

Intel Corporation (INTC)

\$59.73 (As of 02/25/20)

Price Target (6-12 Months): **\$63.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 12/24/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:A

Value: B

Growth: B

Momentum: B

Summary

Intel is benefiting from strong data-centric growth. Robust mix of high-performance 2nd-Gen Xeon Scalable processors and solid demand from Cloud service providers is expected to drive growth in the near term. The company is also making advancements in the IoT space, courtesy of product introductions and tie ups. Moreover, Intel is witnessing strong momentum for its first 10-nanometer (nm) mobile CPU. Further, it is adding 25% wafer capacity across its 14 nm and 10 nm nodes in 2020. However, declining PC total addressable market, higher expenses pertaining to 10-nm ramp up and constrained supply remain concerns. Moreover, intensifying competition from AMD is a headwind. Additionally, the coronavirus outbreak in China can result in constrained supplies, which is a concern. Shares have underperformed the industry in the past year.

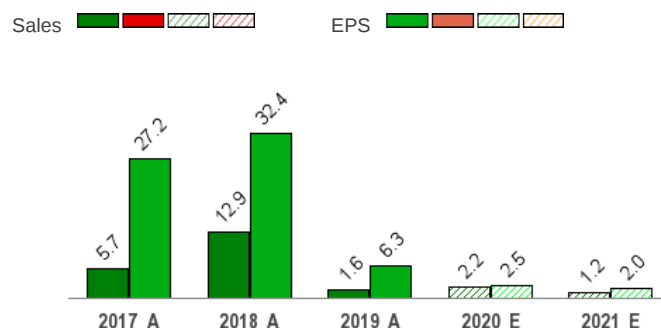
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$69.29 - \$42.86
20 Day Average Volume (sh)	18,711,892
Market Cap	\$255.5 B
YTD Price Change	-0.2%
Beta	0.86
Dividend / Div Yld	\$1.32 / 2.2%
Industry	Semiconductor - General
Zacks Industry Rank	Top 14% (36 out of 255)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	22.6%
Last Sales Surprise	5.2%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	04/23/2020
Earnings ESP	0.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	17,569 E	18,021 E	19,493 E	19,909 E	74,445 E
2020	19,007 E	18,297 E	18,299 E	17,856 E	73,552 E
2019	16,061 A	16,505 A	19,190 A	20,209 A	71,965 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.10 E	\$1.18 E	\$1.37 E	\$1.44 E	\$5.09 E
2020	\$1.31 E	\$1.26 E	\$1.23 E	\$1.18 E	\$4.99 E
2019	\$0.89 A	\$1.06 A	\$1.42 A	\$1.52 A	\$4.87 A

*Quarterly figures may not add up to annual.

P/E TTM	12.2
P/E F1	12.0
PEG F1	1.6
P/S TTM	3.6

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 02/25/2020. The reports text is as of 02/26/2020.

Overview

Intel Corporation, the world's largest semiconductor company and primary supplier of microprocessors and chipsets, is gradually reducing its dependence on the PC-centric business by moving into data-centric businesses — such as AI and autonomous driving.

In fact, its data-centric businesses accounted for 48.3% of revenues in fiscal 2019. This underscores the fact that the company's data-centric businesses are helping it generate revenues close to what it generates from the PC business. The contribution of data-centric businesses to the total revenues has grown gradually over the past five years and should become significant in the near future.

Nevertheless, the company continues to maintain its dominant market share for microprocessors in both consumer and enterprise markets.

Intel generated \$71.97 billion in revenues in 2019.

Data Center Group (DCG), Internet of Things Group (IOTG), Mobileye, Non-Volatile memory solutions group (NSG) and Programmable solutions Group (PSG) and All Other business units form the crux of Intel's data-centric business model.

DCG accounted for 33% of revenues in 2019. The segment deals with servers, workstations and other products for cloud, enterprise, and communication infrastructure market.

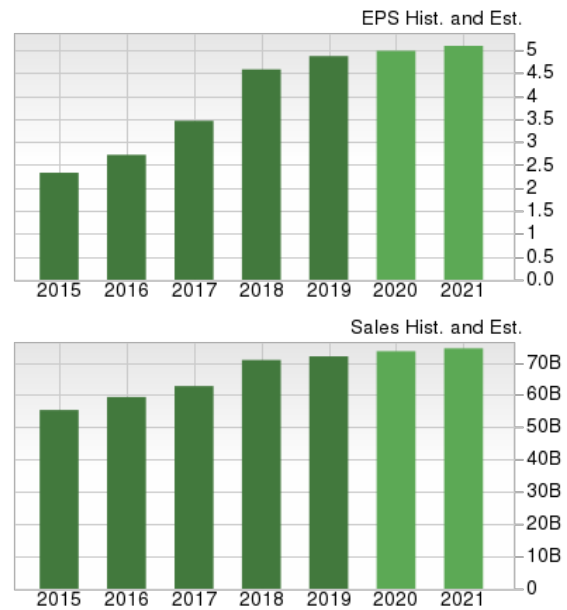
IOTG offers high-performance compute (HPC) solutions and embedded applications. The segment accounted for 5% of 2019 revenues.

NSG contributed 6% to revenues in 2019. The segment primarily offers memory and storage products like Optane and 3D NAND technology, primarily utilizing SSDs.

PSG segment that accounted for 3% of revenues offers programmable semiconductors, primarily FPGAs and structured ASICs.

Mobileye contributed 1% to revenues in 2019. The segment is engaged in developing computer vision and machine learning-based sensing, data analysis, localization, mapping, and driving policy technology for ADAS and autonomous driving. Intel acquired Mobileye in 2018.

Client Computing Group (CCG), which accounted for 52% of 2019 revenues, is the company's largest segment. The company is the dominant provider of computer CPUs. It began shipping 10 nanometer (nm) based 10th generation processors (previously referred to as Ice Lake) in 2019.



Reasons To Buy:

▲ Management strategy has evolved with the changing times. The primary focus area at the moment is the data center and cloud, where Intel is doing everything possible to maintain its market share and profitability. Supporting this is continued investment in the Internet of Things (IoT) and non volatile memory/storage (memory is closely associated with processing speeds and it also helps increase penetration at customers). Also, while the focus was earlier on making the best computing chips and generating industry-leading margins from them, Intel now prefers to focus on a product range targeting different segments of the market. Management says that the higher-end business in more developed economies continues to look up, but the new strategy should help it get into many more device categories, where Intel products will continue to enjoy a premium based on performance and cost of ownership.

Intel's leading position in PC market, strength in servers, growing clout in software, IoT & ADAS domains and headway in process technology are positive indicators of future growth prospects.

▲ We are particularly optimistic about the data center business. The drive to lower-cost computing devices is increasing the pressure on servers that are taking the load off these devices. As more information in various structures and formats are increasingly stored in the cloud, there is demand for a new breed of chips that are more efficient in terms of cost and energy but may not pack in quite as much compute power as in the past. This is the area where many expected lost opportunity for Intel because of its focus on compute power that often proved more expensive and also power guzzling. But Intel has made advancements in this area as well and it is now offering more integrated solutions that will likely be competitive on a cost per watt basis. The company's investments in field programmable gate array (FPGA) for acceleration (dramatically increases performances at very low power) and memory to reduce latency and increase speeds are helping it develop custom solutions for big players. Adding Altera and eASIC is also aiding it in strengthening position in the networking segment. Therefore, cloud computing, virtualization, enterprise upgrades and new products (Xeon Scalable) should all drive sales this year.

▲ Intel may have been late to the mobile market, but it wasted no time getting into the Internet of Things. Market research from Gartner, IDC and other independent firms say that this market will see very strong growth over the next few years. Intel's renewed focus on supplying not just chips but associated hardware puts it in a position of strength here. The Altera acquisition should also help. The biggest positive in this respect is the nascent stage of the market, which indicates potential for expanding exponentially. The company generated \$3.82 billion from IoT in 2019 (it mainly focuses on retail, transport, industrial and domestic segments). The products it has showcased thus far look good and Intel continues to introduce new products. It is also making strategic acquisitions (like Recon) to build out the portfolio and further strengthen its position in this emerging market. The company is well positioned to tap the tremendous scope for growth because it is at the forefront of leading edge processing technology, which will increasingly be required to generate sufficient volumes at low cost.

▲ Intel's non-volatile memory business is poised to take off. While NVM has fairly broad application across markets, the company is primarily targeting enterprise/data center customers to drive penetration of this high-margin segment. The company tied up with Micron to develop new memory technologies back in 2006. In 2015, this collaboration yielded the densest 3D NAND technology, which is noteworthy. In March, 2018, Intel launched Optane, its NVM product based on 3D XPoint technology. Per Intel, Optane is the most responsive data center SSD with lower latency than all of the fastest NAND flash based competitors. Also, Intel took forward its long-standing relationship with Micron by updating the terms of their 3D XPoint joint development partnership. The alliance resulted in the development of non-volatile memory that is must faster and more reliable/endurable than NAND.

▲ Intel's acquisition of Israel-based Mobileye, an autonomous vehicle technology provider is significantly positive in our view. The acquisition will help the company rapidly penetrate the autonomous car technology market, currently dominated by the likes of NVIDIA and Qualcomm. With the buyout, Intel will now have access to Mobileye's technologies related to cameras, in-car networking, sensor-chips, roadway mapping, cloud software, machine learning and data management. This will boost its customer base going forward. In 2019, Mobileye contributed \$879 million to total revenues.

▲ Per Gartner's preliminary data, PC shipments in the fourth quarter inched up 2.3% year over year to 70.6 million units. Going by the IDC report, shipment rose 4.8% on a year-over-year basis and totaled 71.8 million in the period under review. An improving trend in PC shipments favors business prospects of Intel, which continues to depend substantially on PC sales.

Reasons To Sell:

- ▼ Intel is seeing a growing competitive threat in the server, storage and networking markets. The server segment has always generated strong margins and Intel's powerful architecture has always been considered supreme. But ARM is posing a challenge in the fast-growing microserver segment and its designs have seen adopters at several Intel competitors. The NVIDIA alliance with IBM is likely to increase competition in the HPC accelerator segment and is another indication of competitors teaming up against Intel. IBM has since tied with more than 100 companies including NVIDIA and Google through its OpenPower project with the intention of building an ecosystem around its Power chips. IBM's chip architecture already supports big data and HPC workloads and the company is getting ready for a big comeback with its first server chips for the Chinese market this year. Qualcomm has also recently announced a product for the data center based on an ARM design. Big enterprise players like Amazon and Microsoft are already heavily invested in the x86 architecture, so it may be too difficult for them to extend support for ARM designs. For players like Google and Facebook on the other hand, Intel has its super-efficient custom solutions that they could well get used to. So just because more competition is coming on the market doesn't necessarily mean that Intel is going to cede a lot of market share. At the same time, the possibility can't be ruled out entirely because these players are all part of the Open Compute Project, which was formed to open source hardware designs thus reducing hardware cost. Competition in the Chinese server market is also increasing with ARM and IBM licensable technology. The Chinese government wants to make its own servers and Chinese companies like Tencent and Alibaba prefer to use local made products. At the same time, China has been known to penalize companies with a dominant position (Qualcomm for example was fined a huge amount because of its dominance in mobile chips). So increasing competition in China is bad news but the existence of competition is probably good news for Intel.
 - ▼ Intel's failure to gain significant mobile share, intensifying competition from ARM-based devices, and impact of new product costs are major concerns amid significant foreign currency exposure.
 - ▼ Intel could see increasing competition from IBM in chip architecture. For one, IBM has showcased a 7nm chip design that it expects will be in volume production by 2020. While Intel could have a 7nm chip itself by then, the IBM design will put other options in the market, which can destroy its process lead and therefore impact its profitability on that generation of chips. Also, while Intel is the most experienced at qualifying processes and volume producing, IBM is tied with Samsung and GlobalFoundries, which are also building leading edge capabilities. Samsung also has an interest in ASML with access to EUV tools, although Intel may have a slight advantage here. But IBM didn't stop there. It went on to develop carbon nanotube technology that enables chip shrinks to 5nm and below. Intel hasn't announced such enhancements, although they could be on the horizon. But with silicon properties being stretched to their limits, Intel will likely have to innovate on the materials front as well as it has done with the 3DXP.
 - ▼ A relatively smaller concern is the growing cannibalization of its Xeon chips with its new and faster SoCs with FPGA accelerators. It is a fact that Intel gets to sell fewer Xeon chips for every integrated device it sells in the data center. But because the cloud is expanding very rapidly, the strong demand and increased penetration and TAM for Intel (because it is now selling a broader range of products to address a bigger market) is likely resulting in a net positive. But this is a consideration that we should probably keep in mind.
 - ▼ Changing dynamics in consumer-type computing markets are impacting the company's business. Particularly, there is an increasing propensity to use lightweight mobile devices that enable social networking, music playback and other entertainment. The need for processing power (Intel's strength) for these devices is not so great. Intel has introduced Atom processors targeted at MIDs, smartphones and other electronic gadgets. However, Atom has not been particularly successful in the fast-growing MID and smartphone segments (the embedded business looks stronger). And SoFIA (the baseband-integrated device) failed to take off. Another negative related to the mobile segment is its lower price points and therefore, lower margins.
 - ▼ Intel derives a significant proportion of revenues from outside the United States (79.8% of total revenues in fiscal 2018), subjecting the company to exchange rate volatility. Unfavorable movement in exchange rates of foreign currencies like renminbi, euro, pound sterling, Costa Rican colon, and yen related to the U.S. dollar can adversely impact results and undermine growth potential to some extent. Notably, Intel is susceptible to the demand environment in China (26.6% of revenues in fiscal 2018), which is at present quite sluggish. Further imposition of tariffs owing to trade war between the United States and China is anticipated to negatively impact growth prospects. The uncertainty over the trade war truce has affected investors' confidence and is likely to remain an overhang on the company's performance.
-

Last Earnings Report

Intel's Q4 Earnings Beat, DCG Growth Aids Revenues

Intel reported fourth-quarter 2019 non-GAAP earnings of \$1.52 per share, which beat the Zacks Consensus Estimate by 22.6%. The figure improved 18.8% from the year-ago quarter and 7% sequentially.

Revenues totaled \$20.21 billion, beating the consensus mark by 5.2%. The figure increased 8.8% year over year and 5.3% sequentially.

Notably, during the quarter, Intel completed IMFT and 5G smartphone modem sale.

Quarter Ending **12/2019**

Report Date	Jan 23, 2020
Sales Surprise	5.24%
EPS Surprise	22.58%
Quarterly EPS	1.52
Annual EPS (TTM)	4.89

Segment Revenue Details

Client Computing Group or CCG (49.5% of total revenues) represents Intel's PC-centric business. The company bundles PCs, notebooks, 2-in-1s, tablets and other computing devices under the Client segment, which aids comparison with the PC market numbers provided by IDC and Gartner.

Revenues were up 1.9% on a year-over-year basis and 3.1% sequentially to \$10.01 billion. Higher modem sales and desktop platform volumes drove the top line.

Notably, Platform revenues increased 0.3% year over year and 2.1% sequentially. Adjacencies improved 12.9% from the year-ago quarter and 9.5% on a quarter-over-quarter basis.

PC unit shipments grew 1% on a year-over-year basis. While notebook platform volumes declined 1% year over year, desktop platform volumes increased 7%.

Further, while Notebook's average selling price (ASP) was unchanged year over year, Desktop ASP decreased 4%.

Intel witnessed strong momentum for its first 10-nanometer (nm) mobile CPU, Ice Lake, with 44 system designs already shipped. The company is planning nine product releases on 10 nm this year, including a next-gen mobile CPU, a 5G base station SOC, an AI inference accelerator, first discrete GPU and Xeon for server, storage and networking.

Notably, in order to meet market demand, Intel is adding 25% wafer capacity across its 14 nm and 10 nm nodes in 2020 to deliver a high-single-digit increase in PC unit volumes.

Additionally, Intel is on track to deliver 10 nm-plus products this year, its first performance upgrade on 10 nm. Moreover, the company is on track to deliver its lead 7 nm product, Ponte Vecchio, at the end of 2021. CPU products are expected to follow in 2022.

Further, the company has already verified 26 Project Athena designs. Management expects 50 more devices across Windows and Chrome to be verified this year.

Data Center Group or DCG (35.7%) revenues improved 18.8% year over year and 13% sequentially to \$7.21 billion. Strong mix of high-performance second-gen Xeon Scalable processors and solid demand for Cloud service providers (CSP) led to the upside.

Platform revenues were up 17.8% year over year and 13.2% sequentially. Adjacencies surged 31.8% from the year-ago quarter and 11% on a sequential basis.

DCG Platform unit volumes were up 12% year over year, while ASP rose 5%.

CSP revenues improved 48%. Further, revenues from Communication service provider increased 14% year over year. However, revenues from Enterprise & Government declined 7% from the year-ago quarter.

Intel acquired Habana Labs in the reported quarter, thereby strengthening its AI portfolio for the data center. Management stated that in 2019, the company generated \$3.8 billion in AI-based revenues. Additionally, the AI market is expected to be a \$25-billion opportunity by 2024.

Moreover, Intel's third-generation Xeon scalable processor, Cooper Lake, is set to be launched in the first half of 2020.

Internet of Things Group or IOTG (5.7%) revenues improved 16.1% from the year-ago quarter to \$1.16 billion. Sequentially, revenues declined 6%.

Mobileye revenues of \$240 million rose 31.1% on a year-over-year basis and 4.8% sequentially. Growth was driven by increasing ADAS adoption. EyeQ revenues grew 41% year over year.

IOTG revenues increased 12.7% year over year but declined 8.5% sequentially. The year-over-year growth was driven by strong retail and transportation end markets.

Non-Volatile Memory Solutions Group or NSG (6%) revenues improved 19.7% year over year to \$1.22 billion on momentum in NAND and Optane bit growth. Sequentially, revenues declined 5.7%.

Programmable Solutions Group or PSG (2.5%) revenues decreased 17.5% from the year-ago quarter and 0.4% sequentially to \$505 million.

Intel also has a residual segment, All Other (0.5%), which includes results of operations from other adjustments. The segment reported revenues

of \$104 million, up 116.7% year over year and 55.2% on a quarter-over-quarter basis.

Notably, DCG, IOTG, NSG, PSG, Mobileye and All Other business units form the crux of Intel's data-centric business model. Revenues from the data-centric businesses came in at \$9.44 billion (46.7% of total revenues), up 6% collectively on a year-over-year basis.

Margins

Non-GAAP gross margin in the reported quarter was 60.1%, contracting 190 basis points (bps) on a year-over-year basis and 30 bps sequentially.

Research & development (R&D) expenses decreased 1.4% year over year to \$3.38 billion. Sequentially, R&D expenses increased 5.5%.

Marketing, General & Administrative (MG&A) expenses rose 1.4% from the year-ago quarter and 3.8% sequentially to \$1.54 billion.

Non-GAAP operating margin was 35.7%, which expanded 40 bps on a year-over-year basis but contracted 20 bps on a quarter-over-quarter basis.

Higher volumes and ASP strength in Intel's data-centric portfolio and lower spending were partly offset by the ramping up of the company's 10 nm process and lower NAND prices.

Segment Operating Margin Details

Segment operating margin was 33.6%, contracting 10 bps on a year-over-year basis but remaining flat sequentially.

CCG operating margin of 40.8% expanded 3.5% year over year but declined by the same magnitude sequentially.

DCG operating margin was 48.1%, contracting 220 bps from the year-ago quarter's figure and 70 bps sequentially.

IOTG operating margin was 32.7%, which expanded 320 bps from the year-ago quarter but shrank 460 bps sequentially.

Mobileye operating income came in at \$57 million, up 54.1% year over year but down 14.9% sequentially.

NSG group reported an operating loss of \$96 million compared with a loss of \$19 million in the year-ago quarter and \$499 million in the previous quarter.

PSG operating income of \$85 million declined 47.5% from the year-ago quarter and 7.6% sequentially, primarily due to unfavorable product mix.

All Other segment reported a loss of \$1.05 billion compared with a loss of \$865 million reported in the year-ago quarter and \$942 million in the previous quarter.

Balance Sheet

As of Dec 28, 2019, cash and cash equivalents, short-term investments and fixed-income trading asset balance were \$13.12 billion compared with \$12.03 billion as of Sep 28.

Moreover, total debt as of Dec 28 was \$29 billion compared with \$28.91 billion as of Sep 28.

In the fourth quarter, the company paid out dividends worth \$1.4 billion and repurchased 63 million shares worth \$3.5 billion.

Intel returned approximately \$19.2 billion to shareholders in 2019.

The company raised dividends by 5% to \$1.32 per share.

Key Q4 Developments

Intel inked a partnership with Alibaba to support both Tokyo and Beijing Olympics building out 5G infrastructure. To this end, the company will be utilizing the Xeon scalable Optane persistent memory and its software.

In November, Intel disclosed its next-gen Movidius vision processing unit, Keem Bay, which is highly optimized for edge inference. The solution delivers power-efficient performance up to four times the performance or six times the performance per watt over comparable competitive solutions.

Moreover, the company established an agreement for REM data harvesting with SAIC Motor. It also signed a partnership with NIO to deploy Mobileye's self-driving systems as the full-stack solution for NIO's consumer AV.

Intel continues to accelerate the commercialization of driverless Mobility-as-a-Service with two new partnerships — RATP in Paris and Daegu City in South Korea.

Additionally, during the quarter, Intel showcased a first-of-its-kind cryogenic control chip, Horse Ridge, which will speed up the development of full-stack quantum computing systems.

Guidance

For the first quarter of 2020, Intel expects non-GAAP revenues of \$19 billion.

Non-GAAP operating margin is anticipated to be 35%.

Non-GAAP earnings are likely to be \$1.304 per share.

For 2020, Intel expects revenues of \$73.5 billion.

Intel expects the PC-centric business to be down low-single digits on a year-over-year basis due to a slight decline in the PC total addressable market (TAM). However, revenues from data-centric businesses are expected to grow high-single digits for the full year.

Gross margin is expected to be 59% for the year. Non-GAAP operating margin is projected to be 33%.

Non-GAAP earnings are anticipated to be \$5 per share.

The company projects full-year capital expenditure of \$17 billion. Free cash flow is anticipated to be \$16.5 billion for 2020.

Over the next three to four years, Intel believes it can generate \$85 billion in revenues and earnings of \$6 per share, driven by the ongoing data revolution.

Recent News

On Feb 24, Intel rolled out Atom P5900, a system-on-a-chip (SoC), based on 10 nanometer (nm) technology, for wireless base stations aimed at accelerated deployment of 5G networks.

On Dec 16, Intel announced that it has completed the acquisition of Habana Labs — an Israel-based fabless semiconductor company that specializes in AI chip development. The deal, worth almost \$2 billion is likely to aid bolstering Intel's portfolio of AI Accelerators in its data center business.

On Dec 2, Intel announced that it has completed the sale of majority of its smartphone modem business to Apple. The transaction was valued at \$1 billion.

On Nov 17, Intel launched oneAPI, which is a scalable programming model. The company also introduced a general-purpose GPU optimized for HPC/AI acceleration. It also provided additional details regarding the Aurora Supercomputer.

On Nov 12, Intel provided updates on its new products, designed to accelerate AI systems. In this context, the company demonstrated products like Nervana Neural Network Processors. It also unveiled next-generation Intel Movidius Myriad Vision Processing Unit (VPU).

Valuation

Intel shares are up 30.5% in the past six-month period and 12.2% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Computer & Technology sector are up 30.7% and 14.3% in the past six-month period, respectively. Over the past year, the Zacks sub-industry and sector are up 26.8% and 16.9%, respectively.

The S&P 500 index is up 9.5% in the past six-month period and 11.2% in the past year.

The stock is currently trading at 11.94X forward 12-month earnings compared with 18.05X for the Zacks sub-industry, 21.37X for the Zacks sector and 18.44X for the S&P 500 index.

Over the past five years, the stock has traded as high as 15.18X and as low as 9.55X, with a 5-year median of 12.65X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$63 price target reflects 12.6X forward 12-month earnings.

The table below shows summary valuation data for INTC

Valuation Multiples - INTC					
		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	11.94	18.05	21.37	18.44
	5-Year High	15.18	19.73	22.04	19.34
	5-Year Low	9.55	12.86	16.87	15.18
	5-Year Median	12.65	16.26	19.32	17.47
P/S F12M	Current	3.47	4.97	3.55	3.39
	5-Year High	4.06	5.16	3.58	3.43
	5-Year Low	2.18	2.4	2.3	2.54
	5-Year Median	2.87	3.76	3.02	3
EV/Sales TTM	Current	3.73	5.25	4.09	3.16
	5-Year High	4.3	5.89	4.2	3.33
	5-Year Low	2.19	2.18	2.56	2.16
	5-Year Median	3.07	3.85	3.48	2.82

As of 02/25/2020

Industry Analysis Zacks Industry Rank: Top 14% (36 out of 255)



Top Peers

Micron Technology, Inc. (MU)	Outperform
Western Digital Corporation (WDC)	Outperform
Ambarella, Inc. (AMBA)	Neutral
Advanced Micro Devices, Inc. (AMD)	Neutral
Broadcom Inc. (AVGO)	Neutral
NVIDIA Corporation (NVDA)	Neutral
QUALCOMM Incorporated (QCOM)	Neutral
Xilinx, Inc. (XLNX)	Neutral

Industry Comparison Industry: Semiconductor - General				Industry Peers		
	INTC Neutral	X Industry	S&P 500	AMD Neutral	NVDA Neutral	XLNX Neutral
VGM Score	A	-	-	B	B	C
Market Cap	255.47 B	15.00 B	22.56 B	55.64 B	160.37 B	20.87 B
# of Analysts	14	7	13	11	12	8
Dividend Yield	2.21%	0.72%	1.88%	0.00%	0.24%	1.76%
Value Score	B	-	-	F	F	D
Cash/Price	0.05	0.10	0.04	0.02	0.06	0.11
EV/EBITDA	7.67	9.29	13.36	72.45	44.68	18.54
PEG Ratio	1.60	2.48	1.94	1.70	2.65	2.75
Price/Book (P/B)	3.31	3.31	3.09	18.74	13.14	7.90
Price/Cash Flow (P/CF)	7.86	12.23	12.57	62.54	49.84	21.34
P/E (F1)	11.97	19.85	17.93	42.27	33.62	24.73
Price/Sales (P/S)	3.55	3.09	2.51	8.27	14.69	6.45
Earnings Yield	8.35%	4.66%	5.55%	2.38%	2.98%	4.04%
Debt/Equity	0.33	0.27	0.70	0.17	0.21	0.47
Cash Flow (\$/share)	7.60	5.19	7.02	0.76	5.26	3.93
Growth Score	B	-	-	A	A	C
Hist. EPS Growth (3-5 yrs)	20.24%	32.11%	10.85%	NA	43.93%	13.12%
Proj. EPS Growth (F1/F0)	2.38%	5.74%	6.86%	75.86%	34.63%	-2.55%
Curr. Cash Flow Growth	6.53%	0.94%	6.53%	44.79%	-20.70%	20.58%
Hist. Cash Flow Growth (3-5 yrs)	9.99%	20.49%	8.38%	27.24%	28.68%	7.26%
Current Ratio	1.40	3.48	1.22	1.95	7.67	6.06
Debt/Capital	24.62%	21.08%	42.37%	14.67%	17.30%	32.05%
Net Margin	29.25%	21.07%	11.57%	5.07%	25.60%	27.05%
Return on Equity	29.01%	21.20%	16.80%	26.22%	26.08%	33.38%
Sales/Assets	0.54	0.68	0.54	1.26	0.71	0.64
Proj. Sales Growth (F1/F0)	2.20%	0.94%	4.03%	29.55%	21.61%	3.67%
Momentum Score	B	-	-	A	A	B
Daily Price Chg	-3.29%	-2.90%	-3.36%	-3.16%	-4.11%	-1.53%
1 Week Price Chg	-4.36%	-1.43%	-0.94%	-3.67%	1.48%	-2.72%
4 Week Price Chg	-11.26%	-6.90%	-5.65%	-5.86%	5.68%	-14.94%
12 Week Price Chg	6.53%	3.53%	-1.04%	22.29%	26.19%	-5.38%
52 Week Price Chg	12.21%	11.28%	8.00%	96.49%	66.81%	-31.68%
20 Day Average Volume	18,711,892	1,434,819	2,073,853	61,678,080	12,478,974	4,022,205
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	-5.20%	-0.06%	0.25%	6.07%	1.50%
(F1) EPS Est 12 week change	5.58%	-4.44%	-0.19%	1.11%	6.99%	1.12%
(Q1) EPS Est Mthly Chg	0.00%	-0.21%	-0.61%	-7.25%	14.90%	1.94%

Zacks Style Scores

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

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

Value Score	B
Growth Score	B
Momentum Score	B
VGM Score	A

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

Disclosures

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

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

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

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

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

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