

## ResMed Inc.(RMD)

**\$192.48** (As of 07/02/20)

Price Target (6-12 Months): **\$221.00**

Long Term: 6-12 Months

**Zacks Recommendation:** Outperform

(Since: 07/01/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

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

**2-Buy**

Zacks Style Scores:

VGM:C

Value: C

Growth: B

Momentum: F

## Summary

ResMed registered growth at CER in its key operating segments. Ventilators and mask sales were particularly strong on ramped-up demand across the globe amid the coronavirus outbreak. ResMed produced more than 52,000 non-invasive ventilators, including bilevels and invasive ventilators, during the quarter, marking a three-fold increase from the year-ago period. The company registered strong sales across all geographies in the quarter. A strong solvency level and expansion of both margins buoy optimism. Its third-quarter fiscal 2020 results were better-than-expected. Over the past six months, the company has outperformed its industry. However, reimbursement headwinds and major threats from competitive bidding are concerning. Other headwinds for the company arise from a stiff competitive landscape and a challenging macroeconomic scenario.

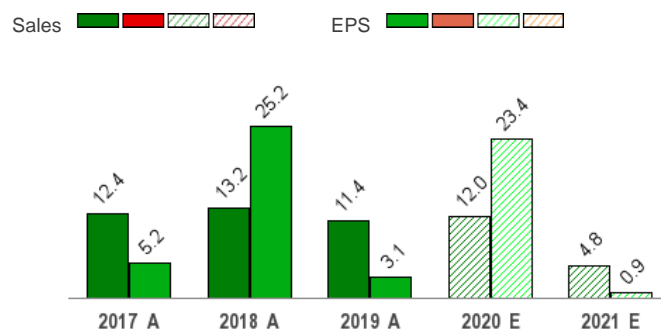
## Price, Consensus & Surprise



## Data Overview

52 Week High-Low	\$193.91 - \$108.85
20 Day Average Volume (sh)	796,848
Market Cap	\$27.8 B
YTD Price Change	24.2%
Beta	0.50
Dividend / Div Yld	\$1.56 / 0.8%
Industry	<a href="#">Medical - Products</a>
Zacks Industry Rank	Top 35% (89 out of 252)

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



Last EPS Surprise	29.0%
Last Sales Surprise	7.6%
EPS F1 Est- 4 week change	0.4%
Expected Report Date	07/23/2020
Earnings ESP	0.0%
P/E TTM	43.9
P/E F1	42.5
PEG F1	4.0
P/S TTM	9.6

## Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	688 E	769 E	808 E	809 E	3,061 E
2020	681 A	736 A	769 A	711 E	2,921 E
2019	588 A	651 A	662 A	705 A	2,607 A

## EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.91 E	\$1.10 E	\$1.21 E	\$1.21 E	\$4.53 E
2020	\$0.93 A	\$1.21 A	\$1.29 A	\$0.99 E	\$4.49 E
2019	\$0.81 A	\$1.00 A	\$0.89 A	\$0.95 A	\$3.64 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 07/02/2020. The reports text is as of 07/03/2020.

## Overview

ResMed, Inc. holds a major position as designer, manufacturer, as well as a distributor in the worldwide market for generators, masks, and related accessories for the treatment of sleep-disordered breathing (SDB) and other respiratory disorders. SDB includes obstructive sleep apnea (OSA) and other respiratory disorders that occur during sleep.

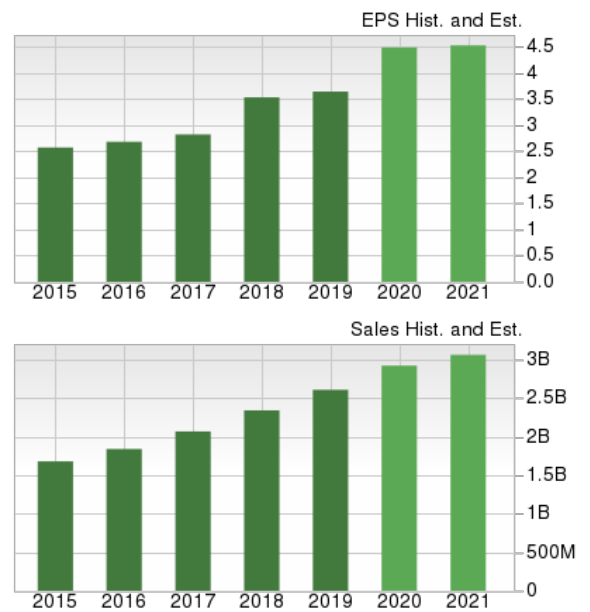
Following multiple acquisitions, including Brightree LLC in April 2016, HEALTHCAREfirst in July 2018 and MatrixCare in November 2018, the company currently has two operating segments, which are the **Sleep and Respiratory Care** segment (89.4% in fiscal 2019) and the **SaaS** segment (10.6% in fiscal 2019). In fiscal 2019, the first segment registered 7% revenue growth, while the latter registered 76% revenue growth from fiscal 2018.

Sleep and Respiratory Care includes Device; and Masks and other.

**Devices** include CPAP, VPAP and AutoSet systems for the titration and treatment of SDB. During fiscal year 2017, AirMini, the smallest portable CPAP on the market was launched. The company also acquired a line of Chinese-developed and manufactured sleep and ventilation devices with the acquisition of Curative Medical in fiscal year 2016.

**Masks and others:** This portfolio consists of different masks for SDB treatments like AirFit F20 in the full-face category and the AirFit N20, AirFit N30i etc.

**Software-as-a-Service (SaaS):** Following multiple acquisitions, including Brightree LLC in April 2016, HEALTHCAREfirst in July 2018 and MatrixCare in November 2018, this segment offers out-of-hospital software products.



## Reasons To Buy:

▲ **Share Price Performance:** Over the past six months, the company has outperformed its industry. The stock has gained 23.4% against the 8.5% decline of the industry. The company delivered solid third-quarter fiscal 2020 results, with earnings and revenues beating the Zacks Consensus Estimate. ResMed registered growth at CER across its key operating segments — Total Sleep and Respiratory Care, and SaaS. Increase in demand for the company's life support ventilators, non-invasive ventilators and ventilation mask systems amid the pandemic outbreak boosted ResMed's sales during the third quarter. In this regard, ResMed produced more than 52,000 non-invasive ventilators, including bilevels and invasive ventilators, during the quarter. This marked a three-fold increase in production from the year-ago level. Geographically, ResMed's performance was impressive. Further, a strong solvency level and expansion in both margins buoy optimism. The potential in digital health and increasing opportunities in new markets boost investor confidence.

ResMed continues to rein in surging demand for its products for the treatment of SDB. Meanwhile, the company's latest Brightree buyout has been meaningfully boosting its sleep apnea devices sales in the U.S.

▲ **COVID-19-led Critical Care Drives Demand for Products:** ResMed saw significantly ramped-up demand for its critical care products during the first quarter. Accordingly, it has scaled up production of ventilators, masks and other respiratory devices since March. In the reported quarter, the company produced more than 52,000 non-invasive ventilators, including bilevels and invasive ones. According to the company, this marked a three-fold increase in production from the year-ago period. It is also witnessing increased demand for ventilators such as Astral, Stellar, Lumis as well as non-invasive ventilators like AirCurve, Flexo and the GA across geographies.

In line with this, the company recently launched cloud-based remote monitoring software for ventilators and Lumis bilevel devices across Europe via its AirView platform. This was launched keeping in mind the requirement of ventilators by patients on a daily basis for assisted breathing even during the ongoing pandemic. Further, many patients require regular medical check-ups and support. The company believes that to increase the capacity of the health system along with taking care of the interest of patients, innovations like telehealth and telemonitoring are crucial services.

▲ **Progress in Three-Horizon Growth Strategy – a Long-term Goal:** ResMed had identified three horizons for future growth viz, focus on ResMed's core sleep apnea franchise, growth in adjacent product and geographic markets and discover a portfolio of opportunities in new markets.

In terms of progress in the first horizon, which focuses on ResMed's core sleep apnea franchise, ResMed is actively progressing in the field of utilizing digital health technology to convert big data into valuable information. ResMed consists of over 4.5 billion nights of sleep apnea and Chronic Obstructive Pulmonary Disease (COPD) treatment data in the cloud and that growth remains to be staggering.

In this line, the Propeller Health buyout in 2019 was a significant addition to the company's vision of longitudinal solutions in respiratory care.

The addition of Propeller by pharmaceutical retailer Walgreens in its pharmacy's health platform (Find Care) paves the way for expanding the outreach of Propeller into Walgreens customers. Further, the collaboration with Verily is successfully creating software solutions for the purpose of better living of sleep apnea patients.

This apart, ResMed has been making advanced technology combined with digital health and connected care solutions. The company now has more than 12 million patients being monitored with the AirView software, the company's cloud-based platform for managing sleep apnea and COPD patients. Also, over 11 million 100% cloud connectable ResMed devices have been installed in the market.

▲ **Potential in Digital Health:** Of late, ResMed has been focusing on digital health technology. The Brightree and MatrixCare software systems are significantly contributing to the company's capabilities of managing 90 million more people outside the hospital setting. Given that digital health technology is an integrator across everything that the company does; AirView, myAir, Propeller and a portfolio of other digital health solutions support the company's plans of reaching out to more customers and partners. ResMed is currently investing in advanced analytics and expanding its capabilities in machine learning and machine intelligence so that the digital health ecosystem can attain high volume-based growth rates.

During the reported quarter, ResMed rolled out a new pilot telehealth over video chat. This enables physicians to access information on Air Solutions and AirView as well as direct interaction with patients. This is also expected to minimize the need for a recovered COVID-19 patient to return to the emergency room or a physician outpatient setting.

Given the company's progress in digital health solutions for COPD and asthma patients, the Propeller platform continues to play an important role in keeping patients outside the hospital.

▲ **Growing Adjacent Product and Geographic Markets:** The second horizon in the three-pronged growth strategy is growth in adjacent product and geographic markets. This includes homecare ventilation for COPD, Amyotrophic Lateral Sclerosis (ALS) and other respiratory disorders, and emerging markets in China, India and Brazil. For progress in this horizon, management believes that the spectrum of cloud connected respiratory care products across ResMed's portfolio will play a big role in reducing costs and improving outcomes. Connected Care in ventilation can reduce costs and improve patient outcomes in COPD and beyond. With COPD being the number three cause of death in the Western world and the number two cause of re-hospitalization in the West, we expect this strategy of ResMed to play crucial role in its growth process.

In this respect, it is worth noting that Brightree (a subsidiary of ResMed) has announced the acquisition of SnapWorx (a privately held software company) in January 2020, which was completed in the fiscal third quarter. With the buyout, ResMed aims to strengthen its continuous positive airway pressure (CPAP) resupply market. It believes that the combination of the technologies of Brightree and SnapWorx will be beneficial to its home medical equipment (HME) customers by increasing patient adherence and operational efficiency. However, this acquisition is expected to remain accretive to the company's adjusted earnings per share from fiscal 2021.

▲ **Increasing Opportunities in New Markets:** The third growth horizon of the three-pronged growth strategy incorporates a portfolio of opportunities in new markets, including clinical adjacencies such as atrial fibrillation, heart failure with preserved ejection fraction, asthma, chronic disease management as well as sleeps health and wellness. Another key area of this horizon is ResMed's work on chronic disease management algorithms, including population health models, health care analytics, care co-ordination and SaaS models for home health, home nursing and hospice. Lately, the company has been registering steady growth across its Brightree service portfolio and additional contribution from the buyouts of MatrixCare and HEALTHCAREfirst.

▲ **Strategic Pacts to Boost SaaS Business:** ResMed has been continuously opting for strategic buyouts to boost the revenues from SaaS business. According to the company, this niche is booming with prospects and has a total addressable market over \$1.5 billion in the United States alone. Leveraging on the company's leading positions in multiple SaaS verticals, ResMed expects its SaaS portfolio to move from high single-digit pro forma growth to low double-digit pro forma growth over the medium term and this rate should continue to be sustainable over the long-term.

Global revenues from SaaS in the quarter under review represented a 12% increase year over year due to continued momentum in the Brightree service portfolio and an additional contribution from the MatrixCare buyout.

Within its SaaS portfolio, the company inked a collaboration deal with Cerner as a new preferred provider for home health and hospice software. The partnership is aimed at strengthening ResMed's position as an industry-leading provider of digital health solutions for out-of-hospital healthcare. ResMed's offerings for home health and hospice customers comprises of the most superior technology from MatrixCare and Brightree. This agreement ensures that the entire portfolio of ResMed's home health and hospice solutions is available to Cerner's entire consumer base. The partnership is in the early stages and is progressing well.

▲ **Huge Potential in SDB Market:** The market for SDB is huge and is, as yet, to a great extent, underpenetrated across the globe. Globally, the scenario is grave with over 100 million suffering from sleep apnea (per an article published on The Sleep Zone). Per a report by MarketsAndMarkets, the global sleep apnea devices market is expected to see a CAGR of 7.8% to reach \$6.49 billion between 2018 and 2023. Moreover, a strong correlation between OSA and a number of cardiovascular diseases has been discovered recently.

However, despite the high prevalence of OSA, there is lack of awareness regarding it among both physicians and patients. It is estimated that less than 20% of patients suffering from OSA have been diagnosed or given proper treatment. With the global SDB market currently growing in mid-single-digits, ResMed is leaving no stone unturned to expand its foothold in this market. With this in view, ResMed has begun working on the joint venture with Verily to develop software solutions that allow healthcare providers to discover, diagnose, treat and manage individuals with sleep apnea and other breathing-related sleep conditions more efficiently.

Management is also looking forward to the proposed rule by Centers for Medicare and Medicaid Services to make changes to the bidding and pricing methodologies under the competitive bidding program. Moreover, the company continues to focus on its target to change 250 million lives by 2025. We expect ResMed with its broad range of products to create a solid foothold in the global SDB market.

▲ **Increased Focus on International Markets:** ResMed continues to invest and expand its presence in high growth markets like China, South Korea, India, Brazil and many countries in Eastern Europe. Interestingly, in each of these regions, ResMed is implementing long-term strategies to improve quality of patient life for the purpose of delivering better patient outcomes and reduce overall system healthcare costs within each individual country. ResMed is also currently focusing on consolidating its strong presence in Europe with respect to its life support ventilation solutions and non-invasive ventilation solutions for chronic obstructive pulmonary disease and neuromuscular disease.

In the fiscal third quarter, revenues from the combined Europe, Asia, and other markets grew 27% at constant exchange rate or CER in terms of total Sleep and Respiratory Care. Geographically, excluding SaaS, total Sleep and Respiratory Care revenues in the United States, Canada and Latin America improved 12% at CER from the prior-year period.

During the reported quarter, mask and other sales grew 22% in combined Europe, Asia and other markets at CER, reflecting robust demand for products owing to customer responses in the wake of the pandemic.

▲ **Strong Emphasis on Product Development:** In order to maintain its leadership position in the SDB market and to expand its sales base, ResMed is focusing on product development and innovation. In this regard, ResMed introduced its first tube-up full face CPAP mask AirFit F30i in January, thus completing its full face mask portfolio in the market. It is currently available in the United States, Canada and across majority of Europe and will later be rolled out in other countries.

In this regard, ResMed recently expanded its AirFit mask portfolio with the introduction of the world's first tube-down nasal cradle CPAP mask with a front-facing tube, AirFit N30, in the United States. It will later be available in other countries as well.

The company is also progressing well with its flagship masks — the AirFit F20, the AirFit N20 and AirFit N30.

According to the company, it is well positioned for fiscal 2020 and will work on a pipeline of new products and connected care solutions for sleep apnea, COPD, neuromuscular disease and other clinical adjacencies.

▲ **Strong Device Sales:** ResMed received a major boost in its device sales business from the coronavirus-led increase in demand for masks and ventilators. The company recorded strong sales of devices and masks along with other sales across all major geographies, thus pushing up the global sales tally by 18% at CER over the prior-year quarter.

▲ **Strong Solvency With Heavy Payout Load:** ResMed exited the third quarter of fiscal 2020 with cash and cash equivalents of \$353 million compared with \$204 billion at the end of the second quarter of fiscal 2020. Meanwhile, total debt was \$1.51 billion for the quarter, compared with \$1.34 billion in the sequentially last-reported quarter. The figure is much higher than the quarter-end cash and cash equivalent level. However, if we go by the company's near-term-payable debt level of \$35 million, it is pretty low compared to the cash in hand. This reflects strength in the company's solvency position despite the challenging times. ResMed is holding sufficient cash for short-term debt repayment.

However, the quarter's total debt-to-capital ratio was 0.40, indicating a slightly leveraged balance sheet. Moreover, it represents a sequential

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increase from 38.1% at the end of the fiscal second quarter. Meanwhile, the times interest earned for the company stood at 15.1%, reflecting a sequential increase from 13.2%.

In the fiscal third quarter, the company repurchased shares of \$56.4 million. Meanwhile, the current payout ratio was 35.2%, representing a sequential decline from 38.2%. However, amid the pandemic-led economic crisis, if production and supply halt along with lockdowns across nations continue through the next few months, the company might find it burdensome to pay its regular quarterly dividends.

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## Risks

- **Reimbursement Headwind:** ResMed's ability to sell its products largely depends on the extent to which coverage and reimbursement for its products will be available from government health administration authorities, private health insurers and other organizations. These third-party payers are increasingly challenging the prices charged for medical products and services and can, deny coverage for treatments that may include the use of its products. In some markets, such as Spain, France and Germany, government coverage and reimbursement are currently available for the purchase or rental of its products but are subject to constraints such as price controls or unit sales limitations. In other markets, such as Australia, there is currently limited or no reimbursement for devices that treat SDB conditions.
- **Competitive Bidding – A Major Threat:** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 instructed the Centers for Medicare & Medicaid Services (CMS) to establish and implement programs under which customers that provide home healthcare services must compete to offer products in designated competitive bidding areas. CMS recently rolled out the competitive bidding program and included home medical equipment such as oxygen and oxygen equipment, CPAP and respiratory assist devices, and related supplies and accessories. In 2011, CMS implemented Round 1 of competitive bidding in 9 competitive bidding areas (CBAs).

In 2013, CMS announced the single payment amounts for Round 2, which covered a total of 91 CBAs. Effective Jul 1, 2013, the average reduction from the then-current Medicare payment rates in Round 2 was approximately 47% on a weighted average basis for CPAP and respiratory devices. In 2016, CMS implemented the Round 2 Recompete, covering a total of 117 CBAs, and announced the single payment amounts. In addition, the ACA required CMS to roll out the competitive bidding process nationally or adjust prices in non-competitive bidding areas, also known as the Round 3 areas, to match competitive bidding prices by 2016. CMS phased in the new rates beginning Jan 1, 2016, and were fully effective since Jul 1, 2016.

- **Competitive Landscape:** The market for SDB products is highly competitive with respect to product price, features and reliability. ResMed's primary competitors include Philips BV; DeVilbiss Healthcare; Fisher & Paykel Healthcare Corporation Limited; Apex Medical Corporation; BMC Medical Co. Ltd.; and regional manufacturers. The disparity between the company's resources and those of its competitors may increase owing to the trend of consolidation in the healthcare industry. Moreover, some of ResMed's competitors, such as Löwenstein Medical GmbH + Co. KG, are affiliates of its customers, which may make it difficult for the company to compete with them.
  - **Challenging Macroeconomic Scenario:** Pricing pressure in the United States and Europe has been a staggering issue over the past few quarters. Healthcare reform in the United States has created a degree of uncertainty for the medical devices companies and has created a less flexible pricing environment. Currency headwinds continue to affect ResMed's overseas sales. Moreover, the overall macro-economic uncertainty across the globe affects physician office visits, thereby impacting ResMed's progress. Thus, the company is treading cautiously in the markets it serves, especially Europe and the Americas, as the results from these territories might hurt margins. With growing concerns over healthcare spending taking its toll on players in the medical device space, the stock might suffer due to a sluggish market.
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## Last Earnings Report

### ResMed Q3 Earnings Top on Higher Ventilator Sales

ResMed announced strong third-quarter fiscal 2020 results, wherein adjusted earnings per share came in at \$1.29, up 45% year over year. The metric also beat the Zacks Consensus Estimate by 29%.

On a GAAP basis, earnings per share was \$1.12 for the quarter under review, reflecting an increase of 53% from the year-ago period.

Increase in demand for the company's life support ventilators, non-invasive ventilators and ventilation mask systems amid the pandemic outbreak boosted ResMed's sales during the third quarter

Fiscal third-quarter revenues, on a reported basis, increased 16.2% year over year (up 17% at CER) to \$769.5 million. The figure beat the Zacks Consensus Estimate by 7.6%.

### A Closer View of the Top Line

Geographically, excluding Software-as-a-Service, total Sleep and Respiratory Care revenues in the United States, Canada and Latin America improved 12% at CER from the prior-year period to \$393.5 million.

Combined Europe, Asia, and other markets grew 27% at CER to \$286.3 million in terms of total Sleep and Respiratory Care. Overall increase in revenues was driven by the robust performance of its mask and device product portfolios on increased demand for ventilators and ventilator masks.

Global revenues from Software-as-a-Service in the quarter under review were \$89.6 million, representing 12% increase year over year.

### Margins

Adjusted gross margin for the fiscal third quarter was 60%, reflecting an 84-basis point (bps) expansion from the year-ago number. The expansion was fueled by benefits from changes in product mix, and manufacturing and procurement efficiencies, partially offset by declines in average selling prices.

Selling, general and administrative expenses were up 4.8% year over year to \$172.4 million (up by 7% at constant exchange rate or CER). Research and development expenses increased 8.1% to \$51.4 million (up 8% at CER). However, adjusted operating margin in the reported quarter expanded 377 bps to 30.9%.

### Financial Updates

ResMed exited the third quarter of fiscal 2020 with cash and cash equivalents of \$352.9 million compared with \$204.1 million at the end of the fiscal second quarter.

Cumulative cash flow from operating activities was \$471.9 million at the end of the third quarter compared with \$317.2 million in the year-ago period.

Along with the earnings release, ResMed announced a regular quarterly dividend payout of 39 cents per share.

Quarter Ending 03/2020

Report Date	Apr 30, 2020
Sales Surprise	7.62%
EPS Surprise	29.00%
Quarterly EPS	1.29
Annual EPS (TTM)	4.38

## Recent News

On **May 27, 2020**, ResMed announced its collaboration with Rugby League Hall of Fame inductee, current NSW Blues State of Origin head coach, and Channel 9 commentator Brad Fittler to help raise awareness of the importance of healthy sleep.

On **May 18, 2020**, ResMed launched ResMed MaskSelector, which is a digital tool making remote patient mask selection and sizing easier and more effective. This will enable patients to receive the required care from home.

On **May 5, 2020**, ResMed launched its cloud-based remote monitoring software for ventilators and Lumis bilevel devices across Europe, via its AirView platform.

## Valuation

ResMed shares are up 24.2% in the year-to-date period and up 55.4% in the trailing 12-month periods. Stocks in the Zacks sub-industry and Zacks Medical sector are down 8.2% and down 1% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are down 7.1% and up 1.8%, respectively.

The S&P 500 index is down 3.2% in the year-to-date period and up 4.7% in the past year.

The stock is currently trading at 42.9X Forward 12-months earnings, which compares to 29.1X for the Zacks sub-industry, 22.7X for the Zacks sector and 22.2X for the S&P 500 index.

Over the past five years, the stock has traded as high as 42.9X and as low as 18.4X, with a 5-year median 26.6X. Our Outperform recommendation indicates that the stock will perform above the market. Our \$221 price target reflects 49.3X forward 12-months earnings.

The table below shows summary valuation data for RMD

Valuation Multiples - RMD					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	42.91	29.11	22.69	22.16
	5-Year High	42.91	30.95	23.15	22.16
	5-Year Low	18.44	17.01	15.93	15.25
	5-Year Median	26.64	20.15	18.94	17.52
P/S F12M	Current	9.53	3.75	2.79	3.47
	5-Year High	9.53	3.88	3.74	3.47
	5-Year Low	3.83	2.88	2.21	2.53
	5-Year Median	5.13	3.27	2.90	3.02
P/B TTM	Current	12.34	2.85	4.30	4.27
	5-Year High	12.34	3.47	5.06	4.56
	5-Year Low	4.39	2.19	2.93	2.83
	5-Year Median	6.05	2.78	4.28	3.69

As of 07/02/2020



## Industry Analysis Zacks Industry Rank: Top 35% (89 out of 252)



## Top Peers

Company (Ticker)	Rec	Rank
Quidel Corporation (QDEL)	Outperform	1
Abbott Laboratories (ABT)	Neutral	2
Baxter International Inc. (BAX)	Neutral	3
Collectar Biosciences, Inc. (CLRB)	Neutral	4
Cardiovascular Systems, Inc. (CSII)	Neutral	4
Haemonetics Corporation (HAE)	Neutral	3
HillRom Holdings, Inc. (HRC)	Neutral	3
Medtronic PLC (MDT)	Neutral	3

Industry Comparison Industry: Medical - Products				Industry Peers		
	RMD	X Industry	S&P 500	CSII	HAE	QDEL
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Outperform
Zacks Rank (Short Term)	2	-	-	4	3	1
VGM Score	C	-	-	D	C	C
Market Cap	27.85 B	337.65 M	21.98 B	1.14 B	4.66 B	9.54 B
# of Analysts	6	3	14	7	4	4
Dividend Yield	0.81%	0.00%	1.91%	0.00%	0.00%	0.00%
Value Score	C	-	-	D	C	F
Cash/Price	0.01	0.11	0.07	0.10	0.03	0.01
EV/EBITDA	41.04	0.31	12.74	209.61	22.58	61.98
PEG Ratio	4.01	4.21	2.89	NA	2.55	NA
Price/Book (P/B)	12.34	3.38	2.98	7.93	7.93	15.71
Price/Cash Flow (P/CF)	40.84	16.24	11.75	357.81	16.53	52.84
P/E (F1)	42.49	33.88	21.41	NA	30.65	30.03
Price/Sales (P/S)	9.63	5.18	2.30	4.33	4.71	16.98
Earnings Yield	2.35%	-0.46%	4.42%	-0.96%	3.26%	3.33%
Debt/Equity	0.65	0.11	0.76	0.15	0.52	0.15
Cash Flow (\$/share)	4.71	-0.01	6.94	0.09	5.60	4.30
Growth Score	B	-	-	C	B	B
Hist. EPS Growth (3-5 yrs)	11.93%	12.22%	10.93%	NA	15.52%	133.19%
Proj. EPS Growth (F1/F0)	0.89%	4.50%	-9.56%	61.73%	-8.76%	154.55%
Curr. Cash Flow Growth	7.87%	5.43%	5.51%	-44.46%	19.21%	-0.69%
Hist. Cash Flow Growth (3-5 yrs)	9.87%	7.87%	8.62%	15.92%	9.09%	52.19%
Current Ratio	2.66	2.74	1.30	3.29	2.20	2.10
Debt/Capital	39.48%	14.48%	44.46%	12.72%	34.23%	13.14%
Net Margin	17.73%	-28.57%	10.62%	-4.04%	7.74%	15.73%
Return on Equity	29.26%	-9.21%	15.75%	-7.36%	29.33%	23.69%
Sales/Assets	0.68	0.54	0.55	1.19	0.80	0.63
Proj. Sales Growth (F1/F0)	4.80%	0.00%	-2.54%	12.77%	-4.24%	77.90%
Momentum Score	F	-	-	B	D	C
Daily Price Chg	0.85%	0.00%	0.47%	2.94%	3.21%	2.84%
1 Week Price Chg	7.47%	-1.41%	-3.90%	-12.05%	3.10%	5.05%
4 Week Price Chg	19.69%	0.00%	-3.77%	-16.05%	-5.42%	44.71%
12 Week Price Chg	20.43%	13.23%	8.02%	-19.45%	-7.86%	136.65%
52 Week Price Chg	55.38%	-1.74%	-7.59%	-24.74%	-22.71%	286.78%
20 Day Average Volume	796,848	313,704	2,649,865	476,284	1,083,969	1,710,558
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	-1.23%	0.00%
(F1) EPS Est 4 week change	0.44%	0.00%	0.00%	-1.97%	-1.23%	0.00%
(F1) EPS Est 12 week change	-3.45%	-9.38%	-9.53%	-358.33%	-16.86%	127.70%
(Q1) EPS Est Mthly Chg	0.83%	0.00%	0.00%	4.95%	-0.68%	0.00%

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## 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.

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### 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	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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### Disclosures

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