GlaxoSmithKline plc (GSK)

$47.89 (As of 01/17/20)

Price Target (6-12 Months): **$51.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 03/11/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:A
	Value: B | Growth: C | Momentum: A	

Summary

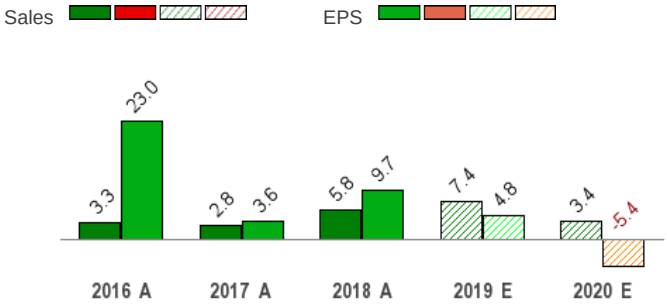
Glaxo's three newest products, namely Trelegy Ellipta, Shingrix and Juluca are doing well, particularly Shingrix. These products coupled with restructuring in the Consumer Health unit strengthened Glaxo's competitive position. The stock has outperformed the industry in the past year. We like the company's initiatives to focus on its oncology pipeline. However, pricing pressure and competitive dynamics are hampering sales of Glaxo's respiratory products. Importantly, a generic version of its top-selling drug Advair has been launched, which is massively eroding the drug's sales and hurting the overall top line. Also, competitive pressure on HIV drugs increased in 2019. Estimates have gone up ahead of the Q4 earnings release. Glaxo has a mixed record of earnings surprises in recent quarters.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$48.22 - $38.16**
20 Day Average Volume (sh)	**1,777,762**
Market Cap	**$119.4 B**
YTD Price Change	**1.9%**
Beta	**0.68**
Dividend / Div Yld	**$1.97 / 4.1%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Top 21% (54 out of 254)**
Last EPS Surprise	**14.5%**
Last Sales Surprise	**2.1%**
EPS F1 Est- 4 week change	**0.6%**
Expected Report Date	**02/05/2020**
Earnings ESP	**-5.2%**
P/E TTM	**14.5**
P/E F1	**15.3**
PEG F1	**2.2**
P/S TTM	**2.8**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2020	11,450 E	11,568 E	12,921 E	12,578 E	45,697 E
2019	9,977 A	10,037 A	11,570 A	11,966 E	44,180 E
2018	10,044 A	9,954 A	10,542 A	10,545 A	41,140 A

EPS Estimates

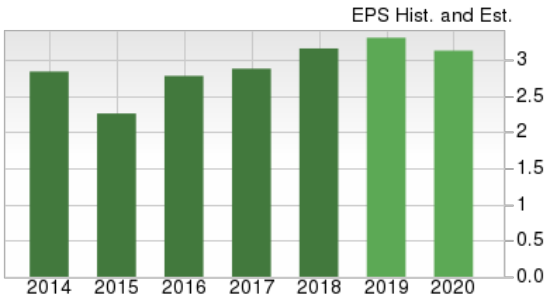
	Q1	Q2	Q3	Q4	Annual*
2020	$0.80 E	$0.78 E	$1.01 E	$0.85 E	$3.13 E
2019	$0.79 A	$0.78 A	$0.95 A	$0.72 E	$3.31 E
2018	$0.68 A	$0.77 A	$0.93 A	$0.79 A	$3.16 A

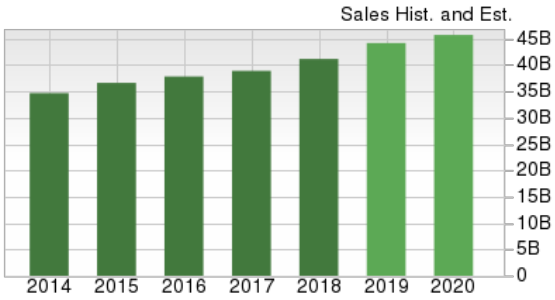
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/17/2020. The reports text is as of 01/21/2020.

Overview

GlaxoSmithKline reshaped its business following the Mar 2015 completion of the three-part, inter-conditional transaction with Novartis related to its Consumer Healthcare, Vaccines and Oncology businesses. Under the deal, Glaxo sold its oncology assets to Novartis and acquired Novartis' Vaccines business (excluding influenza vaccines). Additionally, the companies created a joint venture (JV), thereby combining their consumer divisions to form a larger consumer health care (CHC) business. However, in June 2018, Glaxo bought Novartis' 36.5% stake in their CHC JV for $13 billion (£9.2 billion). In December 2018, Glaxo and Pfizer announced an agreement to merge their consumer healthcare unit into a new joint venture (JV). The transaction closed on Aug 1, 2019. Glaxo owns a controlling stake of 68% in the JV.





Glaxo has three core businesses – Pharmaceuticals (respiratory, HIV), Vaccines (meningitis, shingles and influenza vaccines) and Consumer Healthcare (oral health, wellness, skin health and nutrition products).

Glaxo is also focusing on its core assets and divesting non-core assets. In 2015, Glaxo divested two quadrivalent meningitis ACWY vaccines – Nimenrix and Mencevax – to Pfizer, a portfolio of over-the-counter brands to Perrigo, and all its remaining rights to Arzerra for auto-immune indications including multiple sclerosis to Novartis. In January 2019, Glaxo acquired Tesaro, an oncology focused biotech company, which added the PARP inhibitor Zejula (approved for ovarian cancer) to its portfolio

The Pharmaceuticals, Vaccines and Consumer Healthcare segments contributed approximately 56%, 19% and 25%, respectively, to revenues in 2018. Total sales in 2018 were £30.8 billion ($41 billion).

The company is headquartered in Brentford, UK.

Reasons To Buy:

> Glaxo's three newest products — Trelegy Ellipta, Shingrix and Juluca — are doing well. They coupled with buyout of Novartis' stake in the Consumer Healthcare JV have strengthened its competitive position.

- **Shares Outperform Industry:** In the past one year, shares of Glaxo have risen 22.9%, outperforming the 15.1% increase of the industry.

- **Diversified Product Portfolio and Expansion in International Markets:** The company's diversified base and presence in different geographical areas should help support revenues. Expansion into markets like Japan and emerging markets should provide new opportunities for growth. The company has made significant progress in expanding its presence in emerging markets by acquiring product portfolios from companies like Bristol-Myers and UCB.

- **Successful New Product Launches:** Glaxo's relatively newer products like Nucala (severe eosinophilic asthma) and Bexsero (meningitis vaccine) are doing well and represent significant commercial opportunity.

  In 2017, Glaxo received approvals for three key new drugs, Shingrix vaccine for shingles, which enjoys preferential recommendation from ACIP; Trelegy Ellipta, which provides three medicines in a single inhaler to treat COPD and Juluca (dolutegravir and rilpivirine), first 2-drug regimen, once-daily, single pill for HIV. All the three products witnessed considerable success in 2018, particularly Shingrix with the positive trend continuing in 2019.

- **Strong Pipeline:** Glaxo is focused on oncology, immuno-inflammation, HIV and respiratory therapeutic areas. The company has terminated or divested around 80 pipeline programs since 2017 as those showed less potential to succeed, allowing the company to focus more on the most promising assets.

  Promising candidates in late-stage development include fostemsavir (heavily pre-treated HIV — regulatory applications filed in the United States and EU), belantamab mafatotin (fourth-line multiple myeloma — NDA filed in Dec 2019), otilimab (rheumatoid arthritis - phase III), dostarlimab (second-line endometrial cancer — NDA filing expected soon), gepotidacin (uncomplicated urinary tract infection and urogenital gonorrhoea — phase III) and daprodustat (anaemia associated with chronic renal disease – phase III). In April, Glaxo gained FDA approval for Dovato, a single tablet regimen of Tivicay (dolutegravir) + lamivudine for treatment-naïve HIV patients while it was approved in the EU in July. The new HIV medicine is off to a strong start in both the United States and the EU.

  Glaxo has had major positive data read-outs on multiple new medicines in HIV, oncology, immuno-inflammation and respiratory in 2019 with many other scheduled for 2020.

  The successful development and commercialization of the pipeline candidates should boost the company's top line. Glaxo is also working on expanding the label of marketed products into additional indications like Nucala for eosinophilic granulomatosis with polyangiitis (EGPA – approved in the United States in Dec 2017) and nasal polyps (phase III) and Trelegy Ellipta for asthma (under review in the United States).

- **Focus on Oncology:** Glaxo has made a significant progress in its oncology pipeline recently and now has 16 assets in development, double from 8 as of July 2018. This has been achieved through advancement of internal programs as well as targeted business development including the January 2019 acquisition of Tesaro and the February 2019 global alliance with Merck KGaA (to co-develop bintrafusp alpha/M7824, a promising new oncology medicine).

  Meanwhile, Glaxo now has a number of molecules with diverse mechanisms of action, providing an opportunity for many innovative cancer combinations. Meanwhile, it is in the process of divesting its non-core Consumer Healthcare (CHC) nutrition business to Unilever and has formed a new CHC joint venture with Pfizer to focus on its pharmaceuticals business, particularly oncology. Zejula, the ovarian cancer drug Glaxo acquired from the Tesaro acquisition was approved for the treatment of late-stage ovarian cancer in October 2019.

- **Renewed Cost Saving Initiatives:** Glaxo has delivered annual cost savings of more than £3 billion following the Novartis transaction. These cost savings have helped the company overcome pricing pressure and decline in sales of key brands like Seretide/Advair/Avodart despite significant promotional investment behind new products

  In July 2018, Glaxo announced a new restructuring program, which delivered approximately £3.7 billion of annual savings primarily through supply chain optimization and reductions in administrative costs. The program, together with cost savings from the TESARO buyout and CHC JV with Pfizer, is expected to generate total annual savings of £4.4 billion by 2020. The costs saved will be invested to support new product launches, strengthen the R&D pipeline and to help mitigate pricing pressure on margins.

  Supported by the cost savings, new product launches, operational improvements and the benefit of the U.S. tax reforms, Glaxo is confident that it will achieve the lower end of the mid-to-high single digit adjusted earnings growth in the 2016-2020 period.

Reasons To Sell:

- **Generic Competition for Key Products:** Glaxo's top line is under significant pressure due to generic competition faced by key products. Products like Lovaza and Avodart are facing declining sales due to intense generic competition. HIV drug, Epzicom is facing generic competition in most major markets. Sales of Advair, w-hich generated 14% of Glaxo's Pharmaceuticals revenues in 2018, are eroding rapidly as a generic version of the drug was launched in the United States in February 2019. The drug's sales were already being adversely impacted by pricing and competitive pressure in the United States and generic competition in Europe. Advair sales declined 13% in 2016, 14% in 2017 and 21% in 2018. Sales of Advair declined 27% in the first nine months of 2019, significantly affecting Glaxo's overall top-line performance in the year.

A generic version of its top-selling drug Advair has been launched, which is significantly eroding Advair's sales as well as hurting the overall top-line.

- **Pipeline Setbacks:** Although Glaxo has several pipeline candidates in different stages of development, the company has had its share of pipeline/regulatory setbacks. Major setbacks include disappointing top-line phase III data on chronic coronary heart disease candidate, darapladib; Duchenne muscular dystrophy candidate, Kyndrisa (drisapersen), failing to meet the primary endpoint in a phase III study; disappointing phase III data on its Crohn's disease candidate, vercirnon and cardiovascular candidate, Iosmapimod, failing to achieve the primary endpoint in a phase III study.

  Among the more recent pipeline setbacks, in September 2018, Glaxo received a complete response letter (CRL) from the FDA for its regulatory filing looking for label expansion of Nucala for the COPD indication.

- **Intense Competition:** In addition to facing generic competition, most of Glaxo's products are up against significant competition from small as well as large pharmaceutical companies. Advair is facing stiff competition in the COPD and asthma market from AstraZeneca's and Merck's respiratory disease drugs. Glaxo's Consumer Healthcare segment faces competition from big companies like Colgate-Palmolive, Johnson & Johnson, Procter & Gamble and Pfizer. Glaxo's Consumer Healthcare business has been affected by certain supply interruptions. In addition, there are many small companies that compete with Glaxo in certain markets. Loss of market share due to intense competition will severely impact Glaxo's top line.

  In the respiratory market, the launch of AstraZeneca's Fasenra and Sanofi's Dupixent has raised competitive pressure for Nucala, which has begun to hurt sales growth of this key new drug in Glaxo's portfolio. Meanwhile, continued competitive and pricing pressure is hurting sales of Glaxo's ICS/LABA class of medicines.

Last Earnings Report

Glaxo Beats on Q3 Earnings, Raises 2019 EPS Guidance

Quarter Ending	09/2019
Report Date	**Oct 30, 2019**
Sales Surprise	**2.07%**
EPS Surprise	**14.46%**
Quarterly EPS	**0.95**
Annual EPS (TTM)	**3.31**

Glaxo reported third-quarter 2019 adjusted earnings of 95 cents per American depositary share, which beat the Zacks Consensus Estimate of 83 cents. Adjusted earnings were also up 9% on a reported basis and 1% at constant exchange rate (CER) year over year, driven by higher sales and a lower tax rate, which was partially offset by an increased non-controlling interest allocation of Consumer Healthcare profits due to the creation of the Pfizer JV.

Quarterly revenues rose 16% on a reported basis and 11% at CER to $11.56 billion (£9.4 billion) owing to a strong performance across all segments, particularly Vaccines. The top line also beat the Zacks Consensus Estimate of $11.34 billion. Further, on a proforma basis, excluding the impact of the acquired Pfizer consumer healthcare business, sales rose 6% at CER.

All growth rates mentioned below are on a year-on-year basis and at CER.

Quarterly Highlights

Sales dipped 2% in the United States but were up 9% in Europe and 5% in the International markets.

Glaxo reports results under three segments: Pharmaceuticals, Vaccines and Consumer Healthcare.

Pharmaceuticals division registered 3% increase in revenues at CER. However, sales in the United States were down 2%. This downside was due to lower sales of Established Pharmaceuticals, partially offset by strong growth of newer respiratory products and Benlysta. Sales in the European and international markets were up 9% and 5%, respectively.

HIV sales were flat year over year at CER as growth in the dolutegravir franchise was offset by a decline in sales of the remaining drugs in the HIV portfolio. The dolutegravir franchise comprises two three-drug regimens, namely Triumeq and Tivicay and two two-drug regimens that are Juluca and Dovato. Dovato was launched in the United States during April and in Europe in third-quarter 2019. Growth in sales of Juluca and Dovato were more than offset by weak sales of Triumeq and Tivicay due to transition of patients from three-drug regimens to two-drug ones. Juluca generated sales of £255 million compared with £84 million in the second quarter. Dovato generated sales of £23 million compared with £5 million in the second quarter.

While U.S. and European sales of HIV products were down 2% each, international sales increased 16% at CER. Sales of dolutegravir products slipped 1% in the United States while the same grew 1% and 26% in the European and international markets, respectively. Sales of other HIV drugs declined 23% at CER due to severe generic competition and shift to new HIV regimens.

Respiratory sales now comprise only new respiratory drugs, namely Ellipta portfolio and Nucala with Advair and all other older respiratory products being moved to the Established Pharmaceuticals portfolio starting the first quarter of 2019. Sales of new respiratory drugs rose 19% at CER on growth of Trelegy Ellipta and Nucala across all regions. Sales of new respiratory drugs surged 32% and 35% in Europe and International markets. In the United States, sales of new respiratory drugs increased 10% as higher demand for Trelegy Ellipta and Nucala made up for decline in Relvar/Breo Ellipta sales.

Nucala sales were up 33% at CER, supported by its global rollout. Sales of Nucala grew 29% in the United States as well as Europe. In the International markets, its sales soared 65%.

Sales of Ellipta products rose 15% in the quarter. Trelegy Ellipta generated sales of £139 million benefiting from share gains after an expanded U.S. label compared with £120 million in the previous quarter. However, despite higher sales in Europe and other international markets, Relvar/Breo Ellipta sales decreased 8% due to lower sales in the United States. Persistent competitive and pricing pressure, particularly for ICS/LABA class of medicines hurt U.S. sales of Relvar/Breo Ellipta, which declined 32%. The competitive pressure on the ICS/LABA class of medicines in the United States has intensified with the launch of generic Advair.

Immuno-inflammation drugs like Benlysta rose 35% in the quarter. In April, Benlysta's label was expanded to include children with lupus aged five years or older. In October, the drug was approved in Europe for a similar indication.

Oncology sales comprising sales of Zejula were £64 million compared with £57 million in the second quarter. The sales included £38 million in the United States and £26 million in Europe.

Sales of Established Pharmaceuticals fell 5% due to soft sales of Advair, partially offset by a strong uptake of the authorized generic version of Ventolin. Seretide/Advair lost 64% of U.S. sales year over year due to generic competition. In Europe, Seretide sales declined 9%. International Seretide sales slid 2%. Sales of Ventolin were up 27% during the quarter benefiting from the strong adoption of an authorised generic version launched in the year. The rest of the Established Pharmaceuticals portfolio inched up 1% in the quarter. Ventolin sales are expected to be higher until more generics are launched in early 2020.

Glaxo's Pharmaceutical segment sales are expected to be flat in 2019 comapred with the prior expectation of a slight decline.

Sales in the **Consumer Healthcare** segment increased 25% at CER, primarily driven by Pfizer's legacy brands. Third-quarter sales of this segment include nine weeks of legacy Pfizer brand sales, added after the creation of the JV. Sales of Wellness, Oral health and Skin health categories increased 22%, 10% and 9%, respectively, in the third quarter. Nutrition sales more than doubled in the period.

On a pro-forma basis, sales in the Consumer Health segment were up 3% at CER on the back of strong performance at Oral health. Pro-forma growth was negatively impacted by approximately one percentage point due to divestments and the phasing out of low margin contract manufacturing.

On the conference call, management stated that the divestment of the Indian nutrition business to Hindustan Unilever is progressing. The divesture is expected to close in the first quarter of 2020, subject to the receipt of regulatory approvals.

Sales from the **Vaccines** segment were impressive, up 15% at CER, primarily driven by strong growth of new shingles vaccine, Shingrix and impressive performance of meningitis vaccines

Geographically, sales rose 28% in the United States. In Europe, vaccine sales declined 2% while the same was flat in the international markets.

Shingrix sales surged 76% to £535 million in the reported quarter, boosted by a strong uptake in the United States. The vaccine also witnessed solid demand in Germany and Canada.

In the meningitis portfolio, Bexsero sales increased 19% in the quarter on the back of share gains in the United States and strong demand across all regions. Sales of another meningitis vaccine Menveo fell 1% due to lower demand in the international markets. Sales of influenza vaccine Fluarix were up 15% on the back of market share gains and a favourable impact from a prior-year returns provision reversal. Sales of Established vaccines declined 1% year over year.

Profit Discussion

Adjusted operating profit rose 3% in the period to £2.79 billion. On a proforma basis, adjusted operating profit was down 1%. Adjusted operating margin declined 200 bps in the quarter at CER to 29.7%, primarily due to the impact of generic competition to Advair in the United States and higher R&D & SG&A costs. This offset the benefit from higher sales, a favourable mix in Vaccines and Consumer Healthcare and cost control.

Selling, general and administration (SG&A) costs increased 16% year over year to £2.8 billion, driven by ramped-up commercial activities to support launches, higher legal costs and costs related to the acquisition of TESARO, partly offset by cost-saving initiatives and benefits of restructuring in the Pharmaceuticals segment.

Research and development (R&D) expenses were up 17% to £1.16 billion, reflecting increased investments to support progress of clinical studies, especially those on Zejula.

2019 Outlook

Glaxo raised its guidance for adjusted earnings in 2019. It currently expects earnings to be flat year over year at CER, indicating an improvement from the previous expectation of 3-5% decline at CER in 2019.

Better operational performance in Vaccines and Pharma units, lower interest expense and lower tax rate led the company to raise its earnings outlook. However, Advair generic erosion, higher non-controlling interests, increased costs to support promotion in the priority markets and higher R&D expenses are expected to hurt earnings in 2019.

In 2019, currency changes are expected to benefit sales by around 2% and adjusted EPS by 4%.

Recent News

Approval for Dovato in Japan – Jan 15

ViiV Healthcare announced that it has obtained approval from Dovato (from the Japan Ministry of Health, Labour and Welfare (MHLW) to treat HIV in adults and adolescents

MAA Filed for Fostemsavir in Europe – Dec 5

ViiV Healthcare submitted a marketing authorization application (MAA) to the European Medicines Agency (EMA) seeking approval for fostemsavir for the treatment of HIV in adults with a few treatment options available. The MAA is supported by data from the pivotal phase III BRIGHTE study in heavily treatment-experienced people living with multidrug-resistant HIV. The NDA was filed in the United States in December 2019.

Completes Divesture of Travel Vaccines to Bavarian Nordic – Dec 31

Glaxo announced that it has completed the previously announced divestiture of its vaccines for rabies (Rabipur/Rabavert) and tick-borne encephalitis (Encepur) to Bavarian Nordic for an upfront payment of approximately EUR308 million (£263 m). In addition, Glaxo will also be entitled to receive milestone payments for a total consideration of up to EUR955 million. Glaxo acquired these brands from Novartis in 2015 as part of the acquisition of its vaccines business.

Long-Acting HIV Regimen Gets CRL From FDA – Dec 21

ViiV Healthcare announced that it has received a complete response letter (CRL) from the FDA for its investigational long-acting injectable regimen of cabotegravir and J&J's Edurant (rilpivirine) for the treatment of HIV-1 infection in virologically suppressed adults.

Glaxo said the CRL was related to chemistry, manufacturing and controls (CMC) and there were no reported safety issues related to CMC.

ViiV Healthcare had filed the NDA for the long-acting regimen in April, which was granted priority review by the FDA in July. The regimen was co-developed as part of a collaboration between Janssen and ViiV.

Benlysta Lupus Nephritis Study Meets Endpoints – December 18

Glaxo announced positive headline results from a phase III study - BLISS-LN - of Benlysta in patients with lupus nephritis (LN). The study met its primary endpoint and all major secondary endpoints. The data showed that a statistically significant greater number of active LN patients treated with belimumab plus standard therapy achieved Primary Efficacy Renal Response (PERR) over two years compared to placebo plus standard therapy. Based on these positive phase III data, Glaxo plans to file regulatory applications seeking approval for Benlysta in LN in the first half of 2020.

Detailed Data from DREAMM-2 Study on Belantamab Mafodotin– Dec 16

Glaxo announced detailed results from the pivotal study (DREAMM-2) evaluating two doses of belantamab mafodotin in patients with heavily pre-treated multiple myeloma. In August, the company had said that the study met its primary endpoint by showing a clinically meaningful overall response rate with belantamab mafodotin in the above patients. Along with the latest release, Glaxo said that treatment with belantamab mafodotin resulted in a clinically meaningful 31% overall response rate (ORR) with the 2.5 mg/kg regimen in such patients.

Based on data from this study, Glaxo filed a BLA to the FDA seeking approval for the 2.5 mg dose of belantamab mafodotin.

Valuation

Glaxo's shares are up 22.9% in the trailing 12-month period. Stocks in the Zacks sub-industry and sector are up 15.1% and 5.5%, respectively, over the past year. The S&P 500 Index is up 25.6% in the past year.

The stock is currently trading at 15.27X forward 12-month earnings per share, which compares to 15.71X for the Zacks sub-industry, 21.78X for the Zacks sector and 19.19X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 17.78X and as low as 12.21X, with a 5-year median of 14.55X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $51.00 price target reflects 16.4X forward 12-month earnings per share.

The table below shows summary valuation data for GSK

Valuation Multiples - GSK

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.27	15.71	21.78	19.19
	5-Year High	17.78	18.1	21.78	19.34
	5-Year Low	12.21	13.94	15.85	15.17
	5-Year Median	14.55	15.56	18.91	17.44
P/S F12M	Current	2.61	4.82	2.88	3.57
	5-Year High	3.13	4.84	3.82	3.57
	5-Year Low	2.18	3.93	2.43	2.54
	5-Year Median	2.54	4.43	2.94	3
P/B TTM	Current	5.36	6.98	4.61	4.55
	5-Year High	27.59	7.26	5.03	4.55
	5-Year Low	4.61	3.78	3.43	2.85
	5-Year Median	16.83	5.16	4.29	3.61

As of 1/20/2020

Industry Analysis **Zacks Industry Rank:** Top 21% (54 out of 254)

Top Peers

Pfizer Inc. **(PFE)**	Outperform
AstraZeneca PLC **(AZN)**	Neutral
Bristol-Myers Squibb Company **(BMY)**	Neutral
Gilead Sciences, Inc. **(GILD)**	Neutral
Johnson & Johnson **(JNJ)**	Neutral
Merck & Co., Inc. **(MRK)**	Neutral
Novartis AG **(NVS)**	Neutral
Roche Holding AG **(RHHBY)**	Neutral

Industry Comparison Industry: Large Cap Pharmaceuticals

Industry Peers

	GSK Neutral	X Industry	S&P 500	JNJ Neutral	PFE Outperform	RHHBY Neutral
VGM Score	A	-	-	B	D	A
Market Cap	119.45 B	134.35 B	24.65 B	392.60 B	224.19 B	290.51 B
# of Analysts	5	3	13	8	6	4
Dividend Yield	4.11%	2.58%	1.73%	2.55%	3.55%	1.60%
Value Score	B	-	-	B	C	C
Cash/Price	0.05	0.04	0.04	0.05	0.04	NA
EV/EBITDA	14.47	15.22	14.11	15.48	13.75	NA
PEG Ratio	2.17	1.98	2.08	2.40	4.24	2.45
Price/Book (P/B)	5.36	5.74	3.39	6.74	3.43	NA
Price/Cash Flow (P/CF)	11.52	12.73	13.81	13.68	9.62	14.78
P/E (F1)	15.30	16.22	19.19	16.42	15.46	16.01
Price/Sales (P/S)	2.84	4.50	2.69	4.80	4.23	NA
Earnings Yield	6.54%	6.17%	5.21%	6.09%	6.47%	6.25%
Debt/Equity	1.38	0.68	0.72	0.46	0.55	NA
Cash Flow ($/share)	4.16	4.30	6.94	10.90	4.21	2.87
Growth Score	C	-	-	C	F	A
Hist. EPS Growth (3-5 yrs)	5.16%	8.42%	10.56%	9.06%	8.42%	NA
Proj. EPS Growth (F1/F0)	-5.38%	6.62%	7.57%	4.83%	-11.59%	3.82%
Curr. Cash Flow Growth	8.35%	10.96%	14.73%	13.87%	8.89%	13.00%
Hist. Cash Flow Growth (3-5 yrs)	-0.78%	4.99%	9.00%	7.92%	2.30%	7.35%
Current Ratio	0.82	1.17	1.24	1.26	0.90	NA
Debt/Capital	57.90%	40.27%	42.99%	31.62%	35.53%	NA
Net Margin	13.76%	20.26%	11.14%	21.09%	30.57%	NA
Return on Equity	92.73%	38.63%	17.16%	39.81%	28.10%	NA
Sales/Assets	0.49	0.53	0.55	0.53	0.33	NA
Proj. Sales Growth (F1/F0)	3.43%	5.12%	4.16%	4.28%	-11.59%	1.92%
Momentum Score	A	-	-	B	A	C
Daily Price Chg	1.55%	0.05%	0.27%	0.65%	-0.25%	1.60%
1 Week Price Chg	0.67%	1.19%	0.39%	0.54%	1.44%	0.93%
4 Week Price Chg	1.87%	3.34%	2.95%	2.63%	3.95%	7.72%
12 Week Price Chg	8.79%	12.59%	7.76%	17.00%	11.32%	15.59%
52 Week Price Chg	22.86%	18.73%	22.29%	15.56%	-4.62%	30.85%
20 Day Average Volume	1,777,762	1,878,471	1,536,375	5,324,063	15,693,486	1,197,123
(F1) EPS Est 1 week change	1.24%	0.00%	0.00%	0.00%	1.29%	0.00%
(F1) EPS Est 4 week change	0.64%	0.00%	0.00%	0.05%	1.29%	0.47%
(F1) EPS Est 12 week change	4.82%	0.63%	-0.40%	-0.43%	4.18%	2.91%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	NA	NA

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	B
Growth Score	C
Momentum Score	A
VGM Score	A

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

Disclosures

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