Philip Morris(PM)

$76.85 (As of 07/24/20)

Price Target (6-12 Months): **$81.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 05/02/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:C
	Value: D | Growth: C | Momentum: B	

Summary

Philip Morris has outpaced the industry in the past three months. The company has long been benefiting from its pricing power, which also aided its second-quarter 2020 results. During the quarter, both top and bottom lines beat the consensus mark. Notably, favorable pricing variance was an upside, though it was countered by adverse volume/mix, mainly stemming from low cigarette volumes. The company has been battling soft cigarette volumes for a while due to rising health consciousness and stern regulations. Apart from this, management does not expect a near-term recovery in the duty-free business due to travel-related uncertainties amid the pandemic. Also, a delay in minimum price enforcement in Indonesia is a concern. All said, revenues are likely to decline in 2020. Nonetheless, strength in RRPs, especially IQOS, is expected to offer respite.

Price, Consensus & Surprise

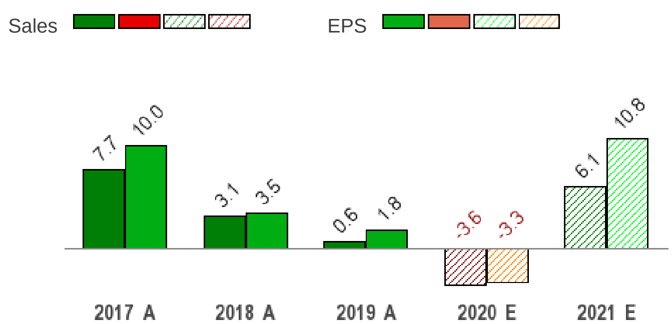
Data Overview

52 Week High-Low	$90.17 - $56.01
20 Day Average Volume (sh)	4,809,596
Market Cap	$119.7 B
YTD Price Change	-9.7%
Beta	0.76
Dividend / Div Yld	$4.68 / 6.1%
Industry	[Tobacco]
Zacks Industry Rank	Top 20% (50 out of 252)

Last EPS Surprise	18.4%
Last Sales Surprise	2.5%
EPS F1 Est- 4 week change	2.3%
Expected Report Date	NA
Earnings ESP	0.0%

P/E TTM	14.9
P/E F1	15.3
PEG F1	1.9
P/S TTM	1.6

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	7,300 E	7,524 E	7,679 E	8,160 E	30,481 E
2020	7,153 A	6,651 A	7,269 E	7,589 E	28,728 E
2019	6,751 A	7,699 A	7,642 A	7,713 A	29,805 A

EPS Estimates

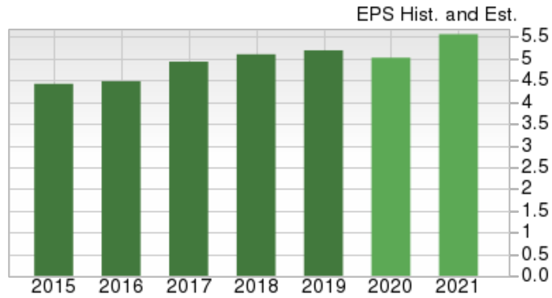
	Q1	Q2	Q3	Q4	Annual*
2021	$1.22 E	$1.50 E	$1.49 E	$1.42 E	$5.56 E
2020	$1.21 A	$1.29 A	$1.32 E	$1.27 E	$5.02 E
2019	$1.09 A	$1.46 A	$1.43 A	$1.22 A	$5.19 A

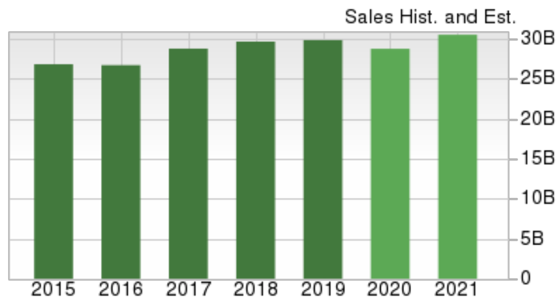
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/24/2020. The reports text is as of 07/27/2020.

Overview

Philip Morris International is progressing well with its business transformation in the face of consumers rising health consciousness and stern regulations to dissuade smoking. To this end, the tobacco giant has been expanding in the reduced risk products (RRPs) category, evident from the launch of IQOS (a heating tobacco device) that counts amongst one of the leading RRPs in the industry. We note that RRPs formed close to 25% of the company's total revenues in second-quarter 2020, including about 8% contribution from IQOS devices. Nevertheless, the company's combustible category presently remains its major revenue contributor.





Philip Morris manufactures and sells cigarettes, other tobacco products and other nicotine-containing products outside the United States in more than 180 countries. Also, the company ships a form of its Platform 1 device sanctioned by the FDA, to Altria Group, for sale in the United States. In fact, Phillip Morris shares a licensing agreement with Altria for the sale of IQOS in United States.

In Mar 2008, Philip Morris International was spun off from the Altria Group. However, Philip Morris USA, Inc. (PM USA) continues to be a subsidiary of the Altria Group.

Philip Morris participates in the profitable premium cigarette category with its Marlboro, Parliament and Virginia Slims brands; in the mid-price category with its L&M, Lark, Merit, Muratti and Philip Morris brands. Other leading international brands include Bond Street, Chesterfield, Next and Red & White.

The company is also engaged in the development and commercialization of RRPs, which generally are less harmful than cigarette smoking. The company expects that RRPs are likely to help smokers in quitting cigarette consumption.

On a product basis, Philip Morris reports results under the combustible and RRP categories. From Jan 1, 2018, Philip Morris started operating through the following reporting segments: the European Union Region (EU); the Eastern Europe Region (EE); the Middle East & Africa Region (ME&A); the South & Southeast Asia Region (S&SA); the East Asia & Australia Region (EA&A); and the Latin America & Canada Region (LA&C). Notably, the ME&A region also include PMI Duty Free.

Reasons To Buy:

> Philip Morris continues to benefit from efficient cigarette pricing and advancement in the RRPs category.

▲ **Strong Pricing a Growth Driver, Stock Outperforms:** Shares of Phillip Morris have edged down 0.6% in the past three months compared with the industry's decline of 3.3%. In fact, the stock has gained 9% in a month's time frame. The company has long been benefiting from its strong pricing power, which has aided its revenues and adjusted operating income even in the face of the unfavorable tax environment and declining cigarette volumes. Though higher pricing might lead to possible decline in cigarette consumption, it is seen that smokers tend to absorb price increases owing to the addictive quality of cigarettes. Evidently, higher pricing at the combustible tobacco portfolio has been aiding the company's performance for a while. In fact, higher pricing variance was an upside to the company's performance across most regions during the second quarter of 2020, wherein the top and bottom lines beat the Zacks Consensus Estimate. Combustible pricing of 3.3%, together with strength in RRPs and cost-efficiencies aided the company's adjusted operating income margin in the quarter. Continued pricing power is likely to act as an upside.

On a constant-currency basis, management expects adjusted operating margin on an LFL basis to jump more than 150 basis points in 2020. Further, adjusted earnings per share (at cc) are expected to grow 2-5% to $5.23-$5.38. Also, the company said that once COVID-19-related hurdles subside, it expects to return to growth, which is in line with its 2019-2021 algorithms, including currency-neutral compound annual growth rate of 5% or more for net revenues and 8% or more for the bottom line.

▲ **RRPs a Key Catalyst:** Serious health hazards due to cigarette smoking have pushed consumers toward low-risk, reduced risk products (RRP's). The company is progressing well with its business transformation, with about 8% of shipment volumes and one-fifth of net revenues coming from smoke-free products as of the end of 2019. Toward this end, the company's IQOS, a smokeless cigarette, counts amongst one of the leading RRPs in the industry. Incidentally, on Jul 7, the FDA approved a version of IQOS's marketing as a modified risk tobacco product (MRTP), which is likely to bolster its business. Notably, IQOS was launched in the United States in 2019, through a commercial deal with Altria that was approved by the FDA. Further, Phillip Morris submitted a supplemental premarket tobacco product application (PMTA) with the U.S. Food and Drug Administration on Mar 30 for the IQOS 3 tobacco heating device. We note that RRPs formed around one-fourth of the company's total revenues in the second quarter of 2020, including about 8% contribution from IQOS devices. These next-generation devices are backed by substantial scientific insights and research. The company expects such advanced and high-quality products to aid adult smokers to switch from traditional cigarettes to smoke-free options. In fact, total users of IQOS as of the end of the second quarter were estimated to be about 15.4 million, including roughly 11.2 million users who have shifted from smoking to IQOS. Management noted that since the onset of the pandemic, the switch from smoking to RRPs has been trending positively. Strong growth in IQOS boosted revenues in the RRPs category, which increased 9.5% to $1,606 million in the second quarter. Moreover, heated tobacco unit shipment volumes of 18.7 billion units rose 24.3% year over year.

The company expects consistent growth in the heated tobacco category, and therefore has been committed toward expanding these products. The company remains on track to achieve its 2021 goal of 90-100 billion shipments of heated tobacco units. Notably, the company launched IQOS 3 DUO in 2019, which is now available in all of its international markets. Philip Morris has also been undertaking plant conversions, transforming them from cigarette to RRPs manufacturing facilities. Markedly, IQOS is presently the only heat-not-burn product in the U.S. market, which has been approved by the FDA. This is expected to radically boost the business of the companies. Among other initiatives, Philip Morris announced a partnership with South Korea's KT&G this January in order to commercialize the latter's smoke-free products outside the country. This global collaboration aims at expanding the reach of KT&G's smoke-free products to many other markets. In earlier developments, Philip Morris inked a deal with Canada-based Parallax that provides low-risk tobacco alternatives.

▲ **Strong Brand Portfolio:** Philip Morris commands a leading market position in the tobacco industry supported by its strong brand portfolio. Its portfolio boasts popular names like Marlboro, L&M, Bond Street, Parliament, Philip Morris, Chesterfield, Sampoerna A, Virginia Slims, Champion and Benson & Hedges. Marlboro leads the brands and has the largest market share.

▲ **Operations Running Amid Pandemic:** Philip Morris has been on track to lower COVID-19-related business disruptions. The company, in its second-quarter conference call, notified that it currently has adequate access to inputs and is not encountering any major supply-related hurdle. Most of the company's production facilities are operational as of now, including all heated tobacco unit factories. Some cigarette manufacturing facilities have been temporarily affected by government-imposed shutdowns or production limitations. However, they form about less than 5% of the company's total cigarette production capacity globally. Considering all factors and the current sales trend, Phillip Morris does not anticipate any out-of-stock situation in any core operating income market.

▲ **Financial Flexibility:** Phillip Morris looks financially stable amid the coronavirus pandemic. As of the end of the second quarter of 2020 (Jun 30 2020), the company had cash and cash equivalents of $4,200 million, while its short-term debt stood at $2,585 million. Additionally, at a juncture where many companies have suspended dividends, Phillip Morris declared a quarterly dividend of $1.17 per share during the second quarter – which reflects the company's financial flexibility and commitment toward shareholders. Notably, the company has a dividend yield of 6.1% and free cash flow yield of 7.7%. With an annual free cash flow return on investment of 58.2%, significantly ahead of the industry's 18.2%; the dividend payment is likely to be sustainable.

Reasons To Sell:

Philip Morris struggles with soft cigarette volumes due to reduced demand, stemming from rising health concerns and anti-tobacco campaigns.

- **2020 Sales View:** In its second-quarter earnings call, management said that it does not expect a near-term recovery in the duty-free business due to travel-related uncertainties. Further, the company expects complete enforcement of requirements for minimum retail selling price in Indonesia only by September 2020 (at the earliest). Additionally, total cigarette and heated tobacco unit shipment volumes are likely to decline (as discussed below). For 2020, Phillip Morris expects net revenues (at cc) to drop in low-single digits (on an LFL basis). However, the same is expected to grow in low-single digits on excluding Indonesia hurdles and the duty-free business.

- **Cigarette Category Weak:** Receding cigarette sales volumes has been taking a toll on Philip Morris' performance for quite some time now. In the second quarter of 2020, total cigarette and heated tobacco unit shipment volumes dropped 14.5% to 170.1 billion units. Cigarette shipment volumes fell 17.6% to 151.4 billion units in the quarter. Also, revenues from combustible products were down 19.1% to $5,045 million due to declines in all regions. Shipment volumes were affected by declines in Indonesia, Philippines and Mexico, which in turn were negatively impacted by the pandemic-led restrictions, absence of income for daily wage earners and major price increases. Apart from this, cigarette shipment volumes are being adversely impacted by lower demand for cigarettes, stemming from anti-tobacco campaigns and consumers' rising health consciousness. Moreover, regulatory hurdles (discussed below) have created limitation for marketing cigarettes, further hindering its sales volumes.

  Total cigarette and heated tobacco unit shipment volumes are likely to fall around 8-10% (on a like for like or LFL basis) in 2020, mainly due to the duty-free business as well as situation in Indonesia. Management also anticipates total industry volumes to decline roughly 7-9% (excluding China and the United States). The company expects the global economic scenario to weigh on total cigarette volumes in certain regions.

- **Restrictions on Tobacco Consumption:** The tobacco industry in general faces many challenges as governments around the world are imposing restrictions on tobacco companies which, in turn, are lowering cigarette consumption. The U.S. Food and Drug Administration (FDA) has made it mandatory for tobacco companies to use precautionary labels on cigarette packets to dissuade customers from smoking. In fact, per court orders, Reynolds American along with Altria Group and other cigarette makers have been directed to put up self-critical advertisements on television and newspapers to dissuade customers from smoking. Apart from this, the court wants tobacco companies to admit that cigarettes have been made addictive, through the issuance of corrective ads. To add to the woes, the FDA is now bent on drastically reducing nicotine in cigarettes to minimally addictive levels. The initiative was proposed in 2017 but was delayed, due to ongoing research. If enacted, lowering of nicotine levels will undoubtedly prove disastrous for cigarette manufacturing companies. In more recent developments, the FDA has raised concerns surrounding the consumption of e-cigarettes amongst the youth.

  Apart from these, FDA had earlier announced that tobacco makers must seek marketing authorization for any tobacco product introduced after Feb 15, 2007. The law was extended by the FDA to include e-cigarettes, pipe tobacco, cigars and hookah. Also, the European Union and the FDA have proposed a ban on menthol in accordance with the Tobacco Control Act which essentially states that menthol cigarettes have an adverse impact on public health and suggests the removal of menthol.

- **Currency Headwinds:** Philip Morris' significant international presence exposes it to the risk of adverse currency fluctuations. In fact, currency had an unfavorable impact on the company's performance in the second quarter of 2020. Management expects currency to have adverse impact on adjusted earnings in 2020. That said, volatility in exchange rates always remains a concern.

Last Earnings Report

Philip Morris Q2 Earnings Beat Estimates, Decline Y/Y

Quarter Ending	06/2020
Report Date	**Jul 21, 2020**
Sales Surprise	**2.45%**
EPS Surprise	**18.35%**
Quarterly EPS	**1.29**
Annual EPS (TTM)	**5.15**

Philip Morris International reported second-quarter 2020 results, wherein adjusted earnings per share came in at $1.29, which beat the Zacks Consensus Estimate of $1.09. However, the bottom line declined 11.6% year over year. On excluding currency, earnings per share fell 7.5%.

Net revenues of $6,651 million beat the Zacks Consensus Estimate of $6,492 million. However, the top line decreased 13.6% from the figure reported in the year-ago quarter. Net revenues, on excluding currency headwinds, declined 9.5%. This was due to adverse volume/mix mainly stemming from soft cigarette volumes, somewhat made up by greater heated tobacco volumes. The company also received some respite from favorable pricing variance.

During the quarter under review, revenues from combustible products were down 19.1% to $5,045 million due to declines in all regions. Revenues in the RRPs improved 9.5% to $1,606 million. Total cigarette and heated tobacco unit shipment volumes dropped 14.5% to 170.1 billion units. Cigarette shipment volumes fell 17.6% to 151.4 billion units in the quarter, while heated tobacco unit shipment volumes of 18.7 billion units rose 24.3% year over year.

Adjusted operating income fell 12.7% to $2,802 million. After excluding currency, adjusted operating income dropped 9.5% year over year. Adjusted operating margin expanded 0.4 points to 42.1%, while it remained flat on a constant-currency or cc basis.

Region-Wise Performance

Net revenues in the **European Union** dropped 4% to $2,475 million. Revenues slipped 0.1% at cc due to adverse volume/mix, largely countered by favorable pricing variance, courtesy of improved combustible pricing. Total shipment volumes in the region fell 9.8% to 44,544 million units. In **Eastern Europ**e, net revenues fell 4.7% to $783 million, while it grew 5.6% at cc. The upside can be attributed to favorable pricing and volume/mix. Total shipment volumes dropped 3.7% to 28,783 million units.

In the **Middle East & Africa** region, net revenues declined 29.9% (down 28.3% at cc) to $704 million due to adverse volume/mix, partly made up by favorable pricing. Further, total shipment volumes fell 15.5% to 27,373 million units. Revenues in **South & Southeast Asia** fell 28.8% (down 25.1% at cc) to $889 million. The downside was a result of adverse volume/mix as well as pricing variance (mainly in Indonesia). Shipment volumes collapsed 28.1% to 33,346 million units.

Revenues from **East Asia & Australia** fell 5.9% (down 5.1% at cc) to $1,432 million due to unfavorable volume/mix, partly compensated by pricing gains. Total shipment volumes slipped 5.1% to 21,147 million units. Finally, revenues from **Latin America & Canada** slumped 30.2% (down 19.2% at cc) to $368 million due to adverse volume/mix, somewhat compensated by improved pricing. Moreover, total shipment volumes declined 19.7% to 14,874 million units.

Other Developments & Guidance

The company ended the quarter with cash and cash equivalents of $4,200 million. Also, it had long-term debt of $27,043 million and shareholders' deficit of $10,120 million. During the quarter, Phillip Morris announced a quarterly dividend of $1.17 per share. On Jul 7, the U.S. Food and Drug Administration (FDA) approved a version of IQOS's marketing as a modified risk tobacco product (MRTP). Also, on Mar 30, the company submitted a supplemental premarket tobacco product application (PMTA) with the FDA for the IQOS 3 tobacco heating device. Notably, total users of IQOS as of the end of the second quarter were estimated at about 15.4 million, including roughly 11.2 million who have shifted from smoking to IQOS.

Philip Morris has been on track to lower COVID-19-related business disruptions. The company notified that it currently has adequate access to inputs and is not encountering any major supply-related hurdles. Most of the company's production facilities are operational as of now, including all heated tobacco unit factories. However, some cigarette manufacturing facilities have been temporarily affected by government-imposed shutdowns or production limitations. They form about less than 5% of the company's total cigarette production capacity globally. Considering all factors and the current sales trends, Phillip Morris does not anticipate any out-of-stock situation in any core operating income market.

The company doesn't expect any national lockdown recurrence in any of its core international markets in the second half of 2020. It does not expect a near-term recovery in the duty-free business due to travel-related uncertainties. Further, the company expects complete enforcement of requirements for minimum retail selling price in Indonesia at the earliest by September 2020. Additionally, total cigarette and heated tobacco unit shipment volumes are likely to fall around 8-10% (on a like for like or LFL basis) in 2020, mainly due to the duty free business as well as situation in Indonesia. Management also anticipates total industry volumes to decline roughly 7-9% (excluding China and the United States). For 2020, Phillip Morris expects net revenues (at cc) to drop in low-single digits (on an LFL basis). The same is expected to grow in low-single digits on excluding Indonesia and the duty free business. CC-adjusted operating margin on an LFL basis is likely to jump more than 150 basis points.

All said, the company envisions adjusted earnings per share to be $4.92-$5.07 in 2020 compared with $5.13 reported in the year-ago period. At cc, adjusted earnings per share are expected to grow 2-5% to $5.23-$5.38. For the third quarter, the company expects earnings per share to be almost in line with the second-quarter figure. This is likely to be backed by sequential revenue improvement, offset by factors like timing of various costs.

Recent News

Philip Morris' IQOS Gets FDA Nod to be Marketed as MRTP - Jul 7, 2020

Philip Morris International has been benefiting from focus on reduced risk products or RRPs, especially the IQOS device that has been a major hit. The company's efforts clearly got a boost with the latest move by the U.S. Food and Drug Administration (FDA). Incidentally, the FDA has approved IQOS's marketing as a modified risk tobacco product (MRTP).

The FDA authorized Phillip Morris' electrically heated tobacco system — IQOS — as an MRTP after ensuring that it heats tobacco and does not burn it. Further, consumers' shift from conventional cigarettes to IQOS lowers their exposure to injurious or potentially injurious chemicals. Cleary, the FDA's decision reinforces that the use of IQOS is likely to be beneficial for the overall population's health.

Notably, IQOS is the first and sole electronic nicotine product, which has been given marketing permits via the FDA's MRTP process. This is likely to be a big win for Phillip Morris, which generated one-fifth of net revenues from smoke-free products as of the end of 2019.

Philip Morris Announces Dividend - Jun 5, 2020

Philip Morris announced a quarterly dividend of $1.17 per share, payable on July 10, 2020, to stockholders of record as of June 22.

Philip Morris Suspends Operations at MTB Due to Coronavirus – Mar 23, 2020

The impact of the coronavirus outbreak can be felt across all sectors. Owing to its rapid spread, Philip Morris is temporarily suspending all operations at Philip Morris Manufacturing & Technology Bologna S.p.A., Italy ("MTB"). Management is suspending production for a week in view of the current scenario and the government's concerted endeavors to contain the spread.

Notably, MTB formed about 50% of HTU production, as of February. Nonetheless, the company's HTU facilities are currently operational with an installed capacity of roughly 70 billion units annually. Thus, Philip Morris doesn't anticipate facing any out-of-stock situation in any of its major operating income areas and expects customers to continue having access to its products.

Valuation

Philip Morris shares are down 9.7% in the year-to-date period and 11.4% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Staples sector are down 14.9% and 9%, respectively in the year-to-date period. Over the past year, the Zacks sub-industry is down 12.8%, while the sector declined 9.4%.

The S&P 500 index is up 0.1% in the year-to-date period and up 6.9% in the past year.

The stock is currently trading at 14.42X forward 12-month earnings, which compares to 10.47X for the Zacks sub-industry, 20.1X for the Zacks sector and 22.51X for the S&P 500 index.

Over the past five years, the stock has traded as high as 23.71X and as low as 10.74X, with a 5-year median of 18.13X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $81 price target reflects 15.2X forward 12-month earnings.

The table below shows summary valuation data for PM

Valuation Multiples - PM

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.42	10.47	20.1	22.51
	5-Year High	23.71	21.23	22.37	22.51
	5-Year Low	10.74	9.96	16.63	15.25
	5-Year Median	18.13	16.88	19.58	17.52
P/S F12M	Current	4.03	3.2	9.5	3.55
	5-Year High	6.47	6.8	11.15	3.55
	5-Year Low	3.01	3.07	8.1	2.53
	5-Year Median	4.77	4.86	9.89	3.02
EV/EBITDA F12M	Current	10.79	8.21	32.76	13.21
	5-Year High	16.08	17.13	37.49	14.22
	5-Year Low	8.4	7.84	25.81	9.05
	5-Year Median	12.71	12.63	33.81	11

As of 07/24/2020

Industry Analysis Zacks Industry Rank: Top 20% (50 out of 252)

Top Peers

Company (Ticker)	Rec	Rank
JAPAN TOB INC **(JAPAY)**	Outperform	2
Turning Point Brands, Inc. **(TPB)**	Outperform	1
British American Tobacco p.l.c. **(BTI)**	Neutral	3
Altria Group, Inc. **(MO)**	Neutral	3
Constellation Brands Inc **(STZ)**	Neutral	3
SchweitzerMauduit International, Inc. **(SWM)**	Neutral	3
Vector Group Ltd. **(VGR)**	Neutral	3
Imperial Tobacco Group PLC **(IMBBY)**	Underperform	3

Industry Comparison Industry: Tobacco

	PM	X Industry	S&P 500	BTI	IMBBY	MO
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	B	A	A
Market Cap	119.67 B	1.14 B	22.16 B	79.23 B	16.86 B	77.77 B
# of Analysts	9	1	14	5	4	8
Dividend Yield	6.09%	5.34%	1.81%	7.77%	5.66%	8.03%
Value Score	D	-	-	A	A	C
Cash/Price	0.03	0.11	0.06	0.04	0.07	0.07
EV/EBITDA	12.53	8.18	13.07	8.82	NA	43.63
PEG Ratio	1.87	1.96	3.03	1.33	NA	1.96
Price/Book (P/B)	NA	1.85	3.11	0.90	2.69	11.72
Price/Cash Flow (P/CF)	13.21	8.22	12.27	6.47	3.48	9.63
P/E (F1)	15.31	11.40	21.88	8.29	5.63	9.81
Price/Sales (P/S)	1.57	1.58	2.38	NA	NA	3.01
Earnings Yield	6.53%	7.75%	4.34%	12.08%	17.74%	10.18%
Debt/Equity	-2.67	0.31	0.76	0.59	2.19	4.06
Cash Flow ($/share)	5.82	3.33	7.01	5.35	5.11	4.35
Growth Score	C	-	-	B	A	A
Hist. EPS Growth (3-5 yrs)	3.99%	8.67%	10.82%	NA	NA	10.87%
Proj. EPS Growth (F1/F0)	-3.25%	0.62%	-9.01%	1.11%	-5.88%	1.07%
Curr. Cash Flow Growth	1.35%	1.35%	5.47%	8.98%	-3.71%	4.57%
Hist. Cash Flow Growth (3-5 yrs)	-2.07%	4.91%	8.55%	12.83%	1.08%	8.93%
Current Ratio	1.13	1.28	1.31	0.71	0.75	0.71
Debt/Capital	NA%	46.53%	44.41%	37.08%	68.66%	80.25%
Net Margin	9.54%	3.75%	10.46%	NA	NA	-3.33%
Return on Equity	-80.24%	9.70%	15.13%	NA	NA	84.55%
Sales/Assets	1.90	0.84	0.54	NA	NA	0.49
Proj. Sales Growth (F1/F0)	-3.61%	-1.46%	-2.06%	-1.46%	-72.11%	3.07%
Momentum Score	B	-	-	D	A	B
Daily Price Chg	0.72%	0.19%	-0.65%	-0.72%	1.02%	0.65%
1 Week Price Chg	2.84%	0.00%	3.82%	-4.81%	0.45%	3.15%
4 Week Price Chg	8.74%	5.26%	4.96%	-11.98%	-6.31%	5.52%
12 Week Price Chg	3.02%	2.23%	9.30%	-9.31%	-15.76%	6.62%
52 Week Price Chg	-10.25%	-19.83%	-2.82%	-7.41%	-33.57%	-15.61%
20 Day Average Volume	4,809,596	255,744	2,026,477	1,997,671	94,278	6,219,426
(F1) EPS Est 1 week change	2.58%	0.00%	0.00%	-0.19%	0.56%	0.35%
(F1) EPS Est 4 week change	2.25%	0.25%	0.15%	-0.19%	0.56%	0.50%
(F1) EPS Est 12 week change	0.34%	0.02%	-3.24%	-0.29%	-3.73%	-1.36%
(Q1) EPS Est Mthly Chg	-3.92%	0.00%	0.00%	NA	NA	-0.52%

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	D
Growth Score	C
Momentum Score	B
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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