

## Novartis AG (NVS)

**\$83.64** (As of 04/03/20)

Price Target (6-12 Months): **\$90.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 06/10/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**3-Hold**

Zacks Style Scores:

VGM:C

Value: C

Growth: C

Momentum: F

### Summary

Novartis has a strong oncology portfolio and a formidable generics business. The solid performance of key drugs like Cosentyx and Entresto, and contribution from gene therapy, Zolgensma, have boosted performance in recent times and offset the impact of generic competition for legacy drugs. New launches like Piqray, Mayzent and Beovu should further boost sales. The biosimilar portfolio also gains traction with new key approvals. Novartis' decision to restructure its business is a positive and should boost the pharma segment. The deep pipeline is encouraging as well. However, price erosion in the United States has adversely impacted the generic business. Moreover, pipeline setbacks and generic competition for additional drugs are concerning. Shares have underperformed the industry in the past year.

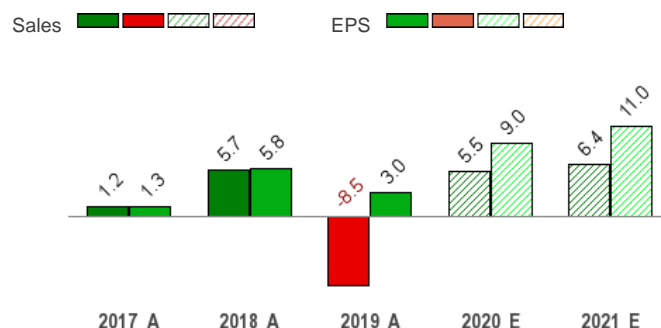
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$99.84 - \$69.18
20 Day Average Volume (sh)	3,847,415
Market Cap	\$191.7 B
YTD Price Change	-11.7%
Beta	0.56
Dividend / Div Yld	\$2.01 / 2.4%
Industry	<a href="#">Large Cap Pharmaceuticals</a>
Zacks Industry Rank	Top 14% (35 out of 253)

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



Last EPS Surprise	-0.8%
Last Sales Surprise	-0.7%
EPS F1 Est- 4 week change	-0.6%
Expected Report Date	04/22/2020
Earnings ESP	0.7%
P/E TTM	16.0
P/E F1	14.7
PEG F1	1.7
P/S TTM	4.0

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021					53,324 E
2020	12,128 E	12,398 E	12,586 E	12,947 E	50,120 E
2019	11,106 A	11,764 A	12,172 A	12,403 A	47,498 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021					\$6.34 E
2020	\$1.37 E	\$1.41 E	\$1.40 E	\$1.36 E	\$5.71 E
2019	\$1.20 A	\$1.32 A	\$1.41 A	\$1.31 A	\$5.24 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 04/03/2020. The reports text is as of 04/06/2020.

## Overview

Switzerland-based Novartis has one of the strongest and broadest portfolio of oncology drugs and generics, which has enabled it to maintain its dominant position as a top pharma company over the years. Novartis is one of the leaders in healthcare solutions with a wide array of drugs and a presence in not only oncology but neuroscience, cardiovascular and generics as well.

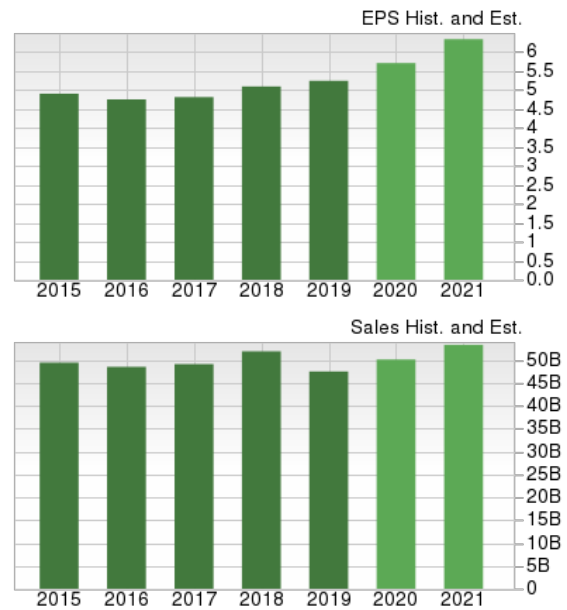
Novartis' efforts to strengthen its wide and deep oncology portfolio by developing breakthrough treatments had made it even more formidable in this space. The FDA approval of its breakthrough gene transfer treatment Kymriah in August 2017 bolstered its position in this relatively new but competitive space. Further, in May 2019, the FDA approved Zolgensma, the first and only gene therapy for pediatric patients with spinal muscular atrophy (SMA).

Given the evolving and competitive nature of the pharma business, Novartis has constantly taken steps to reshape its business with prudent acquisitions and strategic divestitures. In March 2015, Novartis acquired certain oncology products and pipeline compounds from Glaxo for \$16 billion. In exchange, it sold its non-influenza Vaccines business to Glaxo for \$7.1 billion. Also, the company has spun off the Alcon business into a separate company to focus better on its growing pharma business. In January 2015, Novartis divested its Animal Health division to Lilly for approximately \$5.4 billion. In July 2015, the company divested its influenza vaccines business to CSL Limited for \$275 million. Apart from these, the company continues to make small tuck-in acquisitions to broaden its pipeline. Novartis recently acquired The Medicines Company, adding inclisiran — a potentially transformative cholesterol-lowering therapy — to its portfolio.

Following the separation of the Alcon business, Novartis now has two operating segments:

- **Innovative Medicines** (Pharmaceuticals): Innovative patent-protected prescription medicines and ophthalmic pharmaceutical (79.5% of 2019 Sales).
- **Sandoz**: Generic pharmaceuticals (20.5% of 2019 Sales)

Revenues for 2019 came in at \$47.5 billion, up 6% from 2018.



## Reasons To Buy:

- ▲ **Strong Oncology Portfolio:** Novartis has a strong oncology portfolio, consisting of drugs like Afinitor, Exjade, Jakavi, Zykadia, Tassigna, Luthathera, Promacta and Jadenu. Particularly, Promacta/Revolade, Tafenlar + Mekinist, Jakavi, and Luthathera have fueled the top line in the recent quarters. The FDA approval of Kisqali for the first-line treatment of postmenopausal women with hormone receptor positive, human epidermal growth factor receptor-2 negative (HR+/HER2-) advanced or metastatic breast cancer has boosted the company's oncology portfolio. The label expansion of Kisqali, Zykadia, Tafenlar plus Mekinist should further drive sales. Novartis acquired Endocyte to expand expertise in radiopharmaceuticals and transformational therapeutic platforms. The acquisition added 177Lu-PSMA-617, a potential first-in-class radioligand therapy, to its diverse portfolio. The therapy is in phase III development for metastatic castration-resistant prostate cancer (mCRPC). The recent approval of Piqray for advanced or metastatic breast cancer will further strengthen Novartis' oncology portfolio. The recent approval of Piqray for advanced or metastatic breast cancer has further strengthened Novartis' oncology portfolio.
- ▲ **First CAR T Therapy Approved:** In August 2017, the FDA approved its breakthrough gene transfer treatment, Kymriah suspension, for the treatment of patients up to 25 years of age with B-cell precursor acute lymphoblastic leukemia (ALL) that is refractory or in second or later relapse. The approval is a major boost for Novartis, given the potential in the CAR T therapy space. Kymriah is the first chimeric antigen receptor T cell (CAR-T) therapy that has been approved. A novel immunocellular therapy and one-time treatment, Kymriah, uses a patient's T cells to fight cancer. The approval opens up new frontiers in the treatment of cancer by advancing immunocellular therapy for children and young adults with r/r B-cell ALL. The uptake of the drug has been strong. Meanwhile, the FDA expanded the drug's label for the treatment of adult patients with relapsed or refractory (r/r) large B-cell lymphoma after two or more lines of systemic therapy, including diffuse large B-cell lymphoma (DLBCL), high grade B-cell lymphoma and DLBCL arising from follicular lymphoma.
- ▲ **Novartis Forays Into Gene Therapy:** Novartis is looking to solidify its presence in the gene therapy space. In 2018, Novartis acquired U.S.-based, clinical-stage, gene-therapy company, AveXis, Inc, which is focused on developing novel treatments for patients suffering from rare and life-threatening neurological genetic diseases. In May 2019, the FDA approved Zolgensma, the first and only gene therapy for pediatric patients with spinal muscular atrophy (SMA), a rare genetic disorder. Zolgensma addresses the genetic root cause of SMA by providing a functional copy of the human SMN gene to halt disease progression through sustained SMN protein expression with a single, one-time intravenous (IV) infusion. The uptake of the drug was strong in 2019 and will likely propel sales.
- ▲ **Strong Biosimilars Business:** Sandoz is a strong player in the biosimilar market with five marketed biosimilars (Omnitrope, a human growth hormone; Binocrit, an erythropoiesis-stimulating agent used to treat anemia; and filgrastim for neutropenia under the brand names Zarzio outside the United States and Zarzio in the United States.). A biosimilar version of Rituxan (rituximab) was approved by the European Commission in June 2017 (marketed as Rixathon). In August 2016, Sandoz's Erelzi, a biosimilar version of Amgen blockbuster drug Enbrel gained approval in the United States for five indications. Erelzi was also approved by the European Commission in 2017. Sandoz also obtained approval for Zessly, a biosimilar version of Johnson & Johnson's Remicade, in Europe. The FDA also approved Hyrimoz, the biosimilar of Humira. Approval of additional biosimilars will fuel further growth.
- ▲ **New Drugs to Boost Portfolio:** The approval of new drugs and label expansion of existing drugs will also boost the top line, in the days to come. Heart failure drug, Entresto, and psoriasis drug, Cosentyx, have performed impressively since their launch. Psoriasis drug, Cosentyx, was also approved for the treatment of two new indications — ankylosing spondylitis (AS) and psoriatic arthritis (PsA) — in the EU in 2016. Moreover, the FDA approved Cosentyx for AS and PsA. The uptake of Cosentyx has been strong and the company has grabbed market shares from rivals, Humira and Enbrel. Additional label expansion of the drug should further propel the top line. Novartis and partner Amgen won FDA approval of Aimovig (erenumab) for the prevention of migraine in adults and the drug is off to a strong start in the United States. The drug was also approved in Europe. The FDA also approved Mayzent (siponimod), a next generation, selective sphingosine 1-phosphate receptor modulator, for the treatment of adults with relapsing forms of multiple sclerosis (MS). The FDA recently approved Adakveo (crizanlizumab) to reduce the frequency of vaso-occlusive crises (VOCs) or pain crises in patients aged 16 years or above with sickle cell disease (SCD). The FDA also approved Beovu for the treatment of wet age-related macular degeneration and the drug has been launched in the United States. The drug also obtained a positive CHMP opinion in December. Strong uptake is expected from Beovu as it is the first FDA-approved anti-VEGF to offer greater fluid resolution as compared to market-leading drug, Eylea. Beovu's potential to treat patients with quarterly injections is a major positive and should enable it to capture market share. Approval of new drugs and label expansion of existing drugs bode well for the company, as it looks to streamline its business.
- ▲ **Tuck In Acquisitions to Boost Pipeline:** Novartis continues to make small acquisitions to boost its pipeline and focus on other therapeutic areas apart from oncology. In Jan 2017, Novartis acquired Encore Vision, Inc, a privately-held company focused on the development of UNR844 (formerly EV06), an investigational, potentially disease modifying topical treatment for presbyopia. The Advanced Accelerator Applications acquisition added Lutathera to the company's portfolio.

Novartis recently acquired U.S.-based biopharmaceutical company, The Medicines Company, for \$85 per share in cash or a total valuation of \$9.7 billion, and added a potentially transformational investigational cholesterol-lowering therapy. The acquisition added a potentially first-in-class siRNA inhibitor targeting PCSK9, inclisiran, to its pipeline. The Medicines Company submitted the New Drug Application (NDA) for inclisiran to the FDA in December 2019.
- ▲ **Alcon Spin-Off Positive:** Novartis spun-off its ophthalmology division, Alcon, into a separately-traded standalone company in order to grow as a medicines company solely. The separation of the Alcon business is a step in the right direction, as the business was not performing as per management's expectations. While it did revive in between, the company decided to spin-off the same in order to focus better on its legacy drug business. Novartis acquired Alcon in 2011. The business then comprised surgical, vision care and ophthalmic pharmaceuticals. The company is looking to restructure its business to become a core drug-focused company, powered by data and digital technologies.

Novartis has a strong oncology portfolio and continues to work on developing its immuno-oncology pipeline. Besides, Sandoz is working on further advancing its portfolio of biosimilars and generics.

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## Reasons To Sell:

- ▼ **Share Price Performance:** Novartis' stock has underperformed the industry in the past year.
- ▼ **Generic Threat to Key Products:** We are highly concerned about the loss of patent protection for some of the key drugs in Novartis' portfolio. Gleevec/Glivec, Diovan and Exforge face continued and increasing generic competition in major markets. The loss of patent protection for these top-selling drugs continue to hurt sales. Patent protection for Exjade has expired in the United States. Generic competition is expected to start for Afinitor in 2020. Oncology drugs are facing competition from immuno-oncology therapies. Generic versions of Sandostatin SC are available in the United States, the EU and Japan.
- ▼ **Pipeline Setbacks a Concern:** Novartis suffered quite a few pipeline setbacks. The company received a complete response letter from the FDA in October 2018 regarding its supplemental Biologics License Application for ACZ885 (brand name Ilaris) in cardiovascular risk reduction. Earlier the company received a setback when a phase IIb/III study evaluating BYM338 (bimagrumab) in sporadic inclusion body myositis failed to meet the primary endpoint.
- ▼ **Sandoz Facing Pricing Pressure:** The generic division, Sandoz, is facing stiff competition from companies that market patented pharmaceutical products as well as other generic and biosimilar pharmaceutical companies, which aggressively compete for market share, mainly through significant price competition. In particular, industry-wide price competition among generic pharmaceutical companies and consolidation of buyers caused significant declines in sales and profits of Sandoz in the United States.

Novartis is expected to face challenging conditions ahead due to generic competition for several of its key drugs.

## Last Earnings Report

### Novartis Earnings and Revenues Miss Estimates in Q4

Fourth-quarter 2019 core earnings (excluding one-time charges) of \$1.31 per share missed the Zacks Consensus Estimate of \$1.32 but increased from \$1.16 reported in the year-ago quarter.

Revenues rose 9% year over year to \$12.4 billion, driven by Entresto, Zolgensma, Cosentyx and Kisqali. However, revenues too missed the Zacks Consensus Estimate of \$12.49 billion.

All growth rates mentioned below are on a year-over-year basis and at constant exchange rates.

Quarter Ending **12/2019**

Report Date	Jan 29, 2020
Sales Surprise	-0.69%
EPS Surprise	-0.76%
Quarterly EPS	1.31
Annual EPS (TTM)	5.24

### Quarter in Detail

Novartis operates under two segments — Innovative Medicines and Sandoz (generics).

The Innovative Medicines division recorded sales of \$9.9 billion, up 11% year over year. Within this segment, the Pharmaceuticals business unit grew 14%, driven by continued momentum on Entresto and Cosentyx and the uptake of Zolgensma.

Psoriasis drug Cosentyx continues to gain traction. Cosentyx sales increased 21% to \$965 million, driven by strong demand in the United States. Entresto sales grew 65% to \$518 million, driven by increased worldwide uptake in hospital and ambulatory settings. Increasing contributions from Zolgensma (gene therapy for pediatric patients with spinal muscular atrophy) and Xiidra also boosted this business unit.

The Oncology business unit grew 8%, driven by continued momentum in Kisqali and Kymriah and the launch uptake of Piqray. Kisqali sales surged 166%, driven by use in metastatic breast cancer patients, independent of menopausal status or combination partner, and benefiting from overall survival data, as well as strong uptake and patient share gain in Europe and other regions.

Sales at the Sandoz division were \$2.5 billion, up 2% as volume growth offset price erosion in the United States. Biopharmaceuticals sales grew 11%, driven by continued strong double-digit growth in Europe. Novartis expects the previously-announced divestment of the Sandoz US oral solids and dermatology portfolio to be completed in the first quarter of 2020, pending regulatory approval.

The Alcon business was spun-off as a separate public company on Apr 9 and hence, the results of that business are included as discontinued operations.

### 2019 Results

Sales came in at \$47.4 billion, increasing 9% from 2018 but missing the Zacks Consensus Estimate of \$48.35 billion. Earnings per share of \$5.28 was in line with the Zacks Consensus Estimate and grew from \$4.71 in 2018.

### Guidance for 2020

The company expects net sales in 2020 to grow in mid to high-single digits. Innovative Medicines revenues are projected to grow in mid to high-single digits. Revenues from Sandoz are expected to grow in low-single digits.

### Pipeline Update

The pipeline progress during the fourth quarter was encouraging.

Adakveo (crizanlizumab) was approved by the FDA to reduce the frequency of pain crises in individuals living with sickle cell disease. The approval came approximately two months ahead of the FDA's priority review action date.

Novartis obtained FDA approval for Beovu for the treatment of wet age-related macular degeneration and the drug was launched in the United States. The drug also obtained a positive CHMP opinion in December.

Mayzent (siponimod) was approved in the EU for the treatment of adult patients with active secondary progressive multiple sclerosis (SPMS).

Ziextenzo, a biosimilar of pegfilgrastim, was approved and launched in the United States.

Inclisiran, an investigational cholesterol-lowering therapy to address cardiovascular diseases, was added to the pipeline from the acquisition of The Medicines Company. Inclisiran was submitted in the United States for the treatment of primary hyperlipidemia and in the EU for mixed dyslipidemia.

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## Recent News

### Evaluate Jakavi for COVID-19 – Apr 2

Novartis announced plans to initiate a Phase III clinical trial in collaboration with Incyte to evaluate the use of Jakavi(ruxolitinib) for treatment of a type of severe immune overreaction called cytokine storm that can lead to life-threatening respiratory complications in patients with COVID-19-3.

The decision is based on pre-clinical evidence and preliminary reports from independent studies. It supported by extensive data on the safety and efficacy of Jakavi in conditions like acute graft versus host disease and myeloproliferative neoplasms.

### Terminates Sale of Sandoz Dermatology Business – Apr 2

Novartis announced that it will not sell Sandoz US generic oral solids and dermatology businesses to Aurobindo Pharma USA Inc.

Notably, Novartis had agreed to sell selected portions of the Sandoz US portfolio, specifically the Sandoz US dermatology business and generic US oral solids portfolio, to Aurobindo Pharma USA Inc. for \$0.8 billion in cash and potential earn-outs in September 2018.

The company has terminated the agreement of sale as approval from the U.S. Federal Trade Commission for the transaction was not obtained within anticipated timelines.

### Data on Inclisiran – Mar 28

Novartis has announced encouraging results from a prespecified analysis of pooled data from three phase III studies evaluating the safety and efficacy of inclisiran, its first-in-class experimental candidate for the treatment of hyperlipidemia in adults.

The prespecified analysis of pooled data from ORION-9, -10 and -11 phase III studies shows inclisiran reduced low-density lipoprotein-cholesterol (LDL-C) by 51% in 17 months. In addition, the prespecified exploratory analysis showed fewer major adverse cardiovascular events (MACE) with inclisiran compared to placebo based on safety reporting from the three studies.

### CHMP positive on Cosentyx – Mar 27

Novartis also announced that the Committee for Medicinal Products for Human Use (CHMP) of the EMA has adopted a positive opinion for spondylitis drug Cosentyx (secukinumab) for the treatment of adult patients with active non-radiographic axial spondyloarthritis (nr-axSpA).

The CHMP also adopted a positive opinion recommending conditional marketing authorization of one-time administered gene therapy Zolgensma for patients with spinal muscular atrophy (SMA) and a clinical diagnosis of Type 1 or SMA patients with up to three copies of the SMN2 gene.

### Data on Zolgensma – Mar 24

Novartis announced a one-time infusion of Zolgensma showed rapid, significant and clinically meaningful therapeutic benefit in patients with spinal muscular atrophy (SMA) across a range of studies, including in patients treated presymptotically, and sustained durability in patients now up to five years post-dosing and some patients more than five years of age.

### To Donate Generic Hydroxychloroquine for Coronavirus – Mar 20

Novartis announced that it will provide up to 130 million doses of generic hydroxychloroquine to support the treatment of the global COVID-19 pandemic.

Novartis plans to donate up to 130 million 200 mg doses by the end of May, including its current stock of 50 million 200 mg doses, for use in COVID-19 infected patients, supported by regulatory authorities. Novartis is also looking to ramp up its capacity to increase supply to meet global demand.

Novartis' generic arm, Sandoz, currently holds only a registration for hydroxychloroquine in the United States. The company said it will pursue appropriate regulatory authorizations from the FDA and the European Medicines Agency.

### Approval of Zolgensma in Japan – Mar 19

Novartis announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) approved Zolgensma for the treatment of SMA in patients under the age of two, including those who are pre-symptomatic at diagnosis.

### Plans for COVID-19 – Mar 17

Novartis announced a broad set of measures to support the global response to the COVID-19 pandemic. These measures include the creation of a global fund to support communities around the world impacted by the COVID-19 pandemic as well as the company's decision to join two key cross-industry R&D initiatives.

Novartis COVID-19 Response Fund will provide grants of up to \$1 million to support communities around the world most impacted by the Coronavirus outbreak.

### Resolves Generic Drug Antitrust Investigation in the U.S. – Mar 2

Novartis generic unit, Sandoz Inc. has reached a resolution with the U.S. Department of Justice (DOJ) Antitrust Division concerning the three-year-long antitrust investigation into the U.S. generic drug industry. As part of the resolution, Sandoz has agreed to pay \$195 million and will enter into a deferred prosecution agreement (DPA).

## Collaboration with DNDi – Feb 25

Novartis and the Drugs for Neglected Diseases initiative (DNDi) have signed a collaboration and licence agreement to jointly develop LXE408, as a potential new oral treatment for visceral leishmaniasis, one of the world's leading parasitic killers.

Novartis is responsible for completing phase I clinical studies. DNDi will lead phase II and phase III clinical development, with the first Phase II study scheduled to start in early 2021 in India.

## Valuation

Novartis' shares are down 11.7% in the year-to-date period and 11.9% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Medical sector are down 10.6% and 16.7% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is down 4.3% while the sector is down 16.5%.

The S&P 500 index is down 22.7% in the year-to-date period and 14.2% in the past year.

The stock is currently trading at 14.25X forward 12-month earnings per share which compares to 13.15X for the Zacks sub-industry, 18.02X for the Zacks sector and 15.74X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 19.7X and as low as 11.99X, with a 5-year median of 16.05X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$90.00 price target reflects 15.3X forward 12-month earnings per share.

The table below shows summary valuation data for NVS

Valuation Multiples - NVS					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.25	13.15	18.02	15.74
	5-Year High	19.7	18.12	21.1	19.34
	5-Year Low	11.99	13.04	15.81	15.19
	5-Year Median	16.05	15.38	18.63	17.44
P/S F12M	Current	3.76	4.16	2.33	2.72
	5-Year High	4.84	4.83	3.84	3.44
	5-Year Low	3.15	3.92	2.26	2.54
	5-Year Median	3.87	4.36	2.96	3
P/B TTM	Current	3.45	4.78	3.21	3.31
	5-Year High	4.64	7.23	5.05	4.55
	5-Year Low	2.19	3.77	2.9	2.84
	5-Year Median	2.77	5.19	4.3	3.63

As of 04/03/2020



## Industry Analysis Zacks Industry Rank: Top 14% (35 out of 253)



## Top Peers

Eli Lilly and Company (LLY)	Outperform
AbbVie Inc. (ABBV)	Neutral
Bayer Aktiengesellschaft (BAYRY)	Neutral
GlaxoSmithKline plc (GSK)	Neutral
Merck & Co., Inc. (MRK)	Neutral
Pfizer Inc. (PFE)	Neutral
Roche Holding AG (RHHBY)	Neutral
Sanofi (SNY)	Neutral

Industry Comparison Industry: Large Cap Pharmaceuticals				Industry Peers		
	NVS Neutral	X Industry	S&P 500	BAYRY Neutral	PFE Neutral	RHHBY Neutral
<b>VGM Score</b>	<b>C</b>	-	-	<b>B</b>	<b>D</b>	<b>A</b>
Market Cap	191.69 B	125.36 B	16.73 B	53.49 B	186.62 B	281.61 B
# of Analysts	5	3	13	2	4	4
Dividend Yield	2.40%	2.83%	2.53%	3.81%	4.52%	1.75%
<b>Value Score</b>	<b>C</b>	-	-	<b>A</b>	<b>B</b>	<b>B</b>
Cash/Price	0.06	0.06	0.06	0.12	0.06	0.04
EV/EBITDA	12.99	12.81	10.55	6.73	8.98	12.81
PEG Ratio	1.72	1.78	1.71	1.02	2.72	2.46
Price/Book (P/B)	3.45	3.70	2.28	1.04	2.93	7.80
Price/Cash Flow (P/CF)	10.72	10.72	8.96	3.79	8.19	12.87
P/E (F1)	14.65	13.29	14.34	7.45	12.07	15.37
Price/Sales (P/S)	4.04	4.09	1.78	1.06	3.61	NA
Earnings Yield	6.83%	7.53%	6.84%	13.39%	8.29%	6.49%
Debt/Equity	0.40	0.57	0.70	0.82	0.57	0.35
Cash Flow (\$/share)	7.80	4.33	7.01	3.78	4.11	3.20
<b>Growth Score</b>	<b>C</b>	-	-	<b>D</b>	<b>F</b>	<b>A</b>
Hist. EPS Growth (3-5 yrs)	0.76%	8.34%	10.95%	NA	8.48%	NA
Proj. EPS Growth (F1/F0)	8.89%	8.17%	1.08%	8.76%	-5.51%	5.31%
Curr. Cash Flow Growth	4.27%	4.83%	5.92%	60.37%	-6.57%	11.61%
Hist. Cash Flow Growth (3-5 yrs)	7.11%	7.62%	8.55%	6.70%	2.54%	9.89%
Current Ratio	1.04	1.26	1.24	1.29	0.88	1.30
Debt/Capital	28.42%	40.59%	42.29%	45.00%	36.17%	26.10%
Net Margin	24.73%	21.60%	11.69%	9.07%	31.44%	NA
Return on Equity	23.39%	32.05%	16.74%	13.92%	27.01%	NA
Sales/Assets	0.39	0.49	0.54	0.35	0.32	NA
Proj. Sales Growth (F1/F0)	5.64%	6.14%	1.56%	-3.06%	-11.39%	8.53%
<b>Momentum Score</b>	<b>F</b>	-	-	<b>C</b>	<b>D</b>	<b>A</b>
Daily Price Chg	0.05%	-0.60%	-1.59%	-0.62%	2.34%	-1.27%
1 Week Price Chg	9.47%	7.98%	12.26%	6.84%	6.51%	7.98%
4 Week Price Chg	-2.53%	-8.21%	-22.86%	-22.15%	-5.13%	-4.57%
12 Week Price Chg	-11.74%	-13.50%	-30.01%	-31.16%	-13.50%	0.64%
52 Week Price Chg	-11.23%	-6.84%	-23.87%	-17.06%	-21.29%	19.95%
20 Day Average Volume	3,847,415	6,591,431	4,256,776	1,205,297	43,242,428	4,572,291
(F1) EPS Est 1 week change	-0.59%	0.00%	-0.04%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.59%	-0.02%	-4.29%	-0.77%	-2.30%	0.75%
(F1) EPS Est 12 week change	0.60%	0.11%	-5.40%	-4.47%	8.15%	1.13%
(Q1) EPS Est Mthly Chg	-2.08%	-1.82%	-5.90%	-1.82%	-4.38%	NA



## 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	C
Momentum Score	F
VGM Score	C

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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