

## Mercury Systems (MRCY)

**\$69.63** (Stock Price as of 12/17/2025)

Price Target (6-12 Months): **\$80.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 09/19/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM: C

Value: D

Growth: B

Momentum: B

## Summary

Mercury Systems benefits from strong cash-flow generation, disciplined capital allocation, and deep relationships with key defense contractors, supporting sustained growth. Its focus on operational efficiency, proprietary technology, and higher-margin integrated solutions supports margin expansion. A diversified, high-quality contract backlog enhances revenue visibility, while its alignment with key defense priorities positions the company for sustained program wins. These strengths collectively support long-term value creation. Yet, the company faces challenges from defense budget uncertainty and shifting procurement priorities that may pressure growth. A less favorable contract mix and rising competition could weigh on margins, while elevated debt levels and constrained financial flexibility restrict major strategic initiatives.

## Data Overview

52 Week High-Low	\$85.33 - \$37.65
20 Day Average Volume (sh)	576,770
Market Cap	\$4.2 B
YTD Price Change	65.8%
Beta	0.84
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<a href="#">Aerospace - Defense Equipment</a>
Zacks Industry Rank	Top 41% (99 out of 243)

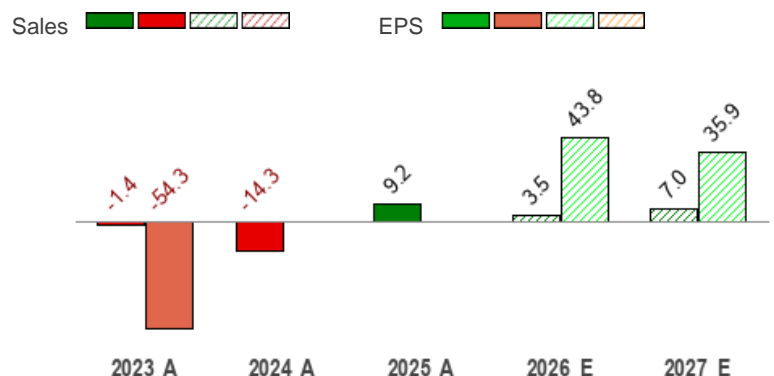
Last EPS Surprise	225.0%
Last Sales Surprise	8.8%
EPS F1 Est- 4 week change	1.0%
Expected Report Date	02/03/2026
Earnings ESP	14.3%

P/E TTM	81.0
P/E F1	75.7
PEG F1	1.9
P/S TTM	4.5

## Price, Consensus & Surprise<sup>(1)</sup>



## Sales and EPS Growth Rates (Y/Y %)<sup>(2)</sup>



## Sales Estimates (millions of \$)<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	235 E	222 E	248 E	305 E	1,010 E
2026	225 A	209 E	228 E	282 E	944 E
2025	204 A	223 A	211 A	273 A	912 A

## EPS Estimates<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	0.23 E	0.20 E	0.29 E	0.53 E	1.25 E
2026	0.26 A	0.08 E	0.17 E	0.41 E	0.92 E
2025	0.04 A	0.07 A	0.06 A	0.47 A	0.64 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/17/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/12/2025.

## Overview

Headquartered in Andover, MA, Mercury Systems, Inc. was founded in 1981. The company is one of the world's leading providers of sensor and safety critical mission processing subsystems. Earlier, the company was known as Mercury Computer Systems. However, in November 2012, it changed the name to Mercury Systems, Inc.

The company operates across the United States, Europe, and the Asia Pacific and its products and solutions are used for various critical aerospace, defence, commercial aviation, and intelligence programs. Additionally, Mercury Systems' products and solutions are supplied to about 300 defense and intelligence programs with over 25 different defense prime contractors.

This apart, the company manufactures hardware products, including components, such as power amplifiers and limiters, switches, oscillators, filters, equalizers, converters, chips, integrated circuits, and memory and storage devices.

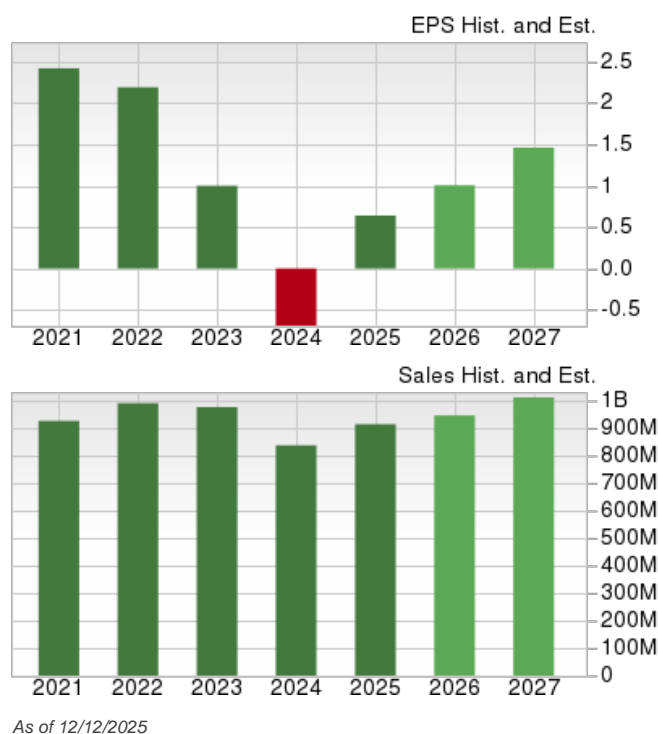
Other products offered by Mercury Systems include embedded processing modules and boards, switch fabric boards, input/output boards, digital receiver boards and transceivers, etc. Graphics and video processing, Ethernet and integrated subsystems are also part of the company's portfolio.

Additionally, Mercury Systems is involved in the designing, marketing and licensing of software and middleware technology under the name MultiCore Plus to expedite the development of signal and image processing applications on various heterogeneous and multi-computing platforms.

Mercury Systems claims that its investments in R&D is more than double that of its customers, which allows it better assisting customers in areas including cost minimization, reduce technical risks, time and budget management, and ensure trust and security in the supply chain. Its strategy has helped it in winning contracts across several programs, including Aegis, Predator, F-35, Reaper, F-16 SABR, and Surface Electronic Warfare Improvement Program.

In fiscal 2025, Mercury Systems generated \$912 million in revenues.

Mercury Systems faces significant competition from Harris Corporation, CACI International and Science Applications as the provider of technology services to the U.S. government.



## Reasons To Buy:

- ▲ Mercury Systems demonstrates exceptional cash flow generation capabilities that position the company for sustained expansion. The firm's efficient capital allocation strategy supports both organic growth initiatives and strategic acquisitions while maintaining financial flexibility. Management's focus on working capital optimization and operational efficiency creates a strong foundation for shareholder value creation. The company's ability to convert earnings into cash provides resources for research and development investments critical to maintaining technological leadership in defense electronics. This cash generation capacity also enables Mercury to pursue accretive acquisitions that expand its capabilities in high-growth defense sectors. Furthermore, the predictable nature of long-term government contracts enhances cash flow visibility, allowing management to make confident strategic decisions. Strong free cash flow generation reduces dependence on external financing and positions Mercury to weather economic uncertainties while continuing to invest in next-generation defense technologies that drive long-term competitive advantages.
- ▲ Mercury Systems benefits from deep-rooted partnerships with the U.S. Department of Defense and prime contractors, creating a durable competitive moat. These relationships span decades and are built on proven performance delivering mission-critical systems for naval, airborne, and ground platforms. The company's trusted supplier status for classified programs ensures continued engagement on next-generation defense initiatives. Mercury's alignment with national security priorities—particularly in electronic warfare, radar systems, and C4ISR applications—positions it favorably for sustained contract awards. The bipartisan support for defense modernization and technology superiority ensures stable funding for programs incorporating Mercury's solutions. Additionally, the company's involvement in major platforms like F-35, Aegis, and Patriot systems provides multi-decade revenue visibility as these programs progress through production and sustainment phases. Management's proactive engagement with government customers strengthens Mercury's position as a go-to supplier for advanced processing solutions, ensuring the company remains integral to America's defense modernization efforts.
- ▲ Mercury Systems is executing a comprehensive margin expansion strategy that promises significant profitability improvements. The company's operational excellence initiatives target cost structure optimization across manufacturing, engineering, and administrative functions. Increased program maturity drives economies of scale as development-phase programs transition to higher-margin production phases. Mercury's emphasis on proprietary technology development enhances pricing power and reduces reliance on commodity components. The ongoing portfolio rationalization focuses resources on higher-margin businesses while exiting lower-return activities. Management's disciplined approach to program selection prioritizes opportunities with attractive margin profiles and sustainable competitive advantages. Facility consolidation and supply chain optimization initiatives further support margin improvement objectives. As Mercury moves up the value chain by delivering more integrated subsystems rather than standalone components, the company captures greater value per customer engagement. These margin expansion efforts translate directly to improved earnings power and enhanced shareholder returns without requiring proportional revenue growth.
- ▲ Mercury Systems maintains a substantial contract backlog that underpins revenue predictability and growth prospects. This backlog represents awarded contracts and funded orders that provide clear visibility into future quarters' financial performance. The composition of Mercury's backlog reflects diversification across multiple defense platforms, reducing dependence on any single program. Many contracts in the backlog relate to production phases of mature programs, which typically yield higher margins than development work. The company's backlog continues growing through both new contract awards and expansions of existing programs as platforms move through their lifecycle phases. Mercury's position on programs with multi-decade production horizons ensures sustained workload extending well beyond typical planning windows. Management's book-to-bill ratio consistently exceeds one, indicating healthy demand dynamics and successful competitive positioning. The quality of Mercury's backlog—featuring long-term agreements with creditworthy government customers—provides exceptional revenue certainty compared to commercial technology companies facing more volatile demand patterns and shorter sales cycles.

Exceptional cash flow generation, strategic government partnership, dramatic margin expansion, record contract backlog are key positives for Mercury Systems.

## Reasons To Sell:

- ▼ Mercury Systems faces significant headwinds from persistent defense budget volatility and shifting procurement priorities. The company's heavy reliance on government contracts makes it particularly vulnerable to budgetary constraints and changing defense spending patterns. With ongoing fiscal pressures in Washington and debates over defense appropriations intensifying, Mercury's revenue predictability remains questionable. The defense sector increasingly favors flexible, modular solutions over traditional fixed contracts, potentially marginalizing Mercury's established product lines. Additionally, longer decision-making cycles in government procurement create revenue recognition delays that could disappoint investors expecting consistent growth. This structural dependency on unpredictable government spending creates an unfavorable risk-reward profile for shareholders.
- ▼ Mercury Systems struggles with an increasingly unfavorable contract mix that undermines margin expansion potential. The company has taken on numerous low-margin contracts that dilute overall profitability despite generating top-line revenue. These contracts often involve commodity-like products or services where Mercury lacks meaningful differentiation, forcing aggressive pricing to win business. The shift toward fixed-price contracts transfers more execution risk to Mercury while limiting upside potential if costs are managed effectively. Meanwhile, higher-margin proprietary technology sales have failed to offset this dilution. This margin compression trend appears structural rather than cyclical, as competitive pressures in the defense electronics market intensify and customers demand better pricing terms.
- ▼ The defense electronics market has become increasingly crowded, with both established players and nimble startups vying for the same contracts. Mercury Systems faces intensifying competition from larger, better-capitalized defense primes that can leverage vertical integration and broader portfolios to underbid specialized suppliers. Simultaneously, emerging technology companies are introducing innovative solutions that threaten Mercury's traditional competitive advantages. The commoditization of certain electronic subsystems reduces Mercury's pricing power and forces greater expenditure on research and development just to maintain market position. Customer consolidation further strengthens buyer power, enabling procurement officers to extract more favorable terms. This competitive deterioration suggests Mercury may struggle to defend market share without sacrificing profitability.
- ▼ Mercury Systems operates with concerning financial constraints that limit strategic maneuverability during this challenging period. As of Sept. 26, 2025, cash and cash equivalents totaled \$304.7 million, which decreased from \$309.1 million as of June 27, 2025. The long-term debt was \$591.5 million, unchanged from the prior quarter. The company's debt levels restrict its ability to invest aggressively in new technologies or pursue transformative acquisitions that could reposition the business. Working capital requirements have increased as contract terms shift unfavorably, tying up cash that could otherwise fund innovation or shareholder returns. Free cash flow generation remains inconsistent, creating uncertainty about Mercury's ability to fund operations organically while servicing debt obligations. The balance sheet provides little cushion against potential operational setbacks or market downturns. This financial rigidity means Mercury may be forced into reactive rather than proactive strategic decisions, potentially missing opportunities to strengthen its competitive position.

Unfavorable contract mix, defense budget related risk and large number of low-margin contracts are hurting Mercury's profitability.

Last Earnings Report

Mercury Systems Q1 Earnings Beat Estimates, Revenues Rise Y/Y

Mercury Systems reported adjusted earnings of 26 cents per share for the first quarter of fiscal 2026, which beat the Zacks Consensus Estimate by 225%. The bottom line increased significantly year over year from 4 cents per share in the prior year quarter.

In the fiscal first quarter, MRCY reported revenues of \$225.2 million, reflecting a 10.2% year-over-year increase and surpassing the Zacks Consensus Estimate by 8.78%.

FY Quarter Ending 6/30/2025	
Earnings Reporting Date	Nov 04, 2025
Sales Surprise	8.78%
EPS Surprise	225.00%
Quarterly EPS	0.26
Annual EPS (TTM)	0.86

MRCY's Q1 Details

Total bookings for the first quarter of fiscal 2026 were \$250.2 million, yielding a book-to-bill ratio of 1.11 for the quarter. As a defense technology company focused on mission-critical processing systems, Mercury Systems operates primarily as a single segment business serving aerospace and defense markets.

MRCY achieved a record backlog of \$1.4 billion with a healthy 1.11 book-to-bill ratio.

MRCY's Q1 Operating Details

First quarter fiscal 2026 adjusted EBITDA was \$35.6 million, compared to \$21.5 million for the first quarter of fiscal 2025. The adjusted EBITDA margin was 15.8%, representing a significant improvement of 530 basis points year-over-year. GAAP net loss and diluted loss per share for the first quarter of fiscal 2026 were \$12.5 million, and 21 cents, respectively, compared to GAAP net loss and loss per share of \$17.5 million, and 30 cents, respectively, for the first quarter of fiscal 2025.

Balance Sheet & Cash Flow

As of Sept. 26, 2025, cash and cash equivalents totaled \$304.7 million, which decreased from \$309.1 million as of June 27, 2025. The long-term debt was \$591.5 million, unchanged from the prior quarter. In the reported quarter, cash flow from operations was \$2.2 million compared with negative \$14.7 million in the prior year quarter. In the first quarter of fiscal 2026, free cash flow was negative \$4.4 million compared to negative \$20.9 million for the first quarter of fiscal 2025.

MRCY Offers Fiscal 2026 Guidance

The company projects low single-digit revenue growth for fiscal 2026, with adjusted EBITDA margins expected to approach mid-teens for the fiscal year. Mercury anticipates being free cash flow positive in fiscal 2026, with stronger performance expected in the second half of the year. The company continues to make progress toward its long-term target profile of above-market top-line growth, adjusted EBITDA margins in the low to mid-20% range, and free cash flow conversion of 50%.

## Recent News

On Dec. 8, Mercury Systems, Inc. highlighted its expanding electronic warfare portfolio at AOC 2025, showcasing advanced EW solutions, including a new compact direct RF module for defense platforms.

On Oct. 22, Mercury Systems, Inc. announced it was awarded a multi-year, cost-plus-fixed-fee development contract to build a multi-mission, multi-domain subsystem for a U.S. defense prime contractor.

On Oct. 13, Mercury Systems, Inc. announced it will demonstrate an AI-powered hardware-software threat-detection solution at AUSA 2025 Annual Meeting & Exposition, using its FACE-compliant software on CMOS-aligned computing hardware.

On Oct. 6, Mercury Systems and Nightwing announced a partnership to integrate cyber resiliency technology across Mercury hardware, offering pre-integrated cybersecurity and anti-tamper solutions for government customers and intelligence missions.

On Sept. 25, Mercury Systems announced a \$12.3 million contract from a defense prime contractor to develop a cockpit communications avionics subsystem for a new U.S. military aircraft.

On Aug. 19, Mercury Systems announced a new production agreement with AeroVironment to support the U.S. Space Force's Satellite Communication Augmentation Resource (SCAR) program. Mercury provides a field-programmable gate array-based signal acquisition and digital beamforming solution for BADGER based on its Quartz RFSoc and Navigator Design Suite commercial product offerings, with the new production agreement signed in April supporting two additional BADGER systems.

## Valuation

Mercury shares are up 37% in the past six-month period and 88.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Aerospace sector have increased 5.4% and 5.2%, respectively, in the past six-month period. Over the past year, stocks in the Zacks sub-industry and the sector are up by 19.8% and 20.5%, respectively.

The S&P 500 Index is up 16.5% in the past six-month period and up 16.3% in the past year.

The stock is currently trading at 4.39X forward 12-month sales, which compares to 9.67X for the Zacks sub-industry, 2.65X for the Zacks sector and 5.33X for the S&P 500 index.

Over the past five years, the stock has traded as high as 5.23X and as low as 1.58X, with a 5-year median of 2.78X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$80 price target reflects 4.61X forward 12-month sales.

The table below shows summary valuation data for MRCY

Valuation Multiples - MRCY					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	4.39	9.67	2.65	5.33
	5-Year High	5.23	10.30	2.79	5.50
	5-Year Low	1.58	3.87	1.25	3.83
	5-Year Median	2.78	6.22	1.68	5.05
EV/Sales TTM	Current	4.94	10.74	3.31	5.77
	5-Year High	5.85	11.63	3.59	5.81
	5-Year Low	2.24	4.70	1.88	3.78
	5-Year Median	3.32	7.41	2.57	5.11
P/B TTM	Current	2.93	15.77	6.78	8.56
	5-Year High	3.49	17.68	7.32	9.16
	5-Year Low	1.03	6.83	2.68	6.60
	5-Year Median	1.87	9.35	3.43	8.05

As of 12/11/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 41% (99 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Logitech International...(LOGI)	Outperform	1
TE Connectivity Ltd. (TEL)	Outperform	2
Alps Electric (APELY)	Neutral	3
Identiv, Inc. (INVE)	Neutral	2
Paylocity Holding Co...(PCTY)	Neutral	3
Stratasys, Ltd. (SSYS)	Neutral	3
TransAct Technologie...(TACT)	Neutral	2
Immersion Corporatio...(IMMR)	NA	

## Industry Comparison<sup>(1)</sup> Industry: Aerospace - Defense Equipment

	MRCY	X Industry	S&P 500	INVE	LOGI	SSYS
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	2	1	3
VGM Score	C	-	-	F	F	C
Market Cap	4.18 B	7.82 B	38.58 B	81.00 M	0.00 M	766.69 M
# of Analysts	5	3	22	1	5	4
Dividend Yield	0.00%	0.00%	1.42%	0.00%	0.00%	0.00%
Value Score	D	-	-	D	D	D
Cash/Price	0.07	0.03	0.04	1.49	NA	0.32
EV/EBITDA	68.76	23.47	14.55	1.88	NA	-13.86
PEG Ratio	1.90	2.27	2.20	NA	2.95	NA
Price/Book (P/B)	2.83	3.93	3.33	0.56	7.70	0.90
Price/Cash Flow (P/CF)	45.65	29.13	15.10	NA	22.50	26.97
P/E (F1)	75.68	34.20	19.71	NA	18.98	65.53
Price/Sales (P/S)	4.49	3.15	3.09	3.68	NA	1.37
Earnings Yield	1.45%	2.57%	5.06%	-23.46%	5.27%	1.55%
Debt/Equity	0.40	0.27	0.57	0.00	0.00	0.03
Cash Flow (\$/share)	1.53	1.87	8.99	-0.81	4.73	0.33
Growth Score	B	-	-	F	F	A
Hist. EPS Growth (3-5 yrs)	-42.50%	18.88%	8.16%	NA	-5.27%	NA
Proj. EPS Growth (F1/F0)	43.75%	19.58%	8.57%	19.19%	15.91%	133.33%
Curr. Cash Flow Growth	475.53%	17.55%	6.75%	613.96%	7.64%	-24.44%
Hist. Cash Flow Growth (3-5 yrs)	-10.05%	8.00%	7.43%	NA	13.63%	-17.37%
Current Ratio	3.37	2.86	1.18	21.08	2.15	3.65
Debt/Capital	28.62%	22.70%	38.01%	0.00%	0.00%	2.72%
Net Margin	-3.53%	6.97%	12.78%	-76.15%	14.11%	-22.69%
Return on Equity	1.14%	11.11%	17.00%	-12.48%	32.22%	-0.72%
Sales/Assets	0.38	0.66	0.53	0.14	1.27	0.52
Proj. Sales Growth (F1/F0)	3.50%	10.14%	5.79%	-22.20%	5.40%	-3.80%
Momentum Score	B	-	-	C	C	D
Daily Price Chg	-3.02%	-1.46%	-0.24%	-3.13%	-5.11%	-0.66%
1 Week Price Chg	5.54%	2.44%	-0.59%	1.99%	-4.26%	3.65%
4 Week Price Chg	3.08%	2.92%	2.76%	7.23%	-0.33%	7.39%
12 Week Price Chg	-6.25%	-3.76%	2.15%	-6.83%	-2.07%	-22.73%
52 Week Price Chg	82.90%	36.96%	12.39%	-8.58%	30.47%	-6.73%
20 Day Average Volume	576,770	285,318	2,743,646	46,597	666,623	601,314
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	1.04%	0.00%	0.00%	0.00%	0.00%	2.74%
(F1) EPS Est 12 week change	-6.13%	0.67%	0.69%	15.79%	11.80%	0.00%
(Q1) EPS Est Mthly Chg	-13.79%	0.00%	0.00%	0.00%	0.00%	-7.69%

## Analyst Earnings Model<sup>(2)</sup>

### Mercury Systems, Inc. (MRCY)

In \$MM, except per share data

	2023A	2024A	2025A	1Q4	2Q4	2026E	3Q4	4Q4	FY	1Q4	2Q4	2027E	3Q4	4Q4	FY	2028E
FY Ends June 30th	FY Jun-23	FY Jun-24	FY Jun-25	30-Sep-25	31-Dec-25	31-Mar-26	30-Jun-26	30-Jun-26	Jun-26	30-Sep-26	31-Dec-26	31-Mar-27	30-Jun-27	30-Jun-27	Jun-27	FY Jun-28
Income Statement																
Total Revenue	\$973.9	\$835.3	\$912.0	\$225.2	\$209.1	\$228.1	\$281.6	\$943.9	\$234.6	\$222.4	\$247.6	\$304.9	\$1,009.5	\$1,101.0		
YoY % Chng	(1.4%)	(14.2%)	9.2%	10.2%	(6.3%)	7.9%	3.1%	3.5%	4.2%	6.4%	8.6%	8.3%	7.0%	9.1%		
Cost of Goods Sold	\$657.2	\$639.4	\$657.5	\$162.3	\$158.3	\$172.0	\$200.0	\$692.6	\$167.9	\$163.3	\$177.9	\$207.2	\$716.4	\$742.6		
YoY % Chng	10.8%	(2.7%)	2.8%	6.3%	(2.5%)	11.5%	6.2%	5.3%	3.4%	3.2%	3.5%	3.6%	3.4%	3.7%		
Gross Profit	\$316.7	\$195.9	\$254.5	\$62.9	\$50.8	\$56.0	\$81.6	\$251.3	\$66.7	\$59.1	\$69.7	\$97.7	\$293.2	\$358.4		
YoY % Chng	(19.8%)	(38.1%)	29.9%	21.5%	(16.4%)	(1.9%)	(3.8%)	(1.2%)	6.1%	16.2%	24.3%	19.7%	16.7%	22.3%		
Selling, General and Administrative	\$160.6	\$166.8	\$154.4	\$45.9	\$42.2	\$44.9	\$52.1	\$185.1	\$48.5	\$44.0	\$47.5	\$53.5	\$193.4	\$207.8		
YoY % Chng	2.3%	3.8%	(7.4%)	38.5%	4.2%	4.3%	38.2%	19.9%	5.8%	4.2%	5.7%	2.5%	4.5%	7.4%		
Research and Development	\$108.8	\$101.3	\$67.6	\$13.2	\$16.4	\$14.6	\$14.4	\$58.6	\$16.0	\$14.5	\$15.4	\$15.8	\$61.7	\$62.4		
YoY % Chng	1.5%	(6.9%)	(33.2%)	(28.3%)	(23.3%)	(8.6%)	20.9%	(13.4%)	21.1%	(11.3%)	5.4%	9.4%	5.2%	1.1%		
Amortization of Intangible Assets	\$53.5	\$47.7	\$42.8	\$10.3	\$9.5	\$10.1	\$9.3	\$39.2	\$9.9	\$9.2	\$9.6	\$8.8	\$37.4	\$35.3		
YoY % Chng	(11.2%)	(11.0%)	(10.1%)	(8.7%)	(15.0%)	(1.1%)	(9.1%)	(8.6%)	(3.8%)	(3.4%)	(5.0%)	(6.1%)	(4.6%)	(5.4%)		
Restructuring & Other Charges	\$7.0	\$26.2	\$7.2	\$1.6	\$1.6	\$1.6	\$1.6	\$6.3	\$1.6	\$1.6	\$1.6	\$1.6	\$6.3	\$6.3		
YoY % Chng	(74.6%)	274.9%	(72.4%)	(29.9%)	3,860.0%	(67.9%)	10,660.0%	(12.2%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Acquisition Costs & Other Related Expenses	\$8.4	\$1.7	\$2.0	\$0.6	\$0.5	\$0.6	\$0.9	\$2.6	\$0.6	\$0.6	\$0.7	\$0.9	\$2.8	\$3.1		
YoY % Chng	(26.1%)	(79.7%)	16.8%	218.1%	183.2%	106.3%	(33.4%)	30.0%	13.3%	22.3%	10.5%	(1.1%)	9.4%	9.8%		
Total Operating Expenses	\$338.4	\$343.7	\$274.1	\$71.5	\$70.1	\$71.8	\$78.3	\$291.8	\$76.6	\$69.9	\$74.7	\$80.4	\$301.6	\$314.9		
YoY % Chng	(6.9%)	1.5%	(20.2%)	9.6%	(4.2%)	(3.6%)	28.0%	6.4%	7.1%	(0.4%)	4.1%	2.7%	3.4%	4.4%		
Adjusted EBITDA	\$132.3	\$9.4	\$119.4	\$35.6	\$21.6	\$26.6	\$48.7	\$132.4	\$33.4	\$30.2	\$38.6	\$65.6	\$167.8	\$226.5		
YoY % Chng	(34.0%)	(92.9%)	1,168.9%	65.8%	(2.2%)	7.8%	(5.0%)	10.9%	(6.0%)	40.1%	45.1%	34.7%	26.7%	34.9%		
EBITDA	\$75.6	(\$59.7)	\$62.4	\$10.3	(\$1.3)	\$3.5	\$23.5	\$36.0	\$9.3	\$7.3	\$14.4	\$38.0	\$68.9	\$122.5		
YoY % Chng	(39.5%)	(179.0%)	204.5%	32.2%	(115.0%)	36.0%	(46.1%)	(42.3%)	(9.8%)	670.3%	310.4%	62.0%	91.4%	77.6%		
Depreciation	\$43.8	\$40.4	\$39.2	\$8.7	\$8.6	\$9.2	\$10.9	\$37.3	\$9.3	\$8.9	\$9.8	\$12.0	\$40.0	\$43.6		
YoY % Chng	32.1%	(7.8%)	(3.0%)	(13.3%)	(12.4%)	(5.7%)	12.6%	(4.8%)	7.3%	3.6%	6.9%	10.2%	7.2%	9.0%		
Depreciation & Amortization	\$97.3	\$88.0	\$82.0	\$18.9	\$18.0	\$19.2	\$20.3	\$76.5	\$19.2	\$18.0	\$19.4	\$20.8	\$77.4	\$79.0		
YoY % Chng	4.2%	(9.6%)	(6.8%)	(10.9%)	(13.8%)	(3.4%)	1.4%	(6.8%)	1.3%	(0.1%)	0.7%	2.7%	1.2%	2.0%		
Operating Income	(\$21.7)	(\$147.8)	(\$19.6)	(\$8.6)	(\$19.3)	(\$15.8)	\$3.2	(\$40.4)	(\$9.9)	(\$10.8)	(\$5.0)	\$17.2	(\$8.4)	\$43.5		
YoY % Chng	(168.6%)	(581.4%)	86.7%	35.9%	(55.6%)	9.2%	(86.4%)	(106.1%)	(14.6%)	44.3%	68.1%	435.9%	79.1%	615.6%		
Interest Income	\$1.1	\$1.2	\$3.6	\$2.0	\$0.7	\$1.3	\$1.6	\$5.7	\$1.4	\$1.2	\$1.4	\$1.8	\$5.8	\$6.3		
YoY % Chng	636.4%	13.9%	200.8%	272.6%	79.3%	4.3%	20.4%	59.3%	(29.9%)	62.5%	6.4%	6.5%	0.7%	8.5%		
Interest Expense	\$25.2	\$35.0	\$7.9	\$9.4	\$6.1	\$6.1	\$30.2	\$7.2	\$7.2	\$7.2	\$10.5	\$32.6	\$35.4	\$35.4		
YoY % Chng	333.3%	39.2%	(4.5%)	(11.5%)	11.8%	(23.9%)	(15.4%)	(9.5%)	(2.5%)	(24.0%)	17.0%	55.1%	7.7%	8.8%		
Net Interest Expense	\$24.1	\$33.8	\$5.9	\$8.7	\$5.9	\$4.8	\$24.5	\$6.3	\$6.3	\$6.0	\$5.8	\$26.8	\$29.2	\$29.2		
YoY % Chng	325.7%	40.3%	(11.8%)	(29.4%)	8.4%	(29.3%)	(22.8%)	(17.7%)	6.3%	(31.2%)	20.0%	70.7%	9.1%	8.9%		
Other (Income) Expense, Net	\$2.8	\$7.7	\$1.0	\$2.1	\$0.4	(\$0.4)	\$0.2	\$2.3	\$0.6	\$0.2	\$0.2	\$0.4	\$1.4	\$1.3		
YoY % Chng	(63.6%)	180.1%	(87.4%)	55.3%	(88.4%)	83.8%	109.8%	140.8%	(70.6%)	(53.2%)	142.7%	95.8%	(42.3%)	(5.8%)		
Total Interest and Other Expense, Net	\$26.9	\$41.5	\$30.8	\$7.9	\$9.1	\$4.4	\$5.3	\$26.8	\$6.9	\$6.2	\$5.9	\$9.1	\$28.1	\$30.4		
YoY % Chng	103.2%	54.6%	(25.8%)	(18.2%)	(23.0%)	(1.2%)	12.6%	(12.9%)	(13.3%)	(32.3%)	33.8%	71.6%	4.8%	8.2%		
Pre-Tax Income	(\$48.5)	(\$189.3)	(\$50.4)	(\$16.5)	(\$28.5)	(\$20.2)	(\$2.1)	(\$67.3)	(\$16.7)	(\$17.0)	(\$10.9)	\$8.1	(\$36.6)	\$13.1		
YoY % Chng	(363.4%)	(290.6%)	73.4%	28.5%	(17.1%)	7.6%	(111.3%)	(33.4%)	(1.2%)	40.4%	45.8%	480.8%	45.7%	135.7%		
Income Tax	\$20.2	(\$51.6)	(\$12.5)	(\$4.0)	(\$6.9)	(\$4.9)	(\$0.5)	(\$16.4)	(\$4.1)	(\$4.1)	(\$2.7)	\$2.0	(\$8.9)	\$3.2		
YoY % Chng	(383.8%)	(155.8%)	75.8%	28.1%	(2.9%)	(85.2%)	(121.1%)	(30.7%)	(1.2%)	40.4%	45.8%	480.8%	45.7%	135.7%		
Tax Rate	41.7%	27.3%	24.8%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%		
Net Income, Adjusted	\$56.8	(\$39.8)	\$37.9	\$15.6	\$4.7	\$10.4	\$24.6	\$55.3	\$14.0	\$12.5	\$17.9	\$33.2	\$77.5	\$115.3		
YoY % Chng	(53.5%)	(170.0%)	195.2%	536.7%	19.2%	191.1%	46.1%	(9.9%)	(9.9%)	165.2%	70.9%	34.6%	40.0%	48.9%		
Net Income, GAAP	(\$28.3)	(\$137.6)	(\$37.9)	(\$12.5)	(\$21.5)	(\$15.3)	(\$1.6)	(\$50.9)	(\$12.7)	(\$12.8)	(\$8.3)	\$6.1	(\$27.7)	\$9.9		
YoY % Chng	(351.3%)	(385.6%)	72.5%	28.6%	(22.5%)	20.4%	(109.8%)	(34.4%)	(1.2%)	40.4%	45.8%	480.8%	45.7%	135.7%		
Basic Shares Outstanding	56.6	57.7	58.7	59.2	59.7	60.2	60.7	59.9	61.2	61.7	62.2	62.7	61.9	63.9		
YoY % Chng	1.8%	2.1%	1.7%	1.6%	1.9%	2.5%	3.0%	2.0%	3.4%	3.4%	3.3%	3.3%	3.3%	3.2%		
Diluted Shares Outstanding	56.6	57.7	58.7	59.2	59.7	60.2	60.7	59.9	61.2	61.7	62.2	62.7	61.9	63.9		
YoY % Chng	1.2%	2.1%	1.7%	1.6%	1.9%	2.5%	1.9%	2.0%	3.4%	3.4%	3.3%	3.3%	3.3%	3.2%		
Basic EPS	(\$0.50)	(\$2.38)	(\$0.65)	(\$0.21)	(\$0.36)	(\$0.25)	(\$0.03)	(\$0.85)	(\$0.21)	(\$0.21)	(\$0.13)	\$0.10	(\$0.45)	\$0.15		
YoY % Chng	(350.0%)	(376.0%)	72.7%	30.0%	(20.3%)	23.1%	(109.4%)	(30.9%)	1.4%	42.4%	47.5%	468.6%	47.0%	133.5%		
Diluted EPS, Adjusted	\$1.00	\$0.69	\$0.64	\$0.26	\$0.08	\$0.17	\$0.41	\$0.92	\$0.23	\$0.20	\$0.29	\$0.53	\$1.25	\$1.80		
YoY % Chng	(54.3%)	(169.0%)	192.8%	550.0%	12.4%	189.3%	(13.7%)	43.4%	(11.9%)	156.0%	65.4%	30.3%	35.8%	44.4%		
Diluted EPS, GAAP	(\$0.50)	(\$2.38)	(\$0.65)	(\$0.21)	(\$0.36)	(\$0.25)	(\$0.03)	(\$0.85)	(\$0.21)	(\$0.21)	(\$0.13)	\$0.10	(\$0.45)	\$0.15		
YoY % Chng	(350.0%)	(376.0%)	72.7%	30.0%	(20.3%)	23.1%	(109.8%)	(30.9%)	1.4%	42.4%	47.5%	468.6%	47.0%	133.5%		



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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	<b>D</b>
Growth Score	<b>B</b>
Momentum Score	<b>B</b>
VGM Score	<b>C</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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