# Novartis AG (NVS)

**$94.48** (As of 01/08/20)

Price Target (6-12 Months): **$100.00**

| | | |
|---|---|---|
| Long Term: 6-12 Months | **Zacks Recommendation:** (Since: 06/10/19) Prior Recommendation: Underperform | **Neutral** |
| Short Term: 1-3 Months | **Zacks Rank:** (1-5) | **3-Hold** |
| | Zacks Style Scores: | VGM:C |
| | Value: B \| Growth: C \| Momentum: F | |

## Summary

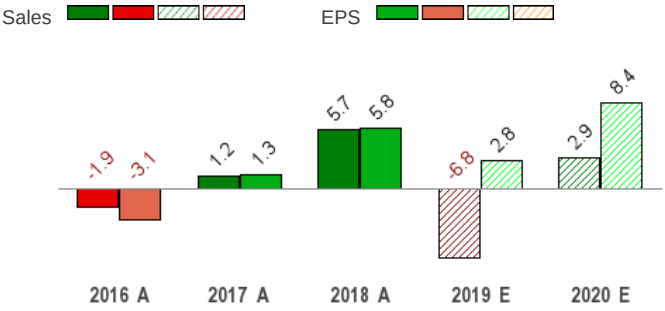
Novartis' performance in the past year has been stellar on key drugs like Cosentyx and Entresto, contribution from Zolgensma, and the Xiidra acquisition. The impending acquisition of The Medicines Company should broaden its portfolio. New launches like Piqray and Beovu should further boost performance in the upcoming quarters. However, price erosion in the United States has adversely impacted the generic business. Recently, Novartis has restructured its business and spun off the eye-care unit, Alcon, to become a core drug-focused company. However, pipeline setbacks and generic competition for key drugs are concerning. Shares have outperformed the industry in the year so far.

## Price, Consensus & Surprise


## Data Overview

| | |
|---|---|
| 52 Week High-Low | **$95.66 - $74.97** |
| 20 Day Average Volume (sh) | **1,137,049** |
| Market Cap | **$216.5 B** |
| YTD Price Change | **-0.2%** |
| Beta | **0.59** |
| Dividend / Div Yld | **$1.84 / 1.9%** |
| Industry | **Large Cap Pharmaceuticals** |
| Zacks Industry Rank | **Top 32% (82 out of 254)** |
| Last EPS Surprise | **7.6%** |
| Last Sales Surprise | **4.9%** |
| EPS F1 Est- 4 week change | **-0.1%** |
| Expected Report Date | **01/29/2020** |
| Earnings ESP | **4.4%** |
| P/E TTM | **18.3** |
| P/E F1 | **16.7** |
| PEG F1 | **2.0** |
| P/S TTM | **4.5** |

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




## Sales Estimates (millions of $)

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2020 | | | | | 49,770 E |
| 2019 | 11,106 A | 11,764 A | 12,172 A | 12,553 E | 48,387 E |
| 2018 | 12,694 A | 13,158 A | 12,779 A | 13,269 A | 51,900 A |

## EPS Estimates

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2020 | | | | | $5.67 E |
| 2019 | $1.20 A | $1.32 A | $1.41 A | $1.30 E | $5.23 E |
| 2018 | $1.28 A | $1.26 A | $1.31 A | $1.24 A | $5.09 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 01/08/2020. The reports text is as of 01/09/2020.

## Overview

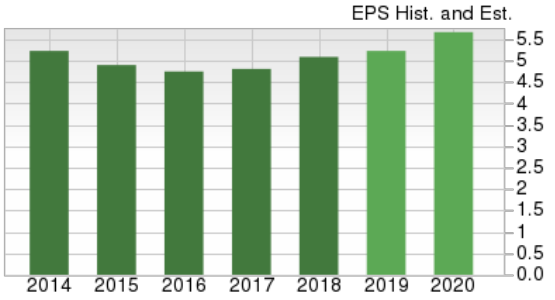
Based in Switzerland, Novartis is one of the leaders in health care solutions with a wide array of drugs and services.

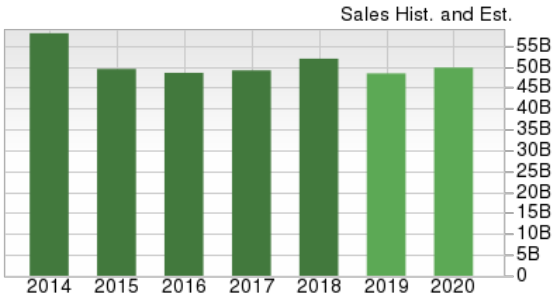
Given its broad and diverse portfolio, Novartis has a presence in the field of oncology, neuroscience, ophthalmology and generics. Following the separation of the Alcon business, Novartis now has two operating segments:

- ***Innovative Medicines (Pharmaceuticals):*** Innovative patent-protected prescription medicines and ophthalmic pharmaceutical (67.2% of 2018 Sales).
- ***Sandoz:*** Generic pharmaceuticals (19% of 2018 Sales)

Novartis has decided to realign its portfolio. Earlier, in Mar 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.

In Jan 2015, Novartis divested its Animal Health Division to Lilly for approximately $5.4 billion. In Jul 2015, the company divested its influenza vaccines business to CSL Limited for $275 million. In Jan 2014, Novartis sold its blood transfusion diagnostics unit to Grifols S.A. for $1.7 billion. Apart from these, the company continues to make small tuck-in acquisitions to broaden its deep pipeline.




Revenues for 2018 came in at $51.9 billion, up 6% from 2017.

## Reasons To Buy:

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.

- **Share Price Performance**: Novartis' stock has outperformed the industry in the past year. The increase in annual guidance along with strong third-quarter results has boosted investors' sentiments.

- **Medicines Company Acquisition Positive**: Novartis recently entered an agreement to acquire U.S.-based biopharmaceutical company, The Medicines Company, for $85 per share in cash or a total valuation of $9.7 billion to add a potentially transformational investigational cholesterol-lowering therapy. The acquisition will add a potentially first-in-class siRNA inhibitor targeting PCSK9, inclisiran, to Novartis' pipeline. With regulatory applications planned shortly, inclisiran represents a near-term product launch opportunity and is expected to contribute to sales from 2021. The twice-yearly dosing schedule provides a great advantage to the candidate over the existing treatments in the market.

- **Strong Oncology Portfolio**: Novartis has a strong oncology portfolio, consisting of drugs like Afinitor, Exjade, Jakavi, Zykadia, Tasigna, Luthathera, Promacta and Jadenu. Particularly, Promacta/Revolade, Tafinlar + 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, Tafinlar 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.

- **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 encouraging. 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. In January 2018, Novartis entered into a licensing agreement with Spark Therapeutics to develop and commercialize the latter's gene therapy, Luxturna (voretigene neparvovec), in the markets outside the United States. Luxturna is already approved as a one-time gene therapy to restore functional vision in children and adult patients with biallelic mutations of the RPE65 (retinal pigment epithelial 65 kDa protein) gene, both in the United States and Europe.

- **Strong Biosimilars Business**: Sandoz, which 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 Zarxio 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.

- **New Drugs to Boost Portfolio**: We believe that the approval of new drugs and label expansion of existing drugs should also boost the top line, going forward. 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. 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 approved pipeline candidate 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). 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.

## Reasons To Sell:

- **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. Oncology drugs are facing new competition from immuno-oncology therapies. Generic versions of Sandostatin SC are available in the United States, the EU and Japan. Moreover, Gilenya, Afinitor/Votubia, Zortress/Certican, Exjade, Jadenu and Lucentis are also expected to face generic competition in the next three years.

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

- **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 pricing pressure in the United States which is expected to continue. The division also suffered a setback when the FDA issued a complete response letter for the generic version of asthma drug Advair Diskus. The company plans to discuss the same with the FDA but the launch of the generic is certainly deferred up to 2019. The FDA also issued a complete response letter (CRL) to the Biologics Licensing Application (BLA) for the proposed biosimilar rituximab. Similar setbacks will weigh on performance. The FDA also placed a partial hold on clinical trials for intrathecal administration of Zolgensma. Novartis has agreed to sell selected portions of its Sandoz U.S. portfolio, specifically the Sandoz U.S. dermatology business and the U.S. oral solids portfolio.

## Last Earnings Report

**Novartis Q3 Earnings & Sales Beat Estimates, Up Y/Y**

| Quarter Ending | 09/2019 |
|---|---|
| Report Date | Oct 22, 2019 |
| Sales Surprise | 4.86% |
| EPS Surprise | 7.63% |
| Quarterly EPS | 1.41 |
| Annual EPS (TTM) | 5.17 |

Third-quarter 2019 core earnings (excluding one-time charges) of $1.41 per share beat the Zacks Consensus Estimate of $1.31 and increased from $1.22 reported in the year-ago quarter.

Revenues rose 10% year over year to $12.2 billion and beat the Zacks Consensus Estimate of $11.6 billion, driven by Cosentyx, Entresto, Zolgensma and the Xiidra acquisition.

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

**Quarter in Detail**

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

The Innovative Medicines division recorded sales of $9.7 billion, up 15% year over year. Within this segment, the Pharmaceuticals business unit grew 15%, as psoriasis drug Cosentyx continues to gain traction. Cosentyx sales increased 27% to $937 million, driven by strong demand in the United States. Entresto sales grew 61% to $430 million, driven by increased worldwide uptake in hospital and ambulatory settings. The incremental contribution from the first full quarter of sales from Zolgensma (gene therapy for pediatric patients with spinal muscular atrophy) and Xiidra also boosted this business unit.

The oncology unit sales increased 14%, driven by the solid performance of Promacta/Revolade, Tafinlar + Mekinist and Kisqali, and contribution from launches of Lutathera, Kymriah and Piqray (approved for breast cancer). Kisqali sales surged 76%, driven by the ongoing uptake in the United States and Europe. Promacta sales jumped 31% on increased use in chronic immune thrombocytopenia and its uptake as first-line treatment for severe aplastic anemia in the United States and Japan.

Sales at the Sandoz division were $2.5 billion, up 5% as volume growth offset price erosion in the United States. Biopharmaceuticals sales grew 27%, mainly driven by double-digit growth in Rixathon, Erelzi and Hyrimoz. Novartis expects the previously-announced divestment of the Sandoz US oral solids and dermatology portfolio to be completed in the coming months, pending regulatory approval.

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

**Guidance Updated**

The company expects net sales in 2019 to grow in high-single digits now as compared to the previous guidance of mid-to-high-single-digit growth. Innovative Medicines revenues are projected to see high-single to low-double-digit growth (previous guidance: mid-to-high-single digit). Revenues from Sandoz are expected to grow in low-single digits (previous guidance: broadly in-line to up low-single digits).

**Pipeline Update**

The pipeline progress during the third quarter was encouraging.

The FDA approved Entresto for the treatment of symptomatic heart failure with systemic left ventricular systolic dysfunction in children aged one year or above. Gilenya was approved in China for relapsing forms of multiple sclerosis in adults and children aged 10 years or above. The FDA granted Breakthrough Therapy designation to capmatinib (INC280) as a first-line treatment for patients with metastatic MET exon14 skipping-mutated non-small cell lung cancer. Novartis plans to file a regulatory application with the FDA in the fourth quarter.

Subsequent to the quarter, Novartis obtained FDA approval for Beovu for the treatment of wet age-related macular degeneration and the drug was launched in the United States.

## Recent News

**Acquires The Medicines Company – Jan 6**

Novartis completed the previously announced acquisition of The Medicines Company for $85 per share.

**Asthma Candidate Fails in LUSTER Phase III Studies – Dec 16**

Novartis announced top-line results from its pivotal, global, phase III LUSTER-1 and LUSTER-2 studies evaluating the efficacy and safety of the investigational oral, once-daily, DP2 receptor antagonist, fevipiprant (QAW039). The studies aimed to determine the efficacy, safety and tolerability of the candidate in addition to the current standard-of-care in severe asthma patients. The studies included 894 (LUSTER-1) and 877 (LUSTER-2) patients aged above or equal to 12 years, all of whom suffer from inadequately controlled moderate-severe asthma, receiving Global Initiative for Asthma (GINA) Steps 4 and 5 standard-of-care (SoC) asthma therapy, inhaling mid-to-high dose corticosteroids (ICS) and at least one additional controller.

The analysis of the studies showed that the candidate did not meet the clinically relevant threshold for a reduction in the rate of moderate-to-severe exacerbation compared to placebo over a 52-week treatment period for either of the doses (150mg / 450 mg).

**Gets Positive CHMP Opinion for Wet AMD Drug Beovu – Dec 15**

Novartis announced that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has adopted a positive opinion for its wet age-related macular degeneration (AMD) drug, Beovu.

A decision from the European Commission is expected in the next three months. The commission takes into account the CHMP's opinion but is not bound by it.

**Phase III data on new inhaled dual combination QMF149 – Dec 6**

Novartis announced data from the 52-week pivotal phase III PALLADIUM clinical study, which demonstrated that QMF149, a once-daily fixed-dose combination of indacaterol acetate and mometasone furoate (IND/MF) in development, was superior to mometasone furoate (MF) at medium and high doses in improving lung function, meeting the primary endpoint. Statistically significant superiority compared to MF alone was also demonstrated in the key secondary endpoint of improvement in asthma control.

**Tender offer for The Medicines Company commences – Dec 5**

Novartis announced that its indirect wholly-owned subsidiary, Medusa Merger Corporation, a Delaware corporation, has commenced a cash tender offer to purchase all of the outstanding shares of the common stock, par value 0.001 per share, of The Medicines Company for a price of $85.00 per share, net to the seller in cash.

**To Acquire The Medicines Company – Nov 24**

Novartis announced that it entered an agreement to acquire U.S.-based biopharmaceutical company, The Medicines Company for $85 per share in cash or a total valuation of $9.7 billion, and add a potentially transformational investigational cholesterol-lowering therapy. The transaction, expected to close in the first quarter of 2020, has been unanimously approved by the boards of both companies.

**FDA Nod for Adakveo in Sickle Cell Disease – Nov 15**

Novartis announced that the FDA has approved Adakveo (crizanlizumab) to reduce the frequency of vaso-occlusive crises (VOCs) or pain crises in adult and pediatric patients aged 16 years or above with sickle cell disease (SCD).

## Valuation

Novartis' shares are up 8.6% over the trailing 12-month period. Over the past year, the Zacks sub-industry is up 11.3% while the sector is up 5.1%. The S&P 500 index is up 24.8% in the past year.

The stock is currently trading at 16.61X forward 12-month earnings per share, which compares to 15.42X for the Zacks sub-industry, 21.5X for the Zacks sector and 18.82X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.7X and as low as 13.44X, with a 5-year median of 16.11X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $100.00 price target reflects 17.58X forward 12-month earnings per share.

The table below shows summary valuation data for NVS

| | | | | | |
|---|---|---|---|---|---|
| P/E F12M | Current | 16.61 | 15.42 | 21.5 | 18.82 |
| | 5-Year High | 19.7 | 18.1 | 21.5 | 19.34 |
| | 5-Year Low | 13.44 | 13.94 | 15.91 | 15.17 |
| | 5-Year Median | 16.11 | 15.53 | 18.98 | 17.44 |
| P/S F12M | Current | 4.34 | 4.7 | 2.82 | 3.49 |
| | 5-Year High | 4.84 | 4.84 | 3.8 | 3.49 |
| | 5-Year Low | 3.15 | 3.93 | 2.42 | 2.54 |
| | 5-Year Median | 3.89 | 4.43 | 2.93 | 3 |
| P/B TTM | Current | 4.12 | 6.79 | 4.5 | 4.44 |
| | 5-Year High | 4.64 | 7.26 | 5.01 | 4.45 |
| | 5-Year Low | 2.19 | 3.78 | 3.42 | 2.85 |
| | 5-Year Median | 2.77 | 5.16 | 4.27 | 3.61 |

As of 01/08/2020

## Industry Analysis **Zacks Industry Rank:** Top 32% (82 out of 254)


## Top Peers

| | |
|---|---|
| Eli Lilly and Company **(LLY)** | Outperform |
| Pfizer Inc. **(PFE)** | Outperform |
| AbbVie Inc. **(ABBV)** | Neutral |
| Bayer Aktiengesellschaft **(BAYRY)** | Neutral |
| GlaxoSmithKline plc **(GSK)** | Neutral |
| Merck & Co., Inc. **(MRK)** | 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 Outperform | RHHBY Neutral |
|---|---|---|---|---|---|---|
| **VGM Score** | C | - | - | B | D | A |
| Market Cap | 216.53 B | 131.72 B | 23.84 B | 77.35 B | 216.16 B | 279.69 B |
| # of Analysts | 5 | 3 | 13 | 2 | 4 | 4 |
| Dividend Yield | 1.95% | 2.63% | 1.79% | 2.63% | 3.69% | 1.66% |
| **Value Score** | B | - | - | A | C | B |
| Cash/Price | 0.04 | 0.04 | 0.04 | 0.08 | 0.04 | NA |
| EV/EBITDA | 10.60 | 14.79 | 13.88 | 8.52 | 13.31 | NA |
| PEG Ratio | 1.95 | 2.12 | 2.02 | 0.96 | 4.14 | 2.36 |
| Price/Book (P/B) | 4.12 | 5.86 | 3.33 | 1.51 | 3.30 | 8.99 |
| Price/Cash Flow (P/CF) | 11.60 | 12.45 | 13.76 | 5.49 | 9.28 | 14.23 |
| P/E (F1) | 16.66 | 15.69 | 18.76 | 10.29 | 15.10 | 15.41 |
| Price/Sales (P/S) | 4.48 | 4.30 | 2.63 | 1.51 | 4.08 | NA |
| Earnings Yield | 6.00% | 6.38% | 5.32% | 9.74% | 6.63% | 6.49% |
| Debt/Equity | 0.42 | 0.82 | 0.72 | 0.82 | 0.55 | NA |
| Cash Flow ($/share) | 8.15 | 4.30 | 6.94 | 3.78 | 4.21 | 2.87 |
| **Growth Score** | C | - | - | D | F | A |
| Hist. EPS Growth (3-5 yrs) | 0.15% | 8.42% | 10.56% | NA | 8.42% | NA |
| Proj. EPS Growth (F1/F0) | 8.41% | 6.71% | 7.46% | 14.81% | -12.69% | 3.82% |
| Curr. Cash Flow Growth | 6.18% | 10.96% | 14.83% | 60.37% | 8.89% | 13.00% |
| Hist. Cash Flow Growth (3-5 yrs) | 2.20% | 4.99% | 9.00% | 6.70% | 2.30% | 7.35% |
| Current Ratio | 0.95 | 1.16 | 1.23 | 1.29 | 0.90 | NA |
| Debt/Capital | 29.33% | 45.00% | 42.99% | 45.00% | 35.53% | NA |
| Net Margin | 24.43% | 20.68% | 11.08% | -2.89% | 30.57% | NA |
| Return on Equity | 20.86% | 39.22% | 17.16% | 13.42% | 28.10% | NA |
| Sales/Assets | 0.37 | 0.53 | 0.55 | 0.35 | 0.33 | NA |
| Proj. Sales Growth (F1/F0) | 2.86% | 5.09% | 4.16% | 2.64% | -11.59% | 1.92% |
| **Momentum Score** | F | - | - | C | C | A |
| Daily Price Chg | 0.00% | 0.39% | 0.39% | 3.43% | 0.80% | 0.34% |
| 1 Week Price Chg | -0.61% | -0.84% | -0.30% | -0.98% | -0.99% | 0.02% |
| 4 Week Price Chg | 1.55% | 3.04% | 2.38% | 7.84% | 2.20% | 6.11% |
| 12 Week Price Chg | 8.60% | 12.41% | 6.40% | 13.35% | 7.48% | 14.27% |
| 52 Week Price Chg | 8.65% | 15.20% | 22.97% | 9.49% | -9.88% | 26.13% |
| 20 Day Average Volume | 1,137,049 | 1,979,852 | 1,610,101 | 402,477 | 16,366,608 | 1,313,250 |
| (F1) EPS Est 1 week change | -0.04% | 0.00% | 0.00% | 0.00% | 0.00% | 0.19% |
| (F1) EPS Est 4 week change | -0.11% | 0.05% | 0.00% | 0.00% | 0.00% | 1.53% |
| (F1) EPS Est 12 week change | -1.80% | 0.73% | -0.50% | -3.59% | 1.50% | 3.31% |
| (Q1) EPS Est Mthly Chg | NA% | 2.81% | 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 | B |
| 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.

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