

Charles Schwab Corp. (SCHW)

\$41.68 (As of 06/04/20)

Price Target (6-12 Months): **\$45.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 01/13/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM: C

Value: D

Growth: C

Momentum: C

Summary

Schwab's shares have underperformed the industry so far this year. In the trailing four quarters, its earnings outpaced the Zacks Consensus Estimate once, missed twice and reported in line on the other occasion. The company's first-quarter 2020 results were adversely impacted by a decline in revenues. Growth efforts through opportunistic acquisitions will further strengthen its position as a leading brokerage player and be accretive to earnings. In fact, the planned acquisition of TD Ameritrade will create a behemoth in the online brokerage industry. Though offering commission-free trading will likely lead to higher client assets and brokerage accounts for Schwab, this is expected to hurt revenue growth to an extent in the near term. Moreover, lower interest rates will hurt margin growth. Further, rising costs will likely hamper profits.

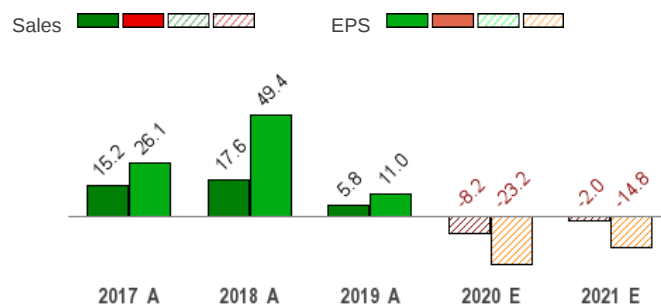
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$51.65 - \$28.00
20 Day Average Volume (sh)	10,198,922
Market Cap	\$53.7 B
YTD Price Change	-12.4%
Beta	1.24
Dividend / Div Yld	\$0.72 / 1.7%
Industry	Financial - Investment Bank
Zacks Industry Rank	Bottom 31% (175 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-6.3%
Last Sales Surprise	-0.1%
EPS F1 Est- 4 week change	0.6%
Expected Report Date	07/21/2020
Earnings ESP	-0.7%
P/E TTM	15.9
P/E F1	19.9
PEG F1	2.5
P/S TTM	5.1

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	2,397 E	2,416 E	2,434 E	2,438 E	9,638 E
2020	2,617 A	2,396 E	2,422 E	2,405 E	9,839 E
2019	2,723 A	2,681 A	2,711 A	2,606 A	10,721 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.46 E	\$0.46 E	\$0.46 E	\$0.45 E	\$1.78 E
2020	\$0.60 A	\$0.50 E	\$0.50 E	\$0.49 E	\$2.09 E
2019	\$0.69 A	\$0.66 A	\$0.74 A	\$0.63 A	\$2.72 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 06/04/2020. The reports text is as of 06/05/2020.

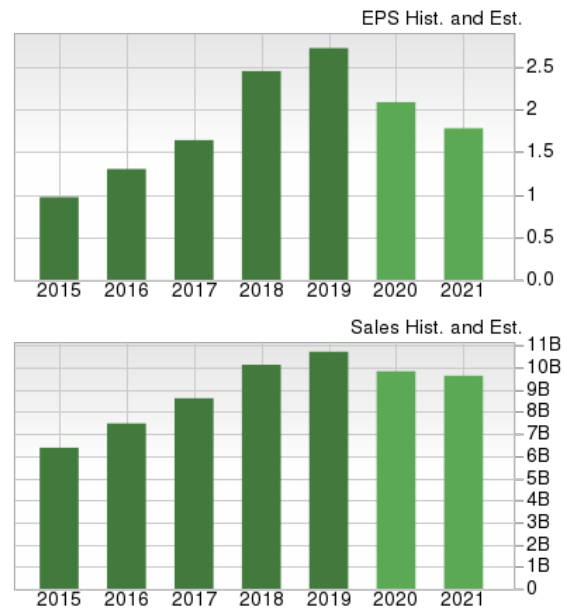
Overview

Headquartered in San Francisco, CA, The Charles Schwab Corporation is a savings and loan holding company, providing wealth management, securities brokerage, banking, asset management, custody and financial advisory services.

The company's main subsidiaries include Charles Schwab & Co. (securities broker-dealer), Charles Schwab Investment Management (an investment advisor for Schwab's proprietary mutual funds and Schwab's exchange-traded funds) and Charles Schwab Bank (a federal savings bank).

Schwab provides financial services to individuals and institutions through two reportable segments – Investor Services and Advisor Services.

- The **Investor Services** segment (constituting 71.1% of total net revenues in 2019) includes Schwab's retail brokerage and banking operations as well as retirement plan and corporate brokerage services. Through this segment, the company offers research, analytic tools, online portfolio planning tools, performance reports, market analysis and educational material to its clients.
- The **Advisor Services** segment (28.9%) offers custodial, trading and support services to independent investment advisors. It also provides retirement business services to independent retirement plan advisors and record-keepers.



In May 2020, Schwab closed a deal to acquire certain of assets of USAA's Investment Management Company, including brokerage and managed portfolio accounts.

As of Mar 31, 2020, the company had 12.7 million active brokerage accounts, 1.4 million banking accounts and 1.7 million corporate retirement plan participants.



Reasons To Buy:

- ▲ Schwab is focused on enhancing trading revenues, which has been under pressure for the last few years. The company has been taking several initiatives including lowering its basic online equity and ETF trade commissions to zero and reducing fees for the Schwab market cap-weighted index mutual funds. The company launch Schwab Stock Slices effective Jun 2. Through this, investors will be able to own shares of any company in the S&P 500 Index starting at \$5 each, even though their shares cost more. These efforts are aimed at building client base and will likely lead to improvement in trading income, going forward.
- ▲ Schwab continues to benefit from aggressive efforts to increase client base in advisory solutions. The advice solution revenues saw a four-year (2016-2019) CAGR of 9.4%, with the momentum continuing in first-quarter 2020. Despite the company lowering fees on certain advice solution products, revenues from the same increased as average client assets balance improved. Further, driven by the company's efforts, total client assets witnessed a four-year CAGR of 13.3% (ended 2019). Buyout of USAA's Investment Management Company and planned acquisition of TD Ameritrade will help further diversify revenues and be accretive to earnings. Moreover, deals to acquire Motif's technology and intellectual property, and Wasmer, Schroeder & Company, LLC will likely strengthen Schwab's position in the brokerage industry.
- ▲ Schwab remains focused on maintaining a low-cost capital structure and targets to maintain a long-term debt to total financial capital of less than 30%. As of Mar 31, 2020, the company had cash and cash equivalents of \$684.6 billion, and total debt worth \$85.2 billion. The company's total debt to total capital of 24.49% at the end of first quarter improved sequentially. Moreover, in January 2020, it announced a 6% increase in quarterly dividend, following a hike in 2019 and two in 2018. The company targets cash dividend in the range of 20-30% of net income. Further, it has a share repurchase program in place. As of Mar 31, 2020, \$1.8-billion shares were remaining under the buyback authorization. Given strong balance sheet position and lower dividend payout ratio than the industry, the company's capital deployments look sustainable in the near term.
- ▲ Further, Schwab's trailing 12-month return on equity (ROE) reflects its superiority in terms of utilizing shareholders' funds. The company's ROE of 18.25% compares favorably with 14.28% for the industry.
- ▲ Schwab's shares have underperformed the industry so far this year. However, its earnings estimates for 2020 have moved 1% upward over the past 30 days. Therefore, given the strong fundamentals and positive estimate revisions, the stock has upside potential.

Schwab's inorganic growth efforts and initiatives to augment trading revenues will continue boosting profitability. Further, its enhanced capital deployment plan reflects a strong balance sheet.

Reasons To Sell:

- ▼ Given the near-zero interest rates, Schwab's net interest margin (NIM) is expected to remain under pressure in the quarters ahead. In fact, significant improvement in margins is not expected in the near term, owing to the Federal Reserve's accommodative policy stance. Hence, a decline in margins will likely hurt the top line to some extent.
- ▼ Continuously mounting operating expenses are expected to hurt the company's bottom line to an extent. Expenses witnessed a CAGR of 9.4% over the last four years (2016-2019) mainly due to rise in compensation and benefit costs. The uptrend continued in first-quarter 2020 as well. Moreover, costs related to compensation and regulatory spending as well as ongoing investments to drive operating efficiency are expected to keep expenses high in the upcoming quarters.
- ▼ We remain apprehensive about Schwab's significant dependence on fee-based revenue streams (asset management and administration fees constituted more than 30% of net revenues in first-quarter 2020) and lower degree of capital intensity than peers. Though the company is undertaking measures that have resulted in higher trading revenues, these will not be sufficient for boosting overall revenues, as trading revenues constitute only a small portion (7.2%) of net revenues.
- ▼ Further, Schwab looks overvalued right now when compared with the broader industry. Its current price-earnings (P/E) (F1) and price-cash flow (P/CF) ratios are above the respective industry averages.

Near-zero interest rates are expected to hamper Schwab's net interest margin growth in the near term. Additionally, continuously mounting expenses will likely hurt the bottom line to an extent.

Last Earnings Report

Schwab Q1 Earnings Miss on Lower Revenues, Expenses Up

Charles Schwab's first-quarter 2020 adjusted earnings of 60 cents per share lagged the Zacks Consensus Estimate of 64 cents. Also, the bottom line decreased 13% from the prior-year quarter. Results for the reported quarter excluded \$37 million expenses relating to the three pending acquisitions.

Lower revenues and a rise in operating expenses hurt the results. However, increase in net new assets and higher new brokerage accounts — driven by solid client activity in coronavirus-induced volatile markets — acted as tailwinds.

Net income available to common shareholders was \$757 million, down 18% year over year.

Revenues Down, Expenses Rise

Net revenues were \$2.62 billion, down 4% year over year. The fall was due to decline in trading revenues (down 13%), net interest revenues (down 6%), and other revenues (down 57%) partially offset by a 10% rise in asset management and administration fees. The reported figure missed the Zacks Consensus Estimate.

Total non-interest expenses rose 8% year over year to \$1.57 billion. All expense components, except advertising and market development costs, increased from a year ago.

Pre-tax profit margin declined to 40.0% from 46.4% in the prior-year quarter.

At the end of the first quarter, Schwab's average interest-earning assets grew 7% year over year to \$292.4 billion.

Annualized return on equity as of Mar 31, 2020 came in at 14%, down from 20% at the end of the prior-year quarter.

Other Business Developments

As of Mar 31, 2020, Schwab had total client assets of \$3.5 trillion (down 2% year over year). Net new assets — brought by new and existing clients — were \$73.2 billion, up 42% from the year-ago quarter.

Schwab added 609,000 new brokerage accounts in the reported quarter, reflecting a jump of 58% from the year-ago period. As of Mar 31, 2020, the company had 12.7 million active brokerage accounts, 1.4 million banking accounts and 1.7 million corporate retirement plan participants.

Outlook

Management has provided 2020 outlook based on assumptions of 6.5% appreciation of the S&P 500 Index from the Apr 15, 2020 level, no change in short-term interest rates, long-term rates at 1.04% on an average, balance sheet growth of 30-40% and 45% year-over-year increase in daily average trades.

GAAP revenues are expected to decline 7-4% in 2020.

Assuming flat rates for the remainder of 2020, the company expects an average NIM of 1.70% for the year. During second-quarter 2020, NIM will likely be further under pressure, given the full effect of Fed rate cuts, expected normalization of LIBOR, and significant balance sheet growth during March.

For 2020, GAAP expenses, excluding the pending TD Ameritrade merger deal, are anticipated to increase in the range of 4.5-5.5%. Expenses relating to the pending USAA acquisition are expected to add 3-4% to expense growth rate.

Pre-tax profit margin is expected to be more than 38% in 2020.

Quarter Ending 03/2020

Report Date	Apr 15, 2020
Sales Surprise	-0.14%
EPS Surprise	-6.25%
Quarterly EPS	0.60
Annual EPS (TTM)	2.63

Recent News

Schwab-Ameritrade Deal Gets DOJ & Shareholder Nod - Jun 4

Charles Schwab's deal to acquire TD Ameritrade Holding for \$26 billion has received consent from the U.S. Department of Justice ("DOJ"). The all-stock deal, announced in November 2019, had raised antitrust concerns as it will make Schwab one of the prominent industry players.

Nonetheless, at that time, Schwab President and CEO Walt Bettinger had downplayed the antitrust risks. He had said, "We have numerous competitors, many of which are far larger than us today and far larger than a combined organization. They're going to continue to come right after us, as they are now in all aspects of the business."

In other development, shareholders of both Schwab and TD Ameritrade have approved the transaction, with more than 99% of votes cast in favor of the deal.

Further, the proposal to issue new Schwab common shares to TD Ameritrade stockholders as consideration for the acquisition was overwhelmingly approved by the shareholders.

Steve Boyle, interim president and CEO, TD Ameritrade said, "We are pleased that our shareholders are supportive of this transformative opportunity to create the ultimate client experience for retail investors and independent registered investment advisors."

Also, votes were cast in favor of "an amendment to the fifth amended and restated certification of incorporation of Schwab," which will lead to creation of a new class of non-voting common stock that will be issued to Toronto-Dominion Bank – having nearly 43% stake in TD Ameritrade at present.

Therefore, per the Schwab charter amendment, the number of authorized shares of Schwab will increase by 300 million, and it will be authorized to issue 300 million shares of non-voting common stock, each with a par value of \$0.01 per share.

By clearing these hurdles, the deal is a step closer to completion though it still requires other regulatory approvals. The deal is expected to close in the second half of 2020 and integration will likely take another 18-36 months.

Schwab Closes Deal With USAA's Investment Management Company - May 26, 2020

Schwab has closed the acquisition of the assets of USAA's Investment Management Company, including its brokerage and managed portfolio accounts. With an aim to diversify revenues, Schwab announced the deal in July 2019.

At the time of the announcement, the all-cash deal was valued at \$1.8 billion. Schwab projected the transaction to be modestly accretive to earnings on a cash basis by the first year and on a GAAP basis by the second year.

Also, it expected expense synergies from a reduction in clearing fees and other operating expenses.

Notably, as announced earlier, both companies have also entered a long-term referral agreement, which makes Schwab the exclusive wealth management and brokerage provider for USAA members. This is expected to provide "incremental organic growth opportunity for Schwab."

Walt Bettinger, president and CEO of Schwab, stated, "We are incredibly honored that USAA entrusted Schwab with the vital task of building the financial futures of its members. We understand that with this transaction comes a great responsibility to USAA members and their talented employees, and we are committed to making the integration as seamless and efficient as possible."

President and CEO of USAA Investment Management, Wayne Peacock, said, "USAA and Schwab share an unwavering commitment to the financial security of our members and clients. Schwab approaches every decision 'through clients' eyes' and offers a wide selection of investment products and services for some of the lowest costs in the industry. Our members now will receive expanded solutions from Schwab, who shares our client-centric approach and is committed to serving and employing military members."

The transaction will add scale to Schwab's Investor Services segment, with the addition of more than 1 million new accounts and roughly \$90 billion in client assets.

Almost 400 former employees of USAA have joined Schwab to support the new accounts and help transitioning members feel confident about their accounts moving to Schwab.

Now, with the completion of the deal, Schwab has an opportunity to serve USAA members as their exclusive provider of wealth management and investment brokerage services through the long-term referral agreement.

Schwab's April Metrics Solid on Coronavirus Volatility - May 14, 2020

Schwab reported monthly activity report for April 2020. The company recorded net new assets of \$15.3 billion, down 45% from the previous month. In the prior-year month, net new assets were an outflow of \$0.3 billion.

Total client assets were \$3.78 trillion, up 8% from March 2020 and 3% year over year. Client assets receiving ongoing advisory services were \$1.96 trillion, up 7% from the prior month and 2% year over year.

Schwab's average interest earning assets were \$353 billion at the end of April 2020, up 11% from March 2020 and 31% from April 2019. The company opened 201,000 new brokerage accounts in the reported month, down 29% sequentially but up 37% year on year.

Schwab's active brokerage accounts totaled 12.9 million at the end of April, up 1% sequentially and 8% from the year-ago month. Further, clients' banking accounts were 1.4 million, rising 1% from March 2020 and 10% from April 2019. The number of retirement-plan participants

declined 1% from the prior-month level but remained almost stable year on year at 1.7 million.

Schwab Inks Deal to Acquire Certain Assets of Motif – May 7, 2020

Schwab entered an all-cash deal with Motif to acquire the latter's technology and intellectual property. Financial details of the deal are not yet disclosed. The transaction is expected to close by mid-2020.

Based in Sans Francisco, CA, Motif provides thematic investment strategies and allows investors to trade intelligently weighted baskets of stocks built around themes, investing styles or multi-asset models.

Per the deal, all of Motif's technology and intellectual property including algorithms, patents and source code will be acquired by Schwab. Broker-dealer, RIA, client accounts and client assets are not included in the acquisition.

Schwab will hire a majority of Motif's development and investment talent. The founder of the acquired company will also join Schwab post the deal completion.

With the acquisition, Schwab aims to bolster existing capabilities, and speed up the development of thematic and direct indexing solutions for Schwab's retail investors and RIA clients.

"For over a decade, Motif's unwavering mission has been to introduce investors to the power of thematic investing. By combining data science and automation, we have developed an innovative and personalized investing platform that appeals to both individuals and advisors," said Hardeep Walia, founder of Motif.

Schwab on Buying Spree, to Acquire Wasmer Schroeder - Feb 24, 2020

Charles Schwab, with the goal to strengthen its position in the brokerage industry, inked a deal to acquire Naples, FL-based Wasmer, Schroeder & Company, LLC. The value of the all-cash deal has not been disclosed.

Wasmer Schroeder is an independent investment manager of fixed income separately managed accounts. It had almost \$10.5 billion in assets under management as of Dec 31, 2019. The deal is expected to enhance Schwab's fixed income capabilities and expand its approximately \$90 billion in separately managed accounts.

The transaction, subject to customary closing conditions, is expected to close by mid-2020.

Wasmer Schroeder's team of more than 60 employees, including roughly 30 investment professionals, has significant experience in the fixed income markets. The deal will provide Schwab an opportunity to increase asset flows in fixed income separately managed account business.

Rick Wurster, executive vice president, Schwab Asset Management Solutions said, "Wasmer Schroeder's professionally managed portfolios and investment capabilities will help Schwab deliver on a wide-range of fixed income investment needs and preferences, and complements the total wealth management offering we make available to our retail and RIA clients."

Schwab to Acquire TD Ameritrade - Nov 25, 2019

Charles Schwab has inked an all-stock deal to acquire TD Ameritrade Holding for roughly \$26 billion. This will create a behemoth in online brokerage space with combined client assets worth more than \$5 trillion and serving nearly 24 million brokerage accounts.

Schwab President and CEO Walt Bettinger said, "With this transaction, we will capitalize on the unique opportunity to build a firm with the soul of a challenger and the resources of a large financial services institution that will be uniquely positioned to serve the investment, trading and wealth management needs of investors across every phase of their financial journeys."

Exchange Ratio, New Headquarter & Other Details

Under the deal terms, shareholders of TD Ameritrade will receive 1.0837 Schwab shares for each TD Ameritrade share. This represents a 17% premium over the 30-day volume weighted average price exchange ratio as of Nov 20, 2019.

The transaction, still subject to regulatory approvals and consent of shareholders of both the companies, is expected to close in the second half of 2020. The integration process will start immediately thereafter, which is likely to take around 18-36 months.

As part of this process, the combined company's headquarter will be shifted to Westlake, TX from Schwab's current base in San Francisco. Nearly \$1.6 billion charge related to the integration is expected to be incurred over three years after closing.

The deal has been approved by the board of directors of both the companies as well as the Strategic Development Committee of TD Ameritrade's board (formed to supervise and conduct the process and all negotiations concerning the transaction).

Following the deal closure, The Toronto-Dominion Bank, which has nearly 43% stake in TD Ameritrade at present, is likely to have an ownership position of roughly 13% in the combined company. Other TD Ameritrade stockholders and existing Schwab stockholders will hold approximately 18% and 69% stake, respectively.

Moreover, TD Bank will have two new seats on the combined company's board, while TD Ameritrade will have one. Further, TD Ameritrade has halted previously announce process of searching for new CEO and named Stephen Boyle, the company's EVP and CFO, as interim President and CEO.

Also, as two of the biggest online brokers are involved, the transaction could face tough antitrust scrutiny. Nonetheless, Bettinger downplayed the antitrust risks for the deal. In the conference call following the announcement, he said, "We have numerous competitors, many of which are far larger than us today and far larger than a combined organization. They're going to continue to come right after us, as they are now in all aspects

of the business."

Accretive to Earnings, Cost Synergies

The deal is expected to result in substantial strategic benefits for the combined firm. Also, clients of both Schwab and TD Ameritrade will benefit from enhancement of "investing and trading experience."

Boyle said, "Partnering with Schwab on this transformative opportunity makes the right strategic and financial sense for TD Ameritrade."

The deal is expected to be single digit percentage accretive to operating cash earnings in the first-year post closing and 15-20% accretive in the third year. Further, it is projected to be 10-15% accretive to GAAP earnings in the third year, post completion.

Also, the deal is estimated to result in \$3.5-\$4.0 billion in total synergies. This will be mainly derived from expense savings and the Insured Deposit Account renegotiation transaction between Schwab and TD Bank.

On cost front, the current projection is for nearly \$1.8-\$2 billion run rate expense synergies, representing about 18-20% of combined company's cost base. A part of this synergy is expected to be realized from "elimination of overlapping and duplicative roles."

More synergies are likely to be generated through real estate, administrative and other savings. Nonetheless, no details related to these were provided at present.

Overall, all these are anticipated to reduce operating expenses as a percentage of client assets and help further diversify revenues. Notably, the deal is expected to increase percentage of trading related fees to total revenues to about 19% from nearly 9% for Schwab at present.

Dividend Update

On Apr 22, Schwab declared a regular quarterly dividend of 18 cents per share. The dividend was paid out on May 22 to shareholders on record as of May 8.

Valuation

Schwab's shares are down 12.3% in the year-to-date period and 5.1% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are down 7.4% and 17.2% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 4.2% and the sector is down 9.4%.

The S&P 500 index is down 3.5% in the year-to-date period but up 10.1% in the past year.

The stock is currently trading at 21.33X forward 12 months earnings, which compares to 14.20X for the Zacks sub-industry, 17.04X for the Zacks sector and 22.55X for the S&P 500 index.

Over the past five years, the stock has traded as high as 32.01X and as low as 11.05X, with a 5-year median of 21.00X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$45 price target reflects 23.08X forward earnings.

The table below shows summary valuation data for SCHW

Valuation Multiples - SCHW					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	21.33	14.2	17.04	22.55
	5-Year High	32.01	15.31	17.04	22.55
	5-Year Low	11.05	6.04	11.57	15.23
	5-Year Median	21	11.42	13.96	17.49
P/TB TTM	Current	2.42	2.36	3.36	12.28
	5-Year High	5.45	3.33	4	12.77
	5-Year Low	1.89	1.4	2	5.97
	5-Year Median	3.81	2.38	3.47	9.28
P/S F12M	Current	5.5	3.95	5.8	3.51
	5-Year High	8.08	4.53	6.69	3.51
	5-Year Low	3.38	2.74	4.98	2.53
	5-Year Median	5.68	3.55	6.06	3.02

As of 06/04/2020

Industry Analysis Zacks Industry Rank: Bottom 31% (175 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
GAIN Capital Holdings, Inc. (GCAP)	Outperform	2
Tradeweb Markets Inc. (TW)	Outperform	1
Virtu Financial, Inc. (VIRT)	Outperform	1
TD Ameritrade Holding Corporation (AMTD)	Neutral	3
ETRADE Financial Corporation (ETFC)	Neutral	3
Interactive Brokers Group, Inc. (IBKR)	Neutral	4
LPL Financial Holdings Inc. (LPLA)	Neutral	3
Raymond James Financial, Inc. (RJF)	Neutral	4

Industry Comparison Industry: Financial - Investment Bank				Industry Peers		
	SCHW	X Industry	S&P 500	AMTD	ETFC	RJF
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	3	4
VGM Score	C	-	-	A	A	B
Market Cap	53.66 B	553.74 M	22.58 B	24.39 B	11.08 B	10.86 B
# of Analysts	7	2	14	7	4	1
Dividend Yield	1.73%	0.00%	1.87%	2.75%	1.12%	1.87%
Value Score	D	-	-	A	B	C
Cash/Price	2.22	0.74	0.06	1.15	0.68	1.59
EV/EBITDA	-6.70	1.78	12.93	1.82	3.84	-0.48
PEG Ratio	2.54	2.04	3.06	2.04	NA	NA
Price/Book (P/B)	2.29	1.62	3.09	2.66	1.90	1.62
Price/Cash Flow (P/CF)	11.71	9.34	12.17	9.61	10.03	9.41
P/E (F1)	19.94	16.05	22.17	15.39	18.72	17.42
Price/Sales (P/S)	5.06	1.35	2.41	4.19	3.90	1.32
Earnings Yield	5.01%	6.05%	4.27%	6.50%	5.35%	5.74%
Debt/Equity	0.36	0.36	0.76	0.54	0.24	0.49
Cash Flow (\$/share)	3.56	2.30	7.01	4.69	5.00	8.43
Growth Score	C	-	-	B	B	B
Hist. EPS Growth (3-5 yrs)	29.34%	15.61%	10.87%	30.56%	37.93%	21.84%
Proj. EPS Growth (F1/F0)	-23.32%	-25.70%	-10.79%	-29.06%	-33.56%	-38.51%
Curr. Cash Flow Growth	9.66%	2.06%	5.48%	17.86%	-5.88%	13.40%
Hist. Cash Flow Growth (3-5 yrs)	22.65%	13.28%	8.55%	21.50%	13.09%	17.54%
Current Ratio	0.42	1.31	1.29	1.15	0.29	1.06
Debt/Capital	24.49%	28.51%	44.75%	35.07%	17.79%	32.97%
Net Margin	33.30%	9.77%	10.59%	33.18%	29.81%	11.64%
Return on Equity	18.25%	14.28%	16.26%	23.05%	15.84%	14.55%
Sales/Assets	0.03	0.29	0.55	0.13	0.04	0.20
Proj. Sales Growth (F1/F0)	-8.22%	-1.41%	-2.61%	-14.27%	-11.59%	-2.17%
Momentum Score	C	-	-	A	C	B
Daily Price Chg	5.49%	0.46%	-0.08%	8.99%	3.79%	2.64%
1 Week Price Chg	9.38%	4.15%	4.60%	9.39%	10.64%	6.24%
4 Week Price Chg	18.51%	14.61%	12.07%	23.20%	25.37%	23.03%
12 Week Price Chg	46.61%	30.53%	25.17%	57.22%	62.38%	30.36%
52 Week Price Chg	-5.12%	-6.91%	0.34%	-13.89%	7.74%	-6.49%
20 Day Average Volume	10,198,922	97,844	2,537,324	4,047,726	2,541,189	1,070,193
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.62%	0.00%	-0.08%	1.38%	0.60%	0.00%
(F1) EPS Est 12 week change	-14.32%	-28.27%	-16.19%	-2.01%	-12.29%	-40.05%
(Q1) EPS Est Mthly Chg	-0.53%	0.00%	0.00%	2.46%	2.82%	0.00%

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	C
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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