

Constellation Brands (STZ)

\$189.95 (As of 01/17/20)

Price Target (6-12 Months): **\$199.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 03/11/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:B

Value: C

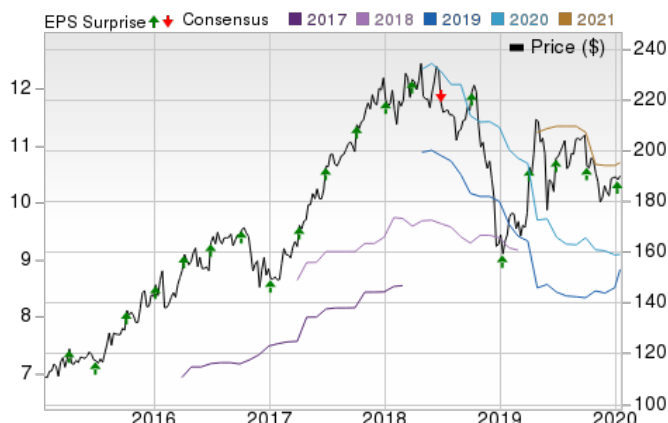
Growth: C

Momentum: B

Summary

Constellation Brands has outpaced the industry in the past year on a robust top and bottom-line trend, with the eighth consecutive beat recorded in third-quarter fiscal 2020. Results were aided by strength in the beer business and strong margins. Strength in its beer business due to higher depletions and shipment volume is driving the top line. Further, it is likely to gain from the launch of Corona hard seltzer in spring 2020. Also, the revised Gallo deal and related agreement to sell the Nobilo Wine brand are likely to aid the wine & spirits business. It is also poised to benefit from constant brand-building efforts, innovations and premiumization. As a result, it raised earnings and cash flow views for fiscal 2020. However, softness in the wine & spirits segment continued in the third quarter. Also, higher interest expenses remain a threat.

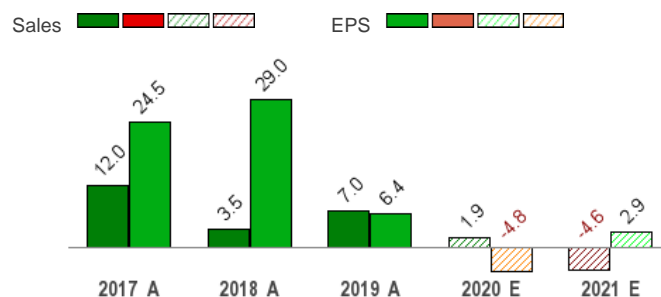
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$214.48 - \$161.50
20 Day Average Volume (sh)	1,317,738
Market Cap	\$36.4 B
YTD Price Change	0.1%
Beta	0.64
Dividend / Div Yld	\$3.00 / 1.6%
Industry	Beverages - Alcohol
Zacks Industry Rank	Bottom 22% (199 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	16.3%
Last Sales Surprise	2.3%
EPS F1 Est- 4 week change	3.8%
Expected Report Date	NA
Earnings ESP	0.0%
P/E TTM	21.3
P/E F1	21.5
PEG F1	2.5
P/S TTM	4.0

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,982 E	2,238 E	1,948 E	1,694 E	7,896 E
2020	2,097 A	2,344 A	1,999 A	1,840 E	8,274 E
2019	2,047 A	2,299 A	1,973 A	1,797 A	8,116 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$2.28 E	\$2.78 E	\$2.31 E	\$1.88 E	\$9.09 E
2020	\$2.21 A	\$2.72 A	\$2.14 A	\$1.65 E	\$8.83 E
2019	\$2.20 A	\$2.87 A	\$2.37 A	\$1.84 A	\$9.28 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/17/2020. The reports text is as of 01/21/2020.

Overview

Founded in 1945 and headquartered in Victor, NY, Constellation Brands Inc. produces and markets beer, wine and spirits. It is the third-largest beer company and a leading, high-end wine company in the United States. It has a strong portfolio of high-quality brands, including Corona, Modelo Especial, Robert Mondavi, Kim Crawford, Meiomi and SVEDKA Vodka. The company conducts its operations in the United States, Mexico, Canada, Italy and New Zealand.

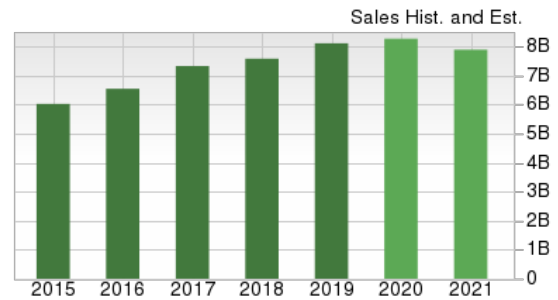
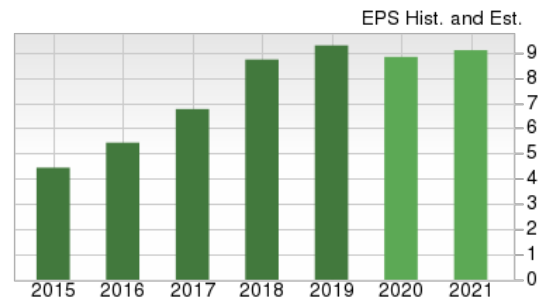
Furthermore, the company supplies its products to various customers, including wholesale distributors, retailers and through on-premise outlets.

The company reports in three operating segments: (1) Beer, (2) Wine and Spirits, and (3) Corporate Operations and Other. While the company's beer segment contributed about 64.1% to total sales in fiscal 2019, its Wine and Spirits segment contributed roughly 35.9%.

Beer: The company sells beer primarily under the Corona Extra, Corona Light, Corona Premier, Corona Familiar Modelo Especial, Modelo Negra, Modelo Chelada, Pacifico, and Victoria brands, as well as Funky Buddha, Four Corners, and Ballast Point brands.

Wine and Spirits: Constellation Brands' wine offerings include the 7 Moons, Black Box, Clos du Bois, Franciscan Estate, Kim Crawford, Mark West, Meiomi, Mount Veeder, Nobilo, Ravage, Robert Mondavi, Ruffino, Schrader, Simi, The Dreaming Tree, Charles Smith, Prisoner. Spirits are sold under the Casa Noble, High West, SVEDKA Vodka, Casa Noble tequila, and High West craft whiskey brands.

In April 2019, Constellation Brands agreed to divest a portion of its wine and spirits business, including roughly 30 low-end brands, to E. & J. Gallo Winery for \$1.7 billion. The transaction is expected to conclude in third-quarter fiscal 2020. Recently, it has also agreed to sell Black Velvet Canadian Whiskey to Heaven Hill in a deal worth \$266 million.



Reasons To Buy:

▲ **Robust Earnings & Sales Trend Drive Stock:** Shares of Constellation Brands have rallied 15.3% in the past year compared with the industry's 14% growth. The outperformance is attributed to the company's solid surprise trend, with the eighth consecutive earnings and sales beat recorded in third-quarter fiscal 2020. Results were primarily aided by strength in the beer business and strong margins. The beer segment continued to witness robust trends, owing to rise in shipment volume and depletions. Moreover, the company's adjusted gross margin expanded 200 basis points (bps), while comparable operating margin improved nearly 120 bps in the reported quarter. Further, it raised the earnings and cash flow guidance for fiscal 2020. For fiscal 2020, the company now envisions comparable earnings per share (EPS) of \$9.45-\$9.55, up from \$9.00-\$9.20 mentioned earlier. In fiscal 2019, it reported comparable EPS of \$9.28 and \$9.34 (excluding Canopy).

Strength in Constellation Brands' beer business is driving performance. In third-quarter fiscal 2020, the beer segment witnessed robust trends owing to rise in shipment volume and depletions.

▲ **Beer Business Gains From Brand Strength:** Constellation Brands has been significantly gaining from strength in the beer business over the years. In third-quarter fiscal 2020, sales at the beer business improved 7.3%, marking the 39th straight quarter of growth. This was mainly driven by 6.8% rise in shipment volume and 7.3% overall depletion growth. Import beer depletion growth was 7.9%. Solid portfolio depletions and market share gains mainly stemmed from continued strength in the Modelo and Corona brand families as well as continued innovation. Notably, depletions for Modelo Especial grew 15%, which ranked the fourth beer brand in the U.S. beer market. Meanwhile, the Corona Brand Family grew 7% in IRI channels on sustained strength of Corona Premier, innovations at Corona Refresca and renewed growth of Corona Extra. For fiscal 2020, management now estimates 7-8% net sales growth for the beer segment, with operating income growth of 8-9%. Earlier, the company anticipated net sales and operating income growth of 7-9% for the beer segment.

▲ **Hard Seltzer A Big Opportunity:** The beverage industry has undergone transformation with the arrival of hard seltzers, which has taken the alcohol-drinking American population by storm. The exponential rise of these products is a result of growing health-consciousness among drinkers and demand for better, refreshing beverages that offer more variety in terms of taste. The company notes that seltzers are stealing a large share from the beer, and wine & spirits categories, with a significant share sourced from the beer category. Constellation Brands is one of the beer companies looking for opportunities in the hard seltzer category, with the planned launch of Corona hard seltzer in spring 2020. The company is spending more than \$40 million for the launch, marking its biggest investment ever for a single brand. It plans to launch four flavors of the hard seltzer, namely tropical lime, mango, cherry and blackberry lime. The company decided to name its hard seltzer brand after Corona due to the brand's huge popularity with Hispanic and drinkers aged 21 to 54. Additionally, the refreshment characteristics of seltzers are a perfect match for Corona's refreshment quotient.

▲ **Wine & Spirits Business Transformation on Track:** Constellation Brands remains keen on reviving the performance of the wine & spirits business. As part of its wine and spirits transformation strategy, the company recently revised the terms of its original deal, pertaining to the divestiture of its certain wine and spirits business to E. & J. Gallo Winery. The Federal Trade Commission's ("FTC") competitive concerns related to the Sparkling Wine, Brandy, Dessert Wine and Concentrate categories prompted the revision of the deal. As part of the revised terms, the company excluded the sale of some brands from the transaction and reduced the deal value to \$1.1 billion (from \$1.7 billion earlier). The transaction, subjected to the FTC's approval, is now likely to conclude by fiscal 2020 end. In a separate but related deal, the company entered an agreement with E. & J. Gallo to divest its New Zealand-based Nobilo Wine brand and related assets worth \$130 million. The transaction, which is likely to conclude in the first half of fiscal 2021, is subjective to the FTC's and New Zealand's regulatory authority's approvals. Driven by the updated assumptions for the closing of the Gallo transactions, the company now expects an 8-10% decline in net sales and operating income for the wine and spirits business. Earlier, it anticipated a 15-20% decline in net sales for the wine & spirits business, with a 25% dip in operating income.

▲ **Innovation and Premiumization:** Constellation Brands' consistent focus on brand building and initiatives to include new products are its key revenue drivers. Owing to its endeavors, the company is gaining market share, especially in the U.S. beer category. Its innovations and marketing efforts are well-recognized in the beverage market. Notably, the company is benefiting from the success of the recent launches for the Robert Mondavi brand, including Private Selection Buttery Chardonnay and Woodbridge ready to drink packs. Further, Constellation Brands recently introduced Meiomi Sparkling, Crafters Union canned wine and Mi CAMPO tequila to tap the fast-growing sectors of the wine and spirits market. The company expects its strong innovation pipeline to drive growth in the years ahead. Furthermore, the company's premiumization strategy is gaining traction as its wine and spirits Power Brands (sold at price points of greater than \$11) continue to outpace competitors in the high-end market. The power brands improved 9% in IRI channels in the fiscal third quarter. Further, the company expects steady progress on its premiumization strategy throughout fiscal 2020, with mid-single-digit revenue growth expected for power brands in the fourth quarter.

▲ **Strong Cash Flows to Drive Shareholder Returns:** Constellation Brands has been consistently generating strong cash flows. As of Nov 30, 2019, the company generated operating cash flow of \$2,076.3 million and adjusted free cash flow of \$1,538 million, reflecting year-over-year improvements of 5% and 14%, respectively. The strong cash flows enable the company to enhance shareholder returns through regular dividend payouts and share repurchases. Driven by the strong free cash flow generated in the fiscal year so far, the company is on track to return \$4.5 billion in cash to shareholders through share repurchases and dividends by fiscal 2022. With debt reduction of \$1.3 billion in the first nine months of fiscal 2020, it is on track to achieve its leverage target of less than four times. Furthermore, it now expects to generate operating cash flow of \$2.2-\$2.4 billion for fiscal 2020. Its free cash flow expectation for fiscal 2020 is now \$1.5-\$1.6 billion compared with \$1.3-\$1.4 billion mentioned earlier. Also, it anticipates capital expenditure of \$700-\$800 million for fiscal 2020, with \$560 million estimated to be incurred for the expansion of Mexico beer operations.

Reasons To Sell:

- ▼ **Softness Persists in Wine & Spirits Business:** Constellation Brands has been witnessing softness in its wine & spirits business for a while now. Although the company's guidance for fiscal 2020 is impressive, net sales for the wine & spirits segment declined 9.7% in third-quarter fiscal 2020, owing to a 13.5% fall in shipment volume and an 11.7% decline in depletions. Organic net sales for the segment fell 8.7%. Moreover, the wine and spirits segment's operating margin contracted 80 bps, owing to higher COGS and SG&A expenses, as a percentage of sales, which was partly offset by mix benefits.
- ▼ **Canopy Growth Deal-Related Costs May Hurt Bottom Line:** Constellation Brands' outlook for fiscal 2020 includes the impacts of adjustments related to loss from the Canopy Growth deal (mostly higher interest expenses) and other activities. The additional \$4-billion Canopy Growth investment, which closed on Nov 1, 2018, was financed using debt. Including Canopy Growth-related investments, interest expenses are expected to be \$430 million for fiscal 2020. This might adversely impact the bottom line.
- ▼ **Competitive Threats:** Constellation Brands faces intense competition from other well-established players in the industry, including Beam Inc., Brown-Forman Corporation – B, Diageo plc, and Pernod Ricard SA. Moreover, Constellation Brands encounters competition from local and regional players in the respective countries. This may affect the company's future operating performance.
- ▼ **Seasonal Risks:** Constellation Brands' business is exposed to seasonal risks due to factors affecting demand for each major category of the beverage alcohol industry. In response to wholesaler and retailer demand, the imported beer category usually generates the highest sales during the first and second quarters of the fiscal year that are characterized by the spring and summer seasons in the U.S. Meanwhile, at the wine and spirits category, sales are robust during the third quarter of the fiscal year, primarily due to seasonal holiday buying.

The Canopy Growth deal-related interest expenses and persistent softness in the wine & spirits business are likely to hurt Constellation Brands' performance in fiscal 2020.

Last Earnings Report

Constellation Brands Beats on Q3 Earnings, Ups View

Constellation Brands delivered stellar third-quarter fiscal 2020 results, wherein the top and bottom lines surpassed the Zacks Consensus Estimate. With this, the company reported earnings and sales beat in the last eight consecutive quarters. Results were primarily aided by strength in the beer business and strong margins. Further, the company raised its earnings and cash flow guidance for fiscal 2020.

Constellation Brands reported fiscal third-quarter earnings of \$2.14 per share, which outpaced the Zacks Consensus Estimate of \$1.85. The reported figure included Canopy Growth equity loss of 25 cents. Excluding the Canopy effect, the company posted earnings of \$2.39, which grew 1% from the year-ago quarter.

Net sales improved about 1% to \$1,999 million and surpassed the Zacks Consensus Estimate of \$1,955 million. At the company's beer business, sales improved 8.3% to \$1,310.6 million, driven by 6.8% rise in shipment volume and 7.3% overall depletion growth. Import beer depletion growth was 7.9%. Solid portfolio depletions and market share gains mainly stemmed from continued strength in the Modelo and Corona brand families.

Notably, depletions for Modelo Especial grew 15%, which was ranked the fourth beer brand in the entire U.S. beer category. Meanwhile, the Corona Brand family grew 7% in IRI channels on sustained strength of Corona Premier and Corona Refresca as well as renewed growth of Corona Extra.

However, sales at the wine and spirits segment declined 9.7% to \$688.8 million in the fiscal third quarter. The downside resulted from a 13.5% fall in shipment volume and an 11.7% decline in depletions. Organic net sales for the segment fell 8.7%.

Margins

Adjusted gross profit grew 5% year over year to \$1,045.9 million. Also, the adjusted gross profit margin expanded 200 basis points (bps) to 52.3%.

Constellation Brands' comparable operating income rose 5% to \$644 million, while comparable operating margin improved nearly 120 bps to 32.2%.

Further, the operating margin at the beer segment increased 200 bps to 39.3%, owing to gains from favorable pricing and cost of goods sold (COGS), which were partly offset by higher marketing expenses. However, the wine and spirits segment's operating margin contracted 80 bps to 26.2%, owing to higher COGS and SG&A expenses, as a percentage of sales, which was partly offset by mix benefits.

Financial Position

Constellation Brands ended the fiscal third quarter with cash and cash equivalents of \$93.7 million. As of Nov 30, 2019, it had \$11,339.7 million in long-term debt (excluding current maturities) along with total shareholders' equity of \$12,036.3 million.

In the first nine months of fiscal 2020, Constellation Brands generated operating cash flow of \$2,076.3 million and adjusted free cash flow of \$1,538 million, reflecting year-over-year improvements of 5% and 14%, respectively.

On Jan 7, 2020, the company announced a quarterly dividend of 75 cents per share for Class A and 68 cents for Class B stock. The dividend is payable Feb 25 to its shareholders of record as of Feb 11.

Driven by the strong free cash flow generated in the fiscal year so far, the company is on track to return \$4.5 billion in cash to shareholders through share repurchases and dividends by fiscal 2022. Further, its debt reduction of \$1.3 billion in the first nine months of fiscal 2020 keeps it on track to achieve its leverage target of less than four times.

Recent Developments

As part of its wine and spirits transformation strategy, the company recently agreed to revise the terms of its original deal, pertaining to the divestiture of its certain wine and spirits business to E. & J. Gallo Winery. The Federal Trade Commission's ("FTC") competitive concerns related to the Sparkling Wine, Brandy, Dessert Wine and Concentrate categories prompted the revision of the deal. The transaction, subjected to the FTC's approval, is now likely to conclude by fiscal 2020 end.

In a separate but related deal, the Corona brewer entered an agreement with E. & J. Gallo to divest its New Zealand-based Nobile Wine brand and related assets worth \$130 million. The transaction, which is likely to conclude in the first half of fiscal 2021, is subjective to the FTC's and New Zealand's regulatory authority's approvals.

Further, Constellation Brands signed an agreement with Kings & Convicts Brewing Co. to sell the Ballast Point brand and related assets for an undisclosed amount. The sale will include Ballast Point-related production facilities and brewpubs (five in California and one in Chicago). However, Constellation Brands plans to retain the Craft & Specialty facility in Daleville, VA.

Fiscal 2020 Outlook

Management updated guidance for fiscal 2020. The company provided earnings per share projections on a GAAP basis and comparable (excluding Canopy) basis. Further, the guidance assumes the revised wine and spirits transaction to sell a portion of the business to E. & J. Gallo Winery to close at the end of fiscal 2020. Moreover, the separate but related agreement to divest the Nobile Wine brand to Gallo is expected to close in the first half of fiscal 2021. The additional gain or loss from these transactions is not accounted for in the revised guidance. Proceeds

Quarter Ending **11/2019**

Report Date	Jan 08, 2020
Sales Surprise	2.29%
EPS Surprise	16.30%
Quarterly EPS	2.14
Annual EPS (TTM)	8.91

from the transactions are expected to be used for debt repayment.

For fiscal 2020, the company now envisions comparable earnings per share (EPS) of \$9.45-\$9.55, up from \$9.00-\$9.20 mentioned earlier. In fiscal 2019, the company reported comparable EPS of \$9.28 and \$9.34 (excluding Canopy). On a reported basis, EPS for the fiscal year is anticipated to be 95 cents to \$1.05 compared with 55-75 cents stated earlier. Notably, it reported \$17.57 in fiscal 2019.

Constellation Brands now estimates 7-8% net sales growth for the beer segment for fiscal 2020, with operating income growth of 8-9%. Earlier, the company anticipated net sales and operating income growth of 7-9% for the beer segment.

Net sales and operating income for the wine and spirits business are now estimated to decline 8-10% mainly on the updated assumptions for the closing of the Gallo transactions. Earlier, the company anticipated a 15-20% decline in net sales for the wine and spirits business, with a 25% dip in operating income.

Certain other factors were also taken into consideration in providing earnings guidance. These include an interest expense expectation of \$430 million. Further, the company expects tax rate of 97-99% and weighted average diluted shares outstanding of 195 million.

For fiscal 2020, Constellation Brands anticipates capital expenditure of \$700-\$800 million, with \$560 million estimated to be incurred for the expansion of Mexico beer operations. The company now expects to generate operating cash flow of \$2.2-\$2.4 billion for fiscal 2020. Its free cash flow expectation for fiscal 2020 is now \$1.5-\$1.6 billion compared with \$1.3-\$1.4 billion mentioned earlier.

Recent News

Constellation Brands Revises Terms With Gallo, Cuts Deal Value – Dec 12, 2019

Constellation Brands agreed to revise the terms of its original deal pertaining to divestiture of its certain wine and spirits business to E. & J. Gallo Winery. The Federal Trade Commission's (FTC) competitive concerns related to the Sparkling Wine, Brandy, Dessert Wine, and Concentrate categories prompted the revision of the deal. The transaction, subjected to the FTC's approval, is now likely to conclude by fiscal 2020 end.

In April this year, Constellation Brands had agreed to divest nearly 30 low-end brands from its wine & spirits portfolio, priced at or below \$11 per bottle, to E. & J. Gallo Winery. The contract also included the divestiture of related facilities in California, New York and Washington. Notably, the deal, which is being superseded by the revised agreement, was valued at \$1.7 billion. However, the revised adjusted deal value is worth about \$1.1 billion, of which, \$250 million is an earnout on the divested brand performance in a two-year period after closure of the deal.

The revised terms excludes brands like Cook's California Champagne, J. Roget American Champagne and Paul Masson Grande Amber Brandy from the deal, resulting in the latest transaction price. On a combined-basis, these three brands generate sales of roughly five million cases annually. Driven by the ongoing transformation strategy for its wine and spirits business, Constellation Brands is expected to pursue the sale of these brands and Concentrate business. Management expects to divest the excluded brands by fiscal 2020.

Constellation Brands to Divest Ballast Point Brand & Assets – Dec 3, 2019

Constellation Brands signed an agreement with Kings & Convicts Brewing Co. to sell the Ballast Point brand and related assets for an undisclosed amount. The sale will include Ballast Point-related production facilities and brewpubs — five in California and one in Chicago. However, Constellation Brands plans to retain the Craft & Specialty facility in Daleville, VA.

The company decided to sell the popular craft beer brand on the recent shift in trends in the U.S. craft beer industry. With the sale of the Ballast Point brand and related assets, Constellation Brands expects to capitalize on growth opportunities for its high-performing import portfolio and upcoming product launches — including Corona Hard Seltzer — which is scheduled to be launched in spring 2020. Furthermore, the company expects the sale to be accretive to its depletion and margin trends, with slight gains likely to be realized, following the closing of the transaction. It anticipates closing the transaction by the end of fiscal 2020.

The acquisition of the Ballast Point brand is likely to be a game changer for Kings & Convicts. It expects to gain from the brand's knowledge and market presence. With the acquisition, it plans to further develop its brand as well as the acquired Ballast Point brand. Kings & Convicts will retain the existing workforce of Ballast Point, following the completion of the transaction.

Valuation

Constellation Brands shares are up 15.3% in the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Staples sector are up 14% and 18.1% over the past year, respectively.

The S&P 500 index is up 25.6% in the past year.

The stock is currently trading at 20.96X forward 12-month earnings, which compares to 24.28X for the Zacks sub-industry, 19.96X for the Zacks sector and 19.19X for the S&P 500 index.

Over the past five years, the stock has traded as high as 26.96X and as low as 15.19X, with a 5-year median of 22.96X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$199 price target reflects 21.96X forward 12-month earnings.

The table below shows summary valuation data for STZ

Valuation Multiples - STZ					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	20.96	24.28	19.96	19.19
	5-Year High	26.96	27.52	22.38	19.34
	5-Year Low	15.19	18.91	16.66	15.17
	5-Year Median	22.96	23.27	19.76	17.44
P/S F12M	Current	4.59	16.68	10.27	3.57
	5-Year High	5.5	20.67	11.13	3.57
	5-Year Low	3.33	14.42	8.09	2.54
	5-Year Median	4.37	17.56	9.88	3
EV/EBITDA TTM	Current	14.18	44.98	40.97	12.38
	5-Year High	47.83	53.07	44.94	12.86
	5-Year Low	12.29	33.68	31.54	8.48
	5-Year Median	17.92	42.98	38.33	10.67

As of 01/20/2020

Industry Analysis Zacks Industry Rank: Bottom 22% (199 out of 254)



Top Peers

Brown-Forman Corporation (BF.B)	Neutral
Anheuser-Busch InBev SA/NV (BUD)	Neutral
Carlsberg AS (CABGY)	Neutral
Diageo plc (DEO)	Neutral
Heineken NV (HEINY)	Neutral
Pernod Ricard SA (PDRDY)	Neutral
The Boston Beer Company, Inc. (SAM)	Neutral
Molson Coors Brewing Company (TAP)	Neutral

Industry Comparison Industry: Beverages - Alcohol				Industry Peers		
	STZ Neutral	X Industry	S&P 500	BUD Neutral	PDRDY Neutral	TAP Neutral
VGM Score	B	-	-	D	F	B
Market Cap	36.40 B	9.76 B	24.65 B	130.70 B	50.16 B	12.24 B
# of Analysts	6	1.5	13	3	2	7
Dividend Yield	1.58%	0.00%	1.73%	1.64%	1.62%	4.03%
Value Score	C	-	-	C	D	A
Cash/Price	0.00	0.02	0.04	0.00	0.02	0.03
EV/EBITDA	9.55	9.59	14.11	5.95	18.76	7.84
PEG Ratio	2.50	3.25	2.08	2.24	3.53	2.37
Price/Book (P/B)	3.02	2.43	3.39	1.67	2.72	0.91
Price/Cash Flow (P/CF)	15.85	15.93	13.81	12.26	23.70	6.23
P/E (F1)	21.51	24.28	19.19	18.77	24.71	14.24
Price/Sales (P/S)	4.04	2.24	2.69	2.42	NA	0.95
Earnings Yield	4.65%	4.05%	5.21%	5.32%	4.05%	7.02%
Debt/Equity	0.94	0.40	0.72	NA	0.40	0.60
Cash Flow (\$/share)	11.98	1.90	6.94	6.53	1.59	9.08
Growth Score	C	-	-	D	D	C
Hist. EPS Growth (3-5 yrs)	18.35%	7.35%	10.56%	-6.80%	NA	5.82%
Proj. EPS Growth (F1/F0)	-4.88%	8.11%	7.57%	2.16%	9.29%	-7.42%
Curr. Cash Flow Growth	2.09%	4.60%	14.73%	-9.50%	2.72%	8.69%
Hist. Cash Flow Growth (3-5 yrs)	23.16%	4.63%	9.00%	0.24%	4.22%	12.93%
Current Ratio	1.41	1.41	1.24	0.54	1.79	0.59
Debt/Capital	48.51%	29.41%	42.99%	56.55%	28.45%	37.54%
Net Margin	9.21%	7.96%	11.14%	17.63%	NA	1.19%
Return on Equity	14.15%	8.39%	17.16%	23.92%	NA	6.86%
Sales/Assets	0.32	0.52	0.55	0.46	NA	0.44
Proj. Sales Growth (F1/F0)	1.95%	3.34%	4.16%	1.58%	4.62%	-0.97%
Momentum Score	B	-	-	D	D	D
Daily Price Chg	-0.48%	0.00%	0.27%	0.45%	1.20%	0.00%
1 Week Price Chg	-0.61%	-0.09%	0.39%	-1.52%	-2.05%	3.17%
4 Week Price Chg	2.22%	0.48%	2.95%	-0.60%	7.05%	6.23%
12 Week Price Chg	-3.43%	0.85%	7.76%	-12.63%	6.78%	-3.96%
52 Week Price Chg	18.45%	6.08%	22.29%	11.18%	19.77%	-8.43%
20 Day Average Volume	1,317,738	22,458	1,536,375	845,590	71,207	1,703,709
(F1) EPS Est 1 week change	1.50%	0.00%	0.00%	-0.54%	0.00%	-0.18%
(F1) EPS Est 4 week change	3.76%	0.00%	0.00%	-0.54%	-0.97%	-0.18%
(F1) EPS Est 12 week change	4.40%	-2.57%	-0.40%	-7.99%	-1.29%	-7.96%
(Q1) EPS Est Mthly Chg	2.91%	0.00%	0.00%	NA	NA	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	C
Growth Score	C
Momentum Score	B
VGM Score	B

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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