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**Feb 19, 2021**

## Hyatt Hotels(H)

**$78.56** (As of 02/18/21)

Price Target (6-12 Months): **$66.00**

| | | |
|---|---|---|
| Long Term: 6-12 Months | **Zacks Recommendation:**<br>(Since: 02/01/21)<br>Prior Recommendation: Neutral | **Underperform** |
| Short Term: 1-3 Months | **Zacks Rank:** (1-5)<br>Zacks Style Scores:<br>Value: D \| Growth: F | **5-Strong Sell**<br>VGM:F<br>Momentum: C |

## Summary

Shares of Hyatt have underperformed the industry in the past year. The dismal performance can primarily be attributed to the coronavirus pandemic. Recently, the company reported fourth-quarter 2020 results, wherein both earnings and revenues not only missed the Zacks Consensus Estimate but also declined sharply year over year. Travel restrictions and other containment efforts have negatively impacted the company. Also, its RevPAR has declined sharply due to the same. On account of the uncertainty stemming from the crisis, the company has not only discontinued share repurchase activity but also suspended dividends. Notably, loss estimates for 2021 have widened over the past 30 days. The company anticipates occupancy and demand to increase in second half of 2021. Although, the pandemic has impacted the company, its long-term prospects remain strong.

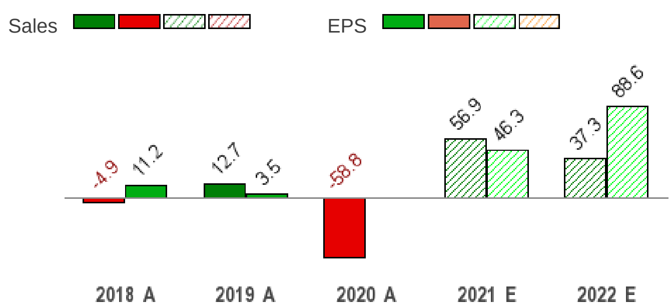
## Price, Consensus & Surprise


*Source: Zacks Investment Research*

## Data Overview

| | |
|---|---|
| 52-Week High-Low | **$94.98 - $24.02** |
| 20-Day Average Volume (Shares) | **680,757** |
| Market Cap | **$7.9 B** |
| Year-To-Date Price Change | **5.8%** |
| Beta | **1.50** |
| Dividend / Dividend Yield | **$0.00 / 0.0%** |
| Industry | **Hotels and Motels** |
| Zacks Industry Rank | **Bottom 2% (249 out of 253)** |
| | |
| Last EPS Surprise | **-30.2%** |
| Last Sales Surprise | **-6.5%** |
| EPS F1 Estimate 4-Week Change | **-2.9%** |
| Expected Report Date | **05/05/2021** |
| Earnings ESP | **-15.5%** |
| | |
| P/E TTM | **NA** |
| P/E F1 | **NA** |
| PEG F1 | **NA** |
| P/S TTM | **3.9** |

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




## Sales Estimates (millions of $)

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2022 | 1,025 E | 992 E | 894 E | 1,068 E | 4,450 E |
| 2021 | 556 E | 823 E | 889 E | 948 E | 3,241 E |
| 2020 | 993 A | 250 A | 399 A | 424 A | 2,066 A |

## EPS Estimates

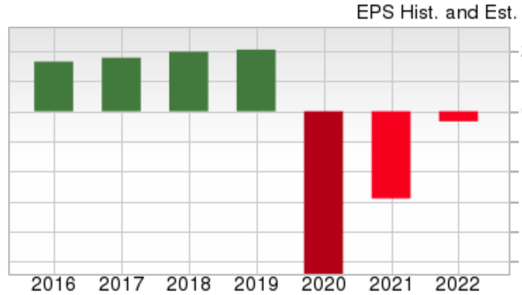
| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2022 | -$0.11 E | -$0.24 E | -$0.11 E | $0.07 E | -$0.33 E |
| 2021 | -$1.10 E | -$0.88 E | -$0.46 E | -$0.35 E | -$2.90 E |
| 2020 | -$0.35 A | -$1.80 A | -$1.48 A | -$1.77 A | -$5.40 A |

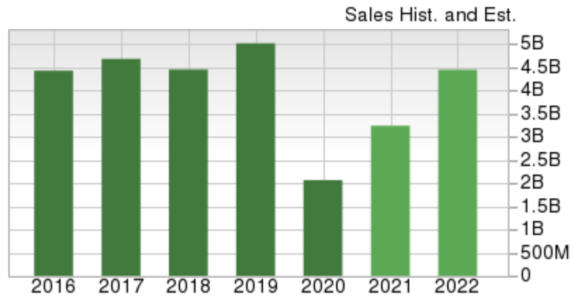
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 02/18/2021. The report's text and the analyst-provided price target are as of 02/19/2021.

## Overview

Hyatt Hotels Corporation is a leading global hospitality company engaged in the development, ownership, operation, management, franchising and licensing of a portfolio of properties, including hotels, resorts and residential and vacation ownership properties around the world. As of Dec 31, 2020, the company's portfolio included more than 982 properties in nine countries across six continents. The company's portfolio has 21 premier brands.




Hyatt manages its business within four reportable segments:

The **Owned and Leased Hotels** segment consists of the company's owned and leased hotel properties, located mostly in the Unites States and also across few international locations.

The **Americas Management and Franchising** segment includes management and franchising of the company's properties located in the United States, Latin America, Canada and the Caribbean. The segment revenues also include the reimbursement of costs incurred for managed and franchised properties.

The **ASPAC Management and Franchising** segment comprises the company's management and franchising of properties located in Southeast Asia, as well as greater China, Australia, South Korea, Japan and Micronesia. The segment revenues also include the reimbursement of costs incurred for managed and franchised properties.

The **EAME/SW Asia Management and Franchising** segment encompasses the company's management and franchising of properties located primarily in Europe, Africa, the Middle East, India, Central Asia and Nepal. The segment revenues also include the reimbursement of costs incurred for managed and franchised properties.

Notably, in 2017, Hyatt acquired Exhale Enterprises from an unrelated third party for a price of $16 million. Also, in Jan 2017, the company acquired Miraval, the renowned provider of wellness and mindfulness experiences, for $239 million, subject to working capital adjustments. In November 2018, Hyatt completed the acquisition of Two Roads for $405 million. As of Dec 31, 2018, the acquisition of Two Roads added 65 hotel properties or approximately 12,000 rooms, along with 10 condominium ownership properties comprising approximately 1,500 units, to the company's portfolio.


*Source: Zacks Investment Research*

## Reasons To Sell:

Decline in RevPAR and occupancy rates due to the coronavirus pandemic and stiff competition remain a concern.

- **Coronavirus Impact:** The COVID-19 pandemic and related travel restrictions and other containment efforts have impacted the company significantly. Due to the uncertainty of the crisis, the company has discontinued all share repurchase activity and suspended dividend payments. The suspension of share repurchases and dividend payments will continue through first-quarter 2021. The company announced that first-half of 2021 will remain challenging but it expects meaningful recovery in second-half of 2021. Demand is likely to increase in the second half of 2021. Although the pandemic has impacted the company, its long-term prospects remain strong.

- **Dismal RevPar Performance:** The company has been experiencing significant decline in demand due to the COVID-19 pandemic, which is resulting in a system-wide RevPAR decrease of 68% in constant currency in fourth-quarter 2020. Moreover, Owned and leased hotels, Americas full-service hotels, Americas select-service hotels and ASPAC full-service hotels RevPAR declined 81.8%, 79.4%, 57.3% and 52.3 respectively. The impact of hotel closure was nearly 370 basis points on the company's system-wide RevPAR.
  With travel restrictions and quarantines in place, the company has been witnessing dismal Revpar worldwide. Although the company is witnessing sequential improvement in RevPAR, it is still below the pre-pandemic levels. Markedly, the decline can primarily be attributed to the negative impact of the pandemic.

- **Lower-than-Expected Q4 Results:** The company reported dismal fourth-quarter 2020 results owing to the pandemic. The company reported adjusted loss per share of $1.77, wider than the Zacks Consensus Estimate of a loss of $1.36. In the prior-year quarter, it reported adjusted earnings per share of 47 cents per share. Quarterly revenues of $424 million missed the consensus mark of $454 million by 6.5%. The top line declined 66.7% from the year-ago quarter. In the past 30 days, loss estimates for 2021 have widened, reflecting analysts concerns regarding the stock growth potential. Hyatt refrained from providing 2021 outlook owing to uncertainties stemming from the coronavirus pandemic.

- **Geopolitical Concerns:** The company has a considerable international presence, which makes it vulnerable to the economic conditions in the region. In the Middle East, political unrest, lower government spending, new hotel supply and a tough oil market continue to hurt tourism and is a cause of concern. Also, the slowdown in the Chinese economy might continue to hurt discretionary spending as well as travel. Also, volatility in exchange rates is likely to hurt results similar to the past few quarters.

- **Cutthroat Competition:** The hotel industry is highly competitive, as major hospitality chains with well-established and recognized brands are continuously expanding their global presence. Hyatt is continuously facing intense competition from both large hotel chains and smaller independent local hospitality providers.

  Increasingly, the company also faces competition from new channels of distribution in the travel industry. Additional sources of competition include large companies that offer online travel services as part of their business model such as Alibaba, search engines such as Google and peer-to-peer inventory sources that allow travelers to book stays on websites that facilitate the short-term rental homes and apartments from owners, thereby providing an alternative to hotel rooms, such as Airbnb and HomeAway. Unless Hyatt counters these competitions with appropriate strategies, it may pose a concern to the company's future profitability.

## Risks

- **Strong Brand Recognition Across the Globe:** Hyatt aims to differentiate its brands from one another by providing distinct travel experiences. Hyatt is also consistently trying to expand its presence worldwide and has expansion plans in Asia-Pacific, Europe, Africa, Middle East and Latin America. Expansion in these markets should help the company gain market share in the hospitality industry, thus boosting business. Thus, an essential aspect of the company's riveting growth potential is its strong brand presence and continual expansion in higher growth and under-penetrated markets such as India and China. Apart from these, the company continues to expanded in diverse international markets like Australia, Brazil, Germany, the U.K., Indonesia, Japan, Mexico, Saudi Arabia, Singapore, Thailand, Netherlands South Korea, Canada and the Caribbean. Meanwhile, the company's new signings across its brands globally have consistently outpaced openings. In 2018, 2019 and 2020, Hyatt registered net room growth of 13.6%, 7.4% and 5.2% on a year-over-year basis, respectively. Despite the coronavirus pandemic, the company anticipates net unit growth of 5% in 2021. It anticipates gross room growth of nearly 8% with more than 100 hotels expected to open in 2021.

- **Gradual Increase in Demand:** As the economy is opening up, signs of improvement can be noticed in greater parts of China. Moreover, the company stated that outside of China and South Korea, it is witnessing increase in demand in few markets but at a slower rate. Notably, in fourth-quarter 2020, occupancy level in Greater China was nearly 60%. Excluding Hong Kong, Macau and Taiwan, the occupancy levels was approximately 70%. The company anticipates RevPAR improvement in the second half of 2021. Coming to hotel re-openings, approximately 94% of total system-wide hotels were open as of Dec 31, 2020 compared with 92% on Sep 30, 2020.

- **Focus on Expanding Select Service Presence:** The Hyatt Place and Hyatt House brands allow to expand Hyatt's presence globally in a bid to further strengthen its fast-growing select service category. The company strongly believes that the opportunity for properties that offer selected services at a lower price than full-service hotels is particularly compelling in certain markets, including India, China and the Middle East. This is because there is a large and growing middle-class population in these markets along with a significant number of local business travelers. Notably, the company intends to grow its select service presence via third-party construction of new franchised properties, conversion and renovation of existing non-Hyatt properties, and in certain cases, participation in the development of new managed properties. Select service production in the United States has slowed owing to constraints on financing. However, select service production is likely to recover as there are significant opportunities for global growth of select service brands.

- **New Hotel Openings:** . In 2020, the company opened a total of 72 new hotels (or 14,972 rooms) including 11 operating properties (or 2,837 rooms) that converted to a Hyatt brand. The company's net room growth was boosted by the opening of first five YOKO hotels in China. Meanwhile, the company re-entered the New Zealand market with the opening of Park Hyatt Auckland. Also, the company unveiled Andaz Xiamen, marking the second Andaz hotel in China. In October, the company opened Hyatt Centric Center City Philadelphia, Grand Hyatt Nashville and Hyatt Regency West Hanoi. Furthermore, it remains optimistic about full-service growth opportunities, comprising both newbuilds and conversions globally.

- **Acquisition & Divestitures as Growth Strategies:** Hyatt is strongly invested in the strategies related to various acquisitions and divestitures that can drive growth for the company. In 2017, the company acquired Miraval Group, which extended the Hyatt brand beyond traditional hotel stays into a wellness category that resonates well with the high-end travelers. Moreover, the company is also increasing its focus on private accommodations, another fast-growing travel segment, which has the potential to extend the Hyatt brand beyond traditional hotel space and is a fantastic fit to the Hyatt portfolio and its brand positioning. The company has also acquired Exhale for $16 million and the 693-room Hyatt Regency Phoenix, Arizona, for roughly $140 million. In 2018, the company also acquired lifestyle hotel management company Two Roads Hospitality. These buyouts are part of Hyatt's ongoing asset recycling program. In an effort to strengthen financial flexibility and focus more on core operation, the company is also focusing on the sale of assets. The sale of assets is helping Hyatt grow through management and licensing arrangements instead of direct ownership of selective assets. However, the company does not intend to sell assets at distressed prices just to meet goals.

- **Loyalty Program and Other Initiatives to Increase Occupancy:** In order to survive in a tough economic environment, Hyatt is continuously devising newer ways to enhance guest experience and raise occupancy. Successful innovation has been a trademark of Hyatt, with a commitment to impactful architectural design of hotels in both the large-scale convention and smaller leisure markets. The company also has a creative approach to food and beverage at its hotels worldwide and has created profitable and popular venues that build and enhance demand for its hotel properties. Meanwhile, in 2017, the company launched a new loyalty program, World of Hyatt, which replaced its Gold Passport loyalty program. Notably, World of Hyatt is a platform for guest engagement.

- **Enough Liquidity to Tide Over Coronavirus Crisis:** Hyatt has enough liquidity to survive the coronavirus pandemic for some time. As of Dec 31, total liquidity inclusive of cash, cash equivalents and short-term investments, combined with borrowing capacity, came in at approximately $3.4 billion, compared with $3.6 billion as of Sep 30, 2020. However, this excludes nearly $1 billion in bond debt, which matures in the next two years. Although total debt during the fourth quarter was $3.244 billion, marginally up from the previous quarter, the company stated that it has only long-term debt maturity of $250 million, which is due in third-quarter 2021. Based on the current quarter demand levels, the company anticipates that it has adequate liquidity to fund its operations for the next 36 months. Moreover, the company has a debt-to-capitalization ratio of 0.4, which indicates that Hyatt is well-poised to meet debt obligations.

## Last Earnings Report

### Hyatt Q4 Earnings & Revenues Miss Estimates, Fall Y/Y

| Quarter Ending | 12/2020 |
|---|---|
| Report Date | Feb 17, 2021 |
| Sales Surprise | -6.53% |
| EPS Surprise | -30.15% |
| Quarterly EPS | -1.77 |
| Annual EPS (TTM) | -5.40 |

Hyatt reported dismal fourth-quarter 2020 results, wherein earnings and revenues not only missed the Zacks Consensus Estimate but also declined sharply on a year-over-year basis. Notably, both the top and bottom lines missed the Zacks Consensus Estimate for the third straight quarter.

Nonetheless, RevPAR improved sequentially for the fourth quarter of 2020, with comparable system-wide RevPAR, and owned and leased hotels RevPAR improving modestly.

The company reported adjusted loss per share of $1.77, wider than the Zacks Consensus Estimate of a loss of $1.36. In the prior-year quarter, it reported adjusted earnings per share of 47 cents per share.

Quarterly revenues of $424 million missed the consensus mark of $454 million by 6.5%. The top line declined 66.7% from the year-ago quarter.

### Operating Highlights

Adjusted EBITDA plunged to $(98) million from $191 million a year ago. Notably, almost half of the loss was due to costs incurred on behalf of its managed and franchised properties that the company do not intend to recover from hotel owners.

Moreover, adjusted EBITDA margin declined to (59.8%) for the fourth quarter against 29.7% growth in the year-ago period.

### Segmental Details

Hyatt manages business through four reportable segments — Owned and Leased Hotels; Americas Management and Franchising; Southeast Asia, Greater China, Australia, South Korea, Japan and Micronesia (ASPAC) Management and Franchising; and Europe, Africa, Middle East and Southwest Asia (EAME/SW Asia) Management and Franchising.

Revenues at Owned and Leased Hotels totaled $91 million, down 80% from the year-ago number. The sharp decline can primarily be attributed to the impact of coronavirus on comparable owned and leased hotels, and dispositions. Owned and leased hotels RevPAR declined 81.8% year over year for the quarter. Average daily rate (ADR) was down 29.4% and occupancy rate fell 53.6 percentage points for the fourth quarter.

Meanwhile, adjusted EBITDA decreased 148.5% from the prior-year quarter to $(48) million. At constant currency, the same declined 148.6% from the year-ago quarter.

Meanwhile, total management and franchise fee revenues decreased 67.4% (down 67.6% in constant currency) from the prior-year period to $47 million. That said, the metric improved sequentially from $40 million reported in third-quarter 2020.

For Americas Management and Franchising, RevPAR for comparable Americas full-service hotels decreased 79.4% from the year-ago period. While ADR declined 25%, occupancy rates fell 51.1 percentage points from the year-ago number.

Meanwhile, RevPAR for comparable Americas select-service hotels was down 57.3% from a year ago. ADR declined 28.6% and occupancy rates decreased 28.6 percentage points from the year-ago number.

Adjusted EBITDA fell 90.3% (down 90.2% in constant currency) from the prior-year figure to $9 million.

For ASPAC Management and Franchising, RevPAR for comparable ASPAC full-service hotels declined 52.3% from the year-ago figure. ADR declined 22.8% and occupancy rates fell 28.4 percentage points from the year-ago quarter.

Meanwhile, RevPAR for comparable ASPAC select-service hotels was down 31.1% on a year-over-year basis. Occupancy and ADR declined 11.1 percentage points and 18.4% year over year, respectively, for the quarter under review.

Adjusted EBITDA was down 65.5% (down 66.8% at constant currency) from the prior-year level to $9 million.

For EAME/SW Asia Management and Franchising, comparable EAME/SW Asia full-service hotels' RevPAR decreased 75.6% from the year-ago level on account of the COVID-19 crisis. ADR slumped 31% and occupancy rates declined 46.3 percentage points for the quarter.

Adjusted EBITDA plunged 121.8% (down 122.4% at constant currency) from the year-earlier quarter to $(3) million.

### 2020 Highlights

Total revenues were $2.07 billion, down from $5.02 billion in 2019. Comparable system-wide RevPAR was down 65.4% from a year ago. Adjusted EBITDA decreased to $(177) million from $754 million in 2019.

As of Dec 31, 2020, the company's pipeline consisted of approximately 500 hotels, or 101,000 rooms.

### Balance Sheet

As of Dec 31, 2020, Hyatt reported cash and cash equivalents (including investments in highly-rated money market funds and similar investments) of $1,207 million. Total debt was $3.244 million as of Dec 31, 2020.

The company ended the fourth quarter with 38,466,898 Class A and 62,696,948 Class B shares issued, as well as outstanding. Notably, it has an undrawn borrowing availability of $1.499 billion under Hyatt's revolving credit facility.

### Other Business Updates

Coming to hotel openings, 23 new hotels (or 6,877 rooms) joined Hyatt's system in the fourth quarter of 2020. This contributed to a 5.2% increase in net rooms from the fourth quarter of 2019. In 2020, the company opened a total of 72 new hotels (or 14,972 rooms) including 11 operating properties (or 2,837 rooms) that converted to a Hyatt brand.

Approximately 94% of total system-wide hotels were open as of Dec 31, 2020 compared with 92% on Sep 30, 2020.

## Recent News

**Hyatt Expands Alila Brand in the United States – Jan 28, 2021**

Hyatt's  Alila brand recently announced the addition of Alila Napa Valley to its portfolio in the United States. The property is slated to start operations from Mar 15, onwards. It will also join the likes of Ventana Big Sur and Alila Marea Beach Resort Encinitas, slated to open in March 2021.

**Hyatt To Boost Story Hotel Presence In Sweden – Jan 28, 2021**

In a bid to expand its presence in Europe, Hyatt's  affiliate has entered into franchise agreements with Story Hotels Holding AB to bring three hotels in Sweden. The hotels will be developed under Hyatt's JDV Hotel brand portfolio. Meanwhile, bookings for hotels namely - Story Hotel Riddargatan, Story Hotel Signalfabriken and Story Hotel Studio Malmo are likely to begin starting Apr 1, 2021.

## Valuation

Hyatt's shares are up by 45.9% in the past six-month period but down 15.42% in the trailing 12-month period. Stocks in the Zacks sub-industry is up by 36.7%, and the Zacks Consumer Discretionary sector are up by 26% in the past six-month period. Over the past year, the Zacks sub-industry is down by 19.5%, but the sector is up by 1.1%.

The S&P 500 index is up 17% in the past six-month period and 18.6% in the past year.

The stock is currently trading at 2.33X forward 12-month sales, which compares to 2.82X for the Zacks sub-industry, 2.99X for the Zacks sector and 4.59X for the S&P 500 index.

Over the past five years, the stock has traded as high as 2.4X and as low as 0.75X, with a 5-year median of 1.59X. Our Underperform recommendation indicates that the stock will perform worse-than the market. Our $66 price target reflects 1.95X forward 12-month sales.

The table below shows summary valuation data for H.

**Valuation Multiples - H**

| | | Stock | Sub-Industry | Sector | S&P 500 |
|---|---|---|---|---|---|
| P/S F12M | Current | 2.33 | 2.82 | 2.99 | 4.59 |
| | 5-Year High | 2.4 | 2.88 | 2.99 | 4.59 |
| | 5-Year Low | 0.75 | 1.26 | 1.7 | 3.21 |
| | 5-Year Median | 1.59 | 1.79 | 2.49 | 3.68 |
| P/B TTM | Current | 2.37 | 26.09 | 4.03 | 6.7 |
| | 5-Year High | 2.53 | 61.98 | 4.85 | 6.7 |
| | 5-Year Low | 0.94 | 3.29 | 2.25 | 3.84 |
| | 5-Year Median | 1.97 | 11.17 | 4.13 | 4.96 |
| P/CF | Current | N/A | 20.45 | 17.21 | 23.51 |
| | 5-Year High | 29.59 | 20.82 | 17.21 | 23.64 |
| | 5-Year Low | N/A | 9.42 | 9.34 | 12.88 |
| | 5-Year Median | 15.31 | 15.32 | 13.57 | 18.5 |

*As of 02/18/2021* *Source: Zacks Investment Research*

## Industry Analysis **Zacks Industry Rank:** Bottom 2% (249 out of 253)


*Source: Zacks Investment Research*

## Top Peers

| Company (Ticker) | Rec | Rank |
|---|---|---|
| Hilton Grand Vacations Inc. **(HGV)** | Neutral | 3 |
| Extended Stay America, Inc. **(STAY)** | Neutral | 4 |
| Marriot Vacations Worldwide Corporation **(VAC)** | Neutral | 3 |
| Wyndham Hotels & Resorts Inc. **(WH)** | Neutral | 3 |
| Hilton Worldwide Holdings Inc. **(HLT)** | Underperform | 4 |
| China Lodging Group, Limited **(HTHT)** | Underperform | 4 |
| Intercontinental Hotels Group **(IHG)** | Underperform | 5 |
| ORIENTAL LAND **(OLCLY)** | Underperform | 4 |

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

## Industry Comparison Industry: Hotels And Motels

| | H | X Industry | S&P 500 | OLCLY | VAC | WH |
|---|---|---|---|---|---|---|
| | | | | **Industry Peers** | | |
| **Zacks Recommendation (Long Term)** | Underperform | - | - | Underperform | Neutral | Neutral |
| **Zacks Rank (Short Term)** | 5 | - | - | 4 | 3 | 3 |
| **VGM Score** | F | - | - | C | B | F |
| Market Cap | 7.95 B | 3.35 B | 27.78 B | 56.46 B | 6.08 B | 5.61 B |
| # of Analysts | 9 | 5 | 13 | 1 | 4 | 7 |
| Dividend Yield | 0.00% | 0.00% | 1.41% | 0.11% | 0.00% | 0.53% |
| **Value Score** | D | - | - | D | B | C |
| Cash/Price | 0.27 | 0.11 | 0.06 | 0.04 | 0.17 | 0.09 |
| EV/EBITDA | 5.88 | 17.80 | 14.78 | 46.96 | 18.34 | 147.99 |
| PEG F1 | NA | 5.66 | 2.37 | NA | NA | 8.79 |
| P/B | 2.37 | 4.18 | 3.81 | 7.69 | 2.26 | 5.83 |
| P/CF | 12.49 | 18.77 | 15.45 | 60.37 | 12.25 | 28.93 |
| P/E F1 | NA | 35.22 | 20.87 | NA | 30.24 | 31.12 |
| P/S TTM | 3.85 | 3.95 | 3.07 | 22.20 | 1.85 | 4.31 |
| Earnings Yield | -3.69% | 1.65% | 4.71% | -0.61% | 3.30% | 3.22% |
| Debt/Equity | 0.89 | 0.88 | 0.68 | 0.23 | 1.65 | 2.67 |
| Cash Flow ($/share) | -2.34 | 1.46 | 6.70 | 0.57 | 12.08 | 2.08 |
| **Growth Score** | F | - | - | C | C | F |
| Historical EPS Growth (3-5 Years) | 11.13% | 2.27% | 9.32% | -21.55% | 3.88% | NA |
| Projected EPS Growth (F1/F0) | 46.34% | 101.57% | 13.98% | -160.00% | 1,518.55% | 87.93% |
| Current Cash Flow Growth | -137.09% | -10.08% | 2.56% | -19.13% | 82.73% | -54.46% |
| Historical Cash Flow Growth (3-5 Years) | 2.61% | 2.66% | 7.55% | 1.00% | 32.34% | -2.13% |
| Current Ratio | 2.72 | 1.71 | 1.38 | 3.95 | 3.60 | 2.60 |
| Debt/Capital | 47.06% | 56.12% | 41.31% | 18.93% | 62.29% | 72.79% |
| Net Margin | -34.03% | -7.57% | 10.60% | -4.01% | -4.99% | -10.15% |
| Return on Equity | -15.55% | -1.68% | 14.86% | 0.25% | 2.53% | 9.77% |
| Sales/Assets | 0.24 | 0.30 | 0.51 | 0.27 | 0.36 | 0.27 |
| Projected Sales Growth (F1/F0) | 56.85% | 43.66% | 6.46% | -58.85% | 21.94% | 21.16% |
| **Momentum Score** | C | - | - | A | B | F |
| Daily Price Change | 0.15% | 0.00% | -0.05% | 0.00% | -0.05% | 0.65% |
| 1-Week Price Change | 3.31% | 0.93% | 1.44% | 5.31% | 0.15% | -2.86% |
| 4-Week Price Change | 8.33% | 8.71% | 1.42% | 10.38% | 5.71% | -2.40% |
| 12-Week Price Change | 7.12% | 11.65% | 6.38% | 4.54% | 12.82% | 3.22% |
| 52-Week Price Change | -15.40% | 5.96% | 8.82% | 40.45% | 15.56% | 1.91% |
| 20-Day Average Volume (Shares) | 680,757 | 297,242 | 2,013,641 | 615 | 501,006 | 784,333 |
| EPS F1 Estimate 1-Week Change | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -0.66% |
| EPS F1 Estimate 4-Week Change | -2.88% | -1.86% | 0.68% | 0.00% | 1.03% | -6.23% |
| EPS F1 Estimate 12-Week Change | -2.92% | -5.39% | 1.97% | 16.00% | 0.15% | -9.00% |
| EPS Q1 Estimate Monthly Change | -1.45% | 0.00% | 0.27% | NA | 1.14% | -9.87% |

*Source: Zacks Investment Research*

## Zacks Stock Rating System

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

## Zacks Recommendation

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

## Zacks Rank

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

## Zacks Style Scores

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

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

| | |
|---|---|
| Value Score | C |
| Growth Score | F |
| Momentum Score | D |
| VGM Score | F |

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

## Disclosures

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## Additional Disclosure

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

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

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

## Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Periods:**

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

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

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

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

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

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

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

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

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

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

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

**EV/CF Ratio:** The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

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

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

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

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

**P/TB Ratio:** The price-to-tangible-book value ratio is calculated as a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

**P/CF Ratio:** The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

**P/FCF Ratio:** The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

**Earnings Yield:** The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at $35 and expected to earn $3 per share in the current fiscal year (F1), would be 0.0857 (3/35 = 0.0857) or 8.57%. In other words, for $1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

**Debt/Equity Ratio:** The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

**Cash Flow ($/share):** Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

**Current Ratio:** The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

**Debt/Capital Ratio:** Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

**Net Margin:** Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every $1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

**Return on Equity:** Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every $1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

**Sales/Assets Ratio:** The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated $2.50 in sales for every $1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

**Historical EPS Growth (3-5 Years):** This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

**Projected EPS Growth (F1/F0):** This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

**Current Cash Flow Growth:** It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

**Historical Cash Flow Growth (3-5 Years):** This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

**Projected Sales Growth (F1/F0):** This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

**EPS F1 Estimate 1-Week Change:** The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is $1.10 now versus $1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from $1.00 to 90 cents, that would be a 10% downward revision.

**EPS F1 Estimate 4-Week Change:** The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

**EPS F1 Estimate 12-Week Change:** The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

**EPS Q1 Estimate Monthly Change:** The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.