

GlaxoSmithKline plc (GSK)

\$39.78 (As of 06/21/21)

Price Target (6-12 Months): **\$42.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/19/21)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: A

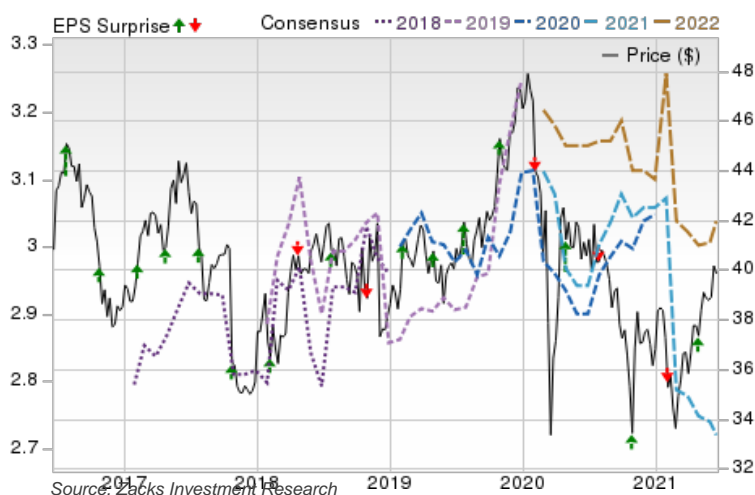
Growth: D

Momentum: D

Summary

Glaxo's new and specialty products like Nucala, Trelegy Ellipta, Shingrix and Juluca are driving sales, making up for a decline in Established Pharmaceuticals due to generic erosion. Glaxo has made significant progress in its pipeline. Several new drug/line extension approvals are expected in 2021, which should boost the top line in the long term. However, generic competition for key drug, Advair, is hampering sales of Glaxo's respiratory products, which we believe may not be compensated by new respiratory drugs. Competitive pressure on HIV drugs has risen. Lower demand amid the pandemic hurt sales of key vaccine, Shingrix. A recovery is expected in the second half. Its shares have outperformed the industry this year so far.

Price, Consensus & Surprise



Data Overview

52-Week High-Low **\$42.40 - \$33.26**

20-Day Average Volume (Shares) **3,962,512**

Market Cap **\$107.1 B**

Year-To-Date Price Change **8.1%**

Beta **0.70**

Dividend / Dividend Yield **\$2.08 / 5.2%**

Industry **Large Cap Pharmaceuticals**

Zacks Industry Rank **Bottom 24% (192 out of 252)**

Last EPS Surprise **0.0%**

Last Sales Surprise **-4.1%**

EPS F1 Estimate 4-Week Change **-0.9%**

Expected Report Date **08/04/2021**

Earnings ESP **8.0%**

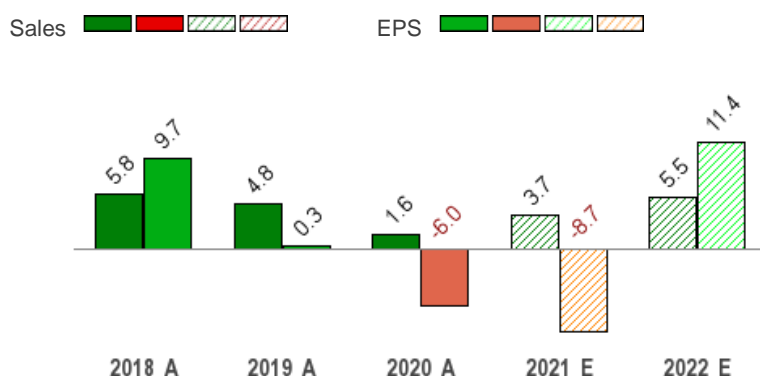
P/E TTM **15.0**

P/E F1 **14.7**

PEG F1 **2.1**

P/S TTM **2.5**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022					47,918 E
2021	10,227 A	10,787 E	12,099 E	12,509 E	45,402 E
2020	11,642 A	9,459 A	11,167 A	11,543 A	43,788 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022					\$3.03 E
2021	\$0.63 A	\$0.59 E	\$0.82 E	\$0.70 E	\$2.72 E
2020	\$0.97 A	\$0.48 A	\$0.92 A	\$0.62 A	\$2.98 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 06/21/2021. The report's text and the

analyst-provided price target are as of 06/22/2021.

Overview

Glaxo has three core businesses – Pharmaceuticals (respiratory, HIV, immuno-inflammation and oncology), Vaccines (meningitis, shingles and influenza vaccines) and Consumer Healthcare (oral health, wellness, pain relief, vitamins & minerals, respiratory health and digestive health).

In August 2019, Glaxo and Pfizer merged their consumer healthcare unit into a new joint venture (JV). Glaxo owns a controlling stake of 68% in the JV.

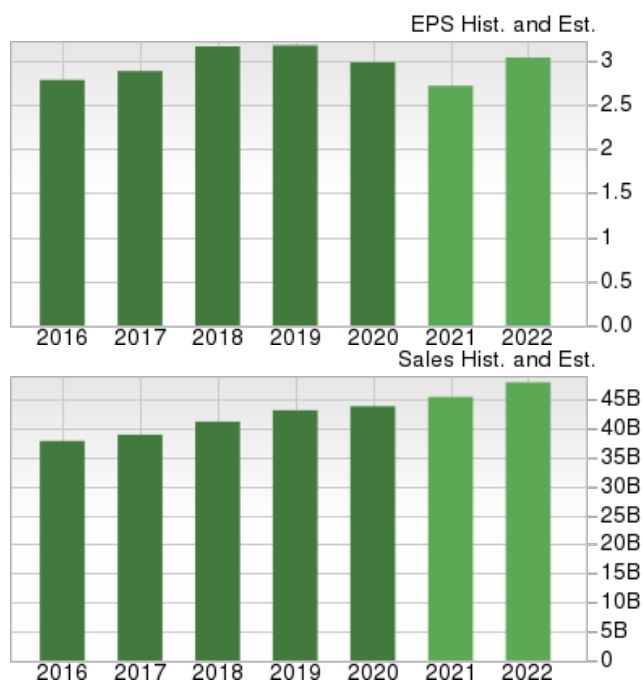
Glaxo plans to split itself into two standalone companies. The new Glaxo will be a biopharma company focusing on developing new treatments. Glaxo intends to separate its Consumer Healthcare segment into a standalone company in 2022.

Glaxo is also divesting non-core assets. In 2015, Glaxo divested two quadrivalent meningitis ACWY vaccines – Nimenrix and Mencevax – to Pfizer, a portfolio of over-the-counter (OTC) 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.

Glaxo's pipeline is focused on oncology, immuno-inflammation, HIV and respiratory therapeutic areas

The Pharmaceuticals, Vaccines and Consumer Healthcare segments contributed approximately 50%, 20% and approximately 30%, respectively, to revenues in 2020. Total sales in 2020 were £34.1 billion (\$44.0 billion).

The company is headquartered in Brentford, UK.



Reasons To Buy:

- ▲ **Shares Outperform Industry:** This year so far, Glaxo's share price has risen 8.1%, outperforming the industry's increase of 7% in the same period.
- ▲ **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 new and specialty products like Nucala (severe eosinophilic asthma) and Bexsero (meningitis vaccine) are doing well and have become key drivers of top-line growth.

Glaxo has made significant progress in its pipeline. Several new drug/line extension approvals are expected in 2021, which should boost the top line in the long term.

Three key relatively newer 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), the first two-drug regimen, once-daily, single pill for HIV, all approved in 2017, are witnessing considerable success.

In 2019, Glaxo gained approval for Dovato, a single tablet regimen of Tivicay (dolutegravir) + lamivudine for treatment-naïve human immunodeficiency virus (HIV) patients in the United States and EU. The new HIV medicine is doing well both in the United States and the EU. In 2020, Glaxo received Food & Drug Administration (FDA) approval for Rukobia/fostemsavir for heavily pre-treated HIV and Blenrep/belantamab mafatotin for fourth-line multiple myeloma. Both Blenrep and Rukobia are also approved in the EU. Cabenuva, a long-acting injectable regimen of Glaxo's cabotegravir and J&J's Edurant (rilpivirine) for the treatment of HIV-1 infection in virologically suppressed adults was approved in the United States in early 2021 and in the EU in 2020. Jemperli (dostarlimab) was approved for second-line endometrial cancer in the United States and EU in April 2021.

- ▲ **Strong Pipeline:** Glaxo is focused on oncology, immuno-inflammation, HIV and respiratory therapeutic areas. Promising candidates in late-stage development include long-acting cabotegravir (CAB LA) (HIV pre-exposure prophylaxis (PrEP) – rolling NDA filing ongoing), otilimab (rheumatoid arthritis - phase III, severe COVID-related pulmonary disease – phase II), gepotidacin (uncomplicated urinary tract infection and urogenital gonorrhoea — phase III), GSK3511294, (severe eosinophilic asthma – phase III), RSV vaccines (phase II/III), adjuvanted recombinant protein-based COVID-19 vaccine candidate (phase III to begin soon), sotrovimab/VIR-7831 (COVID-19 – EUA approved in United States in May, under review in EU) and Duvroq/daprodustat (anemia associated with chronic renal disease – phase III).

In 2020, Glaxo also established multiple partnerships to develop COVID-19 solutions, including with CureVac to develop next generation mRNA COVID vaccines and Vir Biotechnology for therapeutic antibody treatments.

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 nasal polyps (under review in the United States and EU), COPD (phase III) and hypereosinophilic syndrome (approved in the United States in September 2020, under review in EU), Benlysta for lupus nephritis (approved in the United States in December 2020 and in the EU in May 2021) and Trelegy Ellipta for asthma (approved in United States, under review in EU).

Glaxo plans to launch more than 20 new products/line extension by 2026 with more than 10 having blockbuster potential.

- ▲ **Focus on Oncology:** In oncology, the company now has a development portfolio of 15 potential medicines. 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, a promising new oncology medicine).

Meanwhile, it divested 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. Meanwhile, Zejula was approved by the FDA for first-line maintenance therapy of women with platinum responsive ovarian cancer (regardless of BRCA mutational status) based on the results of the PRIMA study in April 2020. The label expansion has significantly expanded Zejula's eligible ovarian cancer patient population. Meanwhile, Zejula is being evaluated for additional ovarian cancer stages as well as for non-small cell lung cancer and breast cancer. A key phase III study in first-line NSCLC began in late 2020.

- ▲ **Favorable Debt Profile:** As of Mar 31, 2020, Glaxo's net debt was \$36.2 billion. However, the cash/liquid investments of around \$7 billion are somewhat sufficient to pay the short-term debt of \$4.37 billion in case of insolvency. The company's debt/capital ratio was 55.5% at the end of March 2021, lower than 56.6% at the end of December 2020. A lower ratio indicates lower financial risk. Meanwhile, its times interest earned ratio stands at more than 8.0% consistently for the past few quarters. A higher times interest earned ratio indicates that the company is capable of meeting its interest obligations from operating earnings.

Reasons To Sell:

▼ **Vaccine Sales Hurt Significantly Due to Pandemic:** Sales in Glaxo's Vaccines segment declined 1% at CER in 2020 due to slowdown in vaccination rates amid the pandemic. Sales declined 30% in the first quarter of 2021 due to lower demand following prioritization of COVID-19 vaccination programs, which resulted in lower Shingrix vaccination. Meanwhile, other stay-at-home restrictions restricted wellness visits to doctors for vaccination.

Competitive pressure has risen on HIV and Respiratory segments.

▼ **Generic Competition for Key Products:** Glaxo's top line is under significant pressure due to generic competition faced by key products. Sales of Advair, which 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 10% in 2020, 29% in 2019 and 21% in 2018. Also, competitive pressure on Glaxo's HIV drugs has risen.

▼ **Uncertainty Surrounding the Pandemic:** The pandemic has hurt demand trends of physician-administered drugs of most companies. Though trends are recovering somewhat, the recovery has been at a slower pace than originally expected due to rising cases of infections due in the second wave of the pandemic. The pandemic is expected to continue to hurt drugmakers' sales in the second quarter with some stability expected in the second half of the year.

▼ **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. Glaxo's Consumer Healthcare segment faces competition from big companies like Colgate-Palmolive, Johnson & Johnson, Procter & Gamble and Pfizer. 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, Advair is facing stiff competition in the COPD and asthma markets from AstraZeneca and Merck's respiratory disease drugs. Meanwhile, 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 drug in Glaxo's portfolio. Meanwhile, continued competitive and pricing pressure is hurting sales of Glaxo's ICS/LABA class of medicines.

▼ **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, vercirmon and cardiovascular candidate, losmapimod, failing to achieve the primary endpoint in a phase III study.

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.

Last Earnings Report

Q1 Earnings In Line, Sales Hit by COVID-19

Glaxo reported first-quarter 2021 adjusted earnings of 63 cents per American depositary share ("ADS"), in line with the Zacks Consensus Estimate. However, adjusted earnings were down 39% year over year on a reported basis and 33% at constant exchange rate ("CER"), due to lower operating profit, higher interest costs and a higher effective tax rate, which was partly offset by lower non-controlling interest allocation of Consumer Healthcare profits

Quarterly revenues declined 18% on a reported basis and 15% at CER to \$10.23 billion (£7.42 billion), missing the Zacks Consensus Estimate of \$10.66 billion. Revenues declined significantly from continued disruptions due to the COVID-19 pandemic.

The prioritization of COVID-19 vaccination, especially in the United States and the United Kingdom, hurt sales of Glaxo's vaccines during the quarter. Moreover, prior-year quarter sales, in Pharmaceuticals and Consumer Healthcare, had benefited from stock build-up, which posed unfavorable comparison in the first quarter of 2021. Also, a weak cold and flu season, hurt sales of the Consumer segment.

Further, on a pro-forma basis, excluding the impact of divestment of vaccines and brands divested/under review in Consumer Healthcare, sales declined 13% at CER.

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

Quarterly Highlights

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

Pharmaceuticals sales were down 8% at CER as higher sales of newer drugs were more than offset by decline in sales of antibiotics, HIV drugs and Established drugs. Excluding the impact of Established Pharmaceuticals segment.

Pharmaceutical's sales grew 3% year over year at CER. Stock build-up in the prior-year quarter accounted for approximately 4% of decline in sales. Moreover, demand for antibiotic products in Europe and International markets was tepid.

Sales of pharmaceuticals in the United States were up 4%. Sales in European and International markets were down 18% and 14%, respectively, at CER.

HIV sales decreased 11% year over year at CER mainly due to stock build-up in the year-ago quarter, the timing of an international tender and decline of mature drugs' sales. Sales of dolutegravir franchise were down 11%. Sales from legacy drugs declined 26% at CER.

The dolutegravir franchise comprises two three-drug regimens — Triumeq and Tivicay — and two two-drug regimens — Juluca and Dovato. Strong growth in sales of Dovato in the first quarter was more than offset by decline in sales of three-drug regimens and Juluca.

Tivicay sales declined 24% in the quarter while Triumeq sales declined 20%.

Sales of the dolutegravir franchise were down 11% at CER in the U.S. market and 10% in Europe. In International markets, sales were down 15% at CER.

Juluca sales declined 3% year over year. Dovato generated sales of £141 million similar to the previous quarter. New HIV medicine, Rukobia, recorded sales of £7 million in the quarter.

The company launched a long-acting HIV treatment, Cabenuva, during the first quarter that generated sales of \$2 million.

New HIV products Juluca, Dovato, Rukobia and Cabenuva now comprise 25% of Glaxo's HIV portfolio.

Glaxo expects HIV sales to accelerate, going forward, driven by the momentum of Dovato, the launch of Cabenuva and the expected launch of cabotegravir in the PrEP setting.

Sales of respiratory drugs were up 24% at CER mainly driven by an increase in sales of Trelegy and Nucala.

Nucala sales were up 26% at CER during the quarter. Sales of Nucala grew 39% and 33% in the United States and International Markets, respectively. In Europe, sales of Nucala declined 2%. Trelegy Ellipta sales surged 35% year over year driven by strong growth in all regions. In the United States, sales benefited from the new asthma indication.

Sales of Anoro Ellipta increased 4% at CER.

Immuno-inflammation drug Benlysta rose 25% in the quarter, reflecting the impact of label expansion of the drug for treating active lupus nephritis in the United States and Japan.

Quarter Ending 03/2021

Report Date	Apr 28, 2021
Sales Surprise	-4.09%
EPS Surprise	0.00%
Quarterly EPS	0.63
Annual EPS (TTM)	2.65

Oncology sales, comprising sales of Zejula and Blenrep, were up 38% year over year. Sales of Zejula sales rose 11% year over year as significant market share gains were partially offset by slow growth in the ovarian cancer market. Sales of new drug Blenrep were £21 million in the quarter compared with £25 million in the previous quarter.

Sales of Established Pharmaceuticals declined 17% reflecting ongoing generic competition for Advair, Seretide and Ventolin. Advair/Seretide sales declined 8% year over year due to generic competition in all markets

The rest of the Established Pharmaceuticals portfolio declined 24% in the quarter due to lower demand for antibiotics during the pandemic and increased use of generics in France, Japan and China.

In 2021, Glaxo expects flat to low single-digit percentage growth in revenues in the Pharmaceutical segment, excluding divestments as higher sales of New and Specialty medicines will be largely offset by decreasing revenues in Established Pharma.

Sales in the Consumer Healthcare segment decreased 16% at CER due to loss of sales from divested brands. Sales declined 9% CER, excluding brands divested/under review due to stock build-up in the previous year and a historically weak cold and flu season.

Sales of Pain relief and Oral health categories decreased 8% and 1%, respectively, in the quarter. Sales of Vitamins, minerals and supplements category were down 1% in the first quarter. Sales of Respiratory health declined 42%. Digestive health and other category sales remained flat.

In 2021, sales of Consumer Healthcare segment are expected to increase by low to mid-single digits, excluding brands divested/under review. The company expects more normal consumer trends in the second half of the year.

Sales from the Vaccines segment were down 30% at CER, mainly due to the impact of the pandemic on Shingrix, Hepatitis vaccines, DTPa-containing vaccines and Bexsero. Lower demand following prioritization of COVID-19 vaccination programs resulted in lower Shingrix vaccination. Meanwhile, other stay-at-home restrictions limited wellness visits to doctors for vaccination

Shingrix sales declined 47% in the reported quarter due to lower demand in the United States as a result of prioritized focus on COVID-19 mass vaccination. However, the decline was partly offset by continued strong performance momentum in Germany and the launch in China.

In Meningitis vaccines, Bexsero sales decreased 16% while sales of Menveo were up 2%. Sales of influenza vaccine, Fluarix were down 5%. Sales of Established vaccines were down 23% year over year.

The company expects Shingrix sales to recover through the rest of the year with growth weighted in the second half due to the rapid pace of deployment of COVID vaccines in the United States, especially those in the target age group for Shingrix. Glaxo also expects a significant step up in Shingrix sales in 2022.

For the full year, the company expects sales of the vaccine segment to remain flat to up in low-single digit percentage.

Profit Discussion

Adjusted operating profit declined 23% in the period. Adjusted operating margin declined 410 bps in the quarter at CER to 25.4% due to weak sales and higher R&D costs, which offset benefit from cost cuts.

Selling, general and administration (SG&A) costs decreased 15% at CER year over year to £2.32 billion. The decline in SG&A costs was led by tight cost control, benefits from restructuring, reduced variable spending due to COVID-19 related restrictions and lower legal costs.

Research and development (R&D) expenses rose 3% at CER to £1.1 billion, reflecting higher clinical activity in COVID-19 therapy programs.

2021 Guidance

Glaxo maintained its previous guidance as it expects an improvement in performance over the rest of the year. Glaxo expects adjusted earnings to decline in 2021 by mid-to high-single digit percentage at CER. Glaxo expects healthcare systems and consumer trends to approach normality in the second half of the year, which should drive its revenues.

Currency headwinds are expected to hurt 2021 sales by 5% (previously 4%) and earnings by 9% (previously 7%). R&D costs are expected to rise low double-digit percentage in 2021.

Second-Quarter Outlook

In the second quarter, Glaxo expects sales to grow mid to high-single digits, gaining from the favorable year-over-year comparison. While SG&A expense will increase broadly in line with sales, R&D costs will increase in a mid-single digit range. Overall, sales and earnings in the first half of 2021 are expected to be below that of the first half of 2020 due to business disruption from the pandemic.

Recent News

HIV Collaboration with Halozyme – Jun 22

ViiV Healthcare signed a global collaboration with Halozyme to leverage latter's ENHANZE drug delivery technology to enable development of "ultra long-acting" medicines for HIV treatment and prevention. Under the deal, ViiV Healthcare acquires an exclusive license to four HIV small and large molecule targets for which it will make an upfront payment of \$40 million. Halozyme will also be entitled to development and commercial milestone payments of up to \$175 million per target.

Final Data from COMET Study on Sotrovimab – Jun 21

Glaxo and partner Vir Biotech announced final day 29 data from the COMET-ICE study, which confirmed that their monoclonal antibody treatment, sotrovimab, significantly reduces hospitalization and risk of death in adults with mild-to-moderate COVID-19 who are at high risk of progression to severe disease. Data demonstrated a 79% reduction in hospitalization for more than 24 hours or death compared with placebo after 29 days.

Additionally, the company announced that the U.S. National Institutes of Health (NIH) updated its COVID-19 treatment guidelines to recommend use of sotrovimab. The companies also said they have approximately 450,000 doses of on sotrovimab in hand for supply in the United States.

The companies plan to submit a formal biologics license application (BLA), seeking approval of sotrovimab in the second half of 2021. Sotrovimab was granted emergency approval to treat high-risk COVID-19 by the FDA in May 2021.

To Co-Develop Novel Cancer Drug with iTeos Therapeutics – Jun 14

Glaxo announced an agreement to acquire joint development and commercialization rights to iTeos Therapeutics' early-stage cancer candidate, EOS-448, an anti-TIGIT monoclonal antibody.

EOS-448 is currently being evaluated in a phase I study for advanced solid tumors. Glaxo plans to study EOS-448 with its other investigational cancer therapies.

For the deal, Glaxo will make an upfront payment of \$625 million to iTeos while the latter will also be entitled to potential milestones of up to \$1.45 billion. If EOS-448 is successfully developed, Glaxo and iTeos will co-commercialize and share profits in the United States while Glaxo will get royalty payments on ex-US sales.

With the addition of EOS-448, Glaxo becomes the only company with antibodies targeting all three known CD226 checkpoints — TIGIT, CD96 (GSK'608) and PVRIG (GSK'562). Glaxo plans to explore various novel combinations of these next generation immuno-oncology agents and its PD-1 inhibitor, Jemperi ((dostarlimab), including doublets and triplets, which should enable development of novel next-generation immuno-oncology combinations. Initially, Glaxo plans to begin combination studies of EOS-448 with dostarlimab in 2022. Jemperi was approved by the FDA as a treatment for endometrial cancer in April.

GSK'608 is presently in phase I studies, being developed both as a monotherapy and in combination with dostarlimab. For GSK'562, Glaxo plans to file an Investigational New Drug application in 2022 to begin phase I studies.

Sanofi/Glaxo COVID-19 Vaccine Enters Phase III – May 27

Glaxo and Sanofi announced initiation of a pivotal phase III study on their adjuvanted recombinant protein-based COVID-19 vaccine candidate. The study is expected to enrol more than 35,000 adult participants and will evaluate 10µg dose of Sanofi's recombinant vaccine candidate in combination with Glaxo's pandemic adjuvant. It will evaluate two formulations of the vaccine candidate targeting the original SARS-CoV-2 (the Wuhan virus) and B.1.351 (South African) variant. Meanwhile, a booster study programme is also planned to be initiated to complement the phase III study. The phase III study follows the encouraging interim data from a phase II study, announced earlier this month, which showed that the vaccine candidate demonstrated strong neutralizing antibody responses in all adult age groups, with 95 to 100% seroconversion rates.

COVID-19 Drug Gets FDA Emergency Nod – May 26

Glaxo and partner Vir Biotech announced that the FDA has granted Emergency Use Authorization (EUA) to their dual-action monoclonal antibody sotrovimab (previously VIR-7831) for high-risk COVID-19.

The EUA is for treating mild-to-moderate COVID-19 in adult and pediatric patients (at least 12 years of age and weighing at least 40) who are at risk of progression to severe COVID-19, including hospitalization or death.

The EUA submission was based on an interim analysis of efficacy and safety data from the phase III COMET-ICE study, which demonstrated an 85% reduction in hospitalization or death on treatment VIR-7831 in the above-mentioned patient population. Further, safety and efficacy data from the study at day 29 for the full population is expected to be presented in a few weeks' time.

Meanwhile, in-vitro data has shown that sotrovimab maintains activity against all known variants of concern, including the Indian variant. A formal biologics license application (BLA) to the FDA is expected to be filed in the second half of 2021.

Meanwhile the European Medicines Agency (EMA) has also started a rolling review of data on sotrovimab. The rolling review will continue until enough data is obtained to support a formal filing of marketing authorization application in the EU.

CHMP Nod to Sotrovimab – May 21

Glaxo and partner Vir Biotech announced that the European Medicines Agency's (EMA) Committee for Human Medicinal Products (CHMP) has issued a positive scientific opinion on sotrovimab for the early treatment of COVID-19.

Sells Stake in Innoviva – May 20

Glaxo has agreed to sell its approximately 32 million shares of common stock of Innoviva back to the latter at approximately \$12.25 per share. The sale will raise gross proceeds of approximately \$392 million. Once the transaction is completed, Glaxo will hold no stake in Innoviva.

Medicago COVID-19 Vaccine Shows Strong Immune Response – May 18

Glaxo and partner Medicago announced interim phase II data for their adjuvanted COVID-19 vaccine candidate. The study data showed that immunogenicity, as measured by neutralizing antibody responses were ten times higher than in people recovering from COVID-19. After two shots, the vaccine induced robust neutralizing antibody and cellular immune responses in all participants, irrespective of their age. These data were a part of an ongoing phase II/III study on the candidate.

The companies anticipate to manufacture approximately 100 million doses of the COVID-19 vaccine candidate by the end of 2021, if approved. They expect to deliver up to 1 billion doses annually by the end of 2023. They may extend their collaboration to develop a post-pandemic COVID-19 vaccine candidate as well as vaccine candidates for other infectious diseases.

Valuation

Glaxo's shares are up 8.1% in the year-to-date period but down 4.3% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 7.0% while those in the sector are down 0.1%, in the year-to-date period. Over the past year, Zacks sub-industry and sector are up 11.8% and 2.0%, respectively

The S&P 500 Index is up 11.7% in the year-to-date period and 35.1% in the past year.

The stock is currently trading at 13.86X forward 12-month earnings per share, which compares to 14.46X for the Zacks sub-industry, 23.0X for the Zacks sector and 21.35X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 17.78X and as low as 10.67X, with a 5-year median of 13.82X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$42.00 price target reflects 14.6X forward 12-month earnings per share.

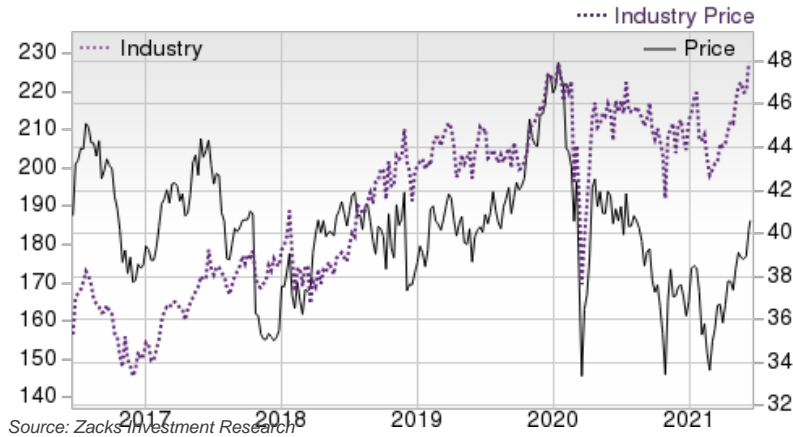
The table below shows summary valuation data for GSK

Valuation Multiples - GSK					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.86	14.46	23	21.35
	5-Year High	17.78	16.62	23	23.83
	5-Year Low	10.67	13.18	15.82	15.31
	5-Year Median	13.82	14.99	19.33	18.05
P/S F12M	Current	2.3	4.55	2.67	4.63
	5-Year High	2.92	4.85	3.17	4.74
	5-Year Low	1.76	3.88	2.27	3.21
	5-Year Median	2.4	4.44	2.78	3.72
P/B TTM	Current	3.7	6.88	4.43	6.93
	5-Year High	27.59	7.37	5.05	7.08
	5-Year Low	3.15	3.99	3.03	3.84
	5-Year Median	16.83	5.41	4.35	5.02

As of 6/21/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 24% (192 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
AstraZeneca PLC (AZN)	Neutral	3
Bristol Myers Squibb Company (BMY)	Neutral	3
Gilead Sciences, Inc. (GILD)	Neutral	3
Johnson & Johnson (JNJ)	Neutral	3
Merck & Co., Inc. (MRK)	Neutral	4
Novartis AG (NVS)	Neutral	4
Pfizer Inc. (PFE)	Neutral	3
Roche Holding AG (RHHBY)	Neutral	3

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

Industry Comparison Industry: Large Cap Pharmaceuticals				Industry Peers		
	GSK	X Industry	S&P 500	JNJ	PFE	RHHBY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	B	B	A
Market Cap	107.11 B	194.62 B	29.97 B	431.46 B	220.66 B	325.17 B
# of Analysts	6	3	12	9	7	4
Dividend Yield	5.22%	2.59%	1.35%	2.59%	3.96%	1.63%
Value Score	A	-	-	B	A	B
Cash/Price	0.06	0.04	0.06	0.06	0.06	0.04
EV/EBITDA	10.06	17.02	17.02	18.27	19.74	13.12
PEG F1	2.08	2.12	2.08	2.63	1.40	2.86
P/B	3.70	5.40	4.11	6.55	3.19	7.67
P/CF	10.27	10.80	17.39	15.05	12.68	14.01
P/E F1	14.68	14.82	20.94	17.23	10.62	17.60
P/S TTM	2.53	4.23	3.39	5.12	4.40	NA
Earnings Yield	6.81%	6.74%	4.67%	5.80%	9.41%	5.69%
Debt/Equity	1.10	0.56	0.66	0.46	0.51	0.26
Cash Flow (\$/share)	3.87	5.04	6.83	10.89	3.11	3.39
Growth Score	D	-	-	B	B	A
Historical EPS Growth (3-5 Years)	3.08%	5.04%	9.59%	6.24%	4.56%	NA
Projected EPS Growth (F1/F0)	-8.89%	8.02%	21.57%	18.40%	67.25%	1.79%
Current Cash Flow Growth	-3.54%	8.76%	0.99%	-5.46%	-23.28%	6.04%
Historical Cash Flow Growth (3-5 Years)	5.21%	6.53%	7.28%	6.23%	-1.79%	13.92%
Current Ratio	0.91	1.13	1.39	1.28	1.48	1.30
Debt/Capital	52.31%	34.84%	41.51%	31.49%	33.92%	20.44%
Net Margin	16.01%	16.31%	11.95%	17.95%	22.09%	NA
Return on Equity	24.57%	34.62%	16.48%	34.62%	24.55%	NA
Sales/Assets	0.40	0.43	0.51	0.50	0.30	NA
Projected Sales Growth (F1/F0)	3.63%	8.28%	9.41%	11.13%	49.67%	4.58%
Momentum Score	D	-	-	F	D	D
Daily Price Change	-0.15%	0.56%	1.40%	1.15%	1.57%	0.85%
1-Week Price Change	-0.77%	-1.78%	-0.71%	-1.81%	-3.34%	-1.01%
4-Week Price Change	2.87%	-0.93%	0.66%	-3.93%	-0.98%	10.01%
12-Week Price Change	8.42%	7.58%	6.39%	-1.33%	7.65%	17.58%
52-Week Price Change	-3.49%	4.70%	35.50%	14.26%	19.06%	5.77%
20-Day Average Volume (Shares)	3,962,512	2,929,479	1,885,424	6,610,994	23,253,028	1,197,596
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-0.91%	0.00%	0.01%	-0.11%	0.48%	1.31%
EPS F1 Estimate 12-Week Change	-2.28%	-0.50%	3.59%	0.29%	14.24%	0.65%

Past performance is no guarantee of future results. Please see important disclosures and definitions at the end of this report.

EPS Q1 Estimate Monthly Change	0.85%	:	0.00%	0.00%	:	0.19%	-0.21%	NA
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.

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.

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

proportionate to its market value.

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-

term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

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

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

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

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

P/TB Ratio: The price-to-tangible-book value ratio is calculated as 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.