareholders of record as of Jun 28, 2021. The disbursement will be made on Jul 26.

On **Jun 18, 2021**, GE Digital announced a collaboration with Varon Vehicles Corporation for the development of solution related to predictive maintenance, safety and efficiency in airspace.

On **Jun 16, 2021**, GE Renewable Energy announced to have secured a contract from Continuum Green Energy India Pvt Ltd for delivery, installation and commissioning of 55 sets of 2.7-132 onshore wind turbines for the 148.5 MW wind farm based in Morjar, Bhuj, Gujarat. Financial terms of the contract were not disclosed by the parties involved.

On **Jun 16, 2021**, GE Power clinched a contract from EnergyAustralia to supply one of its 9F.05 gas turbines to power the Tallawarra B Power Station located in New South Wales, Australia.

On **Jun 10, 2021**, GE Renewable Energy announced its agreement with neowa, requiring the latter to provide dismantling services to the former for multiple years. Also, neowa will help in recycling various components from the onshore wind turbines located in Germany.

On **Jun 9, 2021**, GE-Prolec Transformers, Inc. entered a deal with SPX Corporation to buy the latter's Transformer Solutions business. Notably, GE-Prolec is a subsidiary of joint venture between General Electric and Xignux, S.A. de C.V.

The buyout, which is expected to be completed by 2021-end, subject to certain regulatory approvals, is valued at $645 million in cash.

On **Jun 8, 2021**, General Electric priced its tender offer to purchase the U.S. dollar-denominated notes for cash. The tender offer is valid for three sets of securities, with upsizing in purchase targets announced for the second and third sets.

On **May 27, 2021**, GE Renewable Energy announced that it received Cypress onshore wind turbines' supply contract from BIM Wind JSC. The contract is the company's largest deal in south-east Asia for Cypress turbines.

As noted, GE Renewable Energy will provide as well as work for installing and commissioning its Cypress onshore wind turbines at South Central Vietnam-based 88 megawatt (MW) wind farm of BIM Wind. The turbines to be delivered will feature a two-piece blade design. In addition to the turbine-supply contract, the company will provide operation and maintenance services for 15 years.

On **May 27, 2021**, GE Power Conversion received a modernization contract for Bochum hot rolling mill owned by thyssenkrupp Steel. The contract involves the modernization of the Bochum hot rolling mill's drive and automation system (related to side guides and downcoiler 3). The work will be complete in three steps and in the first quarter of 2022.

On **May 27, 2021**, General Electric hinted that its cash generation in the second quarter of 2021 will be better than the year-ago quarter. In addition to the year-over-year expectation, cash flow improvement in the second quarter is expected to be somewhat similar to the first quarter.

On **May 26, 2021**, GE Renewable Energy won a supply contract for its Cypress onshore wind turbines. The deal requires the company to deliver 16 units of its Cypress turbines to Finland-based 88 MW Puskakorpi wind farm. Also, the company will provide services for 30 years.

On **May 26, 2021**, GE Renewable Energy received contract to supply one unit of its 45 MW generator at Austria-based Reisseck II Pumped Hydro Storage Power Plant of VERBUND.

On **May 25, 2021**, GE Power Conversion business unit entered an Enterprise Framework Agreement with Shell. The deal empowers General Electric as a strategic supplier of Shell for high-speed systems like converters, transformers and high-speed motors for the coming five years, with an extension option of three years.

On **May 25, 2021**, GE Renewable Energy launched its underwater robotized hydropower turbine inspection solution, developed by GE Research Center. Endowed with cameras and sensors, the solution helps in inspecting between runner blades of all types of hydropower turbines, without the need for equipment dewatering.

On **May 24, 2021**, General Electric announced its plans to lower its debt position through tender offers to purchase the U.S. dollar-denominated notes. The offer is applicable for three sets of securities that have been either issued by the company or GE Capital.

On **May 19, 2021**, GE Renewable Energy won a contract to supply onshore wind turbines to the Lincoln Land Wind project. Notably, the company will provide 107 units of its 2.82-127 onshore wind turbines to the wind project. Also, it will provide full services related to the turbines for 20 years, per the terms of the contract.

On **May 18, 2021**, GE Renewable Energy announced to have finalized contracts to supply Haliade-X wind turbines for the Dogger Bank wind farm. The company will supply Dogger Bank's third phase — Dogger Bank C — with 87 units of Haliade-X 14-MW winds turbines (offshore). The installation of the turbines is expected to start in 2025. In addition to the turbine supply, it will provide full services to the turbines for five years, per the terms of the Services and Warranty agreement.

On **May 18, 2021**, GE Renewable Energy secured a contract from the Austrian National Railway Operator, ÖBB, to supply 2 units of 85-MW pumped storage turbines (variable speed) at Austria-based Pumped Hydro Storage Power Plant.

On **May 11, 2021**, General Electric entered an offshore wind partnership deal with Toshiba Energy Systems and Solutions Corporation for the localization of GE Haliade-X offshore wind turbine's production process in Japan. Financial terms of the deal were kept under wraps.

On **May 6, 2021**, General Electric's GE Healthcare acquired France-based Zionexa for an undisclosed amount. The buyout is expected to enhance the company's offerings in the oncology and neurology space.

On **Apr 21, 2021**, GE Power Conversion secured a deal from VERBUND. Per the contract, the company will equip VERBUND's fully fed pump storage power plant Reißeck II+ with three units of MV7616 converters. It will also provide VERBUND with other related equipments.

On **Apr 21, 2021**, GE Renewable Energy secured a contract from CleanMax to supply 42 units of onshore wind turbines (2.7-132) at the latter's onshore wind hybrid projects in India. Also, the company will provide related services to CleanMax for 10 years.

On **Apr 8, 2021**, General Electric and GE Capital Funding, LLC initiated an exchange offer for the latter's senior notes. The notes under the exchange offer includes 3.450% notes with maturity in 2025, 4.050% notes expiring in 2027, 4.400% notes due 2030 and 4.550% notes with expiry in 2032.

On **Apr 7, 2021**, GE Digital secured a deal from Colombia-based Lineas Aereas Suramericanas Cargo. Per the deal, GE Digital will provide its Electronic Flight Operation Quality Assurance solution to the latter.

On **Mar 31, 2021**, GE Renewable Energy announced to have received a contract to supply onshore wind turbines in Oklahoma. As noted, GE Renewable Energy will supply 492 units of 2.X-127s and 39 units of 2.X-116 wind turbines. The turbines will be used for Oklahoma-based 1485-megawatt (MW) North Central Wind Energy Facilities.

Additionally, the company got a maintenance services contract from Reliance Bangladesh LNG & Power Ltd. Per this contract, GE Power will engage in providing digital solutions and maintenance services at 718-MW combined cycle power plant to come up in Narayanganj, Bangladesh. The plant's owner Reliance Bangladesh LNG & Power Ltd is a joint venture between Reliance Power Limited of India and JERA Co., Inc. of Japan.

Valuation

General Electric's shares have increased 21.8% in the year to date period, and increased 92.7% over the trailing 12-month period. In the year-to-date period, both the Zacks sub-industry and the Zacks Conglomerates sector have moved up 14%. Over the past year, both the Zacks sub-industry and the sector have moved up 50.2%.

The S&P 500 index has moved up 14.7% in the year-to-date period and increased 40.4% in the past year.

The stock is currently trading at 33.89x forward 12-month earnings per share, which compares to 25.58x for both the Zacks sub-industry and the Zacks sector as well as 21.82x for the S&P 500 index.

Over the past five years, the stock has traded as high as 48.86x and as low as 9.01x, with a 5-year median of 16.55x. Our Outperform recommendation indicates that the stock will perform better than the market. Our $15 price target reflects 38.97x forward 12-month earnings per share.

The table below shows summary valuation data for GE.

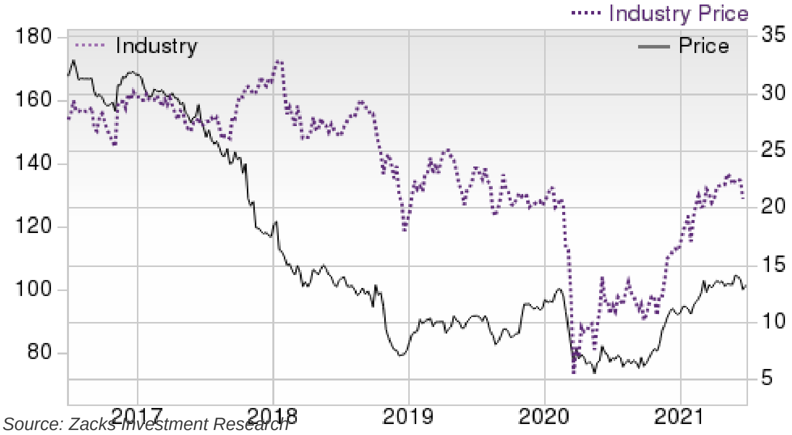
Valuation Multiples - GE

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	33.89	25.58	25.58	21.82
	5-Year High	48.86	27.43	27.43	23.83
	5-Year Low	9.01	15.67	15.67	15.31
	5-Year Median	16.55	18.77	18.77	18.05
P/S F12M	Current	1.44	5.24	5.24	4.75
	5-Year High	2.41	5.24	5.24	4.75
	5-Year Low	0.49	2.26	2.26	3.21
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	5-Year Median	1.05	3.04	3.04	3.72

As of 06/28/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 22% (56 out of 251)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Hitachi Ltd. **(HTHIY)**	Outperform	1
Marubeni Corp. **(MARUY)**	Outperform	1
Crane Co. **(CR)**	Neutral	2
Danaher Corporation **(DHR)**	Neutral	3
Honeywell International Inc. **(HON)**	Neutral	3
Macquarie Infrastructure Company **(MIC)**	Neutral	2
3M Company **(MMM)**	Neutral	2
Sumitomo Corp. **(SSUMY)**	Neutral	3

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

Industry Comparison Industry: Diversified Operations

	GE	X Industry	S&P 500	DHR	HON	MMM
				Industry Peers		
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	3	3	2
VGM Score	F	-	-	B	C	B
Market Cap	113.16 B	2.44 B	30.38 B	193.79 B	150.57 B	113.91 B
# of Analysts	8	3.5	12	8	9	7
Dividend Yield	0.31%	0.31%	1.34%	0.31%	1.72%	3.01%
Value Score	D	-	-	C	C	C
Cash/Price	0.33	0.16	0.06	0.03	0.08	0.05
EV/EBITDA	9.77	9.48	17.31	30.13	20.89	14.57
PEG F1	11.67	1.69	2.10	1.69	2.56	2.11
P/B	3.22	1.45	4.06	5.21	8.25	8.24
P/CF	18.45	12.04	17.45	27.98	24.90	16.19
P/E F1	49.58	20.38	21.17	30.44	27.05	20.09
P/S TTM	1.48	1.48	3.39	7.81	4.61	3.46
Earnings Yield	2.02%	4.80%	4.62%	3.29%	3.69%	4.98%
Debt/Equity	1.90	0.61	0.66	0.55	0.88	1.22
Cash Flow ($/share)	0.70	1.65	6.86	9.71	8.71	12.13
Growth Score	F	-	-	A	C	B
Historical EPS Growth (3-5 Years)	-48.68%	8.75%	9.59%	8.77%	3.31%	1.59%
Projected EPS Growth (F1/F0)	2,475.00%	33.46%	21.79%	41.46%	12.88%	11.92%
Current Cash Flow Growth	-45.62%	-2.50%	1.02%	54.58%	-14.09%	1.21%
Historical Cash Flow Growth (3-5 Years)	-19.35%	7.84%	7.34%	11.93%	1.22%	1.95%
Current Ratio	1.96	1.68	1.39	2.05	1.43	1.83
Debt/Capital	65.55%	42.90%	41.51%	33.39%	46.92%	54.88%
Net Margin	-4.33%	2.94%	12.06%	19.17%	14.18%	17.34%
Return on Equity	1.53%	11.17%	16.59%	16.34%	26.51%	44.00%
Sales/Assets	0.30	0.73	0.51	0.34	0.51	0.71
Projected Sales Growth (F1/F0)	-2.26%	0.00%	9.56%	25.05%	6.63%	8.71%
Momentum Score	F	-	-	C	B	B
Daily Price Change	-2.05%	0.00%	0.23%	1.92%	-0.89%	0.90%
1-Week Price Change	2.97%	4.08%	1.56%	3.73%	2.94%	1.64%
4-Week Price Change	-8.32%	-0.13%	2.06%	6.07%	-6.11%	-3.22%
12-Week Price Change	-4.23%	0.21%	5.22%	19.94%	-1.13%	0.78%
52-Week Price Change	89.56%	42.15%	40.53%	57.61%	51.35%	26.31%
20-Day Average Volume (Shares)	51,958,832	60,426	1,986,546	3,084,111	2,587,281	2,343,280
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%	0.15%	0.14%	0.51%
EPS F1 Estimate 12-Week Change	9.57%	10.55%	3.61%	19.02%	1.95%	2.45%

EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.21%	0.35%	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	D
Growth Score	F
Momentum Score	F
VGM Score	F

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

Disclosures

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Additional Disclosure

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forwardlooking statements. Actual results, performance, or achievements may differ materially from those expressed or implied.

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 mediumterm 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 mostrecent 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.