Eli Lilly & Company (LLY)

$154.34 (As of 08/05/20)

Price Target (6-12 Months): **$162.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 07/16/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:B
	Value: B | Growth: C | Momentum: A	

Summary

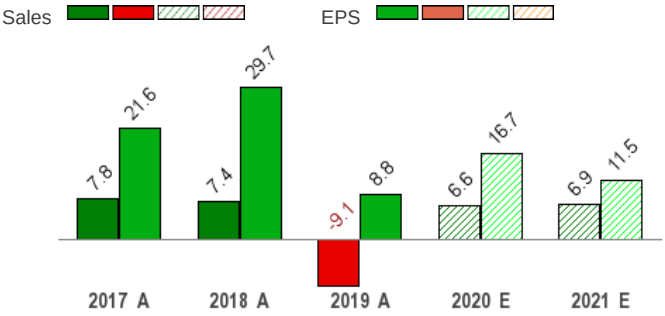
Lilly beat Q2 estimates for earnings but missed the same for sales. Reduction in new prescription trends of several medicines hurt sales in Q2. However, volume trends are likely to improve in the second half. Lilly still expects revenue growth to be driven by higher demand for drugs like Trulicity, Taltz, and others and from product launches. Lilly is making significant pipeline progress including its efforts to make therapies to treat COVID-19. It is regularly adding promising new pipeline assets through business development deals. However, generic competition for several drugs, rising pricing pressure in the United States, and price cuts in some international markets like China, Japan and Europe are some top-line headwinds in 2020. The stock has outperformed the industry this year so far.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$170.75 - $101.36**
20 Day Average Volume (sh)	**2,924,293**
Market Cap	**$147.6 B**
YTD Price Change	**17.4%**
Beta	**0.21**
Dividend / Div Yld	**$2.96 / 1.9%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Top 32% (82 out of 253)**
Last EPS Surprise	**19.6%**
Last Sales Surprise	**-2.2%**
EPS F1 Est- 4 week change	**7.2%**
Expected Report Date	**10/28/2020**
Earnings ESP	**-2.6%**
P/E TTM	**22.5**
P/E F1	**21.9**
PEG F1	**2.1**
P/S TTM	**6.4**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021					25,442 E
2020	5,860 A	5,499 A	5,875 E	6,547 E	23,794 E
2019	5,092 A	5,637 A	5,477 A	6,114 A	22,320 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021					$7.86 E
2020	$1.75 A	$1.89 A	$1.78 E	$1.74 E	$7.05 E
2019	$1.33 A	$1.50 A	$1.48 A	$1.73 A	$6.04 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 08/05/2020. The reports text is as of 08/06/2020.

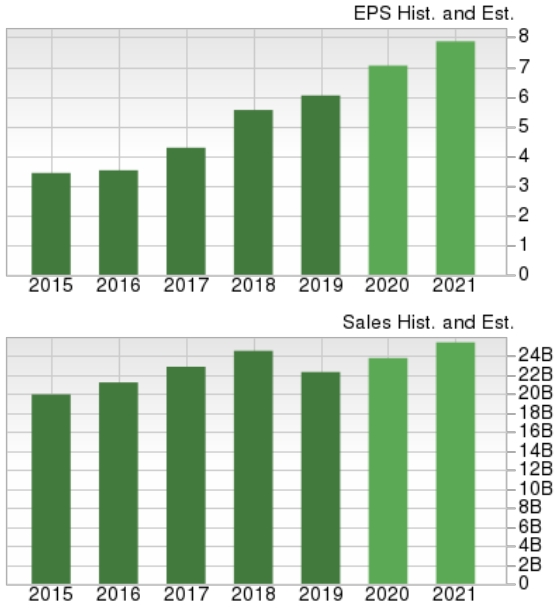
Overview

Indianapolis, IN based Eli Lilly and Company, one of the world's largest pharmaceutical companies, boasts a diversified product profile including a solid lineup of new successful drugs. It also has a dependable pipeline as it navigates through challenges like patent expirations of several drugs and rising pricing pressure on its U.S. diabetes franchise.

Its pharmaceutical product categories are neuroscience (Zyprexa, Cymbalta, Emgality), diabetes (Humalog, Humulin, Trulicity and others), oncology (Alimta, Cyramza, Verzenio), immunology (Taltz and Olumiant) and others (Cialis).

Over the past few years, Lilly has been actively seeking acquisitions and in-licensing deals to boost its product portfolio and pipeline. The $6.5 billion purchase of ImClone Systems in November 2008 brought with it blockbuster cancer compound, Erbitux. The January 2007 acquisition of ICOS Corporation gave Lilly full control over erectile dysfunction drug, Cialis. Its other acquisitions include Hypnion, Inc. (a neuroscience drug discovery company focused on sleep disorders), CoLucid Pharmaceuticals (which added lasmiditan for acute migraine) and Loxo Oncology (added Retevmo/selpercatinib for RET-altered lung and thyroid cancers).

Lilly has collaboration agreements with several companies including Pfizer (tanezumab), Incyte (Olumiant), Boehringer Ingelheim (diabetes), among others.



Lilly divested its Elanco animal health unit as an independent publicly traded company - Elanco Animal Health Incorporated - via an initial public offering (IPO) of a minority stake in 2018. Elanco Animal Health started trading with the ticker symbol ELAN on NYSE from Sep 20. Lilly divested the remaining 80.2% stake in the new company through a "tax-efficient transaction" in March 2019.

Lilly's 2019 revenues increased 4% to $22.3 billion. Among the key drugs, Trulicity accounted for 18% of Lilly's 2019 revenues, Humalog accounted for around 13%, Alimta accounted for 9% and Taltz accounted for 6% of the top line.

Reasons To Buy:

In 2020, Lilly's sales should be driven by higher demand for newer drugs including Trulicity, Taltz, Basaglar, Emgality and also newly launched Baqsimi and Reyvow.

- **Shares Outperforming Industry:** Lilly's share price has risen 17.4% this year so far, outperforming the industry's increase of 0.2%.

- **Key Products Target a Wide Range of Therapeutic Areas:** Lilly boasts of a wide range of products that serve a vast number of therapeutic areas. The company focuses primarily on central nervous system disorders, metabolic diseases, autoimmune diseases, cardiovascular diseases and cancer, which are all high growth areas and represent significant commercial potential.

- **Successful Diabetes Business:** Lilly has a strong portfolio of medicines to treat diabetes that includes drugs like Tradjenta, Jardiance, Trulicity, Synjardy, Synjardy XR, Glyxambi (a fixed dose combination of Jardiance/metformin), Basalgar and Humalog U-200 KwikPen. Trulicity, its highest revenue generating product, recorded sales of $4.1 billion in 2019. With the inclusion of the cardiovascular indication in Jardiance's label in 2017, there has been a surge in the drug's sales. Lilly is also developing an automated insulin delivery system (phase II) to automate insulin dosing in type I diabetes in order to make diabetes management easier. It also launched Insulin Lispro, a lower priced version of Humalog in the United States in May 2019 and lower-priced versions of Humalog Mix75/25 and KwikPen and Humalog Junior KwikPen in April.

- **Working on Building Its Pipeline:** Lilly has been working on building its pipeline and has a wide range of compounds in different stages of development. Lilly believes it has the potential to launch 20 new products in a 10-year time frame from 2014 through 2023. The company is also looking to launch an average of two new indications or line extensions for approved products every year during this time period.

  Lilly's key areas of focus are diabetes, oncology, immunology and neurodegeneration. Notable pipeline agents include tanezumab (osteoarthritis pain – under review in United States and Europe, cancer pain - phase III), mirikizumab (psoriasis – phase III, ulcerative colitis – phase III and Crohn's disease – phase III) and lebrikizumab (atopic dermatitis – phase III). A novel diabetes candidate in Lilly's pipeline is tirzepatide, a dual GIP and GLP-1 receptor agonist (GIP/GLP-1 RA), which showed impressive blood sugar reductions and weight loss in type II diabetes patients in October. Phase III studies began in late 2018. The company also initiated a cardiovascular outcome study for tirzepatide in June 2020. Tirzepatide is also in phase III studies for obesity and phase II in NASH.

  New drugs, Olumiant (in Europe) for rheumatoid arthritis, Verzenio (abemaciclib) for metastatic breast cancer, and Emgality (galcanezumab), its CGRP antibody, for the preventive treatment of migraine are off to strong starts. In July 2019, Lilly gained FDA approval for Baqsimi, its glucagon nasal powder to treat severe hypoglycemia in diabetes patients. Baqsim is the first and only nasally administered glucagon to be approved by the FDA. In October 2019, the FDA granted approval to Lilly's Reyvow (lasmiditan) oral tablets to treat acute migraine, thus boosting its portfolio of pain medicines. In 2020 so far, Lilly has already launched Retevmo/selpercatinib (RET-altered lung and thyroid cancers) and Lyumjev/Ultra-rapid Lispro (type I and type II diabetes).

  Meanwhile, relatively newer drugs are also being evaluated or have been approved for additional indications/label expansions. These include Taltz (approved for radiographic/non- radiographic axial spondyloarthritis in August 2019/May 2020 and launched for psoriatic arthritis in 2017/2018), Cyramza (approved in United States for first-line EGFR mutation positive NSCLC in May 2020), and Verzenio (phase III for adjuvant breast cancer). Meanwhile, two phase III EMPEROR studies (outcomes studies) of Jardiance for chronic heart failure and a phase III study for chronic kidney disease are also ongoing. Olumiant is under review in Europe and Japan for atopic dermatitis and will be filed for the same in the United States later in 2020. It is also being studied in phase III studies for systemic lupus erythematosus.

- **Committed to Dividend and Cost Savings:** Even though quite a few of Lilly's drugs are facing generic competition, the company returned to annual dividend hikes in December 2016 and regularly returns excess cash through share repurchases. Cash distribution to shareholders, through dividends and share buybacks, was around $2.6 billion in 2017, $1.7 billion in 2018 and $7 billion in 2019.

  Lilly is actively pursuing in-licensing deals and acquisitions to drive near-to-medium term growth. The company is also resorting to cost cutting and headcount reduction to drive the bottom line. Lilly is regularly investing the savings in new drugs and overall growth of the company.

- **Emerging Markets and Japan to Drive Long-Term Growth:** Lilly is looking toward Japan and emerging markets to drive growth in the coming years. Cyramza and Verzenio are bringing in robust sales in Japan given high unmet need. The company also launched Trulicity, Taltz, Jardiance and Olumiant in Japan, which are driving sales growth in the country.

- **Favorable Debt Profile:** As of Jun 30, 2020, the company had $16.33 billion in total debt (long term debt + current debt) and $2.39 billion in cash plus short-term investments. Its cash is sufficient to pay its short-term debt of $1.26 billion in case of insolvency. Meanwhile, its debt-to-total capital ratio was 77.9 as of Jun 30, 2020, which was lower than 81.4 as of Mar 31, 2020. A lower ratio indicates lower financial risk.

Reasons To Sell:

> Generic competition for several drugs, rising pricing pressure in the United States, and price cuts in some international markets are some top-line headwinds in 2020.

- **Generic Threat to Key Products:** We are concerned about the patent expiration faced by several products in Lilly's portfolio. Products like Zyprexa, Cymbalta, Evista, and Gemzar are all facing declining sales due to generic competition. In 2017, Lilly lost patent protection for key drugs like Strattera, Axiron and Effient in the United States, which resulted in generic competition and consequent loss of sales. Lilly lost exclusivity for Cialis in September 2018 and generic versions entered the market in the same month resulting in rapid erosion of sales. Lilly lost exclusivity for Forteo in August 2019, making way for generic competition. Alimta sales outside the United States are being hurt due to loss of exclusivity in several countries. The drug's U.S. sales are also being affected by the entry of immuno-oncology agents in the market. The compound patent for Alimta expired in the United States in January 2017 and in major European countries and Japan in December 2015. Many generic manufacturers are looking for approval of generic versions of Alimta prior to the expiration of the vitamin regimen patent (expiring in June 2021 in Japan and European countries and in the United States in May 2022). Though the company has resolved several challenges in the United States, two remain in active litigation. An unfavorable outcome in either of these litigations will open doors for generic competition for Alimta, following the loss of effective patent protection and will cause a rapid decline in revenues from the product.

- **Pipeline Setbacks:** Lilly has had its share of development and regulatory setbacks. In October 2015, Lilly announced the termination of the development of its late-stage CETP inhibitor, evacetrapib. Lilly's decision was based on the recommendation of an independent data monitoring committee, which suggested that chances of meeting the primary endpoint were low.

  In November 2016, Lilly's key candidate solanezumab failed to meet the primary endpoint in a late-stage study that was conducted in patients with mild dementia due to AD. Lilly decided to drop the development of solanezumab. In June 2018, Lilly discontinued two late-stage studies on Alzheimer's disease lanabecestat on recommendation of the independent data monitoring committee (IDMC).

  In early 2018, Lartruvo, which had won conditional approval in 2016, failed to improve survival in patients with advanced soft tissue sarcoma in a late-stage confirmatory study, ANNOUNCE. With ANNOUNCE failing to confirm clinical benefit, Lilly stopped promoting Lartruvo, which sharply hurt sales of the drug in 2019.

- **Intense Competition**: In addition to generic threats, Lilly's products already face intense competition in the market from both large pharma companies as well as small and mid-sized companies. Competition for Lilly's diabetes care products has increased with the entry of Novo Nordisk's Victoza. Novo Nordisk's Ozempic/semaglutide, which was launched in 2018, is posing strong competition to Lilly's key growth driver, Trulicity. In fact, Lilly is seeing pricing pressure across all its diabetes products, which creates uncertainty around the franchise's long-term growth prospects. A number of competitors are entering the diabetes space. For example, with the approval of Merck/Pfizer's, Steglatro and its combinations, competition in the SGLT2 inhibitors class has increased.

  Meanwhile, cancer drugs like Alimta and Cyramza are being impacted by competition from immuno-oncology agents in the United States.

- **Global Pricing Pressure:** Global efforts toward health care cost containment are creating pricing pressure on drugs and market access. While many of the company's drugs face pricing pressures in the United States, in many markets outside the U.S., government-mandated pricing actions have led to lowering of generic and patented drug prices. All these factors are creating pressure on sales and profits of pharma companies. Also, changes in the U.S. healthcare system as part of the health care reforms could further create pricing pressure.

  This pricing pressure is expected to continue and hurt the top line in the future quarters

Last Earnings Report

Lilly Q2 Earnings Top Estimates, Sales Lag

Quarter Ending	06/2020
Report Date	Jul 30, 2020
Sales Surprise	-2.22%
EPS Surprise	19.62%
Quarterly EPS	1.89
Annual EPS (TTM)	6.85

Lilly reported second-quarter 2020 adjusted earnings per share of $1.89, which comprehensively beat the Zacks Consensus Estimate of $1.58. Earnings rose 26% year over year boosted by higher other income and lower SG&A costs.

Revenues of $5.50 billion missed the Zacks Consensus Estimate of $5.62 billion. Sales decreased 2% year over year as volume increases were offset by the impact of lower realized prices of several of its drugs. Lower realized prices had a negative impact of 7% on sales. Volumes rose 6%. Foreign exchange had a negative impact of 1% on revenue growth this quarter.

Reduction in new prescription trends (as fewer patients visited a doctor) hurt the top line in the second quarter by approximately $250 million Coronavirus-related stockpiling benefits, which increased sales of medicines like diabetes medicine, Trulicity and psoriasis medicine, Taltz in the first quarter reversed in the second quarter and hurt total revenues by another $250 million.

Lilly said that the number of patient visits to doctors declined to roughly 50% of pre-COVID-19 levels with a peak impact in late April and May. However, trends improved through a combination of Telehealth and in-person visits, as patient visits were back to 85% of pre-COVID-19 levels in June.

Meanwhile, generic erosion of Forteo and Cialis and increased competitive pressure also hurt the top line.

Quarter in Detail

Key growth products (products launched since 2014) drove 9% of revenue growth and 12% of volume growth and represented nearly 54% total revenues, up from 51% in the previous quarter.

U.S. revenues declined 3% to $3.15 billion while ex-U.S. revenues declined 1% to $2.36 billion.

Among the established products, Forteo sales declined 30% to $252.7 million. Humalog sales dropped 18% to $555.1 million. Humulin sales declined 3% to $313.6 million. Alimta sales declined 7% to $539.1 million.

Among the growth products, Trulicity generated revenues of $1.23 billion, up 20% year over year driven by higher volumes, which offset the impact of lower realized prices. The lower realized prices were a result of higher contracted rebates and changes in segment mix.

Cyramza revenues were $256.7 million, up 6% year over year primarily driven by higher realized prices and increased demand in the United States and higher volumes in ex-U.S. markets.

Jardiance sales rose 13% to $262.0 million driven by increased demand trends within the SGLT2 class of diabetes medicines in the United States and increased volume outside the United States.

Basaglar recorded revenues of $290.4 million, flat year over year as higher sales in ex-U.S. market offset the impact of lower U.S. revenues.

Taltz brought in sales of $395.2 million, up 12% year over year as U.S. sales gained from higher demand, which offset the impact of lower realized prices. Ex-U.S. sales were driven by increased volume, which offset the impact of lower realized prices.

Olumiant generated sales of $145.0 million in the quarter compared with $139.7 million in the previous quarter, backed by increased volume in international markets. Revenues outside the United States were $131.8 million compared with $128.4 million in the previous quarter.

Verzenio generated sales of $208.6 million in the quarter, up 56% driven by increased demand in U.S. markets.

Emgality generated revenues of $87.4 million in the quarter compared with $74.0 million in the previous quarter.

Newly launched product, Baqsimi generated sales of $13.6 million in the quarter compared with $17.8 million in the previous quarter.

Retevmo, launched in the second quarter, generated sales of $6.3 million in the second quarter.

Gross Margin & Operating Income

Adjusted gross margin was 79.6% in the quarter, down 140 basis points primarily due to the impact of lower realized prices on revenues.

Operating income declined 2% year over year to $1.54 billion due to lower revenues, which offset the benefit from lower SG&A costs.

Operating margin was 28% in the quarter, down 110 bps year over year.

Marketing, selling and administrative expenses declined 9% billion due to reduced marketing and travel meeting expenses. R&D expense declined 1% in the quarter due to pause in clinical studies, which has shifted the timing of the expenses to the second half of the year.

Adjusted effective tax rate was 13.4%, higher than 10% in the year-ago quarter.

2020 Guidance

The company raised its earnings guidance for the year due to expectations of higher other income and lower SG&A costs while keeping its sales

guidance intact.

Lilly upped its 2020 adjusted earnings guidance from a range of $6.70-$6.90 to $7.20-$7.40. The revised earnings guidance indicates year-over-year growth in the range of 19% to 23%.

However, the 2020 revenue guidance was maintained in the range of $23.7 billion-$24.2 billion. Gross margin is expected to be approximately 80% (previously approximately 81%). Adjusted tax rate is expected to be approximately 14% (previously 15%). Adjusted operating margin is expected to be 31% in 2020 (maintained).

Marketing, selling and administrative expense guidance was lowered from a range of $6.2 to $6.4 billion to $6.0 to $6.2 billion, reflecting cost savings from travel and promotional activities. Research and development expense is still expected to be in the range of $5.6 billion to $5.9 billion.

Lilly expects improvement in new prescription volume trends for its key products in the second half of 2020, which it expects will cross pre-pandemic levels by the fourth quarter. It still expects revenue growth to be driven by higher demand for its growth drugs including Trulicity, Taltz, Basaglar, Jardiance, Verzenio, Cyramza, Olumiant, Emgality, Baqsimi as well as potential revenues from new product launches. However, generic competition for several drugs, rising pricing pressure in the United States due to rebates and legislated increases in Medicare Part D cost sharing, price reductions from increased utilization of patient affordability programs, and price cuts in some international markets like China, Japan and Europe are some top-line headwinds expected in 2020. In the United States, prices are now expected to decline in a mid-single digit range versus prior expectation of low-single digit range.

Lilly has resumed enrolment in the majority of existing clinical studies (with the exception of mirikizumab for Crohn's disease and ulcerative colitis), as well as initiated new clinical studies after pausing them in the first quarter. As a result, it expects R&D costs to rise in the second half of 2020 as it resumed the clinical trial starts and enrolment activity in the second quarter.

Lilly anticipates rising unemployment to result in increased utilization of Medicaid versus commercial insurance, which will be a moderate headwind to revenue growth in 2021 of approximately $200 million

Coronavirus Related Research Efforts

In June, the first patient was dosed in a phase III study to evaluate Olumiant (baricitinib) as a potential treatment for hospitalized patients diagnosed with COVID-19. The study will complement an already ongoing study of Olumiant with Gilead's remdesivir being conducted by the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH) for hospitalized patients with COVID-19 infections.

Lilly is developing an antibody therapy candidate, LYCoV555 in collaboration with AbCellera. The company has completed dosing of a phase I study and has initiated a phase II study on the candidate. Lilly also has a separate collaboration with China-based Junshi Biosciences to co-develop therapeutic antibodies for COVID-19. The companies have completed dosing in a phase I study on LY-CoV016, the lead antibody from the collaboration.

Lilly is also conducting a phase II study of an antibody that targets Angiopoietin 2, which has been observed to be elevated in COVID-19 patients with acute respiratory distress syndrome or ARDS.

Recent News

Begins Late-Stage Study on Coronavirus Candidate in Nursing Homes – August 3

Lilly announced the initiation of a phase III (BLAZE-2) study on LYCoV555, the lead antibody from its collaboration with AbCellera, for prevention of COVID-19 at long-term care facilities, more commonly known as nursing homes. The study will be conducted in partnership with the National Institute of Allergy and Infectious Diseases (NIAID). The study will enroll 2,400 residents and staff at nursing homes who live or work at these facilities where a recently diagnosed case of Covid-19 has been reported and who are now vulnerable to get the infection.

Lilly completed dosing of a phase I study on LYCoV555 in hospitalized patients with COVID-19 and has initiated a phase II study (BLAZE-2) on the candidate in people recently diagnosed with COVID-19 in the ambulatory setting.

Jardiance Meets Goal in Heart Failure Study – July 30

Lilly announced that Jardiance met the primary endpoint of the EMPEROR-Reduced phase III study, which evaluated it in adults with and without diabetes with heart failure with reduced ejection fraction. Top-line data from the study showed that Jardiance significantly reduced the risk of cardiovascular death or hospitalization for heart failure versus placebo. A regulatory application seeking approval to include data from the EMPEROR-Reduced study on Jardiance's label is expected to be filed in 2020

Mirikizumab Meets Phase III Plaque Psoriasis Study Goals – July 17

Lilly announced that its IL23 inhibitor mirikizumab met the primary and all key secondary endpoints versus placebo at Week 16 in a phase III OASIS-2 study in patients with moderate to severe plaque psoriasis. The candidate also met all key secondary endpoints versus Cosentyx (secukinumab) at Week 16 (non-inferiority) and Week 52 (superiority) in the study, including superiority in skin clearance at Week 52.

Declares Dividend – July 15

The board of directors of Lilly declared quarterly dividend of 74 cents per share for the third quarter of 2020. The dividend will be paid out on Sep 10 to shareholders of record as of Aug 14.

Valuation

Lilly's shares are 17.4% in the year-to-date period and 38.9% over the trailing 12-month period. Stocks in the Zacks sub-industry and sector are up 0.2% and 1.0%, respectively in the year-to-date period. Over the past year, the Zacks sub-industry is up 13.6% while the sector is up 9.5%.

The S&P 500 Index is up 2.6% in the year-to-date period and 15.0% in the past year.

The stock is currently trading at 20.68X forward 12-month earnings per share which compares to 15.07X for the Zacks sub-industry, 22.61X for the Zacks sector and 22.58X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 25.71X and as low as 14.86X, with a 5-year median of 19.47X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $162 price target reflects 21.7X forward 12-month earnings per share.

The table below shows summary valuation data for LLY.

Valuation Multiples - LLY

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	20.68	15.07	22.61	22.58
	5-Year High	25.71	16.62	23.16	22.58
	5-Year Low	14.86	13.61	15.89	15.25
	5-Year Median	19.47	15.32	18.9	17.55
P/S F12M	Current	5.95	4.71	2.82	3.61
	5-Year High	6.53	4.85	3.41	3.61
	5-Year Low	3.33	3.88	2.22	2.53
	5-Year Median	4.22	4.4	2.9	3.04
P/B TTM	Current	46.17	6.79	4.4	4.52
	5-Year High	52.42	7.37	5.07	4.56
	5-Year Low	4.66	3.69	2.94	2.83
	5-Year Median	6.58	5.25	4.29	3.73

As of 8/05/2020

Industry Analysis **Zacks Industry Rank:** Top 32% (82 out of 253)

Top Peers

Company (Ticker)	Rec	Rank
Bristol Myers Squibb Company **(BMY)**	Outperform	2
AbbVie Inc. **(ABBV)**	Neutral	3
AstraZeneca PLC **(AZN)**	Neutral	3
GlaxoSmithKline plc **(GSK)**	Neutral	2
MerckCo., Inc. **(MRK)**	Neutral	3
Novo Nordisk AS **(NVO)**	Neutral	3
Novartis AG **(NVS)**	Neutral	3
Sanofi **(SNY)**	Neutral	3

Industry Comparison Industry: Large Cap Pharmaceuticals

	LLY	X Industry	S&P 500	AZN	BMY	NVO
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	3
VGM Score	B	-	-	B	A	B
Market Cap	147.62 B	150.45 B	22.93 B	146.83 B	135.06 B	153.27 B
# of Analysts	6	2	14	5	6	4
Dividend Yield	1.92%	2.56%	1.76%	3.32%	3.02%	1.72%
Value Score	B	-	-	B	A	B
Cash/Price	0.01	0.05	0.07	0.04	0.14	0.01
EV/EBITDA	24.76	14.05	13.16	23.19	23.74	17.45
PEG Ratio	2.06	2.04	2.99	1.66	1.14	2.54
Price/Book (P/B)	34.56	5.17	3.20	10.75	2.70	19.08
Price/Cash Flow (P/CF)	21.79	11.38	12.45	17.66	13.60	23.04
P/E (F1)	21.89	14.87	21.78	27.59	9.66	24.40
Price/Sales (P/S)	6.43	4.37	2.47	5.71	4.36	8.14
Earnings Yield	4.57%	6.72%	4.33%	3.63%	10.35%	4.10%
Debt/Equity	3.53	0.77	0.77	1.14	0.86	0.05
Cash Flow ($/share)	7.08	4.22	6.94	3.17	4.39	2.82
Growth Score	C	-	-	B	A	B
Hist. EPS Growth (3-5 yrs)	17.69%	7.38%	10.46%	-2.71%	21.90%	7.38%
Proj. EPS Growth (F1/F0)	16.67%	6.89%	-7.14%	15.89%	31.81%	8.43%
Curr. Cash Flow Growth	-7.51%	2.90%	5.47%	2.12%	36.74%	-0.50%
Hist. Cash Flow Growth (3-5 yrs)	9.27%	7.37%	8.55%	-0.86%	22.46%	7.63%
Current Ratio	1.22	1.11	1.32	0.82	1.66	1.00
Debt/Capital	77.91%	43.53%	44.59%	53.34%	46.16%	5.00%
Net Margin	24.48%	19.20%	10.15%	8.36%	3.08%	31.91%
Return on Equity	183.80%	31.21%	14.46%	37.72%	30.06%	73.87%
Sales/Assets	0.57	0.43	0.51	0.43	0.33	1.02
Proj. Sales Growth (F1/F0)	6.61%	5.09%	-1.68%	7.75%	59.87%	6.37%
Momentum Score	A	-	-	F	D	B
Daily Price Chg	-0.33%	-0.19%	0.59%	-0.23%	0.37%	0.71%
1 Week Price Chg	-5.80%	0.02%	0.14%	-0.04%	1.40%	-1.27%
4 Week Price Chg	-8.74%	-1.33%	5.31%	3.25%	0.22%	-1.20%
12 Week Price Chg	-2.27%	1.69%	19.84%	1.16%	-5.66%	2.91%
52 Week Price Chg	38.90%	16.16%	2.73%	27.39%	29.09%	31.52%
20 Day Average Volume	2,924,293	2,326,495	2,098,555	11,016,677	9,456,477	1,007,139
(F1) EPS Est 1 week change	7.17%	0.03%	0.00%	-0.29%	0.00%	0.00%
(F1) EPS Est 4 week change	7.17%	1.33%	1.10%	0.00%	0.29%	-0.74%
(F1) EPS Est 12 week change	7.27%	1.63%	1.04%	-0.22%	1.05%	-0.47%
(Q1) EPS Est Mthly Chg	-0.19%	-0.79%	0.39%	-2.86%	0.27%	-3.03%

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

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

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

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

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.

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