# Novo-Nordisk A/S (NVO)

**$62.39** (As of 01/15/20)

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

| | | |
|---|---|---|
| Long Term: 6-12 Months | **Zacks Recommendation:** (Since: 02/12/19) Prior Recommendation: Outperform | **Neutral** |
| Short Term: 1-3 Months | **Zacks Rank:** (1-5) | **4-Sell** |
| | Zacks Style Scores: | VGM:B |
| | Value: C \| Growth: B \| Momentum: C | |

## Summary

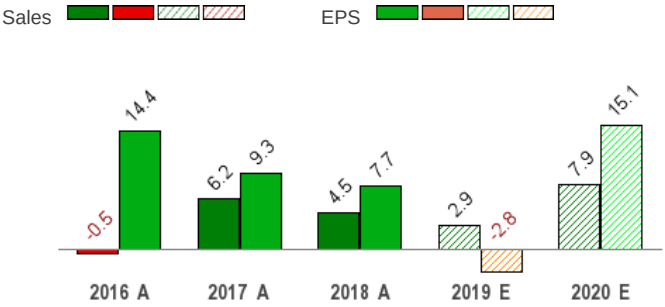
Novo Nordisk beat earnings estimates but missed on sales in the third quarter of 2019. The company has one of the broadest diabetes portfolios in the industry. A solid performance from Tresiba, Victoza, Ozempic, Xultophy and Saxenda drove the company's sales in the year so far. Label expansion of Victoza continues to boost performance. Ozempic, once-weekly GLP-1, continues to gain market share. The FDA recently approved semaglutide in tablet form under the brand name, Rybelsus. Approval of new drugs will further broaden the company's portfolio. Shares of the company have outperformed the industry year to date. However, lower realized prices in the Unites States, loss of exclusivity for products in hormone replacement therapy and intensifying competition within the diabetes and biopharmaceuticals markets will adversely impact sales.

## Price, Consensus & Surprise


## Data Overview

| | |
|---|---|
| 52 Week High-Low | **$62.69 - $46.10** |
| 20 Day Average Volume (sh) | **1,078,973** |
| Market Cap | **$147.7 B** |
| YTD Price Change | **7.8%** |
| Beta | **0.60** |
| Dividend / Div Yld | **$0.64 / 1.0%** |
| Industry | **Large Cap Pharmaceuticals** |
| Zacks Industry Rank | **Top 21% (54 out of 254)** |
| Last EPS Surprise | **3.2%** |
| Last Sales Surprise | **-0.9%** |
| EPS F1 Est- 4 week change | **-1.5%** |
| Expected Report Date | **02/07/2020** |
| Earnings ESP | **0.0%** |
| P/E TTM | **25.5** |
| P/E F1 | **22.1** |
| PEG F1 | **2.4** |
| P/S TTM | **8.2** |

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




## Sales Estimates (millions of $)

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2020 | | | | | 19,671 E |
| 2019 | 4,456 A | 4,523 A | 4,510 A | 4,835 E | 18,238 E |
| 2018 | 4,443 A | 4,390 A | 4,314 A | 4,546 A | 17,724 A |

## EPS Estimates

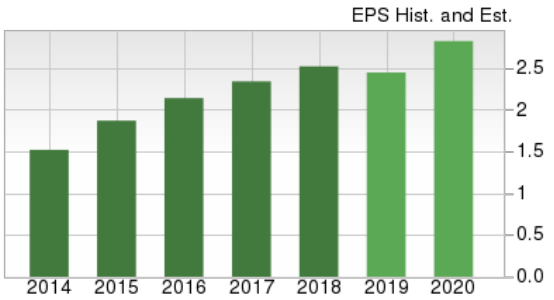
| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2020 | | | | | $2.82 E |
| 2019 | $0.66 A | $0.61 A | $0.64 A | $0.55 E | $2.45 E |
| 2018 | $0.73 A | $0.68 A | $0.58 A | $0.54 A | $2.52 A |

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/15/2020. The reports text is as of 01/16/2020.

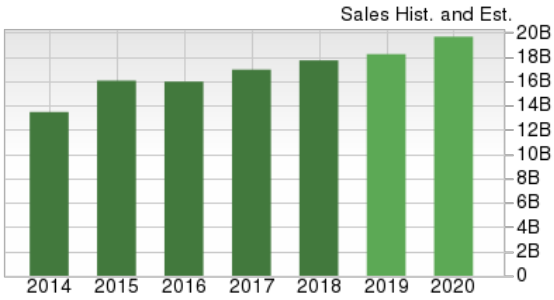
## Overview

Bagsværd, Denmark-based Novo Nordisk is a global healthcare company and a leader in the worldwide diabetes market. The company is also a key player in hemophilia care, growth hormone therapy, hormone replacement therapy and obesity.




Novo Nordisk operates through two segments: Diabetes and obesity care and Biopharmaceuticals. While the Diabetes and obesity care segment covers insulins, glucagon-like peptide 1 (GLP-1), other protein-related products, obesity and oral anti-diabetic drugs, the Biopharmaceuticals segment includes hemophilia, growth hormone therapy and hormone replacement therapy.

Novo Nordisk's most well-known drugs include Levemir, NovoRapid, Victoza, Ozempic, NovoMix 30, NovoMix 50, NovoMix 70, NovoSeven, NovoThirteen and Norditropin. The company launched its first product for weight management, Saxenda, in the United States in May 2015.




Novo Nordisk reported 2018 revenues of $17.72 billion, an increase of 5% in local currencies.Sales of diabetes and obesity products increased 1% in Danish kroner and 6% in local currencies. Sales of biopharmaceutical products decreased 5% in Danish kroner and 1% in local currencies.

In August 2018, Novo Nordisk announced that it has acquired all of the shares of Ziylo Ltd. Ziylo is a University of Bristol spin-out company based at Unit DX science incubator in the United Kingdom. The acquisition gives Novo Nordisk full rights to Ziylo's glucose binding molecule platform to develop glucose responsive insulins (GRIs). Novo Nordisk is focused on developing this technology in order to develop this next generation of insulin, which would lead to a safer and more effective insulin therapy.

## Reasons To Buy:

> Novo Nordisk has a strong presence in the Diabetes Care market and boasts of a strong pipeline, with focus on therapeutic proteins within insulin. Victoza remains the growth engine for the company.

- **Share Price Performance:** Novo Nordisk's stock has outperformed the industry in the year so far.

- **Strong Foothold in the Diabetes Market:** Novo Nordisk has a strong presence in the Diabetes care market, with a global value share of 28.4%. The company has one of the broadest diabetes portfolios in the industry. Novo Nordisk's top line is driven by strong performance of products such as Victoza (liraglutide). In August 2017, the FDA approved a label expansion of the drug. The drug is now approved to reduce the risk of major adverse cardiovascular (CV) events in adults with type II diabetes and established CV disease. The European Commission has also included the LEADER data in Victoza's label. It is now the only GLP-1 in the EU with a label that includes prevention of cardiovascular events. This should drive the company's revenues.

  Moreover, in September 2015, Tresiba and Ryzodeg 70/30 obtained FDA approval for the treatment of diabetes mellitus in adults. Tresiba has been launched in 83 countries and its market uptake continues to be strong, backed by higher prescription volumes since launch. In March 2018, the FDA approved the inclusion of cardiovascular outcomes from the DEVOTE study in Tresiba's label. Per the International Diabetes Federation, nearly 592 million people are expected to be diagnosed with diabetes by 2035. We expect the company's diabetes products to continue performing well.

- **Other Drugs Performing Well:** Obesity drug, Saxenda (liraglutide 3 mg) was launched in the United States in 2015 and the drug is doing well. The FDA approved Ozempic (semaglutide) once-daily pre-filled pen to improve glycaemic control in type II diabetes patients in December 2017. It is also approved in Europe, Japan and Canda for the same indication. During second quarter of 2019, Novo Nordisk initiated four late-stage studies with Ozempic (injectable semaglutide) and oral semaglutide in people with type II diabetes and serious complications, including cardiovascular disease, diabetic retinopathy and chronic kidney disease.

  In September 2019, the FDA approved semaglutide in tablet form, which will be marketed under the brand name Rybelsus. It is approved as an adjunct to diet and exercise to improve glycemic control in adults with type II diabetes mellitus. Rybelsus is expected to be launched in the fourth quarter of 2019. It is the first approved glucagon-like peptide-1 (GLP-1) receptor agonist in a tablet form. The drug is also under review with several regulatory agencies, including the European Medicines Agency and the Japanese Pharmaceuticals and Medical Devices Agency

- **Diversification other than diabetes:** We are encouraged by the company's efforts to develop new treatments for diabetes, which is its core area of expertise. In February 2019, the FDA approved Novo Nordisk's biologics license application (BLA) for Esperoct (turoctocog alfa pegol, N8-GP) for the treatment of hemophilia A in adults and children. The drug is approved for the routine prophylactic to reduce the frequency of bleeding episodes, on-demand treatment and control of bleeding episodes plus perioperative management of bleeding in the given patient population. In July, the European Commission granted marketing authorization to the drug for the treatment of adolescents (?12 years of age) and adults with hemophilia A. The authorization covers all 28 European Union member states.

  In March 2019, concizumab was granted Breakthrough Therapy designation (BTD) for prophylaxis to prevent or reduce the frequency of bleeding episodes in people with hemophilia B and inhibitors by the FDA. . In January 2019, the company initiated a phase I study on LAIsema, the combination of once-weekly insulin LAI287 and once-weekly injectable GLP-1 semaglutide. The study will investigate single-dose pharmacokinetics of LAIsema in a fixed ratio compared with LAI287 and semaglutide given separately to people with type II diabetes.

  In July 2019, the first human dose trial with LA-GDF15 was initiated, including both single and multiple ascending doses. Human GDF15 (Growth Differentiation Factor 15, also known as MIC-1) is a stress-induced cytokine with multiple effects, one being appetite regulation leading to weight loss. LA-GDF15 is a long-acting version of human GDF15. During the same time, Gilead Sciences and Novo Nordisk initiated a phase II proof-of-concept study combining semaglutide and the former's cilofexor (FXR agonist) and firsocostat (ACC inhibitor) for the treatment of patients with nonalcoholic steatohepatitis (NASH).

  In May 2017, the company received FDA approval for its BLA for Rebinyn (N9-GP) (Coagulation Factor IX [Recombinant], GlycoPEGylated) for the treatment of adults and children with hemophilia B. Rebinyn is the brand name for nonacog beta pegol, N9-GP in the United States. Also, the company's once-daily single-injection combination of Tresiba and Victoza — IDegLira (marketed in EU as Xultophy) — received approval in the United States in November 2016.

- **Acquisitions To Boost Portflio:** In November 2019, Novo Nordisk and UBE Industries Ltd. announced that the former obtained an exclusive worldwide license to UBE's preclinical asset UD-014, a selective Semicarbazide-Sensitive Amine Oxidase/Vascular Adhesion Protein-1 (SSAO/VAP-1) inhibitor small molecule, which has shown promising efficacy in preclinical studies for its anti-inflammatory mechanism of action and antioxidative effect on endothelial cells, and can potentially be used for the treatment of non-alcoholic steatohepatitis (NASH). Per the agreement, UBE will receive an upfront payment as well as development and sales milestones plus tiered royalties on the annual net sales. Novo Nordisk will be responsible for the further development, manufacturing and commercialization of UD-014.

  In October 2019, Novo Nordisk and bluebird entered a three-year research collaboration to jointly develop next-generation vivo genome editing treatments for genetic diseases, including hemophilia. Per the agreement, both companies will focus on identifying a development gene-therapy candidate to offer people with hemophilia A a lifetime free of factor replacement therapy.

  In April 2019, Novo Nordisk and Gilead Sciences, Inc. collaborated for developing treatments for non-alcoholic steatohepatitis (NASH). The companies will initiate a proof-of-concept study combining Novo Nordisk's semaglutide (GLP-1 analogue) and Gilead's cilofexor (FXR agonist) and firsocostat (ACC inhibitor) for the treatment of patients with NASH.

  In December 2018, Novo Nordisk and Staten Biotechnology entered into a collaboration and an exclusive option agreement to develop novel therapeutics for the treatment of hypertriglyceridaemia. Under the collaboration agreement, Novo Nordisk will provide research and development funding and support to Staten Biotechnology for developing its lead asset, STT-5058 for the treatment of dyslipidaemia. Under

the exclusive option agreement, Novo Nordisk has the right to acquire Staten Biotechnology and gain worldwide rights to STT-5058. Staten Biotechnology and its shareholders will potentially receive signing and exercise fees, R&D funding, and milestone payments of up to 430 million euros. In November 2018, the company entered into a research collaboration with Embark Biotech, focusing on the discovery of novel treatments for obesity.

- **Restructuring Initiatives:** The company announced plans to restructure the R&D organization to speed up the expansion and diversification of its pipeline, and to enable increased investment in transformational biological and technological innovation. Thus, the total workforce was reduced by approximately 1,300 employees by the end of 2018. Majority of these reductions have been implemented as of Nov 1, 2018.

## Reasons To Sell:

- **Generic Threat to Key Products:** We are highly concerned about the patent expiry on some of the products in Novo Nordisk's portfolio. In 2014, Novo Nordisk faced patent expiry for two products – NovoRapid/NovoLog and NovoLog Mix/NovoMix. The formulation patent on Norditropin also expired in the United States, Europe and Japan in 2017. Victoza is slated to lose patent protection in the United States and the EU in 2023. Novo Nordisk is also facing a risk from biosimilars in the human growth hormone market. Post NovoSeven's patent expiry, biosimilar versions were launched in Russia and Iran. Moreover, the diabetes market is already crowded with a number of drugs. Merck's Januvia and Janumet (type II diabetes), Eli Lilly's Trulicity (type II diabetes), Sanofi's Toujeo (type I and II diabetes) are already approved.

> Novo Nordisk is going through a rough patch with several drugs in its portfolio losing patent protection. The company is also facing pricing pressure for some of its drugs.

- **Pipeline Setbacks:** With generic competition looming large over the company, Novo Nordisk's pipeline needs to deliver. The company received a setback with the discontinuation of the development of liraglutide as a joint therapy to insulin in type I diabetes. The decision was based on insufficient data related to the overall benefit-risk profile from the phase IIIa ADJUNCT ONE and ADJUNCT TWO studies to support a label extension for Victoza. With a number of pipeline updates expected in the coming quarters, unfavorable results would heavily impact the stock.

  During the second quarter of 2018, Novo Nordisk conducted a review of its obesity portfolio and based on the review, two projects currently in phase I clinical development — FGF-21 and G530L — were discontinued. Novo Nordisk intends to pursue clinical development of FGF-21 in other serious chronic diseases. The decision to discontinue these projects was made in order to balance the investments in Novo Nordisk's obesity projects.

  In August 2018, the first human dose trial investigating the short-acting glucagon analogue Hypopen-1513 was stopped due to a suboptimal PK/PD profile. Hypopen-1513 was being developed as an emergency treatment for severe hypoglycaemia episodes, but due to the observed suboptimal PK/PD profile, it was decided to discontinue further development of Hypopen-1513.

  In November 2018, Novo Nordisk completed alleviate 1, a combined single- and multiple-dose trial evaluating the safety, tolerability and pharmacokinetics with SC N8-GP. The objective of SC N8-GP was to develop N8-GP for subcutaneous administration for prophylactic treatment of patients with Haemophilia A. In the study, anti-drug antibodies were detected after repeated treatment with SC N8-GP in five out of 26 patients. Based on the clinical findings in alleviate 1, Novo Nordisk has decided not to continue the development of SC N8-GP.

- **Pricing Pressure:** Market conditions within the pharmaceutical industry continue to change with efforts by governmental entities to reduce or control costs. In most of the countries in which Novo Nordisk sells insulin, product prices are subsidized or are subject to price control. Moreover, the company continues to face pricing pressure from other players in the market. Going forward, the company may encounter a tough pricing environment in the United States basal insulin market. Downward pricing pressure could negatively impact future sales.

## Last Earnings Report

**Novo Nordisk Q3 Earnings Beat Estimates, Revenues Miss**

| Quarter Ending | 09/2019 |
|---|---|
| Report Date | Nov 01, 2019 |
| Sales Surprise | -0.90% |
| EPS Surprise | 3.23% |
| Quarterly EPS | 0.64 |
| Annual EPS (TTM) | 2.45 |

Novo Nordisk reported third-quarter 2019 earnings of 64 cents per American Depositary Receipt (ADR), beating the Zacks Consensus Estimate of 62 cents and increasing 15% in DKK from the year-ago quarter.

Revenues were up 9% year over year in DKK (up 6% at constant exchange rate [CER]) to $4.51 billion but missed the Zacks Consensus Estimate of $4.55 billion.

All growth rates mentioned below are on a year-over-year basis.

**Quarter in Detail**

Novo Nordisk operates in two segments — Diabetes and Obesity care, and Biopharmaceuticals.

The Diabetes and Obesity Care segment sales grew 5% at CER. Sales of insulin decreased 4% at CER to DKK 14,484 million. Sales of long-acting insulin (Tresiba, Xultophy and Levemir) declined 6% to DKK 5,019 million.

Sales at the Biopharmaceuticals segment rose 6% at CER to DKK 4,821 million. Hemophilia sales were up 7% at CER.

Ozempic reached blockbuster status in the quarter and recorded sales of DKK 3,122 million in the quarter. In the United States, the new-to-brand prescription market share for Ozempic is now 37%, bringing Novo Nordisk's combined GLP-1 new-to-brand prescription market share to 54%.

Research and development (R&D) expenses declined 3% at CER, reflecting impairment of intangible assets and increasing costs for semaglutide in obesity clinical programs — STEP and SELECT.

Administrative costs grew 6% at CER from the year-ago period.

Sales and distribution costs ascended 9% in DKK and 6% at CER, owing to resource allocation to the growth markets, promotional activities for Saxenda and launch activities for Ozempic.

**Other Updates**

In September, the FDA approved Rybelsus (semaglutide tablets) as an adjunct to diet and exercise to improve glycaemic control in adults with type II diabetes. Rybelsus, the brand name for oral semaglutide in the United States, is the first approved glucagon-like peptide-1 (GLP-1) receptor agonist in a tablet.

In August, the European Commission adopted the CHMP recommendation that Victoza, as an adjunct to diet and exercise, is indicated for the treatment of children and adolescents (10 years and above) with insufficiently controlled type II diabetes.

**2019 Outlook**

Novo Nordisk expects 5-6% sales growth at CER, up from the previous guidance of 4-6%. This reflects a strong performance for the portfolio of new-generation insulin and the GLP-1 pipeline, now comprising both Victoza and Ozempic, and a solid contribution from Saxenda. However, this is expected to be partly offset by intensifying global competition within the Diabetes Care and Biopharmaceuticals segments, especially for hemophilia inhibitor.

Persistent pricing pressure within Diabetes Care, especially in the United States, might also negatively impact sales.

Operating profit growth is anticipated to be 4-6% at CER, indicating sales growth and efficient cost control.

## Recent News

**Novo Nordisk Expects to Meet its Current Long-Term Financial Targets-Nov 20**

Novo Nordisk introduced strategic aspirations at the Capital Markets Day 2019. The company stated that it is on track to meet its current long-term financial targets comprising average operating profit growth of 5%, cash-to-earnings of 85% (3-year average) and operating profit after tax over net operating assets (OPAT/NOA) of 80%.

The strategic aspirations reflecting the sustained growth opportunities until 2025 are intended to cover future growth drivers of Novo Nordisk and thereby providing investors with an understanding of Novo Nordisk's growth and investment opportunities across therapy areas and geographies.

**Novo Nordisk and Dicerna Ink Deal-Nov 18**

Novo Nordisk and Dicerna Pharmaceuticals, Inc. announced an agreement to discover and develop novel therapies for the treatment of liver-related cardio-metabolic diseases using Dicerna's proprietary GalXC RNAi platform technology. The collaboration plans to explore more than 30 liver cell targets and may deliver multiple clinical candidates for disorders including chronic liver disease, non-alcoholic steatohepatitis (NASH), type II diabetes, obesity, and rare diseases. Dicerna will conduct and fund discovery and preclinical development to clinical candidate selection for each liver cell target, and Novo Nordisk will be responsible for all further development.

The agreement represents a significant investment by Novo Nordisk to secure access to Dicerna's proprietary GalXC RNAi platform, which complements its existing technology base. The collaboration provides Novo Nordisk with the capability to inhibit hepatocyte targets involved in disease regulation and has the potential to generate a number of clinical development candidates.

Under the terms of the agreement, Dicerna will receive an upfront payment of $175 million, a $50 million equity investment in Dicerna at a premium. $25 million annually during each of the first three years of the collaboration, contingent on Dicerna delivering RNAi molecules for a defined number of targets. Up to $357.5 million per target in development, regulatory and commercialisation milestone payments, plus tiered royalties on product sales ranging from the mid-single-digits to mid-teens.

The agreement enables each company to co-develop and co-commercialise product candidates discovered under the collaboration. Novo Nordisk will lead programmes targeting cardio-metabolic disorders and other indications with Dicerna having the option to opt into two programmes during clinical development. Dicerna retains rights to initiate two new orphan liver disease programmes for which Novo Nordisk can opt in. For all co-development programmes, the companies will share in the profit/loss of net sales of products consistent with each company's contribution to co-development costs.

**Obtains Exclusive Worldwide Licence to UD-014 from UBE Industries-Nov 7**

Novo Nordisk and UBE Industries Ltd. announced that the former obtained an exclusive worldwide licence to UBE's preclinical asset UD-014, a selective semicarbazide-Sensitive Amine Oxidase/Vascular Adhesion Protein-1 (SSAO/VAP-1) inhibitor small molecule, which has shown promising efficacy in preclinical studies for its anti-inflammatory mechanism of action and antioxidative effect on endothelial cells, and can potentially be used for the treatment of non-alcoholic steatohepatitis (NASH).

Per the agreement, UBE will receive an upfront payment as well as development and sales milestones plus tiered royalties on the annual net sales. Novo Nordisk will be responsible for the further development, manufacturing and commercialisation of UD-014.

**Research agreement With Novo Nordisk – Oct 9**

Novo Nordisk and bluebird announced that they have entered a three-year research collaboration to jointly develop next-generation vivo genome editing treatments for genetic diseases, including hemophilia. Per the agreement, both companies will focus on identifying a development gene-therapy candidate to offer people with hemophilia A a lifetime free of factor replacement therapy.

**Novo Nordisk and Noom to partner around digital health solutions-Oct 1**

Novo Nordisk, announced a collaboration on digital health solutions focusing on weight management and education, with the aim of improving the lives of people living with obesity.

## Valuation

Novo Nordisk's shares are up 33.2% over the trailing 12-month period. Over the past year, the Zacks sub-industry is up 16.1% and the sector is up 6.3%.

The S&P 500 index is up 24.8% in the past year.

The stock is currently trading at 21.98X forward 12-month earnings per share, which compares to 15.71X for the Zacks sub-industry, 21.75X for the Zacks sector and 18.97X for the S&P 500 index.

Over the past five years, the stock has traded as high as 23.81X and as low as 18.01X, with a 5-year median of 19.10X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $66.00 price target reflects 23.25X forward 12-month earnings per share.

The table below shows summary valuation data for NVO

| Valuation Multiples -NVO | | | | | |
|---|---|---|---|---|---|
| | | Stock | Sub-Industry | Sector | S&P 500 |
| P/E F 12M | Current | 21.98 | 15.71 | 21.75 | 18.97 |
| | 5-Year High | 23.81 | 15.71 | 21.75 | 18.97 |
| | 5-Year Low | 18.01 | 14.24 | 18.95 | 1613 |
| | 5-Year Median | 19.1 | 14.9 | 19.86 | 17.14 |
| P/S F12M | Current | 7.49 | 4.82 | 2.87 | 3.53 |
| | 5-Year High | 7.57 | 4.82 | 2.87 | 3.53 |
| | 5-Year Low | 6.05 | 4.26 | 2.42 | 3 |
| | 5-Year Median | 6.65 | 4.44 | 2.62 | 3.16 |
| P/B TTM | Current | 18.73 | 6.97 | 4.58 | 4.5 |
| | 5-Year High | 18.73 | 7.26 | 4.81 | 4.5 |
| | 5-Year Low | 14.29 | 4.89 | 3.89 | 3.67 |
| | 5-Year Median | 16.08 | 6.09 | 4.15 | 4.01 |

As of 01/15/2020

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


## Top Peers

| | |
|---|---|
| Eli Lilly and Company **(LLY)** | Outperform |
| Pfizer Inc. **(PFE)** | Outperform |
| AstraZeneca PLC **(AZN)** | Neutral |
| Bristol-Myers Squibb Company **(BMY)** | Neutral |
| Gilead Sciences, Inc. **(GILD)** | Neutral |
| Merck & Co., Inc. **(MRK)** | Neutral |
| Novartis AG **(NVS)** | Neutral |
| Sanofi **(SNY)** | Neutral |

## Industry Comparison Industry: Large Cap Pharmaceuticals

Industry Peers

| | NVO Neutral | X Industry | S&P 500 | LLY Outperform | MRK Neutral | SNY Neutral |
|---|---|---|---|---|---|---|
| **VGM Score** | B | - | - | D | A | A |
| Market Cap | 147.74 B | 134.39 B | 24.22 B | 135.48 B | 233.06 B | 128.34 B |
| # of Analysts | 3 | 3 | 13 | 5 | 6 | 5 |
| Dividend Yield | 1.02% | 2.59% | 1.75% | 1.83% | 2.67% | 2.25% |
| **Value Score** | C | - | - | C | B | A |
| Cash/Price | 0.02 | 0.04 | 0.04 | 0.01 | 0.04 | 0.00 |
| EV/EBITDA | 17.83 | 15.19 | 14.11 | 27.38 | 18.74 | 11.92 |
| PEG Ratio | 2.39 | 1.95 | 2.06 | 1.84 | 1.83 | 1.94 |
| Price/Book (P/B) | 18.73 | 6.11 | 3.34 | 39.13 | 8.70 | 2.01 |
| Price/Cash Flow (P/CF) | 22.68 | 12.55 | 13.57 | 20.33 | 14.75 | 9.81 |
| P/E (F1) | 21.74 | 15.93 | 18.90 | 20.86 | 16.55 | 14.58 |
| Price/Sales (P/S) | 8.19 | 4.49 | 2.65 | 5.98 | 5.07 | 3.20 |
| Earnings Yield | 4.52% | 6.28% | 5.29% | 4.80% | 6.04% | 6.87% |
| Debt/Equity | 0.06 | 0.68 | 0.72 | 4.09 | 0.84 | NA |
| Cash Flow ($/share) | 2.75 | 4.30 | 6.94 | 6.94 | 6.21 | 5.23 |
| **Growth Score** | B | - | - | D | A | B |
| Hist. EPS Growth (3-5 yrs) | 9.01% | 8.42% | 10.56% | 16.65% | 7.23% | 0.29% |
| Proj. EPS Growth (F1/F0) | 15.39% | 7.01% | 7.59% | 16.57% | 7.30% | 6.74% |
| Curr. Cash Flow Growth | 7.15% | 10.96% | 14.73% | 20.58% | 3.40% | 8.92% |
| Hist. Cash Flow Growth (3-5 yrs) | 5.65% | 4.99% | 9.00% | 4.33% | -1.53% | -4.43% |
| Current Ratio | 1.00 | 1.17 | 1.24 | 1.17 | 1.26 | 1.32 |
| Debt/Capital | 5.24% | 40.27% | 42.99% | 80.34% | 45.72% | 28.06% |
| Net Margin | 32.44% | 20.26% | 11.14% | 35.10% | 20.26% | 8.61% |
| Return on Equity | 75.48% | 38.63% | 17.16% | 107.99% | 48.16% | 24.23% |
| Sales/Assets | 1.03 | 0.53 | 0.55 | 0.57 | 0.55 | 0.63 |
| Proj. Sales Growth (F1/F0) | 7.86% | 5.12% | 4.23% | 7.37% | 5.95% | 3.06% |
| **Momentum Score** | C | - | - | C | A | A |
| Daily Price Chg | 4.72% | 1.04% | 0.27% | 0.33% | 1.79% | 0.53% |
| 1 Week Price Chg | 2.75% | 1.19% | 0.39% | 4.73% | -1.88% | 1.69% |
| 4 Week Price Chg | 9.74% | 3.87% | 2.17% | 8.98% | 2.14% | 1.75% |
| 12 Week Price Chg | 16.62% | 13.53% | 6.65% | 31.39% | 10.46% | 11.97% |
| 52 Week Price Chg | 33.11% | 21.11% | 22.43% | 20.81% | 22.69% | 21.42% |
| 20 Day Average Volume | 1,078,973 | 1,879,466 | 1,545,017 | 2,999,714 | 6,856,789 | 1,313,197 |
| (F1) EPS Est 1 week change | 0.00% | 0.00% | 0.00% | 0.00% | 0.65% | 0.00% |
| (F1) EPS Est 4 week change | -1.51% | 0.22% | 0.00% | 2.88% | 0.78% | 0.57% |
| (F1) EPS Est 12 week change | -1.74% | 0.63% | -0.41% | 3.09% | 3.34% | -0.26% |
| (Q1) EPS Est Mthly Chg | NA% | 0.00% | 0.00% | NA | NA | NA |

## Zacks Stock Rating System

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

## Zacks Recommendation

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

## Zacks Rank

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

## Zacks Style Scores

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

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

| | |
|---|---|
| Value Score | C |
| Growth Score | B |
| Momentum Score | C |
| 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.

## Disclosures

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